

„BANJALUČKA PIVARA“ AD
BANJA LUKA
- Management board -
No: 02-130/2018
Date: May 22, 2018

Based on the Article 434 of the Law on Business Companies of the Republic of Srpska („Official Gazette of the Republic of Srpska“ number 127/08, 58/09, 100/11, 67/13 and 100/17) and Article 41 of the Articles of Association of Joint Stock Company „Banjalučka pivara“, the Management Board of the Company adopted, at its LXXXVI session held on May 22, 2018, the following:

REPORT ON THE CONDITIONS OF DISPOSAL OF THE PROPERTY OF HIGH VALUE

Management Board of „Banjalučka pivara“ a.d. Banja Luka proposes to the Shareholders' Assembly to adopt a resolution on the disposal with assets of a great value.

The recommendation of the Management Board for the conclusion of the contract, which results in the disposal with assets of a great value, along with the reasons for such recommendation, makes an integral part of the materials for the XXVII regular annual Shareholders' Assembly session.

The Management Board submits to the Shareholders' Assembly a Report on the conditions regarding disposal with assets of a great value, as follows.

„Banjalučka pivara“ ad Banja Luka („Company“) has, in line with the Contract on a merger dated on April 2, 2018, and the Resolution of District Commercial Court in Banja Luka no. 057-0-Reg-18-000784 dated on May 4, 2018, and based on the status change that is a merger, become the legal successor of a limited liability company „DRAFT“, Banja Luka („DRAFT“). On May 5, 2017, „DRAFT“ concluded a Contract on a long-term foreign currency loan, and on May 25, 2017, Annex I to the Contract on a long-term foreign currency loan („Contract“) with „Zagrebačka banka“ d.d. („Bank“), seated at Trg Bana Jelačića bb, Zagreb, Croatia, in the amount of EUR 13.500.000,00.

Since by the status change that is a merger, „Banjalučka pivara“ became the universal legal successor of company „DRAFT“, and since, as of the date of the registration of the status change with the District Commercial Court, all rights, obligations and property of company „DRAFT“ passed onto „Banjalučka pivara“, „Banjalučka pivara“ is to enter in a contractual relationship with the Bank instead of company „DRAFT“.

Based on the stated, „Banjalučka pivara“ and the Bank shall conclude an annex to the Contract, based upon which „Banjalučka pivara“ shall, in line with the request of the lender - the Bank, pledge its immovable and movable assets.

Data on the loan Agreement

- total amount of the loan: 13.500.000,00 EUR
- annual interest rate: 4.30% p.a. + 3-month EURIBOR
- grace period: 12 months
- loan repayment: successively, absorbing loan repayment, in EUR
- due date of loan: 29 March 2024
- loan purpose: taking over the loan obligations of company „DRAFT“ following a status change that is a merger.

As collaterals for the Bank's claim arising from the Agreements, „Banjalučka pivara“ shall conclude the following Agreements or execute the following legal transactions.

1) Mortgage Agreement

First order mortgage in favour of the Bank shall be entered against the immovable property of the Company designated as:

- a) Cadastral lot no. 98/1 and 98/3, registered in Possession Sheet no. 1, Delibašino selo 2 by old survey, corresponding Cadastral lot no. 98/1 and 98/3 registered in fixed assets register number 2/17 Delibašino selo 2 by new survey, property of „Banjalučka pivara“ a.d. Banja Luka 1/1, which in nature presents a shop with following objects, land and infrastructure and is located in Banja Luka, Slatinska 8,
- b) Cadastral lot no. 99/1, 99/2, 100/2, 101/0, 102/0, 103/0, 105/0, 106/0, 107/1, 107/2, 112/1, 112/2, 100/1 and 100/11, registered in Possession Sheet no. 2 Delibašino selo 2 by old survey, registered in fixed assets register number 2/17 Delibašino selo 2 by new survey property of „Banjalučka pivara“ a.d. Banja Luka 1/1, which in nature presents a brewery – complex with following objects, land and infrastructure and is located in Banja Luka, Slatinska 8,
- c) Cadastral lot no. 115/7, registered in Possession Sheet no. 30 Delibašino selo 2 by old survey, corresponding Cadastral lot no 115/7 registered in fixed assets register number 26/3 Delibašino selo 2 by new survey, property of „Banjalučka pivara“ a.d. Banja Luka 1/1, which in nature presents Slatinska – street and is located in Banja Luka, Slatinska 8,

