



Dear Business Partners; Owners & Investors,

As winter approaches - and generally the quieter season in Cape Town, we've taken the time to get our house in order which includes updating you on the latest development and plans for the future. This is something we aim to do on a quarterly basis from now on in the form of a newsletter.

Office Relocates

We started the year with the relocation of our offices to 102 The Studios, 112 Buitengracht, Cape Town. A move which already proved to be a massive improvement as we now are much "closer to the action". We are now able to attend to our guest's needs much quicker – either at one of the apartments, or at the office. Furthermore managing your property from a stone through away, has already proven to be more manageable and effective. We invite you to come and visit us, have a cup of coffee and catch up the next time you are in Cape Town.

Restructure

With the growth we experienced over the last 12 months, it was also needed to restructure the company. Please contact the following relevant persons who will ensure your enquiry is dealt with efficiently and without delay.

Jaco Jordaan - General Manager	jaco@fzp.co.za
Veronica Duarte – Reservations	reservations@fzp.co.za
Jeri Petersen – Accounts	accounts@fzp.co.za
Michelle Meintjies – Reception	reception@fzp.co.za

Please do not hesitate to contact me personally should the need arise, or to discuss any other matter such as the management of your property in general, improvements and/or new business.

Financial Documents

The implementation of our new accounting system brought along some "growing pains". I would like to thank you for your patience and understanding over the last few months. We are always striving to improve on this, and have listened to what some of you had to say. Up to now the rental income was indicated less our management fee. From 1st of May, entries will be made as follows:

Total Rental Income	Credit Note
Management Fee	Tax Invoice

This way you would clearly see the total rental income, also per night, including our fee.

Subscription Fee

Since we introduced the "GlobeKey / AgentKey" real-time online booking engine, we have had tremendous success and compliments in that a potential guest is able to check availability in real-time, make a reservation and receive an instant confirmation. This also ensures that you are able to view the status and number of bookings in your unit at anytime from anywhere by just visiting our website. Up to now we have carried these annual 3rd party costs which are fixed, regardless of whether it is justified by the number of reservations generated by your property - our only income as we do not charge a monthly/annual retainer such as many other management agents. In an attempt to recover some of these costs, which we would rather channel to increased exposure via

additional marketing, we have introduced a monthly subscription fee of only R50.00 (R600.00 per annum) to host your webpage on our website / booking engine. This amount will be reflected on the tax invoice as “FZP Subscription” together with other monthly expenses, if any.

Consumables (Only Applicable to Full Property Management Plan)

The Agreement in place provides therefore that we have to inspect service and maintain the standard of your property and its content at all times. This however does not include the actual replacement cost of consumables such as Globes; Remote Control & Clock Batteries; Dish Cloths; Cleaning Material (dust cloths, brooms & mops); and General Amenities i.e. Tea; Coffee; Sugar; Creamer; Soap; Conditioning Shampoo; Hand & Body Lotion. We have carried these costs up to now, and yet again have decided to rather channel this towards additional marketing and exposure in the interest of all properties. We have therefore introduced a minimal “Consumables Fee” of R100.00 per month which would cover these costs. Additional expenses for repairs & replacements will still need to be authorized by you first before they are carried out – unless in an emergency.

Annual Linen Update (Only Applicable to Full Property Management Plan)

In order to keep in line with and according to the hospitality industry in general, as well as justify the premium rates we charge our guests per night, we have to ensure the quality of our linen & towels remain of a high standard - “fresh”. As linen washes out and become un-useable after time, we have decided to replace 1 (one) set of the original 3 (three) sets purchased on an annual basis. This will be done after the first 12 months, and in the month you signed-up. You will receive a price list with details of the items replaced, and will be invoiced on the statement of that specific month.

Statistics

Herewith a breakdown of some interesting facts:

Occupancy over the last 3 months:

January 2007

Studios	68%
1Bed	68%
2 Bed/3bed	53%
Average	63%

February 2007

Studios	74%
1Bed	78%
2 Bed/3bed	67%
Average	73%

March 2007

Studios	65%
1Bed	57%
2 Bed/3bed	64%
Average	62%

FZP Website Traffic, Availability & Reservations / year-on-year:

<u>2007</u>	<u>Feb</u>	<u>Jan</u>	<u>Dec</u>
Availability Checks	1023	1178	926
Conversion Rate	21.6%	14.6%	10.6%

<u>2006</u>	<u>Feb</u>	<u>Jan</u>	<u>Dec</u>
Availability Checks	530	589	429
Conversion Rate	22.6%	13.0%	17.5%

I trust that all the information above will indicate our commitment to achieve the best results possible, and give you peace of mind that you have selected the right management agent to act on your behalf.

I look forward to any thoughts and comments you may have, and look forward to update you again with our Winter Newsletter.

Kind regards,

Frans Viljoen

Frans Viljoen
CEO
FZP Property Management / Cape Town Apartments