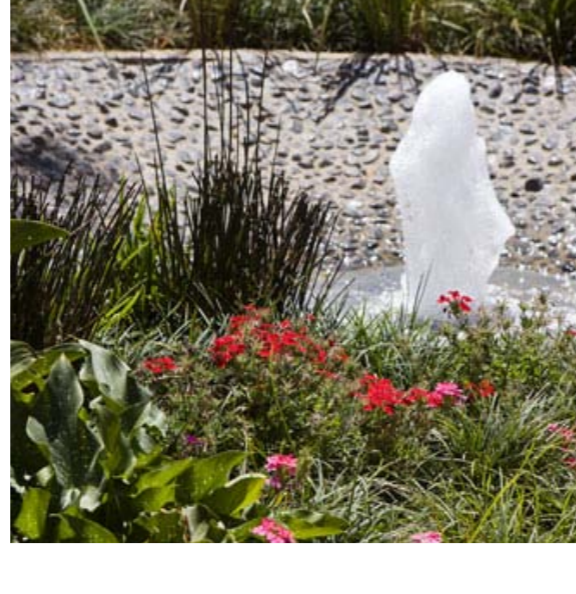




LOMBARDY

ESTATE & HEALTH SPA



Style. | Quality. | Space.

Lombardy Estate Newsletter

May 2011

OVERVIEW

In our last newsletter we reported an industrious couple of months, and even though the bar was set quite high, it seems that we will have to keep raising it. Lombardy Estate & Health Spa has been a buzz of activities, most of which are noticeable to the homeowners living on the estate.

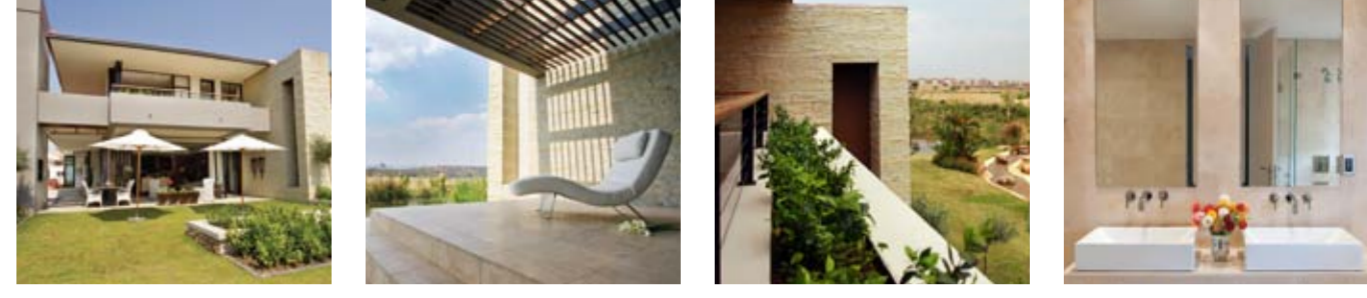
The Commercial office park is well under way, with all of the office blocks already being at roof height.

With the change of season and the HOA's continued strive to maintain the levies, exciting projects within the landscaping realm of the estate are currently being made.

The Developers of Lombardy Estate & Health Spa, together with the HOA as well as the homeowners themselves put in an extensive amount of effort in 2010 to raise the awareness and profile of the estate, the results of which we are happy to report back on in this newsletter.



DEVELOPMENT NEWS



Lombardy Lakes

- 30 units have achieved *Practical Completion*, representing 53% of the total stock to be built in phase 1. The remaining 27 units are on the *Practical Completion* program, with a number of units scheduled for sign off by the architects shortly;
- Of the 30 units having achieved *Practical Completion*, 21 (70%) units have been registered and transferred;
- Of the 21 units transferred, 16 (76%) units have owners/tenants in residence. Two further units will soon take occupation (1 tenant, and 1 owner.)



Lombardy Fountains

- There are currently 41 units that have achieved *Practical Completion*, representing 82% of the total stock to be built in phase 1. The remaining 9 units are being assessed by the architect for *Practical Completion* sign off;
- 8 units have been registered and transferred;
- Of the 8 units already transferred, 7 (88%) have owners/tenants in residence.



Lombardy Spa

The Health Spa is surging ahead with the whole structure and wet trades having been completed, bringing the completion percentage to 60%. The internal finishes, ceilings and tiles were started following the Easter holidays and you will see that the entrance road and landscaping is now under way, ensuring that just like Lombardy Estate, the open areas of this Spa will be well established and complimentary of the luxury Spas of *Distinction* brand.

MARKETING FEEDBACK



The campaign from October 2010 – February 2011 was successful, with a number of key outcomes achieved.