based on the notarised document - agreement on establishing a mortgage, which will contain a statement of the pledgor that on the basis of this notarized document subjects himself to immediate compulsory execution without delay on the pledged property in a way that it is directly enforceable towards the owner of the property and agreement that in the land registry is registered a recordation of this statement and the statement of prohibition of alienation and further encumbrances of the property without the prior written consent of the Bank; and

2) Movable assets pledge agreement

Pledge right of the first order in favour of the Bank will be registered on following movable assets of the Company:

- a) the line for production of PET bottles and filling beer into PET bottles;
- b) filling line for beer in glass bottles;
- c) line for beer brewing (breweries sprang);
 - crushing ammonia cooling (compressor station);
 - line for beer fermentation, and
 - CO2 plant.

Pledge right on the above listed movable property shall be registered in the Pledge Registry of the Ministry of Justice of BH.

- d) Agreement on pledging the account opened at the Bank as on funds of the Company deposited on a given account and paid for any reason.

Pledge right on above listed account shall be registered in the Pledge Registry of the Ministry of Justice of BH.

- e) 35 of promissory notes signed by the Company as the drawer, with Banks authorization as trasat to fill in the promissory note,
- f) 35 blank transfer orders, signed by the Company with a statement to fill orders for the transfer and
- g) Vinculated insurance policies on fixed assets from Article 1 paragraph 1 from a) to c) and on movable assets from Article 1 paragraph 2 from d) to f), on the insurance sum that equals value of the insured assets and on period of duration of at least one year, and in the case of a longer duration of the loan equally rebuilt until the end of the period of the loan.

Additionally, since, following the completion of the process of squeeze out of shares of minority shareholders to the buyer conducted in 2017, there are no minority shareholders (and with it, no dissenting shareholders) in „Banjalučka pivara“, as all shares are, indirectly and directly, owned by a controlling shareholder - ALTIMA UK VALUE INVESTMENTS LIMITED, company founded and registered in accordance with the Laws of Cayman Islands, with its seat at address 80 Nexus way, Camana Bay, Grand Cayman, the Management Board of „Banjalučka pivara“ considers that there are no reasons for conducting a process of share valuation to determine the compensation that would be offered to dissenting shareholders in accordance with Articles 435 and 436 of the Law on Business Companies („Official Gazette of the Republic of Srpska“ number 127/08, 58/09, 100/11, 67/13, 100/17).

In more detail, in line with resolution of the District Commercial Court of Banja Luka no. 057-0-Reg-17-001473 dated on Aug 4, 2017, all shares of minority shareholders have been transferred to AUKVIL and for all shares in question, a compensation was deposited with RS Central Registry of Securities. The remaining 592 shares, which are still held in name of a minority shareholder, have also been subject to the squeeze out process and transferred to AUKVIL as purchaser, but are still kept on the proprietary account of the minority shareholder with Central Securities Register, since the aforementioned shares are subject to pledge, which is why their transfer to the AUKVIL's proprietary account is not possible until the pledge is released, in accordance with the bylaws of Central Securities Registry.

From all stated above, it is clear that there are no reasons for conducting a valuation of shares as a basis for compensation that “Banjalučka pivara” would offer to dissenting shareholders, which is the reason why the Management Board concluded that this process shall not be conducted.

DELIVERED TO:

1. AD Assembly
2. MB File
3. a/a

**MANAGEMENT BOARD
PRESIDENT**

Ragnar Tryggvason