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**Subject: General Assembly – convocation, invitation to the shareholders**  
*(General assembly - agenda, proposals, decisions of meeting)*

The Management Board of Valamar Riviera d.d., with registered office in Poreč, Stancija Kaligari 1, personal identification number (OIB) 36201212847 (hereinafter: the Company), pursuant to the provisions of the Companies Act, rendered on 9 March 2020 the decision to convoke the Company's General Assembly. It will be **held on 21 April 2020** at the Valamar Diamant Hotel & Residence, Poreč, Brulo 1, starting at 11:00. 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](http://www.valamar-riviera.com), pursuant to existing regulations.

The Invitation is in the enclosed text.

Valamar Riviera d.d.

Pursuant to Article 277, paragraphs 2, 3 and 4 of the Companies Act and the Management Board Decision to convoke the General Assembly dated 9 March 2020, Valamar Riviera d.d. from Poreč, Stancija Kaligari 1 hereby announces

## **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, Stancija Kaligari 1, that the **General Assembly will be held on Tuesday, 21 April 2020 at the Valamar Diamant Hotel & Residence, Poreč, Brulo 1, starting at 11:00.**

The General Assembly will be conducted according the following

### **AGENDA:**

1. Presentation of the Annual financial statements for 2019 with the Auditor's report, and 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. Changes of Charter (Articles of Association)
4. The withdrawal of the treasury shares without decreasing the share capital
5. Dividend payout

### **DECISION PROPOSALS**

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

#### **AD 1)**

1a) to distribute the Company's realized profits in 2019 totaling HRK 363,488,066.65 to the Company's retained profits

1b)

- i. The Management Board members are discharged from managing the Company's business in 2019
- ii. The Supervisory Board members are discharged from performing the supervision of the management of the Company's business in 2019

#### **AD 2)**

to appoint Ernst & Young d.o.o. za reviziju from Zagreb, 50 Radnička cesta, personal identification number (OIB): 58960122779 and UHY RUDAN d.o.o. za porezno savjetovanje i reviziju, from Zagreb, Ilica 213, personal identification number (OIB): 71799539000 as the Auditors for VALAMAR RIVIERA d.d. from Poreč in 2020.

AD 3)

**DECISION  
ON CHANGES OF CHARTER (ARTICLES OF ASSOCIATION)**

Article 1

Article 9 of Valamar Riviera d.d. Charter from 4<sup>th</sup> of May 2017, (hereinafter: Charter) is changed as follows:

„Authorised share capital

Article 9

(1) The Management Board of the Company is authorised, with the prior consent of the Supervisory Board, to increase the share capital of the Company, by a single or several issues of new shares, but in the maximum amount of one-half of the share capital, that is to the maximum however from HRK 1,672,021,210.00 (one billion six hundred seventy two million twenty one thousand two hundred and ten kuna) by HRK 836,010,605.00 (eight hundred thirty six million ten thousand six hundred five kuna) to HRK 2,508,031,815.00 (two billion five hundred eight million thirty one thousand eight hundred fifteen kuna).

(2) The Management Board shall be authorized to issue shares for contributions in kind and rights.

(3) The authorization of the Management Board from the preceding paragraph shall be given for a maximum period of five years from the registration in the court register of the amended Articles of Association containing the authorization.

(4) The Management Board may issue new shares with the exclusion of pre-emptive rights of the shareholders of the Company.“

Article 2

All other provisions of the Charter stay unchanged.

Article 3

President of Management board is authorised to determine the clean text of the Charter after this resolution is brought.

Article 4

Management board and Supervisory board are obliged to submit the application to the court regarding changes of Charter of the Company, after this resolution is brought.“

AD 4)

**DECISION  
on the withdrawal of the treasury shares without decreasing the share capital**

I

The Management Board is authorized, with the prior consent of the Supervisory Board, to withdraw all or a certain number (part) of the treasury shares of the Company without decreasing the share capital.

II

By the withdrawal of the treasury shares, the stake of the remaining shares of the Company's share capital increases.

