



LiM

Living in Metropolises SCE

ARTICLES OF ASSOCIATION

of **LiM Living in Metropolises SCE**
limited liability

DECEMBER 16th 2020

The Articles of Association were approved by the General Meeting on May 11th 2018 on the occasion of the foundation of LiM and amended on December 5th 2018, on November 22nd 2019 also on November 20th 2019.

Articles of Association being registered in Charlottenburg Magistrates Court (Companies House), Cooperative societies department, reference number GnR 850 B October 2nd, 2018 (day of entry) and the changes of December 28th 2018 , December 21st 2019 and December 16th 2020.

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1. Name and registered office of the cooperative society

§ 1 Name and registered office

- (1) The cooperative society is named LiM Living in Metropolises SCE limited liability.
- (2) The registered seat is in Berlin, Federal Republic of Germany.

2. Subject of this cooperative society

§ 2 Subject and purpose of this cooperative society

- (1) The purpose of the cooperative society is to support its members primarily to provide reliable, secure and socially responsible housing. In particular, the cooperative society promotes communal, ecological and self-determined living in permanently social secure conditions. Furthermore, it aims to address current and future housing needs by innovative 'niche projects' – from multi-generational housing, flat-sharing communities and smart living to cluster forms like these or similar. The focus is on mutual learning and cooperation on the one hand, and on the other hand on pooling expertise(s) and on exploiting synergy effects through project developments organized on a pan-European basis.
- (2) The cooperative can construct, acquire, manage, supervise and purchase buildings in all legal shapes and forms of living in European metropolises. It shall rent them at reasonable prices. The cooperative society can assume all tasks arising in the fields of housing and real estate, urban developments and infrastructures. This includes communal facilities and civil amenities, shops and spaces for commercial enterprises, social, economic and cultural facilities and services. The cooperative society aims to strengthen the idea and practice of organized shared interests in cooperative societies, that is part of Germany's cultural heritage and part of UNESCO's intangible cultural heritage, and to promote them to be accepted more widely.
- (3) This cooperative society may issue bearer papers to its members. It may grant its members profit-sharing rights that do not constitute an unconditional right to profits or repayments. Bearer papers and profit-sharing rights shall contain terms of at least five years. The total nominal amount may sum up to EUR 5,000,000.
- (4) The cooperative may promote investments within the scope of § 1 subsection 2 of Germany's Cooperatives Act (Genossenschaftsgesetz).
- (5) The extension of businesses to non-members in general is permitted; the Management Board and the Supervisory Board shall decide on the requirements in accordance with § 28 lit. (f) of these articles.

3. Membership

§ 3 Members

- (1) The following persons could acquire membership:
 - a) private individuals,
 - b) commercial partnerships,
 - c) legal entities under private or public law.

§ 4 Achieving membership

In order to achieve membership, an applicant has to sign an unconditional application form of membership that has to be approved by the cooperative society. The Management Board decides on whether or not to admit membership to an applicant. The applicant has to be provided with the current version of the Articles of Association before submitting his or her application of membership; it is sufficient for this to offer availability of the Articles of Association by Internet or in the cooperative society's headquarter to any applicant; printouts of the Articles of Association should be in stock there at any time.

§ 5 Admission fee

- (1) An admission fee shall be paid upon admission. The Management Board and the Supervisory Board shall decide on the amount of the admission fee, which shall be up to 100 % of a member share pursuant to § 17 subsection 2 after establishing a joint resolution pursuant to § 28 lit. g.
- (2) The admission fee may be waived for the spouse, civil partner or underage children of a member or for member's heirs to continue the membership. This should be decided by the Management Board.

§ 6 End of a membership

A membership shall end in the event of

- a) notice of termination,
- b) death,
- c) transfer of the entire capital share,
- d) dissolution or expiration of a legal entity or a commercial partnership,
- e) expulsion.

§ 7 Termination of membership

- (1) A member has the right to terminate his or her membership to the cooperative society.
- (2) Notice of termination shall only be effective at the end of a financial year. Notice must be handed over in writing by the cooperative society at least two years in advance.
- (3) For a period of one month, the member has a right to terminate his or her membership without notice in accordance with § 67a of the Cooperatives Act if the Annual General Meeting passes a resolution for actions including but not limited to
 - a) a substantial change in the subject of the cooperative,
 - b) an increase in the fixed amount of a cooperative society's share,
 - c) the introduction or extension of an obligation to invest in multiple cooperative shares,
 - d) the introduction of obligations for members to add compulsory contributions,
 - e) changing a period of notice for longer than two years,
 - f) the introduction or extension of obligations to use facilities or other services of the cooperative or to provide goods or services.
- (4) The member shall withdraw from this cooperative society at the end of the financial year for that he or she gave notice of termination in due time.

§ 8 Transfer of capital share

- (1) A member may, with the consent of the Management Board, transfer his or her entire capital share to another member at any time, including while the financial year is still lasting, by written agreement, and thereby retire from the cooperative society without a settlement, provided that the acquirer is already a member or becomes a member of this society.
- (2) A member may transfer part of his or her capital share without retiring from the cooperative society and thereby reduce his/her number of cooperative shares unless he or she is required by the Articles of Association or an agreement with the cooperative society to invest in multiple cooperative shares or unless investment in multiple cooperative shares is a prerequisite for a service that the member is claiming from the cooperative. The requirements of subsection 1 shall apply mutatis mutandis.
- (3) If the acquirer is not a member of the cooperative, he/she has to become a member first and invest in cooperative shares at least in the value of the capital share to be transferred. If the acquirer is already a member, the capital share of the retired or transferring member shall be attributed to his/her capital share. If the value of the cooperative shares already acquired is exceeded by the attribution, the acquirer shall invest in one or more shares up to the value of the new capital share. § 17 subsection 7 shall apply.

§ 9 Termination of membership in the event of death

If a member dies, the membership shall be transferred to the member's heirs until the end of the financial year in that the inheritance took place. It shall end at the end of the financial year in that the inheritance occurred. If there are more than just one heir, the heirs may exercise a voting right only during this period by one person of the joint representatives.

§ 10 Termination of membership through dissolution or expiration of a legal entity or commercial partnership

If a legal entity or a commercial partnership is dissolved or expires, the membership shall end at the end of the financial year in which the dissolution or expiration takes effect. If the dissolution or expiration leads to a universal succession, the universal successor shall continue the membership until the end of the financial year.

