



Notice of Special Resolution.

Creation of B class shares (Special Resolution No. 1)

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;

'Amend the rules of the Co-op to allow for the creation of a B class of shares.

The Special resolution will therefore be;

"It is resolved that;

Rules 16 (1) be amended to;

The capital of the Co-operative may be raised by the issue of two classes of shares (A and B) of nominal value of \$2.00 and \$1,000 each respectively.

Note: There was only one class of share in the Co-operative prior to the 17th November 2020. On this date, these shares became A class shares. Their nominal value was unchanged.

Rule 16 (2) be amended to;

A member must hold at least 10 A class shares in the Co-operative and must not hold or have relevant interest in more than 20% of the nominal value of issued share capital of the Co-operative unless permitted to do so under section 363 of the law. Note: The minimum of 10 shares came into force for members joining from August 2009.

Rule 18(1) be amended to;

Any members' A class shares held in excess of the minimum shareholding required under rule 16(2) and members' B class shares, may only be repurchased in accordance with the law and their written terms of issue.

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 Monday 19th October 2020 until 12 noon Wednesday 11th November 2020. Mr Allan Gordon, Co-operative Secretary has been appointed the returning officer for the ballot.
- (b) A special resolution is required under the Co-operatives (Adoption of National Laws) Act 2012 to amend the rules of the Co-operative.
- (c) The effect of the change is disclosed in the enclosed document "Effect of Special Resolution and how to vote instruction sheet".

Further information can be obtained by contacting the Co-operative Secretary on 02 65 888 999 or by emailing allang@hastingscoop.com.au

A handwritten signature in black ink, appearing to read 'Allan Gordon', written in a cursive style.

Allan Gordon
Co-operative Secretary
6th October 2020



Notice of Special Resolution.

Additional and Electronic means to conduct General Meetings (Special Resolution No. 2)

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.

'Amend the rules of the Co-op to allow for additional electronic and digital means to conduct general meetings.

The Special resolution will therefore be;

"It is resolved that.

Rule 30 to be amended to;

The title of this rule be amended to General Meetings (CNLs 252)

Rule 30(1) The current wording be now known as Rule 30(2) and that the following wording be substituted as the Clause Rule 30(1);

General meetings may be held using technology that permits a member to participate contemporaneously in the meeting and enables the member to hear proceedings, ask questions and cast a vote.

Rule 34(2) be amended to;

Unless these rules state otherwise, 20 members present, each being entitled to exercise a vote, constitute a quorum.

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 Monday 19th October 2020 until 12 noon Wednesday 11th November 2020. Mr Allan Gordon, Co-operative Secretary has been appointed the returning officer for the ballot.
- (b) A special resolution is required under the Co-operatives (Adoption of National Laws) Act 2012 to amend the rules of the Co-operative.
- (c) The effect of the change is disclosed in the enclosed document "Effect of Special Resolution and how to vote instruction sheet"

Further information can be obtained by contacting the Co-operative Secretary on 02 65 888 999 or by emailing allang@hastingscoop.com.au

A handwritten signature in black ink, appearing to read 'Allan Gordon', written in a cursive style.

Allan Gordon
Co-operative Secretary
6th October 2020



Notice of Special Resolution.

Additional Means of advertising for Director Nominees other than print media (Special Resolution No. 3)

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;

'Amend the rules of the Co-op to allow for additional means other than print media to be used to advertise for Director Nominees.

The Special resolution will therefore be;

"It is resolved that;

Rule 52 be amended to:

Notify all members of the number of Directors retiring at the general meeting, and all details regarding the process of nominating for a position of Director of the Co-operative, by advertising in all major local print media and/or their electronic versions. In the event that no local print media outlets exist or are not functioning at the time required to advertise, the Board may at its discretion, advertise by any other means that will provide opportunities for members to be aware that a call for nominations has been made.

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 Monday 19th October 2020 until 12 noon Wednesday 11th November 2020. Mr Allan Gordon, Co-operative Secretary has been appointed the returning officer for the ballot.
- (b) A special resolution is required under the Co-operatives (Adoption of National Laws) Act 2012 to amend the rules of the Co-operative.
- (c) The effect of the change is disclosed in the enclosed document "Effect of Special Resolution and how to vote instruction sheet"

Further information can be obtained by contacting the Co-operative Secretary on 02 65 888 999 or by emailing allang@hastingscoop.com.au

A handwritten signature in black ink, appearing to read 'Allan Gordon', written in a cursive style.

