



SCIENTIFIC PAPER

ACQUIRED RIGHTS AND LEGITIMATE EXPECTATIONS

OF FORMER HOLDERS OF THE RIGHT TO USE THE MARITIME DOMAIN
WITH UNLIMITED DURATION AND DURATION LIMITED "AS
LONG AS THE BUSINESS ACTIVITY IS PERFORMED"

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The aim of this paper is to examine whether the former holders of the right of permanent and indefinite use of the maritime domain, which was later converted into a time-limited concession, suffered an infringement of their acquired rights, and whether their expectations according to which the right of use of the maritime domain was to remain unlimited after conversion (and privatisation) can be considered legitimate expectations. The paper will also answer the question of whether shareholders and acquirers of shares in such companies suffered an infringement of their constitutionally guaranteed rights regarding the equality of undertakings in the market and protection of rights acquired by capital investment that cannot be undermined by a law or another legal act (Article 49(2) and (4) of the Constitution of the Republic of Croatia) as well as their constitutionally guaranteed right of ownership (Article 48(1) of the Constitution).

The paper uses the documentation of the former socially-owned enterprise Ilirija, which was converted into the joint-stock company Ilirija d.d. in the course of conversion of socially-owned enterprises and which was the holder of three rights of permanent use of the maritime domain – one regarding an area outside the port and two for the purpose of construction of special purpose ports. In the course of conversion, investments made in the facilities within the borders of the maritime domain in question were entered into the share capital, after which the rights of use were replaced by time-limited rights based on a concession.

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1 Introductory remarks

Maritime domain, particularly its coastal part, which makes up almost a third of the Republic of Croatia's surface, has always been attractive for a number of economic activities. A large number of economically exploited facilities were built and used at the time when the Act on Maritime and Water Domain, Ports and Piers¹ was in force, according to which maritime domain was under the regime of common property under general use.

The facilities were built for various purposes, often for tourist purposes, by socially-owned enterprises that received the right to use the maritime domain from the municipal assemblies, sometimes for a limited term, and sometimes without a time limit. Socially-owned enterprises, which were the holders of the right to use the maritime domain, invested in the maritime domain and then economically exploited the refined maritime domain.

The paper analyses the provisions of the AMWDPP on the legal status of the maritime domain and the possibilities of its exploitation based on the right to use the maritime domain in the out-of-port area and in the area of special ports, while the legal regime of ports open to public traffic is not the subject of the analysis. In particular, the legal nature of the right to use + the maritime domain and its duration are analysed. These aspects of the right to use the maritime domain are important for understanding the consequences of transformation of socially-owned enterprises that had their property, among other locations, on the maritime domain, as well as for the consequences of transformation of the right to use the maritime domain into a concession right, and thus for discussion of the acquired rights and legitimate expectations of former holders of the right to use the maritime domain.

After the independence of the Republic of Croatia, all socially-owned enterprises, including those that were holders of the right to use the maritime domain, went through the process of transformation of socially-owned enterprises into companies with a specific owner. The paper describes the process of transformation of such socially-owned enterprises and indicates (certain) doubts that have arisen from this process. As a matter of fact, due to the lack of specific provisions that would apply to the transformation of socially-owned enterprises that performed all or part of their economic activity on the maritime domain, these enterprises were transformed by applying a general transformation regulation – the Act on the Transformation of Socially-owned Enterprises.² In addition to the status transformation of the enterprises, the transformation also resulted in the transformation of the right of governance, the right to use and the right to disposal of former social legal persons into the right of ownership of the successor company. The inability of maritime domain properties to become the subject to ownership and other rights *in rem* led the Croatian Privatisation Fund to carry out these transformation transformations in a way that, as a rule, the value of social capital included the assessed investments in buildings that were built on the maritime domain.

The value of the right to use the maritime domain itself (which was sometimes intentionally and sometimes out of ignorance confused with the para-property right to use which turned into the right of ownership), and which continues to exist as an obligation and as a legal basis for using the maritime domain, was neither assessed nor was the duration of that right taken into account.

Following the conducted transformation procedures (in some cases even the privatisation process) the legislator enacted the Maritime Code³ and the Seaports Act⁴ used to govern the process of transformation/replacement of the right to use the maritime domain into a time limited concession to the maritime domain or the port area. In the out-of-port area, all rights to use the maritime domain, regardless of the provision on its duration – even when granted for an unlimited period, were transformed into a concession that was time limited to a period of up to 12 years. Research conducted on entities that invested their resources in the construction of nautical tourism ports and for which purpose these investments were assessed and included in the value of the social capital of the enterprise which was transformed under the provisions of the Act on the Transformation of Socially-owned Enterprises (ATSOEs) and entered in the share capital of the social enter-

¹ OG, Nos. 19/74, 24/74, 39/74, 39/75, 17/77, 18/81 (hereinafter referred to as: AMWDPP).

² OG, Nos. 19/91, 26/91, 45/92, 83/92, 84/92, 18/93, 94/93, 2/94, 9/95, 42/95, 21/96, 118/99, 99/03, 145/10 (hereinafter referred to as: ATSOEs). In addition to APSE, as a general transformation regulation, the transformation of certain legal entities also took place according to the provisions of special regulations.

³ OG, Nos. 17/94, 74/94, 43/96, 158/03, 181/04 (hereinafter referred to as: MC/94).

⁴ OG, Nos. 108/95, 6/96, 137/99, 97/00, and 58/03 (hereinafter referred to as: SA).

prise's successor company and whose rights to the maritime domain were later transformed to the concessions, showed that they can be classified into three basic groups.⁵ The subject matter of the analysis in this paper are only those companies that had a valid decision on the right to use the maritime domain, in which no duration of use was determined, or those that had a permanent right to use the maritime domain (in the out-of-port and port area of special ports). These companies were, in lieu of the right to use the maritime domain, granted a time-limited concession in ports of importance for the county for a term of up to 12 years, and in those of interest to the Republic of Croatia for a term of 32 years.

This paper is aimed at researching whether the rights acquired by former holders of permanent, time-unlimited right to use the maritime domain, whose right was converted into a time-limited concession, were violated and whether their expectations, that even after completed transformation (and privatisation) the right to use the maritime domain would remain time-unlimited, were legitimate expectations. The answer will also be given to the question as to whether shareholders' and share transferees' constitutionally guaranteed rights to equality of entrepreneurs in the market and protection of rights acquired by investing of capital, which may not be undermined by the law or any other legal regulation (Article 49, paragraphs 2 and 4 of the Constitution of the Republic of Croatia⁶), and ownership right guaranteed by the Constitution (Article 48, paragraph 1 of the Constitution) were violated in such companies.

The paper uses the documentation of the former socially-owned enterprise Ilirija, which was transformed into the company Ilirija d.d. in the process of transformation of socially-owned enterprises, and which was the holder of three rights to permanent use of the maritime domain – one right in the out-of-port area and two for the construction of ports for special purposes. In the process of transformation, investments made in the facilities on the maritime domain were entered into the share capital followed by the transformation of the rights to use into the time-limited concession rights.

2 Right to use the maritime domain according to the AMWDPP

The Act on Maritime and Water Domain, Ports and Piers entered into force in May 1974. The maritime domain legal regime and its use was well regulated in the second part entitled the Maritime Domain (Articles 4-24 of the AMWDPP). Special provisions on the legal status of the maritime domain in ports and their use applied along with the general provisions referred to in the second part, were found in the third part of the act, entitled the Domestic Navigation Seaports (Articles 25-52 of the AMWDPP). Special ports (marina, sports port, fishing port, industrial port, etc.) were governed by Articles 42-45 of the AMWDPP.

The Act stipulated that the maritime domain was a domain in common property under general use on which the right to ownership and other rights *in rem* could not be acquired "on any grounds" (Article 4, paragraphs 2 and 4 of the AMWDPP). The maritime domain is managed by the municipality (Article 4, paragraph 3 of the AMWDPP) and therefore (when it is not under general use) it can only be used in accordance with the decision by the municipal assembly, which must determine the manner, conditions and time of use of the maritime domain, an area of the maritime domain that is granted for use and the user's authorisations (Article 5, paragraph 1 of the AMWDPP). A contract was concluded on the use of the maritime domain according to the decision by the Municipal Assembly (Article 5, paragraph 2 of the AMWDPP). The right to using the maritime domain was non-transferable to another legal or natural person (Article 14 of the AMWDPP). The user of the maritime domain could, based on a decision, become entitled to perform economic, sports or any other activity on the maritime domain (Article 6, paragraph 1 of the AMWDPP), while associated labour organisations, social legal entities and public authorities could be allowed to build a construction or any other facility that became a part of the maritime domain (Article 6, paragraphs 1, 2 and 4 of the AMWDPP). The construction of facilities required from social legal persons to obtain building permits followed by operating permits once their construction is completed. The Act prescribed a

⁵ For details regarding the division and legal position of individual groups of companies, see: Stanković, Gordan, Tuhtan Grgić, Iva, Consequences of including the value of investments in facilities on the maritime domain in determining the amount of share capital of the company in the process of transformation of a social enterprise into a capital company, The Legal Framework for the Ports of Nautical Tourism (ur. academician Barbić, Jakša), published by the Croatian Academy of Sciences and Arts, Zagreb, 2018., pp. 108-121.

⁶ Constitution of the Republic of Croatia, OG, Nos. 56/90, 135/97, 113/00, 28/01, 76/10, 5/14 (hereinafter referred to as: the Constitution or the Constitution of the RoC).

number of reasons for the termination of the right to use (Article 15 of the AMWDPP), and one of the reasons why the municipal assembly had the opportunity to deny further use of the maritime domain is precisely the case when the user fails to build a construction, sports or any other facility within the agreed deadline, or fails to bring it to its intended purpose within the stipulated period (Article 17 of the AMWDPP).

2.1 Legal nature of the right to use the maritime domain according to the AMWDPP

In spite of the explicit provision of the AMWDPP suggesting that the ownership right and other rights *in rem* to the maritime domain cannot be acquired “on any grounds” (Article 4, paragraph 4 of the AMWDPP), in theory and practice there were some other interpretations that right to use *para-in rem* can be acquired. These interpretations also relied on this Act, i.e. its provisions in Article 4, paragraph 5, Article 7, paragraph 1, Article 35, and Article 88 and Article 10, paragraph 2, and Articles 242 and 243 of the Associated Labour Act.⁷

2.1.1 Legal nature of the right to use the maritime domain in out-of-port area

The provision of Article 4, paragraph 5 of the AMWDPP stipulated “exceptionally, the maritime domain may be given for use under the provisions of this or another act.” The cited provision was interpreted in theory and practice in two manners. According to one interpretation, it stipulated an exception to the prohibition of acquisition of *in rem* rights and allowed acquisition of the right of use, as a “new and independent *in rem* right” in accordance with other acts (as indicated by the provision itself).

Considering that the rights of social and legal persons to common property were in question, these could only refer to the right of governance, the right of disposal and the right of use. According to the second interpretation, this provision was an exception to the rule that the maritime domain is a domain under general use, i.e. it provided for the possibility that it could exceptionally be given for use, which is of a mandatory legal nature.⁸

The interpretation suggesting that this is a right to use *para-in rem* also relied on the provision of Article 7, paragraph 1 of the AMWDPP, according to which an associated labour organisation and any other social and legal entity and public authority had rights to the constructed facility on the maritime domain (port, jetties, embankment and canal connected to the sea) as stipulated by this Act and rights stipulated by the constitution and other acts. The authors, who considered that this was a right to use *para-in rem* invoked the Associated Labour Act (ALA) which was adopted two years later.

The provision that supported the claim that this is a right to use (*para*)*in rem* is also the provision of Article 88 of the AMWDPP, contained in the Transitional and Final Provisions, according to which municipal attorneys were given the power to initiate expropriation proceedings “the right of ownership or other right *in rem*, except for the right of use” which suggested that the right to use as a law (*para*)*in rem* can exist on the maritime domain.

In practice, these provisions were criticized as contradictory and unclear, however, the prevailing view was that the disputable provisions of the AMWDPP (particularly Article 7) should be interpreted in accordance with the fundamental provisions of the ALA, i.e. that all facilities on the maritime domain that were built or obtained for use by the organisations of associated labour, social legal persons and public authorities shall be treated as fixed assets to which these persons have the right of disposal in accordance with the provision of Article 243 of the ALA.¹⁰

⁷ OJ of SFRY, Nos. 53/76, 57/83, 85/87, 6/88, 77/88, 40/89, 60/89, OG, No. 53/91 (hereinafter referred to as: ALA).

⁸ The Maritime Domain and Seaports Act, Commentary: Stevanović, Božidar, Rijeka, 1975, p. 4. Such a stand was also taken by the Port of Rijeka, which was a co-author of the Draft Bill. For more information on doubts, see: Frković, Snježana, Raspologanje objektima na pomorskom dobru, prije i sada, Godišnjak 9, Aktualnosti hrvatskog zakonodavstva i pravne prakse / Disposal of Facilities on the Maritime Domain, Then and Now, Yearbook 9, Current Issues of Croatian Legislation and Legal Practice/, Organizator, Zagreb, 2002, p. 291.

⁹ In this regard, the position of the Administrative Court of the Republic of Croatia was given in Remarks regarding the required amendments to the AMWDPP, October 1981. See in: Frković, Snježana, Acquired Rights to the Maritime Domain, in: Nekretnine kao objekti imovinskih prava / Real Estate as Facilities of Rights *in Rem*/ (General editor Jelčić, O.), Official Gazette, Zagreb, June 2004, p. 135. On arguments for the both interpretations see: Stanković, G., Tuhtan Grgić, I., op. cit., pp. 98-100 and literature cited therein.

¹⁰ According to Frković, such a view was expressed by the Republic Committee for Maritime Affairs, Transport and Communications in its statement made in February 1982. Frković, S., Raspologanje... / Disposal of.../, op. cit., p. 295.

2.1.2 Right to use in special ports

In addition to the above arguments supporting the claim that associated labour organisations, social and legal entities and public authorities on the maritime domain could acquire a right to use *para-in rem*, supporters of this interpretation had additional arguments to argue that the right to use the maritime domain in the port area has a legal nature *in rem*.

They primarily emphasized the provision of Article 35, paragraph 2 of the AMWDPP which gave the port users (open to public traffic) the “pre-emptive right” to facilities located in the port area. Thus, specific legal transactions were allowed in the port area for the facilities that were legally separated from the land.¹¹ In theory, the opinion was given suggesting that the pre-emptive right applied not only to ports open to public traffic, but also to special ports, and to facilities in the out-of-port area, but without restricting the pre-emptive right in favour of a certain entity.¹²

The position suggesting that the right to use the maritime domain in the area of ports has legal character *in rem* was additionally supported by referring to the provisions of Article 33, paragraph 3 and Article 45 of the AMWDPP, which prohibited port users from transferring and disposing the right to use only in respect to operational shores and jetties, while according to *argumentum a contrario*, they could dispose of the right to use in other parts of the port.

Although all of the above provisions were criticized by the both legal theory and practice as contradictory and vague, the arguments suggesting that this is a right to use *para-in rem* in the field of ports were even stronger. In accordance with the interpretations of the scope of the provisions of the AMWDPP accepted in practice, the facilities built on the maritime domain, not only in public transport ports, but also in special ports, even in the out-of-port area, were managed as fixed assets of socially-owned enterprises. This practice will later be crucial for the implementation of the transformation of socially-owned enterprises that operated on the maritime domain, as well as the basis of numerous illegal registrations resulting from the transformation of the right to use (i.e. the right to use the maritime domain) into the right of ownership (for transformation see below section 4).¹³

2.2 Duration of right to use the maritime domain according to the AMWDPP

2.2.1 Duration of the right to use the maritime domain in out-of-port area

According to Article 5 of the AMWDPP one of the essential elements of the decision on granting the maritime domain for use is the provision which stipulates the duration of using the maritime domain. Neither the Act nor any subordinated legislation contained provisions on the criteria on the basis of which the municipal assembly would determine the duration of the right to use the maritime domain. In practice, the decisions of municipal assemblies determined the term or duration in a different way – sometimes for a certain number of years, and sometimes they granted a holder of the right to use the maritime domain a permanent right to use or a permanent right to use as long as the user performs its business activity.¹⁴

¹¹ Vukmanović, Dubravka, Transformation and Privatisation of the Maritime Domain, in : Maritime Domain, Inženjerski biro, Zagreb, 2005, p. 119.

¹² See: Frković, Snježana, Overview of Open Issues in Relation to Maritime Domain, in: Uloga i ovlasti državnog pravobraniteljstva glede određenih nekretnina u vlasništvu RH i općih dobara uz osvrt na neke obveznopravne odnose /The role and powers of the State Attorney's Office regarding certain real estate owned by the Republic of Croatia and public domains with reference to some obligatory legal relations/, Inženjerski biro, Zagreb, 2000, p. 8. Bolanča believes that only associated labour organisations as users of the port open to public transport could use the operational shore, jetties and other port facilities had the right of use which was the right *in rem* derived from common property, while other cases of the right to use the maritime domain had a mandatory and legal character. This is the only right of use, as a specific right *in rem*, that could be contained on the maritime domain in accordance with the provision of Article 88 of the AMWDPP. So: Bolanča, Dragan, Problem stvarnih prava na pomorskom dobru /The Rights *in rem* Issues on the Maritime Domain/ (bitne novine hrvatskog pomorskog zakonodavstva)(essential news of the Croatian maritime law/, PPP, year 54 (2015), 169, pp. 333-335.

¹³ Frković, S., Stečena prava... /Acquired rights.../ op. cit., p. 139.

¹⁴ For example, the Decision on granting the right to use the maritime domain for the purpose of building an outdoor swimming pool, according to which HRO Ilirija from Biograd na Moru was granted the right to use the maritime domain “for permanent use” (item 1 of the Decision, Decision by the Municipality Assembly Biograd na Moru, Number: Up/I-C3-2-1996/1986 of 10 October 1986).

Here, the question can be raised as to whether the decision by the municipal assembly granting an unlimited right to use the maritime domain was made in accordance with the AMWDPP. Under a narrower interpretation of the provision of Article 5 of the AMWDPP, it is concluded that granting the right to use the maritime domain in the out-of-port area for an unlimited period of time was not in compliance with the AMWDPP.

The narrow interpretation of provision of Article 5 of the AMWDPP supports the argument suggesting that the maritime domain is the property for general use and that the granting the maritime domain for use is an exception and exceptions should generally be interpreted restrictively. It is also worth noting that Article 42 of the AMWDPP, which stipulates the essential elements of the decision on assigning the maritime domain for use for the purpose of building a special port, mentions no time period of using the right, so the question is why the legislator would explicitly prescribe it in Article 5 of the AMWDPP if it had not wished to give it the significance of a time limit.

The broad interpretation of the provision of Article 5 of the AMWDPP resulted in a positive answer to the question posed. The argument supporting this interpretation is that the provision on the permanent right to use the maritime domain is also a provision on the time of use of the maritime domain, which in this case is unlimited. Although such a broad interpretation may seem too extensive nowadays, it seems to be much more acceptable if we look at the provision of Article 5 of the AMWDPP in the time and social legal context within which the AMWDPP was adopted and applied, when the granting of (different) rights of use without a time limit was common. In addition, the interpretation of other provisions of the AMWDPP, which was conducive to the expansion of the significance of the provisions in favour of social legal persons, is certainly an argument in favour of a broader interpretation of the provision of Article 5 of the AMWDPP. Finally, even such a permanent right to use the maritime domain was subject to the application of Article 15 to 19 of the AMWDPP on the termination of the right to use and, in particular, on the deprivation of further right to use the maritime domain if required so by the general interest or the user of the maritime domain does not use the maritime domain in the manner or under the conditions or within the powers contained in the decision on granting the right to use pertaining to this domain; or fails to bring it to its intended purpose or fails to construct a facility that he was entitled to construct or fails to pay the outstanding fee for the use of the maritime domain within six months from the due date of the fee.

The same question as to whether the decision by the municipal assembly is in accordance with the AMWDPP should be answered in the case when it grants a permanent right to use the maritime domain during the time of performing the business activity by the user. This permanent right to use is limited by the condition "as long as the user performs the activity". Although, at first sight, this right to use differs from the unlimited permanent right of use, in fact there is no difference since both rights are subject to Articles 15 and 17 of the AMWDPP, and both are terminated by deprivation thereof in the event that the maritime domain is not used in accordance with the decision granting the right of use. The user of the maritime domain, that, due to general interest, was denied further use of that domain, was according to the Act entitled to reimbursement of expenses only for work and resources invested in maritime domain that the user became deprived of (Article 18 of the AMWDPP).¹⁵

It is the provision whose interpretation has not been found in practice and literature, so it remains doubtful which of these interpretations should be accepted. However, this issue is raised more at a theoretical level. As a matter of fact, decisions on granting the right to use the maritime domain have become final and their potential non-compliance with the AMWDPP does not affect the rights acquired on the basis of such decisions. As a matter of fact, the administrative decision as a final and non-changeable decision according to legal remedies is a necessary precondition for establishing legitimate expectations as to how an authorised person will be able to use the right contained therein.¹⁶

¹⁵ Such provisions were also contained in Decisions and Contracts on the Right to use the maritime domain. For example in section 8 of the Decision of the Municipality Assembly Biograd na Moru on granting the right for permanent use of the maritime domain for the purpose of building the marina (Number: 01-717 / 1983 of 14 June 1983). Article of the Contract on giving the maritime domain for use for the purpose of building a special purpose port No. 03-2-329/1-1997 concluded on 10 February 1977.

¹⁶ Đerđa, Dario, *Zaštita legitimnih očekivanja u upravnom pravu / Collection of legitimate expectations in the administrative law /*, Zbornik Pravnog fakulteta Sveučilišta u Rijeci / Collection of papers of the Faculty of Law in Rijeka/, see 34, No. 1, p. 100. This also clearly arises from the decision of the Constitutional Court of the Republic of Croatia, U-IIIB-1373/09 of 7 July 2009, which states that the parties have a legitimate expectation based on reasonably justified confidence in the final and

2.2.2 Duration of the right to use the maritime domain in special ports

The provision on the time limit of the right to use the maritime domain for the construction of a special port was not a mandatory part of the Municipal Assembly's decision on granting the maritime domain for use for the construction of a special port according to special provisions of the AMWDPP on special ports (see Articles 42–45 of the AMWDPP).

It is only prescribed that the decision must specify a certain area of such a port. The basic obligation of the port user is already prescribed by the law – it is obliged to maintain and use the port according to its purpose and safe navigation requirements. However, it should be borne in mind that the general provisions on maritime domain subsidiarily apply to ports, so it could be interpreted that the decision on giving the maritime domain for use in a particular port must contain everything that is contained in the decision on giving the maritime domain for use in the out-of-port area, unless otherwise specified in a special part of the law – hence the provision on the duration of using the maritime domain. In theory and practice, however, the prevailing view is that the provision on the duration of the right is not a mandatory part of the decision, so the right to use the maritime domain for the construction of a special port was not time limited to all socially-owned enterprises.¹⁷ The literature points out that the time limit of the right to use the maritime domain can be determined not only by calendar, but it can also be determined by the condition in a way that a certain area can be used for the purposes of a nautical tourism port by the time the purpose of such maritime domain has changed. The provision of Article 65, paragraph 6 of the Seaports Act (SA), which governs the transformation of the right to use the maritime domain in special purpose ports with no time limit determined, confirms that granting the time unlimited right to use the maritime domain for special ports was legitimate (see *infra* 4.2).

There were uniform criteria neither for special purpose ports nor for the out-of-port area on the basis of which the municipal assemblies determined the duration of that right to use the maritime domain, i.e. it was not specified in which cases it was granted permanently. Therefore, when the duration of the right to use the maritime domain was determined, it was not (always) in correlation with the investments in the maritime domain and facilities built on it and depreciation of investments made.

3 Transformation of socially-owned enterprises that had part of their assets on the maritime domain

The 1990 Constitution of the Republic of Croatia includes the inviolability of ownership among the highest values of the constitutional order (Article 3). Ownership is guaranteed (Article 48 paragraph 1 of the Constitution). Common property is not mentioned. From that moment, complex processes of transformation of socially-owned enterprises into companies with a known owner and the transformation of common property and the establishment of a new legal regime *in rem* based on individualistic and liberal principles begin. To implement this complex process of common property transformation, a number of regulations were enacted.

First of all, it is necessary to analyse how the transformation of socially-owned enterprises that had a part of their assets on the maritime domain was done, and how the right to use the maritime domain was treated in that process. This is necessary in order to determine whether the companies, that is, the persons

non-appealable administrative deed, which constitutes the assets within the meaning of Article 1 of Protocol No. 1 to the Convention for the Protection of Human Rights and Fundamental Freedoms.

¹⁷ According to the Decision of the Municipal Assembly of Biograd na Moru, No. 01-2068/3-1976 of 27 December 1976 granting the right to use the maritime domain for the construction of the sports port-marina "Ilirija", based on which the Contract was concluded according to which "the maritime domain was assigned for an unlimited period of time, that is, as long as the Hotel Company "Ilirija" from Biograd na Moru temporarily engages in sports activities on this assigned maritime domain" (section 4 of the Contract).

The Municipality Assembly of Biograd na Moru made a Decision on granting the right for permanent use of the maritime domain according to which this right was granted to the Hotel Work Organisation (HWO) Ilirija for the purpose of building the marina. Section 8 read HWO Ilirija "as a user will use the assigned maritime domain for an unlimited period of time, i.e. as long as it engages in the economic activity on that domain, or until the occurrence of the circumstances provided for in Articles 15, 16, 17, 18 and 19 of the cited Act." (Number 01-717/1983 of 14 June 1983).

who became shareholders or share transferees in companies that operated on the maritime domain in the process of transformation (and privatisation) had legitimate expectations that the permanent right to use the maritime domain, whose holder was a converted company, will be treated (protected) as an acquired right.

The transformation of socially-owned enterprises into trade companies is governed by the Act on the Transformation of Socially-owned Enterprises. It is the act passed with an aim to convert companies with social capital into a joint stock company or a limited liability company with a known owner as a whole (Articles 1 and 4 of the ATSOEs), whereby the newly formed company is the legal successor of the converted social enterprise which ceases to exist (Article 6, paragraph 2 of the ATSOEs).

The Act on Transformation of Socially-owned Enterprises did not contain any provision on the process of the transformation of socially-owned enterprises that had part of their assets on the maritime domain.¹⁸ Unfortunately, neither the Croatian legislator understood the importance of doubts raised about the legal nature of right to use the maritime domain and the danger that the maritime domain poses (particularly in combination with the unresolved land registry position that the case law and the theory stressed out long before the independence of the Republic of Croatia) nor was there understanding for it in the AMWDPP, as a *lex specialis*, which at that time regulated the maritime domain issue, which at that time was not supplemented by special provisions on the transformation of such enterprises and the manner of valuation of the right to use the maritime domain, i.e. the investments made by the companies in the maritime domain. Vukmanović assessed the lack of special rules as surprising precisely because of the notorious discrepancy between the normative regulation and the factual situation and the existing rights of socially-owned enterprises on the maritime domain, and believed that such a situation certainly required intervention by the legislator either in a way to exclude the facilities from social capital that is converted or to exclude the application of ATSOEs to socially-owned enterprises that had assets on the maritime domain.¹⁹

It was only after most socially-owned enterprises that were users of special ports had already undergone the transformation process, the SA was enacted, which entered into force on 5 January 1996. It contains a special provision on the implementation of the transformation process for users of special-purpose ports. The SA referred to the application of ATSOEs, but only after the boundaries of the maritime domain had been previously determined in accordance with the applicable regulations (Article 66, paragraph 1 of the SA). However, this provision was adopted too late. In accordance with the obligation under ATSOEs to carry out the transformation by 30 June 1992 (Article 9 of ATSOEs), most socially-owned enterprises that were users of special ports carried out this process.²⁰

The process of transformation was defined as the process of transformation of companies with social capital into a company with an owner determined for it (Article 1 of ATSOEs). Social capital was also defined by the law as the difference between the value of the company's assets (total assets) and the value of the company liabilities, including the liabilities owed to legal and natural persons based on their permanent roles exercised in the enterprise (Article 2, paragraph 1 of ATSOEs).²¹

The Decision on assigning the maritime domain for permanent use adopted by the Municipal Assembly of Biograd na Moru on 23 June 1984, except as the title of the decision suggests, included no provision on the duration of the right to use the maritime domain on which the user was obliged to build a special purpose port. (Decision No: Up/I-03-2-2842/1984).

