



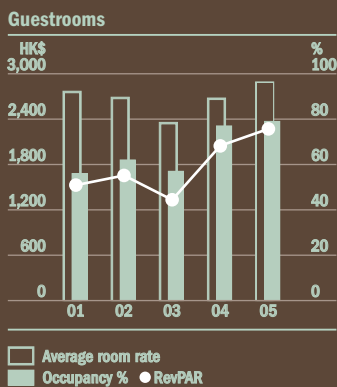
GENERAL MANAGERS' REPORTS

HONG KONG



left Fondue at Chesa
bottom Yacht races
in the harbour

Consumer confidence further strengthened in Hong Kong in 2005, driving higher domestic consumption on the back of improving job and earnings prospects. The hospitality industry flourished amidst record visitor numbers. Hong Kong's free-market economy, together with its increasingly integrated links with the mainland, positions the city as the key gateway to and from the PRC. Retail within The Peninsula Hong Kong has benefitted from this growth. Patronage of the food and beverage outlets within the property has been driven by higher occupancy as well as the return to confidence and more disposable income in the local market.



Source of guests	2005	2004
USA & Canada	32%	32%
Japan	16%	17%
Asia	17%	16%
Europe	21%	18%
Others	10%	12%
China	4%	5%
FIT	20%	15%
Corporate	23%	36%
Wholesale	40%	28%
Others	17%	21%



Into The Lobby

THE PENINSULA HONG KONG

100% owned

In 2005, strong demand came from high-end business and leisure travellers from North America and Europe, with the deluxe market enjoying healthy occupancies and increased average room rates in line with demand.

- ◆ In a positive year, demand for premium accommodation categories together with high occupancy have resulted in strong revenue growth, and have kept the hotel in pole position in RevPAR.
- ◆ To remain competitive with new and renovated hotels coming on-stream in the deluxe category, the hotel has embarked on a major upgrade and expansion of its spa facilities which are on target to open in May 2006.
- ◆ Further enhancements to the hotel include the installation of flatscreen TVs in all rooms and suites, and improvements to the property's leisure facilities.
- ◆ The Peninsula Ambassadors, a dedicated guest relations team, have been tasked with focussing on recognising and nurturing guests, and to date their efforts have resulted in an increase in repeat guests from the long haul (Europe and USA) and Japanese markets.
- ◆ The introduction of innovative offers such as the Harbour Cruise and Kowloon Heritage Tour and the Shop and Relax and Suite Experience have boosted regional leisure business and successfully promoted higher yield accommodation.
- ◆ A vibrant economy has propelled demand for retail space from international fashion brands within The Peninsula Arcade which achieved 96% occupancy for the year, and which generated significant rent increases on lease renewals.
- ◆ Challenges include the disruption to traffic whilst railway infrastructure is developed in front of the hotel; competition from the upgrading of other retail and entertainment areas; the introduction of new restaurant concepts; and, the threat of disease outbreaks.

Select Awards

- ◆ No.1 Gold List Awards – Best Hotel in the World
Luxury Travel Magazine (Aus.)
- ◆ No.2 Readers' Travel Choice Awards – Favourite Business Hotel
Time Magazine (Asia/HK)
- ◆ No.1 Readers' Choice Awards – Best Hotel in Asia
Condé Nast Traveler (USA)
- ◆ No.2 Top 20 International City Hotels
Andrew Harper's Hideaway Report (USA)
- ◆ No.1 China Hotels Golden Pillow Awards – Top 10 Popular Business Hotels
21st Century Business Herald (PRC)

The Peninsula Hong Kong	2005	2004	Change
Total number of rooms	300	300	–
Average occupancy*	79%	77%	3%
Average room rate	HK\$2,872	HK\$2,659	8%
RevPAR	HK\$2,271	HK\$2,048	11%
Revenue (HK\$m)			
Hotel	564	491	15%
Retail	35	32	9%
Commercial rentals	236	223	6%
Office rentals	23	24	(4%)
	858	770	12%

*In 2004, due to renovation, the average number of rooms available was reduced to 269.

THE PENINSULA NEW YORK

100% owned

As occupancy remains broadly in line with the previous year's performance, the increase in revenue has come from room rates which are 18% higher than in 2004.