III

The Management Board is hereby authorized to adjust the data on the number of the Company's shares in the Company's Articles of Association upon rendering the decision on the treasury shares withdrawal.

IV

The authorization to withdraw treasury shares shall be granted for a maximum period of five (5) years from the date of this decision.

V

This decision becomes effective on the day it is rendered.

**AD 5)**

**DECISION  
on dividend payout**

I

The shareholders of the Company shall be paid a dividend of HRK 1.20 (in words: one kuna and twenty lipas) per each share.

II

The dividend shall be paid out of the retained profit achieved in 2016 in the amount of HRK 29,868,578.72, while the remaining required amount shall be paid out of the retained profit achieved in 2017.

III

All Company shareholders as owners of shares registered in their accounts of dematerialized securities in the system of the Central Depository and Clearing Company as at **28 April 2020 (record date)** are eligible for dividend payout.

IV

The company shareholders have the possibility to have one quarter of their dividend paid out in 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) shall first be deducted from the number of shares multiplied by the dividend amount per share, and then it shall 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. The Company shall use treasury shares for the payment in rights-company 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 Company by **12 May 2020 at the latest**.

The shareholders can find the application form on the corporate website: [www.valamar-riviera.com](http://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 Company by 12 May 2020, will receive their dividend in cash.

VII

The **ex date is 27 April 2020**.

VIII

Company shareholders shall receive their dividend on **20 May 2020 (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 on the day this invitation is announced is equal to 121,887,907 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 **14 April 2020** 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 his intention 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](http://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 27 April 2020 at the Valamar Diamant Hotel & Residence, Poreč, Brulo 1, starting at 11:00.

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 30 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 2019 and present them to the General Assembly. Pursuant to the Capital Market Act, the prescribed reports for the year 2019 were published on 28 February 2020, and have been available since on the Zagreb Stock Exchange website and 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 2019 totaling HRK 363,488,066.65 to the Company's retained profit.

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. za reviziju from Zagreb, Radnička cesta 50, OIB: 58960122779 and UHY RUDAN d.o.o. za porezno savjetovanje i reviziju from Zagreb, Ilica 213, OIB: 71799539000 as the Company's Auditors in 2020. The Supervisory Board determined the proposal for the appointment of two auditors, since the Company is obliged to contract a statutory audit with at least two mutual independent auditors, pursuant to the provision of Article 43 paragraph 2 of the Audit Act.

AD 3) The Management Board and Supervisory Board determined the proposal of decision on changes of Charter (Articles of Association) since the period of 5 years of the Management Board's previously given authorization, with the prior consent of the Supervisory Board, to increase the share capital expires on 17/05/2020. The proposed decision extends the current authorization to increase the share capital for further period of 5 years from the day of entry the changes of the Articles of Association in the court register.

AD 4) Pursuant to Article 352 paragraph 3 item 3 of the Companies Act, the Management Board and Supervisory Board determined the proposal of decision on withdrawal the treasury shares without decreasing the share capital. The proposed decision enables to reduce the number of shares by withdrawal of the treasury shares without reducing the share capital. With the withdrawal of the treasury shares, the stake of remaining shares in the Company's share capital increases, while possible withdrawal represents an alternative to the sale of own shares in circumstances of possible adverse stock market movements.

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 1.20 (in words: one kuna and twenty lipas) per each share. The dividend would be paid out of the retained profit in 2016 totaling of HRK 29,868,578.72, while the remaining required amount would be paid out from the retained profit in 2017. Pursuant to the provision of Article 119 of the Zagreb Stock Exchange Rules, the proposed payment date is 20 May 2020. Each shareholder of the Company, owner of the shares registered on their accounts of dematerialized securities in the computer system of the Central Depository and Clearing Agency as of 28 April 2020 (record date) is eligible for the dividend payout. The ex date is 27 April 2020. The Company shareholders have the possibility to have one quarter of their dividend paid out in Company's shares. The proposed method of dividend payout (combination of the money and (optionally) partly in rights – treasury shares) continues the current practice, by which the liquidity of the Company is supported.