¹⁸ However, the Decree on Changes and Amendments to ATSOEs (OG 45/92) amended Article 1, par. 4 and "legal entities established according to special regulations" are exempted from the application of ATSOEs. Thus, the port socially-owned enterprises were excluded from the transformation, since these enterprises were established according to the AMWDPP. However, since special ports (nautical tourism ports, fishing ports, sports ports, etc.) were not established according to a special regulation, they remain in the field of application of ATSOEs.

¹⁹ Vukmanović, D., op. cit., p. 121.

²⁰ The boundaries of the maritime domain were not established in all nautical tourism ports in which the transformation took place. For that reason, some authors believed that the transformations (and then privatisations) of ports conducted under ATSOEs before SA entered into force were illegal and should be annulled. See for instance: Hlača, Vinko, Morske luke u režimu pomorskog dobra i koncesije /Seaports in the regime of maritime domain and concessions/, in: Pomorsko dobro i koncesije /Maritime domain and concessions/ (ed. Matulović, M.), Faculty of Law of the University of Rijeka, Rijeka, 1995, pp. 43-60. It remains unclear how decisions were made in the disputable cases as which properties would be considered maritime domain and therefore not valued as part of the value of social capital. For the problems of expanding the port areas, see: Stanković, G., Tuhtan Grgić, I., op. cit., pp. 111-116.

²¹ Agricultural land that was confiscated from the owners after 15th May 1945 was removed from social capital. The social enterprise, i.e. its governing body, was allowed to decide whether the value of the apartments would enter the share capital or not.

The Act further stipulated that socially-owned enterprises are obliged to provide the Croatian Privatisation Fund (hereinafter HFP or the Fund) with a decision on the transformation of the enterprise for approval, accompanied, *inter alia*, by the data and evidence on the right to use the real estate and a report on the valuation of the enterprise, which contains the carrying and assessed value of the enterprise (Article 11, paragraphs 1 and 2 of ATSOEs).

In order for the transformation to take place, socially-owned enterprises were required to include all property maintained in the assets of the enterprise in the valuation of the social capital. The status transformation of socially-owned enterprises also indirectly resulted in the transformation of the right of governance, use and disposal of social and legal persons on objects in common property into the right of ownership.²² However, the right to use the maritime domain could not be converted into the right of ownership. As a matter of fact, since the maritime domain could not be the subject of ownership right at the time of the transformation process, i.e. it was in a non-ownership regime (both according to the AMWDPP, and according to later MC / 94 and the SA), these rights could not be converted into the right of ownership, regardless of the fact that some rights of use were given a property and legal character. Confirmation of this paragraph can be found in the provision of Article 360 of the Act on Ownership and Other Rights *In Rem*,²³ that provide for: The right of governance, i.e. use and disposal of objects in common property turned, based on the transformation of the holder of that right – into the right of ownership of the person who became the universal legal successor of the previous holder of the right of governance, use and disposal of that object, if this object can be the subject of ownership rights; unless otherwise provided by a special act. It was not otherwise provided by a special act.

Given that, according to the interpretation of the AMWDPP previously accepted in court practice, facilities built on the maritime domain were part of the fixed assets of a social enterprise and as such were maintained in the company's assets, in practice the question arose as to how to deal with such facilities in the process of transformation. Although the Fund's practice regarding the method of assessment of the maritime domain and facilities built on it was different in the beginning, the practice of not including the value of land – maritime domain in assessment, but only the value of facilities, in a way to assess only the value of investment in the maritime domain, soon became well established.^{24 25} The Fund thus explained its position by using the results of the simulation of the transformation of a social enterprise that operated solely on the maritime domain and in which the value of the investment was not assessed, so the value of social capital was

²² There is a lot of literature on the process of transformation and privatisation. For a general overview of the transformation of socially-owned enterprises, see for example: Barbić, Jakša, Kopun, Vladimir, Parać, Zoran, *Pretvorba društvenih poduzeća / Transformation of socially-owned enterprises/* (ur. Barbić, J.), Organizator i Consult Invest, Zagreb, 1992. For transformation of a social enterprise, please see; Simonetti, Petar, *Pretvorba društvenog vlasništva na nekretninama / Transformation of common property of the real estate/*, Zbornik Pravnog fakulteta Sveučilišta u Rijeci /Collection of papers of the Faculty of Law in Rijeka/, 1998, 2, pp. 363–421. Gavella and Josipović think that the status transformation does not have *in rem* and legal effects See: Gavella, Nikola, Josipović, Tatjana, *Pravni učinci pretvorbe društvenih poduzeća s osobitim osvrtom na njezine imovinskopravne učinke / Legal effects of transformation of socially-owned enterprises with a special focus on its property and legal effects/*, in: Informator, Male stranice, no. 5106–5107, 5108. Particularly on transformation (and privatisation) on the maritime domain: Frković, S., *Prikaz otvorenih pitanja... / Presentation of open issues/*, op. cit.; Vukmanović, D., op. cit.

²³ OG, Nos. 91/96, 68/98, 137/99, 22/00, 73/00, 114/01, 79/06, 141/06, 146/08, 38/09, 153/09, 90/10, 143/12, 152/14 (hereinafter referred to as: AO).

²⁴ The real properties were also included in the assets (of which some were actually, either wholly or partly, the maritime domain). There is no doubt that such real properties should not have been included in the value of social capital, although it occurred in some cases. In other cases, the value of facilities built on the maritime domain was included, while most often only the value of investments in facilities built on the maritime domain was assessed. For details on the reasons for the Croatian Privatisation Fund's acceptance of the model for assessing the value of investments in maritime domain, see: *Očitovanje Fonda Vladi Republike Hrvatske od 22. veljače 1995 / Statement made by the Fund of the Republic of Croatia of 22 February 1995/* Quotation according to: Vukmanović, D., op. cit., p. 122. See also Vukmanović, D., op. cit., p. 121–123.; Frković, S., *Stječena prava... / Acquired rights.../*, op. cit., pp. 166–167; Stanković, G., Tuhtan Grgić, I., op. cit., pp. 104–106.

²⁵ This is exactly the way, by assessing the investment in facilities built on the maritime domain on the basis of the right of use, and which was held by the social enterprise "ILIRIJA", how the process of transformation of this enterprise was carried out. See the Decision by the Croatian Privatisation Fund on the records of real estate assessed and included in the value of the social capital in the process of transformation of a social enterprise, Class 943-01/96-01/1486, Protocol No.: 563-04-403/96-2 of 12 July 1996, corrected by the Conclusion of the Croatian Privatisation Fund, Class 943-01/96-01/1486, Protocol No.: 563-04-403/97-5 of 26th March 1997.

low, even negative.²⁶ In its statement to the Government, the Fund pointed out that the investments made by a company in the maritime domain was aimed at achieving a profit and that therefore the capital invested in this way forms a part of the company's net operating assets, which is the basis for the issue of shares.²⁷

Part of the theory pointed out that the Fund, in fact, had no other options, that is, it could neither delay nor "lightly prohibit" the transformation of socially-owned enterprises that had assets on the maritime domain if the request of such enterprises was duly and timely submitted.²⁸ Therefore, the Fund's actions were in theory characterized as acting that "was neither based on ATSOEs nor on the provisions of special regulations, but is a practical way to solve this complex problem in a situation due to a lack of clear legal provisions on how to carry out transformation on the maritime domain."²⁹

The presented "practical way to solve this complex problem" later proved to be very unfair. It seems that it would be fairer to assess the investment by the value of the right to use the maritime domain, because only in this case it could be seen what the value of social capital is, i.e. the value of a company established by means of transformation. The significance and economic value of the right to use the maritime domain, therefore, the right to economically exploit the maritime domain refined by the construction of various types of buildings was not assessed at all, although it is a part of the social enterprise's assets or its subjective right whose value can be indicated in cash and whose value largely depends on the value of the social capital. It is clear that the longer the right to use the maritime domain was used the higher its value was, i.e. that it was wrong to take into account only the value of the investment made in the maritime domain. This is particularly true for those companies with a short duration of the right of use. It should be noted, however, that at the time of granting the rights of use pertaining to the maritime property and at the time of performing the transformation of socially-owned enterprises (and even later, at the time of converting these rights into concession rights), the users of the maritime domain were convinced that the right to use (or later the right to concession) can be automatically extended and that by continuous using the maritime domain on which they had built the facilities, they would really continue to make profit – as this was properly claimed by the Fund, which was actually the goal of investing in the maritime domain.

The privatisation of a company, which took place after the process of transformation was completed, was performed on the basis of the estimated value of the company (Article 9, paragraph 11 of ATSOEs), i.e. shareholders and share transferees made decisions on capital investments based on the estimated value of the enterprise. The subject of further consideration is only those companies with the value of the investment made in the maritime domain brought into the assessed value of the social capital based on the permanent right to use the maritime domain or the permanent right to use the maritime domain as long as the business activity is performed.

4 Transformation of the right to use the maritime domain into concession

In the process of transformation of socially-owned enterprises, as explained above, the rights of use pertaining to the maritime domain were not specifically assessed and the transformation of socially-owned enterprises did not affect these rights.

They, as acquired rights, continued to exist with the content with which they were assigned (in some cases they even continued to be used even though the period for which they were granted had expired). It is only after most of the transformations were completed that these rights were converted into concession rights.

Before analysing the provisions on the transformation of the rights of use pertaining to a maritime domain into a concession, we should remember that users of the maritime domain that were granted a permanent, time unlimited right to use the maritime domain by the municipal authorities can be divided into two

²⁶ Quot. according to: Frković, S., *Stečena prava... /Acquired rights/*, op. cit., p. 167

²⁷ Očitovanje Fonda Vladi Republike Hrvatske od 22. veljače 1995 /Statement made by the Fund of the Republic of Croatia of 22 February 1995/. Quotation according to: Vukmanović, D., op. cit., p. 122,

²⁸ Vukmanović, D., op. cit., p. 121

²⁹ Vukmanović, D., op. cit., p. 123

groups – those legal entities which were granted the right to use the maritime domain according to the provision of Article 5, paragraph 1 of the AMWDPP (right to use the maritime domain in the out-of-port area) and legal entities that were assigned the maritime domain for use “for the purpose of constructing a special port.” This division is important because the rights of use pertaining to the maritime domain were changed by two acts – one applied to the out-of-port area and the other applied to the port area.

On 27 January 1994, the Croatian legislator passed MC /94, which entered into force on 22 March 1994. In Part 13 entitled Powers, Transitional and Final Provisions contains the provision of Article 1039, which provides for the process of replacing decisions on the right to use the maritime domain by decisions on concessions for the area of the maritime domain. A year and a half later, on 13 December 1995, the SA was adopted, which in the Transitional and Final Provisions governs the process of transformation of the right to use the maritime domain into a concession in the port area. SA (Seaports Act) entered into force on 5 January 1996.

The dates of entry into force of these acts are the moments when a change was made in the legal regulation of the use of the maritime domain, i.e. the port area. This is when the situation occurred where the holders of the right to use the maritime domain were holders of the right that could not be acquired by applying the new legal regimes because it no longer existed. In order to harmonize the existing rights to the maritime domain with the new legal regime, the legislator provided for the procedures of replacing the existing rights of use pertaining to the maritime domain by the concession rights. At that time, it seems that the legislator did not pay enough attention to the acquired rights and legitimate expectations of former users.

4.1 Transformation of the right to use the maritime domain into concession in the out-of-port area

The replacement of the right to use the maritime domain (out-of-port) acquired according to the provisions of the AMWDPP took place in compliance with the provision of Article 1039 of the MC/94.

The county maritime offices in whose territory the maritime domain was located were, in accordance with the above provision, obliged to publish the call to all users of the maritime domain three times in official gazettes and in important daily newspapers and in a notice posted in the municipalities in the area where the maritime domain was located, which had acquired the right under the AMWDPP to report the decision on assigning the maritime domain for use within a period of six months running from the date of the third advertisement published in *Narodne novine*. The sanction for not responding to the call was the termination of the validity of such a decision, i.e. the termination of the legal basis for the use of the maritime domain (Article 1039, paragraph 2 of the MC/94).

The concession grantor was obliged to replace the decision on granting the right to use the maritime domain by a decision and a contract on concession in accordance with the provisions of MC/94 to the holders of the right to use that simultaneously reported the existence of the right to use and provided evidence of granted right to use the maritime domain, its scope and legal grounds for acquisition.

Apart from the above provision, MC/94 contained no single provision that would stipulate the decision-making process on the transformation of the right to use the maritime domain into a right of concession on the maritime domain, so concession grantors made decisions by applying general provisions on granting concessions. The decision on concession had to contain the provisions on the area of the maritime domain that is granted for use and/or utilisation; the manner, conditions and time of use and/or utilisation of the maritime domain, the fee paid for the concession; authorisations of the concession grantor; the rights and obligations of the concession holder, including the obligation of maintaining and protecting the maritime domain (Article 60, paragraph 1 of the MC/94). In relation to the area of the maritime domain, the manner and conditions of use, rights and obligations of the holder of the decision on concession were, as a rule, made based on the decisions on the right to use the maritime domain. There were differences in relation to the amounts of a fee and the time of use of the maritime domain.

Although the concession grantors according to MC/94 were the county assembly when the concession was granted for a period of up to 12 years, the Government of the Republic of Croatia granted concessions for a period from 12 to 33 years and the Parliament of the Republic of Croatia granted concessions for a period over 33 years (Article 62, paragraphs 1-3 MC/94), all decisions on the replacement of decisions on the right

to use were made by the county assemblies, most commonly for a maximum period of 12 years, regardless of the period for which the previous right to use was granted (even when it was permanent) and regardless of the amount of investment assessed and entered in the share capital and as well as potential further investments.^{30 31} In cases of former users who had a permanent right of use, such decisions resulted in significant restriction of rights acquired according to the provisions of the AMWDPP. These decisions, in addition that they violated the acquired rights – the right of permanent use of the maritime domain, they also prevented many companies from depreciating the investments made which were entered in their share capital (and thus, of course, prevented the acquisition of profits, which was the original aim of the investment). It should be noted here that in practice there was no resistance to such actions, as the concessionaires were firmly convinced that the concessions, after the expiration of the term for which they were assigned, would be automatically extended. Such beliefs that the problems of insufficient time period for depreciation of the investments will be solved by amending the Act were based on the position taken by the Ministry of the Sea, Transport and Infrastructure, which, for example, in the theses for amending the Maritime Domain and Seaports Act as a special issue that must be discussed, emphasized the transformation on the maritime domain and, among other things, the need for extension of the concession period for the unamortized and non-depreciated construction value of the facility.³² Besides, former users did not have a choice because the sanction for non-compliance was deprivation of the right to the economic use of the maritime domain.

4.2 Transformation of the right to use the maritime domain into concession in special ports

The Seaports Act, which entered into force on 5 January 1996, regulated the obligation to carry out the transformation of the right to use the maritime domain into a concession in special-purpose ports. Users of the maritime domain in special purpose ports that acquired the right to use the maritime domain according to the AMWDPP, or that acquired this right on the basis of a valid legal basis³³ were invited to report the decision on granting the maritime domain for use in a special purpose port to the county maritime offices, while the grantors of the concession were legally obligated to replace decisions on the use of the maritime domain in a special purpose port by a decision and concession agreement if the user provided the evidence of the acquired right of use, its scope and legal grounds for acquisition (Article 65, paragraphs 1, 3, 4 of the SA). The procedure for granting a concession for the existing special purpose port and the manner of determining the concession fee in those ports were analysed in details in the provisions of Articles 10-13. Regulations

³⁰ The holders of the rights were not required to provide any other documentation showing which investments were made in the maritime domain, how they were assessed in the process of transformation, the extent to which they were depreciated, what additional investments were needed, the plan of further use and the like. Unlike MC/94, SA adopted later and the Regulation enacted based on it on the procedure for granting concessions and the manner of determining the border for special-purpose ports, whose provisions stipulated the transformation of the right to use in special-purpose ports regulated this procedure in more detail. Anyway, they did not result in the fair process of converting these rights into concessions (see section 4.2 below).

³¹ So, for instance, the decision made by the municipal assembly Biograd na moru of 10th October 1986, No. Up/I-03-2-1996/1986 and the Contract on Assigning the Maritime Domain of 10th April 1987, No.: 03-02-1996/2-1986 (according to which the permanent right to use the maritime domain was assigned) was replaced by the Decision by the County Assembly of the Zadar County on granting concessions on the maritime domain, Class: 342-01/98-01/3, Prot. No. 2198/1-02-98-3 of 20th October 1998 (OG, No. 6, October 1998, p. 7.), according to which the concession on the maritime domain was granted to the company HTP „ILIRIJA“ „regarding the economic use and/or special use of the outdoor swimming pool until 31st December 2008“ (Article 1 and 2 of the Decision). So, the concession was assigned for a period of 10 years. According to the above Decision, the Contract on concession of the maritime domain was concluded on 17 November 1998 for the purpose of economic use of the outdoor swimming pool.

³² Ministry of the Sea, Transport and Infrastructure, Directorate of Maritime Transport, Maritime Domain and Ports, Class: 011-01/06-05/10; Prot. number: 530-04-08-3 ncp dated 4th November, 2008.

³³ In theory, it was pointed out that the phrase „na osnovi valjane pravne osnove“ (on the basis of a valid legal basis) is disputable and that there is a „mogućnost široke volontarističke interpretacije značenja i pojma valjane pravne osnove...“ (possibility of broad voluntary interpretation of the meaning and the term of the valid legal basis...) Hlača, Vinko, Koncesije u lukama, posebice turističkim, športskim, marinama i ostalim lukama posebne namjene/Concessions in ports, particularly in tourist, sports ports, marinas and other special-purpose ports/, in: Hrvatsko pomorsko pravo /Croatian Maritime Law/ (selected papers), Faculty of Law of the University of Rijeka, Rijeka, 2001, p. 243.

on the process for granting concessions and the method of determining the borders for special-purpose ports.³⁴ Thus, all users of special-purpose ports were obliged to provide the county office with an economic feasibility study with port depreciation indicators and a proposal for further use in relation to development programmes (Article 11, paragraph 1, section 1 of the Regulation), on the basis of which the concession fee was determined, estimating the amount of invested capital in relation to operating expenses and revenues and assumed profit (Article 12, paragraph 2 of the Regulation). However, in practice, the duration of the concession, as well as the amount of the fee were determined in a standardized way, completely regardless of the submitted documentation.

The SA contained several provisions that referred precisely to the aspect of the time duration of the right to use the maritime domain that was converted into a concession. The basic rule was based on the principle of protection of acquired rights, i.e., the decision and the concession agreement were given for the period for which the user was assigned the maritime domain for use according to the AMWDPP.

However, in case when such a deadline was not prescribed (because according to the AMWDPP the content of the decision on assigning the maritime domain for use was not necessary), as well as in the case when that deadline had already expired, the decision was made by the competent body in accordance with the provisions of the SA (Article 65, paragraph 6 of the SA). This provision puts the users of the maritime domain who had a time unlimited (permanent) right to use the maritime domain (and that expected their acquired right to be respected) in the equal position with those that at the time of submitting an application no longer had any legal grounds for using the maritime domain, because their right ended after the term for which it was granted to them expired.

It is to be assumed that the legislator's intention was not to inflict injustice on those users who had a time unlimited right to use the maritime domain, but to allow all entities that invested in the maritime domain to exploit such an enriched maritime domain economically. Since a concession is, by definition, a time-limited right, the legislator wanted to somehow resolve the fate of those rights that were not time-determined. However, the provision of Article 65, paragraph 5 of the SA was and remains extremely unfair, precisely for those users of the maritime domain who had the right to permanent use of the maritime domain, i.e. for shareholders and share transferees in such companies whose right became time-limited.

The provision of Article 65, paragraph 6 of the SA did not stipulate special criteria for determining the time duration of the concession, but only stipulated that the decision be made by the authority referred to in Article 28, paragraph 3 of the SA, i.e. by the Government of the Republic of Croatia for special purpose ports of importance for the Republic of Croatia for a period up to 33 years, and by the Parliament of the Republic of Croatia for a period from 33 to 99 years, and by the county government in special purpose ports of importance for the county for a period of up to 12 years. Thus, the duration of the concession was determined by the classification of ports by importance for the Republic of Croatia, which was particularly restrictive for ports of county importance. Here, concession grantors also granted concessions, as a rule, for a maximum period of time – county assemblies granted concessions for up to 12 years, while the Government granted concessions for 32 years.³⁵

³⁴ OG, Nos. 108/96, 158/03, 23/04 (hereinafter referred to as: Regulation on the process of assigning the concession or Regulation).

³⁵ Thus, the County Government of Zadar County passed a Decision on the concession of the maritime domain for the purpose of economic use of a special purpose port, which replaces the Decision by the Municipal Assembly of Biograd na Moru, No. 01-2068/3-1976 of 27 December 1976 granting the right to use the maritime domain for the construction of the sports port-marina "Ilirija" and the Agreement on granting the right to use the maritime domain for the construction of a special purpose port, No. 03-2-329/1-1997 concluded on 10 February 1977 by a decision on granting a concession for a period of 12 years (see Articles 1 and 3 of the Decision, Class 324-01/98-01737:, Prot. No.: 2198/1-03-98-2 of 8 December 1998), although according to the previous decision, this right was granted for an unlimited period of time, i.e. as long as the user engages in sports activities on that property.

The Government of the Republic of Croatia passed the decision on concession of the marine domain for the purpose of economic use of the special purpose port – nautical tourism port Kornati, which accepted the application submitted by the existing user "ILIRIJA" d.d., Biograd n/m for further economic use of the maritime domain of the special purpose port for a period of 32 years, counting from signing the Concession Agreement (Article IV of the Decision, Class: 934-01/98-02/09, Protocol Number: 5030116-98-2 of 10 December 1998, OG, No. 160/1998). According to the previous Decision and the Agreement, the right to use the maritime domain was granted for an unlimited period of time, i.e. as long as the user engages in economic activity.

The classification of ports by importance was regulated by the Decision on the classification of special purpose ports.³⁶ The exclusive criterion for the classification of nautical tourism ports by importance was the berth capacity (numerical only) of such ports. Thus, ports with a capacity of up to 200 berths in the sea were ports of county importance and could be granted a concession for a maximum of 12 years, while in the case of ports with a capacity of more than 200 berths, a concession could be granted for up to 99 years. Neither the amount of investment, nor the expected period of amortisation of investment, quality and quantity of additional services, number of employees, revenues, port area, size of berths were of importance.³⁷ Industrial ports were classified as those of importance for the Republic of Croatia if ships over 1,000 GT could sail into them, while those of importance for the county if ships up to 1,000 GT could sail into them. Neither the annual port traffic, number of berths, port capacities nor connection of the port with railway and road infrastructure were taken into account, which with no doubt are the circumstances that affect the importance of the port (and that is stipulated by the provisions on classification of ports open to public traffic). The criteria for the classification of shipyard ports have not been further analysed, i.e. those shipyard ports with a slipway size over 50 meters, i.e. a dock size over 1,000 tonnes of carrying capacity were of importance for the Republic of Croatia, while those with smaller slipways (regardless of the number of slipways and number of orders and delivered ships or their value) or with a dock size of less than 1,000 tonnes of carrying capacity were ports of importance for the county. Sports and fishing ports have always been ports of importance for the county, regardless of their capacity and all other circumstances that could and should really affect their classification.

Finally, it should be noted that the classification of ports by activities (military ports, ports of inner affairs authorities, nautical tourism ports, industrial ports, sports ports and fishing ports) is not a closed list, but these ports were only exemplary listed (as in the AMWDPP). It is, therefore, justified, to ask the question as to how the classification was determined by importance for such ports.

It is clear that the criteria presented were not fair, particularly given that the classification of ports by importance had a direct impact on the time duration of the concession. It is quite reasonable to wonder whether in such a short period for which a concession for a port of importance for the county could have been granted, the value of the investment in the maritime domain could have been depreciated at all, and it is certain that no profit could have been earned and which would have been earned if the right to use the maritime domain had remained unlimited.

Decisions made pursuant to Article 65 of SA for former holders of rights of use had the same negative effects as decisions on the transformation of rights in the out-of-port area, according to MC/94 – acquired rights are limited, and legitimate expectations of the company or its shareholders and share transferees that they could use the maritime domain permanently are not met.

5 Conclusion on acquired rights and legitimate expectations of former holders of the right to permanent use of the maritime domain

Socially-owned enterprises that were holders of the right to use the maritime domain underwent, after the independence of the Republic of Croatia, two procedures that significantly affected their legal position today. The first was the process of transformation of socially-owned enterprises into companies, during which, among other, the value of investment in the maritime domain was assessed and included in the value of social capital, which was the basis for the issue of shares. The second process was the process of transformation of the right to use the maritime domain into the concession right.

Some companies as successors of socially-owned enterprises that also had assets on the maritime domain sustained damage in the process of transformation of socially-owned enterprises, some in the process

³⁶ OG, No. 38/96. See Articles III and IV of the Decision.

³⁷ The fact that the importance of the concession needs not be proportional to the length of its duration was pointed out by Prof. Borković. See: Borković, Ivo, *Primjena općeg pravnog režima koncesije na pomorsko dobro / Application of the general legal regulations of concession to the maritime domain*, in: *Pomorsko dobro i koncesije / Maritime domain and concessions* (ed. Matulović, M.), Faculty of Law of the University of Rijeka, Rijeka, 1995, p. 25.

of transformation of rights, and some sustained damage in the both processes. At what point they sustained damage is related to the duration of the right to use the maritime domain granted according to the AMWDPP.³⁸ As a matter of fact, the duration of the right to use the maritime domain did not affect the assessment of the value of the company in the process of transformation, and it seems that, in order to achieve a fair outcome of the transformation process, it should have affected it. As a matter of fact, in addition to the amount of investment in the maritime domain, the base for the valuation and, consequently, for the issue of shares, should have been also the right to use the maritime domain itself, as a subjective property right, which was part of the social enterprise's assets. This is because it is precisely the time during which the maritime domain refined by the investments can be exploited that is crucial to the assessment of the real value of such socially-owned enterprises.

