

VALAMAR RIVIERA

Valamar Riviera d.d.
Stancija Kaligari 1 / 52440 Poreč / Croatia
T +385 52 408 000 F +385 52 451 608
www.valamar.com E info@riviera.hr



VALAMAR
HOTELS & RESORTS

HANFA- Croatian Financial Services
Supervisory Agency
24b Miramarska Street
10000 ZAGREB

HANFA – Official Registry of Regulated Information

Zagreb Stock Exchange
2a Ivana Lučića
10000 ZAGREB

HINA – Croatian News Agency
ots@hina.hr

Poreč, 23/03/2017
File no: 17-25/17.

Subject: General Assembly – convocation, invitation to the shareholders

The Management Board of Valamar Riviera d.d., with registered office in Poreč, 1 Stancija Kaligari, personal identification number (OIB) 36201212847 (hereinafter: the Company), pursuant to the provisions of the Companies Act, rendered on 14 March 2017 the decision to convoke the Company's General Assembly. It will be **held on 4 May 2017** at the PICAL Hotel in Poreč, 2 Pical, starting at 13:00. Pursuant to the provisions of the Capital market Act and the Rules of the Zagreb Stock Exchange, the Management Board hereby submits for announcement the Invitation to the shareholders of the Company in its prescribed form, containing decision proposals as well as the full text of the decision proposal for dividend payout.

We hereby announce that the Invitation to the shareholders will be submitted for publication on the court register's website. The full, prescribed form of the Invitation to the shareholders, including the documents for the General Assembly will also be released on the Company's website at www.valamar-riviera.com, no later than the day of publication on the court register's website, pursuant to existing regulations.

The Invitation is in the enclosed text.

Sincerely,

Valamar Riviera d.d.

Commercial Court in Pazin, Company Registry Number 040020883, VAT identification number HR36201212847; Company: Valamar Riviera Joint Stock Company for Tourism; shortened company name: Valamar Riviera d.d.; HRK 1.672.021.210,00 of shared capital, fully paid, 126.027.542 shares; Registry Number 3474771; Accounts: HYPO ALPE – ADRIA – BANK d.d. Zagreb IBAN: HR 2625000091101024767, SWIFT: HAABHR22; ZAGREBAČKA BANKA d.d. Zagreb IBAN: HR 4123600001101319202, SWIFT: ZABAHR2X; ERSTE & STEIERMÄRKISCHE BANK d.d. Rijeka IBAN: HR 0624020061100389454, SWIFT: ESBCHR22; PRIVREDNA BANKA d.d. Zagreb IBAN: HR 4723400091100153498, SWIFT: PBZGHR2X; RAIFFEISEN BANK AUSTRIA d.d. Zagreb IBAN: HR 1624840081102134625, SWIFT: RZBHHR2X; SOCIETE GENERALE – SPLITSKA BANKA d.d. Split IBAN: HR 4023300031100321684, SWIFT: SOGEHR22; SBERBANK d.d. Zagreb IBAN: HR 9025030071100039991, SWIFT: VBCRHR22; ISTARSKA KREDITNA BANKA UMAG d.d. Umag IBAN: HR 7423800061110009020, SWIFT: ISKBHR2X; OTP BANKA d.d. Zadar IBAN: HR 4724070001100365752, SWIFT: OTPVHR2X; CROATIA BANKA d.d. Zagreb IBAN: HR 4824850031100284295, SWIFT: CROAHR2X; President of the Management Board: Željko Kukurin, Member of the Management Board: Marko Čizmek; President of the Supervisory Board: Gustav Wurmböck.

Pursuant to Article 277, paragraphs 2, 3 and 4 of the Companies Act, and Articles 18 and 19 of the Statute of Valamar Riviera d.d. from Poreč, 1 Stancija Kaligari (hereinafter: the Company) and the Management Board Decision to convoke the General Assembly dated 14 March 2017, we hereby announce the convocation and

INVITATION TO THE GENERAL ASSEMBLY OF THE SHAREHOLDERS OF VALAMAR RIVIERA d.d.

