



PUBLIC BONDS SUBSCRIPTION INVITATION
to subscribe the Sustainability-Linked Bonds
issued by the company ZAGREBAČKI HOLDING d.o.o.
("Subscription Invitation")

I. GENERAL INFORMATION

ZAGREBAČKI HOLDING, društvo s ograničenom odgovornošću za održavanje čistoće, putnička agencija, šport, upravljanje objektima i poslovanje nekretninama, having its registered seat in Zagreb (City of Zagreb), Ulica grada Vukovara 41, registered with the Court Registry of the Commercial Court in Zagreb under registration number (MBS): 080042653, PIN (OIB): 85584865987 ("**Issuer**") intends to issue sustainability-linked bonds on domestic capital market in the total nominal amount of up to EUR 305,000,000.00, with a fixed annual interest rate and semi-annual interest payments and one-off maturity of the principal 5 (five) year after the issuance date, with the ticker: ZGHO-O-287A and the international securities identification number (ISIN): HRZGHOO287A8 ("**Bonds**").

The Issuer intends, immediately after the issuance, to submit an application for listing the Bonds on the Official Market of the Zagreb Stock Exchange Inc., Zagreb ("**ZSE**").

The guarantee for the Bonds is given by the City of Zagreb, PIN (OIB): 61817894937 ("**Guarantor**"). The Guarantor unconditionally and irrevocably guarantees the payment of all amounts based on the Bonds. The Guarantee Statement (Croatian: *Izjava o jamstvu*) of the Guarantor has been published on the Issuer's [website](#).

The Joint Lead Managers of the Bonds issue are: ERSTE&STEIERMÄRKISCHE BANK d. d., Privredna banka Zagreb d.d. and Zagrebačka banka d.d. ("**Joint Lead Managers**").

The Issuer is not subject to the obligation to publish an issue prospectus, nor a bond listing prospectus, which is why the Issuer prepared and on 14 June 2023 on its [website](#) published the Information Memorandum of the Public Offering and Listing of Sustainability-Linked Bonds dated 13 June 2023 ("**Information Memorandum**"). Only the information contained in the Information Memorandum is paramount for making a decision on investing in Bonds. Potential investors are advised to read the Information Memorandum before making an investment decision in order to fully understand the potential risks and benefits associated with a decision to invest in the Bonds. Capitalized terms in this Subscription Invitation, unless otherwise defined, have the meaning as defined in the Information Memorandum.

The holders of the outstanding bonds, ticker: ZGHO-O-237A, ISIN: HRZGHOO237A3, in the nominal amount of HRK 2,300,000,000.00 (which calculated by applying the fixed conversion rate¹ amounts to EUR 305,262,459.35), with final maturity on 15 July 2023 ("**Outstanding Bonds**"), have the possibility to swap the Outstanding Bonds for the Bonds on the Bonds issuance date ("**Issue Date**").

The minimal subscription amount for Bonds in the Bonds offering period ("**Offering Period**") is EUR 15,000.00 per investor ("**Minimal Subscription Amount**") for each individual offer. During the Offering Period, interested investors shall indicate in the subscription form the

¹ Irrevocably fixed rate of conversion between EUR and HRK, which is EUR 1.00 for HRK 7.53450, and which is determined by Council Regulation (EU) 2022/1208 of 12 July 2022 amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Croatia.

nominal amount of Bonds they are willing to subscribe and pay and, if applicable, the nominal amount of the Outstanding Bonds to be swapped for the Bonds. Receipt of the subscription forms will be carried out by the Joint Lead Managers in a way described below in section VI. hereto – *Terms and Conditions for Subscription of Bonds*.

In terms of the rules of civil obligations law, this Subscription Invitation is not deemed to be an offer, but exclusively an invitation to make an offer under the published terms and conditions. The submission by the investor of a duly signed and correctly and completely filled subscription form in all mandatory parts is deemed to be the investor's offer for subscription of shares, properly during the Offering Period and the fulfilment of other terms and conditions specified in section VI. hereto - *Terms and Conditions for Subscription of Bonds*.

II. BASIC TERMS AND CONDITIONS OF THE BONDS ISSUE

Basic terms and conditions of the Bonds issue:	
Issuer:	ZAGREBAČKI HOLDING d.o.o.
Country of Offering:	Republic of Croatia
Type of Note:	Unsubordinated and unsecured Sustainability-Linked Bond, with a guarantee.
Guarantor:	City of Zagreb
Nominal amount of the Bonds issue:	Up to EUR 305,000,000.00
Nominal amount of one Bond:	EUR 1.00
Minimal Subscription Amount in the Offering Period:	EUR 15,000.00
Settlement Currency:	EUR
Ticker:	ZGHO-O-287A
ISIN:	HRZGHOO287A8
Issue Date:	11 July 2023
Principal Maturity Date:	11 July 2028
Settlement Date:	11 July 2023
Repayment of Principal:	Bullet, at maturity
Type of the Interest rate:	Fixed
Regular Interest Payments:	Semi-annual
Issue Price:	The Issue Price will be determined based on the established Yield and the Fixed Interest Rate, no later than on the first Business Day after the expiration of the Offering Period.
Yield:	The Reference Interest Rate increased by the Risk Premium of the Issuer.
Fixed Interest Rate:	The Fixed Interest Rate will be determined based on the Yield to maturity.
Reference Interest Rate:	Reference Interest Rate of the Bonds will be determined on the basis of bid yield on

