

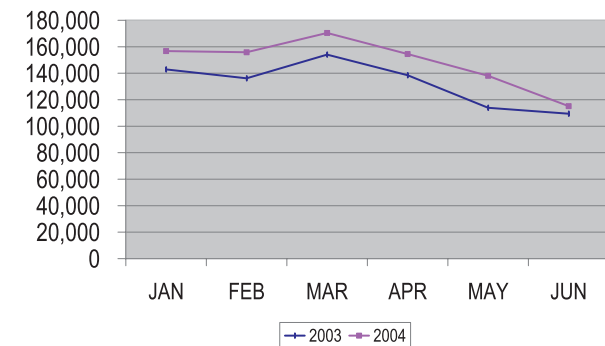
Continued from page 1 - PJIA Traffic increased, first half 2004

2003 to 31,018 in 2004. Total movements for the first half year amounted to 40,450, while for the same period in 2003 this was 35,994, a total increase of 12.4%. Cargo movements increased as well. After nose-diving steadily for three years, cargo grew by 18 % from January through June 2004; in the first six months of 2003 the airport handled 3,831,511 kg of cargo and in the corresponding period of 2004 4,521,569 kg. Taking into account the consistent three-year decline this percentage is noteworthy.

According to ACI (Airports Council International), passenger traffic in the Latin American and Caribbean region (LAC) increased on an average by 11.5% in May 2004 compared to May 2003. For PJIA, as being part of the LAC region and making up part of the ACI report, this number was 21.3% in May. The year to date total increase up to May 2004 for the LAC region was according to ACI 7.8%, while PJIA's increase in this year to date was 13.2%. Even though June is generally one of the slowest periods of the year, this month showed a slight increase of 5.2% in passenger movements in 2004, compared to June 2003, resulting in the year to date total - up to June 2004 - of 12.1% mentioned earlier.

International Air Transport Association (IATA) forecasts an annual global traffic growth rate of 3.6% from 2002 through 2020. The past year - 2003 - PJIAE recorded an annual increase of 4.5% compared to 2002, which is above the forecast growth percentage. If this upward trend which has manifested itself in the first half of the year continues, then PJIAE could expect an average annual increase that far exceeds the forecast annual increase, namely an expected total increase of about 10% compared to the previous year. These increases in passenger numbers are indications that, as a result of the increased safety and security meas-

**Monthly Passenger movements**



**First half 2004 traffic statistics**

	2004	2003	Chg in %
Passenger Movements	890,826	794,979	12.1%
Aircraft Movements	40,450	35,994	12.4%
Cargo Movements (in tonnes)	4,522	3,832	18.0%

ures implemented at airports all over the world, confidence in air travel has returned. In addition, it also proves that in the Caribbean, which is one of the most attractive vacation destinations, St. Maarten is among the islands most preferred.

**RBTT: PROUD OF CARIBBEAN HERITAGE, COMMITTED TO ST. MAARTEN**

**"Our market is the region, our focus is the region, and our decisions are made by people who live and work in the region," said Gregory Hill, the Regional Manager of RBTT Merchant Bank Ltd.** "We are proud of our Caribbean heritage, and will continue to play our part in assisting with financing projects like this one, by bringing together regional and international Institutional Investors, and in so doing aid in the stimulation and development of the regional capital market." Hill said that with over 100 years experience in the Caribbean, the RBTT Financial Group has always taken an interest in supporting the financing needs of the Caribbean, in an effort to forge closer links and strengthen relations between Caribbean people. The RBTT Group has its roots in the Caribbean since 1902 and consists of a parent company, RBTT Financial Holdings Limited, incorporated in Trinidad & Tobago and 34 subsidiaries and associate companies, located in 12 jurisdictions in the Caribbean. The bank has locations in Aruba, Antigua & Barbuda, Barbados, Curacao, Grenada, Jamaica, St. Maarten, St. Kitts & Nevis, St. Lucia, St. Vincent and Bequia in the Grenadines, Suriname and Trinidad & Tobago. RBTT Merchant Bank provides the Merchant and Investment Banking expertise for the Group.

"Our success is clear evidence that the provision of cross border funding, within the region is not only possible, but viable as well. The key to that success however, lies in our ability to match the needs of our clients with innovative investment instruments, designed to appeal to investors internationally and throughout the region," said Hill. He said that creativity and innovation continue to be the hallmark of RBTT. The bank's first regionally placed transaction was in St. Maarten in 1999: the financing of the cargo facilities for the St. Maarten Port. "This was closely followed by the financing of the expansion of services for the TelEm," said Hill. "These good experiences have fueled our commitment to St. Maarten, and lead to RBTT Merchant Bank being awarded the mandate to execute the financing package for the expansion works for PJIAE."



Officials of RBTT Merchant Bank Ltd. Mr. Hospidales and Mr. Hill, in discussion with drs. Holiday at the investors road show.

**KOOP BUILDING UP SPEED WITH PHASE II**

Beware: every attempt to learn more about the PJIAE Expansion Plan Phase II Works will leave you speechless and impressed. Construction Project Manager Ton van Schaick and construction superintendent Anne Kremer opened the proverbial floodgates a couple of weeks ago and drowned Horizons in information. As the project goes on we'll attempt to keep up with the works.

"Our first step was to clean up the entire area," said Kremer. He had been sent to St. Maarten from Koop Holding Europe's Groningen head office to do his part in the US\$ 87 million construction. We were sitting in his car looking at the plot of land opposite the Flamingo Apron, where heavy equipment was zigzagging, removing debris. A backhoe was digging a long trench, which, according to Kremer would become a tunnel that will run under the entire length of the future terminal building. "That is the first construction piece we have to finish, before we go above ground," he said.

The tunnel will house all electrical and telecommunication cabling and drainage lines for the terminal building; in a conveniently arranged manner so workers have no problem doing maintenance on the system. Kremer also took us to the lagoon-side of the property, where workers were laying the culverts that would run excess water from the airport facilities. A couple of hundred meters further down, workmen were puzzling the pieces of the mobile site hut together. That construction that consists of containers on the lower level and wooden offices on top will remain on the site for the duration of the two-year construction. The

spot it's set up on, will be turned into a parcel of greenery after Koop delivers the terminal building to PJIAE. "But we're a long way from that point," said Project Manager Van Schaick. He said that the workers are now only involved in preparatory work. Containers with material for the foundation are sailing towards St. Maarten and if they would arrive in time, the driving of the 860 concrete poles would start at the beginning of August. "That process would take 8,5 weeks; 100 poles a week. So by the first week of January 2005 we should be able to pour the first half of the first floor," said the Project Manager.

He said that it would only be around that time that spectators would really start noticing the works. "Everything up until then will be primarily underground. We'll be increasing speed after January," he said. Around then, when both sides of the first floor have been poured, the works will be conducted above the ground. Preparations will also be made for the beginning of the rerouting of the Airport Boulevard, around the 54,000 square meters of land that was reclaimed from the Simpson Bay lagoon for the construction of the terminal building. "That will be completed by the end of March," said Van Schaick. The existing road and together with the existing employee parking lot will be closed off.

Van Schaick apologized: "It (execution of Phase II) will make things a little bit difficult, especially when we bring in containers, but we'll try to do that as much as possible during the night time," he said.



Overview of the site where the new airport facilities will be located.

**PHASE II PLANS TO BE PRESENTED TO OFFICIALS OF SABA AND STATIA**

End of July 2004 a delegation of PJIAE, led by Commissioner of Aviation Affairs Mrs. Sarah Wescott-Williams, will be presenting the phase II plans to the government of Saba and Statia. drs. Holiday: "We recognize the interdependent relationships we have with our sister islands and are committed to ensure that they are properly informed of the developments that take place at our airport." He continues: "We intend to keep these presentations on the progress of phase II on a regular bases so that concerns and needs can be identified and addressed". Similar meetings will be kept in August with officials of St. Barths and Anguilla as well.

**PILE DRIVING TO START, PJIAE APOLOGIZES**

PJIAE Management hereby announces that the activity of pile driving for the creation of the foundation of the new terminal building is expected to commence in the second week of August. Even though PJIAE and its contractor Koop Europe BV have tried to minimize the disturbance, the noise may still become a source of unease. "But," said PJIAE Project Manager Wim de Man, "it's inevitable. The piles have to be driven. We don't have the advantage of building on rocks."

Some 850 piles will be driven over a period of two months. About 20 every day. The work will start around 7.00am every day and will continue all day to get as many piles in as possible.

"We did and are doing everything to minimize the disturbance," PJIAE President Eugene Holiday said. Koop was using an innovative method. Leo Aubroek, of HM Nederveen, the subcontractor for driving the piles, explained that his company's expertise was in "vibro-piling". This method features driving a metal pipe into the ground, after which the reinforcements are placed and concrete is poured. By using this method, the contractors don't have to produce the concrete piles first.

PJIAE President Holiday apologized to the communities of the areas surrounding the airport, the airport employees and to the traveling public and assured that the work would be done expeditiously.

**HORIZONS**  
Newsletter



**SOLID TRAFFIC INCREASE FOR PJIA IN FIRST HALF OF 2004**

**Overall traffic at PJIAE has experienced a more than 12 percent growth in the first six months of 2004. Passenger movements grew by 12.1 percent and aircraft movements by 12.4 percent. The biggest increase was noted in May 2004; a 21.3% increase in passenger totals was recorded then. If this trend continues, traffic at the airport may well reach an unprecedented intensity by the end of the year. As a matter of fact, the hike hints at the likelihood of PJIA traffic exceeding the projections made by the International Air Transport Association (IATA).**

That there would be a remarkable increase was evident from the start of the year, with passenger movements in January rising 9.8% compared to January 2003. The increase continued steadily, resulting in an average monthly growth of 11.5% for arriving and departing passengers from January through June 2004.

This percentage represents a total number of 890,826 passengers (including transit passengers) handled by PJIAE for the first half of 2004. This is an increase of 95,847 passengers or 12.1%, compared to the corresponding period in 2003.

If this growth persists, PJIAE will reach a new post-911 peak in passenger movements of almost 1.7 million by the end of the year.

The increase in passengers is directly tied to the increase in aircraft movements in the first six months of 2004. The number of scheduled carriers in particular increased by 15.2% from January through June 2004; from 26,918 in

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**GOVERNMENT AND CENTRAL BANK JOIN PJIAE IN INVITING INVESTORS EN ROUTE TO NEW HORIZONS**

"We cannot dwell upon past glory," said PJIAE President drs. Eugene Holiday on Tuesday, June 20th, 2004. He was addressing an audience of potential investors during the Road Show on Phase II of the PJIAE Expansion Project at Sonesta Maho Beach Resort. Explaining that the future of the airport presented an even more alluring sight than the facility's outstanding performance of the past 60 years, he invited the potential investors on a voyage to new horizons.

Drs. Holiday was joined by Leader of Government, Commissioner of Aviation Mrs. Sarah Wescott-Williams, Commissioner of Tourism Theo Heyliger and dr. Emsley Tromp, the President of the Central Bank of the Netherlands Antilles, who all gave outlines of St. Maarten, its economy, its tourism industry, its prospects and its potential.



Commissioner Wescott-Williams, drs. Holiday and dr. Tromp in discussion at the investors road show.

**PJIA E strategic asset**  
The Road Show was hosted by RBTT Merchant Bank, the financier of the US\$ 87 million project and PJIAE. Over twenty delegates had traveled from all over the Caribbean to St. Maarten to get a scope of what the future holds in store for St. Maarten travel.

