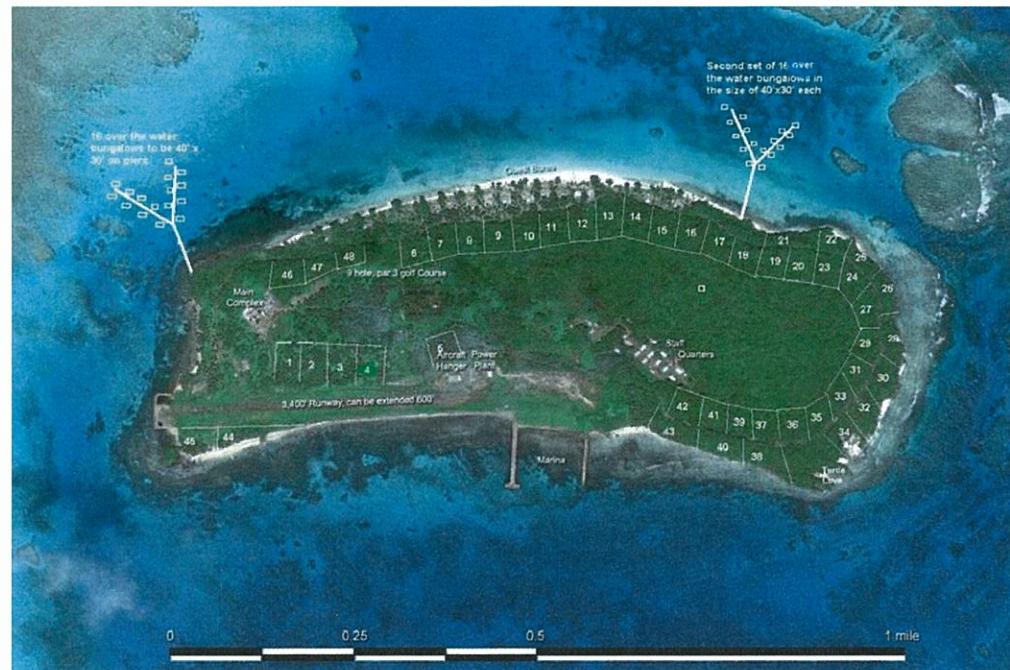




VALUATION:
KATAVAGA ISLAND RESORT
NORTHERN LAU, FIJI ISLANDS



CLIENT:
MR JOHN MILLER for LE GROUPE DES INSULAIRES
SUVA, FIJI ISLANDS

LANDPROP VALUATIONS AND CONSULTANCY SERVICES



Property Valuations; Property Management; Property Leasing; Property Development;
Office: VILLA 257, VITILEVU DRIVE, PACIFIC HARBOUR, P O BOX 14190, SUVA
MOB: 9254630, AFTER HRS: 3450646, E-MAIL: slomai@yahoo.com

23rd November, 2007

Mr. John Miller
Le Groupe des Insulaires Trust & Ltd
P.O. Box 11614
Suva, Fiji

RE: CURRENT MARKET VALUATION REPORT OF KATAVAGA ISLAND

In compliance with your instructions I inspected the above referenced property on 1st November, 2007 and the following is my report as at the inspection date.

This report is made for valuation purposes only and does not purport to be an engineering or structural survey of the land or improvements thereon.

DATE OF INSPECTION:

1st November, 2007

DATE OF VALUATION

23rd November, 2007

PURPOSE OF VALUATION

To prepare a current fair open market value of the whole island inclusive of resort and all improvements thereon, any or all of the forty eight (48) residential lots, and up to thirty two (32) overwater units (both to be approved by the Rural Housing Authority) subject to proper title and prevailing market conditions.

BASIS OF VALUATION

The assessment of market value has been undertaken using the comparative market approach to valuation and is supported by available information on existing operational high end resort facilities and residential tourism based beach front lot sales around the Viti Levu coastal areas and outlying islands.

Market Value is defined as the estimated amount for which the property should exchange on the date of valuation between a willing buyer and willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

LEGAL DESCRIPTION

The island falls under the Certificate of Title Register Vol. 40 / Folio 3931 freehold properties and more particularly, described as located at Longitude one hundred seventy eight degrees forty minutes West, Latitude seventeen degrees thirty one minutes South, in the Northern Lau Group of the Fiji Islands, a copy of which is attached to this report and incorporated herein. The subject property is situated close to the most Eastern part of the Fiji Islands (Figure 1B).

The proposed residential tourism lots 1- 48 shown on the satellite photo layout, if subdivided, would be registered as leasehold or freehold title, depending on what type, if any, conveyance the owner makes.

DESCRIPTION OF LOTS

LOTS 1-5

Lots 1 to 5 are located on the Southeastern side of the island, on the gently sloping hill overlooking the runway and Eastern lagoon, backing up to the 8th and 9th fairways of the golf course, with access from the proposed top road; the lots measure approximately 4,446 square meters each.

The land along this ridge is planted with attractive established vegetation including many trees such as Vesi, Nokonoko, Vauvau, and Plumeria plus ferns and coconut palms. While these lots are not comparatively the best on the island, they do have an unobstructed sea view with its many colour variations, from light and darker blues to turquoise green where the sea stretches over shallow reef and lagoon and out beyond the deep with good panoramic views of the Katavaga reef break and the profile of Tuvuca Island, 20KM to the South.

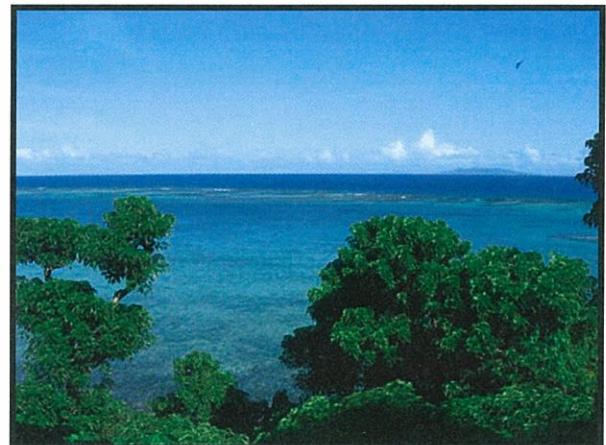


LOTS 6 - 27

Observations of lots 6 to 27 are described herein below and the locations are shown on the satellite map with each numbered lot measuring approximately 4,446 square meters.

These desirable lots are located along the ridge on the Western side of the island, overlooking villas 1 to 17 of the resort which sit on the long white sand beach facing the calm lagoon; the terrain is generally rocky, with a moderately steep slope, but a flat building plateau at the top and in various places down the incline make construction of hillside residences easily possible. The access road for these lots is on the upper side adjacent to greens 1 and 2 of the golf course. Foliage includes trees such as Acacia, Breadfruit, Vesi, and Vauvau plus ferns, shrubs and towering palms. These lots have unobstructed panoramic views of the island's continuous reef break and several islands on the horizon, including

Mago, Vanua Balavu, and Munia to the West and Tuvuca and Vekai to the South. As well, these lots enjoy evening sunsets, which many buyers may consider a plus. The colours of the unique sandy bottomed lagoon run from turquoise green and brilliant blue out to the reef and deep blue beyond.



There are no observable topographical or known geographical obstacles to building residential structures on these or any of the proposed lots.

