

MANAGEMENT BOARD OF THE COMPANY

Pursuant to Article 41 of the Act on the Takeover of Joint Stock Companies (hereinafter: the Act), The Management Board of the Company JADRAN, Joint Stock Company for Hotels and Tourism from Crikvenica, Bana Jelačića 16, registered at the Commercial Court in Rijeka under company registration number (MBS): 040000817, company identification number (OIB): 56994999963 (hereinafter: the Target Company), issues the following:

OPINION OF THE MANAGEMENT BOARD OF THE TARGET COMPANY

The Management Board of the Target Company is fully acquainted with the content of the Offer for the takeover of the Target Company (hereinafter: the Offer) submitted by PBZ CROATIA OSIGURANJE Compulsory Pension Fund – category A, company identification number (OIB): 94002620905 and PBZ CROATIA OSIGURANJE Compulsory Pension Fund – category B, company identification number (OIB): 99318944138, represented by the company PBZ CROATIA OSIGURANJE d.d. for compulsory pension funds management, seated in Zagreb, Radnička cesta 44, company identification number (OIB): 20455535575, and ERSTE PLAVI COMPULSORY PENSION FUND CATEGORY B, company identification number (OIB): 37688683890 and ERSTE PLAVI COMPULSORY PENSION FUND CATEGORY A, company identification number (OIB): 29597039090 and Erste Plavi Expert – Voluntary Pension Fund, company identification number (OIB): 21938195883, represented by ERSTE d.o.o. – company for voluntary and compulsory pension funds management, seated in Zagreb, Ivana Lučića 2/a, company identification number (OIB): 49659289650 (hereinafter: the Bidders), whose Offer is published in the Official Gazette No. 56 of 20 June 2018. The said Offer was previously approved by the Decision of the Croatian Financial Services Supervisory Agency, Class: UP/I-976-02/18-02/05, File No.: 326-01-770-772-18-7 of 14 June 2018.

AND OPINION ON THE TYPE AND AMOUNT OF THE COMPENSATION OFFERED

In its offer for the takeover the Bidder has offered the amount of HRK 5.75 (in letters: five kuna and seventy-five lipa) for each stock that is the subject of the offer for the takeover and which fulfils the conditions from the said offer. Stocks that have no encumbrance (subscribed and unsubscribed) are not the subject of this offer.

The offered price of HRK 5.75 (in letters: five kuna and seventy-five lipa) per stock of the Target Company represents the price at which the Bidders have acquired the stocks of the Target Company on 6 April 2018, and is also the highest price at which the Bidders have acquired the stocks of the Target Company in the period of one year prior to the occurrence of the obligation to publish the offer for the takeover, including the acquisition based on which the Bidder's obligation to publish the offer has incurred.

According to the certificate issued by the Zagreb Stock Exchange on 3 May 2018, the Target Company was placed on a regulated market on 8 January 2018 and the first trading day was 10 January 2018.

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Stocks of the Target Company have not been included in the regulated market for a period of 3 months prior to the occurrence of the obligation to publish the offer for the takeover, nor have they been included in the regulated market at the moment of publication of the public call for expressions of interest to buy stocks of companies owned by the Republic of Croatia, issued by the Restructuring and Sale Centre through the implementation of the public bidding process, which was published on 4 November 2017. For this reason, and in accordance with Article 16, paragraph 3 of the Act on the Takeover of Joint Stock Companies, the Elaborate on the estimation of the fair value of the Target Company's stocks was prepared and taking into account the result of all applied methods as well as the importance given to particular methods, the Elaborate has established the fair value in the amount of HRK 5.70 (five kuna and seventy-lipa) for each stock of the Target Company.

Pursuant to the aforementioned, the Management Board of the Target Company considers that the offered price is in accordance with Article 16 of the Act on the Takeover of Joint Stock Companies, as confirmed by the HANFA Decision of 14 June 2018 authorising the publication of the Offer for the takeover by the bidders.

Following the aforementioned, the Management Board of the Target Company, with regard to the historical and current market price and the nominal amount of one stock, considers that the offered price is appropriate.

The Management Board notes that this Opinion on the suitability cannot, in any case, be considered as investment advice to shareholders in terms of acceptance or non-acceptance of the Bidders' offer. In this regard, the shareholders are advised to make their own judgements or, where appropriate, to obtain appropriate advice from investment consultants, auditors, attorneys or other authorised advisers.

II OPINION ON THE INTENT OF THE BIDDERS REGARDING FUTURE BUSINESS OPERATIONS OF THE TARGET COMPANY

The Management's Opinion is that the Bidders' intentions regarding future business operations are achievable in relation to the Target Company to a full extent.

The Bidders in their offer express their intentions in terms of future business operation as stated: *The primary objective of the foreseeable development model of the Bidders is to complete the process of improving the existing and developing new capacities of the Target Company and to carry out the restructuring and development process with the aim of creating complete business conditions for achieving greater efficiency, good financial results and, ultimately, greater value of the Target Company.*

By analysing the above quotation of the Bidders' intention with regard to future business operations, the Management Board of the Target Company finds and concludes a full agreement in the positions of the Bidders and the Management of the Target Company.

III OPINION ON THE STRATEGIC PLANS OF THE BIDDERS IN RELATION TO THE TARGET COMPANY AND ON POSSIBLE CONSEQUENCES OF THE IMPLEMENTATION OF THESE PLANS ON THE EMPLOYMENT POLICY AND THE LEGAL AND LABOUR STATUS OF WORKERS OF THE TARGET COMPANY AS WELL AS ON POSSIBLE CHANGES RELATED TO PLACES IN WHICH THE TARGET COMPANY CONDUCTS ITS BUSINESS OPERATIONS

Regarding the Bidders' strategic plans indicated in the Offer, which are primarily related to significant investments during next several years, the Management Board of the Target Company considers that the Bidders' plans will have a positive impact on the Target Company. Furthermore, the Target Company, as an economic driving force in its local community, shall support co-operation particularly in the field of destination marketing, efficient destination product development, use of synergy potential as well as beach management, and shall actively participate in all social and business activities.

The said development processes indicated by the Bidders in their Offer will directly influence the additional employment of workers in the Target Company who are unable to meet the annual limit of working hours due to seasonal employment, as well as the employment of new workers in the Target Company.

The Management Board of the Target Company estimates that the legal and labour status of workers in the Target Company will remain the same.

Regarding the place where the Target Company carries out its business activities and the specificity of tourist (main) activity of the Target Company, the opinion of the Management Board is that this Offer will not cause change of place where the activities are carried out and that the said activities will continue to be carried out in the Target Company's headquarters, i.e. in all places where tourist capacities of the Target Company are located.

IV STATEMENT OF THE MEMEBERS OF THE MANAGEMENT BOARD REGARDING THEIR INTENT TO ACCEPT OR REFUSE THE OFFER FOR THE TAKEOVER

The members of the Management Board of the Target Company state that they are not the shareholders of the Target Company, and therefore there is no basis for accepting or refusing the Offer for the takeover.

V STATEMENT OF THE MANAGEMENT BOARD REGARDING THE EXISTANCE OF THEIR AGREEMENT WITH THE BIDDERS RELATING TO THE OFFER FOR THE TAKEOVER

There is no agreement between the Bidders and the members of the Management Board regarding the Offer for the takeover.

In accordance with Article 14, paragraph 2 of the Act on the Takeover of Joint Stock Companies, this Opinion was delivered to the Workers' Council by the Management Board of the Target Company on 26 June 2018.

JADRAN d.d.
Crikvenica

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