**Subscription Form – The Second Tranche of Bonds**

**TERMS SHEET OF THE SECOND TRANCHE OF BONDS**

|  |  |
| --- | --- |
| Issuer: | ZAGREBAČKI HOLDING d.o.o., Zagreb, Ulica grada Vukovara 41, OIB: 85584865987 |
| Principal Amount (face value): | Up to HRK 2,300,000,000.00 |
| Principal Amount (face value) of the Second Tranche: | Up to HRK 500,000,000.00 |
| The Second Tranche of Bonds Issue Status: | The Second Tranche of Bonds is an integral issue with the Bonds issued in the First Tranche of Bonds. All Bonds, regardless have they been issued in the First Tranche of Bonds or in the Second Tranche of Bonds, give the same rights to their holders, i.e. the rights established by the Information Memorandum dated 29 June 2016 and repeated by the Information Memorandum dated 20 June 2017 issued for purpose of issuance of the Second Tranche of Bonds. The Issuer's Bond Obligations are the same with respect to all Bonds, irrespective of the tranche in which they are issued. |
| Denomination (nominal value per Bond): | HRK 1.00 |
| Minimum payment amount for subscription of the Second Tranche of Bonds: | HRK 50,000.00 for each individual offer |
| Repayment: | Bullet repayment, at maturity |
| Annual Interest Rate: | 3.875% |
| Type of Interest Rate: | Fixed |
| Interest Payment: | Annually |
| ISIN Code and Ticker | ISIN: HRZGHOO237A3, Ticker: ZGHO-O-237A |
| Method of Order Placement: | Pot orderbook  (The order of an individual investor given to any Joint Lead Manager is visible to all Joint Lead Managers and there is no need to submit it to all Joint Lead Managers) |
| Subscription Period for the Second Tranche of Bonds: | From 27 June 2017 (09:00 CET) until 29 June 2017 (13:00 CET)  The right to close the orderbook earlier on 29 June 2017 is retained. |
| Account for payment for the subscription of the Second Tranche of Bonds (IBAN): | Privredna banka Zagreb d.d.: HR4123400091300001251  Zagrebačka banka d.d.: HR8823600001000000013 |
| Yield To Maturity of the Second Tranche of Bonds: | 3.50% |
| Issue Price of the Second Tranche of Bonds: | The Issue Price of the Second Tranche of Bonds is 102.00% and will be increased by 353 days of accrued interest, from and including 15 July 2016 until, but not including, 3 July 2017 (i.e. 3.747602740%), thus the total issue price of the Second Tranche of Bonds is 105.747602740%. |
| Determination of the Yield To Maturity and Issue Price of the Second Tranche of Bonds (“Determination of the final terms of the Second Tranche of Bonds issue”): | Upon completion of the Subscription Period for the Second Tranche of Bonds |
| Announcement of the Final Terms of the Second Tranche of Bonds issue: | 29 June 2017 upon Determination of the final terms of the Second Tranche of Bonds issue |
| Notification of allocation and sending sales confirmation and/or payment instruction: | Not later than 30 June 2017 |
| Planned Issue Date of the Second Tranche of Bonds: | 3 July 2017 |
| Maturity Date of Bonds: | 15 July 2023 |
| Ranking of Bonds: | Bonds are direct and unconditional liability of the Issuer, secured by the guarantee, mutually equal and at least of equal rank (pari passu) with all other present and future, unsubordinated liabilities of the Issuer secured with similar instrument, except liabilities which might have priority pursuant to mandatory regulations. |
| Security: | Unconditional, irrevocable and joint guarantee of the City of Zagreb |
| Listing: | Službeno tržište Zagrebačke burze d.d./Official Market of the Zagreb Stock Exchange Ltd. |
| Registrar, Clearing System and Paying Agent: | Središnje klirinško depozitarno društvo d.d./Central Depository & Clearing Company Inc. |
| Joint Lead Managers: | Privredna banka Zagreb d.d., Zagreb, Radnička cesta 50, OIB: 02535697732 and Zagrebačka banka d.d, Zagreb, Trg bana Josipa Jelačića 10, OIB: 92963223473 |
| Governing Law: | The laws of the Republic of Croatia |

**Subscriber (Investor):**

Subscriber:

Registered office / Permanent residence address:

OIB:

Name and surname of legal representative/representatives of legal entity:

Name and surname of authorised person:

Contact person:

Tel:

Fax:

E-mail:

Subscriber’s bank account (IBAN): [[1]](#footnote-1)

Securities account number with CDCC:[[2]](#footnote-2)

**With this statement and by signing the Subscription Form, I give a binding offer for payment of the Second Tranche of corporate bonds in Croatian Kuna (HRK) of ZAGREBAČKI HOLDING d.o.o., with maturity in July 2023,** **ISIN: HRZGHOO237A3, in the amount of HRK**  **, in accordance with the final terms of the Second Tranche of Bonds issue, on the account of one of the Joint Lead Managers.**

**Nominal amount of the Second Tranche of Bonds which the investor intends to subscribe is calculated by dividing the amount of money that an individual investor is willing to pay for the subscription of the Bonds with the total issue price of the Second Tranche of Bonds including accrued interest and rounded to the first lower whole number.**

The sales confirmation with indicated nominal value of the allocated Bonds, and the amounts payable for the allocated Bonds will be sent by e-mail or by fax to the following investors who participate in the subscription of Bonds:

• Mandatory pension funds  
• Voluntary pension funds  
• Pension insurance companies  
• The Croatian Bank for Reconstruction and Development  
• The European Bank for Reconstruction and Development  
• The Fund for the financing the decommissioning of NEK  
• UCITS funds

• Alternative Investment Funds  
• Insurance companies  
• Banks for their own account  
• Investment companies - for their own account  
• Investment companies - in the name and for the account of portfolio  
• Other legal persons that are considered professional investors (in accordance with Article 61 of the Capital

Market Act)

These investors are required to make appropriate payment, in accordance with the sales confirmation, not later than 10:00 CET on the Issue Date of the Second Tranche of Bonds. All other investors will receive payment instructions from Joint Lead Managers, under which investors are required to make the payment not later than by the end of the Subscription Period of the Second Tranche of Bonds. In any case, regardless of the nature of investors, adequate funds, in accordance with the sales confirmation or other payment instructions obtained from the Joint Lead Managers must be registered on one of the accounts of the Joint Lead Managers indicated in the sales confirmation, or other instruction for payment, not later than the previously stated deadline.

If Investor fails to make adequate payment by the deadline specified in this Subscription Form herein, its offer will be considered invalid and not binding on the Investor, and any funds paid subsequently will be refunded to the Investor to the account indicated in the Subscription Form not later than within seven (7) business days, wherein it will be not entitled to any interest.

In case the Investor pays a higher amount than the amount of the Second Tranche of Bonds allocated in accordance with the decision, the excessive amount paid shall be refunded not later than within seven (7) business days from the Issuance date of the Second Tranche of Bonds, wherein it will be not entitled to any interest.

In case the Investor pays a lower amount than the amount to be paid for the Second Tranche of Bonds, as specified in the sales confirmation or other instruction for payment, Bonds are allocated in accordance with the lower amount paid.

In case the Investor pays a lower amount than the Minimum payment amount for the subscription of the Second Tranche of Bonds, Bonds will not be allocated to the Investor, and the paid amount will be refunded not later than within seven (7) business days from the Issue Date, wherein it will be not entitled to any interest.

In case the Issuer decides to exercise the right to withdraw the Invitation to Investors for subscription of the Second Tranche of Bonds dated 27 June 2017, the Subscription Form will not be binding, and the Investor is entitled to refund of the paid amount not later than within seven (7) business days from the date of withdrawal of the Issuer from Invitation for subscription, wherein it will be not entitled to any interest.

The Issuer will not bear payment transaction costs, or any other costs incurred by the Investor related to the transaction.

Transfer of the corresponding nominal amount of Bonds will be performed by CDCC on the Issue Date, directly to the Investor’s securities account with CDCC indicated in the Subscription Form.