For those companies that had an unlimited right to use the maritime domain, the process of transformation of socially-owned enterprises had no negative effects. Ownership of the maritime domain could not be acquired, so the companies remained the holders of the permanent right to use the maritime domain, while the value of their investment in the maritime domain was assessed and entered in the share capital. These companies, as well as their shareholders and share transferees suffered damage in the process of transformation of the right to use the maritime domain into the concession right, because the previously acquired permanent right to use according to that process became time-limited in out-of-port areas to a maximum period of 12 years and in the areas of special ports depending on their importance it was time limited to a period of 12 or 32 years. Such a replacement process not only significantly limited the once permanent right, which affected the further (in)ability of generating profit by economic exploitation of the maritime domain, but also put some companies in a situation where they will not be able to depreciate their investments (both those investments before the process of transformation and those made until the transformation of the right for use of the maritime domain into the concession right), and they will not make profit from such investments (which is why they were originally made!). Thus, the negative effects of the transformation carried out by assessing the investments in the maritime domain into social capital and then entered into the share capital of the company, occurred for these companies at the time of transformation of the right to use the maritime domain into a concession. The transformations of rights took place after the processes of transformation (and privatisation) of socially-owned enterprises into companies had already been completed in relation to a significant number of socially-owned enterprises. Therefore, the shareholders, i.e. the share transferees in the transformation process, did not know or should have known that the right to use the maritime domain would become limited in time, but could reasonably and legitimately expect that it would continue to be unlimited in time.

³⁸ Companies that had time limited rights of use were in the process of transformation of socially-owned enterprises in worse position than companies with an unlimited duration of the right of use. Investments in maritime domain were assessed in the same way as those of companies with an unlimited duration of the right to use the maritime domain, although their possibility of further economic exploitation of the maritime domain was time-limited by the duration of the right to use the maritime domain. These companies (i.e. their shareholders and share transferees) expected that their right to use the maritime domain would be extended (some thought they should get it for free) because of the same way of assessing the investment and not relating it to the duration of the right of use. Their right to use was replaced by a concession lasting as long as the right of use. Although in this way the acquired right, that is, the right to use the maritime domain was respected, they were, in fact, put in an unequal position compared to other entrepreneurs whose investments in the maritime domain were assessed in the same way, thus violating the constitutional provision of Article 49, paragraph 2, which stipulates that the Government ensures an equal legal position to all entrepreneurs on the market.

The third group of companies are those whose right to use the maritime domain has expired. As a matter of fact, although the SA regulates the "replacement" of the right to use by a concession, these companies are granted a new right, namely the concession right for the same duration as the companies that had a time unlimited right to use the maritime domain (12, i.e. 32 years). Although the provision of SA is very favourable for these companies, it should be taken into account that the value of investments in the maritime domain was also included into the assessment of social capital in these companies. Although Vukmanović and Frković do not make a difference between the above categories of companies, they state that many companies established in the process of transformation (whose ancestors invested in the maritime domain and their investment was assessed and included in the share capital) considered that they should have received a free concession for the value equivalent to the estimated investment and pointed out that they had been misled and that social capital had been overestimated to them (See: Vukmanović, Vukmanović, D., op. cit., p. 125), i.e. that they considered it unfair that the facilities, which they had built themselves, were paid by them through the equivalent value of shares (and sometimes on land that was not originally the maritime domain, but which they acquired by paying a charge for it), and ultimately have only a time-limited concession which is charged. See in: Frković, S., Stećena prava... /Acquired rights.../, op. cit., p. 170.

The legal provisions of Article 1039 MC/94 and Article 65 of SA, which were the legal basis for the transformation of these rights, and compliance with them grossly violated several provisions of the Constitution of the Republic of Croatia and its basic principles. Arbitrary (i.e. uniform) decision on the duration of the concession resulting from the transformation of the right to use the maritime domain violated the equality of entrepreneurs in the market, which is a constitutionally protected right according to Article 49, paragraph 2. More importantly, the transformation of the permanent right to use the maritime domain into a time-limited concession after the shares or stakes of the company had been sold resulted in the damage inflicted to the investors, which act violated thus the Constitution, i.e. its provisions under Article 49, paragraph 4, which stipulates that the rights acquired by investing capital may not be reduced by law or other legal regulation. There was also a violation of the constitutional guarantee of ownership rights (Article 48 of the Constitution of the Republic of Croatia), which protects not only the right to ownership, but a very wide range of private rights, i.e. all private property rights.³⁹ The Constitution itself, however, provides for a possibility of legal restriction and deprivation of property rights, but this is allowed only against the compensation of the market value (Article 50, paragraph 1 of the Constitution of the Republic of Croatia). We find it indisputable that the right to permanent use of the maritime domain, as a subjective property right, was an integral part of the company's assets (as it is today the concession right) and that it falls under the guarantee of property rights under Article 48, paragraph 1 of the Constitution of the Republic of Croatia and Article No. 1 of Protocol No. 1 to the Convention for the Protection of Human Rights and Fundamental Freedoms.⁴⁰ This subjective property right has been substantially changed in terms of content – it is limited in time, which will result in deprivation of rights after the expiry of the time limit, without paying compensation for such restriction or deprivation of rights to former holders of the right to use that changed into a concession.

The enactment of acts that violate the guarantee of constitutionally guaranteed rights also violates the principles of constitutionality and legality, which means that all acts must be in accordance with the Constitution (Article 5 of the Constitution of the Republic of Croatia), i.e. two fundamental values of the constitutional order, that is, inviolability of ownership and the rule of law under Article 3 of the Constitution of the Republic of Croatia were violated.

The term the rule of law means a power system based on compliance with the constitution, acts and other regulations, both by citizens (addressees of legal norms) and by the holders of state power (addressors of legal norms).⁴¹ The legislator is here the holder of power, it violated all the above Constitutional provisions by applying one provision. These acts are part of the legislative stampede and normative optimism that followed the independence of the Republic of Croatia, which marked the belief that legal changes can solve problems and carry out major reforms, while neglecting the issues and problems of law enforcement at the same time.⁴²

The problems presented (as well as those mentioned only incidentally related to those companies that had a time-limited right to use the maritime domain) that occurred as a result of the transformation of socially-owned enterprises with assets, among other locations, on the maritime domain followed by the transformation of the right to use the maritime domain into a concession date back to the time when the AMWDPP was valid and when decisions on assigning the maritime domain for use were made by the municipal assemblies. The law at those times did not contain the rules on how to determine the duration of the right to use the maritime domain, so decisions on the duration of the right were generally unrelated to the planned investments, the importance of the facility and the like. In fact, even in case of time-limited rights of use, it was widely believed that these rights (if exercised in accordance with contractual and legal obligations) would

³⁹ For ownership guarantee as the fundamental human right see: Gavella, Nikola, in: Gavella, N. et al., *Stvarno pravo / Right in rem*, vol. 1, Narodne novine, Zagreb, 2007, pp. 353-369.

⁴⁰ The guarantee of ownership rights, at the constitutional level, protects this right from encroaching on the ownership rights of an individual by the state, understood in a very broad sense (in principle, all property rights). See, for example, Decisions of the Constitutional Court of the Republic of Croatia, U-III-661/1999 of 13 March 2000, U-III-72/1995 of 11 April 2000.

⁴¹ Lauc, Zvonimir, "Načelo vladavine prava u teoriji i praksi / The principle of the rule of law in theory and practice", *Pravni vjesnik (The Journal of Law)*, year 32., No. 3-4, 2016, p. 48.

⁴² For more see: Smerdel, Branko, *Promjena vlasti i izgledi ustavne vladavine / Change of government and prospects for constitutional rule*, p. 86, website <https://tripalo.hr/wp-content/uploads/2015/10/HRVATSKA-KAKO-DALJE-ZADANOSTI-I-MOGU%20C4%86NOSTI-9.pdf>; Smerdel, Branko, *Croatian legal system and the constitutional principle of the rule of Law*, scientific conference „Ostvarenje vladavine prava u hrvatskom pravnom sustavu” / Accomplishment of the rule of law in the Croatian legal system/, Zagreb, 2001.

be extended to the social enterprise, since the use of the maritime domain was, as a rule, aimed at earning profit by a social enterprise.

The provisions on the transformation of the right to use the maritime domain into time-limited concessions led to the application of a new institute that had been previously unknown, to the relations that resulted from the application of previous regulations. Companies, their shareholders or share transferees at the time of transformation certainly did not expect that the right to use the maritime domain that was granted without a time limit (or was limited by the condition "as long as an economic activity is performed") would become limited in time, particularly not for a short period of 12 years or less in the case of the maritime domain in the out-of-port area and in ports of importance for counties. Moreover, they had an acquired right and a legitimate expectation that they would be able to continue to exercise that right to the extent they had acquired it.

Decisions made on the basis of provisions MC/94 and SA on the transformation of the right to (permanent) use of the maritime domain into the right of economic use of the maritime domain on the basis of a time-limited concession violated the interests of these companies by grossly encroaching on their acquired rights.⁴³

The principle of protection of acquired rights is an important principle of our legal order, which together with the principle of protection of legitimate expectations and prohibition of retroactive effect of regulations form a part of the principle of legal certainty⁴⁴ and thus the broader legal principle of the rule of law under Article 3 of the Constitution of the Republic of Croatia.

Although acquired rights should be distinguished from legitimate expectations (which are focused on the right of a party to acquire the right guaranteed to it by the law at the time of initiating an administrative proceeding), these are very similar concepts, so the application of the principle of protection of legitimate expectations protects the holders of the acquired rights, that is, their legitimate expectations that they will continue to exercise their acquired right in accordance with the contents of that right.⁴⁵

The violation of the acquired rights was caused to the former holders of the permanent right to use the maritime domain and to those who had that right as long as they perform their activity. From the today's perspective, it is difficult to understand the former rights of use to the full scope, and in particular the permanent right of use. However, it was practically equated with the right of ownership and none of the former holders of such a right could even think that one day this and such a right could be narrowed or revoked. This is all the more so because these rights were verified by a certain individual final administrative deed. A legal entity that has acquired such a right was guaranteed the security of its legal position. In connection with this, it was right to expect the resolution of any future situation in such a way that this right, once exercised and granted, cannot be taken away from it, provided that it carries out its economic activity properly. On the basis of this "forever" acquired right, various activities and investments were planned, always and given the objective and reasonable basis that the acquired legal position would remain unchanged. This predictability of the acquired legal position constitutes a broader notion of legal certainty in the theory of the European Union Act as well, where such legitimate expectations are general legal principles applied precisely in situations where there is no written legal norm, while the rules of the former legal order are replaced by new rules, according to which such rights can no longer arise (the same as in case of the right to use the out-of-maritime domain, they cannot be converted into a right of ownership). There is no doubt that the changes in regulations have grossly violated the acquired

⁴³ Acquired rights are subjective rights or powers acquired by a court decision or a decision by a competent body, in accordance with the rules in force at that time, which should not be affected by a subsequent change of legal regime (legal rules), although these rights could not arise according to the new legal regime. Such rights should not be derogated, restricted or left without legal protection.

⁴⁴ The protection of acquired rights enters into the content of the principle of legal certainty, as a general principle, and in the practice of the European Court of Justice. For more on these principles see: Šikić, Marko, Ofak, Lana, *Nova načela upravnog postupka /New principles of the administrative procedure/ (s posebnim naglaskom na razmjernost, legitimna očekivanja i stečena prava /with a special emphasis placed on proportionality, legitimate expectations and acquired rights/*, Zbornik Pravnog fakulteta Sveučilišta u Rijeci /Collection of papers of the Faculty of Law of the University of Rijeka/, vol. 32, No. a, pp. 127-151.; Đerđa, D., op. cit., pp. 83-113.; Vezmar Barlek, Inga, *Primjena načela legitimnih očekivanja u praksi Upravnog Suda Republike Hrvatske /Application of principles of legitimate expectations in practice of the Administrative Court of the Republic of Croatia/*, Zbornik Pravnog fakulteta Sveučilišta u Rijeci /Collection of papers of the Faculty of Law in Rijeka/, vol. 32, No. 1, 2011, pp. 578-579.

⁴⁵ For more details about the content of the principle of protection of legitimate expectations in the administrative Act, see Đerđa, D., op. cit., pp. 86-89.

rights (and thus the legitimate expectations) of such legal entities. Their permanent rights were replaced by a time-limited concession right, whereby the right to compensation after the termination of the concession is not prescribed at all. Thus, their former acquired rights based on the former act and individual legal regulation, were completely changed in terms of content, while their legitimate expectations were greatly violated.

The operation of the principles of protection of acquired rights and protection of legitimate expectations should have protected former holders of the permanent right to use the maritime domain as well as those holders of permanent right to use the maritime domain who exercised these rights as long as they perform their activities, since they acquired these rights according to final administrative decisions taken by municipal assemblies. There is no doubt that they acquired rights and therefore legitimate expectations that they would be able to exercise these rights in the future in accordance with the content of that right, i.e. on the conditions on which the right was acquired, i.e. for time-unlimited term. As a matter of fact, former holders of the permanent right to use the maritime domain or the right to use for as long as they perform their activity, had a legitimate expectation that the conditions under the individual administrative deeds would be met. Such an attitude is also expressed in the decision of the Constitutional Court of the Republic of Croatia, "given the reasonably justified confidence in the final and non-appealable administrative deed that had a valid legal basis, in which case the request was sufficiently established and thus enforceable, which qualifies it as "property" within the meaning of Article 1 of Protocol No. 1 to the Convention for the Protection of Human Rights and Fundamental Freedoms.⁴⁶ The Constitutional Court further concluded in the cited decision that the said legitimate expectation was in itself intrinsic for the applicant's property interest, so in the present case, the final building permit (and in our case, the final decision on the right to permanent use of the maritime domain) is an integral part of the applicant's property covered by Article 48, paragraph 1 of the Constitution and Article 1 of Protocol No. 1 to the Convention.

In addition, it should be noted that the companies that were holders of the right to use the maritime domain, after the transformation, and before the transformation made certain investments in the maritime domain, which was also not evaluated in the process of transformation of the right to use into the concession right, that is, it prevented depreciation of all investments.⁴⁷ It was not taken into account that certain investments may be required during the term of the concession. It should be emphasized here that the investments made to meet legal provisions (meeting technical, environmental, safety or other standards),⁴⁸ constitute an increase in the value of that part of the maritime domain, so such investments must be valorised either by extending the concession pursuant to Article 22 of the Act on the Maritime Domain and Seaports or by paying monetary compensation for the relevant value of the investments, because otherwise acquisition on no valid legal grounds on the part of the state, that is the holder of legal power on the maritime domain would occur.⁴⁹

Numerous concessionaires used the opportunity of filing an application for the extension of the period for which the concession was granted in accordance with Article 28, paragraphs 7 and 8 of the SA⁵⁰ or Article 22 of MDSPA⁵¹, and they were, as a rule, approved to them. However, this was not always the case.⁵² The rea-

⁴⁶ Judgment of the Constitutional Court of the Republic of Croatia, Number: U-III B-1373/09 of 7 July 2009.

⁴⁷ Thus, for example, in 1996 an investment was made in the reconstruction of the port "Ilirija" (originally sports port-marinas), thus fulfilling the obligation under the Decision of the Zadar-Knin County, Office for Physical Planning, Housing and Utility Affairs, Construction and Environmental Protection of 10 August 1995, Class: UP/I-362-02/95-01/15, Prot. No.: 2198-05/1-95-1. Reconstruction was carried out according to the obtained Change - Amendment to the building permit issued by the Office for Physical Planning Housing and Utility Affairs, Construction and Environmental Protection, Zadar-Knin County, Biograd na Moru Branch, Class: Up/I-361-03/96-01/32, Prot. No.: 2198-05/1-97-4 of 10 February in 1997.

⁴⁸ An example of such an investment is also the investment in the port "Ilirija", which was made by the company Ilirija d.d. with the consent of the Port Authority of Zadar County for deepening the seabed to meet conditions for categorisation of nautical tourism port - mooring, for which the Decision on categorisation Hotel ports Kornati, of 11th September, 2006 issued by the State Administration Office in Zadar County, Class: UP/-334-08/04-01/32, Prot. No.: 2198-08-06-8 was obtained.

⁴⁹ In this sense, see the Verdict by the Supreme Court of the Republic of Croatia, VSRH, Revt-73/09-2 of 2nd March 2010, Tuhtan Grgić, I., Bulum, B., op. cit., pp. 327-328.

⁵⁰ The Government of the Republic of Croatia could extend the contract by a total of 50 years, while the county government could extend it only with the consent of the Government of the Republic of Croatia to a total of 24 years.

⁵¹ OG, 158/2003, 100/2004, 141/2006, 38/2009, 123/2011, 56/2016 (hereinafter referred to as: the MDSPA).

⁵² Thus, the request for the extension of term of concessions on the maritime domain for economic use of the outdoor swimming pool submitted by concessionaire ILIRIJA d.d., which was filed for the planned adaptation of the swimming pool (i.e.

sons stated in the provision of Article 22 of the MDSPA, on the basis of which the concessionaire may request an extension of the concession are very general – “if new investments justify it economically” and “if force majeure occurs” so almost all major extraordinary investments could actually fall under one of these two points. However, since the MDSPA neither prescribes the procedure according to which such an extension is allowed nor does it prescribe the criteria for making such a decision, its adoption is left to the discretion of the concession grantor. In accordance with the provision of Article 98 of the general Administrative Procedure Act⁵³ the Decision should be explained in a way that it shows the reasons which were decisive when assessing the request, or the reasons for which the concessionaire's application was not accepted.⁵⁴ However, such an extension could be requested only if the new investments justify such an extension economically or in case of occurrence of force majeure or changed circumstances for which the concession objectives cannot be achieved during the concession period. This extension can therefore in no way be treated as compensation for introducing the time-limited concession.

Failure to address these issues will lead to situations where, upon termination of the concessions for the economic use of the maritime domain, the investments made in the maritime domain will have to be removed from the company's assets, and if there are not enough funds in the company's reserves, the share capital will have to be reduced, which will affect the decrease in the value of shares in some situations, and possibly it will result in illiquidity, bankruptcy and even winding up of the company. For companies whose activity is primarily related to the economic use of the concessioned maritime domain, such consequences are very likely. By removing the investment from the company's assets, however, that investment will not cease to exist. It is now an added value to the maritime domain, and at that point acquisition on no valid legal grounds on the part of the state will occur. As a matter of fact, the state will grant concession of such a maritime domain, constructed by means of the investment that was assessed and then sold to shareholders and share transferees in the process of transformation and privatisation and thus increase its assets (once again).

The Supreme Court of the Republic of Croatia has confirmed the possibility of applying the institute of acquisition on no valid legal grounds by the state due to investments made in the maritime domain, even though it is a public domain. As a matter of fact, the Supreme Court of the Republic of Croatia has taken the position that the application of the institute is not impossible only due to the fact that it is a property that is not owned by anyone, because the notion of property should be interpreted in the light of mandatory law as any potential benefit or a possibility of increase in the assets or rights of one person, not only just the right of ownership and any other rights *in rem*. By assigning the maritime domain for economic use on the basis of a concession with the concessionaire's obligation to pay the concession fee, the concession grantor⁵⁵ benefits

according to the provision of Article 22 of the MDSPA, which authorizes the County Assembly to make a decision on extending the concession up to maximum 30 years if the new investments is reasonable) was accepted only partially, because the extension by the required 20 years was not approved, but instead, the concession was extended by the time required for the final definition of the maritime domain border for the concession area, no later than 31 December 2010”, that is only by two years. The decision has no explanation and does not mention investments (except indirectly, when invoking Article 22 of the MDSPA, which is the basis for making a decision) (see Decision of the Zadar County Government, Class: 324-01/08-02/34, Prot. No.: 2198/1-03-09-3 of 3 February 2009). For a problem of valorisation of the investments in the maritime domain and arbitrariness of the decision on (non)extension of the concession see Tuhtan Grgić, Iva, Bulum, Božena, Problem valorizacije zakonitih ulaganja u lukama nautičkog turizma u Republici Hrvatskoj /Problem of valorisation of legal investments in the nautical tourism ports in the Republic of Croatia/, *Pomorsko poredbeno pravo /Maritime Comparative Law/*, vol 57, No. 172, 2018., pp. 319-332.

⁵³ OG, 47/2009.

⁵⁴ Ilirija d.d. filed a request for the extension of the concession under the same conditions for the nautical tourism port called Hotel Port Kornati, referring precisely to the investments that were not depreciated, and the concession expired. In the negative response (statement) of the Ministry of the Sea, Transport and Infrastructure to the request for extension of the concession for the nautical tourism port, Hotel port Kornati, the Ministry (erroneously!) invoked the provision of Article 46 of the Concessions Act (OG, 125/08, hereinafter: CA), explaining that the extension would be possible only if the request was filed before CA entered into force. (Class: 34201/11-01/24, Prot. No.: 530-04-11-2 of 31 January 2011). However, the assessment of the application of *lex specialis derogat generali* rule considered the provision of Article 4, paragraph 3 of that Act as important, according to which the conditions, procedure, manner and other issues of importance for granting concessions for a particular area or activity are governed by a special act. The cited provision shows that the norms of special acts, i.e. the MDSPA, and thus its Article 22 should have been primarily applied to concessions.

⁵⁵ Today, care should be taken that the concession fee is divided into three parts, one third is paid to the state budget, one third is paid to the county budget, and one third is paid to the city or municipality budget (Article 13 of the MDSPA), while according to MC/1994 the concession fee was the concession grantor's income.

from the increased value of the maritime domain, even though it is not its ownership. Thus, upon termination of the concession of the current concessionaires, the concession grantor will be able to grant the concession not only of the built (refined) maritime domain, but very often already established related brand against a high concession fee.

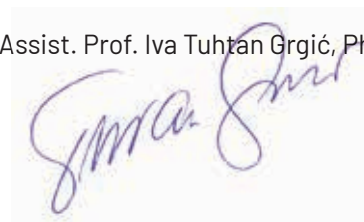
The argument suggesting that in this case it is an acquisition on valid legal grounds (concession agreement concluded according to MC/94 and SA) can be confronted by the argument that the very provisions of these acts were unconstitutional, as explained above. It is the State that gave itself (invalid) legal grounds for the acquisition of something that it was not entitled to by enacting these unconstitutional regulations – that is, that belonged to the former holders of the right to use the maritime domain. Therefore, it could be said that in specific cases it is an unjust enrichment, as a heterogeneous institute broader than the acquisition on no valid legal grounds.⁵⁶ This moment occurs by expiry of the term for which the concession contract was concluded, because only at that moment the investment is removed from the concessionaire's assets followed by the acquisition by the concession grantor. However, in order to avoid initiating and conducting long-term disputes for acquisition on no legal grounds in practice, the legislator could correct the mistakes made so far by enforcement of legal regulations governing this issue.

The situation we have today is not the result of poor application of quality laws, but the application of poor quality laws. The whole cause of the problem lies in confusing and vague regulations on transformation and on maritime domain, the lack of special regulations on transformation on the maritime domain and poor provisions on the transformation of the right to use the maritime domain into a concession right. Responsibility for confusing and poor quality regulations is not to be borne by courts, administrative bodies, land registry managers, or unscrupulous individuals who wanted to get something more than what belonged to them in the process of transformation. Responsibility is to be borne by the legislator.⁵⁷

The legislator should, as soon as possible, undo this injustice and guarantee to companies that are successors of socially-owned enterprises that had their assets on the maritime domain a minimum right based on "commercial fairness." Such fairness could be achieved, for example, by compensating trade companies whose ancestors had invested in the maritime domain for the right that is limited to them and which will be terminated, either by a new concessionaire that must compensate for the investment but also buy the brand, or by extending the concession (as a one-time measure, but at that time the grantor should take into account all the investments and guarantee the rights acquired by investing the capital) with a concession fee that allows depreciation of investments, etc. Although at first glance, the extension of a concession or prescribing a right to compensation may seem contrary not only to local but also European regulations on concessions, we believe that it as a one-time measure passed by the legislator aimed at rectifying the violation of acquired rights would not only be justified, but also desirable, because such substantive encroachments of subjective property rights under Article 48, paragraph 1 of the Constitution of the Republic of Croatia were committed, which should result in the obligation to compensate the market value of the seized property under Article 50, paragraph 1 of the Constitution.

Rijeka, 11th May 2020

Assist. Prof. Iva Tuhtan Grgić, PhD



⁵⁶ Miladin, Petar, Markovinović, Hrvoje, Obogaćenje kao pretpostavka neopravdanog obogaćenja (stjecanja bez osnove) /Enrichment as a prerequisite for unjust enrichment – acquisition on no grounds/, Zbornik Pravnog fakulteta u Zagrebu (Collection of papers of the Faculty of Law in Zagreb), No. 68, (1), 2018., p. 6.

⁵⁷ Tuhtan Grgić, Iva, Stanković, Gordan, Pretvorba, zakonita ulaganja, stečena prava i legitimna očekivanja na pomorskom dobru, Working materials for Expert Advising, Transformation, legal investments, acquired rights, legitimate expectations and application of legal regulations on the maritime domain, held on 20 November 2019, organised by Kundih savjetovanja, Rijeka, p. 4.



II The document entitled Acquired rights and legitimate expectations of former holders of the right of use of the maritime domain for an indefinite period as well as for a limited period “for as long as economic activity is being carried out” is based on the documentation of the former socially-owned enterprise Ilirija



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Pursuant to Article 5 and Article 42 of the Act on Maritime and Water Domain, Ports and Piers ("Official Gazette of SR Croatia", No 19/74) and Article 239 of the Statute of the Municipality of Biograd na Moru ("Official Journal of the municipalities Benkovac, Biograd na Moru, Obrovac and Zadar", No 11/86), the Assembly of the Municipality of Biograd na Moru, on the 4th meeting of the Chamber of Associated Labour held on 10 October 1986 and the 4th meeting of the Chamber of Local Communities held on 10 October 1986, adopts the following

D E C I S I O N

on granting the right to use the maritime domain

I For the purpose of the construction of an outdoor swimming pool, HRO (Hotel Enterprise) "ILIRIJA" from Biograd na Moru hereinafter: the User) is hereby granted permanent use of the maritime domain designated under land plot numbers 3217/2 and 3800 according to the new survey, with a total surface area of 14,629 m² and forming a part of Cadastral Municipality of Biograd na Moru.

II The fee for the use of maritime domain in the lump sum amount of 292,580.00 shall be paid annually into the account of Self-managing Community of Interest for Housing and Public Utilities of the Municipality of Biograd na Moru.

III The User of the maritime domain shall start the construction of the outdoor swimming pool within 6 months, and complete the facility within three years from the date of being granted the right.

IV The User shall sign an agreement with the Municipality of Biograd na Moru on the rights and duties in relation to the allocated maritime domain.

V All other legal and natural persons shall be prohibited from using the allocated maritime domain, except under conditions to be prescribed by the User.

VI HRO "ILIRIJA" shall adopt an ordinance on the manner of use and maintenance of the maritime domain allocated to it.

VII The User of the maritime domain has the right to legal protection regarding any kind of violation related to the use of the domain in question.

VIII The right to use the maritime domain cannot be transferred to another legal or natural person.

