

ARENA

HOSPITALITY GROUP

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In Pula, 28 July 2017

Subject: Notice for the General Assembly meeting of Arena Hospitality Group d.d.

Pursuant to the provisions of the Capital Markets Act and the Rules of the Zagreb Stock Exchange, Arena Hospitality Group d.d. with registered office in Pula, Smareglina ulica 3, OIB: 47625429199 (hereinafter: the Company) hereby announces the notice for the General Assembly of the Company to be held on 30 August 2017 with beginning at 11:00 CET.

The notice for the General Assembly of the Company shall be published via the website of the court register and the website of the Company. The materials for the General Assembly meeting shall be available via the website of the Company.

The notice for the General Assembly of the Company, together with the agenda and proposed decisions, is attached to this announcement.

Arena Hospitality Group d.d.

Pursuant to Article 32 Item 5 and Article 38 Par. 2 of the Articles of Association of the company Arena Hospitality Group d.d. za turizam i ugostiteljstvo, Pula, Smareglina ulica 3 (hereinafter: the Company), the Executive Directors hereby announce to the shareholders of the Company a notice for the

GENERAL ASSEMBLY of the company Arena Hospitality Group d.d.

I. The General Assembly shall be held on 30 August 2017 at 11:00 hrs at Bianca Istriana meeting room of the Park Plaza Histria hotel in Pula.

II. The General Assembly will proceed according to proposed:

Agenda:

- 1. Opening of the session of the General Assembly and roll call**
- 2. Presentation of the following reports:**
 - 2.1 Audited annual financial statements of the Company for 2016 (consolidated and unconsolidated)**
 - 2.2 Report of the Executive Directors on operations and status of the Company for 2016 (consolidated and unconsolidated)**
 - 2.3 Report of the Management Board on supervision of the Company's management and on the results of examination of the Company's financial statements and other reports**
- 3. Adoption of decision on covering of loss for 2016**
- 4. Adoption of decision on granting discharge to the members of the Management Board**
- 5. Adoption of decision on appointment of the Company's auditor for 2017**
- 6. Adoption of decision on conversion of shares with nominal value into shares without nominal value**
- 7. Adoption of decision on change of corporate governance system from one-tier to two-tier board**
- 8. Adoption of new Articles of Association of the Company**
- 9. Adoption of decision on termination of Management Board function**
- 10. Adoption of decision on election of Supervisory Board members**
- 11. Adoption of decision on remuneration to Supervisory Board members**
- 12. Adoption of decision on granting the approval to Management Board for acquisition of treasury shares, with exclusion of existing shareholders' pre-emptive right**

III. The Executive Directors and the Management Board submit to reports set out under item 2 of the Agenda to the General Assembly.

IV. The Management Board proposes to the General Assembly to adopt the following decisions under items 3 to 12 of the Agenda:

Item 3.

“Loss realised in 2016 in the amount of HRK 111,935,424.41 shall be covered from retained earnings and other reserves.”

Item 4.

“Discharge is hereby granted to members of the Management Board of the Company for their work in 2016.”

Item 5.

“Ernst & Young d.o.o. Zagreb is hereby appointed as the Company’s auditor for 2017.”

Item 6.

“Company shares with nominal value are hereby converted into Company shares without nominal value in a way that all shares of the Company i.e. 5,128,721 ordinary shares, ticker ARNT-R-A, in the nominal value of HRK 20.00 each, are replaced with 5,128,721 ordinary shares, ticker ARNT-R-A, without nominal value.”

Item 7.

“The corporate governance system of the Company is hereby changed from one-tier to two-tier board in a way that the Executive Directors and the Management Board of the Company shall be replaced with the Management Board and the Supervisory Board.”

Item 8.

“I/ Pursuant to the decision of the General Assembly dated 30 August 2017 on change of the corporate governance system from one-tier to two-tier board, the Articles of Association of the company Arena Hospitality Group d.d. – consolidated version of 25 May 2017 are hereby entirely changed and the new Articles of Association of the company Arena Hospitality Group d.d. (hereinafter: the New Articles of Association) are hereby adopted:

**ARTICLES OF ASSOCIATION
OF
Arena Hospitality Group d.d.**

I/ GENERAL PROVISIONS

*Article 1
COMPANY NAME*

1.1. *The Company shall enter into business under the name: Arena Hospitality Group d.d. za turizam i ugostiteljstvo (hereinafter - the Company).*

