

# Hermanusdoorns Shareblock Limited

## MINUTES OF THE ANNUAL GENERAL MEETING HELD ON THE FARM ON

10 August 2013 AT 11H00

### 1. Welcome

The Chairman opened the meeting at 11h00 by welcoming all shareholders present and extending a special welcome to new shareholders.

### 2. Apologies

Floors du Plessis  
Willie Botha  
Elrida Starke  
Vernon Keys

### 3. Notice Convening Meeting and Quorum

There being 69 of the 100 shareholders present in person or by proxy, the Chairman declared that as there was a quorum, proceedings could continue. The Chairman also stressed that 35 votes were required to carry a normal resolution and 52 to carry a special resolution.

The Chairman explained that voting would be done by way of show of cards with each card corresponding to one share and one vote.

Keith Smith volunteered from the floor to act as referee and assist in vote counting.

### 4. Chairman's Report

4.1 The Chairman welcomed new shareholders as there had been a sale of 3 shares since the previous AGM.

The Chairman gave a detailed presentation of the previous year's activities divided into a number of headlines:

- Financial Position
- Stakeholder Issues
- Corporate Governance
- Infrastructure & Asset Management
- Human Capital
- Fauna & Flora
- Service Provision

The detailed presentation would be made available on the website.

#### 4.2 Financial Position

The financial position remained healthy although late levies were still a concern. The situation had improved from the previous year but at 31 March there were still R 321 k in late levies compared to R 564 k in the previous year. This was still unacceptable.

Judgment had been obtained against 5 shareholders with an auction of the shares being a possibility. Two of these shareholders had subsequently paid the levy but legal fees were still outstanding.

Of concern was the fact that a shareholder was defending one of the errant shareholders against the company.

The permanent resident levy had been reduced to 133% of the non-resident levy, effective from the next levy cycle and would be monitored moving forward.

The non-resident levy for 2014/15 was indicated at R 22 200 pa which was a 6.5% increase from the previous year. As was the case in the previous year, there was only one levy which incorporated both the operational and capital levy.

The audited AFS reflected the position in accordance with the SAICA Guide on Reporting by Share Block Companies introduced in June 2011, with the major effect being that assets purchased were fully accounted for in the Income Statement in the year of purchase and were reflected at zero value on the Balance Sheet as they belonged to shareholders and not to the company. This was in accordance with the reporting adopted in the 2012 AFS. A comparative in the old format was not presented in order to reduce audit fees.

#### 4.2 Stakeholder Issues

Developments in Inheritances / Syndicates, communication, the Eskom line, farm management and labour compliance were tabled.

A security / access control solution would be the next project tackled by the Board. There had been recent advances in electronic surveillance solutions which would be investigated, but the Chairman requested suggestions from shareholders to assist in this regard.

#### 4.3 Corporate Governance

The major activity in this regard was the drafting of a new MOI to replace the existing Memorandum and Articles of Association in terms of the introduction of the Companies Act No 71 of 2008.

The AFS had gone through at least 5 drafts and were of high quality and he thanked the Financial Reporting Committee, especially the inputs of Mr Attie du Plessis and Mr Willie Botha in this regard.

With the appointment of a new farm manager, the existing limits of authority would be reviewed and reworked.

#### 4.4 Infrastructure and Asset Management

The swimming pool had developed burst pipes and a crack and was in the process of being renovated and would be ready by spring.

A vehicle policy had been developed over the past 12 months and a new bakkie acquired.

Ten tons of Bentonite had been secured free of charge (apart from transport costs), and would be utilized to seal the dams.

Some shareholder residences needed attention and the Chairman asked shareholders affected to please take action where applicable.

The transaction and background for the sale of the small camp (Special Resolution No 2) was explained.

#### 4.5 Human Capital

The Chairman thanked the farm manager for his contribution as farm manager over the past 18 years and gave a précis of the new farm manager effective 1 September 2013.

