

Hotel E-Newsletter July 2005

NEW ZEALAND

1. PERFORMANCE OF THE HOTEL INDUSTRY AND SERVICED APARTMENTS

Hotel and Motels / Self Catering: Average Occupancy Rates - RTO April 2005

April 2005 RTO	Hotels				Motels and Self Catering							
	Month		Year Ended		Month		Year Ended					
	AOR	Change Occ. pts	AOR	Change Occ. pts	AOR	Change Occ. pts	AOR	Change Occ. pts				
Auckland	67.9%	+ 1.3	↑	69.4%	+ 2.4	↑	62.2%	+ 1.1	↑	59.7%	- 0.4	↓
Rotorua	61.2%	- 8.6	↓	65.4%	- 1.2	↓	59.6%	- 4.2	↓	57.1%	+ 2.6	↑
Wellington	72.8%	+ 8.0	↑	66.1%	- 0.2	↓	68.0%	- 0.3	↓	69.0%	- 0.8	↓
Christchurch	65.3%	+ 0.3	↑	64.9%	+ 2.8	↑	63.0%	- 0.6	↓	58.3%	+ 0.2	↑
Queenstown – Lakes and Central Otago	54.3%	- 5.3	↓	60.8%	+ 2.1	↑	60.4%	- 9.0	↓	64.0%	+ 2.7	↑
Taupo	45.1%	- 3.6	↓	49.2%	- 0.2	↓	58.8%	- 1.2	↓	57.8%	+ 0.2	↑
Dunedin / Clutha	55.7%	- 5.1	↓	55.4%	NA	↓	72.3%	- 2.8	↓	68.1%	- 2.0	↓

Note: Serviced and self catering apartments included in 'Motels and Self Catering'
(Source: Commercial Accommodation Monitor)

All regions except Auckland (1.3 pts), Wellington (8.0 pts) and Christchurch (0.3 pts) decreased in hotel occupancy in April 2005 compared to 2004, especially Rotorua which declined 8.6 occupancy points to 61.2% and Queenstown down 5.3 occupancy points. Motel and self catering occupancies decreased in all regions except Auckland which increased 1.1 occupancy points in April 2005 compared to 2004.

Year on Year (YOY) 2005, the highest hotel occupancy achieved was 69.4% in Auckland whilst Wellington led all regions in motel/self catering occupancy YOY 2005. YOY Christchurch had the highest hotel occupancy growth (2.8 pts), followed by Auckland (2.4 pts). Queenstown had the highest motel / self catering growth (2.7 pts) followed closely by Rotorua (2.6 pts).

2. HOTEL ACCOMMODATION DEMAND

International Visitor Arrivals – May 2005

	Month of May 2005				Year Ended May 2005				
	Visitors		Visitors		Avg. Intended Length of Stay				
	No.	% Change	No.	% Change	No	% Change			
Australia	53,124	+ 5.0	↑	869,988	+ 12.9	↑	11.9	- 6.4	↓
Americas	15,314	+ 7.2	↑	280,651	+ 4.2	↑	20.2	- 1.2	↓
Asia	35,036	- 3.8	↓	529,018	+ 2.3	↑	17.7	- 11.2	↓
Europe	19,171	+ 3.4	↑	494,128	+ 5.2	↑	31.7	- 3.6	↓
Other	11,590	- 10.1	↓	183,823	- 7.7	↓	28.9	- 1.1	↓
Total	135,708	+ 2.3	↑	2,381,034	+ 6.9	↑	19.7	- 6.6	↓

(Source: Statistics New Zealand – International Visitor Arrivals)

International visitor arrivals increased 2.3% in May 2005 driven by an increase in visitors from Australia, the Americas and Europe which grew 5.0%, 7.2% and 3.4% respectively over May 2004. YOY 2005 arrivals grew 6.9% with increases across all markets, especially Australia (12.9%). There is a continued decline in the average intended length of stay by international visitors decreasing 6.6% to 19.7 days in the year ended May 2005.

