

## Notice of Special Resolution.

### Seeking increase in repurchase of share threshold for 2019-20.

Dear Shareholder Member,

I, Allan Gordon, Co-operative Secretary for the Hastings Co-operative Limited hereby give notice to all active shareholder members of a "Notice of Special Resolution" to;

**'Grant the Board authority to exceed the 5% (of the nominal capital) threshold\*, with respect to the repurchase of shares for the 2019-20 financial year provided the total payment back to shareholders does not;**

- a. **Exceed 15% of the nominal capital as at the 1<sup>st</sup> July 2019.**
- b. **Does not impact negatively on the ability of the Co-operative to meet its operating and capital cash flow requirements.**

*The Special resolution will therefore be;*

*"It is resolved the amount eligible to be paid to shareholders seeking a repurchase of their shares for the 2019-20 financial year be set to a maximum limit of;*

***15% of the nominal capital as at the 30<sup>th</sup> June 2019 – That amount being \$257,258.00."***

In accordance with Section 239 (3) of the *Co-operatives (Adoption of National Laws) Act 2012* the following is advised;

- (a) The special resolution will be conducted by postal and electronic ballot and will require two thirds of those eligible to vote, who cast a valid vote, to pass the resolution for it to have effect. The ballot is open to all active shareholder members of the Hastings Co-operative Limited and will be open from the Monday the 14<sup>th</sup> October 2019 until 12 noon Wednesday the 13<sup>th</sup> November 2019. Mr Allan Gordon, Co-operative Secretary has been appointed the returning officer for the ballot.
- (b) A special resolution is required as the *Co-operatives (Adoption of National Laws) Act 2012* does not allow a co-operative to repurchase more than 5% of its nominated capital, together with any new capital accepted within any one financial year.
- (c) The effect of the change is disclosed in the enclosed document "Effect of Special Resolution"

Further information can be obtained by contacting the Co-operative Secretary on 02 65 888 999 or by emailing [secretary@hastingscoop.com.au](mailto:secretary@hastingscoop.com.au)



Allan Gordon  
Co-operative Secretary  
1st October 2019

\*Section 107 (2)(a) of the Co-operatives (Adoption of National Rules) Act 2012

## **Effect of Special Resolution and How to Vote Instruction Sheet**

You are being asked to vote on one special resolution as part of this year's Annual General Meeting. The notes below explain why this resolution is required. If you have any questions in relation to this special resolution, please contact either Coralie Hindmarch or myself on ph: 65 888 999.

### **Special Resolution Repurchase of Shares – Increase the threshold from 5% to 15%**

Between 2009 and 2013 the Co-operative incurred substantial trading losses resulting in the Board placing a freeze on the repurchase of share capital until the Co-operative was in a financial position to continue to meet the repurchase requests.

In July 2014 the Board lifted the freeze and commenced repaying those shareholder members who had requested repayment in line with the board policy on repayment of shares. Our total share capital as at the 30<sup>th</sup> June 2019 is \$1,715,056. This resolution will allow the Board to repay up to \$257,258 in total between this AGM date and the 2020 AGM date.

The Co-operatives (Adoption of National Laws) Act 2012 Section 107 (2) (A) places restrictions on the Co-operative to 5% of its share capital plus any additional new capital that is accepted during the financial year. Based on these restrictions the Co-operative would only be a position to meet \$85,752.80 of the outstanding requests during 2019-20.

Accordingly, the Board is seeking approval from the current active shareholder members to increase the amount that could be paid to those shareholder members and specifically seeks to limit the increase to;

- 15% of the nominal capital as at the 30<sup>th</sup> June 2019 – i.e. \$257,258
- Provided such payment does not adversely affect the operations of the Co-operative, nor its ability to meet its on going cashflow and capital commitments.

### **The Intention of the Special Resolution**

The intention of seeking this special resolution is to;

- a. To clear as much of the back log of requests in the shortest possible time.

