

ORGANIC and REGENERATIVE INVESTMENT CO-OPERATIVE LIMITED

ORICoop Disclosure Statement (Version #2)

INTRODUCTION

The Co-operatives National Law (**National Law**) requires a distributing co-operative to ensure it has a current disclosure statement registered with the Registrar of Co-operatives (Section 68) and to provide that disclosure statement to any person who intends to join the Co-operative and acquire shares in the Co-operative and is not already a shareholder in the Co-operative (Section 70). This **Disclosure Statement** sets out information necessary to ensure that eligible members are adequately informed of the nature and extent of a person's financial involvement or liability as a member of the Co-operative.

This is the **Updated Disclosure Statement (Version #2)** of ORICoop, a Co-operative whose members are interested in the growth and preservation of farmland held in perpetuity. All ORICoop members are encouraged to be active, by participating in the decision making processes, the co-operative community and the overall growth strategy of ORICoop, and as defined in the Rules.

OVERVIEW – THE ORGANIC and REGENERATIVE INVESTMENT COOPERATIVE

The aim of the Organic and Regenerative Investment Cooperative (ORICoop) is to facilitate investment, education and growth opportunities across the organic, regenerative, biodynamic and agro ecology farming and food sector. This includes acquisition and preservation of farmland, specific business opportunities, educational pathways, and long term involvement of members in the future growth of the Cooperative.

GUIDING PRINCIPLES & MANIFESTO

PRESERVATION:- to protect, preserve and enhance farmland and businesses that produce organic food in a sustainable and regenerative farm management manner

EDUCATION:- to provide educational pathways & career options, that enable more people to be empowered with a career in organic & regenerative agriculture and food production

COMMUNITY:- to connect consumers to sustainable and profitable food systems that empower farmers, eaters, and investors to bring change and longevity.

INVESTMENT:- that all investments work to build a strong and more resilient food system. This includes all guiding principles, balanced with sustainable real return to investors, longevity of food security, and an increase in the amount of land that is farmed in a regenerative and organic manner

PURPOSE:-

ORICoop has been designed to create a collaborative investment vehicle that facilitates investment, intention and preservation across the organic & regenerative farming & business sector in Australia

- Be part of the global change & transition to a resilient, sustainable, organic & regenerative food production system and improvement of ecological farm & business systems
- Offer long term patient capital investment (5+ years), with sustainable real returns
- Preserve certified organic farmland in perpetuity
- Increase the number of hectares of protected biodiversity, woodlands, wetland & healthy ecosystems across the Australian Agricultural & farming landscape. Build more carbon resilience across farming systems.
- Provide stable and long term agricultural & business opportunities to the next generation of organic farm managers and businesses
- Reduce the environmental impact of agriculture & food production, by avoiding toxic chemicals & fertilisers into soils, waterways, farmland, and the overall food production system
- Build an inclusive & collaborative employment and management culture, that does not discriminate on race, age or gender
- Invest in businesses, communities & people that build a stronger, more resilient & transparent business ecosystem
- Enable businesses that nurture regenerative economic & ecological policies & practices

STAKEHOLDERS:-

Members:- Anyone can become a member of ORICoop, assuming their acceptance of the conditions of this membership as contained in the cooperative's rules (**ORICoop Rules**). All beneficiaries of ORICoop are encouraged to also become members (i.e. farmers managing land from ORICoop, business owners, students, farmers, and supply networks)

CCU Holders: ORICoop will facilitate specific Cooperative Capital Units (**CCUs**) Investment Offerings inline with the intentions of ORICoop and following approval by the Board of Directors & the Registrar. These will meet the Investment Criteria of ORICoop, and be in the overall best interests of ORICoop & its members. Investors will be members of ORICoop, and defined as professional, sophisticated or retail investors as dictated by Law through their application, and will receive a copy of ORICoop Rules, the Disclosure Statement, and the Investment Offer Document for each offering.

Partners:- ORICoop will offer strategic partnerships with like minded businesses, foundations and co-operatives to further build and enhance the whole eco system. We encourage them to become co-operative members, and to agree to the central ethos of ORICoop

Directors:- The current Directors are drawn from the formation members that founded ORICoop. It is expected the Director positions will be opened for election from amongst members around the first anniversary of the establishment of ORICoop in March 2018. All Directors positions are encouraged to represent the view of collective groups of members. I.e. Members, Investor & Share Members, Farmers, Business Owners and an Independent Non-Executive Director.

ASSOCIATES:-

The Cooperative is grateful for the support and associations with like minded organisations that together represent the influence of the new economy, and the change makers of the investment world.

These include:-

- Slow Money
- BCCM
- Farming Together Program
- Employee Ownership
- Food Connect
- Loomio
- Cultivate Farms
- Small Giants
- Open Food Network

As part of the emerging economy and change – we encourage our Cooperative Members to understand and register their support of the Slow Money principles.