ASSEMBLY OF THE MUNICIPALITY OF BIOGRAD NA MORU

NUMBER: Up/I-C3-2-1996/1986
Biograd na Moru, 10 October 1986

CHAIRMAN
OF THE CHAMBER OF ASSOCIATED LABOUR
Miljenko Lepur

CHAIRMAN OF THE ASSEMBLY
Vladimir Smajić

CHAIRMAN
OF THE CHAMBER OF LOCAL COMMUNITIES
Živko Jurjević

Pursuant to Article 42 of the Act on Maritime and Water Domain, Ports and Piers ("Official Gazette", No 19/74) and Article 267 of the Statute of the Municipality of Biograd na Moru ("Official Journal of the municipalities Benkovac, Biograd na Moru, Obrovac and Zadar", Nos 3/74, 6/78 and 3/82), the Assembly of the Municipality of Biograd na Moru, on the 9th joint meeting of the Chamber of Associated Labour, Chamber of Local Communities and Chamber of Social and Political Organisations and Communities, held on 14 June 1983, adopts the following

D E C I S I O N

on granting the right to permanently use the maritime domain

1) The Decision of the Assembly of the Municipality No 01-717/1981 of 26 November 1981 according to which the Hotel Enterprise "Ilirija" was granted the right to use the maritime domain, is hereby revoked and replaced by a new decision as follows:

2) For the purpose of constructing a marina, the Hotel Enterprise "ILIRIJA" is hereby granted the right to permanently use the maritime domain (Jaz Bay) shown on the layout plan at a scale of 1:1000 prepared by the Cadastre and Geodetic Administration of the Municipality of Biograd na Moru, which forms an integral part of this Decision.

3) The borders of the area on which the construction works will take place are marked by the Bakulov mul wharf and the TPK pier on the mainland, in accordance with the layout plan.

4) The Hotel Enterprise "ILIRIJA" from Biograd na Moru as the User of the maritime domain shall construct on the maritime domain a special purpose port pursuant to Article 42 of the aforementioned Act, all according to the urban development conditions, projects, permissions and authorisations for construction issued for this purpose by the competent authorities and organisations on the basis of the rights granted and taking into account the aforementioned borders.

5) All other legal persons and entities shall be prohibited from using the allocated maritime domain, except under conditions to be prescribed by the User.

6) The fee for the use of maritime domain in the lump sum amount of HRD 50,000.00 (in words: fifty thousand) per year shall be paid by the User.

This fee shall be valid until the end of the period that will be agreed for the repayment of the loan for the construction of the special purpose port. After the expiration of this period the amount of the fee shall be agreed upon separately.

7) The User shall pay the fee for the use of maritime domain to the Self-managing Community of Interest for the Financing, Upgrading and Maintenance of Small Ports of the Municipality of Biograd na Moru, and the fee shall be payable from the first year of operation of the facility.

8) The Hotel Enterprise "Ilirija", as the User, shall be entitled to use the allocated maritime domain for an indefinite period, i.e. for as long as it is engaged in economic activity in that domain, or until the circumstances envisaged in Articles 15, 16, 17, 18 and 19 of the aforementioned Act arise.

9) In the event of withdrawal of the right to use due to a change in the purpose of the allocated maritime domain, the User shall be compensated for the funds invested in that maritime domain and work performed.

-2-

10) The User shall sign an agreement with the Municipality of Biograd na Moru on the rights and duties in relation to the allocated maritime domain, within 15 days of receiving the invitation to sign such an agreement.

11) The investiture of the User shall be conducted by the Secretariat for General Administration and Budget of the Municipality of Biograd na Moru.

12) The Land Register Department of the Municipal Court of Biograd na Moru shall, on the basis of this Decision and the drafted agreement, register the right to use the maritime domain in favour of the Hotel Enterprise "Ilirija" from Biograd na Moru.

R e a s o n i n g

The Hotel Enterprise "Ilirija" submitted a request to be granted the right to permanently use the maritime domain as stated in the operative part for the purpose of constructing a special purpose port.

As the preparations were carried out properly, and there is a great need for the establishment of such facilities in Biograd na Moru, the request was resolved as stated in the operative part, in accordance with the provision in the introductory part of the aforementioned Act.

APPEAL GUIDANCE:

An appeal is not admissible against this Decision, but an administrative dispute may be initiated before the Administrative Court in Zagreb within 30 days from the date of service of this Decision.

NUMBER: 01-717/1981.

Biograd na Moru, 14 June 1983

ASSEMBLY OF THE MUNICIPALITY OF BIOGRAD NA MORU



CHAIRMAN OF THE ASSEMBLY
Niko Tolić, dipl. oec.

1983. 6.

Pursuant to Article 42 of the Act on Maritime and Water Domain, Ports and Piers ("Official Gazette of SR Croatia", No 19/74) and Article 266 of the Statute of the Municipality of Biograd na Moru ("Official Journal of the municipalities Benkovac, Biograd na Moru, Obrovac and Zadar", Nos 3/74, 6/78 and 3/82), the Assembly of the Municipality of Biograd na Moru, on the 17th meeting of the Chamber of Local Communities held on 25 June 1984, the 18th meeting of the Chamber of Associated Labour held on 25 June 1984, and the 21st meeting of the Chamber of Social and Political Organisations and Communities held on 25 June 1984, adopts the following

D E C I S I O N

on granting the right to permanently use the maritime domain

1) Points 3, 4 and 5 of the Decision of the Assembly of the Municipality No 1-420/1-1984. of 27 March 1984, according to which the Local Community of Biograd na Moru was granted the right to permanently use the maritime domain, are hereby revoked and replaced by a new decision as follows:

2) The Hotel Enterprise "ILIRIJA" from Biograd na Moru is hereby granted the right to use the maritime domain within the borders shown in the situation and development plan at a scale of 1:1000 prepared by PRO "DONAT" Zadar, No 2211. The domain in question is in kind

- a part of the "JAZ" Bay, starting down the mid-line of the embankment "C" (South breakwater) towards the west, encompassing the embankment "D" as well as the areas intended for the construction of a pumping station. The border of the domain allocated goes towards the coast along the outer edge of the existing quay wall.

3) As the User of the maritime domain, the Hotel Enterprise "ILIRIJA" from Biograd na Moru shall construct within the domain in question a special purpose port pursuant to Article 42 of the aforementioned Act, and according to the urban development conditions and authorisations for construction.

4) The fee for the use of maritime domain in the lump sum amount of HRD 50,000.00 (in words: fifty thousand) per year shall be paid by the User. This fee shall apply until the end of the period to be agreed for the repayment of the loan for the construction of the special purpose port. After the expiration of this period the amount of the fee shall be discussed separately.

5) The User shall sign an agreement with the Municipality of Biograd na Moru on the rights and obligations in relation to the allocated maritime domain.

6) The Chairman of the Assembly of the Municipality is hereby authorised to sign the agreement referred to in point 5 of this Decision.

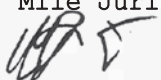
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7) On the date of the adoption of this Decision, points 4 and 5 of the Decision No 01-420/1-1984. of 27 March 1984, and the South breakwater referred to in point 3 of that Decision shall be divided in the way that the dividing line is drawn down the mid-line of the embankment.

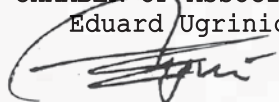
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Biograd na Moru, 25 June 1984

ASSEMBLY OF THE MUNICIPALITY OF BIOGRAD NA MORU

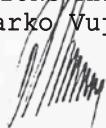
CHAIRMAN
OF THE CHAMBER OF LOCAL COMMUNITIES /stamp:
Mile Jurić



CHAIRMAN
OF THE CHAMBER OF ASSOCIATED LABOUR MORU/
Eduard Ugrinić



CHAIRMAN
OF THE CHAMBER OF SOCIAL AND POLITICAL
ORGANISATIONS AND COMMUNITIES
Marko Vujnović



Socialist Republic
of Croatia
ASSEMBLY OF
THE MUNICIPALITY
OF BIOGRAD NA
MORU/

CHAIRMAN
OF THE ASSEMBLY
Joso Babara, dipl. oec.



/stamp/
Hotel Enterprise "ILIRIJA"
BIOGRAD na Moru

Received on: 4 October 1984			
Date	/illegible/	/illegible/	Annex
	01	283/1	-

The Municipality of Biograd na Moru, represented by Niko Tolić, Chairman of the Assembly of the Municipality, Rajko Mandić, Chairman of the Chamber of Local Communities, Vladimir Smajić, Chairman of the Chamber of Associated Labour, and Davor Santini, Chairman of the Chamber of Social and Political Organisations and Communities, and the Hotel Enterprise "Ilirija", represented by Andrija Brčić, Director, pursuant to the Decision of the Assembly of the Municipality of Biograd na Moru No 01-717/1981. of 14 June 1983, enter on this day into this

A G R E E M E N T

1) For the purpose of constructing a port, the Hotel Enterprise "Ilirija" is hereby granted the right to permanently use the maritime domain (Jaz Bay) shown on the layout plan at a scale of 1:1000 prepared by the Cadastre and Geodetic Administration of the Municipality Biograd na Moru, which forms an integral part of this Agreement.

2) The borders of the area on which the construction works will take place are marked by the Bakulov mul wharf and the TPK pier on the mainland, in accordance with the layout plan.

3) As the User of the maritime domain, the Hotel Enterprise "Ilirija" from Biograd na Moru shall construct within the domain in question a special purpose port pursuant to Article 42 of the Act on Maritime and Water Domain, Ports and Piers, all according the urban development conditions, projects, permissions and authorisations for construction issued for this purpose by the competent authorities and organisations on the basis of the rights granted and taking into account the aforementioned borders.

4) Other legal and natural persons shall be permitted to use the allocated maritime domain solely under conditions to be prescribed by the User.

5) The Hotel Enterprise "Ilirija" shall carry out landscaping works on a part of the beach in Biograd na Moru equalling in the length, scope and quality to the beach encompassed by the allocated maritime domain that will be devastated in the construction process. If the Hotel Enterprise "Ilirija" fails to meet this obligation, it shall pay to the Municipality a compensation in the value of the construction of a new beach, all within one year from the date of signature of this Agreement. The newly-developed beach shall stretch westward from the allocated domain, towards Sveti Filip i Jakov.

6) The fee for the use of maritime domain in the lump sum amount of HRD 50,000.00 (fifty thousand) per year shall be paid by the User.

This fee shall be payable until the end of the period that will be agreed for the repayment of the loan for the construction of the special purpose port. After the expiration of this period the amount of the fee shall be agreed upon separately.

7) The User shall pay the fee for the use of maritime domain to the Self-managing Community of Interest for the Financing, Upgrading and Maintenance of Small Ports of the Municipality of Biograd na Moru, and the fee shall be payable from the first year of operation of the facility.

8) The Hotel Enterprise "Ilirija", as the User, shall be entitled to use the allocated maritime domain for an indefinite period, i.e. for as long as it is engaged in economic activity in that domain, or until the circumstances envisaged in Articles 15, 16, 17, 18 and 19 of the Act.

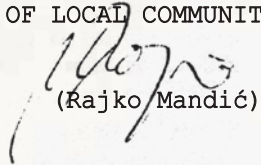
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9) In the event of withdrawal of the right to use due to a change in the purpose of the allocated maritime domain, the User will be compensated for the funds invested in that maritime domain and the work performed.

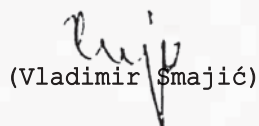
10) The Land Register Department of the Municipal Court of Biograd na Moru shall, on the basis of this Agreement and the Decision of the Assembly of the Municipality, register the right to use the maritime domain in favour of the Hotel enterprise "Ilirija" from Biograd na Moru.

Biograd na Moru, 20 July 1983
Number: 03-2-1889/1983.

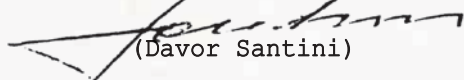
CHAIRMAN OF THE CHAMBER
OF LOCAL COMMUNITIES


(Rajko Mandić)

CHAIRMAN OF THE CHAMBER OF
ASSOCIATED LABOUR


(Vladimir Smajić)

CHAIRMAN OF THE CHAMBER OF
SOCIAL AND POLITICAL
ORGANISATIONS AND COMMUNITIES


(Davor Santini)

CHAIRMAN OF THE ASSEMBLY OF
THE MUNICIPALITY OF
BIOGRAD NA MORU

Niko Tolić


THE USER

Hotel Enterprise "Ilirija"

/stamp:

"ILIRIJA"

HOTEL ENTERPRISE

Biograd na Moru/

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Zadar, 6 October 1983

Having considered the Agreement set out above, the Municipal Public Attorney's Office in Zadar is of the opinion that the Agreement is legally valid and it can be entered into the land register.

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illegible text/

Public Attorney
/illegible/

The Municipality of Biograd na Moru, represented by SLAVO KURTOV, Chairman of the Chamber of Local Communities on the basis of the Decision of the Chamber of Local Communities No 01-2068/3-1976. of 27 December 1976, on the one hand, and the Hotel Enterprise "ILIRIJA" from Biograd na Moru, represented by Andrija Brčić, Director, on the other hand, enter into the following

A G R E E M E N T

on granting the right to use the maritime domain
for the purpose of constructing a special purpose port

1) The Contracting Parties establish that, pursuant to the Decision of the Municipality of Biograd na Moru No 01-2068/3/1976. of 27 December 1976, the Hotel Enterprise "Ilirija" from Biograd na Moru (hereinafter: the User of the maritime domain) was allocated a part of the maritime domain covering a surface area of 10,300 m² for the purpose of constructing a sports port - marina, to be used for providing safe mooring and vessel safekeeping services.

2) The part of the maritime domain allocated for use to the User of the maritime domain comprises the part of the coast stretching from the pier in front of the hotel "Ilirija" to the park on the "Danilo Štampalija" bank and covers a surface area of 10,300 m², as shown on the layout plan at a scale of 1:1000 prepared by the Cadastre and Geodetic Administration of the Municipality Biograd na Moru No 07-U/236/76. of 28 July 1976, which forms an integral part of this Agreement.

3) The User of the maritime domain shall construct on the allocated part of the maritime domain protective breakwaters and berths for boats according to the prescribed construction norms for such types of facilities, on the basis of the approved location and building permit issued by the competent service of the Municipality of Biograd na Moru.

The User shall be prohibited from erecting any buildings around the allocated maritime domain.

The User shall start the construction works on the facility within eight months from signing this Agreement, and shall complete the facility within two years.

If the User fails to meet this obligation, it shall lose the right to use the maritime domain and be obliged to return it to the possession of the Municipality of Biograd na Moru.

4) The maritime domain shall be allocated to the User for an indefinite period of time, i.e. for as long as the Hotel Enterprise "Ilirija" from Biograd na Moru is temporarily engaged in sports activities on the allocated maritime domain.

5) The User shall not transfer the right to use the maritime domain to another legal or natural person.

6) Other legal persons and citizens shall be completely prohibited from using this maritime domain, except under conditions to be prescribed by the User.

The prohibition from the paragraph above shall not apply in the event of force majeure or distress at sea for as long as it lasts.

-2-

7) The amount of the fee for the use of maritime domain shall be set at an annual lump sum of HRD 5,000.00 (in words: five thousand) to be paid to the Self-managing Community of Interest to the account number _____.

This fee shall be valid for 10 years, i.e. until the end of the period to be agreed for the repayment of the loan for the construction of the port. After the expiration of this period the amount of the fee shall be discussed again, taking into account the existing decisions and tariffs.

8) The fee for the use of maritime domain that the User pays to the Self-managing Community of Interest for the Financing, Upgrading and Maintenance of Small Ports of the Municipality of Biograd na Moru shall be payable from the date of conclusion of this Agreement.

9) In the event of withdrawal of the right to use due to declaration of general interest, the User of the maritime domain shall be entitled to compensation for the work performed and the funds invested in that maritime domain.

10) If the User does not sign this Agreement within 15 days from the invitation to sign it, it will be considered that the User has given up the allocated maritime domain, which in that case shall be returned to the possession of the Municipality of Biograd na Moru.

11) The Municipality of Biograd na Moru shall allow the User to request appropriate entries into the marine cadastre and land register on the basis of this Agreement.

12) The investiture of the User of the maritime domain shall be conducted by the competent authority of the Municipality Secretariat for Administrative and Legal Matters and Administrative supervision (Property and Legal Service) immediately upon signature of this Agreement.

13) This Agreement is subject to an assessment of legal validity by the Municipal Public Attorney's Office in Zadar.

14) This Agreement has been drafted in twenty-three counterparts, of which the User shall keep 15, the Municipality of Biograd five, and the Municipal Public Attorney's Office in Zadar, the Self-managing Community of Interest for the Financing, Upgrading and Maintenance of Small Ports of the Municipality of Biograd na Moru, and the Local Community of Biograd na Moru one counterpart each.

In Biograd na Moru, 10 February 1977

Number: 03-2-329/1-1977.

FOR THE USER
DIRECTOR OF HOTEL ENTERPRISE "ILIRIJA"
BIOGRAD NA MORU

Andrija Brčić, dipl.oec.

/stamp
"ILIRIJA"
HOTEL ENTERPRISE
Biograd na Moru/

FOR THE MUNICIPALITY OF
BIOGRAD NA MORU
CHAIRMAN OF THE CHAMBER
OF LOCAL COMMUNITIES
/stamp
Socialist Republic
of Croatia Slavo Kurtov
Municipality Secretariat
for Administrative and
Legal Matters
Municipality of
Biograd na
Moru/

Pursuant to Article 261 of the Statute of the Municipality of Biograd na Moru, the Assembly of the Municipality of Biograd na Moru at the 18th meeting of the Chamber of Local Communities held on 27 March 1976, adopted the following

/stamp/
Hotel Enterprise "ILIRIJA"
BIOGRAD na Moru

/illegible/	17/ 01/ 77		
Date	/illegible/	/illegible/	Annex
-	01	6	1

R E S O L U T I O N

on the Proposal for a Decision on granting the right to use the public maritime domain to the Hotel Enterprise "ILIRIJA" from Biograd na Moru for the purpose of constructing a special purpose port

The Proposal for a Decision on granting the right to use the public maritime domain to the Hotel Enterprise "ILIRIJA" from Biograd na Moru for the purpose of constructing a special purpose port is hereby accepted in the wording as submitted, without any objections, provided that when issuing a building permit, the User of the public maritime domain is prohibited from erecting any fences around the allocated maritime domain.

ASSEMBLY OF THE MUNICIPALITY OF BIOGRAD NA MORU Chamber of Local Communities

Number: 01-2068/4-1976.
Biograd na Moru, 27 March 1976

/stamp:
Socialist Republic
of Croatia
ASSEMBLY OF THE
MUNICIPALITY OF
BIOGRAD NA MORU/

CHAIRMAN OF THE CHAMBER
Slavo Kurtov



To be delivered to:

- ①) Hotel Enterprise "ILIRIJA" Biograd na Moru
- 2) Municipality Secretariat for Administrative and Legal Matters and Administrative supervision
- 3) - Property and Legal Service - here
- 3) Self-managing Community of Interest for the Financing, Upgrading and Maintenance of Small Ports of the Municipality of Biograd na Moru
- 4) Official Journal, for publication purposes
- 5) Records - here



REPUBLIC OF CROATIA
CROATIAN PRIVATISATION FUND

Class: 943-01/96-01/1486
Reg. No: 563-04-403/96-2
Zagreb, 12 July 1996

At the request of HTP "ILIRIJA" d.d., Biograd na Moru, and pursuant to Article 42 of the Privatisation Act ("Official Gazette" of the Republic of Croatia No 21/96), the Croatian Privatisation Fund adopts the following

DECISION

In the course of the transformation process of the socially-owned enterprise "ILIRIJA" Biograd na Moru, and on the basis of the Act on the Transformation of Socially-owned Enterprises ("Official Gazette" of the Republic of Croatia Nos 19/91, 83/92, 94/93, 9/95), the following properties were evaluated and entered into the value of socially-owned capital of the Company:

1) Location: BIOGRAD NA MORU, "ILIRIJA" AND "ADRIATIC" HOTELS

A) LAND

	Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
1)	3168	Biograd	2603	8996
2)	3169	Biograd	-"-	1114
3)	3170	Biograd	-"-	339
4)	3171	Biograd	-"-	754
5)	3172	Biograd	-"-	48
6)	3173	Biograd	-"-	948
TOTAL :				12199

B) FACILITIES

	FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
1)	"Ilirija" hotel	6651.54	6202.93
2)	"Adriatic" hotel	4451.90	4190.69
TOTAL :		11103.44	10393.62

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CHEMCOLOR, I. Lučića 6, 10000 ZAGREB; tel.: 6133-511; fax: 539-605
CHROMOS, Ul. grada Vukovara 271, 10000 ZAGREB; tel.: 6112-550; fax: 6112-294; tel./fax: 6112-678

2) Location: BIOGRAD NA MORU, "KORNATI" ADMINISTRATIVE BUILDING AND HOTEL

A) LAND

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
1683	Biograd	2603	2800

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
1) Administrative building	769.20	668.87
2) "Kornati" hotel	3959.64	3599.68
TOTAL:	4728.84	4268.55

3) Location: RESTAURANT "VELEBIT"

A) LAND*

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
1650*	Biograd	2603	137
1651*	-"-	902	259
	TOTAL:		396

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
1) "VELEBIT" restaurant *	321.46	292.24

* Note: The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

4) Location: "MARINA" RESTAURANT

A) LAND*

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
3226*	Biograd	2603	1711

B) FACILITIES *

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
“MARINA” RESTAURANT *	158.33	137.42

* *Note:* The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

5) Location: “EUROPA” PUB AND “DVA FERALA” RESTAURANT**A) LAND**

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
1253* part 150*; 152/1; 152/2)	(old survey: Biograd	263	414

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
1) “EUROPA” pub *	162.12	135.10
2) “DVA FERALA” bistro	263.88	219.90
TOTAL :	426.00	355.00

* *Note:* The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

6) Location: “EXPRES BAR” BISTRO AND TOURIST OFFICE**A) LAND**

The value of the land was not evaluated since it takes form of business premises with apartment ownership.

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
“EXPRES BAR” bistro	42.89	37.30
TOURIST OFFICE*	182.35	165.78
TOTAL :	225.24	203.08

* *Note:* The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

7) Location: "SOLINE" bistro**A) LAND**

The land was not evaluated since it is considered maritime domain.

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
"SOLINE" bistro *	74.69	64.25
was evaluated as an investment pursuant to Article 2) of the Act on the Transformation of Socially-owned Enterprises.		

* Notes: The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

8) Location: BEACH FACILITY AND SWIMMING POOL**A) LAND**

The land was not evaluated since it is considered maritime domain.

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
1. Beach facility	746.79	522.70
2. Swimming pool		
were evaluated as an investment pursuant to Article 2) of the Act on the Transformation of Socially-owned Enterprises.		

9) Location: SPORTS CENTRE**A) LAND**

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
3232	Biograd	2603	48,402

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
1. Tennis centre building	240.00	125.39
2. Tennis courts		
3. Sports centre (bocce court, miniature golf, table tennis, multi-purpose courts)		

10) Location: "SVETA KATARINA" VILLA**A) LAND**

The land was not evaluated since it is considered maritime domain.

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
1) "Sveta Katarina" Villa	131.10	114.00
was evaluated as an investment pursuant to Article 2) of the Act on the Transformation of Socially-owned Enterprises.		

11) Location: SUMMER CINEMA**A) LAND***

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
3074*	Biograd	2631	2623

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
1. Summer stage	140.27	127.14

* Note: The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved

12) Location: "SOLINE" CAMPSITE**A) LAND**

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
Old survey: 331/3	Biograd		779

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
1. Campsite reception desk	40.40	36.40
2. Buildings of the "Soline" campsite	232.57	209.72
TOTAL :	272.97	246.12

13) Location: HOTEL PORT**A) LAND**

The land was not evaluated since it is considered maritime domain.

B) FACILITIES**FACILITY NAME****1. Hotel port**

was evaluated as an investment pursuant to Article 2) of the Act on the Transformation of Socially-owned Enterprises.

14) Location: "KORNATI" MARINA**A) LAND**

The land was not evaluated since it is considered maritime domain.

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
1) Central facility	426.12	420.15
2) Sanitary facility	194.62	176.93
3) Service area	278.24	260.60
4) Shopping centre	1,046.79	951.63
5) Flammable liquids storage	24.00	28.16
TOTAL :	1,973.93	1,833.31

were evaluated as an investment pursuant to Article 2) of the Act on the Transformation of Socially-owned Enterprises.

15) Location: "MAYICA" HOTEL – FILIP JAKOV**A) LAND***

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
1315*	Filip Jakov	952	12,155
1316*	-"-	-"-	16
1317*	-"-	-"-	820
1318*	-"-	-"-	467
TOTAL :			13,458

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
1) "MAYICA" hotel *	2,421.08	2,200.99

* Note: The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

16) Location: “PLAŽA” BISTRO – FILIP JAKOV**A) LAND***

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
1473*	Filip Jakov	952	469
1474*	“-”	“-”	91
TOTAL :			560

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
1) “PLAŽA” bistro	239.03	222.60

* *Note:* The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

Reasoning

Pursuant to the Decision of the Croatian Privatisation Fund No 01-02/92-06/1224 of 18 November 1993, consent was given to the socially-owned enterprise “ILIRIJA” Biograd na Moru regarding its transformation process.

On 21 May 1996, HTP “ILIRIJA” d.d., Biograd na Moru, as the legal successor of the socially-owned enterprise “ILIRIJA” Biograd na Moru, submitted a request for the issuance of statement regarding the properties evaluated in the course of the transformation process.

Following the inspection of the case file, it was established that the aforementioned properties were entered into the value of the socially-owned capital. Pursuant to Article 42 of the Privatisation Act (“Official Gazette” of the Republic of Croatia No 21/96) and the Ordinance on Fees for Issuing Real Estate Decisions (“Official Gazette” of the Republic of Croatia No 29/96), it has been decided as above.

VICE-PRESIDENT

To be delivered to:
– HTP “ILIRIJA” d.d.
Biograd na Moru
– Records

 
Marija Turudić



REPUBLIC OF CROATIA
CROATIAN PRIVATISATION FUND

Class: 943-01/96-01/1486
Reg. No: 563-04-403/97-5
Zagreb, 26 March 1997

Pursuant to Article 219 (1) of the General Administrative Procedure Act reproduced in the Act on the Transposition of the General Administrative Procedure Act in the Republic of Croatia ("Official Gazette" of the Republic of Croatia No 53/91), the Privatisation Fund adopts the following

RESOLUTION

1) In the operative part of the Decision of the Fund, Class: 943-01/96-01/1486, Reg. No: 563-04-403/96-2, of 12 July 1996 on the statement regarding the properties evaluated and entered into the value of the socially-owned capital in the course of the transformation process of the socially-owned enterprise "ILIRIJA" Biograd na Moru, the following error shall be corrected:

By oversight, in the specification of the evaluated land, which was based on the possession status, numerical designations from the land register were omitted, thereby failing to precisely indicate the cadastral plot numbers and land register numbers on which the evaluated facilities were built. The aforementioned Decision shall therefore be supplemented with such designations, and the corrected text of the specification of the evaluated properties shall read as follows:

(1) Location: BIOGRAD NA MORU, "ILIRIJA" AND "ADRIATIC" HOTELS

A) LAND

plots according to the new survey

	Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
(1)	3168	Biograd	2603	8996
(2)	3169	Biograd	"—"	1114
(3)	3170	Biograd	"—"	339
(4)	3171	Biograd	II	754
(5)	3172	Biograd	II	48
(6)	3173	Biograd	II	948

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CHEMCOLOR, I. Lučića 6, 10000 ZAGREB; tel.: 6133-511; fax: 539-605
CHROMOS, Ul. grada Vukovara 271, 10000 ZAGREB; tel.: 6112-550; fax: 6112-294; tel./fax: 6112-6

i.e. plots according to the old survey

	Cadastral municipality	Land register file	Surface area in m ²
Building plot 192/1	Biograd	963	1231
Building plot 192/2	Biograd	1037	367
Building plot 192/3	Biograd	2736	1114
Building plot 192/5	Biograd	963	18
Land plot 232/7	Biograd	I	954
Land plot 237/2	Biograd	929	1345
Land plot 238/1	Biograd	1245	735
Land plot 238/2	Biograd	929	582
Land plot 238/3	Biograd	1245	48
Land plot 238/4	Biograd	1245	450
Land plot 238/5	Biograd	1245	560
Land plot 238/6	Biograd	1245	312
Land plot 238/7	Biograd	929	194
Land plot 238/8	Biograd	929	321
Land plot 238/9	Biograd	929	21
Land plot 239/2	Biograd	840	470
Land plot 239/1	Biograd	1851	498
Land plot 240/1	Biograd	782	467
Land plot 241/6	Biograd	1851	778
Land plot 241/71	Biograd	1851	498
Land plot 3104/9	Biograd	3	252
Land plot 3104/10	Biograd	3	442
Land plot 3104/12	Biograd	3	42
Land plot 3106/14	Biograd	—	26

Total surface area of the evaluated land equals to 12,199 m².