- ◆ The Peninsula New York finished the year as a full marketing partner of Centurion-American Express, one of only three New York hotels to have direct access to the organisation's database of prestigious clients.
- ◆ Using a range of direct marketing tools to target cardmembers generated significant income and reservations from first-time guests.
- ◆ Other marketing initiatives included joint promotions with the influential Andrew Harper's Q Club, again driving additional rooms revenue from a fresh source.
- ◆ Partnering with Departures Magazine to celebrate its special destination issue on China, the hotel flew in the chefs from the signature Chinese restaurants in The Peninsulas in Hong Kong and Beijing, selling out the restaurant and creating excellent cross-exposure for the sister hotels.
- ◆ The Peninsula New York was the venue for "The City" photography exhibition, a showcase for young and promising photographers, jointly hosted by The Peninsula Hotels and renowned photographer Annie Leibovitz. Proceeds from the event, which was attended by 200 guests, benefitted ICP at the Point, an arts-based community centre in the Bronx.
- ◆ Following its renovation, *The Pen-Top Bar & Terrace* has re-established its position as one of the most popular cocktail lounges in Manhattan.

The Peninsula New York	2005	2004	Change
Total number of rooms	239	239	-
Average occupancy	75%	76%	(1%)
Average room rate	HK\$4,902	HK\$4,137	18%
RevPAR	HK\$3,655	HK\$3,145	16%
Revenue (HK\$m)			
Hotel	419	367	14%
Spa	46	47	(2%)
Commercial rentals	29	27	7%
	494	441	12%

Select Awards

- ◆ The AAA Five Diamond Award 2006
- ◆ Gold List – One of the World's Best Places to stay in New York
Condé Nast Traveler (USA)
- ◆ Best Overall – Best Business Hotels in New York
Forbes Magazine (USA)
- ◆ Four Star Award – The Peninsula Spa, America's Best Hotel and Resort Spas
Mobil Travel Guide



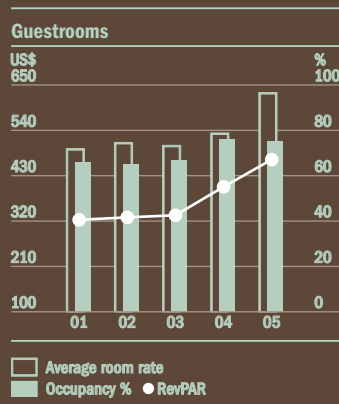
Cocktails at The Gotham Lounge

N E W Y O R K

right Heading for
The Spa
bottom Street
theatre close to
Brooklyn Bridge



New York is a good barometer of what occurs in the rest of the USA. With accelerating demand from domestic tourism and a lively corporate sector, the hospitality industry has been defined by a shortage of rooms, especially in the luxury sector. A trend towards converting existing hotels into condominiums or fractional-share enterprises, whilst still others are undergoing renovation, has put pressure on rates which have risen sharply. As little new inventory is due on the market before 2007, the boom in rates and occupancies looks set to continue.



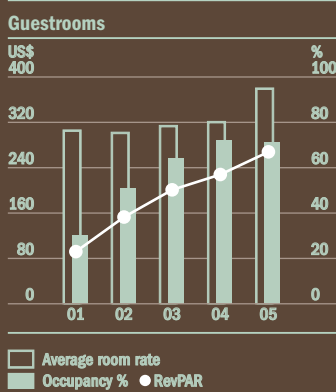
Source of guests	2005	2004
USA & Canada	68%	67%
Japan	2%	3%
Asia	3%	3%
Europe	21%	20%
Others	6%	7%
<hr/>		
FIT	78%	78%
Corporate	21%	22%
Wholesale	1%	-

C H I C A G O



left Alfresco dining at Shanghai Terrace
bottom Exercise at the beach

Nearly 32 million business and leisure travellers visited Chicago during 2005. The city has continued its climb as a leisure destination, often featuring in the top five nominations in national readership polls in influential publications. In addition to its diverse leisure attractions, Chicago is a noted meetings and conventions centre in the country, a sector that is now recovering much of its vigour following some lean years. 2006 is forecast to be a strong year for Chicago to capture business in this market.



