

Articles of Association

Article 1

Name and registered office

The name of the company shall be:

Example Verwaltungsgesellschaft mbH

The company shall have its registered office in _____.

Article 2

Scope of the company

1. Scope of the company shall be the administration of the company's own assets and any and all transactions connected therewith.
2. The company shall be entitled to have holdings in other enterprises, which shall include being a personally liable shareholder in such enterprises, and to set up branch offices.

Article 3

Joint-stock capital, Paid-up capital

1. The joint-stock capital of the company shall amount to EUR 25,000.00 (in words: twenty-five thousand EUR).
2. The joint-stock capital shall be held as follows:
_____ Beteiligungs GmbH
a capital holding amounting to EUR 12,500.00
and
_____ Beteiligungs GmbH
a capital holding amounting to EUR 12,500.00.

Half the said capital holdings shall be paid up right away. An increase of the joint-stock capital shall require a unanimous decision taken by all the shareholders.

Article 4

Company organs

The organs of the company shall be:

- a) the shareholder meeting and
- b) the company management.

Article 5

Supervision of the company management

The shareholder meeting shall supervise the company management. It shall have an unlimited right to obtain information and to investigate. The company management shall follow its instructions.

Article 6

Shareholder meeting

1. The shareholder meeting shall be convened by the company management by means of a registered letter sent to each shareholder, giving at least three weeks' notice and specifying the agenda and the place and the time of the meeting. The day on which the letter is dispatched and the day of the meeting shall not be reckoned as part of the notice period.
2. Each shareholder and the company management shall have the right to make proposals for inclusion in the agenda and such proposals shall be included in the agenda, always provided that they are received by the company management at least eight days before the meeting. The company management shall immediately inform all shareholders about such proposals.
3. A shareholder meeting not regularly convened may nevertheless take decisions, always provided that all the shareholders are represented and that the decision is taken unanimously.
4. The shareholder meeting shall be held at the registered office of the company. It may also be held elsewhere within the European Union, always provided that this be agreed by all the shareholders.
5. The shareholders shall alternate in taking the chair at shareholder meetings. The chairman shall direct the meeting, determine the manner in which votes are to be taken, the order in which the items on the agenda are to be discussed, appoint a secretary to take the minutes and assure that all decisions are regularly recorded in the minutes.
6. Each shareholder may demand that a shareholder meeting be convened by the company management. Such a shareholder meeting shall be held within six weeks of the making of the said demand.
7. Decisions of the shareholders may also be taken in writing or by telegramme, always provided that no shareholder objects to this procedure. The result of any decisions taken in this way shall immediately be communicated to each shareholder.
8. Each shareholder may cause himself to be represented by a representative with a written proxy or by another shareholder and attend the meeting with the assistance of a third party is bound by law to treat the proceedings as confidential.
9. The shareholder meeting may take decisions when all the shareholders are represented.

10. When a shareholder meeting proves unable to take decisions, the company management may convene a new shareholder meeting with the same agenda within two weeks. The new shareholder meeting may take decisions if at least half the joint-stock capital is represented; the convocation notice shall draw attention to this fact. The first sentence of this paragraph shall not apply when the meeting has to decide about the winding up of the company or an amendment of the Articles of Association. Decisions of the shareholder meeting shall be taken with a simple majority, where abstention is not to be regarded as rejection, always provided that the law or the present Articles of Association do not call for a different majority.
11. A minute of record shall be prepared about each shareholder meeting and shall be signed by the chairman and the person who took the minutes. A copy of the said minute of record is to be sent to each shareholder within three weeks of the meeting.
12. The ordinary shareholder meeting shall be held not later than six months after the end of the financial year. It shall decide about
 - a) the confirmation of the annual accounts,
 - b) the approval of the work of the company management,
 - c) the use to which the profit is to be put,
 - d) possibly the appointment of an auditor.
13. Decisions of the shareholders may be contested only within a period of two months after receipt of the decision. The contestation shall be valid only if a court case is brought within this period.