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
(1) "Ilirija" hotel	6,651.54	6202.93
(2) "Adriatic" hotel	4,451.90	4,190.69
TOTAL :	11,103.44	10,393.62

(2) Location: BIOGRAD NA MORU, ADMINISTRATIVE BUILDING AND HOTEL “KORNATI”

A) LAND

plots according to the new survey

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
1683	Biograd	2603	2,800

i.e. plots according to the old survey

	Cadastral municipality	Land register file	Surface area in m ²
Building plot 303	Biograd	498	596
Building plot 339/2	Biograd	1142	389
Land plot 228	Biograd	444	1846

Total surface area of the evaluated land equals to 2,800 m².

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
Administrative building	769.20	668.87
(1) “Kornati” hotel	3,959.64	3,599.68
(2) T O T A L :	4,728.84	4,268.55

(3) Location: “VELEBIT” RESTAURANT

A) LAND*

plots according to the new survey

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
1,650*	Biograd	2603	137
1651*	“-”	902	259
		TOTAL:	396

i.e. plots according to the old survey

	Cadastral municipality	Land register file	Surface area in m ²
Building plot 328/1	Biograd	522	196
Building plot 328/2	Biograd	522	208

Total surface area of the evaluated land equals to 396 m².

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
(1) "VELEBIT" restaurant*	321.46	292.24

* *Note:* The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

(4) Location: "MARINA" RESTAURANT**A) LAND***plots according to the new survey

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
3226*	Biograd	2603	1711

i.e. plots according to the old survey

	Cadastral municipality	Land register file	Surface area in m ²
Land plot 327/16	Biograd	173	1357
Land plot 3197	Biograd	I	354

Total surface area of the evaluated land equals to 1,711 m².

B) FACILITIES *

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
"MARINA" RESTAURANT *	158.33	137.42

* *Note:* The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

(5) Location: "EUROPA" PUB AND "DVA FERLA" RESTAURANT**A) LAND****B) plots according to the new survey**

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
1253	Biograd	263	414

i.e. plots according to the old survey

	Cadastral municipality	Land register file	Surface area in m ²
Part of building plot 150	Biograd	847	198
Building plot 152/1	Biograd	1430	174
Building plot 152/2	Biograd	1429	45

Total surface area of the evaluated land equals to 414 m².

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
(1) "EUROPA" pub	162.12	135.10
(2) "DVA FERALA" bistro	263.88	219.90
TOTAL:	426.00	355.00

* *Note:* The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

(6) Location: "EXPRES BAR" BISTRO AND TOURIST OFFICE

A) LAND

The value of the land was not evaluated since it takes form of business premises with apartment ownership.

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
"EXPRES BAR" bistro	42.89	37.30
TOURIST OFFICE*	182.35	165.78
TOTAL:	225.24	203.08

built on the cadastral plot No 1675/1 according to the new survey, i.e. on the plot No 230/2 according to the old survey, Cadastral Municipality of Biograd.

* *Note:* The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

(7) Location: “SOLINE” bistro**A) LAND**

The land was not evaluated since it is considered maritime domain.

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
“SOLINE” bistro *	74.69	64.25

built on the cadastral plot No 3234 according to the new survey, Cadastral Municipality of Biograd, i.e. on the plot No 332/44 according to the old survey, and evaluated as an investment pursuant to Article (2) of the Act on the Transformation of Socially-owned Enterprises.

* *Note:* The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

(8) Location: BEACH FACILITY AND SWIMMING POOL**A) LAND**

The land was not evaluated since it is considered maritime domain.

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
(1) Beach facility	746.79	522.70
(2) Swimming pool		

built on the land plots No 241/56, 232/3, 232/4 and 3187, Cadastral Municipality of Biograd, land register file No 2632, and evaluated as an investment pursuant to Article (2) of the Act on the Transformation of Socially-owned Enterprises.

(9) Location: SPORTS CENTRE**A) LAND**

plots according to the new survey

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
3232	Biograd	2603	48,402

i.e. plots according to the old survey

	Cadastral municipality	Land register file	Surface area in m ²
332/42	Biograd	2530	48,402

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
(1) Tennis centre building	240.00	125.39
(2) Tennis courts built on the cadastral plot No 3232 according to the new survey, Cadastral Municipality of Biograd, i.e. on the plot No 332/42 according to the old survey, Cadastral Municipality 2630		
(3) Sports centre (bocce court, miniature golf, table tennis, multi-purpose courts) built on cadastral plot No 3200 according to the new survey, Cadastral Municipality of Biograd, i.e. on the plot No 241/63 according to the old survey, Cadastral Municipality Biograd, land register file No (2631)		

(10) Location: "SVETA KATARINA" VILLA**A) LAND**

The land was not evaluated since it is considered maritime domain.

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
(1) "Sveta Katarina" Villa	131.10	114.00
built on building plot No 277 according to the new survey, Cadastral Municipality of Biograd, land register file No 189, and evaluated as an investment pursuant to Article (2) of the Act on the Transformation of Socially-owned Enterprises.		

(11) Location: SUMMER CINEMA**A) LAND***

plots according to the new survey

Cadastral plot No	Cadastral municipality	Property deed	Surface area in m ²
3074*	Biograd	2631	2,623

i.e. plots according to the old survey

	Cadastral municipality	Land register file	Surface area in m ²
Land plot 281/2	Biograd	1512	1512
Land plot 283/14	Biograd	2,593	134

Total surface area of the evaluated land equals to 2,623 m².

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
(1) Summer stage	140.27	127.14

* *Notes:* The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

(12) Location: "SOLINE" CAMPSITE**1. A) LAND**

Cadastral plot No	Cadastral municipality	Land register file	Surface area in m ²
331/3	Biograd	173	779

2. A) LAND

The land was not evaluated.

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
(1) Campsite reception desk	40.40	36.40
(2) Buildings of the "Soline" campsite	232.57	209.72
TOTAL:	272.97	246.12

built on cadastral plot No 332/45 according to the old survey, Cadastral Municipality of Biograd na Moru.

(13) Location: HOTEL PORT**A) LAND**

The land was not evaluated since it is considered maritime domain.

B) FACILITIES**FACILITY NAME****(1) Hotel port**

built on cadastral plot No 3807 according to the new survey, i.e. on plot No 3199 according to the old survey, Cadastral Municipality of Biograd, and evaluated as an investment pursuant to Article (2) of the Act on the Transformation of Socially-owned Enterprises.

(14) Location: “KORNATI” MARINA**A) LAND**

The land was not evaluated since it is considered maritime domain.

B) FACILITIES

FACILITY NAME	Gross surface area in m ²	Net surface area in m ²
(1) Central facility	426.12	420.15
(2) Sanitary facility	194.62	176.93
(3) Service area	278.24	260.60
(4) Shopping centre	1,046.79	951.63
(5) Flammable liquids storage	24.00	28.16
TOTAL :	1,973.93	1,833.31

built on cadastral plot No 3799 according to the new survey, Cadastral Municipality of Biograd, and evaluated as an investment pursuant to Article (2) of the Act on the Transformation of Socially-owned Enterprises.

(15) Location: “MAYICA” HOTEL – FILIP JAKOV**A) LAND***

plots according to the new survey

Cadastral plot No	Cadastral municipality	Land register file	Surface area in m ²
1315*	Filip Jakov	952	12,155
1316*	“-”	“-”	16
1317*	“-”	“-”	820
1318*	“-”	“-”	467
TOTAL :			13,458

i.e. plots according to the old survey

	Cadastral municipality	Land register file	Surface area in m ²
169/1	Biograd	184	2,680
169/2	Biograd	184	7,999
179/1	Biograd	598	3,193
180/3	Biograd	598	230

Total surface area of the evaluated land equals to 13,458 m².

B) FACILITIES*

FACILITY NAME

(1) "MAYICA" hotel*

* *Note:* The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

(16) Location: "PLAŽA" BISTRO – FILIP JAKOV**A) LAND***plots according to the new survey

Cadastral plot No	Cadastral municipality	Property deed file	Surface area in m ²
1473*	Filip Jakov	952	469
1474*	-"-	-"-	91
TOTAL :			560

i.e. plots according to the old survey

	Cadastral municipality	Land register	Surface area in m ²
Building plot 157/1	Biograd	742	150
Building plot 157/2	Biograd	566	88
Building plot 158/3	Biograd	742	282

all of them within the Cadastral Municipality Filip Jakov.

Total surface area of the evaluated land equals to 560 m².

B) FACILITIES

FACILITY NAME

(1) "PLAŽA" bistro

Gross surface
area in m²

239.03

Net surface
area in m²

222.60

* *Note:* The shares of the value equalling the value of the properties marked with an asterisk are reserved by the Croatian Privatisation Fund due to the relevant property rights not being resolved.

Reasoning

In the course of the transcription of the said Decision of the Fund, the aforementioned errors were made. Due to those errors, the Fund, acting of its own motion, adopts the resolution as stated in the operative part, in accordance with the provisions of Article 219(1) and (2) of the General Administrative Procedure Act.

Instruction on legal remedy

Against this Resolution appeal is not admissible, but an administrative dispute may be initiated before the Administrative Court of the Republic of Croatia within 30 days from the date of service of this Resolution.

To be delivered to:
– HTP “ILIRIJA” d.d.
Biograd na Moru
– Records

VICE-PRESIDENT

Marija Turudić

A handwritten signature in black ink, appearing to read 'Turudić', is written over the printed name.

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The Municipality of Biograd na Moru, represented by Vladimir Smajić, Chairman of the Assembly of the Municipality Biograd na Moru, on the one hand, and the Hotel Enterprise "Ilirija" from Biograd na Moru, on the other hand, pursuant to the Decision of the Assembly of the Municipality of Biograd na Moru No Up/I-03-2-1996/1986. of 10 October 1986, enter on this day into this

A G R E E M E N T

on granting the right to permanently use
the maritime domain

1) For the purpose of constructing an outdoor swimming pool, the Hotel Enterprise "Ilirija" from Biograd na Moru is hereby granted the right to permanently use the maritime domain, namely land plot numbers 3217/2 according to the new survey and 3800 according to the new survey, of the total surface area of 14,629 m² and forming a part of Cadastral Municipality of Biograd na Moru.

2) The fee for the use of maritime domain in the lump sum amount of HRD 292,580.00 shall be paid annually into the account of Joint Self-managing Community of Interest for Housing and Public Utilities of the Municipality of Biograd na Moru.

3) As the User of the maritime domain, the Hotel enterprise "ILIRIJA" from Biograd na Moru shall construct within the domain in question an outdoor swimming pool, according to the urban development conditions and authorisations for construction.

4) The Land Register Department of the Municipal Court of Biograd na Moru shall, on the basis of this Agreement and the Decision of the Assembly of the Municipality, register the right to use the maritime domain in favour of the Hotel enterprise "Ilirija" from Biograd na Moru.

Number: 03-2-1996/2-1986.

Biograd na Moru, 10 April 1987

THE USER
(HOTEL ENTERPRISE "ILIRIJA")

/stamp:
"ILIRIJA"
HOTEL ENTERPRISE
Biograd na Moru/



CHAIRMAN OF THE ASSEMBLY
OF THE MUNICIPALITY

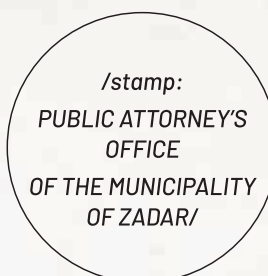
Vladimir Smajić

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Number: M84/87

Zadar, 16 April 87

Having considered the Agreement set out above, the Municipal Public Attorney's Office in Zadar is of the opinion that the Agreement is legally valid and it can be entered into the land register.



Public Attorney
Alica Glavičić

/stamp/
Hotel Enterprise "ILIRIJA"
B I O G R A D na Moru

Received on: 14 July 1988			
Date:	/illegible/	/illegible/	Annex
	/illegible/	/illegible/	

Pursuant to Article 60(2) of the Maritime Code (OG No 17/94, 74/94 and 43/96) and the Decision of the Zadar County Assembly on granting the concession on the maritime domain, class: 342-01/98-01/3, Reg. No: 2198/1-02-98-3, of 20 October 1998, the following is hereby concluded:

A G R E E M E N T
on the concession on the maritime domain for the purpose of
commercial use of an outdoor swimming pool

between

CONCESSION GRANTOR: ZADAR COUNTY

Božidara Petranovića br. 8, Zadar
represented by the County Prefect, Mr Šime Prtenjača, dipl. oecc.

CONCESSION HOLDER: HTP "ILIRIJA", Company Reg. No 3311953

Tina Ujevića 7, Biograd na Moru
represented by Acting Director
Mr Dražen Nikša, dipl. oecc.

Article 1

SUBJECT OF THE AGREEMENT

1.1 Under the present Agreement, the Concession Grantor grants the Concession Holder an authorisation for special use and commercial use of maritime domain, namely land plot numbers 3217 (new survey) and 3800 (new survey) of the total surface area of 14,629 m² and forming a part of Cadastral Municipality of Biograd na Moru.

Article 2

RIGHT OF USE

2.1 The concession grants the right of commercial use and special use of an outdoor swimming pool (hereinafter: the Pool).

Article 3

CONCESSION PERIOD

3.1 The concession is granted for a period of 10 years, counting from the day of conclusion of this Agreement.

3.2 The concession may be terminated before the expiry of the time limit laid down in point 3.1 only in cases specified by this Agreement and by the Maritime Code (hereinafter: the Code).

Article 4

ENVIRONMENTAL PROTECTION

4.1 The Concession Holder shall undertake to commercially use the Pool in accordance with environmental regulations of the Republic of Croatia.

Article 5

COMMERCIAL USE AND MAINTENANCE OF THE POOL

5.1 The Concession Holder shall maintain the Pool with the care of a prudent businessman and at its own expense throughout the concession period.

5.2 The Concession Holder shall conduct commercial use relating to the Pool in accordance with this Agreement and the Code.

5.3 In case of maintenance and/or commercial use of the Pool contrary to this Agreement and the Code, the Concession Grantor shall ask the Concession Holder to remove as soon as possible all consequences brought about by such actions, insofar as it can be reasonably judged that the Concession Holder will act in accordance with the instructions, and insofar as the nature of the violation is such to allow for reasonably setting an appropriate time limit for the Concession Holder to remove the consequences brought about by such actions. If the Concession Holder fails to remove the consequences within the specified time limit or violates the provisions of the Agreement or the Code, therefore dismissing the possibility of setting an appropriate time limit, the Concession Grantor shall be entitled to withdraw the concession by applying the provisions of the Agreement relating to the withdrawal of the concession.

Article 6

PAYMENT OF CONCESSION

6.1 The Concession Holder shall pay an annual concession fee to the Concession Grantor pursuant to the Code and this Agreement.

6.2 The annual concession fee shall be set at a fixed amount of HRK 3.50 per square metre of the area under concession, amounting to HRK 51,422.00 in total.

6.3 The fee shall be set using the currency clause and paid in monthly instalments in the amount of HRK 4,285.16 by the tenth day of each month for the previous month to the giro account of Zadar County No: 35300-630-287 with reference number 21 5339, indicating the registration number of the legal person and the purpose of payment “fee for maritime domain use”.

6.3 The amount of the fee shall be aligned to the exchange rate for DEM/HRK published by the Croatian National Bank (HNB) as on the date of payment and the exchange rate published on the date of conclusion of this Agreement if the DEM/HRK exchange rate equals to less than or more than 5 % of the exchange rate as on the date of conclusion of this Agreement.

6.4 After making the payment, the Concession Holder shall submit to the Concession Grantor proof of payment in the form of a copy of the payment slip or a copy of the transfer order.

6.5 If the Concession Holder fails to pay the concession fee within the time limit and in the amount specified under this Article, the Concession Grantor shall ask the Concession Holder to pay the concession fee within two months plus the statutory default interest. Should the Concession Holder fail to pay the concession fee with interest within that period as well, the Concession Grantor shall be entitled to withdraw the concession in accordance with the provisions of the Agreement relating to concession withdrawal.

Article 7

CONCESSION WITHDRAWAL

7.1 The concession may be withdrawn if:

- a) the Concession Holder fails to comply with the provisions of regulations governing the maritime domain or conditions of the concession specified by this Agreement;
- b) the Concession Holder fails to use the concession or uses it for purposes other than those for which it was granted or beyond the limits set by this Agreement;
- c) the Concession Holder performs actions, without the approval of the Concession Grantor, in relation to the maritime domain marked by the concession, which are not the subject of the concession or are contrary to the approved concession;
- d) the Concession Holder pays the concession fee irregularly;
- e) the Concession Holder fails to maintain or insufficiently maintains and protects the maritime domain.

7.2 In cases referred to in the paragraph above, the Concession Holder shall be invited to express its views on the reasons forming grounds for withdrawal within 15 days of receiving the notification.

The views of the Concession Holder do not prevent the Concession Grantor from withdrawing the concession granted to the Concession Holder.

The decision to withdraw the concession shall be made by the Concession Grantor.

Article 8

CONCESSION TERMINATION

8.1 The concession shall terminate:

- a) upon the expiry of the period it was granted for;
- b) upon renunciation on part of the Concession Holder prior to the expiry of the period specified by the Decision on the concession and by this Agreement;
- c) upon dissolution of the Concession Holder as a legal person, under conditions specified by Article 59(6) of the Act;
- d) upon withdrawal of the concession by the Concession Grantor;
- e) upon revocation of the concession, in whole or in part, should the interest of the Republic of Croatia.

8.2 The rights conferred on the Concession Holder under this Agreement cease upon termination of the concession, and the Concession Holder shall leave the maritime domain forming the subject of this concession.

8.3 In the event of concession termination, the Concession Holder shall enjoy the rights determined by the Code.

Article 9

CONCESSION NON-TRANSFERABILITY

9.1 The Concession Holder shall not, without the approval of the Concession Grantor, fully or partially transfer the concession on the maritime domain referred to in Article 1 hereunder to another legal or natural person without the express consent of the Concession Grantor.

Article 10

DISPUTE RESOLUTION AND SUPERVISION OF AGREEMENT EXECUTION

10.1 The Ministry of Maritime Affairs, Transport and Communications shall be competent for resolving all disputes arising from the provisions of this Agreement.

10.2 The right of inspection and administrative supervision over the application of the provisions of this Agreement shall lie with the Ministry of Maritime Affairs, Transport and Communications, or an administrative body in the Zadar County authorised by the Ministry.

Article 11

FINAL PROVISIONS

11.1 This Agreement has been drafted in four counterparts, of which two shall be retained by each Party to the Agreement.

11.2 The amendments to the Agreement shall be valid only if put in writing and signed by the Parties to the Agreement.

11.3 The Agreement shall enter into force on the date of its signature.

Zadar, 17 November 1998

CONCESSION GRANTOR
ZADAR COUNTY
County Prefect

Šime Prtenjača, dipl. oecc.



A handwritten signature in black ink, likely belonging to Šime Prtenjača.

CONCESSION HOLDER
HTP "ILIRIJA"
Acting Director

Dražen Nikša, dipl. oecc.

/stamp/ [handwritten signature]
ILIRIJA public limited company
for hospitality and tourism
Biograd na Moru/

A handwritten signature in black ink, likely belonging to Dražen Nikša.

Pursuant to Article 60(2) of the Maritime Code (OG No 17/94, 74/94 and 43/96) and Decision of the Zadar County government on granting the concession on the maritime domain. Class: 342-01/98-01/37 of 8 December 1998, the following is hereby concluded:

AGREEMENT

on the concession on the maritime domain for the purpose of commercial use of a special purpose port – nautical tourism port

between

CONCESSION GRANTOR: **Zadar County,**
Božidara Petranovića br. 8, 23000 Zadar
represented by the County Prefect,
Mr Šime Prtenjača, dipl. oecc.

CONCESSION HOLDER: **“Ilirija” d.d.,**
Biograd na Moru
represented by the Director,
Mr Petar Perković, dipl. oecc.

Article 1

SUBJECT OF THE CONTRACT

1.1 Under the present Agreement, the Concession Grantor grants the **Concession Holder** the authorisation for commercial use of the maritime domain, a special purpose port of 2,058 square metres of land area and 10,348 square metres of maritime area, or a total of 12,406 square metres of occupied area.

1.2 The maritime domain forming the subject of this Agreement on the concession on the maritime domain for the purpose of commercial use of a special purpose port of county significance – the sports port, covers the land and maritime area marked by coordination points, from coordination point M59 to coordination point M114 and included in the copy of the cadastral map and the copy of actual state of Cadastral Municipality Biograd detailed map sheet 20 scale 1:1000, and constitutes an integral part of this Agreement.

- 2 -

Article 2

RIGHT OF USE

2.1 The concession grants the **Concession Holder** the right to commercial use of a special purpose port of county significance – the sports port (hereinafter: the Port).

Article 3

CONCESSION PERIOD

3.1 The concession is granted for a period of 12 (twelve) years, counting from the day of conclusion of this Agreement.

3.2 The concession may be terminated before the expiry of the time limit laid down in point 3.1 only in cases specified by this Agreement, by the Maritime Code (hereinafter: the Code) and by the Seaports Act.

Article 4

ENVIRONMENTAL PROTECTION

4.1 The **Concession Holder** undertakes to commercially use the Port in accordance with environmental regulations of the Republic of Croatia.

Article 5

COMMERCIAL USE AND MAINTENANCE OF THE PORT

5.1 **Concession Holder** shall maintain the Port with the care of a prudent businessman and at its own expense throughout the concession period.

5.2 The **Concession Holder** undertakes to adopt a Regulation on order in the Port.

5.3 The **Concession Holder** shall equip the Port with fire-fighting equipment, as well with equipment for safe navigation and maintenance of the Port.

- 3 -

5.4 The **Concession Holder** shall take all measures for protecting the environment.

5.5 The **Concession Holder** shall conduct business activities relating to the Port in accordance with this Agreement and the Code.

5.6 For the duration of the concession, the **Concession Holder** shall allow competent authorities to inspect the complete business activities of the Port and comply with their orders.

5.7 In case of maintenance and/or commercial use of the Port contrary to this Agreement and the Code, the **Concession Grantor** shall request the **Concession Holder** to remove as soon as possible all consequences brought about by such actions, insofar as it can be reasonably judged that the **Concession Holder** will act in accordance with the instructions and the nature of the violation is such to allow for reasonably setting an appropriate time limit for the **Concession Holder** to remove the consequences brought about by such actions. If the **Concession Holder** fails to remove the consequences within a specified time limit or violates the provisions of the Agreement or the Code, therefore dismissing the possibility of setting an appropriate time limit, the **Concession Grantor** shall be entitled to withdraw the concession by applying the provisions of the Agreement relating to the withdrawal of the concession.

Article 6

PORT INSURANCE

6.1 The **Concession Holder** shall insure the Port at its own expense with an insurance company operating in the territory of the Republic of Croatia and, among other, take out insurance against natural disasters, fire and storm.

6.2 In the event of ordinary damage, compensation shall belong to the **Concession Holder**, that shall repair the damage.

6.3 The **Concession Grantor** assumes no responsibility in case of partial or total damage to the infrastructure in the Port area caused by a storm of any intensity or erosion.

- 4 -

Article 7

PAYMENT OF CONCESSION

7.1 Pursuant to the Code and this Agreement, the **Concession Holder** shall pay an annual concession fee to the **Concession Grantor**.

7.2 The annual concession fee to be paid by the **Concession Holder** consists of two parts:

- a) a fixed constant amount of HRK 0.70 per square metre of occupied surface area a year, that is, an amount of HRK 8,684.20;
- b) a variable amount of 2 % of total revenue of the Port for the previous year.

7.3 The fixed constant amount shall be aligned to the exchange rate for DEM/HRK published by the Croatian National Bank (HNB) as on the day of payment and the exchange rate published on the date of conclusion of this Agreement if the DEM/HRK exchange rate equals less than or more than 5 % of the exchange rate as on the date of conclusion of this Agreement.

7.4 The **Concession Holder** shall provide persons designated by the **Concession Grantor** with access to business records of the Port in order to allow them to determine the annual revenue of the Port.

7.5 If the **Concession Holder** fails to pay the concession fee within the time limits and in the amounts specified under this Article, the **Concession Grantor** shall request the **Concession Holder** to pay the concession fee within the next 2 (two) months plus the statutory default interest. Should the **Concession Holder** fail to pay the concession fee with interest within that period, the **Concession Grantor** shall be entitled to withdraw the concession. In such a case, the provisions of the Agreement relating to concession withdrawal apply.

Article 8

CONCESSION FEE CALCULATION AND PAYMENT DEADLINES

8.1 The concession fee referred to in point 7.2 hereunder shall be paid by the **Concession Holder** according to the following schedule:

- a) fixed constant amount:
 - within 45 days from the moment of conclusion of this Agreement for the initial year;

- 5 -

- in the initial year and for the year in which the concession expires proportionally to the months of Use;
- by 15 February for each following calendar year;
- b) the variable part of the fee shall be paid retrospectively as follows:
 - by 30 September in the current year according to the revenue of the Port generated in the first half-year period;
 - by 30 April according to the revenue of the Port generated in the second half-year period of the previous year.

8.2 The fee shall be paid to the giro account of Zadar County, No 35300-630-287 with reference number 21 5339, indicating the registration number of the **Concession Holder** and the purpose of payment “fee for maritime domain use”.

Article 9

OTHER RIGHTS AND OBLIGATIONS OF THE CONTRACTING PARTIES

9.1 The **Concession Holder** shall duly and regularly maintain the Port with the care of a prudent businessman, and exercise commercial use of the Port in line with the Agreement and the Code.

9.2 In addition to the requirements set under this Agreement, the **Concession Holder** shall adhere to all regulations of the Republic of Croatia.

9.3 Upon termination of this Agreement, regardless of the reason, the **Concession Holder** shall submit to the **Concession Grantor** all technical documentation based on which the Port was constructed. The **Concession Grantor** undertakes to not use the documentation for any purpose other than maintenance of the Port.

9.4 The Parties to the Agreement undertake to, to the extent possible, assist each other and take part, where appropriate, in proceedings that may be initiated against either of them in relation to the concession.

Article 10

CONCESSION WITHDRAWAL

10.1 The concession may be withdrawn if:

- 6 -

a) the **Concession Holder** fails to comply with the provisions of regulations regulating the maritime domain and ports or conditions of the concession specified by this Agreement;

b) the **Concession Holder** fails to use the concession or uses it for purposes other than those for which it was granted or beyond the limits set by this Agreement;

c) the **Concession Holder** performs actions, without the approval of the **Concession Grantor**, in relation to the maritime domain marked by the concession, which are not the subject of the concession or are contrary to the approved concession;

d) the **Concession Holder** pays the concession fee irregularly;

e) the **Concession Holder** fails to maintain or insufficiently maintains and protects the maritime domain.

