

UNITED STATES OF AMERICA

The Peninsula New York (100% group-owned)

General Manager – Niklaus Leuenberger

The Peninsula New York enjoyed a banner year, securing its position among the top three luxury hotels in the city in its competitive set and outperforming its projected occupancy and average room rates. It achieved occupancy of 78%, up 26% over 1999, and yield of US\$415, an increase of 36%.

Revenue from the hotel operation was US\$48 million compared to US\$37 million the previous year. Enterprising joint marketing efforts with American Express Platinum and Virtuoso succeeded in increasing incremental weekend business. The hotel's health and beauty spa retained a solid membership and strong à la carte following, maintaining revenues of US\$6 million for the year. An overall renovation of the spa is planned for 2001 to retain its competitive edge.

Based on the performance of The Peninsula New York and its sister hotel in Beverly Hills, The Peninsula Group was named the "Best North American Hotel Chain" for business in the Condé Nast Traveler Business Travel Awards. The hotel retained its AAA Five Diamond Award for the second consecutive year.

The Peninsula New York	2000	1999	% Change
Available rooms	239	241	(1%)
Average occupancy	78%	62%	26%
Average room rate	US\$533	US\$498	7%
Yield	US\$415	US\$306	36%
Revenue (US\$m)			
Hotel	48	37	31%
Spa	6	6	(2%)
Commercial	3	3	(10%)
	57	46	24%

Pressure on availability will ease as new supply in the boutique hotel sector comes on stream. The luxury market will feel the direct impact of a new competitor due to open in autumn 2001.







Club house terrace, Quail Lodge

Quail Lodge Resort and Golf Club

(100% group-owned)

General Manager – Manfred Moennich

Revenue from Quail Lodge, the hotel operation, increased by 20% over 1999 to US\$9 million. Occupancy was 66%, improving slightly on the previous year's figure, whilst the average room rate increased by 10%. The Golf Club generated revenue of US\$7 million, 14% above that achieved in 1999.

Quail Lodge	2000	1999	% Change
Available rooms	100	100	_
Average occupancy	66%	64%	3%
Average room rate	US\$264	US\$240	10%
Yield	US\$175	US\$152	15%
Revenue (US\$m)			
Hotel	9	8	20%
Golf Club	7	6	14%
Real estate sales	7	6	21%
	23	20	18%

The sale of six lots from the 614-acre Quail Meadows generated revenues of US\$7 million. The steady sales and the growing number of residents are enhancing the existing sense of community spirit.

Total revenues from the complex, including the hotel operation, housing lot sales and special events, amounted to US\$23 million compared to US\$20 million in 1999.

Prudent application of policies and operations systems has resulted in extra revenue being generated or costs contained. Improvements to the facilities continue – the Lodge Lobby was refurbished and a new gym was opened during 2000. In the highly competitive golf resort sector in the USA, Quail Lodge was named one of the top 50 resorts in a Condé Nast Traveler readership survey.

The Peninsula Beverly Hills

(20% group-owned)

General Manager – Ali Kasikci

The Peninsula Beverly Hills has maintained its position at the pinnacle of the Los Angeles luxury hotel sector. The hotel achieved average occupancy of 85%, capping 1999 by 4% and setting a new record. The average room rate increased by 2% to US\$399, resulting in a 7% increase in yield overall. This result may be set against an environment where supply is increasing and innovative strategies are essential to maintain growth and market leadership.