Source of guests	2005	2004
USA & Canada	89%	87%
Japan	-	1%
Asia	1%	1%
Europe	5%	4%
Others	5%	7%
FIT	10%	5%
Corporate	30%	40%
Wholesale	30%	20%
Others	30%	35%



The Lobby



THE PENINSULA CHICAGO

92.5% owned

In 2005, The Peninsula Chicago clearly led its competitive set in average daily rate and RevPAR, firmly establishing itself as the premier luxury hotel in the city.

- ◆ The Peninsula Chicago's strategy of driving rate and RevPAR versus occupancy proved to be successful for the overall bottom line and profitability of the hotel.
- ◆ Despite aggressive discounting by competitors in the corporate transient, corporate group and catering/wedding business sectors, the hotel maintained rate integrity and improved market penetration.
- ◆ There were several influential drivers in the increase in food and beverage revenues: widespread recognition of *Avenues* as one of the top fine dining venues in Chicago; an increase in private functions at *Pierrot Gourmet* plus its loyal local customer base; *The Lobby's* successful Sunday and holiday brunches and Chocolate Bar; creative menus in Room Service; and the re-opening after significant renovations of the extended and perennially popular *Shanghai Terrace*.
- ◆ The hotel has worked closely with the Chicago Convention Bureau, targeting and capturing high-end meeting business.
- ◆ Joint promotions undertaken through the American Express Platinum Fine Hotels and Resorts and the Centurion partnerships have yielded significantly more room nights and higher revenues than the previous year.
- ◆ Family, spa, shopping and other high-end packages continue to be developed and marketed, driving both rate and occupancy and the hotel is working with the city to develop and promote the Winter Delights programme.
- ◆ One new luxury hotel is due to open in 2006; other brands have put renovation plans on hold during what is expected to be a very busy year.

Select Awards

- ◆ Mobil Five Star Award and AAA Five Diamond Award 2006
- ◆ *Avenues* restaurant, Mobil Four Star Award, 2006, and voted Restaurant of the Year by *Chicago Sun Times*
- ◆ No.1 Hotel in Chicago, 10th Anniversary World's Best Awards, and 500 Greatest Hotels in the World *Travel + Leisure*
- ◆ Highest rated hotel in Chicago and Illinois - Gold List *Condé Nast Traveler*
- ◆ Hotel General Manager Inducted into Leaders *Hotelier's Hall of Achievement*

The Peninsula Chicago	2005	2004	Change
Total number of rooms	339	339	-
Average occupancy	71%	72%	(1%)
Average room rate	HK\$2,947	HK\$2,490	18%
RevPAR	HK\$2,087	HK\$1,781	17%
Revenue (HK\$m)			
Hotel	440	388	13%
Spa	29	24	21%
	469	412	14%

THE PENINSULA BEVERLY HILLS

20% owned

The Peninsula Beverly Hills continues its market leadership in product and services, and has achieved significant gains in average rate and RevPAR.

- ◆ The Peninsula Spa, the extensive redesign and renovation of which were completed in November 2005, has conceived and positioned the facility as a lifestyle necessity rather than an extra amenity. The adjacent *Roof Garden* restaurant and Swimming Pool will be renovated in the first quarter of 2006.
- ◆ The hotel completed its soft goods renovation of its Deluxe and Grand Deluxe Rooms and introduced “The House Beautiful Suite” designed by one of the magazine’s top-rated interior designers, Alesandra Branca. This suite has become extremely popular for special events as well as with regular guests to the hotel.
- ◆ Signature landscaping of external areas, including the Villa gardens, and lighting architecture redesign was undertaken to ensure that the hotel’s environs properly complement its interiors.
- ◆ Through the group-wide agreement with American Express Centurion, The Peninsula Beverly Hills benefitted from becoming the exclusive hotel for cardmembers visiting the Beverly Hills area.
- ◆ The hotel also focussed attention on cultivating the elite Andrew Harper’s Q-Club membership, capturing the major share of this market. Both segments contributed significantly to rate growth.
- ◆ Partnerships with Lexus of North America and Ermenegildo Zegna were further leveraged to provide value-added amenities for guests.

