

Note: This application form must always be distributed with the investment statement. If you have not received an investment statement, please download one from www.harbourcoop.co.nz or pick one up from 12 London Street, Lyttelton.
Applicants must be over 16 years of age.



Investment Statement

Harbour Co-op Limited
12 London Street, P.O. Box 147, Lyttelton
info@harbourcoop.co.nz
www.harbourcoop.co.nz
Ph. (03) 328 8544

Investment Statement relating to the continuous issue of Employee or Institutional Purchaser Shares

Investment Statement Issue Date: 26 July 2012

Every applicant for Employee or Institutional Purchaser Shares who did not receive this Investment Statement before applying for the Shares may, within 10 working days of the date on which this Investment Statement was sent to the applicant, withdraw their application by written notice to Harbour Co-op Limited.

Important information

(The information in this section is required under the [Securities Act 1978](#).)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

	Page
<i>What sort of investment is this?</i>	2
<i>Who is involved in providing it for me?</i>	3
<i>How much do I pay?</i>	4
<i>What are the charges?</i>	4
<i>What returns will I get?</i>	4
<i>What are my risks?</i>	5
<i>Can the investment be altered?</i>	5
<i>How do I cash in my investment?</i>	5
<i>Who do I contact with inquiries about my investment?</i>	6
<i>Is there anyone to whom I can complain if I have problems with the investment?</i>	6
<i>What other information can I obtain about this investment?</i>	6

In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

The Financial Markets Authority regulates conduct in financial markets

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>

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What sort of investment is this?

The shares being offered in this Investment Statement are Employee and Institutional Purchaser Shares. These are Ordinary Shares in the capital of the Harbour Co-op Limited. Buying an Employee or Institutional Purchaser Share makes you a member of the Co-op.

Because the Harbour Co-op is registered as a co-operative company, the Shares offered by the Co-op are different to Shares offered by other types of company, in some important ways. This is explained in the following section.

What is a share in a Co-op?

Redeemable share capital, which can only be offered by co-operative companies, is very different from the 'transferable' type of shares normally issued by other types of companies.

To cash in transferable company shares you must first find a buyer to whom you can 'transfer' (i.e. sell) your shares, at an agreed price. Shares in larger companies are bought and sold through stock markets, but these markets do not cater for smaller companies where there are very few buyers or sellers. In contrast, co-operative companies can issue shares that are *redeemable* meaning that, under certain conditions, you can cash your share back in at the co-op instead of having to find someone to sell it to.

Shares in a co-op do not generally change in value – when you cash in your share, you will generally get the same amount that you originally paid for it. In comparison, the value of a company share changes over time, depending on what buyers are prepared to pay for the shares. Because co-op shares will not change in value, purchasing a co-op share is primarily for the purpose of supporting and becoming involved in your co-op; it is not a speculative investment where you would hope that the share will have increased in value by the time you sell it.

As a result, when considering investing in a co-op, you need to consider whether you support the purpose of the co-op, and the wider range of benefits the co-op might offer you, in addition to any financial benefits. The purpose and vision statement of the Harbour Co-op is included in the "Who is providing it for me?" section, and an outline of the benefits is included in the "What returns will I get?" section.

The following table outlines the main differences between a co-op Share and a company Share.

Co-op Share	Company Share
1 vote per person which means that decisions are democratic	1 vote per share which means that a majority shareholder can make all the decisions
Shares tend to only pay limited financial returns on shares, with the focus being on the overall returns, balancing financial and social benefits.	Focus is on maximising the financial return
Shares can be cashed-in (redeemed) with the co-op, subject to the rules of the co-op	Shareholders must find a buyer to transfer their share to
Shares do not change in value so when you cash in your share, you will generally get what you paid for it.	Shares can go up or down in value according to the price the buyer is willing to pay and the seller is willing to accept.

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Who is involved in providing it for me?

Issuer

This investment is offered by Harbour Co-op Limited, 12 London Street, Lyttelton.

Vision

The vision of the Harbour Co-op is of a resilient and prosperous co-operatively owned business which provides for the well-being of its members and their environment.