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Zagreb, Ulica grada Vukovara 41
Tel. + 385 1 6420 000
www.zgh.hr

■ Trgovački sud u Zagrebu, MBS: 080042653
OIB: 85584865987
Zagrebačka banka d.d., Zagreb
IBAN: HR66 2360000-1101360753

	Eurobonds of the Republic of Croatia (ISIN) XS1713462668, with the maturity on 15 June 2028. The bid yield will be retrieved from the Bloomberg Information Terminal (BVAL bid yield), on the date of the Offering Period.
Risk Premium:	Expected range of the Risk Premium will be published on the date of the Offering Period the latest. The Risk Premium will be determined at the end of the Offering Period on the basis of the Issuer's credit risk and interest of investors for the subscription of Bonds, within the aforementioned range, and it will be published after the expiration of the Offering Period.
Paying agent during the public offering and issue of Bonds:	ERSTE&STEIERMÄRKISCHE BANK d.d., Privredna banka Zagreb d.d. and Zagrebačka banka d.d.
Depository and paying agent after the public offering and issue of Bonds:	Central Depository & Clearing Company Inc. ("CDCC")
Segment of the regulated market:	Official Market of the ZSE
Joint Lead Managers:	ERSTE&STEIERMÄRKISCHE BANK d.d., Privredna banka Zagreb d.d. and Zagrebačka banka d.d.
Method of placing an order:	Pot Orderbook in relation to investors who are not retail investors (natural persons). The order of such individual investor delivered to any of the Joint Lead Manager will be visible to all Joint Lead Managers and to the Issuer.
Conditions for the swap of the Outstanding Bonds:	
Clean Swap Price of the Outstanding Bonds:	100,00%
Accrued Interest on the Outstanding Bonds:	Accrued interest for the period from, and including, 15 July 2022, until, but excluding, the Issue Date, i.e., 3.832534247% .
Total Swap Price of the Outstanding Bonds:	Clean Swap Price increased for Accrued Interest, i.e., 103.832534247% .

The link of Bonds with the sustainability is, in summary, defined in section 4.2.10. of the Information Memorandum – *Specific Conditions of Bonds Linked to Sustainability*, in which issues of the Issuer's orientation towards sustainability, Key Performance Indicators, Sustainability Performance Targets, reporting and reasons for paying a one-time additional fee (penalty) are elaborated in detail. The Issuer recommends to all potential investors to examine the aforementioned provisions of the Information Memorandum in order to acquaint themselves in detail with the specific conditions of the Bonds related to sustainability.

III. BONDS ISSUE AND LISTING TIMELINE

Bonds issue and listing timeline:	
Notice on expected range of the Issuer's Risk Premium:	No later than the beginning of the Offering Period
Begging of the Offering Period:	6 July 2023, targeted around 9:00 AM
End of the Offering Period:	6 July 2023 (the exact time of the end of the Offering Period will be published subsequently on the websites of the Issuer and ZSE)
Publication of the Notice on the Determined Price and the Total Allocated Amount of Bonds:	Targeted on 6 July 2023
Delivery of the Notice on Allocation to Investors:	No later than 7 July 2023
Delivery of the Instructions for Payment and/or Delivery of the Outstanding Bonds to Investors:	No later than 7 July 2023
Date of issue and admission of the Bonds in CDCC:	No later than 11 July 2023
Publication of the Notice on Final Terms of the Issue:	No later than 11 July 2023
Listing of Bonds on the Official Market of the ZSE:	Upon ZSE's listing approval, expected on or about 12 July 2023

IV. AMENDMENTS AND WITHDRAWAL OF THE SUBSCRIPTION INVITATION

During the Offering Period, the Issuer may amend the content of this Subscriptions Invitation (including the part related to the duration of the Offering Period), in a way that the corresponding amendments to the Subscriptions Invitation are published in the same way as the Subscriptions Invitation itself.

