

MONTHLY REPORT ON ECONOMIC AND FINANCIAL STATE AND THE IMPLEMENTATION OF THE MEASURES OF EXTRAORDINARY ADMINISTRATION OF AGROKOR D.D.

FOR THE PERIOD BETWEEN 11 MAY AND 10 JUNE 2017.

Prepared pursuant to Article 12 paragraph 9 of the Act on the procedure of extraordinary administration in commercial companies of systemic importance for the Republic of Croatia (Official Gazette 32/2017)

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1. Executive summary

This monthly report provides an overview of the economic and financial state, the implementation of measures by, and the activities of the Extraordinary Administration in relation to Agrokor d.d. for the reporting period between 11 May and 10 June 2017.

With respect to the Agrokor companies, as it has been in detail explained in the previous report, they were found in a remarkably complex financial and operational state, with numerous difficulties and structural issues.

This is the reason why the Extraordinary Administration focused on the challenging issues related to the financial and operational restructuring within the period of this report, from 11 May to 10 June, primarily working on the stabilization of the business and realization of new financing as all cashflow projections demonstrated that the new financing had to be in place by the first half of June.

In respect of the stabilisation of the business, the overview of individual entity results in the period from 10 April and 31 May indicates overall improvement in the state of the companies.

The Extraordinary Administration reached an agreement on new financing with Knighthead Capital Management and Zagrebačka banka on 1 June. During the last six weeks, intensive discussions were held with more than thirty potential initial investors in order to arrange financing aimed at securing long term stability of Agrokor's business operations, maintaining value for all company stakeholders and at decreasing systemic risks for the economy of the Republic of Croatia.

Agrokor's new loan signed on 9 June in the amount of up to EUR 480 million is secured by the bondholders headed by Knighthead Capital Management, while the financing tranche on the domestic market is in the care of Zagrebačka banka. An additional accordion facility of up to EUR 50m is available for suppliers, making a total maximum facility of EUR 530m. The financing is structured so that all other banks and creditors that meet conditions of the contract have the opportunity to participate in this financial agreement during the month of June. The new financing will secure the ongoing business of Agrokor and its operational companies, allow the group to complete preparations for the upcoming season, continue the regular business operations of Agrokor companies and provide the amount of up to EUR 150 million to be used for repayment of old debt to suppliers.

In order to obtain the new loan, it was necessary to maintain regular formal communication with stakeholders and to hold two meetings of the Temporary Creditor's Council. At a meeting of the Temporary Creditor's Council on 8 June, the members voted to approve the arrangement of the new financing, with the representatives of small and large suppliers, secured creditors, bond holders, and representatives of unsecured creditors withholding their approval.

In parallel with the actions relating to the restructuring, and signing of the new financing, steps have been taken to strengthen the structure of operational and business management with the launch of the Steering Group. The Steering Group is tasked with supporting the Extraordinary Trustee in day-to-day management of Agrokor, and its structure is built around key groups – retail, food and agriculture with a dedicated team focused on Agrokor Portfolio Holdings, and financial and strategy dealings. The key aim of this change is to foster better co-operation between numerous Agrokor companies and the operational teams that have been established over the past weeks, who are engaged on specific segments of the business. The fundamental goal and reason for the Steering Group is to ensure everyday efficiency is managing the business, and provide support in informed decision making.

With respect to the restructuring, the Extraordinary Administration together with AlixPartners worked closely on managing liquidity, viability review and financial and operational restructuring. Operational cash management measures are designed and are to be implemented whilst business plans are needed for companies within the group to assess long term viability; work has commenced on developing a standardized approach to preparation of the plans. Finally, detailed analysis in relation to the core businesses continues and is expected to be an on-going process throughout the Extraordinary Administration. Certain assets are going to be disposed of during 2017.

Corporate governance has been improved, with meetings of general assembly's taking place in Agrokor companies to appoint new supervisory and management boards. At the General Assembly meetings of Konzum d.d. and Belje d.d., minority stock holder, the Agram group, refused to support the proposal to dismiss Ivica Todorčić from the position of the president of the Supervisory Board of Konzum and Belje. Court proceedings have been initiated where it was so necessary in order to protect the rights and the interests of the company, with regards to the problems which have arisen in connection to the General Assemblies of Agrokor companies.

Meetings were held with government and stakeholder representatives in the relevant countries where Agrokor operates. Productive meetings were held with the representatives of the Government of Bosnia and Herzegovina, as well as with the representative of the Government of the Republic of Serbia. Further activities with respect to Bosnia and Herzegovina are to focus on the matter of re-introducing the Mercator brand into the market of Bosnia and Herzegovina.

Detailed information on the aforementioned activities of the Extraordinary Administration and the results thereof may be found later on in the present report.

2. The state of companies under the Extraordinary Administration during the reporting period

The period covered in the financial information included in section 2 relates to the period ended 31 May, to align to the month end reporting of the Company. Going forward month end figures will be used in the monthly report.

The complete supplemented report delivered to the Ministry of Economy, Entrepreneurship and Crafts of the Republic of Croatia and other institutions pursuant to the Law for the Extraordinary Administration for Companies with Systemic Importance for the Republic of Croatia includes current indicators of business operations for the Agrokor Group member companies which were, due to confidentiality of business information and to protect market competitiveness, removed from the version for public release.

3. Governance and responsibilities

3.1. Steering Group introduction and strengthening of operational management

Alongside the restructuring actions taken to date, steps have been taken to strengthen business management and a Steering Group has been launched. The Steering Group is tasked with supporting the Extraordinary Trustee in day-to-day management of Agrokor. Prior to the appointment of the Extraordinary Administration the individual companies reported directly to the CEO, resulting in an insufficient degree of transparency and a lack of a collective approach in resolving the Group's business challenges. This resulted in several inefficiencies, the number of which have significantly improved since the launch of and coordination delivered by the new structure.

The structure is built around key groups – retail, food and agriculture with a dedicated team focused on Agrokor Portfolio Holdings, and financial and strategy matters. The key aims of this setup is to facilitate better coordination between numerous Agrokor companies and operational teams, that have been established over recent weeks, who are engaged on specific segments of the business, ultimately achieving greater efficiency.