Article 7

Company management and representation

1. The company shall have one or more managing directors. When only one managing director is appointed, the company shall be represented solely by him. When several managing directors are appointed, the company shall be represented by two managing directors or by one managing director acting jointly with a proxy holder.
The shareholder meeting may grant the authority to act alone in representing the company to one, several or all managing directors and release them from the limitations of Article 181 of the Civil Law Code.
2. The managing directors of the company shall be appointed and recalled by the shareholder meeting.
3. The managing directors shall have the obligation vis-à-vis the company to comply with the limitations that are set to their authority to represent and manage the company by the regulations of law, the provisions of the present Articles of Association and the decisions of the shareholder meeting.

Article 8

Shareholder control rights

The managing director shall provide each shareholder with such information as may be requested of him.

Each shareholder shall at all times have the right to carry out an examination or a partial examination of the company at his own expense or have such an examination carried out by a third party professionally obliged to treat the examination as strictly confidential. To this end the managing director shall permit each shareholder to inspect the company's books.

Article 9

Withdrawal (buy-back) of company shares

1. Subject to the agreement of the shareholder concerned, company shares may be bought back at any time.
2. If the assets of a shareholder become subject to insolvency proceedings or if the shareholder, either voluntarily or upon the order of a court, opens negotiations for arriving at a composition with his creditors or if a writ of compulsory execution of his company shares or other rights in the company is applied for, the other shareholders may decide the buy-back of his holdings in the company.
3. The rejection of a request for the opening of insolvency or composition proceedings on the grounds of lack of adequate assets shall be deemed to be equivalent to the opening of such proceedings. Voluntary composition proceedings shall be deemed to have been opened on the day on which the shareholder concerned approaches his creditors in writing with a view to settling the situation by means of a voluntary composition.
4. The buy-back shall become effective upon the announcement of the decision, but in the case of an individual writ of forced execution only one month after the said announcement, always provided that the shareholder concerned has not by that time avoided the commenced proceedings for a writ of forced execution.
5. When company shares are mortgaged, the company may settle the claims of the executing creditor and thus take back the company shares of the shareholder concerned. The shareholder may not oppose the said settlement.
6. If a shareholder gives cause of sufficient importance to justify his exclusion or, more particularly, if he violates an important obligation imposed on him by the present Articles of Association, the other shareholders may withdraw the shares he holds.
7. The shareholder concerned shall have no voting rights in connection with the buy-back decision.
8. The indemnification of the shareholder concerned and the takeover of his holdings shall in all cases comply with the provisions of the present Articles of Association (Article 13).

Article 10

Death of a shareholder

Should a shareholder die, his place shall be taken by his heirs. When there are several heirs, they shall either name one of their number as spokesman or appoint a person professionally obliged to maintain secrecy (auditor, tax consultant, attorney or notary) to exercise their rights at shareholder meetings. The said person shall be legitimated by means of a written proxy.

Article 11

Duration of the company and financial year

1. The company shall remain in being for an indefinite period of time.
2. The financial year shall be the calendar year. The company shall come into being upon its entry in the company register.

Article 12

Dissociation

1. Should a shareholder give notice of dissociation, the other shareholders shall for a period of three months after receipt of the said notice have the right to dissociate and withdraw at the same date. Their intention to exercise this right shall be notified by means of a registered letter addressed to the company.
2. When the other shareholders do not exercise this right, the shareholder who has given notice shall be dissociated as envisaged in Article 9 hereinabove.

