
heartwood®

PROPERTIES

HEARTWOOD PROPERTIES LIMITED

Incorporated in the Republic of South Africa

Registration Number: 2017/654253/06

ISIN: ZAE400000044

4AX Share Code: 4AHWP

("Heartwood Properties" or "the Company")

NOTICE OF SUBMISSION OF WRITTEN RESOLUTIONS TO THE SHAREHOLDERS OF THE COMPANY TO BE ADOPTED IN ACCORDANCE WITH SECTION 60 OF THE COMPANIES ACT, NO 71 OF 2008, AS AMENDED ("the Companies Act")

Dear Heartwood Properties Shareholder,

Capitalised terms contained in this Shareholder notice shall, unless specifically stated otherwise, bear the same meaning as ascribed to those terms in the memorandum of incorporation of Heartwood Properties ("Heartwood Properties MOI") and/or the listing requirements ("LRs") of 4 Africa Exchange Proprietary Limited ("4AX") and/or the Companies Act.

1. The board of directors of the Company ("**Board**") resolved on or about 11 February 2019 to propose that the shareholders of the Company ("**Shareholders**"), consider and if deemed fit, approve, with or without modification, the special resolution ("**Special Resolution**") and ordinary resolutions ("**Ordinary Resolutions**") set out in Annexure 1 hereto, by written consent in accordance with section 60 of the Companies Act.
2. The Special Resolution being proposed by the Board to Shareholders is required for the Shareholders to approve and authorise the Company to issue and allot the Pencil Creek Trust Consideration Shares (as defined below) to the Pencil Creek Trust (as defined below) in terms of the Sale and Subscription Agreement (as defined below).
3. In terms of section 41(1) of the Companies Act, any direct or indirect issue of shares by a company to a director and/or prescribed officer of such company must be authorised by the shareholders of the company by way of special resolution. Due to the Pencil Creek Trust being an "*related person*" (as contemplated in terms of the Companies Act) of Mr Martin Radford Evans, a director of Heartwood Properties, the issue and allotment of the Pencil Creek Trust Consideration Shares by the Company must be approved by the Shareholders of the Company.
4. The Ordinary Resolutions being proposed by the Board to Shareholders is required to authorise the Board to proceed with the implementation of the Special Resolution and to sign all such documents and perform all such functions as may be required and/or necessary for the implementation of the Special Resolution in accordance with its terms.
5. The Special Resolution will only be adopted if it is supported by at least 75% (seventy-five percent) of the voting rights exercisable by all Shareholders.
6. The Ordinary Resolution will only be adopted if it is supported by more than 50% (fifty percent) of the voting rights exercisable by all Shareholders.
7. Section 65(2) of the Companies Act provides that the board of directors of a company may propose any resolution to be considered by shareholders and may determine whether that resolution will be considered at a meeting or by vote or written consent in terms of section 60 of the Companies Act. The Board has determined by resolution that the Special Resolution and the Ordinary Resolutions, being resolutions required pursuant to the Companies Act and the Heartwood Properties MOI, be considered by the Shareholders by written consent in accordance with section 60 of the Companies Act.
8. In terms of section 60(1) of the Companies Act, a resolution that could be voted on at a shareholders' meeting may instead be submitted for consideration to the shareholders entitled to exercise voting rights in relation to the resolution, and be voted on in writing by shareholders entitled to exercise voting rights in relation to the resolution, within 20 Business Days after the resolution was submitted to them.

9. Section 60(2) of the Companies Act provides that a resolution contemplated in section 60(1) of the Companies Act is adopted if it is supported by persons entitled to exercise sufficient voting rights for it to have been adopted as an ordinary or a special resolution, as the case may be, at a properly constituted shareholders' meeting, and if adopted, such resolution will have the same effect as if it had been approved by voting at a shareholders' meeting.

10. **Voting Instructions**

Shareholders can vote either:

- electronically via the 4 Africa Exchange Registry Portal ("**Voting Online**") in the manner set out below; or
- by completing and submitting the attached Form of Written Consent according to the instructions set out below;

Voting Online

If you have registered on the 4 Africa Exchange Registry Portal as a user, access the portal via the following link: <https://www.4aregistry.net/Authentication/Login/> and follow the steps set out below.