§ 11 Expulsion of a member

- (1) A member may be expelled from the cooperative society at the end of the financial year
 - a) if he or she breaches his or her duties against the cooperative society under the Articles of Association, the Cooperatives Act respectively, general laws or according to the German legal system or the beneficial relationship (including but not limited to the contract to use a society's flat or an apartment) either deliberately or in a manner that is negligent or unreasonable to the interests of this cooperative society and its members; a breach in this sense shall be deemed to have occurred in particular
 - if he or she damages or attempts to damage the reputation of the cooperative society in the public eye ,
 - if he or she neglects to invest in the required cooperative shares (member shares) or neglects to make payments on shares acquired (member shares and additional shares),
 - b) where an application for the opening up of private or business insolvency proceedings have been made in respect of his or her assets,
 - c) if he or she moves away without leaving a forwarding address, does not leave a valid postal address or e-mail address, or if his or her whereabouts are unknown for more than two years.

- (2) In the case of subsection 1 lit. a), a written warning with the threat of expulsion ought to be given unless a warning can be dispensed with. A warning can be dispensed with in particular if the member's misconduct is serious or if the member seriously and permanently refuses to fulfill his or her statutory or general duties towards the cooperative. In case of an expulsion according to subsection 1 lit. c), the rules in subsection 3 sentence 2 as well as subsections 4 to 6 will not be applicable.
- (3) The expulsion shall be effected by resolution of the Management Board. The member to be expelled shall be given the opportunity beforehand to comment on the purpose of expulsion.
- (4) The Management Board shall inform the excluded member immediately in writing (e. g. by registered mail delivered to the mailbox) of the decision to expel him. The expelled member is dismissed to participate in the Annual General Meeting from the time the expulsion notice is sent.
- (5) The expelled member may file an appeal against the expulsion within one month of collecting the expulsion notice by sending himself a registered letter (e. g. registered mail delivered to the mailbox) to the Management Board. The Supervisory Board is competent to decide on the appeal. The decision of the Supervisory Board is final within the cooperative society.
- (6) In the appeal proceedings before the Supervisory Board, the parties involved have a right to ask for a hearing. The Supervisory Board shall decide by a majority of the votes cast about the expulsion. The decision shall be communicated on to the parties by registered letter (e. g. registered mail delivered to the mailbox).
- (7) A member of the Management Board or the Supervisory Board may only be excluded if the Annual General Meeting has confirmed to revoke the appointment or to dismiss the member (§ 35 subsection 1 lit. h).

§ 12 Settlement

- (1) The cooperative society shall agree on a settlement with a person who retires from the cooperative society. The balance sheet for the financial year at the end of which the member retired shall be decisive (§ 35 subsection 1 lit. b). In the event of a transfer of shares (§ 8), there shall be no settlement.
- (2) The retired member is limited to claim his or her settlement balance; he or she cannot demand a share of the reserves and other assets of the cooperative society. The settlement balance is calculated and based on the member's capital share (§ 17 subsection 9). The cooperative society shall be entitled, within the framework of the Articles of Association and the German legal system, to set off any monies due to it from the retired member against the settlement balance at the time of settlement. With his or her settlement balance, the member shall guarantee the cooperative society for any loss incurred in the event of the member retiring from the cooperative society. Whenever any capital share is repaid, the share capital of the cooperative society must not fall below EUR 30,000.
- (3) The assignment and pledging of the settlement balance to third parties is generally not permitted and must therefore be void vis-à-vis the cooperative society. A member is not permitted to set the settlement balance off against his or her liabilities to the cooperative. The Management Board may allow exceptions.
- (4) The settlement balance shall be paid to the retired member within six months of the end of the financial year in that the member retired from the cooperative, but not before the balance sheet has been approved. The right to payments is limited and expires after three years.

4. Rights and duties of members

§ 13 Rights of members

- (1) Members shall exercise their rights in matters relating to the cooperative society by passing resolutions at the Annual General Meeting.
- (2) The tasks of the cooperative society shall include but are not be limited to the right of each member to use services and facilities of the cooperative society in accordance with the relevant statutes and the right to participate in all benefits granted by the cooperative society to its members in accordance with the following rules of the Articles of Association and the principles established in accordance with § 28.
- (3) A member shall be entitled through membership principally
 - a) to invest in additional cooperative shares in accordance with § 17,
 - b) to exercise the right to vote in the Annual General Meeting (§ 31),
 - c) to demand, in a written submission on the part of one-tenth of the members, the convening of an Annual General Meeting or the announcement of motions for resolution in an already convened Annual General Meeting, insofar as these fall within the competence of the Annual General Meeting (§ 33 subsection 3),
 - d) to request the appointment or dismissal of liquidators by means of a petition to the court signed by one-tenth of the members,
 - e) to request information at the Annual General Meeting (§ 37),
 - f) to participate in the accumulated profits of the cooperative society (§ 41),
 - g) to transfer the capital share in whole or in part to another party by written agreement (§ 8),
 - h) to declare his or her retirement from the cooperative (§ 7),
 - i) to redeem additional cooperative shares in accordance with § 18,
 - j) to demand payment of the settlement balance in accordance with § 12,
 - k) to inspect the records of resolutions taken at the Annual General Meeting and to ask at his or her own expense for a copy of the annual financial statements, the management report and the report of the Supervisory Board as laid down in the headquarter,
 - l) to consult the list of members and
 - m) to inspect the summary of the Inspection & Report Board/Audit Report.

§ 14 Housing for members

- (1) Only members of the cooperative society, first and foremost, are entitled to apply for cooperative housing and to acquire a flat or home of their own or an apartment in the legal shape of condominium ownership ("Owned flat") or permanent right of rented residence in accordance with the German Condominium Act (Wohnungseigentumsgesetz), as well as to make use of care facilities or other services.
- (2) Without prejudice to statutory clauses, the rent shall be set by the Management Board in accordance with the principles of proper management/fair business on a level no higher than it is required to cover the all total costs of the cooperative society, including an appropriate return on equity and the formation of adequate reserves and according to the Articles of Association and the German legal system.
- (3) This clause does not provide any claims to an individual membership.

§ 15 Achievements of housing

- (1) The achievements of cooperative housing shall in principle constitute a permanent right of rent on the basis of membership.
- (2) The rent contract for cooperative housing can only be terminated during membership under the conditions stipulated in the rent contract or law (German Civil Code/BGB).