The Peninsula Beverly Hills	2005	2004	Change
Total number of rooms	196	196	-
Average occupancy	83%	84%	(1%)
Average room rate	HK\$4,091	HK\$3,634	13%
RevPAR	HK\$3,395	HK\$3,046	11%
Revenue (HK\$m)			
Hotel	374	354	6%
	374	354	6%

Select Awards

- ◆ Mobil Five-Star & AAA Five Diamond Awards – Hotel
- ◆ AAA Five Diamond Award, *Belvedere* restaurant
- ◆ No.1 in Los Angeles – 10th Anniversary World’s Best Awards; No.3 World’s Best Hotels – Continental United States and Canada *Travel + Leisure (USA)*
- ◆ Best by Service in the United States, 2005 Gold List; No.1 – Urban Spas, Tops for Service – 50 Top Spas in North America *Condé Nast Traveler (USA)*
- ◆ No.2 – Top 20 USA City Hotels *Andrew Harper’s Hideaway Report (USA)*



The Living Room

BEVERLY HILLS

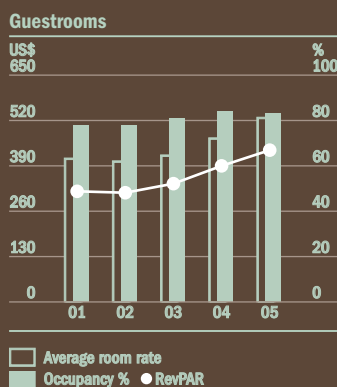


right A Villa Suite's private jacuzzi
bottom Santa Monica



The entertainment industry, which is the backbone of the local economy, has flourished during the year. Local drivers of domestic consumption surround awards seasons, as well as a thirst for new and innovative trends in spa, décor and food concepts. In addition to high demand from the

local community, the city attracts a national clientele from entertainment related businesses such as the legal and finance sectors. A temperate climate and a mix of culture, arts, food and beverage, sports and fashion pursuits have also made Los Angeles one of the top leisure destinations within the USA.



Source of guests	2005	2004
USA & Canada	86%	86%
Japan	1%	2%
Asia	2%	2%
Europe	7%	7%
Others	4%	3%
FIT	92%	94%
Corporate	3%	2%
Wholesale	5%	4%

THE PENINSULA BANGKOK

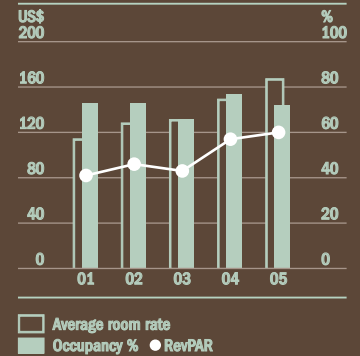
75% owned

The Peninsula Bangkok achieved a small revenue growth year on year, despite some adverse external factors affecting the hospitality industry during the year, and continues to receive many international awards and accolades.

- ◆ The Peninsula Bangkok has retained its position as one of the top two hotels in RevPAR in a competitive market.
- ◆ In September 2005, construction of The Peninsula Spa commenced in the grounds of the hotel; scheduled to open at the end of 2006, this dedicated facility will further enhance the hotel's attractions.
- ◆ The active pursuit of the Middle Eastern and Taiwanese markets is now yielding results with arrivals from these areas increasing whilst the Japanese market has also seen growth.
- ◆ Value-added initiatives in partnership with key tour operators in Hong Kong and Taiwan, such as golf, and spa/dine packages, have proven successful.
- ◆ The hotel continues to co-market with American Express to good effect, introducing an Amex Winter Promotion and the Amex Sensation Stay to its elite database.
- ◆ Joint promotions with Louis Vuitton, Lancôme Cosmetics and the Chiva Som Resort have been effective in creating niche markets for the hotel.
- ◆ The hotel has successfully captured special event business and continues to do well in the wedding banquet sector derived from local and overseas patronage, though the corporate meetings segment remains highly competitive.
- ◆ In the competitive set, several hotels completed room renovations and expanded spa facilities during 2005. Only one new property in the four star category is due to open in 2006.

