

JADRAN D.D.

ISIN: HRJDRNRB0002

Security: JDRN-R-B

**CROATIAN FINANCIAL SERVICES
SUPERVISORY AGENCY
Miramarska 24 b
10 000 Zagreb**

**ZAGREB STOCK EXCHANGE d.d.
Ivana Lučića 2a
10 000 Zagreb**

Croatian News Agency (HINA - OTS)

In Crikvenica, 13 August 2018

SUBJECT:

regular General Assembly of JADRAN d.d. held on 13 August 2018

We hereby notify you that a regular General Assembly of JADRAN d.d., with a registered office in Crikvenica, Bana Jelačića 16, company identification number (OIB): 56994999963 (hereinafter: “Company”), was held on 13 August 2018 at 10:00 a.m. in the Omorika Hotel in Crikvenica.

Attendees of the General Assembly discussed each item of the agenda as it was published on the Company's website (www.jadran-crikvenica.hr), website of the Zagreb Stock Exchange d.d. (www.zse.hr) and in the Official Gazette No. 59 of 4 July 2018, with specific decisions being adopted in accordance with the published agenda.

As part of Item 11, shareholder of PBZ CROATIA OSIGURANJE d.d. has submitted a counter-proposal on the Decision on amendments to the Statute. The aforementioned counter-proposal also includes amendments that were published in the call for regular General Assembly. Shareholders have adopted the counter-proposal in its entirety. We hereby publish the counter-proposal in its entirety as an addendum to this notice.

Sincerely,

Jadran d.d.

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PBZ CROATIA OSIGURANJE d.d. for compulsory pension funds management, seated in Zagreb, Radnička cesta 44, company identification number (OIB): 20455535575 (hereinafter: PBZCO d.d.), on behalf of PBZ CROATIA OSIGURANJE Compulsory Pension Fund - category A, company identification number (OIB): 94002620905 (hereinafter: "PBZCO OMF A"), and on behalf of PBZ CROATIA OSIGURANJE Compulsory Pension Fund - category B, company identification number (OIB): 99318944138 (hereinafter: "PBZCO OMF B") (PBZCO OMF A and PBZCO OMF B hereinafter collectively referred to as: **the Proposer**), who together own shares of the company JADRAN d.d. for Hotel Management and Tourism, Crikvenica, Bana Jelačića 16, company identification number (OIB): 56994999963 (hereinafter: **Jadran d.d.**), representing a 52.25% share in the share capital of Jadran d.d., and are deposited in the depository of the Central Depository and Clearing Company Inc. from Zagreb (hereinafter: "SKDD"), issued in non-materialised form under security JDRN-R-B and ISIN HRJDRNRB0002, pursuant to Article 282 of the Companies Act (Official Gazette Nos. 111/93, 34/99, 121/99 - authentic interpretation, 52/00 - Decision of the Constitutional Court of the Republic of Croatia, 118/03., 107/07., 146/08., 137/09., 125/11., 111/12., 68/13, 110/15") (hereinafter: **the Act**), hereby submit the following

COUNTER-PROPOSAL

By which they propose that the decision stated under Item AD.11. of the agenda of the General Assembly of Jadran d.d., to be held on 13 August 2018 starting at 10:00 am at the Omorika Hotel in Crikvenica, in accordance with the call for the General Assembly of 4 July 2018, published in the Official Gazette No. 59/2018, should be amended to read:

"Ad 11.

Decision on amendments to the Statute

I Article 7 of the Company's Statute shall be amended to read as follows:

"Company's data and communications shall be published on the website of the court registry. Management Board shall decide on publishing prescribed information, data and communications in the media or the Company's website. If the shares are listed on a regulated market, Company shall publish prescribed information, data and communications in accordance with the rules of that regulated market."

Paragraph 2 of Article 9 of the Company's Statute shall be amended to read as follows:

"The share capital of the Company is divided and contained in 49,131,669 ordinary non-materialised registered shares, without the nominal amount and each carrying the right to one vote."