The current farm manager addressed the meeting imploring all shareholders to support the new farm manager and not to complain to him about small issues.

The Chairman explained the farm management structure and expressed a vote of thanks to Pieter & Annetjie and the remaining staff for their loyal support and dedication to the farm.

4.6 Flora & Fauna

Game capture of specifically kudu and impala would need to take place next year.

The latest environmental report indicated that either veld burning or the utilization of bulk grazers was needed before the rains. Both had their risks. The Chairman was against the use of fire and requested the meeting to indicate which method they would prefer. No one supported burning, so it was taken that bulk grazers (cattle) were to be used for 2 to 3 months in designated areas in a controlled manner.

4.7 Service Provision

The Chairman outlined current services being offered by the company. There would no longer be a monthly meter reading charge for electricity.

The charge for electricity would increase by 20% from 1 October to cater for the Eskom increase, while washing would increase by 3% and alarm monitoring by 4.2%.

He also stressed that shareholders should get connected to the radio frequency on the farm.

Shareholders may not employ cleaning staff directly, but must liaise via the farm manager.

**5. Ordinary Business**

a. Ordinary Resolution 1

Resolved as Ordinary Resolution 1 to approve the minutes of the previous Annual General Meeting held on 11 August 2012.

Mr W. Botha had requested a change in the terminology in CI 4.2. Reference to "Audit Committee" should be replaced by "Financial Reporting Committee".

The resolution was put to the vote.

Proposed: Mr. M. Perrie  
Seconded: Mr R. Hofmeyer

There were no abstentions or votes against, and the resolution carried.

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 2013 together with the reports of the directors and auditors.

Mr Vosloo queried the audit fee. Mr du Plessis responded that the Financial Reporting Committee was satisfied with the quantum and explained the role of the Financial Reporting Committee vis a vis the External Auditors and confirmed that the Financial Reporting Committee did not levy a charge on the company for their efforts. The Financial Reporting Committee is a committee of the Board and the Board takes responsibility for the AFS after reviewing recommendations made by the Financial Reporting Committee.

Proposed: Mr R. van Lingen  
Seconded: Mr H. Venter

There were no abstentions or votes against, and the resolution carried.

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 conclusion of the next Annual General Meeting.

Proposed: Mr M. Perrie  
Seconded: Mr. S. Gericke

There were no abstentions or votes against, and the resolution carried.

d. Ordinary Resolution 4

- Preamble to Ordinary Resolution 4

At a Board meeting of 15th July 2013, the Board appointed Messrs J Kotze and C Ross to the Board.

- Mr Kotze is a retired director of many companies and now resides on the farm.
- Mr Ross is a well know businessman and CEO of the hotel group, City Lodge

The resolution for the ratification of the 2 directors was split into two parts, one for each director:

Ordinary Resolution 4a

Resolved as Ordinary Resolution 4a to ratify the appointment of Mr Clifford Ross as a Director of the Company

Proposed: Mr M. Perrie

There were no abstentions or votes against, and the resolution carried.

Ordinary Resolution 4b

Resolved as Ordinary Resolution 4b to ratify the appointment of Mr Johan Kotze as a Director of the Company

Proposed: Mr H. Venter

There were no abstentions or votes against, and the resolution carried.

**6. Special Business**

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

a Special Resolution 1

- Preamble to Special Resolution 1

As a result of the changes made to the Company's act, it is required that a new Memorandum of Incorporation (MOI) be adopted by the company. The MOI proposed for adoption is based on the existing Memorandum and Articles of Association of the Company inclusive of all Special Resolutions that have been carried by Special Resolutions.

- Special Resolution 1

Resolved as Special Resolution 1 to adopt the MOI of the Company as laid out, together with any other Special Resolutions that may be adopted during this AGM.