DESCRIPTION OF LOTS CONT'D

LOTS 29, 31, 33, 35, 36, 37, 39, 41, 42



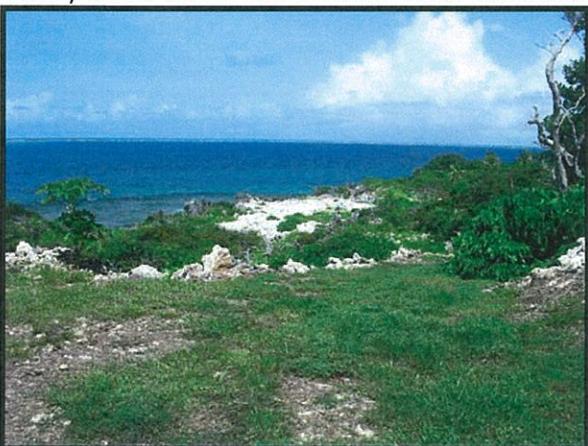
The above lots continue on the same crest along the North and Northeast edge of the island, as shown on the satellite map, each numbered lot having an approximate area of 4,446 square meters.

The land in this area is generally flat with volcanic rock outcroppings, meaning the lots could be cleared or the residences could be built around the outcroppings. The access road is in front of the lots on the seaside looking out toward the North reef entrance to the Eastern side of the island. Dense vegetation covers the area with many mature Vesi, Nokonoko, and Vauvau trees. While these lots are not sea frontage, they do overlook the main lagoon entrance with views of Mago, Vanua Balavu, Munia, and Cikobia islands. The North end of the island is topographically dramatic with sunrise views and cool breezes. Pilot whales, dolphins, turtles, and rays can be seen in the passage which is part of a migratory trail for large marine mammals.

LOTS 21, 22, 26, 28, 30, 32, 39, 40, 43

The above lots are described and as shown on the satellite map, with each numbered lot consisting of approximately 4,446 square meters, more or less.

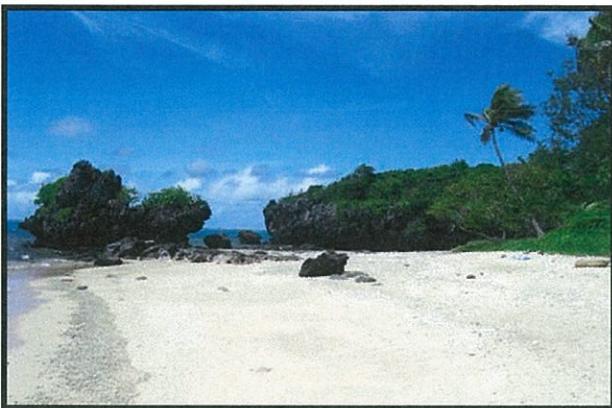
The lots are sea frontage on the North end of the island wrapping around from the West to the East sides; there are a few smaller coral sand beaches with direct water access, a favorite for turtles laying eggs.



The terrain is generally steep and formed from volcanic rock and compressed coral. Lot 34 already has a sloping drive to it and the site has been leveled for construction. Access to these lots is from the established all weather road above with the sea directly in front, providing unobstructed views of the main ship entrance through the reef. The area is planted with many trees like Vesi, Nokonoko, Vauvau plus ferns, rocky shrubs and scattered tall palms. As in the lots above them, the sea frontage lots offer views of Mago, Vanua Balavu, Munia, and Cikobia islands on the Northwest horizon; and the lagoon colours, due to the deeper water right offshore, tend to be darker blue with the sea stretching to the Northeast.

LOTS 44 & 45

The land is described as shown on the satellite map with each numbered lot containing approximately 4,446 square meters.



The proposed lots are located at the Southeast end of the island, adjacent to the runway; the terrain is flat, composed mostly of sandy compacted soil. The lots are easily accessible from the beach, the runway and the road running along side the runway. The lots have full lagoon and reef views to the East and Tuvuca and Aroua islands to the South. The vegetation is less dense because the lots are located on the beach, but there are scattered palms and Vesi trees as well as ground foliage. The lots enjoy morning and afternoon sun as well as panoramic views of the Katavaga reef break and expansive main lagoon and jetty.

LOTS 46, 47, 48

The land designated for these lots is described as shown on the satellite map with each numbered lot measuring 8,092 square meters, more or less.

The land, located on the Southwestern side of the island is generally steep sloped with rocks plus a building plateau at the top or in various places down the slopes; the access road is on the upper side adjacent to greens 1 and 2 of the golf course. Many trees like Vesi, Nokonoko, Vauvau plus ferns, rocky shrubs and tall palms. Not a sea frontage but overlooking the tallest palms for unobstructed views of Mago, Vanua Balavu, and Munia islands on the horizon and the lagoon colours, lights and darker blues to turquoise green where the sea stretches over shallow reef and lagoon and out beyond the reef to the deep water. These lots have good panoramic views of the Katavaga reef break and side views of Tuvuca and Vekai islands.



SUMMARY OF SUBDIVISION SALES POTENTIAL

The subdivided lots when completed could be valued much higher depending on utilities installed, location and views. There have been sales of lots on Wakaya, Vatulele, Yasawa and other exclusive islands ranging in price from one to five million USD each with some custom homes valued at 10 to 15 million USD. In my estimation this is a very lucrative and tested way to pay for the island development, create a pool of individual homes for the resort to rent out for \$5,000 - \$10,000 USD per night, as well as generating an endless income stream from management of the properties.

KATAVAGA ISLAND - A TOURISM OVERVIEW



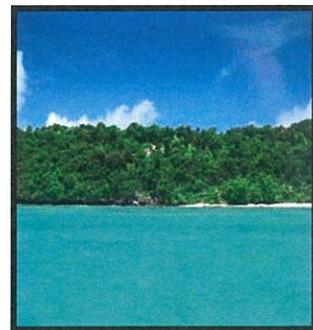
The island of Katavaga offers a very unique tourism environment for high end adventure seekers. It will appeal to those who have the time and resources to lose themselves in their favorite pastimes and not be bothered by crowds and time schedules. Time to take advantage of the luxurious spa and main complex, the 800 square foot wine cellar's impressive two story dining room, the 1200 square foot main air conditioned dining room, the outdoor lounge overlooking the lagoon, the many sports offered including golf, scuba diving, deep sea fishing, kayaking, sailing, snorkeling, tennis, or just relaxing on the beaches or on a villa's veranda in a hammock.

Katavaga is more than just a 'sun, sand and sea' tourist destination. There are sandy beaches on the Western side of the island where the main resort villas are located, beautifully protected private coves on the Northern and Southern ends of the island, the Eastern side is utilized by the 1000 metre runway with a rock sea wall three quarters the length of the island with the Northern end enclosed by two rock jetties for a small boat marina with fueling facilities located on the end of the Southern jetty. The huge lagoon with its large entrance would available to the mega yacht crowd transiting the Pacific; the availability of the Katavaga Island airport allows Customs and Immigration to utilize it for clearance to and from the country for well to do individuals who seek privacy. The 225 acre coral island is sloped up to 55 meters in the center, covered by an interesting array of flowering bushes and tropical forestations in areas not yet developed. The general picture of the flora and fauna renders a wide range of mostly tropical plants, trees, and plants native only to this area. The island is secluded but not isolated, surrounded to the East by Lakeba Island and outer reefs, to the South by Tuvuca and Aroua islands, to the West by Mago, Vanua Balavu, Munia, and Cikobia islands on the horizon and to the North the outer reefs of Malevuvu, all fringed with coral reefs teeming with tropical fish, live corals, lobsters and large sport fish. All the outer islands are easy to get to by small boat from the island for a 20 to 30 mile trip. The inner reefs are easily accessed by swimming, kayaking, or small boat.