1.2. *The abbreviated company name of the Company shall be: Arena Hospitality Group d.d.*

*Article 2
REGISTERED SEAT OF THE COMPANY*

2.1. *The Company’s registered seat shall be in Pula.*

2.2. *Business address of the Company shall be set out by the decision of Management Board, with approval of the Supervisory Board.*

*Article 3
SCOPE OF ACTIVITIES*

3.1. *The Company shall perform the following activities:*

- * Wholesale and trade intermediation*
- * Activity of travel agencies and tour operators*

- * *Rental of own real estates*
- * *Data processing*
- * *Promotion and advertising*
- * *Other entertainment activities, not mentioned elsewhere*
- * *Other recreation activities, not mentioned elsewhere*
- * *Laundering and dry cleaning of textile and fur products*
- * *Currency exchange services*
- * *Intermediation and representation in foreign trade goods and services transactions*
- * *Tourist business operation with foreign countries*
- * *Growing of vegetables, flowers, decorative herbs and planting material, except for mushrooms*
- * *Retail, except for retail with motor vehicles and motorcycles; repair of objects for personal usage and household*
- * *Hotels and restaurants*
- * *Other inland road transport of passengers*
- * *Sea and coastal transport of passengers*
- * *Accounting and bookkeeping activities; market research and research of public opinion*
- * *Rental of other transport devices*
- * *Rental of transport vessels*
- * *Creation and management of databases*
- * *Architecture activities and engineering and related technical consulting*
- * *Activity of sport arena and stadiums*
- * *Other sport activities, except for marinas*
- * *Activity of fitness and body care*
- * *Storage of trailers*
- * *Rental of objects for personal usage and household, not mentioned elsewhere*
- * *Management of holding companies*
- * *Entrepreneurial and business consultancy*

3.2. *In addition to the business activities from Par. 1 of this Article, the Company may engage in other activities supporting the performance of the activities entered in the court register, if such supporting activities are performed to a lesser extent or if they are performed along with the registered activity.*

3.3. *The Company may establish branch offices or representative offices, incorporate companies or acquire interests therein, in Croatia and abroad, by decision of the Management Board, with approval of the Supervisory Board.*

Article 4

DURATION OF THE COMPANY

4.1. *The Company is established for an unlimited period of time.*

Article 5
SEAL OF THE COMPANY

- 5.1. The Company shall have a seal indicating its name and registered seat.
- 5.2. The form, size, handling and safe keeping of the seal shall be set out by the Management Board.

Article 6
COMPANY NOTICES

- 6.1. When the Companies Act and/or the Company's Articles prescribe for the Company's obligation to publish information and announcements, these will be published on the web site of the court register and on the web site of the Company.
- 6.2. If the Company's shares or other securities are listed on a regulated market, the Company shall publish the prescribed information, data and announcements in accordance with the rules of that regulated market.

II/ SHARE CAPITAL AND SHARES

Article 7
SHARE CAPITAL

- 7.1. Share capital of the Company amounts to HRK 102,574,420.00.
- 7.2. Within the term of five years as from the date of registration of the Company's Articles of Association adopted at the General Assembly held on 30 August 2017, the Management Board of the Company is authorised, with the approval of the Supervisory Board, to increase the share capital of the Company by one or more issues of new shares for the total amount of up to HRK 51,287,210.00. New shares may be issued against contributions in cash and/or in kind and/or in rights. The Management Board is authorised, with the approval of the Supervisory Board, to exclude, fully or partially, the pre-emptive right of the existing shareholders to subscribe new shares, by its decision or decisions on increase of the share capital, in case of increase of share capital of the Company for the total amount of up to HRK 20,000,000.00 in connection with acquisition of shares in companies which are not directly or indirectly affiliated with the Company in terms of Art. 473 of the Companies Act and/or in connection with the acquisition of assets and/or rights related to performance of hospitality activities from persons which are not directly or indirectly affiliated with the Company in terms of Art. 473 of the Companies Act. When using this authority to exclude the pre-emptive right of the existing shareholders to subscribe new shares, the Management Board shall elaborate in its report on exclusion of pre-emptive right about the reasons for such exclusion being, at that time, beneficial and advantageous for the Company as well as for all existing shareholders taken as a whole.

