Standard Statute of a Limited Liability Company

Article 1 – General provisions

1. A limited liability company (LLC) is a company (legal person) established in accordance with the Law of Georgia on Entrepreneurs, the capital of which is divided into shares and the partners' liability for the obligations of which is limited.
2. A limited liability company shall be deemed established and shall obtain the status of a legal person from the moment of its registration with the Registry of Entrepreneurial and Non-entrepreneurial (Non-commercial) Legal Entities.
3. The legal status of a limited liability company shall be determined by the legislation of Georgia and this Statute. The issues that are not regulated by this Statute shall be governed by the applicable legislation.
4. This Statute is a part of the instrument of incorporation concluded between the partners, that expresses their mutual will and is binding on them. The provisions of this Statute shall be binding not only on the founders of a business entity, who are partners at the moment of the incorporation of the business entity, but also on those who will become partners of the entity in the future.
5. A partners' agreement shall be based on general principles of good faith and mutual respect between the partners, and of making decisions lawfully and with diligence. The partners shall observe the basic principles of business activities determined by the applicable legislation.
6. The purpose of establishing a limited liability company is to earn profit on the basis of legitimate, repeated and independent business activities. In order to earn profit, a limited liability company shall have the right to carry out any business activity that is not prohibited by law. An activity that may be carried out under law only on the basis of a special licence/permit/authorisation, shall be permitted only from the moment of obtaining the relevant licence/permit/authorisation.
7. In order to achieve its goals, a limited liability company may own property, acquire property rights and personal non-property rights, and undertake obligations. It may also act in legal relations on its own behalf, freely enter into transactions both in Georgia and abroad in accordance with law, determine the contents of such transactions, enter into transactions that are not provided for by law, although do not contradict law, as well as acquire property and non-property rights and undertake obligations, and be a plaintiff (claimant) and/or defendant before a court.
8. A limited liability company shall be liable to its creditors with all its assets, which means that the partners and managers of the limited liability company shall not be liable for the obligations of the limited liability company. A limited liability company shall not be liable for the obligations of its partners.
9. A limited liability company shall be independent in its activities. It shall make decisions on the matters that are important to it by itself. A limited liability company

shall consist of relevant bodies that manage and represent it. The management bodies of a limited liability company and their powers are determined by the instrument of incorporation. Moreover, such bodies shall carry out activities only within the scope of powers granted to them.
10. A limited liability company shall have an independent balance and it may also have an account in banking institutions in Georgia or abroad, as well as an electronic seal or stamp, a headed paper and an emblem. A limited liability company shall have the right to open accounts at any bank in both national and foreign currencies.
11. A limited liability company shall have the right, according to the established procedure, to establish its undertakings, branches and representations both in the territory of Georgia and abroad, also to participate in the establishment of other organisations and undertakings. A limited liability company shall have the right to join different types of associations.

Article 2 – Partners of a limited liability company and their rights and obligations

1. A partner of a limited lability company is a person who holds shares in the limited liability company. A partner of a limited liability company may be both a natural person and a legal person, as well as a registered independent organisational form with no status of a legal person, which can acquire rights and undertake obligations on its own behalf.
2. The partners of a limited liability company shall have the rights and shall undertake the obligations determined by this Statute and the applicable legislation of Georgia.
3. When exercising their rights, partners shall take into consideration the legal interests and rights of a limited liability company and the other partners. A partner of a limited liability company shall not be liable to creditors for the obligations of the limited liability company. In exceptional cases, a partner of a limited liability company shall be personally liable to the creditors of the limited liability company, if such partner abuses the legal form of limited liability and if the limited liability company cannot satisfy the creditors' claims.
4. In equal circumstances, partners shall have equal rights and obligations. An exception may be made only if expressly provided for by law or this Statute, and necessary in the interests of a limited liability company.
5. Partners may dispose of and transfer (alienate or encumber) their shares without the consent of a limited liability company and other partners. At the same time, the rules/restrictions (if any) determined by law shall apply to the electronic disposal of shares/acquisition of title to shares.
6. A decision which limits, prohibits and/or subjects to the consent of the partners or a limited liability company the transfer (alienation or encumbrance) of shares by a partner, and/or amends the applicable limitation, prohibition or the procedure for