§ 16 Tasks of members

- (1) Membership shall be deemed to constitute a compulsory duty to contribute to the raising of the capital required by the cooperative society for the performance of its duties through
 - a) the purchase of cooperative shares in accordance with § 17 and timely payment there-of,
 - b) participation in loss (§ 42),
 - c) further payments in accordance with the resolutions of the Annual General Meeting after dissolution of the cooperative society in the case of members who have not yet fully paid in their cooperative share (§ 87 a Cooperatives Act).
- (2) Fulfilling duties and exercising rights, including those arising from contracts concluded, the member shall take due account of the interests of all members within the framework of duties of loyalty to the cooperative society.
- (3) Each member has a duty to notify the cooperative society of any change of postal address or e-mail address without any delay.

5. Cooperative shares, capital shares and amount guaranteed

§ 17 Cooperative shares and capital shares

- (1) One cooperative share is sold to members only for EUR 1,000. Each member in the legal form of a legal entity, with the exception of non-profit associations, foundations or universities, should acquire at least 10 shares.
- (2) To achieve membership an individual is requested to purchase one share according to § 3. This one share is a member share. If a member has already subscribed and purchases additional cooperative shares pursuant to subsection 6, these new shares shall be added to his member share.
- (3) Apart from gaining membership, each member has to invest in further shares pursuant to subsection 2 (member share that constitutes membership). Each member to whom a flat or an apartment or business premises are rented has to invest an appropriate and additional financial contribution into the cooperative society for the purpose of raising further capital for the sake of investing in usage-based member shares.

The investment shall be made in accordance with the annex, that forms an integral part of these Articles of Association. Amendments to the annex on investment by usage-based member shares therefore constitute amendments to the Articles of Association; § 35 subsection 1 lit. a) and § 36 subsection 2 lit. a) are applicable.
- (4) A member that has already invested in additional shares pursuant to subsection 6, these shares are added and are applicable to form the number of appropriate usage-based member shares that are required.
- (5) Each member share has to be paid up immediately. The Management Board may permit payment in rates only for the purchase of additional shares pursuant to subsection 6, but EUR 250 per additional

share purchased have to be paid up immediately after approval of this purchase. From the beginning of the following quarterly year, it is compulsory to pay a further EUR 250 per share purchased, from this time onwards the rates of EUR 250 per share each must be paid up quarterly in a year. It is permissible to pay up these monies for these additional shares faster.

- (6) In addition to the clause pursuant to subsection 2, members may invest in additional shares if their previously purchased member share and the additional shares have been fully paid up except that the last share being purchased is only partially paid into the cooperative society and the Management Board has approved this new investment. Subsection 5 shall apply mutatis mutandis to the payment of the last share purchased.
- (7) As long as a cooperative share is not fully paid up, the dividend is assigned to the capital share. In all other aspects, § 41 subsection 3 shall apply.
- (8) The maximum number of additional cooperative shares in that a member may invest must not exceed 500 shares in addition to the cooperative shares pursuant to subsection 2.
- (9) The payments made by each member for the cooperative share(s), plus any gained profits discounting the share of written-off loss, shall constitute a member's capital share.
- (10) The assignment and pledging of the capital share to third parties is not permitted and declared void by the cooperative society. A member is not permitted to claim his capital share off against any liabilities to the cooperative society. For the settlement balance, § 12 shall apply.
- (11) The share capital of the cooperative amounts to at least EUR 30,000 and is not limited to a maximum. It must not fall below this amount by payments of settlement balances for those members who retire from the cooperative society or terminate additional cooperative shares. The disbursement of a settlement balance shall be deferred in whole or in part in proportion to all claims to settlements in the event that the disbursement should result in the share capital falling below the minimum amount; deferred claims from previous years shall be satisfied with priority, also in their relative proportions.

§ 18 Termination of additional shares

- (1) A member may redeem his monies in one or more additional cooperative shares within the purpose of § 17 subsection 6 unless he is obligated to invest in multiple cooperative shares pursuant to an agreement with the cooperative or an investment in multiple cooperative shares is a prerequisite for the service being claimed from the cooperative by the member. Notice of redemption must be made in writing and received by the cooperative two years before the end of the financial year.
- (2) A member redeeming additional cooperative shares may only claim that part of his capital shares that exceed the payments made for the remaining cooperative shares, plus any gained profits discounting the figure of written-off loss. § 12 shall apply mutatis mutandis to the determination of the portion of the capital share to be paid out. If a remaining cooperative share is not yet fully paid up (§ 17 subsection 5 – 7), the part of the capital share still unpaid should be set off against this.

§ 19 Exemption from obligation to contribute additional financial duties

Even in the event of insolvency or bankruptcy of the cooperative society, their members must not contribute any additional financial duties.

6. Governing bodies of the cooperative society

§ 20 Governing bodies

The cooperative society is run in the dualistic system and has registered as its governing bodies

- the Management Board,
- the Supervisory Board,
- the Annual General Meeting.

§ 21 The Management Board (CEO)

- (1) The Management Board should not consist of less than two and more than five persons. Within this range, the Supervisory Board must determine the specific number of managers of the Management Board. They must be members of the cooperative society and individual persons. If legal entities or commercial partnerships belong to the cooperative, the persons authorized to represent those may be appointed to the Management Board.
- (2) Relatives of members of the Management Board or Supervisory Board must not be members of the Management Board as there are:
 1. spouses, fiancé(e)s, cohabitating or civil partners,
 2. kinsmen of the persons mentioned under No. 1,
 3. parents, children, grandchildren or kinsmen (close relatives) and their spouses, fiancé(e)s, cohabitating or civil partners.
- (3) The members of the Management Board must be appointed by the Supervisory Board for a maximum term of six years. They may be reappointed. The appointment must be made before the age of 70.
- (4) The Supervisory Board may suspend or dismiss members of the Management Board from office until the time that the next assembly of the Annual General Meeting to come confirms this decision (suspension, redemption) with a resolution. The resolution of the Supervisory Board requires a majority of three-quarters of all its members. The assembly of the Annual General Meeting should be convened immediately. The member(s) of the Management Board being suspended or dismissed from office may plead in their own case before the assembly of the Annual General Meeting.
- (5) Employment contracts with members of the Management Board must be agreed on for the duration of their appointment only. The Chairman of the Supervisory Board is entitled to sign the employment contracts with members of the Management Board on behalf of the cooperative society. The Supervisory Board, represented by its Chairman, is responsible for terminating the employment contract of members of the Management Board properly in compliance with the contractual or statutory notice period and for concluding any severance agreements. The assembly of the Annual General Meeting is in its own responsible for the extraordinary termination of an employment contract on good reasons (termination without notice). In all other aspects, § 25 subsection 2 sentence 1 shall apply.
- (6) The members of the Management Board should work on an honorary basis. If they are to be granted reimbursement of expenses or remuneration for their work as members of the Board, the Annual General Meeting has to decide on this issue and on the amount to be granted.

