

ARTICLES OF ASSOCIATION **in a unified structure**

The Articles of Association of **Danubius Hotel and Spa Private Company Limited by Shares** (hereafter: Company), prepared pursuant to Act V. of 2013 on the Civil Code (hereafter: Ptk), and other relevant provisions of the Joint Regulations on Business Associations contains the principle regulations of the organisation and operation of the Company, as established based on the resolutions passed at the general meetings of the Company:

I. Firm name, seat of the company

1.1. Firm name of the company:

Firm name of the company in Hungarian:

Danubius Szálloda és Gyógyüdülő *Zárkörűen* Működő Részvénytársaság

Firm name of the company in English:

Danubius Hotel and Spa *Private Company Limited by Shares*

Firm name of the company in German:

Danubius Hotel und Kurhotel *Geschlossene Aktiengesellschaft*

Abbreviated name of the company:

Danubius Hotels *Zrt.*

1.2. Registered seat of the company:

1051 Budapest, Szent István tér 11. *at the same time the location of the central administration*

1.3. The Company's contact information

The home page of the Company: www.danubiushotels.hu

The Company's email address: danubiushotels.zrt@danubiushotels.com

II. Duration of the company, scope of activities

2.1. The Company was established for an indefinite period of time. The Company was founded on 31 July 1991 as the general legal successor of Danubius Szálloda és Gyógyüdülő Vállalat on 31 July 1991.

2.2. The scope of activities of the company is:

55.10'08 Hotel services (**main activity**)

56.10'08 Restaurant, mobile F&B services

56.29'08 Other F&B services

56.30'08 Beverage services

62.03'08 Operation of computers

62.09'08 Other IT services

64.92'08 Other lending activities

68.10'08 Sale of own properties

68.20'08 Lease, operation of owned and leased properties
69.20'08 Accounting, auditing and tax expert activities
70.21'08 PR communication
70.22'08 Business administration, other management consulting
71.11'08 Architectural activities
71.12'08 Engineering activities, technical consultancy
74.90'08 Other professional, scientific, technical activity not listed otherwise
79.90'08 Other reservation
82.30'08 Organisation of conference, trade shows
82.99'08 Other additional business services not listed otherwise
86.21'08 General out-patient treatment
86.22'08 Professional medical out-patient treatment
93.11'08 Operation of sport establishment

III. Registered Capital of the Company, the shares, *the founders (shareholders) of the Company, the distribution of shares among the founders*

3.1. The registered capital of the company is HUF 8,285,437,000 (in letters: HUF eight billion two hundred and eighty five million - four hundred and thirty seven thousand) which consist of 8,285,437 pieces of registered, dematerialised ordinary shares with the identical face value and *issuing value* of HUF 1,000 embodying identical rights.
The share capital of the company is exclusively made up of cash contributions, which was entirely placed at the disposal of the company.

3.2. Shares are equity securities representing membership rights in the issuing limited company, they are registered, have a nominal value, and are tradable.
The shares of the Company may be issued in the form of dematerialised shares that are to contain data required by the Ptk. and other relevant legal regulations.
In the event of any changes in the particulars fixed in the share, the Company shall modify its contents in compliance with the provisions applicable to securities.

3.3. *The founders (shareholders) of the Company:*

3.3.1. **Company name:** *CP Holdings Ltd.*
Seat: *CP House, Otterspool Way, Watford, Hertfordshire WD258JJ*
United Kingdom

Registration number: *580471*

Represented by:

3.3.2. **Company name:** *INTERAG Holding Zártkörűen Működő Részvénytársaság*
Seat: *1051 Budapest, Szent István tér 11.*
Company registration no.: *01-10-040998*

3.3.3. **Company name:** *The Israel Tractors & Equipment Co. Limited*
Seat: *4 Ramat Yam st Herzliya-Pituach Israel 46748*
Registration number: *51/005310/1*

3.3.4. **Name:** *Lady Lilly Schreier*
Address: *10 fl, Danubius Hotel, Lodge Road, London NW8 7JT*
United Kingdom

3.4. The share capital of the Company was placed at the disposal of the Company by the founders (shareholders) as follows and as a result the shares written in item 3.3. are distributed among shareholders as follows:

a) the contribution of CP Holdings Ltd. indicated in item 3.3.1. of the Articles is HUF 4.848.051.000 cash (cash contribution), against which it owns 4.848.051 pieces of registered, dematerialised ordinary shares each of HUF 1.000 face and issuing value, embodying identical rights, representing 58,51% of the share capital,

b) the contribution of INTERAG Holding Zártkörűen Működő Részvénytársaság as indicated in item 3.3.2. of the Articles is HUF 2.605.933.000 cash (cash contribution), against which it owns 2.605.933 pieces of registered, dematerialised ordinary shares each of HUF 1.000 face and issuing value, embodying identical rights, representing 31,45%, of the share capital,

c) the contribution of The Israel Tractors & Equipment Co. Limited as indicated in 3.3.3. of the Articles is HUF 506.697.000. cash (cash contribution), against which it owns 506.697 pieces of registered, dematerialised ordinary shares each of HUF 1.000 face and issuing value, embodying identical rights, representing 6,12% of the share capital,

d) the contribution of Lady Lilly Schreier as indicated in 3.3.4. of the Articles is HUF 324.756.000 cash (cash contribution) against which it owns 324.756 pieces of registered, dematerialised ordinary shares each of HUF 1.000 face and issuing value, embodying identical rights, representing 3,92% of the share capital.