The fundamental goal and reason for implementing the Steering Group is to ensure day-to-day efficiency in management of the business, and support informed decision making. A chart of the Steering Group and new operational management structure can be found in the annex to this report.

The Steering Group is headed by the Extraordinary Trustee, who is advised by international and domestic advisors led by AlixPartners and Kirkland & Ellis. The advisors in the Steering Group are joined by Vladimir Bošnjak (advisor to the Extraordinary Trustee for business group Finance and Strategy), Vlado Čondić Galiničić (advisor to the Extraordinary Trustee for business group Agriculture), and Irena Weber (advisor to the Extraordinary Trustee for asset portfolio and non-core business).

As for the retail business, Tomislav Čizmić continues to lead Mercator, whilst there are changes in Konzum effective from 5 June which will result in strengthening the management of Agrokor's retail. The new CEO of Konzum is Slavko Ledić and his immediate team comprises a three-member board – Ines Lozić (finance), Zoran Mitreski (procurement) and Ivan Šantorić (retail and logistics).

The previous CEO of Konzum, Teo Vujčić, became an advisor to the Extraordinary Trustee with oversight in respect of all retail businesses and will oversee this crucial segment for the company and be responsible for efficiency in retail, together with a team from AlixPartners led by Bernd Brunke and Tim Robinson. Zvonimir Mršić was appointed as an advisor to the Extraordinary Trustee for the food business, thus strengthening the management team and establishing a structure that will allow for successful management of the operational business.

The Steering Group will be supported by a strategy group who provide supporting data and the rationale for all decisions proposed to the Steering Group. The strategy group is sourced from within the group and the Agrokor finance team. The Steering Group meets weekly in order to consider important matters and any decision that is strategic in nature. Any matters with a value of more than HRK1,000,000 attributed to them will be referred to the Steering Group. All decisions are ultimately made by the Extraordinary Administrator.

3.2. Actions for annulment of disputable annex to the employment contracts of former members of the Management Board

During the period of this report, the Extraordinary Trustee filed actions for annulment of the annex to the employment contracts of the three former Agrokor Management Board members (Ivica Todorčić, Ante Todorčić and Ivan Crnjac), due to potential detrimental effects of the annex on the future operations of the company.

The disputed annex (no. 5) of the employment contracts of the managers in question was signed on 31 March 2017 just ten days prior to the initiation of the Extraordinary Administration procedure in Agrokor d.d., and the potential realisation of the rights arising from it could result in significant material damage to the company. The annex stipulates that Agrokor will bear all damages that the former Management Board members might suffer due to potential court, administrative, arbitration or other proceedings initiated against them for actions taken and/or for failing to take actions as managers in their capacity of the members of the Management Board of Agrokor. The annex provides that Agrokor should bear the cost of all representation of former Management Board members, including attorney costs, costs of legal protection, costs of expert consultants (including travel expenses and other) all until a final court decision establishes that they acted contrary to the obligations of managing the business, regardless of the fact and the manner in which the employment contracts ended.

By initiating the Extraordinary Administration in Agrokor on 10 April this year, the mandates of all the members of the former Management Board of Agrokor ended,

and consequently employment contracts of the previously mentioned three former members of the Management Board terminated, without the company incurring any costs. With the exception of Ivica Todorčić, Ante Todorčić and Ivan Crnjac, no other member of either the Management or the Supervisory Board at commencement of the Extraordinary Administration held a valid annex of the nature described above. All other members of the Management and of the Supervisory Boards, except for the former president of the Supervisory Board (Ivan Todorčić), signed mutual termination agreements with the company whereby they relinquished all material rights held pursuant to their employment contracts. Ivan Todorčić's contract was terminated unilaterally.

4. Initiation of assessment of short-term cash requirements

4.1. Allocation within the total project organization

The assessment of short-term cash requirements is allocated to the cash work stream as part of the overall restructuring project. The central cash core team is set up as a mixture of Agrokor Strategy & Finance and the advisor group.

The assessment of short-term cash requirements is the second key priority of the cash core team. It aims at generating forward-looking information based on the short-term cash needs as a basis for daily cash management, evaluate short-term funding needs (ahead of the tourist season), introduce cash preserving actions and support day-to-day operations whilst new finance is sought (survival mode).

The other key priority of the cash work stream is to support daily cash management. Daily cash management includes a) allocation of (daily/weekly) payment budgets, b) preparing for the Commissioner's approval single payment proposals in relation to Agrokor Group companies and c) allocation of funds within the Agrokor Group. This work also sets the base for appropriate approval and control procedures to comply with the obligations of doing business under the Act on Extraordinary Administration.

4.2. Initial situation

In the last week of April (beginning of the project), no financial data (actuals, budgets, forecast information) was available for Agrokor Group companies, meaning no profit & loss statements (no actuals, budgets, or business plans), no cashflow, working capital, or balance sheet projections had been available to the project team. The only financial data available were daily account balances of the different (Croatian) Agrokor Group companies as well as some direct 13-week cashflow forecast information for 19 core subsidiaries, based on submissions of the subsidiaries (bottom-up).

This direct 13-week cashflow forecasting was introduced by Alvarez & Marsal, a former Advisor to the Agrokor Group, just weeks before the commencement of the Extraordinary Administration procedure. The finance teams of the different Group companies were not used to such a process. Therefore forecast quality and accuracy showed a huge variance and was highly dependent on the individual experience of the existing teams within the subsidiaries.

Furthermore, documentation detailing assumptions made and the basis of preparation had not been completed, and only very limited information had been made available.

The Group has different business models, more than 100 Group entities, different countries, different currencies, a lack of central control and management, suffered disruption with the cessation of the compensation businesses and a lack of intercompany payments. The situation during the first phase of the Extraordinary Administration was extremely challenging. Given the lack of cash resources available to fulfill the needs of the operating entities, the cash team aimed to support the businesses to maintain day-to-day and week-to-week operations (on a survival mode).

The cash situation was critical and the company faced a substantial liquidity crisis. As the operational intercompany relationships had not been settled in cash, but had only been accounted for in the financial records, the non-retail and non-wholesale Group companies (e.g. food companies, agricultural businesses) further suffered from the risk of being starved by a lack of cash from their internal customers.