§ 22 Management and representation of the cooperative society

- (1) The Management Board has to manage the cooperative society under its own responsibility as such. It has to observe only those restrictions as may be imposed by law and by the Articles of Association.
- (2) The cooperative society in general is legally represented by a member of the Management Board in association with a second member of the Management Board. Any or all Management Board members may be exempted from the restriction of multiple representation pursuant to § 181 (2nd alternative) BGB (German Civil Code) by confirmation of the Supervisory Board.
- (3) Management Board members sign on behalf of the cooperative society by attaching their signature to the name of the cooperative society or to their nomination as a Management Board member.
- (4) If a declaration or a letter of intent has to be submitted to the cooperative society, it is sufficient to submit it to one of the members of the Management Board only.
- (5) The Management Board has to manage all businesses of the cooperative society on the basis of its resolutions, that are dependent to the majority of the votes cast within this board. It has a quorum of presence if at least half of its members are present.
- (6) Resolutions passed in writing or by means of telecommunications media should be permissible without convening a meeting if no member of the Management Board objects to this procedure.
- (7) Records of resolutions have to be signed by all Management Board members involved in passing the resolution. All efforts have to be taken that these records are complete and available.
- (8) The Management Board should settle its own rules of management procedures. This shall be signed by each member of the board.
- (9) The members of the Management Board have to participate in the common meetings with the Supervisory Board pursuant to § 27 subsection 2 unless their presence is ruled out by a special resolution of the Supervisory Board. In the meetings of the Supervisory Board, the Management Board has to provide all necessary or wanted information on business matters. The members of the Management Board must not vote while the Supervisory Board passes resolutions.

§ 23 Tasks and duties of the Management Board (CEO)

- (1) The members of the Management Board should exercise their skills, the diligence of a thoughtful, prudent and conscientious manager of a cooperative society in leading, conducting and acting their businesses. They shall keep confidential all confidential information and secrets of the cooperative society, including but not limited to trade or business secrets, that have become known to them through their activities on the Management Board, even after their resignation from office.

- (2) In particular, the Management Board should mind the following duties
- a) to conduct business in accordance with the cooperative society's subjects and purposes,
 - b) to plan and implement in due time the staff, material and organizational measures necessary for proper business operations,
 - c) to ensure proper accounting in accordance with § 38 ff,
 - d) to decide on whether or not to admit members and permit investments in additional cooperative shares,
 - e) to maintain the list of members in accordance with the Cooperatives Act,
 - f) to remedy any deficiencies recorded in the audit report and to report them to the Inspection & Financial Report Board/Auditing Association.
- (3) The Management Board has to report to the Supervisory Board on the intended business policies and other fundamental issues of enterprise like planning (including but not limited to financial, investment and staff planning). In doing so, it also must report any significant deviations in any kind of business performances being apart from plan and target and to address these figures combined with any discernible risks to future development. The Management Board must submit the annual inspection and financial report and the management report to the Supervisory Board immediately after these have been finished and collected. § 25 subsection 3 is applicable.
- (4) Members of the Management Board breaching their tasks and duties negligently or deliberately are jointly and severally liable to the cooperative society for any cause of damage thereof. There is no assumption of breach of duty if the Management Board member, justifying an entrepreneurial decision, is allowed by reasonable expectation to be acting on the basis of appropriate information and in good faith for the benefit of the cooperative society (business judgement rule). They have to proof that they observed the skills and diligence of a prudent and conscientious manager of a cooperative society.
- (5) A compensation to indemnify the cooperative society is not demanded if that business was based on lawful resolution voted by majority in favour at the assembly of the Annual General Meeting. However, compensation to indemnify is not to be ruled out by the fact that the Supervisory Board once approved the action.

§ 24 The Supervisory Board

- (1) The Supervisory Board shall consist of at least three members. The Annual General Meeting may determine a higher number. Members of the Supervisory Board need to be private individuals and must hold membership in person of the cooperative society. If legal entities or commercial partnerships hold membership with the cooperative society, the persons authorized to represent those entities may be elected to the Supervisory Board. Election or re-election is allowed before the age of 70.
- (2) Members of the Supervisory Board should not become members of the Management Board or simultaneously permanent representatives of members of the Management Board. Nor may they become employees of the cooperative society. As members of the Supervisory Board are generally not eligible relatives of a person being member of the Management or Supervisory Board and employee's relatives that work for the cooperative society pursuant to § 21 subsection 2.

- (3) Members of the Supervisory Board have to be elected by the Annual General Meeting for a term of three years. The financial year in that the Supervisory Board member is elected is not included in this figure. The term of office of Supervisory Board members ends exactly at the end of the third ordinary Annual General Meeting following their election. Members may be re-elected. Supervisory Board members that are permanently absent are to be dismissed by the Annual General Meeting and replaced by election.
- (4) If members retire in the course of their term of office, the Supervisory Board consist only of the remaining members until the next ordinary Annual General Meeting, when substitution by elections are due to be held. It only should be necessary to fix earlier substitute elections at an extraordinary Annual General Meeting if the number of Supervisory Board members falls below three or if the Supervisory Board no longer has a quorum within the contents of § 27 subsection 4. Substitute elections shall be held for the remainder of the term of office of Supervisory Board members who retire.
- (5) The Supervisory Board may for a predetermined and limited time appoint individual members of itself as substitute(s) of absent Management Board managers. During this period of time and until his businesses have been ratified, he must not exercise any supervisory activity.
- (6) The Supervisory Board shall elect a Chairman and a Deputy Chairman from its members. It shall further elect one person as Secretary and as Deputy Secretary. This is applicable, too, if configuration has not changed as a result of elections.
- (7) The Supervisory Board should work on an honorary basis. If members are to be granted reimbursement of expenses or remuneration for their work on this board only the Annual General Meeting has to decide on this issue and on the amount to be granted.

