

Hotel E-Newsletter September 2005

NEW ZEALAND

1. PERFORMANCE OF THE HOTEL INDUSTRY AND SERVICED APARTMENTS

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

June 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	56.9%	-4.2 ↓	68.4%	-0.2 ↓	52.0%	-1.3 ↓	59.3%	-0.7 ↓
Rotorua	48.5%	+0.2 ↑	64.6%	-2.3 ↓	45.3%	+3.4 ↑	57.4%	+2.8 ↑
Wellington	61.5%	-2.0 ↓	65.8%	-0.2 ↓	63.6%	+4.3 ↑	69.3%	+0.7 ↑
Christchurch	57.9%	+9.8 ↑	65.3%	+1.9 ↑	45.8%	+4.5 ↑	58.2%	-0.3 ↓
Queenstown – Lakes and Central Otago	37.7%	+2.7 ↑	60.9%	+1.4 ↑	34.8%	-4.9 ↓	63.1%	+0.4 ↑
Taupo	44.6%	+0.8 ↑	49.2%	+0.5 ↑	45.0%	+0.1 ↑	57.9%	+0.3 ↑
Dunedin / Clutha	42.1%	-6.5 ↓	54.8%	-5.0 ↓	54.6%	-3.2 ↓	67.8%	-2.6 ↓

Note: Serviced and self catering apartments included in 'Motels and Self Catering'

(Source: Commercial Accommodation Monitor)

Christchurch was the star performer in June 2005 up 9.8 pts from 2004 for hotels and 4.5 pts for motels, partly due to the Lions Tour. Auckland and Dunedin experienced the biggest hotel occupancy drop compared to June 2004, down 4.2 pts and 6.5 pts. Motel and self catering occupancies for June 2005 increased strongly in Rotorua (3.4 pts), Wellington (4.3 pts), and Christchurch (4.5 pts) but Queenstown was down 4.9 pts.

The highest hotel occupancy YOY 2005 was in Auckland with 68.4%, slightly down on 2004, whilst Wellington led all regions in motel/self catering occupancy YOY 2005 with 69.3%. YOY Christchurch and Queenstown had the highest hotel occupancy growth of 1.9 pts and 1.4 pts, whilst Auckland, Rotorua and Wellington experienced decreases. Rotorua had the highest motel / self catering growth (2.8 pts).

2. INTERNATIONAL VISITOR ARRIVALS - NEW ZEALAND

International Visitor Arrivals – July 2005

	Month of July 2005		Year Ended July 2005				
	Visitors		Visitors		Avg. Intended Length of Stay		
	No.	% Change	No.	% Change	No	% Change	
Australia	66,960	-6.3 ↓	870,320	+8.7 ↑	11.8	-5.7 ↓	
Americas	18,552	-5.7 ↓	279,526	+3.3 ↑	20.6	+1.2 ↑	
Asia / Japan	36,168	-5.3 ↓	527,505	-0.3 ↓	17.4	-9.2 ↓	
UK / Europe	28,344	+16.1 ↑	514,296	+8.8 ↑	31.5	-3.7 ↓	
Other	13,944	-5.0 ↓	183,198	-8.8 ↓	28.8	-0.5 ↓	
Total	168,422	-2.8 ↓	2,398,862	+5.3 ↑	19.7	-4.8 ↓	

(Source: Statistics New Zealand – International Visitor Arrivals)

International visitor arrivals decreased 2.8% in July 2005 with all markets, except UK / Europe, declining 5% or more. UK / Europe grew 16.1% as a result of the Lions tour in New Zealand. YOY arrivals grew 5.3% mainly due to visitors from Australia and Europe, both up over 8%. YOY the average intended length of stay declined (4.8% to 19.7 days overall) which occurred in all markets particularly in Australia and Asia, and the only market that went against the trend was the Americas. This, combined with a visitor decrease for July 2005, is a trend which should be of concern for the accommodation sector.

3. HOTEL / SERVICED APARTMENT SUPPLY STATUS

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

	AKL	ROT	WLL	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 Year to Date	316	38	162	133	112	23	40	191
Total Current Supply	11,162	3,053	3,364	6,687	4,154	1,610	1,587	22,736
Potential New Supply Under Construction / Announced (Net)	546	0	367	345	764	30	0	401
Total Supply	11,708	3,053	3,731	7,032	4,918	1,640	1,587	23,137
% Change on 1 January 2005 Supply	7.9%	1.3%	16.5%	7.3%	21.7%	3.3%	2.6%	2.6%

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

Queenstown faces the highest potential growth (21.7%) in new hotel and serviced apartment supply of all regions, followed by Wellington 16.5% and Christchurch 7.3%. The potential new supply in these regions, combined with slowing overseas visitor growth, and decreasing



