



REPUBLIC OF CROATIA

JADRAN plc, Crikvenica

TRANSACTION

The Republic of Croatia intends to sell its shares of Jadran plc through a public tender, according to the Law on the Management and Disposal of Assets Owned by the Republic of Croatia (Official Gazette 94/13, 18/16) and the Regulation on the Sale of Shares and Business Interests (Official Gazette 129/13 and 66/14). The tender will be conducted in two rounds:

- The first round: determining investor interest in purchasing shares/business interests,
- The second round: investors who expressed interest by submitting a Letter of Intent in the first round will be invited to submit a binding bid for the purchase of shares/ business interests.

After submitting a formal Letter of Intent, receiving a bid invitation, and signing an NDA, potential investors can participate in the due diligence procedure. Upon bid submission, the best bidder will be selected based on the tender criteria.

There is currently no open tender for the sale of Jadran plc shares.



COMPANY

The tourism-hospitality company Jadran plc started business operations in the 1960s, offering accommodation and catering services in several tourist facilities along the Crikvenica Riviera. The company went into bankruptcy in 2010, but it successfully emerged from these proceedings in 2014, when it again became one of the largest companies in the Kvarner region.

Today, the company operates six hotels and two tourist villages with total accommodations of 1,232 rooms and 530 places in camps. All facilities are on the waterfront and located in very attractive sites near popular beaches or the center of Crikvenica.

In 2014, the company started an investment cycle to raise the category of the hotels and to extend the season. To date, the investments have included the renovation of Hotels Slaven, Omorika and Katarina and the camp Selce, while the Hotel Esplanade will be renovated in 2017 to meet the standards of the 4-star hotel.

In the last three years, the company has averaged 350,000 overnights with 4% year-over-year growth. The majority of the tourists (>80%) are foreign. The most important markets are Slovenia, Germany, Slovakia and the Czech Republic.

SALE

Shares on sale: 34,702,128 (70.63% of share capital).

Company shares have not yet been listed on the stock exchange. However, preparations for listing are currently in progress. This project, as stipulated by the Law on Investment Promotion (OG 102/15), can qualify for investment incentives. For more information, please see Section 5: Incentive Measures for Investments Projects.

FINANCIAL DATA (in EUR:)

Year	2014	2015	2016
Operating revenues	7,901,007	8,421,687	11,059,354
Operating expenses	7,730,526	8,064,527	10,295,247
EBITDA	1,090,639	1,308,051	1,837,043
EBIT	170,481	257,161	764,107
Net income	279,228	347,164	507,373
Total assets	74,634,640	75,058,689	79,449,144
Total liabilities	6,425,319	6,258,098	9,015,279
Number of employees	228	239	264

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REAL ESTATE PORTFOLIO

The company consists of the following accommodation facilities:

HOTELS:

Kaštel***, 74 accommodation units, built in 1988,
Esplanade****, 38 accommodation units, built in 1964, renovated in 2017,
Omorika****, 115 accommodation units, built in 1973, renovated in 2016,
Katarina****, 152 accommodation units, built in 1971, renovated in 2016,
International**, 53 accommodation units, built in 1965, renovated in 2013,
Zagreb**, 40 accommodation units, built in 1920.

HOTELS & PAVILIONS:

Slaven/****, 211 accommodation units, built in 1967,
Ad Turres**, 364 accommodation units, built in 1969- 72.

PAVILIONS & BUNGALOWS:

Kačjak**, 185 accommodation units, built in 1964; some of the bungalows were renovated in 2011.

CAMPS:

Selce***, 500 camp units, built in 1975, renovated in 2015,
Kačjak, small camping plots, 30 units.

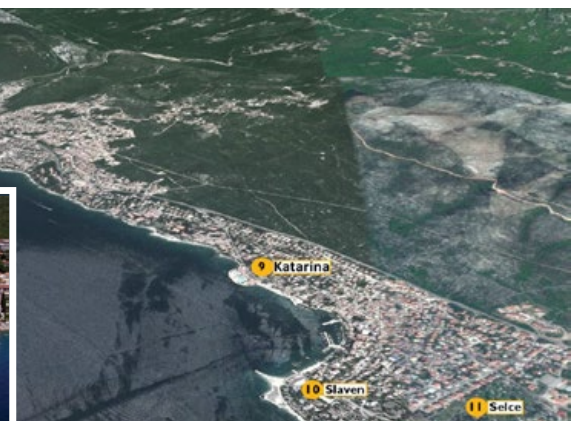
ADDITIONAL FACILITIES:

Conference rooms: Hotel Katarina (capacity 300 persons), Omorika (330 persons)

Wellness centers and swimming pools: Hotel Katarina, Esplanade

Restaurants: Rokan, Stella Maris, Cafe Inter, Kačjak

Sports facilities: Tennis courts, mini-golf, multi-purpose playgrounds.



PRIMORJE-GORSKI KOTAR COUNTY

Population (2011): **296,195**

GDP per capita (2014): **12,548 EUR**

Unemployment rate (2016): **13.0%**

Average gross salary: **1,030 EUR**

Average gross salary in the sector (tourism): **949 EUR**

Primorje-Gorski Kotar County is situated between Slovenia in the north and the Adriatic in the south. It is comprised of woodland mountains, the sea coast and islands.

A very favorable position at the junction of important road and sea routes were the reasons why inhabitants have focused on maritime affairs and other sea-related economic and tourism activities. As a consequence, the area, and especially the county seat of Rijeka, has developed into a strong transport and maritime center. While Gorski Kotar has remained a traditional forestry and wood processing area, it has also recently developed into a strong tourism region.

Primorje-Gorski Kotar County is considered the birthplace of Croatian tourism, especially Opatija and Lovran, which

previously served as holiday destinations for the Habsburg emperors. These towns have now been high-end and health tourism destinations for more than a century.

The county's education policies mirror its historical ties with tourism, especially nautical tourism. The Faculty of Tourism and Hospitality Management in Opatija is the only Croatian university fully dedicated to the education of a specialized tourism workforce. In addition, there are two secondary education institutions dedicated to tourism or hospitality education.

The county is also especially attractive for nautical tourism. According to the Ministry of Tourism, there are 11 marinas with a total of 2,747 berths.

The county is well connected with continental Croatia and the neighboring countries. Rijeka is a major ferry port with regular connections to the nearby islands and the southern Adriatic. There are several airports within a 200 km radius (Pula, Rijeka, Zadar, Zagreb, Split, Trieste, Venice, and Ljubljana).

CONTACTS

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