To achieve this we aim to:

- Conduct an economically, socially, and environmentally sustainable business
- Make high quality, ethically produced, ecologically sound and reasonably priced goods and services available to our members
- Strengthen our local economy
- Promote, encourage, and invest in local production of food and vital services
- Provide fair and equitable employment opportunities
- Operate in an open and transparent manner that empowers our members and provides a resource for other groups to follow
- Facilitate education and training of members to enrich our personal and community welfare
- Serve as a source of information regarding health, nutrition, organics, and sustainable living
- Reduce waste and minimise consumption of resources
- Respect and recognise our place in Te Ao Mārama – our inter-connected world – and act as environmental stewards
- Give caring consideration for those with special needs

As a way of working towards achieving this vision, the Co-op offers other classes of shares to other people or organisations that have a stake in the Co-op, such as employees and businesses who make bulk purchases. We also hope to secure local resilience for the future, by strongly supporting local production. We aim to identify current demands and facilitate supply through small local growers and suppliers who might otherwise struggle with daunting elements such as processing, distribution, and marketing. If the members of the co-op feel that there are products or services that would increase our social capital, and if we can use our collective resources to find a way to provide those things, we will contribute to the robustness of our local economy.

The above is an overview of the current vision of the Co-op, but it must be noted that the future directions that the Co-op may take are in the hands of the Co-op members, so the vision as outlined here is very much subject to change.

Directors

Directors and contact details can change from time to time. Please contact the Membership Co-ordinator of the Harbour Co-op for the current list of directors. This can also be obtained from the Companies Office website (www.business.govt.nz/companies) or from the Harbour Co-op website (www.harbourcoop.co.nz)

Activities of the Issuer

The Harbour Co-op was registered as a co-operative company on 14 March 2012, and as of 1 June 2012, purchased the assets and stock of the Lyttel Piko business and continues to run the retail grocery store in Lyttelton – specialising in organics, wholefoods, and locally produced products.

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How much do I pay?

Issue Price

The issue price for Employee Shares is \$365 per Share.

Each employee can only hold 1 Employee Share.

The Employee Share can only be owned by an employee of the Harbour Co-op Ltd.

The issue price for an Institutional Purchaser Share is \$1000 per Share.

Each applicant can apply for only one share.

Applications must be made on the Application Form contained at the back of this Investment Statement. Applications can be delivered to the shop at 12 London Street, Lyttelton, posted to P.O. Box 147, Lyttelton 8841, or emailed to membership@harbourcoop.co.nz.

Employee or Institutional Purchaser Shareholders may not own Household or Supporting Shares, or vice versa.

Payments

The amount payable for the Employee or Institutional Purchaser Shares must be paid on application, unless otherwise arranged with the Membership Co-ordinator. Payment can be made either by enclosing a cheque with your application, or by making a bank deposit into the account indicated on the application form.

Cooling Off Period

If you did not receive a copy of this Investment Statement before applying for the Shares, you may withdraw your application by giving written notice to the Harbour Co-op within 10 working days of the date you were sent this Investment Statement.

What are the charges?

Applicants are not required to pay any fees or other charges to the Harbour Co-op, or anyone associated with the Harbour Co-op, when applying for a share.

What returns will I get?

As a cooperative, the Harbour Co-op conducts business primarily for the benefit of its members. Our goal is to maximise member benefits (both financial and otherwise), while remaining a viable business. Any profits that are not retained within the business will be returned to members in the form of discounts, rebates, and distributions.

Membership Benefits

Holders of Employee Shares are entitled to the following benefits:

- *Voting Rights:* As a part-owner in the co-op, you have a say in how the business is run. You are entitled to vote for an Employee representative on the board of directors, and to contribute to major decisions regarding the running of the Co-op.
- *Store Discounts:* The discounts offered to members may change over time, but will initially include monthly discounts on select goods and discounts on bulk outers.
- *Rebates:* The Co-op may issue annual rebates, in the form of vouchers, loyalty points, shares, or payments, with the value of any rebate being in proportion to the total amount that you have spent in the shop in the preceding year.
The issue of rebates will be at the Board's discretion, with the board considering the financial position of the Co-op and the need to retain some profits in the business as reserves and to fund Co-op initiatives.
The board does not expect to be able to issue any rebates in the first 2 years of business, until the purchase of the Lyttel Piko business has been fully paid up.
- *Free or discounted workshops*
- *Community participation:* get to know other Co-op members, and be involved in making our community the place we want it to be.