Article 8
SHARES

- 8.1. The share capital of the Company is divided into 5,128,721 ordinary shares.
- 8.2. The shares in the Company are ordinary registered shares, issued in dematerialised form, in the form of electronic records on the securities account in the computer system of the central depository managed by Središnje klirinško depozitarno društvo d.d. (Central Depository & Clearing Company Inc.).

III/ RIGHTS AND LIABILITIES OF SHAREHOLDERS

Article 9

- 9.1. Each voting share shall entitle the shareholder to participate in and vote at the General Assembly of the Company, to participate in the profits of the Company, to be informed about the

businesses of the Company to the extent needed for consideration of matters on the agenda of the General Assembly, and other rights stipulated and provided for in the law and these Articles.

9.2. *The shareholders have the fundamental right to be treated equally under equal conditions.*

Article 10

10.1. *If the decision on the issue of shares or the law do not provide otherwise, each share gives right to one vote in the General Assembly of the Company.*

IV/ CORPORATE BODIES

Article 11

11.1. *Corporate bodies of the Company are the Management Board, the Supervisory Board and the General Assembly.*

11.2. *Members of the Company's bodies shall perform their rights and obligations in the manner as shall be in the best interest of the Company.*

I. MANAGEMENT BOARD

Article 12

12.1. *The Management Board of the Company consists of min. two and max. five members appointed by the Supervisory Board. The number of Management Board members shall be set out in the Supervisory Board decision on their appointment.*

12.2. *One member of the Management Board shall be appointed as the President of the Management Board.*

12.3. *The mandate of the members of the Management Board shall be up to 5 years, with the possibility of reappointment. The duration of mandate of a Management Board member shall be set out in the decision of the Supervisory Board on his/her appointment.*

Article 13

13.1. *The Management Board shall be responsible for management of Company's operations.*

13.2. *The Management Board shall be particularly responsible for or shall have the power to:*

- *represent the Company towards third parties;*
- *establish and carry out business policies of the Company;*
- *determine the organization of the Company;*
- *manage the daily operation of the business of the Company;*
- *draft financial statements, reports on the status of the Company and proposals for the use of Company's profits;*
- *ensure keeping of business and other books and business documents, drafting of bookkeeping documents, assessment of bookkeeping items, drafting of accounting and other reports;*
- *report to the Supervisory Board of the Company in accordance with the Companies Act and at request of the Supervisory Board;*
- *report to the General Assembly of the Company in accordance with the Companies Act;*
- *convene the General Assembly of the Company;*

- *adopt necessary by-laws, when prescribed by the law, including its rules of procedure;*
- *conclude employment contracts with the Company employees;*
- *grant powers of attorney, mandates, prokura, or any other type of general representation authority or otherwise delegate other powers to any employees, agents or representatives of the Company;*
- *carry out such other tasks which are not by law or by these Articles of Association conferred to any other corporate body.*

13.3. *The Management Board shall manage the operations of the Company by acting together.*

13.4. *Every member of the Management Board shall be entitled to one vote. The Management Board shall adopt its decisions in meetings or outside of meetings (via telephone or video conference or in writing, via facsimile or email, or by using other appropriate technical means). The quorum for adoption of Management Board decisions shall be at least 2/3 of Management Board members appointed at that time and the Management Board shall adopt its decisions with simple majority of all votes in the Management Board. In case of divided votes, the President of the Management Board shall have the casting vote.*

13.5. *The decisions of the Management Board adopted in meetings or in other form, as provided in Par. 4 of this Article, shall be recorded in the minutes signed by the President of the Management Board.*

13.6. *The Management Board may unanimously adopt its rules of procedure, with the prior approval of the Supervisory Board.*

13.7. *The Management Board shall have to obtain prior internal approval of the Supervisory Board for undertaking any action with respect to the matters that may be set out, from time to time, by the decision of the Supervisory Board.*

Article 14

14.1. *The members of the Management Board are entitled to remuneration for their work.*

14.2. *The Supervisory Board, represented by its Chairman or Vice-Chairman, shall enter into employment contracts or other contracts, on behalf of the Company, with Management Board members in order to regulate their rights and obligations, in principle for limited period of time corresponding to the mandate of the Management Board member.*

Article 15

15.1. *The Supervisory Board may recall the appointment of members of the Management Board, in case of important reasons.*

15.2. *It shall be deemed that important reasons from Par. 1 of this Article particularly exist in cases of grave breach of duties, incapability to duly manage the operations of the Company or vote of non-confidence in the General Assembly of the Company.*

