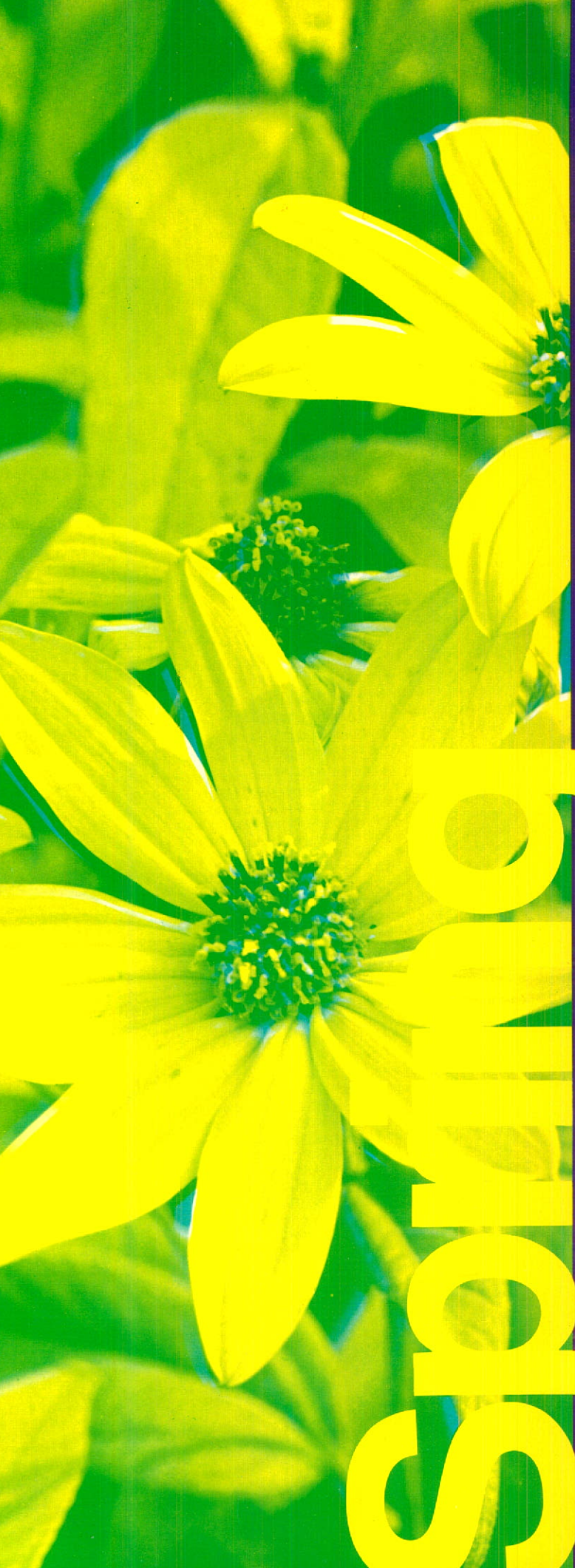




Four  
Seasons  
Hotels  
Limited

Annual  
Report '69





Spring

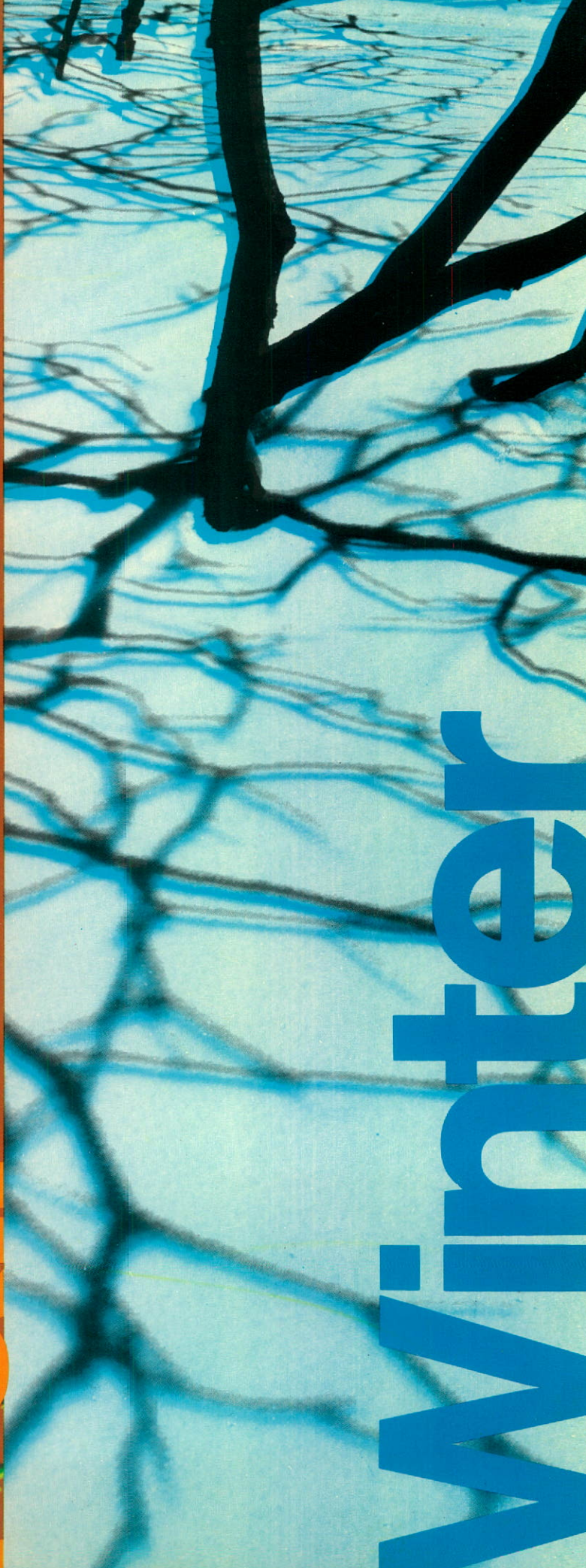


Summer





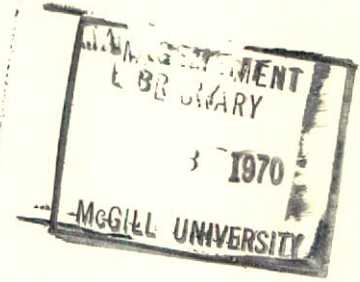
Fall



Winter



## Four Seasons Hotels Limited President's Report to The Shareholders



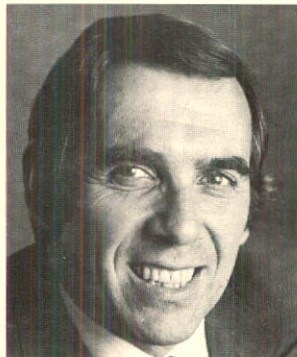
Isadore Sharp



Max. Sharp



Murray B. Koffler



Edmond Creed



Frederick Eisen



Clifford J. Ash



Ian Munro

The philosophy of Four Seasons Hotels Limited is reflected in its dedication to a fresh approach to the business of inn-keeping. Although we have been primarily engaged in the ownership and operation of hotel properties, we have also involved ourselves actively in the development of residential and commercial properties.

This philosophy has extended to each project, which we have attempted to create with a constant theme in mind. This encourages distinctive architectural concepts and an avoidance of stereotyped structures. Developing the potential of valuable properties today is our means of building for the future. We create our reputation and value to the community by always operating and maintaining these properties at high standards. We stress investment in properties that have the potential of tremendous appreciation value.

We analyze the local climate in order to put our combined talents to useful purpose, determining current market trends, conditions and needs, and then projecting those factors into the future to determine the requirements of particular projects.

Each site is carefully chosen for its relationship and significance to the particular city, the thought based on the thesis that this is not a chain of hotels, but is, rather, a group of hotels, each an important undertaking, definitely related to its specific community and market. They are, individually, places where people live, and the word "live", we feel, is the operative one, emanating from the continual involvement of properly trained personnel.

We believe we have successfully applied imaginative concepts to economic conditions and have related costs to realistic projections in order to develop sound and profitable locations. The efficient and productive management of Four Seasons Hotels has already established a record of achieving quality with the highest returns.



### *Financial Statistics*

For the year ending December 31, 1969, Four Seasons Hotels Limited's total sales were \$9,807,876 as compared to \$8,884,434 in 1968. Net earnings for the same period were \$664,476 compared with the 1968 figure of \$539,232. This year our earnings per share totalled 53 cents, compared with 43 cents in 1968. Cash flow generated from operations in the 1969 financial year was \$1,379,847, or \$1.10 per share, compared with \$1,036,475, or 83¢ per share in 1968.

Our forecast is one of increased optimism, of steady growth, of improved earnings, due to our emphasis on a policy of development in areas which have a predictable future of significant appreciation.

Few other businesses can look ahead with as much anticipation as the hotel industry.

Population will continue to climb, with a corresponding increase in the number of families. New cities will develop or be established in the next generation and inter-city travel, particularly by air and road, will see tremendous increases.

The hotel industry must expand to meet the demands of more effective means of communication and transportation in the years ahead. It's not enough, any longer, to think simply in terms of building nationally. The age of the jumbo jet requires an international outlook.

