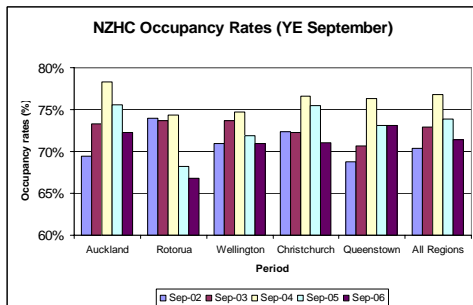


# Hotel E-Newsletter November 2006

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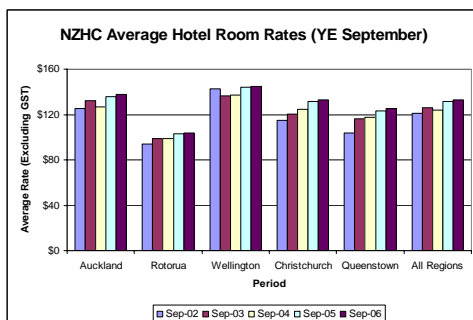
## 1. NEW ZEALAND HOTEL COUNCIL ("NZHC") STATISTICS

The NZHC reports monthly regional averages for key performance indicators including room occupancy, room rate and RevPar of its member hotels which account for the majority of 3-5 star hotels. HAPL, which subscribes to the statistics, will comment on highlights of these monthly results in our Hotel E-Newsletters. The following extracts relate to the year ended (YE) 30 September 2006. We support NZHC's decision to publish hotel performance statistics (on a subscriber basis) in the interests of developing a more informed market.



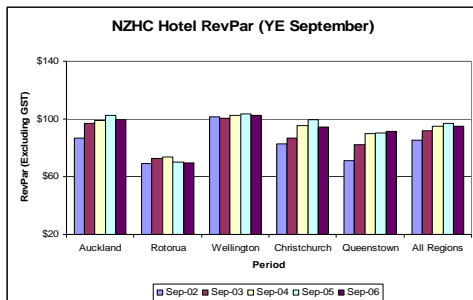
### (i) Hotel Room Occupancy Rates

Overall average occupancy for all regions for YE September 2006 was 71.6%, down from 73% in 2005. All regions experienced decreases, except Queenstown where occupancy of 72% was the same as for 2005. The highest overall occupancy achieved in the last 5 years was 2004 at 76.8%.



### (ii) Hotel Average Room Rates

The overall average room rate for all regions (\$133) for the YE September 2006 increased by 1.2% over 2005. The \$12 or 10% increase since 2002 represents a 2.4% average annual increase over the past 4 years, similar to the inflation rate over the period. The most significant increases in 2006 over 2005 occurred in Queenstown and Auckland at 1.5% and 1.4% respectively (to \$125 and \$138).



### (iii) Revenue Per Available Room (RevPAR)

The overall revenue per available room for all regions (\$94.90) for the YE September 2006 decreased by 2.2% from 2005. However, the \$10 or 11.5% increase since 2002 represents a 2.8% average annual increase over the past 4 years. The most significant decreases in 2006 over 2005 occurred in Christchurch and Auckland at 4.9% and 3.0% respectively. Queenstown was the only region to record an increase (1.5%) in RevPAR.

## 2. PERFORMANCE OF THE HOTEL INDUSTRY AND SERVICED APARTMENTS

All regions except Hawke's Bay (-6.9 pts), Christchurch (-1.4 pts) and Taupo (-1.2 pts) experienced an increase in hotel occupancy in August 2006 compared to 2005. Motel and self catering occupancies also increased in most regions, with the most significant increase in Hawke's Bay (+6.2%).