2. SUPERVISORY BOARD

Article 16

16.1. *The Supervisory Board of the Company consists of 7 members, whereof 6 members are elected by the General Assembly of the Company. The Supervisory Board members are elected based on the proposal of the Supervisory Board or other authorised person pursuant to the Companies Act.*

16.2. *Members of the Supervisory Board shall, in principle, be elected from among experts in the fields essential for the Company's operations.*

16.3. *In accordance with the Labour Law, the employees' council of the Company may appoint one member of the Supervisory Board of the Company.*

Article 17

17.1. *The mandate of the members of the Supervisory Board shall be up to 4 years, with the possibility of re-election. The duration of mandate of the Supervisory Board members shall be set out in the decision of the General Assembly on their election. The mandate of the member of the Supervisory Board appointed by the employees' council shall correspond to the mandate of the Supervisory Board members elected by the General Assembly in accordance with the Article 16 Par. 1 hereof.*

17.2. *The General Assembly may, at any time and without stating reasons thereof, recall any member of the Supervisory Board it elected before expiry of his term of office. This requires the decision adopted with the majority of 3/4 of votes cast.*

17.3. *The employees' council of the Company may, at any time, recall the member of the Supervisory Board it appointed.*

17.4. *In case of early termination of mandate of a particular member of the Supervisory Board, on any grounds whatsoever, a new member of the Supervisory Board shall be elected or appointed and his mandate shall end at the time of expiry of the mandate of the Supervisory Board member whose mandate was terminated early.*

Article 18

18.1. *The Supervisory Board shall be constituted at the latest within 8 days as from the date of the General Assembly meeting at which the members of the Supervisory Board have been elected in accordance with Article 16 par. 1 hereof.*

18.2. *At the constitutional meeting of the Supervisory Board, the members of the Supervisory Board shall elect, amongst themselves, the Chairman and at least one Vice Chairman of the Supervisory Board.*

18.3. *Until election of the Chairman of the Supervisory Board, the work of the Supervisory Board shall be managed by the President of the General Assembly at which the members of the Supervisory Board have been elected in accordance with Article 16 par. 1 hereof.*

Article 19

19.1. *The Supervisory Board shall perform especially the following tasks:*

- *appoint and recall the members of the Management Board;*
- *supervise running of the Company's businesses;*
- *if necessary, convene the General Assembly;*
- *submit to the General Assembly the written report on supervision;*
- *approve the financial statements of the Company;*
- *review plans, programs of work and annual budgets;*
- *represent the Company towards the Management Board;*
- *approve the decisions of the Management Board when required by law or these Articles;*
- *amend the provisions of these Articles based on the General Assembly decision, but only in editorial terms;*

- *adopt its rules of procedures;*
- *appoint and recall members of its committees for the purpose of preparing the decisions to be passed and supervision of their execution;*
- *appoint and recall members of the audit committee and of other committees (such are appointment and remuneration committee);*
- *prepare proposals of decisions on appointment of the Company's auditor and election of the Supervisory Board members;*
- *decide on conclusion of the contracts with the members of the Management Board;*
- *resolve on all other issues which are by law or the provisions of these Articles conferred to the Supervisory Board.*

Article 20

20.1. *Every member of the Supervisory Board shall be entitled to one vote in the Supervisory Board.*

20.2. *The quorum for any meeting of the Supervisory Board shall be 4 members of the Supervisory Board. The Supervisory Board shall adopt its decisions with simple majority of votes cast. In case of divided votes, the President of the Supervisory Board shall have the casting vote.*

20.3. *The Supervisory Board shall pass decisions in meetings or outside meetings i.e. in a circular way (in writing, facsimile or email, or by using other appropriate technical means). If at the time of holding the meeting, a member of the Supervisory Board is not present at the place of holding, but participates in the work of the Supervisory Board via telephone or video conference or by using other appropriate technical means, it shall be deemed that such member is present at the Supervisory Board meeting.*

20.4. *Absent member of the Supervisory Board may participate in passing decisions if he votes in writing, by registered mail, telegram, facsimile, e-mail or by using other appropriate technical means, and notifies the Supervisory Board thereof via his proxy from Par. 5 of this Article or, if he is not represented, via the Chairman or Vice-Chairman of the Supervisory Board.*