PJIAE and RBTT had aimed generate interest among these regional investors to purchase the 8.25 fixed-rate PJIAE notes RBTT was offering for sale. And, at the end of

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the full day of presentations - by traffic forecasters (Rand Europe), engineers and designers (NACO), the legal counsels (Mayer Brown Maw & Row and Lexwell) and bank officials- both Eugene Holiday and Harry Hospidales - RBTT Merchant Bank's Vice President Distribution -, concluded that the proceedings had left them optimistic that the investors' interest had been sparked.

As Holiday outlined the airport's history, he explained the importance it has played from when it was built in 1942 as a military base, and after 1943 when it was converted into a civilian airport, the first in this part of the Caribbean.

"Today PJIA is the second busiest airport in the North Eastern Caribbean, in terms of aircraft movements, behinds San Juan, Puerto Rico. And we're the premier gateway for St. Maarten, St. Martin, St. Eustatius, Saba and St. Barths. This leaves no doubt as to the importance and role PJIA has and continues to play in the socio-economic development of St. Maarten. It leaves no doubt that PJIA is the single most important strategic asset of St. Maarten," said the PJIAE President.

drs. Holiday went on to say that the construction of the expanded terminal building and the related airside ramp space, as well as the landside road and parking networks are a necessity, if PJIAE is to maintain its position as a regional leader in providing airport services, a position, which is critical for the island's tourism industry. He said the new, modern facilities will be a gateway that reflects the spir-

it, character and friendliness of the island. Persons utilizing the envisaged airport will experience a new gate-way that will stand out as a symbol of progress with its unique mixture of modern architecture and Caribbean style, a gate way that will take us "en route to new horizons".



A cross section of the attendees of the road show.

### COMMISSIONER WESCOTT-WILLIAMS IDENTIFIES LOCAL AND REGIONAL SPIN-OFFS

**"I hope you leave here convinced that you cannot let this opportunity go by," Commissioner Wescott-Williams told the potential investors.**

She couldn't have given a stronger vote of confidence: "The plans we proudly display and "sell" today could not have come about without meticulous planning, arduous preparations, and tedious negotiations. For the Government of this island-nation, this determination

has been a deciding factor in extending to this indirectly government-owned corporation, the leeway and cooperation necessary to concretize the financing and construction agreements of the airport expansion," she revealed to the investors. She explained that the P r i n c e s s J u l i a n a

International Airport, as St. Maarten's gateway, is inextricably linked with the island's growth potential, growth mainly driven by tourism. "Several years ago already, it was established that to maintain the competitive edge of the island and its airport, major investments in this gateway would be unavoidable. We could no longer permit ourselves to remain at airport accommodations for maximally 1.2 million passengers, while the passenger numbers have climbed to approximately 1.5 million," Wescott-Williams reasoned.

She said that while the plans for the expansion stem from before 9/11, the events of that tragic day in 2001 did not leave the island or the airport unaffected. International security measures had to be reflected and taken into account in the new expansion plans, which, she added, also target the present congestion; the efficiency; the traveler's satisfaction.

The Commissioner also hinted at the spin-offs the project has for the island's economy and for the wider Caribbean.

"Locally, the airport expansion will serve as a catalyst for the private and public sectors to keep pace with airlift growth and new economic niches. Hotel properties are being upgraded and the general infrastructure is being improved," she said.

She added: "The Caribbean component also encompasses the role this airport can play in the growth and development of our neighboring islands."

The Commissioner told the investors that they were invited with this confidence in mind. "For St. Maarten this method of financing a project of this magnitude is unique, but exciting. It opens up avenues for participation in what can be surely considered a regional project, but at the same time it brings the Caribbean together in a very special way," she said.



Commissioner Wescott-Williams addresses the audience at the investors road show.

