

ARENATURIST d.d., joint stock company incorporated in accordance with Croatian laws, with registered office at Smareglina ulica 3, 52100 Pula, Croatia, registered in the court register of the Commercial court in Pazin under no. (MBS) 040022901, PIN: 47625429199 (hereinafter "**Merging Company**" or "**Arenaturist**")

and

ARENATURIST HOTELI d.o.o., limited liability company incorporated in accordance with Croatian laws, with registered office at Smareglina ulica 3, 52100 Pula, Croatia, registered in the court register of the Commercial court in Pazin under no. (MBS) 040162280, PIN: 07435607593 (hereinafter "**Merged Company 1**" or "**Arenaturist Hoteli**")

and

ARENATURIST ZLATNE STIJENE d.o.o., limited liability company incorporated in accordance with Croatian laws, with registered office at Smareglina ulica 3, 52100 Pula, Croatia, registered in the court register of the Commercial court in Pazin under no. (MBS) 040162319, PIN: 11990804051 (hereinafter "**Merged Company 2**" or "**Arenaturist Zlatne Stijene**")

and

ARENATURIST TURISTIČKA NASELJA d.o.o., limited liability company incorporated in accordance with Croatian laws, with registered office at Smareglina ulica 3, 52100 Pula, Croatia, registered in the court register of the Commercial court in Pazin under no. (MBS) 040162302, PIN: 81964835404 (hereinafter "**Merged Company 3**" or "**Arenaturist Turistička Naselja**")

(Merged Company 1, Merged Company 2 and Merged Company 3 hereinafter jointly "**Merged Companies**")

(Merging Company and Merged Companies hereinafter jointly "**Parties**")

entered on 19.07.2016. in Pula into the following

MERGER AGREEMENT

I. Introductory Provisions

Article 1

Hereby the Parties regulate their mutual relations with regard to the merger of the Merged Companies into the Merging Company.

The Parties hereto mutually agree that:

- the Merging Company is registered in the court register of the Commercial court in Pazin under no. (MBS) 040022901 with the share capital in the amount of HRK 43,650,000;

- the Merged Company 1 Company is registered in the court register of the Commercial court in Pazin under no. (MBS) 040162280 with the share capital in the amount of HRK 94,151,600, wherein all business shares are held by the sole shareholder of the Merged Company 1 i.e. the Merging Company;
- the Merged Company 2 Company is registered in the court register of the Commercial court in Pazin under no. (MBS) 040162319 with the share capital in the amount of HRK 39,516,600, wherein all business shares are held by the sole shareholder of the Merged Company 2 i.e. the Merging Company; and
- the Merged Company 3 Company is registered in the court register of the Commercial court in Pazin under no. (MBS) 040162302 with the share capital in the amount of HRK 35,075,600, wherein all business shares are held by the sole shareholder of the Merged Company 3 i.e. the Merging Company;

Article 2

Taking into account the facts set out in the preceding Article and respecting at the same time the existing economic position of each of the Parties, the Parties agree that it is in their economic interest, that is, in order to achieve the best possible business performance and the organization, to join up with each other in terms of business and organization.

II. Subject-matter of the Agreement

Article 3

Therefore, hereby the Parties agree on the merger of the Merging Companies into the Merged Company and regulate their mutual rights and obligations arising from this fact, including the rights and the obligations towards their shareholders arising from the transfer of the entire assets and all the attached rights and obligations that are transferred by the Merged Companies to the Merging Company, without the obligation of exchange for the shares in the Merging Company considering that the Merging Company holds all business shares in each of the Merged Companies.

III. Estimated Value of the Parties' Assets

Article 4

The Parties mutually agree that, based on the financial statements of the Merging Company dated 30.06.2016. and closing financial statements of the Merged Companies dated 30.06.2016., they accept as the estimated value of the assets of the Parties the values reported in these financial statements.

IV. Parties' Shares and Business Shares and their Estimated Value

Article 5

The Parties, exclusively for the purpose of the merger, mutually determine as the value of their shares and business shares the nominal values of the shares in the Merging Company and the nominal values of the business shares in the Merging Companies.

V. Increase of the Share Capital of the Merging Company

Article 6

In accordance with the provision of Article 520 Par. 1 Item 1 in connection with Article 549 Par. 2 of the Companies Act, the Parties agree that the Merging Company shall not increase its share capital from the current amount of HRK 43,650,000.