- b. The passing of the special resolution **does not** place an obligation on the Board to repay the full amount of \$257,258.00 as a number of factors will influence the Board in its decision to repay any share repurchase. These factors include;
  - a. The cashflow and profitability position of the Co-operative during 2019-20.
  - b. The need to replace infrastructure not only in 2019-20, but in the subsequent years.
- c. Shareholder members are advised that the passing of this resolution only provides the Board with the ability to repay more than the legislative permitted amount. It **does not** place any firm requirement on the Board to do so.

### **The reasons for proposing the special resolution**

In the normal course of operating as a Co-operative, the repurchase of capital is required when a shareholder member no longer satisfies the criteria for being an active member. The backlog of repurchase of shares has inhibited the Co-operative from meeting its obligations in dealing with those shareholder members who no longer meet the active member tests. Whilst those shareholder members are identified and provided with an opportunity to become active shareholder members, the ability to repay share capital in a timely manner is currently not available.

Accordingly, this special resolution is one step in returning the Co-operative to a normal position.

### **The effect of passing the resolution**

Active shareholder members should be aware that by passing this resolution the following effects will occur;

- A. It has the potential to reduce the current shareholder capital by \$257,258 during 2019-20.
- B. The repurchase will be a direct cash outflow from the Co-operative.
- C. The increase will only be valid for the financial year 2019-20 and any further requests will require a new special resolution.
- D. The resolution will need to have the support of at least two thirds of the active shareholder members who vote for it to pass.

### **The Board unanimously supports this special resolution**

#### **Special Resolution**

All active shareholder members of the Hastings Co-operative Limited are entitled to cast a ballot under the notice of special resolution. Shareholder members who require further information are encouraged to contact the Co-operative head office.

## HOW TO VOTE

Active shareholder members, who have provided a valid email address, are invited to cast their ballot electronically. The following page provides a detailed explanation on how to cast your vote electronically. Your log in details are your email address and your shareholder number. By logging in, the shareholder member agrees that your log in details will be deemed to be an electronic signature and your vote, when cast electronically, it will be as if you have signed the ballot paper yourself.

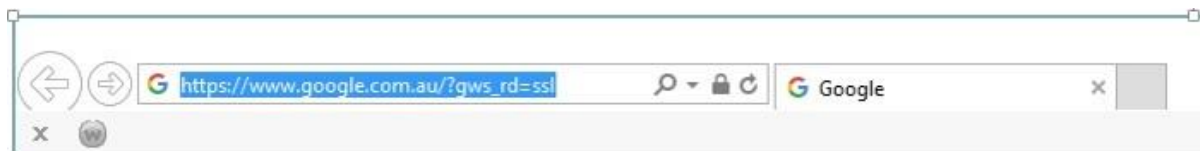
### Checklist

1. Read the enclosed notice of special resolution dated the 1<sup>st</sup> October 2019.
2. Read the enclosed explanation documentation accompanying the notice of special resolution.
3. Voting electronically, follow the directions on the voting portal and / or refer to the details explanation on the following page to cast your vote.

## HOW TO VOTE ONLINE

You can vote from **14 October to 12noon, 13 November** by following these steps.

1. Log your computer on to the internet and in the address bar at the top left corner of your web browser (not through a search engine such as Google) enter **www.myvote.com.au/hastings**



2. Enter your shareholder member number and email address then click on the submit button.

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**HASTINGS CO-OP SPECIAL RESOLUTION VOTING**

Please fill in your details below then click on the submit button  
This information is only used to check that you are eligible to vote and that you have not already voted. The way you vote remains secret.  
This information remains confidential and will be destroyed after the completion of the ballot.

	Shareholder Member Number
	Email Address

3. Click on either the FOR or AGAINST box then click on the submit button.  
Once you click on SUBMIT you cannot change your vote.

Click on either the FOR or AGAINST box then click on the submit button.  
If you make a mistake click the same box again to clear the entry.

<input type="checkbox"/>	FOR - I approve the Special Resolution.
<input type="checkbox"/>	AGAINST - I do not approve the Special Resolution.

*Thank You for your participation*

Please note that your personal information is only used to check that you are eligible to vote and that you have not already voted. The way you vote remains secret.