



LEGACY INVEST

*A legacy of wealth*



PROSPECTUS 1

# AVALON MEMORIAM INVESTMENTS 1 LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number 2010/005372/06)  
("the Company")

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## PROSPECTUS

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An offer to the public to subscribe for 32 000 (THIRTY TWO THOUSAND) units at a unit price of R1 000.00 (ONE THOUSAND RAND), comprised of a R1.00 (ONE RAND) ordinary share and an R999.00 (NINE HUNDRED AND NINETY NINE RAND) share premium.

Opening date of the offer (09:00): 3 May 2011  
Closing date of the offer (17:00): 2 August 2011

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An English copy of this Prospectus, accompanied by the documents referred to under "Registration of Prospectus" has been registered by the Registrar of Companies in Pretoria on 3 May 2011, in terms of Sections 155(1) of the Companies Act, 1973 (Act No. 61 of 1973) as amended.

**The Registrar of Companies has scrutinised 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 at risk as unlisted shares are not readily marketable and should the Company fail this may result in the loss of the investment to the investor.**

The Directors of the Company, whose names are given in paragraph 9 under "Directors and Management" collectively and individually accept full responsibility for the accuracy of the information given and confirm that, to the best of their knowledge and belief there are no other facts, the omission of which would make any statement herein false or misleading, that they have made all reasonable enquiries to ascertain such facts and that the Prospectus contains all information required by law.

The auditors, attorneys, bankers, secretary and transfer secretaries, whose names are included in this prospectus, have given and have not, prior to registration, withdrawn their written consents to the inclusion of their names in the capacities stated and, where applicable, to their reports being included in this prospectus.

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## AVALON MEMORIAM INVESTMENT 1 LIMITED

(Registration number 2010/005372/06)

(Previously known as **ERIOBUZZ (PROPRIETARY) LIMITED**)

(Incorporated in the Republic of South Africa)

Any number that appears after a paragraph of clause heading in this Prospectus refers to that paragraph or sub-paragraph in Part 2 and Part 3 of Schedule 3 (as amended by the General Notice 336 of 27 February 2006) of the Companies Act in terms of provision of information contained in that paragraph.

### 1. DEFINITION

In this Prospectus, as well as in the annexure and application form attached hereto, unless otherwise stated, words in singular form include the plural and vice versa and words referring to a natural person include legal entities and terms refer to the meanings as ascribed to them in the table below:

“Avalon Memoriam Bloemfontein”	Avalon Memoriam BFN (Pty) Ltd Registration No. 2006/026166/07
“AMI 1”	Avalon Memoriam Investment 1 Limited
“application”	means an application by a prospective investor to the Company to acquire a certain number of units as offered in this Prospectus.
“application form”	means the application form, attached to this Prospectus, which should be completed in full in order to apply for the units offered in terms of this Prospectus
“attorneys”	Cronjé & Buitendag, 80 Gladstone Avenue, Bayswater, Bloemfontein, P O Box 26629, Danhof, 9310
“auditors”	SAB&T, 41 President Steyn Street, Westdene, Bloemfontein 9301, P O Box 3811, Bloemfontein, 9300
“Audit & Risk committee”	a sub-committee of the Board in terms of the Companies Act, see paragraph 25
“bankers”	First National Bank, 1st Floor, College acre, 197 Nelson Mandela Drive, Bloemfontein. 9301
“Board”	The Directors of the Company
“Buy-Back agreement”	Buy-Back of share units by Avalon Capital CC from the Company
“Buy out price”	The price at which the units are redeemed by the Fund within 72 months after the date of investment equal to prevailing trade price on the investment date plus simple annual growth of 20% per annum
“Capital account”	An account stating the amount of funds and assets invested in a business by the owners or stockholders, including retained earnings. A statement of the net worth of a business at a given time
“Capital growth”	The capital growth of your investment based upon a 20% simple annual growth, over the 72 term of the investment, resulting in a 220% Return on Investment at the end of the term
“Closing date”	2 August 2011
“Company”	AVALON MEMORIAM INVESTMENT 1 LIMITED
“Companies Act”	The Companies Act, 1973 (Act 61 of 1973) as amended (read along with the Corporate Laws Amendment Act, 2006 (Act 24 of 2006)
“Directors”	The Directors of the company
“Effective date”	The date on which the last signature of the directors was added to the Prospectus
“Entry date”	The date on which an investor’s application is received by the Company, dependent on the minimum subscription required before the closing date
“Funeral Plan”	Basic funeral package, worth R 15 000.00 by Avalon Funerals
“Funeral Policy”	THE AVALON MEMORIAL GROUP SCHEME funeral insurance cover, underwritten by a major insurance house
“Investors”	A person or entity who successfully applied for units in terms of this Prospectus
“Investment date”	Means the date on which the application to the Company is accepted by the Directors on Behalf of the Company in terms of the conditions of this Prospectus
“Legacy Invest”	Legacy Invest, a Division of Dovetail Trading, an authorized Financial Service Provider, FSB License Number 19653
“Mandate”	To develop Avalon Memoriam projects in Bloemfontein, Durban and Cape Town with the goal of generating capital growth

“Mandatory Sell-Back”	As stated in the Application and Compliance Forms, whereby the Investor has agreed to sell the shares in the Company back to the Company, or it’s nominee, at the end of the 72 month term, for the pre-agreed value of r2 200.00 (Two Thousand Two Hundred Rand) Per share
“Marketers”	Accredited Independent Financial Provider registered under category 1.8 and 1.10 of FIAS Act
“Minimum subscription amount”	R20 000 000.00 (TWENTY MILLION RAND)
“Offer”	An offer to the general public to take up 32 000 (Thirty Two Thousand) shares with a total issue price of R1000.00 (One Thousand Rand) per unit by way of issuing of units in terms of this Prospectus
“Opening date”	3 May 2011
“Promoter”	Legacy Invest, a Division of Dovetail Trading, and authorized Financial Service Provider, FSB License Number 19653
“Promoter agreement”	The promoter agreement as agreed to between the Company and the Promoter
“Property Management Company”	Avalon Capital CC
“Prospectus”	this Prospectus (Avalon Memoriam Investments 1 Limited) the Annexure hereto and the application form
“Registrar”	The Registrar of Companies, Pretoria
“Return on Investment”	Capital growth: expected capital growth on all assets over a periods of 6 years of not less than 20% simple growth per annum
“Selling price”	The price at which the units are bought back 6 years after the investment date with the price being equal to the initial capital price plus 20% annual simple growth return
“Share”	An ordinary share with a value of R1 000.00 (One Thousand rand) in the capital of the Company
“Shareholders”	The shareholders of and investors in Avalon Memoriam Investments 1 Limited
“Trustees”	Cronjé & Buitendag, 80 Gladstone Avenue, Bayswater, Bloemfontein, P O Box 26629, Danhof, 9310
“Unit”	Single unit with a nominal value of R1 000.00 (One Thousand Rand)
“Value Guarantee”	The guarantee of value associated to each investment of R15 000.00 (Fifteen Thousand Rand) being supported by a funeral plan of equivalent value which comes into affect 12 months from date of investment
“Value added Tax”	Any VAT applicable transactions will be excluding VAT

## 2. REGISTRATION OF THE PROSPECTUS AND THE SUPPORTING DOCUMENTATION [3]

- 2.1 A copy of this Prospectus, in English, was registered on 3 May 2011 by the Registrar in terms of Section 155 of the Companies Act, together with:
- 2.2 The written consent of the Auditors, Attorneys, Company Secretary, Promoter, Project Manager, Quantity Surveyors, Architect, Compliance Officer and Bankers as named in this document according to their different capacities and without withdrawing permission before the registration of this Prospectus in English
- 2.3 The written consent of the Auditors to the issue of this Prospectus, with their reports included in the form and context contained herein with permission not withdrawn before the registration of this Prospectus; and
- 2.4 Copies of all actual contracts entered into by the Company as required according to Section 152 (1) of the Companies Act as well as paragraph 44 of Schedule 3 to the Act and also referred to in paragraph 5 of this Prospectus.

## 3. RESPONSIBILITIES OF DIRECTORS [3.8]

- 3.1 The directors of Avalon Memoriam Investment Limited, whose names are given in paragraph 7.2, collectively and individually accept all responsibility for the accuracy of the information given in this Prospectus 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.
- 3.2 This document has been prepared with the necessary care and caution and is presented in good faith.

#### 4. WRITTEN PERMISSION FROM AUDITORS, ATTORNEYS, ASSESSORS ETC. [4.2]

The written consents of the bankers, experts (assessors), professional service providers (auditors, attorneys, compliance officer, secretary, marketers, management agent, Promoter, Project Manager, Trustees) 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, are attached hereto as Annexure A to K.

#### 5. MATERIAL CONTRACTS [4.3]

5.1 The Company will be party to the following contracts:

- An Offer to Purchase between the Company and Avalon Capital CC.
- Buy-Back agreement between the Company and Avalon Capital CC

5.2 Since the date of incorporation to the date of this document the Company has not entered into any other agreements other than in the normal course of business and those included above.

#### 6. UNDERWRITING [4.6]

The capital investment is not underwritten and no underwriting commission is therefore payable to any party.

#### 7. CORPORATE INFORMATION

7.1 Incorporation and address [21][22]

7.1.1 The Company, ERIOBUZZ (PTY) LTD was incorporated in the Republic of South Africa on 18 March 2010 with the registration number 2010/005372/07.

The initial authorised share capital was R1 000.00 (ONE THOUSAND RAND) divided into 1 000 (ONE THOUSAND) ordinary par value shares of R1.00 (ONE RAND) each.

7.1.2 In terms of a special resolution taken on 15/05/2010 the Company changed its name to AVALON MEMORIAM INVESTMENTS 1 (PTY) LIMITED.