And, as business grows, both in Canada and abroad, the demand for quality hotel accommodation and facilities will grow with it. We plan to keep abreast of that demand while maintaining our reputation as efficient and imaginative hoteliers and, above all, as capable leaders in the field of management technique.

### *Current Operations*

In Toronto, we operate The Four Seasons Motor Hotel and the Inn on the Park. The former was the first of your company's projects and was the first such establishment in downtown Toronto. Its continuing high occupancy rate testifies to its

success. The Inn on the Park has become one of Metropolitan Toronto's busiest and most profitable convention and recreational facilities.

In London, England, Four Seasons Hotels recently opened another Inn on the Park. This elegant, but contemporary, luxury hotel is situated on an island site on Park Lane and Hamilton Place and will, for many years to come, combine the finest British service with traditional charm and courtesy.

The Four Seasons-Israel, located in the Mediterranean city of Nathanya, is Israel's first luxury resort hotel. On a two-acre site, this hotel sits atop a 200-foot cliff overlooking the sea.

### *Current Construction*

Recognition of the growing demand for first class accommodation encourages us to plan actively for the future.

Presently under construction is what we feel will be one of the finest hotels in the world — The Four Seasons-Sheraton. To be completed in the summer of 1972, this hotel will make a meaningful and immediate contribution to the total community life in Toronto. The site is directly across from Toronto's justifiably world-famous City Hall. The hotel will have one of the world's most spectacular roof gardens to complement its 1450 rooms, a 43-storey tower with the largest convention facilities in Canada, roof top restaurant, boutiques, cinemas, swimming pool and waterfalls.

In Belleville, Ontario, we are presently building a 124-room motor hotel and educational centre in conjunction with Bell Canada. The telephone company will use the educational wing as its main technical training centre. Overlooking the Bay of Quinte, the hotel will have two dining rooms, cocktail lounge, meeting and banqueting facilities along with marina, swimming pool, health club and tennis courts. Construction is expected to be completed by early 1971.

In Toronto, construction has started on a 224-room, 23-storey tower at the Inn on the Park, providing for indoor pool, addi-

tional meeting rooms and a new major dining room.

### *Future Projects*

A major project for the immediate future is the development of a hotel, apartment and specialty store complex on the Vancouver waterfront. The park-like atmosphere and the emphasis on landscaping that has become our trademark will be extended to the Inn on the Park, Vancouver — situated on a 14-acre site in that important west coast city.

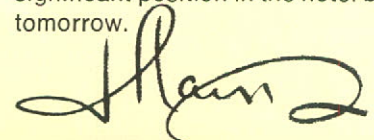
To make maximum use of our facilities we have established a program to continue the sale of residential apartments and, in partnership we purchased the Kensington Towers apartment complex in Toronto. Sales are now well underway and the response from the public is excellent. The project we initiated at Ten and Twenty Avoca Avenue in Toronto is now successfully completed and we were recently honoured by receiving an award for the architectural excellence of these apartment buildings.

We were successful in being selected to develop a proposal for the new Granite Club in Toronto's suburb of North York and will subsequently acquire the club's present four acre site on St. Clair Avenue. Financing for the purchase of this site has been arranged and plans for a combined commercial and residential development will be announced shortly. Also planned for the future is an 18-storey office building on Mt. Pleasant Road in Toronto.

### *In Conclusion*

To achieve our goals, our philosophy is to be tasteful, to have distinctive character, to be tailored for today, designed for the future, and above all to maintain our standard of excellence.

By creating valuable assets today we will assure ourselves of a prominent and significant position in the hotel business tomorrow.





## Inn on The Park, Toronto

Typifying Four Seasons' dedication to combining the convenience of complete hotel facilities with the comfort of country club living is this renowned convention hotel, just 15 minutes from the heart of Canada's fastest growing city. Surrounded by architecturally designed landscaping, it offers sophistication and informality, convenience, complete facilities, a confident and competent staff and function rooms capable of handling up to 1,000 people for sumptuous banquets or up to 1,600 for receptions and meetings. It provides the largest convention facilities in Toronto outside of downtown.

Add to this three dining rooms and two cocktail lounges and you have the nucleus of a great hotel.

Nothing has been overlooked to make this a complete convention facility. Even little things like a variety of small rooms with features including built-in projection screens, blackboards, cork boards, and displays units, built-in sound systems, air conditioning and phones.

Complementing these are the 400 luxurious guest rooms providing comfort and enjoyment. Multiple suites, double bedded, twin bedded or studio rooms — all spacious, overlooking a vast park.

Café de l'Auberge, a dining and dancing room featuring specialty dishes of famous inns throughout Europe. The Vintage Room, offering house specialties, beef and steak, in an intimate atmosphere. The Buttery, a family dining room, with a superb buffet. The Copper Lounge and the Terrace Lounge, quiet, restful oases, places to relax.