We hereby inform the shareholders of Valamar Riviera d.d. from Poreč, 1 Stancija Kaligari, that the **General Assembly will be held on Thursday, 4 May 2017 at the PICAL hotel in Poreč, 2 Pical, starting at 13:00.**

The General Assembly will be conducted according the following

AGENDA:

1. Presentation of the Annual financial reports for 2016 with the Auditor's report, the Management and Supervisory Board reports and the related:
 - a) Distribution of profit;
 - b) Discharge grant to:
 - i. members of the Management Board
 - ii. members of the Supervisory Board
2. Appointment of the Company's Auditor;
3. Election of the Supervisory Board members;
4. Amendment to the Company Statute (Articles of Association);
5. Dividend payout.

DECISION PROPOSALS

The Management Board and Supervisory Board (the Supervisory Board for items 2 and 3) propose that the General Assembly renders the following decisions:

AD 1)

1a) to distribute the Company's realized profits in 2016 totaling HRK 336,657,720.54 as follows:

- HRK 16,402,310.91 to the Company's legal reserves
- HRK 320,255,409.63 to the Company's retained profits

1b)

- i. The Management Board members are discharged from managing the Company's business in 2016
- ii. The Supervisory Board members are discharged from performing the supervision of the management of the Company's business in 2016.

AD 2)

to appoint Ernst & Young d.o.o. from Zagreb, 50 Radnička cesta, personal identification number (OIB): 58960122779 as the Auditor for VALAMAR RIVIERA d.d. from Poreč in 2017.

AD 3)

DECISION ON THE ELECTION OF SUPERVISORY BOARD MEMBERS

I

Due to the Supervisory Board mandate expiration on 6 July 2017, the following are hereby elected as Supervisory board members for a 4 –year term of office:

1. GUSTAV WURMBÖCK from Wien, Salmansdorfer Strasse 28, OIB 32466477966, entrepreneur.
2. MLADEN MARKOČ from Zagreb, Nežićeva 2d, OIB 67081484819, lawyer.
3. FRANZ LANSCHÜTZER from Wien, Salmansdorfer Strasse 16, OIB: 56212187099, entrepreneur.
4. GEORG ELTZ from Zagreb, Mažuranićev trg 5, OIB 36794031343, entrepreneur.
5. HANS DOMINIK TURNOVSZKY from Salzburg, Pfadfinderweg 1, OIB 27842089261, entrepreneur.
6. VICKO FERİĆ from Zagreb, Jurjevska 58, OIB 78639377930, entrepreneur.

II

The term of office for the newly elected Supervisory Board members starts on 7 July 2017.

AD 4)

**D E C I S I O N
ON THE AMENDMENT TO THE COMPANY STATUTE (ARTICLES OF ASSOCIATION)
OF VALAMAR RIVIERA dioničko društvo za turizam**

Article 1

In Article 4, paragraph 1 of the Valamar Riviera d.d. Company Statute dated 27 April 2016, (hereinafter: the Statute) at the end of the text of the last line, the full stop is removed and one new line is added:

"business activity such as projections of movies"

Article 2

All other provisions of the Statute remain unchanged.

Article 3

The President of the Management Board is authorized to determine the consolidated text of the Statute after this decision is rendered.

Article 4

The Management Board and Supervisory Board Chairman shall submit the application to the court register regarding the amendment to the Company Statute, after this decision is rendered.

AD 5)

**DECISION
on dividend payout**

I

The Company shareholders will be paid a dividend in the amount of HRK 0.80 (eighty lipa) per each share.

II

The dividend will be paid out of the total retained profit realized in 2013, and the retained operating profit for the year 2014 and 2015.

III

Each Company shareholder, owner of the shares registered on their accounts of dematerialized securities in the computer system of the Central Depository and Clearing Agency as of 11 May 2017 (record date) is eligible for the dividend payout.

