



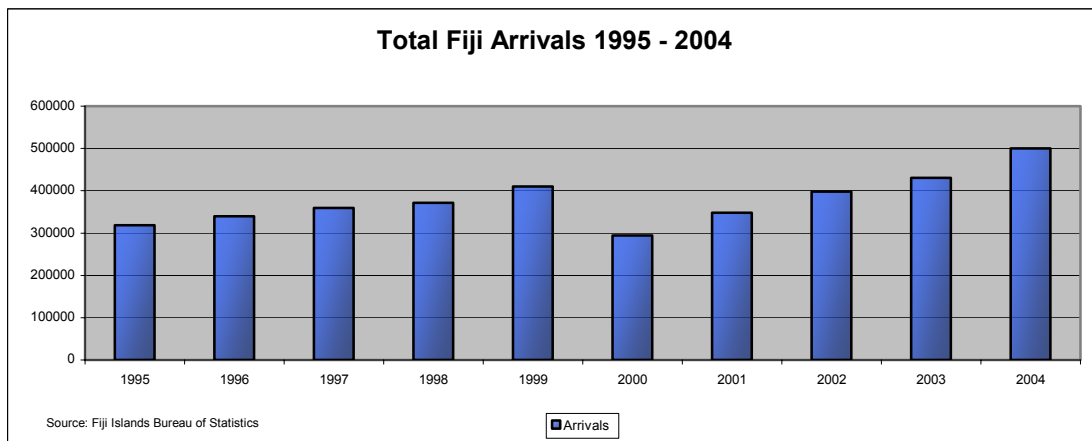
2006 Australia, New Zealand & Pacific Hotel Investment Conference

June 2006

FIJI MARKET UPDATE

International Visitor Arrivals

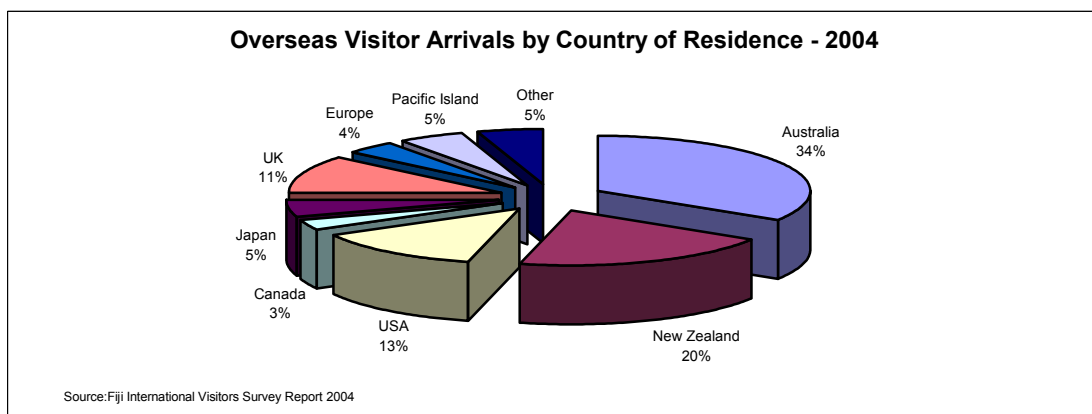
Following the dramatic fall in visitor arrivals resulting from the May 2000 coup, Fiji implemented an International Plan of Action with the objective of re-establishing its tourism industry. As a result of those initiatives and other key factors such as new airline capacity provided by Air Pacific, new investment capital from New Zealand and Australia "mum and dad" investors and destination switching from Bali after the bombings and security breaches in that country, visitor numbers have increased markedly, with Fiji experiencing strong annual growth in International visitor arrivals, including 16% growth in 2004 to 500,000 visitor arrivals.



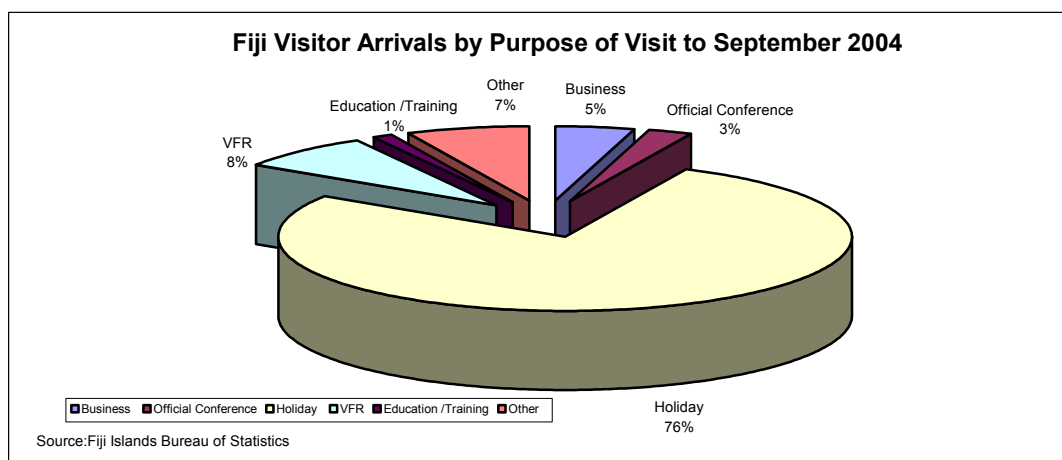
Looking forward, visitor arrivals are forecast to grow at an average annual rate of 5% between 2005 and 2010 (source: Fiji Visitors Bureau and Air Pacific).

International Visitor Arrivals by Country of Residence

In 2004 Australia and New Zealand represented 54% of visitor arrivals to Fiji followed by United States and United Kingdom which collectively accounted for 24%.



The dominant reason visitors travel to Fiji is Holiday (76%). New conference facilities within the 5 star hotels now being constructed are expected to increase the level of demand from that market segment above the current 3% contribution.



Airline Capacity

National carrier, Air Pacific, will acquire five new Boeing 787-9 Dreamliner aircraft, which will commence service in 2011 and 2012. The Dreamliner will be capable of operating non-stop with full loads (320-passengers) to new routes between Fiji and China (including Beijing and Shanghai), India (including New Delhi and Mumbai) and US East Coast/South America.

In addition to Air Pacific, Fiji is also serviced by the following major airlines:

Airline	Country of Origin
Qantas	Australia
Air New Zealand	New Zealand
United Airlines	America
American Airlines	America
Korean Airlines	Korea
Freedom Air	New Zealand
Pacific Blue	Australia

Source: Industry sources

Flights from Australia and New Zealand represent approximately 60% of flights into Fiji in a given week, with at least daily flights from Sydney, Brisbane and Auckland and 4 flights per week from Melbourne.

Currently there are 3 flights per week from Korea arriving into Fiji, with flights from the US and Canada accounting for approximately 12 flights per week.

Whilst the increased airline capacity has to date been most relevant to budget travelers, over the next few years it is also expected to become an important consideration in servicing the needs of upscale travelers, including business class passengers into Fiji, as the wave of planned 5 and 4 star hotel rooms and condominiums begin to emerge over the next few years.

Economy & Tourism

After the recession of 2000 which followed the coup, Fiji has experienced a period of relatively strong

and sustained economic expansion with GDP growing at an average rate of 3.5% per annum between 2001 and 2004 and albeit slower growth in 2005.

The outlook for 2006 is for growth to slow further, due to reduced activity in the garment and sugar industries, which accounted for approximately 37% of total exports in 2004.

The economy wide impact of the manufacturing contraction is expected to be offset to some degree, by current construction activity, predominantly in the hotel accommodation sector, which is anticipated to ease in 2006 and contract in 2007. Expansion in agriculture, forestry, mining and fisheries is expected to be positive in 2006 and subsequently slowing in 2007.

The average annual rate of inflation is forecast at around 3.0% for calendar 2005 and 4.0% for 2006.

The tourism industry contributes between 35-40% towards Fiji's GDP. Tourism earnings for 2004 are estimated at \$ 682 million and are estimated to grow to \$ 917 million in 2007, which would indicate that the industry is well on its way to achieving the goal of becoming a billion dollar industry in the very near future.

Accommodation Regions of Fiji

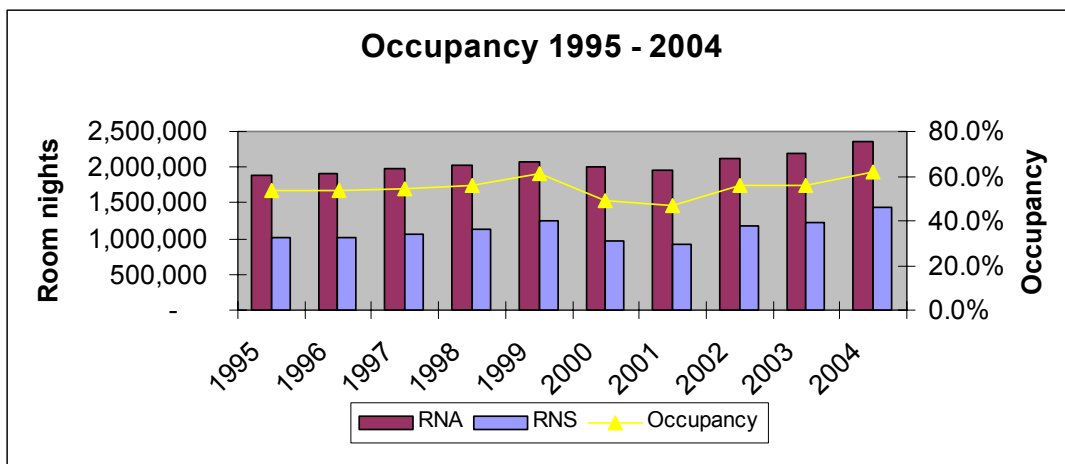
The Fiji accommodation market can be represented amongst the following regions as detailed in table below which identifies room nights available as at December 2004 and average daily rates as at June 2005:

Area of Location	Room Nights Available (RNA)	RNA %	Average Daily Rate (Fiji\$)
Suva – Viti Levu	397,485	17	85
Nadi – Viti Levu	766,135	33	138
Lautoka – Viti Levu	136,875	6	119
Coral Coast – Viti Levu	501,510	21	197
Mamanucas	304,410	13	301
Northern Divisions	190,895	8	261
Other	51,100	2	137
TOTAL	2,248,410	100	171

Note: Different timeframe, so broad indicator only.
Source: Fiji Islands Bureau of Statistics

Viti Levu comprises the majority of accommodation, accounting for some 77% total Fiji room nights.

Summarised below are achieved occupancy trends for all Fiji Hotels and resorts.



Despite international visitors increasing 8% in 2003, occupancy levels remained relatively flat suggesting increases in demand were met by new room supply and may have also represented an increase in visitors in the "visiting friends and relatives" segment, who are typically not users of commercial accommodation.

In 2004 Nadi achieved the highest occupancy level at about 72.5% followed by Mamanuca (70.5%) and Coral Coast (68%).

Average Daily Rate (ADR) varies across each of the respective regions. Highest ADR's are observed in the Mamanuca region averaging just over \$300 followed by the Northern Region of approximately \$260. Nadi, which has the highest concentration of rooms achieved an average daily rate of approximately \$138. The lowest ADR's are achieved in the Suva region and approximate \$85. Boutique properties with around 50 rooms, which are more commonly located on Fiji's outer islands, command a significantly greater ADR than those properties having a larger room base.

Conclusion

The Fiji tourism industry has proven to be remarkably resilient, having overcome the impact of political coups, as well as events such as September 11, SARS and terrorist related impacts. Tourism visitation rebounded very quickly in Fiji after the most recent coup, evidencing the preparedness of most travelers from Australia and New Zealand in particular, to shrug off periodic political events in Fiji as part of the ongoing domestic environment that by and large does not represent a direct threat to tourists.

The Fiji Government is a strong supporter of the Fiji tourism industry and has introduced a number of tax investment incentives to stimulate growth. The tax incentives and the high level of regard that many Australians and New Zealand tourists have for Fiji and its people, has fueled an unprecedented phase of investment in the tourism industry in Fiji which has seen considerable additions to supply both on Fiji's main island and outer islands. Fiji's new accommodation facilities have also resulted in the arrival of a number of international hotel operators such as Hilton, Accor, Marriott, Radisson, and Trendwest who will join existing established operators such as Starwood, Shangri-La and InterContinental Hotel Group. Collectively these brands will also create induced demand for Fiji as a destination.

The expectation is that following the up-stamp in tourism facilities and infrastructure, Fiji will establish itself as an even larger player in the Pacific tourism market. With considerable new additions to supply, the Fiji tourism bodies together with the existing and new operators will have a significant challenge in creating additional demand to absorb the new supply. The safe haven status of Fiji, its increasing exposure as a viable and attractive resort destination and new and refurbished facilities all represent positive factors which should assist Fiji in achieving its intended objective of enhancing its status and scale as a major tourism destination within the Pacific Island region.

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