

Pursuant to Articles 512 and 513 of the Companies' Act -----

PLAVA LAGUNA dioničko društvo za ugostiteljstvo i turizam, with registered office at Rade Končara 12, Poreč, MBS: 040020834, OIB: 57444289760, represented by the member of the Management Board, Neven Staver (hereinafter the "**Acquiring Company**" or "**PLAVA LAGUNA d.d. Poreč**")-----

and-----

ISTRATURIST UMAG, hoteljerstvo, turizam i turistička agencija, d.d., with registered office at Jadranska 66, Umag, MBS: 040002769, OIB: 22738374612, represented by the Director, Ronald Korotaj (hereinafter the "**Associated Company**" or "**ISTRATURIST UMAG d.d. Umag**")-----

(Acquiring Company and Associated Company hereinafter jointly referred to as the "**Parties**")-----

entered on 29 (twenty ninth) June 2017 (two thousand seventeen) in Poreč into the following -----

MERGER AGREEMENT

I. Introductory Provisions

Article 1

Pursuant to this Merger Agreement (hereinafter the "**Agreement**") PLAVA LAGUNA d.d. Poreč as the Acquiring Company and ISTRATURIST UMAG d.d. Umag as the Associated Company hereby regulate their mutual relations with regard to the merger of the Associated Company to the Acquiring Company without conducting a liquidation procedure of the Associated Company. -----

The Parties agree and understand that:-----

- the Acquiring Company PLAVA LAGUNA dioničko društvo za ugostiteljstvo i turizam, with registered office at Rade Končara 12, Poreč, OIB: 57444289760, is registered in the court register of the Commercial court in Pazin under no. (MBS) 040020834, with the share capital in the amount of HRK 1,385,151,471.47 (one billion three hundred eighty five million one hundred fifty one thousand four hundred seventy one and 47/100) divided into 546,318 (five hundred forty six thousand three hundred eighteen) ordinary shares of class A, without nominal amount, under the ticker PLAG-R-A, out of which 9,142 (nine thousand one hundred forty two) are treasury shares, and into 105,000 (one hundred five thousand) preference shares of class B, in the nominal amount of HRK 1,000.00 (one thousand and 00/100) each, under the ticker PLAG-P-A;-----
- the Associated Company ISTRATURIST UMAG, hoteljerstvo, turizam i turistička agencija, d. d., with registered office at Jadranska 66, Umag, OIB: 22738374612, is registered in the court register of the Commercial court in Pazin under no. (MBS) 040002769, with the share capital in the amount of HRK 467,499,500.00 (four hundred sixty seven million four hundred ninety nine

- thousand five hundred and 0/100) divided into 4,674,995 (four million six hundred seventy four thousand nine hundred ninety five) ordinary shares in the nominal amount of HRK 100.00 (one hundred and 0/100) each, under the ticker ISTT-R-A;-----

- on 27 (twenty seventh) April 2017 (two thousand seventeen) the Management Board and the Supervisory Board of the Acquiring Company adopted decisions on proposal of use of profit realised in 2016 (two thousand sixteen) and on distribution of dividend, whereby it was proposed to the General Assembly of the Acquiring Company to adopt a decision on the use of the profit of the Acquiring Company realised in the 2016 (two thousand sixteen) in the total amount of HRK 100,717,564.54 (one hundred million seven hundred seventeen thousand five hundred sixty four and 54/100) in a way that (i) the amount of HRK 3,610,059.58 (three million six hundred ten thousand fifty nine and 58/100) is contributed to statutory reserves (ii) the amount of HRK 51,759,903.83 (fifty one million seven hundred fifty nine thousand nine hundred three and 83/100) is used as reinvested profit for the purpose of share capital increase from the Acquiring Company's assets and (iii) the remaining amount of HRK 45,347,601.13 (forty five million three hundred forty seven thousand six hundred one and 13/100) is contributed to retained earnings;-----

