

Kanjini Co-Op Ltd

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
Full Share	Nominal value \$ 100,000 Can be paid off after a deposit of 20% (Interest payable on outstanding balances)	Full Voting rights See s38(8)	Annual membership levy: \$1000 Maintain active membership Contribute labour as per Labour and Food Schedule (only when residing on cooperative land) Must be at least 18 years of age	Right to rent any class of accommodation at minimal rent. (see rent schedule) 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
Foundation Share	Nominal value \$100,000 There are only eleven foundation shares available.	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	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.	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	Receives dividends for paid up value, which can be used by members to pay up shares

approval of draft documents for a change of rules, winding up, takeover or merger of the cooperative.

No allocation of bonus investment shares are associated with this voting right and it's transfer

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

Introductory Share	Nominal value \$ 10,000	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).	Annual membership levy: \$500 Maintain active membership Contribute labour as per Labour and Food Schedule (only when residing on cooperative land) Must be at least 16 years of age Introductory shareholders cannot be directors and/or office holders. This share cannot be sold or transferred and expires after 33 months.	Introductory shares give the right to live on cooperative land at reduced rent. (see rent schedule) Before this type of share expires, the shareholder can elect to have the share value converted towards a deposit for a full share. 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 cooperative can defer or refuse such refund if it would have to borrow money to do so.	This share does not earn any dividends
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.	Can be paid off after deposit of 20% Interest payable on outstanding balances Non-refundable, but can be converted to a deposit for a full share.				
Investment shares	Nominal value per investment share \$500	No additional voting rights	No annual fee The only limit to the number of investment shares a member can hold is that no member can hold more than 20% of the cooperative's total issued	Ability to sell or trade the share as described in s18 Rules	see under Types of Investment shares below
Only paid-up full and foundation members can	Must be paid in full				

purchase
additional
investment
shares

share value.

Can be project targeted or non-specific
or self-interest (see below table for
more details).

Types of Investment shares

- Project targeted** If all or part of a specific project is funded with the help of project targeted investment shares, an equivalent portion of net returns (profits) of that project will be distributed as follows, unless a general meeting decides on a different arrangement: one third is kept by the cooperative and two thirds are paid as dividends to the project targeted shares associated with that specific project.
Project targeted shares will also receive general dividends.
 - 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 cooperative (for example if the shareholder is on holidays and this house is rented), project targeted dividends will be paid on those shares.
Ability to sell or trade the share as described in s18 Rules
- Please Note:** If a project is funded by cooperative funds, 1/2 of the profits go to dividends (towards all paid up portions of full shares plus all investment shares), the remainder goes to the cooperative.

Please Note: Shares may be issued and/or traded at a premium and the board may increase the premium on 1st October each year by the CPI of the previous financial year, and/or at any other time and by any other premium as the board may decide from time to time. [s147]

Interest earned before Property Purchase

Interest earned on members paid-up share capital until the cooperative purchases its first property will be paid as dividends to those members within one month of the property purchase (proportional to time and amounts paid).

Labour Contribution

Each member (including those in their acceptance period) living on cooperative 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 schedule 1
3. Commit to pay annual subscription levy as outlined in schedule 1.
4. Keep up to date with payments due
5. Commit to provide labour as per Labour and Food schedule (Disclosure Statement Annexe)
6. Commit to rental agreements as per Rent Schedule (Disclosure Statement Annexe)
7. Provide a proxy when required
8. Commit to abide by the rules
9. Provide valid contact details to the cooperative at least once a year
10. Adhere to the Conflict Resolution Policy (Disclosure Statement Annexe)
11. Abstain from stealing and/or physical violence on any property owned or leased by the cooperative
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

- where the board considers repayment would adversely affect the financial position of the cooperative or the board and former member agree, applied as
- a donation if the former member consents in writing, or
- an issue of debentures for up to 10 years until repayment would not adversely affect the financial position. (s125 - 135) [rule 20]

A member may cease his or her membership by service of written notice to the secretary of the member's resignation from membership and the amounts due in respect of member's share are to be repaid to the member in a way adopted for repayment for forfeited shares under section 132 of the Act. [rule 20(4)]

3 **Entitlements of former members**

A former member whose shares have been forfeited under Part 6 of the Act shall have entitlements under division 5 of Part 6 in respect of

- certain share offers under section 283(1)(a), (b) or (c);
- the purchase of all of the shares in the cooperative;
- the cooperative becomes registered as a company; or
- the cooperative winds up,
within a 5 year period of the forfeiture of shares (s137).

A former member is taken to be a member for any distribution from the reserves of the cooperative that takes place within 5 years after the person's membership was cancelled under Part 6. (s140)

4 **Dividend**

A member is entitled to a limited dividend for the shares held if a dividend is declared. (s266) (rule 67)

5 **Expulsion**

In the case of expulsion, within 1 year after the day of expulsion, the amount paid up on the shares or a proportional reduction where the balance sheet discloses a loss or deficiency less any amount owed by the former member to the cooperative is to be -

- repaid to the former member; or
- where the board considers repayment would adversely affect the financial position of the cooperative or the board and former member agree, applied as
- a donation if the former member consents in writing, or

- an issue of debentures for up to 10 years until repayment would not adversely affect the financial position. (s76) [rule 9]

6 **Sale of shares and share transfers**

A share can be sold or transferred in accord with the Act and the rules of the cooperative. (s166) [rules 17-19, 24, 27-29]

7 **Purchase and repayment of shares**

Subject to section 170 of the Act, a share may be repurchased from a member by the cooperative at the request of the member or the cooperative may repay the amount paid up on any share when the amount is not required for the activities of the cooperative with the member's consent. This does not apply where the cooperative is insolvent or is likely to be insolvent because of the repurchase or repayment. (s170) [rule 17]

8 **Certificate of shares**

A member is entitled to a certificate specifying the number of shares held and the amount paid up. [rule 16]

9 **Share offer**

In the instance of an offer made under section 283(1)(a) to (d) all shares must be treated equally irrespective whether the holder is an active or inactive member. (s285)

10 **Conversion**

For a transfer of the cooperative to a new body having a share capital, the transfer must result in every member of the cooperative at the date of transfer who held shares in the cooperative being the holder of shares in the capital of the new body equal in number and nominal value to the shares held by the member as a member of the cooperative. (s303(2))

11 **Winding-up**

In the case of a winding up of the cooperative after the satisfaction of all debts and liabilities (including the refund of the amounts paid up on the shares at their current cost value) any property shall be distributed among the members in proportion to member's shareholdings. (s308) [rule 70]

LIABILITIES ATTACHING TO SHARES

1 **Liability**

A member is liable for the amount, if any, unpaid on the shares held together with any charges payable by the member to the cooperative as

required by the rules of the cooperative. (s70) [rules 7, 14 and 71]

2 **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]

3 **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]

4 **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]

5 **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]

6 **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)]

7 **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))

8. **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))