giving consent to the transfer (alienation or encumbrance) of shares by the partner, shall be made only with the consent of all the partners, to whom the limitation or prohibition applies.
7. An agreement on transferring shares shall be concluded in writing. A partner shall notify a limited liability company immediately upon the conclusion of an agreement on transferring shares.
8. The transfer of shares shall take effect upon the registration of the shares in the name of a new partner by the Legal Entity under Public Law called the National Agency of Public Registry operating under the governance of the Ministry of Justice of Georgia (hereinafter 'the registration authority'). In that case, the rules established by the legislation of Georgia with regard to a bona fide purchaser shall apply. At the moment of the alienation of shares, the partner alienating the shares and the partner acquiring the shares shall be jointly and severally liable to a limited liability company for the outstanding obligations related to the alienated shares.
9. Partners shall have the right to participate in the management of a limited liability company in accordance with the rules and procedures established by this Statute and the applicable legislation.
10. Partners' shares in a limited liability company shall be determined in proportion to their contributions. Partners shall have the shares of the same class, the nominal values of which shall be the same.
11. Liability for the obligations undertaken on behalf of a limited liability company before its registration shall be assumed, directly and with no limitation, by the founding partners of the limited liability company and the persons performing the actions which led to the origination of such obligations, as joint and several debtors, unless otherwise agreed with a creditor.
12. The rights acquired and the obligations undertaken on behalf of a limited liability company before its registration, if approved by the limited liability company, shall become the rights and obligations of the limited liability company. In such case, the founding partners of the limited liability company and those persons whose actions led to the origination of such rights and/or obligations shall be exempted from such obligations, unless otherwise agreed with a creditor.
13. Partners shall have the right to file a lawsuit on their behalf but for the benefit of a limited liability company for the satisfaction of a claim of the limited liability company, as provided for by law.
14. In the case of the authorised capital, partners shall have the right of pre-emption in respect of new shares issued by a limited liability company. If a partner is offered the option to exercise the right of pre-emption, a limited liability company shall determine a reasonable timeframe for the partner to exercise such right, which shall not be less than 14 days.

15. When issuing new shares in the case of the authorised capital, the right of pre-emption in respect of such shares may be restricted or excluded based on the partners' decision, which shall be made by a majority of at least three quarters of the votes of participants in the voting. Such decision may be made only on the basis of a report of the management body, where reasonable grounds for the restriction or exclusion of such right shall be specified, and the value of the transfer of shares shall be substantiated.
16. In compliance with the procedure provided for by the Law of Georgia on Entrepreneurs, a partner shall have the right to withdraw from a limited liability company, if the actions of the management or other partners of the limited liability company significantly prejudice the partner's interests, or if there are significant grounds provided for by law.
17. All partners shall have the right to receive annual or interim dividends on the basis of a decision on the distribution of the profits/assets of the limited liability company. Dividends shall be proportional to the shares of the partners of a limited liability company.
18. Paid dividends shall not be claimed back, unless the recipients of the dividends knew or ought to have known, at the moment of receiving the dividends, that they had been distributed in violation of rules established by law or this Statute. A limited liability company shall not have the right to pay dividends if it causes the insolvency of the limited liability company.
19. If the shares in a limited liability company are in the co-ownership of several persons, they shall be considered as co-partners. In that case, the rights attached to the shares may be exercised by one of the co-partners or a third party determined by them. Such persons shall be considered as joint creditors. In that case, the provisions of the Civil Code of Georgia regarding the co-ownership and/or co-ownership rights shall apply.
20. If co-partners or successors fail to agree, by a majority of votes, on the administration of shares, on the basis of an application of the limited liability company or the co-partner or one of the successors, the court shall appoint a manager of the shares, who shall be assigned all rights attached to the shares.

Article 3 – A right of a partner of a limited liability company to obtain information and to look through documents

1. Upon the request of a partner, the management body of a limited liability company shall provide to the partner, within a reasonable period, information on the activities of the limited liability company and allow the partner to look through the business documents of the limited liability company.
2. The provision of such information may be refused in order to protect the substantial interests of a limited liability company from the risk of violation. Such refusal shall

be substantiated in writing. The provision of information may also be refused if the requested information is publicly available.

Article 4 – Abuse of dominant influence by a partner of a limited liability company

1. If a dominant partner of a limited liability company abuses a dominant influence to the detriment of the limited liability company, such partner shall compensate for the damage thus inflicted.
2. A dominant partner shall be a partner or a group of partners acting together, who are in a position to have a decisive influence on the results of the voting cast at the general meeting. Such partner/group of partners shall, in addition to the damage inflicted on a limited liability company, compensate for the damage inflicted on a partner as well, except for damage inflicted on the partner as a result of the damage inflicted on the limited liability company, including by reducing the value of the shares.
3. A person who deliberately exercised powers to the detriment of a limited liability company, or influenced a member of the management body of the limited liability company in order for that member to act to the detriment of the limited liability company, shall compensate for such damage to the limited liability company. Such person shall, in addition to the damage inflicted on a limited liability company, compensate for the damage inflicted on a partner as well, except for the damage inflicted on the partner as a result of the damage inflicted on the limited liability company, including by reducing the value of shares.
4. Members of the management body of a limited liability company who failed to fulfil their obligations shall be jointly and severally liable together with a person determined by paragraph 3 of this article. The approval of such action by the management body shall not exempt the members of the management body of a limited liability company from the obligation to compensate for damage. Managers are not obliged to compensate for damage if their actions were based on a decision of the general meeting adopted in accordance with law.
5. A person who benefited from a detrimental action and deliberately influenced a person determined by paragraph 3 of this article shall also be jointly and severally liable for the damage inflicted on the limited liability company.
6. The obligation for compensation of damage to creditors shall not be annulled either by the refusal of claims by a limited liability company or the fact that the detrimental action was based on the decision of the general meeting.

