



Ilirija d.d.
BIOGRAD NA MORU

Tel: Centrala ++385 23 383 165; Fax: ++385 23 384 564; Prodaja: ++385 23 383 556; sales@ilirijabiograd.com; www.ilirijabiograd.com

In Biograd na Moru, dated 24th October 2016
PROT.NO.: 357/2016-2

**The Croatian Financial Services
Supervisory Agency - HANFA
MIRAMARSKA 24B
10 000 ZAGREB**

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

**HINA
Marulićev trg 16
10 000 Zagreb**

COMPANY WEBSITE

Subject: General Meeting of ILIRIJA d.d. Biograd na Moru, held on 24th October 2016; -notice and voting results;

Dear all,

we notify you that on 24 October 2016, the company ILIRIJA d.d., Biograd na Moru, Tina Ujevića 7, Tax Number OIB: 05951496767, (hereinafter referred to as: Company) held the Extraordinary General Meeting in the registered office of the Company commencing at 9:30 hours.

At the General Meeting, all decisions were unanimously adopted in the content identical to the proposals contained in the Call for General Meeting published in the Official Gazette No. 83/2016 of 16th September 2016, as well as on the website of the Company (www.ilirijabiograd.com), Zagreb Stock Exchange plc. (www.zse.hr), Court Registry (<https://sudreg.pravosudje.hr>), The Croatian Financial Services Supervisory Agency (Official Register of Prescribed Information - www.hanfa.hr) and the Croatian News Agency (www.hina.hr), except for the Decision in section 5 of the Agenda for which the shareholder Allianz ZB d.o.o. the compulsory pension fund management company did according to Article 282 of the Companies Act (Official Gazette No. 152/11 – revised text 111/12, 68/13 i 110/15, hereinafter referred to as: ZTD) make a counterproposal to the General Meeting, which counterproposal was adopted.

The text of the counterproposal is attached to this Notice.

According to Article 286, paragraph 2 and paragraph 6 of the Companies' Act, the Company publishes the voting results by decisions adopted at the General Meeting:

Item 2 of the Agenda;

Decision on a change to the core business activities – added activities; was adopted by valid votes based on 209,761 shares (one share equals one vote) which constitutes 76.48 % of shares in the share capital of the Company or 100% of the share capital present at the General Meeting and 76.72% of shares in the share capital of the Company reduced by treasury shares. Of which: IN FAVOR OF – 209,761 votes, AGAINST – none, ABSTAINERS – none.



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Item 3 of the Agenda;

Decision on changes and amendments to the Articles of Association of the Company; was adopted by valid votes based on 209,761 shares (one share equals one vote) which constitutes 76.48 % of shares in the share capital of the Company or 100% of the share capital present at the General Meeting and 76.72% of shares in the share capital of the Company reduced by treasury shares. Of which: IN FAVOR OF – 209,761 votes, AGAINST – none, ABSTAINERS – none.

Item 4 of the Agenda;

Report by the Management Board on the reasons for the total exclusion of pre-emptive rights of the existing shareholders to the subscription and payment for new shares of the Company; the mentioned Report of the Management Board is not voted on and the General Meeting has taken notice thereof;

Item 5 of the Agenda;

Decision on an increase in share capital of the Company by contributions in cash and issue of new shares and amendments to the Articles of Association; the counterproposal made by the shareholder Allianz ZB d.o.o. compulsory pension fund management company. The Decision on the counterproposal was adopted by valid votes based on 209,761 shares (one share equals one vote) which constitutes 76.48 % of shares in the share capital of the Company or 100% of the share capital present at the General Meeting and 76.72% of the shares in the share capital of the Company reduced by treasury shares. Of which: IN FAVOR OF – 209,761 votes, AGAINST – none, ABSTAINERS – none.

Item 6 of the Agenda;

Decision on listing all shares of the Company on the official market of the Zagreb Stock Exchange for trading; was adopted by valid votes based on 209,761 shares (one share equals one vote) which constitutes 76.48 % of shares in the share capital of the Company or 100% of the share capital present at the General Meeting and 76.72% of shares in the share capital of the Company reduced by treasury shares. Of which: IN FAVOR OF – 209,761 votes, AGAINST – none, ABSTAINERS – none.

