

## **What should you know about Company Titles in South Australia?**

Company titles are a unique ownership structure typically used in pre-1970's apartment buildings around Australia. Company titles preceded modern day Community and Strata Titles.

With a company title, the registered proprietor noted on the Certificate of Title to the land will be a company, despite the property comprising multiple units or apartments which share common areas. Individual owners will then own shares in the registered proprietor company. These shares provide each shareholder with an exclusive right to occupy a specific unit within the building, by virtue of owning a specific class of share. Therefore, owners are shareholders in the registered proprietor company and not "landowners" in the traditional sense.

With the introduction of Strata title in Australia in the 1960's, company titles have become less common and fallen out of favour as an ownership structure.

Matters related to the 'Company'

Company titled properties are regulated by a company constitution (*or articles of incorporation depending on the age of the company*), or the Replaceable Rules under the *Corporations Act 2001* (Cth) (Act).

The company which owns the land will have a number of directors. Like any other company, the directors are responsible for the operation of the company, and in this case, the management of the land. It is common practice that the shareholders (owners who live in the building) are directors of the company, and the requirement to act as a director is sometimes attached to the specific shares owned.

If you are a director of a company, it is important to note that you owe certain obligations and duties as an officer of the company under the Act, which if breached can result in personal liability.

Some of these duties include requirements to:

- act for a proper purpose;
- act in the best interests of the company;
- avoid conflicts of interest;
- act with care and diligence; and
- prevent insolvent trading.

*For more information or advice, please contact your conveyancer.*