Climate

While mostly tropical throughout the year, an interesting feature of Katavaga Island is the amount of sunshine it receives compared to the bigger islands in Lau and the larger islands of Vanua Levu, Viti Levu, and Taveuni. Katavaga seems to be just outside of the weather patterns that affect those larger islands which draw the surrounding cloud cover to their peaks, taking away the heavy wet weather from Katavaga Island. It enjoys the cool and soothing southeastly trade winds year round. The rain usually comes at night after the air cools down in the late evenings.



Communications

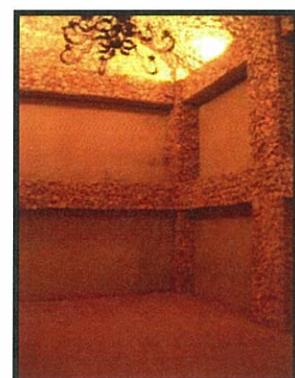
Katavaga Island is well serviced by its modern telecommunication systems. Satellite service is available to provide international and local **TV** channels and all **IT** services, including fax and phone. IT services are provided by Fiji Telecom via satellite for wireless internet connection and Skype access (voice over internet – 3 cents per minute to most countries) in the villas. International cell service is available by Vodaphone international supplying 3G service at all times. This is ideal for guests who need access to conduct business, enabling them to enjoy extended holidays.

Main Resort Complex

The main complex sits 25 meters above sea level on two acres overlooking the lagoon with unobstructed views toward the south main lagoon and reef. The land was cleared, leveled, compacted and allowed to settle before construction began. Many trees like Vesi, Nokonoko, Vauvau plus shrubs and tall palms are on the three sides cleared. Sea frontage views of Aroua, Tuvuca and Mago islands in the horizon with lagoon colours, lights and darker blues to turquoise green where the sea stretches over shallow reef and lagoon and out beyond the deep with good panoramic views of Katavaga Reef break and the main lagoon.



The main complex is accessed via a sheltered entrée, two water ponds on either side, leading to the reception area. There is a clear view through the reception area and lounge, over the pool to the lagoon beyond. Within the main complex there is an outdoor lounge and bar, air conditioned restaurant, show kitchen with chef's table area, refrigeration rooms, bakery and storage area next to the kitchen, a two story underground wine cellar, vast veranda surrounding the restaurant area to the left of the entrance. There is a large infinity pool in front of the complex with landscaped areas on both sides. To the right there is a main office with three rooms for management staff, communications equipment, accounting and resort manager. There is a large enclosed room for weddings, meetings, conferences, etc... Behind that, there is a stairway leading up to a media room above the boutique. Next is a spa and gym, with three treatment rooms (indoor and outdoor), two steam rooms, outdoor salt water pool, men and women's



show kitchen with chef's table area, refrigeration rooms, bakery and storage area next to the kitchen, a two story underground wine cellar, vast veranda surrounding the restaurant area to the left of the entrance. There is a large infinity pool in front of the complex with landscaped areas on both sides. To the right there is a main office with three rooms for management staff, communications equipment, accounting and resort manager. There is a large enclosed room for weddings, meetings, conferences, etc... Behind that, there is a stairway leading up to a media room above the boutique. Next is a spa and gym, with three treatment rooms (indoor and outdoor), two steam rooms, outdoor salt water pool, men and women's



changing and shower areas, beauty salon, relaxation room and lounge. There is an outdoor massage area located in a private rocky cove next to the main spa building, as well as a large grassy area for yoga and wellness classes which overlooks the lagoon and nearby islands.

Adjacent to the main complex is an activity building that will handle reservations for golf, diving, fishing, tennis, and other activities that will be offered at the resort. Next is the first tee of the 9-hole golf course that winds up and around the terraced areas of the island returning back above the complex. The main road, which goes

around the entire island, leads up to the main complex and circles around the golf course. This road provides access to most areas of the island including the employee housing, nurseries, reservoir, guest villas, runway and marina.

Accommodations and Other Facilities

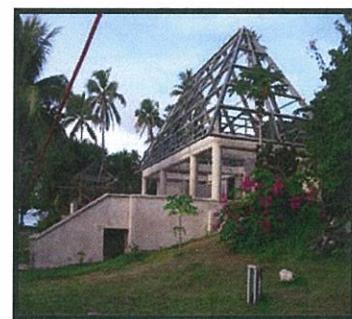
Bure 1



Bure 2



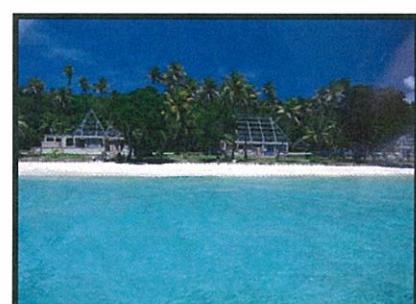
Bure 3



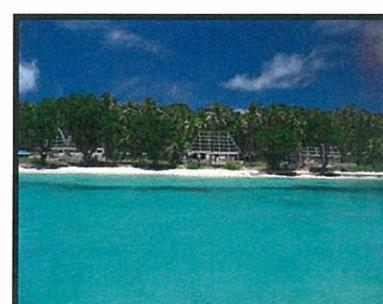
Bure 4



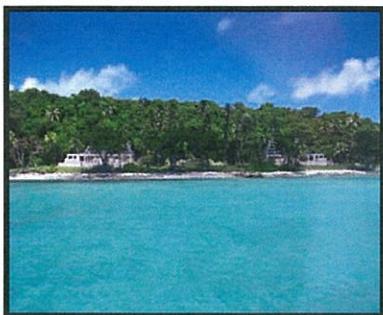
Bure 5, 6, 7



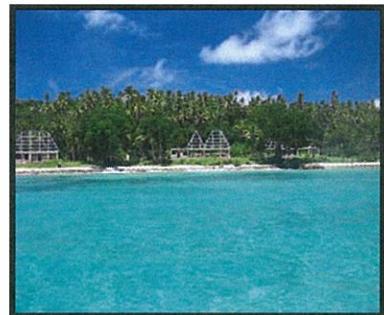
Bure 8, 9, 10



Bure 11, 12, 13



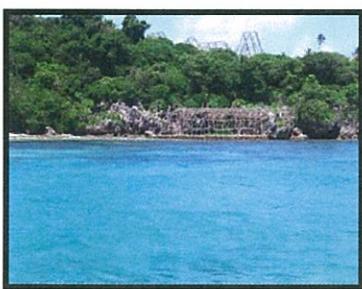
Bure 14, 15, 16



Bure 17



Bure 18



Bure 19



Bure 20

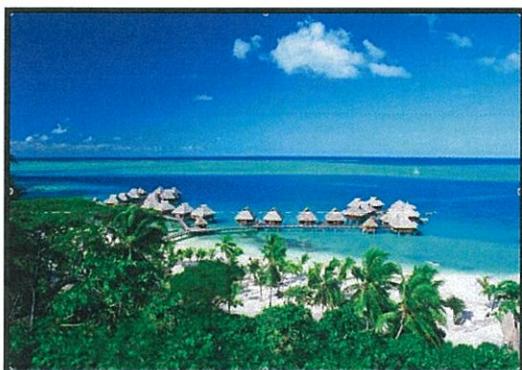


Well located bures on the beach front along the Western and Southern side of the island offer spacious accommodations with panoramic views of the lagoon, reef, and seascapes. Bures 1 through 17 are on a white sand beach; number 18 is cantilevered over the edge of the cliff with direct sea access via stairs; bures 19 and 20 are located on the South end of the island, each in their own secluded coves.