An extra feature is the Inn on the Park's own Athletic Club, where the guest businessman can shed his fatigue along with his tie to join in the regular calisthenics class with members in the fully equipped gym; can relax in the soothing warmth of



Main Entrance. Inn on the Park, Toronto





In winter

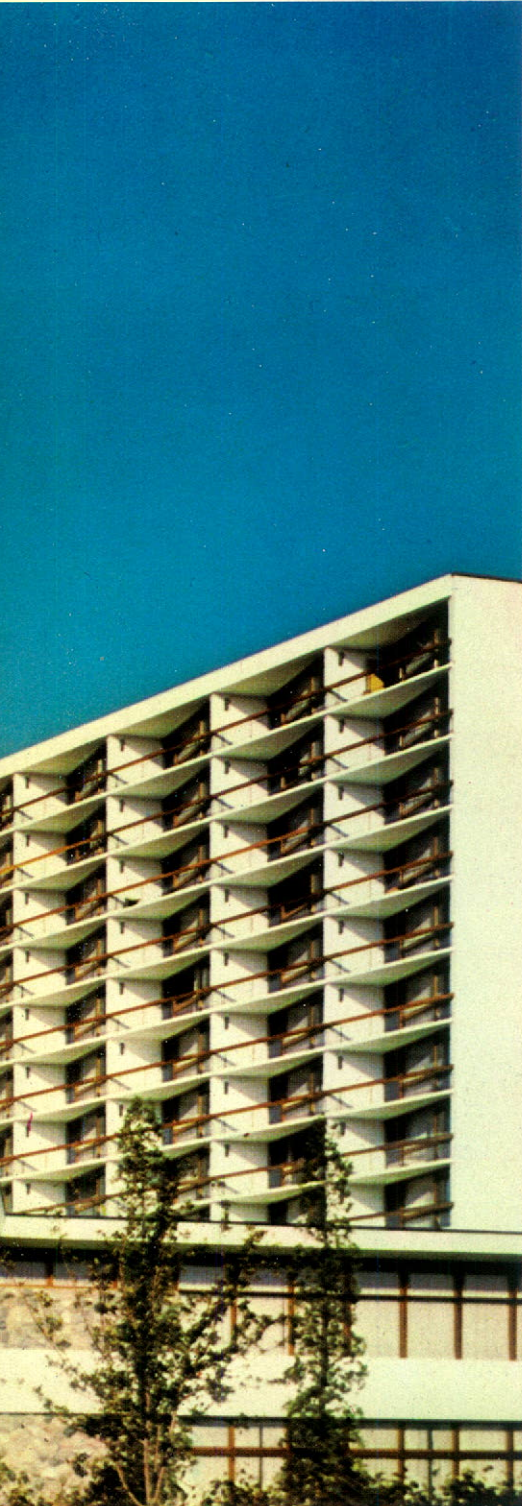
the wet or dry sauna; can have a massage or a sun lamp treatment; can play chess or simply sit and watch color TV or read the latest magazines and publications. This bit of added luxury is one not to be found in many other hotels.

Just steps away from the Athletic Club is the hotel's shimmering, inviting pool, with colorful chaise lounges, a diving pool and the children's wading pool. All of these features make the Inn on the Park, Toronto the ideal setting for business or for family relaxation.

The beautifully landscaped gardens surrounding the hotel provide a changing

panorama of color and fragrance during the growing seasons, highlighted by a waterfall, a duck pond, a putting green, shuffleboard courts, badminton, children's playground, gift shop and wintertime skating.

So successful has this combination been that to meet the demand for accommodation, a new 224-room, 23-storey tower is presently being added, to open in the spring of 1971.



Garden Court, in Spring



Swimming Pool in Summer



## Inn on The Park, London

Like all Four Seasons Hotels, this luxurious building is magnificently situated. Adjacent to Hyde Park, it stands on one of this famous city's most revered sites, on Old Park Lane in fashionable Mayfair.

This desirable location places it just a short walk from Hyde Park Corner and Piccadilly, and near Buckingham Palace, St. James' Palace, Constitution Hill, Birdcage Walk and the Mall.

This is the first European link in the Four Seasons Limited enterprise and it was opened officially by Her Royal Highness Princess Alexandra in late January, 1970. The opening gave Four Seasons hotels in

three countries — Canada, Britain, and Israel.

The 10-storey Inn on the Park, London has 230 rooms, 20 private suites, banquet and conference rooms, two restaurants and cocktail lounges.