CO-OPERATIVE VALUES

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and a democratically-controlled enterprise.

VALUES

Co-operatives are based on the values of **self-help, self-responsibility, democracy, equality, equity** and **solidarity**. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

PRINCIPLES

The co-operative principles are guidelines by which co-operatives put their values into practice.

1. Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

ORICoop is governed by a Board of Directors, as set out in Part 4 of the ORICoop Rules. The Cooperative will advise all members of any update of Investment Offering(s) as per Rules.

Name:- Organic & Regenerative Investment Co-operative Limited
Registered office:- C/O RSD Chartered Accountants
Level 2, 10-16 Forest Street
Bendigo VIC 3552

HISTORY AND BACKGROUND

2.1 Background

ORICoop brings together an influential team of passionate, purposeful and ethical founding members, that represent an exceptional mix of expertise, depth of understanding and belief in the future of the organic sector, & of the next generation of farm managers and business owners, and the long term land stewardship of organic farmland across Australia.

ORICoop is structured to enable a community of passionate advocates and stewards to guide the further direction of growth throughout the organic & regenerative sector. This includes education, workers employee ownership development, long term security, longevity and a stable real return to long term, patient capital. ORICoop is designed to create impact, depth & resilience into the organic sector, with long term preservation and intention, and the opportunity of growth and prosperity for all members, investors, farmers, business owners and contributors, and those associated with the cooperative.

2.2 Structure

ORICoop offers a secure mechanism as a cooperative, for growth & investment, education and training, and ongoing cooperative membership involvement. This leads beyond land and business preservation and the best outcome & stewardship for the investments secured through each CCU investment offering to cooperative members as investors.

A co-operative model was chosen because of the strong alignment between the existing strategy and the ability for the co-operative model to meet the long term objectives of the entity. Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In addition to these seven values, there are foundational & ethical values of honesty, openness, social responsibility and caring for others. The distributing co-operative structure also offers the flexibility to enable ORICoop to offer returns (in the form of dividends, annual returns or bonus shares) through Organic Shares and CCUs.

2.3. Objectives

ORICoop has a vision of a fairer food system, where communities are empowered to own and operate their own farm and food producing businesses & communities. ORICoop's objective is to acquire, develop, manage and/or operate local organic farms and/or business projects, implemented in a way that shares the benefits as widely as possible within the community, while minimising any negative environmental or social impacts.

The projects being developed by ORICoop include the acquisition of organic farmland for collaborative farm management opportunities to experienced farmland and business managers. There is also the opportunity for businesses across the organic supply chain to seek funding to support regional economies, local food, refugees and indigenous land managers with preservation & growth of local food ecosystems throughout Australia.

2.4 Primary activities (see ORICoop Rule 4(1))

The primary activities of the ORICoop are: (a) owning, managing/operating and maintaining organic farms and businesses in collaboration with experienced farm managers; (b) investing, managing and/or participating in programs to benefit the local community; (c) building local trade opportunities across ORICoop; (d) advocating for education pathways for farmers, businesses and managers across the supply chain; (e) researching, producing and disseminating information and engaging the local community on a regular basis to promote organic & regenerative farming techniques; (f) being a model for cooperative, inclusive and successful community driven projects; and (g) creating new farm ownership models.

2.5 Active membership provisions (see ORICoop Rule 4(2))

To maintain active membership of ORICoop, a member must either be a CCU Holder, or be involved in at least 2 of the following in a given calendar year:

- (a) subscribe to ORICoop's newsletter or electronic copy of communication;
- (b) attend at least one General Meeting per calendar year (in person or via teleconference);
- (c) volunteer/offer to undertake a minimum of 2 hours of work relevant to your profession/skill set and those that are communicated by ORICoop or by an accredited partner;
- (d) attend at least one of ORICoop's member or community events per calendar; or make any purchase during the calendar year of produce/product from ORICoop or related project specific company.

3. MEMBERSHIP, ORGANIC SHARES & CCUs

3.1. Benefits of Co-operative Membership

Subject to the ORICoop Rules, a member is entitled to:

- attend and vote at all general meetings of ORICoop;
- be a candidate for election to the Board of Directors of ORICoop;
- vote for Board members;
- obtain a copy of Co-operative documents upon payment of the nominated fee as set out in ORICoop Rules;
- buy additional Organic Shares in ORICoop;
- buy CCUs in specific investment offerings;
- transfer CCUs &/or Organic shares with other ORICoop members;
- explore opportunities for collaboration and project ideas between the ORICoop and third parties (councils, government, other businesses, schools, community groups, universities, communities in need);
- assist in running projects on behalf of ORICoop.

3.2a. Membership Eligibility Requirements

Any individual, company, co-operative, superannuation fund or other entity may apply for membership in ORICoop by accessing and completing an online application form. The application form will be published on the ORICoop website (Rule 7) along with a copy of the ORICoop Rules and a copy of the most up-to-date version of this Disclosure Statement.

There is a once off non-refundable \$50 membership fee, which is payable for initial membership to ORICoop (Rule 6), and a minimum investment of 5 Organic Shares in the Cooperative (being 5 shares @ \$10each = \$50). Additional Organic Shares can be purchased at the time of membership, or any time from ORICoop @\$10/share.

A ORICoop member must:

- be 18 years of age
- hold at least 5 Organic Shares (the minimum number as defined by the ORICoop Rules)
- hold no more than 20% of the total Organic Shares on issue at any time
- be supportive to the ethos & manifesto of ORICoop and its values
- agree to be bound by the ORICoop Rules; and
- maintain active membership of ORICoop as defined by the ORICoop Rules

Every application for membership must be considered by the Board and, if approved, the member's details will be entered into the register of ORICoop members and the applicant will be notified in writing. The Board may, in its discretion, refuse an application for membership on any grounds (Rule 7(2) and 7(6)).

3.2b. CCU Eligibility Requirements

CCUs are specific to each investment offering. ORICoop Members can apply in a CCU issue according to the terms and conditions pertaining to that CCU issue. CCUs are issued at a Face Value of \$500 each.

A CCU Holder must:

- be an active member of ORICoop;
- hold at least 2 CCUs (the minimum number defined by the ORICoop Rules)
- are limited to a maximum of 45% of the outstanding CCUs in any issue, but may hold investments across any number of specific CCU issues.

Every application to invest in CCUs must be considered by the Board and, if approved, the member's details will be entered into the register of ORICoop CCU Holders specific to that CCU issue and the applicant will be notified in writing. The Board may, in its discretion, refuse an application for CCUs.

CCUs can be transferred to other ORICoop members via a transfer form that can be obtained from ORICoop. All transfers require the approval of the Board and are subject to the conditions set out in each Investment Offer Document. Such transfers can be undertaken at a discount or premium to the CCUs Face Value.

3.3. Share Classes & Investment goals

Organic Shares and CCUs are issued to assist in achieving the long term intentions of ORICoop. These intentions include preservation of farmland, education, social outcomes, return on investment, and sustainable farm practices.

Organic Shares are issued to members to support the work of ORICoop towards its social dividend goals, including education, community projects and partnership with other social enterprise entities. There is a philanthropic aspect to this intention – however ORICoop will assign a capped dividend for monies raised in this manner, according to the votes of members, and final approval by the Directors.

CCUs will be issued to fund specific asset acquisitions by ORICoop. The Board can determine the maximum number of CCUs to be issued at any time, and to different types of investors in accordance with the Terms of Issue of each CCU issue. See the Investment Offer Document for full details & risks of each CCU issue.

3.4a. Applications for Organic Shares

To apply for Organic Shares, members (or potential members) must complete the Organic Shares Application Form made available on the ORICoop website specifying the number & dollar amount being sought. Upon consideration by the Board, the applicant will receive approval of their application (or not) within 28 days. The member can then make full payment for the Organic Shares in the manner specified in the Organic Shares Application Form.

3.4b. Applications for CCUs

To apply for CCU units, members (or potential members) must download the ORICoop Rules, the Disclosure Statement and Investment Offer Documentation and complete the CCU Application Form provided by ORICoop, specifying the number of CCU(s) being applied for, and for which Investment Offering. Upon consideration by the Board, the applicant will receive confirmation of their allocation of CCUs within 28 days. The member can then make full payment for the CCUs in the manner specified in the CCU Application Form.

3.5. CCUs offered to Foreign Investors

ORICoop welcomes interest from Foreign Investors (subject to FIRB approval). All property investments must be majority Australian owned. Foreign investors can invest up to a combined total of 45% in any CCUs offered for an investment (subject to FIRB approval), while not exceeding the 45% limit of any individual investment offering of CCU's. Foreign Investors cannot obtain additional Organic Shares in ORICoop, however they can be members and purchase CCUs in accordance with the ORICoop Rules, Disclosure & according to each Investment Offering.

3.6. Summary of Rights and Liabilities Attaching to Organic Shares & CCUs

The rights and liabilities attaching to ownership of Organic Shares & CCUs are:

- detailed in the ORICoop Rules; and
- in certain circumstances, regulated by the National Law and the general law
- as per the Terms of Issue of each CCU Issue

A summary of the significant rights, liabilities and obligations attaching to Organic Shares & CCUs and a description of other material provisions of the ORICoop Rules are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the ORICoop Rules. This summary does not constitute a definitive statement of the rights and liabilities of ORICoop members, and all CCU's Investors should refer to each Investment Offer Document for full details.