IV. Register of Shareholders

4.1. The board of directors shall keep a register of the shareholders, including holders of interim shares, holding registered shares or their proxies in which the following shall be recorded: the name, and address (registered seat) of the shareholder or its proxy or the joint representative in case of jointly owned shares, the number of shares or interim shares by series of shares, the degree of its ownership share.

In the event of any change in the particulars of an issued share, which is also contained in the register of shareholders, the board shall update the register of shareholders accordingly.

The board of directors may commission the services of a clearing-house, central depository, investment firm, financial institution, attorney or auditor (excluding the statutory auditor of the Company) with the keeping the register of shareholders.

4.2. In connection with dematerialised shares the security account manger may request entry into the register of shareholders within two working days of crediting the securities account in an electronic way in line with the legal regulations.

Any shareholder who has been formally identified must be registered in the register of shareholders upon request made to the keeper of the register. The request for registration into the register of shareholders can be submitted to the keeper of the register by post, personally or electronically (with an electronic signature of increased safety and qualified time stamp). A registered shareholder shall be deleted from the register of shareholders at his request.

The keeper of the register of shareholders may refuse to comply with the request of a formally

identified person, if such person has acquired his shares in violation of the regulations on the transfer of shares set out by law or the Articles of association.

- 4.3. Any data that is deleted from the register of shareholders must remain identifiable.
- 4.4. The resolutions adopted in connection with the register of shareholders shall be construed as corporate decisions.
- 4.5. Anyone can have unlimited access to registers of shareholders. The appointed keeper of the register of shareholders shall provide access at its head office during working hours continuously. The subject of any data, current or deleted, contained in the register of shareholders may request a copy of the section which pertains to him from the keeper of the register of shareholders. Such copies shall be supplied free of charge and made available to the data subject within five days.

In the course of inspection the Company shall inform the person who has been provided access to the register if a shareholder identification procedure has been initiated for the keeping of the register. If the register of shareholders contains the data of the identification procedure the keeper of the register of shareholders shall inform the person who has been provided access about the turning day of the identification procedure.

- 4.6. Where the identification procedure is requested by the public limited company, the keeper of the register of shareholders shall delete all data contained in the register of shareholders at the time of the identification procedure, and shall simultaneously enter the data obtained upon the identification procedure into the register of shareholders.

V. Rights and obligations of the shareholder, the transfer of the shares

- 5.1. A shareholder may exercise the shareholder rights in dealings with the Company only upon being entered in the register of shareholders *in possession of the certificate of ownership issued by the securities account manager upon request by the shareholder*. The omission of admission into the register of shareholders shall not affect the shareholder's right of ownership of his shares.

A shareholder may appoint a proxy - after being registered in the register of shareholders - to exercise the rights of that shareholder before the Company in his own name and for the benefit of the shareholder.

5.1.1. The shareholder has the right to:

- a/ participate, to request information, to make remarks and proposals at the general meeting and to exercise hi/hers voting rights to a degree in proportion of the nominal value of the share. The board shall provide information at the latest three days before the date fixed for the general meeting to all shareholders, which may be deemed necessary for discussions held in connection with the items placed on the agenda of the general meeting, upon written request submitted at least three days before the date fixed for the general meeting.
- b/ have access to the register of shareholders at the head office of the appointed keeper of the register of shareholders during working hours and to request a copy of the section which

pertains to him from the keeper of the register of shareholders which the keeper of the register of shareholders is obliged to provide free of charge within five days.

c/ receive dividends from the Company's taxed profit that is available and has been ordered for distribution by the general meeting, in the percentage consistent with the nominal value of their shares, based on the capital contributions already paid, if entered into the register of shareholders **at the time of the general meeting passing decision** on the payment of dividend.

d/ transfer his/her shares,

e/ receive a share in proportion to the nominal value of their shares from the assets remaining after settlement of all debts in the event of termination of the Company without legal successor, unless otherwise provided by law,

f/ exercise minority rights for shareholders representing at least one percent of the votes,

- those shareholders of the Company together controlling at least one per cent of the voting rights may, at any time, request that the Company's general meeting be convened, indicating the reason and the purpose thereof, **or the passing of a decision without a meeting**. If the board fails to comply with such request within eight days of the date of receipt, and fails to convene the general meeting at the earliest possible date, **or fails to prove for passing of a decision out of session**, the court of registry shall convene the meeting of the general meeting at the request of the members making the proposal, or shall empower the requesting members to convene the meeting **or carry out the procedure for the passing of a decision out of session**,

- if the company's general meeting has refused - or did not present for decision - a proposal that the last financial report, or any economic event which has occurred in connection with the activities of the board during the last two years, or any commitment be examined by an auditor to be engaged specifically for this purpose, such examination shall be ordered, and the auditor shall be appointed, at the Company's expense by the court of registry upon a request by any one member or members controlling at least one per cent of the votes submitted within a thirty-day preclusive period calculated from the meeting of the general meeting,