Hotel and Motels / Self Catering: Average Occupancy Rates - Period Ended August 2006

August 2006 RTO	Hotels				Motels and Self Catering			
	Month		12 Months Ended		Month		12 Months Ended	
	AOR	Change Occ. pts	AOR	Change Occ. pts	AOR	Change Occ. pts	AOR	Change Occ. pts
Auckland	60.6%	+3.1 ↑	62.0%	-5.4 ↓	55.9%	+3.0 ↑	57.9%	-1.6 ↓
Rotorua	49.3%	+8.0 ↑	60.7%	-1.5 ↓	44.1%	+0.8 ↑	52.7%	-4.3 ↓
Wellington	61.1%	+1.8 ↑	64.0%	-1.7 ↓	59.1%	+0.3 ↑	64.7%	-4.5 ↓
Christchurch	50.2%	-1.4 ↓	60.0%	-4.5 ↓	42.2%	+1.8 ↑	54.9%	-2.8 ↓
Queenstown - Lakes and Central Otago	68.1%	+1.0 ↑	60.3%	-0.5 ↓	64.1%	-0.7 ↓	56.9%	-5.0 ↓
Taupo	34.7%	-1.2 ↓	42.7%	-5.2 ↓	44.1%	-1.2 ↓	53.7%	-4.0 ↓
Northland	30.6%	+2.6 ↑	42.0%	+0.2 ↑	37.8%	-0.2 ↓	51.0%	-0.7 ↓
Hawke's Bay	37.9%	-6.9 ↓	30.0%	+1.3 ↑	53.1%	+6.2 ↑	59.8%	+1.0 ↑

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

Year on Year (YOY) August 2006, Wellington achieved both the highest hotel occupancy at 64.0% and motel and self catering occupancy at 64.7%. YOY hotel occupancy in all regions except Hawke's Bay (+1.3 pts) and Northland (+0.2 pts) decreased. All regions (except the Hawke's Bay) experienced a decline in motel and self catering YOY occupancy, with the largest decrease experienced in Queenstown (-5.0 pts).

## IMPORTANT EVENTS

**7th Annual Australia, New Zealand and Pacific Hotel Investment Conference (ANZPHIC)**

Date: June 2007

Venue: Hilton, Sydney

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**17th Annual Hotel Investment Conference Asia Pacific (HICAP)**

Date: 11-13 October 2006

Venue: InterContinental Hong Kong

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- Market supply / demand analysis
- Financial feasibility studies
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- Operational & financial projections
- Due diligence reviews
- Development concept reviews
- Operator search & selection
- Hotel investor search / selection
- Management contract negotiations
- Expert opinion reports
- Valuation support (in conjunction with valuers)
- Litigation support & mediation
- Financial performance improvement reviews
- Asset management reviews
- Budget Review & Analysis
- Strategic and business planning
- Economic impact research & analysis

**3. INTERNATIONAL VISITOR ARRIVALS - NZ**

International visitor arrivals increased 1.7% in September 2006, predominately due to visitors from Asia (+16.7%) and Other Countries (+13.6%).

**International Visitor Arrivals – September 2006**

	Month of September 2006		Year Ended September 2006 / YOY			
	Visitors		Visitors		Avg. Intended Length of Stay	
	No.	% Change	No.	% Change	Days	% Change
Australia	82,404	-1.8%	884,056	+0.9%	12.1	+1.8%
Americas	14,301	+5.7%	290,931	+4.4%	20.6	-0.4%
Asia (Excl. Jap)	26,586	+16.7%	371,844	+1.8%	18.6	+6.4%
Japan	7,602	-21.6%	141,291	-11.5%	15.0	+7.0%
UK / Europe	21,840	+5.1%	498,123	-3.3%	33.0	+4.5%
Other	13,650	+13.6%	185,538	+1.1%	29.7	+2.9%
<b>Total *</b>	<b>166,531</b>	<b>+1.7%</b>	<b>2,383,940</b>	<b>-0.7%</b>	<b>20.3</b>	<b>+3.0%</b>

(Source: Statistics New Zealand – International Visitor Arrivals)

Note: \* Total visitor counts are actual counts and may differ from the sum of the individual figures for different countries, which are derived from samples.

YOY arrivals decreased slightly at -0.7%, mainly due to visitors from Japan (-11.5%), with the largest increase in the American market of (+4.4%). There is growth in the average intended length of stay across all markets (except America), with the most significant increase occurring in the Japanese and Asian markets at 7.0% and 6.4% respectively. The average intended length of stay increased 3.0% to 20.3 days in the year ended September 2006.