7.1.3 In terms of a special resolution taken on 20/08/2010 the authorised share capital was increased to 192 000 (ONE HUNDRED AND NINETY TWO THOUSAND) shares of R1.00 (ONE RAND) each.

7.1.4 The registered office of the Company is Suite 2 Canterbury Park, 67 President Reitz Street, Westdene, Bloemfontein. The postal address of the Company is PO Box 29787, Danhof, 9310.

7.1.5 The financial year end of the Company is the last day of February of each year.

7.1.6 The Company is not a subsidiary of any other corporate entity which would, if it were to be registered in terms of the Companies Act, be the holding company of the said Company.

7.1.7 The Company before the offer has no controlling and major shareholders.

7.2 Executive and Non-Executive Directors

NAME	HOME ADDRESS	OCCUPATION	TELEPHONE, FACSIMILE AND E-MAIL ADDRESS
<b>EXECUTIVE DIRECTORS</b>			
Lombaard, Hermanus Stephanus Phillippus (Herman) ID: 631203 5131 088, SA Citizen	50 Du Plooy Crescent Fichradtpark, Bloemfontein	Businessman, Accredited Financial Service Provider	Tel: 051 447 7480, Fax: 086 642 5459 E-mail: herman@avalonfs.co.za
<b>NON-EXECUTIVE DIRECTORS</b>			
Schubert, Jan Zdenek Antonin (Jan) ID: 331111 5049 080, SA Citizen	3 Seeliger Street Hillsboro, Bloemfontein	Retired	Tel: 051 436 3996, Fax: 086 642 5459
Van der Walt, Jacobus Andries (Cobus) ID: 630409 5009 080, SA Citizen	6 Leipoldt Street Dan Pienaar, Bloemfontein	Financial Planner	Tel: 051 447 7480, Fax: 086 642 5459 E-mail: admin@avalonfs.co.za

7.3 The interests of the above mentioned directors are as follows:

7.3.1 The Directors of the Company hold direct and indirect shares in the Company.

7.3.2 The Executive Director and some of the Directors of the Company are all shareholders of Legacy Invest which acts as Promoter of the Fund.

7.3.3 The Executive Director is also a member of Avalon Capital CC.

7.4 Management of the Company [23.2]

7.4.1 The management team of the Company consists of the directors whose names, residential addresses and occupations as mentioned in paragraph 6.2 above.

The management team of the Company consists of an experienced and capable team of directors. The Board also engaged an experienced team of advisors and consultants to assist it to develop and manage the Memoriam Project. Further details of the board of directors of the Company and the track record of the directors are set out in the paragraphs below:

7.4.2 HERMANUS STEPHANUS PHILLIPPUS LOMBAARD

Herman Lombaard has extensive financial, managerial and entrepreneurial experience, which he has gained over the past 28 years. Herman left a position with Spoornet where he held the position of Regional Operational Manager; he not only saw to Client Managerial Services but managed five depots and an employee force of about two hundred and fifty people. He attained numerous qualifications at Service Excellence Centres and also from the Wits Business School. He joined the Financial Services Industry, in the fields of Marketing, Product Development and Practice Management, as well as excelling as an Accredited Financial Services Provider. Herman is the Chief Executive Director of Legacy Invest and has been directly involved in the Avalon Project concept for the past two years.

7.4.3 JAN ZDENEK ANTONIN SCHUBERT

Jan Schubert was born in Prague in 1933. He grew up and went to school in Prague. In 1962 he obtained his Masters Degree in Economics at the Karl's University in Prague. From 1963 until 1966 he was the Executive Manager of the Martinova Bouda ski resort hotel in the Czech mountains. In 1967 Jan became a Director of the prime hotel group Interhotel Praha as well as the Executive Manager of the Bruselska, the biggest restaurant in Prague at the time. In 1969 he and his family immigrated to South Africa where he became the Assistant Manager at the Kennaway Hotel in East London. In 1970 he accepted an offer to be the General Manager of the Beach Hotel in Port Elizabeth. In 1971 Jan opened his own business, an à la carte Restaurant by the name Cabernet. The restaurant was exceptionally successful, but unfortunately burned down in 1973. Thereafter he took a post with Checkers South Africa as the National Merchandise Manager, Perishable Departments. He worked there until 1992 when he retired. He joined Avalon Memoriam Investments in 2010 as a non-executive Director, offering the company his many years of business experience and economic knowledge.

7.4.4 JACOBUS ANDRIES VAN DER WALT

Cobus obtained his B.Com Honours Degree at the University of the North West in 1985.

During 1986 to 1987, Cobus completed his National Service, where he was further involved in his field of study.

Between 1988 and 1990, he worked as a Human Resources Officer at ESKOM.

Cobus started at Liberty Life in 1991 where he worked for 8 years, advancing through the company, until his appointment as Senior Broker Consultant.

In 1999 he was also associated with ITO Focus – a company involved with the development and training of employees.

In 2000, Cobus joined Momentum Life, as a Broker Consultant.

Then in 2001 he became an Independent Financial Planner.

Nine months later, during 2002, Cobus joined Standard Bank Financial Consultancy in the capacity of Financial Planner, where he remained until his decision to join the Legacy Invest team in 2010, as the Director of Marketing.

During his tenure with Standard Bank Financial Consultancy, Cobus also completed his Post Graduate Diploma in Financial Planning at the University of the Free State in 2005.

Cobus provides invaluable insight and almost 20 years of experience in the Financial Services sector to the Avalon Group, in addition to his in depth knowledge and understanding of the process of developing and establishing a financial product as a National brand.

7.4.5 The directors of the Company have not acted as directors with an executive function of any Company at the time of, or within the 12 months preceding, any of the following events taking place: receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, Company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors. The directors of the Company have not been the subject of public criticism by statutory or regulatory authorities (including professional bodies) and have not been disqualified by a court from acting as directors of a company or from acting in the management or conduct of the affairs of any Company. There have been no offences involving dishonesty by the above named directors of the Company. There were no fees paid to a third party in lieu of directors' fees.

#### 7.5 Appointment of Directors [23.3]

7.5.1 The Directors referred to in paragraph 7.2 above (of which the Executive Directors are also Directors of Legacy Invest, a Division of Dovetail Trading, an authorised Financial Service Provider, the Promoter of the Company) also form the Board of the Company until the first annual general meeting is held after the registration of this Prospectus. All members of the Board will resign from the Board at this first annual general meeting. A third (or the number closest to one third) of the board members will resign at each of the following three Annual General Meetings. All resigning directors will be available for election; 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 six years after date of registration of this Prospectus.

7.5.2 There will be no less than two Directors.

7.5.3 Each Director will remain in his position until it is vacated in terms of the Memorandum and Articles of Association of the Company.

7.5.4 The relevant provisions of the Memorandum and Articles of Association of the Company, applicable to the appointment of directors, term of office, qualifications, remuneration and the loan authority of the directors are available for perusal at the registered office of Legacy Invest.

#### 7.6 Remuneration of Directors [23.6]

7.6.1 The remuneration of the Directors has as yet not been determined but will from time to time be determined at the annual general meetings.

7.6.2 The Directors referred to in 7.2 above are not eligible for remuneration for services in this capacity unless otherwise determined at a meeting with the shareholders of the Company.

7.6.3 The Directors will be remunerated for all travel and accommodation costs as well as other expenses they incur during the execution of their duties as Directors of the Company.

7.6.4 The Company is under no obligation to remunerate any alternate Director for his duties.

7.6.5 A Director will be allowed to occupy any other position or office for profit (with the exception of auditor) together with his position as director although with such conditions of remuneration as established by an independent quorum of Directors.

#### 7.7 Management agent [25]

Avalon Capital will act as Property Manager in terms of the immovable property as purchased or to be purchased by the company.

**AUDITORS [25]**

Messrs SAB&T  
Co. Reg No. 1997/018869/21  
41 President Steyn Street Westdene, Bloemfontein  
PO Box 3811 Bloemfontein 9307  
Tel: 051 447 6094  
Fax: 051 447 3861  
E-mail address: wessels@sab-t.co.za

**BANKERS [25]**

First National Bank  
Reg No. 1929/001225/06  
1st Floor, College Acre, 197 Nelson Mandela Drive,  
Bloemfontein  
Tel: 051 406 7600

**PROMOTER [25]**

Messrs Legacy Invest, a division of  
Dovetail Trading, an Authorised Financial  
Service Provider  
FSB License Number 19653  
Suite 2, Canterbury Park, 67 President Reitz Street  
Westdene, Bloemfontein  
Tel: 051 447 7480  
Fax: 086 642 5459  
E-mail address: admin@avalonfs.co.za

**MANAGEMENT: PROJECT & OPERATIONAL &  
MAINTENANCE [25]**

Messrs Avalon Capital CC  
Reg No. 2010/058156/23  
Suite 2, Canterbury Park, 67 President Reitz Street,  
Westdene, Bloemfontein  
Tel: 051 447 7480  
Fax: 086 642 5459  
E-mail address: admin@avalonfs.co.za

**ATTORNEYS & TRUSTEE [25]**

Messrs CRONJé & BUITENDAG  
80 Gladstone Avenue, Bayswater, Bloemfontein  
PO Box 29926, Danhof, 9310  
Tel: 051 433 1710  
Fax: 086 743 5028  
E-mail address: mbuitendag@xpd.co.za

**COMPANY SECRETARY [25]**

Messrs SAB&T  
Co. Reg No. 1997/018869/21  
41 President Steyn St Westdene, Bloemfontein  
PO Box 3811, Bloemfontein, 9307  
Tel: 051 447 6094  
Fax: 051 447 3861  
E-mail address: wessels@sab-t.co.za