20.5. *A member of the Supervisory Board may be represented, on the basis of the written power of attorney, by another member of the Supervisory Board or by a person not being a member of the Supervisory Board.*

20.6. *Decisions passed by the Supervisory Board at meetings or otherwise shall be recorded in the minutes signed by the Chairman or Vice-Chairman of the Supervisory Board. The minutes from Supervisory Board meetings or on voting of the Supervisory Board outside of meetings shall be verified at the first subsequent Supervisory Board meeting.*

Article 21

21.1. *Members of the Supervisory Board may be entitled to remuneration for their services in the Supervisory Board as determined by the General Assembly of the Company.*

21.2. *Members of the Supervisory Board are entitled to compensation of costs related to their participation in the work of the Supervisory Board (such as travelling, accommodation, telephone costs etc.).*

3. GENERAL ASSEMBLY

Article 22

22.1. *General Assembly shall take place at least once a year (annual meeting).*

22.2. Annual meeting shall be convened upon the expiry of the business year, taking into consideration terms prescribed by law for consideration of annual financial statements.

22.3. The extraordinary meeting shall take place whenever it is in the interest of the Company.

22.4. The shareholders may also request the extraordinary meeting to be convened, subject to the fulfilment of conditions set by the law.

Article 23

23.1. The General Assembly shall be convened at least 30 days before the day of holding the General Assembly. The day of publication of the invitation to the General Assembly is not included in this term.

23.2. A shareholder registered as holder of shares in the share register of the Central Depository & Clearing Company Inc. on the beginning of the 21st day before the day of the General Assembly (and excluding the day of holding the General Assembly) is entitled to participate and to vote at the General Assembly.

23.3. The shareholders may participate and vote in the General Assembly of the Company in person or through their legal representatives or proxies. Proxy may be granted in writing to a physical or legal person, financial institution or shareholders' association.

Article 24

24.1. The General Assembly shall resolve upon matters conferred to the General Assembly by law, and particularly upon the following:

- election and recall of Supervisory Board members, except the employees' representative;
- granting of discharge to members of the Management Board and the Supervisory Board;
- use of the Company's profit;
- appointment of the Company's auditor;
- amendments to these Articles of Association;
- increase and decrease of the Company's share capital;
- listing of the Company's shares and withdrawal of the Company's shares from such listing; and
- closing down of the Company.

24.2. The General Assembly may resolve upon the second and third item from Par. 1 of this Article only after consideration of the report on supervision submitted by the Supervisory Board.

Article 25

25.1. The General Assembly may adopt valid decisions if the present shareholders or their proxies together hold shares amounting to at least 50 per cent. plus one voting share, unless the law or these Articles prescribe otherwise for a particular case.

25.2. If after 60 minutes after the time scheduled in the invitation for the beginning of the meeting, there is no quorum as prescribed in Par. 1 of this Article, the President of the General Assembly shall postpone the meeting, and a new meeting with the same agenda shall be held on the day fixed in the invitation for the General Assembly as determined by the person who convenes the meeting. If at the newly convened meeting there is again no quorum as provided

by Par. 1 of this Article, such meeting can take place and decisions can be validly passed, unless the law or these Articles prescribe otherwise for a particular case.

Article 26

26.1. The General Assembly shall be presided by the Chairman or Vice-Chairman of the Supervisory Board or other person appointed by the Supervisory Board, amongst the members of the Supervisory Board or the shareholders of the Company, to preside over a particular meeting or all meetings to be held during a calendar year.

26.2. The President of the General Assembly:

- presides over the General Assembly, determines the schedule of discussion about particular items of the agenda, determines the schedule of voting for particular proposals, determines the manner of voting for particular decisions and resolves on every procedural issue which is not by law or these Articles explicitly conferred to the General Assembly itself;
- signs the list of participants in the General Assembly;
- communicates with the other corporate bodies and third parties, when so stipulated by provisions of the law and these Articles;
- resolves all other issues specifically conferred to him by law and by these Articles.

Article 27

27.1. Votes at the General Assembly shall be cast in an open voting.

27.2. The decisions of the General Assembly shall be adopted with majority of votes cast (simple majority), unless the law or these Articles prescribe otherwise for a particular case.