**4. NEW SUPPLY - HOTEL / SELF CATERING / SERVICED APARTMENTS**
**Hotel / Self Catering / Serviced Apartment Supply Status by Main RTO (Rooms)**

	AKL	ROT	WLG	CHCH	QIN	TPO	DUN	Other
Supply at 1/1/05	10,846	3,015	3,202	6,554	4,042	1,587	1,547	22,545
New Supply Jan – Dec 05	597	124	371	273	207	26	103	794
<b>Total Supply as at 1/1/06</b>	<b>11,443</b>	<b>3,139</b>	<b>3,573</b>	<b>6,827</b>	<b>4,249</b>	<b>1,613</b>	<b>1,650</b>	<b>23,339</b>
New Supply Jan – Oct 06	340	0	87	88	18	0	0	64
Potential New Supply – Under Construction	842	0	280	455	453	0	0	222
Potential New Supply – Publicly Announced	243	0	142	240	975	98	195	850
<b>Total Supply 31/7/06</b>	<b>12,868</b>	<b>3,139</b>	<b>4,082</b>	<b>7,610</b>	<b>5,677</b>	<b>1,711</b>	<b>1,845</b>	<b>24,475</b>
% Change on 1/1/05	18.6%	4.1%	27.4%	16.1%	40.5%	7.8%	19.2%	8.5%
% Change on 1/1/06	12.4%	-	14.2%	11.5%	33.6%	6.0%	11.8%	4.8%

Note: \* Excludes proposed new supply not publicly announced

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

Three new 5-star hotels totalling 700 rooms were announced in September 2006 by Melview Holdings, to be developed at Kawarau Falls in Queenstown with construction commencing in late 2006. Queenstown is now facing a potential 33% increase in total supply of hotels and serviced apartments compared to that at 1 January 2006. This includes hotels planned for Jacks Point but not Remarkables Park.

**5. AUSTRALIA- INTERNATIONAL VISITOR ARRIVALS**

International visitor numbers increased 3.4% in the month of September 2006, with increases from all markets (especially America and Other) except for Japan (-8.8%) and Asia (-2.1%). International visitors decreased -0.4% in the year ended September 2006, driven by a decrease in the Japanese (-4.8%) and New Zealand (-2.2%) markets.

**International Visitor Arrivals - September 2006**

	Month of September 2006		12 Months Ended September 2006			
	Visitors		Visitors		Growth of New Zealand (YE Sept 2006)	Growth of Australia compared with New Zealand
	No.	% Change	No.	% Change		
New Zealand	113,000	+2.3%	1,070,000	-2.2%	+0.9%	↓
Americas	40,200	+11.0%	603,300	+3.1%	+4.4%	↓
Asia (Excl. Jap)	101,600	-2.1%	1,519,100	-0.6%	+1.8%	↓
Japan	52,100	-8.8%	661,800	-4.8%	-11.5%	↑
UK / Europe	89,500	+4.8%	1,311,000	+0.9%	-3.3%	↑
Other	10,800	+5.9%	148,600	+4.5%	+1.1%	↑
<b>Total</b>	<b>428,400</b>	<b>+3.4%</b>	<b>5,462,400</b>	<b>-0.4%</b>	<b>-0.7%</b>	↑
Comparison; NZ Total	<b>166,531</b>	<b>+1.7%</b>	<b>2,383,940</b>	<b>-0.7%</b>		

(Source: Australian Tourism Commission – International Visitor Arrivals (preliminary data))

In comparison to Australia, New Zealand markets also experienced an increase in visitor numbers during the month of September, as well as a YOY decline. However, for the year ended September 2006, New Zealand recorded an increase (0.9%) in Trans-Tasman tourism, while the Australian market experienced a decline for YE September (-2.2%). The American and Asian (excluding Japanese) markets were the only other source markets with higher visitor growth to New Zealand compared to Australia.

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