- if the Company's general meeting has refused - or did not present for decision - a request to enforce a claim against the members, executive officers, supervisory board members or against the auditor of the Company, any one member or members controlling at least one per cent of the votes may move within a thirty-day preclusive period calculated from the meeting of the general meeting to enforce such claim themselves on behalf and for the benefit of the Company.

g/ where shareholders together controlling at least one per cent of the votes in the Company are entitled to propose certain additions to the agenda in accordance with the provisions on setting the items of the agenda, or table draft resolutions for items included or to be included on the agenda, such proposal is to be delivered to the **shareholders** and the board within eight days following the time of publication of notice for the convocation of the general meeting.

h/ the Company shall act observing the provisions laid down in Section 3:261 of the Ptk. when making distributions to shareholders. Shareholders together controlling at least one per cent of the votes in the company, and any creditor of the Company who has a claim that is not yet due

at the time of distribution and reaches ten per cent of the share capital may request the court of registry to appoint an independent auditor to examine the legality of such distribution within a preclusive period of one year from the time of distribution, with the costs advanced.

i/ request the annulment of a resolution made by the general meeting or bodies of the Company if the resolution is alleged to be unlawful or to violate the instrument of the Articles. Persons who contributed to the adoption of the resolution with their votes, except for cases of mistake, misrepresentation or duress, shall not be entitled to bring action.

5.1.2. **The shareholder is obliged to**

pay up and make available to the Company the cash and asset contributions covering the nominal value or accounting par value of the shares they have received or subscribed. With the exception of a reduction of share capital, shareholders may not be exempted from this obligation,

5.1.3. **The transfer of the shares**

5.1.3.1. For the transfer of the dematerialised share a contract for transfer or other legal title is required and, in that context, the transferor's securities account shall be debited and the new holder's securities account shall be credited with the dematerialized securities transferred.

All rights arising out of dematerialized securities shall pass to the new holder upon the transfer of such securities irrespective of the transferor's previous rights.

5.1.3.2. The holder of dematerialized shares shall mean the holder of the securities account on which the dematerialized securities are recorded.

5.1.3.3. The shareholder can only exercise his/her shareholder's rights vis-a-vis the company if the shareholder (or proxy) has been previously entered into the register of shareholders.

VI. General Meeting

6.1. The general meeting is the supreme body of the Company limited by shares.

6.2. The general meeting *shall be convened at least once a year at the seat of the Company .*

The general meeting may pass a resolution without convening a meeting by way of written decision making. Where so requested by any shareholder the Board is to convene a general meeting.

The Board is obliged to convene a general meeting within 8 days – alongside notifying the Supervisory Board - or provide for the passing of a decision without convening a general meeting if:

- it comes to the notice of *any* member that:

- a) the public limited company's equity has dropped to two-thirds of the share capital due to losses;
- b) the public limited company's equity dropped below the amount limit defined by law;
- c) the public limited company is on the brink of insolvency or has stopped making payments; or

d) the public limited company's assets do not cover its debts.

- in the judgment of the supervisory board, the activity of the management is contrary to the law, to the Articles or to the resolutions of the Company's general meeting, or otherwise infringes upon the interests of the Company, the supervisory board shall have the right to convene the meeting of the Company's general meeting to discuss that issue and to take the necessary decisions.
- *shareholders who together control at least one per cent of the voting rights - indicating the reasons and objectives - request it. If the Board fails to comply with such request within eight days of the date of receipt, and fails to convene the meeting of the general meeting at the earliest possible date, and fails to provide for the passing of a decision out of session, the court of registry shall convene the meeting of the general meeting at the request of the members making the proposal, or shall empower the requesting members to convene the meeting, or to carry out the procedure for the passing of a decision out of session.*
- in any other case stipulated by the Ptk.

6.3. Convening the general meeting

6.3.1. The general meeting shall be called by the Board by means of an invitation sent to the shareholders at least fifteen days prior to the first day of the general meeting. The invitation to the general meeting may be sent by way of electronic means to the shareholders who specifically requested it.

The invitation shall contain the following:

- the name and registered seat of the company,
- the date and place of the general meeting,
- the procedure of holding the general meeting,
- the agenda of the general meeting,
- the conditions of exercising voting right as stipulated in the Articles of association,
- the place and time of the reconvened general meeting in the event of failure to have a quorum.

6.3.2. *In the event of passing a decision without convening a general meeting, the Board provides for making a decision by sending the draft resolution to the shareholders. Shareholders shall be provided at least eight days from receiving the draft resolution for sending their votes to the Board.*

6.4. The quorum of the general meeting

The general meeting has quorum if shareholders or their proxy authorised in a public or private document with full probative force representing more than half of the votes that can be cast are present.

If the general meeting fails to have a quorum, the reconvened general meeting shall have a quorum for the issues of the original agenda irrespective of the voting rights represented by those present, if called for a date following the original time by not less than three days and not more than twenty-one days.

The general meeting shall be able to pass resolutions on duly **notified** points that are included in the agenda, except if all entitled persons are present and they unanimously agree to discuss a matter that is not included in the agenda.

Quorum shall be considered for each decision.

Any shareholder who is not eligible to vote in a given subject shall not be included for the purposes of quorum relating to the decision in question.

In the process of adopting a resolution the following persons may not vote:

- a) any person for whom the resolution contains an exemption from any obligation or responsibility, or for whom any advantage is to be provided to the burden of the Company;
- b) any person with whom an agreement is to be concluded according to the resolution;
- c) any person against whom legal proceedings are to be initiated according to the resolution;
- d) any person whose family member has a vested interest in the decision, who is not a shareholder of the Company;
- e) any person who maintains any relation on the basis of majority control with an organization that has a vested interest in the decision; or
- f) any person who himself has a vested interest in the decision.

In adopting a resolution out of session, the provisions on quorum and voting of the Ptk shall apply with the exception that the decision-making process shall be considered effective if the number of votes sent to the Board corresponds to at least the number of shareholders with voting right required to attend for a quorum if the meeting was in fact held in session.

6.5. The procedure of holding the general meeting, the participation at the general meeting and the extent of voting right.

6.5.1. The chairman of the general meeting is assigned by the board of directors.

Followings belong to the scope of tasks of the chairman of the general meeting:

to examine the voting rights of the participants of the general meeting, to establish if the general meeting has quorum, if it fails to have quorum the chairman postpones the general meeting till the date determined in the announcement made for the general meeting. The chairman shall propose the persons to count the votes and confirm the minutes, he shall chair the meeting according to the agenda indicated in the announcement, he shall put motion to the vote and set forth the result as well as pass the resolution of the general meeting.

The Company's board members and supervisory board members may attend sessions of the general meeting in an advisory capacity.

The statutory auditor shall be invited to the sessions of the Company's general meeting. The statutory auditor is obliged to attend the meeting when discussing the Company's financial report, however, if absent, the meeting will be held nonetheless.

6.5.2. Only shareholders and proxies entered into the register of shareholders at the latest by the second working day - **during office hours** - preceding the beginning of the general meeting may participate in the general meeting of the limited company.

The keeper of the register of shareholders shall ensure the shareholder possibility to exercise his/her shareholder's right to register into the registry till 6 p.m. on the second working day preceding the beginning of the general meeting.

The keeper of the register of shareholders deletes all data available in the register of shareholders' valid at the time of establishing the shareholders' identification, simultaneously registers all data he gained access to as a result of establishing the shareholders' identification.

6.5.3. At the general meeting shareholders rights may be exercised only by the persons whose name is listed in the register of shareholders at the time it was closed.

Closing the register of shareholders shall not impede the right of a person whose name is contained in the register of shareholders in transferring his shares after the closure of the register of shareholders.

The transfer of shares before the opening day of the general meeting shall not affect the right of a person whose name is contained in the register of shareholders from attending the general meeting and from exercising his shareholder's rights.

6.5.4. Shareholders may exercise their shareholders' rights through representatives.

Where a shareholder is represented by more than one agents, and if these agents are contradicted in their votes or statements, all such votes and statements shall be considered null and void.

Authorisations for representation may be valid for one general meeting or a fixed period of time not to exceed twelve (12) months. This validity shall cover general meetings re-convened due to lack of a quorum.

Shareholders may confer their appointment of a proxy at the general meeting in form of a public document *or* private document of full evidence

6.5.5. Members of the board, the supervisory board, and the statutory auditor may not serve as a shareholder's proxy.

6.5.6. Every share of 1000 forint nominal value entitles to one vote.

6.5.7. Resolutions are passed at the general meeting by *open voting and casting votes*.

6.6. The sphere of authority of the general meeting

6.6.1. Issues falling within the exclusive competence of the general meeting:

- a) decisions to modify the Articles of association
- b) decision on the transformation, merger, *demerger* and termination without legal successor of the Company,
- c) *decision on changing the operating structure of the Company,*
- d) election and removal of members of the board of directors, the supervisory board and the statutory auditor and establishing their remuneration,
- e) approval of the annual report as prescribed in the International Financial Reporting Standard adopted by the European Union (EU IFRS), and decisions on the distribution of taxed profits and the payment of interim dividend,
- f) *decision on transforming dematerialised shares into printed shares,*

- g) alteration of the rights attached to various series of shares and the conversion of categories or classes of shares,
- h) decision to issue convertible bonds, or equity bonds with subscription rights,
- i) decision to increase the share capital
- j) decision to decrease the share capital
- k) authorization granted to the board for the increase of share capital,
- l) decision on the authorisation of the board of directors in advance related to the acquisition of own shares,
- m) decision on the introduction of the shares of the company on the regulated market and delisting from the regulated market,
- n) decision on the enforcement of claims for damages against the shareholders, the board members, the supervisory board members and the statutory auditor.
- o) decision upon request of the Board member to provide a hold-harmless warrant at the time of the approval of the financial statement, thus acknowledging the management activities of the previous financial year,*
- p) decision on all issues that fall into the exclusive competence of the general meeting according to the law or the Articles of association.*

The general meeting of the Company may adopt a decision concerning the financial report in possession of the written report of the supervisory board.

- 6.6.2. Any resolution of the general meeting that *requires the separate consent of the shareholders involved based on the Ptk or the Articles of association shall become valid when at least three-quarter majority of the shareholders representing the share type under review has consented to it. The separate consent is to be acquired from the shareholders under review prior to discussing the item of the agenda and the procedure of voting in the following way:*

The shareholders or proxies involved shall vote separately at the general meeting – prior to discussing the item of the agenda - alongside to simultaneous suspension of the general meeting.

In the course thereof, the provisions on the restriction or exclusion of the voting rights attached to such shares may not be applied, not including the prohibition of exercising voting rights attached to own shares.

6.7. The voting ratio necessary for passing a resolution

- 6.7.1. The general meeting passes its resolutions – unless otherwise stipulated by the law – by a majority of the votes considered for the purposes of quorum

- 6.7.2. The general meeting passes a resolution in connection with the following issues by at least three/quarter majority of the votes:

- a) modifying the Articles,
- b) changing the *operation structure* of the Company, decision on the transformation, merger and *demerger of the company*,
- c) decision on the termination of the company without legal succession,
- d) changing the rights attached to certain share series and transformation of certain types of shares, classes of shares,
- e) decision on the reduction of the share capital

Where an amendment to the Articles is adopted in connection with the implementation of a general meeting resolution to increase or reduce the share capital, the approval of the general meeting for the amendment of the Articles shall be considered granted when the resolution to increase or reduce the share capital is adopted.

6.7.3. *If the amendment of the Articles of association harms the rights of some shareholders or makes their status more onerous, decision of all shareholders unanimously would be needed. In voting for such issue members without the right to vote may also participate.*

6.8. Attendance sheet, minutes

The shareholders present at the general meeting shall be entered into an attendance sheet which shall contain the name and domicile or registered office of the shareholder or its representative, the quantity of shares, and the number of the votes he is entitled to and any changes during the general meeting in the persons of those present.

The attendance sheets shall be signed by the chairman of the general meeting and the keeper of the minutes.

6.9. A minutes shall be kept about the general meeting. The minutes contains the name and registered seat of the Company, the method, place and time of the general meeting, the name of the chairman, the keeper of the minutes, the person confirming the minutes, the official vote counters, the key events taken place at the general meeting, the proposals made, the draft resolutions, for each resolution the number of shares for which votes have been validly cast, the proportion of the share capital represented by those votes, as well as the number of votes cast in favour of and against each resolution and the number of abstentions.

The minutes shall be signed by the keeper of the minutes and the chairman and shall be confirmed by a shareholder being present and elected as the person in charge thereof.

VII. The Board of Directors

The executive management of the Company

7.1. The executive management body of the Company is the board of directors.

7.1.1. Members of the board are qualified executive officers of the Company.

The members of the board must be natural persons.

The members of the board must discharge their duties relating to the company's internal affairs and its bodies and other officers in person, no representation is allowed.

7.1.2. The member of the board shall manage the operations of the business association under a personal service contract or under a contract of employment, as agreed with the Company.

The appointment, remuneration and termination of the mandate of the members of the board of directors

7.2.1. The board of directors consists of maximum eleven (11) and minimum three (3) natural persons. They are elected by the general meeting for the period till the day of annual general meeting to be held in the fifth year from the day of election but no later than the 30th day in April of the fifth year.

The appointment to board member enters into effect upon acceptance by the person under review.

7.2.2. The remuneration of members of the board is established by the general meeting. All certified travelling; accommodation and other charges occurring in connection with the obligations related to this office shall be refunded.

7.2.3. The members of the board can be re-elected and re-called by the general meeting without obligation for justification at any time.

The appointment of a member of the board shall terminate:

- a) upon expiry of the designated term of office,
- b) if the mandate is rendered subject to condition for termination, when the condition is met,
- c) by dismissal,
- d) upon resignation,
- e) upon death,
- f) if the board member's legal capacity is limited in the scope required for discharging his functions
- g) upon the occurrence of any grounds for exclusion or any reason giving cause to conflict of interest.

The members of the board may resign at any time by means of notice addressed to the Company and delivered to the Company's other board member or decision-making body. However, if so required by any vital interest of the Company, such resignation shall only take effect upon the delegation or election of a new executive officer or failing this no later than the sixtieth day after the announcement thereof.

Until the resignation takes effect, the member of the board shall participate in making any urgent decisions and taking any urgent measures.

7.3. Sphere of competence and tasks of the board of directors

The board of directors is the executive organ of the Company, it represents the Company vis-à-vis third persons as well as before the court and other authorities, it establishes the working organisation of the Company, it determines the business activity, authorises the employees of the Company for signing in the name of the Company and exercises all those rights which do not belong to the exclusive sphere of authority of the general meeting.

The board of directors exercises employer rights vis-à-vis the CEO and deputy CEO-s. Any other employer rights vis-à-vis other employees of the Company belong to the authority of the CEO.

The board of directors shall elect a chairman and deputy-chairman from among its members.

7.3.1. In addition to the above mentioned following tasks belong to the sphere of competence of the board of directors:

- a) to determine the place and date of the general meeting, and to elect the person of the chairman of the general meeting,
- b) to submit the report prepared based on the International Financial Reporting Standard adopted by the European Union (EU IFRS), and the proposal for the allocation of the profit after tax and interim dividend,
- c) *to convene the general meeting or to provide for a decision out of session with the aim of restoring the normal operation of the supervisory board if the number of supervisory board members falls below the one stipulated by the Articles of association.*
- d) to conclude, to amend, and to terminate each contract exceeding the value limit of HUF 100,000,000, (in letters: HUF One hundred million),
- e) to decide on the participation in an economic company over the value limit of HUF 50,000,000, (in letters: HUF Fifty million),
- f) to exercise employer's rights vis-à-vis the president, and vice presidents,
- g) to purchase and sell real estates,
- h) to approve the organisational regulations and the rules of procedure,
- i) to delegate powers of representation upon the employees of the legal person in writing,
- j) to conclude a contract concerning the keeping of the share register,
- k) to ensure the proper keeping of the business books of the company,
- l) to prepare a report relating to the management, the financial situation and the business policy of the company at least once a year for the general meeting and at least once in three months for the supervisory board,
- m) to announce any modification of data registered into the company registry or any other data, proposals subscribed by law to the court of registration, in case of stipulations by the law to have the stipulated decisions, reports and declarations posted in the Cégközlöny (Company gazette) and on the web site of the Company,
- n) to purchase own shares based on the previous authorisation of the general meeting,
- o) *based on the authorisation by the general meeting, to pass decision about the increase of capital and other issues relating to the increase of share capital, which otherwise fall within the competence of the general meeting by the Ptk. or the Articles of association,*
- p) to acquire own shares to avoid any serious damage the company is directly facing,
- q) to acquire own shares of the Company if acquired by way of court proceedings for the settlement of any legitimate claim of the Company, or in the process of transformation,
- r) *to issue instructions, proposals for practical business policy and economic purposes.*

Members of the board shall be entitled to bring court action seeking annulment of resolutions adopted by the bodies of the general meeting and the Company, if the resolution is alleged to be unlawful or to violate the Articles.

Persons who contributed to the adoption of the resolution with their votes, except for cases of mistake, misrepresentation or duress, shall not be entitled to bring action.

7.4. The operation of the board of directors

7.4.1. The board shall elect its chairman from among its members.

The board of directors shall exercise its rights and perform its duties as an independent body.

The rules of procedure approved by the board of directors shall provide for the division of tasks and competence among the members of the board.

Any restriction or division of the power of representation vested upon members of the board, or rendering such member's actions conditional or subject to approval shall not be effective as against third parties.

- 7.4.2. The board shall normally have a meeting each month but at least once in a quarter. The board is convened by the chairman, in his absence by his deputy.
- 7.4.3. Invitation to the board meeting shall be posted at least eight (8) days prior to the meeting. In special cases the meeting may be convened personally or per telephone.
- 7.4.4. The board of directors has a quorum if more than half of the board members are present. The decisions of the board are passed by a simple majority vote cast.
- 7.4.5. Each or any member of the board may participate at the board meeting by way of video-conference system or any other telecommunication system enabling all participants to hear what is said.
A board member participating in such a way must be considered present and has the right to vote.
- 7.4.6. The board may pass its decision also without holding a meeting, if all of its members approve or refuse in writing the motion sent to them.
- 7.4.7. A minutes has to be kept about all the board meetings including the place and time of the meeting, the names of the participants, the agenda of the meeting, the essence of the debate, the motions tabled, the poll and the possible no votes.
- 7.4.8. The members of the board are obliged to manage the Company independently, based on the primacy of the Company's interests. In this capacity, the member shall discharge his duties in due compliance with the relevant legislation, the Articles and the resolutions of the general meeting. The board member may not be instructed by the members of the Company and his competence may not be negated by the general meeting.
- 7.4.9. The board member shall be held liable for damages caused to the Company resulting from his management activities in accordance with the provisions on liability for damages for loss caused by non-performance of an obligation.

In the event of dissolution of the Company without succession, creditors may bring action for damages up to their claims outstanding against the Company's board members on the grounds of non-contractual liability, should the board member affected fail to take the creditors' interests into account in the event of an imminent threat to the Company's solvency. This provision is not applicable in the case where the company is wound up without going into liquidation.

VIII. The Supervisory Board

8.1. Appointment, remuneration and termination of mandate of members of the supervisory board

- 8.1.1. The supervisory board of the company consists of 3-5 persons elected for the period till the day of the annual general meeting to be held in the fifth year from the day of election.

The legal relationship of the supervisory board member enters into effect upon acceptance by the person under review.

The regulations of the Ptk. governing personal service contracts shall also apply to the legal relationship of the supervisory board members.

The remuneration of the supervisory board members is established by the general meeting.

8.1.2. Supervisory board members ***shall be independent of the management of the legal person, and shall not be bound by any instructions in performing their duties.***

8.1.3. The member of the supervisory board can be re-elected and re-called by the general meeting without obligation of justification at any time.

8.1.4. The appointment of the member of the supervisory board shall terminate if:

- a) upon expiry of the designated term of office,
- b) if the mandate is rendered subject to some condition for termination, when the condition is met,
- c) by dismissal,
- d) upon resignation,
- e) upon death of the member of the supervisory board,
- f) if the supervisory board member's legal capacity is limited in the scope required for discharging his functions,
- g) upon the occurrence of any grounds for exclusion or any reason giving cause to conflict of interest.

The members of the supervisory board may resign their office any time by means of notice addressed to the executive officer of the Company, however, if so required by any vital interest of the company, such resignation shall only take effect upon the election of the new member of the supervisory board or failing this no later than the sixtieth day after the announcement thereof.

Until the resignation takes effect, the member of the supervisory board shall participate in making any urgent decisions and taking any urgent measures.

8.2. The sphere of authority and tasks of the supervisory board:

The supervisory board:

- a) may request information from the executive officers and employees of the company which is to be answered by the addressees in writing in case of written request within 15 (fifteen) days of receipt,
- b) shall assess all motions brought before the general meeting, and present its opinion thereof at the general meeting,
The general meeting passes decision on the financial report prepared in line with the International Financial Reporting Standard adopted by the European Union (EU IFRS), in possession of the written report of the supervisory board.
- c) shall have access to the documents, accounting records and books of the Company, and to inspect the Company's payment account, cash desk, securities portfolio, and contracts, or to have them inspected by an expert,

If the supervisory board wishes to engage the services of experts in the course of its supervisory activities, the board shall fulfil such request of the supervisory board.

- d) if, in the judgment of the supervisory board, the activity of the board is contrary to the law, to the Articles or to the resolutions of the general meeting, or otherwise infringes upon the interests of the Company, the supervisory board shall have the right to convene extraordinary general meeting of the Company to discuss that issue and to take the necessary decisions,
- e) to approve the recommendation of the board for the payment of interim dividends,

Members of the supervisory board shall be entitled to bring court action seeking annulment of resolutions adopted by the bodies of the general meeting and the Company, if the resolution is alleged to be unlawful or to violate the Articles.

Persons who contributed to the adoption of the resolution with their votes, except for cases of mistake, misrepresentation or duress, shall not be entitled to bring action.

Members of the supervisory board may attend sessions of the general meetings in an advisory capacity.

8.3. The operation of the supervisory board

- 8.3.1. The supervisory board acts as an independent body and elects a chairman from among its members.

The members of the supervisory board shall act in person, representation on the supervisory board is not allowed.

The members of the supervisory board are independent of the board and shall not be instructed in the course of their activity.

- 8.3.2. The meeting of the supervisory board is convened by the chairman.
The chairman is obliged to convene the meeting even if a request is submitted to the chairman in writing indicating the reasons and purpose by any member of the supervisory board.

The supervisory board shall adopt its decisions by a majority of the votes of the present members.

- 8.3.3. The statutory auditor may attend the meetings of the supervisory board in an advisory capacity, or must attend such meetings when so requested by the supervisory board.
The supervisory board shall put the items recommended by the auditor on the agenda.

- 8.3.4. Members of the supervisory board shall be held liable for damages caused to the Company resulting from their omission of supervisory responsibilities in accordance with the provisions on liability for damages for loss caused by non-performance of an obligation.

- 8.3.5. The supervisory board shall establish its rules of procedure by itself, subject to approval by the general meeting.

IX. **The statutory Auditor of the company**

9.1. Appointment of the statutory auditor

9.1.1. The statutory auditor is appointed by the general meeting for a term of one business year. The term of the statutory auditor's mandate may not be less than the period beginning when the auditor is appointed by the general meeting and ending at the time of the meeting convened to approve next year's annual account.

9.1.2. Persons who are included in the register of auditors, are holders of valid auditor permits and have IFRS certificates may be elected as a statutory auditor.

Where the general meeting selects a person to be the statutory auditor of the company, this legal person shall be required to designate the person who will personally carry out the audits. In the event of any extended absence of the designated auditor, a substitute auditor may be appointed.

9.1.3. The statutory auditor may not be a shareholder, executive officer, or supervisory board member of the Company, or their close relatives.

An employee of the Company may not serve as the statutory auditor during the period of employment and for a period of three years thereafter.

9.1.4. The board shall enter into a contract with the auditor within ninety days following the date of appointment, under the terms and conditions and subject to the remuneration specified by the general meeting. If the contract is not concluded within the time limit specified above, the general meeting shall select a new statutory auditor.

9.2. The sphere of authority and tasks of the statutory auditor

- a) to carry out the standard audits of the accounting documents as specified in the Accounting Act, based on which to prepare an independent auditor's report including the determination whether the annual report filed by the Company as prescribed in the International Financial Reporting Standard adopted by the European Union (EU IFRS), is in conformity with the legal requirements and whether it provides a true and fair view of the company's assets and liabilities, financial position and profitability and the business results of its operation and to report to the general meeting about the above listed. Without hearing the report of the auditor the general meeting may not pass a resolution on the accounting report.
- b) with a view to carrying out his duties the auditor may inspect the documents, accounting records and books of the Company, may request information from the executive officers, members of the supervisory board and employees of the company and may examine the payment account, cash desk, securities portfolio, and contracts of the company,
- c) should the statutory auditor detect any changes in the Company's assets that are likely to jeopardize its ability to satisfy any claims filed against the Company, or learn of any *circumstance* which entails the liability of the executive officers or supervisory board members with respect to their activities performed in that capacity, he shall forthwith request without delay the board to convene the general meeting. In the event of non-compliance with his request, the statutory auditor shall inform the court of registry exercising judicial oversight over the Company concerning the situation at hand.

X. Payment of dividend

- 10.1. The annual general meeting decides upon the allocation of costs based on the proposal of the board of directors previously approved by the supervisory board.
If based on its decision a payment of dividend shall take place, the general meeting shall decide the extent of the dividend to be paid, and the starting day of the dividend payment.
- 10.2. *Shareholders shall be entitled to receive a share from the Company's taxed profit that is available and has been ordered for distribution by the general meeting in the percentage consistent with the nominal value of their shares.* Dividends shall be paid to the shareholders listed in the register of shareholders at the time when the general meeting adopting the decision for the payment of dividends was held, based on the capital contributions they have already paid up.

XI. Representation and Power of representation

- 11.1. The Company is represented by the members of the board and other duly authorized employees in writing by way of procuration. Procuracy is effected when those entitled for representation jointly attach their signatures to the pre-written, printed or pre-stamped name of the Company.
- 11.2. Authorised for representation and procuration are:
- a) two members of the board of directors jointly,
 - b) two employees jointly authorised for procuration by the board,
 - c) one member of the board of directors with an employee jointly authorised for representation by the board.

XII. Dissolution of the company limited by shares

- 12.1. The Company terminates without legal succession if:
- a) the general meeting decides on its dissolution without legal succession,
 - b) it is terminated by a body so authorized,
- provided in both cases that the Company is cancelled from the registry following completion of the appropriate procedure for the settlement of the Company's financial affairs.

Following dissolution of the Company without legal succession, its assets remaining after settlement of all debts shall be allocated to the Company's shareholders, in the same percentage as the capital contribution they or their predecessors provided to the Company.

In the event of dissolution of the Company without legal succession, claims that remain outstanding on the basis of the obligations of the company that will cease to exist may be enforced within a five-year preclusive period against the former members of the Company.

- 12.2. The Company terminates with legal succession if:
- a) it is converted into a business association, grouping or cooperative society of another corporate form,
 - b) it merges with another business association, and also with a cooperative society or a

grouping.

c) by way of demerger or separation is transferred into several legal entities

12.2.1. A legal person may not be transformed if:

- it is undergoing dissolution without succession or bankruptcy proceedings; indicted in criminal proceedings carrying possible criminal sanctions, or if subject to any criminal sanctions in connection with the criminal liability of legal persons; or
- the shareholders failed to provide the capital contribution prescribed in the Articles.

12.2.2. Where shares of different types or classes have been issued following is required for the merger as a pre-condition for the resolution adopted by the general meeting to take effect: the holders of types or classes of shares which are qualified by item 6.6.2. of the Articles to be affected by the merger, have to also give their separate consent to the merger as stipulated by the Articles.

In the course of this, provisions – with the exception of the exclusion of voting rights related to own shares – in connection with the limitation or termination of voting rights attached to the shares may not be applied.

XIII. Miscellaneous provisions

13.1. ***In cases where the Ptk or other legal provision obliges the Company to make an announcement this shall be published in the***
a. Céggazlóny (Company gazette) and on the
b. Company's web page www.danubiushotels.hu.

13.2. For the issues not regulated in present Articles, the provisions of Act V. of 2013 (Ptk.) and Act CLXXVI of 2013 on the transformation, merger and separation of legal entities ***as well as other provisions of the law related to public limited companies*** shall apply.

13.3. Parties shall try to settle any dispute in the area of company law in an amicable way:

Corporate dispute shall mean:

- a) any dispute arising out of or in connection with the corporate relationship between the Company and its members, including former members, covering also the judicial review of decisions of company bodies;
- b) any dispute between members in connection with their corporate relationship; and
- c) any dispute between the Company and its board members or supervisory board members, arising out of or in connection with their office

For the event that their efforts fail to bring any positive result, the parties stipulate the exclusive jurisdiction of the Arbitration acting alongside the Hungarian Chamber of Commerce.

Enclosures

Members of the Board of directors:

Iris Gibbor
address: 5. Hall Road London NW8 9PE GB.

Betegh Sándor
address: 1126 Budapest, Fodor u. 29/A.

John E. Smith
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dr. Fluck István
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Tóbiás János
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László József
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Ing. Lev Novobilsky
address: 35301 Mariánské Lázně, Školní náměstí 581/9 A, CZ

Alexei Schreier
address: Flat 4, 2 Green Street, London, W1K 6RL, GB

Mark Hennebry
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Members of the Supervisory board:

Dr. Mohai György
address: 1029 Budapest, Ábránd u. 10.

Polgár László
address: 1126 Budapest, Szendrő u. 7.

dr. Boér Gábor
address: 1025 Budapest, Cseppkő u. 36.

dr. Gálszécsy András
address: 1031 Budapest, Rozália u. 35.

Statutory Auditor of the Company:

KPMG Hungária Könyvvizsgáló, Adó-és Közgazdasági Tanácsadó Korlátolt Felelősségű Társaság

1134 Budapest, Váci út 31.

registration number at chamber: 000202

Registration number: 01-09-063183

Appointed auditor:

Boros Judit, 1145 Torontál u.53/b

registration number at chamber: 005374

The modifications accepted based on resolution no. Kgy.1/2015.(11.19), no. Kgy. 3/2015.(11.19), no. Kgy. 4/2015. (11.19), passed at the general meeting of the Company held on 19 November 2015 and the enclosures in Present Articles of association in a unified structure have been prepared, countersigned and made into a unified structure with the modifications, furthermore it is justified that the Articles is in line with the contents valid based on the prevailing modifications of Articles by:

Budapest, 19 November 2015

Dr. Mária Szabó Dr. Gerelyes

Dr. Mária Szabó Dr. Gerelyes

Legal Director

Budapest, 19 November 2015