 - on 29 (twenty ninth) June 2017 (two thousand seventeen) the Management Board and the Supervisory Board of the Acquiring Company adopted a decision on convening the General Assembly meeting of the Acquiring Company which shall decide upon, *inter alia*, the proposed decision on the use of the profit of the Acquiring Company realised in 2016 (two thousand sixteen) and on the increase of the share capital of the Acquiring Company from the Acquiring Company's assets by contributing a part of the Acquiring Company's net profit realised in 2016 (two thousand sixteen) (reinvested profit) in the amount of HRK 51,759,903.83 (fifty one million seven hundred fifty nine thousand nine hundred three and 83/100) i.e. on the increase of the share capital from the amount of 1,385,151,471.47 (one billion three hundred eighty five million one hundred fifty one thousand four hundred seventy one and 47/100) by the amount of HRK 51,759,903.83 (fifty one million seven hundred fifty nine thousand nine hundred three and 83/100) to the amount of HRK 1,436,911,375.30 (one billion four hundred thirty six million nine hundred eleven thousand three hundred seventy five and 30/100), as well as on all associated amendments to Acquiring Company's Articles of Association;-----

 - they have assumed that by the Merger Implementation Date, as defined in Article 5 hereof, the decision on the increase of the share capital of the Acquiring Company, the implementation of the Acquiring Company's share capital increase and the amendments to the Acquiring Company's Articles of Association, as provided in the preceding line of this paragraph, shall be registered in the court register of the Commercial Court in Pazin;-----

 - on 29 (twenty ninth) June 2017 (two thousand seventeen) the Management Board of the Acquiring Company adopted the Decision on the merger of the Associated Company to the Acquiring Company, to which the consent of the Supervisory Board of the Acquiring Company was given on 29 (twenty ninth) June 2017 (two thousand seventeen); and -----

 - on 29 (twenty ninth) June 2017 (two thousand seventeen) the Management Board of the Associated Company adopted the Decision on the merger of the Associated Company to the Acquiring Company, to which the consent of the Supervisory Board of Associated Company was given on 29 (twenty ninth) June 2017 (two thousand seventeen).

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 mutual economic interest, in order to achieve the best possible business result, to merge in terms of business, organisation, legal and any other aspect, as described in the joint report of the Parties' Management Boards (legal and economic explanation of the merger).-----

II. Subject Matter of the Agreement

Article 3

Therefore, the Parties hereby agree on the merger of the company ISTRATURIST UMAG, hoteljerstvo, turizam i turistička agencija, d. d. Umag (the Associated Company) to the company PLAVA LAGUNA dioničko društvo za ugostiteljstvo i turizam, Poreč (the Acquiring Company), and regulate their mutual rights and obligations arising therefrom, including the rights and the obligations towards their shareholders, arising from the transfer of the entire assets and all the attached rights and obligations which the Associated Company is transferring to the Acquiring Company in exchange for the shares in the Acquiring Company.-----

III. Estimated Value of the Parties' Assets

Article 4

The Parties agree and understand that, based on the audited annual financial statements of each of the Parties for the year 2016 (two thousand sixteen) dated 31 (thirty first) December 2016 (two thousand sixteen) and based on the estimated value of each of the Parties as stated in the joint report of the Parties' Management Boards dated 29 (twenty ninth) June 2017, the following fair value of each of the Parties capital has been determined: -----

- the Acquiring Company - PLAVA LAGUNA dioničko društvo za ugostiteljstvo i turizam – HRK 4,039,565,000.00 (four billion thirty nine million five hundred sixty five thousand)-----

- the Associated Company - ISTRATURIST UMAG, hoteljerstvo, turizam i turistička agencija, d. d. – HRK 1,472,983,000.00 (one billion four hundred seventy two thousand nine hundred eighty three thousand)-----

The Parties accept their annual financial statements for the year 2016 (two thousand sixteen) dated 31 (thirty first) December 2016 (two thousand sixteen), including statements of financial position (balance sheets), profit and loss accounts, statements of comprehensive income, statements of cash flow and statements of changes in equity, together with the notes and the auditor's report, as credible and final documents used in respect of evaluation of each of the Parties.-----

IV. Implementation of the Merger

Article 5 Merger Date

Parties hereby agree to implement the merger being the subject matter of this Agreement by registration of the merger of the Associated Company to the Acquiring Company in the court register wherein the Acquiring Company is registered, in terms of Article 522 Paragraph 3 of the Companies' Act, on the 1 (first) January 2018 (two thousand eighteen), or if this will not be possible, on the date determined pursuant to Article 522 of the Companies' Act (hereinafter the "**Merger Implementation Date**").-----

As at the Merger Implementation Date, the Associated Company shall cease to exist without a liquidation procedure being carried out, and the Acquiring Company, stepping into the legal position of the Associated Company as at that date, shall continue the operation, the business and the legal existence of the Associated Company as its universal legal successor.-----