Allan Gordon
Co-operative Secretary
6th October 2020



Notice of Special Resolution.

Seeking increase in repurchase of share threshold for 2020-21 (Special Resolution No. 4)

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 2020-21 financial year provided the total payment back to shareholders does not;

- a. **Exceed 15% of the nominal capital as at the 1st July 2020.**
- 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 2020-21 financial year be set to a maximum limit of;

15% of the nominal capital as at the 30th June 2020 – That amount being \$232,312."

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 Monday 19th October 2020 until 12 noon Wednesday 11th November 2020. 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 allang@hastingscoop.com.au

A handwritten signature in black ink, appearing to read 'Allan Gordon', is written over a light blue horizontal line.

Allan Gordon
Co-operative Secretary
6th October 2020

*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 4 (four) special resolutions as part of this year's General Meeting. The notes below explain why these resolutions are required. If you have any questions in relation to these special resolutions, please contact either Coralie Hindmarch or myself on ph: (02) 65 888 999.

Special Resolution 1.

That the rules 16 and 18 of the Co-op be altered to allow for the creation of B class shares.

1. Special Resolution Creation of B class shares. Division 4 Rule 16

The makeup of the Co-op shareholding has changed from large holdings to most of our shareholder members holding only \$20.00 in shares. Over the last 5 years the Co-op has been rewarding active shareholder members with reward vouchers and this will remain, however there are still a number of shareholders who have amounts greater than \$20.00 invested in the Co-op for which no dividend has been paid for some time. It is difficult and costly to implement a dividend policy when the shareholding is only \$20.00 and accordingly the Co-op would like to introduce a second class, or B class share, where a dividend can rightly be paid and where we can raise funds to invest in the future of the Co-op.

Set out below are a number of changes that we need to make to the current rules to enable the creation of the B class shares. Please read them carefully and assess whether you agree with the changes or not.

A change in the current Rule 16, "Capital and Shares", is required to allow for the creation of a B class of shares and to rename the current shareholding as A class shares.

The creation of a B class shares will allow the Co-op to;

1. Provide the Co-op with the funds to repay any remaining shareholders seeking a repurchase of their shares.
2. Allow for the regular payment of a dividend to this class of shareholder.
3. Provide funds necessary for the Co-op to invest in new or the upgrade of its assets.
4. Reduce a member's current A class shares to the minimum of \$20.00 (10 x \$2.00) **If requested.**

Details and terms and conditions of the "B" class shares will be contained in the separate offer statement that will be issued, **when and if** the Co-op decides to issue B class shares.



The purpose of this special resolution allows for the change in the rules that will enable the B class shares to be created. The passing of this special resolution does not guarantee that B class shares will be issued. It provides the Board with the ability to do so, when and if the timing of such an issue is considered in the best interests of the Co-op.

The creation of the B class shares requires member approval for the necessary change in the rules of the Co-op. The current rules do not allow for such a class of shares to be raised.

Accordingly, the Board seeks approval from the current active shareholders to create a B class shares.

The Intention of the Special Resolution is

- a. To clear the remaining repurchase of share requests.
- b. To create a mechanism to provide dividends to B class shareholder members.
- c. To create a mechanism to raise capital to invest in our current and future businesses.
- d. To reduce A class shareholdings to a minimum of 10 shares (value of \$20.00) **if requested** by the shareholder member.

The reasons for proposing the special resolution

Co-operatives have very little scope for raising external capital however it is important, as it is for many businesses, to have the necessary funds to invest in the future of the business.

The creation of the B class shares provides one way of raising funds for the Co-op.

No voting rights attach to B class shares and B class shareholders must hold A class shares before they can invest in B class shares.

Voting rights attach to the membership of the Co-op with one membership having one vote regardless of the quantum of shares held. To be an active member you must hold, A class shares.

The effect of passing the resolution

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

- A. It allows the Co-op to issue two classes of shares with nominal values of \$2.00 (A class) and \$1,000.00 (B class) respectively.
- B. Once the initial subscription of B class shares is filled;
 - a. Shareholders who have requested repayment of their shares will receive the return of their shareholding.



