

# ARENA

HOSPITALITY GROUP

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In Pula, 06.09.2018.

Subject: **Portfolio valuations and investment update of  
Arena Hospitality Group d.d.**

Arena Hospitality Group d.d. ('Arena' or 'Group'), one of Croatia's best known hospitality companies with operations in Croatia, Germany and Hungary, is pleased to provide an update on the Group's property values and the planned property investment, which is expected to commence in Q4 2018.

### Portfolio valuations

In September 2018, an independent valuation of certain<sup>1</sup> of Arena's properties in Croatia and Germany has been carried out by Savills (in respect of the German properties) and Zagreb nekretnine Ltd ('Zane') (in respect of the Croatian properties). The total value of the properties valued by Savills and Zane is HRK 2,426.4 million which is a reflection of improved trading conditions since 2016 and which represents a premium to the net book value of those properties at 30 June 2018 of HRK 1,750.9 million. A reconciliation is provided in the table below (as per 30 June 2018).

Book value of assets valued independently	HRK 1,750.9 million
Total book value of assets as per 30 June 2018	HRK 1,910.5 million
Market value of assets independently valued	HRK 2,426.4 million

In its accounts for the year ended 31 December 2016 Arena included the results of an impairment review of its assets that resulted in a charge of HRK 148.6 million to the profit and loss account for the year ended 31 December 2016 in respect of certain of its Croatian properties. Arena will be considering a reversal of some of all of the aforementioned impairment in conjunction with its 2018 accounts.

Trgovački sud u Pazinu, MBS: 040022901; OIB: 47625429199; temeljni kapital 102.574.420,00 kn uplaćen u cijelosti, ukupan broj izdanih dionica 5.128.721; Predsjednik Nadzornog odbora: Boris Ernest Ivesha; Predsjednik Uprave: Reuel Israel Gavriel Slonim; Članovi Uprave: Milena Perković, Manuela Kraljević IBAN: HR722360001101213690 Zagrebačka banka d.d. Zagreb.

The valuations undertaken within Arena are part the adoption by Arena's indirect controlling shareholder, PPHE Hotel Group Limited ('PPHE'), of business performance measures as set out in the Business Performance Reporting (BPR) guidelines of the European Public Real Estate Association (EPRA), such as EPRA Net Asset Value (EPRA NAV) and EPRA earnings. PPHE, in its capacity of indirect controlling shareholder of Arena, fully consolidates the results and balance sheet of Arena and therefore Arena's assets form part of PPHE's EPRA BPR reporting. PPHE has today published its interim results for the six months' period ending 30 June 2018 and this announcement includes the above mentioned performance measures for the first time.

## Portfolio investment

Following the successful launch of Arena One 99, Croatia's first all-glamping offer earlier this year, the Group is pleased to announce that it expects to commence the renovation and repositioning programme at Arena Kažela Campsite in Medulin in Q4 of this year. Kažela is Arena's largest campsite and offers nearly 69 hectares with a combination of mobile homes, campsite pitches and self-catering apartments.

The extensive renovation and repositioning programme is expected to upgrade Kažela to a 4-star product, with the renovation programme planned to include:

- New infrastructure for all pitches and mobile homes including water, electricity and wi-fi
- 250 new mobile homes
- Creation of two swimming pools
- Overall upgrading of entrance, reception, public areas and facilities including a shopping area

In Germany, we are progressing with our investments and are planning to shortly commence the refurbishment of art'otel berlin kudamm. The programme of renovations at this hotel is planned to include a redesign and refurbishment of the public areas and all guestrooms.

## **Notes:**

<sup>1</sup> Hotels: Park Plaza Histria Pula, Hotel Brioni, Park Plaza Arena Pula, Park Plaza Belvedere Medulin, Arena Hotel Holiday, Hotel Medulin (Sensimar), Park Plaza Nuremberg, art'otel cologne, art'otel berlin kudamm

Resorts: Park Plaza Verudela Pula, Verudela Beach and Villas, Ai Pini Medulin, Horizont Pula  
Campsites: Stoja, Stupice, Indije, Runke, Tašalera, Medulin, Kažela, Arena One 99 Glamping