10.2 In cases referred to in paragraph 10.1, the **Concession Holder** shall be asked to express its views on the reasons forming ground to a withdrawal within 15 days of receiving the notification. The views of the **Concession Holder** do not prevent the **Concession Grantor** from withdrawing the concession granted to the **Concession Holder**.

The decision to withdraw the concession shall be made by the **Concession Grantor**.

Article 11

CONCESSION TERMINATION

11.1 The concession shall terminate:

a) upon the expiry of the period it was awarded for;

b) upon renunciation on part of the **Concession Holder** prior to the expiry of the period specified by the Decision on the concession and by this Agreement.

c) upon termination of the **Concession Holder** as a legal person, under conditions specified by Article 59(6) of the Code;

d) upon withdrawal of the concession by the Concession Grantor;

e) upon revocation of the concession, in whole or in part, should the interest of the Republic of Croatia call for it.

11.2 The right conferred on the **Concession Holder** under this Agreement cease upon termination of the concession, and the **Concession Holder** shall leave the maritime domain forming the subject of this concession.

11.3 In the event of concession termination, the **Concession Holder** shall enjoy the rights determined by the law.

11.4 Should the **Concession Holder** renounce the concession before the expiry of the period the concession was awarded for, the **Concession Holder** shall compensate the **Concession Grantor** in the amount corresponding to a three-year fixed constant amount determined under Article 7 hereunder.

- 7 -

Article 12

CONCESSION NON-TRANSFERABILITY

12.1 The **Concession Holder** may not, without the approval of the **Concession Grantor**, fully or partially transfer the concession on the maritime domain referred to in Article 1 hereunder to another legal or natural person without the express consent of the **Concession Grantor**.

12.2 The **Concession Holder** may temporarily assign to another legal or natural person a part of the concession area for use for the purpose of enhancing the tourist offer of the special purpose port.

Article 13

FINAL PROVISIONS

13.1 The Agreement has been drafted in 4 (four) counterparts, of which 2 (two) shall be retained by each Party to the Agreement.

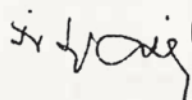
13.2 The amendments to the Agreement shall be valid only if put in writing and signed by the Parties to the Agreement.

Zadar, 19 January 1999

CONCESSION GRANTOR

Zadar County
County Prefect

Šime Prtenjača, dipl. oecc.



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CONCESSION HOLDER

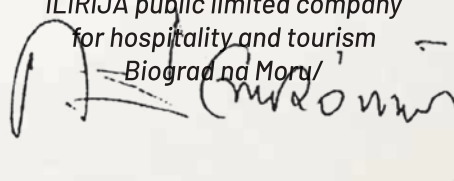
"ILIRIJA" d.d.

Director

Petar Perković, dipl. oecc.

/stamp/

ILIRIJA public limited company
for hospitality and tourism
Biograd na Moru/



POINT	M109	Y = 5535936.3100	X = 4865674.3500
POINT	M110	Y = 5535943.0200	X = 4865664.9900
POINT	M111	Y = 5535949.6800	X = 4865655.6500
POINT	M112	Y = 5535950.3600	X = 4865656.0300
POINT	M113	Y = 5535950.9310	X = 4865654.9523
POINT	M114	Y = 5535948.1900	X = 4865653.5000

As marked in the copy of the projection sketch of the special purpose port of Cadastral Municipality Biograd detailed map sheet 20 scale 1:1000 and the copy of the cadastral map of Cadastral Municipality Biograd detailed map sheet 20 scale 1:1000

OG 160/1998 (16/12/1998), Decision on the concession on the maritime domain for the purpose of commercial use of a special purpose port – Kornati nautical tourism port

GOVERNMENT OF THE REPUBLIC OF CROATIA

Pursuant to Article 28(3) of the Seaports Act (Official Gazette, No 108/95), at its session held on 10 December 1998, the Government of the Republic of Croatia adopted the following

DECISION

ON THE CONCESSION ON A MARITIME DOMAIN FOR THE PURPOSE OF COMMERCIAL USE OF A SPECIAL PURPOSE PORT – KORNATI NAUTICAL TOURISM PORT

I

On the basis of an application in accordance with Article 65 of the Seaports Act (Official Gazette, No 108/95) and the opinion of the Expert Body for the Evaluation of Concessions established in accordance with Article 63(2) of the Maritime Code, the application of the existing user of the special purpose port – nautical tourism port Kornati, “ILIRIJA” d.d., Biograd n/M (hereinafter: Concession Holder), for the continuation of commercial use of the maritime domain of a special purpose port, is hereby accepted.

The application for the use of the special purpose port in accordance with Article 11 of the Regulation on the procedure for granting the concession and the method for determining boundaries of special purpose ports (Official Gazette, No 108/96) is accompanied by prescribed documentation forming Annex 1 of this Decision, and not published in the Official Gazette.

Maritime domain constituting the subject of this Decision adopted for the purpose of commercial use of a special purpose port – nautical tourism port, includes the following:

Pool 1

POINT 1	Y=5535698.6560	X=4866229.9260
POINT 2	Y=5535693.2290	X=4866228.3940
POINT M1	Y=5535692.2220	X=4866232.1090
POINT M2	Y=5535676.6610	X=4866227.4260
POINT M3	Y=5535658.7820	X=4866225.2480
POINT M4	Y=5535631.1820	X=4866237.0940
POINT M5	Y=5535606.0040	X=4866248.6250

POINT M6	Y=5535598.2410	X=4866252.2550
POINT M7	Y=5535593.7750	X=4866259.5650
POINT M8	Y=5535593.8150	X=4866267.4660
POINT M9	Y=5535604.1750	X=4866289.2190
POINT M10	Y=5535618.7340	X=4866318.5600
POINT M11	Y=5535632.4560	X=4866346.7890
POINT M12	Y=5535645.3060	X=4866374.2650
POINT M13	Y=5535658.0240	X=4866401.1370
POINT M14	Y=5535670.2620	X=4866426.9620
POINT M15	Y=5535682.8930	X=4866453.0910
POINT M16	Y=5535697.3690	X=4866483.5220
POINT M17	Y=5535699.1500	X=4866490.5490
POINT M18	Y=5535698.9730	X=4866496.6690
POINT M19	Y=5535700.1220	X=4866502.9900
POINT M20	Y=5535705.1480	X=4866505.9020
POINT M21	Y=5535713.9870	X=4866503.9040
POINT M22	Y=5535891.0743	X=4866404.3412
POINT M23	Y=5535873.0153	X=4866337.5312
POINT M24	Y=5535849.0744	X=4866248.9723
POINT M25	Y=5535847.5553	X=4866249.0376
POINT M26	Y=5535845.7215	X=4866242.0932
POINT M27	Y=5535841.6140	X=4866242.2384
POINT M28	Y=5535817.9299	X=4866243.9998
POINT M29	Y=5535798.3815	X=4866244.5411
POINT M30	Y=5535778.2746	X=4866245.0833
POINT M31	Y=5535760.0463	X=4866245.5208
POINT M32	Y=5535738.5615	X=4866242.0032
POINT M33	Y=5535729.5698	X=4866239.6321
POINT M34	Y=5535698.3655	X=4866230.9041

The total surface area of Pool 1 comprises the land area in the amount of 27,421 square metres, and the maritime area in the amount of 51,382 square metres.

Pool 2

POINT 3	Y=5536106.7689	X=4866727.7251
POINT 4	Y=5536111.8650	X=4866725.6427
POINT 5	Y=5536116.6920	X=4866719.9031
POINT 6	Y=5536119.2627	X=4866700.8427
POINT 7	Y=5536119.0932	X=4866697.3895
POINT 8	Y=5536114.8968	X=4866669.5330
POINT 9	Y=5536111.5056	X=4866647.6230
POINT 10	Y=5536111.4548	X=4866643.1503
POINT 11	Y=5536113.8817	X=4866637.4375
POINT 12	Y=5536116.3178	X=4866632.9497
POINT 13	Y=5536140.3252	X=4866575.5716
POINT 14	Y=5536140.8614	X=4866572.6328
POINT 15	Y=5536139.5082	X=4866570.8431
POINT 16	Y=5536128.2453	X=4866565.0488
POINT 17	Y=5536133.3458	X=4866555.1343
POINT 18	Y=5536135.4878	X=4866556.2363
POINT 19	Y=5536137.8185	X=4866556.6650
POINT 20	Y=5536141.2314	X=4866555.4291
POINT 21	Y=5536144.4599	X=4866552.2627
POINT 22	Y=5536152.8564	X=4866529.1474
POINT 23	Y=5536155.5873	X=4866519.7328
POINT 24	Y=5536157.2429	X=4866511.2722
POINT 25	Y=5536157.8089	X=4866499.9426
POINT 26	Y=5536157.4836	X=4866486.5575
POINT 27	Y=5536156.8087	X=4866479.9465
POINT 28	Y=5536155.3861	X=4866475.7531
POINT 29	Y=5536153.8105	X=4866471.6636
POINT 30	Y=5536150.6945	X=4866466.4513
POINT 31	Y=5536137.8145	X=4866447.8407
POINT M35	Y=5536127.7233	X=4866451.0274

POINT M36	Y=5536113.5492	X=4866448.4764
POINT M37	Y=5536105.6807	X=4866441.4212
POINT M38	Y=5536107.7288	X=4866437.1409
POINT M39	Y=5536032.7854	X=4866400.0199
POINT M40	Y=5536026.1275	X=4866413.4613
POINT M41	Y=5535958.3320	X=4866427.6313
POINT M42	Y=5535890.0856	X=4866442.9405
POINT M43	Y=5535881.4592	X=4866442.7349
POINT M44	Y=5535871.5426	X=4866444.8188
POINT M45	Y=5535867.3222	X=4866450.4599
POINT M46	Y=5535735.4917	X=4866538.3153
POINT M47	Y=5535730.1497	X=4866541.4795
POINT M48	Y=5535727.3552	X=4866547.1427
POINT M49	Y=5535729.2114	X=4866553.3771
POINT M50	Y=5535732.5772	X=4866556.0130
POINT M51	Y=5535737.3348	X=4866556.8370
POINT M52	Y=5535744.1120	X=4866556.6526
POINT M53	Y=5536000.4792	X=4866679.5227
POINT M54	Y=5536025.0978	X=4866691.1475
POINT M55	Y=5536029.6603	X=4866696.9783
POINT M56	Y=5536083.7936	X=4866720.5989
POINT M57	Y=5536086.7940	X=4866730.4752
POINT M58	Y=5536104.8393	X=4866727.8079

The total surface area of Pool 2 comprises the land area in the amount of 12,267 square metres, and the maritime area in the amount of 40,530 square metres.

The total surface area of the maritime domain measures 131,600 square metres, as indicated in the copy of the projection sketch of the special purpose port – nautical tourism port Kornati on a scale of 1:1000 of Cadastral Municipality Biograd detailed map sheet 12, 18, 19, 48 and the copy of the cadastral map of Cadastral Municipality Biograd detailed map sheet 12, 18, 19, 48.

II

The concession is granted for the purpose of commercial use of an existing special purpose port – Kornati nautical tourism port.

The Concession Holder undertakes to use maritime domain granted under this Decision for the purpose of commercial use exclusively for its own special needs, i.e. to use the land – maritime domain and all substructure and superstructure facilities indicated in the list of substructure and superstructure facilities forming Annex 3, and not published in the Official Gazette, for performing its registered activities.

The Concession Holder may not, without the express approval of the Concession Grantor, transfer to another person any right acquired under the concession.

III

The Concession Holder shall use the port for commercial purposes in accordance with Croatian laws and regulations, and shall obtain the consent of the Concession Grantor and a location and building permit under the regular procedure for any construction or reconstruction performed in the port area.

IV

The Concession Grantor grants for use maritime domain referred to in point I of this Decision to the Concession Holder for a period of 32 years, counting from the day of signing the Concession Agreement.

V

With regard to the use of maritime domain referred to in point I of this Decision, the Concession Holder undertakes to duly pay an annual concession fee to the Concession Grantor.

The annual concession fee to be paid by the Concession Holder for use of maritime domain consists of two parts:

- a) a fixed amount of HRK 0.70 per square metre of occupied surface area a year;
- b) a variable amount of 2 % of revenue generated from the performance of all activities in the port area, a year.

The fee shall be paid according to the following schedule:

- the fixed amount shall be paid within 45 days from the moment of conclusion of the Concession Agreement. For the following years the fee shall always be paid for the current year up front by 1 March, and for the year in which the concession was granted and the year in which the concession expires, proportionally to the remaining months of use;
- the variable amount shall be paid in two instalments, based on revenue generated in the first six-month period by 1 September, and revenue generated in the second six-month period by 1 March of the following year.

VI

On the basis of this Decision, the Minister of Maritime Affairs, Transport and Communication is entitled to conclude the Agreement on the concession on the maritime domain referred to in point I hereunder, in order to regulate in detail the authorities of the Concession Grantor and the rights and obligations of the Concession Holder, in particular with regards to the safety of navigation, environmental protection, maintenance and insurance of the port.

VII

Pursuant to Article 6 and Article 7(1) of the Ordinance on recording and marking maritime domain, the concessionaire shall submit to the Boundaries Commission of the competent county, within 4 months from the day of adopting this Decision, the prepared geodetic survey report for the purpose of demarcation of maritime domain and/or adjustment of the land cadastre and/or land registry to the actual situation, and implementation of Article 1038 of the Maritime Code.

If the Concession Holder fails to sign the Agreement on the concession on the maritime domain within 30 days from the date of adoption of this Decision, the Concession Holder shall lose all rights determined under this Decision.

VIII

This Decision shall enter into force on the day of its adoption, and shall be published in the Official Gazette.

Class: 934-01/98-02/09
Reg. No: 5030116-98-2
Zagreb, 10 December 1998

Prime Minister
mr. Zlatko Mateša, m.p.

Pursuant to Article 28(3) of the Seaports Act (OG No 108/95) and Article VI of the Decision on the concession on the maritime domain for the purpose of commercial use of a special purpose port – nautical tourism port Kornati (OG No 160/98), the following is hereby concluded:

AGREEMENT

*on the concession on the maritime domain for the purpose of
commercial use of a special purpose port – nautical tourism port
Kornati*

on 13 January 1999, in Zagreb

between

CONCESSION GRANTOR: Government of the Republic of Croatia
represented by the Minister of Maritime Affairs,
Transport and Communication,
Mr Željko Lužavec

CONCESSION HOLDER: Ilirija d.d.
Biograd n/m
represented by the Director,
Petar Perković

Article 1

SUBJECT OF THE AGREEMENT

1.1 Under the present Agreement, the **Concession Grantor** grants the **Concession Holder** the authorisation to use the maritime domain, a special purpose port of 39,688 square metres of land area and 91,912 square metres of maritime area, or a total of 131,600 square metres of occupied maritime domain.

1.2 The maritime domain forming the subject of this Agreement on the concession on the maritime domain for the purpose of commercial use of the existing special purpose port – nautical tourism port of interest to the Republic of Croatia, covers the land and maritime area included in the copy of the cadastral map of Cadastral Municipality Biograd detailed map sheet 12, 18, 19 and 48 scale 1:1000, forming an integral part of this Agreement. (Annex 1)

Article 2

RIGHT OF USE

2.1 The concession grants the right to commercial use of a special purpose port – nautical tourism port “Kornati”, Biograd n/m, Zadar County (hereinafter: the Port).

Article 3

CONCESSION PERIOD

3.1 The concession is granted for a period of 32 (thirty-two) years, starting from the date of conclusion of this Agreement.

3.2 The concession may be terminated before the expiry of the time limit laid down in point 3.1 only in cases specified by this Agreement, by the Maritime Code and by the Seaports Act (hereinafter: the Act).

Article 4

ENVIRONMENTAL PROTECTION

4.1 The **Concession Holder** undertakes to use the Port in accordance with environmental regulations of the Republic of Croatia.

Article 5

USE AND MAINTENANCE OF THE PORT

5.1 The **Concession Holder** shall maintain the Port with the care of a prudent businessman and at its own expense throughout the concession period.

5.2 The **Concession Holder** undertakes to adopt a Regulation on order in the Port.

5.3 The **Concession Holder** shall equip the Port with fire-fighting equipment, as well with equipment for safe navigation and maintenance of the Port.

5.4 The **Concession Holder** shall take all measures for protecting the environment.

5.5 The Concession Holder shall conduct business activities relating to the Port in accordance with this Agreement and the Act.

5.6 For the duration of the concession, the **Concession Holder** shall allow competent authorities to inspect the complete business activities of the Port and comply with their orders.

5.7 In case of maintenance and/or commercial use of the Port contrary to this Agreement and the Seaports Act, the **Concession Grantor** shall request the **Concession Holder** to remove as soon as possible all consequences brought about by such actions, insofar as it can be reasonably judged that the **Concession Holder** will act in accordance with the instructions and the nature of the violation is such to allow for reasonably setting an appropriate time limit for the **Concession Holder** to remove the consequences brought about by such actions. If the **Concession Holder** fails to remove the consequences within a specified time limit or violates the provisions of the Agreement or the Act, therefore dismissing the possibility of setting an appropriate time limit, the **Concession Grantor** shall be entitled to withdraw the concession by applying the provisions of the Agreement relating to the withdrawal of the concession.

Article 6

PORT INSURANCE

6.1 The **Concession Holder** shall insure the Port at its own expense with an insurance company operating in the territory of the Republic of Croatia and, among other, take out insurance against natural disasters, fire and storm.

6.2 In the event of ordinary damage, compensation shall belong to the **Concession Holder**, who shall repair the damage.

6.3 The **Concession Grantor** assumes no responsibility in case of partial or total damage to the infrastructure in the Port area caused by a storm of any intensity or erosion.

6.4 The **Concession Holder** shall conclude all necessary insurance against liability for carrying out business activities.

Article 7

PAYMENT OF CONCESSION

7.1 Pursuant to the Act and this Agreement, the **Concession Holder** shall pay an annual concession fee to the **Concession Grantor**.

7.2 The annual concession fee to be paid by the **Concession Holder** consists of two parts:

- a) a fixed constant amount of HRK 0.70 per square metre of occupied surface area a year, that is, an amount of HRK 92,120;
- b) a variable amount of 2% of the total revenue of the Port a year.

Article 8

CONCESSION FEE CALCULATION AND PAYMENT DEADLINES

8.1 The concession fee referred to in point 7.2 hereunder shall be paid by the **Concession Holder** according to the following schedule:

- a) fixed constant amount:
 - within 45 days from the moment of conclusion of this Agreement for the initial year;
 - in the initial year and for the year in which the concession expires proportionally to the months of use;
 - by 15 February for each following calendar year;
- b) the variable part of the fee shall be paid retrospectively as follows:
 - by 1 September in the current year according to the revenue of the Port generated in the first half-year period;
 - by 1 March according to the revenue of the Port generated in the second half-year period of the previous year.

8.2 The CONCESSION HOLDER shall provide persons designated by the CONCESSION GRANTOR with access, at any point in time, to business records of the Port in order to allow them to determine the total annual revenue of the Port.

8.3 If the CONCESSION HOLDER fails to pay the concession fee within the time limits and in the amounts specified under this Article, the CONCESSION GRANTOR shall ask the CONCESSION HOLDER to pay the concession fee within a subsequent period of 2 months plus the annual statutory default interest. Should the CONCESSION HOLDER fail to pay the concession fee with interest within that period, the CONCESSION GRANTOR shall be entitled to withdraw the concession. In such a case, the provisions of the Agreement relating to concession withdrawal apply.

Article 9

OTHER RIGHTS AND OBLIGATIONS OF THE PARTIES TO THE AGREEMENT

9.1 The Concession Holder shall duly and regularly maintain the Port with the care of a prudent businessman, and exercise commercial use of the Port in line with the Agreement and the Act.

9.2 In addition to the requirements set under this Agreement, the **Concession Holder** undertakes to adhere to all regulations of the Republic of Croatia.

9.3 Upon termination of this Agreement, regardless of the reason, the **Concession Holder** shall submit to the **Concession Grantor** all technical documentation based on which the Port was constructed. The **Concession Grantor** undertakes to not use the documentation for any purpose other than maintenance of the Port.

9.4 The Parties to the Agreement undertake to, to the extent possible, assist each other and take part, where appropriate, in proceedings that may be initiated against either of them in relation to the concession.

Article 10

CONCESSION WITHDRAWAL

10.1 The concession may be withdrawn if:

- a) the **Concession Holder** fails to comply with the provisions of regulations regulating the maritime domain and ports or conditions of the concession specified by this Agreement;
- b) the **Concession Holder** fails to use the concession or uses it for purposes other than those for which it was granted or beyond the limits set by this Agreement;
- c) the **Concession Holder** performs actions, without the approval of the **Concession Grantor**, in relation to the maritime domain marked by the concession, which are not the subject of the concession or are contrary to the approved concession;
- d) the **Concession Holder** pays the concession fee irregularly;
- e) the **Concession Holder** fails to maintain or insufficiently maintains and protects the maritime domain;
- f) the **Concession Holder** fails to comply with the provision in point VII of the Decision on the concession (OG 160/98).

10.2 In cases referred to in paragraph 10.1, the **Concession Holder** shall be asked to express its views on the reasons forming ground to a withdrawal within 15 days of receiving the notification. The views of the **Concession Holder** do not prevent the Concession Grantor from withdrawing the concession granted to the **Concession Holder**.

The decision to withdraw the concession shall be made by the **Concession Grantor**.

Article 11

CONCESSION TERMINATION

11.1 The concession shall terminate:

- a) upon the expiry of the period it was awarded for;
- b) upon renunciation on part of the **Concession Holder** prior to the expiry of the period specified by the Decision on the concession and by this Agreement;
- c) upon termination of the **Concession Holder** as a legal person, under conditions specified by Article 59(6) of the Maritime Code;
- d) upon withdrawal of the concession by the **Concession Grantor**;
- e) upon revocation of the concession, in whole or in part, should the interest of the Republic of Croatia call for it.

11.2 The right conferred on the **Concession Holder** under this Agreement cease upon termination of the concession, and the **Concession Holder** shall leave the maritime domain forming the subject of this concession.

11.3 In the event of concession termination, the **Concession Holder** shall enjoy the rights determined by the Maritime Code.

11.4 Should the **Concession Holder** renounce the concession before the expiry of the period the concession was awarded for, the **Concession Holder** shall compensate the **Concession Grantor** in the amount corresponding to a three-year fixed constant amount determined under Article 7 hereunder.

Article 12

CONCESSION NON-TRANSFERABILITY

12.1 The **Concession Holder** may not, without the approval of the **Concession Grantor**, fully or partially transfer the concession on the maritime domain referred to in Article 1 hereunder to another legal or natural person without the express consent of the **Concession Grantor**.

12.2 The concession is granted exclusively to the **Concession Holder** to solely perform any activities and the use of the substructure and superstructure facilities in the area referred to in Article 1 hereunder.

Article 13

FINAL PROVISIONS

13.1 The Agreement has been drafted in 5 (five) counterparts, of which 2 (two) shall be retained by each Party to the Agreement, while one shall be filed with the Ministry of Finance for entry into the common concessions register.

12.2 The amendments to the Agreement shall be valid only if put in writing and signed by the Parties to the Agreement.

CONCESSION GRANTOR



Mr Željko Lužavec

/illegible stamp/

CONCESSION HOLDER



Petar Perković

/stamp/

ILIRIJA public limited company
for hospitality and tourism
Biograd na Moru/



**REPUBLIC OF CROATIA
ZADAR-KNIN COUNTY**

Office for Physical Planning, Housing
and Municipal Services, Construction and
Environmental Protection
BIOGRAD NA MORU BRANCH OFFICE

CLASS: UP/I-362-02/95-01/15

REG. NO.: 2198-05/1-95-1

Biograd na Moru, 10 August 1995

The building inspector, Office for Physical Planning, Housing and Municipal Services, Construction and Environmental Protection, Biograd na Moru Branch Office, Zadar-Knin County, acting of its own motion in the case of removal of defects caused by the long-term impact of the sea and atmospheric conditions to the sports port in front of "ILIRIJA" Hotel in Biograd na Moru, pursuant to Article 56(2) of the Building Act (Official Gazette of the Republic of Croatia, Nos 77/92 and 33/95) adopts the following

D E C I S I O N

1) It is hereby ordered to the owner of Hotel Establishment "ILIRIJA" from Biograd na Moru, to remove the defects caused to the sports port in front of "ILIRIJA" Hotel within six (6) months from the date of receipt of this Decision and to, in accordance with the building permit, undertake urgent safety measures to prevent the access to and use of the sports port in front of "ILIRIJA" Hotel, and to do so immediately upon receiving this Decision.

2) The order under point 1 of the operative part of this Decision shall be executed by the owner in accordance with the mentioned time limits. Should the owner act contrary to the Decision of the building inspector, an administrative measure shall be taken for the purpose of enforcement in the amount of a tenfold personal income in the Republic of Croatia in the previous quarter. Any subsequent administrative measure shall be imposed in the same amount.

If the owner fails to act on the order of the building inspector even after three administrative measures, the Decision shall be executed by another person at the expense of the person subject to the execution.

The removal of defects shall be carried out professionally and in accordance with the building permit and the certified design forming an integral part of the building permit and, by taking all precautions, without endangering human life and health, and the safety of traffic and the surrounding facilities.

A separate conclusion shall be reached in relation to the costs of the procedure.

An appeal lodged against this Decision does not delay its execution.

S t a t e m e n t o f r e a s o n s

The inspection of the sports port performed on 11 July 1995 in Biograd na Moru, in front of "ILIRIJA" Hotel, identified the following:

- 2 -

- that the sports port in front of "ILIRIJA" Hotel in Biograd na Moru, which is used for mooring smaller vessels (boats), was constructed by building a timber structure over the concrete abutments, consisting of two wooden beams and plank flooring. Long-term use, and the impact of the sea and atmospheric conditions, as well as inadequate maintenance, have resulted in the deterioration of and damage to the parts of the timber structure, thereby compromising the stability of the structure and putting human life and health at risk. Upon inspection of the reference ledger of issued building permits, it was established that the owner was issued, for the structure in question, building permit number: UP/I-03-4-318/1977 of 10 March 1977.

As a result of the procedure carried out, the conditions for implementing Article 56(2) of the Building Act (Official Gazette of the Republic of Croatia, Nos 77/92 and 33/95) were met, specifying that the building inspector or the supervisor have the right and duty to order the owner of the structure to remove the defects on the structure arising from or identified during its use, if the person in question determines that those defects could endanger the stability of the structure or the surrounding structures, as well as human life and health.

Furthermore, the investor is warned that if the defects are not removed, that is, if the structure in question is not returned to its original condition in accordance with the building permit, within six (6) months of receiving this Decision, an administrative measure shall be taken for the purpose of enforcement in the amount of a tenfold average personal income in the Republic of Croatia in the previous quarter and if the Decision is not executed even after three administrative measures, it shall be executed by another person at the expense of the person subject to the execution, as specified in Article 59(2) of the Building Act (Official Gazette of the Republic of Croatia, Nos 77/92 and 33/95).

An appeal lodged against this Decision does not delay its execution, as specified by the provision of Article 60(5) of the Building Act.