The resort's General Manager, chef, and doctor will be accommodated in the triplex bure that is located on the South end of the island above villa number 20, just below the main complex.

Overwater Bures

32 overwater bures are planned for the South and Northwestern sides of the island in the calm lagoon, providing the resort with additional and very distinctive accommodations. One attractive advantage about the overwater bungalows, in addition to the visual appeal, is that they have a lower construction cost than a land based villas, but a comparatively higher income producing potential.



These bures will be similar to the over water fares in Tahiti that have proved very popular for years, particularly with honeymooners. This type of over water accommodations would be the first in Fiji, which would only increase demand at the resort.

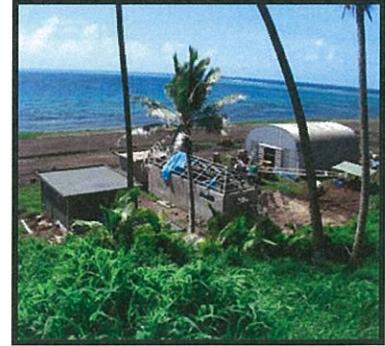
Water and Power



Abundant fresh drinking water is available from two sources on the island - by rain collection which is stored in the 1.5 million litre concrete reservoir and also from two state-of-the-art reverse osmosis desalination units that can produce up to 100,000 litres per day.

Electricity is provided by three diesel powered generators, fed to transformers installed around the island; the power generation plant

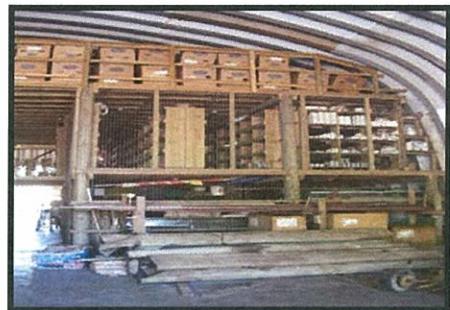
is efficiently designed to provide power as needed. It can run at maximum capacity 24 hours a day when the resort is full to provide air-conditioning and refrigeration for the entire island seven days a week and because the generators are self controlled, it will conserve energy and eliminate waste when less power is required. With the island's ample sunshine, solar power alternatives can be utilized for additional power conservation and wind generated power is also feasible.



Hanger and Workshop, Laundry, Fuel Storage



The 400 square meter plane hanger has three floors of mezzanine space for storage, work shops, as well as providing aircraft protection. It is located three quarters of the way down the runway from the main complex, close to the power plant building, laundry, fuel storage tanks, desalination plant and decompression chamber. Having all of the utilitarian buildings located in the same area saves energy and labor costs as well as being aesthetically sensible.



Decompression Chamber

The only resort owned private chamber in Fiji, it will provide aid to guests, eliminating the need to evacuate affected divers to the main island of Viti Levu where there is another decompression chamber.

Employee Housing



The employee housing consists of 7 buildings, 6 rooms each, with 4 persons to a room, plus a dining hall, laundry, shower block and kitchens. This can house 160 employees at present. There are five temporary buildings for construction workers; combined, they can hold up to 350 workers. The employee compound is on the north plateau away from the guest bures, providing privacy for the employees and resort guests. In my experience, this housing is superior to the housing normally provided for resort employees and should be more than adequate for long term use as the island is too far for daily transit of employees and thus provides a secure family style type living situation

for long term employees.

Activities:

Diving and Snorkeling

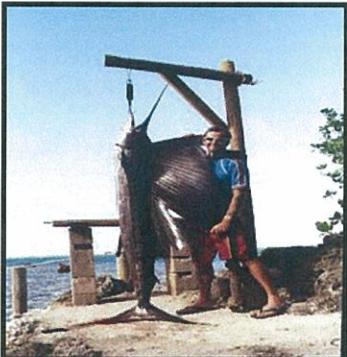
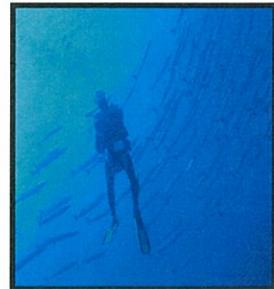
Water sports are understandably a major draw for the Fiji Islands. The Katavaga diving scene is already well known to local and international dive enthusiasts and has been featured in dive magazines over the years. This, despite the fact that there are no resorts or dive facilities in the area currently open. As a result of the 25 year ban on commercial fishing and coral harvesting in the Lau Group, the fish, coral, and marine mammal population has grown exponentially. Also, because of the remoteness of the group, the waters surrounding the Katavaga reef is pristine and clear and is teeming with sea life brought in by the unrestricted sea currents from the Southern oceans. The calm sandy bottom lagoon with coral pinnacles, giant clams, lobster, and a variety of fish means that snorkelers, not just scuba divers, can easily enjoy underwater exploring as well.

Fishing

"Fishing tourism" would probably be another promising activity for the Island. It is relatively undeveloped and the potential to become world famous is quite real. There are many seamounts within close proximity of the island teeming with game fish such as Tuna, Wahoo, Sailfish, Mahi-mahi, and Marlin. For the fly and tackle enthusiast the islands Eastern reef corner offer edges that drop into the Pacific Ocean which the uninterrupted swells and current bring in schools of Albacores, Travally, Bonitos and bone fish. There has been a commercial fishing ban in the Lau Group for 25 years which has been strictly enforced so the amount of viable fish is tremendous and the sizes far exceed the rest of the areas in Fiji that have been commercially fished over the years.

Hiking, Trekking, and Kayaking

Katavaga Island offers a fantastic activity scenario for the robust outdoorsman. The island and its environs is a naturalist and photographers delight. Native hardwoods, palms, and huge philodendron cover the slopes which are inhabited with green breasted and red headed parrots, green, white, and black doves, king fishers, swallows, as well as rare giant iguana and pacific rails which are native species. The island is also host to the exceptional and unusual giant "Devils Umbrella" plant, which all flower around the world at the same time. Hiking in the upper hill top offers panoramic views of the surrounding islands including Vanua Balavu to the Northwest and all the islands in between. The numerous reef lagoons and coves dotted with unspoiled beaches will delight the first time kayak



enthusiast while the length and breath of the Katavaga reef system will offer a challenge to experienced adventurers and professionals.

Surfing

While Lau is not as well known for its surfing, it is two minutes by boat or ten minute swim across the reef in most directions and available all year long. It is left hand or right depending on the side of the reef chosen to surf and generally not affected by the trade winds and is very consistent. The reefs provide variable consistencies depending on the weather patterns in the outer Pacific regions most hold up well to 15 feet. It is exclusive surfing contracts for guests preventing overcrowding, that have made Tavarua and Namotu resorts, also in Fiji, so famous and successful.



Other Activities

There is a 9-hole executive golf course designed to wind around the top of the island, offering some the most breathtaking views in the South Pacific.



Visits to neighboring outer island villages can be arranged to see the Polynesia of old and experience a meke, the equivalent of a Hawaiian luau (dancing and feasting), while seeing how the villagers live and work.

A special visit to Aroua Island for day trips and picnics will be a fascinating and possibly a once in a lifetime experience - the "honeymoon" island offers total isolation to immerse yourself in the South Pacific and its many wonders; the sea life there is abundant and unique as this remote island has never been

inhabited and is only visited very rarely by local Fijians.