Holders of Institutional Purchaser Shares are entitled to the following benefits:

- *Voting Rights:* As a part-owner in the co-op, you have a say in how the business is run. You are entitled to vote for an Institutional Purchaser representative on the board of directors, and to contribute to major decisions regarding the running of the Co-op.
 - *Store Discounts:* The discounts offered to members may change over time.
 - *Rebates:* The Co-op may issue annual rebates, in the form of vouchers, loyalty points, shares, or payments, with the value of any rebate being in proportion to the total amount that you have spent in the shop in the preceding year.
The issue of rebates will be at the Board's discretion, with the board considering the financial position of the Co-op and the need to retain some profits in the business as reserves and to fund Co-op initiatives.
The board does not expect to be able to issue any rebates in the first 2 years of business, until the purchase of the Lyttel Piko business has been fully paid up.
 - *Free or discounted workshops*
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Payments:

Any distributions or rebates that the board determines to pay, will normally be paid annually, in June. This date is indicative only and is subject to change.

Any payments the Co-op makes to you will be by direct credit to your bank account if you have provided your bank account details to the Membership Co-ordinator. If the Co-op does not have your bank account number, payments will be made by posting a cheque to your address, as it appears in the Share Register, at your risk.

Rebates in the form of vouchers or loyalty points will be credited to your Co-op account, and you will be notified of the rebate by email or post.

Harbour Co-op Limited is the entity legally liable to pay any dividends or rebates that the Board determines to pay.

What are my risks?

A person or company who is issued Shares will not be required to pay more for the Shares than the initial issue price for those shares.

The amount paid by a subscriber for a Share is only repayable on surrender of the Share. There is a risk that, at the time you surrender your share, the Co-op may not be in a suitable financial position (as determined by applying the Solvency Test, defined in the Companies Act 1993) to redeem your Share.

There is a risk that financial benefits (discounts, rebates, distributions) may be stopped, during any times when the Co-op's business is not profitable. This may be in a situation where the costs of running the store exceed the Co-op's income, or it may be in a situation where the Co-op is not able to operate its business. This could happen, for example, if suitable premises are not available due to an earthquake-related event, or if the Co-op fails to purchase the Lyttel Piko business at the end of the 2 year period.

Consequences of insolvency:

The liability of the holder of Shares, in the event that the Harbour Co-op is placed in liquidation or receivership, cannot extend beyond the amount paid on those Shares. There is no outstanding liability with regard to Employee or Institutional Purchaser Shares provided they are fully paid up.

In the event of a receivership or liquidation all secured and unsecured creditors of the Harbour Co-op will rank ahead of the claim of each shareholder for the return of their capital and any unpaid dividends or rebates. The shareholders will only receive a payment if there are assets remaining after paying all debts and other liabilities of the Harbour Co-op and the costs of the receivership or liquidation. Supporting Shares rank ahead of all other Shares for repayment of capital and dividends, and shall be paid before any repayment on any other class of shares.

Can the investment be altered?

The rights attached to the Shares are specified in the Co-op's constitution, and can only be changed by a special resolution of the holders of the Shares passed at a meeting called for that purpose. In order to be passed, a special resolution requires a majority of 75% of the votes cast at the meeting either in person or by proxy.

How do I cash in my investment?

Early Termination

The situations in which shares may be redeemed are detailed in the Co-op's constitution. The following is a summary of the main points.

Redeeming your Employee Share

You may choose to redeem (cash-in) your Employee Share in any of the following situations:

- You no longer shop at the Harbour Co-op and have not done so in the preceding year.
- You are no longer employed at the Harbour Co-op.
- You have held your Employee Share for 2 years or longer.

The situations in which the Co-op may choose to redeem your Employee Share are:

- You are no longer employed by the Co-op.
- You have behaved in a way that impedes the Co-op, or have breached a contract with the Co-op

Redeeming your Institutional Purchaser Share

You may choose to redeem (cash-in) your Institutional Purchaser Share in any of the following situations:

- You no longer shop at the Harbour Co-op and have not done so in the preceding year.
- You are no longer in a position to shop at the Harbour Co-op (for example your business no longer operates in the Christchurch area).
- You have held your Institutional Purchaser Share for 2 years or longer.

The situations in which the Co-op may choose to redeem your Institutional Purchaser Share are:

- You have not shopped at the Co-op at any time in the previous year.
 - You have behaved in a way that impedes the Co-op, or have breached a contract with the Co-op
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Limitations on Share Redemption

In any case, the Co-op is only able to redeem your share if it satisfies the Solvency Test, as outlined in the Securities Act. This protects the financial viability of the business, and thus everyone else's investment.

Right to sell securities

You may also, with the Board's approval, transfer your Employee or Institutional Purchaser Shares to another person, provided there is no money owing on the Shares, and the person you are transferring the Shares to is eligible to hold them. If you wish to transfer your Share, it is your responsibility to find someone to transfer it to, and to arrange payment (if any) for that share, with the person you are transferring it to. The Co-op will not charge you for transferring your share.