The Peninsula Bangkok	2005	2004	Change
Total number of rooms	370	370	-
Average occupancy	72%	77%	(6%)
Average room rate	HK\$1,293	HK\$1,155	12%
RevPAR	HK\$935	HK\$893	5%
Revenue (HK\$m)			
Hotel	200	196	2%
Spa	1	2	(50%)
Retail	3	2	50%
Commercial rentals	2	2	-
	206	202	2%

Guestrooms



Source of guests	2005	2004
USA & Canada	21%	21%
Japan	11%	10%
Asia	29%	32%
Europe	26%	24%
Others	13%	13%
FIT	25%	26%
Corporate	26%	26%
Wholesale	44%	41%
Others	5%	7%



Breakfast at The River Terrace

B A N G K O K



top Making an offering
bottom Duplex Suite

Bangkok and Thailand generally have enjoyed a renaissance as a popular destination in recent years, particularly from its long-haul markets. External events such as the tsunami, political unrest in the south, and the threat of avian flu during 2005 have had some impact on the hospitality industry but despite these circumstances, performance has been steady, although occupancy remains under pressure in a competitive market. The Thai tourism authorities, with the cooperation of the hotels, have acted responsibly to develop a realistic campaign that builds on its successful “Amazing Thailand” initiatives.



Select Awards

- ◆ World's Best Business Hotel, No.6 Best Hotel for Service Worldwide
Travel + Leisure (USA)
- ◆ No.10 in Top 20 International City Hotels
Andrew Harper's Hideaway Report
- ◆ No.2 Travelers' Choice, Asia Pacific
Trip Advisor
- ◆ No.2 Best Hotel in Bangkok
Business Traveller Asia-Pacific
- ◆ Best Chinese Restaurant in Bangkok – *Mei Jiang*
One of Top 3 Western Restaurants – *Jesters Bangkok Dining and Bangkok Metro High Five Awards*

THE PENINSULA PALACE BEIJING

42% owned

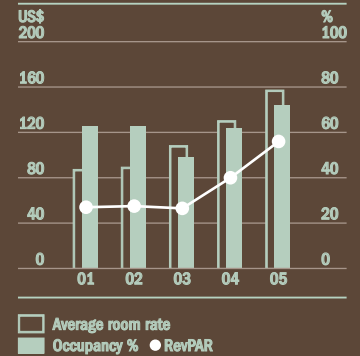
The completion in 2005 of the final phase of an extensive renovation programme has repositioned The Peninsula Palace at the top end of an increasingly competitive market.

- ◆ Given its enviable location close to major visitor attractions, the hotel has benefitted from strong leisure business.
- ◆ In the corporate sector, concerted efforts to capture meetings and incentive business have been fruitful: the hotel was the sole host of the International Monetary Fund Conference, and one of two selected as official host hotels for the Fortune Global Forum.
- ◆ As well as competitive meeting packages, the hotel has designed creative theme party and offsite catering initiatives which are promoted effectively to major overseas and regional partners.
- ◆ All guestrooms are now equipped to offer free wireless broadband internet connectivity in addition to the existing free broadband connection available, the only hotel in Beijing to offer such services.
- ◆ The Peninsula Palace Arcade continues to be the premier location for international brands with strong demand for expanded premises from existing tenants, or for available space from new entrants.

The Peninsula Palace Beijing	2005	2004	Change
Total number of rooms	525	530	(1%)
Average occupancy*	72%	62%	16%
Average room rate	HK\$1,219	HK\$1,008	21%
RevPAR	HK\$874	HK\$625	40%
Revenue (HK\$m)			
Hotel	268	209	28%
Commercial rentals	84	81	4%
	352	290	21%

*In 2005, due to renovation, the average number of rooms available was reduced to 484 (2004:500).