**ARCHITECTS & PRINCIPLE AGENT [25]**

Messrs De la Rey & Celliers Architects  
Reg No. 2002/014965/23  
120 Dan Pienaar Avenue, Bloemfontein  
PO Box 29683, Danhof, 9310  
Tel: 051 436 1344  
Fax: 051 436 8389  
E-mail address: johan@delareycelliers.co.za

**COMPLIANCE OFFICER**

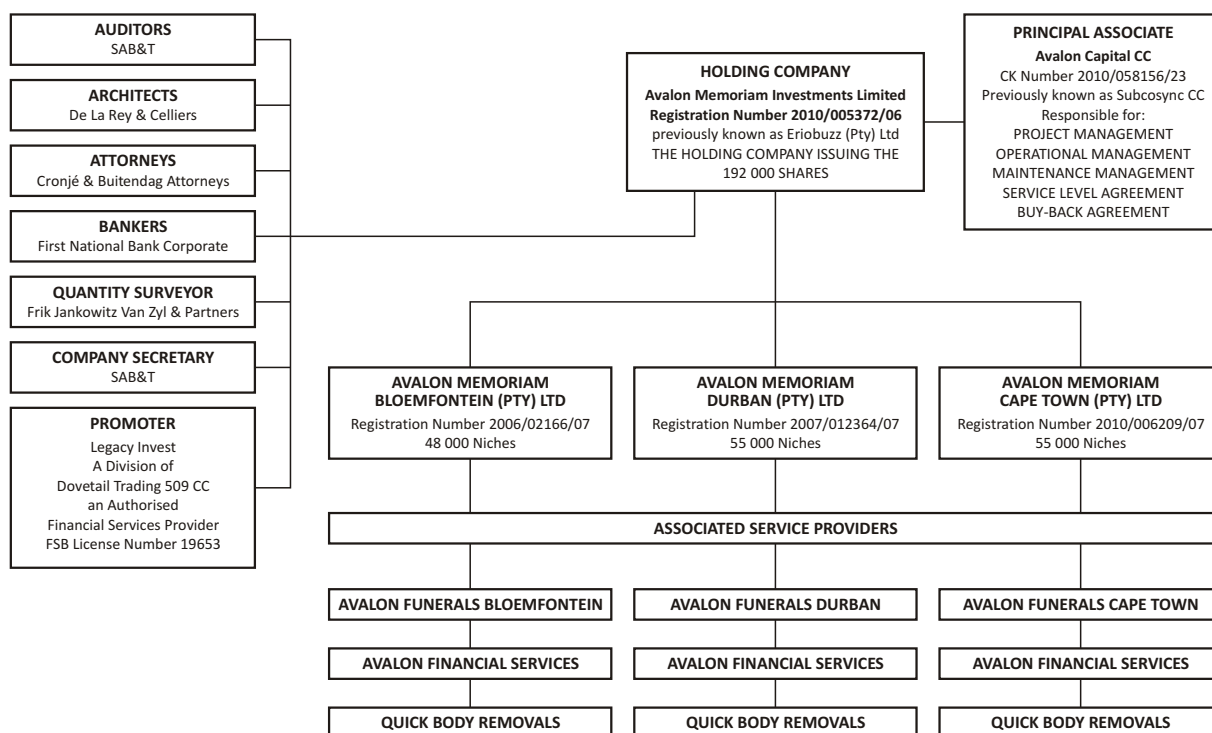
Messrs Compliance Trust, Mr Niel Wessels  
1082 Gousblom Street, Weltevreden Park  
PO Box 731327, Fairland, 2036  
Fax: 086 636 5359  
E-mail address: niel@compliancetrust.co.za  
Registration Number: IT 961/07

**8. HISTORY AND NATURE OF BUSINESS OF THE COMPANY [26.1]**

- 8.1 The Company was incorporated as a private company on 18/03/2010 and registered on 26/07/2010 as a public company with the specific intention to establish a structure for promulgating the coalition and development of Avalon Memoriam projects in Bloemfontein, Durban and Cape Town. The Company has not traded prior to the issue of this Prospectus and has not made any profit whatsoever.
- 8.2 The Company shall act as an unlisted company and intends to use the proceeds of this offer to acquire the Intellectual Property Rights and Fixed Properties required, to develop and evolve the Avalon Memoriam concept, providing effective interment for deceased remains, in Bloemfontein, Durban and Cape Town. All acquisitions and developments will have an inherent value greater than the cost of the developments.
- 8.2.1 Avalon Memoriam Bloemfontein (Pty) Ltd, Reg. No. 2006/026166/07, is a going concern, which provides the Company with an infrastructural base, as well as contributing to the intended "footprint" of the Company, whereby the Company intends to have a presence on both of South Africa's seaboard, as well as in the central region – hence Bloemfontein. (Audit Report available for perusal).

- 8.2.2 Avalon Memoriam Durban (Pty) Ltd, Reg. No. 2007/012364/07, once developed, will not only provide an essential service to the eThekweni region, but will also establish the Company's presence along the entire eastern coastline.
- 8.2.3 Avalon Memoriam Cape Town (Pty) Ltd, Reg. No. 2010/006209/07, once developed, will not only provide an essential service to the Cape Town Metropolis, but will also establish the Company's presence along the entire western coastline.
- 8.3 All monies from investors, as received by the company, will be deposited into the trust account managed and controlled by the Attorneys.
- 8.4 The expected capital growth on the investment is an average of 20 % (TWENTY PERCENT) simple growth per annum over the investment period of 6 (SIX) years.
- 8.5 The minimum investment period for this capital investment is 6 (SIX) years.
- 8.6 Avalon Capital will manage the properties on behalf of the Company.

The diagram below indicates the relationship of all relevant parties at the time of this Offer.



## 9. PROSPECTS OF THE COMPANY [26.3]

- 9.1 The directors feel confident regarding the prospects of the Company. It is generally accepted by financial advisers that an investment in an emerging venture, with good return potential, should form part of any investment portfolio. This investment is an asset that will appreciate over time and is not affected by fluctuations on the stock exchange. A direct investment in a commercial development of this magnitude is not always an option available to the smaller investor, due to lack of capital and ability to manage such an investment. Mostly, only larger corporations and bodies are able to invest in such developments. While other investment opportunities exist, by way of property trusts, loan stock and unit trust companies and property syndication groups, such investments are either linked to the stock exchange, being an investment in a portfolio of shares, thus not a direct investment in a specific immovable property, or are indeed tied in to a specific immovable property, which is dependent upon the economic condition of commercial property markets.

- 9.2 The Company offers the smaller investor the opportunity to invest in this development, with no links to the stock exchange or to the usual commercial property economic indicators, by taking a direct interest in the Company. This is accomplished by the Sale of Share Interest.

This Sale of Share Interest offers investors an opportunity to invest in a public company, the primary asset of which is to be the coalition of the three Avalon Memoriam developments in Bloemfontein, Durban and Cape Town. The development of these memoriam will be overseen by a Development Committee, supported by a Project Management Agreement with Avalon Capital, as well as a Principal Agent Agreement with Johan de la Rey Architects.

Furthermore, the Bloemfontein Memoriam will be enhanced by the development of the Durban and Cape Town memoriam, thereby creating a larger, national network of Memoriam developments. In addition, the value of the Memoriam in Durban and the value of the Memoriam in Cape Town, in addition to providing an essential service, in high demand, will also be enhanced by the subsequent Memoriam developments pending in Gauteng, as well as the Eastern Cape.

- 9.3 The certain success of the Memoriam is based upon the critical National need for such a development, a need identified by government itself, as well as numerous industry experts. The combined strength derived from a collective of three such Memoriam developments, working in unison, will establish the Company as the market leader in the provision of services in its field, as well as being the only provider of these services with an emerging National profile. Market analysis indicates a realistic expectation for achieving a significant sales volume within 3 years after completion of the Project and saturation shortly thereafter.

- 9.4 On a more specific note, the Directors of the Company feel it relevant to note that of the 53 municipal cemeteries in the eThekweni region, 98% have reached full capacity, (that is 52 of the 53 are saturated). It is estimated that more than 120 000m<sup>2</sup> of land will be needed EVERY YEAR, to accommodate the increase in burials. This supports the analysis regarding eThekweni.

Cape Town is also in direct need, particularly in terms of ground availability and environmental concerns. The Cape Town Metropolis Council is constantly seeking a viable solution, as evidenced by the multitude of newspaper articles regarding the state and saturation of municipal cemeteries in the area.

The same holds true for Johannesburg, as well as Pretoria, where several municipal cemeteries have shut their gates in the past year, due to total and absolute saturation. This crisis is exacerbated by the ever increasing rate of mortality, combined with the ever decreasing availability of ground burial space, and the many other negative problems associated with ground burial (as discussed above), has resulted in a dire and urgent need to re-evaluate the burial situation and to present viable and acceptable alternatives.

- 9.5 Return on investment

- 9.5.1 The Company is structured to allow investors access to an investment in the coalition of Memoriam developments in Bloemfontein, Durban and Cape Town. The profits on the investment are derived from a combination of income through direct niche sales, income through niche reservations and income through niches linked to the Funeral Insurance Policy.

- 9.5.2 The estimated capital growth of the Company, based on market research, statistical data and market trends, taking into account that Year One is essentially set aside for development, is an annual average of 20% (twenty per cent) per annum, over a 6 (six) year investment period. This 20% simple capital growth per annum is an average, based on the full six year term. It is expected that the capital growth will be in the form of a year-on-year escalation, with each following year showing a marked increase upon the previous year, with maximum capital growth taking place in the final 2 (two) years of the investment term.

- 9.5.3 However, specific forecasts in terms of annual capital growth are not possible, due to the number of variables affecting the situation over the short term.

- 9.5.4 Take note that the validity of any forecast is based upon opinions, statistics and trends.

