

LUKA KOPER, port and logistics system operator, a public limited company
Vojkovo Nabrežje 38, 6501 Koper, Slovenia

Explanation of the proposed resolution of the 24th General Assembly of *Luka Koper d.d.* to be held on Wednesday at 1 pm on 19th March 2014 in the Plenary Hall of Primorska Chamber of Commerce and Industry, Ferrarska Ulica 2, Koper.

Item 4. Diligent review as to eligibility and continuation of redress procedures

The General Assembly shall be presented with the Management Board's intention to undertake a diligent review of the redress procedures already initiated in relation to the company's former management and supervisory bodies, which was initiated on the basis of Resolution No. 9 of the *Luka Koper d.d.* General Assembly of 19th July 2010. With due diligence and on the basis of the findings of a careful review and the assessment of liability for damages, Management shall make a decision as to the viability of the further pursuit of litigation already initiated, or the termination of such upon consideration of the financial situation of the defendants together with an assessment as to the actual possibility that *Luka Koper d.d.* shall win its court cases.

Management Board explanation to the proposed resolution:

Voting as to a resolution with respect to this item of the Agenda in relation to the Management Board informing the General Assembly as to its intent is not required due to the informative nature of the item.

At the 18th (eighteenth) General Assembly Meeting of 19th July 2010, shareholders adopted - in compliance with the provisions of Article 327 of the Companies Act RS and on the basis of a Special Audit Report on *Luka Koper d.d.*'s transactions - Resolution No. 9 which requires that the Management Board diligently examine elements of liability for damages. Furthermore, Resolution No. 9 requires that within the statutory term the company should bring actions for compensation of damages which *Luka Koper d.d.* incurred in relation to certain business transactions as a consequence of violations of the professional obligation of the former management and/or supervisory bodies of *Luka Koper*, in particular those listed in Resolution No. 4 (four) adopted at the 15th (fifteenth) General Assembly held on 20th March 2009.

In accordance with the adopted resolution and within the statutory term, the company brought actions against erstwhile members of management and supervisory bodies. The company's Management Board determines that due to high amounts of the claims in relation to individual actions, the company is obliged to pay high costs in relation to litigation. The Management Board believes that with regard to the redress procedures, initiated in order to determine the liability for damages, it would be diligent and appropriate to re-assess the probability of successful litigation, as well as estimate the cost of future litigation together with the possibility of repayment or recovery in the event of a successful outcome. The Management Board shall entrust this review and assessment of procedures to independent legal experts.

In addition, the Management Board determines that the decision to further pursue the initiated litigation also depends on an assessment as to the material situation and assets of the defendants: namely, there is no point in pursuing the court procedure if there is no possibility of recovery due to the defendants' lack of assets. Further to this, it should be established if there are any other existing claims in relation to the assets of the defendants - and if so, in what amount. The existence of such would further complicate or render impossible - even in the event of successful litigation - any actual recovery by *Luka Koper d.d.* in relation to the claimant. Notwithstanding the above and the eventual outcome, the company is already obliged to pay high costs in relation to the processes, and in the event of an unfavourable outcome, the company shall also be obliged to pay the defendants' costs

too. To date, in excess of 660,000 euros - in court fees, legal costs and fees, as well as the payment of costs incurred by defendants - has already been incurred by *Luka Koper d.d.* in relation to its pursuit of these claims.

Management Board