

**ARTICLES OF ASSOCIATION  
OF JOINT STOCK COMPANY  
Arena Hospitality Group d.d.  
(Consolidated wording of 25 May 2017)**

**GENERAL PROVISIONS**

Article 1

These Articles of Association of the company Arena Hospitality Group d.d. za turizam i ugostiteljstvo, Pula, Smareglina ulica 3 (hereinafter: the Company) regulate the issues referring to:

- the Company's name and registered office
- the Company's business activities
- Company's share capital and shares
- data publication and announcements
- representation of the Company
- Company's bodies
- annual accounts and use of profit
- business secret
- amendments to the Articles of Association
- term and winding up of the Company
- transitional and final provisions.

**COMPANY NAME AND REGISTERED OFFICE**

Article 2

A company name is the name under which the Company operates and participates in legal transactions.

The Company's company name is:

**Arena Hospitality Group d.d. za turizam i ugostiteljstvo**

The Company's abbreviated company name is:

**Arena Hospitality Group d.d.**

Article 3

The registered office of the Company is in Pula, Smareglina ulica 3.

Article 4

The General Assembly adopts the decision on the change of the company name and registered office.

Article 5

In its operations, the Company uses a seal (stamp) which contains the company name registered office of the Company.

The form, size, manner of utilisation and safekeeping of the seal (stamp) will be prescribed by the Company's Managing Board.

## **BUSINESS ACTIVITIES**

### Article 6

The Company performs the following business 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

In addition to the above business activities, the Company may engage in other activities supporting the performance of the activities entered in the commercial register, if such supporting activities are performed to a lesser extent or if they are performed along with the registered activity.

## SHARE CAPITAL AND SHARES

### Article 7

The share capital of the Company amounts to HRK 102,574,420.00.

The share capital is divided into 5,128,721 ordinary shares in the nominal value of HRK 20.00 each.

Within the term of one year as from the date of registration of the amendments to the Company's Articles of Association, the Management Board of the Company is authorised, (i) only if needed and for the purpose of stabilising, preserving or otherwise influencing the price of the Company's shares on the regulated market and/or (ii) for the purpose of issuing shares to be disposed of within the framework of employees reward programme dedicated to the employees of the Company or the Company's affiliates i.e. ESOP programme aimed at development of employees' participation in the share capital of the Company, which programme shall be adopted by the Executive Directors with the approval of the Management Board, to increase the share capital of the Company by issuing new shares up to the amount representing up to 10% of the nominal value of the share capital of the Company at the time of adoption of the Decision of the Management Board. New shares may only be issued against contributions in cash. The Management Board is authorised to exclude, fully or partially, the pre-emptive right of the existing shareholders to subscribe new shares, by its decision on increase of the share capital against contributions in cash and on issuance of new shares.

### Article 8

Each founding share is marked as "A" series share. Each further series of shares shall be marked by the following letter of alphabet.

### Article 9

The General Assembly adopts the decision on issuance of shares, which right cannot be conferred to another body of the Company (except in case of authorised share capital).

In accordance with the conditions prescribed by special laws, the Company issues shares in dematerialised form instead of share certificates.

### Article 10

The Company's shares are kept in dematerialised form and are registered in the central depository of securities in Croatia kept by the Central Depository Agency, under ticker: ARNT-R-A and ARNT-R-B.

### Article 11

The Company's shares are issued in dematerialised form and are transferable in accordance with the provisions of the Capital Markets Act or other law regulating the transfer of securities.

## Article 12

The Company cannot subscribe treasury shares.

The Company may acquire and dispose of the treasury shares only in accordance with the law.

The Company does not have any rights arising from the treasury shares.

## **DATA PUBLICATION AND ANNOUNCEMENTS**

### Article 13

When the Companies Act (hereinafter: 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.

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.

## **ORGANISATION OF BUSINESS OPERATIONS**

### Article 14

The basic organisation structure is set out by the Management Board of the Company.

## **REPRESENTATION OF THE COMPANY**

### Article 15

The Company is represented by its Executive Directors.

Within the scope of their authority, the Executive Directors may issue powers of attorney to other persons for representation purposes.

