

LOMBARDY

Estate and Health Spa

DECEMBER, 2008



LOMBARDY
ESTATE & HEALTH SPA

Welcome to the final newsletter for 2008! It has been a fantastic year for the development in which we have watched plans come to life and put in place further concepts to make your future home a luxurious every-day retreat. For those of you who have visited us recently you will have seen first hand how rapidly the Lombardy Estate site has progressed and how well it is coming together. It is certainly begin to take the shape of a world class estate rather than just a building site as the finishing touches are put to properties and the landscaping really takes hold of the area.

Development News

Development Phasing – Current and Future

Lombardy Hotel

With the best interests of Lombardy at heart, we have embarked on a bold vision for the Lombardy Hotel. The plan is to expand the hotel to 100 rooms, and engage the services of a leading international operator. We have already secured Letters of Intent from two leading international operators, with a third currently reviewing the business case. This will undoubtedly enhance the Lombardy address, and add further investor appeal for the homeowners.

Leading names for the design of the new Lombardy Hotel have been selected, and we anticipate submitting these designs to Council for approval in February 2009. On approval of these designs, we anticipate being able to start construction by May 2009.

The Spa

Market research was conducted to determine the prevailing trends in Spa development. Two distinct categories of spas are occurring in the marketplace - integrative health and wellness spas, and cosmetic medical spas. While the cosmetic spa customer is seeking enhancements related to beauty and appearance, the wellness customer is seeking education and guidance on choices effecting healthy living and longevity. The integrative health center is perhaps the smallest segment of the overall spa industry research suggests that it will be dominant player in the spa of the future.

The integrative health center is what we have in mind for Lombardy.

Integrative health centers incorporate all aspects of wellness including body therapies, fitness, nutrition and spirituality. Commonly referred to as "wellness centers" and currently found in major destination spas. A guest-centered approach that is rooted in education, proactive wellness and preventative wellness is the cornerstone for content-driven programs that address the whole person. The Lombardy Spa concept will include Wet & Dry Treatments, hairdressing area, manicures and pedicures etc. The gym, to be built next to the Spa, will provide for the fitness component.

In keeping with our philosophy of developing world-class destinations, one of the leading Spa Operators in South Africa – Camelot Health Spa Group - has been appointed as the Spa consultants for the development. Camelot Spa Treatment and Spa Consultancy Group is the largest Spa operator in South Africa and currently operate 15 Health Spas in South Africa which include:

- Table Bay Hotel
- Zimbali Lodge
- Velmore Hotel & Spa



Furthermore, to date Camelot Spa has successfully consulted on and contributed to the success of the following spas:

- Thanda Wellness Centre - Spa Award Winner 2006
- Zebu Spa at Zebula Lodge - Spa Award Finalist 2007 & 2008
- Riverside Day Spa, KZN - Spa Award Finalist 2007
- Summerfields Lodge & Spa - Spa Award Finalist 2008
- Vygenhoek Organic Spa - Spa Award Winner 2008
- Mount Grace Country Hotel & Spa - Spa Award Winner 2005

Designs are being generated for the Spa and, like the hotel above, we anticipate having these design to Council for approval in February 2009. It is anticipated that we will be in a position to start construction in May 2009.

Commercial Area

Office Space

There is a shortage of commercial and industrial zoned land and in addition to this the long delays in getting land rezoned, significant increases in building costs and a skills shortage is adding additional pressure to the availability of new commercial property stock. Added to which, electricity outages and supply constraints, increase in violent crimes and traffic congestion are some of the major factors influencing companies relocating to decentralised nodes such as Lombardy. Lombardy commercial area has already been rezoned, and has all electrical supply already provided for. Further, it is in close proximity to what will be a 5 star hotel, conference, and spa facility. This makes it a very attractive location for commercial office space. Lombardy Development (Pty) Ltd has sold this land to a very capable developer, who intends bringing 5 office blocks to market by mid 2010. Construction could begin as early as February 2009.

In continuing to demonstrate confidence in the Lombardy development, the Group is considering relocating its South African head office to this commercial area in the near future.

Boutique Shops

We are currently reviewing plans for the boutique shops in the retail area.



Residential Development News

The appointment of the new contractor, MA Kharafi Construction, has accelerated the workflow. The progress being made on the Estate is much improved, and this is manifest in the following:

The most dramatic development on site is the near completion of a number of the Lombardy Lake properties. The phase 1 Lakes units are on an accelerated construction program, and we hope to have these units complete between January and June 2009. For many, it is simply the final, delicate, internal details that remain outstanding. The flooring is down, the roofs are up, cupboards are going in, bathrooms are being completed and it won't be long before the builders clear out! Finally it is possible to get a good idea of life in this area of the Estate. It certainly seems to be a luxurious one!

