



Deluxe Suite living room, The Peninsula New York

UNITED STATES OF AMERICA

The Peninsula New York (100% group-owned)

General Manager – Niklaus Leuenberger

Despite the slowdown in the USA economy, 2001 was poised to be a positive year for The Peninsula New York. The events of 9/11, however, precipitated an immediate collapse of business. A rapid response to top supporters with a 60-day relief rate allowed the hotel to regain occupancy in the deluxe segment albeit at a slightly lower rate. It achieved occupancy of 66%, down 15% compared to 2000, and yield of US\$323, a decrease of 22%.

Revenue from the hotel operation was US\$39 million compared to US\$48 million the previous year. Strategic partnerships with American Express Platinum and Virtuoso, value-added marketing opportunities and direct mail programmes with key advertising publications helped boost performance against existing demand. The hotel retained its AAA Five Diamond Award for the third consecutive year.

The Peninsula New York	2001	2000	% Change
Available rooms	238	239	-
Average occupancy	66%	78%	(15%)
Average room rate	US\$492	US\$533	(8%)
Yield	US\$323	US\$415	(22%)
Revenue (US\$m)			
Hotel	39	48	(19%)
Spa	6	6	-
Commercial	3	3	-
	<u>48</u>	<u>57</u>	(16%)

The residual negative effects on travel from September 2001, a national economy still on the way to recovery and the opening of a new five star hotel on Central Park South, three blocks away from The Peninsula New York, add up to a year of challenge ahead in 2002.

The Bistro, The Peninsula New York





Hiking trails surrounding Quail Lodge Resort

Quail Lodge Resort and Golf Club

(100% group-owned)

General Manager – James Cecil

A number of factors conspired to depress the results at Quail Lodge, among them a slowing economy, the impact of 9/11, the downturn in internet-related businesses and aggressive competitor discounting.

Revenue from Quail Lodge, the hotel operation, decreased 22% compared to 2000 to US\$7 million. Occupancy was 58%, a decrease of 12% from the previous year; this figure reflects three rooms taken out of inventory to house the new spa, and 19 rooms under renovation for a period of eight months. There was a 5% decrease in average room rate to US\$251. The Golf Club generated revenue of US\$7 million, on a par with the previous year. Of the four real estate lots remaining, two were sold by end 2001.

Quail Lodge	2001	2000	% Change
Available rooms	97	100	(3%)
Average occupancy	58%	66%	(12%)
Average room rate	US\$251	US\$264	(5%)
Yield	US\$145	US\$175	(17%)
Revenue (US\$m)			
Hotel	7	9	(22%)
Golf Club	7	7	-
Real estate sales	2	7	(71%)
	<u>16</u>	<u>23</u>	(30%)

In January 2002, the group, together with Baylaurel, LLC, formed Valley Resort Management, LLC to manage and promote the companies' respective properties, Quail Lodge Resort and Bernardus Lodge also in Carmel. The establishment of the new company creates fresh impetus to enable Quail Lodge to reach its full potential, increasing its marketing reach within the resort niche. Company ownership of Quail Lodge is unchanged.

The Peninsula Beverly Hills

(20% group-owned)

General Manager – Ali Kasikci

In common with the industry as a whole in the USA, The Peninsula Beverly Hills was affected by the economic slowdown and the aftermath of the 9/11 attacks. Its occupancy dropped to 78%, the lowest in a decade. However, rapid response and innovative solutions helped the hotel recover some ground and achieve an average room rate of US\$408, up 2% over the previous year.

The Peninsula Spa, in its third year of operation, recorded revenue growth of 43% over 2000, a performance that attests to its creative concepts and the success of its marketing thrust to utilise the hotel in a “business/leisure” combination.

Total revenue for 2001 was US\$38 million, a decrease of 7% compared to 2000.

Villa gardens, The Peninsula Beverly Hills





The Roof Garden, The Peninsula Beverly Hills

The Peninsula Beverly Hills	2001	2000	% Change
Available rooms	196	196	-
Average occupancy	78%	85%	(8%)
Average room rate	US\$408	US\$399	2%
Yield	US\$317	US\$339	(6%)
Revenue (US\$m)			
Hotel	38	41	(7%)

In order to remain the market leader, The Peninsula Beverly Hills continues to capitalise on its strengths of attitude and quality service standards. Perceptions of the staff in a recent Employee Opinion Survey exceeded normative responses for United States employees across all categories. Staff commitment of this magnitude is reflected in the continual stream of industry accolades bestowed on the hotel including, for the 9th consecutive year, the Mobil Five Star Award and the AAA Five Diamond Award.

The Peninsula Chicago

(92.5% group-owned)

General Manager Designate – Maria Razumich-Zec

The Peninsula Chicago opened for business on 1 June 2001, 22 months after the start of construction. Its planned Grand Opening celebration, scheduled for 20 September, was cancelled following the tragic events in New York, Washington and Pennsylvania. A major air traffic hub and convention/trade show venue, Chicago has suffered significant declines in the number of corporate and international travellers. Although hotel occupancies have begun to rebound it has been at the expense of lower rates. The leisure market segment within a 300-mile radius remains buoyant, however, particularly on weekends.

Total hotel revenue was US\$12 million; occupancy of 30% has been achieved at an average rate of US\$304. Despite the hostile market conditions, the hotel's great success has been the quality, consistency and positioning of its dining and entertainment outlets, its banqueting operation and the timely launch of The Peninsula Spa, all of which have attracted plaudits from influential consumer publications as well as significant patronage.

The Peninsula Chicago	2001 (7 months)
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Available rooms	338
Average occupancy	30%
Average room rate	US\$304
Yield	US\$92
Revenue (US\$m)	
Hotel	12
Spa	1
	<hr/>
	13
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The economic environment remains challenging for the foreseeable future. In the competitive set, one new hotel is scheduled to open in mid-2002 while two others on the planning board have been cancelled. The city's investment initiative, World Business Chicago, continues to focus on attracting major companies such as Boeing which moved its headquarters from Seattle in 2001.

The Bar, The Peninsula Chicago