Being leased and operated by Four Seasons Hotels Limited, it features the traditional landscaped gardens and patios, creating a resort-like atmosphere in the heart of London.

The atmosphere within is designed to capture the essence of London tradition and to provide that intangible that says "welcome".



View from Hyde Park, London, England



Elegance is the keynote, from the richly furnished lobby to the sweeping grand staircase, from the Park Lounge to The Four Seasons Room and the Pavilion, from the Vintage Room to the Ballroom to the bar.

Executive suites follow the luxury theme — the Wellington, the Mayfair, the Hamilton, and guest rooms provide a variety of styles along with spectacular views.

Of special significance are the commissions of world famous U.S. interior designer Tom Lee, commissioned by Four Seasons Hotels Limited to be responsible for decor. His description of the hotel:

“A quietly elegant building situated on a triangle of the most desirable land in London, facing directly on Park Lane. It incorporates typical forms of bay window and garden, of railed balconies and Portland Stone.”

Michael Rosenauer the architect of the hotel designed the building to create a sense of dependability and elegance. Both he and Tom Lee set out from the start to recreate the essential qualities and special services that recognize the dignity and privacy of the discerning traveller.

Nothing has been left out. Each luxury suite overlooks Hyde Park. Each has one

or two bedrooms, sitting room, bathroom, pantry, color television set and telephones.

There are separate banquet and conference rooms, holding from 40 to 350 persons, fully equipped with projection and sound equipment.

On the second floor are 20 private rooms each with individual servicing arrangements. The cocktail lounge on the ground floor overlooks the garden without which no Four Seasons Hotels Limited hotel would be complete.



The Hamilton Suite



The Lounge Lobby



## The Four Seasons-Israel

Situated on the edge of history, The Four Seasons-Israel provides Canadians with an opportunity to participate in the growth and development of that country.

The 15-storey tower which was opened in July, 1969, offering 129 tasteful suites — each with an incredible view of the Mediterranean Sea and the vast beaches — is Israel's first cooperative apartment.

Managed and operated by Four Seasons Hotels Limited it provides a sound investment opportunity because, currently in most countries, companies can look forward to very real profit since cost of apartment purchase, carrying charges and

depreciation are valid operating expenses.

Completely self-contained, the hotel features: Dining room; cocktail lounge; reception and recreational facilities; heated fresh water swimming pool; tennis courts; air conditioning; fragrant flowering gardens; and a central location between Tel Aviv and Haifa, at Nathanya, long one of Israel's favorite resorts.

All modern conveniences are within strolling distance — sidewalk cafes, shopping plazas, galleries, post offices, theatres — and a golf course or historical sites are just minutes away by car.



The Swimming Pool



Four Seasons, Israel, at night



View of the Mediterranean from the hotel



Main Dining Room



## The Four Seasons Motor Hotel

The first motor hotel ever built in downtown Toronto, this residentially styled building totally encloses a gracious garden court, providing a refreshing environment for guests that is quite separate from the busy arteries that surround this hotel in the heart of the city.

Its success is reflected in a reputation that has grown with each succeeding year since that daring innovation in 1961 and in its occupancy rate which continues to be among the highest in Canada.

It provides a refreshing change in a tightly packed area of metropolitan Toronto. Its convenient location — only one