The Management Board may, by virtue of its decision, the Rules of Procedure of the Management Board, the Rules of Procedure of the Executive Directors or otherwise in accordance with the Companies Act, set out matters undertaken by the Executive Directors which require the prior approval of the Management Board.

When conducting the business operations, the Executive Directors, the persons from Par. 2 of this Article and the procurators are required to respect the limitations prescribed by law, these Articles of Association, the decisions of the General Assembly or the Management Board and the Rules of Procedure of the Executive Directors.

## Article 16

The Executive Directors may, with the prior approval of the Management Board, issue a procuration to one or more persons (procurators).

The procuration is issued in writing.

Procuration may be granted to any person of age and with full business capacity, irrespective of the duties and activities he/she carries out.

The procurator may enter into contracts and undertake legal actions in the name and for the account of the Company and represent the Company in the proceedings before administrative and other state and arbitration courts.

Without special authorisation, the procurator may not dispose of or encumber the Company's real estates and may not give statements or undertake any legal actions initiating bankruptcy or any other proceeding leading to the winding up of the Company, or enter into contracts with the Company in his/her name and for the account of other persons or in the name and for the account of such other persons. The procurator may not issue powers of attorney to other persons for the purposes of entry into legal transactions.

The procuration shall cease:

- by winding up of the Company
- by revocation of procuration
- by termination
- by procurator's death
- if the procurator should become the only owner of the Company
- by loss of the procurator's business capacity
- by opening of the bankruptcy proceeding over the procurator's or the Company's assets
- by disposal of the entire undertaking
- if the procuration is related to the procurator's employment, by termination of the procurator's employment
- in other cases prescribed by law.

The procuration may be revoked at any time, irrespective of the agreement or other legal transaction on the basis of which the procuration was issued. The procuration may be revoked by the Executive Directors of the Company, with the prior approval of the Management Board.

Issuance of the procuration and its revocation shall be registered in the court register.

## COMPANY'S BODIES

### Article 17

The Company's bodies are: the Management Board and the General Assembly.

## COMPANY'S MANAGEMENT BOARD

### Article 18

The Management Board consists of seven (7) members.

The Management Board:

- manages the Company
- sets the basis for the Company's business operations and determines the business policy of the Company
- supervises the management of the Company's business operations and keeping of the Company's business books
- appoints and recalls the Executive Directors of the Company
- represents the Company towards its Executive Directors
- if needed, convenes the General Assembly
- appoints the chairman of the General Assembly meeting
- submits written reports to the General Assembly, according to the Companies Act
- decides upon establishment and winding up of other companies and branches
- adopts the Rules of Procedure of the Management Board
- adopts the Rules of Procedure of the Executive Directors
- appoints and removes members of its committees (such as Audit Committee, Remuneration Committee and similar)
- prepares draft decision for appointment of members of the Management Board and the Company's auditor
- performs other activities according which are in its competence according to the Companies Act and these Articles of Association.

### Article 19

Any physical person with full business capacity may become a member of the Management Board.

The member of the Management Board may not be:

- a person engaged, independently or together with other persons, in any activity competing with the activities of the Company on the territory of the Republic of Croatia
- a person being a shareholder of a competing company in the Republic of Croatia or a member of its body, or a procurator or employee of such company, or a person otherwise working for such company
- a person who satisfies the reasons prescribed by the Companies Act which disallow his/her membership in the Management Board.

### Article 20

The members of the Management Board are elected by the General Assembly with the majority of all votes representing the share capital of the Company, except for one (1) member of the Management Board who is appointed by the Employees' Council in accordance with the Labour Act.

## Article 21

The members of the Management Board are elected for the period of one (1) year and they may be re-elected.

If the decision on their election does not provide otherwise, the term of office of a member of the Management Board shall start as from the date of the decision on the election or as from the giving the statement on acceptance of election, irrespective of the entry in the court register.

## Article 22

The members of the Management Board shall be proposed in a manner prescribed by law.

The shareholders individually or jointly holding at least 10% of the Company's voting shares are entitled to propose candidates for members of the Management Board, provided that they exercise such right in a manner prescribed by the Companies Act.