3.7. Voting

An Organic Share or CCU in ORICoop does not carry a vote. The right to vote in ORICoop is attached to membership only and governed by the National Law (section 228).

3.8a Issue and allotment of Organic Shares

The Board of ORICoop control the issue and approval of Organic Share opportunities for the Cooperative. Subject to the National Law and the ORICoop Rules, they may issue Organic Shares with any preferential, deferred or special rights, privileges or conditions or with any restrictions (whether in regard to dividends, voting, outcome, return of share capital or otherwise) as the Board determines.

3.8b Issue and allotment of CCUs

The Board of ORICoop control the allotment and issue of CCUs. Subject to the National Law and the ORICoop Rules, they may issue CCU's with any preferential, deferred or special rights, privileges or conditions or with any restrictions (whether in regard to dividends, voting, return of share capital or otherwise) as the Board determines, and as approved by the Registrar. See each Investment Offer Document for Terms of Issue of each CCU Issue.

3.9a Transfer of Organic Shares

Subject to the ORICoop Rules, the National Law and to the rights or restrictions attached to any Organic Shares, holders of shares will be entitled to sell their Organic Shares to other members by a transfer document in writing and duly stamped or in any other form required by the Board. Transfers to non-members are not permitted. The Board may decline to register a transfer of Organic Shares for reasons including where the transfer is not in registrable form, where the potential transferee does not fulfil the requirements of members set out in the Rules or where the refusal to register the transfer is otherwise permitted, or may jeopardise the long term intention of ORICoop.

3.9b Transfer of CCUs

Subject to the ORICoop Rules, the National Law and to the rights or restrictions attached to any CCU Issue, CCU Holders will be entitled to sell their CCUs to other members by a transfer document in writing and duly stamped or in any other form required by the Board, and as specified in each Investment Offer Document. Transfers of CCUs to non-members are not permitted. The Board may decline to register a transfer of CCUs for reasons including where the transfer is not in registrable form, where the potential transferee does not fulfil the requirements of members set out in the ORICoop Rules or where the refusal to register the transfer is otherwise permitted, or may jeopardise the long term intention of ORICoop.

3.10a Repurchase of Shares

In accordance with the National Law, the ORICoop Rules authorise ORICoop to purchase any Organic Share of a member at the request of that member and to repay to a member, with the member's consent all or any part of the amount paid up on any share held by that member where the amount repaid is not required for the activities of ORICoop. The Board may decide, with the appropriate approvals and in line with the National Law, to carry out such repurchase, but is not under any obligation to do so except where the member is expelled or resigns.

3.10b Repurchase of CCUs

In accordance with the National Law, the ORICoop Rules authorise ORICoop to purchase a CCU of a member at the request of that member and to repay to a member, with the member's consent all or any part of the amount paid up on any CCU held by that member where the amount repaid is not required for the activities of ORICoop. The Board may decide, with the appropriate approvals and in line with the National Law, to carry out such repurchase, but is not under any obligation to do so in accordance with a CCUs Investment Offer Document, and in the best intentions of ORICoop.

3.11 General meetings and notices

Subject to the ORICoop Rules, the National Law and to the rights or restrictions attached to any shares or class of shares, each member is entitled to receive notice of and, except in certain circumstances, to attend and vote at all general meetings of ORICoop.

3.12a Winding Up and Organic Shares

Subject to the National Law, the ORICoop Rules, and any special or preferential rights attaching to any class or classes of shares, and the terms of the reduction, if any, in the event of a winding up or a reduction of capital, members will have the right to have their Organic Shares redeemed at their issue price. On winding up of ORICoop a member of the co-operative is liable to the co-operative for the amount (if any) not paid on the shares held by the member together with any charges payable by the member to ORICoop as required by the rules of ORICoop.

3.12b Winding Up and CCUs

Subject to the National Law, the ORICoop Rules, and the specific Investment Offer Document pertaining to a CCU issue, each property investment is a segregated asset held for the benefit of the CCU Holders for that CCU issue. On the winding up of ORICoop, the proceeds of the sale of each segregated asset, after the settlement of any ORICoop liabilities, will be shared amongst those CCU Holders.

3.13 Board

The minimum number of Directors is three (two of which must ordinarily reside in Australia) and the maximum is seven unless the Board determines a different maximum. Directors will be elected and will hold office in accordance with the National Law and ORICoop Rules.

3.14 Variation of the Rules

The ORICoop Rules may only be varied by a special resolution passed by at least 75% of members present and entitled to vote (Rule 58).

3.15. Use of Funds

Funds raised through membership subscriptions, the issuance of Organic Shares, and management fees paid to ORICoop will be used to facilitate the operation of the Cooperative. The issue of CCU's will be utilised to fund the acquisition and management of assets as per the Individual Offer Documents for each investment, as approved by the Board & Registrar.