Paragraph 1 of Article 11 of the Company's Statute shall be amended to read as follows:

"With the adjustment of the increase of capital by issuing new stocks, each shareholder has the right to enter the part (number) of new stocks corresponding to his share in the company's existing share capital. The deadline for achieving the right of priority to due entry cannot be shorter than 14 days."

Article 15a shall be added after Article 15 and shall read as follows:

"Management Board and its members may undertake the following activities only with the prior consent of the Supervisory Board:

- alienation, acquisition or burdening of real property
- construction of new business buildings
- establishment of new companies, alienation and acquisition of stocks and shares of other companies, or the purchase or sale of companies in their entirety
- alienation and acquisition of bonds, and issuance of bonds
- granting guarantees except in cases of guaranteeing the liability of subsidiaries taking loans and credits with a value of more than EUR 1,000,000
- entering into other activities whose value exceeds 15% of the Company's share capital or which are concluded for more than 5 years and are not part of regular commercial activities
- establishment and termination of Company's branch offices.

In case of activities referred to in the preceding paragraph, indents 1 and 3 of this Article, concerned value must exceed 25% of the Company's assets. Management Board may undertake such activities only with the prior approval of the General Assembly.

Supervisory Board may also designate other activities that may be undertaken only with the prior approval of the Supervisory Board.

For the purpose of undertaking legal actions and entering into business activities which result in a decision approved by the Supervisory Board pursuant to the provisions of this Statute, Management Board shall require no special approval from the Supervisory Board."

Paragraph 1 of Article 23 of the Company's Statute shall be amended to read as follows:

"Supervisory Board shall adopt the Rules of Procedure which regulate its operations by a majority vote of all members."

Article 24 of the Company's Statute shall be amended to read as follows:

"Supervisory Board may adopt valid decisions if the session was validly convened in accordance with the provisions of the preceding Article and the Supervisory Board's Rules of Procedure, and if majority of members of the Supervisory Board attended the session.

Sessions of the Supervisory Board shall be chaired by the Chairman of the Supervisory Board or a Deputy Chairman of the Supervisory Board should the Chairman of the Supervisory Board be prevented from attending.

Chairman of the Supervisory Board may in specific situations decide that members of the Supervisory Board may send their votes and decisions by phone or by letter, fax or email, on the basis of submitted preparatory materials, without holding a session of the Supervisory Board. When voting by phone, confirmation of votes shall be sent by fax, letter or email. If voting by phone, fax, letter or email, the decision shall be deemed adopted if more than half of all the members of the Supervisory Board voted for the proposed decision.

Member of the Supervisory Board who is prevented from attending the Supervisory Board session may vote by phone, letter, fax or email. If voting by phone, a written confirmation shall be sent by fax or email. Member of the Supervisory Board who has voted in the aforementioned manner shall be considered as present at the session.

Voting in the manner specified in paragraphs 3 and 4 of this Article shall be valid only if no member of the Supervisory Board opposes such voting."

Paragraph 1 of Article 25 of the Company's Statute shall be amended to read as follows:

"Decision of the Supervisory Board shall be deemed as adopted if more than half of all the members of the Supervisory Board voted for the adoption of such decision."

Paragraph 1 of Article 31 of the Company's Statute shall be amended to read as follows:

"Each ordinary share shall carry the right to one vote."

Paragraph 1 of Article 38 of the Company's Statute shall be amended to read as follows:
"Shareholders' shares of profits shall be determined according to the Company's share capital as it relates to their stocks."

- II. This Decision produces legal effects from the date of its entry into the Court Registry of the Commercial Court in Rijeka.
- III. The Supervisory Board of the Company is authorized to draft a complete text of the Statute and to submit it to the public notary for certification.

Exposition

Concerning the proposal for a Decision on amendments to the Statute referred to in Item AD. 11. of the agenda of the General Assembly of Jadran d.d., held on 13 August 2018, the Proposer deems it necessary to amend specific parts of the Statute in order for the Statute to comply with relevant provisions of the Act, as well as to ensure more efficient internal management of Jadran d.d.

