

Sharemax Bay Estate Development Fund Limited

(Registration number 2006/036749/06)

(Incorporated in the Republic of South Africa)

PROSPECTUS

In respect of a public offer by **Sharemax Bay Estate Development Fund Limited** for subscription for 30 002 (Thirty Thousand and Two) linked Units in the Company, each linked Unit consisting of 1 (One) ordinary par value share of R0,01 (One Cent) and 1 (One) unsecured floating rate Claim of R999,99 (Nine Hundred and Ninety Nine Rand and Ninety Nine Cents) linked together in a Unit at R1 000 (One Thousand Rand) per Unit by way of a public offer

Opening Date: 09:00 on 6 August 2007

Closing Date: 17:00 on 5 November 2007

Sharemax Bay Estate Development Fund Limited

PROSPECTUS

Lodged by:

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The Registrar of Companies has scrutinized the information disclosed in this Prospectus. The information disclosed complies with the statutory requirements. The Registrar of Companies does not express a view on the risk for investors or the price of the share. However, the attention of the public is drawn to the fact that the shares on offer are unlisted and should be considered as a risk capital investment. Investors themselves are therefore on risk as unlisted shares and the Claims are not readily marketable and should the Company fail this may result in the loss of the investment to the investor.

The directors of Sharemax Bay Estate Development Fund Limited, whose names are given in paragraph [3.2] collectively and individually accept all responsibility for the accuracy of the information given and verify that, to the best of their knowledge and belief, no other facts have been omitted from this Prospectus which would make any statement herein false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this Prospectus contains all information required by law.

A copy of this Prospectus in English, accompanied by Schedules "**A**" through "**H**" thereto and the documents referred to therein under the heading "Registration of Prospectus and supporting documents", was registered by the Registrar of Companies on 6 August 2007 in terms of section 155 of the Companies Act, 1973 (Act No 61 of 1973), as amended.

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SHAREMAX BAY ESTATE DEVELOPMENT FUND LIMITED

[Reg No 2006/036749/06]

("the Company")

PROSPECTUS

IMPORTANT NOTICE

This Prospectus is dated 6 August 2007 and a copy of this Prospectus was registered by the Registrar of Companies ("the Registrar") on that date. This Prospectus expires on 5 November 2007 and no securities will be issued or allotted on the basis of this Prospectus after the expiry date. The Registrar takes no responsibility for the contents of this Prospectus. The Company will only issue Shares under this Prospectus to people who applied through licensed intermediate service providers or their authorised representatives to arrange for the issue of Shares by the Company to those people.

This Prospectus contains the Application Form that Applicants must complete in making application for Units. Please refer to paragraph 22 for instructions on how to make an application for Units. Applicants should read this Prospectus in its entirety before deciding to apply for Units. If, after reading this Prospectus, Applicants have any questions as to how to deal with this Prospectus, they should contact a professional adviser.

It is important to understand that this Offer has been designed for an investment period of at least 5 (Five) years and that participation involves risk to both capital and earnings. You should also be aware that an investment under this Prospectus is not liquid as the ability to transfer Shares is restricted by the absence of a market for those Shares. Neither the Company nor any of its directors, officers or associates guarantees the repayment of capital, the payment of income or the performance of any of the Company's investments. Please refer to paragraph 5 for details relating to risks involved with an investment in the Company.

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company or its directors.

This Prospectus is available in electronic form on the Promoter's website at www.sharemax.co.za only to persons within the Republic of South Africa. Any person receiving this Prospectus electronically will be sent a paper copy of the Prospectus (and attached Application Form) by the Company free of charge upon request during the period of the Offer. Applications for Units may only be made in the application form attached to this document on a paper copy of the form.

The Companies Act 61 of 1973, prohibits the Company from processing applications in the three day period after the date of registration of this Prospectus. This period is an exposure period to enable this document to be examined by market participants prior to the raising of funds. Applications received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on applications received in the exposure period.

The total amount to be collected to successfully complete the entire Project as described hereinafter is approximately R668 700 448 (Six Hundred and Sixty Eight Million Seven Hundred Thousand Four Hundred and Forty Eight Rand) which includes the purchase price of the Immovable Properties of R195 550 000 (One Hundred and Ninety Five Million Five Hundred and Fifty Thousand Rand), additional acquisition costs of R14 489 474 (Fourteen Million Four Hundred And Eighty Nine Thousand Four Hundred And Seventy Four Rand) and costs of the two Prospectuses of approximately R11 000 000 (Eleven Million Rand) (see paragraphs 16.12.1 and 16.13 below).

The additional acquisition costs are made up as follows :

Agents commission	R 8 289 474
Legal and transfer fees	R 1 200 000
Marketing and site establishment costs	R 5 000 000

Total	R 14 489 474
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The amount to be raised in terms of this Prospectus is R 30 002 000 (Thirty Million and Two Thousand Rand) being R 24 600 000 (Twenty Four Million Six Hundred Thousand Rand) to pay part of the purchase price in respect of the Immovable Properties and the additional acquisition costs and R 5 402 000 (Five Million Four Hundred and Two Thousand Rand) in respect of costs of this Prospectus.

A second Prospectus will be issued shortly hereafter to raise a further R 30 998 000 (Thirty Million Nine Hundred and Ninety Eight Thousand Rand), of which R 10 400 000 (Ten Million Four Hundred Thousand Rand) will be used to pay part of the purchase price of the Immovable Properties which form the subject matter of the proposed development, the balance of the additional acquisition costs; to pay costs of the Second Prospectus in the amount of R 5 598 000 (Five Million Five Hundred and Ninety Eight Thousand Rand) and to fund marketing and preliminary development costs of R 15 000 000 (Fifteen Million Rand).

The balance required to purchase the Immovable Properties, viz R 60 550 000 (Sixty Million Five Hundred and Fifty Thousand Rand) and to pay capital and interest in respect of the first debenture in favour of the Seller (see paragraph 16.4.1.1 below) being an amount of R 20 000 000 (Twenty Million Rand) will be raised through a senior mortgage facility from Nedbank Limited acting through its Nedbank Corporate Property Finance Division.

Further finance required to supply internal and external services for phase 1 of the Project, currently estimated as R 134 308 009 (One Hundred and Thirty Four Million Three Hundred and Eight Thousand and Nine Rand) will be raised through a further senior mortgage development loan facility from a commercial bank and/or by issuing further prospectuses. This development finance shall be secured through qualifying pre-sales in the first phase of the Development currently estimated as R 266 041 598 (Two Hundred and Sixty Six Million Forty One Thousand Five Hundred and Ninety Eight Rand), excluding VAT and agents' commission, to be generated from phase 1 of the Project.

The balance of the monies needed to complete all the other phases of the Project, being approximately R 324 352 965 (Three Hundred and Twenty Four Million Three Hundred and Fifty Two Thousand Nine Hundred and Sixty Five Rand) will be raised by way of a combination of the proceeds of sales of erven in the remaining phases of the Project (currently estimated as R 879 470 475 (Eight Hundred and Seventy Nine Million Four Hundred and Seventy Thousand Four Hundred and Seventy Five Rand)), excluding VAT and agents' commission, and through a development loan obtained from a commercial bank and/or by issuing further prospectuses.

KEY OFFER INFORMATION

1. Key Dates

- Offer opens at **09:00 on 6 August 2007**
- Offer closes at **17:00 on 5 November 2007**

2. The Offer

Under this Prospectus, the Company is offering for subscription 30 002 (thirty thousand and two) Units that if fully subscribed will raise R30 002 000 (Thirty Million and Two Thousand Rand) in funding for the Company.

An amount of R7 000 (Seven Thousand Rand) was already raised at date of incorporation of the Company when the first 7 (seven) Units were issued.

3. Offer Price

R1 000 (one thousand Rand) per Unit

4. Offer Statistics

Existing Units already issued as at date of incorporation	7	fully paid Units
Units offered under this Prospectus for subscription	30 002	available Units
Cash to be raised under this Offer		R30 002 000
Cash already raised when Company was incorporated		R7 000
Total cash raised if fully subscribed		<hr/> R30 009 000
Unissued Units remaining after this Issue [if fully subscribed]	119 991	Units

5. Period of Investment

Not less than 5 (Five) years

6. The Project

The Project consists of the establishment of a Township to be named The Bay on the following immovable properties:

- 6.1 Portion 166 of the Farm De Rust no 478, Registration Division No J.Q., North West Province, Measuring 156,1582 hectares and held by Deed of Transfer No T5213/2006, which is being acquired by Clidet No. 677 (Proprietary) Limited (Reg No 2006/022569/07); and
- 6.2 Remaining Extent of Portion 2 of the Farm De Rust no 478, Registration Division No J.Q., North West Province, Measuring 136,3103 hectares and held by Deed of Transfer No T5213/2006, which is being acquired by Clidet No. 696 (Proprietary) Limited (Reg No 2006/029503/07).

The aforesaid immovable properties together measure approximately 292,4685 hectares in extent.

The development is situated to the west of the famous Pecanwood Golf Estate (Jack Nicklaus signature) development on the southern side of Hartebeespoort Dam.

The entire development, which is situated in the foothills of the Witwatersberg mountains enjoys magnificent north-facing views of the Hartbeespoort Dam and the Magaliesberg mountains, and constitutes the last significant land development on the Southern side of the dam.

The famous "bridge to nowhere" is situated on the west end of the site. This bridge forms part of an approved interchange for the planned PWV3 national freeway from Brits and Rustenburg (in the Northern Province) through to Sandton (Gauteng). This will have significant benefits for the

proposed development in that the access to this area of Hartebeespoort will take place through the Project, enhancing the viability of the commercial rights that have been granted under the current conditions of establishment.

Hartebeespoort Dam is located in the North West Province, South Africa, and is situated on the main route between Johannesburg/Pretoria and Brits/Rustenburg and Sun City. The dam is approximately 40 minutes' drive from Sandton, making it an ideal destination for a weekend getaway (offering several leisure activities including water sports amongst other outdoor activities), which has driven most of the residential development over the past decade.

The region has experienced phenomenal growth, resulting in the upgrade of roads providing improved accessibility, development of schools, retail developments and a host of upmarket amenities.

The proximity of this region to Sandton/Johannesburg compared with other primary residential nodes (Roodepoort/Little Falls in the West Rand, Benoni/Boksburg in the East Rand, Alberton in the South and Pretoria/Centurion in the North – all of which have similar travelling times into the respective CBD areas) have resulted in a demographic shift with a larger presence of primary residential owners now evident. A reduction of travelling time as a result of the planned PWV3 route is expected to further enhance the attractiveness of Hartebeespoort as a primary residence destination.

The growth of the platinum sector, and more specifically, the towns of Brits and Rustenburg are providing further impetus to the Hartebeespoort region in the following respects:

- The residential opportunities offered around the dam are suitable to upper management in these mining operations, who are investing in primary residences;
- The major supply and access transport routes to Pretoria, Sandton and Johannesburg as well as the country's busiest international airport, OR Thambo International, runs through Hartebeespoort;
- The Olympic Stadium in Rustenburg, which will be one of the major venues during the 2010 Soccer World Cup is in the process of being constructed – this will have positive spin offs in the form of transport routes as well as leisure and accommodation opportunities.

If one considers the R6, 5 billion of development expenditure that is planned for the area by the local authority, the Madibeng municipality, the outlook for the region is very positive.

The current conditions of establishment, which have been approved by the local authority, Madibeng, makes provision for a maximum of approximately 2 300 residential opportunities as well as 321 600 bulk square metres for commercial properties and common facilities. The extent of the Project is of such a nature that it will be completed in phases so as to ensure that the Project is completed in an orderly and aesthetical fashion.

The phasing of the Project is currently planned as follows:

- The construction of The Bay Golf Estate, consisting of a championship quality 18-hole Matkovich and Hayes signature golf course, approximately 500 freehold stands, several medium and high density cluster or sectional title/townhouse developments, a clubhouse, hotel and marina – to be completed within 2 to 3 years;
- The development of a commercial node including shopping centre, offices and showrooms of approximately 190 000 bulk square metres, to be completed in phases during the development, subject to infrastructure and demand, with a 15 000 square metre centre most likely being constructed within 2 years; and
- The development of Bay View, a private country estate consisting of approximately 200 freehold erven and several medium and high density cluster or sectional title/townhouse developments, to be completed within 5 years.

The feasibility study which the Developers undertook, based on the existing rights that have been granted, estimates that:

- Freehold erven in the Project will sell at an average price of R 1 288 250 (one million two hundred and eighty eight thousand two hundred and fifty Rand) (VAT included). This estimated price is currently below the average price at which erven in comparable golf estate developments sell;
- Medium to high density residential erven will sell at an average price of R 1 096 (One Thousand and Ninety Six Rand) (VAT included) per land metre; and

- Commercial erven will sell at an average price of R 1 250 (One Thousand Two Hundred and Fifty Rand) (VAT included) per land metre.

After deduction of VAT and agents' commission, the sale of erven is projected to realise an amount of R 1 145 512 074 (One Thousand One Hundred and Forty Five Million Five Hundred and Twelve Thousand and Seventy Four Rand).

It is estimated that the development costs, inter alia for the provision of internal and external services in Phase 1 of the development will amount to R 134 308 009 (One Hundred and Thirty Four Million Three Hundred and Eight Thousand and Nine Rand) excluding VAT.

The detail of the said development costs as well as the costs of syndication and interest payments are more fully explained hereinafter.

The total development costs of the entire Project will amount to approximately R 458 660 974 (Four Hundred and Fifty Eight Thousand Six Hundred and Sixty Thousand Nine Hundred and Seventy Four Rand) excluding VAT. Together with the purchase price of the Immovable Properties (R 195 550 000) and the additional acquisition costs (R 14 489 474), the total costs of the entire Project amount to R 668 700 448.

The Immovable Properties have been independently valued (on a sell-out basis) at R 410 000 000 (Four Hundred and Ten Million Rand) based on the current conditions of establishment and development feasibility.

7. How to Apply

An Application for Units can only be made by completing and lodging with the Promoter the Application Form contained in this Prospectus. Instructions as to how to apply are printed on the Application Form – see also para 22 below for further details.

Sharemax Bay Estate Development Fund Limited

(Registration number 2006/036749/06)

(Incorporated in the Republic of South Africa)

PROSPECTUS IN RESPECT OF A PUBLIC OFFER BY SHAREMAX BAY ESTATE DEVELOPMENT FUND LIMITED FOR SUBSCRIPTION OF 30 002 (THIRTY THOUSAND AND TWO) ORDINARY SHARES OF R0,01 (ONE CENT) EACH LINKED TO AN UNSECURED FLOATING RATE CLAIM WITH A VALUE OF R999,99 (NINE HUNDRED AND NINETY NINE RAND AND NINETY NINE CENTS)

In this Prospectus, any number which appears after a paragraph or clause heading refers to that paragraph or sub-paragraph of Parts I and II of Schedule 3 of the Companies Act in terms of which the information contained in that paragraph is given.

1. Definitions

In this Prospectus, including the appendices and application form herein, and unless the context indicates otherwise, a reference to the singular includes the plural and vice versa, words denoting one gender include the other, words denoting natural persons include juristic persons and the following terms have the meanings assigned to them hereunder: -

"Act"	The Companies Act, 1973 (Act No 61 of 1973) as amended;
"Application"	an application made to take up a specified number of Units offered under this Prospectus;
"Application Form"	The Application Form attached to this Prospectus;
"Application Monies"	The Offer Price multiplied by the number of Units applied for;
"Auditors"	Messrs ACT Audit Solutions Inc, 899 Pierneef Street, Villieria, Pretoria (PO Box 26072, Gezina, Pretoria, 0031);
"Attorneys"	Weavind & Weavind Inc, 573 Fehrsen Street, New Muckleneuk, Pretoria (PO Box 34, Pretoria, 0001);
"Board"	The Board of Directors of the Company;
"Capital Employed"	capital employed in the Project inclusive of the loan capital and any other costs directly or indirectly attributable to the Project over the term of the advance;
"Claim"	an unsecured floating interest rate acknowledgement of debt made by the Company in favour of the Shareholder with a nominal value of R 999,99 (Nine Hundred and Ninety Nine Rand and Ninety Nine Cents) which Claim is linked to a Share;
"Clidet 677"	Clidet No. 677 (Proprietary) Limited [Registration Number 2006/022569/07];
"Clidet 696"	Clidet No. 696 (Proprietary) Limited [Registration Number 2006/029503/07];

"Closing Date"	5 November 2007;
"the Company"	Sharemax Bay Estate Development Fund Limited [Registration Number 2006/036749/06] formerly known as Brookfield Holdings 24 Ltd;
"Developer"	The Developer of the Project, being Clidet 677, which will develop the golf estate and Clidet 696, which will develop the commercial park and private country estate;
"Directors"	The directors of the Company;
"Distribution"	The distribution of earnings to Shareholders to take place once the Project has been completed and which distribution will comprise interest on the Claim and (if dividends are declared) a dividend on the share component of the Unit;
"Immovable Properties"	<ol style="list-style-type: none"> 1. Portion 166 of the Farm De Rust no 478, Registration Division No J.Q., North West Province, Measuring 156,1582 hectares and held by Deed of Transfer No T5213/2006, which is being acquired by Clidet 677; and 2. Remaining Extent of Portion 2 of the Farm De Rust no 478, Registration Division No J.Q., North West Province, Measuring 136,3103 hectares and held by Deed of Transfer No T5213/2006, which is being acquired by Clidet 696;
"Investor"	A person subscribing for Units under this Prospectus;
"Net Realisable Profit"	retained profits after payment of operating expenses and before taxation;
"Offer"	The invitation to subscribe for Units under this Prospectus;
"Offer Price"	R1 000,00 (One Thousand Rand) per Unit;
"Project"	The purchase of the Immovable Properties and the establishment of a Township comprising an 18-hole golf course, approximately 700 freehold erven, 187 000 square metres of medium and high-density residential erven and 188 000 square metres of commercial erven;
"Project Auditor"	A qualified auditor independent of the Developers which will report to the Board of Directors on all aspects of the Project including its costs, contracts, financial progress and financial performance. The Project Auditor for Sharemax Bay Estate Development Fund Limited will be ACT Audit Solutions Inc [Reg No 2001/002949/21];
"Project Manager"	The Project Manager identifies researches and assesses the viability of the Project for recommendation to the Project Management Committee. It is also responsible for the setting up of the project development program. Additionally it is responsible for the co-ordination of the management and administration of the Company's investment, financial controls, liaison with the Developers and in general for the matters referred to in paragraph 21.5 below. The Project Manager is Bramwell Trading CC [Reg No 2006/185990/23] trading as Stratam Property Asset Managers and Developers
"Project Management Committee"	this is the committee that has overall responsibility for the enforcement of the management and control of the Project, in accordance with the approved feasibility and development program. The committee reports directly to the Board: The committee is also responsible for performing risk assessment reviews on a regular basis;

"Promoter"	Sharemax Investments [Pty] Ltd (Reg. No 1998/019038/07), which is acting as principal herein;
"Prospectus"	this Prospectus, the schedules thereto and the application form contained therein;
"Registrar"	the Registrar of Companies, Pretoria;
"Return on Investment"	the amount of profit, before tax and after depreciation, from an investment made, usually expressed as a percentage of the original total cost invested;
"Share"	an Ordinary Share in the Company; with a par value of R0,01 (One Cent) in the capital of the Company;
"Sharemax"	Sharemax Investments [Pty] Ltd (Reg. No 1998/019038/07);
"Stratam"	Bramwell Trading CC [Reg No 2006/185990/23] trading as Stratam Property Asset Managers and Developers
"Subscription Amount"	R1 000 based on 1 (one) Unit at the Offer Price of R1 000 per Unit;
"Unit"	a Share and a Claim linked together with a nominal value of R 1000 (One Thousand Rand);

2. Registration of the Prospectus and supporting documents

A copy of this Prospectus, in English, was registered on 6 August 2007 by the Registrar in terms of section 155 of the Act together with:

- 2.1 the written consents of the auditors, attorneys, transfer secretary, secretary, project auditor, promoter, project manager and bankers referred to herein to act in their respective capacities and to the inclusion of their names in this Prospectus, none of which consents have been withdrawn prior to the registration of this Prospectus;
- 2.2 the written consent of the Auditors to the issue of this Prospectus, their reports herein and the reference to their reports in the form and context in which they are included herein, which consent has not been withdrawn prior to the registration of this Prospectus; and
- 2.3 copies of the material contracts required in terms of section 152(1) of the Act, paragraphs 2(d) and 16 of Schedule 3 to the Act and also referred to in paragraph 17 of this Prospectus.

3. Corporate information

3.1 Incorporation and address [1(a)]

3.1.1 The Company (as defined in paragraph 1 above) was incorporated in the Republic of South Africa on 24 November 2006 with registration number 2006/036749/06 and with an authorised share capital of R1 000 (One Thousand Rand) divided into 100 000 (One Hundred Thousand) ordinary par value shares of R0,01 (One Cent) each.

3.1.2 On 2 August 2007 the Company, by special resolution increased its authorised share

capital to R1 500 (One Thousand Five Hundred Rand) comprising 150 000 (One Hundred and Fifty Thousand) ordinary shares of R0,01 (One Cent) each. On the same date the Company also by Special Resolution changed its name to Sharemax Bay Estate Development Fund Limited.

3.1.3 The registered address of the Company is Sharemax House, 105 Club Avenue, Waterkloof, Pretoria. The postal address of the Company is PO Box 1967, Brooklyn Square, 0075.

3.1.4 The year-end of the Company is the last day of February in each year.

3.2 An experienced Board [2(a)]

The management team of the Company consists of the following directors whose names, residential addresses and occupations are as follows –

NAME	RESIDENTIAL ADDRESS	OCCUPATION	TELEPHONE, TELEFAX & E-MAIL ADDRESS
Johannes Willem Botha ID 670128 5015 084	36 Glen Dower Street, Woodhill, Pretoria.	Businessman	Tel [012] 425 5000 Fax [012] 346 4443 Email: willie@sharemax.co.za
Andre Daniël Brand ID 551214 5028 089	39 Jollify Main Road Mooikloof Estate Pretoria.	Businessman	Tel [012] 425 5000 Fax [012] 346 4443 Email: andre@sharemax.co.za
Gerhardus Rossouw Goosen ID 720607 5017 083	998 Swartbaars Street, Garsfontein Ext 11 Pretoria	Businessman	Tel [012] 425 5000 Fax [012] 346 4443 Email: gert@sharemax.co.za

Further details of the directors and their track record are set out in paragraph 21 below.

3.3 Appointment of directors [2(b)]

3.3.1 The directors referred to in paragraph 3.2 above will constitute the board of directors of the Company until the first annual general meeting to be held after date of registration of this Prospectus. Thereafter, the members of the Company (the investors) shall appoint directors to the board; provided however that subject to the provisions of Section 220 of the Act the Promoter shall be entitled to have at least three directors on the board for the first five years after date of registration of this Prospectus.

3.3.2 The number of directors shall not be less than 3 (three) nor more than 6 (six).

3.3.3 Each of the directors shall remain in office until it is vacated in terms of the Articles of Association of the Company.

3.3.4 The relevant provisions of the Articles of Association of the Company concerning the appointment, term of office, qualification and remuneration of directors are contained in Schedule A hereto.

3.4 Remuneration of directors [2(c)]; [16(b)]

3.4.1 The remuneration of directors has as yet not been determined but shall from time to time be determined by the Company in general meeting.

3.4.2 The directors referred to in paragraph 3.2 above are not entitled to any remuneration for their services in this capacity unless otherwise decided by a meeting of shareholders of the Company.

3.4.3 The directors are paid all travelling subsistence and other expenses properly incurred by them in connection with their service as directors in or about the business of the

Company.

- 3.4.4 The Company is not obliged to pay an alternate director any remuneration for his services.
- 3.4.5 A director of the Company may hold any other office or place of profit in the Company (except that of auditor) in conjunction with his office as director on such terms as to remuneration as a disinterested quorum of the directors may determine.

3.5 Borrowing powers [2(e)]

- 3.5.1 The detailed borrowing powers of the directors of the Company are set forth in Schedule A hereto.
- 3.5.2 Subject to paragraph 8.3 below, the borrowing powers of the directors of the Company are limited to 5% (five percent) of the directors' bona fide valuation of the net asset value of the Company from time to time.

3.6 Auditors [3]

Messrs ACT Audit Solutions Inc
Reg No 2001/002949/21
899 Pierneef Street,
Villieria, Pretoria 0186
PO Box 26072,
Gezina, Pretoria, 0031
Tel. [012] 329 0133
Fax.[012] 329 0120
Email address: jacques@actgroup.co.za

3.7 Attorneys [4]

Messrs Weavind & Weavind Inc.,
Weavind Forum,
573 Fehrsen Street,
New Muckleneuk, Pretoria.
PO Box 34, Pretoria, 0001
Telephone No: (012) 346 3098
Telefacsimile No: (012) 460 1799
E-mail address: weavind@weavind.co.za

3.8 Bankers [4]

Standard Bank Ltd
Reg No1962/000738/06
Retail Business Banking Pretoria,
Park Vista Building,
Cor Hendrik Verwoerd and Embankment Streets
Centurion, 0157
PO Box 9633, Centurion, 0046
Tel. [012] 643 2100
Fax.[012] 643 2201
Email address: johan.basson@standardbank.co.za

3.9 Transfer secretary [5];[1(a)]

Sharemax Investments [Pty] Ltd,
Reg No 1998/019038/07
Sharemax House,
105 Club Avenue,
Waterkloof, Pretoria.
PO Box 1967, Brooklyn Square, 0075
Tel. [012] 425 5000
Fax.[012] 346 4443
Email address: admin@sharemax.co.za

3.10 Promoter

Sharemax Investments [Pty] Ltd,
Reg No 1998/019038/07
Sharemax House,
105 Club Avenue,
Waterkloof, Pretoria.
PO Box 1967, Brooklyn Square, 0075
Tel. [012] 425 5000
Fax.[012] 346 4443
Email address: admin@sharemax.co.za

3.11 Secretary and Registered address [5]

Dominique Haese
c/o Sharemax Investments [Pty] Ltd,
Sharemax House,
105 Club Avenue,
Waterkloof, Pretoria.
PO Box 1967, Brooklyn Square, 0075
Tel. [012] 425 5000
Fax.[012] 346 4443
Email address: admin@sharemax.co.za

3.12 Sharemax Bay Estate Development Fund Ltd

Reg No 2006/036749/06
Registered address:
Sharemax House,
105 Club Avenue,
Waterkloof, Pretoria.
Postal address:
PO Box 1967, Brooklyn Square, 0075
Tel. [012] 425 5000
Fax.[012] 346 4443
Email address: admin@sharemax.co.za

3.13 Developers

- 3.13.1 Clidet No. 677 [Pty]Ltd
Reg No 2006/022569/07
- 3.13.2 Clidet No. 696 [Pty]Ltd
Reg No 2006/029503/07
Registered address [of both Developers]
Care of Campbell Bode Brown
72 Sixth Street
Springs, 1560
Postal address: [of both Developers]
P O Box 785718, Sandton, 2146
Telephone No: 012 665 3515
Telefacsimile No: 088012 665 2132
E-mail address: info@ivora.co.za

3.14 Project Auditor

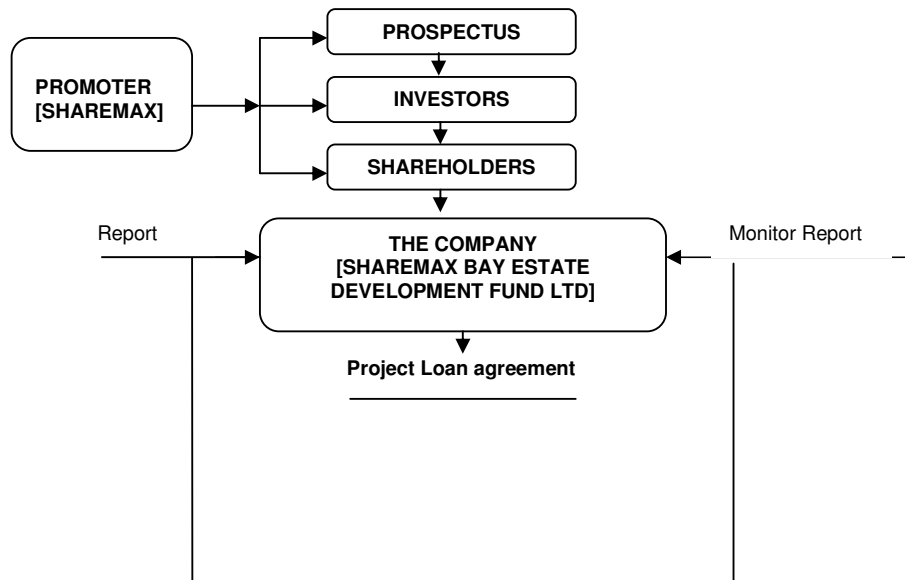
ACT Audit Solutions Inc
Reg No 2001/002949/21
899 Pierneef Avenue,
Villieria, 0186
PO Box 26072, Gezina, 0031
Telephone No: [012] 329 0133
Telefacsimile No: [012] 329 0120
E-mail address: jacques@actgroup.co.za

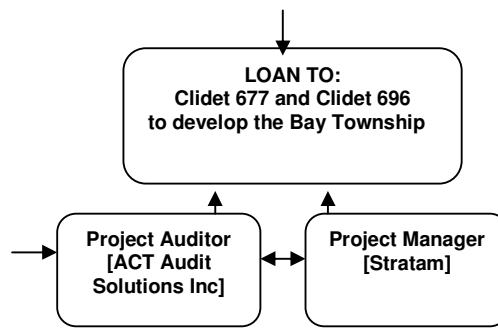
3.15 Project Manager

Bramwell Trading CC trading as Stratam Property Asset Managers and Developers
Reg No 2006/185990/23
Registered address: 356 Rosemary Street,
Lynnwood, Pretoria, 0081
Postal address :Private Bag X4,
Hatfield, 0028
Telephone No: [012] 344 0566
Telefacsimile No:[012] 344 0296
E-mail address: cjm@stratam.co.za

4. History and state of affairs of the Company [6(a)(i)]; [6(b)]; [21(a)(iii)];

- 4.1 The Company was registered on 24 November 2006 as a public company with a view to set up a structure for a property development fund and the directors believe that an unlisted public Company is currently the best vehicle available for this purpose.
- 4.2 The Company has not traded prior to the issue of this Prospectus and has not made any profit whatsoever.
- 4.3 The Company will operate as an investment company, which will advance monies to the Developers (jointly and severally) to embark upon a property development project.
- 4.4 The Claims of the members of the Company (including interest) will be repaid from cash generated by the Developers, such payment to be made on completion of the Project, [i.e. when the erven in The Bay Township have been sold on the open market or after 5 (Five) years after date of full subscription of the Prospectus, whichever event is the later.
- 4.5 All funds received from investors of the Company will be deposited in a trust account managed and controlled by the Attorneys until such time as the share and Claim certificates are issued. Interest earned on these funds between the date of deposit and the allocation date will be at the bank call rate. Interest earned on invested funds will be retained by the Company. The projected return on monies invested with the Company is stated in paragraph 6.2.2 below.
- 4.6 If an investor wishes to dispose of his shareholding, he shall be obliged, in one and the same transaction, to dispose of the Claims and linked Shares.
- 4.7 The diagram below gives an overview of the structure adopted by the Company.





5. Risk factors of Real Estate Investments

- 5.1** This Offer to invest in the Company is aimed at those investors who do not have the resources or do not wish to actively participate in property development but who seek a return on investment through an indirect involvement in real estate and property development. As with any investment in equity, an investment in the Company exposes the investor to certain risks. Some of these risks can be controlled but many are outside the control of the Company. Investors should carefully consider all risk factors as well as all other information included in this Prospectus in the light of their personal circumstances and seek professional advice from their professional advisors, stockbrokers, lawyers and/or accountants.
- 5.2** No assurances are given by the Company or its directors or officers about the future profitability of the Company, the payment of interest on loan accounts and/or dividends or the value of any investment in the Company. It is however the intention of the directors to adopt and implement strategies to ensure that those risks which are controllable are duly managed in an appropriate and prudent manner.
- 5.3** The higher returns generally associated with real estate are due to the inherent risks in the investment itself. The primary risk is that of reduced liquidity due to the size of the transactions where a transaction can take months or even years to be executed. In addition, the valuation of properties is often subjective where valuations are based on several assumptions including estimates of replacement costs, similar market values and future rental incomes and expenditure and future discount rates.
- 5.4** **General investment risks**
The Company is subject to general risks including changes in –
- interest rates,
 - inflation rates,
 - local and world economic conditions,
 - local and world financial and foreign exchange markets,
 - level of tax,
 - taxation law and accounting practice,
 - government legislation or intervention,
 - natural disasters,
 - social upheaval, riots,
 - strikes, lockouts, labour unrest,
 - and other acts of God.
- 5.5** **Specific risks and Actions to minimise them**
- 5.5.1** **No operating history**
- 5.5.1.1 The Company is a newly formed company and has therefore no trading history which can be used to evaluate the likely performance of the Company and its ability to achieve its objectives.
- 5.5.1.2 Despite the lack of operating history, the directors believe that the Company has the necessary management experience and expertise and corporate governance structures

to manage operational risks and to achieve its business plan (as described in paragraph 21 below).

5.5.2 Default of monies invested

5.5.2.1 There is always a risk that the developer to whom loan finance has been advanced may default on its obligations or produce insufficient profits to make any payments of returns or capital or other amounts due to the Company.

5.5.2.2 The Directors will –

5.5.2.2.1 ensure that appropriate credit assessment of the Developer and the Project is undertaken as part of its investment criteria; and

5.5.2.2.2 as a condition of finance approval, require security for the Company's investment (although the Company's security will generally rank behind the securities of senior debt providers such as banks and other financial institutions).

5.5.3 Project development

5.5.3.1 There are inherent risks in any property development project including the risks of non-completion or late completion, costs of disputes, accidents and inclement weather conditions as well as changes in interest rates or the selling price of the completed Project. Both the Company and the Developers are exposed to these risks.

5.5.3.2 As part of its due diligence investigations of investment opportunities, the directors will consider doing the Developers' and its subcontractors' operational experience and ability to carry out the proposed Project.

5.5.3.3 Further, as a condition of the Company's investment, the directors will ensure that for the Project there is a prudent risk management program in place which will include the obtaining of appropriate insurances for insurable risks from reputable insurers with a view to ensuring that the financial model for the Project, including the profits contemplated in that model, is achieved.

5.5.4 Interest rate risk

5.5.4.1 Adverse changes in interest rates could have a material adverse effect on the financial performance of the Project, which is financed by the Company and the returns, which the Company receives under its investment.

5.5.4.2 The Company will actively manage interest rate risk in the Project in which it invests and, where possible, require the Developers to secure senior debt on a fixed rate basis.

5.5.5 Market risk

Any decline in the property market generally or in the demand for residential property may have a material adverse impact on the Company and its ability to achieve the targeted returns.

5.5.6 Transferability

An investment in unlisted shares is not a liquid investment. There is no established market for the sale of the shares. Investors have no right to require shares to be purchased by the Company or to have their shares redeemed. An investment in the Company should therefore be viewed as a long term investment of not less than 5 (Five) years. Investors must take cognisance of the fact that it is not the function of the Promoter to find a purchaser should the Investor wish to sell his shares – it is the Investor's responsibility to find his own purchaser.

5.6 Further actions to minimise risk

In order to minimize and manage the risk associated with a property development, the Company put the following in place –

5.6.1 a low cost operating structure;

5.6.2 a comprehensive set of investment criteria;

- 5.6.3 an experienced Project Management Committee with an established process for due diligence and monitoring of the Project;
- 5.6.4 a detailed and comprehensive due diligence investigation program which is undertaken by the Project Manager and/or the Project Management Committee on an ongoing basis;
- 5.6.5 monthly monitoring of the project by the Project Auditor and the Project Manager.

5.7 Investment Criteria

- 5.7.1 The Company's investment criteria are designed to minimise and manage risk.
- 5.7.2 The Project has undergone a comprehensive multi-staged due diligence investigation to qualify for funding.
- 5.7.3 The Company's key financial investment criterion is to target a minimum annual return to the Company of 18,5% (eighteen comma five percent) per annum (simple interest) of the principal amount of the investment made by the Company on a pre-tax cash-in cash-out basis.
- 5.7.4 In addition to the Company's financial criteria, the Project has been carefully reviewed qualitatively for its potential to deliver an excellent end-product to the market.
- 5.7.5 The Company has established prudent commercial assessment processes, policies and structures to evaluate the investment opportunity. These are described in paragraph 7 below.
- 5.7.6 The Board has adopted a comprehensive risk management strategy which includes the appointment of the Project Auditor that performs risk assessment reviews on a quarterly basis or as required.
- 5.7.7 The Board will continually monitor the operational and financial aspects of the Project and through the Project Management Committee, consider the recommendations and advice of the Project Auditor and other external advisors on the operational and financial risks that the Company faces.
- 5.7.8 The Board will ensure that recommendations made by the Project Auditor and other external advisors are investigated and, where considered necessary, applicable action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.
- 5.7.9 The directors' review process included and will continue to include -
 - 5.7.9.1 assessing the level of risk exposure associated with the Developers and the Project as a whole;
 - 5.7.9.2 assessing the potential return on the proposed investment;
 - 5.7.9.3 ensuring appropriate corporate governance policies are in place and adhered to for the duration of the Project;
 - 5.7.9.4 ensuring risk minimisation is optimised; and
 - 5.7.9.5 the monitoring of the Project's progress by the board of directors through reports received from the Project Manager and Project Auditor on a regular basis.

5.8 Conclusion

- 5.8.1 The directors consider that an investment in the Company is best suited to investors such as superannuation funds, companies and private investors who prefer a return in the medium to long term.
- 5.8.2 The opportunity presented by this Prospectus is aimed at those investors who have not or do not wish to actively participate in the property development market but who seek a return on investment through property.

6. Objectives, Investment Returns and Strategy

6.1 Objectives

The objectives of the Company are –

- 6.1.1 to raise sufficient capital to advance to the Developers (jointly and severally) for the successful completion of Phase 1 of the Project – completion will take place once all the residential erven in the Bay Golf Estate as referred to in paragraph 16.3.1 have been sold and transferred to their respective purchasers;
- 6.1.2 to achieve for its Shareholders the projected rate of return on their investment in the Company whilst managing and minimising risk;

6.2 Return on Investment

6.2.1 The Company has a low cost operating structure and has been structured to provide investors access to larger scale property development returns on the Project.

6.2.2 The net annual returns on equity (Shares and Claims) for this investment during a five year period are projected to be as follows –

YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
18.50%	18.50%	18.50%	18.50%	18.50%

- 6.2.3 The actual interest rate applicable to the Claims will however be determined from time to time by the Directors in conjunction with the Auditors of the Company.
- 6.2.4 **Investors are hereby informed that their investment in the Company will be fixed and can only be called up after a minimum period of 5 (five) years has lapsed since date of investment or when the erven in the Bay Golf Estate which is to be established, have been sold and transferred to third parties.**

7. Investment Terms, Investment Process and Approvals

7.1 Terms of Investment

- 7.1.1 The Company will make funds available to the Developers (jointly and severally) to assist with the acquisition and development of the Immovable Properties, preliminary marketing costs and infrastructure development costs.
- 7.1.2 The Company will take security to secure payment of the Company's investment and performance of the Developers' obligations. That security will usually be in the form of a registered mortgage bond over the Immovable Properties to be developed, which may be subordinated to the claims of a senior bond to be registered over the Immovable Properties to be developed;
- 7.1.3 Under the terms and conditions of the investment, capital and returns due to the Investor will be required to be paid after a minimum period of 5 (five) years has lapsed since date of the investment or (if this should take longer) on the completion of the Project, i.e. when the erven in the First Phase of the Project, ie the erven in the Bay Golf Estate have been sold and transferred to third parties.
- 7.1.4 The terms of the contract and security documentation between the Company and the Developers will provide for the payment of the loan to the Developers to take place on registration of transfer of the Immovable Properties in the name of the Developers;

7.2 Investment Process

The screening process already undertaken and to be undertaken by and on behalf of the

Company included (and will continue to include) the following steps-

- 7.2.1 Project selection and initial investment screening in preparation of a feasibility study by the Project Manager;
- 7.2.2 due diligence investigation;
- 7.2.3 presentation to the Project Management Committee and thereafter to the board;
- 7.2.4 negotiation of contractual terms and conditions;
- 7.2.5 execution of contract and security documentation (Loan Agreement and mortgage bond) (see Schedule C);
- 7.2.6 Project monitoring;
- 7.2.7 repayment of capital, and returns.

8. Purpose of the Offer and Details of the Project [7]; [21(a)(iv)]

8.1 The purpose of this Offer is to raise funds to :-

- 8.1.1 advance to Clidet 677 and Clidet 696 (jointly and severally)(in terms of this Prospectus) an amount of R 30 002 000 (Thirty Million and Two Thousand Rand) to pay part of the acquisition costs of the Immovable Properties and the Promoter's fees and expenses in respect of this Prospectus. Transfer of the Immovable Properties will take place once the minimum subscription referred to in paragraph 24 below has been reached. [The total amount necessary for the purchase of the Immovable Properties and the subsequent completion of the Project as described in paragraph 16.6.1. below but excluding interest to be paid to the Company and the Bank will be R668 700 448 (Six Hundred and Sixty Eight Million Seven Hundred Thousand Four Hundred and Forty Eight Rand)].
- 8.1.2 pay the costs of the Offer (see paragraphs 16.12.1 and 16.13);
- 8.1.3 pay the operating costs of the Company (see paragraph 16.12.2).

8.2 The amounts raised through this Offer will be applied as follows –

8.2.1	Advance to the Developers to purchase the Immovable Properties	R24 600 000
8.2.2	Offer Costs (including fund raising commission)* and Promoter's fee	R5 402 000
	Total	R30 002 000

*The average raising commission is 10% of the capital raised under this Prospectus and will vary depending on the amount of capital raised.

8.3.1 The directors of Clidet 677 and Clidet 696 are entitled, to make arrangements with a commercial bank in South Africa for a facility to be made available to the Developers to raise moneys against security of a first mortgage bond to be registered over the Immovable Properties and which money will be utilised to pay part of the purchase price for the Immovable Properties, and secondly to fund the development costs referred to in paragraph 16.6.2 below.

8.3.2 Such loan facility shall however not exceed :-

- 8.3.2.1 R 102 800 000 (One Hundred and Two Million Eight Hundred Thousand Rand) in respect of the acquisition of the Immovable Properties; plus
- 8.3.2.2 A further amount of R 150 000 000 (One Hundred and Fifty Million Rand) in respect of development costs, which shall only be drawn down subject to qualifying pre-sales in the

amount of R 201 000 000 (Two Hundred and One Million Rand) being achieved prior to drawdown of the development loan. Such loan shall be in addition to the amount referred to in paragraphs 8.2 and 8.3.2.1

- 8.3.3 The directors of Clidet 677 and Clidet 696 have already resolved to take up the first portion of the loan facility of R102 800 000 (One Hundred and Two Million Eight Hundred Thousand Rand) pertaining to the acquisition of the Immovable Properties. A first mortgage bond to the value of R300 000 000 (Three Hundred Million Rand), restricted to R102 800 000 (One Hundred and Two Million Eight Hundred Thousand Rand) will be registered over the Immovable Properties. The Company's mortgage bond shall be registered as a second mortgage bond, subordinated to the claim of the first mortgage bond holder.
- 8.3.4 The directors of Clidet 677 and Clidet 696 have not yet resolved to take up the loan facility pertaining to development costs (see paragraph 8.3.2.2 above), but the intention to do so is hereby disclosed to Investors that the Developers do have the option available to take up such loan in order to complete the development process. In the event that the development loan facility is taken up, the claim under the first mortgage bond may be increased to provide mortgage security for the development loan facility referred to in paragraph 8.3.2.2 as well.
- 8.4 It is to be noted that the amount of R150 000 000 (One Hundred and Fifty Million Rand) is in addition to the amount of R102 800 000 (One Hundred and Two Million Eight Hundred Thousand Rand) referred to in paragraph 8.3.2.1.
- 8.5 It is envisaged that a second prospectus will be issued to raise funds to fund the balance of the purchase price in respect of the Immovable Properties. The amount to be raised under the second Prospectus will be R30 998 000 (Thirty Million Nine Hundred and Ninety Eight Thousand Rand) (see paragraph 16.6.3).
- 8.6 Details of the Project are as follows –
- 8.6.1 The Township to be established will be known as “The Bay”. This Township will be located in Broederstroom, North West Province, which falls under the Local Municipality of Madibeng.
- 8.6.2 The Project consists of the establishment of a Township to be named The Bay on the Immovable Properties which will comprise a golf estate, a private country estate and a commercial node inclusive of a shopping centre.
- 8.6.3 The Immovable Properties is situated to the west of the famous Pecanwood Golf Estate (Jack Nicklaus signature) development on the southern side of Hartebeespoort Dam.

The entire development, which is situated in the foothills of the Witwatersberg mountains enjoys magnificent north-facing views of the Hartbeespoort Dam and the Magaliesberg mountains, and constitutes the last significant land development on the Southern side of the dam.

The famous “bridge to nowhere” is situated on the west end of the site. This bridge forms part of an approved interchange for the planned PWV3 national freeway from Brits and Rustenburg (in the Northern Province) through to Sandton (Gauteng). This will have significant benefits for the proposed development in that the access to this area of Hartebeespoort will take place through the Project, enhancing the viability of the commercial rights that have been granted under the current conditions of establishment.

Hartebeespoort Dam is located in the North West Province, South Africa, and is situated on the main route between Johannesburg/Pretoria and Brits/Rustenburg and Sun City. The dam is approximately 40 minutes' drive from Sandton, making it an ideal destination for a weekend getaway (offering several leisure activities including water sports amongst other outdoor activities), which has driven most of the residential development over the past decade.

The region has experienced phenomenal growth, resulting in the upgrade of roads providing improved accessibility, development of schools, retail developments and a host of upmarket amenities.

The proximity of this region to Sandton/Johannesburg compared with other primary residential nodes (Roodepoort/Little Falls in the West Rand, Benoni/Boksburg in the East Rand, Alberton in the South and Pretoria/Centurion in the North – all of which have similar travelling times into the respective CBD areas) have resulted in a demographic shift with a larger ratio of primary residence investors now evident. A reduction of travelling time as a result of the planned PWV3 route is expected to further enhance the attractiveness of Hartebeespoort as a primary residence destination.

The growth of the platinum sector, and more specifically, the towns of Brits and Rustenburg are providing further impetus to the Hartebeespoort region in the following respects:

- The residential opportunities offered around the dam are suitable to upper management in these mining operations, who are investing in primary residences;
- The major supply and access transport routes to Pretoria, Sandton and Johannesburg as well as the country's busiest international airport, OR Tambo International, runs through Hartebeespoort;
- The Olympic Stadium in Rustenburg, which will be one of the major venues during the 2010 Soccer World Cup is in the process of being constructed – this will have positive spin offs in the form of transport routes as well as leisure and accommodation opportunities.

If one considers the R 6,5 billion of development expenditure that is planned for the area by the local authority, the Madibeng municipality, the outlook for the region is very positive.

- 8.6.4 The current conditions of establishment, which have been approved by the local authority, Madibeng, makes provision for a maximum of approximately 2 300 residential opportunities as well as 321 600 bulk square metres for commercial properties and common facilities. The extent of the Project is of such a nature that it will be completed in phases so as to ensure that the Project is completed in an orderly and aesthetical fashion.

The phasing of the Project is currently planned as follows:

- The construction of The Bay Golf Estate, consisting of a championship quality 18-hole Matkovich and Hayes signature golf course, approximately 500 freehold stands, several medium and high density cluster or sectional title/townhouse developments, a clubhouse, hotel and marina – to be completed within 2 to 3 years;
- The development of a commercial node including shopping centre, offices and showrooms of approximately 190 000 bulk square metres, to be completed in phases during the development, subject to infrastructure and demand, with a 15 000 square metre centre most likely being constructed within 2 years; and
- The development of Bay View, a private country estate consisting of approximately 200 freehold erven and several medium and high density cluster or sectional title/townhouse developments, to be completed within 5 years.

- 8.6.5 The feasibility study which the Developers undertook, based on the existing rights that have been granted, estimates that:

- Freehold erven in the Project will sell at an average price of R 1 288 250 (one million two hundred and eighty eight thousand two hundred and fifty Rand) (VAT included). This estimated price is currently below the average price at which erven in comparable golf estate developments sell;
- Medium to high density residential erven will sell at an average price of R1 096 (One Thousand and Ninety Six Rand) (VAT included) per land metre; and
- Commercial erven will sell at an average price of R 1 250 (One Thousand Two Hundred and Fifty Rand) (VAT included) per land metre.

After deduction of VAT and agents' commission, the sale of erven is projected to realise amount of R 1 145 512 074 (One Thousand One Hundred and Forty Five Million Five Hundred and Twelve Thousand and Seventy Four Rand).

It is estimated that the development costs, inter alia for the provision of internal and external services in Phase 1 of the development will amount to R 134 308 009 (One Hundred and Thirty Four Million Three Hundred and Eight Thousand and Nine Rand)excluding VAT.

The detail of the total development costs as well as the costs of syndication and interest payments are more fully explained in paragraph 16.6 below.

- 8.6.6 The total development costs of the entire Project will amount to approximately R 458 660 974 (Four Hundred and Fifty Eight Thousand Six Hundred and Sixty Thousand Nine Hundred and Seventy Four Rand) excluding VAT.
- 8.6.7 The Immovable Properties have been independently valued (on a sell-out basis) at R 410 000 000 (Four Hundred and Ten Million Rand) based on the current conditions of establishment and development feasibility.

9. Dividend Policy

- 9.1 The Claims of the members of the Company (including interest) will be repaid from cash generated by the Developers, such payment to be made on completion of the Project, [i.e. when the erven in The Bay Township have been sold on the open market or after 5 (Five) years after date of full subscription of the Prospectus, whichever event is the later.
- 9.2 The actual amounts to be made available for the payment of interest will be in the sole discretion of the directors taking into account the working capital of the Company as well as its capital expenditure requirements; provided however that the directors shall use their best endeavours to achieve the minimum projected return as set forth in paragraphs 5.7.3 and 6.2 above.
- 9.3 Interest to be paid on Claims is calculated with effect from the date of investment to date of repayment of the Claims, at an interest rate determined by the Board in conjunction with the Auditors from time to time. No fixed rate of interest is applicable.
- 9.4 It must however be understood by prospective investors that the Board cannot give any assurances as to the extent and timing of a future distribution to shareholders because it is dependent on a number of factors including the level of profitability of the Project, the amount and timing of tax paid, operating conditions and expenditure, risk factors and in general the financial position of the Company.
- 9.5 If the purchase of the Immovable Properties and/or its further development does not materialise, investors' monies will be repaid to them by the Company and/or the Promoter together with interest calculated at the bank call rate. The Promoter will bear the costs referred to in paragraph 16.12.1 and 16.13 below.

10. Share Capital of the Company 8[(a)]

- 10.1 Currently, the authorised share capital of the Company is R1 500 (One Thousand Five Hundred Rand) divided into 150 000 (One Hundred and Fifty Thousand) ordinary shares with a nominal par value of R 0,01 (One Cent) each. No ordinary share may be allotted or issued unless simultaneously with each such allotment and issue there is issued one unsecured floating rate Claim with a nominal value of R 999,99 (Nine Hundred and Ninety Nine Rand and Ninety Nine Cents) which ordinary share and floating rate Claim shall be allotted and issued as a Unit. Only seven Units have been issued at date of registration of the Company to the 3 (three) directors and 4 (four) of their nominees.
- 10.2 All Units rank pari passu in the share capital of the Company and participate equally in any Distribution.

- 10.3** Cash at the disposal of the Company and available for distribution to Shareholders shall be appropriated as to:
- 10.3.1** interest on the Claim component of the Unit at an interest rate determined by the Directors in conjunction with the Auditors from time to time; and
- 10.3.2** the balance (if any) as a dividend on the Share component of the Unit.
- 10.4** The three directors referred to in paragraph 3.2 above together with their four nominees subscribed for one ordinary share each in the authorised share capital of the Company. The balance of the authorised share capital and unissued Claims remain unissued.
- 10.5** The shares subscribed for by the persons referred to in paragraph 10.4 above rank pari passu in all respects with the unissued portion of the Company's share capital and unissued Claims, and no special rights attach thereto. The ordinary shares and Claims were issued to them at their nominal value being R 1 000 (One Thousand Rand) per Unit.
- 10.6** All Shares in the Company rank pari passu and no special rights attach thereto. The Claims are unsubordinated.

11. Borrowings and Loans made by the Company [9(a)],[9(b)]

- 11.1** There are no loans (including Claims) of any nature made to the Company other than those Claims which are linked to the shares issued to the three directors and the four nominees referred to in paragraph 10.1 above. The total value of such Claims is R 6 999,93 (Six Thousand Nine Hundred and Ninety Nine Rand and Ninety Three Cents).
- 11.2** The Company will make a loan to the Developers in the amount of R 30 002 000 (Thirty Million and Two Thousand Rand) to be used by them to pay part of the purchase price of the Immovable Properties and the Promoter's fees and expenses in respect of this Prospectus. (See Key Offer Information on page 2 for a detailed description of the Project.)
- 11.3** The particulars of the loan referred to in paragraph 11.2 are as follows:-

Date of Loan: Immediately after the minimum subscription of R 30 002 000 (Thirty Million and Two Thousand Rand) as stated in paragraph 24.1 below has been reached and against registration of transfer of the Immovable Properties in the name of the Developer.

Borrower: Clidet 677 and Clidet 696 (jointly and severally)

Rate of Interest: A minimum of 18,5% (eighteen comma five percent) per year (simple interest).

Period of Loan: A maximum period of 5 (five) years from date when full subscription is reached.

Security Held: Second Mortgage Bond over the Immovable Properties.

Particulars of Directors of Borrower: (i) Harold Wilson; ID No 751221 5282 085 and (ii) Christo Pieter Duminy, ID No 690415 5026 088

Particulars of Shareholders of Borrower: Carnoustie Investment Trust [Reg No. IT12620/06] and the Busi and Sibos Investment Trust [Reg No. IT12624/06] in equal shares

- 11.4** The directors of Clidet 677 and Clidet 696 have also resolved to take up the loan facility with Nedbank of R 102 800 000 (One Hundred and Two Million Eight Hundred Thousand Rand) pertaining to the acquisition of the Immovable Properties. A first mortgage bond to the value of R 300 000 000 (Three Hundred Million Rand), restricted to R 102 800 000 (One Hundred and Two Million Eight Hundred Thousand Rand) will be registered over the Immovable Properties.
- 11.5.1** If the directors of Clidet 677 and Clidet 696 so resolve, Clidet 677 and Clidet 696 shall with effect from date of registration of the Immovable Properties in its name or at any time thereafter obtain a loan from a commercial bank in South African to a maximum amount of R 150 000 000 (One Hundred and Fifty Million Rand) which amount will be utilised to pay the development costs of the Project.
- 11.6** It is envisaged (although not guaranteed) that the rate of interest applicable to the said loan referred to in paragraph 11.5 above will be equal to the prime overdraft interest rate (currently 13,0%) less 1%. The period of the loan will be a maximum period of 5 (five) years and the claim under the first mortgage bond registered over the Immovable Properties (see paragraph 11.4 above) as security for the loan will be increased accordingly.
- 11.7** The Company's mortgage bond, as referred to in 11.3 above, shall be registered as a second mortgage bond, subordinated to the claim of the first mortgage bond holder.

12. Options or preferential rights in respect of shares [10]

There are no options or preferential rights in respect of Shares (or Claims) in the Company.

13. Shares issued or to be issued otherwise than for cash and commission paid or payable in respect of underwriting [11],[14]

- 13.1** No Shares in the share capital of the Company have been or will be issued by the Company otherwise than for cash.
- 13.2** No commission has been paid or is payable by the Company to any investor for subscribing or agreeing to subscribe for shares in the Company.
- 13.3** The Company may pay commission to intermediate service providers and their representatives who are licensed by the Financial Services Board. The rate of commission will depend on the amount invested with the Company but the commission payable by the Company will not exceed 10% (ten percent) in total of the capital raised.
-

14. Property acquired or to be acquired [12(a)]

The Company has not acquired any property of whatsoever nature.

15. Amounts paid or payable to promoter [13]

15.1 The net amount payable to the Promoter in terms of this Prospectus is R 5 402 000 (Five Million Four Hundred and Two Thousand Rand) which amount will be utilised in the manner set forth in paragraphs 16.12.1 and 16.13 below.

15.2 All expenses relating to the Offer shall be paid by the Promoter.

16. Prospects of the Company, Preliminary Expenses, Issue Expenses and Operating Costs [6(i)]; [12(c)]; [15]

16.1 The Company has concluded a conditional Loan Agreement (Schedule C) with Clidet 677 and Clidet 696 (jointly and severally) the developers of the Project. The Loan is subject to the suspensive condition that sufficient monies are raised through this Offer to make the loan to the Developers.

16.2 The Loan Agreement contains provisions that are customarily found in finance documents of this size and type including provisions about the responsibilities of the parties, payments under the agreement, representations and warranties by the Developers, events of default and the Company's powers.

16.3 The Project

16.3.1 The Company has entered into an agreement with the Developers to provide purchase finance to Clidet 677 and Clidet 696 to enable it to purchase and subsequently to develop the Immovable Properties amongst other things into a Golf Estate comprising:

- The construction of The Bay Golf Estate, consisting of a championship quality 18-hole Matkovich and Hayes signature golf course, approximately 500 freehold stands, several medium and high density cluster or sectional title/townhouse developments, a clubhouse, hotel and marina – to be completed within 2 to 3 years;
- The development of a commercial node including shopping centre, offices and showrooms of approximately 190 000 bulk square metres, to be completed in phases during the development, subject to infrastructure and demand, with a 15 000 square metre centre most likely being constructed within 2 years; and
- The development of Bay View, a private country estate consisting of approximately 200 freehold erven and several medium and high density cluster or sectional title/townhouse developments, to be completed within 5 years.

16.3.2.1 The Company will in terms of the first two Prospectuses advance a total of R 61 000 000 (Sixty One Million Rand) to assist Clidet 677 and Clidet 696 with the acquisition of the Immovable Properties and the payment of the Promoter's fees and expenses in respect of the two Prospectuses.

16.3.2.2 In terms of this Prospectus an amount of R 30 002 000 (Thirty Million and Two Thousand Rand) will be advanced to Clidet 677 and Clidet 696 to acquire the Immovable Properties.

A further amount of R 30 998 000 (Thirty Million Nine Hundred and Ninety Eight Thousand Rand) will be advanced to Clidet 677 and Clidet 696 in terms of the second prospectus for purposes of acquiring the Immovable Properties, the funding of preliminary marketing and infrastructure development costs and payment of the Promoter's fees and expenses in respect of the Second Prospectus.

16.3.3 The Company's loan to the Developers, subject to paragraphs 11.4 and 24.1 below, will be secured by a subordinated second mortgage bond over the Immovable Properties.

16.4 Salient Points

16.4.1 Salient points concerning this Project include –

- 16.4.1.1 Clidet 677 and Clidet 696 purchased the Immovable Properties for an amount of R 195 550 000 (One Hundred and Ninety Five Million Five Hundred and Fifty Thousand Rand), plus additional acquisition costs estimated at R 14 489 474 (Fourteen Million Four Hundred and Eighty Nine Thousand Four Hundred and Seventy Four Rand).

The purchase price is payable as follows:

- R 95 550 000 (Ninety Five Million Five Hundred and Fifty Thousand Rand) payable immediately on registration of transfer, of which R 65 550 000 (Sixty Five Million Five Hundred and Fifty Thousand Rand) has been funded by Nedbank Ltd through the senior mortgage facility referred to in paragraph 8.3.3 above, R 18 000 000 (Eighteen Million Rand) has been funded by the shareholders of the Developers on loan account on a preliminary basis and a further R 17 000 000 (Seventeen Million Rand) will be funded from the proceeds of this Prospectus;
- R 20 000 000 (Twenty Million Rand) payable 60 (Sixty) days after registration of transfer of the Immovable Properties, which has been funded through the senior mortgage facility referred to in paragraph 8.3.3 above;
- R 20 000 000 (Twenty Million Rand) payable 18 (Eighteen) months after registration of transfer of the Immovable Properties, which will be funded from development profits or further funding from a commercial bank or further funding to be raised from the Company;
- R 25 000 000 (Twenty Million Rand) payable 30 (Thirty) months after registration of transfer of the Immovable Properties, which will be funded from development profits or further funding from a commercial bank or further funding to be raised from the Company;
- R 35 000 000 (Thirty Five Million Rand) payable 42 (Forty Two) months after registration of transfer of the Immovable Properties, which will be funded from development profits or further funding from a commercial bank or further funding to be raised from the Company; and
- R 14 489 474 (Fourteen Million Four Hundred and Eighty Nine Thousand Four Hundred and Seventy Four Rand) in respect of the additional acquisition costs of the Immovable Properties, payable immediately on registration of transfer of the Immovable Properties in the name of Clidet 677 and Clidet 696, of which R 5 103 509 has been funded through the senior mortgage facility referred to in paragraph 8.3.3 above and R 7 600 000 will be funded through the proceeds of this Prospectus, and another R 1 785 965 will be funded through the issue of a Second Prospectus.

- 16.4.1.2 The proposed development, once completed, will comprise:
- The Bay Golf Estate, consisting of a championship quality 18-hole Matkovich and Hayes signature golf course, approximately 500 freehold stands, several medium and high density cluster or sectional title/townhouse developments, a clubhouse, hotel and marina – to be completed within 2 to 3 years;
 - A commercial node including shopping centre, offices and showrooms of approximately 190 000 bulk square metres, to be completed in phases during the development, subject to infrastructure and demand, with a 15 000 square metre centre most likely being constructed within 2 years; and
 - Bay View, a private country estate consisting of approximately 200 freehold erven and several medium and high density cluster or sectional title/townhouse developments, to be completed within 5 years.

16.4.1.3 The Immovable Properties are located within the Madibeng Local Municipality jurisdiction.

16.4.1.4 Final conditions for the establishment of a township have already been issued by the Local Municipality of Madibeng on 31 January 2005 (Schedule E) and Clidet 677 and Clidet 696 will shortly conclude an Engineering Services Agreement with the Local Municipality of Madibeng.

16.5 Financial Summary

- 16.5.1 The Company expects a minimum total annual return of at least 18.5% (eighteen comma five percent) on its investment.

16.5.2 Marketing of the first 280 (Two Hundred and Eighty) residential erven in the Bay Golf Estate will commence in 2008.

16.6 Financial Projections with regard to the Project

16.6.1 The entire Project's financial projection as per the Developer's feasibility study is detailed below.

Details	Amount R million
Net sales of erven (after provision for VAT, marketing and other costs) [see paragraph 16.9.2]	1 146
Project Costs	
Immovable Properties acquisition including additional acquisition costs	210
Township Establishment and Development costs (see para 16.6.2)	459
Total Project costs	669
Offer costs (including commission) (in respect of two prospectuses only)	11
Add interest payable to Investors	57
Add Interest payable to Bank	86
Total expenditure	823
Projected Net Income Before Taxation	322

16.6.2 Details of projected Development Costs in respect of the entire Project are as follows:

Details	Amount R million
Internal Services (incl. Roads, Sewerage, Water)	70
Electricity	99
Access and Security	25
Interim Escalations	70
Golf Course and Common Facilities	100
Professional Fees	37
Project Management, Sundry Fees, Contingency	58
Total Development Costs	459

16.6.3 Details of the amount to be raised under the Second Prospectus are as follows:

Details	Amount R
Purchase of Immovable Properties	10 400 000
Preliminary Marketing and Development Costs	15 000 000
Offer costs in respect of Second Prospectus (see para 16.12.1 and 16.13)	5 598 000
Total	30 998 000

16.7 Assumptions

16.7.1 In preparing the projections the directors have made the following best estimate assumptions set out hereinafter.

16.7.2 Investors should note, however, that the actual results may vary from the projections and any variation may be materially positive or negative because the assumptions and projections are by their nature subject to uncertainties and contingencies, some of which are outside the control of the directors. Events and outcomes may differ in quantum and timing from the assumptions.

16.8 General Assumptions

The following general assumptions have been made –

- 16.8.1 there will be no material change in the existing business, economic and competitive environment in which the Company operates;
- 16.8.2 there will be no material changes to the accounting policies prescribed by the South African Institute of Chartered Accountants and the Public Accountants and Auditors Board or other mandatory professional reporting requirements that may have a material effect upon the financial statements of the Company;
- 16.8.3 other than changes already announced, there will be no material changes to the current taxation legislation; and
- 16.8.4 there will be no change in the current regulatory environment that will have a material impact on the financial results of the Company.

16.9 Project Summary

16.9.1 The specific assumptions below have been made on the basis that the construction will be based on a fixed price contract and the following independent third party reports:

16.9.1.1 Quantity Surveyor's verification of tender prices, construction material costs, construction output, labour rates and lead times for key trade suppliers;

16.9.1.2 due diligence report compiled by the Project Manager.

16.9.2 The following best estimate specific assumptions were made:

16.9.2.1 Net sales revenue of R1 145 512 074 (One Thousand Million One Hundred and Forty Five Million Five Hundred and Twelve Thousand and Seventy Four Rand) (excluding VAT and agent's commission) and is based on:

- Freehold erven in the golf estate Project will sell at an average price of R1 288 250 (One Million Two Hundred and Eighty Eight Thousand Two Hundred and Fifty Rand) (VAT included). This estimated price is currently below the average price at which erven in comparable golf estate developments sell;
- Medium to high density residential erven will sell at an average price of R1 096 (One Thousand and Ninety Six Rand) (VAT included) per land metre; and
- Commercial erven will sell at an average price of R1 250 (One Thousand Two Hundred and Fifty Rand) (VAT included) per land metre; and
- Deduction of the following:

16.9.2.1.1 Marketing costs including commission payable to estate agents in promoting the sale of erven: 7% (two per cent) of the gross purchase price of each erf;

16.9.2.1.2 VAT of 14% (included in the purchase price of each erf);

16.9.2.2 Immovable Properties Acquisition Costs of R 210 039 474 (Two Hundred and Ten Million Thirty Nine Thousand Four Hundred and Seventy Four Rand) (excluding VAT) is based on the purchase price reflected in the deeds of sale referred to in paragraph 17.3 below;

16.9.2.3 Total Development Costs of R 458 660 974 (Four Hundred and Fifty Eight Million Six Hundred and Sixty Thousand Nine Hundred and Seventy Four Rand) subject to Quantity Surveyor's verification and report prior to commencement of the Development;

16.9.2.4 Total Offer Costs (including raising commission and promoter's fees and expenses) amount to R 11 000 000 (Eleven Million Rand) (if two prospectuses are issued). The Offer Costs pertaining to this Prospectus are R 5 402 000 (Five Million Four Hundred and Two Thousand Rand);

16.9.2.5 Interest payable to the Bank if the loan referred to in paragraph 11.4 above are taken up. This will amount to approximately R85 906 390 (Eighty Five Million Nine

Hundred and Six Thousand Three Hundred and Ninety Rand); and

16.9.2.6 Interest of R 57 414 370 (Fifty Seven Million Four Hundred and Fourteen Thousand Three Hundred and Seventy Rand) which will become payable to Investors.

16.10. Sensitivity Analysis

16.10.1 The financial performance of the Project is subject to the risks which usually accompany a property development project of this type – see for example the risks discussed in paragraph 5 above.

16.10.2 The directors are of the view that the following variables could have a significant effect on the project's financial performance and consequently on the Developers' ability to pay the interest due to the Company under its loan and to repay the principal loan amount. Accordingly a sensitivity analysis has been conducted to highlight the possible projected effects, as follows:-

16.10.2.1 Sale of Erven

Marketing of the residential erven in the First Phase of the Project will commence during 2008.

16.10.2.2 Interest Rate Rises

The projected return may be affected by changes in interest rates. The subordinated funding secured from the Company will be at a fixed rate, while funding sourced from a commercial bank will be prime linked. The current feasibility study assumes a further increase in the Prime Lending Rate by 1% over the development period. It is not expected that interest rates will rise abnormally beyond this level over the term of the Project.

16.11 Projection of viability of the Project

16.11.1 The project's financial success is determined by the total income from sales of the erven less the total development cost, inclusive of land purchase. The projected net income before tax is estimated to amount to R322 490 866 (Three Hundred and Twenty Two Million Four Hundred and Ninety Thousand Eight Hundred and Sixty Six Rand), which is indicative of the viability of the Project.

16.11.2 The projected selling prices of the residential erven will result in gross profit margins in excess of 42% which equates to the Project not being materially sensitive to Project delays, cost-overruns, interest rate increases and so forth.

16.12 Costs of the Offer

16.12.1 The costs of this Offer (excluding raising commission) are projected at R2 400 000 (Two Million Four Hundred Thousand Rand) assuming the Offer is fully subscribed. The Promoter's fee is paid in respect of the setting up of the Company, the sourcing of the Project and for making available to the Company of the Promoter's administrative infrastructure and network for introducing subscribers for the Units to be issued by the Company. The Offer expenses are made up as follows –

	First Prospectus		Second Prospectus		Total	
	R		R		R	
Feasibility Study	42 000	0,14%	45 351	0,15%	87 351	0,14%
Advertising and Printing	33 000	0,11%	31 057	0,10%	64 057	0,11%
Travelling and Accommodation	30 000	0,10%	32 601	0,11%	62 601	0,10%
Auditors' Fees	21 000	0,07%	22 765	0,07%	43 765	0,07%
Due Diligence	60 000	0,20%	62 291	0,20%	122 291	0,20%
Legal Fees	81 000	0,27%	86 424	0,28%	167 424	0,27%

Operating and Administration Expenses	540 000	1,80%	549 618	1,77%	1 089 618	1,79%
Promoter's Fee	1 593 000	5,21%	1 669 893	5,39%	3 262 893	5,35%
Total Proposed Cost of Syndication	2 400 000	8,00%	2 500 000	8,07%	4 900 000	8,03%

16.12.2 Operating and administration expenses (to be paid from the proceeds of the Offer) include costs associated with the general administration and running of the Company including the following –

- Company administration costs relating to the performance of various company secretarial and administration work;
- General office expenditure;
- Committee expenses including travelling expenses and remuneration to committee members for time involved in attending to committee matters;
- Ongoing company secretarial services;
- Directors' fees (if so decided by the general meeting) and the expenses;
- Marketing and public relations expenses which include provision for preparation and arrangement of annual general meetings, periodic 'Shareholders' newsletters and media releases;
- Company tax calculated at the prevailing rates, including Secondary Tax on Companies.

16.13 The capital raising commission is an average of 10% of the capital raised under this Prospectus and will vary from case to case depending on the amount of capital raised by a specific broker. The commission pertaining to this Prospectus of R3 002 000 (Three Million and Two Thousand Rand) is based on the assumption that the offer becomes fully subscribed. The commission relating to the second Prospectus will amount to R3 099 800 (Three Million and Ninety Nine Thousand Eight Hundred Rand).

17. Material contracts and other documentation [16(a)]; [12(c)]

17.1 Project Management Agreement (Schedule B)

17.1.1 A Project Management Agreement exists between the Project Manager and the Company.

17.1.2 The feasibility study prepared for the Company is in writing and includes a detailed Project feasibility, including full analysis of the Project, development management fees, costing, cash flow analysis, budgets, profit projections, marketing analysis and risk assessments. The Project Manager ensured that the Project is of a high quality and exercised a high degree of skill, care and diligence in preparing the feasibility for the Project and will continue to do so in monitoring the Project.

17.1.3 The agreement also contains standard termination (for default) clauses.

17.2 The Loan Agreement with the Developers (Schedule C)

Particulars of the Loan Agreement with the Developer of the Project are set forth in paragraphs 16.1 to 16.3 above.

17.3 The Purchase Agreements of the Immovable Properties (Schedules D1 – D2)

The details of the Deeds of Sale are as follows:

	Purchaser	Seller	Purchase price
1.	Clidet No. 677 (Pty) Ltd [2006/022569/07]	Zamien Investments 66 (Pty) Ltd [2005/035028/07]	R110 000 000

2.	Clidet No. 696 (Pty) Ltd [2006/029503/07]	Zamien Investments 66 (Pty) Ltd [2005/035028/07]	R85 000 000
		TOTAL	R195 550 000
		Additional Acquisition Costs	R14 489 474
			R210 039 474

Only the Purchase Agreements referred to in items 1 – 2 above apply to this Prospectus.

- 17.4.1** In terms of the Deeds of Sale, the Developers also pay agent's commission equivalent to R8 289 474 (Eight Million Two Hundred and Eighty Nine Thousand Four Hundred and Seventy Four Rand) (excluding VAT).
- 17.4.2** The agent's commission is payable as follows -
- 17.4.2.1 R3 903 509 (Three Million Nine Hundred and Three Thousand Five Hundred and Nine Rand) (excluding VAT) is payable in cash on registration of transfer of the Immovable Properties in the name of Clidet 677 and Clidet 696; and
- 17.4.2.2 R4 385 965 (Four Million Three Hundred and Eight Five Thousand Nine Hundred and Sixty Five Rand) (excluding VAT) is payable in specie by the delivery of in proclaimed stands to be identified by the agent.
- 17.4.3** The agent's commission is payable to International Resource Centre (Proprietary) Limited represented by Collin Wright. The directors of the Developers do not hold any interest in the agent.
- 17.5** The final approval of the local authority to the establishment of a Township on the Immovable Properties dated 31 January 2005 (Schedule E).
- 17.6** The Record of Decision dated 8 June 2005 and issued by the Department of Agriculture, Conservation, Environment and Tourism, Northwest Province [Schedule F1].
- 17.7** The Environmental Impact Assessment by Bokamoso Landscape Architects and Environmental Consultants dated 12 July 2005 [Schedule F2].
- 17.8** Summarised Valuation Report in respect of the Immovable Properties [Schedule F3].

18. Interest of Directors, Promoter, Experts and Advisors [17(a)]

- 18.1** The nature and extent of any material interest, direct or indirect, which every director of the Company has in the Company, is limited to one Unit subscribed for by each director.
- 18.2** The directors reserve the right to apply for and take up additional Units under this Prospectus.
- 18.3** The directors of the Company are also directors of the Promoter.
- 18.4** Except as set out in this Prospectus, no person named in this Prospectus is performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:
- 18.4.1 holds or has held in the last two years before the lodgement of this Prospectus with the Registrar any interest –
- 18.4.1.1 in the formation or promotion of the Company; or
- 18.4.1.2 in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer under this Prospectus; or
- 18.4.1.3 the Offer under this Prospectus; or

18.4.2 has been paid or has agreed to be paid or has received or has agreed to receive any benefits for services rendered by them in connection with the formation or promotion of the Company or the Offer under this Prospectus.

18.5 The Carnoustie Investment Trust [Reg No. IT12620/06] and the Busi and Sibon Investment Trust [Reg No. IT12624/06] hold 100% (one hundred percent) of the share capital in Clidet 677 and Clidet 696, the Developer of the Project in equal ratios.

18.6 The experts and advisors of the Company do not hold any interest in the Company, Clidet 677, Clidet 696, the Project Manager or Sharemax.

19. Claims [18(b)]

The following particulars are disclosed in respect of the Claims :

- 19.1 the Claims will not be listed on any Exchange in the Republic of South Africa;
- 19.2 the Claims will be unsecured;
- 19.3 there has been no material adverse change in the Company's financial position since date of incorporation;
- 19.4 the Company does not have any trading history and therefore no previous financial statements are available;
- 19.5 the Claims are issued by the Company and the proceeds thereof will be used for the purposes set forth in paragraph 8.1 above.
- 19.6 the ultimate borrower of the monies raised through the issue of the Claims will be Clidet 677 and Clidet 696;
- 19.7 the Company which issues the Claims is a going concern and can in all circumstances be reasonably expected to meet its commitments.
- 19.8 the auditors of the issuer are Messrs Act Solutions Inc.
- 19.9 the Company has not previously issued any Claims but it is envisaged that it will issue further Claims during the current financial year for an amount not exceeding R30 997 690,02 (Thirty Million Nine Hundred and Ninety Seven Thousand Six Hundred and Ninety Rand and Two Cents);
- 19.10 no market may be made in the Claims for a period longer than 5 (five) years;
- 19.11 the funds to be raised through the issue of Claims will not be used for the granting of money loans or credit to the general public;
- 19.12 the minimum period of investment is not less than 5 (five) years.

20. Underwriting [14]

The Offer is not underwritten. All Units offered under this Prospectus will rank equally with all existing Units on issue.

21. Management of the Company, Committees and Other Role Players [2(a)]

21.1 The management team of the Company consists of an experienced and capable team of directors. The Board has also engaged an experienced team of advisors and consultants to assist it to select and manage the Project which the Company finances. The particulars of the directors are as follows –

21.1.1 **JOHANNES WILLEM BOTHA**

Willie Botha is 40 years old and is the Managing Director of Sharemax. He is in possession of a National Higher Diploma in Quantity Surveying from Technikon Pretoria. He serves on the Management Committee of the Public Property Syndication Association of South Africa (PPSA), which is affiliated to the South African Property Owners' Association (SAPOA). He is a businessman in his own right, being the owner of several liquor stores and a director of various property owning companies other than his involvement with Sharemax. He is responsible for the property portfolio, which involves the procurement of immovable properties, which are to be syndicated by Sharemax. Before he joined Sharemax he worked as a Quantity Surveyor in Pretoria. He is a director of all the property investment companies, which own immovable properties promoted by Sharemax. He has principal status as an estate agent with the Estate Agency Affairs Board, certificate number 2004710722. He is also a candidate valuator, registration number 6379.

21.1.2 **ANDRE DANIËL BRAND**

Andre Brand is 51 years old and is the Marketing Director of Sharemax. He is a former teacher (4th year HED at the Teachers College, Pretoria). After leaving the teaching profession in 1981 he joined Sanlam where he completed courses in management and also completed a course as Senior Financial Consultant. He worked for Sanlam as a senior branch manager in Pretoria and in 1996 he moved to Rentmeester Assurance Ltd where he became their national marketing manager. He has been in the financial services industry since 1982. He is responsible for sales

21.1.3 **GERHARDUS ROSSOUW GOOSEN**

Gert Goosen is 34 years old and is the Compliance Director of Sharemax. After completing his education at Kroonstad High School, he was employed at the Pretoria Technikon for several years as, inter alia, President of the Student Representative Council. He joined Sharemax Investments (Pty) Ltd in August 1998 and after attending to the marketing and promotion of property syndication investments he attained the position of National Marketing Manager. He is currently the Compliance Director of Sharemax and responsible for implementing, establishing and maintaining a risk management framework which includes the establishment of a compliance function at the offices of Sharemax.

21.2

The directors of the Company are also directors of the Promoter. The Promoter has been responsible for the syndication of the following projects:

NAME	PLACE	SYNDICATION VALUE (R)	PROPERTY SOLD	INVESTMENT TERM MONTHS	CASH RETURN	IRR
148 Leeuwpoot	Boksburg	9 700 000			11,00%	16,51%
Office	Centurion	9 500 000			11,06%	17,00%
Hazel	Centurion	6 140 000			11,03%	17,87%
Homefront	Centurion	7 530 000	9 800 000	56	13,35%	17,14%
Highveld	Centurion	29 100.000	39 800 000	54	11,06%	16,93%
Club	Clubview	28 000.000	33 810 000	51	10,07%	16,56%
Omniplace	Bellville	21 600.000	22 466 000	48	10,00%	18,10%
Oxford Gate	Durbanville	28 000.000			12,10%	17,73%
Glen Gables	Pretoria	41 250.000	59 000 000	42	10,59%	17,93%
Groenkloof Plaza	Pretoria	35 850.000	46 000 000	36	11,52%	18,55%
Riebeckshof	Bellville	35 920.000	43 600 000	39	10,00%	17,47%
St George's Square	George	63 100.000	89 623 000	37	11,01%	17,01%
Olive Wood	Pretoria	21 600.000			10,06%	16,64%
The Bluff	Durban	74 500.000	113 000 000	33	11,95%	19,07%
Atterbury Décor	Pretoria	42 800.000	68 559 000	33	11,24%	17,15%
Comaro Crossing	Johannesburg	145 500.000	181 256 000	28	10,02%	16,73%
Montana Crossing	Pretoria	133 200.000	180 000 000	26	10,31%	15,88%
Davenport Square	Durban	79 200 000	110 817 000	24	10,12%	15,06%
Northpark Mall	Pretoria	155 500 000	202 277 000	23	9,21%	14,75%
Midway Mews	Midrand	64 340 000	75 000 000	20	9,36%	15,27%
The Village	Nelspruit	29 400 000			9,19%	14,75%
Witbank Centre	Witbank	100 900 000			9,00%	14,20%
Tarentaal	Nelspruit	31 000 000			9,83%	12,52%
Magalies Mall	Pretoria	29 900 000			9,82%	14,85%
Flora Centre	Florida	118 500 000			9,80%	14,46%
Silverwater Crossing	Pretoria	75 000 000			9,80%	14,76%
Waterglen	Pretoria	80 000 000			9,91%	15,41%
Carletonville Centre	Carletonville	38 400 000			9,50%	12,88%
Homemakers Virginia Checkers	Johannesburg & Virginia	50 000 000			9,00%	13,24%
Benoni Hyper	Benoni	102 000 000			9,00%	12,40%
De Marionette	Secunda & Meyersdal	86 000 000			9,00%	13,73%
Canterbury Crossing	Ferndale	35 600 000			9,00%	13,85%
Athlone Park	Amanzimtoti & Potchefstroom	93 700 000			9,00%	13,94%
Range View	Dalpark	30 000 000			9,20%	13,59%
Parkside Plaza	Secunda & Randburg	72 500 000			9,20%	14,94%
Liberty Mall	Welkom	200 600 000			9,20%	14,46%
Rivonia Square	Rivonia	258 000 000			9,30%	13,88%
Willows	Pretoria	53 500 000				14,00% compounded
Riverview	Broederstroom	21 200 000	29 000 000	14		18,00% compounded
Whale Rock	Margate	12 200 000				18,00% compounded
Mont Rouge	Hartbeespoort	31 700 000				18,00% simple interes
Stonewood	Dullstroom	41 900 000				16,00% compounded
Berg & Dal	Heidelberg	29 300 000				16,00% compounded
Waterfall Estate 1	Rustenburg	40 700 000				18,50% simple interes
Waterfall Estate 2	Rustenburg	34 800 000				18,50% simple interes
Waterfall Estate 3	Rustenburg	39 400 000				18,50% simple interes
Total		2 768 430 000				

The successful completion of The Bay Township development will increase the total investment value of all projects promoted by Sharemax to R2 798 432 000 (Two Thousand Seven Hundred and Ninety Eight Million Four Hundred and Thirty Two Thousand Rand).