Article 13

Valuation and indemnification upon the dissociation of a shareholder

1. In all cases of indemnification of a shareholder the value on the day of his dissociation of the shares held by him shall be determined by an appropriate company balance sheet to be drawn up by the company's tax consultant. In the said balance sheet the fixed assets and the working capital are to be valued in accordance with the part values set out in Article 6, para.1, clause 1, third sentence, of EStG¹ (Einkommensteuergesetz = Income Tax Act.), while debts are to be entered at their face value.
Good will is not to be taken into consideration. The dissociating shareholder shall participate in the profit or loss of the financial year in course at the time of his dissociation in proportion to the period of that year for which he remained a shareholder.
2. The indemnification determined in this manner shall be paid in five equal annual instalments, with the first of the said instalments becoming due 1 (one) year after the date on which the dissociation becomes effective.

¹ *Einkommensteuergesetz* = Income Tax Act.

3. The outstanding part of the said indemnification shall bear interest at a rate equal to the Federal German bank rate plus 2 % (two percent) as from the day of the dissociation. The matured interest shall always be paid together with the five annual instalments of the indemnification.
4. The shareholder may not demand that security be provided for the payment of the indemnification.
5. The costs caused by the drawing up of the balance sheet as of the day of the dissociation shall be borne by the dissociating shareholder.
6. With a view to providing security covering claims of the company against a shareholder at the moment of his exclusion, no matter what the reason therefor, for example, upon the opening of insolvency proceedings or the opening of proceedings for a accommodation with the creditors, be they forced or voluntary, the shareholder, upon the signature of the present Articles of Association, shall assign all his claims against the company, especially the indemnification due to him in respect of his holdings, to the company. At the appropriate time the company may deduct its claims against the shareholder from the shareholder's claims against the company.

Article 14

Annual accounts

1. The annual accounts, complete with a situation report, shall be prepared by the company management within three months of the end of the financial year and, whenever appropriate, are to be audited in accordance with the provisions of law. Wherever the law envisages facilitations for small joint-stock companies, these shall be taken into account to the extent to which the conditions therefor are satisfied.
2. The annual accounts and, where appropriate, the relevant report of the auditors shall be sent to the shareholders, at the very latest together with the invitation to the ordinary shareholder meeting.

Article 15

Profit

1. The profit shall be distributed among the shareholders in proportion to their holdings in the company.
2. The shareholder meeting shall decide the use to which the profit is to be put (formation of reserves, profit carried forward and/or distribution).

Article 16

Non-transferability of claims

The claims of the shareholders in respect of profit, indemnification and cash in case of the company being wound up may not be transferred to third parties.

Article 17

Winding up

Should the company be wound up, the shareholders, always provided that they do not appoint one or more of the managing directors as liquidators, shall agree the person who is to act as liquidator.

Article 18

Agreements to be made in writing

All agreements concerning the company made between the shareholders or between the shareholders and the company shall be made in writing, always provided that the law does not call for a notarial deed; oral agreements shall be null and void.

Article 19

Miscellaneous other provisions

1. Announcements of the company shall be made in the "*Bundesanzeiger*" (Official Federal German Gazette).
2. Should any one provision of the present Articles of Association prove to be or become ineffective or be declared to be ineffective on account of obligatory provisions of law, this shall not affect the validity of the remained of these Articles of Association not directly connected with the ineffective provisions.
3. The ineffective provision shall as far as possible be re-interpreted in such a manner, if necessary by amending the present Articles of Association, that the purpose pursued by the said provision will attained as closely as may be possible.

Article 20

Formation costs

The cost of the formation has to be carried by the formation founders.

Article 21

Competition prohibition

1. With a majority of 75 % of the joint-stock capital entitled to vote the shareholder meeting may decide to release individual or all managing directors and/or individual or all shareholders from the prohibition that requires them not to enter into competition with the company in its field of activity as defined in Article 2 of the present Articles of Association. Such a release shall be limited solely to competitive activities and shall not in any way affect their other fidelity obligations vis-à-vis the (other) shareholders and the company.
2. A shareholder affected by the said decision shall not be entitled to vote on the occasion of the vote to grant release from the competition prohibition, unless he happens to be the sole shareholder.

(Subject to alteration)