VI. Implementation of the Merger

a) Merger Effective Date

Article 7

The merger shall be effectively implemented based on the closing financial statements of the Merged Companies as at 30.06.2016. The values reported in the closing financial statements of the Merged Companies shall be reported in the financial statements of the Merging Company in accordance with the appropriate accounting regulations.

b) Merger Implementation Date

Article 8

The merger implementation date shall be the date of issuance of the Decision on registration of the merger of the Merged Companies into the Merging Company in the court register wherein the Merging Company is registered.

As at the merger implementation date, the Merged Companies shall cease to exist without a liquidation procedure being carried out, and the operation and the business, including the legal existence of the Merging Company as the universal legal successor to the Merged Companies, shall continue.

The merger shall be implemented in the manner stipulated in the Articles herein below stated.

c) Company Name of the Merging Company Subsequent to the Merger

Article 9

As at the merger implementation date, the Merging Company shall retain the existing company name.

d) Bank Accounts

Article 10

As at the merger implementation date, all existing bank accounts (kuna and f/x) of the Merged Companies shall cease to exist, whereof the Executive Officers of the Merged Company shall notify in a timely manner the commercial banks, the Financial Agency (FINA) and all the business partners of the Merged Companies.

Article 11

As at the merger implementation date, all accounts payable of the Merged Companies that have fallen due shall be paid from the account of the Merging Company on the basis of documents at the disposal of the Merged Companies at the time of the merger.

e) Sureties

Article 12

Any existing sureties issued at the expense or in favour of any Merged Company effective at the time of the merger, shall be transferred to the Merging Company, and the Merging Company shall for this purpose conclude with third parties any and all special agreements that may be needed whereby it shall assume the obligations from the said sureties.

f) Transfer of Assets

Article 13

As at the merger implementation date, each of the Merged Companies shall transfer the total value of its assets, stipulated by Article 4 hereof, to the Merging Company, including the value of due, but unrealized rights and obligations.

Each of the Merging Companies hereby authorises the Merging Company to register, after the merger implementation date, in the land register and other public books and records, the ownership right over real estates and movables, intellectual property rights and any and all other rights of each of the Merging Companies, in the name and for the benefit of the Merging Company.

g) Transfer of Real Estates

Article 14

The Merged Company 1 i.e. **ARENATURIST HOTELI d.o.o.**, with registered office at Smareglina ulica 3, 52100 Pula, Croatia, PIN: 07435607593, hereby authorises the registration in the land register kept by the Municipal court in Pula, as well as in other public books and registers, without its further approval, statement, condition or similar, based on this Agreement and the Decision on registration of

the merger of the Merging Companies into the Merged Company in the court register wherein the Merging Company is registered, of the ownership right of the Merging Company i.e. **ARENATURIST d.d.**, with registered office at Smareglina ulica 3, 52100 Pula, Croatia, PIN: 47625429199, over:

- Land plot nos. 1117/11 (park), 1117/14 (ploughland) and 1136/3 (pool), total surface of 12871 m², registered in the land register folder no. 17808 cadastre municipality 324191, Medulin;
- Land plot no. 1117/42 (hotel), total surface of 3723 m², registered in the land register folder no. 3471 cadastre municipality 324191, Medulin;
- Land plot nos. 1117/27 (ploughland), 1117/28 (ploughland), 1118/2 (park), 1118/6 (road), 1124/1 (pasture), 1125/2 (ploughland), 1125/25 (football field), 1125/28 (football field), 1130/2 (football field), 1131/2 (pasture), 1131/3 (pasture), 1132/1 (ploughland), 1132/4 (ploughland), 1132/5 (restaurant), 1132/6 (pasture), 1132/7 (coast), 1133/1 (coast), 1134/1 (ploughland), 1134/2 (ploughland), 1134/3 (ploughland), 1134/4 (ploughland), 1134/5 (ploughland), 1134/6 (ploughland), 1135/1 (ploughland), 1135/2 (ploughland), 1135/3 (ploughland), 1135/4 (ploughland), 1136/2 (ploughland), 1145 (ploughland), total surface of 60725 m², registered in the land register folder no. 3446 cadastre municipality 324191, Medulin; and
- Co-ownership part of ½ of the land plot no. 1126 (ploughland), total surface of 1942 m² registered in the land register folder no. 18864 cadastre municipality 324191, Medulin;

from the name of the Merged Company 1 to the name, benefit and title of the Merging Company. Extracts from the on-line land register of the Municipal Court in Pula for the above listed real estates are attached hereto as Schedule 1, which constitutes an integral part hereof.

