

## CROATIA

Total value of  
the Croatian  
property portfolio<sup>1</sup>

**£334m**

(2021: £253m)

### PROPERTY PORTFOLIO

The Group's subsidiary, Arena Hospitality Group d.d. ('Arena'), owns and operates a Croatian portfolio of seven hotels, four resorts and eight campsites, all of which are located in Istria, Croatia's most prominent tourist region. Four of these properties are Park Plaza branded, and Grand Hotel Brioni is a Radisson Collection hotel. The remainder of its portfolio operates independently or as part of the Arena Hotels & Apartments, with Hotel Arena Hotel Medulin exclusively marketed as TUI Blue Medulin, and Arena Campsites brands. Planning permission for Hotel Riviera was granted in February 2023 and development of the property to become our third premium hotel in Croatia is in its planning phase. The Group is developing a leased property in the centre of Zagreb.

### PORTFOLIO PERFORMANCE

The majority of the Group's Croatian properties close in Q1 of each year, in line with the seasonality of operations in the country. However, during Q2 – and particularly from around Easter – business activity intensifies as hotels, resorts and campsites open for the

season and are fully open and trading. After the peak summer season in June, July and August, most properties are closed in late September/ mid-October for winter.

All properties performed strongly during the important summer trading period, and ahead of initial expectations. This reflected pent-up guest demand in the absence of COVID-19 related restrictions. Following the completion of a number of customer experience-enhancing repositioning investments in recent years to elevate properties to upscale market positions, including the repositioning of Grand Hotel Brioni, Arena One 99 Glamping and the Arena Grand Kažela campsite, the Group was able to command higher rates across much of its Croatian portfolio, particularly its campsites. Notably, trading in Q3 (high season) saw total revenue and RevPAR surpass that of Q3 2019, driven by strong rate growth.

Total revenue (in Croatian Kuna) was HRK 612.8 million (2021: HRK 392.2 million). On average, rates increased 22.8% to HRK 1,087.8 (2021: HRK 885.8), exceeding 2019 levels and occupancy also improved

considerably to 55.1% (2021: 46.6%). Consequently, RevPAR was HRK 599.0, an increase of 45.2%, primarily driven by the growth in rates.

The region reported EBITDA of HRK 189.2 million, an increase of 48.2% year-on-year (2021: HRK 127.6 million). This included the negative impact of increased cost inflation for utilities, food and payroll expenses, but excluding non-recurring expenses related to the opening of Grand Hotel Brioni. In 2022, the Group did not receive any Croatian government grants or subsidies to support payroll costs and fixed costs (2021: HRK 23.6 million). From 1 January 2023, the Group's Croatian portfolio performance will be reported in Euros, following Croatia's admission to the eurozone.

### ASSET MANAGEMENT PROJECTS

In May, Hotel Grand Brioni reopened following a two-year HRK 260 million (£30 million) repositioning project to create a luxury 5-star, 227-room full-service hotel, offering guests an infinity pool, indoor pool and extensive health and wellness facilities,

### FINANCIAL PERFORMANCE

Croatia	Reported in Pound Sterling <sup>2</sup> (£)			Reported in local currency HRK		
	Year ended 31 Dec 2022	Year ended 31 Dec 2021	% change	Year ended 31 Dec 2022	Year ended 31 Dec 2021	% change
Total revenue	<b>£69.2m</b>	£44.6m	55.2%	<b>HRK 612.8m</b>	HRK 392.2m	56.2%
EBITDAR	<b>£23.3m</b>	£16.4m	42.2%	<b>HRK 205.3m</b>	HRK 143.4m	43.2%
EBITDA	<b>£21.4m</b>	£14.6m	47.2%	<b>HRK 189.2m</b>	HRK 127.6m	48.2%
Occupancy <sup>3</sup>	<b>55.1%</b>	46.6%	850 bps	<b>55.1%</b>	46.6%	850 bps
Average room rate <sup>3</sup>	<b>£123.2</b>	£101.0	22.0%	<b>HRK 1,087.8</b>	HRK 885.8	22.8%
RevPAR <sup>3</sup>	<b>£67.8</b>	£47.1	44.2%	<b>HRK 599.0</b>	HRK 412.6	45.2%
Room revenue <sup>3</sup>	<b>£36.1m</b>	£21.6m	67.1%	<b>HRK 318.9m</b>	HRK 189.6m	68.2%

1 Independent valuation by Zagreb nekretnine Ltd in December 2022 and excluding Zagreb which is under development.

2 Average exchange rate from Croatian Kuna to Pound Sterling for the period ended 31 December 2022 was 8.829 and for the period ended 31 December 2021 was 8.768, representing a 0.7% increase.

3 The room revenue, average room rate, occupancy and RevPAR statistics include all accommodation units at hotels and self-catering apartment complexes and exclude campsites and mobile homes.



and several restaurants and bars. It is a Radisson Collection Hotel and is the first property to operate and be marketed under the Group's extended partnership with RHG. Since opening for the summer season, the property has performed well, with its upper upscale positioning achieving a very strong average room rate of more than HRK 2,500 per night.

During Q2, phase one of the planned investment to upgrade Arena Stoja Campsite was completed. This included an investment in 75 new upscale mobile homes, a new campsite entrance and reception area.

#### DEVELOPMENT PROJECTS

The development pipeline, which is focused on luxury to further enhance the guest experience and support increased rates, consists of two further premium hotels in Croatia.

In Zagreb, the development of an art'otel is underway, with an expected investment of €18 million (£16 million). The project involves the conversion of an iconic building in a prime location in the heart of the city into an upper upscale lifestyle hotel containing a restaurant and bar, swimming pool, wellness and spa facilities, fitness centre and events space. The project is expected to complete in Q2 2023, subject to any impact on the work schedule from supply chain related delays and complications. Acquired in April 2020, plans to reposition Hotel Riviera Pula are currently being prepared.

Phase two of the repositioning investment programme for Arena Stoja Campsite commenced in late 2022 and is expected to be completed in time for the 2023 summer season (total expected investment €6.6 million (£5.8 million)). This phase includes a new arrival and entrance area, an extensive renovation of the main restaurant and major infrastructure upgrades such as sanitary blocks.

## GRAND HOTEL BRIONI

The Grand Hotel Brioni Pula, a Radisson Collection Hotel, is one of the most highly regarded hotels in Croatia, enjoying a superb location overlooking the Istrian Peninsula and seafront promenade. The 227-room hotel is surrounded by lush Mediterranean greenery which is typical of this beautiful

stretch of Adriatic coast. The Grand Hotel Brioni Pula is connected to the sea via a series of terraced beaches.

– Highest Guest Review Index Score (RGI) in all PPHE hotels in 2022

[grandhotelbrioni.com](http://grandhotelbrioni.com)