IV

The company shareholders have the possibility to have one quarter of their dividend paid out in rights- company shares. One fourth of the total dividend a shareholder is entitled to shall be determined as follows: the dividend tax and surtax (if applicable to a shareholder) will first be deducted from the number of their shares multiplied by the dividend amount per share, and then it will be divided by the average daily company share price achieved on the official market of the Zagreb Stock Exchange on the day this decision is rendered, and then divided by 4 and resulting in $\frac{1}{4}$ of rights (shares) rounded to the next smaller integer. The remaining part shall be paid out in cash. Treasury shares shall be used for the payment in rights-company shares. In case there are no sufficient treasury shares to satisfy all the shareholders' claims to have their dividend paid out in rights –company shares, all the claims will be settled through a proportionate reduction of the number of claimed shares.

V

Those shareholders who wish to have a quarter of their dividend paid out in rights-company shares, must have their written, hand-signed statement submitted to the Central Depository and Clearing Agency by 24 May 2017 at the latest.

The shareholders can find the application form on the corporate website www.valamar-riviera.com.

VI

The shareholders who do not submit their statement to have their dividend paid out in rights-company shares or whose statement will not be submitted to the Central Depository and Clearing Agency by 24 May 2017 will receive their dividend in cash.

VII

The ex date is 10 May 2017.

VIII

The Company shareholders will be paid their dividend on 29 May 2017 (payment date).

INSTRUCTIONS FOR SHAREHOLDERS' PARTICIPATION AT THE GENERAL ASSEMBLY AND SHAREHOLDERS' RIGHTS:

The total number of shares issued with voting rights is 126,027,542, and the total number of voting rights is equal to 124,170,508 shares, taking into account the one-share-one vote rule and treasury shares having no voting rights.

Shareholders can participate at the Assembly in person or represented by an attorney. Shareholders can participate and vote at the Assembly if they register their participation at the Company, six (6) days before the day of the holding of the Assembly, according to Article 279 of the Companies Act (hereinafter: CA), or if the participation registration is received by the Company's registered office in Poreč, 1 Stancija Kaligari by **27 April 2017** at the latest.

The status in the register of the Central Depository and Clearing Company on the last day of the participation notice period, will be applied to determine the number of votes an individual shareholder is entitled to as well as to determine who is considered to be a shareholder.

Shareholders who wish to participate to the General Assembly through an attorney must enclose a written power of attorney to their participation registration unless they already have their issued general powers of attorney (until revocation) deposited at the Company. The power of attorney must specify who is giving it and to whom it has been given, the total number of shares i.e. voting rights, the authorization to vote at the Company's General Assembly, and the signature of the shareholder who gives the power of attorney. If the shareholder is a legal entity, the excerpt from the court register or its copy must also be enclosed to the power of attorney, from which it is visible that the legal representative of the legal entity has signed the power of attorney.

The shareholder who failed to apply for participation at the General Assembly in the prescribed period cannot participate to the General Assembly.

If shareholders who together hold the twentieth part of the share capital request that an item is added to the agenda and announced after the General Assembly has been convoked, they must render an explanation and decision proposal for each new agenda item. The Company must receive the request for adding a new item to the agenda at least 30 days before the holding of the General Assembly. The day a request is received by the Company is not included in this period.

The shareholders' proposals specifying their names and surnames, pursuant to Article 282 of the CA, must be made available to the persons specified in paragraphs 1 to 3 of Article 281 of the CA under circumstances specified there, providing that shareholders deliver their counterproposals at the Company address at least 14 days before the day of the holding of the General Assembly. The day on which the Company receives the proposal is not included in the 14-day period. The proposals must be made available on the Company website. If a shareholder does not exercise this right, it does not result in the loss of right to place a counterproposal at the General Assembly. This is applied to shareholders' counterproposals for the appointment of Supervisory Board members or Company's Auditor as well. Pursuant to Article 287 of the CA, upon individual shareholder's request, the Management Board is required to inform the shareholder on the Company's business if this is deemed necessary for deciding on certain items of the agenda.

The written documents for the General Assembly, the Invitation including the agenda, the participation registration form and power of attorney are available to shareholders from the Company's webpage: www.valamar-riviera.com and at the Company's registered office in Poreč, 1 Stancija Kaligari. The said documents are available starting from the date of the publication of the invitation on the court register's website, on working days except Saturdays from 09:00 to 12:00.