4. MANAGEMENT OF THE ORGANIC & REGENERATIVE INVESTMENT COOPERATIVE LIMITED

4.1. Board of Directors

The business of the ORICoop will be managed by or under the direction of the Board of Directors, and for that purpose the Board has and may exercise all the powers of the co-operative that are not required to be exercised by the co-operative in a general meeting. A person is not qualified to be a director of ORICoop unless the person is an individual over the age of 18 years and is either:

- (a) an active member of ORICoop or a representative of a body (e.g. a company or a co-operative) that is an active member of ORICoop (member director); or
- (b) not an active member but who possesses special skills in management or other technical areas of benefit to ORICoop as specified by the board from time to time (non-member director).

It is recommended that the Board has a representative from each area of expertise and influence. This includes a Membership representative, Investor representative, Business Owner representative, Farmer representative and ONE only independent Non-Executive Director (who is a non-member).

The board of directors must have a majority of member directors, and all non-member directors must be voted on by the members (greater majority than 75%)

4.2. Election of directors

The first directors were by poll at the formation meeting of ORICoop. The term of office of the first directors is 1 year and subject to re-election, however not more than 3 years ending on the day of the third annual general meeting after the formation meeting. If there is a vacancy, then at least 6 weeks before the annual general meeting the Board must notify all members of the number of directors retiring and invite nominations. If the number of nominees equals the number of vacancies, the nominees must be declared elected at the annual general meeting. If there are insufficient nominees to fill all vacancies, the nominees to be declared elected at the annual general meeting and nominations for people to fill the remaining vacancies are to be called from the floor and a ballot held if required. If the number of nominees exceeds the number of vacancies, the election of directors must be conducted at the meeting by ballot as follows:

- (a) A returning officer is elected at the meeting. The directors, the secretary and anyone who has an interest in the election are not eligible to be the returning officer.
- (b) All nominees are to be listed on the ballot form in alphabetical order.
- (c) The returning officer is responsible for determining the validity of and counting of the votes.
- (d) If there is an equality of votes, the outcome must be determined by lot.
- (e) The returning officer is to declare the election results.

4.3. First directors

The names and experience of those who have consented to being nominated for election as founding directors are:

Carolyn Suggate (Founder & Organic Land Specialist)

Robert Pekin (Food Connect & Business Investment)

Robert Fenton (Education & Farm Analysis)

Sam Marwood (Marketing/Education Pathways/Farm Manager/Acquisition)

Dan Fitzgerald (Investment Strategy)

4.4. Remuneration of Directors

The Directors of ORICoop will do so on a volunteer basis for the first 12 months. They will not receive any remuneration for their services as directors of ORICoop. Directors may be reimbursed for travelling and other direct expenses that the Director properly incurs in attending meetings of the board of directors (or any committee) and in attending any general meetings of ORICoop.

Directors can nominate to fulfil roles within ORICoop as Contractors or with their professional services – but all such arrangements must be declared and agreed to by the Board prior to any engagement of such arrangement and the payment thereof. All arrangements should be recorded at Board meetings and fully disclosed to members.

After the first 12 months of operation of ORICoop, any remuneration of fees paid to directors must be approved by a majority of members under a ordinary resolution at the annual general meeting.

4.5. Accounting

The name of the company that has agreed to be responsible for general accounting and financial functions of ORICoop:
Attn:- Cara Hall
RSD Chartered Accountants
Level 2, 10-16 Forest Street
Bendigo VIC 3552

4.6. Auditing

ORICoop will meet the definition of a Small Co-operative, as defined by the National Law, and so is not required to appoint an auditor unless it becomes a Large Co-operative. The Board however has elected to appoint an auditor.

4.7. Dispute Resolution

All Dispute Resolution is referred to in Division 2, Section 13 of the ORICoop Rules. Should a dispute arise then it will be managed in accordance with ORICoop Rules, and in line with the National Law, in full consultation with the Board of Directors. All members involved in dispute are able to appoint anyone to act on their behalf, and ORICoop Members are encouraged to apply natural justice. ORICoop supports a code of conduct for all members, and those directly involved in the dispute. This means all parties involved in the dispute should 1) know the full facts of the situation 2) be heard by an unbiased tribunal 2) have the right of reply to any accusation.

4.8. Conflicts of Interest or Duty

The Conflict of Interest or Duty Policy document has been created for ORICoop and can be found as an attachment to this document at **Appendix A**. Should a conflict arise then the conflict will be managed in accordance with the National Law, which requires, amongst other things, for a director to declare their direct or indirect interests in a contract. If considered appropriate, the board of directors of ORICoop will form a committee of independent directors (those not associated with the relevant member) to consider any issues where a conflict arises.