The merger shall be implemented as provided in the following Articles.-----

Article 6 Bank Accounts

As at the Merger Implementation Date, all existing bank accounts (HRK and FX) of the Associated Company shall cease to exist, whereof the Management Board of the Acquiring Company shall notify the commercial banks, the Financial Agency (FINA) and all business partners of the Associated Company.-----

From the Merger Implementation Date, all due obligations of the Associated Company to legal and physical persons shall be settled from the Acquiring Company's accounts, pursuant to the documentation in possession of the Associated Company on the Merger Implementation Date.-----

Article 7 Guarantees

Any potential guarantees issued at the expense or in favour of the Associated Company, which shall be effective at the Merger Implementation Date, shall be transferred to the Acquiring Company, and for that purpose, the Acquiring Company shall conclude any potentially necessary special agreements with third parties on assuming the obligations from the said guarantees.-----

Article 8 Transfer of Assets

As at the Merger Implementation Date, the Associated Company shall transfer all of its assets, in the value stipulated in Article 4 hereof, to the Acquiring Company, taking into account all ordinary business activities in the time period preceding the merger, including the value of due, but unrealised rights and

obligations, in exchange for the shares in the Acquiring Company.-----

After the Merger Implementation Date, values set out in the statement of financial position (balance sheet) of the Associated Company shall be set out in the statement of financial position (balance sheet) of the Acquiring Company pursuant to accounting regulations. -----

On the Merger Implementation Date, all agreements entered into between the Acquiring Company and the Associated Company shall cease. -----

**Article 9
Real Estates**

Pursuant to this Agreement and on the Merger Implementation Date, ownership and any other right held by the Associated Company in respect of any real estate shall be transferred to the Acquiring Company. -----

By executing this Agreement, the Associated Company gives approval to the Acquiring Company, based on this Agreement and based on the decision of the Commercial Court in Pazin on registration of the merger of the Associated Company to the Acquiring Company in the court register wherein the Acquiring Company is registered, and without any further approval of the Associated Company, to request and obtain the registration in its own name, with the competent Municipal Court, of the ownership right and any other right which is registered in the land registry pursuant to special laws, in respect of any real estate owned or otherwise belonging to the Associated Company, with simultaneous deregistration of the Associated Company's ownership or any other relevant right.-----

**Article 10
Vehicle Fleet**

Pursuant to this Agreement and on the Merger Implementation Date, vehicle fleet of the Associated Company shall be recorded in the business books of the Acquiring Company as its vehicle fleet, which shall also be registered with all relevant authorities keeping the relevant registries. -----

By executing this Agreement, the Associated Company gives approval to the Acquiring Company, based on this Agreement and based on the decision of the Commercial Court in Pazin on registration of the merger of the Associated Company to the Acquiring Company in the court register wherein the Acquiring Company is registered, to register in its own name, with the relevant authorities i.e. in the relevant registries, the ownership right in respect of the vehicle fleet from this Article, with simultaneous deregistration of the Associated Company's ownership.-----

**Article 11
*Clausula intabulandi***

By executing this Agreement, the Associated Company gives approval to the Acquiring Company, based on this Agreement and based on the decision of the Commercial Court in Pazin on registration of the merger of the Associated Company to the Acquiring Company in the court register wherein the

Acquiring Company is registered, to register the transfer of all other rights held by the Associated Company, in addition to the rights expressly stated hereunder, from the name of the Associated Company to the name of the Acquiring Company, in respect of the rights which are registered with relevant authorities in the public books, registries and records. -----

Article 12
Undertaking Actions in favour of the Acquiring Company

The Parties agree that, exclusively for the purpose of regulating internal relations only between the Parties and commencing from the date of adoption of the decision on approval of this Agreement by the General Assembly of the Acquiring Company and the General Assembly of the Associated Company until the Merger Implementation Date, all actions undertaken by the Associated Company shall be deemed as actions undertaken by the Acquiring Company in terms of Article 517 Paragraph 7 of the Companies' Act. -----

Article 13
Share Capital of the Acquiring Company

The Parties agree and understand that on the date of execution of this Agreement, the Acquiring Company's share capital registered in the court register of the Commercial Court in Pazin amounts to HRK 1,385,151,471.47 (one billion three hundred eighty five million one hundred fifty one thousand four hundred seventy one and 47/100) and is divided into 546,318 (five hundred forty six thousand three hundred eighteen) ordinary shares of class A, under the ticker PLAG-R-A, out of which 9,142 (nine thousand one hundred forty two) are treasury shares, and into 105,000 (one hundred five thousand) preference shares of class B, in the nominal amount of HRK 1,000.00 (one thousand and 00/100) each, under the ticker PLAG-P-A. -----