- 9.5.5 The Company itself is a newly formed entity, but the Avalon Memoriam Bloemfontein acquisition has been functional for 9 months, showing great promise in the future.

## 9.6 Risk factors relating to this investment [26.5]

9.6.1 This Offer to invest in the Company is based upon our impact analysis and market studies. It is aimed at those investors who agree with our contentions regarding the viability of the Company. As with any investment in an emerging business, an investment in the Company exposes the investor to certain risks. Although it is the intention of the Directors of the Company to implement and adhere to strategies which ensure that those risks which are containable are duly managed in the appropriate manner, there are certain risks that are outside the control of the Company.

9.6.2 Some of these risks include:

- Changes in local and global economic conditions
- Increase in local and global inflation
- Changes in Interest Rates
- Changes in local taxation level
- Changes in tax and accounting legislation
- Government legislation and intervention
- Civil war, riots and other unrest
- Natural disasters and other Acts of God.

9.6.3 It is pertinent to note, however, that even many of these risks beyond the control of the Company, are not, in this case, entirely unmanageable.

For example:

- Changes in local and global economic conditions
- Increase in local and global inflation
- Changes in Interest Rates
- Changes in local taxation levels
- Changes in tax and accounting legislation

9.6.4 Although a deterioration in local and global economic conditions would clearly cause general commercial discomfort, such circumstances would actually enhance the attractiveness of the primary product if the Company, in that an affordable yet dignified burial would be even more sought after in a financially restricted economy.

9.6.5 As sad as it may be, the harsh reality is that people will not cease to pass away, regardless of the cost, so once again, a Company offering an affordable burial alternative without compromising on the dignity of the process, could actually benefit from a worsening inflation rate.

9.6.6 Government legislation and intervention

Although it is impossible to see into the future regarding this issue, the current situation indicates that any negative intervention by the government is highly unlikely, as the burial crisis is causing great concern and alternative solutions are being welcomed.

9.6.7 Natural disasters and other Acts of God.

As far as the investment is concerned, all of the Memoriam are adequately insured to provide full restitution to the investors, should such an event befall them.

9.6.8 Civil war, riots and other unrest

In this case, even a project as manageable as this one, cannot control the outcome.

## 9.7 Other Specific risks and actions to minimise them:

### 9.7.1 No Operating History

- i) As this is a new development, with no precedent, there cannot be an operating history which could be utilised to evaluate the likely performance of the Company, or of the realisable ability of the stated objectives.
- ii) Given the inexorable increase in mortality, as well as the diminished capacity of municipalities to deal with this burden, as well as the evident lack of viability inherent to municipal cemeteries, the Directors are confident that the demand for this development is in no doubt, which ultimately ensures the profitability of the venture.
- iii) The situation within the urban burial industry is most dire, leaving a clear and evident demand in its wake. There is no similar development in the country (a large scale development specialising in the interment of mortal remains, in alliance with Insurance Policies and Funeral Plans specific to the development). Hence, no direct competitor exists at this stage.

### 9.7.2 Project Development

- i) There are always risks inherent to a property development, such as late or non-completion, cost disputes, inclement weather, site accidents and even unrest.
- ii) The Company has contracted a Professional team, under the Principal Agent, with sufficient operational experience, to ensure that such risks are avoided or at least managed.
- iii) Furthermore, the Directors of the Company, in conjunction with the National developers, will implement and maintain a prudent risk management program, including sufficient insurances from reputable insurers, to ensure that the project achieves its projected Real Investment Returns.

### 9.7.3 Market Risk

- i) The development itself is only the vehicle for the actual enterprise of the Company. Any Property Market fluctuations cannot affect the Company.
- ii) The actual market for commercial returns for the Company is the national requirement for affordable, safe and dignified burial space. The only real adversity possible from this avenue would be a sudden decline in mortality.
- iii) As unlikely as this seems, considering a growing population base, as well as the continuance of HIV/AIDS, even if it should occur, the Investment Return Projections for the Company are based upon a market penetration of only 9.5%, hence this is a manageable risk.

### 9.7.4 Liquidity of Shares

- i) It is important to understand that this Offer has been structured upon an investment period of 6 years and that participation involves risk to both capital and earnings. The investor must be aware that an investment under this Prospectus is only partially liquid as the ability to Transfer Shares is restricted by the Demand for those Shares. An investment in the Company should be viewed as a long term investment of not less than 6 (six) years.
- ii) An investor should also be cognisant of the fact that it is neither the function nor the obligation of the Company or the Promoter to source a willing Buyer, should the investor wish to sell his shares. Although Legacy Invest (see definition) have committed to assisting the investor in this regard, there is no guarantee.
- iii) The Directors of the Company, together with the Promoter, have structured certain mechanisms, such as the Value Guarantee of a Funeral Plan, to reduce this risk as much as possible.
- iv) In addition to the Funeral Plan value guarantee, the Directors of the Company have also negotiated a Buy-Back Agreement with Avalon Capital (see Annexure J), who are the holders of the National Development Rights of the Avalon concept, whereby Avalon Capital have committed themselves to buy the shares from the Company for R2 200.00 per share, at the end of the 72 month term of the investment, should the Company not be able to do so.

## 9.8 Further Actions to minimise risk

In order to minimise and manage the risk associated with this project, the Company has implemented the following procedures:

- i) A comprehensive Market Analysis and Impact Analysis program, to maintain current awareness of all relevant criteria.
- ii) A cost efficient operating structure, minimising overheads and maintaining affordability.
- iii) Ongoing monitoring of the project, initially during the Development phase by the principle agent and subsequently by the Group Strategy and Planning co-ordinator.
- iv) An ongoing marketing drive, to ensure maximum exposure and commercial success.

## 9.9 New trading objects [26.7]

9.9.1 Upon full subscription of the First Prospectus, the Company will acquire 70% of the equity in Avalon Memoriam BFN (Pty) Ltd, thereby ensuring a clear majority.

9.9.2 Upon full subscription of the Second Prospectus, the Company shall acquire the Intellectual Property, as well as the Rights and Title, to develop an Avalon Memoriam in Durban. The Company will also secure the Land for the Durban development, as well as acquiring a further 7.5% of the equity in Avalon Memoriam BFN (Pty) Ltd.

9.9.3 Upon full subscription of the Third Prospectus, the Company shall acquire the Intellectual Property, as well as the Rights and Title, to develop an Avalon Memoriam in Cape Town. The Company will also begin the Durban Memoriam Development, as well as acquiring a further 2.8% of the equity in Avalon Memoriam BFN (Pty) Ltd.

9.9.4 Upon full subscription of the Fourth Prospectus, the Company shall acquire a further 10.52 % of the equity in Avalon Memoriam BFN (Pty) Ltd., as well as continuing to develop the Durban Memoriam. The Company will also secure the land for the Cape Town development.

9.9.5 Upon full subscription of the Fifth Prospectus, the Company shall complete the Durban Memoriam development and begin to develop the Cape Town Memoriam. The Company will also acquire a further 9.43 % of the equity in Avalon Memoriam BFN (Pty) Ltd. thereby securing 100 % in all 3 developments.

9.9.6 Upon full subscription of the Sixth Prospectus, the Company shall complete the Cape Town Memoriam Development and initiate the national marketing drive to ensure maximum awareness and participation by the public in the Avalon Memoriam initiative.

## 9.9.7 Immovable property [26.8]

The Company has no current immovable property. Upon acquisition of Avalon Memoriam BFN (Pty) Ltd., the Company shall own the initial immovable property, in the form of a 5 hectare development, accommodating 48 000 niches. There is still sufficient land available to extend the Memoriam with a further 110 000 niches in the near future. The Company shall also acquire the land for the Durban Avalon Memoriam and the Cape Town Avalon Memoriam, as well as undertaking the development of the respective Memoriam at these sites.

## 9.10 Income and Expenditure [26.9]

See Annexure K for letter from Auditor.

## 9.11 Protection against inflation

Commercial property has unquestionably been proven as one of the investments that maintain its value in the medium to long term and that continuously offers growth that is higher than the average inflation rate.

## 9.12 Capital Gains Tax

Unlike interest based investment models, where all capital growth is taxable, an investment in Avalon Memoriam Investment 1 Limited is structured to be as tax friendly as possible. Since the source of the return on Investment is actually a sale of shares (through the mandatory Sell-Back of the shares to the Company at the end of the term), the capital growth is considered to be Capital Gain.

## 10. STATEMENT AS TO ADEQUACY OF WORKING CAPITAL [27]

After serious consideration, the Directors of the Company are in no doubt that, upon full subscription, the company will have adequate working capital for not less than 72 months. The working capital adequacy of the company is fully reliant upon the current offer.

Since the current offer is in order to realise a new Company, which will only acquire the assets described above, there is no current operation. Upon full subscription of the current offer, the Company shall have adequate working capital to implement all programs and meet all obligations.

The Company is based upon this offer. The investors in the Company shall enjoy 100% allocation of investment value in their shareholding in the Company.

## 11. SHARE CAPITAL OF THE COMPANY [28.1]

11.1 The current authorised share capital of the Company is explained in paragraphs 7.1.2 and 7.1.3 above. The structure of the total share capital of the Company is therefore as follows:

Share capital of the Company R192 000.00 (ONE HUNDRED AND NINETY TWO THOUSAND RAND)

Number of shares at R1.00 (ONE RAND): 192 000

No other shares are issued.

11.2 Authorised Share Capital: 1000

Issued Share Capital: 100

Shares increased to 192 000

11.3 All shares in the Company rank equally with no special rights associated to them.

11.4 No option or preferential right of any kind will be granted to any person in order to take up shares in the company

11.5 Any unissued shares are under the control of the Directors, as will be decided from time to time at the Company's annual general meeting.