Visitor Arrivals

The following tables show the visitor arrival comparisons by the Fiji Visitors Bureau for the first 6 months of 2006 and the first six months of 2007. The current tourist arrivals into the country is encouraging and support a national target of making tourism a billion dollar market by the year 2009 (Source: FVB).

2006 Visitor Arrivals by Month

| | JAN | FEB | MAR | APR | MAY | JUN |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| AUSTRALIA | 16,388 | 10,924 | 13,676 | 16,023 | 14,847 | 18,382 |
| NEW ZEALAND | 5,050 | 4,386 | 5,654 | 8,166 | 9,042 | 12,494 |
| USA | 4,696 | 4,451 | 4,878 | 4,711 | 4,214 | 8,308 |
| CANADA | 1,209 | 1,036 | 1,231 | 1,374 | 1,013 | 1,245 |
| EEC. | 7,357 | 7,656 | 7,599 | 6,948 | 6,346 | 6,087 |
| JAPAN | 1,861 | 1,783 | 2,109 | 1,194 | 2,406 | 1,589 |
| KOREA | 1,050 | 744 | 962 | 981 | 1,122 | 868 |
| ASIA & PACIFIC ISLANDS | 3,040 | 3,698 | 3,103 | 3,463 | 3,502 | 3,822 |
| TOTAL | 40,651 | 34,678 | 39,212 | 42,860 | 42,492 | 52,795 |

2007 Visitor Arrivals by Month

| | JAN | FEB | MAR | APR | MAY | JUN |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| AUSTRALIA | 14,203 | 8,855 | 13,687 | 15,360 | 12,676 | 17,383 |
| NEW ZEALAND | 4,682 | 4,099 | 6,047 | 8,135 | 8,413 | 11,568 |
| USA | 4,496 | 4,373 | 5,088 | 4,511 | 4,468 | 6,766 |
| CANADA | 2,042 | 1,456 | 1,782 | 1,443 | 1,023 | 1,107 |
| EEC. | 6,263 | 6,738 | 6,921 | 6,695 | 5,533 | 5,943 |
| JAPAN | 1,016 | 1,707 | 2,088 | 1,365 | 1,266 | 1,548 |
| KOREA | 1,089 | 858 | 949 | 714 | 672 | 913 |
| ASIA & PACIFIC ISLANDS | 3,846 | 4,467 | 3,527 | 3,950 | 3,922 | 4,027 |
| TOTAL | 37,637 | 32,553 | 40,089 | 42,173 | 37,973 | 49,255 |

The total Visitor Arrivals for 2006 numbered 545,168. Despite a slower start in 2007, the total projected Visitor Arrivals is estimated at over 525,000.

Source: Fiji Visitors Bureau from Fiji Bureau of Statistics.

Visitor Expenditure Contribution

The tables reprinted below show some very interesting averages. It shows that the more activity based locations enjoy longer tenancy and expenditure than the more popular touristy areas.
 (Source: Ministry of Tourism 2004-2005, Fiji International Visitors Survey-Stollznow Research).

Average Visitor – Nights and Room Density

Table 12 deals with the average length of stay in Fiji as measured by visitor nights spent in Fiji.

As can be seen, there is little or no significant difference in the length of stay in 2004 compared with 2003. The overall average stay 2004 was 7.6 nights, and 7.7 nights in 2003, a negligible drop of 1.3%.

Studying this table by region, there are some interesting differences, for example:

- There was significant change in Ba, 7.0 bed nights in 2004, 7.7 in 2003.
- There was little change in Cakaudrove where in 2003 respondents spent 10.2 bed nights, compared with 10.6 in 2004.
- There was relatively little change in Kadavu, 11.1 bed nights in 2004.
- There was an increase in the length of stay in Lomaviti, 18.3 bed nights compared with 10.7 in 2003. Here again this is working on a very small base and therefore slight changes produce a very significant percentage change.
- In Nadroga there appears to have been a slight decline from 7.7 bed nights in 2003 to 7.5 in 2004. Some of the reasons for these have already been commented upon.
- In Rewa, again there has not been any significant change, 8.0 bed nights in 2004 compared with 8.1 in 2003.

TABLE 12 ESTIMATED OVERSEAS VISITOR AVERAGE LENGTH OF STAY IN NIGHTS BY ZONE/AREDA OF STAY – CALENDAR YEAR 2004

| ZONE/AREA OF STAY | 2004 | 2003 | % DIFFERENCE |
|--------------------------|-------------|-------------|---------------------|
| BA | 7.0 | 7.7 | -8.1 |
| CAKAUDROVE | 10.6 | 10.2 | 3.9 |
| KADAVU | 11.1 | 12.3 | -9.8 |
| LOMAIVITI | 18.3 | 10.8 | 69.4 |
| NADROGA | 7.5 | 7.7 | -2.6 |
| RA | 12.7 | 9.6 | 32.3 |
| REWA | 8.0 | 8.1 | -1.3 |
| SERUA | 9.2 | 11.3 | -19.6 |
| ALL HOTEL VISITORS | 7.6 | 7.7 | -1.3 |

Here all that can be said is that in 2004 the average room density was 1.8 people, exactly the same in 2003, although there are some slight increases in the minor provinces.

TABLE 13 ESTIMATED OVERSEAS HOTEL VISITOR ROOM DENSITY BY ZONE/AREDA OF STAY – CALENDAR YEAR 2004

| ZONE/AREA OF STAY | 2004 | 2003 | % DIFFERENCE |
|--------------------------|-------------|-------------|---------------------|
| BA | 1.8 | 1.8 | - |
| CAKAUDROVE | 1.7 | 1.7 | - |
| KADAVU | 1.9 | 1.7 | 11.8 |
| LOMAIVITI | 1.6 | 1.4 | 14.3 |
| NADROGA | 2.1 | 2.0 | 5 |
| RA | 1.5 | 1.5 | - |

| | | | |
|--------------------|-----|-----|---|
| REWA | 1.7 | 1.7 | - |
| SERUA | 1.8 | 1.8 | - |
| ALL HOTEL VISITORS | 1.8 | 1.8 | - |

AREA OF ROOM – NIGHTS SPENT BY VISITORS

This Table is particularly interesting in that it seems to confirm, as a result of the number of factors alluded to earlier, that there has been a change in travel patterns within Fiji it self.

It has been seen that visitors have increased significantly, as have person days and bed nights. But actually room nights have decreased by 5.7 %. This is mathematically possible, although unusual. The appropriate formulas rational will be provided upon request.

In Table 14 it can be seen that generally the ratio of room nights spent in Fiji in 2003 was similar to 2004. The proportions are more or less the same. But there are some very significant increases and decreases. It is felt that 2005 will provide a clear picture of just what these changes mean.

TABLE 14 ESTIMATED OVERSEAS HOTEL VISITOR ROOM –NIGHTS SPENT IN FIJI BY ZONE/AREDA OF STAY – CALENDAR YEAR 2004

| ZONE/AREA OF STAY | 2004 | RATIO | 2003 | RATIO | % DIFFERENCE |
|--------------------|-----------|-------|-----------|-------|--------------|
| BA | 849,475 | 53.4 | 951,475 | 57.6% | -10.7 |
| CAKAUDROVE | 62,666 | 3.9 | 46,221 | 2.8% | 35.6 |
| KADAVU | 4,030 | 0.3 | 4,981 | 0.3% | -19.1 |
| LOMAIVITI | 17,485 | 1.1 | 13,411 | 0.8% | 30.4 |
| NADROGA | 324,595 | 20.4 | 364,173 | 22.0% | -10.9 |
| RA | 24,953 | 1.6 | 19,916 | 1.2 % | 25.3 |
| REWA | 268,876 | 19.9 | 231,182 | 14.0% | 16.3 |
| SERUA | 14,131 | 0.9 | 15,414 | 0.9% | -8.4 |
| ALL HOTEL VISITORS | 1,590,688 | 100% | 1,651,708 | 100% | -5.7 |

Table 15 shows the estimated overseas visitor room nights by area of residents. These are on % bases.