4.9. Contracts required to be entered into by ORICoop

After the first CCU offering, the following contracts will be entered into as and when ORICoop is able to sustain the commitments they pertain to:

- Employees -staff will be contracted to manage the day to day running of ORICoop and to report back to the Board of Directors through the Chairman.
- Farm Manager(s) – will report to Farm Asset & Ethics Counsel through quarterly reports and independent advice from external consultants.
- Business Managers - will report to Business Asset Manager through quarterly reports and independent advice from external consultants.
- Consulting firms – will be contracted on a needs basis for specific expertise for ORICoop (legal, financial, accounting, agricultural and investment)
- Contractors – any specific professional advice sought in farming/business shall be through a Contract arrangement for expertise.

5 FINANCIAL INFORMATION

5.1. Financial Statements

SEE ATTACHMENT BUDGET BREAKDOWN OVERLEAF

ORICoop as of June 30, 2017 has provided the budgeted financial projections as above. The annual cost of accounting, tax reporting & insurance has been quoted as \$3,000 and this has been provisioned from ORICoop funds raised to date. ORICoop has successfully been granted funds through the Farming Together Fund, for the next (8) months of asset acquisition and development costs. The ORICoop budget for this project is [HERE](#)

Each investment acquisition cost will be included in the Investment Offering for that specific asset.

5.2 Property and assets

For the foreseeable future, ORICoop will not require any fixed premises for daily operations and will not be required to purchase or rent office spaces.

5.3. Ongoing expenses

The costs of ORICoop formation were: \$356 registration fee for Registrar, website development was \$3,000, legal advisory was \$16,000 (both paid through Farming Together Funding) & Project Management was \$4,000. At this time ORICoop does not have any known liabilities (other than Organic Shares). See [BUDGET UPDATE](#) for ongoing expenses.

5.4. ORICoop Operating Cashflow

ORICoop is funded by the issuance of Organic Shares, member subscription fees and farm management fees and it is not anticipated that any debt will be incurred to finance projects or ongoing operations. After the payment of ORICoop's operating costs, free cashflow may be utilised for specific non-investment projects, in education, community, social and local impact. Returns on Organic Shares will also be considered on an annual basis but are not guaranteed.

5.5. Returns to CCU Holders

Returns to CCU Holders are expected to be delivered through dividends paid from earnings specific to the investment assets acquired from that CCU issue. Dividends are anticipated to be paid on annual basis and are subject to declaration at the Board's absolute discretion..

All investment assets will be valued on an annual basis by an independent and reputable valuer, and made available to all members & CCU investors. It is ORICoop's intention to hold investment assets in perpetuity. As there is no intention to sell investment assets, there is not expected to be realisation of any capital gains.

For more details on returns to CCU Holders please refer to the specific Investment Offer Document for a CCU issue.

6. ORICOOP RISKS – ORGANIC SHARES AND CCUS

6.1. Introduction

There are a number of risks and threats, both specific to ORICoop, and of a general nature, which may either individually, or in combination, materially and adversely affect the future operating and financial performance of ORICoop and the value of Organic Shares &/or CCUs. Many of these risks are partially or completely outside the control of the Cooperative, its directors and management. There can be no guarantee that the Cooperative will deliver on its business strategy, or that any forecasts contained in this Disclosure Statement or Investment Offer documents, will be achieved or realised. Prospective investors should note that past performance is not a reliable indicator of future performance. This Section describes the areas that ORICoop believes to be the key risks associated with becoming a member and/or investor of ORICoop.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on information as at the date of this Disclosure Statement, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge. Prospective members and/or investors should note that this is not an exhaustive list of the risks associated with an investment in ORICoop and should be considered in conjunction with other information disclosed in this Disclosure Statement & each Investment Offer document. Before applying for Organic Shares or CCUs, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether Organic Shares or CCUs are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. Prospective investors should consider seeking professional guidance from their accountant, stockbroker or other independent professional adviser before deciding whether to invest. All investors should familiarise themselves with the specific Investment Offer Document relevant to the investment they are seeking.

6.2. ORICoop financial performance.

ORICoop carries the normal risks of a start-up business. No assurance can be given that it will achieve commercial viability through the implementation of its business plan and there is no certainty around when it may generate a profit or how profitable it will be. Additionally, there is the risk of bad debts and the possible impact on cashflows from slow payments.

6.3 Organic Shares liquidity.

Being shares in a co-operative, Organic Shares are not listed, and cannot be listed, on any securities exchange and may be difficult to sell. There is no guarantee that a market for the trading of Organic shares will develop, nor is there any guarantee that the price of the Organic Shares will be maintained or increased. There will be relatively few or even no potential buyers or sellers of the Shares at any given time. This may prevent investors from acquiring more Shares or disposing of Shares they acquire easily.