The Issuer reserves the right to withdraw this Subscription Invitation at any time until the Bonds are registered in the CDCC's information system on the Issue Date. For the avoidance of doubt, if the investor subscribed and paid for the Bonds, and the Issuer exercises the right to withdraw this Subscription Invitation before the aforementioned deadline, no such investor will acquire the Bonds, but has the right on refund of the paid funds within 7 (seven) Business Days from the date of the Issuer's withdrawal of this Subscription Invitation, whereas the investor is not entitled to interest. Also, if an investor has delivered Outstanding Bonds for the purpose of swap of the Outstanding Bonds for Bonds, and the Issuer exercises the right to withdraw this Subscription Invitation before the aforementioned deadline, no such investor will acquire Bonds, but will have the right on the return of the delivered Outstanding Bonds immediately after the Issuer's withdrawal of this Subscription Invitation, and no later than 14 July 2023. If this Subscriptions Invitation is withdrawn, the Issuer may publish another Subscriptions Invitation.

V. SUBSCRIPTION, ALLOCATION, PAYMENT AND FINAL AMOUNT OF BONDS ISSUE

The final amount of the Bonds issue will depend on the final number of subscribed and paid Bonds. Information on the total amount of Bonds that investors were willing to subscribe and pay during the Offering Period and the total amount of Bonds allocated to investors, as well as information on the Yield, Fixed Interest Rate, Risk Premium and Issue Price, will be specified in the Notice on the Determined Price and the Total Allocated Amount of Bonds, which will be published on the Issuer's website on the date specified in the Bonds Issue and Listing Timeline.

No later than on the date indicated in section III. hereto - Bonds Issue and Listing Timeline, the Joint Lead Managers (or one of them) will deliver to each investor by e-mail (to the addresses specified by the investors in the subscription forms) the Notice on Allocation and Instructions for the Payment and/or Delivery of the Outstanding Bonds.

The Notice on Allocation will state the nominal amount of Bonds allocated to an individual investor and (if applicable) the nominal amount of Outstanding Bonds accepted for swap for the Bonds, while the Instructions for Payment and/or Delivery of Outstanding Bonds will define the term and method of payment of the amount to the name of the subscription of allocated Bonds and (if applicable) the nominal amount of Outstanding Bonds that the investor should deliver for the purpose of swapping of Outstanding Bonds for Bonds. Investors will be required to pay for the Bonds allocated to them and (if applicable) deliver Outstanding Bonds for the purpose of swap of the Outstanding Bonds for Bonds in accordance with the instructions specified in the Instructions for Payment.

The payment and/or (if applicable) the delivery of the Outstanding Bonds must be made until the deadline specified in the Instructions for the Payment and/or Delivery of the Outstanding Bonds. The Issuer may, at its own discretion, take into account late payments (that is, late deliveries of Outstanding Bonds) if that would in no way jeopardize the implementation of the Bond issue. The late paid amount that the Issuer did not take into account, will be refunded without the right on the interest, to the account specified in the subscription form no later than 7 (seven) Business Days from the day of the receipt of the late payment, while late deliveries of investors' Outstanding Bonds that the Issuer did not take into account, will be returned to the securities account indicated in the subscription form no later than 14 July 2023.

If the investors' interest for the subscription of Bonds exceeds EUR 305,000,000.00, there is no obligation to allocate the Bonds proportionally to the investors, but the Issuer reserves the right to make a decision on the final allocation of the Bonds, after consultation with the Joint Lead Managers, assuming possibility that within the allocation procedure it is proportionally allocated more to the International financial institutions and retail investors, all under provision of the section 4.3.3. of the Information Memorandum – *Description of the procedure for a possible reduction in subscription and the procedure for return of the excess amount paid to the investors.*

If the investor has paid a larger amount or delivered a larger quantity of Outstanding Bonds than the monetary amount or the amount of Outstanding Bonds indicated in the Instructions for Payment and/or Delivery of Outstanding Bonds, the overpaid amount will be returned to the account of the respective investor specified in the subscription form within 7 (seven) Business Days from the Issue Date, whereby it will not be entitled to interest, and any potentially excessive amount of delivered Outstanding Bonds will be returned to the securities account of the respective investor specified in the subscription form, no later than 14 July 2023.

If the investor pays a smaller amount of money (that is, delivers a smaller nominal amount of the Outstanding Bonds) than the amount indicated in the subscription form or in the Instructions for Payment and/or Delivery of the Outstanding Bonds, the Bonds will be allocated according to the smaller amount of money paid (that is, the delivered nominal amount of the Outstanding Bonds). However, if the such amount paid (that is, the nominal amount of delivered Outstanding Bonds) is not sufficient for the subscription of at least 15,000 Bonds, the Bonds will not be allocated to that investor and the such paid amount will be refunded within 7 (seven) Business Days from the end of the Offering Period to the account stated in the subscription form, without the right on interest, i.e. delivered Outstanding Bonds will be returned to the securities account stated in the subscription form no later than 14 July 2023.