If you are not registered as a user on the 4 Africa Exchange Registry portal, access the portal via the following link: <https://www.4aregistry.net/Authentication/Login/> and follow the account registration prompts after obtaining your Registry Account Number from 4 Africa Exchange Registry, should you not have done so already.

Steps to Voting Online:

- Login to your 4 Africa Exchange Registry Account;
- On the left, click on Voting/Election on the Left Side Bar;
- A screen containing the resolutions on which you need to vote will open;
- Click on Vote on the right-hand side of the resolution;
- A screen that contains the option to vote "**For**", "**Against**" or "**Abstain**" for that resolution will appear;
- Make your choice and click submit; and
- Follow the same process for the rest of the resolutions until your voting screen is empty.

Should you require any assistance with Voting Online, please contact 4 Africa Exchange Registry on 011 100 8352 or by email at admin@4axregistry.co.za.

Voting by submitting the Form of Written Consent

Should you wish to vote by submitting the Form of Written Consent:

Shareholders may indicate, by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate box provided, on the form of written consent set out in **Annexure 2 ("Written Consent")** how they wish to cast their votes in relation to the Special Resolution and the Ordinary Resolution.

Please return a copy of the completed and signed Written Consent to the **Company, the Company Secretary or 4AX Registry** within 20 business days of the date of receipt hereof (**i.e. by 13 March 2019**) at any one of the following addresses:

the Company:	the Company Secretary:	4AX Registry:
Unit 8, Tonquani House 6 Gardiner Williams Avenue, Somerset West, Paardevelei, 7130	Unit G05 Century Gate Office Park, Corner Bosmansdam Road and Century Way, Century City, Cape Town, 7441	1st Floor, Cedarwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston, 2121
Email: koba@heartwoodprop.co.za / john@heartwoodprop.co.za	Email: Chris.wilson@kilgetty.co.za	Email: admin@4aregistry.co.za

11. Where a Shareholder has received this Shareholder notice attaching the Special Resolution and the Ordinary Resolution **by hand**, in the case of a natural person or in the case of a company or other juristic person, by hand to a responsible employee, at its registered office or its principal place of business within the Republic of South Africa, then such Shareholder is deemed to have received the documents on the date and at the time recorded on the receipt for delivery, unless there is conclusive evidence that it was delivered on a different date or at a different time.
12. Where a Shareholder has received this Shareholder notice attaching the Special Resolutions and the Ordinary Resolution **by means of registered post**, such Shareholder is deemed to have received the documents on the seventh day following the day on which the notice or document was posted as recorded by a post office, unless there is conclusive evidence that it was delivered on a different day.
13. Where a Shareholder has received this Shareholder notice attaching the Special Resolutions and the Ordinary Resolution **by means of electronic mail**, such Shareholder is deemed to have received the documents on the date and at the time recorded by the computer used by the sender, unless there is conclusive evidence that it was delivered on a different date or at a different time.
14. Where a Shareholder has received this Shareholder notice attaching the Special Resolutions and the Ordinary Resolution **by means of fax**, such Shareholder is deemed to have received the documents on the date and at the time recorded by the fax receiver, unless there is conclusive evidence that it was delivered on a different date or at a different time.

BY ORDER OF THE BOARD OF DIRECTORS OF HEARTWOOD PROPERTIES LIMITED

12 FEBRUARY 2019

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PROPERTIES

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Registration Number: 2017/654253/06

ISIN: ZAE400000044

4AX Share Code: 4AHWP

("Heartwood Properties" or "the Company")