The authorised proposer is required to prepare a list of all candidates for members of the Management Board who are proposed to be elected. The General Assembly decides upon the list as a whole. If more authorised proposers submitted more lists, the proposals shall be decided upon in the order as they are presented to the General Assembly. In such case, it shall be deemed that the members of the Management Board have been elected if they have been elected with the majority of all votes representing the share capital of the Company. If no list has been adopted with the required majority of votes, the authorised proposer is entitled to submit a new proposal to be decided upon the General Assembly, provided that such proposal contains at least two (2) new candidates who have not been included in the list which has not been adopted with the required majority of votes.

If the decision is not reached after the second round of voting, the procedure of proposing the candidates for members of the Management Board shall be reinitiated and the voting shall be repeated as described above.

The authorised proposer is required to deliver, together with its proposal, a written statement of the person being proposed as the member of the Management Board (if such person is to be elected as the member of the Management Board for the first time) declaring that, if he/she is elected, he/she is prepared to perform the duty of the member of the Management Board of the Company.

## Article 23

The General Assembly may recall a member or members of the Management Board even before expiry of their term of office.

The decision on recall of a member or members of the Management Board shall be adopted with the majority of at least three fourths (3/4) of the votes cast.

The appointed member of the Management Board may be recalled at any time by the person who appointed such member and may be replaced by another person. If the conditions for appointment of a member of the Management Board provided in these Articles of Association are not longer satisfied, the General Assembly may recall so appointed member of the Management Board with the simple majority of votes.

#### Article 24

The Chairman and any member of the Management Board may resign from their respective functions.

The resignation shall be delivered to the Company in writing and, if the resignation does not provide otherwise, it shall be effective as from the date it was issued. The resignation may be withdrawn only with the approval of the General Assembly.

No decision of the General Assembly is required for the termination of the membership in the Management Board.

#### Article 25

The Management Board of the Company shall be constituted, at the latest, within 8 days as from the date of election of those members who are elected by the General Assembly. Until appointment of the Chairman of the Management Board, the operation of the Management Board shall be conducted by the chairman of the General Assembly.

Based on the proposal of at least one (1) member of the Management Board, the members of the Management Board shall elect, among themselves, with the simple majority of votes, the Chairman and at least one Deputy Chairman who shall replace the Chairman in the case the Chairman is prevented from presiding over the Management Board. The Management Board may recall the appointment of the Chairman and his/her Deputy or Deputies at any time during their term of office.

The person appointed as the Executive Director of the Company cannot, at the same time, be elected as the Chairman and first Deputy Chairman of the Management Board.

#### Article 26

The Management Board passes decisions in meetings.

The meetings of the Management Board are regularly held in the registered office of the Company. If needed, the Chairman of the Management Board may decide that a meeting of the Management Board shall be held outside the registered office of the Company, in Croatia or abroad.

The members of the Management Board may vote by phone, telegraph, email, facsimile, letter or other appropriate means and may also vote through an authorised proxy.

In principle, the meetings of the Management Board are held quarterly and at latest semi-annually.



The manner and conditions for holding the meetings and for adopting decisions in meetings of the Management Board are regulated by the Rules of Procedure of the Management Board.

#### Article 27

Each member of the Management Board is entitled to one (1) vote.

The Management Board passes decisions with simple majority of votes cast.

The Management Board may pass decisions if at least four of its members (a quorum) participate in the decision-making.

No member of the Management Board is entitled to undertake obligations in the name of the Company without the approval of the Management Board.

#### Article 28

The Management Board may appoint committees for the purpose of preparation of decisions to be passed by the Management Board and for supervision of their implementation.

The authority to pass decisions in the competence of the Management Board cannot be transferred to the committees.

#### Article 29

The members of the Management Board are obliged to act in the Company's interest.

#### Article 30

The members of the Management Board are entitled to appropriate remuneration for their work in the Management Board. The remuneration shall be determined for each member of the Management Board separately but up to the amount of HRK 70,000.00 per member and per year.

The member of the Management Boards shall not be entitled to the remuneration upon termination of his/her term of office.

### **COMPANY'S EXECUTIVE DIRECTORS**

#### Article 31

The Management Board appoints at least two (2) Executive Directors, one (1) of which shall be the Chief Executive Director.

