

Croatia



Total value of the Croatian property portfolio¹

£361m

(2022: £334m)

Property portfolio

The Group's subsidiary, Arena Hospitality Group d.d. ('Arena'), owns and operates a Croatian portfolio comprising more than 8,500 rooms and accommodation units across eight hotels, six resorts and eight campsites. With the exception of art'otel Zagreb, all these properties are located in Istria, Croatia's most prominent tourist region. Four of these properties are Park Plaza branded, one property is art'otel branded, and Grand Hotel Brioni is a Radisson Collection hotel. The remainder of our portfolio operates as part of the Arena Hotels & Apartments and Arena Campsites brands. The Group opened its first art'otel in Zagreb in Q4 2023.

Portfolio performance

The Group's Croatian operations are predominately seasonal, with most of the properties closed during the first and last quarter of the year. From around Easter time, business activity intensifies while hotels, resorts and campsites are fully open and trading for the peak summer season in June, July and August. Most properties are then closed in late September/mid-October for winter.

The region continued to benefit from the maturing of properties following significant repositioning investment programmes to upscale market positions across the portfolio. Revenue growth was primarily from hotels and apartments, especially from Grand Hotel Brioni Pula due to its first full-year trading since it opened in May 2022. In addition, campsites performed well and delivered year-on-year revenue growth, building on the record performance in 2022. This performance was achieved despite reduced air travel capacity to and from Pula airport, adverse weather conditions (with torrential rains during the summer season) and the full re-opening of other global tourist markets compared with 2022, providing tourists with more travel options.

Total revenue (in local currency) was up 10.6% to €89.9 million (2022: €81.3 million) and was 28.3% above revenue in 2019. This was driven by an 11.7% increase in average room rate to €161.3 (2022: €144.4) with occupancy decreasing 240 bps to 52.7% (2022: 55.1%). Consequently, RevPAR grew to €85.0, mainly due to the higher average room rate.

Financial performance

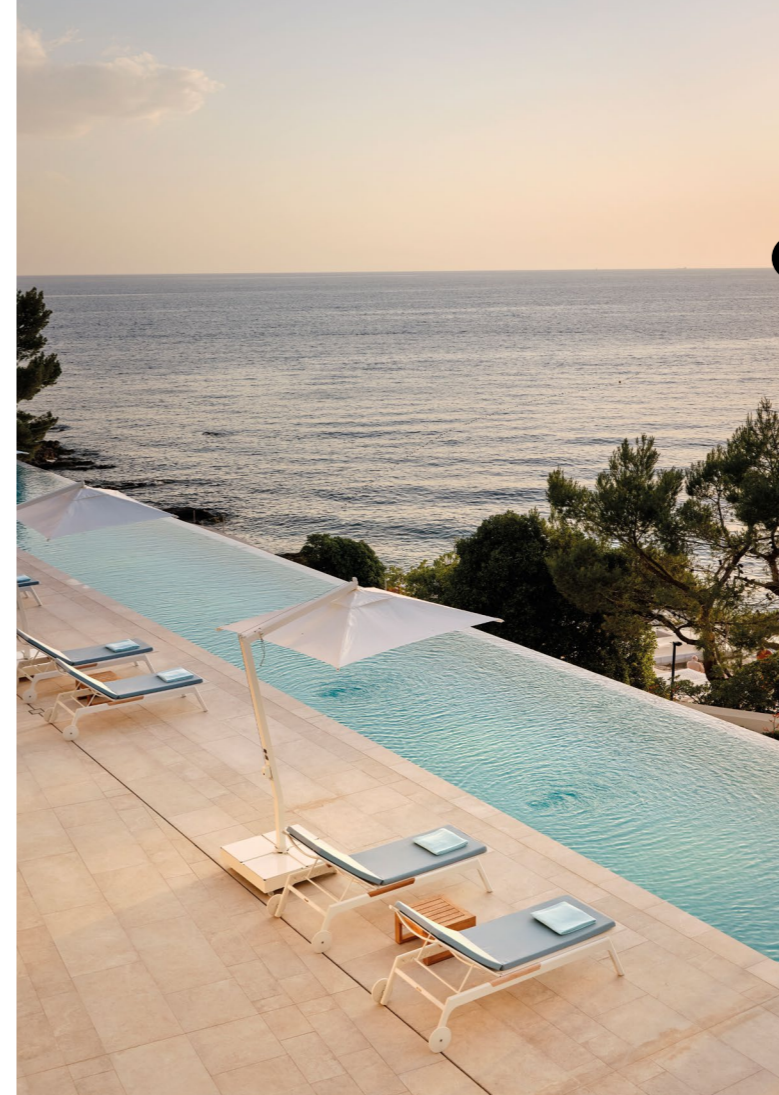
	Reported in Pound Sterling ² (£)					Reported in local currency Euro (€) ⁴				
	Year ended 31 Dec 2023	Year ended 31 Dec 2022	% change	Year ended 31 Dec 2019	% change	Year ended 31 Dec 2023	Year ended 31 Dec 2022	% change	Year ended 31 Dec 2019	% change
Croatia										
Total revenue	£78.1m	£69.2m	12.8%	£61.1m	27.8%	€89.9m	€81.3m	10.6%	€70.1m	28.3%
EBITDAR	£22.4m	£23.3m	(3.9)%	£19.4m	15.2%	€25.7m	€27.2m	(5.6)%	€22.2m	16.0%
EBITDA	£20.4m	£21.4m	(4.7)%	£18.2m	12.0%	€23.5m	€25.1m	(6.4)%	€20.8m	12.8%
Occupancy ³	52.7%	55.1%	(240) bps	63.1%	(1,040) bps	52.7%	55.1%	(240) bps	63.1%	(1,040) bps
Average room rate ³	£140.2	£123.2	13.8%	£91.1	53.8%	€161.3	€144.4	11.7%	€104.1	54.9%
RevPAR ³	£73.8	£67.8	8.8%	£57.5	28.4%	€85.0	€79.5	6.9%	€65.7	29.4%
Room revenue ³	£42.6m	£36.1m	17.9%	£33.5m	27.3%	€49.0m	€42.3m	15.8%	€38.2m	28.2%
EBITDA margin	26.1%	30.9%	(480) bps	29.8%	(370) bps	26.1%	30.9%	(475) bps	29.7%	(360) bps