27.3. The following decisions shall be passed with the qualified majority of 3/4 of the share capital represented at the General Assembly at the time of decision-making:

- decision on increase and decrease of the Company's share capital (except authorised share capital)
- decision on Company's corporate changes
- decision on winding up of the Company
- decision on adoption of or amendments to the Articles of Association (except authorised share capital)
- decision on adoption of or amendments to the Rules of Procedure of the General Assembly.

27.4. The following decisions shall be passed with the qualified majority of 9/10 of the share capital represented at the General Assembly at the time of decision-making:

- decision on delisting of the Company's shares from the regulated market or transition to a lower market (i.e. transition from official to regular market)
- decision on authorised share capital.

27.5. When convening the General Assembly, the Management Board is authorised to decide that the meeting of the General Assembly may be transmitted via audio or video. When convening the General Assembly, the Management Board is also authorised to decide that the meeting of the General Assembly shall be held in a way that the shareholders are enabled to realise all or some of their rights, entirely or partially, by way of electronic communication, as well as that they are enabled to cast their votes in writing or by way of electronic

communication. If the Management Board uses the aforementioned authorities, all details relating to such holding of the General Assembly meeting shall be set out in the notice for the General Assembly meeting in accordance with the Companies Act.

Article 28

28.1. Each shareholder shall bear the costs of its participation at the General Assembly, whereas the costs of preparation and holding of the General Assembly shall be borne by the Company.

4. REPRESENTATION

Article 29

29.1 The Company shall be represented by the Management Board. In case the Management Board has two members, they shall represent the Company jointly. In case the Management Board has three or more members, they shall represent the Company by two members acting together i.e. by two members of the Management Board acting together or one member of the Management Board and the President of the Management Board acting together.

29.2. The Company may also be represented by a prokura-holder, but only together with a member of the Management Board or the President of the Management Board.

29.3. The decision on granting and revoking prokura shall be adopted by the Management Board with prior approval of the Supervisory Board.

VI/ BUSINESS BOOKS, FINANCIAL STATEMENTS AND USE OF PROFITS

Article 30

30.1. Business year is a calendar year.

30.2. The Management Board shall be obliged to keep, or to provide for the keeping of all the business books in accordance with the law.

30.3. On the basis of business books, the Management Board shall draft the financial statements and the report on operations and the status of the Company. These reports shall be submitted to the Supervisory Board for approval, with the proposal for use of profits or covering of loss. If the Supervisory Board approves the Company's financial statements, these shall be considered as determined by the Management Board and the Supervisory Board as the Company's bodies competent for determining the financial statements.

30.4. The annual financial statements, the Management Board's report on the operations and status of the Company, the report of the Supervisory Board on supervision of the Company's management and on the results of examination of the Company's financial statements and other reports, and the proposal regarding use of profits or covering of loss shall be delivered or made available to the shareholders in accordance with the law. The General Assembly shall decide upon use of profit or covering of loss upon presentation of the Supervisory Board report on supervision of the Company's management and on the results of examination of the Company's financial statements and other reports.

Article 31

31.1. When adopting the decision on use of profits, the General Assembly may decide that the profits will be distributed to the shareholders of the Company and/or allocated to retained earnings and/or other reserves from profits and/or used for other purposes (such as payments to employees, members of the Management Board or members of the Supervisory Board of the Company), in accordance with the provisions of the relevant laws.

VII/ CONFIDENTIALITY

Article 32

32.1. *The records and data referring to the Company's business operations, or to the work of its employees, whose disclosure to unauthorized persons is against the interests of the Company, shall be classified as confidential, unless disclosure of such records or data is required by law.*

32.2. *The business secret are especially considered to be the information about the sales and marketing strategy, contracts, production, technological, commercial, financial, technical and proprietary documentation as well as the information about each employee's salary.*

32.3. *The business secret are also considered to be the data and the documents that the Company declares as business secret and that another person communicates to the Company as confidential.*

32.4. *It shall be duty of all shareholders of the Company, members of the Company's bodies, Company's employees and other persons who have been acquainted with contents of documents or data classified as business secret of the Company, to keep such information as confidential, unless disclosure of such documents or data is required by law.*

32.5. *The obligation to keep a business secret shall not discontinue even after the persons from Par. 4 of this Article shall have lost the status on the basis of which they are responsible to keep business secret of the Company.*

VII/ CONCLUDING PROVISIONS

Article 33

33.1. *These Articles shall enter into force on the day of registration in the court register of the competent Commercial court.*

