

ARENA

HOSPITALITY GROUP

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The information contained in this press release has been extracted from Arena Hospitality Group d.d.'s Notice on the final price of the Offer Shares, the success of the issue of the Offer Shares, the exact number of the Issuer's share capital increase and the exact number of the Offer Shares, which can be read in full at [zse.hr http://www.zse.hr/default.aspx?id=77460](http://www.zse.hr/default.aspx?id=77460)

PRESS RELEASE

Pula, 26 May 2017

Arena Hospitality Group d.d. successfully completes the public offering of new shares and raises HRK788,36 million

Arena Hospitality Group d.d. ("**Arena**" or the "**Company**"), headquartered in Pula, is pleased to announce that it has successfully completed the public offering of its shares. On 12 May 2017, Arena announced that it was seeking to raise between HRK 600m and HRK 750m (after expenses) by issuing up to 2 million new ordinary registered shares ("**New Shares**") within a price range of HRK 400 to HRK 500 per share. Following the public offering of its shares to Croatian and international investors, Arena will **issue 1,854,971 New Shares** at a **price of HRK425 per New Share** which will result in the Company **receiving proceeds of HRK788,362,675** before expenses.

Trading in the New Shares on the Zagreb Stock Exchange is expected to commence on or around 6 June 2017.

PPHE Hotel Group Limited ("**PPHE Hotel Group**"), via its wholly owned subsidiary, will be issued **141,883 New Shares**. Following the issue of the New Shares, **PPHE Hotel Group will indirectly hold 51.97% of the Arena's share capital**.

Arena's public offering of shares is the **first international public offering by a Croatian tourism company** and the largest fundraising by a Croatian company since 2007.

The **proceeds** from the public offering of shares **are expected to be used for:**

1. **acceleration** of the implementation of **Arena Group's capital investment plan** aimed at **upgrading** a number of its **properties in Croatia** and funding the **Arena Group expansion in the CEE Region;**

Trgovački sud u Pazinu, MBS: 040022901; OIB: 47625429199; temeljni kapital 65.475.000,00 kn uplaćen u cijelosti, ukupan broj izdanih dionica 3.273.750; nominalna vrijednost dionice 20,00 kuna. Predsjednik Upravnog odbora: Boris Ernest Ivesha; Izvršni direktori zastupaju Društvo skupno: Reuel Israel Gavriel Slonim, glavni izvršni direktor i Milena Perković, izvršna direktorica IBAN: HR7223600001101213690 Zagrebačka banka d.d. Zagreb.

2. exercising an option **to acquire the remaining 12%** of the interest in Sugarhill Investments B.V. (including associated transaction costs) from the PPHE Hotel Group, following which Arena will indirectly own the **entirety of its operations in Germany and Hungary**; and
3. **repayment and refinancing Arena's debt** where appropriate in order to **achieve more favourable financing terms.**

Boris Ivesha, Chairman of Arena's Board of Directors, said.

"We are pleased to have reached yet another important milestone in the transformation of Arena into an international hospitality company with a well-balanced portfolio. Following a successful road show during which our team visited existing and potential investors in cities such as Zagreb, Ljubljana, London, Stockholm, Tallinn and Vienna, our shareholder base has been expanded. We are pleased that approximately 20 per cent of the New Shares were subscribed by international investors. The new capital raised will enable us to accelerate our investment plan aimed at upgrading existing properties and realise further growth for Arena in Central and Eastern Europe. We would like to thank our existing shareholders for their confidence in our offering and we welcome our new investors who will become part of our growth story."

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About Arena Hospitality Group

Arena Hospitality Group d.d., headquartered in Pula ("Arena"), is a hospitality company which operates in Croatia, Germany and Hungary. Arena's portfolio currently consists of 27 owned, co-owned, leased and managed properties with more than 10,000 rooms and accommodation units in cities such as Berlin, Cologne, Nuremberg, Budapest and tourist destinations in Istria. Arena has an exclusive right to operate and develop hotels under the international Park Plaza® brand in 18 Central and Eastern European countries. PPHE Hotel Group, which is one of central London's largest owner/operators of internationally branded hotel rooms in the upper upscale segment of the market, is the largest shareholder of Arena and currently indirectly owns 77.09% of share capital.

Website: arenahospitalitygroup.com

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