It confirms what has already been seen in that the general patterns of visitors room nights is very similar to the overall pattern of visitors from various source markets using person nights and bed nights.

- Australians focused almost equally on Ba (48%), and Nadroga (37%), with 12% focused on Rewa.
- New Zealanders were very focused on Ba (62%) and also on Nadroga (20%).
- Those from the United States had a strong on Ba (54%), but also on Cakaudrove (19%), Nadroga (11%) and Rewa (8%).
- The pattern among Canadian, Japanese, United Kingdom visitors and European visitors are all reasonably similar.
- 'Other Pacific Islands visitors go to Rewa in the Suva area (80%) and a smaller number (17%) go to Ba.

TABLE 15 ESTIMATED AREA/ZONE MIX OF OVERSEAS HOTEL VISITOR ROOM – NIGHTS BY AREA OF RESIDENCE – CALENDAR YEAR 2004.

| ZONE/AREA OF STAY | AUS % | NZ % | USA % | CAN % | JAP % | UK % | EUR % | PCI % |
|-------------------|-------|------|-------|-------|-------|------|-------|-------|
|-------------------|-------|------|-------|-------|-------|------|-------|-------|

| | | | | | | | | |
|-----------------------|------|------|------|------|------|------|------|------|
| BA | 48 | 62 | 54 | 59 | 63 | 68 | 67 | 17 |
| CAKAUDROVE | 1 | * | 19 | 7 | 4 | 1 | 5 | 1 |
| KADAVU | * | * | 1 | 1 | 1 | 0 | 1 | 0 |
| LOMAIVITI | 1 | 1 | 2 | 2 | 2 | 1 | 2 | * |
| NADROGA | 37 | 20 | 11 | 17 | 12 | 17 | 12 | 2 |
| RA | 1 | 1 | 2 | 1 | 1 | 3 | 3 | * |
| REWA | 12 | 8 | 8 | 12 | 15 | 6 | 8 | 80 |
| SERUA | 1 | 1 | 2 | 0 | * | 2 | * | * |
| NOT SPECIFIED | 0 | 6 | * | 0 | 0 | * | 1 | 1 |
| ALL HOTEL VISITORS | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

* = LESS THAN 0.5 %

TOURISM MARKET SUMMARY

The Fiji Islands have long been considered within the tourist industry to be one of the few remaining frontiers of tourism in the Pacific basin. The country's many social and physical attributes have, in recent years, attracted a call for the further development of tourism within the country. All of the major stakeholders have expressed their endorsement of expanded marketing and improved infrastructure to support the growing industry.

The Fiji Hub location within the Pacific, which enables it to have close air and sea links with the major tourist markets of Australia, New Zealand, North America and Japan, is a major advantage. Apart from being a fine tourist destination in its own right, Fiji's locational advantage has presented the country also as a convenient stop over for North American and South East Asian tourists enroute to Australia and New Zealand.

Tourist arrivals into Fiji increased from 280,000 in 1990 to slightly over 400,000 in 1999. All indications were this strong growth trend would continue through to 2000 and the political developments that ensued. Despite the political challenges over the last year, tourism has rebounded and is on target to welcome over 500,000 visitors this year.

Despite challenges over the years, the air of optimism in the tourism industry is evident in 'new' and continued interests expressed by renowned international hotel operators, such as the Four Seasons, Rosewood, Hilton and Accor to develop hotel sites in Natadola, the Coral Coast and Denarau. While many of these operators took a conservative approach to development and expansion after December 2006, in light of the demand for new and additional resort accommodations in Fiji, most have not only renewed their plans to complete their current developments, but several are even planning large scale expansion and renovations of existing properties.

Most Fiji hotels and resorts have weathered the expected temporary drops in occupancy levels that occur after any local or international event. Operators, notably the large scale properties on the mainland tool to the market with aggressive marketing initiatives, principally in the form of significantly discounted holiday packages. Recovery is generally achieved in a relatively short amount of time.

The recovery of Fiji's tourism industry from the political developments of 2000 experienced another set back as a result of the terrorist attacks in the U.S on 11 September 2001. May 2002 saw the first healthy results in tourist arrivals. Subsequent years have recorded record arrivals and indications are tourism has a very healthy outlook.

A large number of hotel apartments have expressed interest again in Fiji with a number of major hotel and resort projects already currently underway with the first phase 3 of the Momi Project would result in constructions of the Marriot & Ritz Carlton Resorts. Sofitel with 296 rooms has opened, Suva Central Hotel, Grand Pacific Hotel in Suva and many others are under construction.

International visitors to Fiji in 2002 was 397,859 and increased by 8.3% in 2003 to 430,800 and increased by a further 16.10% from 2003 levels to 500,280 visitors in 2004, 545,168 in 2006, and as I said projections for 2007 are expected to exceed 525,000 visitors.

Visitors from Australia make up the largest single market in terms of country of origin, slightly over 35% of all visitors to Fiji in 2006 and 2007.

In the Fiji Times, 15 December 2005, the Fiji Visitors Bureau Chief Executive Viliame Gavoka was quoted as saying the new Sofitel 296 room hotel due to open soon at Denarau would help "ease current accommodation shortages in Fiji". After that hotel opened as well as the Hilton, the Radisson and several others, there still exists a major room shortage in the Fiji Islands.

VALUATION METHODOLOGY

Comparative Market Approach - This approach to valuation entails an analysis of sale transactions of hotel / resort properties.

Hotel properties that changed hands in the last four years include Vomo and Vatulele Island resorts. Both of the two properties are not freehold, but rather native leasehold property. Vomo Island Resort comprises an entire island while Vatulele is leasehold property located on a nonexclusive island.

These properties were sold for approximately \$7.5 million and \$20 million USD respectively.

Vatulele was concluded in February 2007; the resort is comprised of 18 units built on the beach, a managers office, dining room and bar, separate kitchen and small wine cellar, various utility buildings including generator rooms, maintenance facilities and managers quarters. Rates at Vatulele range from \$1,000 to \$2,550, depending on the accommodations. There is a large village on the island supplying workers. This resort property sold for \$20 million US, the resort property is Native leasehold plus an additional lease for 50 acres for lot and home development sales, which are expected to start at several hundred thousand dollars for the lot only.

Vomo Island Resort, located in the Mamanucas in the Western Region of Fiji was originally managed by Sheraton Hotels, and was in serious need of refurbishment for several years. After the sale, the resort was completely renovated and is now under the management of Sofitel Hotels. The resort is on a private island and while not five star, is exclusive in nature. The resort is comprised of 28 beachfront and hillside villas that run \$1,050 to \$2,250 per night, depending on the type of accommodation chosen.

Vacant or undeveloped beachfront freehold land along the coral coast and Taveuni indicates a value range between \$US280, 000.00 to \$US350, 000.00 depending on size, location and available services. However, these properties are not on a private island, have no private lagoon or exclusive beaches and while they are attractive and well run 4 star properties, presenting a good investment, they do not offer the exclusivity or ability to minimize overcrowding and are not renowned like Katavaga for fishing, scuba diving, or natural beauty either.