§ 25 Tasks and duties of the Supervisory Board

- (1) The Supervisory Board in due course supports and supervises the Management Board in all its management activities. The rights and duties of the Supervisory Board are limited by law and by the Articles of Association. In particular, the Supervisory Board's tasks and duties are limited to supervision and advice and should not touch the management's competence pursuant to § 27 subsection 1 Cooperatives Act.
- (2) The Supervisory Board is competent to represent the cooperative society in case of negotiation and litigation with or against the members of the Management Board. The Annual General Meeting only has to decide on any litigation against members of the Management Board.
- (3) The Supervisory Board is entitled to request any information from the Management Board regarding the affairs of the cooperative society. An individual Supervisory Board member is allowed to request all information and material, but only to be given to the whole of Supervisory Board. Each member of the Supervisory Board has the right and the duty to claim copies and to take notice of the documents and records submitted by the Management Board.
- (4) Each member of the Supervisory Board has to get acquainted of the contents of the inspection & financial report (audit report).
- (5) The Supervisory Board must examine the annual financial statements, the management report and the Management Board's proposals for the forthcoming resolution of net profit or the coverage of net loss and has to give report to the Annual General Meeting prior to the votes cast on the annual financial statements.

- (6) The Supervisory Board may appoint committees from its members, in particular to prepare its negotiations and resolutions or to monitor their implementation.
- (7) The members of the Supervisory Board and its committees are not authorized to delegate their society's duties to third persons. The Supervisory Board may request assistance of experts to fulfill its supervisory duties.
- (8) Resolutions of the Supervisory Board should be administrated by the Chairman or, if the Chairman is prevented from doing so, by his Deputy. In all other aspects, the duties and rights of the Chairman are passed to the Deputy Chairman for the time of his absence.
- (9) The Supervisory Board should adopt its own rules of procedure.

§ 26 Standards and Measures of Supervision

The members of the Supervisory Board have to watch and exercise the skills and diligence of a prudent and conscientious member of the Supervisory Board of a housing cooperative society in their businesses. § 23 subsection 4 sentence 2 is applicable mutatis mutandis. They must keep confidential all confidential information and secrets of the cooperative society, as well as all items of membership and of any third parties, that have become known through all kinds of businesses on the Supervisory Board, even after their resignation from the board. In all other aspects, § 34 Cooperatives Act shall apply mutatis mutandis to the duty of care and responsibility of the members of the Supervisory Board in accordance with § 41 Cooperatives Act.

§ 27 Meetings of the Supervisory Board

- (1) The Supervisory Board will hold meetings as required. It should gather once in a calendar's quarter and must meet once in a calendar's half-year. The meetings are to be convened and guided by the Chairman of the Supervisory Board. Meetings of the Supervisory Board should include the joint meetings of the Management Board with the Supervisory Board pursuant to § 29. The rules of procedure contain detailed orders.
- (2) As a rule, the Supervisory Board has to invite the Management Board to meetings. The Management Board has to participate in the meetings without voting rights.
- (3) The Chairman of the Supervisory Board has to convene the Supervisory Board without delay if one-third of the members of the Supervisory Board or the Management Board requests a gathering, giving the subject(s) and purpose(s).
- (4) The Supervisory Board has a quorum if more than half of the members elected in accordance with the Articles of Association or in accordance with the resolution of the Annual General Meeting is present at vote.
- (5) Resolutions passed in writing or by means of telecommunications media should only be permissible without convening a Supervisory Board meeting if no member objects to this procedure.
- (6) The Supervisory Board shall pass its resolutions by a majority of the votes cast; in the event of a tie, an issue is to be assumed rejected.
- (7) Records should be archived of all resolutions, these are to be signed by the Chairman and the Secretary of the board. Efforts have to be taken to ensure that the records are complete and available.

§ 28 Topics for compulsory joint meetings of Management Board and Supervisory Board

On basis of documents submitted by the Management Board and after joint consideration, the Management Board and the Supervisory Board must decide by separate votes on

- (a) establishment of the new building and modernization programmes,
- (b) rules for the construction and allocation of cooperative housing, for the implementation and administration of refurbishment and development programmes, for the use of facilities of the cooperative society and for the management of third-party housing,
- (c) the principles and procedures for the sale and purchase of real estate, developed and undeveloped land (plots) and for the creation and transfer of leaseholds and permanent rights of tenure and heritable building rights,
- (d) the principles for running the building and building sites of owner-occupied homes and apartments in the legal form of condominium ownership or permanent right of tenure or heritable building rights, for the implementation of refurbishment and development measures,
- (e) the planning for (partial) demolition of buildings,
- (f) the rules applicable on businesses with non-members,
- (g) admission fee,
- (h) investments and shares,
- (i) the principles for issuing bearer bonds,
- (j) the principles governing the granting of profit-sharing rights,
- (k) the contracting of the Inspection & Report Board/Auditing Association, extending the statutory inspection to include the audit of annual financial statements, including the accounts and the management report,
- (l) the measures to be taken as a result of the statutory inspection report,
- (m) allocations to revenue reserves in the preparation of the annual financial statements (indicative pre-allocation),
- (n) withdrawals from revenue reserves in the annual financial statements (non-binding indicative withdrawal),
- (o) compulsory allocations to revenue reserves in the annual financial statements in accordance with § 40 subsection 4,
- (p) the proposal for the resolution on net profit or on the coverage of net loss (§ 39 subsection 2),
- (q) the preparatory work of giving joint submissions to the Annual General Meeting,
- (r) rules concerning the election procedure for the introduction of a Representatives' Assembly,
- (s) distribution and amount of any repayments,
- (t) repayment and amount of individual value payback.

§ 29 Compulsory rules for Joint meetings of Management and Supervisory Board

- (1) Joint meetings of the Management Board and the Supervisory Board should be held regularly. As a rule, the meetings should be convened by the Chairman of the Supervisory Board on request of the Management Board. The meetings should be chaired by the Chairman of the Supervisory Board or by his order by an appointed member. A joint meeting of the Management Board and the Supervisory Board must be convened if the Inspection & Report Board/Auditing Association demands it.
- (2) A quorum in joint meetings is established only if each Board has proved to have its own quorum. Each body has to vote on decisions separately. Issues that have not duly decided on by each of the two governing Boards should be assumed rejected.