Furthermore, the Group's businesses had already been severely impacted by negative supplier dynamics, working capital limitations (e.g. requests for pre-payments, refusal to deliver, shortening payment terms) and finally the bank accounts were temporarily blocked at the beginning of the Extraordinary Administration.

4.3. General approach

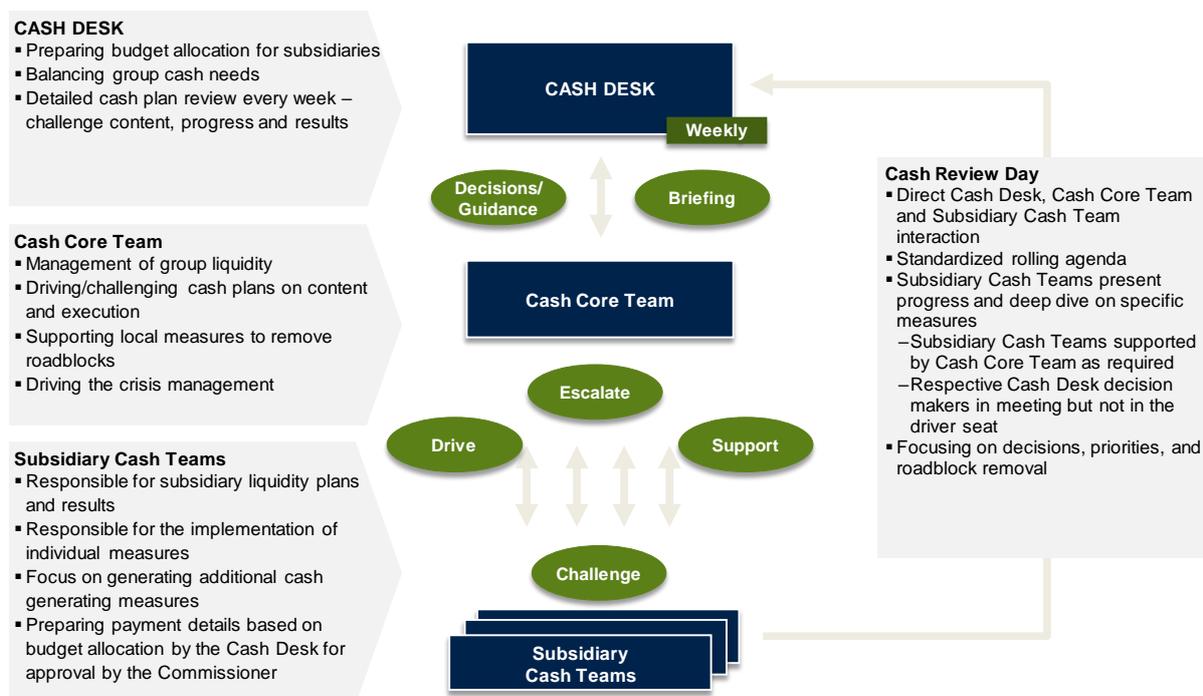
As the top eight subsidiaries purportedly account for >80% of the restricted Group's cashflows, and the top 19 subsidiaries purportedly account for >90% of the restricted Group's cashflows, weekly updates of the rolling cashflow forecast are provided by these 19 subsidiaries (on a bottom-up basis).

The rest of the restricted Group's subsidiaries with operating business (and cashflows) are addressed in a standardized approach within daily cash discussions. The bottom-up submissions of each and every subsidiary are challenged, consolidated and compiled into a confidential weekly report.

The rolling 13-weeks cashflow forecast update with a 'direct' forecasting method is seen as the most appropriate and state-of-the-art tool to use in the circumstances.

4.4. Roles, responsibilities and weekly update process

Based on the experience gained from other international projects of a similar size, complexities within and outside of the administration processes, roles, responsibilities and weekly processes have been developed, adjusted and introduced (see overview below).



In order to fulfill the requirements of the super senior loan of EUR 80m arranged in April, a comprehensive weekly update process has been designed and implemented.

4.5. Further specifics

As a result of the Extraordinary Administration, the bottom-up submissions of the 19 subsidiaries need to be carefully reviewed with a focus on individual assumptions and management expectations.

Overall guidance has been centrally communicated and focuses on establishing the level of cash resources that are required to maintain operations. This overall guidance established each individual entity's short-term cash requirement in order to survive. The temporary effects of cash preservation measures are included in the individual submissions and lower the cash requirements accordingly, on a temporary basis.

The effects of restructuring measures (benefits as well as ad hoc costs) are only included to the extent that they have already been considered by the individual

companies. As these are provided on a weekly basis, individual intraweek (daily) peaks in cash must be considered in addition to the results shown. Further work is being undertaken on the longer term forecasts and the highlights will be shared as required at that time. The 19 subsidiaries have been advised that they are unable make payments of old debts (pre April 10 payables) as they require specific approval from the Commissioner and/or Temporary Creditors' Council.

Each week the core cash team aims to improve monitoring of individual assumptions, particularly given dynamic working capital expectations and timeframes. The first priority is to maintain operations and stabilize the critical cash situation as far as possible. For the moment, all forward looking cash information needs to be seen as preliminary and indicative. The lack of information in relation to completed and approved business plans (monthly, quarterly, yearly) together with an increased level of volatility in top line development, the supplier situation and customer feedback have to be taken into account and could lead to major changes.

Following the signing of the new financing the cash team will be supporting the reporting requirements of the new facilities.

4.6. Next steps

In order to extend the forecasting period and develop an understanding of the anticipated cash position after the tourist season ends, the core cash team has initiated preparation of a 26-week (or six month) cashflow forecast for the 19 subsidiaries. As additional validity checks regarding working capital assumptions and projections are required to ensure consistency across the individual cashflows prior to consolidation and it is not expected to be available for several weeks.

5. Temporary Creditors Council

The Temporary Creditors Council convened twice in the period from 11 May to 10 June (2nd and 3rd meetings).