Article 15

The Merged Company 3 i.e. **ARENATURIST TURISTIČKA NASELJA d.o.o.**, with registered office at Smareglina ulica 3, 52100 Pula, Croatia, PIN: 81964835404, hereby authorises the registration in the land register kept by the Municipal court in Pula, as well as in other public books and registers, without its further approval, statement, condition or similar, based on this Agreement and the Decision on registration of the merger of the Merging Companies into the Merged Company in the court register wherein the Merging Company is registered, of the ownership right of the Merging Company i.e. **ARENATURIST d.d.**, with registered office at Smareglina ulica 3, 52100 Pula, Croatia, PIN: 47625429199, over:

- Land plot nos. 1140/3 (park), 1142/19 (ploughland), 1208/3 (ploughland), 1208/4 (vineyard), 1208/9 (ploughland), 1209/4 (ploughland), 1216/3 (pasture), 1218/1 (ploughland), 1230/5 (local road, asphalted), 1250/1 (vineyard) and 1253 (ploughland), total surface of 8435 m² registered in the land register folder no. 3449 cadastre municipality 324191, Medulin;
- Land plot nos. 1142/8 (depadanse), 1204/2 (park), 1208/8 (pasture), 1209/1 (ploughland), 1217 (depadanse), 1217/1 (depadanse), 1219/1 (depadanse), 1219/2 (depadanse), 1219/3 (depadanse), 1220/3 (depadanse), 1220/4 (parking), 1220/5 (depadanse), 1220/6 (depadanse) and 1220/7 (depadanse), total

surface of 15546 m2 registered in the land register folder no. 18908 cadastre municipality 324191, Medulin;

- Land plot no. 1218 (pasture) total surface of 14032 m2 registered in the land register folder no. 3084 cadastre municipality 324191, Medulin;
- Land plot no. 1142/7 (ploughland) total surface of 313 m2 registered in the land register folder no. 333 cadastre municipality 324191, Medulin; and
- Part of land plot no. 1658/1 (street) total surface of 9755 m2 registered in the land register folder no. 534 cadastre municipality 324191, Medulin, in relation to approximately 1600 m2 of the said land plot no. 1658/1 registered in the land register folder no. 534 cadastre municipality 324191, Medulin, which is, together with the buildings built on this property, in possession of ARENATURIST TURISTIČKA NASELJA d.o.o., and in respect of which, the procedure for change of the use of the said land plot no. 1658/1 registered in the land register folder no. 534 cadastre municipality 324191, Medulin is being conducted;

from the name of the Merged Company 3 to the name, benefit and title of the Merging Company. Extracts from the on-line land register of the Municipal Court in Pula for the above listed real estates are attached hereto as Schedule 2, which constitutes an integral part hereof.

h) Undertaking of Actions in favour of the Merging Company

Article 16

All actions undertaken by any of the Merged Companies commencing from 01.07.2016 until the merger implementation date shall be deemed actions undertaken by the respective Merged Company in the name and on behalf of the Merging Company.

i) Business Shares Exchange Ratio

Article 17

Based on this Agreement, the Merging Company, as the sole shareholder of each of the Merged Companies, shall not acquire shares in the Merging Company in exchange for the business shares it held in the Merged Companies.

j) Relationship with Creditors

Article 18

To the creditors of the Parties who report for this purpose within the period of six months from the date of publication of registration of the merger in the court register wherein the relevant Party is registered, Merging Company undertakes to provide security for their receivables under the conditions as are stipulated by Article 523 in connection with Article 549 Par. 2 of the Companies Act.

k) Securities

Article 19

The Merging Company undertakes to honour to the holders of all types of the securities issued by any of the Merged Companies all such rights as they are entitled to under such securities if, for the purpose of assertion of their rights, they approach the Merging Company within the legally prescribed period of time or within the period stated on the security.

l) Commencement of Participation in Profits of the Merging Company

Article 20

In accordance with the provision of Article 520 Par. 1 Item 1 in connection with Article 549 Par. 2 of the Companies Act the Merging Company shall not increase its share capital for the purpose of the merger implementation and the Merging Company, as the sole shareholder of each of the Merged Companies, shall not acquire shares in the Merging Company in exchange for the business shares it held in the Merged Companies..

m) Bodies, By-Laws and Employees of the Merged Company

Article 21

As at the merger implementation date, the organizational documents of the Merged Companies shall cease to be effective, and all bodies of these companies shall cease their work. As at the merger implementation date, the employees of the Merged Companies shall become employees of the Merging Company.

