



The lobby, The Palace Hotel Beijing

PEOPLE'S REPUBLIC OF CHINA

The Palace Hotel Beijing (20% group-owned)

General Manager – Donald Harrington

Arrivals to Beijing in 2000 began to improve although the market still remains highly competitive. In this environment, The Palace Hotel achieved occupancy of 64%, an increase of 8% over 1999, with the average room yield lifting slightly to US\$59 from US\$55 the previous year. Total hotel revenue was RMB184 million, 9% above that achieved in 1999.

Commercial revenues were maintained despite major new retail developments opening in the city, introducing a significant increase in retail space. The expected availability of additional retail spaces within the hotel in 2001 will strengthen further the current brand mix and provide capacity for increased revenue.

The Palace Hotel Beijing	2000	1999	% Change
Available rooms	530	530	–
Average occupancy	64%	59%	8%
Average room rate	US\$92	US\$94	(2%)
Yield	US\$59	US\$55	7%
Revenue (RMB'm)			
Hotel	184	169	9%
Commercial	64	65	(1%)
	248	234	6%

The Palace Hotel's location within the thriving Wangfujing district places it in a strong position for the leisure market. The number of room nights bought by Japanese guests increased by nearly seven thousand, or 63% over 1999. The development of new office towers nearby has attracted the corporate market and offers the hotel great potential in that sector.

THAILAND

The Peninsula Bangkok (75% group-owned)

General Manager – Ian Michael Coughlan

In its second full year of operation, The Peninsula Bangkok has solidified its position as a leading leisure and business hotel in Asia. The continuation of the pricing strategy begun in 1999 exceeded expectations in response levels achieved, and succeeded in giving the hotel the widest international exposure. The hotel reported strong demand also in the summer months, traditionally a low season, in marked contrast to competitors. The three top markets for the hotel are Hong Kong, the USA and Europe, followed closely by Japan and Australia.

Consequent to this success, the hotel increased its total revenue by 84%, over 1999. Average occupancy increased by 156% over the previous year to 82% whilst yield increased 103% over 1999 to US\$65.

Food and beverage revenues were more seasonally affected but nevertheless did creditably for the whole year, rising 51% to Baht 256 million.

The Thai spirit house in the grounds of
The Peninsula Bangkok





Duplex suite,
The Peninsula Bangkok

The Peninsula Bangkok	2000	1999	% Change
Available rooms	370	370	–
Average occupancy	82%	32%	156%
Average room rate	US\$79	US\$98	(19%)
Yield	US\$65	US\$32	103%
Revenue (Baht'm)			
Hotel	683	368	86%
Retail	10	6	67%
Commercial	8	7	8%
	701	381	84%

Tourism to Thailand is expected to trend upwards in 2001 and The Peninsula Bangkok is poised to claim significant market share. A new room rate structure for 2001 released to the marketplace has been well received, still representing excellent value. Whilst 70% of the market mix of the hotel currently is leisure, 15% of overall revenues in 2000 were derived from wedding functions and corporate meetings. There is an opportunity to build the corporate sector further with the introduction of a third river boat in January 2001, linking with the monorail station, which gives guests easy access to key business as well as shopping districts.

The Peninsula Bangkok continues to win major awards, the latest in 2000 being “Best Hotel in Asia/Bangkok” from Business Traveller Asia Pacific magazine readers, and “Best Conference Hotel in Asia/Best Business Hotel in Thailand” from Business Asia/Bloomberg TV Awards.

Other Operations	2000	1999	% Change
Revenue (Baht'm)			
208 Wireless Road	63	63	(1%)
Thai Country Club	128	85	51%
	<u>191</u>	<u>148</u>	29%

THE PHILIPPINES

The Peninsula Manila (40% group-owned)

General Manager – Markland Blaiklock

Total revenues for The Peninsula Manila amounted to Pesos 1,031 million, down 6% on the 1999 result.

Political turmoil and an air traffic dispute took its toll on the country's business and leisure markets, depressing the industry as a whole. Occupancy at the hotel was 54%, 10% behind the previous year, whilst the average room rate achieved decreased to US\$100, from US\$112 in 1999.

The Conservatory,
The Peninsula Manila





The Peninsula Manila	2000	1999	% Change
Available rooms	500	500	–
Average occupancy	54%	60%	(10%)
Average room rate	US\$100	US\$112	(11%)
Yield	US\$55	US\$67	(18%)
Revenue (Pesos'm)			
Hotel	981	1,052	(7%)
Retail	33	31	9%
Commercial	17	16	6%
	<u>1,031</u>	<u>1,099</u>	(6%)

The impact of external factors notwithstanding, The Peninsula Manila will forge ahead with new initiatives in 2001 aimed at increasing its competitiveness.

For a third consecutive year, The Peninsula Manila was voted Top Business Hotel in Manila at the 2000 Business Traveller – Asia Pacific Travel Awards.

VIETNAM

The Landmark, Ho Chi Minh City (70% group-owned)

Competition in both the residential and commercial sectors remained intense throughout 2000. These fundamentals impacted revenue levels as anchor tenancies for commercial space were renegotiated. Total gross revenue, therefore, fell to US\$4.2 million compared to US\$6 million achieved in 1999. Occupancy levels of 82% for residential and 91% for commercial were achieved.

To remain competitive in the residential sector, a refurbishment programme of all 66 apartments and their related public areas was started during the second half of 2000 and is scheduled for completion by the end of the first quarter of 2001.



AUSTRALIA

Bennelong, Sydney (100% group-owned)

Sales of apartments in the Bennelong complex have continued throughout 2000, and have been in line with expectations. By year end 2000, 95% of the 237 available apartments had been sold. Sales in 2000 totalled A\$132 million and 11 apartments remain to be sold. Opera Quays, the retail component of the complex, was officially opened in March by the Premier of New South Wales. To date, only one tenancy remains to be leased. There has been widespread praise for the significant contribution that Opera Quays and the grand colonnade have made to the environment of East Circular Quay. Opera Quays is to be held for investment purposes in the medium term to allow time for it to mature as a retail asset.

P R Boppe,
1 March 2001