WRITTEN RESOLUTIONS OF THE SHAREHOLDERS OF THE COMPANY ADOPTED IN ACCORDANCE WITH SECTION 60(1) OF THE COMPANIES ACT

1. THE TRANSACTION

- 1.1. Shareholders are hereby advised that the Company entered into a sale and subscription agreement dated, 11 February 2019 ("**Sale and Subscription Agreement**"), in terms of which the Company proposed to purchase all the ordinary shares held in ("**Acquisition Shares**") Utter Velvet Proprietary Limited ("**Utter Velvet**") by the trustees for the time being of the Pencil Creek Trust ("**Pencil Creek Trust**") and the trustees for the time being of Alpha Trust ("**Alpha Trust**"), for an aggregate purchase consideration of R5 000 000 (five million Rand), which is to be settled through the issue and allotment of Heartwood Properties ordinary shares (the "**Transaction**").
- 1.2. Utter Velvet is the registered beneficial owner of the commercial property known as "*the Remainder of Portion 20 of Erf 8, Lyme Park, Registration Division I.R., Province of Gauteng*", measuring approximately 2 130 square metres in extent (the "**Soleil Property**").
- 1.3. Pursuant to the Sale and Subscription Agreement becoming unconditional and the Transaction being implemented in accordance with its terms, Utter Velvet would become a wholly-owned subsidiary of Heartwood Properties and consequently, the Soleil Property will become part of the Company's existing portfolio of properties ("**Soleil Property Acquisition**").
- 1.4. In terms of the Sale and Subscription Agreement:
 - 1.4.1. Heartwood Properties will issue and allot 3 799 372 (three million seven hundred and ninety-nine thousand three hundred and seventy-two) new ordinary no par value shares in its share capital to the Pencil Creek Trust ("**Pencil Creek Trust Consideration Shares**");
 - 1.4.2. Heartwood Properties will issue and allot 3 799 372 (three million seven hundred and ninety-nine thousand three hundred and seventy-two) new ordinary no par value shares in its share capital to the Alpha Trust ("**Alpha Trust Consideration Shares**");
 - 1.4.3. the Pencil Creek Trust and the Alpha Trust will transfer the Acquisition Shares to the Company; and
 - 1.4.4. the Pencil Creek Trust, the Alpha Trust and Brydens Commercial Properties Proprietary Limited ("**Brydens**") will provide certain warranties to Heartwood Properties which warranties are customary for transactions of this nature.
- 1.5. Due to the Pencil Creek Trust being a "*related person*" (as contemplated in terms of the Companies Act) of Mr Martin Radford Evans, being a director of Heartwood Properties, the issue and allotment of the Pencil Creek Trust Consideration Shares in terms of the Sale and Subscription Agreement, requires the approval by Shareholders by way of special resolution in terms of section 41 of the Companies Act. In terms of section 41(1) of the Companies Act, any direct or indirect issue of shares by a company to a director and/or prescribed officer of such company must be authorised by the shareholders of the company by way of special resolution.
- 1.6. Furthermore, in terms of the Listing Requirements of 4AX, due to the Pencil Creek Trust being an "*associate*" (as contemplated in terms of the 4AX Listing Requirements) of Mr Martin Radford Evans, a director of Heartwood Properties, the Pencil Creek Trust is deemed as a "*related party*" of Heartwood Properties and the Transaction a

“related party transaction”. However due to the categorisation of the Transaction being more than 3% (three percent) but less than 10% (ten percent), as is provided for in terms of paragraph 13.35 of the 4AX Listing Requirements, the usual requirements applicable to “related party transactions” (including but not limited to Shareholder approval) are not applicable to the Transaction.

- 1.7. For the avoidance of doubt, both the Pencil Creek Trust and the Alpha Trust are existing Shareholders of the Company and will be precluded from voting on the Special Resolution and Ordinary Resolutions contained in paragraph 2 below.
- 1.8. The implementation of the Sale and Subscription Agreement is subject to the fulfilment of the following outstanding conditions precedent:
 - 1.8.1. Shareholders approving the issue and allotment of the Pencil Creek Trust Consideration Shares in accordance with section 41(1) of the Companies Act; and
 - 1.8.2. 4AX’s Issuer Regulation Division and Issuer Regulation Committee approving the application for listing of the Pencil Creek Trust Consideration Shares and the Alpha Trust Consideration Shares, as a listing of additional shares.