The Temporary Creditors Council held its 2nd meeting on 1 June 2017. The agenda for the meeting included:

1. procedural items such as rules related to Council meetings, procedures for the, exchange of information and protection of confidential information;
2. a review of monthly report for the period of 10 April to 10 May;
3. an update for the members of the Temporary Creditors Council on actions taken regarding additional financing that is needed for the Group and on the terms of the financing proposed by a group of bondholders led by Knighthead Capital Management, LLC and Zagrebačka banka d.d.

All members attended the meeting.

The Temporary Creditors Council held its 3rd meeting on 8 June 2017. The only agenda item for the meeting was the approval for the Extraordinary Commissionaire to assume new debt by agreeing to a Super-Priority Term Facilities Agreement in the amount of up to €1,060,000,000. At the meeting financial advisors to the company gave a detailed presentation on the proposed terms of new loan.

All members attended the meeting.

After discussion the approval was given by majority votes with four Temporary Creditors Council members voting in favour and one Temporary Creditors Council member voting against (Sberbank of Russia).

6. Discussions with new financiers

Over recent weeks, the Group has urgently sought new financing to ensure long-term stability of the Group's operations, preserve value for stakeholders and minimize systemic risks for Croatia. During this process, the Group approached a significant number of parties and explored all options. The Group received two proposals, of which one was jointly submitted by Knighthood Capital Management ("Knighthood") and Zagrebačka banka ("ZABA"). The proposals were deliverable within the time constraints of the Group's liquidity position, and purported to provide timely funding to the Group whilst providing existing creditors with the option to participate in the new money financing. A term sheet for the financing was agreed on 31 May 2017, following which negotiations advanced on the detailed facility agreement.

The agreed new facility agreement was approved by the temporary Creditors' Council on 8 June 2017 and signed by all parties on 9 June 2017. The following is a summary of the key terms for the new financing arrangement:

- Total new financing of up to €480m structured as a term loan (the "New Loan"), allocated as follows (participation will be allocated pro rata based on all outstanding debt in the class):
 - €170m for existing pre-petition international bank lenders
 - €160m split: (i) €80m for holders of the existing DIP; and (ii) €80m for existing local Croatian banks including lenders of the existing DIP
 - €150m for members of the Ad Hoc Committee
 - Unallocated portions of the €480m will be backstopped by funds managed or advised by Knighthood Capital Management, LLC and Zagrebačka Banka for the domestic market (under condition it receives approval from its bank's committee)
- An additional accordion facility of €50m available to trade creditors under the same terms – making the total €530m
- Up to €150m of the New Loan will be available to pay pre-petition supplier claims
- 1:1 refinancing of funding lenders' pre-petition debt into a participation in the New Loan (based on drawn amounts on the New Loan). This will increase the size of the New Loan to €1,060 million (if fully drawn) plus the supplier accordion

- Borrower: the Agrokor d.d. with the ability to lend within the Group and extend intercompany debt, which ranks super senior under the Act on Extraordinary Administration
- Guarantors: Any materials subsidiaries of the Company, including but not limited to Ledo d.d., Jamnica d.d. and Konzum d.d.
- Interest: Euribor + 4% p.a. PIK accruing monthly or Euribor + 3.8% cash payable annually at the quarterly election of each individual lender, Euribor floor at 0%
- Maturity: The earlier of (i) 15 months from commencement of the Act on Extraordinary Administration (April 10 2017), (ii) court adoption of a settlement agreement under the Act on Extraordinary Administration, or (iii) commencement of a bankruptcy. Upon the successful completion of the Act of Extraordinary Administration with a settlement agreement approved by Lenders, the Company will have the option to extend the facility for two years at a rate of Euribor + 6%
- No penalties for prepayment
- Ranking: Super senior status granted under the Act on Extraordinary Administration` for Borrowers and Guarantors representing approximately 85% of Group revenues
- Security: (i) material unencumbered tangible and intangible assets of the Company and the guarantors, (ii) intercompany loans created by the on-lending of the new financing, and (iii) in addition c.€390m of unencumbered collateral including but not limited to real estate, stores and factories, and (iv) any other collateral agreed to by lenders of the New Loan and the Company each to be provided as a condition subsequent to funding
- Mandatory repayment from sales: Obligors to apply 90% of net proceeds from asset sales over €5m to repay the New Loan (at par plus accrued). Obligors can retain sale proceeds for working capital purposes where approved by Lenders
- Most favoured nation: The lenders of the New Loan to benefit pro rata in any security, guarantee or similar arrangement offered to any other financial indebtedness of any member of the Group other than in a full refinancing resulting in prepayment of the New Loan
- Subject to various positive, negative and information undertakings, and milestones.

7. Bills of exchange

On April 14, 2017, a memorandum was signed between some members of Agrokor suppliers and creditors. The memorandum specifies the moratorium on the forced collection of financial institutions' claims from Agrokor's suppliers on the basis of recourse rights up to May 31 this year. This was designed to enable a window for finding a framework solution for bills of exchange issued to suppliers and the respective recourse rights against them. The memorandum was signed by 16 financial institutions, accounting for 73% of the total amount whilst amongst the factoring companies this amount was 99.37%, as well as 72 suppliers which represents 41.11% of total amount of BoEs.

The memorandum envisioned a working group consisting of representatives of creditors and suppliers, which was set up on 3 May 2017. The members of the working group are:

Representatives of the creditors:

- Ms. Jasminka Rojko - RBA factoring and as a replacement Mr. Branko Devic
- Mr. Dean Tomic - Infinitum factoring
- Mr. Joseph Cicek and as a replacement Ms. Alma Mekic Cerdic - Erste factoring

Representatives of suppliers:

- Mr. Neven Vranković, a Board Member of Atlantic Grupa d.d.,
- Mr. Hrvoje Filipović, Chairman of the Management Board of Granolio d.d.
- Mr. Nikola Cvjetković, Board Member of AWT International d.o.o.