If the General Assembly is without quorum, according to the provisions of Article 15 of the Statute, the next General Assembly will be held on 11 May 2017 at the PICAL hotel in Poreč, 2 Pical, starting at 13:00.

In order to register and prepare the list of participants at the General Assembly on time, the shareholders are kindly asked to arrive at least 20 minutes before the start of the General Assembly.

MANAGEMENT BOARD OF VALAMAR RIVIERA d.d.

EXPLANATION OF THE PROPOSED DECISIONS FOR THE GENERAL ASSEMBLY

AD 1) Pursuant to the provisions of the Companies Act, the Management Board and Supervisory Board have determined the prescribed non-consolidated and consolidated annual financial and other reports for the year 2016 and present them to the General Assembly. Pursuant to the Capital Market Act, the prescribed reports for the year 2016 were published on 27 February 2017, and have been available since on the Company website as well. In addition, according to business policy and the needs of the Company's further development, the Management Board and Supervisory Board propose to distribute the Company's realized profits in 2016 totaling HRK 336,657,720.54 as follows: HRK 16,402,310.91 to the Company's legal reserves and HRK 320,255,409.63 to the Company's retained profits.

Pursuant to the provisions of Article 276 of the Companies Act, it is proposed that the members of the Management Board and Supervisory Board are granted discharge.

AD 2) Pursuant to Article 280, paragraph 3 of the Companies Act, and according to the Audit Committee's opinion which had previously assessed the submitted offers of auditing firms, the Supervisory Board determined the proposal to appoint Ernst & Young d.o.o. from Zagreb, 50 Radnička cesta, personal identification number (OIB): 58960122779, as the Company's Auditor in 2017.

AD 3) Pursuant to Articles 258 and 280, paragraph 3 of the Companies Act, and Articles 18 and 19 of the Statute, the Supervisory Board determined the proposal for the re-election of the Supervisory Board members for a new 4-year term of office, due to the Supervisory Board mandate expiration on 6 July 2017. The Supervisory Board consists of seven members; six of them are elected by the General Assembly, while one member is elected by the employees to be their representative in the Supervisory Board, pursuant to the provisions of the Labor Act and the Company Statute.

AD 4) The Management Board and Supervisory Board propose an amendment to the Company Statute: the Company's registered business activities should also include projections of movies. In this way, the Company would be able to have projections of movies at its properties (hotels, resorts and campsites) and offer additional services, all pursuant to relevant regulations.

AD 5) Pursuant to the Company's business policy, the Management Board and Supervisory Board determined the proposal according to which the Company shareholders will be paid a dividend in the amount of HRK 0.80 (eighty lipa) per each share. The dividend would be paid out of the total retained profit realized in 2013, and the retained operating profit for the year 2014 and 2015. Pursuant to Article 116 of the Rules of the Zagreb Stock Exchange, the proposed payment date is 29 May 2017. Each Company shareholder, owner of the shares registered on their accounts of dematerialized securities in the computer system of the Central Depository and Clearing Agency as of 11 May 2017 (record date) is eligible for the dividend payout. The ex date is 10 May 2017. The company shareholders have the possibility to have one quarter of their dividend paid out in rights- company shares. One fourth of the total dividend a shareholder is entitled to shall be determined as follows: the dividend tax and surtax (if applicable to a shareholder) will first be deducted from the number of their shares multiplied by the dividend amount per share, and then it will be divided by the average daily company share price achieved on the official market of the Zagreb Stock Exchange on the day this decision is rendered, and then divided by 4 and resulting in $\frac{1}{4}$ of rights (shares) rounded to the next smaller integer. The remaining part will be paid out in cash. Treasury shares shall be used for the payment in rights-company shares. In case there are no sufficient treasury shares to satisfy

all the shareholders' claims to have their dividend paid out in rights –company shares, all the claims will be settled through a proportionate reduction of the number of claimed shares. Those shareholders who wish to have a quarter of their dividend paid out in rights-company shares, must have their written, hand-signed statement submitted to the Central Depository and Clearing Agency (in charge of the corporate dividend payout) by 24 May 2017 at the latest.

The shareholders who do not submit their statement to have their dividend paid out in rights-company shares will receive their dividend in cash.