6.4 CCU liquidity.

ORICoop has no current intention to list CCUs on any securities exchange and they may be difficult to sell. There is no guarantee that a market for the trading of CCUs will develop, nor is there any guarantee that the price of the CCUs will be maintained or increased. There will be relatively few or even no potential buyers or sellers of the CCUs at any given time (as per each Investment Offering). This may prevent investors from acquiring more CCUs or disposing of CCUs they own.

6.5 Price.

The price that can be obtained for the sale of Organic Shares or CCUs may not reflect their intrinsic value. The absence of a market for the Organic Shares and CCUs can impact their price and there may be few people willing to buy your Organic Shares or CCUs and those people may only want to buy them from you at a discounted price. Such discount may be a significant discount to their intrinsic value. There is no assurance that the price for Organic Shares or CCUs will increase over time

6.6 Dividends.

There is no guarantee that ORICoop will pay dividends or that dividends may achieve levels forecast in any Investment Offer Document. Dividends are dependent upon the financial performance of ORICoop and their declaration is subject to the Board's absolute discretion.

6.7 Control.

The Cooperative is structured such that all members have the ability to vote and be involved in the evolution of ORICoop. There is the risk that members can collectively make decisions that may not be in alignment with those of CCU Holders.

6.8 Unaudited financial model.

ORICoop's accountants have been providing financial advice and reviewing assumptions around accounting standards and taxes in the financial model, however, this model has not been audited by our ORICoop's accountants or any other qualified professionals. Investors are advised to undertake their own due diligence when reviewing the financial model prior to making an individual investment decision.

6.9 Insolvency.

The income, expenses and capital treatment of each property that is funded by the issuance of CCUs will be segregated from other assets acquired by ORICoop for the benefit of those specific CCU Holders. However in the event of insolvency of ORICoop, a liquidator may seek to utilise the profits and capital value of an asset to satisfy any creditors of ORICoop, before the payment of any surplus assets to those CCU Holders.

6.10 Taxation.

The taxation treatment of ORICoop and/or the Lyndale Park CCUs may change or may be different from expectations. Investors should seek their own, independent taxation advice on the tax treatment of their investment.

7 FARMLAND ACQUISITION – ASSOCIATED RISKS

7.1 Acquisition risk.

All acquisitions come with inherent and unknown risks. The Cooperative will enlist the best Strategic Investment Advisors possible, and subject to the Boards final decision, all investment offers will be analysed and approved by a formal approval mechanism. As with any investment there can be unrealised or unknown reasons an investment does not perform. See Investment Offer documentation for full risk disclosure specific to each CCU Offering.

7.2 Organic Contamination

All farms purchased by the Cooperative will be, or will intend to become, organically certified or will be farmed in a regenerative way. Should a farm be contaminated the 'outcome of best purpose' will be considered. If an area can be decertified, and the remainder (majority) can be continued to operate then the farm can continue in production. Should this not be possible, then the farm can be leased to conventional agriculture, and a process put in place for a 2 year exit strategy (for example, if a GM crop is planted within wind zone, that cannot be rectified).

7.3 Catastrophic natural event

All farms will have full insurance cover for natural disasters, including fire, flood and hail. Should an insured event occur, then insurance will be claimed, however there is no guarantee that the full extent of any loss can be recovered and therefore such an event could affect returns for that year. Additionally, while ORICoop will seek to obtain insurance that covers all reasonable risks, it is possible that catastrophic events could occur that are outside the farm's insurance cover.

7.4 Early termination of Collaborative Farming Agreement (for breach)

Should an appointed Farm Manager breach their contractual agreement then ORICoop will have the option of terminating their tenure under the Collaborative Farming Agreement (CFA) . This includes if the Farm Manager falls into arrears, by more than 90 days on their commitments under the CFA. ORICoop will then have the option of tendering a new agreement to the market, according to the management protocols of the CFA. If such an event were to occur, it is likely that the income from the property will be impacted and that returns to investors will be reduced until a new CFA can be established.

7.5 Valuation Risk

While there is no intention of selling any properties acquired by ORICoop, there are circumstances where this could occur. In such an event, investors would be exposed to the then market price of the property. While all properties will be valued every 12 months, there is no guarantee that the price at which a property can be sold will reflect that valuation or will be sufficient to repay investors capital.

7.6 Currency Risk

Organic shares & CCUs are issued in Australian dollars. Foreign investors should be aware of the risk of fluctuations in the Australia dollar versus other currencies that Organic Share & CCU holders may be exposed to.

7.7 Climate Change

A property in a reliable area over the longer term changes its rainfall catchment of production system. ORICoop will analyse and make conservative long range forecasts for the management potential of specific investments. All purchases shall include conservative stocking rates, and exit strategies for the livestock and/or grain should the season not be within standard climate conditions for an area. There is the risk however that ORICoop's forecasts are not met and that climate conditions impact on the income of the farm, and thereby affect returns.