During the period, eight working meetings were held, resulting in the production of a table with models aimed at solving the issue of recourse rights. The models are a general representation of options and it is envisioned that each individual creditor supplier relationship will be regulated bilaterally. The financial institutions believe that such an approach in which a general model is tailored to each individual relationship is the only one possible and is in the best interests of each supplier and creditor. In short, the models are:

1. Payment by supplier to the creditors from own resources.

2. Bank loan up to a maximum of seven years (EUR, KN with the EUR currency clause) with the potential for assignment of the claim. Payments would be directed to the creditor's account (financial institution) upon payment by Agrokor's companies, and the supplier's claim would be pledged as collateral for the loan. In respect of costs, interest up to 2.5% per annum would be charged, with no transaction charges and/or early repayment charges.

3. Re-profiling of the obligation to a maturity of 15 months (exclusively KN with EUR currency clause). The Annex would be acknowledged by the buyer (member of Agrokor group), confirming that the parties agree that the supplier and creditor will contract a new term of payment and that, in the case of payment of these claims by Agrokor, the funds would be directed to the creditor's account. In respect of costs, interest up to 3.5% per annum would be charged and in the event of a repayment of at least 25% of the total liability in the period of 15 months through monthly amortization and payment of the obligations, the interest cost would be charged at 3% per annum. There would be no transaction charges and/or early repayment charges.

4. For suppliers with significant exposure needing more complex solutions it envisioned that they could be implemented through a combination of models, including multilateral solutions in the form of syndicated loans or full refinancing of financial liabilities, subject to agreement with more creditors.

After the last meeting of the joint working group held on May 26, 2017, a joint statement of creditor representatives and the supplier representative was issued, in which the suppliers and creditors of Agrokor companies were invited to regulate their relationships bilaterally in order to solve the issue of claim filing by 31 May 2017, and settle claims that have not yet been settled due to commencement of the Extraordinary Administration. Creditors and suppliers will continue to work together to address the problem in order to mitigate negative consequences of the situation with issued bills of exchange, whilst adhering to the deadlines set in the memorandum (May 31, 2017).

The borrowers have stressed that they will not freeze supplier accounts after the deadline of the bilateral agreement in the memorandum (31 May 2017) provided that the supplier is perceived to be actively working to finalise a solution. All stakeholders in the process of Agrokor's Extraordinary Administration, within the limits of their capabilities, will invest significant efforts to ensure that obligations based on issued bills of exchange are ultimately borne by the appropriate debtors of the Agrokor Group.

In the event that all parties in the Extraordinary Administration procedure agree on a common platform to determine alternative terms than those defined by the concluded bilateral agreements/contracts, all suppliers would be able to adhere to those terms in case they were more favorable than their bilateral agreements.

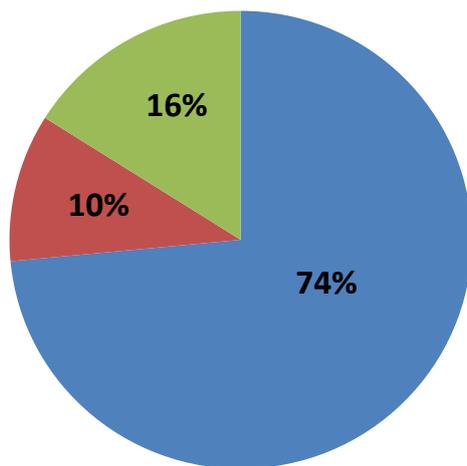
According to current data, creditors/financial institutions have not blocked any suppliers since the expiration of the deadline stipulated by the memorandum (31 May 2017).

1. Bills of exchange in figures:

A. Bills of exchange issued to companies within Agrokor (internal bills of exchange):

HRK 3,919,261,278.79

- I. Large banks 74%
- ii. Small banks 10%
- iii. Factoring companies 16%

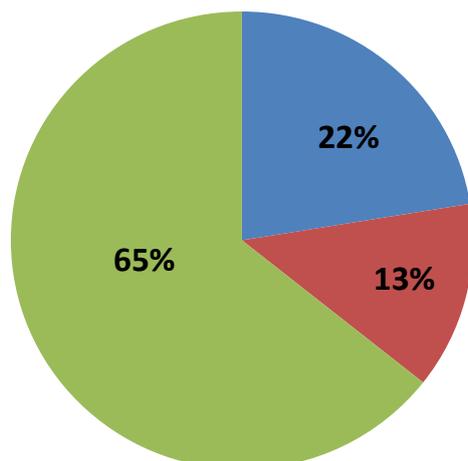


B. Transactions through suppliers: HRK 3,481,771,542.95, of which:

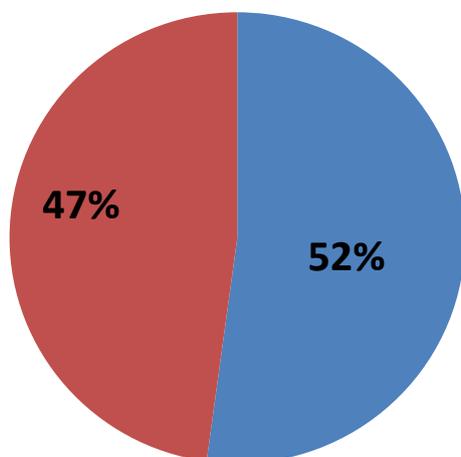
- I. HRK 2.762.643.846,19 bills of exchange – during the period from the freeze of the accounts up to the 10/04/17, HRK 545.051.267,66 of bills of exchange that had matured had not been paid
- ii. HRK 641.627.696,76 of assignments
- iii. HRK 77.500.00 loans

