

SPFA AMENDMENT AND SCHEME OF ARRANGEMENT UPDATE

6 February 2019

Agrokor submitted amendments (“SPFA Amendments”) to the terms of the super-priority term facilities agreement dated 8 June 2017 (“SPFA”) as contemplated in the Settlement Plan approved by creditors on 4 July 2018 which were served by the Agent on all private SPFA Lenders on 24 January 2019.

The SPFA Amendments will amend the SPFA to a form that will incorporate the structure of the New Group following the Implementation Commencement Date and enhance the security package as agreed in the Settlement Plan. The SPFA Amendments also include further amendments agreed by the parties that are customary in these circumstances, that permit steps and actions expressly provided for under the terms of the Settlement Plan, that give the SPFA Lenders additional protections and that provide the Group operational flexibility including restrictions on financing of material non-Croatian Companies (subject to a permission for a further €40,000,000 of inter-company or third party indebtedness to be incurred by them, with a seasonal reduction of €25,000,000 in the months of June and July) and the ability to better manage seasonal working capital by capitalising the consent fee due to be paid on 10 April 2019 and minimum liquidity threshold of €30,000,000 in the months of May and June.

Certain of the SPFA Amendments will require the consent of all SPFA Lenders. The Group has not yet obtained the consent of all SPFA Lenders and so, as also contemplated in the Settlement Plan, Agrokor proposes to enter into a Scheme of Arrangement with the SPFA Lenders pursuant to English law (the governing law of the SPFA) which is a compromise or arrangement between a company and its relevant creditors under Part 26 of the Companies Act 2006 (U.K.) that can be used to authorise contractual amendments that would otherwise require unanimous consent. A scheme of arrangement requires the approval of a majority of the relevant creditors representing at least 75% by value of those who vote on the scheme followed by the sanction of the English Court.

Agrokor commenced the scheme of arrangement process by the issue of a Practice Statement Letter (“PSL”) which was served by the Agent on all private SPFA Lenders on 1 February 2019.

As of today, 84.87% by value of SPFA Lenders have signed a lock up agreement that contains legally binding commitments from those SPFA Lenders to (among other things):

1. take all reasonable steps to support the implementation of the SPFA Amendments including voting to approve the scheme of arrangement; and
2. refrain from taking actions which would reasonably be expected to impede or prevent the implementation of the SPFA Amendments.

A fee of 0.35% of the outstanding principal amount owed to that SPFA Lender will be paid to each SPFA Lender who becomes a party to the lock up agreement by being capitalised and added to the outstanding principal amount when the SPFA Amendments become effective (“Effective Date”). SPFA Lenders who have not yet signed the lock up agreement may do so at any time and be entitled to receive this fee prior to the earlier of the Effective Date and 5pm CET on 25 February 2019 (the day before the date of the creditors’ meeting to be held on 26 February 2019 in London pursuant to the scheme of arrangement).

The SPFA Amendments and the PSL will be served by the Agent on all remaining SPFA Lenders today and subsequent documents relating to the scheme of arrangement will be served by the Agent on SPFA lenders when issued by Agrokor.

The convening hearing for the scheme of arrangement is currently scheduled to be heard in London on 14 February 2019. The sanction hearing for the scheme of arrangement is currently scheduled to be heard in London on 28 February 2019. This means that the SPFA Amendments should be ready to be made effective on or around the Implementation Commencement Date.

SPFA Lenders with further questions about the SPFA Amendments or the scheme of arrangement may contact Hogan Lovells (aisle@hoganlovells.com), solicitors for the Agent or Houlihan Lokey (projectaisle@hl.com), Agrokor's financial advisor.