Yours sincerely,

ILIRIJA d.d.
MANAGEMENT BOARD:
Goran Ražnjević

*ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru*

Attachment: counterproposal made by the shareholder Allianz ZB d.o.o. compulsory pension fund management company;

Allianz ZB d.o.o. compulsory pension fund management company
Nike Grškovića 31
10000 Zagreb
Tax No. OIB: 58384724129

Biograd na Moru, dated 24th October

2016

ILIRIJA d.d.
Tina Ujevića 7
23210 Biograd na Moru
Tax No. OIB: 05951496767

**COUNTERPROPOSAL MADE BY THE SHAREHOLDER
ALLIANZ ZB d.o.o. compulsory pension fund management company**

According to Article 282 of the Companies' Act (Official Gazette No. 152/11 – revised text, 111/12, 68/13 and 110/15) upon the proposal made by the Management Board and Supervisory Board of the company ILIRIJA, a joint stock company for hospitality and tourism with registered office in Biograd na Moru, Tina Ujevića 7, entered in the court registry of the Commercial Court in Zadar under the number (Company Reg. No. MBS): 060032302, Company Tax No. OIB: 05951496767 (hereinafter referred to as „Company“), publicized in the Call for the General Meeting of the company ILIRIJA d.d. that will be held on 24th October 2016, Allianz ZB d.o.o. compulsory pension fund management company, with registered office in Zagreb, Nike Grškovića 31, Tax No. OIB: 58384724129 hereby on its behalf and for the account of the pension funds managed by it, acting as a shareholder of the Company, makes a counterproposal to the General Meeting of the Company regarding item 5 of the Agenda on adoption of the Decision on an increase in share capital of the Company by contributions in cash and issue of new shares and changes and amendments made to the Articles of Association and proposes to the General Meeting of the Company to take the decision indicated in item 5. of the Agenda in a way as follows:

Ad 5. Decision on an increase in share capital of the Company by contributions in cash and issue of new shares and amendments to the Articles of Association:

According to Article 304 of the Companies' Act (Official Gazette No. 152/11 – revised text, 111/12, 68/13 and 110/15, hereinafter referred to as Companies' Act „ZTD“), the General Meeting of the company ILIRIJA joint stock company for hospitality and tourism with registered office in Biograd na Moru, Tina Ujevića 7, entered in the court registry of the Commercial Court in Zadar under the number (Company Reg. No. MBS): 060032302, Company Tax No. OIB: 05951496767 (hereinafter referred to as „Company“), has at its session held in the registered office of the Company, on 24th October 2016 passed the following

Decision on an increase in share capital and issue of new shares and making amendments to the Articles of Association

1. The share capital amounts to HRK 159,085,880.00 (one hundred fifty-nine million eighty-five thousand eight hundred and eighty Kuna) and is divided into 274,286 (two hundred seventy-four thousand and two hundred eighty-six) ordinary bearer shares with a single nominal value of HRK 580.00 (five hundred eighty Kuna) each. Share capital of the Company has been paid in whole.
2. The share capital is increased by issuing new shares along with the payment of the contributions in cash for raising the funds required for the realization of the Company's business plan.

3. According to this Decision, the share capital increases from the amount of HRK 159,085,880.00 (one hundred fifty-nine million eighty-five thousand eight hundred and eighty Kuna) by the amount not exceeding HRK 15,892,000.00 (fifteen million eight hundred ninety-two thousand Kuna) to the amount not exceeding HRK 174,977,880.00 (one hundred seventy-four million nine hundred seventy-seven thousand eight hundred and eighty Kuna) by issuing up to 27,400 (twenty-seven thousand and four hundred) new ordinary bearer shares in dematerialized form, with single nominal value of HRK 580.00 (five hundred eighty Kuna) each.
4. The increase in share capital of the Company referred to in section 3 of this Decision shall be executed by the payment in cash by issuing minimum 26,030 (twenty-six thousand and thirty), and maximum 27,400 (twenty-seven thousand and four hundred) new ordinary bearer shares with single nominal value of HRK 580.00 (five hundred eighty Kuna) each (hereinafter referred to as „**New shares**“).
5. The amount for which the New Shares are issued (Article 307, paragraph 1, section 2 of the Companies' Act) is determined within the range between HRK 1,250.00 (one thousand and two hundred and fifty Kuna) and HRK 1,500.00 (one thousand and five hundred Kuna) for one New Share. Upon completion of the subscription for New Shares by the Subscriber defined in section 9 of this Decision, the Management Board of the Company will, on condition that it obtains the prior consent from the Supervisory Board of the Company, determine, but solely within the specified range, the final amount for which the new shares shall be issued (hereinafter "The final amount"). According to the provision of Article 304, paragraph 3 of the Companies' Act, the New Shares shall not be issued below this lowest amount indicated in this Decision.
6. The new shares shall entitle their holder to the same rights as all other ordinary shares issued by the Company.
7. The New Shares shall be subscribed by a written statement indicated in Article 307, paragraph 1 of the Companies' Act (hereinafter referred to as „**Subscription Form**“). The payment for New Shares shall be made to the account for special purpose of the Company which will be opened for such purposes with the commercial bank of the Company and it shall be indicated in the Subscription Form.
8. The subscription for New Shares shall be conducted in the way as follows:

Only the shareholder Allianz ZB (defined below in section 10 of this Decision) shall be entitled to notify the Management Board of the Company about its intention of exercising its pre-emptive right when subscribing for New Shares, namely, for the number of New Shares that equals its share in the share capital of the Company on the date of taking this Decision (Article 308, paragraph 1 of the Companies' Act) within a period of 14 (fourteen) days commencing from the date of effectiveness of this Decision. The Company's Management Board is authorized to publicize the public Call to Subscribers specified in section 9 of this Decision even prior to the end of the fourteen days' term if (1) Allianz ZB notifies the Company about its intention of exercising its pre-emptive right when subscribing for New Shares prior to the end of this term or (2) this Shareholder notifies the Company's Management Board about waiving its pre-emptive right.

In one single round in duration of three business days after publicizing the public call for subscribing for New Shares, all of the Subscribers shall be entitled to subscribe for New shares (as they are specified below in Section 9 of this Decision).

On the next business day, following the determination of the Final amount indicated in section 5 of this Decision, the shareholder Allianz ZB, on condition that it has previously notified the Management Board about its intention of exercising its pre-emptive right, shall be entitled to subscribe for New Shares by exercising its pre-emptive right, namely for the number of New Shares that equals its share in the share capital of the Company on the date of taking this Decision and shall commit itself to pay for the Final amount for the New Shares.

The term for the payment for New Shares is 1 (one) business day commencing from the date of the call by the Management Board of the Issuer to all Investors for payment. Exceptionally, if the subscription and payment for New shares is fully executed before the end of that term, the Management Board of the Company may close the issue not waiting for the end of the above terms.

9. For the purpose of subscribing and paying for New shares, the Company's Management Board will publicize a public call in accordance with the relevant regulations to legal entities that at the time of subscription and payment for New shares must meet the requirement under Article 351, paragraph 1, section 1 of the Capital Market Law (hereinafter „**Subscribers**“). Potential investors may not pay the amount which is less than the HRK equivalent amount of EUR 100,000.00 (one hundred thousand) Euros per investor for the subscribed New shares, but the Management Board is authorized to determine a higher lowest investment amount by its decision. The Company's Management Board is authorized to adopt the rules on the allocation of New Shares and to allocate New Shares according to the previously adopted rules on allocation after the end of the term given to the shareholder Allianz ZB for subscription for New Shares, that is, after the completion of subscription for New Shares by such shareholder, whichever occurs earlier, taking into account whether the shareholder Allianz ZB has exercised its pre-emptive right or not, and to call all the Investors to pay for New Shares thereafter.
10. According to the provisions of Article 308, paragraph 4 of the Companies' Act, the General Meeting hereby fully excludes the pre-emptive right to subscribing for New Shares for all Company's shareholders, except for the pre-emptive right of the shareholder – company **Allianz ZB d.o.o.**, the compulsory pension fund management company with registered office in Zagreb, Nike Grškovića 31, Tax no. OIB: 58384724129, that acts on its behalf and for the account of the pension funds managed by it (hereinafter referred to as "**Allianz ZB**"), since that shareholder meets the requirement referred to in Article 351, paragraph 1, section 3 of the Capital Market Act (qualified investor).
11. The final amount of an increase in share capital within the range specified in section 3 of this Decision will depend on the success of the issue, that is, on the number of New Shares that will be subscribed and paid for. The issue of New shares will be considered successfully completed if at least 26,030 (twenty-six thousand and thirty) New shares are subscribed and paid for within the set deadlines for the subscription and payment. The total amount of the successful issue determined in this way will at the same time constitute the exact amount of the increase in share capital of the Company by issuing New Shares. The Management Board of the Company will subject to prior consent from the Supervisory Board determine: (1) the success of issue of New Shares; (2) the exact amount of the increase in share capital and (3) the exact number of New Shares. According to this Decision, the General Meeting of the Company authorizes the Supervisory Board of the Company to amend the Articles of Association of the Company after the share capital increase in accordance with this decision, in order to adjust its text regarding the provisions on the amount of the share capital and number of shares (Article 4 of the Articles of Association) with the changes that have been made as a result of an increase in the share capital and issue of New shares.
12. If the subscription for New Shares does not prove to be successful, the Company shall within no more than 3 business days after the end of the term for subscription and payment for New Shares (section 8 of this Decision) refund the amount paid to the Subscribers.
13. The new shares will be issued in a dematerialized form, in the form of an electronic record in the computer system of the CDCC, with the designation assigned by the CDCC. Each share entitles to one vote at the General Meeting of the Company. The shares are bearer shares and they entitle the shareholders to all rights stipulated by the Act and the Articles of Association as of the date of registration of the increase in the share capital in the court registry. The new shares shall be listed for trading on the Službeno tržište Zagrebačke burze d.d., /Official Market of the Zagreb Stock Exchange, /, in accordance with the applicable regulations. The new Company's shares will be traded in on the Official market after their listing.
14. Any amount overpaid by the Subscriber shall be refunded by the Company within 3 business days after the end of the term for subscription and payment for New shares (section 8 of the