Proposed: Mr J. Rupert  
Seconded: Mr. S. Gericke

There were no abstentions or votes against, and the resolution carried.

b Special Resolution 2

o Preamble to Special Resolution 2

In 1999, as part of the consolidation of the properties, the Company entered into negotiations with Hermanusdoorns Trust, a trust formed by a shareholder Mr A Vosloo, to sell the "Small Camp". At that time, the land was considered by the appropriate authorities to be too small (156 Hectares) for outright freehold title ownership and the following agreement was entered into with the Hermanusdoorns Trust and ratified by Special Resolution at the 2000 AGM:

Exclusive rights for use of the "small camp" in consideration for the issue of six (6) ordinary shares for the same consideration as the original agreed sale price.

- Two (2) of these shares would attract levies in consideration for maintenance services to be provided by the Company.
- Should the law change in respect of the freehold ownership:
  - o The land could be transferred to the Hermanusdoorns Trust with all costs to be borne by the Hermanusdoorns Trust.
  - o The six (6) shares would be bought back by the Company.
  - o The Selling Price of the land would be equal to the purchase price of the shares being that of the agreed sale price in 2000, in the amount of R 400,000.
  - o No further services would be provided to the Hermanusdoorns Trust by the Company.

At this time the Hermanusdoorns Trust has indicated to us that they have obtained the necessary permission to authorise the transfer of land to the Hermanusdoorns Trust in exchange for the transfer of the six shares.

o Special Resolution 2

Resolved as Special Resolution 2 to authorize the transfer of the land to Hermanusdoorns Trust in exchange for the transfer of the six shares issued for exclusive use of the small camp. The Board is further authorized to attend to all matters to facilitate the above.

Proposed: Mr A. du Plessis  
Seconded: Mr. C Taylor

There were no abstentions or votes against, and the resolution carried.

**7. Election of Directors**

Mr A.S. du Plessis was due for retirement and made himself available for re-election. Voting was by secret ballot and he was re-elected.

**8. General**

The 2014 AGM would be held at the same venue on Saturday 9 August 2014.

Mr Daan Mostert directed a question at Mr du Plessis and queried the Board's view on building operations. The Chairman responded that the company no longer undertook building operations for

shareholders as that introduced too high a level of risk for the company. It would continue to offer maintenance services.

Mr Johannes Venter raised the fact that he had bought 22 years ago, firstly for enjoyment and secondly as an investment. Hunting had subsequently been banned. He suggested re-introducing hunting instead of culling as this would better subsidize levies. The farm was currently in a comfortable place, but a bit stagnant at the moment. The Chairman requested that he put in writing some of his ideas and recommendations for consideration.

Mr Hofmeyer and Mr Peet van der Merwe both raised the concern of damage caused by baboons to their properties. Mr van der Merwe suggested investing in some Sable. Given that they cost in the region of R 200 000 each and the farm would need about 10, this was not currently possible.

Mr Marais raised the possibility of bow hunting as it was "such a peaceful process" in contrast to the cruelty to game in the game capturing process.

Mr John Rees requested opening up access to the mountain areas as it seemed, from the state of the grass and shrubs in the "middel-mannetjie" that no-one went up there and the roads were not maintained.

Mr Ooppel Greeff thanked the board and management for their efforts in running the farm.

Mr Solly van der Wath stressed the importance of regular maintenance. Although it might cost money in the short term, the benefits would be seen in the medium term. He also enquired whether an asset register was controlled as he had not seen the small Massey Ferguson bulldozer in quite a while. He had written a mail previously on access control and stressed that the electronic route was the only way to go, from his experience on many mines.

There were no further issues raised by shareholders.

The Board expressed their gratitude to the staff and farm management for their hard work and for maintaining the farm in such good condition.

There being nothing more to discuss, the Chairman invited everyone to a kudu potjie which was superbly prepared and presented by the farm management.

Meeting closed at 13h00

Proposed: The entire meeting.

**HERMANUSDOORNS WEB SITE: [www.hermanusdoorns.co.za](http://www.hermanusdoorns.co.za)**