Furthermore, the Parties agree and understand that on 29 (twenty ninth) June 2017 (two thousand seventeen) the Management Board and Supervisory Board of the Acquiring Company adopted a decision on convening the General Assembly meeting of the Acquiring Company which shall decide upon, *inter alia*, the increase of the share capital of the Acquiring Company from the Acquiring Company's assets by contributing a part of the Acquiring Company's net profit realised in 2016 (two thousand sixteen) (reinvested profit) in the amount of HRK 51,759,903.83 (fifty one million seven hundred fifty nine thousand nine hundred three and 83/100) i.e. the increase of the share capital from the amount of 1,385,151,471.47 (one billion three hundred eighty five million one hundred fifty one thousand four hundred seventy one and 47/100) by the amount of HRK 51,759,903.83 (fifty one million seven hundred fifty nine thousand nine hundred three and 83/100) to the amount of HRK 1,436,911,375.30 (one billion four hundred thirty six million nine hundred eleven thousand three hundred seventy five and 30/100).-----

Article 14
Estimated Value of the Parties' Shares and Share Exchange Ratio
before Division of the Acquiring Company's Shares

The Parties agree and understand that, by estimating the value of each of the Parties pursuant to Article 4 hereof, the estimated value of one ordinary share of the Acquiring Company (before division of the Acquiring Company's shares pursuant to Article 15 hereof) amounts to HRK 6,318.33 (six thousand

three hundred eighteen and 33/100), whilst the estimated value of one share of the Associated Company amounts to HRK 315.08 (three hundred fifteen and 08/100).-----

Pursuant to the estimated value of each of the Parties from Article 4 hereof, by applying the discounted cash flow method, the Parties determine the following exchange ratio of the Associated Company's shares for the Acquiring Company's shares (before division of the Acquiring Company's shares pursuant to Article 15 hereof):-----

- In the ratio 1 : 0.0498671 (one to zero point zero four nine eight six seven one), which for 1 (one) ordinary registered share of the Associated Company, in the nominal amount of HRK 100.00 (hundred and 00/100) each, under the ticker ISTT-R-A, enables the exchange for 0.0498671 (one to zero point zero four nine eight six seven one) of the ordinary registered shares of the Acquiring Company, without nominal amount, under the ticker PLAG-R-A. -----

Article 15
Estimated Value of the Parties' Shares and Share Exchange Ratio
after Division of the Acquiring Company's Shares
and Cash Payments

Considering the share exchange ratio determined in the preceding Article, and in order to enable as many as possible shareholders of the Associated Company to acquire the Acquiring Company's shares in exchange for the shares they hold in the Associated Company, the Parties agree and understand that, for the purposes of the merger pursuant to this Agreement, the shares of the Acquiring Company shall be divided in a way that (i) one Acquiring Company's ordinary registered share, without nominal amount, shall be divided into 4 (four) new Acquiring Company's ordinary registered shares and (ii) one Acquiring Company's registered preference share, in the nominal amount of HRK 1,000.00 (one thousand and 00/100), shall be divided into 4 (four) new Acquiring Company's registered preference shares, in the nominal amount of HRK 250.00 (two hundred fifty and 00/100) each.-----

After implementation of the share capital increase of the Acquiring Company pursuant to Article 13 hereof, and after division of the Acquiring Company's shares pursuant to the preceding paragraph hereof, the share capital of the Acquiring Company in the amount of HRK 1,436,911,375.30 (one billion four hundred thirty six million nine hundred eleven thousand three hundred seventy five and 30/100) shall be divided into (i) 2,185,272 (two million one hundred eighty five thousand two hundred seventy two) ordinary registered shares, without nominal amount, under the ticker PLAG-P-A and (ii) 420,000 (four hundred twenty thousand) registered preference shares, in the nominal amount of HRK 250.00 (two hundred fifty and 00/100) each .-----

The Parties agree and understand that, by estimating the value of each of the Parties pursuant to Article 4 hereof, the estimated value of one ordinary share of the Acquiring Company (after division of the Acquiring Company's shares pursuant to this Article) shall amount to HRK 1,579.58 (one thousand five hundred seventy nine and 58/100), whilst the estimated value of one share of the Associated Company shall amount to HRK 315.08 (three hundred fifteen and 08/100). -----

