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Hotels&Resorts

Security: SUKC-R-A
ISIN: HRKSUKCRA0001
LEI: 7478000070X8LWJUBX45
Home Member State: Croatia
Market segment: Official Market

Zagreb, 28 June 2021

Zagrebačka burza JSC (*Zagreb Stock Exchange*)
Croatian Financial Services Supervisory Agency
HINA
ots@hina.hr
Company's website

The announcement of the opinion of Management Board regarding the Takeover bid

Pursuant to provision of Art. 41 of the Act on Takeover of the Joint Stock Companies (Official Gazette no. 109/2007, 36/2009, 108/2012, 90/2013, 99/2013 and 148/2013), the Management Board of the Company SUNCE HOTELI d.d. adopted the opinion regarding Takeover bid which is approved by the Decision of the Croataian Financial Services Supervisory Agency, Class: UP/I 976-02/21-02/02, No: 326-01-60-62-21-9 dated 17th June 2021.

Pursuant to provision of Art. 41 of the Act on Takeover of the Joint Stock Companies, the Management Board of the Company announces its opinion which is attached to this notice.

SUNCE HOTELI d.d.

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Company name:
SUNCE HOTELI d.d. za turizam i
ugostiteljstvo, turistička agencija
The abbreviated company name:
SUNCE HOTELI d.d.
Company name translated into English:
SUNCE HOTELI Joint Stock Company,
for tourism and hospitality, travel agency

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Commercial Court in Zagreb
MBS 080502040 - MB 1869647 - OIB 06916431329
Banks
Zagrebačka banka d.d. IBAN: HR0823600001101909750
Privredna banka Zagreb d.d. IBAN: HR3023400091110503995
Erste&Steiermärkische Bank d.d. IBAN HR7924020061100956851

Share capital: HRK 595.458.500,00
Total number of shares issued: 5.954.585
Supervisory Board:
Mohamed Ali Rashed Alabbar, Chairman
Management Board:
Hrvoje Veselko, president
Ivan Potkrajčić, member.

In accordance with the provision of Article 41 of the Act on Takeover of Joint Stock Companies (Official Gazette no. 109/2007, 36/2009, 108/2012, 90/2013, 99/2013 and 148/2013), the Management Board of the company SUNCE HOTELI d.d., with its registered seat in Zagreb, Trpinjska 9, Croatian personal identification number (*OIB*): 06916431329 (hereinafter: the “Offeree Company”) adopted the following

MANAGEMENT BOARD OPINION ON THE TAKEOVER BID

Pursuant to provision of Art. 9 of the Act on Takeover of Joint Stock Companies (Official Gazette no. 109/2007, 36/2009, 108/2012, 90/2013, 99/2013 and 148/2013) (hereinafter: the “Takeover Act”), the company Eagle Hills Zagreb Real Estate d.o.o. with its registered seat in Zagreb, Hektorovićeve 2, registered with the court register of the Commercial Court in Zagreb, under no. (*MBS*) 081260303, PIN (*OIB*): 63572346734 (hereinafter: Offeror), made public the Takeover Bid for the Offeree Company. The Takeover Bid concerns all ordinary shares of the Offeree Company not held by the Offeror or persons acting jointly with the Offeror. The subject of the Takeover Bid are 1,809,493 ordinary shares of the Offeree Company, ticker symbol SUKC-R-A, ISIN: HRSUKCRA0001, each with the nominal value of HRK 100,00, which represents a 30.20% share in the share capital of the Offeree Company, or 30.29% of voting shares in the Offeree Company.

The content and conditions of the Takeover Bid have been approved by the Decision of the Croatian Financial Services Supervisory Agency, Class: UP/I 976-02/21-02/02, No: 326-01-60-62-21-9 dated 17th June 2021.

Having carefully considered the text of the Takeover Bid, the Management Board of the Offeree Company gives the following opinion on the Takeover Bid:

a) Opinion on the type and amount of the offered consideration

In its Takeover Bid, the Offeror offered the shareholders to purchase shares at a price of HRK 184,12 per share.

Pursuant to Article 16 of the Takeover Act, the price in the takeover bid may not be lower than the weighted average of all the prices realised on the stock exchange or a regulated public market in the course of the last three months before the obligation to announce a takeover bid occurred. According to the confirmation of the Zagreb Stock Exchange, Inc. on the average share price of the Offeree Company dated 1st April 2021, for the period from 22nd December 2020 to 22nd March 2021 (the last three months before the occurrence of the obligation to announce the takeover bid), the weighted average share price amounted to HRK 144,56 per share.