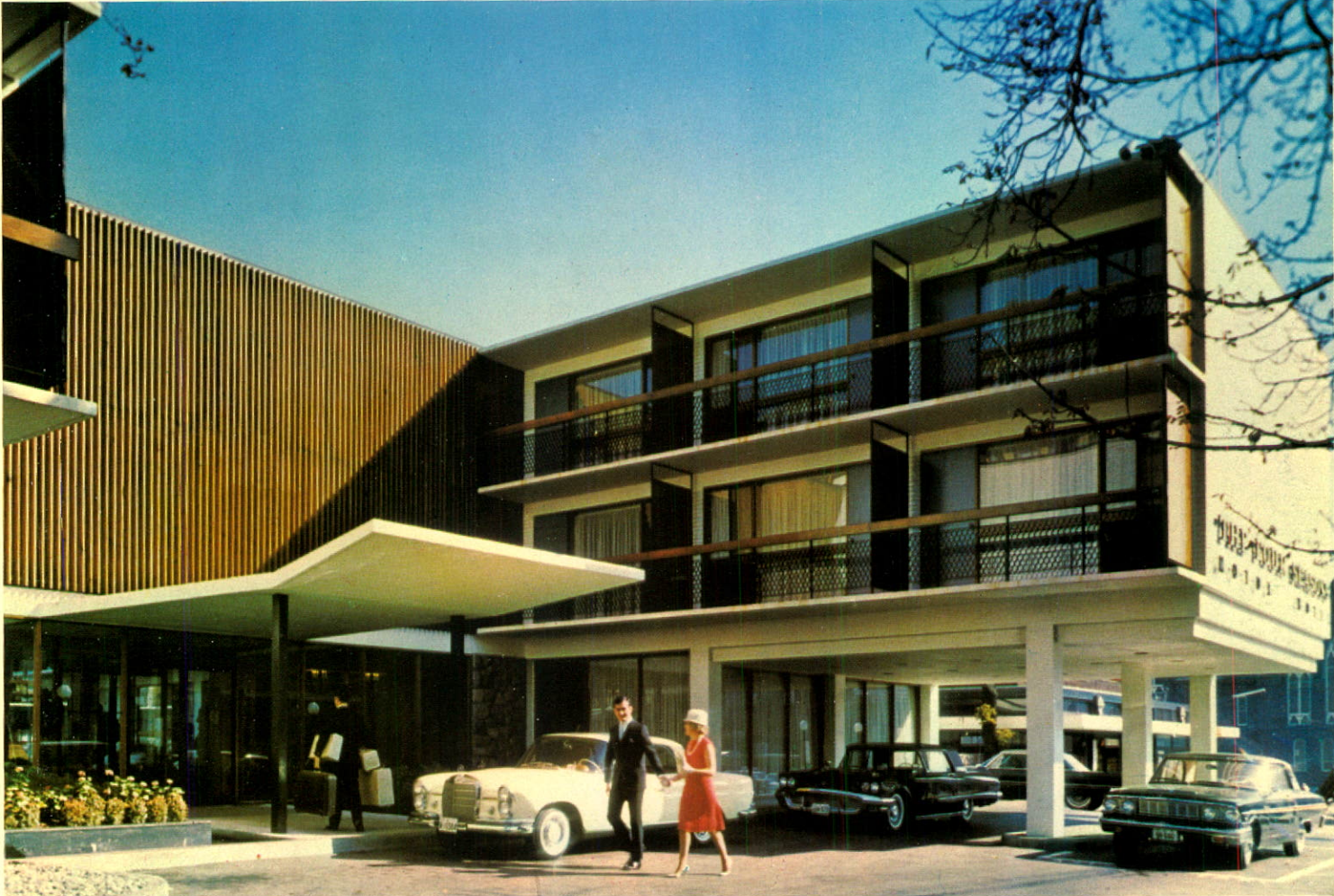
block from Maple Leaf Gardens — makes the hotel a favorite, whether it be for a holiday or business stay or simply a cocktail after work.

The main dining room is rated among the city's finest and as one of its most distinctive. It combines an intimate candle-light decor with impeccable service, excellent cuisine and the finest in vintage wines.

A summertime feature has proven extremely popular. A menu has been developed providing specialty foods from exotic corners of the world, served on the hotel patio at lunch-time within sight of

the flowering gardens and the hotel swimming pool and accompanied by appropriate musical entertainment.

The Four Seasons tradition of friendly atmosphere and luxury accommodations and facilities is maintained in the Motor Hotel. Guest rooms — 164 altogether — offer a wide variety of accommodation, from twin to double bedded rooms or studio suites, all with floor to ceiling windows and private balconies, many overlooking the inner patio. Additionally there are multiple suites, all with individual heat control-air conditioning and TV-radio.



Main Entrance, Four Seasons Motor Hotel



Garden Court in Winter



Swimming Pool in Summer



## Ten and Twenty Avoca Avenue

The two elegant apartment towers on Avoca Avenue in the St. Clair Avenue - Yonge Street area of midtown Toronto, represented Four Seasons Hotels Limited's first venture into the cooperative apartment field, in 1968.

It resulted in national honor when the architectural excellence of the owner-occupied development was recognized by the Canadian Housing Design Council as being among the outstanding architectural achievements in Canada.

The company, on a partnership basis, participated in the purchase of approximately two acres of land in this desirable

area for the purpose of constructing these two luxury cooperative apartment buildings, which were sold out before completion.