## 12. DETAILS OF THE OFFER AND PROCESS OF APPLICATION

The details of the offer are as follows:

12.1 32 000 (THIRTY TWO THOUSAND) units will be offered to the public at a unit price of R1 000.00 (ONE THOUSAND RAND), comprised of a R1.00 (ONE RAND) share and an R999.00 (NINE HUNDRED AND NINETY NINE RAND) share premium.

12.2 Applications for units by prospective investors must be for a minimum of 10 (TEN) units and thereafter in multiples of 1 (ONE).

12.2.1 A minimum amount of R15 000.00 (FIFTEEN THOUSAND RAND) is recommended, as this is the entry level at which an investor qualifies for the Value Guarantee of a Funeral Plan (with another Funeral Plan for each subsequent R15 000.00 (FIFTEEN THOUSAND RAND)).

12.3 Applications for entries by virtue of this offer will only be accepted on the original application form attached to this Prospectus. The Promoter reserves the right to reject any photocopies or other copies.

12.4 An application for units will not be revocable until the expiry of the third day after the opening of the subscription list, but an investor will have a cooling off period of 7 (seven) days after date of application to withdraw his application (as reflected in the application form). All units are offered in terms of the terms and conditions as explained in this prospectus.

12.5 Every application will be viewed as a separate application. Should an applicant withdraw his application during the cooling off period as referred to in paragraph 12.4, an administration fee currently standing at R550.00 (FIVE HUNDRED AND FIFTY RAND) will be payable to the Promoter who will have the right to deduct such administration fee from any monies due to the applicant. The amount of R550.00 (FIVE HUNDRED AND FIFTY RAND) may change from time to time. Should the investor wish to disinvest after the cooling off period, but before the application of funds towards the project on subscription of this Prospectus, then a 10 % penalty would apply, to accommodate commissions and other costs incurred.

12.6 Application forms must be completed in accordance with the stipulation of this Prospectus and further instructions thereto as set out in the application form. Application forms should be sent by or on behalf of the applicant to Legacy Invest, PO Box 29787, Danhof, 9310 together with a crossed cheque marked ("not transferable"), postal order, bill of exchange, or proof of electronic fund transfer, in the currency of the Republic of South Africa and made out in favour of the Company's Trustees:

Account name: CRONJÉ & BUITENDAG  
Bank: FIRST NATIONAL BANK  
Account number: 62271811450  
Branch code: 252005  
Reference: AVI/surname

To be received no later than 17:00 on 12/04/2011.

Cash will not be accepted.

12.7 Minors or persons with no contractual capacity must be supported in their applications by their legal guardians or curators (whichever the case may be).

12.8 Cheque refunds in relation to unsuccessful or partially unsuccessful applications will be posted within twenty business days after the closing of the Application by the Promoter to and at the risk of the rightful persons. Lost or expired refund cheques will be replaced only upon receipt of an acceptable indemnification.

12.9 Application monies will draw interest at the prevailing average daily interest rate of the Attorneys bank and will accrue to the Company.

12.10 No receipts will be issued for application monies. All cheques, postal orders or drafts will be presented for payment immediately upon receipt. In the event that any cheque is dishonoured, the company in its discretion may treat the relevant application as void.

12.11 No notice of the allocation of shares will be sent to the applicant but certificates in respect of the units successfully applied for will be posted by the Promoter to the applicant 21 to 28 days after the offer has closed.

12.12 The Promoter has the right, within the stipulations of this Prospectus, to make any payments it is empowered or obliged to make by way of electronic fund transfer.

12.13 Ombud for Financial Services Providers.

The Promoter is a division of Dovetail Trading, an authorised Financial Service Provider in terms of Section 8 of the Financial Advisory and Intermediary Services Act of 2002 with licence number 19653 as issued by the Financial Services Board.

### **13. TIME AND DATE OF OPENING AND CLOSING OF THE OFFER [29]**

This offer opens at 09:00 on 03/05/2011 and closes at 17:00 on 02/08/2011

### **14. MINIMUM SUBSCRIPTION [31]**

The minimum subscription amount will be R20 000 000.00 (TWENTY MILLION RAND)

## 15. PURPOSE OF THE OFFER [33]

The project comprises the acquisition of the Bloemfontein Memoriam, which is already built, comprising of 48 000 niches, carrying an estimated market value of R192 000 000.00, as well as the development of a further Memoriam in Durban and another in Cape Town, each comprising of 55 000 niches. Once the whole project is completed, there will be 158 000 niches for resale, with an estimated market value of R632 000 000.00.

Upon full subscription of the First Prospectus, the Company will acquire 80% of the equity in Avalon Memoriam BFN (Pty) Ltd, thereby ensuring a clear majority. This acquisition will establish the Company's controlling interest and open the way forward to the next phase of the development, as well as acquiring the first 48 000 niches, thereby generating a fixed asset base for the Company.

Upon full subscription of the Second Prospectus, the Company shall acquire the Intellectual Property, as well as the Rights and Title, to develop an Avalon Memoriam in Durban. The Company will also secure the Land for the Durban development, as well as acquiring a further 10% of the equity in Avalon memoriam BFN (Pty) Ltd.

Upon full subscription of the Third Prospectus, the Company shall acquire the Intellectual Property, as well as the Rights and Title, to develop an Avalon Memoriam in Cape Town. The Company will also secure the Land for the Cape Town development, as well as acquiring the remaining 10% of the equity in Avalon memoriam BFN (Pty) Ltd., thereby securing 100% in all 3 developments.

Upon full subscription of the Fourth Prospectus, the Company shall develop the Durban Memoriam.

Upon full Subscription of the Fifth Prospectus, the Company shall develop the Cape Town Memoriam.

Full subscription of the Sixth Prospectus shall fund the Operating and Marketing costs for the 72 month term of the investment.

## 16. STATEMENT IN RESPECT OF LISTING ON THE STOCK EXCHANGE [34]; [35]

No application has been made in respect of Section 169 of the Act for the listing of shares and debentures on the JSE or any other stock exchange.

## 17. OPTIONS OR PREFERENTIAL RIGHTS IN TERMS OF SHARES [37]

There are no options or preferential rights in respect of the shares issued and allocated by the Company.

## 18. BORROWING POWERS [38]

The borrowing powers of the Directors of the company is contained in the Memorandum and Articles of Association and the Directors may use all the powers vested in the company in terms thereof to borrow money, approve bonds to the Company for immovable property and issue debentures or offer such as security.

## 19. PROPERTY BOUGHT OR TO BE BOUGHT [40]

As this is not a property syndication company, it is not the company's aim to invest in property. The company will own property to develop the Memoriam projects, as previously indicated, in Durban and Cape Town. Bloemfontein is already a going concern.

## 20. DOCUMENTS FOR INSPECTION [44]

Copies of the complete documents listed below will at all reasonable times are available for inspection during normal business hours from the date of registration of the Prospectus at: Avalon Capital CC, Suite 2, Canterbury Park 67 President Reitz Street, Westdene, Bloemfontein.

20.1 Copies of Annexures A to K;

20.1.2 The documents referred to in paragraph 2 of this Prospectus;

20.2 No shareholder agreements have been entered into in respect of the Company.

## **21. AMOUNTS PAID TO OR DUE TO THE PROMOTER [45]**

The following contributions are payable to the Promoter from the Company which are collected in terms of this document:

### **21.1 Fees Payable:**

Commission due to broker	- 6% of capital generated by the prospectus
Commission due to the consultants and managers	- 3% of capital generated by the prospectus
Commission due to Promoter including marketing costs	- 4% of capital generated by the prospectus
Other: legal, printing etc.	- 1% of capital generated by the prospectus

### **21.2 Management fees:**

The Management fee due by the Company to the Project Manager is 1 % of the subscription value of this prospectus. On completion of the stated developments of the Company, the ongoing Management fee will be determined annually by the Board of Directors.

## **22. SHARES ISSUED OR TO BE ISSUED OTHER THAN FOR CASH AND COMMISSION PAID OR TO BE PAID IN TERMS OF UNDERWRITING [46]**

22.1 No shares in the share capital of the Company have or will be issued by the Company other than for cash.

22.2 No commission is paid or due by the Company to any person in order to take up shares in the Company or to agree to take up shares in the Company.

22.3 Commission is payable by the Company to accredited independent Financial Services Advisors, under the auspices of the Promoter as referred to in paragraph 21.1 above.

## **23. PRELIMINARY EXPENSES AND EXPENSES CONNECTED TO THIS OFFER [47]**

23.1 An amount has been allocated for the preliminary and issue expense of this offer.

i) Printing publishing and distributing	R 260 000.00
ii) Legal advice and consultation	R 60 000.00
iii) Fees to professional advisors	R1 920 000.00
iv) Fees to consultants	R 960 000.00
v) Marketing and promotional costs	R1 280 000.00
vi) Office expenditure	R 160 000.00
vii) Auditor, accounting and secretarial services	R 320 000.00

23.2 There are no other preliminary expenses for the account of the Company in respect of this offer.

23.3 After serious consideration, the Directors of the Company are in no doubt that, upon full subscription, the company will have adequate working capital for not less than 72 months.

The working capital adequacy of the company is fully reliant upon the current offer.

The Company is exclusively based upon this offer, and no additional funding shall be sourced, outside of this offer. The investors in the Company shall enjoy 100% of the shareholding in the Company.

23.4 The Promoter is responsible for the payments referred to in paragraph 21.1

## **24. INTERESTS OF DIRECTORS AND THE PROMOTER [48] [36]**

24.1 The Directors of the Company hold direct and indirect shares in the Company.

24.2 The Executive Director of the Company is also a Member of Avalon Capital.

24.3 The Executive Director is also a member of the Promoter.

## **25. CORPORATE GOVERNANCE AND MANAGEMENT OF INTERNAL CONTROL MEASURES REGARDING FINANCIAL REPORTING [49] [50]**

### **25.1 Purpose**

The purpose of corporate governance is to distribute control over the Company and its decision making on director's level between Executive Directors and Non-executive independent directors and to pass the roll of chairperson and sub-committees onto non-executive independent persons.

