



Ilirija d.d.

BIOGRAD NA MORU

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Biograd na Moru, 19th December 2016

Number: 403/2016.

Croatian Financial Services Supervisory Agency HANFA
Miramarska 24B

10 000 ZAGREB

Zagrebačka burza d.d. /Zagreb Stock Exchange plc./
Franje Lučića 2a
10 000 Zagreb

The Croatian News Agency - HINA
Marulićev trg 16
10 000 Zagreb

COMPANY WEBSITE

ISIN:HRILRARA0009

SECURITY: ILRA-R-A

QUOTATION: Službeno tržište Zagrebačke burze d.d. /Official Market of the Market Stock Exchange plc./

SUBJECT: Notification about successfully completed and performed acquisition or purchase of Commercial – Shopping Center City Galleria in Zadar of total value of HRK 78,560,490.01

Dear all,

the company Ilirija d.d., Biograd na Moru, Tina Ujevića 7, Tax No. OIB: 05951496767, has on the today's date 19th December 2016 successfully completed and performed the acquisition or purchase of the Commercial-Shopping Center City Galleria in Zadar by acquiring or handover of the property, that is, Commercial-Shopping Center City Galleria.

On 24th October 2016, the Shareholders' General Assembly passed the *Decision on an increase in share capital by contributions in cash and issue of new shares and amendments to the Articles of Association*, based on which the recapitalization of the company has been completed with an aim to develop the business of the company or purchase of the Commercial-Shopping Center City Galleria in Zadar which was recognized by the Company's shareholders as an investment that will further strengthen the market position of the company, increase the capacities and reduce the seasonality of the business.

The purchase of the Commercial-Shopping Center City Galleria in Zadar, one of the two largest shopping centers in Zadar, located in an attractive location near the city center with high occupancy area of 97% of its capacities, is the investment in the amount of HRK 78,560,490.01 partly financed through a capital increase and partly through the long-term investment loan of the commercial bank at the existing market-credit terms.

Owing to this investment, Ilirija d.d. has become a company with a wide range of economic activities, where in addition to tourism and hospitality industry, comprising hotel management, boating, camping and destination management as a core business, by buying the modern commercial and shopping center it partly enters the real estate industry sector which will allow it to strengthen the market and capital position of the company, increase its total value and conduct continuous year-round business. Besides, the acquisition will contribute to strengthening the financial position of the company through the stabilization of cash flow by ensuring inflows in off-season, strengthening of active long-term balance sheet positions, risk diversification and consolidation of a part of the costs which will result in the expected growth of the company's profitability.

In 2016, as of today's date, the Company has invested over HRK 110,000,000.00, including the purchase of the real estate Commercial-shopping center City Galleria, in the expansion of activities and has made continuous investments in offer, improvement of services and content according to the market needs, requirements and standards ensuring thereby its competitive market position and high-quality and distinctive product and service. In addition to purchasing the commercial-shopping center, the most important investment of the Company in 2016 is the completion of the first phase of reconstruction of the Nautical Tourism Port Marina Kornati.

The Company is actively, responsibly and systematically considering ensuring a long-term and sustainable business and capital development and growth of the company, which is supported by successfully completed acquisition or purchase of commercial-shopping center, creating a company with a wide range of economic activities, all the prerequisites for successful, profitable and year-round business while developing high-quality, market-competitive and distinctive complementary products and services with an ultimate goal to significantly intensify business activities throughout the year and increase the profitability of the Company.

Yours sincerely,

MANAGEMENT BOARD

Goran Ražnjević



ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru ®