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TPNG-R-A  
Quotation: Zagreb Stock Exchange

Established A. D. 2014

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Zadar, 8th June 2015

### **Subject: Increase of share capital of the Company**

On June 5 2015, Management Board of Tankerska Next Generation Shipping Joint Stock Company (hereinafter the "Company") passed the decision to increase the share capital against contributions in cash and issuance of shares (authorized capital).

With this decision, the Company's share capital increases from HRK 360 million by up to HRK 80 million up to HRK 440 million by issuance of not less than 1,300,000 and more than 1,600,000 new ordinary shares.

The Supervisory Board, at its session held on 5 June 2015, gave its consent to the Management Board for this decision in accordance with Article 325, Paragraph 1 of the Companies Act.

John Karavanić  
President of the Management Board  
Tankerska Next Generation Inc.

#### Supplements:

1. Decision of the Supervisory Board to grant the approval to the Company's Management Board to pass a decision on increase of share capital by cash contributions and issuance of shares (authorised capital) and for exclusion of pre-emption rights on subscription of shares
2. Decision of the Management Board on increase of share capital by cash contributions and issuance of shares (authorised capital)
3. Increase of share capital of the Company and reasons for exclusion of pre-emption rights of the existing shareholders



*About Tankerska Next Generation (TPNG-R-A):*

*TANKERSKA NEXT GENERATION Inc, is a joint stock shipping company headquartered in Zadar, Croatia. The Company's strategy is to be a reliable, efficient and responsible provider of seaborne refined petroleum product transportation services.*

*To date, TNG's fleet consists of 5 modern product tankers. Three eco designed MR2 tankers are under construction in Korea, and two modern ice class MR2 tankers at sea, totaling over 250,000 dwt. All the vessels are expected to be fully operational in 2015 which makes the fleet one of the youngest in the sector.*

*For more information please visit [www.tng.hr](http://www.tng.hr)*

#### **ABOUT FORWARD-LOOKING STATEMENTS**

*Except for the historical information contained herein, the matters discussed in this press release are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those predicted by such forward-looking statements. TNG undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.*



## **TANKERSKA NEXT GENERATION d.d.**

### **Supervisory Board**

Pursuant to Articles 324 and 325, paragraph 1 of the Companies Act (Official Gazette No. 152/11 – as revised, 111/12 and 68/13) and by virtue of authorisations under Articles 17.2 and 17.3 of the Articles of Association, the Supervisory Board of TANKERSKA NEXT GENERATION Shipping Joint Stock Company, based in Zadar, Božidara Petranovića 4, registered in the court register of the Commercial Court of Zadar under number (MBS): 110046753, OIB (personal identification number): 30312968003 (hereinafter „**Company**“), passed in Zadar, on 5 June 2015 the following

#### **DECISION**

**to grant the approval to the Company’s Management Board to pass a decision on increase of share capital by cash contributions and issuance of shares (authorised capital) and for exclusion of pre-emption rights on subscription of shares**

1. The Management Board is granted the approval to adopt, by virtue of statutory authorisations under Articles 17.2 and 17.3 of the Articles of Association, a decision on increase of share capital by cash contributions for the purpose of raising funds necessary to attain the business plan of the Company, with the text attached hereto and making an integral part hereof.
2. The Management Board is granted the approval to fully exclude the pre-emption rights of the shareholders of the Company on subscription of new shares.
3. This decision comes into effect on the day of its adoption.

Ivica Pijaca  
Chairman of the Supervisory Board

Pursuant to Articles 323 and 324 of the Companies Act (Official Gazette No. 152/11 – as revised, 111/12 and 68/13) and by virtue of authorisations under Articles 17.2 and 17.3 of the Articles of Association, the Management Board of TANKERSKA NEXT GENERATION Shipping Joint Stock Company, based in Zadar, Božidara Petranovića 4, registered in the court register of the Commercial Court of Zadar under number (MBS): 110046753, OIB (personal identification number): 30312968003 (hereinafter „**Company**“), passed in Zadar, on 5 June 2015 the following