### **25.2 Company and Board**

The directors of the Company are committed to implementing and maintaining the principles of the Code of Corporate Practiced and Conduct set out in the King Report on Corporate Governance (King Code III).

The requirements of the King III report about corporate governance is wholly supported in all aspects and applied by the Company as far as practically possible.

The Directors are appointed annually and elected by the shareholders of the Company. In this respect the chairmanship of the Board is passed onto a non-executive independent director of the Company.

The King III report promulgates two committees, namely the Audit and Risk Committee and the Investment Committee. The Company has constituted the Audit and Risk Committee. The Company has not constituted an Investment Committee, as the Company is not a Property Investment Company. The Company shall only invest in three material acquisitions, as per the Business Plan of the Company, hence it is not practicable to constitute such a committee.

### **25.3 Sub-committees**

#### **25.3.1 Audit and Risk Committee**

The chairperson of the committee is the secretary and advised by the independent auditors of the Company. The committee comprises of the chairperson, two non-executive independent directors and the one Executive Directors.

Meetings take place on a quarterly basis and the Company auditors attend on invitation at least twice per annum. The auditors also attend the Company's annual general meeting.

The committee acts on mandate from the Board who delegates to the committee the following responsibilities:

- Advise the Board on all risks related to the company;
- Implement control measures for the necessary internal monitoring and control;
- Handle the financial, accounting, tax and secretarial responsibilities;
- Advise the Board on all due notices and procedures of meetings;
- Advise the Board on the application of all legislation related to the Company;
- The committee receives continuous independent legal advice about contracts, disclosure requirements, legal conditions and prospectuses; and
- The committee is advised by Moonstone, the external compliance officer of Legacy Invest, a Division of Dovetail Trading, an authorised Financial Service Provider.

#### **25.3.2 Investment Committee**

Not Applicable to the Company

## **26. REPORTS BY THE AUDITORS [70]**

The reports by the auditors related to the financial matters of Avalon Memoriam BFN (Pty) Ltd. is available for perusal and the auditors have permission for the form and context in which the reports are reflected in this Prospectus. The Company has not traded prior to the issue of this Prospectus and has not made any profit whatsoever therefore no reports were issued (See Annexure K).

**27. CLAIMS [43]**

There are no pending claims against the Company.

**28. HISTORY AND DETAIL OF THE PROMOTER IN RESPECT OF COMPLETED CAPITAL INVESTMENTS [61]**

This is the first investment product of this kind being promulgated by the Promoter.

**29. ACTUAL CHANGES [73]**

The Directors herewith declare that no actual changes in assets and liabilities of the Company have taken place since the last date referred to in the auditor's report for Avalon Memoriam BFN (Pty) Ltd and the date of this Prospectus.

**30. PARAGRAPHS OF SCHEDULE 3 NOT APPLICABLE TO THIS PROSPECTUS**

(as amended by the General Notice 336 of 27 February 2006)

Part 1 of Schedule 3 of the Act is not applicable to this Offer.

The following paragraphs in Part 2 of Schedule 3 of the Act are not applicable to this Offer:

26[2]; 28[2]; 30; 32; 35[5],[9]; 39; 42; 70

Addendum A, B & C

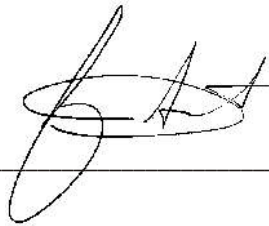
Signed at BLOEMFONTEIN, FREE STATE by H S P LOMBAARD,  
being a director of the Company on 25th March 2011.



Signed at BLOEMFONTEIN, FREE STATE by J A van der WALT,  
being a director of the Company on 25th March 2011.



Signed at BLOEMFONTEIN, FREE STATE by J Z A SCHUBERT,  
being a director of the Company on 25th March 2011.



## ANNEXURES

### LETTERS OF CONSENT

- |    |  |   |
|----|--|---|
| 1. | SAB&T – Chartered Accountants Incorporated               | A |
| 2. | Cronjé & Buitendag – Attorneys                           | B |
| 3. | Legacy Invest, a Division of Dovetail Trading – Promoter | C |
| 4. | SAB&T – Company Secretary                                | D |
| 5. | De la Rey & Celliers – Architect                         | E |
| 6. | Frik Jankowitz, Van Zyl & Partners – Quantity Surveyors  | F |
| 7. | Avalon Capital CC – Project Managers                     | G |
| 8. | First National Bank – Bankers                            | H |

### OTHER

- |     |   |   |
|-----|---|---|
| 9.  | Buy-Back Agreement:<br>Avalon Memoriam Investments 1 Limited // Avalon Capital CC | I |
| 10. | SAB&T – Assurance Report  | J |

### DOCUMENTS AVAILABLE FOR INSPECTION

- |     |  |  |
|-----|--|--|
| 11. | Offer of Purchase:<br>Avalon Capital CC // Avalon Memoriam Investments 1 Limited |  |
| 12. | PWC – Report of Independent Auditors, Avalon Memoriam BFN (Pty) Ltd              |  |
| 13. | Memorandum and Articles of Association   |  |



The Directors  
Avalon Memoriam Investments 1 (Pty) Ltd  
PO Box 29787  
Danhof  
9310

**CONSENT IN TERMS OF SECTION 151 OF THE COMPANIES ACT, 1973  
AVALON MEMORIAM INVESTMENTS 1 (PTY) LTD**

We as the Auditors of Avalon Memoriam Investments 1 (Pty) Ltd, Registration Number 2010/005372/07, do hereby consent to the use of our name in the Prospectus of Avalon Memoriam Investment 1 (Pty) Ltd, and we confirm that we have not withdrawn our consent, nor do we intend to withdraw our consent to the use of our name in the said Prospectus.

We further confirm that we have not before the lodging of a copy of the Prospectus of Avalon Memoriam Investments 1 (Pty) Ltd for registration in the Companies Registration Office withdrawn our consent to any statement or reference to any statement (included in the form and context in which it is included) purported to be made by ourselves nor do we intend to withdraw such consent before registration of the said Prospectus.

Yours faithfully,

*SAB&T Inc*

SAB&T  
Chartered Accountants (SA)  
Registered Accountants and Auditors  
Bloemfontein  
22 November 2010



INVESTOR IN PEOPLE

41 President Steyn Street, Westdene, Bloemfontein, 9301 • P O Box 3811, Bloemfontein, 9300  
Docex 107, Bloemfontein • Tel: (051) 447 6094 • Fax: (051) 447 3861 • www.sab-Lco.za

Offices: Bloemfontein, Cape Town, Centurion, Durban, Kimberley, Nelspruit, Polokwane, Port Elizabeth, Rustenburg  
London (UK)

Directors: \*B Adam (CEO) CA(SA), \*A Darmalingam CA(SA), T J de Kock CA(SA), Y M Hassen CA(SA), H Kajjie CA(SA)  
S Makamure CA(SA), T M Mayet CA(SA), \*R Rajah CA(SA), \*K Rama CA(SA), Z Sonpra CA(SA), M F Sulaman CA(SA)  
I Theron CA(SA), H van der Merwe CA(SA), J M Wessels CA(SA)

Associate Director: L A D Hoosen  
\* Executive Committee

SAB&T Chartered Accountants Incorporated  
Co. Reg no.1997/018869/21



Cornelisé Coenra Cronjé (B.Proc.LL.B)  
☎ 082 412 4412  
✉ cccronje@xpd.co.za

✉ 29926 • Danhof 9310  
Gladstoneweg 80 • Bayswater 9301  
DoceX 10 • Bloemfontein  
☎ 051-433 1710 • ☎ 051-433 1704

Madéle Buitendag (LL.B)  
☎ 082 885 9512  
✉ mbuitendag@xpd.co.za

Datum / Date : 22 November 2010      Ons Verw / Our Ref : M BUITENDAG / AVALON  
U Verw / Your Ref :

TO WHOM IT MAY CONCERN

Sir, Madam

**CONSENT IN TERMS OF SECTION 151 OF THE COMPANIES ACT, 1973:  
AVALON MEMORIAM INVESTMENTS 1 (PTY) LTD**

1. We confirm that we have been appointed by Avalon Memoriam Investments 1 ("Avalon") to:
  - 1.1 compiles a Prospectus in terms of the requirements of the Companies Act 61 of 1973;
  - 1.2 receives investor's funds into our trust bank account.
2. We have accepted our mandate as set out hereinabove and confirm that we do not have any objection to Avalon referring to our firm in this regard in this Prospectus.
3. We confirm that we have not withdrawn our consent, nor do we intend to withdraw our consent to the use of our name in the said Prospectus.
4. This Prospectus is compiled from information supplied by Avalon and other parties who act as service providers or advisors to Avalon.
5. Save in respect of which is set out hereinabove, we do not accept any liability and/or render any opinion as to the correctness or authenticity of the information contained in any prospectus distributed by Avalon or any of its affiliates.