- b. Shareholder members who have shareholdings of more than the minimum will, **if requested**, receive the excess back to them.
 - c. Shareholder members who have shareholdings in excess of \$1,000 may request their holding be converted to B class shares or receive funds back.
 - d. Shareholders who wish to retain A class shares more than the minimum may do so.
 - e. Shareholders who wish to purchase additional A class shares may continue to do so.
- C. Voting rights will **NOT** change as they are still contingent on active membership not shareholding.
- D. Any additional funds raised through B class shares will be used for Capital investment of the Co-op.
- E. As Co-operative share capital is not considered equity under the Australian Accounting standards, any funds raised through the Issue of B class shares will sit as a liability and not equity. Accordingly, our financial ratios will reflect a greater debt to equity ratio than otherwise would be the case.
- F. The resolution will need to have the support of at least two thirds of the active shareholder members who vote for it to pass.
- G. A class shares may not be paid a dividend.

The following rules changes are required to create a B class shares.

Rule 16 Capital and Shares

16 (1) *Changes from*

The capital of the Co-operative must be raised by the issue of shares of nominal value of \$2.00 each.

Changes to

The capital of the Co-operative may be raised by the issue of two classes of shares (A and B) of nominal value of \$2.00 and \$1,000.00 each, respectively.

Note: There was only one class of share in the Co-operative prior to 17th November 2020. On this date, these shares became A class shares. Their nominal value was unchanged.

16 (2) *Changes from*

A member must hold a minimum of 10 shares in the Co-operative and must not hold or have a relevant interest in more than 20% of the nominal value of issued share capital of the Co-operative unless permitted to do so under section 363 of the law.



Changes to

A member must hold at least 10 A class shares in the Co-operative and must not hold or have a relevant interest in more than 20% of the nominal value of issued share capital of the Co-operative unless permitted to do so under section 363 of the law.

Note: The minimum of 10 shares came into force for members joining from August 2009.

Rule 18 Repurchase of members' shares (CNL ss99, 107,109 & 118)

Rule 18 (1)

Changes from

Members' shares held in excess of the shareholding required under rule 16(2) may be repurchased in accordance with the law.

Changes to

Any members' A class shares held in excess of the minimum shareholding required under rule 16(2) and members' B class shares, may be repurchased in accordance with the law and their written terms of issue.

Special Resolution 2

That the Rules of the Co-operative be altered to allow for additional electronic and digital means to conduct general meetings.

The recent pandemic has highlighted that the current rules do not provide sufficient flexibility for members to participate in general meetings. The rule changes set out below are designed to provide the flexibility required.

The two changes that we are seeking are as follows.

1. Rule 30 – The addition of another paragraph to allow the Co-operative to include electronic methods of holding a general meeting such as video conferencing which will allow those who are attending “virtually” to participate, ask questions and vote. This change is in line with changes to Corporations Law permitted by ASIC.
2. Rule 34 – The change in wording for a constituted quorum at a general meeting. This will allow those members who attend by other means, other than in person, to be included in the quorum for a general meeting.



The exact changes to the rules are as follows.

Rule 30 Annual General Meeting (CNL s 252)

Title changes to General Meetings (CNL s252)

Rule 30(1) – New clause

General meetings may be held using technology that permits a member to participate contemporaneously in the meeting and enables the member to hear proceedings, ask questions and cast a vote.

Rule 30(2) – Previous Clause (1) to be renumbered to clause (2)

Rule 34 Quorum at General Meetings

Rule 34 (2)

Change from

Unless these rules state otherwise, 20 members present in person, each being entitled to exercise a vote, constitute a quorum.

Changes to

Unless these rules state otherwise, 20 members present, each being entitled to exercise a vote, constitute a quorum.

The intention of the special resolution

The change of rule will allow greater participation by active shareholder members in attending any general meetings of the Co-operative.

The reasons for proposing this special resolution

The recent pandemic has highlighted that there may be times when members are not able to attend general meetings when in the ordinary course they would like to. In addition, current venues suitable to hold general meetings may be limited in their capacity to hold such meetings and there may be occasions where health orders are issued that would prevent a properly constituted quorum from meeting at the one venue. This change is sought to allow for such contingencies to be overcome.

The effect of passing this special resolution

- a. It would allow members to participate in general meetings without having the need to be physically present.
- b. It would allow more active participation in general meetings.
- c. It would allow members who attend electronically to be counted in the quorum required for a general meeting to be constituted.