### HEYLIGER: UPGRADING, IMPROVEMENT NECESSARY



Commissioner Theo Heyliger addresses the invitees at the investors road show.

**"If we are going to transform St. Maarten into the kind of year-round, highly sought after destination envisioned by the Island Government, we must brand ourselves with excellence—excellence in product, infrastructure, services, events and culture," Commissioner Theo Heyliger said.**

He took the audience on an oral tour of recent tourism developments—demonstrating the island's rebound after a series of internal and external calamities-, but stressed that he didn't

make comparisons in order to gloat. "On the contrary – there is no room for complacency or arrogance. But I do use them to illustrate the very tangible benefits of St. Maarten being able to mobilize swift, well-coordinated crisis management and the results thereof," he emphasized.

"Prior to September 11, 2001 our performance and growth were impressive, numbers were headed towards an all-time high, and the industry's potential for our island seemed almost limitless. Then, overnight, that outlook changed completely. The world looked set to stay at home forever. The immediate picture potentially looked pretty bleak," said Heyliger.

He said St. Maarten suffered a downturn along with the rest of the world. Visitor arrival number plummeted and no one really knew what the next few years would bring. "However, we were back onto a growth path rather quickly, and our visitor numbers have remained positive," the Commissioner reported though. He produced figures: "St. Maarten recorded an 18.6% increase in air arrivals during the first four months of 2004. Whereas 182,432 passengers arrived during the period January to April last year, arrivals for the corresponding period this year totaled 216,509, an increase of 34,077. Stay-over tourists in the first quarter of 2003 totaled 118,665 and in 2004 the first quarter totaled 141,200, an 19% increase."

Heyliger said that in 2004 emphasis will remain on redeveloping the tourism sector and the diversification of the economy in 2004. "Emphasis will be placed on the acquisition of hotel investment to increase room inventory," said the Commissioner.

He outlined projects that should result in the addition of some 900 hotel room beds to the existing number. "The Aquamarina Project will provide 225 additional rooms and is already 65% pre-sold. The Maho Resort has been re-branded the Sonesta

Maho Beach Resort and Great Bay Beach Hotel is undergoing refurbishment. In Cupecoy the "Tropics" project will provide 226 new rooms as well. The Orient Express Group has started on the first phase of the expansion of the La Samana Hotel. The Cliff Project is one-third pre-sold. The Rainbow Project will be offering 100 new rooms," he said.

He added: "With the expansion of the Princess Juliana International Airport, it is important that these developments be looked at in that context. We cannot have an increased number of aircraft and an increased number of visitors, with an insufficient amount of hotel rooms."

He also looked at the cruise sector and concluded that overall the island's tourism economy held many promises. "November and December 2004 are being projected to bring approximately 200,000 cruise passengers (each month) to the island. If these projections hold true, the island could record close to 1.5 million cruise passenger arrivals in 2004. The numbers show great promise for St. Maarten in a very competitive market. We continue to hold our own among top cruise destinations in the Caribbean and in some cases we're surpassing them," he said.

He said the 4.3 percent growth St. Maarten recorded in 2003 was fuelled by increases in stay-over and cruise tourism. "There was growth in the hotel and restaurant sectors, in transportation and communication due to the increase in port activities such as container movements and the number of international calls made in the year. Trade, accounting for 30 per cent of the island's GDP and the construction sector also increased," he outlined.

He explained that the Front Street Beautification Project that recently got started in Philipsburg –to upgrade St. Maarten's capital– should be placed in the same category as the airport project. "It is yet another initiative to upgrade St. Maarten's Tourism Product," he said about the project that features a complete facelift of Front Street.

He concluded: "Further upgrading and improvement of our tourism product is necessary if St. Maarten wants to continue to remain one of the main tourism destinations in the Caribbean. Product improvements are dictated by what is taking place within other Caribbean destinations besides our own need to provide proper infrastructure for residents and visitors."



