

**REPORT ON THE IMPLEMENTATION OF
EXTRAORDINARY ADMINISTRATON MEASURES AT
AGROKOR D.D.**

FOR THE PERIOD FROM 1 JUNE TO 1 OCTOBER 2019

Prepared pursuant to Article 12 item 9 of the Act on the Procedure of Extraordinary Administration in Companies of Systemic Importance for the Republic of Croatia (Official Gazette 32/2017)

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1. Executive Summary

This monthly report is related to the period from 1 June to 1 October 2019. It is intended to provide an update on the Settlement Plan implementation during that period and the activities undertaken after the Implementation Commencement Date on 1 April 2019 in the companies under Extraordinary Administration.

Following the successful completion of negotiations between the creditors, a Settlement was achieved that became effective in October 2018 and as of 1 April 2019 the business units were transferred from Agrokor to Fortenova Group.

Given the transfer of the business units from the Agrokor Group to Fortenova Group, this report does not follow the development of the economic and financial situation within Fortenova Group nor does it report on the realisation of operating activities and overall operations of Fortenova grupa d.d. and its operating companies.

2. Settlement Plan Implementation Process

The very implementation took place by successfully carrying out the adopted implementation plans in all key implementation planning pillars, comprising legal implementation (which includes the transfer of assets), operational implementation, IT implementation and implementation in the areas of accounting/finance/taxation.

3. Extraordinary Administration Costs and Operating Costs of Agrokor d.d.

As at 1 April 2019 within the scope of the Settlement Plan implementation the assets and operations of Agrokor d.d. were transferred to Fortenova grupa d.d.

Hence Fortenova grupa d.d. has borne the Extraordinary Administration costs as well as the costs of its regular operations.

In the period from 1 June 2019 to 1 October 2019 Agrokor d.d. has made no payments whatsoever.

4. Litigation and Transfer of Assets outside Croatia

In this reporting period no changes have occurred with regards to procedures that were brought earlier and that have been conducted abroad.

A new development is the suit filed by Adria Group Holding B.V. and Ivica Todorić with the Commercial Court of Belgrade against Agrokor, Fortenova grupa d.d. and certain Croatian and Serbian companies, requesting the agreement on the transfer of business units in Serbian subsidiaries to be declared null and void. Along with the suit, they filed a request for injunction prohibiting the disposal of shares in these companies. The defendants have filed a defence and request for injunction. The decision of the court is awaited.

On 24 September 2019 the Slovenian Competition Protection Agency (Javna agencija Republike Slovenije za varstvo konkurence) passed a non-final decision imposing a fine on the company Agrokor d.d. in the amount of EUR 53m because the Swiss-based company Agrokor AG did not file for registration of the takeover of the company Costella d.o.o. in 2016.

The Extraordinary Administration of Agrokor d.d. only learnt of the aforesaid transaction of Swiss-based Agrokor AG, dating back to 2016, in the second half of 2017 and in December 2017 a moratorium was opened over Agrokor AG, with the company under supervision of a Swiss court appointed administrator / commissioner ever since.

The entire transaction as stated in the decision of the Agency was carried out by the then President of the Management Board of Agrokor Ivica Todorić, who signed all documents related to the transaction which is the subject matter of the decision on behalf of the Swiss-based Agrokor AG back in 2016.

Agrokor d.d. has taken all legal measures available against the aforesaid non-final decision.

With regards to the transfer of assets abroad, all assets except for assets owned by the company Mercator d.d. were transferred by the Settlement Plan itself, and the registration of the transfer has not yet been made for Idea d.o.o. and Dijamant a.d.

A new development compared to the previous report is the reincorporation of the company Sarajevski kiseljak from a joint stock company into a limited liability company. Furthermore, by the Ruling of the Municipal Court of Travnik dated 26 September 2019 Fortenova grupa d.d. was entered as member of the company Sarajevski kiseljak d.o.o., with the registration of asset transfer to Fortenova grupa d.d. pursuant to the Settlement Plan thus having been completed.

5. Interim Creditors' Council

At the Interim Creditors' Council session held on 4 July 2019 the status of the Settlement Plan implementation was presented to its Members. In summary, Members were informed that all activities had been implemented within the planned deadlines and that more than 90% of real estate ownership was registered to the new group, while the remaining 50 plots were unregistered, in particular at courts of Dalmatia. All materially important permits were transferred to the new group. Moreover, all concessions were transferred, with more than 50% of the annexes signed. All annexes are expected to be signed within two months. The Government of the Republic of Croatia approved the bottled water concession. Furthermore, 99% of certificates, commercial agreements, trademarks and employment contracts have been transferred.

At the session held on 4 September 2019 the Interim Creditors' Council decided on giving consent to the Extraordinary Commissioner to provide a new guarantee of the Old Group for the new financing, for which the Interim Creditors' Council gave its consent by the majority of votes.

In particular, the Old Group has guaranteed for bonds issued by Fortenova grupa d.d. in the amount of EUR 1.157bn, thus having concluded the refinancing of the SPFA dated 8 June 2017. The new financing is structured as a 4-year bond in the amount of up to EUR 1.157 billion, with a 7.3% interest rate plus EURIBOR, with 1% floor and is led by HPS Investment Partners in cooperation with VTB Bank. Within the scope of the refinancing arrangement the interest rate will be successively reduced as the Fortenova Group reduces its leverage ratio.

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