C. Allocation to creditors is:

- I. Large banks 22%
- ii. Small banks 13%
- iii. Factoring companies 65%



D. TOTAL: HRK 7.401.032.821,74



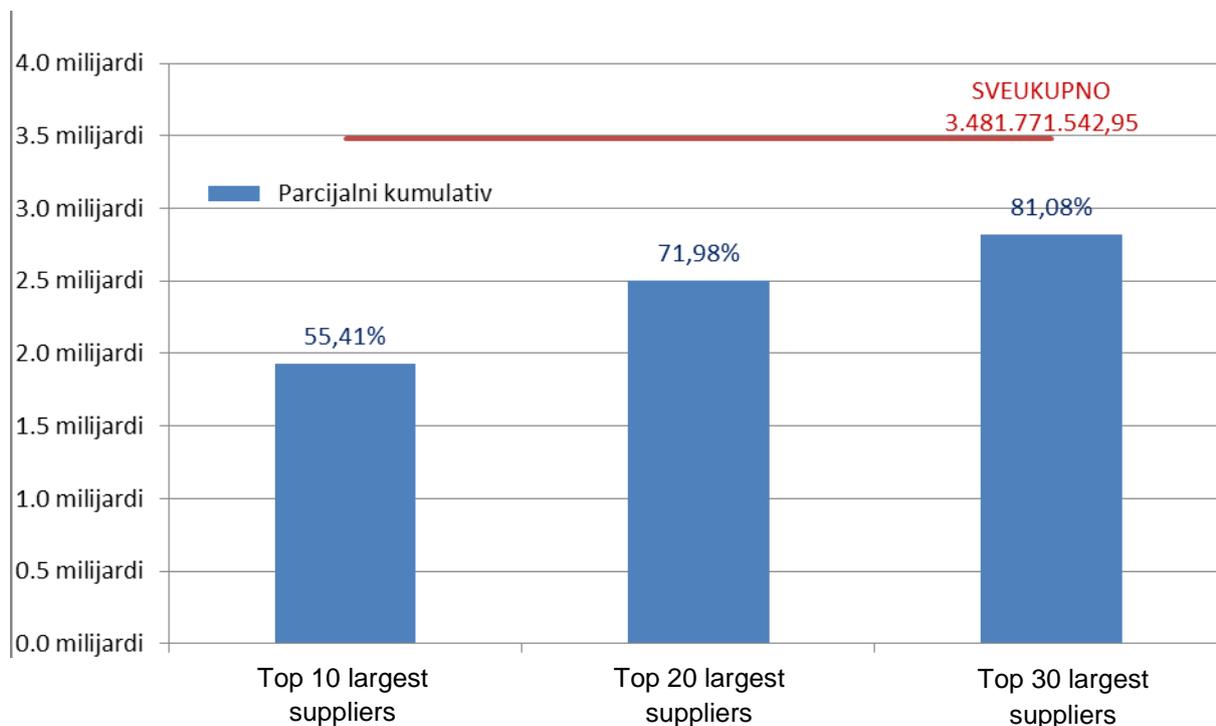
2. Suppliers in figures:

A. Total 163 suppliers

B. The top 10 largest suppliers account for 55.41% of total bills of exchange in the group of Transactions with suppliers.

C. The top 20 largest suppliers account for 71.98% of total bills of exchange in the group Transaction with suppliers.

D. The top 30 largest suppliers account for 81.08% of total bills of exchange in the group Transaction with suppliers.



8. Calls to creditors and registration of claims

The period of 60 days defined by the law for registration of claims ended on 9 June. Since the Act of Extraordinary Administration commenced, more than 6.000 claim registration applications have been received. All received claim applications have been registered, scanned, digitised and indexed in order to prepare them for further processing and checking within the group companies. Those claims mailed during the last week will be registered during the coming week and the total number of claims is therefore subject to change.

During the past month the creditors were informed of an additional request for submissions of the outstanding items with the debtor companies through the Agrokor website. A call for submission of the claims application as soon as possible was published as well, in order to avoid any potential difficulties with submitting the claims applications in the last days of the registration period. Furthermore, the creditors could communicate with the claims registration and creditors' queries team via two e-mail addresses (creditorenquiries@agrokor.hr and prijava.trazbina@agrokor.hr). The same addresses were used to provide the creditors with instruction on how to register their claims, and to inform them of the procedures for different category of creditors (i.e. suppliers, bond holders, law firms, et al.).

9. Stakeholder relations and communications

Regular communication has been established with all key stakeholders: creditors, suppliers, vendors, unions, employees and management, as well as government representatives and institutions in the countries where Agrokor operates.

Overall, communication with the stakeholders utilizes a number of diverse channels of communication, and includes a significant proportion of direct and formal communication.

In terms of internal stakeholders, the Extraordinary Administration makes every effort to communicate with both management and employees regularly, in writing, so that they are fully informed of steps undertaken by the Extraordinary Trustee. The newly formed Steering Group also partakes in engaging, continuous and transparent communications with relevant stakeholders, as required.

The Extraordinary Administration is particularly focused on maintaining communication with all groups of creditors, through direct channels and the Creditors Council as detailed in section 4.1 of this report. Direct communication with the media is maintained on a daily basis and, during the period of this report, the Extraordinary Administration was engaged in over 60 media activities in the regional countries where Agrokor operates, including publishing 25 press releases and statements, and held 5 briefings for the press in Croatia alone. In addition to this, there is a consistent and active daily communication and interaction with local, regional, and international media representatives. The Extraordinary Administration has thoroughly engaged with the media to ensure consistency and transparency throughout.

As the Extraordinary Administration has engaged in communications with stakeholders in other countries where Agrokor is present, during the period of this report meetings were held with government representatives and institutions in Bosnia, Herzegovina and Serbia.

On 17 May, a meeting was held with the Vice President of the Republic of Serbia and Trade, Tourism and Telecommunications (Rasim Ljajić), the Minister of Agriculture and Environment Protection (Branislav Nedimović), and the president of the Chamber of Commerce of Serbia (Marko Čadež). The meeting was also attended by the Ambassador of the Republic of Croatia to Serbia (Gordan Markotić), Director of Mercator Serbia (Aleksandar Seratlić), Director of oil production company Dijamant (Vladimir Milović) and the director of Frikom (Gojko Đošić).

On 25 May, the Extraordinary Administration met with the representatives of the Government of Bosnia and Herzegovina. The meeting was attended by the Minister of foreign trade and economic relationships of Bosnia and Herzegovina, and the Deputy of the President of the Council of Ministers of Bosnia and Herzegovina (Mirko

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Šarović), Minister of Finances and Treasury of Bosnia and Herzegovina (Vjekoslav Bevanda), advisor to Fadil Novalić, Prime Minister of the Government of the Federation of Bosnia and Herzegovina (Aida Skoko), Minister of Trade and Tourism of the Republic of Srpska (Predrag Gluhaković), Vice-president of the Foreign Trade Chamber of Bosnia and Herzegovina (Nemanja Vasić), Ambassador of the Republic of Croatia to Bosnia and Herzegovina (Ivan Del Vechio), and on behalf of Agrokor, the Extraordinary Trustee, Ante Ramljak, Director of Konzum Bosnia and Herzegovina, Tomislav Bagić, president of the Board of Business System Mercator, Tomislav Čizmić, and the Executive Director of Marketing of Agrokor, Dubravka Jusić, as well as directors of other Agrokor companies in Bosnia and Herzegovina. Meetings were also held between the management of Konzum and Mercator and 90 suppliers over the course of two days.