3. HOTEL / SERVICED APARTMENT SUPPLY STATUS

Hotel / Serviced Apartment Supply Status by Main RTO (Rooms)

	AKL	ROT	WLLG	CHCH	QTN	TPO	DUN	Other
Existing Hotel / Serviced Apt. Supply at 1 January 2005	10,846	3,015	3,202	6,554	4,042	1,587	1,547	22,545
Opened in 2005	316	0	144	0	0	0	0	191
Total Current Supply	11,162	3,015	3,346	6,554	4,042	1,587	1,547	22,736
Potential New Supply Under Construction / Announced (Net)	438	0	287	345	400	30	0	306
Total Supply	11,600	3,015	3,633	6,899	4,442	1,617	1,547	23,042
% Change on 1 January 2005	7.0%	0.0%	13.5%	5.3%	9.9%	1.9%	0.0%	2.2%

(Source: Statistics New Zealand, Horwath Asia Pacific Limited)

We estimate that the potential new supply across New Zealand equates to approximately \$325 m development cost (\$162 m under construction and \$163 m announced). Wellington has approximately \$52m of hotel rooms under construction whilst Auckland and Christchurch have approximately \$55m each of

announced new projects. Hotel rooms of \$28m development cost are under construction and \$27m announced in "other" regions outside of the 7 main tourism regions.

Investors Forum is currently the largest promoter of strata title hotel / serviced apartment development in New Zealand, marketing 5 such projects in New Zealand and 2 in the South Pacific (Fiji and Cook Islands). These include Pounamu in Queenstown which includes a boutique luxury hotel in the next construction phase.



IMPORTANT EVENTS

New Zealand Tourism Conference

Date: 19 - 21 Sept. 2005

Venue: SkyCity, Auckland

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16th Annual Hotel Investment Conference Asia Pacific (HICAP)

Date: 12 - 14 October 2005

Venue: InterContinental Hong Kong

Registration: www.burba.com

x x x

5th SPTO Conference - "Tourism: Investment in Our Future"

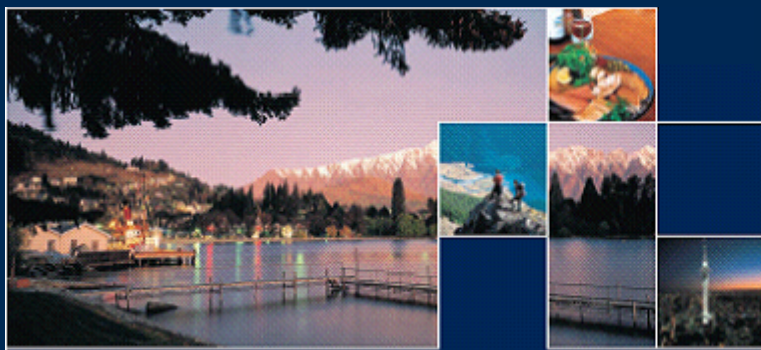
Date: 17 - 21 October 2005

Venue: Port Moresby

Registration: www.spto.org

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- Economic impact research & analysis



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AUSTRALIA

4. AUSTRALIA, NEW ZEALAND AND PACIFIC HOTEL INVESTMENT CONFERENCE (ANZPHIC) 2005

The 5th Annual ANZPHIC was held in Sydney on the 23rd and 24th of June 2005 and was attended by a record 350 delegates, including 40 from New Zealand. The key results from the 21st hotel survey of operations of Australian and New Zealand hotels for 2003-04 included increased RevPAR (Revenue per Available Room) for city hotels and resorts over the previous year and decreased RevPAR for serviced apartments. Despite RevPAR increasing, income (before fixed costs) for hotels remained at 27% due to increases in staff and energy costs. Despite a positive operating environment for hotels, new developments are few and far between, due to significant increases in land and development costs in recent years in Australia and New Zealand.

Performance of the hotel industry in all key tourism markets was reported at the conference, based on the hotel survey, except for Auckland which was mentioned by the presenter as lacking in sufficient participation from the Auckland hotel industry. This was a "shame" and "a missed opportunity" according to some of the New Zealand attendees, because of the strong increase in RevPAR performance in Auckland and most other centres in recent years, the high number of New Zealand attendees to the conference, the benefit of such information for a transparent hotel and serviced apartment investment market and that some hotel owners and operators had completed surveys for their hotels.

