

## KANJIINI CO-OP LTD. TYPES OF SHARES

Kanjini Co-Op have a tiered Share structure. Shares can be paid off after a minimum deposit.

### STATEMENT OF THE RIGHTS AND LIABILITIES ATTACHING TO SHARES UNDER THE COOPERATIVES ACT 1997 AND THE RULES OF THE COOPERATIVE

Each member can hold only one full share or one foundation share or one introductory share.

Share	Cost	Voting	Liabilities & Conditions	Rights & Benefits	Dividends
<b>Full Share</b>	\$ 100,000  Can be paid off after a deposit of \$20,000.- (Interest payable on outstanding balances)	Full Voting rights	Annual membership levy: \$1100  <u>Maintain active membership</u>  Contribute labour as per <u>Labour and Food Schedule</u> (only when residing on Co-Op land)  Must be at least 18 years of age	Right to reside in any class of accommodation at minimal cost - maintenance contribution.  <u>(see maintenance contribution schedule)</u>  Ability to sell/trade share as described in s18 Rules	Receives dividends for paid up value, which can be used by members to pay up shares
<b>Foundation Share</b>  There are only eleven foundation shares available.	\$100,000  Can be paid off after a deposit of \$20,000.- (Interest payable on outstanding balances)	Full Voting rights  The prior approval in writing by at least 72% of active members who hold a foundation share is required before the board can seek the Registrar's approval of draft documents for a change of rules, winding up, takeover or merger of the cooperative.	This class of share has all of the liabilities of a full share. The special voting right is transferable onto any other full shareholder. If a foundation share holder has not transferred this right before her/his death or as part of her/his will, the general meeting will assign this right to another full share holder. No allocation of bonus investment shares are associated with this voting right and it's transfer.	This class of share has all of the rights and benefits of a full share. To acknowledge their contribution in forming the cooperative, foundation shareholders will receive non-specific bonus shares to the value of 15% of the part of their share that is paid up within three weeks of the acceptance of their membership application. These bonus investment shares will be issued only once the cooperative can issue sufficient bonus shares under [s 266(1)(b) and s 273 of the act]. See 1.1.b.4 in Schedule 1 of the rules for limitations on trading those bonus shares.	Receives dividends for paid up value, which can be used by members to pay up shares.

<p><b>Introductory Share</b></p> <p>This class of share is for people who intend to acquire, but do not have the deposit for a full share and are willing to work towards that aim.</p>	<p>\$ 10,000</p> <p>Can be paid off after deposit of \$2,000</p> <p>Interest payable on outstanding balances</p> <p>Non-refundable, but can be converted to deposit for full share.</p>	<p>An Introductory share holder is an in-active member and as such has no voting rights until he/she becomes a full share holder (see 5. (1) (a) Rules).</p>	<p>Annual membership levy: \$550</p> <p>Maintain <u>active membership</u></p> <p>Contribute labour as per <u>Labour and Food Schedule</u> (only when residing on Co-Op land)</p> <p>Must be at least 16 years of age</p> <p>Introductory shareholders cannot be directors and/or office holders.</p> <p>This share cannot be sold or transferred and expires after 33 months.</p>	<p>Introductory shares give the right to live on Co-Op land in accommodation at minimal cost - maintenance contribution.</p> <p>(see <u>maintenance contribution schedule</u>)</p> <p>Before this type of share expires, the shareholder can elect to have the share value converted towards a deposit for a full share.</p> <p>If the share holder wishes to withdraw or is asked to leave, (s)he might apply for a refund, which cannot exceed the paid up value of the share minus any rent saved as compared with a visitor. The Co-Op can defer or refuse such refund if it would have to borrow money to do so.</p>	<p>This share does not earn any dividends</p>
<p><b>Investment shares</b></p>	<p>Capital cost per investment share \$500</p> <p>Only paid-up full members and foundation members can purchase additional investment shares</p>	<p>No additional voting rights</p>	<p>No annual fee</p> <p>The only limit to the number of investment shares a member can hold is that no member can hold more than 20% of the Co-Op's total issued share value.</p> <p>Can be project targeted or non-specific or self-interest (see below table for more details).</p> <p>This class of shares must be paid in full</p>	<p>Ability to sell or trade the share as described in s18 Rules</p>	