The Extraordinary Administrator is committed to consistent, regular and accessible communication with stakeholders at all levels during the Extraordinary Administration.

10. Business reviews

10.1. Group viability plan

The Group has identified 143 companies to date in which it has a stake (in most cases a majority stake). In many of the cases, there is more than one legal entity per business operating unit.

These companies have initially been categorised into four groups as follows:

1. Retail: 26 entities relate to retail. These include Konzum, Mercator and Tisak as well as the wholesale activities such as Velpro
2. Food: 32 entities relate to food production. These include business units such as Ledo, Frikom, Zvijezda, Dijamant, Jamnica, and PiK Vrbovec.
3. Agricultural: 17 entities relate to Agribusinesses. These include business units such as Agrokori-trgovina, PIK Vinkovci, Belje and Vupik.
4. Other activities (Agrokori Portfolio Holdings): 68 entities which do not fit into any of the above three categories, including the holding company Agrokori d.d., 26 operational companies, 25 asset / real estate holding companies, 14 empty shell companies, and 2 investment holding companies.

During the restructuring process, the allocation of these entities between groups might change.

10.2. Major business unit reviews

Detailed reviews of the longer term strategic options for each of the 26 entities which constitute approximately 90% of the restricted Group's cashflows (see Section 4) have been commenced. Further entities might be included over time.

The immediate emphasis is on reviewing these businesses in order to ensure that each can be restructured in order to limit further losses, and ultimately operate in a profitable and cash-generative manner that is consistent with industry standard margins and profit levels.

The metrics and key performance indicators being considered differ by sector, and the strategic transformational options are different for each business. Each of the main operating entities have been developing action plans which address the near, mid and longer term improvement initiatives to maximise the operating performance of these entities. Areas that these improvement initiatives address include: key supplier relations, customer / product mix, operating models, efficiencies, productivity, supply chain / logistics, potential synergies, overheads, level of investments, working capital efficiency.

In respect of retail, the businesses are reviewing, or are expecting to review, store portfolio, rents, product mix, pricing, promotions, supplier portfolio and terms, operating models, logistics and central support. This is expected to include a review

of formats and geographic / shopping missions to be supported based on where each business is most able to compete successfully in the market.

In parallel to considering the transformation process on an entity by entity basis, the team is considering the optimal approach, structure and timing for realising value for creditors.

10.3. Other activities: Agrokor Portfolio Holdings (APH)

The APH team has been established for those elements of the Group for which there are no obvious synergies. The focus will be on realising value for creditors, efficiency of process, and obtaining value for money from agents.

As noted above, 68 subsidiaries have been identified as fitting into this category. The 14 shell companies have no value and will be addressed under a corporate simplification exercise. Where operational businesses or assets where value is assumed to exist, there will be a sales process. Legal and commercial due diligence is underway to prepare the businesses for sale.

An initial 6 of the 26 operational companies will be offered for sale. The identity of these companies is confidential until the process is launched. Further companies will be made available in overlapping waves. Details of the process and requests for expressions of interest will be published as appropriate.

In addition to the subsidiaries, APH has identified an initial list of 267 properties, including major development sites, residential, commercial, office and industrial properties, land, and moveable assets (yacht and helicopter). Legal and commercial due diligence and the process of selecting the appropriate sales agent is underway, in order to prepare the assets for sale.

A website is being set up and will be used to show the assets to potential buyers. Many of the facts are incomplete and further due diligence and updates are required. Once the update is complete the website will be made available to interested parties.

10.4. Indicative timetable for key milestones (subject to change)

During the peak summer season, the aim is to develop first stage viability plans for the major entities, which will then be refined and presented to key stakeholders in September. Thereafter, when approval for the proposed strategies has been received, they will be executed.

Report prepared by:

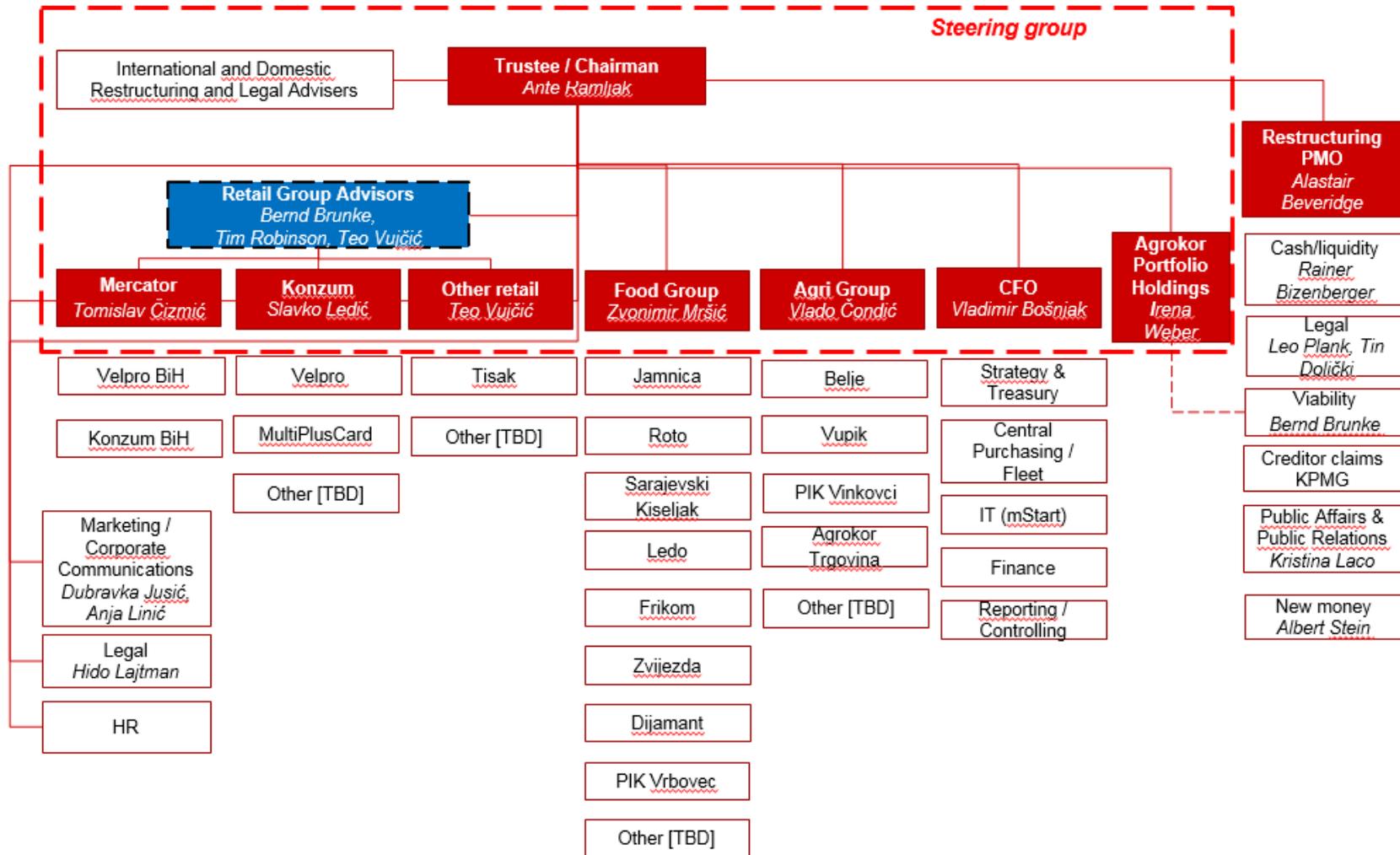
Ante Ramljak
Extraordinary Trustee
Agrokor d.d.

11. ANNEX

11.1. Steering Group structure

11.2. Recent Group Management and Supervisory Board changes

11.1. Steering Group structure



11.2 Recent Group Management and Supervisory Board changes

1. **Adriatica.net d.o.o.** New member of the Supervisory Board
Irena Weber - Adviser to the Extraordinary Commissioner for asset portfolio and non-core business
2. **Agrolaguna d.d.** - Majority shareholder Agram group (51%) appointed their members of the Supervisory board
3. **Belje d.d.** New members of the Supervisory Board
Vladimir Bošnjak- Adviser to the Extraordinary Commissioner
Ivica Tomljenović- Executive director of central purchasing
4. **Jamnica d.d.** New members of the Supervisory Board
Vladimir Bošnjak- Adviser to the Extraordinary Commissioner Finance
Dubravka Jusić Crvenkovic- Executive marketing director
Dubravko Perović- Executive Director for Legal Affairs
5. **Mladina d.d.** New members of the Supervisory Board
Dunja Šimunić Mehdić- Director of the Competition Law Department
Ivica Tomljenović- Executive director of central purchasing
6. **Roto Dinamic d.o.o.** New members of the Supervisory Board
Mirjam Marasović Čurčić- Member of the Management board of Jamnica d.d.
New Management Board member
Siniša Mužić- Director of the Company (appointed 7 th of June)
7. **Konzum d.d.** New members of the Supervisory Board
Vladimir Bošnjak- Adviser to the Extraordinary Commissioner Finance and Strategy
Hido Lajtman- Executive Director in Legal Affairs
Dubravka Jusić Crvenković- Executive marketing director
New Management Board members
Slavko Ledić- President of the Management board
Ines Lozić- Member of the Management board
Zoran Mitreski- Member of the Management board
Ivan Šantorić- Member of the Management board
8. **Pik Vrbovec d.d.** New members of the Supervisory Board
Teo Vujčić-- Adviser to the Extraordinary Commissioner Retail
Ivona Skerlev- Director of the Intellectual Property Department
Dunja Šimunić Mehdić- Director of the Competition Law Department
9. **Žitnjak d.d.** New members of the Supervisory Board
Irena Weber- Adviser to the Extraordinary Commissioner for asset portfolio and non-core business
10. **Ledo d.d.** New members of the Supervisory Board
Vladimir Bošnjak- Adviser to the Extraordinary Commissioner Finance and Strategy
Luka Cvitan- Executive Director for Capital Markets and Strategy
Teo Vujčić- Adviser to the Extraordinary Commissioner Retail
Zdravko Kačić –Pension Fund
11. **Pik Vinkovci d.d.** New members of the Supervisory Board
Ivica Tomljenović- Executive director of central purchasing

12. **Projektgradnja d.o.o.** New members of the Supervisory Board
 - Irena Weber- Adviser to the Extraordinary Commissioner for asset portfolio and non-core business
 - Dunja Šimunić Mehdić- Director of the Competition Law Department
 - Dubravko Perović- Executive Director for Legal Affairs
 - Davor Bošnjaković- Director of the Company Belje d.d.
13. **Tisak d.d.** New members of the Supervisory Board
 - Irena Weber- Adviser to the Extraordinary Commissioner for asset portfolio and non-core business
 - Hido Lajtman- Executive Director in Legal Affairs
 - Dubravka Jusić Crvenković- Executive marketing director

New Management Board members

 - Danko Duhović- President of the Management board
 - Fabris Peruško- Member of the Management Board
14. **Vupik d.d.** New members of the Supervisory Board
 - Ivica Tomljenović- Executive director of central purchasing
 - Dubravko Perović- Executive Director for Legal Affairs
15. **Zvijezda d.d.** New members of the Supervisory Board
 - Teo Vujčić- Adviser to the Extraordinary Commissioner Retail
 - Vladimir Bošnjak- Adviser to the Extraordinary Commissioner Finance and Strategy
 - Ivona Skerlev- Director of the Intellectual Property Department
 - Anja Linić- Director of Public Relations