Special Resolution 3

That Rule 52 be altered to allow for additional means other than print media to be used to advertise call for Director Nominations.

This change is required as our current rule states that a call for nomination of Directors must be made in the local print media. There is no certainty that any local print media will be available in the years to come and accordingly this rule allows for the expansion of notifications to other forms of media.

The exact change to the rule is as follows

Rule 52 Process of Election of Directors

Rule 52 (a) (i)

Changed from

Notify all members of the number of directors retiring at the annual general meeting by advertising in all major local print media, all details regarding the process of nominating for a position of Director of the Co-operative.

Changes to

Notify all members of the number of Directors retiring at the general meeting, and all details regarding the process of nominating for a position of Director of the Co-operative, by advertizing in all major local print media and / or their electronic versions. In the event that no local print media outlets exist or are not functioning at the time required to advertise, the Board may at its discretion, advertise by any other means that will provide opportunities for members to be aware that a call for nominations has been made.

The intent of the special resolution

- A. Would allow the Co-op to call for nominations for Directors by other means rather than being limited to print media.
- B. Print media will still remain the prime method of communication however when it is not available it will not prevent to Co-op from meeting its obligations under its rules.

The reasons for proposing such a resolution

The recent pandemic has highlighted the fact that print media may not be always available to the Co-op. The current rule is inflexible in its approach to communicating call for nominations and without this change we are placed in a difficult position of not meeting our obligations under the rule.

The effect of passing the resolution

- A. Print media will remain the primary source of calling for nominations for Directors.
- B. The change will allow additional or alternative means of calling for nominations when print media is not available.
- C. Given that current circulation numbers of local print media, the change to the rule will provide greater scope for communicating the Co-operative's requirements.

Special Resolution 4

Repurchase of Shares. Increase the threshold from 5% to 15%.

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 to be used for the repurchase of shares.

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 30th June 2020 – i.e. \$232,312
- Provided such payment does not adversely affect the operations of the Co-operative, nor its ability to meet its ongoing 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 \$232,312 as a number of factors will influence the Board in its decision to repay any share repurchase. These factors include;
 1. The cashflow and profitability position of the Co-operative during 2020-21.
 2. The need to replace infrastructure not only in 2020-21, 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 back log 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 \$232,312 during 2020-21.
- B. The repurchase will be a direct cash outflow from the Co-operative.
- C. The increase will only be valid for the financial year 2020-21 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 all four special resolutions

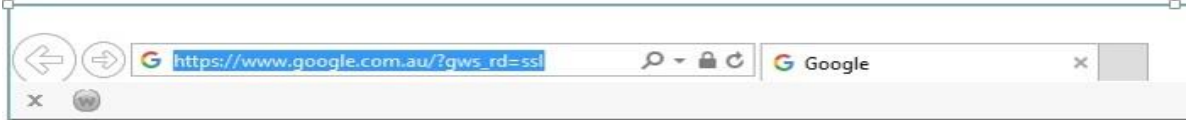
Special Resolutions

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 Corporate Centre.

HOW TO VOTE ONLINE

You can vote from **19 October to 12noon, 11 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. For each special resolution click on either the FOR or AGAINST button. After you have voted in ALL FOUR (4) resolutions click on the submit button. Once you click on SUBMIT you cannot change your votes.

HASTINGS CO-OP SPECIAL RESOLUTION VOTING

For each Special Resolution click on either the "FOR" or "AGAINST" button.
If you make a mistake click on the correct response.
When you have finished voting on all resolutions click on the SUBMIT button.
Once you click SUBMIT you cannot change your votes.

SPECIAL RESOLUTION No. 1 Creation of B class shares	<input type="radio"/> For <input type="radio"/> Against
SPECIAL RESOLUTION No. 2 Addition of electronic and digital means to conduct General Meetings.	<input type="radio"/> For <input type="radio"/> Against
SPECIAL RESOLUTION No. 3 Advertising for Director Nominations other than print media.	<input type="radio"/> For <input type="radio"/> Against
SPECIAL RESOLUTION No. 4 Repurchase of shares to 15% of Nominal Capital.	<input type="radio"/> For <input type="radio"/> Against

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.



Checklist

1. Read the Notice of Special Resolution's x4 (four) dated the 6th October 2020.
2. Read the Effects of Special Resolution's and how to vote instructions.
3. Voting online, follow the directions on the voting portal to cast your vote.