The Issuer has prepared the Information Memorandum of the First Tranche of Bonds Issue, dated 29 June 2016 and Information Memorandum of the Second Tranche of Bonds Issue, dated 20 June 2017, as well as the Invitation for Subscription of the Second Tranche of Bonds dated 27 June 2017 ("Invitation for subscription") and has made them available on its website: <http://www.zgh.hr/aktualnosti-10/investitori/2370>.

By signing this Subscription Form the Investor declares that he/she/it has been informed of content of the both Information Memorandums of the Bonds Issues (dated 29 June 2016 and 20 June 2017) and Invitation for Subscription (dated 27 June 2017), which he/she/it fully accepts and agrees with all the terms of Bonds Issue specified therein and in this Subscription Form.

By signing this Subscription Form the Investor declares that he/she/it undertakes the obligation of subscription and payment of the Second Tranche of Bonds in accordance with the sales confirmation or other payment instructions obtained from the Joint Lead Managers, up to the amount of the Second Tranche of Bonds indicated herein, at the issue price of the Second Tranche of Bonds increased for 353 days of accrued interest, by the deadline specified in the Subscription From and that he/she/it agrees that the lower amount of Bonds than the nominal value of Bonds he/she/it intends to subscribe for by this Subscription Form can be allocated to him/her/it.

The Investor agrees that the Investor’s IBAN account may be communicated to the CDCC Inc. for the purpose of settlement in case of trading in Bonds, payment of interest or other amounts attaching to the Subscriber by virtue of the Bonds subscribed and paid for. The Investor agrees that the CDCC may use the above address as the Investor’s contact address. Investor allows participants in the public offering to use their personal information, including OIB, as well as sharing thereof, for the sole purpose of his/her/its identification, realization and protection of their personal property interest in activities related to the purchase of Bonds, as well as in order to fulfil his/her/its legal and contractual obligations, which may include forwarding information to third parties. The Investor agrees that the CDCC and Joint Lead Managers may exchange all information contained herein for the purpose of acquisition of Bonds, and confirms that the information herein and the above Subscriber’s IBAN are true.

The Subscription Form is prepared in Croatian language, and the English translation of the Subscription Form is available to Investors. The Investor confirms being informed of and agrees that, in the event of inconsistency between the English and the Croatian wording of the Subscription Form, the Croatian version prevails. Each Investor signing and submitting the Subscription Form in English translation, particularly declares that he/she/it has been informed of content of the Information Memorandum of the First Tranche of Bonds Issue, dated 29 June 2016 and the Information Memorandum of the Second Tranche of Bonds Issue, dated 20 June 2017, as well as the Invitation for Subscription dated 27 June 2017, which were not translated into English and which he/she/it fully accepts and agrees with all the terms of Bonds Issue specified therein and in the Croatian version of the Subscription Form.

The Second Tranche of Bonds Issue may be subscribed in the Subscription period in the following places ("Place of Subscription"):

|  |  |
| --- | --- |
| * Privredna banka Zagreb d.d   Tržišta kapitala  Radnička cesta 50, 10000 Zagreb  Tel: 01/ 6360 763/ 762/ 765/ 702  Fax: 01/ 6360 743  E-mail: [capital.markets@pbz.hr](mailto:capital.markets@pbz.hr)   * PBZInvestor ([net.pbz.hr](https://inet.pbz.hr/pbz365/logonForm.htm)) * Zagrebačka banka d.d.   Institucionalna prodaja  Savska cesta 62, 10000 Zagreb  Tel: 01/ 6006 611/ 671/ 675  Fax: 01/ 6325 400  E-mail: [institutional.sales@unicreditgroup.zaba.hr](mailto:institutional.sales@unicreditgroup.zaba.hr) |  |

We kindly ask you to send the Subscription Form **not later than 13:00 CET on 29 June 2017** bye-mail, by fax or in person to the Place of Subscription.

This Subscription Form shall enter into force on the date below.

(Place, date)

(Name and surname of authorised person/persons or proxies)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Signature of authorised person/persons or proxies)

1. *The Subscriber’s IBAN account for refunding of possible surplus paid-in funds.*  [↑](#footnote-ref-1)
2. *The Investor's securities account with the Central Depository & Clearing Company Inc.* *(„CDCC“) to which the subscribed, paid and allocated Bonds will be delivered.* [↑](#footnote-ref-2)