Article 5 – Contributions

1. A contribution is an asset transferred into the ownership of a limited liability company, the economic value of which is entered into the balance sheet of the limited liability company.
2. The obligation to make a contribution to the capital of a limited liability company may be fulfilled by making a payment (monetary contribution) or by transferring other tangible or intangible material goods (contribution in kind). The performance of work or the provision of services may be the subject of a contribution in kind.
3. Monetary contributions shall be considered made from the moment of depositing money in the bank account opened by a limited liability company.
4. Contributions in kind shall be considered made from the moment of performing the actions determined by the legislation of Georgia that are necessary for transferring ownership rights.
5. If, in the case of a contribution in kind, its value is less that the amount of the agreed contribution, the partner shall pay the outstanding value of the agreed contribution in cash.
6. If the value of the contributions in kind is more than the amount of the agreed contributions, a partner shall have the right to require reimbursement of the difference in cash, and the limited liability company shall have the right to postpone the fulfilment of such obligation for not more than one year.
7. The body of a limited liability company with management powers shall assess the compliance of the value of a contribution in kind with the amount of the contribution, and organise the fulfilment of the obligation to make contributions.
8. Upon the request of a partner, the body of a limited liability company with management powers shall issue a written certificate in respect of making a contribution, namely of the complete or partial fulfilment of an obligation to make a contribution, and of the timeframe and conditions for the fulfilment of such obligation.
9. Liability for the culpable inaccuracy of a certificate in respect of making a contribution shall be imposed on the body of a limited liability company with management powers.
10. A partner shall not be exempted from the obligation to make contributions, except for the cases provided for by law.
11. Contributions shall be made according to the procedure and within the timeframe agreed between the partners.

Article 6 – Capital

1. A limited liability company may have subscribed capital.
2. If a limited liability company has only shares with nominal value, the amount of the subscribed capital shall be the sum of the shares with nominal value. If a limited liability company has subscribed shares with nominal value and shares without nominal value, the amount of the subscribed capital shall exceed the sum of the

shares with nominal value. If a limited liability company has subscribed only shares without nominal value, the subscribed capital may be determined in any amount.
3. The subscribed capital of a limited liability company shall be denominated in the national currency.
4. The initial amount of the subscribed capital shall be determined by the instrument of incorporation. A decision on changing the amount of the subscribed capital shall be made by the partners.

Article 7 – Managing bodies of a limited liability company
1. The bodies of a limited liability company shall be: the general meeting and the management body.
2. The bodies of a limited liability company and their members shall carry out their activities and make decisions only within the scope of authority determined by law and/or this Statute.

Article 8 – General meeting
1. All partners of a limited liability company shall have the right to participate in the general meeting, save the exceptions provided for by law.
2. If a limited liability company has a sole partner, such partner shall exercise the powers of the general meeting. A decision made within the scope of such powers shall be documented in a written form.
3. A limited liability company shall hold a regular general meeting at least once a year, not later than within six months after drawing up the annual balance sheet. The management body of a limited liability company shall be responsible for convening and holding regular general meetings.
4. The general meeting shall be held after at least 14 days from publishing by the management body a notice convening the general meeting on the authorised user's page of the electronic platform (an electronic address) and sending invitations to the partners. The place and time of holding the general meeting shall not unreasonably limit a partner's right to participate in the general meeting. A notice/invitation on convening the general meeting shall include the agenda of the general meeting. After 7 days from publishing a notice convening the general meeting on the authorised user's page of the electronic platform (an electronic address), the notice convening the general meeting shall be considered served upon a partner, unless the partner proves that (an)other partner(s) had earlier knowledge of the convening of the general meeting.
5. Partners shall have the right to request explanations from the management body for each item on the agenda and to state their requirements/opinions. If a partner's request is submitted in writing at least three days prior to the general meeting, the request shall be granted or included in the agenda as one of the items. A partner

may request, in the same manner, the inclusion/addition of items on the agenda. Refusal to provide explanations about the items on the agenda of the general meeting, or to grant a request for including other items on the agenda, shall be admissible only in the substantial interests of the limited liability company, which must be substantiated in writing.
6. An extraordinary meeting of partners may be convened by the management body, or in the case of absence of managers (because of death, resignation, other cases of termination of their office, etc.), a partner/partners who holds/hold at least 5 % of the shares or voting shares of a limited liability company.
7. A partner/partners, who holds/hold at least 5 % of the shares or voting shares of a limited liability company (initiating partner/partners), shall have the right to request the body authorised to convene a meeting under this Statute to convene an extraordinary meeting of partners. The right to request the convening of an extraordinary meeting of partners shall apply not earlier than one month after the last general meeting.
8. A request of an initiating partner/partners to convene an extraordinary meeting of partners shall be submitted in writing and shall include the items on the agenda. The content of the items shall comply with the legislation of Georgia, and the goals and nature of the activities of a limited liability company. The management body shall hold an extraordinary meeting of partners not later than three months after receiving such request.
9. If an extraordinary meeting of partners is not convened within 20 days after the submission of a request by an initiating partner/partners to convene such meeting, the initiating partner/partners shall have the right to convene the extraordinary meeting of partners, to approve its agenda and to elect the chairperson of the extraordinary meeting of partners as provided for by Article 36 of the Law of Georgia on Entrepreneurs. An extraordinary meeting of partners shall be authorised to adopt decisions if attended by the partners holding the majority of votes in the limited liability company.
10. An extraordinary meeting of partners shall be convened and held according to the procedures established by the Law of Georgia on Entrepreneurs and this Statute for general meetings.
11. The general meeting shall elect the chairperson of the general meeting. Before the election of the chairperson of the general meeting, or if the chairperson of the general meeting is not elected, the general meeting shall be chaired by a person convening it, the chairperson of the convening body or the head of the convening legal person or, if the general meeting was convened by more than one person, it shall be chaired by a person selected by casting lots from among the convening persons or the heads of the convening legal persons.