The Issuer will not bear transaction costs, or any other costs incurred by the investor in connection with the subscription and payment of Bonds and/or (if applicable) the delivery of Outstanding Bonds for the purpose of swapping the Outstanding Bonds for Bonds.

Information on the final amount of the Bonds to be issued and the Issue Date will be published in the Notice on the Final Terms of the Issue on the websites of the Issuer and of the ZSE on the Issue Day (indicated in the Bonds Issue and Listing Timeline).

Paid Bonds will be delivered to investors by CDCC registering the appropriate number of issued Bonds to the investors' securities accounts, in accordance with the data entered in the subscription form and in the Issuer's Bond registry.

The Bonds will be able to be traded on the regulated market after their issue and after the expected listing of the Bonds on the Official Market of the ZSE.

VI. INSTRUCTIONS AND CONDITIONS FOR BONDS SUBSCRIPTION

Investors subscribe Bonds, that is, request the swap of Outstanding Bonds for Bonds by means of a subscription form, which is available on the websites of the ZSE (<https://eho.zse.hr/en/issuer-announcements/view/50393>) and the Issuer (https://www.zgh.hr/UserDocsImages/investitori/ZGH_Upisnica_ENG_04072023.pdf?vel=183928) ("**Subscription Form**"). In order for the Issuer to take into account the Subscription Form of an individual investor, it must be correctly and completely filled out in all mandatory parts and duly signed by the investor (subscriber), and delivered to one of the Joint Lead Managers in accordance with the lower provisions hereto, whereby the indicated Bonds subscription amount must be at least the Minimum Subscription Amount.

Every investor that submits a Subscription Form to a Joint Lead Manager with whom it does not have a permanent business relationship (such as, but not limited to, e.g. maintaining a transaction account), must submit a Subscription Form signed by the investor (or an authorized representative of the investor) and certified by a notary public, through the channel of communication prescribed below (by electronic mail).

Investors who are eligible counterparties can express the price sensitivity of the indicated interest in the e-mail in which they submit the Subscription Form to one of the Joint Lead Managers.

The Subscription Forms that meet the aforementioned conditions must be submitted to any of the Joint Lead Managers no later than the end of the Offering Period, using the communication channels as indicated below in the table in relation to the individual Joint Lead Manager.

The method of issuing orders (except for investors who are natural persons) is based on the principle of a common entry book ("Pot Orderbook"). If the same investor submits the Subscription Form to more than one Joint Lead Manager, it will be treated as one order (one offer) and will not be added, except if such investor is a natural person, in which case it will be treated as several separate orders (more separate offers), provided that the submitted Subscription Forms meet the conditions indicated above.

If the Subscription Form does not meet any of the aforementioned conditions (e.g., but not limited to, that some information in the Subscription Form is missing or it is incomplete, such as the account number of the investor (subscriber) with CDCC), or if the Subscription Form was not submitted in the prescribed manner within the Offering Period to the Joint Lead Managers, the Issuer may, through the Joint Lead Managers, reject such an incomplete offer from the respective investor (subscriber). Therefore, all interested investors are invited to timely prepare all the necessary information specified in the Subscription Form (including, for example, the number of the investor's (subscriber's) account opened with CDCC) and to take into account the duration of the Offering Period.

The Bonds will not be delivered to the investor who, in accordance with the received Instruction for the Payment and/or Delivery of the Outstanding Bonds to the investors, does not make the payment of the appropriate amount and/or delivery of the Outstanding Bonds.

For all additional inquiries, investors can contact any of the Joint Lead Managers at the telephone numbers or addresses listed below:

 <p>ERSTE&STEIERMÄRKISCHE BANK d.d.:</p>	 <p>Privredna banka Zagreb d.d.:</p>	 <p>Zagrebačka banka d.d.:</p>
<p><i>Tim distribucije institucionalnim klijentima</i></p> <p>☎ 072 372 288 ✉ institutional.sales@erstebank.hr</p> <p><i>Služba distribucije proizvoda korporativnim klijentima i građanstvu</i></p> <p>☎ 072 372 277 ✉ retsale@erstebank.hr</p>	<p><i>Proizvodi korporativnog bankarstva, Tržišta kapitala</i></p> <p>☎ 01/ 6360 765/702 01/ 6364 477 ✉ capital.markets@pbz.hr</p> <p><i>PBZ Investor</i> https://investor.pbz.hr/PbzInvestorWeb/ (uz uvjet da ulagatelj ima ugovorenu takvu uslugu)</p>	<p><i>Prodaja i razvoj proizvoda (za ulagatelje pravne osobe)</i></p> <p>☎ 01/ 6006 676/671 ✉ Institutional.Sales@unicreditgroup.zaba.hr</p> <p><i>Tržište kapitala (za ulagatelje fizičke osobe)</i></p> <p>☎ 01/ 6305 296/257 ✉ Capital.Markets@unicreditgroup.zaba.hr</p>