The Executive Directors manage the Company's business operations and represent the Company only together and jointly. In case of divided votes, the Chief Executive Director shall have the casting vote.

The Management Board may also appoint deputy Executive Directors.

## Article 32

The Executive Directors:

- represent the Company
- manage the Company's business operations at their own responsibility
- determine the Company's internal organisation
- prepare decisions and general acts in the competence of the General Assembly, except for the proposal for election of the members of the Management Board, the chairman of the General Assembly and the Company's auditor
- convene the General Assembly
- implement decisions adopted by the General Assembly and the Management Board within the framework of their competence
- adopt decisions and acts in the field of management of the Company's business activities, in accordance with the laws and regulations
- submit reports to the Management Board, in accordance with the law
- submit a proposal for the use of profit to the Management Board
- perform other activities pursuant to the Companies Act, other laws and regulations and these Articles of Association.

## Article 33

Any physical person with full business capacity may become the Executive Director, provided that he/she satisfies the conditions from Article 19 hereof and the following conditions:

- level of education – 7<sup>th</sup> degree of education
- experience – at least 5 years of service
- organisational and management skills
- knowledge of English language.

The members of the Management Board may also be appointed as the Executive Directors, but only in a way that majority members of the Management Board are non-executive members (i.e. that majority members of the Management Board are not appointed as the Executive Directors).

## Article 34

Executive Directors and their deputies are appointed for the term of office of up to five (5) years, with the possibility of reappointment. The duration of the term of office of the Executive Directors and their deputies is determined by the decision of the Management Board.

The Management Board may recall the appointment of the Executive Directors at any time.

## Article 35

The Executive Director is required to manage the Company's business operations with the diligence of a prudent businessman and keep the business secrets of the Company.

## GENERAL ASSEMBLY

### Article 36

The shareholders exercise their rights in the Company at the General Assembly.

A shareholder may exercise its voting right at the General Assembly through a proxy. The power of attorney needs to be issued in writing.

### Article 37

The General Assembly of the Company:

- adopts the Articles of Association and decides upon their amendments
- adopts the Rules of Procedure of the General Assembly
- elects and recalls the members of the Management Board, except the representative of the Employees' Council
- decides upon use of profit in accordance with the law
- decides upon granting the discharge to the Management Board and the Executive Directors
- decides upon the appointment of the Company's auditor and special auditors of the Company
- decides upon increase and decrease of the Company's share capital
- decides upon the Company's corporate changes
- decides upon winding up of the Company
- decides upon all other matters pursuant to the law and these Articles of Association.

The General Assembly may adopt decisions from Par. 1 Item 4 and 7 of this Article only after the Management Board submits the relevant report to the General Assembly in accordance with the Companies Act.

The General Assembly may decide upon the management of the Company's business operations only upon request of the Management Board of the Company.

### Article 38

The General Assembly is convened at least once per year and must be convened if so required by law, these Articles of Association or the Company's interests.

The General Assembly is convened by the Executive Directors in accordance with these Articles and law.

The Management Board is also authorised to convene the General Assembly, and is obliged to convene the General Assembly if so required by the Company's interests.

Shareholders jointly holding shares representing 5% of the Company's share capital may submit a written request to the Executive Directors requesting that the General Assembly is convened and specifying the purpose and reasons for such request. Provided that the said conditions are satisfied, the Executive Directors are obliged to convene the General Assembly.

#### Article 39

The persons convening the General Assembly are required to convene the General Assembly at least thirty (30) days in advance of the date of the General Assembly meeting, and the notice for the General Assembly meeting needs to be announced in the manner provided by these Articles of Association. Additional items may be added to the agenda at the latest within ten (10) days as from announcement of the notice for the General Assembly meeting.

#### Article 40

The General Assembly may validly pass decisions provided that the shareholders or their proxies, who individually or jointly hold shares whose nominal value exceeds 50% of the Company's share capital at the time of holding the General Assembly meeting, participate in the General Assembly meeting, unless the law or these Articles of Association provide otherwise.

When convening the General Assembly, the term for holding the next General Assembly meeting shall be set if the quorum prescribed in Par. 1 of this Article is not present at the initially convened General Assembly meeting.