21.3 Obligations of Directors

21.3.1 General responsibilities :

The general responsibilities of the Board include –

- 21.3.1.1 approval of investment criteria and reporting requirements;
- 21.3.1.2 approval of specific investment;
- 21.3.1.3 approval of the financial statements of the Company;
- 21.3.1.4 the establishment of plans to achieve the objectives of the Company;
- 21.3.1.5 preparation, adoption and regular review of budgets in respect of the income and expenditure of the Company and the monitoring of the results on a monthly basis;
- 21.3.1.6 the implementation and review of systems of internal controls of risk management;
- 21.3.1.7 the nomination and appointment of the members of the Project Management Committee;
- 21.3.1.8 the appointment of the Project Manager and Project Auditor;
- 21.3.9 consideration of the recommendations made to the Board by the Project Management Committee and the adoption of such recommendations;

21.3.2 Risk Management

21.3.2.1 The Board has introduced a management strategy which includes the establishment of the Project Management Committee that is responsible for performing risk assessment reviews on a regular basis as required.

21.3.2.2 The Board will regularly consider the recommendations and advices of the Project Management Committee, the other advisors of the Company and the Project Manager with regard to the financial risks that the Company is involved with. All recommendations will be investigated and appropriate action will be taken to manage all risks identified.

21.3.2.3 The Board will review the due diligence reports which are submitted to them by the Project Manager to verify that the Company's investment criteria are met.

21.3.2.4 Directors will also be entitled to be members of the Project Management Committee.

21.3.2.5 The Board's review process includes the following –

21.3.2.5.1 reviewing and approving specific amounts to be made available to the Project, once approved by the Board;

21.3.2.5.2 assessing the risk element involved in the Project;

21.3.2.5.3 implementing all necessary precautionary measures to minimize risk;

21.3.2.5.4 calculating a potential return on the Project once the relevant due diligence has been performed;

21.3.2.5.5 monitor the payment of returns;

21.3.2.5.6 taking immediate and proper steps timeously to limit defaults.

21.4 Project Management Committee

21.4.1 This committee will include a director of the Company and at least one independent member who is elected for his expertise in the field of property development and/or investment industry.

21.4.2 The project management committee will liaise with the Project Manager with regard to the Project.

21.5 The Role of the Project Manager

The Project Manager will assist the Company to identify and evaluate the viability of the Project. The Project Manager will provide the following services to the Company –

21.5.1 the management and administration of the investment made by the Company;

21.5.2 due diligence investigations;

21.5.3 credit assessment of the Project, the Developer, the sub-contractors and the professional team;

21.5.4 developing and recommending risk management policies for approval by the Board;

21.5.5 implementation of risk management policies and programs adopted by the Board;

21.5.6 ensuring that all appropriate insurance policies are in place to mitigate risk;

21.5.7 recommending to the Board appropriate lending terms in respect of the loan advanced to the Developer and collection processes applicable to such loan;

21.5.8 monitoring and supervising its Project development undertaken by the Developer to which funds have been made available by the Company;

21.5.9 monitoring the progress of the Project against the Project feasibility study and development program;

21.5.10 monitoring and controlling project costs.

21.6 The Role of the Project Auditor

The role of the Project Auditor for the Project will be to -

21.6.1 participate in and represent the Company in the Project Management Committee;

21.6.2 confirm the status of the planning and building approvals held or to be obtained for the Project and provide copies of all relevant approvals;

21.6.3 prepare an independent cost estimate of the contract sum, including professional fees and local authority charges;

21.6.4 verify development costs;

21.6.5 review conditions of all material contracts and review Project insurances, including those of the main Project consultants;

21.6.6 comment upon the progress of any design documentation and construction and any other matter that may affect the completion date of the Project;

21.6.7 report on the development time frame and as to whether any extensions are necessary; and

21.6.8 provide an assessment of the projected completion date and monitor costs to completion.

22. Particulars of the Offer [18 (9); 18(b)]

Particulars of the Offer are as follows:

22.1 30 002 (Thirty Thousand and Two)Units each with a nominal value of R1 000 (One Thousand Rand) are being offered for subscription at R1 000 (One Thousand Rand) per Unit.

- 22.2** A minimum of 10 (Ten) Units and thereafter in multiples of 1 (One) must be subscribed for by individual prospective shareholders.
- 22.3** Applications for subscription for shares in terms of the Offer must be made on a paper copy of the application form annexed to the Prospectus. The directors of the Company reserve the right to reject photocopies or other reproductions of the application form. The Company will only issue Units to investors who approached the Company directly without any intermediary being involved or who were assisted by intermediary service providers or their representatives who hold the appropriate financial services licences. Neither the Promoter nor the Company will accept an application form electronically.
- 22.4** An application for Units shall not be revocable before the expiration of the third day after the time of the opening of the subscription lists. An Investor shall have a cooling off period of seven days after date of application (as reflected on the Application Form) for Units in which to withdraw his offer. All the Units are offered on the terms and conditions set out in this Prospectus.
- 22.5** Each application will be regarded as a single application. If an applicant withdraws his application during the cooling off period referred to in paragraph 22.4 above, an administration fee of R250 (Two Hundred and Fifty Rand) shall be payable to the Promoter who shall be entitled to deduct such administration fee from any refund to be made to the applicant.
- 22.6** Application forms must be completed in accordance with the provisions of this Prospectus and instructions set out on the application form and forwarded by or on behalf of the Applicant to the Promoter marked "Sharemax Bay Offer" together with a cheque marked "not transferable", postal orders or a banker's draft dated no later than 6 August 2007 in the currency of the Republic of South African in favour of the Attorneys to arrive no later than 17:00 on 5 November 2007 . Cash will not be accepted.
- 22.7** Minors or other persons lacking locus standi must be assisted in their applications by their guardians or curators (as the case may be).
- 22.8** No receipts will be issued for application moneys. All cheques / postal orders / drafts will be presented for payment immediately on receipt. In the event that any cheque is dishonoured, the Promoter in its discretion may treat the relevant application as void or may tender delivery of the shares to which it relates (or such lesser number of Units as might be allotted) against payment of the subscription price therefore.
- 22.9** Refund cheques in respect of unsuccessful or partially unsuccessful applications, with interest, will be posted by the Promoter within twenty business days of the closure of the Offer at the risk of the persons entitled thereto. Lost or destroyed refund cheques will be replaced only against provision of a suitable indemnity.
- 22.10** All application moneys received in terms of this Offer will be administered in trust by the Attorneys and received by the Bank in a separate interest-bearing bank account opened and controlled by the Attorneys for each and every Applicant in terms of Section 78(2A) of the Attorneys Act, 1979 (and the Applicant by completing the Application Form and/or affixing his signature thereto hereby consents to such investment being made) either –
- 22.10.1 until the refund cheques are issued and posted in terms of paragraph 22.9 above; or
- 22.10.2 in respect of successful applications, until the share certificates are issued.
- 22.11** No notification of allotment will be forwarded to Applicants but certificates in respect of Shares and Claims successfully subscribed for will be posted to applicants on or before the twentieth business day after the Offer closes.
- 22.12** The Promoter shall also be entitled to make any payment that it is obliged or permitted to be made in terms of the provisions of this Prospectus by an electronic transfer of funds.

- 22.13** This Prospectus does not and is not intended to constitute an Offer in any place or jurisdiction in which or to any person to whom it would not be lawful to make such an Offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside the RSA may be restricted by law and person who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws and RSA exchange control.
- 22.14** Included in the Application Form is an option for investors to provide their email addresses. The directors encourage the provision of an email address for the timely and cost-free release of information to successful applicants.
- 22.15** **Registration with Financial Services Board**
The Promoter has received authorisation in terms of Section 8 of the Financial Advisory and Intermediary Services Act, 2002, to act as an intermediary service provider. The Financial Services Board issued a licence to the Promoter on 16 September 2005 under Licence No.6153.
- 22.16** **Privacy**
- 22.16.1 If you apply for Shares, you will be required to provide personal information to the Company and its Share Registry (on behalf of the Company). The Company will collect, hold and use that personal information in order to assess your application, register you as a shareholder if your Application is accepted, service your needs as an investor, contact you and carry out appropriate administration.
- 22.16.2 The Company may be required to disclose your personal information to government authorities and agencies such as the Registrar or the South African Revenue Services or to others as requested by law. You may request access to your personal information held by or on behalf of the Company by contacting the Company's Share Registry.
- 22.17** **Enquiries about the Offer**
- 22.17.1 Enquiries about the Offer should be directed to the Company Secretary, Dominique Haese, by phone on [012] 425 5000 or by email dominique@sharemax.co.za during business hours, or to your stockbroker, accountant or financial advisor.
- 22.17.2 Further information on the Company can be accessed at the Promoter's website at www.sharemax.co.za.
- 22.18** The Company will not accept a completed Application Form if it has reason to believe that the applicant has not received a complete copy of the Prospectus or if it has reason to believe that the Application Form from the Prospectus has been altered or tampered with in any way.
- 22.19** The Application Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form.
- 22.20** An investment in the Company is recommended by the Chairman of the Company and his fellow directors (see Chairman's letter attached hereto as Schedule G).
- 22.21** All unissued shares in the Company will at all times remain under the control of the board of directors of the Company.

23. Time and date of the opening and closing of the Offer [19]

- 23.1** The Offer opens at 09:00 on 6 August 2007 and closes at 17:00 on 5 November 2007.

- 23.2** For as long as the Offer remains open, the Company will continue to receive Applications and proceed to issue Units to successful Applicant periodically.
- 23.3** The Offer will remain open until the Closing Date or until such time as this Offer is fully subscribed, whichever happens earlier.
- 23.4** An Application constitutes an offer by the applicant to subscribe for Units on the terms and subject to the conditions set out in this Prospectus. A binding contract to issue Units will only be formed when the Application is accepted by the Company.
- 23.5** The directors reserve the right to reject any Applications and/or to allot a lesser number of Units than applied for. If the number of Units allotted is less than the number applied for, the surplus Application Monies with interest will be refunded to the Applicant within 20 (twenty) business days of the Closing Date.
- 23.6** The Company also reserves the right not to continue with the Offer at any time prior to the issue and allotment of Units under this Prospectus.
-

24. Minimum subscription [21]

- 24.1** The minimum subscription under this Prospectus is the amount of R30 002 000 (Thirty Million and Two Thousand Rand) being the amount borrowed by the Developers (jointly and severally) to pay a portion of the purchase price of the Immovable Properties and to pay the fees and expenses of the Promoter in respect of this Prospectus. In the event of the full subscription not being reached, the Promoter will bear the costs of the Offer.
- 24.2** The amount of R5 402 000 (Five Million Four Hundred and Two Thousand Rand) owing to the Promoter in respect of his Promoter's fee and in respect of commissions, will be paid subject to paragraph 9.5 above from the proceeds of subscriptions.
- 24.3** The commercial bank loan referred to in paragraph 8.3 above granted to Clidet 677 and Clidet 696 will be settled from the proceeds of sales of erven in the proposed Township.
-

25. Statement as to adequacy of capital [22]

- 25.1** In the opinion of the directors of the Company, the issued share capital of the Company (including the amount of Share and Claims capital to be raised in pursuance of this Offer) is adequate for the purposes of the business of the Company, viz to advance to the Developers an amount of R30 002 000 (Thirty Million and Two Thousand Rand) to the Developers.
- 25.2** In order to complete the First Phase of the Project successfully, Clidet 677 and Clidet 696 will have to raise or loan a further R150 000 000 (One Hundred and Fifty Million Rand) which amount will be raised in the manner set forth in paragraph 8.3.2 above.
-

26. Statement as to listing on stock exchange [23]

No application has been made under section 169 of the Act for a listing of the Shares or Claims offered on the Johannesburg Securities Exchange South Africa.

27. Directors' responsibility

27.1 The directors of the Company collectively and individually accept full responsibility for the accuracy of information given in this Prospectus and confirm that, to the best of their knowledge and belief, there are no facts of which would make any statement herein misleading and that they have made all reasonable enquiries to ascertain such facts.

27.2 The directors of the Company and the Promoter hereby confirm that a proper due diligence (commercially and legally) have been done with regard to the Project described herein and they have been satisfied with the results thereof.

28. Documents available for inspection

The documents enumerated below will be available for inspection at any time during business hours from date of issue of this Prospectus at the registered address of the Company being Sharemax House, 105 Club Avenue, Waterkloof, Pretoria.

28.1 The memorandum and articles of association of the Company.

28.2 The signed reports of the Auditors annexed to this Prospectus.

28.3 Copies of Schedules A to H

28.4 The documents referred to in paragraph 2 of this Prospectus.

28.5 The balance sheet referred to in this Prospectus.

29. Reports by Auditors [25]

The report by the Auditors relating to the financial affairs of the Company is contained in Schedule H hereto and the Auditors have consented to the form and context in which their reports appear in the Prospectus.

30. Material changes [31]

The directors' report that there are no material changes in the assets or liabilities of the Company which may have taken place between the last date to which the auditors' report refers and the date of the Prospectus.

31. Litigation

The Company is not currently involved in any litigation or arbitration and the directors are not aware of any threat of litigation or arbitration by or against it.

32. Inapplicable paragraphs of Schedule 3 to the Act [50]

The following paragraphs of Part I of Schedule 3 to the Act are not applicable to this Offer:

1(b), 2(d), 6(a)(ii)(iii),(iv),6(b), 6(c), 6(d), 6(e), 6(f), 6(g), 6(h), 8(b), 8(c); 8(d); 9(a), 10(a) to (f), 11; 12(a) to 12(e), 17(b), 17(c), 20(a); 20(b), 21(a)(iv)(v); 21(b); 24.

The following paragraphs of Part II of Schedule 3 to the Act are not applicable to this Offer:
25(1)(b); 25(2); 25(3), 25(4), 26, 27, 28, 29, 30.

SIGNED/...