12. The decision made by the general meeting within its scope of authority shall be binding for the partners and bodies of the limited liability company.
13. The general meeting shall make decisions on the issues that fall within the scope of authority of the general meeting by law and this Statute. The authority of the general meeting may be extended based on a decision of the partners.
14. The general meeting shall decide on the approval of the work performed by a management body. The approval shall result in the waiver by a limited liability company of the right to claim compensation for damage from that body, if such right would have been evident from the thorough examination of the documents and information submitted to the general meeting.
15. If all the partners attend the general meeting and give their consent to convene the meeting and adopt a decision, the meeting may be held even if the rules for convening it, as provided for by law and/or this Statute, have not been observed. If a partner does not require the general meeting to be held at another time due to the violation of the procedure established for convening it, it shall be considered as consent from the partner.
16. The body/person convening the general meeting shall be responsible for properly convening and holding the meeting.
17. The general meeting is authorised to adopt decisions if attended by a partner/partners having a majority of votes. If the general meeting is not authorised to adopt decisions, the person convening the general meeting may reconvene the meeting according to the same procedure and with the same agenda. The reconvened meeting shall be authorised to adopt decisions irrespective of the number of attending partners with voting rights. In limited liability companies the number of votes shall be calculated according to the shares in the capital of the company.
18. The general meeting shall adopt decisions by a majority of the votes of participants in the voting, unless a greater number of votes or other additional conditions are provided for by law or this Statute.
19. The managers and other persons of a limited liability company may also be invited to the general meeting.
20. The procedure and conditions for voting and participating in the adoption of a partners' decision by a partner of a limited liability company shall be determined by this Statute and the Law of Georgia on Entrepreneurs. Such procedure and conditions shall be specified in the document on convening the general meeting or in the draft partners' decision sent to the partners.
21. A partner, who does not participate in the general meeting either personally or through a representative, may vote on an item on the agenda remotely, in writing, before the general meeting is held.
22. A vote cast via remote means by a partner attending or not attending the general meeting shall be taken into consideration only if it is possible to reliably identify the

person authorised to exercise the voting right and the respective shares. In the case of voting via electronic means of communication, such vote shall be certified by a notary public or a qualified electronic signature, as provided for by the legislation of Georgia.
23. The chairperson of the general meeting and the body convening the general meeting shall be responsible for reliably identifying a person authorised to exercise the voting right and the respective shares.
24. A partner of a limited liability company shall participate in the general meeting personally or through a representative. The power of representation (power of attorney) shall be issued in writing granting the right of representation at one or more general meetings, or for a certain period of time.
25. The body convening the general meeting shall be informed of the participation of a partner in the general meeting through a representative, and shall be provided with a respective power of attorney before the meeting or immediately upon the commencement of the meeting.
26. Within 15 days after the completion of the general meeting, the minutes of the general meeting shall be drawn up on the convening, progress and results of the meeting, which shall be signed by the chairperson of the general meeting elected by the general meeting. The chairperson of the general meeting shall be responsible for the authenticity of the minutes of the general meeting and for the accuracy of the facts specified therein. In the cases provided for by law, the minutes of the general meeting shall be drawn up and certified by a notary public. The minutes of the general meeting shall immediately be sent to the partners at the expense of the limited liability company.
27. The minutes of the general meeting shall include the following:
a) the brand name and identification number of the limited liability company;
b) the place and date and time of the general meeting;
c) a statement that the procedure for convening the general meeting was observed and that the general meeting is authorised to adopt decisions. The documents related to the above circumstances may be attached to the minutes;
d) a list and the identification data of the partners with voting rights who participated in the work of or attended the general meeting, or of other attendants, shall be included in the main document, or as an annex. In the case of representation, a written document certifying the representative powers shall be attached to the minutes, or the minutes shall include a reference to such document, if the latter is stored with other documents by the limited liability company;
e) the identification data of the chairperson of the general meeting;
f) the agenda of the general meeting;
g) a decision adopted by the general meeting, which shall include the voting results;

h) if a participant in the general meeting has a different opinion or any objection with regard to the decision made at the general meeting, the identity of such participant and the contents of the objection shall be stated, if the participant demands his/her opinion/objection be included in the minutes.

