

HARRELL DUNSTON PROPERTIES, INC.

ANNUAL REPORT TO SHAREHOLDERS FOR YEAR 2014

To Our Shareholders,

We have mostly good results to report for the year 2014 and also for the first few months of 2015. First, we should report that our revenues were somewhat lower at \$ 32,597.90 this year as compared to \$ 34,184.00 earned in 2013. This was due to decreased masonry work performed. Nevertheless, the Company had \$ 6,134.00 in positive cash flow for the year from construction and rental operations before depreciation (a non-cash accounting tax offset against gross income) and dividend charges. Workers Compensation insurance continues to be exceedingly expensive for our revenues. Our rental property has performed well - all rent due has been collected and repairs were under \$ 100 for the year. Our stock portfolio is up about 10% for the year in spite of lower oil stock prices and certain bank stocks (Bank of America and Royal Bank of Canada) having dropped unjustifiably lower. All in all, the results are minimally good but not what we'd expected.

As for non-financial Company objectives, we did accomplish a high mark of having received a Rule 144 Legal Opinion letter from our attorney confirming the "unrestricted and free trading" status of all Common Shares issued before Feb. 6, 2014. This gives our shareholders, stockbrokers and other related parties "legal cover" to trade our shares in almost any manner ("Control Stockholders - Officers and Directors and Owners of more than 10% of our Common Shares have certain limitations).

Another non-financial high mark we achieved was the "public availability" of SEC (Securities and Exchange Commission) - required financial statements. We achieved this goal just this week. We now have 2 years of financials consisting of (1) an Income Statement, (2) a Balance Sheet, (3) a Statement of Changes in Cash Flows, and (4) a Statement of Changes in Stockholder's Equity.

In March of 2014 we talked to 2 market makers for Pink Sheets stocks and they indicated that the Legal Opinion letter was tantamount in our efforts to be "traded". Also, the more assets and net worth we show as well as the documentation of our shareholders and how they obtained their shares are of highest importance. We seem to have enough shareholders and free-trading shares.

We plan to seek deals to acquire real estate using our shares as payment - the closer we come to having our shares publicly-traded the harder we'll try .

As to further elaboration of our stock portfolio, the total number of stocks owned has increased from around 50 to over 60. The overall market value has varied from just under \$ 67,000 to over \$ 70,000 - with a margin loan of \$ 31,000 to around \$ 35,000. The highest net value exceeded \$ 37,000, though it's

currently around \$ 34,500. Our better performers have been Boeing, Goldman Sachs, Home Depot, Lowes, MasterCard, Apple and Berkshire Hathaway B shares. Our poorer performers have been Exxon, Coca-Cola, Genworth, and until just this week Royal Bank of Canada.

We have 2 new stockholders for year 2014 and 1 new shareholder so far for 2015. We have paid cash dividends for 2 years in a row now - though a few stockholders chose to receive more shares as a dividend.

One stockholder bought 667 common shares at \$.15 per share and another stockholder has recently bought 3,600 common shares for \$.15. Overall, we have 69 shareholders at this time.

We have approximately \$ 6,100 or more in our BB&T account at this time and \$ 900 or so in our First-Citizens account. We are due another \$ 2,020 for rent and for work already performed and billed in one week or less. So we have approximately \$ 9,000 in cash with our dividends paid and no large expected expenses until November.

If you would like to buy more shares, please contact me for a “Common Stock Order Form” and you may purchase more shares for \$0.15 per share until we sell approximately 95,000 more shares, or the Company’s common shares become traded through a stockbroker/firm.

Our bookkeeper would like as many stockholders as possible to supply their Social Security numbers to us for her automated bookkeeping system. When we use a stockbroker in the future, you’ll need to provide the number to receive any proceeds from your stock sales.

We may contact you very soon to get you to sign an “Affidavit Confirming Common Stock Purchase and Ownership”. We have to prove to FINRA (the association of stockbrokers) that at least 25 persons have paid cash for their shares and that we have at least 40 shareholders and at least 400,000 shares outstanding not owned by officers and directors or other “control” persons.

Finally, we would like to welcome Phil Bridgers of the Whitakers/Rocky Mount area as Treasurer and a Director. He is a licensed electrician and electrical contractor. We’re sure he’ll be a valued contributor to our Company’s future success.

For more info, see www.harrelldunston.com

Thank you very much for your interest and support. Let’s look forward to a rewarding year 2015.

Respectfully,

Melvin J. Harrell
Harrell Dunston Properties, Inc.
April 30, 2015