Guestrooms



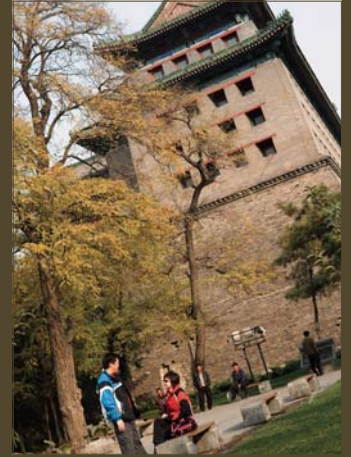
Source of guests	2005	2004
USA & Canada	25%	23%
Japan	10%	16%
Asia	40%	43%
Europe	15%	13%
Others	10%	5%
FIT	41%	39%
Corporate	17%	13%
Wholesale	23%	23%
Others	19%	25%



Taking reservations at Jing

B E I J I N G

China is on track to becoming the world's number one tourist destination as well as fulfilling its huge potential as a global business hub. In the capital, Beijing, infrastructure and facilities are being developed to keep pace with the growth in numbers of business and leisure travellers, which shows no sign of abating. The advent of the 2008 Olympics to be held in Beijing has turned the spotlight further on the city, which is also becoming the preferred choice as a conference, exhibition and meeting centre. A presence in Beijing is now considered mandatory for international hotel groups, which will intensify competition in 2006, when at least five luxury properties are scheduled to open.



right Beijing city wall
bottom At The Lobby



Select Awards

- ◆ China's Leading Hotel
World Travel Awards
- ◆ Top Hotel in Beijing
*Andrew Harper's
Hideaway Report*
- ◆ 500 Greatest Hotels
in the World
Travel + Leisure (USA)
- ◆ Highest Rated Hotel in
Beijing - Top 100 Best in
the World
Condé Nast Traveler (USA)
- ◆ Diamond Award -
2005 China Hotel Golden
Key Service
Les Clefs d'Or China

M A N I L A

Manila continues to face an uncertain political and economic environment. Balancing this, however, are some growth in foreign investments and the introduction of new businesses such as call centres and back office operations into the country. There are also small pockets of improvement in cultural and lifestyle facilities. Despite the uncertain environment, we plan to upgrade the hotel's premises to maintain a competitive edge in this market.



right Dining at the Green Belt
bottom Wedding party in The Lobby



Select Awards

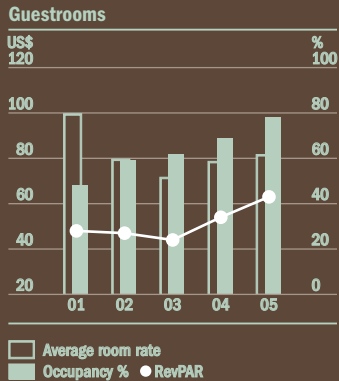
- ◆ No.2, Best Business Hotel – Manila
Business Traveller Asia Pacific Awards
- ◆ World's Best Business Hotels – sole Philippines representative
Travel + Leisure (USA)
- ◆ 2005 Gold List – World's Best Places to Stay
Condé Nast Traveler (USA)

THE PENINSULA MANILA

76% owned

The Peninsula Manila has achieved higher occupancy and significantly improved its RevPAR in a more positive operating environment.

- ◆ Following the acquisition of majority control of the hotel by HSH, plans have been approved for a renovation programme to begin in 2006. The Makati Tower will be closed for some months in 2006 for renovation of the guestrooms, and select public areas such as The Lobby will undergo some redesign and renovation.
- ◆ The Conservatory has now become a dedicated banqueting space and has proved popular for functions such as anniversaries and small corporate events.
- ◆ A number of sales and marketing roadshows to important feeder markets in the Asian region were undertaken throughout the year, with a particular emphasis on the corporate sector, the mainstay of the hotel's business.
- ◆ Comparatively young markets such as call centre and backroom operations businesses continue to grow. The mining and digital animation industries are also providing a new source of business.
- ◆ Co-marketing initiatives with international and domestic banks, airline mileage programmes and other retail privilege cards generate revenue through hotel stays and food and beverage promotions.



Source of guests	2005	2004
USA & Canada	27%	26%
Japan	10%	12%
Asia	42%	47%
Europe	10%	9%
Others	11%	6%
FIT		
FIT	19%	15%
Corporate	74%	79%
Wholesale	7%	6%



The Swimming Pool

The Peninsula Manila	2005	2004	Change
Total number of rooms	498	498	-
Average occupancy	78%	69%	13%
Average room rate	HK\$630	HK\$606	4%
RevPAR	HK\$493	HK\$420	17%
Revenue (HK\$m)			
Hotel	167	149	12%
Spa	2	1	100%
Retail	5	5	-
Commercial rentals	1	1	-
	175	156	12%

QUAIL LODGE RESORT AND GOLF CLUB

100% owned

Quail Lodge has improved in rooms, food and beverage, spa and golf revenues during 2005.

