



HERMANUSDOORNS SHAREBLOCK LTD

Reg 91/06901/06

c/o 294 Brickfield Rd, Meadowdale, Germiston, Johannesburg.

Tel: +27 (0)11 879 - 6105; Fax: +27-(0)86-609-6186

12th July 2014

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the shareholders of Hermanusdoorns Shareblock Limited ("The Company") will be held at the entertainment area, near the swimming pool area of the Farm, Hermanusdoorns on 9th August 2014 at 11h00, for the purpose of dealing with the business and considering and, if deemed fit, with or without modification, the resolutions set out below:

1. Welcome
2. Attendance Register
3. Notice convening meeting and quorum
4. Apologies and proxies
5. Presentation of Financial Statements.
6. Ordinary Business
 - a. **Ordinary Resolution 1**
Resolved as Ordinary Resolution 1 to approve the minutes of the previous Annual General Meeting held on 10th August 2013
 - b. **Ordinary Resolution 2**
Resolved as Ordinary Resolution 2 to receive and adopt the Company's annual financial statements for the year ended 28 February 2014 together with the reports of the directors and auditors.
 - c. **Ordinary Resolution 3**
Resolved as Ordinary Resolution 3 to re-appoint Russell James and Company Incorporated (Incorporating Core Chartered Accountants (SA)) as auditors to the Company until the conclusion of the next Annual General Meeting.

7. Special Business

To consider, and if deemed fit, to pass with or without modification the following resolutions, which are proposed as a special resolutions:

Special Resolution 1

i. Preamble to Special Resolution 1

As a result of the floods that occurred during the first quarter of 2014, the farm infrastructure suffered severe damage. Some of the damage inflicted includes:

- Structural damage to the bridges at Breekloof and Donkerkloof on the Eastern side of the farm.
- Severe erosion in Donkerstroom in the North Eastern portion of the farm. This erosion cut into the neighbour's farm rendering the existing fence useless. Our neighbour has already replaced 50% of the eastern boundary fence, at his expense.
- Structural damage to the main road and bridges leading into the mountain – the Breekloof road
- Destruction of the coffer dam at the bottom of Breekloof
- General damage to roads on the northern boundary of the farm.

The estimated cost to rehabilitate the above is in the region of R 380,000. In addition to the above, the farm incurred unbudgeted costs of R 270,000 for reconstruction of the pool during the last financial year. Thus the total unbudgeted capital expenditure will be R 650,000.

These combined effects have depleted the cash resources of the company and resulted in the company having to secure short term borrowings to fulfil its financial commitments during the last financial year.

Rehabilitation costs are estimated as follows:

- Repairs and widening of both abovementioned bridges (already completed)
 - R 25,000
- Rerouting of Donkerstroom away from the eastern boundary to align its flow with the culvert in the main tar road, backfill of the old river and construction of an alternative road
 - R 125,000 (Road already completed)
- Construction of dam in Breekloof river to reduce and control flooding
 - R 25,000
- Completion of the lower portion of the eastern boundary fence that was damaged in the flood
 - R 80,000
- Temporary repair to non-mountain roads (already done)
 - R 15,000

- Temporary repair of Mountain Roads (Already Done)
 - R 25,000
- Reconstruction of bridges and gullies in Breekloof
 - R 60,000
- Reconstruction of the coffer dam
 - R 25,000

Careful financial planning and cost cutting over the last 18 months requires that the Company does not need to raise the total of the above in the amount of R 650,000 but requires the raising of a single special levy of R 376,000. This translates to R 4,000 per share, excluding the shares (6) that are in the process of being repurchased as per Special Resolution 2 from the 2013 AGM

Resolved as Special Resolution 1 to raise a once off special levy in the amount of R 3,500 per share

ii. The effect of Special Resolution 1

The effect of Special Resolution 1 is to raise sufficient funds to remedy repairs created by the floods of early 2014

Special Resolution 2

i. Preamble to Special Resolution 2

As part of our on-going efforts to recover outstanding debts from shareholders we are now in a position to auction these shares to cover all outstanding debts as well as legal fees. It is the Board's intention to participate in the auction and offer the outstanding debt, inclusive of legal fees as the price for these shares. This is in effect the buy-back of these shares and as such a Special Resolution is required.

Resolved as Special Resolution 2 to authorise the Board to buy back those shares that get put on auction as a result of defaults in levy and other payments by the shareholders.

ii. The Effect of Special Resolution 2

The effect of Special Resolution is that for each share thus purchased on auction as a result of default payments by a shareholder, that the issued shares would reduce by one and the Share capital would reduce by R1000. There are potentially 4 such shares on offer. The Purchase offer for each share will be equal to the total outstanding debt and will be taken through the income statement as an expense.

8. Re-election of Directors

As per the Memorandum of Incorporation, two directors must retire from office at this point in time. Mr MJ Perrie and C Hattingh are due for retirement and offer themselves for re-election.

9. Presentation of general issues

10. To transact such other business as may be transacted at an Annual General Meeting.

11. General

All shareholders are entitled to attend, speak and vote at the meeting and a form of proxy is enclosed for the convenience of any shareholder who is unable to do so.

The proxy form should be completed and sent to (lodged) with the Company for the attention of Sylvia Trott at:

- Midas Group, 294 Brickfield Rd, Meadowdale, Germiston, Johannesburg
- Sylvia.trott@midasgroup.co.za
- Fax: 086-609-6186

These proxies, as per the Memorandum of Incorporation of the Company are to be received not later than **11h00 on 7th August 2014**, being 48 hours before the time for holding the meeting.

Any member who completes and lodges the form of proxy will nevertheless be entitled to attend, speak and vote in person (to the exclusion of a previously appointed proxy holder) should they afterwards decide to do so.

Each shareholder is entitled to appoint one proxy (who need not be a shareholder) to attend, speak and vote in his stead.

BY ORDER OF THE BOARD



MJ PERRIE
MANAGING DIRECTOR