**DECISION**  
**on increase of share capital by cash contributions and issuance of shares**  
**(authorised capital)**

1. The share capital of the Company amounts to HRK 360,000,000 (three hundred sixty million) and is divided into 7,200,000 (seven million two hundred thousand) ordinary, no par-value shares. The share capital of the Company is fully paid-up.
2. The share capital of the Company shall be increased by issuance of new shares against cash payments for the purpose of fund raising necessary to attain the Company's business plan.
3. By this decision the share capital of the Company is increased from HRK 360,000,000 (three hundred sixty million) by up to HRK 80,000,000 (eighty million) to up to HRK 440,000,000 (four hundred forty million).
4. The increase of share capital of the Company under Item 3 hereof shall be made by cash payments by issuance of not less than 1,300,000 (one million three hundred thousand) and not more than 1,600,000 (one million six hundred thousand) new ordinary registered no-par value shares (hereinafter „**New Shares**“).
5. The amount for which the New Shares are issued (Article 307, paragraph 1, item 2 of the Companies Act) is HRK 68 (sixty-eight) for one New Share, and all subscribers of New Shares are obliged to pay this amount. In terms of Article 304, paragraph 3 of the Companies Act the New Shares shall not be issued below this amount.
6. New Shares shall rank *pari passu* with all other ordinary shares issued by the Company.
7. New Shares shall be subscribed by a written statement defined in Article 307, paragraph 1 of the Companies Act (hereinafter „**Subscription Note**“). The payment of New Shares shall be made to the Company's special purpose account to be opened with Privredna banka Zagreb d.d. and specified in the Subscription Note.
8. The subscription of New Shares shall last 2 (two) working days starting from the coming into force of this decision. The period for payment of New Shares shall last 2 (two) working days starting from the subscription (signing of the Subscription Note). Exceptionally, if the subscription and payment of New Shares shall be fully made before the expiration of the said period the Management Board of the Company shall be authorised to close the issue without waiting for the expiration of the said periods.

9. All New Shares shall be subscribed and paid by the following legal entities, all of which at the time of subscription and payment of New Shares fulfil the requirement under Article 351, paragraph 1, item 3 of the Capital Market Act (dalje u tekstu „Subscribers“):

	<b>Company name</b>	<b>Number of shares</b>	<b>Amount for payment (HRK)</b>
1	Raiffeisen društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima d.d.	406,700	27,655,600
2	Tankerska plovdba d.d.	400,000	27,200,000
3	ERSTE d.o.o. - društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima	300,400	20,427,200
4	PBZ CROATIA OSIGURANJE d.d. za upravljanje obveznim mirovinskim fondovima	270,000	18,360,000
5	Zavarovalnica Triglav d.d.	56,000	3,808,000
6	Croatia osiguranje d.d.	51,470	3,499,960
7	ZB Invest d.o.o.	15,042	1,022,856
8	Interkapital vrijednosni papiri d.o.o. for Privatstiftung Ratsch Suedland	11,333	770,644
9	Fond za financiranje razgradnje NEK	11,200	761,600
10	Hypo Alpe-Adria-Bank d.d. for custodian account for Capital Bank	11,200	761,600
	<b>TOTAL</b>	<b>1,533,345</b>	<b>104,267,460</b>

10. The Management Board of the Company hereby establishes that on subscription of New Shares other shareholders of the Company have no pre-emption rights which are hereby fully excluded, and which is in conformity with Article 324, paragraph 2 of the Companies Act and Article 17.3 of the Company's Articles of Association.
11. The final amount of increase of share capital within the range defined in item 3 hereof shall depend on the success of the issue, i.e. the number of New Shares to be subscribed and paid. The issue of New Shares shall be deemed successfully completed if in the periods determined for the subscription and payment are subscribed and paid at least 1,300,000 (one million three hundred thousand) New Shares. So determined total amount of the successful issue shall also represent the exact amount of the increase of share capital of the Company by issuance of New Shares. The Management Board of the Company, with prior approval of the Supervisory Board shall establish: (1) the success of New Share issue; (2) the exact amount of increase of share capital and (3) the exact number of New Shares. After the increase of the share capital the Supervisory Board of the Company shall harmonise in accordance with this decision the text of the Company's Articles of Association in provisions defining the amount of the share capital and the number of shares (Articles 17 and 18 of the Articles of Association) so as to reflect the changes resulting from the increase of share capital and issuance of New Shares.
12. Should the subscription of New Shares not be successful, the Company shall not later

than 7 (seven) working days after the expiration of the period for subscription and payment of New Shares (item 8 hereof) return to the Subscribers the amount paid.