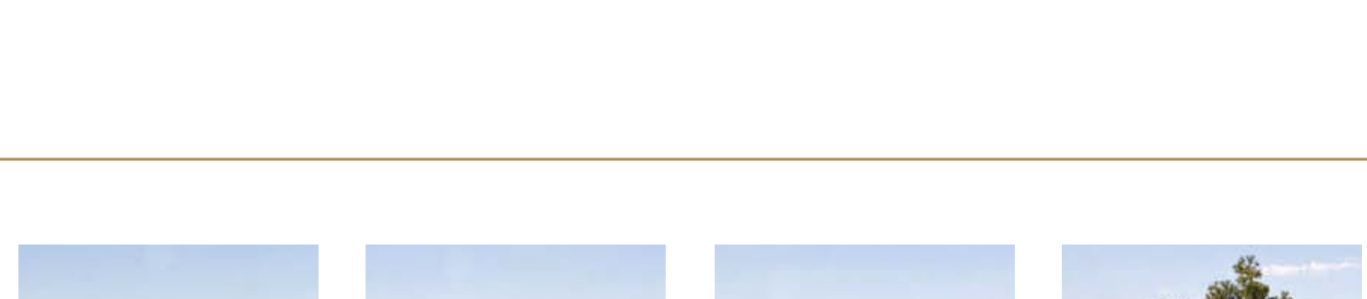
Furthermore, the Lombardy brand presence in the media was tangible and measurable:

- The performance of our media efforts has exceeded our expectations (measured against benchmarks) and most of the results are demonstrated in the web traffic and agents' call activity. The new website was very active - from October 9th 2010 to February 28th 2011 we had 2, 066 visits with average visit time being almost 5 minutes;
- The timing of media re-entry and approach was perfect and as a result of slow or no market activity of counterparts, we achieved a 'centre stage' position. The stronger relationships with media owners will definitely strengthen our efforts in 2011:
 - a) E.g. 1: We were given the front cover of *The Property Magazine* (Gauteng) in February. This coup included a mention in the Index, plus a double page spread. The February issue was their re-launch issue with increased print runs in Gauteng, including a launch party for the magazine – which meant an increased exposure for the estate.
 - b) E.g. 2: *Top Billing* TV showcased the estate on 20th January (which can be seen on our website <http://www.lombardystate.co.za/News.aspx>)

To ensure an ongoing benefit to the estate, a new marketing campaign will kick off from early June, this will again target key print media titles, and will include new visuals and content as well as brand ambassador endorsement. We have also appointed Public Relations specialist Tim Cartwright, who has over 35 years of experience in promoting properties nationally as well as internationally.



SALES FEEDBACK



The marketing efforts to date have not only presented more opportunities in numbers, but a more qualified opportunity. As a supporting factor and reverse effect of the current market conditions, we have noted the interest and visits generated to be of a much higher quality and seriousness. We suspect an increase in the conversion rates as a result. We have received very positive comments from past (those having expressed an interest at one stage but who turned away from the Estate because of the poor market sentiment, now stating their interest again,) current (those having stands who did not want to build because of the poor market sentiment, now expressing a desire to build,) and potential investors in the Estate. Comments such as the following were regularly tendered:

"Thanks again for all your efforts in creating a better Lombardy Estate for all. Best regards, Marius van Schalkwyk"

During this time, 14 sales contracts were handed to the conveyancer for processing. Of this, 5 have been registered and transferred already, and a further 5 will soon follow suit as they have successfully complied with all key transactional milestones. Residual interest in the Estate after the previous campaign has seen a number of new prospects over the last few weeks, which we hope to translate into formal sales. We anticipate the next marketing burst to generate similar sales activity.



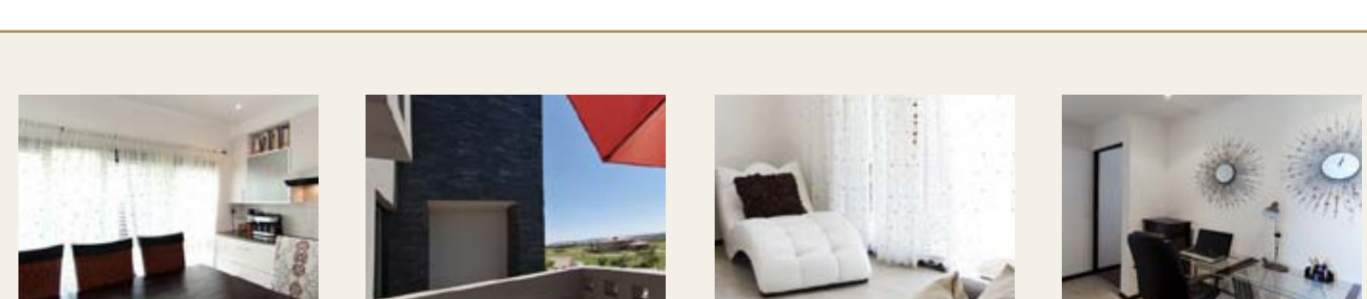
At least one current tenant in residence on the estate has approached us to purchase their own home at Lombardy.