The Proposer suggests amending Article 7 of the Statute in a manner that paragraph 1 of Article 7 of the Statute is aligned with paragraph 1 of Article 174 of the Act, which states that company's data and communications have to be published on the website of the court registry. Furthermore, the Proposer suggests adding paragraph 2 of Article 7 of the Statute, which is essentially in compliance with paragraph 2 of Article 174 of the Act, as well as amend paragraph 3 of the same article to state that the company Jadran d.d. shall publish prescribed information, data and communications in accordance with the rules of that regulated market if Company's shares are listed on a regulated market.

Pursuant to paragraph 5 of Article 263 of the Act, the Proposer suggests adding a provision of Article 15a into the Statute of Jadran d.d., which stipulates, in paragraph 1, types of activities that the Management Board may undertake with the prior consent of the Supervisory Board. In doing so, types of activities for which prior approval is required shall exclusively be activities that are not considered regular not ordinary business activities and which may have far-reaching consequences for Jadran d.d. This justifies the fact that prior approval for conducting these types of activities is required from the Supervisory Board, while ensuring that the Management Board of Jadran d.d. shall not be unnecessarily restricted in performing its regular, everyday business operations. Pursuant to paragraph 2 of Article 242 of the Act, paragraph 3 of Article 15 of the Statute shall be amended to provide for the possibility that the Supervisory Board may adopt a decision and restrict management activities of the Management Board.

The Proposer suggests that paragraph 2 of Article 15a prescribes that specific activities, such as alienation, acquisition or burdening of real property, alienation and acquisition of stocks or shares of other companies, and establishment of companies, whereby their value exceeds 20% of assets owned by Jadran d.d., should require prior approval of the General Assembly. Such activities should be considered extremely important for Jadran d.d. and could have a significant long-term impact on Company's business operations, justifying the fact that these activities may only be undertaken following a prior approval of the General Assembly as a company body through which shareholders directly exercise their rights in the company.

Proposed amendments to paragraph 1 of Article 23 of the Statute should explicitly stipulate that the Rules of Procedure of the Supervisory Board are to be adopted by a majority vote of all members of the Supervisory Board. According to the Proposer, this was already the intention of the text in the current Statute given the previous wording of paragraph 1 of Article 23 of the Statute and paragraph 1 of Article

25 of the Statute, however the Proposer suggests making aforementioned amendments to avoid any doubt regarding the majority required to adopt Rules of Procedure of the Supervisory Board.

The Proposer suggests to amend paragraph 1 of Article 24 of the Statute in such a manner that the majority of the members of the Supervisory Board have to attend the session in order to validly adopt a decision of the Supervisory Board, in order not to unduly restrict and impede activities and tasks of the Supervisory Board. It is also proposed to delete existing paragraph 2 and paragraph 3 of Article 24 of the Statute in order to simplify activities of the Supervisory Board and to ensure that the Statute does not overburden the provisions referring to activities of the Supervisory Board, since the details of the activities of the Company's Supervisory Board are included in Rules of Procedure of the Supervisory Board.

Given the importance of issues decided upon by the Supervisory Board, and in particular considering the proposed provision of paragraph 1 of Article 15a of the Statute, the Proposer considers it justifiable to prescribe that the decisions of the Supervisory Board are voted upon and adopted by a majority of all members of the Supervisory Board, and not by a majority of members attending a specific session.

The Proposer suggests to amend paragraph 1 of Article 31 of the Statute in such a manner that the provision is altered to include the fact that Jadran d.d. issued only ordinary shares and there are no common shares of the company.

Finally, the Proposer suggests to amend paragraph 1 of Article 38 of the Statute in order to align said provision with paragraph 1 of Article 223 of the Act, and with the fact that the shares of Jadran d.d. with a nominal amount are replaced with shares with no nominal amount. With regard to payment of dividend, it is proposed to apply provisions of paragraph 4 of Article 223 of the Act, which is why it has been suggested to delete the second sentence of paragraph 1 of Article 38 of the Statute.

Zagreb, 13 August 2018

PBZ CROATIA OSIGURANJE d.d. for compulsory pension funds management

Dubravko Štimac, President of
the Management Board

Renata Kašnjar-Putar, Member
of the Management Board