- (3) Records should be archived of all the resolutions of the joint meetings by the Secretary of the Supervisory Board and need to be signed by the Chairman, the Secretary and a member of the Management Board. Efforts must be taken to ensure that the records are complete and available.

§ 30 Legal transactions with members of the Management and Supervisory Board

- (1) A legal transaction with the cooperative society may be concluded by a member of the Management Board and his relatives pursuant to § 21 subsection 2 No. 1 only if the consent of the Supervisory Board has been established. Sentence 1 shall also apply to unilateral legal transactions by the cooperative society, including but not limited to the amendment and termination of contracts.
- (2) Subsection 1 also applies to legal transactions between the cooperative society and legal entities or commercial partnerships in those a member of the Management Board or his relatives mentioned in subsection 1 own a participation or share of at least 20 % or more and results in significant influence.
- (3) If a Supervisory Board member offers freelance work to and for the cooperative society besides his activities on the Supervisory Board by virtue of a service contract that does not establish an employment relationship or by virtue of a contract for work and services, § 114 Stock Corporation Act shall apply to the respective contract.

§ 31 Voting rights at the Annual General Meeting

- (1) Each member has one vote at the Annual General Meeting. The member has to vote personally and exercise the right to vote strictly on his own.
- (2) The voting rights of private individuals being of limited legal capacity as well as the voting rights of legal entities should be exercised by their legal representatives; the voting right of commercial partnerships should be exercised by authorized shareholders.
- (3) The member or his legal representative may grant powers of attorney in writing. An authorized representative must not represent more than two members. Only members of the cooperative society or their spouses, civil partners, parents and children may act as authorized representatives. Persons named in sentence 3 are excluded to act as authorized representatives if an expulsion notice has been sent to them (§ 11 subsection 4) or if these persons are dealing professionally.
- (4) No one is entitled to exercise the right to vote for himself or for a third person if a decision is pending on whether this person or the represented member is to have his activities ratified or released from a stipulation, or the cooperative society is to assert a claim against himself or the member behind.

§ 32 The Annual General Meeting

- (1) The ordinary Annual General Meeting shall be held during the first six months of the financial year.
- (2) The Management Board should submit to the Annual General Meeting the annual financial statements (balance sheet, profit and loss account and notes), the management report and the comments of the Supervisory Board. The Supervisory Board shall report to the Annual General Meeting on its activities.
- (3) Extraordinary Annual General Meetings shall be convened when necessary in the interest of the cooperative society, except as expressly provided for by the Cooperatives Act or these Articles of Association. This is particularly the case when the Inspection & Report Board/Auditing Association deems it necessary to convene a meeting to discuss the results of the audit or the situation of the cooperative society.

§ 33 Convening the Annual General Meeting

- (1) The Annual General Meeting should normally be convened by the Chairman of the Supervisory Board. This should not affect the statutory right of the Management Board to convene the Annual General Meeting.
- (2) Invitations to the Annual General Meeting should be issued, mentioning the topics and items on the agenda, by means of registered mail to the members and sent to their last notified e-mail address. The invitation should be issued by the Chairman of the Supervisory Board, or by the Management Board if the Annual General Meeting is convened by the latter. At least thirty days shall elapse between the date of the Annual General Meeting and the date the registered mail is received. This period may be reduced to 15 days in urgent cases.
- (3) The Annual General Meeting should be convened immediately if one-tenth of the members so request in writing, stating the purpose and reasons. If one-tenth of the members likewise request a resolution on specific matters within the competence of the Annual General Meeting, such items have to be placed on the agenda.
- (4) Resolutions may only be passed on items on the agenda. Petitions for a resolution may be subsequently included if they are within the competence of the Annual General Meeting.
- (5) Items on the agenda must be announced in good time before the Annual General Meeting by means of a registered mail to all members in accordance with subsection 2. At least one week should elapse between the date of the Annual General Meeting and the date the registered mail is received in written form.
The same applies to petitions of the Management Board or the Supervisory Board. Petitions to name the chairman of the meeting and petitions made during the Annual General Meeting to convene an extraordinary Annual General Meeting need not be announced. Resolutions on matters not announced or not announced in due time may only be passed if all members are present.

§ 34 Chairman of the Annual General Meeting and passing resolutions

- (1) The Annual General Meeting should be chaired by the Chairman of the Supervisory Board or, in the latter's absence, by his Deputy Chairman. By resolution of the Annual General Meeting, the chairmanship of the assembly may, for example, also be delegated to a member of the Management Board, a member of the Supervisory Board or a representative of the Inspection & Report Board/Auditing Association. The Chairman of the meeting should appoint a secretary and vote counting staff.
- (2) Votes and elections are to be held at the Annual General Meeting by show of hands or standing up at the discretion of the meeting's Chairman. Votes or elections should be conducted by secret balloting if so requested by the Management Board, the Supervisory Board or by majority of the votes cast in separate resolution thereon.
- (3) The announcement of the result of the vote must contain the votes cast only; abstentions and invalid voting is not taken into account.
- (4) Elections to the Supervisory Board should be based on individual nominations. List proposals are inadmissible. If the election is to take place by ballotpaper, the person entitled to vote has to present on his ballotpaper the candidates he wishes to elect. Only one vote may be cast for each candidate. Each person entitled to vote has as many votes as the number of Supervisory Board members are vacant or to be elected. If the election takes place without ballotpaper, the persons to be elected shall be voted on

individually. Any candidate who collects more than half of the valid votes cast is elected. If no candidates collect more than half of the votes cast in the first ballot, the candidates that collect the most number of votes is elected in the second ballot. In the event of a tie, the Chairman of the meeting should draw lots. The person elected has immediately to declare whether he accepts his election.

- (5) Records should be kept of the resolutions taken at the Annual General Meeting. These shall contain the place and date of the meeting, the name of the person chairing the assembly, the type and result of the vote and the confirmation by announcement of the person chairing the meeting. In elections, the names of the candidates and the number of votes cast for them should be notified. It is not compulsory to archive the ballotpapers. The records are to be signed by the Chairman of the meeting and at least one member of the Management Board being present.