However, Co-op shares are not normally transferred as they are usually surrendered. As a consequence there is no established market for shares in the Harbour Co-op.

Who do I contact with inquiries about my investment?

Membership Co-ordinator

Email: membership@harbourcoop.co.nz

Phone: (03) 328 8544

Address: 12 London Street, Lyttelton 8082

Postal Address: P.O. Box 147, Lyttelton 8841

Website: www.harbourcoop.co.nz

We will keep the website updated with information about this share offer, and with the answers to commonly asked questions.

Is there anyone to whom I can complain if I have problems with the investment?

All complaints about the Harbour Co-op's shares should be directed to the Co-op's Membership Co-ordinator, at the address listed above.

Complaints about the Harbour Co-op's Shares cannot be made to an ombudsman.

What other information can I obtain about this investment?

Registered Prospectus

Further information about the Harbour Co-op and about the offered Shares is contained in the Harbour Co-op's registered prospectus. This can be obtained, free of charge, from the Harbour Co-op website www.harbourcoop.co.nz, or from the Lyttel Piko shop at 12 London Street, Lyttelton.

The prospectus is also filed at the Companies Office of the Ministry of Economic Development and is available for public inspection at the Companies Office website: www.companies.govt.nz.

Financial Information

As the Harbour Co-op is newly formed, financial statements are not yet available. However prospective financial statements for the next two years are included in the registered prospectus. These have been prepared based on the recent financial statements of the Lyttel Piko business, taking into account the intentions of the Board for the Co-op in the coming two years.

After the end of each financial year, the Harbour Co-op will register its financial statements and these will be available from the Harbour Co-op website and from the Companies Office website, along with the associated auditor's report.

A report comparing the actual results and the prospective financial results as included in the prospectus will be available on the Harbour Co-op website, shortly after the financial statements for each of the next two years have been registered.

Other Harbour Co-op Information

The following information will also be available, free of charge, on the Harbour Co-op website, as it becomes available:

- Annual Reports
- Constitution

Educational Information about Co-ops

More information about co-ops in general, and about the Harbour Co-op, can be found on the Harbour Co-op website: www.harbourcoop.co.nz.

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Harbour Co-op Membership Application Form

The following application form should be filled in, signed, and:

- posted to: Membership Co-ordinator, Harbour Co-op Limited, P.O. Box 147, Lyttelton 8841
- or dropped in at the Harbour Co-op shop at 12 London Street, Lyttelton.
- or emailed to membership@harbourcoop.co.nz, if you are able to sign the application form electronically.

Your application cannot be accepted until payment has been made.

Please get in touch with us if you would like to join but cannot meet the full cost of membership at this time.

Full Name of Employee or Company: _____

IRD Number of Primary Shareholder: _____

Address: _____

Telephone: _____

Email Address: _____

I would like to purchase 1 Employee Share for \$365.

I would like to purchase 1 Institutional Purchaser Shares at \$1000.

Please include a deposit slip or other printed document showing your bank account number, with your application form.

Payment Total: \$ _____

Payment Method:

Cheque

Make your cheque payable to **Harbour Co-op Limited**, and include your cheque with your application form.

Bank Deposit

Account Name: **Harbour Co-op Limited**

Account Number: **020842 0040412 097**

Bank: **BNZ, Ferrymead Branch, Unit 9, 2 Waterman Pl, Ferrymead, 8023, New Zealand.**

Reference: **Surname (or first letters of your surname as fit in the reference field).**

Code/ Particulars: Please also include your **phone number** in the Particulars or Code fields. We can use this to contact you if we have any trouble matching up your payment with your application form.)

If you have a field left over, your first name as shown on the application form will also be helpful.

I agree to the Co-op giving financial assistance for the purpose of the purchase of shares otherwise than in accordance with sections 76 to 80 of the Companies Act 1993.*

I have received a copy of the Harbour Co-op Investment Statement.

All of the information that I have provided on this form is true and correct.

Authorised Signatories or

Signature of Primary Shareholder

_____ Date: / /

* Sections 76 to 80 of the Companies Act specify, amongst other things, that all shareholders must be notified about each instance of financial assistance (e.g. allowing someone to pay off a share over time), with that notification including the name of the person receiving assistance. Sections 76 to 80 can be read on the Harbour Co-op website: <http://www.harbourcoop.co.nz/membership/financial-assistance-legislation/> or the [New Zealand Legislation Website](http://www.nzli.govt.nz/).