- ◆ Increased occupancy boosted RevPAR at the hotel, although the average rate remained relatively constant.
- ◆ The annual Quail Rally and the Motorsports Gathering in August are now firmly established in the classic car enthusiasts' calendar.
- ◆ Revenue from golf has increased as resort golf play strengthened during the year.
- ◆ A Land Rover Experience Driving School has been established at the hotel.
- ◆ The extension of the Spa facilities has resulted in higher revenues, and food and beverage receipts have also improved.
- ◆ In April 2006, management and marketing of the resort will revert directly to HSH, following a mutual agreement with Baylaurel LLC that Valley Resort Management should, in future, be a simplified provider of certain common services with Bernardus Lodge, rather than the manager of both properties.

Quail Lodge Resort and Golf Club	2005	2004	Change
Total number of rooms	97	97	-
Average occupancy	61%	54%	13%
Average room rate	HK\$2,297	HK\$2,288	1%
RevPAR	HK\$1,393	HK\$1,229	13%
Revenue (HK\$m)			
Hotel	89	78	14%
Golf club	31	30	3%
	120	108	11%

Select Awards

- ◆ AAA Four Diamond Award
- ◆ Gold List
Condé Nast Traveler
- ◆ *The Covey* restaurant –
Culinary Excellence Award
DIROna Awards





C A R M E L



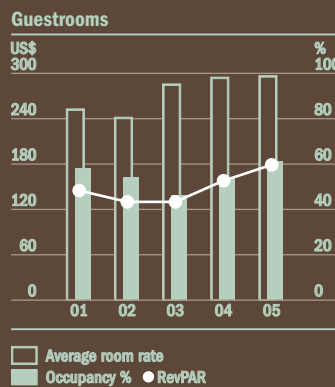
right The terrace at Edgar's
bottom On the Carmel coast



Next to agriculture, tourism is the second most important industry in a region which benefits from a temperate climate, coastal setting, world-famous golf courses, local wineries and close proximity to metropolitan cities such as San Francisco and Los Angeles. California's reinstatement of a US\$7.2

million state budget for tourism advertising efforts, coupled with the addition of flights into Monterey Airport from Las Vegas and Denver should provide a boost for Carmel Valley and the Monterey peninsula. The challenge is how best to position Quail Lodge in the competitive Californian golf resorts market.

Welcome at check-in



Source of guests	2005	2004
USA & Canada	96%	97%
Asia	1%	-
Europe	2%	-
Others	1%	3%
FIT	52%	51%
Corporate	48%	49%

PROPERTIES, CLUBS AND OTHER OPERATIONS

70%-100% group-owned

Properties

- ◆ A more buoyant economy and increased corporate activity have propelled a stronger leasing environment in Hong Kong.
- ◆ Unfurnished and serviced apartments at The Repulse Bay continued to be popular with existing and prospective tenants.
- ◆ A total of 55 unfurnished apartments at 109 Repulse Bay Road were renovated during the year, completing this phase of the programme. Altogether 99 apartments have been renovated out of a total of 141 apartments. The renovated apartments have been very well received and, as expected, have been able to command a higher rental.
- ◆ A further 6 serviced apartments in de Ricou underwent a soft goods refurbishment bringing the number of refurbished units to 55 out of a total of 68 available apartments. Occupancy of the serviced apartments has been impacted by apartments being made available to long-term tenants affected by the renovation programme.
- ◆ Excellent usage was made of The Club, the residents' leisure facility, as a result of the high occupancy levels of the residences.
- ◆ The food and beverage outlets, as well as banqueting business, turned in a good performance.
- ◆ The commercial arcade was fully let.
- ◆ The outlook remains positive due to the limited new supply of luxury residential accommodation in Hong Kong, particularly in Island South, and increasing demand for quality living.
- ◆ Pressure on available office space in Central boosted occupancy in St John's Building to 90% while rates began to increase.
- ◆ The Peak Tower was closed in April to allow a substantial renovation programme to proceed. Fully occupied in its previous incarnation, the revitalised dining, entertainment and retail complex is expected to command significantly higher rental revenues on its re-opening in the second half of 2006, maximising asset value and returns, and ensuring that Hong Kong's premier visitor destination stays ahead of the needs and expectations of visitors.
- ◆ To ensure continuing visibility of the project and to build up anticipation of the re-opening, marketing activities involving community programmes are already under way for The Peak Tower.
- ◆ The Landmark has achieved higher rental rates on stable occupancy for both the residential and commercial sectors of the development. Currently, upgrading of the kitchen equipment in the one- and two-bedroom apartments is underway, and further upgrading of facilities and operating equipment will be required to ensure the complex remains competitive with newer inventory coming on to the market.