The term of the next General Assembly meeting cannot be shorter than eight (8) days or longer than thirty (30) days as from the date of the initially convened General Assembly meeting.

The next General Assembly meeting shall be held irrespective of the number of present shareholders and the value of their shares and the decisions shall be passed with the majority of votes represented at the General Assembly, unless these Articles of Association or the law explicitly require a qualified majority.

#### Article 41

The right to participate at the General Assembly and the number of votes shall be determined on the basis of data filed in the register of the Central Depository and Clearing Company in accordance with the Companies Act.

#### Article 42

The shareholders exercise their voting rights at the General Assembly pro rata to the number of shares they hold in the Company.

Each registered share confers one (1) vote.

#### Article 43

The General Assembly meeting is conducted and presided by the chairman of the General Assembly.

The Management Board determines the chairman of the General Assembly, amongst the members of the Management Board or the Company's shareholders, for each General Assembly meeting and before the meeting begins.

#### Article 44

The decisions of the General Assembly are passed with the majority of votes cast (simple majority).

Decisions are passed with qualified majority when so explicitly provided by the Companies Act or these Articles of Association.

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.

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.

#### Article 45

Voting at the General Assembly is public, but the General Assembly may decide with simple majority that a particular item is decided upon by secret ballot.

The manner of voting is regulated by the Rules of Procedure of the General Assembly.

#### Article 46

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.

### **ANNUAL ACCOUNTS AND USE OF PROFIT**

#### Article 47

The Company is obliged to keep its business books in accordance with the law and updated, which is the responsibility of the Executive Directors.

The Executive Directors are obliged to ensure that the financial reports and the auditor's report are prepared in accordance with the Companies Act.

#### Article 48

After adoption of the income statement, the General Assembly may decide that the profit from the current year shall be allocated to the Company's reserves.

In terms of Par. 1 of this Article, the General Assembly is authorised to decide not to distribute the Company's profit to the shareholders.

### **BUSINESS SECRET**

#### Article 49

The business secret of the Company are considered to be the deeds, data and documents related to the Company's business operations or the work of Company's employees, whose disclosure to unauthorised persons would contravene the interests of the Company.

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.

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.

#### Article 50

The obligation to keep the business secret relates to all shareholders, irrespective of the number and type of shares they hold, members of the Company's management bodies, all Company's employees and other persons who learned about the data considered as business secret in any manner whatsoever.

### **TERM AND WINDING UP OF THE COMPANY**

#### Article 51

The Company is incorporated for indefinite period of time.

The Company may be wound up in accordance with and by undergoing the procedure prescribed by the Companies Act.

### **AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

#### Article 52

Besides the Management Board, the shareholders who individually or jointly hold shares representing at least 5% of the share capital of the Company are entitled to propose the amendments to the Articles of Association.

The shareholders from Par. 1 of this Article exercise their right to propose amendments to the Articles of Association by submitting a proposal of amendments to the Executive Directors, accompanied with an explanation. The Executive Directors shall provide their written opinion on this proposal and deliver the same, together with the authorised shareholder's proposal, to the General Assembly for its consideration.

Amendments to the Articles of Association shall be effective only upon their registration in the court register.

## TRANSITIONAL AND FINAL PROVISIONS

### Article 53

These Articles of Association shall enter into force upon their registration in the court register.

Other 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.

Authorised bodies of the Company shall harmonise the existing acts with the provisions of these Articles of Association within six (6) months as of registration of these Articles of Association in the court register.

### Article 54

The General Assembly shall decide upon issuing, with simple majority of votes, an authentic interpretation of the provisions of the Articles of Association.

The text of the Articles of Association which has been validly adopted by the General Assembly, signed and initialled on each page by the chairman of the General Assembly, shall be deemed as original version of the Articles of Association.

The Executive Directors are responsible for safekeeping of the Articles of Association and are required to enable each shareholder, at its request, to inspect the Articles of Association or, at the shareholder's cost, to copy the Articles of Association.

The original of the Articles of Association and any amendments thereto shall be bound as a separate book.

In Zagreb, on 25 May 2017



Arena Hospitality Group d.d.

Chairman of the Management Board

Boris Ernest Ivesha

Represented by proxy, Iva Tokić Čuljak, Attorney at Law