INSTRUCTION ON LEGAL REMEDY:

An appeal may be lodged against this Decision, within 15 days of its receipt, to the Ministry of Physical Planning, Construction and Housing, Zagreb, Ulica grada Vukovara 78. The appeal is submitted directly to this authority or sent by mail. The amount of HRK 4.00 shall be charged in relation to the appeal, paid to the giro account number 35300-840- 6415, indicating: Other county revenue determined by a special act, and purpose of payment: Appeal against decision. The appeal shall be accompanied by a copy of the payment of the fee.

BUILDING INSPECTOR

Mladen Brzoja, ing.građ.

SUBMIT TO:

1. Hotel Establishment "ILIRIJA"
Biograd na Moru
2. Building inspection, here
3. Archives, here



**REPUBLIC OF CROATIA
ZADAR-KNIN COUNTY**

OFFICE FOR PHYSICAL PLANNING,
HOUSING AND MUNICIPAL SERVICES,
CONSTRUCTION AND ENVIRONMENTAL PROTECTION
BIOGRAD NA MORU BRANCH OFFICE

CLASS: UP/I-361-03/96-01/32

REG. NO.: 2198-05/1-97-4

Biograd na Moru, 10 February 1997

The Office for Physical Planning, Housing and Municipal Services, Construction and Environmental protection, Biograd na Moru Branch Office, Zadar-Knin County, competent pursuant to Article 30(1) of the Building Act (Official Gazette, Nos 77/92, 82/92 and 33/95), at the request of the investor **Hotel Establishment *Ilirija* d.d. Biograd na moru** from Biograd na Moru, for issuing of **amendments to building permit number: UP/I-03-4-318/1977** of 10 March 1977, hereby issues the following

AMENDMENTS TO THE BUILDING PERMIT

I Building permit number: UP/I-03-4-318/1977 of 10 March 1977 shall be amended by installing prefabricated reinforced concrete girders on existing columns (foundations) to replace the deteriorated existing timber girders and planks, based on a part of the new main design prepared by the company **a g inženjering Biograd na moru, technical documentation (T.D.) number 14/96**, forming an integral part of the amendments.

II The building permit in question shall remain the same in all other respects.

III This permit forms part of a previously issued building permit number: UP/I-03-4-318/1977.

S t a t e m e n t o f r e a s o n s

The Municipal Secretariat for Administrative and Legal Matters and Administrative Supervision of the Municipality of Biograd na Moru has issued a building permit authorising the investor **Hotel Establishment *Ilirija*** from Biograd na Moru the **construction of a sports port** on the maritime domain marked on cadastral parcel 3807, Cadastral Municipality of Biograd, and the permit has become final.

An application was subsequently submitted to the Office for installing prefabricated reinforced concrete girders on the existing columns (foundations) to replace the existing timber girders and planks.

The application was accompanied by the following:

1. The civil engineering design prepared by the company **a g inženjering Biograd na moru** from Biograd na Moru, T.D. 14/96 of September 1996,

2. Building contract number: G-60/96 of 24 June 1996 and value of works shown in the attached cost estimate.

Upon examination of the application, the Office has decided as per the operative part.

The administrative fee for this building permit was charged in stamp duty in the amount of HRK 20.00 and in cash in the amount of HRK 134.00, in accordance with Tar. Nos 1 and 63 of the Administrative Fees Act (Official Gazette, No 8/96).

INSTRUCTION ON LEGAL REMEDY:

An appeal may be lodged against this permit with the Ministry of Physical Planning, Construction and Housing, Zagreb, Ulica Republike Austrije 20, within 15 days from the date of delivery of the permit.

The appeal is submitted directly or sent by registered mail to this Office, and may also be made orally on the record.

The administrative fee for the appeal is HRK 50.00, in accordance with Tar. No 3 of the Administrative Fees Act (Official Gazette, No 8/96).

Head of procedure
II category qualification court clerk
Dragica Medić, arh. teh.

Dragica Medić

HEAD OF SUBDIVISION

/stamp: Jasminka Kučina, dipl. ing. građ.

Republic of Croatia
ZADAR-KNIN COUNTY
OFFICE FOR PHYSICAL
PLANNING, HOUSING AND
MUNICIPAL
SERVICES, CONSTRUCTION
AND ENVIRONMENTAL
PROTECTION/

Jasminka Kučina

SUBMIT TO:

- 1) Hotel Establishment *Ilirija d.d.*
Biograd na moru
- 2) Building inspection, here
- 3) Records, here
- 4) Archives, here



**REPUBLIC OF CROATIA
STATE ADMINISTRATION OFFICE IN ZADAR COUNTY
DEPARTMENT OF ECONOMY
BIOGRAD NA MORU BRANCH OFFICE**

/stamp illegible/

Class: UP/-334-08/04-01/32
Reg. No: 2198-08-06-8
Biograd na Moru, 11 September 2006

The State Administration Office in Zadar County, Department of Economy, Biograd na Moru Branch Office, pursuant to Article 56(3) of the Tourism Activity Act (Official Gazette Nos 8/96 and 76/98) and Article 32 of the Ordinance on classification and categorisation of nautical tourism ports (Official Gazette Nos 142/99, 47/00, 121/00, 45/01 and 108/01) based on the application of the hospitality establishment ILIRIJA d.d., Biograd na Moru, Tina Ujevića 7, in the case of determining the minimum requirements for a nautical tourism port that is not categorised, hereby adopts the following

DECISION

I It is hereby determined that the nautical tourism port HOTEL PORT KORNATI in Biograd na Moru, Tina Ujevića 7, operated by ILIRIJA d.d., Biograd na Moru, Tina Ujevića 7, meets the prescribed minimum requirements regarding construction, facilities and equipment for type: **MOORING AREA**.

II The hospitality establishment shall obtain a standardised label of the type of nautical tourism port in accordance with this Decision and shall prominently display it in the nautical tourism port.

Statement of reasons

"ILIRIJA" d.d., Biograd na Moru, Tina Ujevića 7, represented by Director Goran Ražnjević, based on a submission of 21 June 2004 and submission supplements of 09 November 2004, 26 June 2006 and 28 June 2006, requested the determining of the minimum requirements for a nautical tourism port that is not categorised. In its application, the hospitality establishment proposes to classify the port as a mooring area. Along with the application and application supplements, the party provides the excerpt from the court register of the Commercial Court in Zadar (original), proof of payment of the administrative fee in the amount of HRK 130.00, a copy of the Agreement on the concession on the maritime domain Class: 342-01/98-01/37 of 19 January 1999, Decision on Building Approval Number: UP/I-03-217/1970/IBv issued in Biograd na Moru, 28 April 1970, and the Use Permit Number: UP/I-03-4-1961/1979 issued in Biograd na Moru, 28 December 1979.

The application is justified and founded under the Act.

Upon examination of the application in question, it was determined that the nautical tourism port HOTEL PORT KORNATI, is located in the area of Harbourmaster's Office Zadar, Biograd na Moru Branch Office, and was built in 1979, with a reconstruction completed in 1996. The total water surface area is 10348 m², with a depth of 1.20–2.50 m. The total land surface area is 2058 m². The port comprises land and maritime area marked by coordination points from coordination point M59 to coordination point M114 (as indicated in the copy of the cadastral map of the special purpose port of Cadastral Municipality Biograd). The entrance to the port is approx. 20 m wide and 2.50 m deep. The total mooring length of the piers is approx. 450 m, and the total number of moorings is 150. The maximum length of vessels provided with berthing services is 9 m.

In the procedure carried out in accordance with the provisions of the Tourism Activity Act (Official Gazette Nos 8/96 and 75/98), the Building Act (Official Gazette Nos 175/03 and 106/04), the General Administrative Procedure Act (Official Gazette Nos 53/91 and 103/96) and the Ordinance on classification and categorisation of nautical tourism ports (Official Gazette Nos 142/99, 47/00, 121/00, 45/01, 108/01 and 106/04), upon examination of the application and the attached evidence, and the inspection carried out by the expert services of this Office published on 11 November 2004 and 11 September 2006, it was determined that the nautical tourism port HOTEL PORT KORNATI in Biograd na Moru meets the general and specific minimum requirements regarding

construction, facilities and equipment referred to in Articles 6,11,12,13,14,15,16,17,19, paragraph 2, first and second indents, Article 21 of the Ordinance for type: **mooring**.

Based on the application of the party and the provisions of the cited regulations a decision has been made as per the operative part.

The administrative fee was paid by a general payment slip in the amount of HRK 130.00 and the costs of the inspection according to Conclusion Class: UP/I-334-08/04-01/32; Reg. No: 2198-08-04-2 of 04 November 2004 and Reg. No: 2198-08-06-5 of 28 June 2006.

INSTRUCTION ON LEGAL REMEDY:

An appeal may be lodged against this Decision with the Ministry of the Sea, Tourism, Transport and Development, Zagreb, Prisavlje 14, within 15 days from the day of receipt of the Decision. An administrative fee is charged for the appeal in the amount of HRK 50.00 in accordance with Tar. No 3 of the Administrative Fees Act (Official Gazette 8/96, 131/97, 68/98, 66/99, 145/99, 30/00, 116/00, 163/03, 17/04 and 141/04), and shall be lodged in writing directly to this Branch Office, by registered mail, or may also be made orally on the record.

SUBMIT TO:

1. ILIRIJA d.d.
Biograd na moru, Tina Ujevića bb
2. Ministry of Finance
Tax Administration Zadar, Biograd na Moru Branch Office
3. State Inspector's Office Zadar, I. Mažuranića bb
4. Croatian Bureau of Statistics, Zagreb, Ilica 3
5. Records – here
6. Archives – here

/stamp: ADMINISTRATIVE ADVISOR:
REPUBLIC OF CROATIA
Gordana Barešić, dipl. oec.
STATE ADMINISTRATION
OFFICE IN ZADAR COUNTY
ZADAR
66/

ILIRIJA d.d.
Tina Ujevića 7
23210 BIOGRAD NA MORU
MB 3311953

ZADAR COUNTY
ZADAR COUNTY
GOVERNMENT
23000 ZADAR
B. Petranovića 8

SUBJECT: APPLICATION FOR EXTENSION OF THE TERM OF CONCESSION THE
MARITIME DOMAIN

Dear Sirs,

In accordance with Articles 20 and 22 of the Maritime Domain and Seaports Act we would like to apply for an extension of the term of the **Agreement on Concession on the Maritime Domain for the Purpose of Commercial Use of the Outdoor Swimming Pool**, concluded on 17 November 1998, with the consent of the Government of the Republic of Croatia for an additional 20 years, i.e. to a total of 30 years.

New investments in terms of pool adaptation justify the aforementioned (Article 22 of the Maritime Domain Act) and, accordingly, we hereby submit more detailed explanations in the attached documentation:

- Economic feasibility study
- Preliminary design for the adaptation of the outdoor swimming pool ("Obala" d.o.o. Split
- Study on the assessment of the value of real estate on the maritime domain, beach facility and outdoor pool in Biograd n/m ("Dalmagrad" - Split)
- Visual inspection and report on the condition of the underwater part of the swimming pool building in Biograd n/m ("Grates" d.o.o. Split)
- Bank's Letter of intent
- Excerpt from the court register for the company "Ilirija" d.d. Biograd n/m
- Use permit and building permit
- Profit and Loss Account and Balance Sheet for the year 2007

DIRECTOR:
Goran Ražnjević



/stamp/
ILIRIJA public limited company
for hospitality and tourism
Biograd na Moru/

Biograd na Moru, 20 October 2008

ILIRIJA d.d.
23210 BIOGRAD NA MORU
MB 3311953

***STUDY ON THE ECONOMIC FEASIBILITY
OF THE ADAPTIATION OF THE OUTDOOR SWIMMING POOL
IN BIOGRAD NA MORU***

FOR THE PURPOSE OF EXTENDING THE TERM OF THE AGREEMENT
ON THE CONCESSION ON THE MARITIME DOMAIN FOR THE PURPOSE
OF COMMERCIAL USE OF THE OUTDOOR SWIMMING POOL
CONCLUDED ON 17 NOVEMBER 1998 FOR THE NEXT 20 YEARS
(I.E. TO A TOTAL OF 30 YEARS)

Biograd na Moru, October 2008

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INTRODUCTION

The applicant for the extension of the concession on the maritime domain, an outdoor swimming pool with a beach facility in Biograd na Moru, is the company Ilirija d.d. from Biograd na Moru.

More precisely, pursuant to the Agreement on the Concession on the Maritime Domain for the Purpose of Commercial Use of the Outdoor Swimming Pool concluded with the Zadar County, Božidara Petranovića 8, Zadar, concluded on 17 November 1998, the concession grantor provided the concession holder, Ilirija d.d. Biograd, with an authorisation for special use and commercial use of maritime domain, in particular on the land plot 3217 (new survey) and 3800 (new survey) with an area of 14,629 meters square, cadastral municipality Biograd in Biograd na Moru. The subject land is located within the boundaries of the maritime domain.

The subject Agreement shall expire on 16 November 2008, and the company Ilirija d.d. from Biograd na Moru is interested, in accordance with Article 20 and Article 22, paragraph 1 of the Maritime Domain and Seaports Act, **in extending the term of the existing concession to a total of 30 years, i.e. for another 20 years.**

We would like to note that these facilities were built in 1988 by the company Ilirija d.d. from Biograd na Moru, and during the transformation of the company, these were included in the value of the Company according to the market value at the time. The current value of this real estate, according to the "STUDY ON THE ASSESSMENT of the value of real estate on the maritime domain, beach facility and outdoor pool in Biograd n/m", made in July 2008 by the certified court expert for construction, Frane Reić, dipl.inž.građ., amounts to HRK 19,033,975.98, and the estimated turnover (market) value amounts to HRK 42,683,691.15. Considering these amounts, and the past period in which the positive effects of tourism have only recently become evident, the company has not been able to achieve full return on the investment during the period of the use of this facility to date, although indirect effects through improving the tourist offer are not negligible, since, as a part of the tourist unit together with the nearby three hotels owned by Ilirija d.d. they form a technological unit. This improvement in the tourist offer was the reason for the construction of a swimming pool with a beach facility.

For the mentioned facility "Ilirija" d.d. Biograd n/m has a use permit, issued by the Municipality of Biograd na Moru, Municipal Committee for Economy, Housing and Communal Affairs, Urban Planning and Construction, number: Up/I-09-10-1000/1-1988, dated 18 June 1988, issued according to the building permit number: Up/09-10-232/1-1988 dated 29 February 1988.

Today, in accordance with the increasingly nuanced and modern needs of guests, there is a need for modernisation, i.e. modernisation of the existing facilities, equipment, offer, which would be met by the adaptation project, which we will explain below.

Please note that the said intervention is, in all details, aligned with the current spatial plans.

INVESTMENT SUMMARY

Preliminary design for the adaptation of an outdoor swimming pool with a beach facility includes the following:

- repair of existing damage to the facility
- partitioning of the existing sea basin into two sections, in particular the section for accommodating water polo court with an area of 33.40 m x 24.40 m, 2.00 m deep, and the remaining shallower section of the pool measuring 15.00 m x 24.40 m, 1.50 m deep
- planning a new, children's pool on the free area of the swimming complex, 12.00 meters in diameter and 50 cm deep.

The barrier is provided on the pillars, so that the pools are not physically separated in order to properly change the sea mass of the pool.

For the pools in question, water treatment in closed and continuous flow is envisaged, while maintaining the required quality, clarity and bacteriological purity.

The planned value of the investment in the adaptation of the pool is HRK 13,576,000.00, of which the direct investment in environmental protection amounts to HRK 5,463,960.00.

The start of the investment is planned for the end of 2008, and the end is planned for April 2011.

The investment would be financed by:

- own funds in the amount of HRK 6,788,000.00, or 50%,
- funds from outside sources - a bank loan in the amount of HRK 6,788,000.00, or 50%. The loan period would be 10 years, of which one year grace period to repay the principal.

In all the years of using the concession on the maritime domain, the investment would provide the generation of profits and sufficient funds for investment, settlement of all liabilities towards suppliers, employees, banks and the state.

The return on investment is planned for the 13th year of the project life cycle.

The implementation of the project shall provide for the employment of 17 employees.

The project does not contain adverse elements that would have a negative impact on the environment.

1 General information on the concession applicant

The company Ilirija was established in 1957. The company's registered seat is in Biograd na Moru, which, as a tourist destination and operating environment of "Ilirija", is in a very favourable natural and geographical position in the centre of the Adriatic, surrounded by national parks and nature parks, and long-standing tourist offer. Good transport connections are provided by the completed highway to Zagreb and the airport, which is only 30 kilometres away. Constant activities in the surroundings of Ilirija d.d. create new opportunities for this company, which are reflected in attracting more and more tourists thanks not only to a stronger marketing strategy, but also to the construction of a growing

9. CONCLUSION

In addition to all the above, we declare that in organisational, technical and financial terms we are able to repair the pool with the associated beach facility in Biograd na Moru and operate it successfully and for the benefit of all guests and the wider community.

Therefore, pursuant to Article 22, paragraph 1 of the Maritime Domain and Seaports Act, (OG No 158/03) we consider that we meet the criteria for extending the term of the existing concession under the same terms and conditions to a total of 30 years, i.e. for another 20 years, with the consent of the Government of the Republic of Croatia based on the following:

- the facility in question was built in 1988 by the company "Ilirija" d.d. Biograd n/m, and its value was included in the share capital of the company during the transformation process, and its estimated current value amounts to HRK 19,033,975.98, i.e. the estimated turnover (market) value amounts to HRK 42,683,691.15;
- due to the war and the gradual return of tourism, the company has not been able to return the funds invested in the facility to date;
- the facility constitutes a technological unit with the hotel complex of "Ilirija" d.d., which is best able to manage the facility in accordance with the activities of such a complex;
- In addition to the direct economic effects it plans to achieve with regard to the facility, "Ilirija" d.d. also takes into account the indirect effects reflected in the expansion of the tourist offer for its guests, which will have an impact on improving the offer in the pre- and post-season period;
- the company has a building and use permit for the said facility;
- the investment is aligned with the economic strategy of the Biograd region, which is largely focused on the tourism industry, which is the major generator the region's revenues;
- the investment will also stimulate the development of sports activities, in particular by making the premises and the pool available to the water polo club from Biograd n/m;
- the investment and planned activities are fully aligned with the purpose and activities carried out in the neighbouring parts of the maritime domain (town beach);
- the said intervention is, in all details, aligned with the current spatial plans.

In conclusion, we hope that based on all of the above, you will approve our application to extend the concession on the maritime domain, which would realise our initiative and further contribute to the development of tourism in the area.

Biograd na Moru, 20 October 2008

Director:
Goran Ražnjević

/stamp with illegible text/





Phone number: Central office: ++385 23 383 165, Fax: ++385 23 384 564, Director: ++385 23 383 165, Sales: ++ 385 23 383 556. Fax: ++385 23 383 008, Finance: ++ 38523 383 178

Number: 01-8/2009

In Biograd na Moru, 26 January 2009

ZADAR COUNTY
ZADAR COUNTY GOVERNMENT
23000 ZADAR
B. Petranovića 8

SUBJECT: Application for an extension of the period of concession on the maritime domain for the "Beach Facility by the Swimming Pool" forming a part of the company ILIRIJA d.d. Biograd na Moru, until legal resolution of the legally unresolved issue of transformation of the maritime domain, or valuated facilities entered in the shared capital of companies built on the maritime domain before the transformation.

Ilirija d.d. Biograd na Moru, Tina Ujevića 7 received on 12 December 2008 Decision of Zadar County government, class: 342-01/08-01/109, reg. number: 2198/1-03-08-2 of 3 December 2008, whereby the company Ilirija d.d. Biograd na Moru, Tina Ujevića 7, was notified that the concession on the maritime domain in the area of the town of Biograd, for the purpose of commercial use of an outdoor swimming pool, terminated on 17 November 2008, pursuant to Art. 3 of the Concession Agreement concluded on 17 November 1998, between Zadar County and the company Ilirija d.d. Biograd na Moru, Tina Ujevića 7.

We hereby deliver to the institution named in the heading as follows:

- ILIRIJA d.d. Biograd na Moru, has, on the basis of a building permit issued on 22 February 1998, constructed with its own funds the Beach Facility and the Swimming Pool in Biograd na Moru, for which a valid use permit was issued on 18 June 1998.
- Since then, the Beach Facility and the Swimming Pool have been in continuous legal, possessory and commercial use and utilisation within Ilirija d.d.
- Since, we believe, the institution named in the heading is already aware, the total value of the outdoor swimming pool has been estimated in the transformation process and entered into the share capital of the company ILIRIJA d.d. in its entirety

ILIRIJA d.d. for hospitality and tourism, T. Ujevića 7, Biograd n/M, Decision on entry into the Register of Companies of the Commercial Court in Split: Company court registration number (MBS) 060032302, Company registration number: 3311953, Giro account: 2402006-1100097324 ERSTE & STEIERMARKISCHE BANK d.d. • RIJEKA Foreign currency account: 7001-3311953 ERSTE & STEIERMARKISCHE BANK d.d. RIJEKA, CROATIA, SWIFT: Company court registration number (ESBCHR) 22

Hotels: Ilirija, Kornati, Adriatic; Villa Donat, Marina Kornati, Tennis Centre, Hotel Port, Pool, Camp Soline, Tourist Agency – Ilirija, Arsenal Zadar

- and has become an integral part of the value of the capital of Ilirija d.d. Biograd na Moru, sold to future owners of Ilirija d.d. shares in the privatisation process.
- In light of the foregoing, the total value of the Beach Facility and the Outdoor Swimming Pool has been entered in the Decision on the transformation of Ilirija from a socially-owned enterprise to a public limited company by the Croatian Privatisation Fund in 1993 in the existing share capital of the company Ilirija d.d. Biograd na Moru.
- Only in 1998, i.e. 5 years after the transformation, was Ilirija d.d. asked by the body competent for maritime domain in Zadar County to conclude an agreement on a 10-year concession on the maritime domain for the Beach Facility and Swimming Pool, with which Ilirija d.d. complied in good faith, not doubting that, upon the expiry of the concession, the right to dispose of and freely use the pool for commercial purposes as well as extend the concession agreement in the same manner as the first concession agreement had been concluded, certainly in accordance with the applicable regulations composed to regulate this area.
- However, just before the expiry of the Concession Agreement, ILIRIJA d.d. submitted to Zadar County on 20 October 2008 the Request for an extension of the period of concession on the maritime domain for the Beach Facility and Swimming Pool for a period of 20 years with the consent of the Government of the Republic of Croatia, valid documentation and reasoning, as well as the plan for the reconstruction and adaptation of the pool.
- To our knowledge, our Request was not examined and on 12 December 2008 we received the Decision of the Zadar County government on the termination of the concession on the maritime domain for the Beach Facility and Pool.

The position of Ilirija d.d. regarding the continuation of the use of the pool and the payment of the concession:

- We believe it necessary that the legislator resolve through laws and regulations, as soon as possible, the status of real property located on the maritime domain, and valued and entered into the share capital of companies also performing activities on the maritime domain.
- We also believe that the legislator will harmonise, as soon as possible, the regulation of concessions prescribed by the new Concessions Act (OG 125/08) and the regulation pursuant to the Maritime Domain and Seaports Act (OG 158/03, 100/04 and 141/06).
- We would like to draw special attention to the fact that the outdoor swimming pool is not only entered into the share capital of the company, but was built by the company Ilirija d.d. Biograd na Moru, with funds belonging to the company Ilirija d.d. Biograd na Moru.

Before the adoption of new legislation that will finally resolve the issue in question, we submit to Zadar County an application to find a solution that will allow the company Ilirija d.d. Biograd na Moru to continue to validly use the outdoor swimming pool for commercial purposes, and furthermore, as mentioned above, we expect the adoption of laws and regulations to regulate the solution of the problem regarding the entry into the share capital of the holder of the concession (valid or expired) the estimated

value of facilities on the maritime domain (possible solution: extension of the concession for the period until the non-depreciated construction value of the facility is offset against the concession fee).

To our knowledge, such practical solutions have been offered by the Government of the Republic of Croatia and competent authorities in the area of Zadar County at the end of the 1990s, as well as applied. This would provide for the protection of interests of the user of the concession until now, as well as of shareholders who acquired shares in the company from the Republic of Croatia (Privatisation Fund) in good faith. This would also prevent further damage to the Republic of Croatia as it would probably be responsible for defects on goods and other damage because it sold shares in companies whose value also included the estimated value of certain property (pool in this case) which property, as it now stands, it should not have charged.

We note that the company Ilirija d.d. Biograd na Moru, as a responsible business entity and an important factor in the development of tourism in Zadar County, will continue to pay the fee for using the outdoor swimming pool, in accordance with a mutually acceptable model of a solution proposed by Zadar County.

Sincerely,

MANAGEMENT BOARD

Goran Ražnjević


/stamp/
ILIRIJA public limited company
for hospitality and tourism
Biograd na Moru/





REPUBLIC OF CROATIA



ZADAR COUNTY

COUNTY GOVERNMENT

CLASS: 342-01/08-02/34

REG. NO: 2198/1-03-09-3

Zadar, 3 February 2009

Pursuant to Article 22, paragraph 1 of the Maritime Domain and Seaports Act ("Official Gazette", Nos 158/03 and 141/06), Article 31 of the Zadar County Statute ("Zadar County Official Gazette", Nos 3/02 and 5/06), the Zadar County Government at its 73rd session held on 3 February 2009 adopted the following:

DECISION

I

The term of the concession on the maritime domain granted to the company Ilirija d.d., Biograd na Moru, is hereby extended, pursuant to the Agreement on the Concession on the Maritime Domain of 17 November 1998, concluded on the basis of the Decision of the Zadar County Assembly; CLASS: 342-01/98-01/3, REG. NO: 2198/1-02-98-3, dated 20 October 1998, until the final registration of the maritime domain border for the concession area under the said Agreement in the Land Register of the Municipal Court in Biograd na Moru, and no later than 31 December 2010.

II

The fixed part of the concession fee is hereby determined in the amount of HRK 3.00 per square meter for a developed separate beach of 14,224 square meters and HRK 200.00 per square meter for tourism and catering activities of 405 square meters, which amounts to a total of HRK 123,672.00 per year.

The variable part of the fee is hereby determined in the amount of 3% of the total annual income generated by performing activities and providing services on the maritime domain in question.

III

After the entry into force of this Decision, the provisions of the Concession Agreement will be amended.

IV

The concession holder shall conclude the Annex to the Concession Agreement within 15 days from the date this Decision enters into force.

V

This Decision shall be submitted to the Government of the Republic of Croatia for consent.

VI

This Decision shall enter into force on the day the consent referred to in item V of this Decision is issued.



CHAIRMAN
Stipe Zrilić, dipl. iur.