VII. Final Financial Statements

Article 22

The Parties mutually agree that, in accordance with the provisions of Article 521. Par. 3 in connection with Article 549 Par. 2 of the Companies Act, the closing financial statements of each of the Merged Companies as per 30.06.2016. shall be filed with the court register as the closing financial statements of each of the Merged Companies.

VIII. Merger Auditor

Article 23

The Parties hereto agree that no audit of the merger shall be necessary in accordance with the provisions of Article 531. Par. 2 in connection with Article 549 Par. 2 of the Companies Act.

IX. Management Board of the Merged Companies

Article 24

The function of the Management Board member - director of each of the Merged Companies shall end as at the merger implementation date.

X. Special Benefits for members of the Supervisory Boards and the Management Boards of the Merged Companies and members of the Management Board and Executive Officers of the Merging Company.

Article 25

The Parties agree that the Management Board member - director of each of the Merged Companies has not received any benefits in connection with the negotiation and the implementation of the merger under this Agreement. None of the Merged Companies has a Supervisory Board.

The Parties agree that the Management Board members and Executive Officers of the Merging Company have not received any benefits in connection with the negotiation and the implementation of the merger under this Agreement.

XI. Final Provisions

Article 26

By signature hereof, the Parties assume the obligation, from the signature hereof until the entry in the court register, not to undertake any actions that might in any way put into question this Agreement, render its implementation impossible and/or cause a financial or any other damage to either Party.

Article 27

Any differences or mutual receivables subsequently determined and arising in connection with the relations regulated by this Agreement, and especially those that may arise due to the reasons envisaged by Article 522 Par. 3 in connection with Article 549 Par. 2 of the Companies Act, the Parties shall resolve amicably, bearing in mind the equitableness and the purpose of the Agreement in the process that the Parties have wanted to achieve.

If no amicable solution is possible, disputes shall be submitted to the Commercial Court of Pazin.

Article 28

The Parties agree that this Agreement shall enter into force once approved by the Shareholders' Meeting of each of the Merged Companies and the General Assembly of the Merging Company.

After the decisions of the shareholders' meeting of each of the Merged Companies on approval of this Agreement and the decision of the General Assembly of the Merging Company on approval of this Agreement, each of the Parties shall file an application for registration of the merger in the court register in accordance with Article 521 in connection with Article 549 Par. 2 of the Companies Act.

Any amendments and additions hereto shall be valid only if made in writing, signed by the Parties, solemnized by a notary public and approved by the shareholders' meeting of each of the Merged Companies and by the General Assembly of the Merging Company.

Should one or several provisions of this Agreement be or become legally invalid or otherwise should there be any loophole in the Agreement, this shall not have any effect on the validity of the remaining part of the Agreement. The Parties undertake in such case to amend or supplement this Agreement accordingly by a provision whose meaning shall come closest to what the Parties would have agreed if, when entering into the Agreement, they had taken account of the invalid provision or the loophole in the Agreement.

Article 29

This Agreement is drawn up in 9 (nine) equally valid counterparts, two for each Party hereof and one for the notary public. In witness whereof, the representatives of the Parties have set their signatures hereto, with a notary public confirming (solemnizing) the provisions of this Agreement.

ARENATURIST d.d.

Reuel Israel Gavriel Slonim
Chief Executive Officer

Milena Perković
Executive Officer

ARENATURIST HOTELI d.o.o.

Chen Carlos Moravsky
Director
Dražen Grubišić-Čabo
Attorney at Law
By virtue of Power of Attorney

ARENATURIST ZLATNE STIJENE d.o.o.

Chen Carlos Moravsky
Director

Attorney at Law
By virtue of Power of Attorney

ARENATURIST TURISTIČKA NASELJA d.o.o.

Chen Carlos Moravsky
Director
Attorney at Law
By virtue of Power of Attorney

Schedule 1

Extracts from on-line land register of the Municipal Court in Pula for
the real estates of ARENATURIST HOTELI d.o.o.

Schedule 2

Extracts from on-line land register of the Municipal Court in Pula for
the real estates of ARENATURIST TURISTIČKA NASELJA d.o.o.