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

Kong

Registration: www.burba.com

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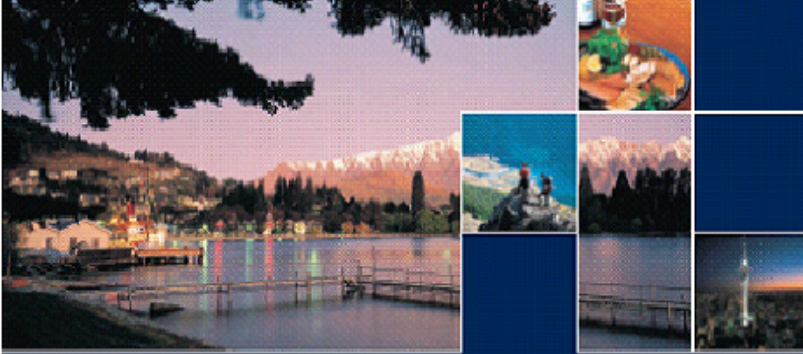
5th SPTO Conference - "Tourism: Investment in Our Future"

Date: 17 - 21 October 2005

Venue: Port Moresby, PNG

OUR CORE SERVICES:

- Market supply / demand analysis
- Financial feasibility studies
- Risk & investment analysis
- 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. HOTEL / SERVICED APARTMENT SUPPLY STATUS (CONT.)

length of stay (together with decreasing domestic visitor growth) could have an adverse impact on hotel and serviced apartment occupancies.

Eureka Funds Management Group in Australia, announced in September 2005 it will buy 10 properties in Australia, New Zealand and Fiji, from InterContinental Hotels Group for US\$291 million. InterContinental will retain management rights of the properties. Properties in the portfolio include the InterContinental Wellington, three Crowne Plaza hotels and five Holiday Inn hotels in Australia and Holiday Inn Suva in Fiji. Amora Group of Thailand bought the Duxton hotel portfolio in New Zealand (in Auckland, Wellington and Rotorua) for \$52.5 million in August 2005.

AUSTRALIA

4. INTERNATIONAL VISITOR ARRIVALS - AUSTRALIA

International Visitor Arrivals – July 2005

	Month of July 2005			Year Ended July 2005				
	Visitors			Visitors		Growth of New Zealand (YE July 2005)		
	No.	% Change	↑	No.	% Change			
New Zealand	113,900	+5.4	↑	1,088,100	+14.4	↑	NA	NA
Americas	56,700	+2.5	↑	582,600	+5.2	↑	+3.3	↑
Asia / Japan	198,500	+3.3	↑	2,211,100	+4.7	↑	-0.3	↓
UK / Europe	105,600	+10.9	↑	1,289,300	+3.3	↑	+8.8	↑
Other	27,400	-1.1	↓	264,100	+3.6	↑	-8.8	↓
Total	502,000	+6.4	↑	5,440,000	+6.4	↑	+5.3	↑
Comparison with NZ	168,422	-2.8	↓	2,398,862	+5.3	↑	NA	NA

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

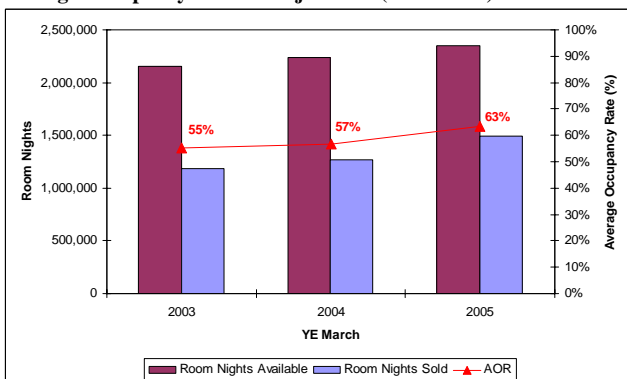
International visitor arrivals grew 6.4% in July 2005, driven by New Zealand (5.4%) and Europe (10.9%). International visitor arrivals increased 6.4% YOY July 2005 driven by a 14.4% increase in visitors from New Zealand and growth in all other markets.

By comparison with Australia, New Zealand inbound markets have experienced lower YOY growth. Asian / Japanese visitors to New Zealand YOY decreased 0.3% but rose 4.7% to Australia, and arrivals from the Americas to New Zealand rose 3.3% compared with 5.2% to Australia.

SOUTH PACIFIC

5. INTERNATIONAL VISITOR ARRIVALS - FIJI

Average Occupancy Rate for Fiji Hotels (YE March)



(Source: Fiji Bureau of Statistics)

Fiji hotels achieved an average occupancy rate of 63% in the year ended March 2005, an increase of approximately 11% or 6 percentage points over 2004. Room supply increased by approximately 606 rooms from 2004 to 2005, whilst significant growth in demand of 12% per annum from YE March 2003 to 2005 occurred, assisting hotel occupancy growth.

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