A tour of the airport facilities formed part of the road show program. Above, the potential investors visiting the New ATC and Radar Facility.

### TROMP: AIRPORT EXPANSION CRUCIAL FOR PERSISTENT ECONOMIC GROWTH

**Central Bank President Emsley Tromp saw much reason for optimism -as far as St. Maarten's tourism industry was concerned.**

He said that the PJIA Expansion Project would make a significant contribution to the long-term growth prospects of St. Maarten, but



dr. Tromp addresses the potential investors.

also warned for overlooking the tourism industry's susceptibility to exogenous factors.

Tromp congratulated the island for embarking on a project as ambitious as the expansion of the airport, and called it a welcome domestic alternative for banks, institutional and private investors. "The expansion of St. Maarten's airport is a welcome impetus to the strengthening of the island's economy and the economy of the Netherlands Antilles in general. The project suggests an encouraging outlook for further economic growth," said Tromp. He joined Holiday and Wescott-

Williams in underlining the need for the expansion, by illustrating that of all airports in the Netherlands Antilles, PJIA was the busiest, handling 1.5 million passengers in 2003, 4.5 percent more than in 2002. "The airport of Curacao handled 1.2 passengers in 2003, an increase of 1.5 percent. Bonaire's airport handled 0.6 million," he said.

The Central Bank President also presented a positive outlook for St. Maarten's economy. "The Island Government hasn't approached the Central Government for support since the last quarter of 2003, indicating that the finances must have improved. The financial situation of the Island Government seems stable, supported by the collection of back taxes and expenditure control. I welcome this development," he said, and pointing to the countries indebtedness cautioned for the need for fiscal discipline.

As a matter of fact, he continued, St. Maarten's economy performed better than the Antillean average. Tromp said the strong growth prospects for the island's economy will contribute to the projected further expansion of the country's economy by 1 percent in 2004.

"I expect St. Maarten's economic growth to continue in 2004. First-quarter tourism data indicate a growth of approximately 20 % each in the numbers of stay-over tourists and the amount of tourism earnings in St. Maarten. Given the dominance of tourism in the island's economy, buoyant growth in the tourism sector will translate into buoyant growth of the entire economy, supported further by the start of the airport expansion project," said Tromp.

### PENHA UPGRADE HINTS AT PERFUME SHOP'S PLANS WITH FUTURE LOCATION

Think perfume and Penha comes to mind. The Antilles' oldest perfume shop has a strategic advantage with its location close to the entrance of PJIA's departure hall; and with their recent upgrade they're taking that advantage to the next level. "We could do much better than we have been doing. We're right on the corner," said Elise Romer, Penha's General Manager.

Igniting that change was one of the first tasks she took on when she took the job a little over a year ago. "We want to be in competition with the world. Every airport you go to has a good perfume shop," she explained. The remodeling works were aimed at the entire face of the shop. "We're now only keeping fast moving items in the shop. The best sellers," she said. The shop has no more storage space, as the space that was dedicated to that purpose, has been put to what they considered more fruitful use. "People don't have much time. Travelers want to buy and move on quickly. That's why we deliver two and sometimes three times a day," she said.

Penha is a family owned business established in the 18th century. The head office is located in Curacao and the company has locations in Aruba and St. Maarten. "We have locations at all the airports," said Romer.

Products travelers can buy at Penha shops include the latest that rolled off the Estee L a u d e r , Christian Dior, A r a m i s , B o u c h e r o n , Lolita Limpica and Chanel lines. "Perfume suggests elegance and sophistication, so our shops have to breathe that environ-

ment," said Romer. She added: "And still this new location doesn't even come close to what we're going to do at the new airport building. We would definitely love to have a bigger space."



From left to right: Mrs. Adella Maduro and Merlene John Baptiste both employees of Penha with General Manager Mrs. Elise Romer in the new upgraded branch at the airport.