Once inside one of the properties near completion, it is possible to get a real feel for the sensational amount of light and space the designers have focused on. With floor to ceiling windows and open stairways, there is a very modern feel to these exquisite new homes.

All of the park areas within the Estate have now been developed. This really gives the Estate some shape and allows visitors to see how green and spacious the communal areas will be. The pavilion at the main park is also erected and we look forward to residents being able to relax and enjoy this feature with their families and friends next year.

The bio-filtered lakes around the Estate are either complete or not far from it. Water features at two of the main lakes have been put in place and two further features are due for completion shortly. These water features will create a relaxing atmosphere and provide a visually stimulating addition to the lakes. Landscaping has begun around specific houses and continues around the numerous lakes.

Just a few months ago work began on the infrastructure for Lombardy Fountains. Things have moved rapidly since then, with commencement of property construction, which progresses at a rapid pace.

Lombardy Development is building out phase 1 of Lombardy Lakes, even though only 60% of the units are already sold. This shows our commitment to the Estate, and reinforces the confidence that we will have renewed interest from buyers once the markets begin to turn.

Below: images of one of the Lake Lombardy properties, due for completion in the coming months



Security

There was a recent security incident in the Lombardy Estate, at the sales office. As you know, the sales office is in that part of the Lombardy estate which is open to the public, and is not in the secure private residential estate. The interim security measures which are in place during the development period have been reviewed, and changes have been made. The separate security system protecting the private residential estate is now undergoing final commissioning, and will be fully operational shortly.

Frequently Asked Questions



Q: Given the current global economic climate, does the Group have the capacity to continue with its investment plan for Lombardy?

A: South Africa remains a key investment region for the Group. The Group has recently acquired a further 923 ha of development land on the KZN North Coast, and is reviewing other investment opportunities across a number of lines of business. We are investing a significant amount in the Hyatt Regency Oubani, and have recently invested in further production capacity for our Isofoam plant. Lombardy remains a key priority for the Group and we have continued with our construction activities in the face of the global economic recession. The Group's balance sheet is well positioned, with a broad asset base that warrants significant further borrowing capacity.

Q: When will home owners be appointed to the Home Owner's Association?

A: At the first AGM.

Have you got a question you would like us to answer?

Email us at info@lombardyestate.co.za

What's in a Name?

As many of you may be aware, Lombardy Estate shares its name with a region in Northern Italy. But what makes this such an apt name for the Estate?

The name Lombardy comes from the Lombards, who originated from Northern Europe and proceeded to dominate much of Italy during the 6th to 8th centuries. From this, the region of Lombardy, or Lombardia, evolved and covers the area from the River Po into the Alps, sharing a border with Switzerland. Today it is the wealthiest region of Italy. Its capital city is Milan, a cosmopolitan city, dedicated to fashion.

Lombardia is also notorious for its beautiful mountains and lakes, including the impressively picturesque Lake Como. The blue skies, fresh air and peaceful surround make this one of the most luxurious and exclusive areas in Europe to holiday in or for those persons fortunate enough by birth or by wealth, to live.

From this introduction to Lombardia, it is clear to see why the name Lombardy Estate was chosen for your new home. The Estate, by design and by nature, will mimic the luxury and exclusivity of the Italian region. The complex lake system around the development, along with the wetland areas and parks, will provide residents will a feeling of space and peace, yet with the benefit of being situated so close to two of South Africa's major cities and highway network.

Here is a brief guide to the street you might soon be living on:

Ferrara St – city in the Emilia-Romagna region of Northern Italy

Forli St – city in Emilia-Romagna region of Northern Italy

Messina St – Messina is the third largest city on Sicily and location for many literary masterpieces including two William Shakespeare plays.

Modena St – a city in the Emilia-Romagna region of Northern Italy and home to many of the great Italian sports cars including Ferrari, Lamborghini and Maserati.

Oristano St – a fishing town in Sardinia and is the seat of the Roman Catholic Archdiocese of Oristano

Palermo St – Palermo is the capital of Sicily

Siena St – city in Tuscany,

Turin St – capital of the Piedmont region of Northern Italy, Turin is most famous as being the industrial heart of Italy

Via Firenze – Firenze is the Italian for Tuscany's capital city, Florence, arguably one of the most beautiful and culturally significant city's in Italy.

