

Zagreb, March 14, 2019

**Zagreb Stock Exchange
Croatian Financial Services Supervisory Agency
Croatian News Agency
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Company WEB site**

Joint notification of intention to merge controlled companies

Sunce koncern d.d., Trpinjska 9, Zagreb („**Sunce koncern d.d.**” or the „**Group**“) as the controlling company according to the Companies Act provisions and (i) **Hoteli Brela d.d.**, Trg Gospe od Karmela 1, Brela, (ii) **Hoteli Tučepi d.d.**, Dračevice 35, Tučepi and (iii) **Hoteli Zlatni rat d.d.**, Bračka cesta 13, Bol, as controlled companies, hereby announces that in order to optimise the organisational structure of the business, Supervisory Boards of all related companies, on its meeting held on the March 13, 2019, have approved the necessary actions in order to prepare the merger of controlled companies to Sunce koncern d.d. as the acquiring company.

Pursuant to Article 515 of the Companies Act, **Supervisory Boards of all related companies have jointly proposed Deloitte d.o.o., Radnička cesta 80, Zagreb as a merger auditor.** Joint proposal for the appointment of the merger auditor will be submitted to the commercial court in Zagreb. Merger auditor shall present a written report on its findings. The report shall be concluded by a statement regarding the adequacy of the ratio of the proposed exchange of shares.

Pursuant to the provisions of the Companies Act, Management Boards of all companies participating in the merger shall conclude a merger agreement, by which the entire assets of such company (acquired company) is transferred to acquiring company in exchange for the shares of that company. Thereby shareholders of the acquired company are becoming direct shareholders of the acquiring company.

According to the latest available data, in controlled companies where there is a merger intention, Sunce koncern d.d. as a controlling company has the following share of the capital and voting rights:

- (a) Hoteli Brela d.d., 89,58%,
- (b) Hoteli Tučepi d.d., 91,41%,
- (c) Hoteli Zlatni rat d.d., 80,99%, and
- (d) Hotel Alan d.d., 97,96%.

All above companies with the exception of Hotel Alan d.d. are listed on the regulated market of Zagreb Stock Exchange.

Final decision regarding the approval of the proposed merger will be rendered by the general assemblies of the companies taking part in the merger. The Management Boards of the said companies will convoke the general assemblies after receiving the report of the merger auditor.

Pursuant to relevant regulations, the merger will be considered to be completed only after the approval by the general assemblies of the companies taking part in the merger and upon its entry into the court register of the acquiring company, which is expected to be implemented by the end of 2019.

The current organisational structure of the Group can be viewed on the following link:

<https://www.bluesunhotels.com/investors/structure>

Hoteli Brela d.d.

Hoteli Tučepi d.d.

Hoteli Zlatni rat d.d.

Sunce koncern d.d.

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Internet stranica: www.bluesunhotels.com/investitori