## Kensington Towers

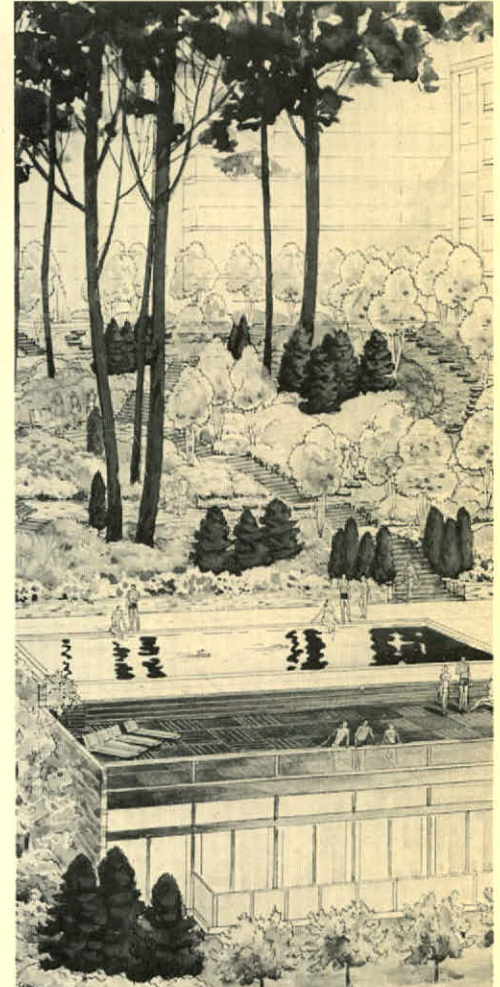
This distinctive apartment complex in one of Toronto's fabled areas — Rosedale, at 21 Dale Avenue — was acquired by your Company in partnership for conversion into a cooperatively owned building because of its many outstanding features. These include excellent location, beautiful setting adjacent to the Rosedale Valley, well established address and identity.

The building has five wings, three of which are five floors high and two which are ten floors in height. There are 226 suites, but numerous combinations of apartments have been arranged and larger suites created so that there are now 201 units on the floors and four terrace apartments are under renovation.

Refinements to Kensington Towers will include the addition, on the ravine side, of two swimming pools, indoor and outdoor, surrounding which will be a mammoth landscaping project.



Twenty Avoca Avenue



Proposed garden and pools, Kensington Towers



Existing gardens, Kensington Towers



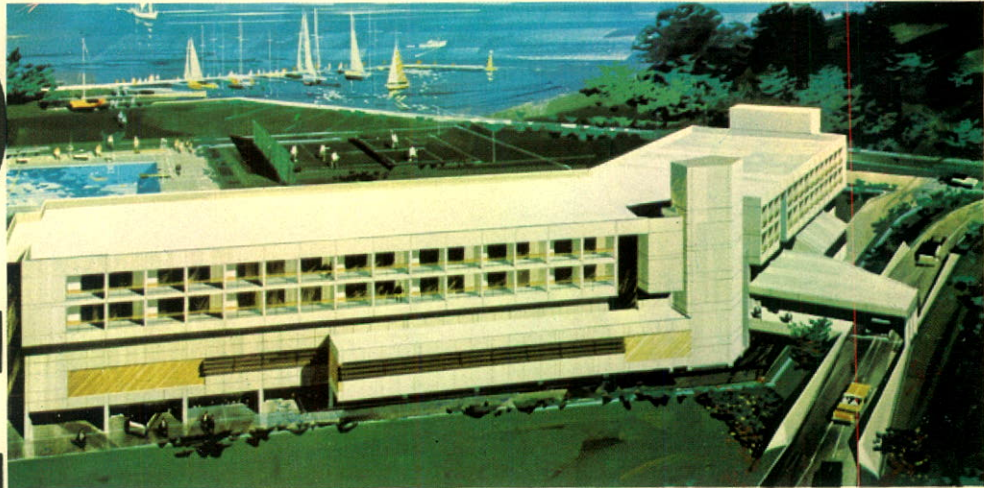
# Tomorrow

## The Four Seasons-Belleville

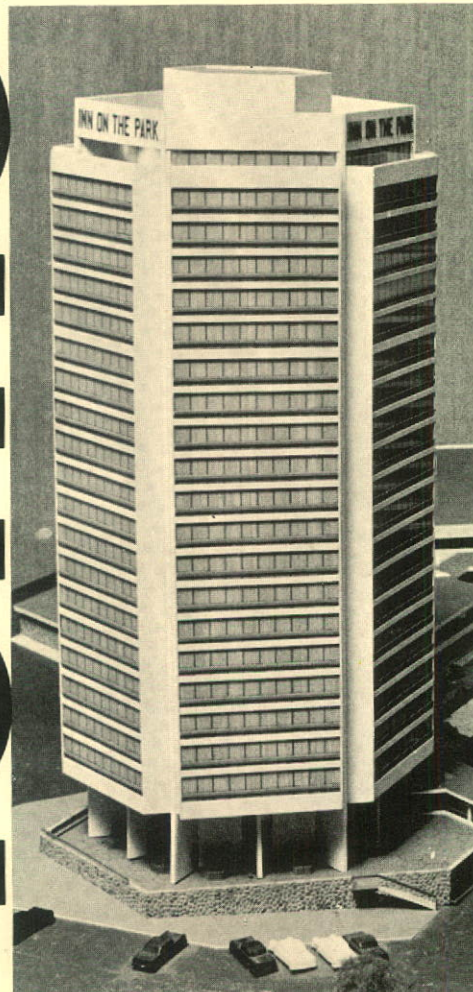
Winners of a national contest in 1969 to design and build a new hotel at Belleville, Four Seasons is constructing one of Ontario's unique hotels. It will open early in 1971 featuring not only full hotel facilities but also a separate educational wing for the exclusive use of Bell Canada.