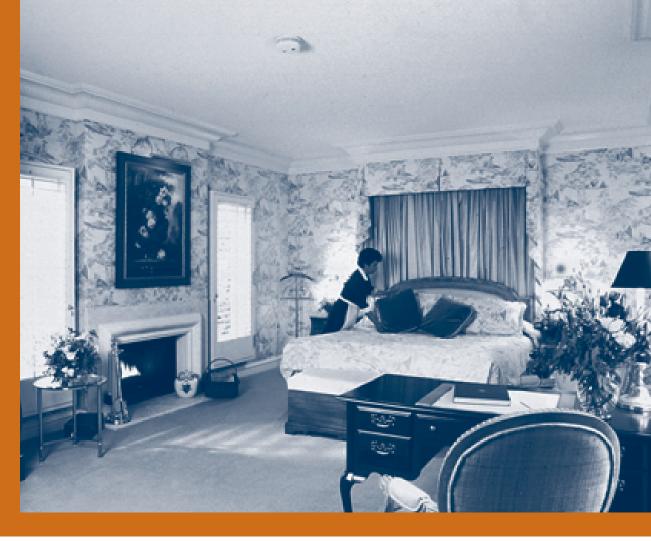
The creative food and service concepts of The Belvedere restaurant, adapted to "Private Events" management, have been influential in driving banqueting revenues up 13% over 1999 in the hyper-competitive market of social entertaining. Overall food and beverage revenues grew 9%. The hotel and The Belvedere retained their AAA Five Diamond Awards for the eighth and sixth consecutive years respectively.

Total hotel revenue for 2000 was US\$41 million, an increase of 8% compared to that achieved in 1999.

Signature Ballerina statue, The Peninsula Beverly Hills



Garden villa king room, The Peninsula Beverly Hills



The Peninsula Beverly Hills	2000	1999	% Change
Available rooms	196	196	_
Average occupancy	85%	82%	4%
Average room rate	US\$399	US\$390	2%
Yield	US\$339	US\$318	7%
Revenue (US\$m)			
Hotel	41	38	8%
	41	38	8%

In its second year of operation, The Peninsula Spa has achieved revenue growth of 37%. Its facilities have created a new market segment that encourages more business and leisure combination stays, boosting weekend occupancy to 84%, an increase of 10% over 1999.

The Peninsula Beverly Hills introduced to guestrooms the first broadband high-speed internet connection specially designed for hotels combined with digitised on-demand movies. In 2001, the hotel will carry out a soft-good renovation programme in the superior and deluxe suites as well as in a select number of deluxe guestrooms. Together with its philosophy of customer intimacy and personalised approach, the hotel will be able to capitalise further on its high rate of repeat guests.

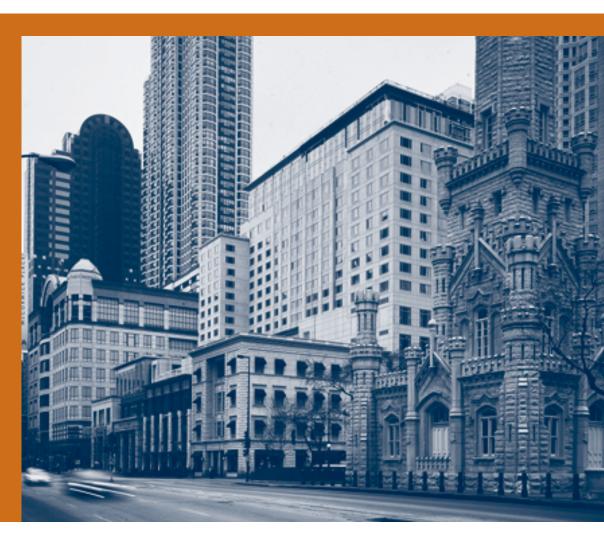
The Peninsula Chicago

(92.5% group-owned)

General Manager – Peter Finamore

Under construction since September 1999, The Peninsula Chicago was topped out on schedule in June 2000. At year-end, the cladding of pre-cast windows and the curtain wall was substantially completed. Permanent power was installed in the building, the main plant was in place, all service lifts had been installed and operational and passenger lifts were 75% complete. Fitting out works were underway throughout the building. The first guestroom floor was complete and repetitive construction cycle of the floors was underway.

Hotel exterior, The Peninsula Chicago



The key executive staff are in place, including a full sales team which is already heavily involved in implementing pre-opening marketing strategies.

The city of Chicago experienced record visitor arrivals during 2000 and projections for 2001 remain strong. Slated to open mid-2001, the 339-room Peninsula Chicago, situated on North Michigan Avenue, is expected to set new standards in the luxury sector as well as capture significant market share.