Article 9 – Scope of authority of the general meeting

1. The following issues require a decision by the partners:
a) the approval of financial reports;
b) the distribution of the assets of the limited liability company among its partners;
c) the acquisition of shares by the limited liability company in its own capital;
d) changes in rights depending on shares and classes of shares;
e) the expulsion of a partner from the limited liability company;
f) the withdrawal of a partner from the limited liability company;
g) the appointment of a manager, the conclusion of a service agreement with a manager, and the dismissal of a manager;
h) the establishment of the supervisory board;
i) the approval of the reports of the manager/management body;
j) participation in court proceedings against a member of the management body/manager (including the appointment of a representative in the proceedings);
k) the reorganisation of the limited liability company;
l) the winding-up of the limited liability company;
m) amendments to the instrument of incorporation/the adoption of a new Statute of the limited liability company.
2. The partners' decision shall be adopted by more than half of the votes of the participants in the voting, unless otherwise provided for by this Statute. The number of partners' votes shall be calculated according to their shares in the capital of the limited liability company.
3. Amendments to the instrument of incorporation/a new Statute of a limited liability company shall be adopted by a majority of three quarters of the votes of participants in the voting.
4. A decision related to a change in the rights attached to any class of shares (if any) (including any change in the procedure for exercising rights) shall additionally require the consent of at least three quarters of the total votes related to the class of subscribed shares subject to the change.
5. If, according to a decision to be made, a partner is exempted from the obligation undertaken to a limited liability company, or if the extent of a partner's obligation is reduced, or a decision concerns entering into a transaction with a partner or filing a lawsuit against a partner, or a conciliation, or a renunciation of a lawsuit, such partner may not vote on that issue. Moreover, a partner shall not have the right to vote on

behalf of another partner, unless the latter partner's power of attorney is related to that issue.
6. The decision/minutes of the general meeting shall be valid if:
a) the general meeting has been convened by an authorised body/person according to the procedure established by law and this Statute;
b) the minutes of the general meeting have been certified according to the procedure established by law;
c) a written notice published on the authorised user's page of the electronic platform/an invitation sent to the partners on convening the general meeting contains the agenda of the general meeting, the brand name of the limited liability company, and the place, date and time of the general meeting;
d) the procedure for serving upon the partners a notice on the decision to convene the general meeting has been observed;
e) the matter to be discussed at the general meeting falls within the scope of authority of the general meeting;
f) the decision to amend the instrument of incorporation/to adopt a new Statute does not contravene law;
g) the decision does not contravene provisions of law whose primary purpose is the protection of creditors' rights;
h) the decision does not contravene public order or moral standards.
7. The decision/minutes of the general meeting may be appealed in court.
8. Managers shall immediately submit to the registration authority a legally effective court decision on invalidating a decision of the general meeting, if registration has already been effected on the basis of an appealed decision of the general meeting.
9. Managers shall immediately publish information on the court decision concerning the invalidity of the decision of the general meeting, or a part of it, on the website of the limited liability company, or otherwise inform the partners in this regard.

Article 10 – Management body
1. A limited liability company shall be managed and represented as against third parties by the management body, which comprises one or more managers. If there are several managers, appropriate provisions of the Law of Georgia on Entrepreneurs regarding the bodies of a joint-stock company shall apply. A manager may be both a natural and a legal person. The representative powers of the management body may not be limited in relations with third parties.
2. When exercising management and representative powers, a manager shall comply with the partners' decisions.
3. A manager is authorised to make decisions on all issues which, under law or this Statute, do not fall within the authority of the partners. In addition, the general

meeting is authorised to make decisions on any issue by a majority of three quarters of the votes of participants in the voting.
4. The nature of the relationship with and the remuneration of a manager shall be determined by the Law of Georgia on Entrepreneurs and a service agreement, which is concluded with the manager by the general meeting.
5. In the case of death, resignation or termination by other means of the powers of a manager, the partners shall elect a new manager within one month.
6. If, at the time of entering into an agreement, a contracting party knew of the limitation of the powers of the management body of a limited liability company, the limited liability company shall have the right to challenge the validity of the agreement. The same shall apply if a person with representative powers and a contracting party intentionally act jointly to cause damage to the company, to which end the person with representative powers acts.
7. If the management body comprises several members, they shall, by a majority of votes, elect the chairperson of the management body from among its members, who shall carry out the organisational administration of the collegiate management body, unless otherwise provided for by law. If candidates obtain equal votes, the chairperson of the management body shall be elected by casting lots.
8. A meeting of the collegiate management body shall be authorised to adopt decisions if attended by a majority of its members. If the meeting is not attended by the chairperson of the management body, the attending members shall elect the chairperson of the meeting by a majority of votes. The management body shall adopt decisions by a majority of votes of the members attending the meeting. If, in the decision-making process, the votes are equally divided, the vote of the chairperson of the management body/chairperson of the meeting shall be decisive, unless otherwise provided for by law.
9. If the general meeting fails to appoint a member of the management body, and this poses a significant threat to the operations of the limited liability company, on the basis of an application of one of the partners or creditors, the court may appoint an acting member of the management body for a period that is necessary for the general meeting to appoint a new member.
10. A manager of a limited liability company shall be appointed and may be dismissed by the general meeting.
11. A manager shall be appointed for a maximum term of three years, with the right to reappointment. If, after the expiry of the said period, a new term of office of the manager or the replacement of the person with management and representative powers is not registered as provided for by law, the term of office of the registered manager shall be considered extended for an unlimited period of time.
12. The term of office of the chairperson of the management body shall not exceed his/her/its term of office as a member of the management body.

13. The general meeting shall be authorised to dismiss a manager at any time, without stating the reason therefor. Any agreement that contradicts this provision shall be void.
14. A manager shall have the right to resign. In that case, the manager shall comply with the requirements and procedures determined by the service agreement concluded with the limited liability company, and the applicable legislation.