Phone number: Central office: ++385 23 383 165, Fax: ++385 23 384 564, Director: ++385 23 383 165, Sales: ++ 385 23 383 556. Fax: ++385 23 383 008, Finance: ++ 38523 383 178

In Biograd na moru, 19 January 2011

**MINISTRY OF THE SEA
TRANSPORT AND INFRASTRUCTURE
Prisavlje 14
10000 ZAGREB**

**Subject: Application for the extension of the concession under the same terms and conditions regarding the nautical tourism port
KORNATI HOTEL PORT in Biograd na Moru
Tina Ujevića 7 operated by ILIRIJA d.d. Tina Ujevića 7
Biograd na Moru, for a term of 20 years in accordance with the Act**

I Pursuant to the Agreement on the Concession on the Maritime Domain for the Purpose of Commercial Use of a Special-Purpose Port - Nautical Tourism Port concluded between the Zadar County and ILIRIJA d.d. Biograd na Moru on 19 January 1999, and in accordance with the regulations governing the maritime domain as well as the regulations and legal acts governing this matter prior to the conclusion of the Concession Agreement, in particular the Agreement on the Use of Maritime Domain for the Purpose of Constructing of a Special-Purpose Port of 10 February 1977 concluded between the Municipality of Biograd na Moru and ILIRIJA d.d., Building Permits for the construction of a special-purpose port dated 10 March 1977 and issued by the Municipality of Biograd na Moru, Decision of the Zadar County dated 10 August 1995 and issued by the Office for Physical Planning on the obligation to reconstruct a special-purpose port and the performed reconstruction of the port issued in 1996, and in particular the Act on the Transformation of Socially-owned Enterprises, under which all investments in maritime domain were included in the share capital of the company ILIRIJA, including the KORNATI Hotel Port, ILIRIJA d.d. managed, disposed of and used the Kornati Hotel Port for commercial purposes without any hindrances, meeting all the requirements stipulated by the Act, in the period from 1977 until today, January 19, 2011.

Also, based on the above, ILIRIJA d.d. obtained and received the Decision on the categorisation of the Kornati Hotel Port in Biograd na Moru dated 11 September 2006 and issued by the State Administration Office in Zadar County, Department of Economy, under which the Kornati Hotel Port was classified as a special-purpose port BERTH.

This Decision established that ILIRIJA d.d. met all the requirements regarding the construction, development and furnishing of a special-purpose port for type BERTH.

In the period from 2004 to 2005, ILIRIJA d.d. with the prior consent of the Port Authority of the Zadar County carried out significant underwater construction works to

ILIRIJA d.d. for hospitality and tourism, T. Ujevića 7, Biograd n/M. Decision on entry into the Register of Companies of the Commercial Court in Split: Company court registration number (MBS) 060032302, Company registration number: 3311953, Giro account: 2402006-1100097324 ERSTE & STEIERMARKISCHE BANK d.d. • RIJEKA Foreign currency account: 7001-3311953 ERSTE & STEIERMARKISCHE BANK d.d. RIJEKA, CROATIA, SWIFT: Company court registration number (ESBCHR) 22

Hotels: Ilirija, Kornati, Adriatic; Villa Donat, Marina Kornati, Tennis Centre, Hotel Port, Pool, Camp Soline, Tourist Agency – Ilirija, Arsenal Zadar

deepen the seabed in the entire area of the KORNATI Hotel Port waters of at least 1.00 meter due to the need to meet the requirements for categorisation, since the regulations on the minimum depth of the sea for berthing and the accommodation of vessels in special-purpose ports changed in the meantime.

II We would hereby like to point out the historical, tourist and nautical significance of the Kornati Hotel Port in Croatian tourism.

To be more specific, the Kornati Hotel Port within ILIRIJA d.d. is the **FIRST NAUTICAL PORT ON THE ADRIATIC**. It was built in the period from 1975 to 1978 by ILIRIJA d.d. and in the same period ILIRIJA d.d. acquired the first nautical charter fleet of over 40 charter vessels from the Slovenian manufacturer ELAN.

Therefore, when it comes to Croatian nautical tourism, ILIRIJA d.d. rightfully bears the prestigious title of **PIONEER** of nautical tourism in Croatia, and the KORNATI hotel nautical port bears the epithet of the **CRADLE** of nautical tourism in Croatia.

Therefore, this small Kornati hotel port is the starting point of the development of the Croatian nautical tourism, which today represents the strongest and most competitive segment of Croatian tourism in general.

III Following the conclusion of the Concession Agreement, and the adoption of new regulations on the maritime domain and the **UNRESOLVED LEGAL ISSUE OF TRANSFORMATION OF THE MARITIME DOMAIN** ILIRIJA d.d. should also point out the following.

At present, the undepreciated construction value of the investment on the maritime domain of the Kornati Hotel Port, i.e. the nautical tourism port of the type Berth, amounts to HRK 29,607,205.00 according to the relevant investment estimate of certified court experts and expert witnesses for construction for the subject purpose.

We would like to point out that on this occasion ILIRIJA d.d. IS also **PERFORMING INVESTMENTS**, i.e. **CONTRIBUTING TO THE NEW CONCESSION AGREEMENT** the **STATED VALUE OF ALREADY MADE INVESTMENTS**, i.e. own funds in the amount of HRK 29,607,205.00.

IV On this occasion we would also like to mention and make it known that in case ILIRIJA d.d., due to reasons unknown to us, does not conclude a new Concession Extension Agreement (i.e. concession), it would suffer damage in the amount of HRK 29,607,205.00, which represents the current undepreciated construction value of the investment in the special-purpose port - the Kornati Hotel Port.

This would also result in the disclosure of the financial loss suffered by ILIRIJA d.d. in the stated amount, which would in that case make the company **INSOLVENT** in business operations and lead to the loss of **FINANCIAL COMPETENCE AND CREDITWORTHINESS** and thus bring into question its further operation.

Considering that ILIRIJA d.d. is a public joint stock company, a member of the Zagreb Stock Exchange, i.e. an entity with operations subject to strict control by the Croatian Financial Services Supervisory Agency (HANFA), the Management Board would be required to protect the Company by all legal means, especially with regard to possible damage in the amount of undepreciated investments.

V Moreover, in order for you to gain insight into the scope and financial significance of operations, we provide you with the revenue of the Kornati Hotel Port in the period from 1999 to 2010 (term of the Concession Agreement) from which it is evident that the total revenue for 12 years amounts to only HRK 6,038,991.99, which is just 20% of the undepreciated value of investments made, from which it can be concluded that the Kornati Hotel Port is a technological and inseparable segment of the hotel service in ILIRIJA hotels, since it is thus connected in its operations.

VI Therefore, based on the above, we **EXPECT THAT OUR APPLICATION WILL BE APPROVED AND THAT THE KORNATI HOTEL PORT CONCESSION WILL BE EXTENDED, I.E. THAT A NEW 20-YEAR CONCESSION AGREEMENT WILL BE CONCLUDED UNDER THE SAME TERMS AND CONDITIONS.**

Enclosed please also find all the necessary relevant deeds and documents in the process of granting a new concession.

MANAGEMENT BOARD

Goran Ražnjević

/stamp/
ILIRIJA public limited company
for hospitality and tourism
Biograd na Moru/

Annexes:

- 1) The present Kornati Nautical Tourism Port Concession Agreement
- 2) The 1977 Building Permit for the construction of the nautical port
- 3) The 1995 Decision of the Port Authority on the need for reconstruction of the hotel nautical port
- 4) Decision on categorisation
- 5) Appearance and condition of the maritime domain before the construction of the port, i.e. before 1977
- 6) Appearance and condition of the maritime domain today, 19 January 2011, after construction
- 7) Overview of revenues generated in the hotel port from 1999 to 31 December 2010 (according to the term of the concession).
- 8) Study on the assessment of the current value of investments in the maritime domain of the nautical tourism port "Kornati Hotel Port" dated 11 April 2008



REPUBLIC OF CROATIA
Ministry of the Sea, Transport
and Infrastructure

Directorate for Maritime Transport,
Maritime Domain and Ports

CLASS: 342-01/11-01/24
REG. NO: 530-04-11-2
ZAGREB, 31 January 2011

/stamp:
ILIRIJA joint-stock company
for hospitality and tourism
Biograd na Moru/

Received on:		/date illegible/	
Date	Org. unit	Number	Annex
		15	

ILIRIJA D.D.
T. Ujevića 7
BIOGRAD n/ m

**Subject: Application for extension of the term of concession
– response**

Following your letter of 19 January 2011, regarding the extension of the term of concession on the maritime domain for the purpose of commercial use of the nautical tourism port, we state the following:

Pursuant to the Agreement on the Concession on the Maritime Domain for the Purpose of Commercial Use of a Special-Purpose Port - Nautical Tourism Port concluded on 19 January 1999 between the Zadar County as the concession grantor and the company Ilirija d.d. as the concession holder, the concession on the maritime domain for the purpose of commercial use of the nautical tourism port was granted to the company Ilirija d.d. for a period of 12 years from the date of conclusion of the Agreement, i.e. until 19 January 2011.

The application for extension of the term of concession was sent to this Ministry on the day of the expiry of the concession term.

In accordance with Article 29 of the Concessions Act (OG 125/08), the term of the concession may not be extended, save for in exceptional situations when the extension is in the interest of the Republic of Croatia.

Furthermore, in accordance with Article 46 of the same Act, the term of the concession may be extended in accordance with Article 22 of the Maritime Domain and Seaports Act (OG 158/03, 141/06, 38/09) when the application for extension of the term of concession was submitted prior to the entry into force of the Concessions Act, i.e. before 1 January 2009.

Accordingly, the term of the concession in question cannot be extended.

The only way to re-establish the concession on the respective part of the maritime domain after the expiration of the term of concession is to implement a public bidding process in accordance with the Maritime Domain and Seaports Act and the Concessions Act.

Sincerely,



HEAD OF THE DIRECTORATE


mr. sc. Maja Markovčić Kostelac

Attn.
Directorate for Navigation Safety,
Maritime and Inland Navigation Safety
- here



Phone number: Central office: ++385 23 383 165, Fax: ++385 23 384 564, Director: ++385 23 383 165, Sales: ++ 385 23 383 556. Fax: ++385 23 383 008, Finance: ++ 38523 383 178

In Biograd na Moru, 19 January 2011

/stamp with illegible text/

**REPUBLIC OF CROATIA
ZADAR COUNTY
ADMINISTRATIVE DEPARTMENT OF
TOURISM AND MARITIME AFFAIRS
23000 ZADAR**

Subject: Application for the extension of the concession under the same terms and conditions regarding the nautical tourism port KORNATI HOTEL PORT in Biograd na Moru Tina Ujevića 7 operated by ILIRIJA d.d. Tina Ujevića 7 Biograd na Moru, for a term of 20 years in accordance with the Act

I Pursuant to the Agreement on the Concession on the Maritime Domain for the Purpose of Commercial Use of a Special-Purpose Port - Nautical Tourism Port concluded between the Zadar County and ILIRIJA d.d. Biograd na Moru on 19 January 1999, and in accordance with the regulations governing the maritime domain as well as the regulations and legal acts governing this matter prior to the conclusion of the Concession Agreement, in particular the Agreement on the Use of Maritime Domain for the Purpose of Constructing of a Special-Purpose Port of 10 February 1977 concluded between the Municipality of Biograd na Moru and ILIRIJA d.d., Building Permits for the construction of a special-purpose port dated 10 March 1977 and issued by the Municipality of Biograd na Moru, Decision of the Zadar County dated 10 August 1995 and issued by the Office for Physical Planning on the obligation to reconstruct a special-purpose port and the performed reconstruction of the port issued in 1996, and in particular the Act on the Transformation of Socially-owned Enterprises, under which all investments in maritime domain were included in the share capital of the company ILIRIJA, including the KORNATI Hotel Port, ILIRIJA d.d. managed, disposed of and used the Kornati Hotel Port for commercial purposes without any hindrances, meeting all the requirements stipulated by the Act, in the period from 1977 until today, January 19, 2011.

Also, based on the above, ILIRIJA d.d. obtained and received the Decision on the categorisation of the Kornati Hotel Port in Biograd na Moru dated 11 September 2006 and issued by the State Administration Office in Zadar County, Department of Economy, under which the Kornati Hotel Port was classified as a special-purpose port BERTH.

This Decision established that ILIRIJA d.d. met all the requirements regarding the construction, development and furnishing of a special-purpose port for type BERTH.

ILIRIJA d.d. for hospitality and tourism, T. Ujevića 7, Biograd n/M, Decision on entry into the Register of Companies of the Commercial Court in Split: Company court registration number (MBS) 060032302, Company registration number: 3311953, Giro account: 2402006-1100097324 ERSTE & STEIERMARKISCHE BANK d.d. • RIJEKA Foreign currency account: 7001-3311953 ERSTE & STEIERMARKISCHE BANK d.d. RIJEKA, CROATIA, SWIFT: Company court registration number (ESBCHR) 22

Hotels: Ilirija, Kornati, Adriatic; Villa Donat, Marina Kornati, Tennis Centre, Hotel Port, Pool, Camp Soline, Tourist Agency – Ilirija, Arsenal Zadar

In the period from 2004 to 2005, ILIRIJA d.d. with the prior consent of the Port Authority of the Zadar County carried out significant underwater construction works to deepen the seabed in the entire area of the KORNATI Hotel Port waters of at least 1.00 meter due to the need to meet the requirements for categorisation, since the regulations on the minimum depth of the sea for berthing and the accommodation of vessels in special-purpose ports changed in the meantime.

II We would hereby like to point out the historical, tourist and nautical significance of the Kornati Hotel Port in Croatian tourism.

To be more specific, the Kornati Hotel Port within ILIRIJA d.d. is the **FIRST NAUTICAL PORT ON THE ADRIATIC**. It was built in the period from 1975 to 1978 by ILIRIJA d.d. and in the same period ILIRIJA d.d. acquired the first nautical charter fleet of over 40 charter vessels from the Slovenian manufacturer ELAN.

Therefore, in terms of Croatian nautical tourism, ILIRIJA d.d. rightfully bears the prestigious title of **PIONEER** of nautical tourism in Croatia, and the KORNATI hotel nautical port bears the epithet of the **CRADLE** of nautical tourism in Croatia.

Therefore, this small Kornati hotel port is the starting point of the development of the Croatian nautical tourism, which today represents the strongest and most competitive segment of Croatian tourism in general.

III Following the conclusion of the Concession Agreement, and the adoption of new regulations on the maritime domain and the **UNRESOLVED LEGAL ISSUE OF TRANSFORMATION OF THE MARITIME DOMAIN** ILIRIJA d.d. should also point out the following.

At present, the undepreciated construction value of the investment on the maritime domain of the Kornati Hotel Port, i.e. the nautical tourism port of type Berth, amounts to HRK 29,607,205.00 according to the relevant investment estimate of certified court experts for construction and experts for that purpose.

We would like to point out that on this occasion ILIRIJA d.d. IS also **PERFORMING INVESTMENTS**, i.e. **CONTRIBUTING TO THE NEW CONCESSION AGREEMENT THE STATED VALUE OF ALREADY MADE INVESTMENTS**, i.e. own funds in the amount of HRK 29,607,205.00.

IV On this occasion we would also like to mention and just make it known that in case ILIRIJA d.d., due to any reasons unknown to us, does not conclude a new Concession Extension Agreement (i.e. concession), it would suffer damage in the amount of



HRK 29,607,205.00, which represents the current undepreciated construction value of the investment in the special-purpose port - the Kornati Hotel Port.

This would also result in the disclosure of the financial loss suffered by ILIRIJA d.d. in the stated amount, which would in that case make the company **INSOLVENT** in business operations and lead to the loss of **FINANCIAL COMPETENCE AND CREDITWORTHINESS** and thus bring into question its further operation.

Considering that ILIRIJA d.d. is a public joint stock company, a member of the Zagreb Stock Exchange, i.e. an entity with operations subject to strict control by the Croatian Financial Services Supervisory Agency (HANFA), the Management Board would be required to protect the Company by all legal means, especially for possible damage in the amount of undepreciated investments.

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VI Therefore, based on the above, we **EXPECT THAT OUR APPLICATION WILL BE APPROVED AND THAT THE KORNATI HOTEL PORT CONCESSION WILL BE EXTENDED, I.E. THAT A NEW 20-YEAR CONCESSION AGREEMENT WILL BE CONCLUDED UNDER THE SAME TERMS AND CONDITIONS.**

Enclosed please also find all the necessary relevant deeds and documents in the process of granting a new concession.

MANAGEMENT BOARD

/stamp/
ILIRIJA public limited company
for hospitality and tourism
Biograd na Moru/

Goran Ražnjević

Annexes:

- 1) The present Kornati Nautical Tourism Port Concession Agreement
- 2) The 1977 Building Permit for the construction of the nautical port
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- 8) Study on the assessment of the current value of investments in the maritime domain of the nautical tourism port "Kornati Hotel Port" dated 11 April 2008.





URL: www.ilirijabiograd.com
Tel: ++ 385 23 383 165

Email: ilirija@zd.t-com.hr
Fax : ++ 385 23 383 008

Number: 154/2011.
In Biograd na Moru, 29 August 2011

/stamp:

REPUBLIC OF CROATIA
ZADAR COUNTY

Received on: 5/9/2011		
Classification code	Org. unit	
	08	
Reg. No	Annex	Val.

1. Zadar County
Administrative Department of
Marine Affairs and Tourism Zadar
2. County State Attorney's Office -
Zadar

Subject: Special-Purpose Port - Nautical Tourism Port in operation HP
Ilirija d.d. Biograd na Moru

On 29 July 2011, the Town of Biograd na Moru adopted the Decision on amending the Spatial Development Plan. In accordance with the Spatial Plan, the port area of the current special-purpose port - tourist hotel port of the user Ilirija d.d. is defined as the "port area of a sports port".

I INDISPUTABLE LEGAL CONTINUITY

The Town of Biograd na Moru thus brought into question

- the legal continuity of commercial use of the hotel port of Ilirija d.d. in an indisputably tourist environment and with a tourist purpose dating back to the mid-1970s, when ILIRIJA d.d. built the hotel port for tourist and nautical purposes,
- legal investment rights of Ilirija d.d. in the port area in the period from the construction of the port to the present day
- as well as legal rights acquired during the transformation process, since all investments on the maritime domain pursuant to the Transformation Act were included in the share capital of the Company ILIRIJA d.d.

The Biograd Municipal Assembly Decision of 27 December 1976 on the right to use maritime domain within the social ownership system for the construction of a special-purpose port of the sports port - Ilirija d.d. marina was replaced by virtue of transformation by the County Government Decision of 8 December 1998 pursuant to the Seaports Act (OG 108/95) with the *“concession on the maritime domain for the purpose of commercial use of the maritime domain of the sports port-marina”*.

A particularly controversial and legally questionable solution to such a transformation is that the permanent right of use for an indefinite period was replaced by a concession for a period of 12 years, thus immediately bringing the legally acquired rights and capital investment rights of Ilirija d.d. in the hotel port into question. The 12-year term of the concession did not provide for, with regard to the investments made, the possibility of depreciation of neither the investments to the moment of transformation nor subsequent legal investments ordered by public authorities prior to the conclusion of the Concession Agreement, and especially not the subsequent investments also ordered by public authorities in order to maintain minimum technical port conditions and obtain the category of a nautical port.

We would like to remind you of the fact that at the time of concluding the Concession Agreement, i.e. in 1998 Ilirija d.d. was owned by the State, which means that the company was managed by bodies made up of State representatives.

II INDISPUTABLE RIGHT OF COMMERCIAL USE

The main point and key issue of the hotel port transformation is that the existing sports port - marina has always been used commercially as a nautical tourism port - hotel port, although under the term sports port - marina.

Today, in accordance with the Act, a sports port may only be awarded to an association, and no profit may be made in performing its activities. This is the key element of disagreement, which calls into question the overall legal position of the hotel port of Ilirija d.d. and its legally performed investments.

The Amendments to the Spatial Plan of the Zadar County made in 2006 contain detailed markings of the existing sports ports. However, it is explicitly stated that:

“Existing sports ports will be used for both nautical and communal berths.”

This is exactly how Ilirija d.d. uses its hotel port - as a nautical tourism port. There is an obvious terminological inconsistency between the terms of the sports port in the plans of the County and the Town, but it is an indisputable fact that Ilirija's commercial use of its hotel port defined as a sports port - marina has been performed on legitimate legal grounds.

In that part, the spatial plan of the Town of Biograd na Moru is not aligned with the County Plan.

The nautical berth is exclusively related to nautical tourism ports, which is why the local self-government unit should, given its knowledge of the actual situation in its area, designate Ilirija's hotel port as a nautical tourism port.

Furthermore, the Town of Biograd refuses to register such purpose of the hotel port as a nautical port despite the repeated applications in that regard submitted by Ilirija over the last 5-6 years, in particular, on 2 November 2004, then on 28 August 2006, on 7 January 2008 and the last one in December 2011. Therefore, the Town's intention to transform the hotel nautical port - marina into a sports port is clear and exclusive, without caring about the consequences of such a decision and the legal sustainability of such unilateral decision.

III INDISPUTABLE LEGAL INVESTMENT RIGHTS

Ilirija d.d. would particularly like to point out that the new Maritime Domain and Seaports Act, which is in the final legislative procedure, has not yet been adopted.

Considering the undepreciated investments of Ilirija d.d. and the as yet unresolved issue of transformation on the maritime domain, i.e. the rights based on legal investments in the maritime domain, which have been fully assessed and included in the share capital of Ilirija d.d., i.e. its hotel port, we would also like to draw attention to the provision of the

Constitution stating that the rights acquired by investing capital may not be diminished by law or other legal act. The only alternative is expropriation, of course if the legal requirements are met.

Based on the facts presented above, we ask the competent state and county authorities to stay any action with regard to announcing the tender call and granting the concession on the maritime domain for the Ilirija d.d. hotel port.

IV PROTECTION OF RIGHTS

Ilirija d.d. will use all legal means to protect the area of its hotel port, which it has built and continuously invested in, maintained and legally used.

Finally, the port area of the hotel tourist port constitutes a functional unit with other tourist facilities of Ilirija d.d. and is necessary for the performance of its regular activities.

We enclose the “INVESTMENT PROGRAMME” dated 25 June 1976 which states, inter alia:

“The location of the port is envisaged directly in front of the Kornati and Ilirija hotels, and can be considered very convenient for several reasons; The port shall completely fit into the hotel group and become its integral part.”

In this context, the behaviour of the Town of Biograd na Moru is completely irrational and does not correspond to the public interest of tourism development.

Here are the relevant legal facts.

V HOTEL PORT CONSTRUCTION AND USE

It is an indisputable fact that the present nautical tourism port - hotel port in Biograd na Moru - was built by the former Hotel Company Ilirija.

The Agreement on granting the use of maritime domain for an indefinite period of time as a legal transaction for pecuniary interest was concluded on 10 February 1977 between the former Municipality of Biograd na

Moru and the socially-owned enterprise HTP ILIRIJA with the aim of building a sports port - marina for the purpose of providing a protected berth and accommodation of vessels.

It is quite certain that the former Municipality of Biograd, with the Agreement on granting the use of maritime domain for an indefinite period, aimed to secure and strengthen the position of the then Hotel Company Ilirija on the tourist market.

VI PORT RECONSTRUCTION AND TRANSFORMATION

Pursuant to the Zadar County Decision of 10 August 1995, the port was reconstructed in 1996.

Pursuant to the Act on the Transformation of Socially-owned Enterprises, all Ilirija d.d. investments in the maritime domain were included in the share capital of the Company.

VII DECISION AND AGREEMENT ON THE CONCESSION ON THE MARITIME DOMAIN

Pursuant to Article 28 and Article 65 of the Seaports Act (OG 108/95) and the Regulation on the Concession Award Procedure and the Manner of Determining Boundaries for Special-Purpose Ports (OG 108/96), on 8 December 1998 the Zadar County Government adopted the *“Decision on the marine domain concession for the purpose of commercial use of the maritime domain”* and transformed the Decision of the Biograd Municipal Assembly dated 27 December 1976 and the right to use maritime domain to build a special-purpose port, i.e. the Ilirija d.d. sports port - marina.

The Agreement on the Concession on the Maritime Domain for the Purpose of Commercial Use of a Special-Purpose Port - Nautical Tourism Port was concluded on 19 January 1999 pursuant to the County Government Decision of 8 January 1998 and the Maritime Code.

The Agreement expired on 19 January 2011.

Following the expiration of the concession, Ilirija d.d. timely and in accordance with the Act applied to the Zadar County for the extension of the concession for a period of 20 years.

VIII MARITIME DOMAIN INVESTMENTS

In the period from 2004 to 2005, and with the prior consent of the Zadar Port Authority, Ilirija made significant necessary investments to deepen the seabed of the entire hotel port area to at least 1 metre. The works were conditioned by amendments to regulations related to the minimum depth of the sea, which were required and necessary for the categorisation of the port-berth.

IX CATEGORISATION DECISION

On 11 September 2006, following the additional investments and pursuant to the Tourism Activity Act and the Ordinance on the Classification and Categorisation of Nautical Tourism Ports, Ilirija obtained from the competent state body, the Zadar County State Administration Office, the Decision on the categorisation of nautical tourism port called the Kornati Hotel Port as type nautical port - berth.

X UNDEPRECIATED INVESTMENT VALUE

At this moment, the undepreciated construction value of the investment in the maritime domain of the Ilirija d.d. Hotel Port amounts to HRK 29,607,206.00, according to the relevant assessment of the court expert in the field of construction.

We would like to draw attention to the provision of Article 9 of the Agreement on the Use of Maritime Domain for the Purpose of Constructing of a Special-Purpose Port concluded between the former Municipality of Biograd na Moru and HTP ILIRIJA, whereby it was agreed, quote: "In the case of withdrawal of the right of use due to the declaration of general interest, the user of the maritime domain shall be entitled to compensation for labour costs and funds invested in that maritime domain."

XI BEHAVIOUR AND ACTIONS OF THE TOWN OF BIOGRAD NA MORU

On 29 July 2011, the Town of Biograd na Moru, although knowing that the Ilirija d.d. hotel port is a nautical tourism port, adopted the Decision on amendments to the Spatial Development Plan which defines the port area of the current special-purpose port - tourist port as a “*port area of a sports port*”. This Plan, in our opinion as stated above, is not aligned with the plan of a higher order.

The very reason for the existence and construction of the Ilirija d.d. hotel port is turned into its opposite by redefining the port area into a sports port. We would particularly like to point out that in the legal continuity since the construction of the Ilirija d.d. hotel port, the port has been commercially used and has existed as a nautical tourism port considering its distinctly tourist environment.

The designation of the port that has been attributed to it from the construction until today, “*sports port - marina*”, does not substantially change its meaning that it is actually a nautical tourism port.

Determining the purpose of the port area as a sports port in front of the Ilirija d.d. hotel represents an attack on and obstruction of the tourist offer of the Town of Biograd na Moru.

XII CONSTITUTION OF THE REPUBLIC OF CROATIA

Article 49 of the Constitution of the Republic of Croatia stipulates:

“The rights acquired through the investment of capital shall not be infringed by law or any other legal act.”

All previous investments in the maritime domain have been conducted by Ilirija d.d. legally and in accordance with the stipulated and issued documentation of the competent authorities.

IN CONCLUSION

Based on the above, we believe that there are no conditions or a legal basis for announcing a tender call for granting a concession for both the sports port and the Kornati Hotel Port - nautical port. But first and

foremost, all open legal issues which arose in the previous period of Ilirija d.d. legal investments in the maritime domain, as well as open issues of the disputed spatial planning documentation need to be resolved. ILIRIJA d.d. still considers its obligation to pay the concession fee for the maritime domain in the Kornati Hotel Port, which it duly does.

ILIRIJA d.d. has all the relevant documentation on the matters stated above and is ready to submit it as soon as possible at the request of the Addressee.

Management Board
Goran Ražnjević



/stamp/
ILIRIJA public limited company
for hospitality and tourism
Biograd na Moru/

In Biograd na Moru 29 August 2011

Annex:

- 1) HTP ILIRIJA “Investment programme” of 25 June 1976 regarding the construction of a hotel port - marina in Biograd

