

HANFA - Croatian Financial Services Supervisory Agency

24b Miramarska

10 000 Zagreb

HANFA-Official Registry of Prescribed Information

Zagreb Stock Exchange

2a Ivana Lučića

10 000 Zagreb

HINA-Croatian News Agency

ots@hina.hr

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Subject: Notification of the Initiation of the Puntizela d.o.o. Pula Merger

In order to improve the operating efficiency and rationalize operations, the Management Board of VALAMAR RIVIERA d.d. with registered office in Poreč, 1 Stancija Kaligari (hereinafter: the Company) has initiated the merger of the company PUNTIŽELA d.o.o. with registered office in Pula, Puntizela 155 (hereinafter: Puntizela), where the Company holds 42,673 business stakes thus representing 100% of Puntizela equity. The merging process will take place in the first half of this year, pursuant to the provisions of the Companies Act.

Additionally, Valamar Riviera has set its revenue target for the year 2017 by taking into consideration (i) the initiated Puntizela merger, (ii) previously announced closing of Imperial d.d. Rab transaction (hereinafter: Imperial), (iii) previously announced investments for the year 2017 (amounting to HRK 873 million), and (iv) initial booking pace from source markets. In its business plan for the year 2017, Valamar Riviera is targeting total consolidated net operating revenue (Imperial excluded) of HRK 1.57 billion (thus representing a targeted 7% increase compared to 2016) or HRK 1.69 billion including Imperial (based on its interim business plan which will be reviewed in April).

Considering the seasonality of operations and pursuant to the company practices so far, the Company will announce the expected EBITDA and operating revenue range for 2017 in October of this year, including deviations from the set targets.

VALAMAR RIVIERA d.d.

Assumptions and risks of disclosing planned business results:

Our targets and plans are based on currently available information, current assumptions and projections of future events. These plans are not a guarantee of future results and are subject to future events, risks, and uncertainties, many of which are beyond the control of, or currently unknown to Valamar Riviera, as well as potentially erroneous assumptions that could cause the actual results to materially differ from the said plans. Should materially significant changes to the stated target results for the business year 2017 occur, Valamar Riviera shall immediately inform the public thereof, in compliance with Article 459 of the Capital Market Act. The given targets and plans are not an outright recommendation to buy, hold or sell Valamar Riviera's shares.