

# Retrofitting and Up-grade of Jadranka Hotels, Croatia

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**European Bank**  
for Reconstruction and Development

# Jadranka Hotels, Croatia



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## Location

**Mali Lošinj** a small town and municipality on the island of Losinj, some 20 km from the mainland of Western Croatia. The island is accessible by ferry from Rijeka, Pula, Zadar and some other islands as well as by airplane. The town was mentioned first time in 1398 as part of Venetian Republic.

## Facilities

Operated by **Losinj Hotels&Villas**. The chain is the biggest hospitality provider on the island of Losinj with over 1,600 rooms. The resort currently encompasses 9 assets including three 5-star and five 4-star facilities. They offer spa and wellness hotels, family hotels and exclusive villas and apartments, full catering services, beach, sport and horticulture facilities, conference and media facilities.



## Background

Jadranka Hotels approached the Bank for financing the refurbishment & up-grade of the Company's existing hotel and villas portfolio through

- i) the implementation of ~ **€80 million capital expenditure programme** phased over 5 years
- ii) the improvement of the current operating **strategy** with repositioning of the hotel portfolio **from 3/4 to 4/5 stars** international standards

## Client

Jadranka Hotels Ltd set up by the Sponsor Jadranka JSC as the investee company.

A leading international hospitality advisory company, HVS was hired to monitor and coordinate the implementation of the Capex programme and advise the Company and its shareholders.



## EBRD Finance – signed in 2008

The Bank provided an equity investment of € 24 million in two separate tranches

## EBRD value added

The focus of EBRD financing was on:

- Sustainable, energy and resource efficiency refurbishment and up-grade of the portfolio
- Improvement of corporate governance and effective restructuring

## Energy and resource efficiency

- Dedicated energy performance assessment conducted by the Bank
- Use of BAT energy and resource efficiency techniques (e.g. LED lighting, high efficiency HVAC, renewable energy, integrated BEMS, water saving facets etc.)
- Energy and carbon performance lower by 31% compared with the energy baseline
- Professional facility management with focus on resource efficiency (monitoring and targeting)
- Awareness raising activities on environmental protection for guests



## Physical impact

- Incremental green investments: **~€2 million**
- Primary energy savings: **1,100 MWh/year**  
*(the energy used by 100 Croatian families per year)*
- Energy performance (average): **180 kWh/m<sup>2</sup>**  
*(compared to baseline of 264 kWh/m<sup>2</sup>)*
- Carbon reductions: **~ 300 tCO<sub>2</sub> per year**

# The EBRD's Green Economy Transition (GET) Initiative

## Context

The EBRD's engagement in the context of its countries of operations:

- high share of heavy industry
- ageing infrastructure
- high energy intensity
- a lack of market-based pricing for energy

## Response:

### Green Economy Transition (GET) Initiative:

EBRD invests heavily in:

- Climate Change Mitigation
- Climate Change Adaptation
- Resource Efficiency
- Environmental Improvements
- Innovation in 'green' sectors

**Invested over €19bn in over 1,000 projects**

## Relevance of the building sector

- The Building sector is the largest energy consumer in the EBRD region (around 40% of the final energy consumption)
- The Building sector has been one of the key priority areas for EBRD's climate actions since 2012
- As part of the work on Climate Change Adaptation assessment on energy & water efficiency technologies in the region ongoing (*available for Turkey, upcoming for SEMED*)

## TECHNICAL ASSISTANCE

Technical assistance (TA) instruments include:

- Energy audits
  - Feasibility studies
  - Trainings and capacity building
  - Energy and sustainability certification
  - Energy management system
  - Support with developing sustainability focused corporate policies
- Support from in-house as well as procured experts

## PROJECTS AND INVESTMENTS

Well-structured financing instrument

- Eligibility criteria
- Eligible clients
- Energy performance criteria

Financing

- Directly to clients
- Through local financial institutions (PFIs)
- Through energy service companies (ESCOs)
- Through energy utilities

## POLICY DIALOGUE

Policy dialogue with

- national authorities
- business and professional associations e.g. Green Building Council

Help prepare primary and/or secondary legislation, or help build relevant capacity, namely:

- Energy Performance in Buildings Directive (EPBD)
- National Calculation Methodology for energy consumption on heating, cooling, etc.

# The EBRD's investments in Green Buildings

**€1.5 billion** of EBRD finance for sustainable energy investments in buildings since 2006.

**Target sectors** with high demonstration and replicability potential

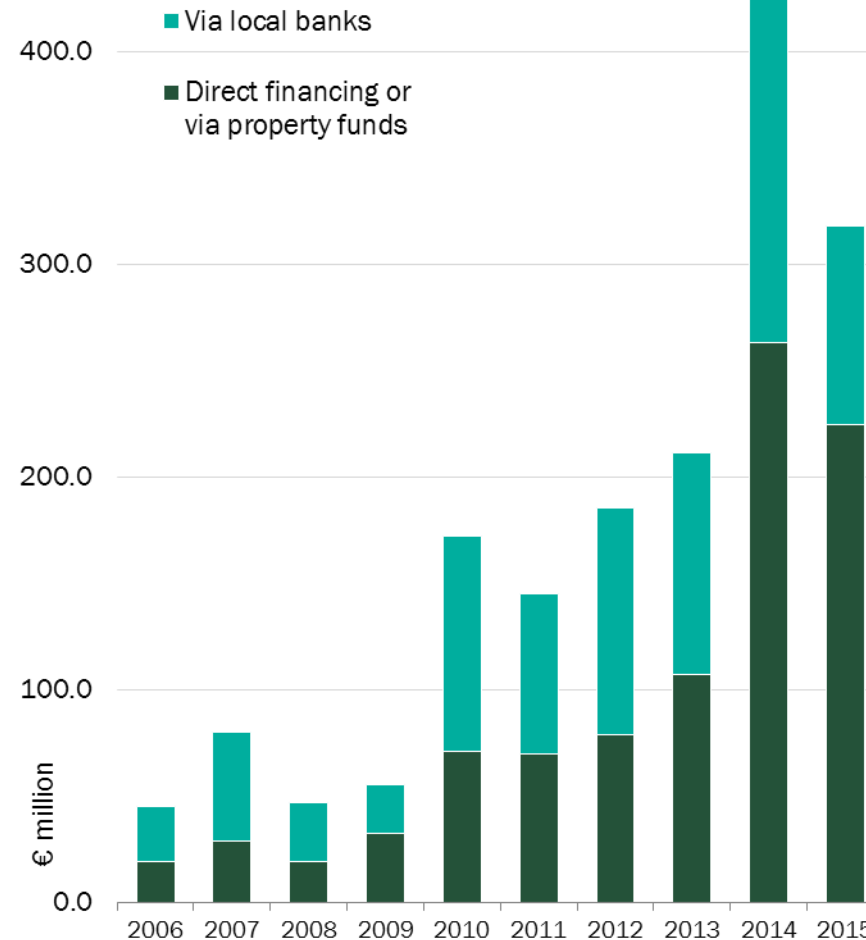
- Direct financing: hospitality industry, retail chains, health infrastructure
- Via local banks: for smaller & residential investment opportunities

*Around 106,000 buildings projects financed through 107 local financial institutions across 20 countries*

## Impact:

- Primary energy savings: 5,800 GWh/year
- Carbon reductions: > 1.4 m tons of CO<sub>2</sub> per year
- Over 25 M m<sup>2</sup> of Green Building Area

EBRD financing for sustainable energy in buildings



Thank You!

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