33.2. *These Articles have been drafted and executed in Croatian language, and translated into English language for Company's internal purposes.*

33.3. *General acts of the Company adopted before these Articles of Association enter into force shall apply to the extent they do not contravene the provisions of these Articles of Association, until new acts are adopted.*

33.4. *Authorised bodies of the Company shall harmonise the existing acts with the provisions of these Articles of Association within six months as of registration of these Articles of Association in the court register of the competent Commercial Court.*

Article 34

34.1. *The Management Board of the Company shall be responsible for keeping the Articles, and shall be obliged, at the request of any shareholder, to enable him inspection of the Articles or to provide him with the transcript or copy of the Articles.*

II/ The Articles of Association of the company Arena Hospitality Group d.d. – consolidated version of 25 May 2017 shall cease to apply upon entry into force of the New Articles of Association.

III/ The New Articles of Association shall enter into force on the day of registration thereof in the court register of the Commercial Court in Pazin."

Item 9.

"Pursuant to the decision of the General Assembly of the Company dated 30 August 2017 on change of the corporate governance system from one-tier to two-tier board, the function of the Management Board of the Company shall cease on the day of registration in the court register of the Commercial Court in Pazin of the new Articles of Association of the company Arena Hospitality Group d.d. adopted at the General Assembly of the Company held on 30 August 2017."

Item 10.

I/ Pursuant to the Articles 16 and 17 of the Articles of Association of the company Arena Hospitality Group d.d. adopted at the General Assembly of the Company held on 30 August 2017, the following members of the Supervisory Board are hereby elected:

- 1. Boris Ernest Ivesha, OIB: 68819038982, United Kingdom, London NW1 7DE, 30 Oval Road, The Henson, Flat 46, chief executive officer and president of PPHE Hotel Group Limited*
- 2. Yoav Arie Papouchado, OIB: 86758299795, Israel, Herzliya Pituach 4672835, 8 Ha-sadna'ot Street, chairman of the board of directors of Red Sea Hotels Ltd*
- 3. Chen Carlos Moravsky, OIB: 38997634860, United Kingdom, 5 Fairfield Park, Cobham, Surrey, KT11 2HF, deputy chief executive officer and chief financial officer of PPHE Hotel Group Limited*
- 4. Abraham Thomas, OIB: 95618765287, The Netherlands, 2015 JJ Haarlem, Croesenstraat 13, retired*
- 5. Amra Pende, OIB: 50579531567, Pula, Pina Budicina 21, lawyer*
- 6. PhD Lorena Škuflić, OIB: 85218530704, Zagreb, Bijenička cesta 35*

II/ One member of the Supervisory Board shall be appointed by the employees' council of the Company.

III/ The members of the Supervisory Board are elected for the term of one year.

IV/ This decision shall enter into force on the day of registration in the court register of the Commercial Court in Pazin of the new Articles of Association of the company Arena Hospitality Group d.d. adopted at the General Assembly of the Company held on 30 August 2017."

Item 11.

I/ Remuneration payable for the work of Supervisory Board members is hereby set out in the net amount of 1,200 EUR per month for each member of the Supervisory Board, where applicable in HRK counter value at the middle exchange rate of the Croatian National Bank applicable on the last day of the month for which the remuneration is calculated, starting from the month following the registration in the court register of the Commercial Court in Pazin of the new Articles of Association of the company Arena Hospitality Group d.d. adopted at the General Assembly of the Company held on 30 August 2017.

II/ The remuneration from Item I/ hereof shall be payable by the 15th of the month for the previous month.

III/ The remuneration from Item I/ hereof shall not be payable to those members of the Supervisory Board who reach an agreement with the Company on non-payment of the subject remuneration."

Item 12.

I/ Pursuant to the provisions of Art. 233 of the Companies Act, the General Assembly hereby authorises the Management Board of the Company to acquire treasury shares of the Company, ticker ARNT-R-A, during the period of 5 (five) years as from the date of entry into force hereof, on and off the regulated market, without any further approval of the General Assembly, under the following terms and conditions:

- 1. total number of treasury shares acquired based on this Decision, together with the treasury shares that the Company already holds, shall not exceed 10% (ten percent) of the Company's share capital at the time of acquisition;*