Signed at PRETORIA, Gauteng Province on 3 August 2007
being a director of the Company

JW BOTHA

Signed at PRETORIA, Gauteng Province on 3 August 2007
being a director of the Company

A BRAND

Signed at PRETORIA, Gauteng Province on 3 August 2007
being a director of the Company

G GOOSEN

We, the undersigned, Act Audit Solutions Inc, herein represented by Jacques van der Merwe hereby confirm that the issue of Claims as envisaged in this Prospectus complies in all respects with the provisions of Government Notice 2172 (Government Gazette 16167) of 14 December 1994.

Signed at PRETORIA, Gauteng Province on 3 August 2007
being the auditors of the Company

for Act Audit Solutions Inc

Broker Surname	Broker Full Name
Broker co/CC/Trust	Broker ID No.
Broker co/Trust Reg.	Town/City

FSP No.	Province
Client	
Order No.	Broker Consultant

SHAREMAX BAY ESTATE PROJECT
Sharemax Bay Estate Development Fund Limited
(Registration Number 2006/036749/06)
(Incorporated in the Republic of South Africa)

APPLICATION FORM FOR LINKED UNITS

In terms of a Prospectus registered in terms of the Companies Act, 1973 (Act No 61 of 1973), as amended, ("the Act") on 6 August 2007.

Please refer to the instructions below before completing this form

To:

The Directors
Sharemax Investments (Pty) Limited
("the Promoter")

1. I/We, the undersigned, warrant that I/we have full legal capacity to contract, and hereby irrevocably apply for and request you to accept my/our application for the allotment and issue to me/us, subject to the Prospectus and the memorandum and articles of association of the Company, of the undermentioned number of linked Units at R1 000 (One Thousand Rand) per Unit or any lesser number that might, in your absolute discretion, be allocated to me/us in terms of the Prospectus issued by the directors of **Sharemax Bay Estate Development Fund Limited** ("the Company") and registered on 6 August 2007.
2. I/We annex hereto a cheque/postal order/banker's draft crossed "not transferable" in favour of Attorneys "Weavind & Weavind Inc" for the amount stated below. I/We understand that the minimum number of Units to be applied for is 10 (Ten) Units.
3. I/We understand and consent to my/our monies being invested by the said attorneys in a separate interest-bearing trust account with their bankers in terms of Section 78(2A) of the Attorneys Act, 1979.
4. I/We declare that I/we have personally received the complete and unaltered Prospectus prior to completing the application form.
5. **Optional**
- 5.1 In the event of my/our application for linked units being unsuccessful, I/we hereby direct that the Promoter should:- (Please indicate option with a cross)
 - 5.1.1 Retain my/our monies in the Attorneys' Trust Account in terms of Section 78(2A) of the Attorneys Act, 1979 where it will earn interest for my/our benefit at call account rates until I/we have had the opportunity to consider the provisions of any future registered prospectus relating to a public property syndication promoted by the Promoter and apply for the allocation of units to me/us in the public company to which the said prospectus shall relate
 - 5.1.2 Retain my/our monies in the Attorneys' Trust Account in terms of Section 78(2A) of the Attorneys Act, 1979 where it will earn interest for my/our benefit at call account rates and I/we hereby authorise the Promoter to invest the said monies in any existing property syndication promoted by the Promoter whenever an opportunity for such investment arises
 - 5.1.3 Release my/our monies and repay same to me/us in my/our bank account

APPLICANT

Date

Assisted by me (if applicable)

Name

Capacity

Physical Address

Director
SHAREMAX INVESTMENTS [PTY] LTD

Promoter

Postal Address : PO Box 1967

Brooklyn Square, 0075

Physical Address:

Sharemax House

105 Club Avenue

Waterkloof,

Fax No [012] 460-9119

Tel No [012] 460-9868

Surname of applicant: Mr/ Mrs/ Miss/ Other		
First Names (in full)		
Identity Number		
Income Tax Number		
Language Preference	English	Afrikaans
If application is being made in the name of a trust or legal entity, state name of authorised person on its behalf	Name.	
	Reg No	
	Capacity	
	Authority	
Postal Address (preferably a PO Box Number) to which linked Unit certificate will be sent	Code	
Physical address		
Telephone numbers	[H] [B] Cell	
E-mail address		
COMPLETE : Income disbursement instruction (only savings, transmission and cheque accounts) Pay into following bank account		
ACCOUNT NAME		
ACCOUNT NO		
BANK		
BRANCH CODE		ACCOUNT TYPE: cheque/ savings/ transmission
Total number of linked Units applied for [minimum 10 (ten) units]		
Amount of cheque attached hereto to cover the linked Units applied for herein @ R1000 per Unit	R	
	[Words]	

Instructions

1. Terms and conditions

Please refer to the terms and conditions of the offer set out under the heading "Particulars of the

- Offer" (paragraph 22) and other conditions of the offer in the Prospectus.
2. **Payment**
Payment in terms of this application must be made by a crossed cheque, postal orders or bank draft marked "not transferable" dated not later than 6 August 2007 in favour of attorneys "Weavind & Weavind Inc". The relevant cheque, postal order or bank draft must be lodged together with the application form. Cash and telegraphic transfers will not be accepted.
 3. **Address where application form must be lodged**
The completed application form together with the relevant cheque, postal order or bank draft must be mailed to or delivered in an envelope marked "Sharemax Bay Offer" to be received not later than 17:00 on 5 November 2007 at the address of the Promoter as stated above.
 4. **Powers of attorney and documents**
The Promoter is entitled to request powers of attorney, resolutions or supporting documents in connection with applications from any applicant.
 5. **Applicants**
Any natural person, trust, legal entity or voluntary association, shall be entitled to subscribe for a minimum of 10 (Ten) Units. Each application submitted must be in one name only and show only one address. At the discretion of the directors an applicant shall be entitled to cede his entitlement in respect of linked Units allocated to him, to his spouse or his issue. A minor must be assisted herein by his guardian.
 6. **Alterations**
All alterations made on the application form (other than the deletion of alternatives) must be authenticated by a full signature.
 7. **Receipts**
No receipts will be issued for applications and/or cheques, postal orders or bank drafts, and applications will be regarded as complete only when the relevant cheque, postal order or bank draft has been paid.
 8. **Address**
The postal address furnished on this application form will be used for all correspondence, including the forwarding of linked Unit certificates and interest cheques. Post office box numbers are preferred. All communications through the post will be at the risk of the applicant. Certificates in respect of linked Units will be posted by registered mail or e-mailed to each applicant, at the applicant's risk but no notification of allotment will be given to successful applicants.
 9. **Right of refusal**
The Promoter reserves the right to refuse any application in whole or in part, to accept some applications in full and others in part or to abate any or all applications on a basis determined by it.
 10. **Rejection of applications**
Applications may be rejected if the conditions contained in the Prospectus, of which this application form and the instructions are an integral part, are not complied with.
 11. **Cooling off period**
An application for Units shall not be revocable before the expiration of the third day after the time of the opening of the subscription lists. An Investor shall have a cooling off period of seven days after date of application (as reflected on the application form) for Units, in which to withdraw his application.
 12. **Acceptance of Application**
All offers for Units accepted by the Promoter shall be subject to the terms and conditions set forth in the Prospectus and the Memorandum and Articles of Association of the Company.
 13. **Withdrawal of Application**
If an applicant withdraws his application during the cooling off period referred to in paragraph 22.4 above, an administration fee of R250 (Two Hundred and Fifty Rand) shall be payable to the Promoter who shall be entitled to deduct such administration fee from any refund to be made to the applicant.
 14. **Registration with Financial Services Board**
The Promoter has received authorisation in terms of Section 8 of the Financial Advisory and Intermediary Services Act, 2002, to act as an intermediary service provider. The Financial Services Board issued a licence to the Promoter on 16 September 2005 under Licence No.6153.

Annexure A to the Application Form

Broker Declaration Confirming Client Details: (FICA Requirement)

Name and Surname of Client: _____

ID Number: _____ Telephone Number: _____

Physical Address: _____

BROKER DECLARATION:

I, _____ hereby confirm that I have satisfied myself

as to the identity of the client, and I have verified the identity and undertake to keep records,

In accordance with the requirements set out in the Financial Intelligence Act, No 38 of

2001, and any relevant legislation, regulations or guidelines.

Signature of Broker: _____ Code: _____ Date: _____

Annexure B to the Application Form

1. FICA REQUIREMENTS IN CASE THE CLIENT/INVESTOR IS:

	Assisted by a duly Authorised Representative e.g. Guardian or Curator?
	a Foreign National?
	a South African Company?
	a South African Close Corporation?
	a Partnership?
	a Trust?
	introduced by a Sharemax staff member?

2. DETAILS OF CLIENT/INVESTOR (as indicated above):

* Full Names: _____

* Residential address / physical address of legal entity or authorised representative _____

ID no / Co no / Cc no / Trust no : _____

* Telephone no : _____ Cell no _____

* Name of duly Authorised representative e.g. Guardian, Curator, Trustee: _____

* ID no _____

* Capacity of duly Authorised Representative assisting the Client/Investor e.g.

Guardian		Curator		Trustee		Other	
----------	--	---------	--	---------	--	-------	--

3. VERIFICATION REQUIREMENTS IN RESPECT OF THE IDENTITY OF THE CLIENT/INVESTOR:

Copies of all applicable documentation as set out below must be submitted, unless previously provided and possession of such required documents is confirmed by Sharemax Compliance Officer in writing / per e-mail:

(a) Copy of identity document OR copy of:

- * Drivers Licence or
- * Passport AND full birth certificate

(b) Proof of (copy of) Residential Address reflecting the name and residential address of Client/Investor e.g.

- * Municipality rates and taxes bill / utility bill OR
- * Telkom account OR
- * Valid TV Licence OR
- * Recent (past 6 months) bank statement OR
- * Recent motor vehicle licence notice OR
- * Recent mortgage statement
- * Recent correspondence from body corporate / share block company OR
- * Recent short-term insurance contract document OR
- * a written declaration with full names, ID no, date of birth, residential address and relationship between the deponent of funds and the Client/Investor

4. DECLARATION BY BROKER

I, _____ hereby confirm that I have satisfied myself as to the identity and residential address of the Client/Investor (and the duly authorised representative assisting the Client/Investor) and I have verified the identity and residential address in accordance with the requirements set out in the Financial Intelligence Centre Act, 2001, and other relevant legislation, regulations or guidelines.

Name of Broker introducing Client/Investor _____

Client _____

Telephone No. _____ Cell No. _____

Signature _____ Date _____

Please note that in the event of any modification or variation of this standard form, Sharemax will regard this form as being invalid and of no force and effect. In the case of a SA citizen introduced by an accredited broker then the Annexure A Fica Requirement document shall apply.

CHAIRMAN'S RECOMMENDATION

Dear Investor,

"In a life where the only sure fire things are death and taxes, property is by far the most solid and comfortable method of building a sustainable base of assets upon which to build personal wealth and gain financial independence. Share booms, crashes and frenzies come and go, but property is always there. It is the bedrock of our economy and the barometer for economic health. Property is of course also subject to booms and troughs, albeit less violent, and once you own property it is unlikely to simply evaporate in the way that shares can. It is interesting to note how Fund Managers always head for Property based shares in the 'flight to quality' as financial markets tumble. There is a current boom in property values and 'Buy to Let' is currently extremely fashionable as an investment, not just as a preferred alternative to the financial markets but also as a real alternative to traditional pension arrangements" [The Property Bible]

I am very pleased to present this Prospectus offering you the opportunity to participate in Sharemax Bay Estate Development Fund Limited ("the Company"). The Company was formed on 24 November 2006 to provide debt financing to a Developer wishing to establish a quality residential property development in the Hartbeespoort area and thereby to provide Investors the opportunity to participate in the financing of a property development of a size and quality not normally accessible to the general public.

The Company will be funding this project with monies partly raised through this Offer and subsequent offers and mortgage based funding from a commercial bank/banks. In accordance with its business plan the Company is now raising capital to advance to Clidet No 677 [Pty] Ltd and Clidet No 696 [Pty] Ltd (the Developers) which Companies purchased the following properties:

1. Portion 166 of the Farm De Rust no 478, Registration Division No J.Q., North West Province, Measuring 156,1582 hectares and held by Deed of Transfer No T5213/2006; and;
2. Remaining Extent of Portion 2 of the Farm De Rust no 478, Registration Division No J.Q., North West Province, Measuring 136,3103 hectares and held by Deed of Transfer No T5213/2006.

The intention is to develop the Immovable Properties as follows:

- The construction of the Bay Golf Estate, consisting of a championship quality 18-hole Matkovich and Hayes signature golf course, approximately 500 freehold stands, several medium and high density cluster or sectional title/townhouse developments, a clubhouse, hotel and marina – to be completed within 2 to 3 years;
- The development of a commercial node including shopping centre, offices and showrooms of approximately 190 000 bulk square metres, to be completed in phases during the development, subject to infrastructure and demand, with a 15 000 square metre centre most likely being constructed within 2 years; and
- The development of Bay View, a private country estate consisting of approximately 200 freehold erven and several medium and high density cluster or sectional title/townhouse developments, to be completed within 5 years.

The development is to commence once the Immovable Properties have been registered in the name of the Developers. Marketing of the first 280 (two hundred and eighty) erven will commence during 2008 and registration of transfer into the names of the buyers is expected towards the beginning of 2009.

An investment in the Company is speculative and I urge you to read carefully the information contained in this Prospectus. My fellow directors and I are pleased to be associated with the Company.

If you have any questions in relation to this Prospectus, please contact the Company's secretary, Ms Dominique Haese, on [012]425 5000 or dominique@sharemax.co.za. My fellow directors and I recommend this investment opportunity to you.

Yours sincerely
J W BOTHA
Chairman

SCHEDULES

Sharemax Bay Estate Development Fund Limited

(Registration number 2006/036749/06)

A	Articles of Association of the Company	Para 3.3.4
B	Project Management Agreement	17.1
C	Loan Agreement with Developer	7.2.5 and 17.2
D1-D2	Deeds of Sale in respect of purchase of Immovable Properties	17.3
E	Approval of Local Authority	17.5
F1, F2, F3	Record of Decision. Environmental Impact Assessment and Summarised Valuation Report	17.6 – 17.8
G	Chairman's Recommendation	22.20
H	Report by Auditors	29