Press release

Poreč, 27 October

**VALAMAR RIVIERA REPORTS 19% REVENUE GROWTH IN THE FIRST NINE MONTHS OF THIS YEAR AND EXPECTS A 90 MILLION KUNA INCREASE IN OPERATING PROFIT IN 2016**

Valamar Riviera d.d. from Poreč, the leading tourism company in Croatia, reported HRK 1,487 million in total operating revenues in the first nine months of 2016, representing a 19% increase compared to the same period last year. In the first nine months of 2016, the company also reported an 18% growth in consolidated operating profit (EBITDA).

Strong revenue growth is the result of growth in sales revenues which amounted to HRK 1,382 million, driven by an 8% increase in overnights to 4,93 million, an increase in the average daily rate of over 5%, and a 27% growth of outlet revenues compared to the same period last year.

The increase in revenues is due to strong operating performance in the pre and post season period driven by a successful realization of large events in destinations Poreč and Dubrovnik, excellent operating results of premium and upscale hotels, resorts and camping resorts during the whole period, successful development of premium services and destinations and the acquisition of Hoteli Baška d.d. Significant new shareholder value is also reflected in the 43% market cap increase in the first nine months of this year.

In 2016, Valamar Riviera expects to achieve a total of HRK 1,460-1,475 million in revenues or 12.8%-14% more than last year. The increase in revenues will be followed by a strong consolidated EBITDA growth of HRK 500-515 million, representing a HRK 77-92 million increase or 22% compared to 2015.

“The business results for the first nine months of this year confirm Valamar Riviera's successful growth and development strategy. This strategy is based on continual investments in the portfolio, employees and destinations with the objective of creating added value for shareholders and other stakeholders. Last year's Baška acquisition has already produced excellent results in improving the operations on the island of Krk, so we believe that Valamar’s presence on Rab will contribute to further company growth and overall tourism development on the island of Rab. We are currently focused on preparations for 2017 which include the new investment cycle in the portfolio worth over HRK 750 million and the development of human resources which are vital for the future company value growth“, said Željko Kukurin, Valamar Riviera CEO.

The announced 2017 investment cycle represents the largest annual investment in the Company's portfolio thus and is focused largely on Rabac investment projects - Family Life Bellevue Resort 4\* and Girandella Resort 4\* as well as continued investments in the premium camping segment.

Public Relations

Valamar Riviera d.d.