Article 11 – General principles of managing a limited liability company
1. A manager shall conduct the business of the limited liability company legitimately and with the diligence of a manager in good faith, in particular, he/she/it shall take care as an ordinary person of sound mind under similar circumstances would take care/act, in the belief that his/her/its actions are in the best economic interests of the limited liability company.
2. A manager shall be liable to the limited liability company for any damage incurred as a result of his/her/its culpable failure to fulfil the duty of good faith. The manager's liability for intentional failure to fulfil the duty of good faith may not be limited.
3. The management body, another manager, or in the cases and according to the procedure provided for by law, each partner, shall have the right to claim compensation for any damage inflicted by a manager on the limited liability company.
4. A manager shall be exempted from liability if he/she/it is carrying out a decision of the general meeting, unless he/she/it has contributed to the decision of the general meeting by providing incorrect information, or if he/she/it knew that such decision would result in damage, and failed to notify the general meeting thereof before making or carrying out the decision.
5. If a transaction value exceeds 50 % of the book value of the assets of the limited liability company, the transaction shall be approved by the general meeting.
6. If a limited liability company is insolvent or at the risk of insolvency, a manager shall, without culpable delay but not later than three weeks from the moment the limited liability company becomes insolvent, file an application for insolvency according to the procedure established by the Law of Georgia on Rehabilitation and the Collective Satisfaction of Creditors' Claims. The application for insolvency shall not be considered to be culpably delayed if the manager duly fulfils the duty of care.
7. There is no violation of the duty of care, and a manager is not obliged to compensate for any damage incurred by the limited liability company as a result of his/her/its business decision, if the manager could have reasonably believed that he/she/it made the business decision on the basis of sufficient and reliable information, in the interests of the limited liability company, independently, and without any conflict of interest or another person's influence. The above provision shall not apply if a business decision is made in violation of the duties provided for by law or this Statute.

8. Without the consent of a limited liability company, a manager shall not have the right to carry out the same activities that are carried out by the limited liability company, or to be a manager of another company operating in the same field. Under the service agreement concluded with a manager, the above obligation may remain in force even after the dismissal of the manager, but for not longer than three years. Compensation may be provided for the violation of the said obligation. The amount and the procedure for payment of the compensation shall be determined by the service agreement or an additional agreement between the parties. In the case of a violation of the rules on prohibition of competition, a limited liability company may require from the violator, in addition to compensation for the damage incurred by the limited liability company, that he/she pay an agreed penalty. Instead of the compensation for damage, a limited liability company may require from a violator that he/she transfer to the limited liability company any profit earned from the transactions conducted on behalf of the violator or a third party, or to cede the right to earn such profit. Such right may be exercised by the management body, another manager, or in the cases provided for by law, by each partner.
9. In the case of a limited liability company, the consent to carry out the activities determined by paragraph 8 of this article may be given by the general meeting. The consent may be given for general as well as specific activities, and/or types of transaction, and participation in the company. Such consent shall not be unreasonably withheld. The consent for any activity shall be considered given if, at the time of the appointment of a manager of the limited liability company, the partners knew that the manager of the limited liability company was carrying out such activity but they did not require him/her/it to stop.
10. Without the prior consent of a limited liability company, a manager shall not have the right to take advantage, for personal benefit or for the benefit of other persons than the limited liability company, of business opportunities related to the field of activities of the limited liability company, which he/she/it became aware of while performing his/her/its official duties or on account of his/her/its position, and which may reasonably have been a subject of interest for the limited liability company. The prior consent of a limited liability company shall not be required if the general meeting has already discussed such opportunities and refused to take advantage of them. The above obligation shall remain in force for not more than three years after the dismissal of a manager. The service agreement concluded with the manager may provide for a shorter period. Prior consent to take advantage of the business opportunity may be given by the general meeting.
11. If the rule of prohibition of misappropriation of business opportunities is violated, a limited liability company may require from the violator compensation for any damage (including lost profits) incurred by the limited liability company as a result of such violation. Instead of the compensation for damage, a limited liability company

may require from a violator that he/she transfer to the limited liability company any profit earned from the transactions conducted on behalf of the violator or a third party, or to cede the right to earn such profit. Such right may be exercised by the management body, or in the cases provided for by law, by each partner.
12. If an obligation is not fulfilled as a result of any action or omission of more than one manager, they shall be jointly and severally liable to the limited liability company.
13. The general meeting may decide to waive or settle a claim in respect of damage inflicted on the limited liability company by a manager, unless such decision is objected to by partners holding at least 10 % of votes. A manager shall also be exempted from liability for the damage incurred by a limited liability company if, by his/her/its actions, the manager was fulfilling a decision of the general meeting. A manager, whose exemption from liability for damage incurred by the limited liability company is being discussed, shall not participate in the voting on that issue.
14. The liability of a manager for damage incurred by a limited liability company as a result of his/her/its deliberate failure to perform his/her/its duties may not be excluded from a service agreement concluded with the manager.