Information about surfing resorts changing hands is very difficult to verify but the hugely successful Tavarua Resort holding company was rumored to privately change hands at a value of US\$20 million in 2003. Tavarua is an island of 29 acres native lease. On Tavarua there are thirteen (13) rustic beachfront bures that have one bedroom, bathroom and private verandah. There are also two deluxe two-bedroom suites. World famous Tavarua Resort is booked 12 months in advance for most of the year. Values in Fiji have leapt considerably since that sale.

Nearby Namoutu Island is also similarly booked 12 months ahead, is native lease land; some company shareholdings have changed hands in the last 6 years but again, price information cannot be verified. US\$10 million was the rumored figure. Fiji land prices have increased dramatically since then.

The closest sales of properties to Katavaga Island are therefore Vatulele Resort and Vomo Resort, which are notably on native lease land (not freehold) and therefore are not real comparable sales. None of the recent sales mirror the exclusive situation of Katavaga, the fishing and diving is not quite so spectacular and they lack the high end accommodations and privacy of Katavaga. Values of these resort properties, being fully booked most of the year, are some of the most valuable property per bure in Fiji. The completion of plans to make Katavaga Island a 5 star resort would make Katavaga Island of much higher value because of the freehold status and superior facilities.

Having considered all the foregoing, it is our considered opinion that an average sized lot on Katavaga Island has an *as is* value of US\$350,000 (to \$850,000 or more) including the exclusive lagoon and full resort facilities. The values of the property with all improvements including the 1000 metre runway, power generation plant, with cabling to transformers providing power to the entire island, 1.5 million litre reservoir, 21 guest villas, managers residence, main complex, 9 hole golf course, full service spa, restaurants, activity bures, jetties, yacht moorings, airplane hanger, laundry facilities, employee housing, 7 kilometers of roads, all sewerage, fiber optic, television and telephones lines buried under ground, all the inventory in the storage for completion of the resort.

The value of the island with all improvements currently built is FORTY FOUR MILLION DOLLARS (\$44,000,000.00 USD).

HIGHEST AND BEST USE CONCEPT

To maximize the Property's value is to realize its potential whilst avoiding over development that can result in a cost exceeding value situation.

The potential under consideration hereunder are those possible improvements under standard requirements and regulations given the existing zoning:

Improvements 'to' the site

- Maintain and improve good standard of existing infrastructure and public utilities.
- Improve general landscaping and provide aesthetic, ornamental and exotic plants to selected parts of the compound.

- Improvements 'on' the site

Maintain an annual maintenance plan.

Property management

- A comprehensive property management system to be drawn and implemented.

VALUATION SUMMARY

The overall value of the resort development will be improved dramatically upon completion of the main facilities and existing villas. The additional overwater villas will also increase the values tremendously as there are no real over water villas in Fiji as of yet and the uniqueness will draw tourists, much the same as in Tahiti. The key is to take a positive approach and invest where necessary.

My assessment has placed more emphasis on the earning capacity of the finished resort and sale of lots in its current state with regard to the 'highest and best use concept' taking into account the estimated costs of 'lifting the place up' to its optimum productive capacity in a short term but over the long term the total resort will be the big drawing point.

It is anticipated that property value can increase by at least 100 percent assuming the current improvements are developed to full economic use and provided; however presuming that proper development strategies are implemented.

The property potential based on the 'highest and best use' concept is bright thus values will respond accordingly.

To arrive at the current market value it is appropriate to understand that potential can only be realized at a cost. The value must be on '**as is where is basis'**'.

It is understood that the proposed purchaser is intending to spend at least US \$8,500,000 on the completion of the resort to a 5 star standard. This includes a large pool complex, commercial show kitchen, and 5 star restaurant and bar facilities, high grade roads which circle behind all the waterfront properties around the island, allowing more properties to be added quite easily in the future. That would also allow a Bula Bus to take guests to their bures, the main complex, the golf course, and runway and anywhere else on the island. The availability of continuous 24 hour power would be very important as well. A wharf and small marina for up to 40 foot boats is under construction and the resort would purchase 2 serious up market deep sea fishing boats. A dedicated plane would complete the upgrade of the high end tourism development with up market fishing boats and state of the art diving facilities with the only private decompression facility in the country. The completion of the 9-hole golf course, tennis courts, private homes and overwater villas will make a major attraction of the island for the upper end tourist market.

Such major development at this stunning venue would dramatically increase revenue as well as dramatically raise the level of guest services. This would have a major impact on the land values as they have ready access to the resort facilities.

Having considered all the foregoing matters we assess the unencumbered value of the resort with the 20 beachside bures, main complex, associated support buildings, runway, 48 residential lots (subject to issuance of proper titles) and 32 overwater bures, and on the basis of this major future upgrade of facilities we estimate potential values to be:

| | |
|--------------------------------------|----------------|
| Value of Island without Improvements | US\$30 Million |
|--------------------------------------|----------------|

| | |
|--|----------------|
| Value of Island with Existing Improvements | US\$44 Million |
|--|----------------|

Proposed Value 'After Developments'

1. Value of Lots after Subdivision

No. of Lots - 48

Area per lot - 2 acres

Total area allocated for subdivision - 96 acres

Value per lot - US\$350,000.00 (Minimum)

Total Value of Subdivision after developments

(Subject to issuance of proper titles)

US\$16.8 Million

2. Value of Balance Area

Total Area - 225 acres

Subdivision Area - 96 acres

Balance area - 129 acres

Value per acre - US\$135,000.00

Value of Balance area plus existing improvements

US\$31.4 Million

3. Value of Proposed Improvements

Pending Works to be completed

US\$9.1 Million

Phase I - water bungalows

US\$5.0 Million

Phase 2 - water bungalows

US\$3.5 Million

Value of Proposed Improvements/Developments

US\$17.6 Million

4. Projected Value of Island after Developments

Value of Subdivision

US\$16.8 Million

Balance Area plus Existing Improvements

US\$31.4 Million

Value of Proposed Improvements

US\$17.6 Million

TOTAL PROJECTED VALUE OF RESORT AFTER DEVELOPMENTS:

Sixty Five Million Eight Hundred Thousand US Dollars (US\$65.8 Million)

VALUATION ASSUMPTION

Our assessments assume:

- A stable political climate in Fiji, gradually improving to result in the Fiji Islands remaining a significant tourist destination.

- That the Fijian currency remains stable at current levels against major world currencies, in particular the US Dollar.
- A stable global travel market.
- That the properties would be offered for sale on an international basis, widely marketed, with an extended period for interested parties to negotiate for the purchase.

CURRENT MARKET VALUE DEFINITION

Which means the price at which an interest in a property might reasonably be expected to be sold under reasonable terms and conditions at the date of valuation, assuming:

1. A willing seller
2. A reasonable period within which to negotiate the sale, taking into account the nature of the property and the state of the market;
3. Values will remain static throughout the period;
4. The property will be freely exposed to the market with reasonable publicity;
5. No account is taken of any additional consideration by special purchaser.

NOTE:

(a) Neither the whole nor any part of this valuation report or any reference to it may be included in any published document, circular or statements without the written approval of the undersigned.

(b) Where it has been attributed that information has been supplied to me by another party, this information is believed to be reliable and I accept no responsibility if this should prove to be inaccurate. Where information is given without being attributed to another party it has been gained by searched of records and examination of documents from the government or any other departments.