The documents pertaining to the convening of the meeting are to be attached as annexes. If an amendment to the Articles of Association is resolved upon increase in the cooperative share, the introduction or extension of compulsory investments in additional shares, the introduction or extension of the obligation to make additional contributions, the extension of the notice period beyond the time span of more than two years, and furthermore any circumstances in § 16 subsection 3 Cooperatives Act or a substantial change of the subject of the enterprise or if the continuation of the cooperative society is resolved according to § 117 Cooperatives Act, a list of the members present or represented with notice of the number of votes cast must be attached to the records.

Each member may request to inspect the records. The records must be archived in the premises of the cooperative society.

§ 35 Responsibilities of the Annual General Meeting

- (1) The Annual General Meeting has to decide on all matters specified in the Cooperatives Act and the Articles of Association, as there are
- a) the amendment of the Articles of Association,
 - b) the adoption of the annual financial statements (balance sheet and profit and loss account, notes),
 - c) the appropriation of net profit,
 - d) the coverage of net loss,
 - e) the formation of the legal and/or statutory reserve to cover losses,
 - f) ratification of actions of the members of the Management Board and Supervisory Board,
 - g) election of members of the Supervisory Board and determination of their remuneration or reimbursement of expenses,
 - h) dismissal or redemption of appointments of members of the Management Board and the Supervisory Board,
 - i) termination without notice of the employment contract of Management Board members,
 - j) expulsion of Management Board and Supervisory Board members from the cooperative society,
 - k) litigation against Management Board and Supervisory Board members in office or retired on the basis of their position on the governing bodies,
 - l) introduction of restrictions on the granting of credit pursuant to § 49 Cooperatives Act,
 - m) the issuing of bearer bonds,
 - n) the granting of profit-sharing rights,
 - o) the transformation of the cooperative society by merger, division or change of legal form,
 - p) the dissolution of the cooperative society,
 - q) the approval of election rules for the election of representatives to the Annual General Meeting.

- (2) The Annual General Meeting should deal with
- a) the report of the Management Board,
 - b) the report of the Supervisory Board,
 - c) the report on the statutory audit of the inspection & report board pursuant to § 59 Cooperatives Act; if necessary, the Annual General Meeting should decide on the scope of the publication of the audit report.

§ 36 Majority requirements

- (1) The resolutions of the Annual General Meeting have to be adopted by a majority of the votes cast unless a larger majority or further requirements are determined by law or by the Articles of Association.
- (2) Resolutions of the Annual General Meeting on the following should require a majority of at least three-quarters of the votes cast to be valid:
- a) the amendment of the Articles of Association,
 - b) the transformation of the cooperative society by merger, division or change of legal form,
 - c) the redemption of the appointment and termination without notice of Management Board members as well as the dismissal of Supervisory Board members,
 - d) the dissolution of the cooperative society.
- (3) Resolutions on dissolution pursuant to subsection 2 d) must only be passed if at least half of all members are present or represented. If this is not the case, a further Annual General Meeting shall be convened after a maximum of four weeks, in compliance with the invitation period, which may pass the corresponding resolutions with a majority of three-quarters of the votes cast, irrespective of the number of members present or represented. This shall be expressly mentioned in the invitation.
- (4) Resolutions introducing or extending an obligation on members to use facilities or other services of the cooperative or to provide goods or services or paybacks should require a majority of at least nine-tenths of the votes cast.
- (5) The Inspection & Report Board/Auditing Association must report to the assembly before a resolution is passed on a merger, division or change of legal form in accordance with the statutes of the German Transformation Act, as well as before a resolution is passed on the dissolution and the continuation of the dissolved cooperative society. An expert opinion to be read out in the assembly from a person of the Inspection & Report Board/Auditing Association must be requested by the Management Board in good time and read out at the Annual General Meeting.

§ 37 Right to information

- (1) Each member may request or even demand to be provided with all information on matters concerning the cooperative society by the Management Board or the Supervisory Board at the Annual General Meeting, in particular as this is required for a proper assessment of an item on the agenda. The information must comply with the principles of conscientious and faithful accountability.

- (2) Information may be refused if
- a) the delivery of the information is, according to sound business judgment, likely to cause a significant disadvantage to the cooperative society,
 - b) the delivery of the information would be punishable by law or would breach a legal, statutory or contractual duty of confidentiality,
 - c) the request for information concerns the personal or business circumstances of a third party,
 - d) the matters concerned are employment contract agreements with members of the cooperative's Management Board,
 - e) reading out of documents would cause an unreasonable extension of the Annual General Meeting.
- (3) If a member is denied information, he may request that the question and the reason for denying the information should be recorded in the records.

7. Accounting

§ 38 Financial year and preparatory work of the annual financial statements

- (1) The financial year has been laid down to run from October 01 to September 30. The first financial year shall start the day of first businesses and registration.
- (2) The Management Board should ensure that the accounting system and the business organization and administration are such of standards that the cooperative society can achieve to be met.
- (3) At the end of each financial year, the Management Board should prepare annual financial statements (balance sheet, profit and loss account and notes). The annual financial statements shall comply with the legal statutes about governing valuation and the legal provisions governing the layout of the balance sheet and profit and loss account. Forms have to comply with the law.
- (4) The Management Board should prepare a management report as well as the annual financial statements. The management report should comply with the requirements of § 289 HGB.
- (5) The annual financial statements and the management report, combined with proposals for the appropriation of net profit or the coverage of net loss, have to be submitted to the Supervisory Board for examination immediately after being finished and has then quickly to be forwarded to the Annual General Meeting combined with the Supervisory Board's comments.

§ 39 Preparatory work of the resolution on the annual financial statements

- (1) The annual financial statements reviewed by the Supervisory Board (balance sheet and profit and loss account, notes) and the management report prepared by the Management Board as well as the report of the Supervisory Board must be available for inspection by all members at the headquarters of the cooperative society by at least one week before the Annual General Meeting takes place or shall otherwise be brought to their attention.
- (2) In addition to the annual financial statements, the Annual General Meeting should also be introduced with proposals for the delivery of net profit or the coverage of net loss to enable a resolution to be taken.