<b>Types of Investment shares</b>	
- Project targeted	If a project is funded by targeted investment shares only, 1/3 of net returns (profits) are divided pro-rata to those investment shares targeting the project, 1/3rd goes to all shares (all paid up portions of full shares plus all investment shares), 1/3rd goes to the Co-Op.
-Non-specific	Non-specific investment share values will be doubled for dividend purposes (so a non-specific investment of 10,000 dollars will be treated as 20,000 dollars for dividend calculation purposes)
-Self-interest	If a project is of self-interest (eg fixed asset to the members living space) the investment shares will not receive any dividends as long as they are used by that shareholder. Whenever the project becomes income producing for the Co-Op (for example if the share-holder is on holidays and this house is used by visitors or other membes), project targeted dividends will be paid on those shares. Ability to sell or trade the share as described in s18 Rules
<b>Please Note:</b>	If a project is funded by Co-Op funds, 1/2 of the profits go to all shareholders (all paid up portions of full shares plus all investment shares), the remaining 1/2 goes to the Co-Op budget.

**Please Note:** The capital cost and value of all shares will be increased each year by the CPI of the previous financial year.

### **Labour Contribution**

Each member (including those in their acceptance period) living on Co-Op land is required to contribute ten hours/week.

Part time residents are to contribute proportionally, however for full members this is accounted for on a yearly basis for more flexibility.

### **Active Membership Requirements**

To maintain active membership of the cooperative, a member shall:

1. Hold a minimum of one Full or Foundation share
2. Pay an application fee as outlined in the Disclosure Statement
3. Commit to pay Annual Subscription levy as outlined in the Disclosure Statement
4. Keep up to date with payments due
5. Commit to provide labour as per Labour and Food schedule
6. Commit to Maintenance Contribution agreements as per Maintenance Contribution Schedule
7. Provide a proxy when required
8. Commit to abide by the rules
9. Provide valid contact details to the Co-Op at least once a year
10. Adhere to the Conflict Resolution Policy (Disclosure Statement Annexure)
11. Abstain from stealing and/or physical violence on any property owned or leased by Kanjini Co-Op
12. Commit to participate in the equivalent of a one week residential workshop with all members once a property has been purchased  
or commit to a three month trial period.

### **RIGHTS ATTACHING TO SHARES**

#### **1 Nature of shares in the cooperative**

A share in the cooperative is personal property; and is transferable or transmissible as provided by the Act and the rules of the cooperative; and is, subject to the rules of the cooperative, capable of devolution by will or by operation of law. (s142)

**2 Cancellation of membership** of an inactive member and forfeiture of shares held under Part 6 of the Act or resignation of a member under rule 20(4). On the cancellation of membership of an inactive member under part 6, shares are to be forfeited and within 1 year after the date of cancellation, the amount owing including any amount paid up for shares forfeited is to be – paid to the former member; or required by the rules of the cooperative. (s70) [rules 7, 14 and 71].

#### **3 Charge over shares**

The shares are subject to a charge by the cooperative in relation to any debt payable by a member or former member to the cooperative. (s75) [rule 26]

#### **4 Calls on shares**

The board may make calls on the members for amounts unpaid on the shares (whether on the nominal value of the shares or by way of premium). (s145(2))[rule 15] Where calls are unpaid the shares are liable to be forfeited. [rule 21]

#### **5 Forfeited shares**

A person whose shares have been forfeited under the rules remains liable to pay to the cooperative all amounts which (as at the date of forfeiture) were payable by the person to the cooperative for the shares. This is apart from calls in default. [rule 22]

#### **6 Forfeiture for non-payment of subscription**

The shares of a member whose periodic fee (subscription) under rule 7 has not been paid may be forfeited by resolution of the board. [rule 23]

#### **7 Additional shares**

The board may require a member to take up or subscribe for additional shares under a proposal approved by the members by special resolution. (s149) [rule 13(5)]

#### **8 Winding-up membership cancellation**

A former member of the cooperative who had their membership cancelled under part 6, within 2 years before the start of a winding-up of the cooperative, shall be liable on the winding-up to contribute to the property of the cooperative the nominal value of shares forfeited under that cancellation. (s314(1))

#### **9 Winding-up share repurchase**

If a member had a share repurchased or the whole or part of the amount paid up on a share repaid by the cooperative under section 170, within 2 years before the start of a winding-up of the cooperative the member or former member shall be liable on the winding-up to contribute to the property of the cooperative the amount paid by the cooperative together with any amount unpaid on the shares immediately before the purchase or repayment. (s314(2)).