Pursuant to the estimated value of each of the Parties from Article 4 hereof, by applying the discounted cash flow method, the Parties determine the following exchange ratio of the Associated Company's shares for the Acquiring Company's shares (after division of the Acquiring Company's shares pursuant

to this Article):-----

- In the ratio 1 : 0.1994686 (one to zero point one nine nine four six eight six), which for 1 (one) ordinary registered share of the Associated Company, in the nominal amount of HRK 100.00 (hundred and 00/100) each, under the ticker ISTT-R-A, enables the exchange for 0.1994686 (one to zero point one nine nine four six eight six) of the ordinary registered shares of the Acquiring Company, without nominal amount, under the ticker PLAG-R-A, by rounding down to the first whole number. -----

The shareholders of the Associated Company who, pursuant to the calculation of the number of shares and after the share exchange, would not acquire the whole number of the Acquiring Company's shares, shall receive a cash payment from the Acquiring Company, pursuant to Article 513 Item 4 in connection with Article 520 Paragraph 4 of the Companies' Act, in pro rata amount and taking into consideration the estimated value of the Parties' shares pursuant to Paragraph 3 of this Article. -----

The Acquiring Company shall make the cash payment pursuant to the preceding paragraph of this Article for the benefit of the Associated Company's shareholders within 15 (fifteen) days as from the Merger Implementation Date, via the Trustee, provided that the Acquiring Company i.e. the Trustee shall have all necessary information for making such cash payment. -----

Article 16
Share Capital Increase of the Acquiring Company

For the purposes of implementation of the merger, Parties agree and understand that the Acquiring Company shall increase its share capital from HRK 1,436,911,375.30 (one billion four hundred thirty six million nine hundred eleven thousand three hundred seventy five and 30/100) by the amount of HRK 7,618,681.88 (seven million six hundred eighteen thousand six hundred eighty one and 88/100) to the amount of HRK 1,444,530,057.18 (one billion four hundred forty four million five hundred thirty thousand fifty seven and 18/100), by issuance of 12,500 (twelve thousand five hundred) new ordinary registered shares of the Acquiring Company, without nominal amount, under the ticker PLAG-R-A or any other ticker as determined by the Central Depository & Clearing Company (hereinafter the "CCDC"). -----

After implementation of the merger, share capital of the Acquiring Company shall be divided into (i) 2,197,772 (two million one hundred ninety seven thousand seven hundred seventy two) ordinary registered shares, without nominal amount, under the ticker PLAG-R-A or any other ticker as determined by the CCDC and (ii) 420,000 (four hundred twenty thousand) registered preference shares, in the nominal amount of HRK 250.00 (two hundred fifty), under the ticker PLAG-P-A. -----

The remaining ordinary shares of the Acquiring Company, which may be required for the purpose of implementation of the merger pursuant to this Agreement, shall be provided from the treasury shares held by the Acquiring Company. -----

Parties agree that the Acquiring Company's shares given to the Associated Company's shareholders in exchange for the Associated Company's shares give the same rights as all other ordinary registered shares of the Acquiring Company. -----

Article 17
Trustee for Receipt of Shares and Cash Payments

The Parties agree to appoint the CENTRAL DEPOSITORY & CLEARING COMPANY Inc. (SREDIŠNJE KLIRINŠKO DEPOZITARNO DRUŠTVO, dioničko društvo), Zagreb, Heinzelova 62/a, Croatia, OIB: 64406809162 (before and hereinafter the “Trustee” or the “CCDC”), as the trustee of the Associated Company for the purpose of receiving shares on the Acquiring Company for the benefit of the Associated Company’s shareholders and for the purpose of receiving cash payments, in accordance with Article 522 Paragraph 2 of the Companies’ Act. -----

Parties undertake to enter into a Trustee Agreement with the Trustee for the purposes of transfer and exchange of the shares and for receiving and making cash payments, all pursuant to this Agreement. -----

The Trustee shall take over the Acquiring Company’s shares in the name and on behalf of the Associated Company’s shareholders and transfer them to the Associated Company’s shareholders, and shall receive and make cash payments to the Associated Company’s shareholders who, pursuant to the calculation of the number of shares and after the share exchange, would not acquire the whole number of the Acquiring Company’s shares. -----

Article 18
Protection of the creditors

The Acquiring Company undertakes to provide security of their claims, under conditions set out in Article 523 of the Companies’ Act, to the creditors of the Parties who apply 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. -----