To show the ongoing confidence we have in the estate, one of our own is buying a Lombardy Lakes home. **Tamer El Akkad** (Project Manager, Kharafi Construction) has decided to purchase a Lakes home and we are in the process of concluding the necessary formalities.

"I joined the Kharafi group late in 2000 in Tirana, Albania, starting with the construction of the Sheraton Tirana Hotel, from where I moved to Marsa Alam, Egypt where I completed two hotel projects worth 100,000,000 million Rand. The latest project before moving to South Africa was The Palace Hotel at Port Ghalib, after which I moved to South Africa late in 2007 to start my most challenging project yet at Lombardy Estate & Health Spa. I will do my utmost to keep the estate flourishing."

He will join another member of Kharafi management, Mohamed Shehata (profiled in the last newsletter) already having purchased and now occupying Lakes unit 20.

NEW RESIDENT



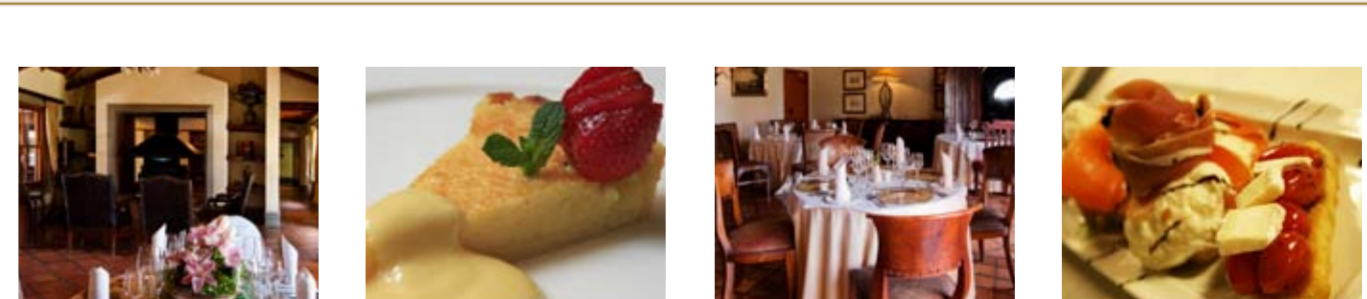
Lombardy Estate & Health Spa wishes to welcome the Nkabinde family to the Estate. Nomnden, Deni for short, a 3rd year marketing student, along with her brother, have moved onto the Estate late last year following the purchase of the home by their Mother, a Constitutional Court Judge.

Deni was crucial to the purchasing process. When Deni's mother recommended that they look at consolidating their rental deals and consider investing in property, she immediately started her research online and found Lombardy Estate & Health Spa. She was struck by how many projects all had the same look and feel, whereas Lombardy Estate & Health Spa's design, style and modern features leaped out to her as being 'The One'. In short, Deni said, *"I liked what I saw."*

Deni is joining the Brand Ambassador team and you are likely to see their story being included in the upcoming advertising campaign.



LIFESTYLE



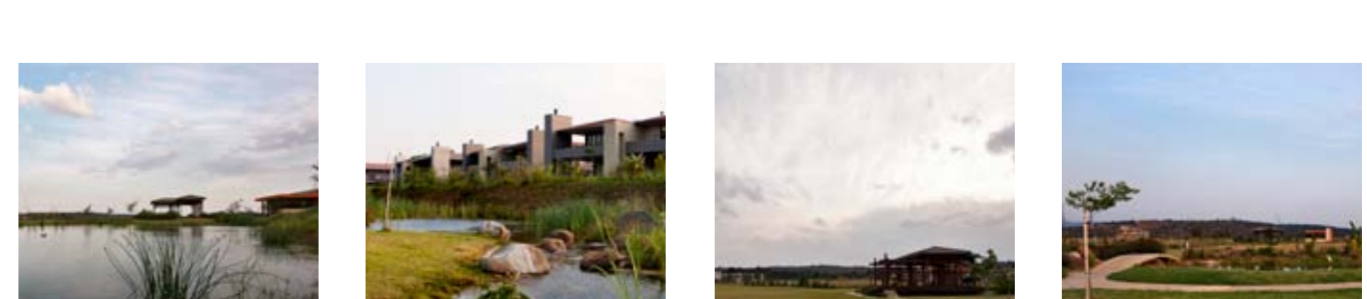
Hotel cuisine delivered to your home on the Estate!