Yours faithfully,

  
\_\_\_\_\_  
**CRONJÉ & BUITENDAG**

In assosiasie met Mark Webber Prokureurs / In association with Mark Webber Attorneys  
En ook te / And also at: Suite 2, Canterbury Park, 67 Pres. Reitz St.; Westdene, Bloemfontein



The Directors  
Avalon Memoriam Investments 1 (Pty) Ltd  
PO Box 29787  
Danhof  
9310

**CONSENT IN TERMS OF SECTION 151 OF THE COMPANIES ACT, 1973  
AVALON MEMORIAM INVESTMENTS 1 (PTY) LTD**

We as the Company Secretary of Avalon Memoriam Investment 1 (Pty) Ltd., Registration Number 2010/005372/07, do hereby consent to the use of our name in the Prospectus of Avalon Memoriam Investments 1 (Pty) Ltd and confirm that we have not withdrawn our consent, nor do we intend to withdraw our consent, to the use of our name in the said Prospectus.

Yours faithfully,

*SAB&T Inc*

SAB&T  
Chartered Accountants (SA)  
Registered Accountants and Auditors  
Bloemfontein  
22 November 2010



INVESTOR IN PEOPLE

41 President Steyn Street, Westdene, Bloemfontein, 9301 • P O Box 3811, Bloemfontein, 9300  
Docex 107, Bloemfontein • Tel: (051) 447 6094 • Fax: (051) 447 3861 • www.sab-t.co.za  
Offices: Bloemfontein, Cape Town, Centurion, Durban, Kimberley, Nelspruit, Polokwane, Port Elizabeth, Rustenburg  
London (UK)

Directors: \*B Adam (CEO) CA(SA), \*A Darmalingam CA(SA), T J de Kock CA(SA), Y M Hassen CA(SA), H Kajie CA(SA)  
S Makamure CA(SA), T M Mayet CA(SA), \*R Rajah CA(SA), \*K Rama CA(SA), Z Sonpra CA(SA), M F Sulaman CA(SA)  
I Theron CA(SA), H van der Merwe CA(SA), J M Wessels CA(SA)

Associate Director: L A D Hoosen  
\* Executive Committee

SAB&T Chartered Accountants Incorporated  
Co. Reg no.1997/018869/21



Suite 2, Canterbury Park  
67 President Reitz Street  
Westdene, Bloemfontein, 9301  
PO Box 29787, Danhof, 9310



Tel: 051 447 7302  
Fax: 086 640 0964  
Email: admin@avalonfs.co.za

22 November 2010

The Directors

Avalon Memoriam Investments 1 (Pty) Ltd

PO Box 29787

Danhof

9310

**CONSENT IN TERMS OF SECTION 151 OF THE COMPANIES ACT, 1973**

**AVALON MEMORIAM INVESTMENTS 1 (PTY) LTD**

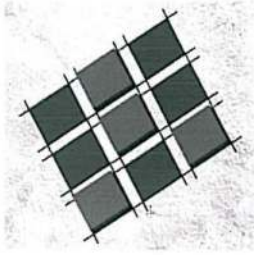
We, Legacy Invest, (a division of Dovetail Trading 509 cc- FSB Registration 19653), as the promoter of Avalon Memoriam Investments 1 (Pty) Ltd., Registration Number 2010/005372/07, do hereby consent to the use of our name in the Prospectus of Avalon Memoriam Investments 1 (Pty) Ltd and we confirm that we have not withdrawn our consent, nor do we intend to withdraw our consent to the use of our name in the said Prospectus.

Yours faithfully

Herman Lombaard - Director  
LEGACY INVEST

*A legacy of wealth*

A Division of Dovetail Trading 509 CC | An Authorised Financial Services Provider  
FSB License Number 19653



# DE LA REY & CELLIERS

ARCHITECTS / ARGITEKTE

The Directors  
Avalon Memoriam Investments 1 (Pty) Ltd  
PO Box 29787  
Danhof  
9310

22 NOVEMBER 2010

## CONSENT IN TERMS OF SECTION 151 OF THE COMPANIES ACT, 1973 AVALON MEMORIAM INVESTMENTS 1 (PTY) LTD

We, De La Rey & Celliers Architects, do hereby confirm that we have entered into a Contractual Agreement with Avalon Memoriam Investment 1 (Pty) Ltd., Registration Number 2010/005372/07, under the terms of which Agreement we are the Consulting Architects and Principal Agents for Avalon Memoriam Investment 1 (Pty) Ltd. acting on behalf of the Company on their developments of the Bloemfontein Memoriam, the Durban Memoriam and the Cape Town Memoriam. We further confirm that we accept the duties and obligations for all of the functions required of us in terms of the CLIENT architect Agreement, Section 1.0 and 1.1, as determined by the SAIA, at the above developments.

De La Rey & Celliers Architects do hereby consent to the use of our name in the Prospectus of Avalon Memoriam Investments 1 (Pty) Ltd and we confirm that we have not withdrawn our consent, nor do we intend to withdraw our consent to the use of our name in the said Prospectus.

Yours Faithfully

  
Johan de la Rey Pr Arch - b arch(ufs) m.i.a  
De La Rey & Celliers Architects

**DE LA REY & CELLIERS – ARCHITECTS CC / ARGITEKTE BK**  
CC REGISTRATION - 2002/014965/23  
VAT NO. - 4290197419

**MEMBERS / LEDE**  
**BYGESTAAN DEUR**

**JOHAN DE LA REY**  
**ALPHONSE DE JONG**

 120 Dan Pienaar 120  
 29683 Danhof 9310  
 051 – 436 1344  
 051 – 436 8389  
 083 – 440 3485  
 johan@delareycelliers.co.za  
 082 – 946 0777  
 alphonse@delareycelliers.co.za

# FRIK JANKOWITZ, VAN ZYL &

VENNOTE  
PARTNERS  
BAHWEBI-MMOHO

GEREGISTREERDE BOUREKENAARS • REGISTERED QUANTITY SURVEYORS • BORADI BO NGODISITSWENG

**BESIGHEIDSADRES**  
DERDELAAN NR. 1  
WESTDENE

**POSADRES**  
☒ 1562  
BLOEMFONTEIN 9300

**ATERESE YA MOSEBETSING**  
NO. 1 THIRD AVE  
WESTDENE

**ATERESE YA POSO**  
☒ 1562  
BLOEMFONTEIN 9300

☎ (051) 447-7915 & 447-8035 • 📠 (051) 447-0679

**BUSINESS ADDRESS**  
NO. 1 THIRD AVE  
WESTDENE

**POSTAL ADDRESS**  
☒ 1562  
BLOEMFONTEIN 9300  
jpvanzyl@xsinet.co.za

F. Jankowitz JCD  
B.Sc. (Q.S.)(UV)  
M.S.S. (UV)  
PMAQS PrQS  
Professionele  
Waardeerder  
Professional  
Valuer

Jean P. van Zyl  
B.Sc. (Q.S.)(UV)  
PMAQS PrQS  
Professionele  
Waardeerder  
Professional  
Valuer

ONS VERW:  
OUR REF:  
NO. YA TSHUPO: BL 311  
YA RONA:

U VERW:  
YOUR REF:  
NO. YA TSHUPO:  
YA HAO:

DATUM:  
DATE: 22 November 2010  
LETSATSI:

The Directors  
Avalon Memoriam Investments 1 (Pty) Ltd  
PO Box 29787  
DANHOF  
9310

For attention: Daniel Schubert

**RE: CONSENT IN TERMS OF SECTION 151 OF THE COMPANIES ACT,  
1973 AVALON MEMORIAM INVESTMENTS 1 (PTY) LTD**

We, Frik Jankowitz, van Zyl & Partners, do hereby confirm that when have entered into a Contractual Agreement with Avalon Memoriam Investment 1 (Pty) Ltd., Registration Number 2010/005372/07, under the terms of which Agreement we are the Quantity Surveyors for Avalon Memoriam Investment 1 (Pty) Ltd. acting on behalf of the Company on their new developments of the Bloemfontein, the Durban Memoriam and the Cape Town Memoriam.

Frik Jankowitz, van Zyl & Partners do hereby consent to the use of our name in the Prospectus of Avalon Memoriam Investments 1 (Pty) Ltd and we have not withdrawn our consent, nor do we intend to withdraw our consent to the use of our name in the said Prospectus.

Yours faithfully

JEAN P VAN ZYL BSc(QS)(UFS)PMAQS PrQS  
FRIK JANKOWITZ, VAN ZYL & PARTNERS



JAAR / YEARS / DILEMO



Registration no.: 2010/058156/23

**Avalon Capital CC**  
Suite 2, Canterbury Park  
67 President Reitz Avenue, Westdene, Bloemfontein, 9301  
PO Box 29787, Danhof, 9301  
Tel: 051 447 7302 | Fax: 086 640 0964  
Avalon Sharecall: 0860 AVALON (282566)  
[www.avalongroup.co](http://www.avalongroup.co)

22 November 2010

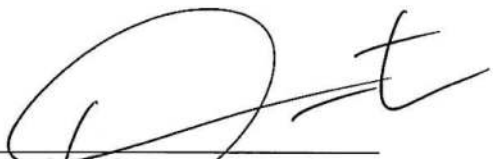
The Directors  
Avalon Memoriam Investments 1 (Pty) Ltd  
PO Box 29787  
Danhof  
9310

**CONSENT IN TERMS OF SECTION 151 OF THE COMPANIES ACT, 1973  
AVALON MEMORIAM INVESTMENTS 1 (PTY) LTD**

We, Avalon Capital cc, do hereby confirm that we have entered into a Contractual Agreement with Avalon Memoriam Investments 1 (Pty) Ltd., Registration Number 2010/005372/07, under the terms of which Agreement we are Project Managers for Avalon Memoriam Investments 1 (Pty) Ltd. acting on behalf of the Company on their developments of the Bloemfontein Memoriam, the Durban Memoriam and the Cape Town Memoriam. We further confirm that we accept the duties and obligations for all of the functions required of us in terms of this Agreement, at the above developments.

Avalon Capital cc do hereby consent to the use of our name in the Prospectus of Avalon Memoriam Investments 1 (Pty) Ltd and we confirm that we have not withdrawn our consent, nor do we intend to withdraw our consent to the use of our name in the said Prospectus.