1 Independent valuation by Zagreb nekretnine Ltd in December 2023.

2 Average exchange rate from Euro to Pound Sterling for the period ended 31 December 2023 was 1.151 and for the period ended 31 December 2022 was 1.172 representing a 1.8% decrease.

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.

4 Since 1 January 2023, the Group's Croatian portfolio performance has been reported in euros, following Croatia's admission to the eurozone.

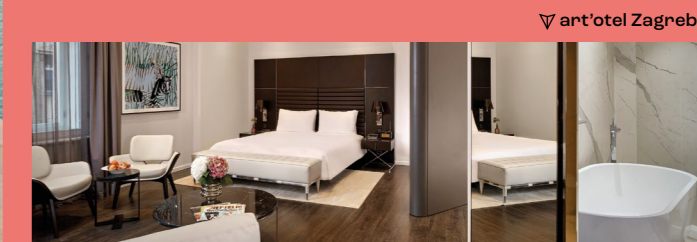


Grand Hotel Brioni Pula, a Radisson Collection Hotel

A landmark, luxury upper upscale hotel in an iconic cliff-top location providing panoramic views of the Adriatic and Brijuni islands.

The hotel was relaunched in May 2022 following a €35 million investment to reposition the property as a Radisson Collection Hotel. The hotel was declared the 'Best Hotel in Croatia' at the prestigious Croatian Tourism Days 2023, organised by the Ministry of Tourism and Sports, the Croatian Tourist Board and the Croatian Chamber of Economy.

Rooms and facilities: 227 rooms over seven floors, restaurants and bars, conference centre, indoor pool, as well as an extensive wellness centre with saunas, relaxation rooms and gym.



EBITDA was €23.5 million, which was 12.8% above 2019, however, it was 6.4% lower than 2022 (2022: €25.1 million), primarily due to the impact of significantly higher utilities costs, up 71.0% year-on-year, and increased payroll expenses.

Asset management projects

Following phase one of renovations at Arena Stoja Campsite in 2022, phase two was completed ahead of the 2023 summer season. This €8.3 million investment included a new arrival and entrance area for the campsite, an extensive renovation of its main restaurant and coffee shop, along with major infrastructure upgrades, further strengthening the campsite's offering and appeal.

In Croatia, we are taking a more cautious approach to new developments and postponing larger projects, such as the conversion of the Hotel Riviera, Pula into a premium offering, until such time that we can be sure that new investments meet our targeted return hurdle rate. Our planned investment in Hotel Riviera in Pula is temporarily paused due to construction cost inflation associated with the project.

Development projects

In October 2023, the Group opened art'otel Zagreb following a €18 million investment to convert an iconic office building in the heart of the city centre, known to be one of the best examples of Zagreb's Art Deco architecture. Located just off Zagreb's main square (Ban Jelačić Square), the hotel features 110 rooms, a rooftop bar with a panoramic view of the city (opening in 2024), pan-Asian destination restaurant and bar YEZI, four meeting spaces, a spa and an indoor pool. The hotel's Signature Artist is the late Boris Bučan, one of Croatia's best-known artists. His artwork is layered within the very fabric of the hotel for guests to enjoy during their stay – it is a poignant last collection of his life's creativity. The hotel has been well received since its launch in October 2023, and contributed nine weeks of performance to the results.