Article 12 – Withdrawal of a partner

1. A partner shall have the right to withdraw from a limited liability company if the actions of the management or other partners of the limited liability company significantly prejudice the partner's interests, or there exist the following significant grounds:
a) the subject of the activities of the limited liability company has been significantly changed;
b) the limited liability company has not distributed dividends for the past three years despite the fact that its financial standing allowed for same;
c) the limited liability company has made a decision related to a change in the classes of shares (if any) as provided for by the Law of Georgia on Entrepreneurs;
d) the other partners made a decision on the obligation to make additional contributions, which applies to that partner as well.
2. If the circumstances determined by paragraph 1 of this article came about on the basis of a decision of the partners, a partner may withdraw from a limited liability company only if he/she/it did not vote in favour of that decision.
3. A partner shall inform in writing a limited liability company of his/her/its withdrawal from the limited liability company and the reasons for such withdrawal. Upon the receipt of such notice, the management body of a limited liability company shall notify the other partners of the withdrawal of the partner from the limited liability company, after which the partners shall make a decision on giving their consent to the withdrawal of the partner from the limited liability company, the transfer of the partner's shares to the limited liability company, the distribution of the partner's

shares proportionally among the other partners, or the cancellation of the partner's shares.
4. If, within 30 days after receiving a notice, the partners fail to make the decisions determined by paragraph 3 of this article, or by their decision, refuse to give consent to the withdrawal of a partner from a limited liability company, the management body shall immediately notify the partner withdrawing from the limited liability company. If, within 30 days after receiving a notice, the management body fails to notify the partner withdrawing from a limited liability company of any decision made by the partners, it shall be considered that the partners have refused to give their consent to the withdrawal of the partner from the limited liability company.
5. The value of the shares of a partner withdrawing from a limited liability company shall be established by an agreement between the parties, or if they fail to agree, by an independent auditor appointed by the parties. If the parties fail to agree on the candidate of an independent auditor, the independent auditor shall be appointed by a court on the basis of an application of one of the parties.
6. The parties shall equally share the expenses for the services of an independent auditor, and they shall be jointly and severally liable to the independent auditor for the payment for his/her/its services, unless otherwise provided for by an agreement between the parties.
7. A decision on the withdrawal of a partner from a limited liability company shall be made by a court based on the partner's application, if the circumstances referred to in paragraph 1 of this article exist. Such application may be submitted within 30 days after the partners make a decision under paragraph 4 of this article, or if such decision is not made, within 30 days after the 30-day timeframe expires without any results. A court shall also determine the value of the shares of a partner withdrawing from a limited liability company and the timeframe for the payment of consideration to the partner for his/her/its shares, which shall not exceed 30 days after the court decision enters into force.
8. Partners withdrawing from a limited liability company shall be paid consideration for their shares:
a) within 15 days after the parties agree on the amount of consideration, unless the parties agree on a different timeframe;
b) within 30 days after an independent auditor submits his/her/its written report to the parties;
c) within the timeframe determined by a court.

Article 13 – Expulsion of a partner
1. If there are significant grounds, a court may make a decision on the expulsion of a partner from a limited liability company on the basis of a lawsuit of the limited liability company, filed by a decision of the partners.

2. There are significant grounds if the actions of a partner significantly prejudice the interests of a limited liability company, or if the continuation of such person as a partner prejudices the further activities of the limited liability company, or if the partner has been warned in writing by the limited liability company to stop the actions prejudicing the interests of the limited liability company and of possible expulsion, but such warning was not complied with.
3. The partners' decision referred to in paragraph 1 of this article shall be made by a majority of votes of the participants in the voting, but by not less than the half of the total shares of a limited liability company, which grant the right to participate in the voting for that matter. In that case, the partner against whom the decision is to be made shall not have a voting right. If a limited liability company has two partners, the decision shall be made by the other partner in writing. The decision shall be certified in accordance with the applicable legislation.
4. A limited liability company may file a lawsuit to a court under paragraph 1 of this article within 30 days after the partners adopt a respective decision.
5. A court may, upon the request of a limited liability company, suspend the voting right or other non-property rights of a partner until a final decision is made on the case.
6. If a court makes a decision on the expulsion of a partner from a limited liability company, the decision shall be submitted for registration.
7. A decision on the transfer of the shares of an expelled partner to the remaining partners proportionally shall be made by the general meeting.
8. A partner expelled from a limited liability company shall be paid a fair price for his/her/its shares as provided for by the Law of Georgia on Entrepreneurs.

Article 14 – Winding-up and reorganisation of a limited liability company

1. The following shall be the grounds for the winding-up of a limited liability company:
a) a decision of the partners of the limited liability company on the winding-up of the limited liability company;
b) a violation of the requirements of law regarding the mandatory number of partners of the limited liability company;
c) the entry into force of a court judgment in a criminal case concerning the liquidation of a legal person;
d) a court decision on the winding-up of the limited liability company based on an application/lawsuit of a partner of the limited liability company.
2. The winding-up of a limited liability company shall be carried out according to the procedure established by the Law of Georgia on Entrepreneurs.
3. Where there are significant grounds, a limited liability company may be wound up by a court decision on the basis of a partner's application/lawsuit. Significant grounds exist if one of the partners has violated, intentionally or by gross negligence, any

