



Shares and shareholders

What is a shareholder?

A shareholder is a member and part-owner of a type of company, like Murrumbidgee Irrigation (MI), which issues shares. A shareholder can be a natural person or an incorporated entity.

What is a share?

A share is a bundle of contractual rights, benefits and obligations that the holder has in relation to a company.

Normally, shares include a right to vote, a right to dividends and a right to participate in a distribution of available assets on winding-up of the company. However, due to the nature of MI as a cost-recovery business with functions set by legislation, its Constitution prohibits the payment of dividends and shareholders do not have rights to any assets on winding-up.

What does a share entitle the owner to?

Shares confer some rights and obligations on the shareholder.

A shareholder has a say in company governance through their power to:

- appoint and remove directors,
- vote on certain matters that the law or the company's Constitution require shareholders to determine, and
- vote to amend the Constitution.

Shareholders' other rights and powers include:

- setting directors' pay,
- appointing the company's auditors,
- attending and voting (except if a shareholder has non-voting shares) at general meetings and class meetings,
- asking questions about or making comments on the management of the company at general meetings, and
- receiving an annual report including audited financial statements.

What shares does MI issue?

MI is an unlisted public company limited by shares.

MI's shares are based on the water entitlements (WEs) a customer owns. This means to be a shareholder a person (or entity) must own WEs under a Water Entitlements Contract with MI. If you were to sell your WEs, your shares must be transferred to another shareholder or forfeited because MI's Constitution does not permit 'dry' shares.

The maximum number of shares you can own in each class is limited by the number of WEs of each category that you own.

The classes of shares and the way in which they are issued is:

A class: one share per megalitre of high security water entitlement held (category 3 WEs)

B class: one share per megalitre of general security water entitlement or high security (stock & domestic) water entitlement held (category 1 and category 5 WEs)

In the past, MI also issued C class (non-voting) shares but they are not being issued any more.

There is no issue price for MI shares and they are not quoted on any stock exchange. Shares may be issued for free to qualifying customers on application to MI.

What voting rights do MI shares carry?

A and B class shareholders have voting rights at general meetings, at class meetings and in ballots for the election of member directors. The voting right is one vote per landholding, irrespective of the number of shares held. This means to vote your shares you must own at least one property registered in the same name as the shares.

Where can I get more information?

MI's Constitution and Constitution Fact Sheet. You can download them from our website or obtain a printed copy from MI's offices.

- www.mirrigration.com.au/customers/shareholders