13. New Shares shall be issued in non-materialised form, in form of electronic records in the computer system of the Central Clearing Depository Company (hereinafter: CDCC), with a ticker assigned by CDCC. Each share shall entitle to one vote at the Shareholders' Meeting. The shares shall be registered and entitle the shareholders to all rights established by the Law and Company's Articles of Association from the registration of the increase of share capital in the court register. New Shares shall be listed on the regulated market of the Zagreb Stock Exchange in accordance with the relevant regulations. New Shares of the Company may be traded on the regulated market after their listing on the regulated market.
14. Any amount overpaid by the Subscriber shall be repaid to the Subscribers by the Company within 7 (seven) working days following the expiration of the period for subscription and payment of New Shares (item 8 hereof) to the account specified by the Subscribers in the Subscription Note.
15. In the cases described in items 12 and 14 hereof the Company shall not bear the fund transfer or any other costs incurred or to be incurred by the Subscribers in execution of the transaction and shall not pay any interests to the Subscribers for the period from the payment to the Company's account until repayment to the Subscribers.
16. Save for reasons stated in item 11 hereof the increase of share capital and issuance of New Shares shall not be considered successfully completed also in the case that the increase of share capital of the Company referred to in Article 309, paragraph 1 of the Companies Act has not been registered in the period of six months from the adoption of this Decision. As of that date the Subscription Note shall no longer be binding upon the Subscriber and any payments made shall be returned to the Subscriber without undue delay.
17. This decision shall come into force on the adoption of the Supervisory Board's decision to give approval to the Management Board for the adoption of this decision in the sense of Article 325, paragraph 1 of the Companies Act.

John Karavanić  
Management Board  
Tankerska Next Generation d.d.



## **Increase of share capital of the Company and reasons for exclusion of pre-emption rights of the existing shareholders**

Company's core business activity includes commercial exploitation of modern medium range product tankers. The Company's fleet currently consists of five medium range product tankers, three of which are in commercial exploitation while two tankers are under construction. The Company intends to expand its fleet to 6 vessels. To this purpose it actively conducts negotiations for acquisition of an additional MR tanker which it intends to finance by combining equity capital and financial debt. Considering the common standards on the shipping market requiring exceptionally short negotiation periods for vessel acquisition, the Company is forced to raise funds for the financing of the acquisition in a short period. Having this in mind, the Management Board and its advisers have estimated that at this moment it is optimal to carry out capital increase on the local capital market by offering new shares to long-term national and international institutional investors. By acquiring a vessel and expanding the fleet the Company will strengthen its market position, while by conducting the accelerated fund-raising procedure it will provide for a necessary flexibility in negotiations.

With a view to ensuring financial resources for the acquisition of an additional vessel in a shortest possible period the Management Board and its advisers have estimated that the most efficient execution of the capital increase at this moment for the Company includes the use of a statutory possibility which enables the Company's Management Board to issue up to 2,000,000 new shares of the Company with the exclusion of the pre-emption rights of the existing shareholders. By making use of this possibility the Company does not have to launch a public offer of shares to all shareholders without exclusion of pre-emption rights, which is far more demanding, expensive and much longer process because of which the Company would not be able to timely raise financial funds to acquire an additional MR tanker. Based on the interest shown, there is a sufficient number of investors who are in the circumstances of short period ready to support the Company in its intention to expand the fleet, in order to, by a prompt increase of share capital, strengthen its financial stability and retain the desired debt to equity ratio.

On conducting this process the Management Board proposed the issue price for the new shares of 68 Kuna, which is slightly above the market conditions prevailing at the time of announcement of the intention of the Management Board (weighted average price in the three months preceding the publication of the intention of the Management Board amounts to HRK 67.22). Furthermore, to secure additional liquidity for its shareholders the Company agreed on 16 March 2015 for its shareholders market making services enabling all small shareholders additional liquidity in trading with shares on the Zagreb Stock Exchange in case they would want their equity in the Company to be protected against dilution.

Having this in view the Management Board considers that the price at which the new ordinary shares are offered for subscription of HRK 68 per share is fair.