5. SONNENBLICK-GOLDMAN'S 2005 SURVEY OF KEY INVESTORS AND LENDERS - AUSTRALIA AND NEW ZEALAND HOTEL INDUSTRY

Investor sentiment has continued to improve further following a sharp improvement in 2004. Investor attention is focussed on improving industry conditions, with recent RevPAR growth in many key markets, fuelled by continuing economic positives, increased global travel and limited new hotel supply.

Investors ranked 8 types of hotels by their achieved Return On Investment (highest returns first). The first three categories of hotel have secured the highest levels of investor support in each of the past four years. Serviced apartments' ranking dropped from first to third, whilst first class hotels' ranking improved from 5th to 4th.

Rank	Location	2005 Avg.		2004 Avg.	
		on '04	on '03	on '04	on '03
1.	Sydney	7.6	↓	7.8	↓
2.	Brisbane	8.6	↓	9.1	↓
3.	Melbourne	8.9	↑	8.6	↓
4.	Wellington	9.2	↓	10.2	↓
5.	Canberra	9.5	↓	10.3	↓
6.	Hawaii	9.6	N/A	N/A	N/A
7.	Auckland	9.7	=	9.7	↓
8.	Perth	9.8	↑	9.6	↓
9.	Christchurch	9.9	↓	10.1	↓
10.	Sunshine Coast	10.0	N/A	N/A	N/A
11.	Adelaide	10.2	↓	10.6	↓
12.	Tasmania	10.3	↓	10.4	↓
13.	Darwin	10.4	↓	10.5	↓
14.	Queenstown	10.5	↑	10.0	↓
15.	Gold Coast	10.7	↑	9.9	↓

Hotel Category	2005		2004		2003
	on '04	on '03	on '04	on '03	
Budget	1	↑	2	↓	1
Mid Market	2	↓	4	=	4
Serviced Apartment Hotel	3	↑	1	↑	3
First Class	4	↑	5	=	5
Backpackers	5	↓	3	↓	2
Luxury	6	=	6	↑	7
Boutique	7	=	7	↓	5
Resorts	8	=	8	=	8

SOUTH PACIFIC

6. FIJI HOTEL ACCOMMODATION DEMAND

International visitor arrivals grew 13% in August 2004 driven by an increase in visitors from all markets, particularly in relation to Oceania up (17.9%) (including Australia, New Zealand and other Pacific Islands) and America (up 10.5%). The Average Length of Stay (ALS) grew 0.4%, driven mainly by the Asian and American markets.

International Visitor Arrivals: Fiji

	Month of August 2004					Year Ended August 2004		
	Visitors		Average Length of Stay		Visitors	Average Length of Stay		
	No	% Change	No	% Change				
Oceania	29,913	+17.9%	↑	8.9	-1.2%	↓	283,281	9.0
Americas	7,058	+10.5%	↑	10.7	+0.4%	↑	77,179	8.1
Asia	5,418	+4.8%	↑	9.6	+10.1%	↑	47,687	9.0
Europe	6,520	+2.0%	↑	8.1	-1.2%	↓	72,014	7.6
Other	138	+35.3%	↑	9.5	+23.4%	↑	1,963	8.3
Total	49,047	+13.0%	↑	9.1	+0.4%	↑	482,124	8.6

(Source: Fiji Bureau of Statistics)

YOY arrivals reached 482,124 visitors with an ALS of 8.6 days. Key markets include Oceania (59% of total visitor arrivals), followed by America and Europe with 16% and 15% of total visitor arrivals respectively.

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CONTACT US:

Stephen Hamilton:
stephen.hamilton@horwath.co.nz

DDI: (+64) 9 306 3446

Terry Ngan:
terry.ngan@horwath.co.nz

DDI: (+64) 9 306 3447

Level 14 Forsyth Barr Tower
55—65 Shortland Street
PO Box 628
Auckland 1015
New Zealand

Main: (+64) 9 309 8898

Fax: (+64) 9 309 8980

Website: www.hap.horwath.co.nz

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