The Lombardy Boutique hotel will welcome orders for all lunch and supper menu items, and these will be delivered to the home of our residents! This offer will commence as of 1 June 2011. The home owner/tenant will also be given a 10% discount on all meals ordered from the Lombardy Hotel kitchen. You can place an order for a meal at the Hotel by calling directly on 087 725 5591.

Wayne Walkinshaw, Master Chef at the Hotel, will be sending out fridge menus to all residents so that the mouth watering cuisine is always top of mind!



HOA UPDATE

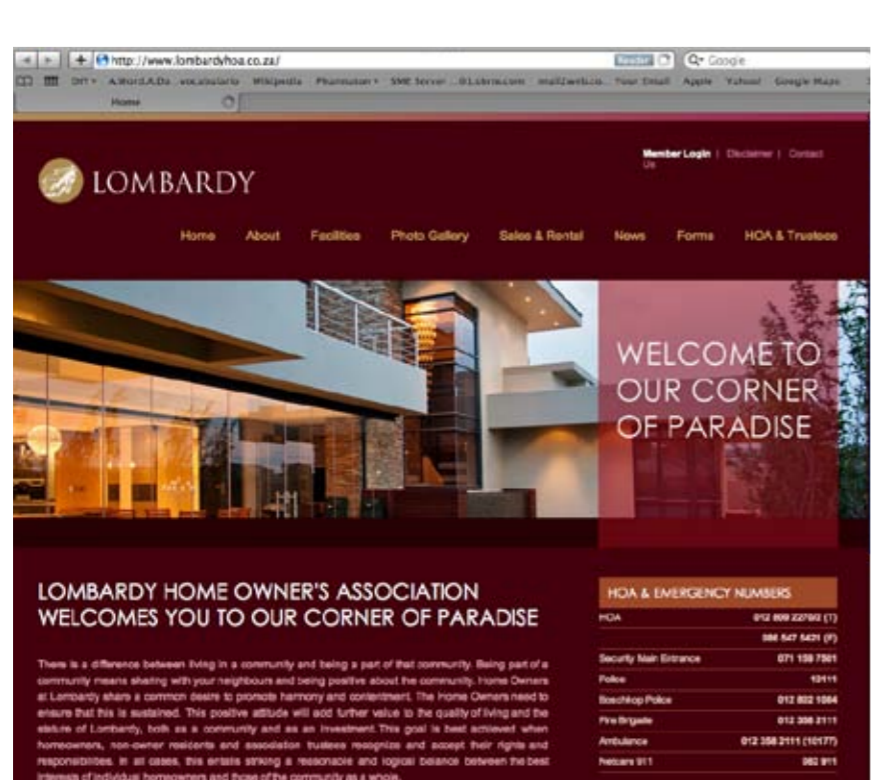


Frans and his team have been busy over the first couple of months of 2011 with the launch of the HOA website, an influx of new residents and the change of seasons. All of these elements adding to the overall enjoyment and improvement of Lombardy Estate and Health Spa.

The HOA website has been launched. We are in the process of finalizing the e-commerce phase and will inform the members accordingly. On completion members will be issued a secure user name and password where they will be able to view their statements, amend their details and do payments. As the number of residents on Lombardy Estate and Health Spa increase, this website is more and more valuable to ensuring the high standards of the HOA are raised too. You can visit the site at www.lombardystate.co.za.

The current resident figures on the Estate have increased to 16 Lakes homes being occupied, 7 Fountain townhouses and 6 residential stands, bringing the total to just fewer than 30 homes abuzz with family and activity.

The change of season has come rapidly upon us, but the HOA have been long time in planning their approach to this winters potential landscaping challenges. The HOA and the landscaping team have been proactively working at protecting certain of the plants on the Estate, by wrapping them with cloth to try and avoid similar damages that were experienced last winter. Along with plant protection team, a huge compost zone has also been developed on the outskirts of the Estate and the HOA have been working closely with the Landscaping team to create a sustainable source of compost. They will collect, use the environmental waste and rubble onsite, and rotate this through 3 different stages and the result will be nourishing compost for the Estate and also a huge approximate saving of R260 000 per annum. The capital costs for this project were less than R30 000.



Frans encourages the residents of Lombardy Estate and Health Spa to take full advantage of the order out offer from the hotel. *"This really is a great convenience to our residents, a lot of whom have busy schedules. This is really a first class offer!"*

www.lombardystate.co.za

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