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Subject: Notification of the submitted offer for the investment and recapitalization of the company HELIOS FAROS d.d. u stečaju

We hereby notify that the company Valamar Riviera d.d. with registered office in Poreč, 1 Stancija Kaligari, registered at the Commercial Court in Pazin with the following number (MBS) 040020883, personal identification number (OIB) 36201212847 (hereinafter: the Company or Valamar Riviera) established a cooperation with the company PBZ Croatia osiguranje dioničko društvo za upravljanje obveznim mirovinskim fondovima, with registered office in Zagreb, 44 Radnička cesta (hereinafter: PBZ CO), which acts in its own name and on behalf of PBZ CROATIA OSIGURANJE obvezni mirovinski fond kategorije A (obligatory pension fund category A) and PBZ CROATIA OSIGURANJE obvezni mirovinski fond kategorije B (obligatory pension fund category B), and that on 15 May 2017 they submitted a joint offer for the investment and recapitalization of the company HELIOS FAROS dioničko društvo za ugostiteljstvo u stečaju, with registered office in Stari Grad, Priko bb (island of Hvar).

In this offer, PBZ CO and Valamar Riviera propose a restructuring plan as well as a five-year investment plan worth HRK 650 million for investments in hospitality assets. The total renovation and construction of two premium resorts containing around 700 accommodation units would reposition the Helios Faros d.d. portfolio as premium accommodation, thus turning Stari Grad into an attractive and well-known destination. According to this plan, Helios Faros would employ 500 people after the renovation of the two hotels, Arkada and Lavanda.

The two companies, PBZ Croatia osiguranje d.d. and Valamar Riviera d.d., see this project as a confirmation of synergies from the joint activity of a large institutional investor and a strategic tourism investor contributing with its business expertise and results. Consequently, Valamar Riviera would manage Helios Faros' development and business operations through a model contract related to the management of facilities.

PBZ Croatia osiguranje d.d. and Valamar Riviera d.d. intend to develop further the business operations of Helios Faros d.d. in partnership with the destination, Stari Grad, in order to bring prosperity to the whole island of Hvar. If the bankruptcy creditors accept the joint offer made by PBZ CO and Valamar Riviera, the offerors will prepare a detailed Bankruptcy plan for Helios Faros, which would enable the company to emerge from bankruptcy and continue its business operations.

Valamar Riviera d.d.