significant obligation imposed on him/her/it by law or this Statute, or if the partner no longer fulfils his/her/its duties and the goals of the limited liability company can no longer be achieved.
4. A partner may redeem through a court, at a fair price, the shares of a partner who has filed to the court an application for the winding-up of a limited liability company, within 30 days after such application has been filed. In that case, each partner shall be allowed to participate in the redemption of the shares in proportion to their shares, unless the other partners have agreed on a different procedure for distributing the shares.
5. A limited liability company may be reorganised in the following forms:
a) the conversion of the limited liability company;
b) the merger with another company (a merger by acquisition or a merger by the formation of a new company);
c) the division of the limited liability company (division or separation).
6. The reorganisation of a limited liability company shall be carried out according to the procedure established by the Law of Georgia on Entrepreneurs.
7. The rights and obligations of the partners as provided for by the Law of Georgia on Entrepreneurs shall be taken into consideration in the process of winding-up and reorganisation of a limited liability company.
8. The liquidation of a limited liability company shall be jointly administered by its managers, who shall be appointed as liquidators, unless a decision of the general meeting provides for the appointment of other persons as liquidators.
9. The liquidators shall immediately notify the creditors of the winding-up of a limited liability company by publishing an appropriate announcement on the authorised user's page of the electronic platform (an electronic address) of the registration authority or on their websites, and invite them to submit their claims.
10. A liquidator shall meet the requirements set out for the managers of a company.
11. The general meeting shall be authorised to dismiss a liquidator at any time, unless the liquidator is appointed by a court.
12. A manager shall submit an application to the registration authority for the registration of liquidators with the Registry of Entrepreneurial and Non-entrepreneurial (Non-commercial) Legal Entities. A partner shall also have the right to submit such application to the registration authority. A document on the appointment or dismissal of a liquidator and on the liquidator's powers, certified in accordance with the legislation, a specimen signature of the liquidator, and if the liquidator is not a manager, the consent of the liquidator, shall be attached to the application. In the case of any change of liquidators or their powers, the liquidators shall submit an application for the purpose of registration of the changes with the Registry of Entrepreneurial and Non-entrepreneurial (Non-commercial) Legal Entities.

13. When carrying out activities related to liquidation, liquidators shall have the same rights and obligations as managers, except for the prohibition of competition. The duty of care in special circumstances shall apply to liquidators. The liquidators are obliged to finish current operations, sell assets and cover the obligations of the limited liability company. Liquidators shall have the right to enter into new transactions, if they are necessary for liquidation.
14. The assets of a limited liability company that goes into liquidation shall be distributed among its partners based on the rights attached to their shares.
15. If contributions were not made in full, initially the contributions or their equivalent value shall be returned, and the remaining assets shall be distributed based on the rights attached to the partners' shares.
16. If the assets are not enough to return the contributions, the remaining assets shall be distributed based on the rights attached to the shares, or where the contributions were not made in full, in proportion to their paid-up portions.
17. The assets of a limited liability company may be distributed only after five months from covering the liabilities of the limited liability company and publishing an announcement on the winding-up of the limited liability company. Based on a court decision, the assets of a limited liability company may be distributed after three months from publishing an announcement on the winding-up of the limited liability company, if there is an independent auditor's report to the effect that all liabilities have been covered, and in the current circumstances, the distribution of assets does not prejudice the rights of third parties.
18. If known creditors fail to submit their claims, the assets of a limited liability company may be distributed only after depositing the equivalent value of their claims in the deposit account of a court or a notary public.
19. If a claim is disputable or has not matured, the assets may be distributed only if a creditor is offered a security equivalent to the claim.
20. A limited liability company which is wound up on the basis of the partners' decision may continue to exist if so decided by the general meeting by a majority of three quarters of the votes of the participants in the voting, and if the distribution of the assets of the limited liability company among the partners has not begun.
21. A decision on a wound up limited liability company continuing its existence shall be submitted to the registration authority by the liquidators for registering with the Registry of Entrepreneurial and Non-entrepreneurial (Non-commercial) Legal Entities. The liquidators shall also prove that the distribution of the assets of the limited liability company among the partners has not begun.
22. A decision on a wound up limited liability company continuing its existence shall enter into force only after its registration with the Registry of Entrepreneurial and Non-entrepreneurial (Non-commercial) Legal Entities.

23. Complete distribution of the assets of a limited liability company shall result in the completion of its liquidation. The company liquidation proceedings shall be completed not later than four months after the registration of the commencement of its liquidation, or if the timeframe for a tax audit has been extended, not later than one month after the registration authority receives information on the completion of the tax audit.
24. The liquidators shall apply to the registration authority with a request to register the liquidation, on the basis of which the registration authority shall revoke the registration of the limited liability company.

Article 15 – Accounting, reporting and audit

1. Accounting, and the preparation, submission and audit of financial statements of a limited liability company, shall be carried out in accordance with the Law of Georgia on Accounting, Reporting and Audit.
2. The participation of the partners and the members of the management body of the limited liability company in the audit shall not compromise an auditor's independence and objectivity.
3. The managers of a limited liability company shall be jointly responsible for the preparation and submission of financial statements in accordance with the Law of Georgia on Accounting, Reporting and Audit.

Article 16 – Final Provisions

1. This Statute may be amended by the Minister of Justice of Georgia. In the case of any discrepancy between the Law of Georgia on Entrepreneurs and this Statute, the former shall prevail.
2. The declaration of any provision of this Statute as invalid shall not affect the validity of other provisions of this Statute.