Via Parma – city in Emilia-Romagna region of Northern Italy

Via Veneto – one of the wealthiest and industrialised regions in Italy. The capital city of Veneto is Venice.

Via Vicenza – city in the Veneto region of Northern Italy famous for it's numerous buildings designed by Palladio

IEWS FROM AROUND THE ESTATE



Firstly, I would like to thank all owners who have taken the time to meet with the HOA personnel since the previous issue. For those who have not done so as yet, please feel free to come and enjoy a cup of coffee with us.

The HOA office is running smoothly and should you require any information or have any requests, you are most welcome to contact Maritha on 012 809 1260 or via e-mail: maritha@lombardystate.co.za.

Due to the wonderful rain we have received over recent weeks, the landscape of the Estate is a wonderful sight to behold. A number of the dams are now full and the park areas are springing to life.

There are currently around seven houses at various stages of progress on site. The combination of building at Lake Lombardy, Lombardy Fountains, private building and general construction sees the contractor's gate busy as usual and working well to ensure secure and efficient access to the site. Roads are tarred, correctly marked up and ready for use. The next step will be to hand over the main entrance of the Estate to the Home Owners Association.

As per the previous newsletter, please make sure you are aware of and comply with the following:

- Registration of contractors and all employees as set out in the rules
- The access procedures and where access for contractors will be
- Ensure that your appointed contractor familiarises himself with the contractor's rules and regulations

Please be aware that the above mentioned points are of utmost importance. We have encountered a number of problems previously so must insist that these elements are abided by. All the rules and regulations are available at the HOA office. Please make sure that all the necessary documentation and approvals are obtained from the LHOA and the local authorities. This is compulsory and no building work may commence until this has been satisfied.

Pertaining to the final approved plans, one set of these approved plans must be handed in at the HOA office for inspection and record purposes.

Lombardy Greetings,

Neels Labuschagne
Lombardy Homeowners Association Manager

Important telephone numbers:

Admin & HOA queries:	Maritha 012 809 1260
Operations Manager:	Kobus (JP) 072 311 3737
LHOA Manager:	Neels 071 287 4873
24 Hour Security number:	083 884 3448



Sales Office News



It is exciting to see the progress at Lombardy Lakes and the Lombardy Fountains townhouse complex. According to the Development Management team the first 13 Lake Units will almost be completed by 12 December 2008. Completion of the first phase at the Lakes is planned for June/July 2009.

With the recent progress at Lombardy, good solid regulations on site will further strengthen the property market and add to its ability to continue prospering in the global slowdown. The market will see a host of new services in this transformational period, and it will eventually upgrade the whole market in Pretoria East. The strong and innovative Kharafi group will pioneer the future road ahead.

"The Lombardy property sector is "full of promise" despite the current economic slowdown," a well known investor and client has said.

One of the Chief Executive Bankers, speaking at a recent property investment conference said that the Pretoria East real estate sector is well placed to ride out the current turndown, he said the market is "dynamic, amazing and full of promise". Similar sentiments have been expressed by a number of Lombardy owners over recent weeks, with continued consumer demand for Lombardy property expected.

Mention the word "mortgage" during the present economic climate and it's likely you'll encounter a number of unhappy borrowers, or indeed lenders, with their own tale to tell. Therefore I urge Lombardy property owners who are considering selling to hold on to their property as long as possible.

The recent 50 bp drop in interest rates is most welcome, but we require a more substantial cut to add fuel to the real estate sector next year.

Should you have any questions, please contact, Alta Swart 0828811267 or Stella Gillingham 0824408398 or visit us at the Lombardy sales office, we would like to show you around!

The Final Word....

As we head towards the end of 2008, we would like to take this opportunity to thank you for all your support throughout this year. We wish you a wonderful Festive Season and hope you will find time to relax and enjoy with your family and friends. We hope you look forward to the start of an exciting New Year, and wish you health, happiness and prosperity for 2009.

Hisham el Baz, who for the last 4 years as Development Manager has tirelessly worked toward fulfilling the developer's vision for the Estate, has decided to return to Egypt to pursue other business interests. We wish him all the very best in his new ventures. Greg Dart (Head of Business Development and Marketing, Investment & Development Division, M.A. Kharafi Group South Africa) will be taking over Hisham's role, and will be a member of our team delivering the developer's commitments to our home owners, current and future.

Lombardy Estate certainly is looking forward to the completion of Lake Lombardy in 2009 and to opening the Estate to residents. What a lot to celebrate in the New Year! We look forward to seeing you then!

Seasons greetings,

The Lombardy Estate Team

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