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# LANDPROP VALUATIONS AND CONSULTANCY SERVICES

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



**VALUATION:**  
*KATAVAGA ISLAND RESORT  
NORTHERN LAU, FIJI ISLANDS*



23<sup>rd</sup> 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 1<sup>st</sup> 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:**

1<sup>st</sup> November, 2007

**DATE OF VALUATION**

23<sup>rd</sup> 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 8<sup>th</sup> and 9<sup>th</sup> 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 Vesī, 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, Vesī, 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 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 Vesii, 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 Vesii, 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 over looking 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, Vatuale, 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 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 be 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.

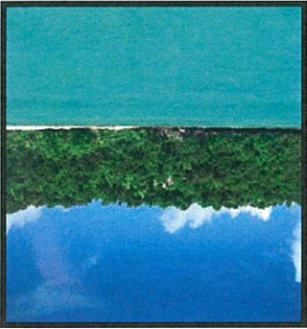
The island of Katavaga offers a very unique tourism environment for high end adventure seekers. It will appeal to those who have the time and resources to lose themselves in their favorite pastimes and not be bothered by crowds and time schedules. Time to take advantage of the luxurious spa and main 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 ISLAND - A TOURISM OVERVIEW**

## 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 Tavuni. 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 southeasterly trade winds year round. The rain usually comes at night after the air cools down in the late evenings.

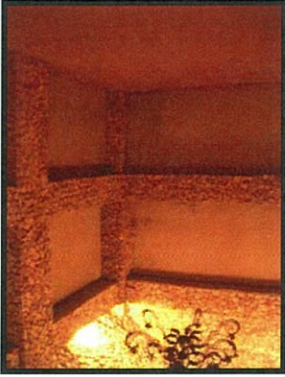


## Communications

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 Vesli, 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 entrance, 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

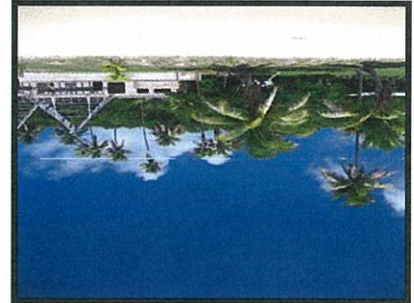




Bure 8, 9, 10



Bure 5, 6, 7



Bure 4



Bure 3



Bure 2

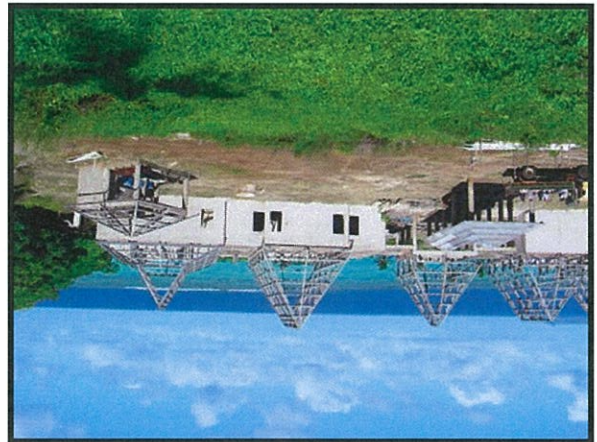


Bure 1

**Accommodations and Other Facilities**

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.

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.





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.

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.



**Overwater Bures**

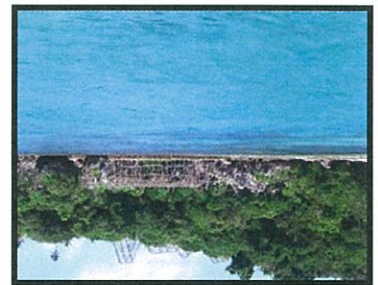
Well located bures on the beach front along the Western and Southern side of the island offer spacious accommodations with panoramic views of the lagoon, reef, and seascapes. Bures 1 through 17 are on a white sand beach; number 18 is cantilevered over the edge of the cliff with direct sea access via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



**Bure 20**



**Bure 19**



**Bure 18**



**Bure 17**



**Bure 14, 15, 16**



**Bure 11, 12, 13**

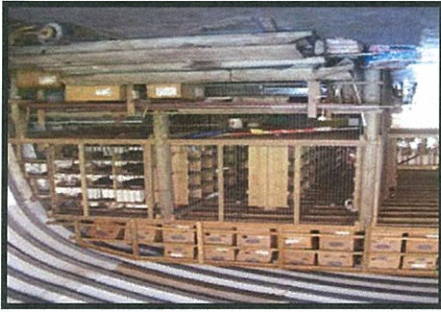
The employee housing consists of 7 buildings, 6 rooms each, with 4 persons to a room, plus a dining hall, laundry, shower block and kitchens. This can house 160 employees at present. There are five temporary buildings for construction workers; combined, they can hold up to 350 workers. The employee compound 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 living situation



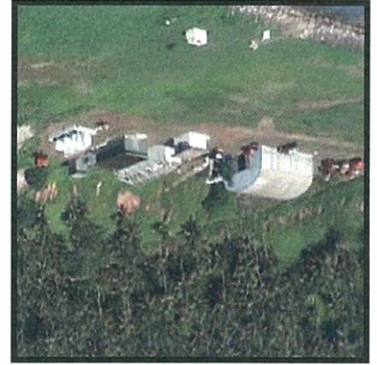
**Employee Housing**

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.

**Decompression Chamber**

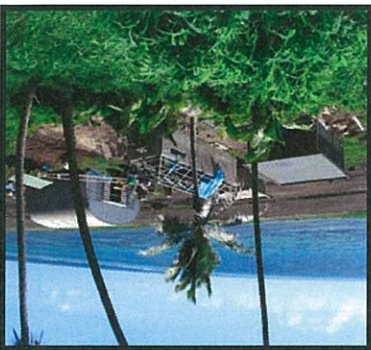


located three quarters of the way down the runway from the main complex, close to the power plant building, laundry, fuel storage tanks, desalination plant and decompression chamber. Having all of the utilitarian buildings located in the same area saves energy and labor costs as well as being aesthetically sensible.



The 400 square meter plane hanger has three floors of mezzanine space for storage, work shops, as well as providing aircraft protection. It is

**Hanger and Workshop, Laundry, Fuel Storage**



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.



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.

**Water and Power**