Article 19
Securities

The Acquiring Company undertakes to recognise to the holders of all types of securities issued by the Associated Company all such rights as they are entitled to under such securities if, for the purpose of realising their rights, they apply to the Acquiring Company within the statutory term or within the term set out in the relevant security. -----

Article 20
Commencement of Participation in the Acquiring Company’s Profit

The shareholders of the Associated Company, who shall receive the shares of the Acquiring Company in exchange for their shares in the Acquiring Company, shall participate in the profit of the Acquiring Company as from acquisition of the Acquiring Company’s shares, in the same way as other shareholders of the Acquiring Company. -----

Article 21
Corporate Bodies, Internal Acts and Employees of the Associated Company

As at the Merger Implementation Date, the Articles of Association of the Associated Company and all corporate bodies of the Associated Company shall cease. -----

The function of the members of the Associated Company's Supervisory Board and the Management Board shall cease at the Merger Implementation Date. -----

The Parties agree and understand that no benefits in connection with the execution or implementation of the merger pursuant to this Agreement were given to the members of Supervisory Board and the Management Board of the Associated Company, the members of the Supervisory Board and the Management Board of the Acquiring Company or the merger auditor. -----

At the Merger Implementation Date, employment contracts of the Associated Company's employees shall be transferred to the Acquiring Company by virtue of law, and the employees shall keep all rights and obligations arising from their employment as acquired until the date of transfer of their employment contracts. -----

Article 22
Damages and Court Decisions

The members of the Management Board and the Supervisory Board of the Associated Company are obliged, as joint and several debtors, to compensate any damage incurred to that company, its shareholders and creditors, in accordance with Article 526 of the Companies' Act. -----

Article 23

The Parties agree not to significantly decrease or encumber their assets, in any way whatsoever, from the date of execution hereof until the Merger Implementation Date. -----

V. Closing Financial Statements

Article 24

The Parties agree and understand that, for the purposes of this merger and in accordance with the provisions of Article 540 Paragraph 3 of the Companies' Act, they prepared their financial statements dated 31 (thirty first) December 2016 (two thousand sixteen) and that such financial statements shall be delivered to the court register as the closing financial statements of the Associated Company. -----

VI. Merger Auditor

Article 25

The Parties agree and understand that, upon joint proposal of the Parties, the company PricewaterhouseCoopers d.o.o. Ulica kneza Ljudevita Posavskog 31, Zagreb, OIB 81744835353, was appointed as the merger auditor pursuant to the decision of the Commercial Court in Pazin dated 9 (ninth) May 2017 (two thousand seventeen), ref. no. R1-29/17-2. -----

VII. Final Provisions

Article 26

All costs related to implementation of this Agreement, such as costs of notary public, court and other fees and costs, except for the costs of preparing and holding the meeting of the General Assembly of the Associated Company to approve this Agreement, shall be borne by the Acquiring Company. -----

Article 27

Any potential differences or subsequently determined mutual claims arising in connection with the relations regulated by this Agreement, and especially those that may arise due to the reasons provided in Article 522 Paragraph 3 of the Companies' Act, the Parties shall resolve amicably, bearing in mind the equitableness and the purpose of the Agreement that the Parties wanted to achieve. -----

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

Article 28

Amendments to this Agreement shall be valid only if executed in the form of notary public deed and approved by the General Assembly of each Party. -----

Should one or several provisions of this Agreement be or became legally invalid or otherwise should there be any legal gap in this Agreement, this shall not affect the validity of the remaining part of this Agreement. In such case, the Parties undertake to amend this Agreement accordingly with a provision which shall be as close as to the provision that the Parties would have agreed upon if, when entering into this Agreement, they had taken account of such invalid provision or legal gap.-----

Article 29

The Parties agree that this Agreement shall enter into force once approved by the General Assembly of each Party, by the separate decision of each class of shareholders, in terms of Article 516 Paragraph 3 of the Companies' Act.-----

Article 30

This Agreement is executed in 8 (eight) identical and equally valid counterparts, two counterparts for each Party and the remaining counterparts for the purposes of its implementation. In acknowledgement and acceptance hereof, the representatives of the Parties affix their signatures on the deed of this Agreement. -----

PLAVA LAGUNA d. d.

ISTRATURIST UMAG, d. d.

Neven Staver
Member of the Management Board

Ronald Korotaj
Director