2. *the purchase price for the treasury shares shall not be above 10% (ten percent) or below 10% (ten percent) the average market price achieved for these shares during the previous trading day;*
3. *in the business year of the Company's acquisition of the treasury shares, the Company shall contribute a part of profits to that year's reserves for these shares and record the amounts corresponding to the amounts paid for the acquired treasury shares, so that the Company's net assets stated in the financial statements for the previous business year do not become, on the account of acquisition of treasury shares, lower than the amount of share capital and reserves that the Company is required to have under the law, the Articles or the General Assembly decision and that cannot be used for distribution to the shareholders;*
4. *the Management Board shall inform the next General Assembly about the reasons and the purpose of shares acquisition, their number and participation in the share capital, and the consideration paid by the Company for these shares. The Management Board shall have the same obligation towards the Supervisory Board, whereby the Management Board shall submit reports to the Supervisory Board within one month as from expiry of each quarter.*

II/ The Management Board is authorised, with the approval of the Supervisory Board, to dispose of the treasury shares, which the Company already holds or which the Company shall acquire pursuant to the provisions of this General Assembly decision on granting the approval to the Management Board for acquisition of treasury shares, on or off the regulated market (e.g. by disposal within the framework of employees' reward program and other treasury shares disposal programs adopted by the Management Board with prior approval of the Supervisory Board), without the need to obtain, besides this General Assembly decision, any special decision of the General Assembly.

III/ When acquiring or disposing of the treasury shares, which the Company already holds or which the Company shall acquire pursuant to the provisions of this General Assembly decision on granting the approval to the Management Board for acquisition of treasury shares, the principle of equal treatment of shareholders in the Company from Art. 211 of the Companies Act is hereby entirely excluded and the pre-emptive right of existing shareholders of the Company from Art. 308 of the Companies Act is hereby entirely excluded, provided that this Decision is adopted with the majority of three fourths of the share capital represented at the General Assembly at the time of its adoption.

IV/ The Management Board of the Company is authorised, with prior approval of the Supervisory Board, to withdraw the treasury shares, which the Company already holds or which the Company shall acquire pursuant to the provisions of this General Assembly decision on granting the approval to the Management Board for acquisition of treasury shares, with decrease of the share capital of the Company pursuant to Art. 233 Par. (2) of the Companies Act or without decrease of the share capital of the Company pursuant to Art. 352 Par. (3) Item 3 of the Companies Act, without the need to obtain, besides this General Assembly decision, any special decision of the General Assembly.

V/ The General Assembly decision on granting the approval to the Executive Directors for acquisition of treasury shares adopted on 31 August 2016 shall cease to be in force on the date of entry into force hereof.

VII/ This Decision shall enter into force as from registration of the new Articles of Association of the Company in the court register of the Commercial Court in Pazin."

V. A shareholder registered as holder of shares in the share register of the Central Depository & Clearing Company Inc. on the beginning of the 21st day before the day of the General Assembly

(and excluding the day of holding the General Assembly) is entitled to participate and to vote at the General Assembly.

VI. *A shareholder may vote at the General Assembly via proxy based on a written power of attorney, which the shareholder is required to provide to the Company on the day of holding the General Assembly, at the latest, if the power of attorney has not already been deposited with the Company.*

VII. *Shareholders jointly holding shares representing 5% of the Company's share capital may request that a certain item is included in the agenda of the General Assembly. Such request shall be published provided that it also contains a proposal of the decision and explanation and provided that it is received by the Company 30 days before holding of the General Assembly, at the latest.*

VIII. *The shareholders who wish to submit a counterproposal to a decision proposed in this notice are authorised to do so 14 days before holding the General Assembly, at the latest, by delivering a written counterproposal with explanation to the address of the Company: Arena Hospitality Group d. d., Smareglina ulica 3, 52100 Pula. A counterproposal may also be submitted at the General Assembly. The same applies to shareholders' proposals for election of Supervisory Board members and for appointment of the Company's auditor, but such proposals do not have to contain an explanation.*

VII. *If the quorum prescribed in Article 40 of the Company's Articles is not present at the General Assembly, a new meeting of the General Assembly shall be held with the same agenda on 8 September 2017 at 11:00 hrs at the same place.*

VIII. *At the General Assembly, the Executive Directors are required to provide explanations to any shareholder, at his request, regarding the Company's operations, if this is needed for consideration of agenda items.*

IX. *Information from Article 280.a of the Companies Act are available to the shareholders via the Company's web site: www.arenahospitalitygroup.com.*

Arena Hospitality Group d.d.