2. SHAREHOLDER RESOLUTIONS

THE SHAREHOLDERS OF THE COMPANY NOW HEREBY RESOLVE:

2.1. ORDINARY RESOLUTION NUMBER 1: CONFIRMATION OF SUFFICIENT NOTICE AND WAIVER

THAT they are satisfied that they have received adequate and sufficient notice and information in respect of the proposed resolutions pertaining to the Transaction; and as a precaution, to the extent that: (i) the period of notice may be short, such short notice is accepted and the minimum notice period requirements (if any) waived; and (ii) there may be any defects whatsoever in respect of the notice (including the nature and content), it is resolved that the notice and information given in terms of this written resolution are accepted as sufficient, and that all defects are ratified and all notice requirements waived.

2.2. SPECIAL RESOLUTION NUMBER 1: AUTHORISING THE ISSUE AND ALLOTMENT OF THE CONSIDERATION SHARES PURSUANT TO THE SALE AND SUBSCRIPTION AGREEMENT

THAT the Company, in terms of the Sale and Subscription Agreement and (to the extent applicable in compliance with section 41(1) of the Companies Act), be and is hereby authorised to allot and issue to the Pencil Creek Trust and Alpha Trust who will subscribe for:

- (i) 3 799 372 (three million seven hundred and ninety-nine thousand three hundred and seventy-two) ordinary shares in the share capital of Heartwood Properties to be allotted and issued to the Pencil Creek Trust (“**Pencil Creek Trust Consideration Shares**”);
- (ii) 3 799 372 (three million seven hundred and ninety-nine thousand three hundred and seventy-two) ordinary shares in the share capital of Heartwood Properties to be allotted and issued to the Alpha Trust (“**Alpha Trust Consideration Shares**”),

for a subscription consideration of all the ordinary shares held by Pencil Creek Trust and Alpha Trust in Utter Velvet.

2.3. ORDINARY RESOLUTION NUMBER 2: AUTHORISATION

THAT each director of the Company (or any of their respective delegees), in his/her capacity as a director of the Company and acting on his/her own, is authorised and directed (including pursuant to section 75(5)(g) of the Companies Act) to give effect to and implement the above resolutions, and to take all such steps and actions, and to negotiate and execute any document (including any amendment to any agreement or document), which may be necessary or desirable or incidental in order to complete and implement these resolutions.

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FORM OF WRITTEN CONSENT IN TERMS OF SECTION 60 OF THE COMPANIES ACT

I/We (FULL NAME IN BLOCK LETTERS)

of (ADDRESS)

being the holder/s of _____ issued shares in the Company hereby vote as follows:

SHAREHOLDER RESOLUTIONS	FOR	AGAINST	ABSTAIN
Ordinary Resolution Number 1: CONFIRMATION OF SUFFICIENT NOTICE AND WAIVER			
Special Resolution Number 1: APPROVAL OF THE COMPANY'S ISSUANCE OF THE ORDINARY SHARES PURSUANT TO THE SALE AND SUBSCRIPTION AGREEMENT			
Ordinary Resolution Number 2: AUTHORISATION			

Signed this _____ day of _____ 2019

Signature of Shareholder(s)

Assisted by me (where applicable)

Please indicate how you wish your votes to be cast in the appropriate box provided.

Notes:

- 1 A person signing this Written Consent in a representative capacity must attach the documentary evidence establishing such authority to this form of Written Consent, unless previously recorded by the company secretary of the Company.
- 2 The completed and signed Written Consent and authority (if any) under which it is signed must be either delivered, posted, faxed, and/or e-mailed to the Company, the Company Secretary and/or 4AX Registry within 20 business days of the date of receipt hereof (**i.e. by 13 March 2019**), at the following addresses:

the Company:	the Company Secretary:	4AX Registry:
Unit 8, Tonquani House 6 Gardiner Williams Avenue, Somerset West, Paardevelei, 7130	Unit G05 Century Gate Office Park, Corner Bosmansdam Road and Century Way, Century City, Cape Town, 7441	1st Floor, Cedarwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston, 2121
Email: koba@heartwoodprop.co.za / john@heartwoodprop.co.za	Email: Chris.wilson@kilgetty.co.za	Email: admin@4aregistry.co.za