Decision) to the Subscribers to the account number that Subscribers specify in the Subscription Form.

15. In the cases referred to in sections 12 and 14 of this Decision, the Company shall not bear the payment transaction costs or any other costs that the Subscriber has incurred or may have incurred in order to perform the transaction and shall not pay the interests to the Subscribers for the period from the payment to the account of the Company until the moment of the refund to the Subscribers.
16. Except for the reasons indicated in section 11 of this Decision, the increase in the share capital and the issue of new shares shall not be deemed to have been successfully performed if the increase in share capital as referred to in Article 309, paragraph 1 of the Companies' Act is not entered in the court registry of the Commercial Court in Zadar within 6 months' time from the date of taking this Decision. On this day the Subscription Form shall cease to be binding on the Subscribers and each payment effected shall be refunded to the Subscribers with no delay.
17. The Articles of Association, amended at the today's session of the General Meeting, are changed in Article 4 in a way that the issue of New Shares according to this Decision and the enforcement of the increase in share capital of the Company in compliance with this Decision and the result of the subscription for New Shares will result in a change to the amount of the share capital of the Company in Article 4, paragraph 1 of the the Articles of Association and the number of shares in Article 4, paragraph 2 of the the Articles of Association of the Company. In this sense, considering the amount of an increase in share capital of the Company and the number of new shares of the Company in accordance with the result of the Company's new shares subscribed and paid for, the Supervisory Board is authorized and obligated to: a) adjust the provisions of Article 4 of Articles of Association of the Company to the extent that relates to the amount of the Company's share capital and the number of Company's shares that the Company's share capital is divided into, in a way that the former amount of the share capital of the company *"159,085,880.00 (one hundred fifty-nine million eighty-five thousand eight hundred and eighty)"* in Article 4, paragraph 1 of the Company's Articles of Association is replaced by the number that equals the increased amount of the share capital of the Company and that in Article 4, paragraph 2 of the Articles of Association of the Company the former number of the Company's shares *"274.286 (two hundred seventy-four thousand two hundred eighty-six)"* is replaced by the number of shares that equals the sum of the former number of shares and New Shares issued for the purpose of increasing the share capital determined by this Decision, and b) determine the revised text of the Articles of Association. The said changes and amendments of Articles of Association shall come into force on the date of the entry of the increase in the share capital into the court registry as referred to in Article 309 of the Companies' Act.
18. This Decision comes into force immediately on the date of taking it.

Explanation of the counterproposal:

The above counterproposal indicated in section 5 of the Agenda differs from the publicized proposal made by the Management Board and Supervisory Board of the Company in a way in which the public offer of New Shares will be conducted in order to enable the shareholder Allianz ZB to exercise its preemptive right to the subscription for New Shares at the price that equals the Final Amount at which the New Shares are issued, while all other provisions of the counterproposal are identical to the proposal made by the Management Board and Supervisory Board.

Shareholder Allianz ZB d.o.o. **compulsory pension fund management company**