7.8 Farm/Business Management risk

ORICoop takes a very considered approach to entering into arrangements with its farm managers and requires that all properties and businesses are run by experienced and skilled managers. However, there may be circumstances that change for these farm managers and therefore ORICoop is exposed to key man risk. Should a farm manager need to exit a CFA – all endeavours will be made to enable this on an amicable basis. The property/opportunity will then be tendered to the ORICoop members first, then to the wider community to find the most suitable respondent and farm manager. This would enable the Cooperative to continue operation, and for the longevity of the asset to be one of the primary motivators.

APPENDIX A: Conflict of Interest or Duty Policy

A Covered Individual should avoid any conflict arising between their personal interests (or the interests of any other associated person or institution) and their duties to the ORICoop.

A Covered Individual must not take advantage of their position to gain, directly or indirectly, a personal benefit, or a benefit for any associated person. A Covered Individual shall not make use of inside information in regard to ORICoop, or any of its associated partnership relationships.

Definitions:

- Covered Individual means a member of the Board of **ORICoop** (“Board Member”), an alternate, a member of any committee, task force or any other subsidiary body of the ORICoop.
- Associated Person means a Covered Individual’s spouse, minor child, or domestic partner.
- Associated Institution means (i) any organization, corporation or government in which a Covered Individual is serving as an officer, director, trustee, partner or employee, with which the Organic & Regenerative Investment Co-operative has an agreement, contract, grant or relationship; or (ii) any person, organization, corporation, government or similar institution with whom a Covered Individual is negotiating or has an arrangement concerning prospective employment.
- Personally and substantially.

To participate personally means to participate directly or to attempt to influence the outcome of a decision-making process, including, for example, consideration of a matter at a Board meeting, or direct and active supervision of a subordinate in a matter. To participate substantially means that the Covered Individual’s involvement is of significance to the matter.

Conflict of Interest: A conflict of interest or duty arises when a Covered Individual participates personally and substantially in any particular **ORICoop** matter in which, to his or her knowledge, he or she or an Associated Person or Associated Institution has a financial interest, if the particular matter may have a direct and predictable effect on that interest.

In general, and without limitation, conflicts may be deemed to exist in the following situations:

- Where a Covered Individual’s financial interests, or the interests of an Associated Person or Institution could affect the conduct of his or her duties and responsibilities with respect to the **ORICoop** or result in a reasonable perception that such a conflict exists;
- Where a Covered Individual’s actions compromise or undermine the trust that the public places in the **ORICoop**; and
- Where the Covered Individual’s actions create the perception that the Covered Individual is using his or her position at the **ORICoop** for personal benefit or for the direct financial benefit of an Associated Institution.

This list is only illustrative, and is not intended to set out all instances where an actual or potential conflict of interest or duty exists.

A Covered Individual who has a conflict of interest or duty in matters that relate to the affairs of ORICoop must immediately disclose that interest to the Board in writing and must not be present when the matter is being considered or vote on the matter, unless the Board have passed a resolution to enable the Covered Individual to do so.

Procedure when a Conflict of Interest or Duty Arises:

All actual or potential conflicts of interest or duty or the appearance thereof shall be immediately disclosed in writing to the **ORICoop** Board. Individuals are encouraged to consult with the Secretary or members of Board for guidance if questions arise in the application of this policy. It is the duty of the Board to review these disclosures and to decide whether an actual or potential conflict of interest exists and, if so, whether to issue a waiver defining the extent to which such Covered Individual may participate in any discussion of the issue that has given rise to the conflict. When it is determined that an actual or potential conflict of interest exists, the Covered Individual shall not participate in the matter that has given rise to the conflict absent a waiver from the Board. This means that the Covered Individual shall not vote or speak on the matter, and shall absent himself/herself without comment before any discussion or voting on the matter, unless a waiver has been granted by the Board. The waiver may be designed to allow for any level of participation the Board deems appropriate. For example, it may permit the Covered Individual to present information of a technical nature, but not recommendations. Or, it may permit the Covered Individual to attend the meeting in order to fulfil his or her administrative responsibilities, but not to participate in any discussion on issues that have given rise to the conflict of interest. The names of Covered Individuals with actual or potential conflicts of interest or duty who participate in a particular meeting, and the issue on which there is a conflict, shall be recorded in the minutes for that meeting. The Board may authorise an **ORICoop** employee to accept or hold an office or occupation outside of his or her employment duties at **ORICoop**, or to accept an honour or decoration provided by an outside party. When requested, the Board shall state whether such authorization would result in an actual or potential conflict of interest. Should a Covered Individual be found to have an actual or potential conflict of interest that has not been disclosed as required above, or the Board has reasonable cause to believe that a Covered Individual has failed to disclose an actual or potential conflict of interest, it will inform the Covered Individual of the basis for such belief and provide him or her with the opportunity to explain the alleged failure to disclose.