Yours Faithfully



\_\_\_\_\_  
Daniel Schubert  
Avalon Capital cc

05/04/2011

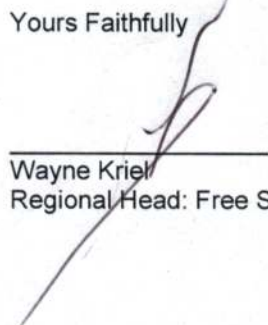
The Directors  
Avalon Memoriam Investments 1 Limited  
PO Box 29787  
Danhof  
9310

**CONSENT IN TERMS OF SECTION 151(2) OF THE COMPANIES ACT, 1973  
AVALON MEMORIAM INVESTMENTS 1 LIMITED**

FNB confirms that it has agreed (1) to act as the banker of Avalon Memoriam Investments 1 Limited (Registration number: 2010/005372/06) (the "**Company**") and (2) that the Company may use this letter as confirmation for the purposes of its banker's consent as required by section 151(2) of the Companies Act 1973 (the "**Act**"). Please note the following:

1. FNB is not acting as a promoter of the company;
2. FNB is not a shareholder in nor has it acted in any other manner as authority in or to any proposed issue of any shares by the Company;
3. this letter is not an expression of opinion and does not indicate approval of any proposed transaction or action or any other involvement in the business affairs of the Company;
4. this letter does not, in any manner, indicate an intention on the part of FNB to extend any loan funding or other type of financial assistance to the Company;
5. this letter serves merely as confirmation of banker's consent (as envisaged above), and the use of the FNB name (or any other proprietary FNB and/or FirstRand Bank Limited trademark, logo or symbol) in any other manner whatsoever is strictly prohibited.

Yours Faithfully

  
\_\_\_\_\_  
Wayne Kriel  
Regional Head: Free State

**FNB COMMERCIAL BANKING**  
197 Nelson Mandela Drive, College Acres, Bloemfontein, 9301. P O Box 100931, Brandhof, 9324  
www.fnb.co.za, Tel: 051 406 7600 Fax: 051 406 7777

LL Dippenaar (Chairman), SE Nxasana (CEO), VW Bartlett, JH Bester, JP Burger, L Crouse, PM Goss, PK Harris, WR Jardine, EG Matenge-Sebesho, RK Store, BJ van der Ross, JH van Greuning, MH Visser  
Company Secretary: BW Unser.

First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20). Reg. No. 1929/001225/06.

## BUY BACK AGREEMENT

AGREEMENT ENTERED INTO AND BETWEEN

**AVALON MEMORIAM INVESTMENTS 1 LIMITED**

**Registration Number: 2010/005372/06**

**herein represented by HERMANUS STEPHANUS PHILLIPPUS LOMBAARD**

**Executive Director of the Company, and duly authorized thereto by resolution signed in Bloemfontein**

(hereinafter referred to as "AMI1")

AND

**AVALON CAPITAL CC**

**Registration Number: 2010/058156/23**

**Herein represented by DANIEL SCHUBERT, a member of the Close Corporation and duly authorized thereto by resolution signed in Bloemfontein**

(hereinafter referred to as "AC")

**WHEREAS** AMI1 had its shares marketed at R1 000.00 (One Thousand Rand) per share; and

**AND WHEREAS** AC has given an undertaking to AMI1 to repurchase all of the shares sold by the AMI1 six years after the investment had been made by the original purchaser of the shares; and

**NOW THEREFORE AGREED:**

1. AC hereby irrevocably undertakes to re-purchase all of the shares sold by AMI1 to the original purchasers of the shares, 72 months after the individual initial purchase dates (herein after referred to as the "Repurchase Date") at R2 200.00 (Two Thousand Two Hundred Rand) per share (herein after referred to as the "Repurchase Price")
2. Should AC fail to pay the relevant shareholders the Repurchase Price of the shares on the Repurchase Date, the shareholders may claim specific performance for the repurchase of the shares, at the Repurchase Price, from AMI1.
3. All notices in terms of this agreement will be given:
  - 3.1 to AMI1 at:
    - 3.1.1 67 President Reitz Ave. Suite 2 Canterbury Park Westdene, Bloemfontein.
  - 3.2 to AC at



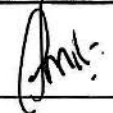
3.2.1 Medovs Building, cnr Victoria Road & Ella Street, Willows, Bloemfontein 9301.

and will be deemed to have been received five days after the dispatch thereof by prepaid registered post by any of the parties.


4. This is the entire agreement between the parties.
5. Neither party relies in entering into this agreement on any warranties, representations, disclosures or expressions of opinion which have not been incorporated into this agreement as warranties or undertakings.
6. No variation or consensual cancellation of this agreement shall be of any force or effect unless reduced to writing and signed by all the parties to this agreement accompanied by a Special Resolution passed by 75 % of the shareholders of the AMI1, authorising the variation or cancellation of the agreement.
7. Neither party shall be regarded as having waived, or be precluded in any way from exercising, any right under or arising from this agreement by reason of such party having at any time granted any extension of time for, or having shown any indulgence to, the other a party with reference to any payment or performance hereunder, or having failed to enforce, or delayed in the enforcement of, any right of action against the other party.
8. The failure of either party to comply with any non-material provision of this agreement shall not excuse the other party from performing the latter's obligations hereunder fully and timorously.
9. The person signing this agreement on behalf of a party expressly warrants his authority to do so.

**THUS DONE and SIGNED at BLOEMFONTEIN on this 25<sup>th</sup> day of August, 2010.**

**AS WITNESSES**

1.  \_\_\_\_\_


2.  \_\_\_\_\_


  
\_\_\_\_\_  
Duly authorised on behalf of  
Avalon-Memoriarn Investment 1  
Limited




**THUS DONE and SIGNED at BLOEMFONTEIN on this 25<sup>th</sup> day of August, 2010.**

**AS WITNESSES**

1.  \_\_\_\_\_

2.  \_\_\_\_\_

  
\_\_\_\_\_  
Duly authorised behalf of  
Avalon Capital CC.



## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE FORECAST OF AVALON MEMORIAM INVESTMENTS 1 (PTY) LTD**

We have examined the accompanying consolidated forecast of Avalon Memoriam Investments 1 (Pty) Ltd for the period 22 June 2010 to 21 June 2016 set out in the first prospectus to Avalon Memoriam Investments 1 (Pty) Ltd shareholders.

### ***Directors' responsibility***

The directors are responsible for the forecast, including the assumptions set out in the prospectus, on which it is based, and for the financial information from which it has been prepared. This responsibility includes: determining whether the assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the forecast; whether the forecast has been properly compiled on the basis stated; and whether the forecast is presented on a basis consistent with the accounting policies of the company or group in question.

### ***Reporting accountants' responsibility***

Our responsibility is to provide a limited assurance report on the forecast prepared for inclusion in the first prospectus to Avalon Memoriam Investments 1 (Pty) Ltd shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to the *Examination of Prospective Financial Information*. This standard requires us to obtain sufficient appropriate evidence as to whether or not:

- management's best-estimate assumptions on which the forecast is based are not unreasonable and are consistent with the purpose of the information;
- the forecast is properly prepared on the basis of the assumptions;
- the forecast is properly presented and all material assumptions are adequately disclosed; and
- the forecast is prepared and presented on a basis consistent with the accounting policies of the company or group in question for the period concerned.

In a limited assurance engagement, the evidence – gathering procedures are more limited than for a reasonable assurance engagement and, therefore, less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.



INVESTOR IN PEOPLE

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Docex 107, Bloemfontein • Tel: (051) 447 6094 • Fax: (051) 447 3861 • www.snb-l.co.za

Offices: Bloemfontein, Cape Town, Centurion, Durban, Kimberley, Nelspruit, Polokwane, Port Elizabeth, Rustenburg  
London (UK)

Directors: \*B Adam (CEO) CA(SA), \*A Darmalingam CA(SA), T J de Kock CA(SA), Y M Hassen CA(SA), H Kajjie CA(SA)  
S Makumure CA(SA), T M Mayet CA(SA), \*R Rajah CA(SA), \*K Rama CA(SA), Z Sonpra CA(SA), M F Sulaman CA(SA)  
I Theron CA(SA), H van der Merwe CA(SA), J M Wessels CA(SA)

Associate Director: L A D Hoosen

\* Executive Committee

SAB&T Chartered Accountants Incorporated  
Co. Reg no.1997/018869/21





### **Conclusion**

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- i) the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the forecast;
- ii) the forecast has not been properly compiled on the basis stated;
- iii) the forecast has not been properly presented and all material assumptions are not adequately disclosed; and
- iv) the forecast, is not presented on a basis consistent with the accounting policies of the company or group in question.

Actual results are likely to be different from the forecast, since anticipated events frequently do not occur as expected and the variation may be material; accordingly no assurance is expressed regarding the achievability of the forecast.

*SAB&T Inc*

SAB&T  
Chartered Accountants (SA)  
Registered Accountants and Auditors  
Bloemfontein  
22 November 2010



INVESTOR IN PEOPLE

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Directors: \*B Adam (CEO) CA(SA), \*A Darmalingam CA(SA), T J de Kock CA(SA), Y M Hassen CA(SA), H Kajie CA(SA)  
S Makamure CA(SA), T M Mayet CA(SA), \*R Rajah CA(SA), \*K Rama CA(SA), Z Soupra CA(SA), M F Sulaman CA(SA)  
I Theron CA(SA), H van der Merwe CA(SA), J M Wessels CA(SA)

Associate Director: L A D Hoosen

\* Executive Committee

SAB&T Chartered Accountants Incorporated  
Co. Reg no.1997/018869/21



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