PROPERTIES, CLUBS & OTHER OPERATIONS



Spices restaurant



Residents at The Club

The Repulse Bay complex	2005	2004	Change
Unfurnished apartments	353	353	-
Average occupancy	86%	78%	10%
Average rental (pnsf)	HK\$28	HK\$25	12%
Serviced apartments	68	68	-
Average occupancy	60%	66%	(9%)
Average rental (pnsf)	HK\$21	HK\$24	(13%)
Revenue (HK\$m)			
Residential	284	261	9%
Club	13	11	18%
Commercial rentals	36	35	3%
Food & beverage	42	43	(2%)
	375	350	7%

Other Properties	2005	2004	Change
Revenue (HK\$m)			
St John's Building	18	17	6%
The Peak Tower	7	23	(70%)
The Landmark			
Office	18	17	6%
Residential	11	11	-
	54	68	(21%)

PROPERTIES, CLUBS AND OTHER OPERATIONS *continued***Clubs & Club Management**

- ◆ The Thai Country Club (TCC) is recognised as having one of the premier championship courses in Asia, and excellent clubhouse facilities. Impeccably maintained, all the greens were re-grassed during 2005. The club hosted the Volvo Masters of Asia tournament in December, with significant television coverage broadcast daily over the four days of play. TCC also continues its cross-marketing advertising campaign with The Peninsula Bangkok.
- ◆ Private members' clubs and Cathay Pacific's first and business class lounges in Hong Kong managed by Peninsula Clubs and Consultancy Services (PCCS) continued to perform well. The airline lounges in particular have won many top honours in several readership polls conducted by travel trade and consumer magazines.

Clubs & Club Management	2005	2004	Change
Revenue (HK\$m)			
Thai Country Club	41	42	(2%)
PCCS	11	12	(8%)
	52	54	(4%)

Other Operations

- ◆ The sale of The Kowloon Hotel was completed on 1 February, 2005. Income for one month's operation was received by the company and is included in the revenue table opposite.
- ◆ The Peak Tram continues to operate as normal whilst renovation of The Peak Tower is underway. To maintain levels of patronage, management has implemented an incentive scheme for Travel Agents and an innovative "30 seconds photo opportunity" programme to allow passengers to take photographs of the stunning views from the Tram itself, whilst the Tower's viewing deck is inaccessible.
- ◆ Peak Entertainment was closed prior to the redevelopment of The Peak Tower.
- ◆ Peninsula Merchandising Limited, a relatively new subsidiary of the company, has opened up several new Peninsula Boutiques within our own hotels, and franchises within department stores in cities such as Bangkok, Hiroshima, Osaka, Tokyo and Taipei during 2005. More outlets are planned.
- ◆ Tai Pan Laundry's services are in greater demand given the particularly buoyant hospitality industry.



New Peninsula Boutique

The Kowloon Hotel	2005	2004	Change
Revenue (HK\$m)*	28	310	(91%)

*2005 figure represents revenue for the month of January only

Other Operations	2005	2004	Change
Revenue (HK\$m)			
Peak Tram	58	59	(2%)
Peak Entertainment	-	5	-
Tai Pan Laundry	37	35	6%
Peninsula Merchandising	17	11	55%
	112	110	2%



left Teeing off
bottom 19th Hole at
the Thai Country Club