The offered price of HRK 184,12 per share of the Offeree Company corresponds to the price at which the Offeror acquired the shares of the Offeree Company in accordance with the Share Purchase Agreement dated March 23rd 2021 at a price of EUR 24,33 per share, which in accordance with the middle exchange rate of the Croatian National Bank on March 23rd 2021 as the day of signing of the respective agreement, i.e. the day the obligation to announce the takeover bid occurred, amounted to HRK 184,12 per share.

As the price at which the Offeror acquired the Offeree Company’s shares pursuant to the Share Purchase Agreement is higher than the average share price realised on the regulated market in the last three months before the obligation to publish the takeover bid of the Offeree Company occurred, the Offeror is required to pay the higher amount.

On these grounds, the Management Board of the Offeree Company considers that the offered price is in accordance with the provisions of Article 16 of the Takeover Act, which was also confirmed by the Decision of the Croatian Financial Services Supervisory Agency dated 17th June 2021.

When considering the price of trading of shares in the observed period of 90 days on the Zagreb Stock Exchange, it is necessary to note the low total trading volume of only HRK 4,3 million (compared to the total market capitalisation of all shares listed on the Zagreb Stock Exchange at the offered price, which amount to approximately HRK 1,1 billion), which is not an indication of the real market value, without reference to the share price itself in the observed period.

The price of HRK 184,12 per share, in the opinion of the Management Board of the company, represents a fair price in relation to EBITDA multiples of competing companies on the Zagreb Stock Exchange, and represents a realistic valuation of the company, especially in the context of the COVID crisis which negatively affected the valuations of all companies in the hotel sector in the past 12 months before the date on which the obligation to submit a takeover bid occurred.

Consequently, the Management Board considers that the offered consideration in the amount of HRK 184,12 per share is appropriate.

The Management Board notes that its opinion on the amount and type of the offered consideration cannot in any case be considered as investment or other advice to the shareholders of the offeree company, in terms of accepting or not accepting the Takeover Bid.

b) The opinion on the Offeror's intention with regard to the future business of the Offeree Company

In its offer, the Offeror emphasized as its main goal the improvement of existing capacities of the Offeree Company and the implementation of a development process in order to create business conditions for achieving greater efficiency, higher operational profitability in order to increase the value of the Offeree Company in the future. The Offeror plans to continue to support the development and investment in the Offeree Company and strengthen its market position by implementing new services and further developing existing ones, which will contribute to increasing the quality of services and expanding into new markets. By acting jointly with the Offeree Company, the Offeror will strengthen the efforts to establish an effective corporate governance system of the Offeree Company.

The Management Board of the Offeree Company believes that the Offeror will use the Offeree Company's development potential, which will create significant added value. Having in mind the current business activities, as well as future business goals, the Management Board of the Offeree Company welcomes the intentions of the Offeror stated in the Takeover Bid regarding the future business, considers them achievable and fully supports the Offeror's plans.

c) The opinion on strategic plans of the Offeror with regard to the Offeree Company and possible repercussions of the implementation of these plans on the employment policy and labour law status of employees of the Offeree Company, as well as on possible changes in locations of the company's places of business

When mentioning the process of development of the Offeree Company, the Offeror means investments over a multiannual period and its strategic plan includes the improvement of existing, and implementation and offer of, new services of the Offeree Company. The strategy of the Offeror and the Management Board coincide and are focused on growth and development. The Management Board supports the intentions of the Offeror and believes in the joint achievement of goals.

The Management Board of the Offeree Company supports the intentions of the Offeror to implement an employment policy which will ensure a balance between the efficient operations of the Offeree Company and the rights and employment status of employees in accordance with applicable regulations. The Management Board of the Offeree Company is conscious that the Sars-Cov-2 virus pandemic has a significant impact on revenues and that the possibility of maintaining employment and employees' rights will depend on further trends in the tourism sector and potential government measures to preserve employment.

As that the Offeror stated in the offer that it does not plan to change the place of business of the Offeree Company, the Management Board of the Offeree Company expresses its consent thereto.

d) Statements of the Management Board members on their intention to accept or reject the Takeover Bid

The Management Board members are not shareholders of the Offeree Company and therefore are not able to express any intention to accept or reject the Offeror's offer.

e) Statement of the Management Board members concerning the existence of their agreement with the Offeror in relation to the Takeover Bid

The Management Board members of the Offeree Company do not have an agreement with the Offeror regarding the Takeover Bid.

Pursuant to Article 41 paragraph 2 of the Takeover Act, the Management Board of the Offeree Company presented this opinion to the representatives of employees who did not comment on the above within the legal deadline of 3 days.

Pursuant to Article 41, paragraph 5 of the Takeover Act, this opinion of the Management Board of the Offeree Company is submitted to the Croatian Financial Services Supervisory Agency (*HANFA*) and the Zagreb Stock Exchange, Inc.

Hrvoje Veselko, President of the Management Board

Ivan Potkrajčić, Member of the Management Board