8. Reserves, profit distribution and loss coverage

§ 40 Reserves

- (1) A statutory reserve has to be formed. It is intended exclusively to cover a loss arising from the balance sheet.
- (2) The statutory reserve should be allocated to at least 20 % of net income less any loss carried forward until the statutory reserve has reached 100 % of the share capital of the cooperative. The statutory reserve shall be formed when the balance sheet is prepared.
- (3) Otherwise, other revenue reserves may be formed when the annual financial statements are introduced.
- (4) With the consent of the Supervisory Board, the Management Board may, when introducing the annual financial statements, conclude a binding allocation of up to a maximum of 50 % of net income to the revenue reserves pursuant to subsection 3 (cf. § 20 sentence 2 Cooperatives Act).

§ 41 Distribution of profits

- (1) The net profit may be distributed among the members as a share of profits; it may be used to form other revenue reserves or carried forward.
- (2) The distribution as a share of profits shall be effected in accordance with the proportion of the share capital of the cooperative at the beginning of the financial year for that the annual financial statements have been introduced. The share of profits shall be such as that the cooperative society is able to perform its duties on a permanent basis. In particular, sufficient reserves should be formed. As a rule, the delivered share of profits shall not exceed 4 % of the capital share. The share of profits to be delivered to the members may be distributed in different percentages, in relation to the capital share, separately according to member shares and additional cooperative shares (§ 17 subsection 6). The share of the profits is due to be paid six weeks after the Annual General Meeting the latest.
- (3) As long as one cooperative share has not reached the nominal amount, a share of the profits shall not be paid out but credited to the share capital of the cooperative society. This shall also apply if the share capital of the cooperative society has been reduced to cover a loss.

§ 42 Coverage of losses

If a net loss is reported, the Annual General Meeting shall decide on the coverage of the loss, in particular on the extent to which the loss is to be eliminated by reducing the share capital of the cooperative or using the statutory reserve. If the share capital of the cooperative is used to cover the loss, the share of the loss shall not be calculated on the basis of the existing share capital but on the basis of the ratio of payments towards statutory member shares at the beginning of the financial year for which the annual financial statements have been introduced, even if these are still not finished.

9. Disclosures

§ 43 Disclosures

- (1) Disclosures that are required by law shall be made under the name of the cooperative society in the electronic Federal Gazette.
- (2) The disclosures of the cooperative society to its members shall be published under its name on its website and sent to each of its members at their last known e-mail address. This also applies to the disclosures that are compulsory by law.
- (3) The names of the persons giving the disclosure have to be confirm.

10. Auditing of the cooperative society, Inspection & Report Board/Auditing Association

§ 44 Auditing

- (1) For the purpose of determining the cooperative's economic circumstances and regularity of management, the facilities, the financial situation and the management of the cooperative should be inspected for each financial year.
- (2) If the cooperative exceeds the size criteria given in § 53 subsection 2 Cooperatives Act, the annual financial statements including the bookkeeping and the management report shall be audited within the scope of the audit pursuant to subsection 1.
- (3) If the cooperative society does not meet the size criteria given in § 53 subsection 2 Cooperatives Act, the Management Board may instruct the Inspection & Report Board/Auditing Association to extend the audit pursuant to subsection 1 to include the audit items of subsection 2. This does not affect the right of the Supervisory Board to arrange for the extended audit to be carried out in the performance of its duties pursuant to § 38 Cooperatives Act.
- (4) As the cooperative society is subject to Inspection & report/auditing obligations under the German Property Broker and Developer Ordinance, this audit shall also be carried out.
- (5) The cooperative society is a member of Association of Housing Companies in the Federal States Berlin & Brandenburg [BBU]). It is audited by their Inspection & Report Board/Auditing Association. The name and registered office of this Inspection & Report Board/Auditing Association have to be announced on website or, in the absence of a website, on the business correspondence.
- (6) The Management Board of the cooperative society has all duties to prepare the audit skill- and carefully. It has to provide the auditors with all documents and information required for the performance of the audit.
- (7) The Management Board of the cooperative society must promptly submit to the Inspection & Report Board/Auditing Association the annual financial statements and the management report as approved by the Annual General Meeting, enclosed with comments of the Supervisory Board and its report.
- (8) The Management Board and the Supervisory Board should discuss the results of the audit in a joint meeting immediately after collecting the audit report. The Inspection & Report Board/Auditing Association is entitled to participate in this meeting. The governing bodies of the cooperative society should comply with the Inspection & Report Board's or Auditing Association's objections and requirements.

(9) The Inspection & Report Board/Auditing Association is entitled to attend and to bespeak the results at the Annual General Meetings of the cooperative society at any time. It shall therefore be invited to all Annual General Meetings in time in accordance with § 33.

11. General provisions

§ 45 Place of jurisdiction

Jurisdiction for all disputes between members and the cooperative society arising from membership should be heard at the court accepting jurisdiction for the registered headquarter of the SCE.

§ 46 Languages

The Articles of Association were set up and registered in German. All the Articles of Association were translated into English. In case of misunderstandings or bad interpretation the German version should prevail.

12. Dissolution and winding up

§ 47 Dissolution

(1) The cooperative should be dissolved

- a) by resolution of the Annual General Meeting,
- b) by opening up insolvency or bankruptcy proceedings,
- c) by court order if the number of members is less than five,
- d) by other circumstances mentioned in the Cooperatives Act.

(2) The statutes of the Cooperatives Act shall apply to the winding up of the cooperative.

13. Founding members

§ 48 List of founding members

The names are not available to the public.

These Articles of Association were adopted by the Annual General Meeting on May 11th, 2018.

ANNEX

to § 17 subsection 5 of the Articles of Association

For each member being provided with a flat or an apartment or business premises according to § 17 subsection 3 phrase 2 is it compulsory to invest an appropriate and additional amount of money into the cooperative society in order to cover self-imposed contributions concerning the usage based cooperative shares. This formula is operated to determine the self-imposed contribution:

Number of cooperative shares = square meters of flat or rented entity* x 0,1 x investments per square meter of the flat/EUR 1000,00 (being rounded off into a clear figure)

*Square meters of flat or rented entity is taken from German Flat Usage and Size Order of Nov. 25th, 2003. (Bundesgesetzblatt I page 2346)

In determination of the figure of flat-or entity-reciprocal and dependant cooperative shares the already purchased cooperative shares to the member are taken into account.

If several members of this cooperative society are joint partners of a rent contract it is sufficient that all members of the joint initiative have achieved the required figure of shares.

This annex as part of the Articles of Association was duly registered in Companies House (cooperative department) of Charlottenburg's Magistrates Court on resolution of the founding assembly on May 11th, 2018.