(c) My responsibility in connection with this report is limited to the client and his professional advisers only. I disclaim all responsibility and will accept no liability to any third party for the whole or any part of its contents.

(d) This valuation report has been carried out without any bias opinion towards the owner of the said property or to the above client and been a sole professional opinion based on the current market condition of such property.

Yours faithfully,




**ST Lomaiviti
BA (LM) MIVEM (Fiji)
Registered Valuer No 74 (Fiji)**



No 74

Valuers Registration Board of Fiji

(CONSTITUTED UNDER THE VALUERS REGISTRATION ACT 1986)

CERTIFICATE OF REGISTRATION

This is to certify that

Sasacieli Tapati Lomaiussi

*having satisfactorily proved his qualifications, has been registered as a
Valuer under the provisions of the Valuers Registration Act 1986*

Dated at Suva this 30th day of November 1994



Chairman CERTIFIED TRUE COPY

29/12

ISIRELI VENKULA
BARRISTER & SOLICITOR
COMMISSIONER FOR OATHS

Registrar

SALACIELI LOMAIVITI .PRINCIPAL VALUER

LANDPROP VALUATIONS

CURRICULUM VITAE

PERSONAL DETAILS

Date of birth: October 20, 1960

Nationality: Fijian

CONTACT DETAILS

257 Vitilevu Drive

Pacific Harbour

Fiji

P.O.Box 14190, Suva

Email: slomai@yahoo.com

Tel: +679 -3450646

EDUCATION

Secondary : 1975 – 1978 NZ University Entrance Exam Pass

Tertiary : 1988 – 1990 Bachelor of Arts (Land Mgt and Development)

Professional : 1994 – Registered as a Valuer under the Valuers Registration
Board of Fiji

EMPLOYMENT

1980 – 1995 –Native Land Trust Board.

I joined as a trainee field assistant and worked up the ladder to become a Senior Estate Officer.

The work involves administration and leasing and Valuation of Native Land which represents 83 percent of all Land in Fiji.

1995 – 1996 – Colonial Mutual Life Assurance

I was recruited as a Valuer and Tenancy Officer handling a property folio which represents 29 percent of all Properties within the Central Business District in Suva plus all other properties in other towns around Fiji.

1997 -1998 – Mount Kasi Gold Mine

I spent two years working as a Consultant handling landowner issues, compensation issues, land acquisition and valuation of mineral products with the help of mining engineers.

1998 -1999 – Land Resettlement Unit –MPI

I joined the Unit as a Valuer handling Land Acquisition, Land Development and Valuation of Land acquired by Government to re-settle thousands of displaced farmers who were caught in a political conflict after the expiry of their Agricultural Leases

1999 -2003 – FRUP (ASIAN DEVELOPMENT FUNDED PROJECTS)

I oversaw the land acquisition and compensation of all new Road Upgrading projects in Fiji working as a Senior Valuer on contract.

2003 -2004 – Housing Authority

I joined as a Senior Valuer on contract handling all mortgage valuations, land acquisitions, feasibility studies and land Development Valuations.

2004 – up to date – Landprop Valuation

I am the principal valuer of the above company handling all types of valuations, land developments, land acquisitions, property management and general consultancy services.

LENDING INSTITUTIONS CURRENTLY DEALT WITH

1. FIJI NATIONAL PROVIDENT FUND
2. FIJI DEVELOPMENT BANK
3. BANK SOUTH PACIFIC
4. HOUSING AUTHORITY
5. CREDIT CORPORATION
6. ANZ BANK
7. COLONIAL BANK

RECENT TOURISM JOBS UNDERTAKEN

1. NAGIGIA ISLAND RESORT
2. DAKU RESORT
3. KOROVOU ECO RESORT - YASAWA
4. PAFIFIC HARBOUR RESORT DEVELOPMENTS - FIJI
5. SUBCONTRACT VALUATION JOBS WITH MAJOR HOTELS



The University of the South Pacific

By the authority of the Senate

Salacieli Lomaiviti

having pursued the prescribed programme
and having satisfied the requirements of the
Statutes has this day, 12 December 1990,
been duly admitted to the Degree of

Bachelor of Arts

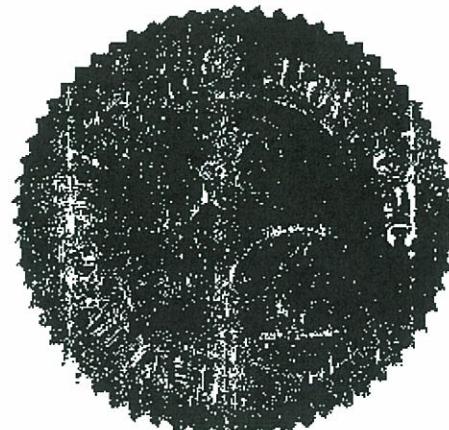


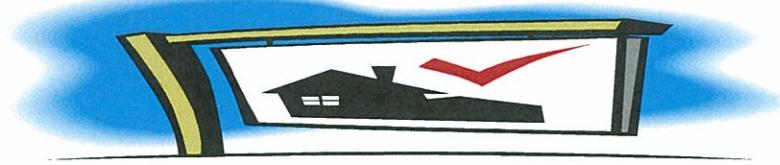
S. Salacieli

Registrar

R. H. Caster

Vice Chancellor





Property Valuations: Property Management; Property Leasing; Property Development;
Office: 257 Vitilevu Drive, Pacific Harbour. P O BOX 14190, SUVA
MOB: 9254630, AFTER HRS; 3450646, E-MAIL: slomai@yahoo.com

CERTIFICATE OF VALUE

23 November 2008

VALUATION OF KATAFAGA ISLAND RESORT

CERTIFICATE OF TITLE NO. 3931

KATAFAGA ISLAND

FIJI

Acting under the instructions from Duratech Construction Company Limited of Suva, I certify that I have personally carried out a valuation and analysis of proposed developments to be carried out on Katafanga Island Resort.

I have reviewed the Certificate as follows:

Value 'As is'

Value of Island without Improvements US\$30 Million

Value of Island with Existing Improvements US\$44 Million

Proposed Value 'After Developments'

1. Value of Lots after Subdivision

no. of Lots - 48

area per lot - 2 acres

Total area allocated for subdivision - 96 acres

Value per lot - US\$350,000.00

Total Value of Subdivision after developments
(subject to issuance of proper titles) US\$16.8 Million

2. Value of Balance Area

Total Area - 225 acres
Subdivision Area - 96 acres
Balance area - 129 acres
Value per acre - US\$135,000.00

Value of Balance area plus existing improvements US\$31.4 Million

3. Value of Proposed Improvements

Pending Works to be completed - US\$9.1 Million
Phase I -water bungalows - US\$5 Million
Phase 2-water bungalows - US\$3.5 Million

Value of Proposed Improvements/Developments US\$17.6 Million

4. Projected Value of Island After Developments

Value of Subdivision US\$16.8 Million
Balance Area
plus Existing Improvements US\$31.4 Million
Value of Proposed Improvements US\$17.6 Million

TOTAL PROJECTED VALUE OF RESORT AFTER DEVELOPMENTS :

(US\$65.8 Million) Sixty Five Million Eight Hundred Thousand US Dollars



SALACIELI TAGANE LOMAIVITI
REGISTERED VALUER NO. 74 (FIJI)
BA (LMD) USP MIVEM (FIJI)

Salacieli Lomaiviti

Principal Valuer