Many of the hotel's 124 rooms will be occupied by company management personnel from across Canada during the nine or ten month period Bell will conduct its classes. Then, during the summer months, the building will revert to a watersports - oriented hotel making full use of its location on the Bay of Quinte.

Features include: Dining room; cocktail lounge; coffee shop; marina; swimming pool; health club; sauna; convention and meeting rooms, plus classrooms, library, demonstration rooms and an audio-visual and video-tape studio in Bell's wing.



Four Seasons-Belleville on the Bay of Quinte



Inn on the Park, Toronto, Tower Addition

## Inn on The Park Tower, Toronto

This \$5,000,000 addition to the lavish hotel in Don Mills, Toronto, will bring the number of rooms at the Inn on the Park to 615 when the tower is opened in 1971.

The 23-storey hexagon will add more meeting rooms to the already famous convention facilities of one of Metropolitan Toronto's most attractive hotels.

These will be augmented by 224 luxurious new hotel rooms, all with balconies overlooking one of the largest parkland complexes in Toronto and providing a breathtaking view in all directions.

Banquet and dining facilities will be increased proportionately and the inclusion of an indoor, heated swimming pool will add immeasurably to the recreational facilities. It will be easily accessible from the hotel's lush Athletic Club, providing further dimension for that popular hotel adjunct.

This will be the second addition to the hotel, which opened in 1963 with 198 rooms. It practically doubled in size when, two years later, 189 more rooms were added, along with further convention facilities.



## The Four Seasons-Sheraton

This hotel will give Toronto the Commonwealth's largest convention hotel — and will give the downtown area the lifeblood to turn it from a great Canadian city into a great city of the world.

In the heart of Toronto, facing the now universally renowned City Hall on Nathan Phillips Square, The Four Seasons-Sheraton represents the spirit of tomorrow that was envisioned by the late Viljo Revell when he designed the City Hall. It's a new concept in downtown city development.

The Four Seasons-Sheraton and the site it will occupy will complement and enhance the magnificent setting of the

City Hall. They will fulfill the aesthetic requirements spelled out by Viljo Revell and the City of Toronto and they will provide Toronto with a development to bring pride to its citizens and to draw attention from around the world.

The Four Seasons-Sheraton will be much more than just a hotel.

Reaction to the plans was immediate when it was announced that the winners of the international design competition to redevelop the south side of Queen Street was the partnership of Four Seasons Hotels Limited and Sheraton Corporation of America, a subsidiary of International

Telephone and Telegraph.

The senior partner of an eminent firm of New York City hotel consultants predicted: "It will be the greatest in the world."

The president of the World Federation of Hotels said: "This is the most revolutionary concept in hostelry ... Toronto will stand out as having the finest hotel on earth."

The public will be encouraged to use the hotel and will be particularly invited to share the pleasures of the roof garden, which will be one of the largest in the world and is designed to provide a down-



The Four Seasons Sheraton, a view from old City Hall



town oasis of comfort and delight.

Fragrant flowers, waterfalls and a variety of trees and shrubs — all within a few minutes walk of the city's core.

Delightful boutiques and outdoor dining areas, a magnificent rooftop dining room with a view of the city in all directions, a health club, supporting restaurants and cocktail bars are among other facilities to be available.

As a convention centre it will be without parallel in Canada and evidence of the interest is apparent already, since although opening is not scheduled until mid-1972, queries are now being received from

people charged with booking large conventions.

To be constructed in grey concrete, similar in texture to the City Hall, the 1450-room Four Seasons-Sheraton will be an impressive complex, and will feature a 43-storey tower, an interconnected 11-storey block fronting on Richmond Street, two theatres, full convention facilities, 50 boutiques, underground parking, and a below-surface walkway linking the hotel with neighboring department stores, office buildings and the subway.

It will be possible, also, to cross Queen Street to Nathan Phillips Square and the

City Hall by using an elevated walkway for the hotel which will connect with the present overhead walkway at City Hall Square.

The convention facilities are to be among the best in the world, capable of accommodating 8,000 people, and the banquet rooms, auditoriums and a 20,000-square foot exhibition hall will be capable of properly servicing major national and international conventions.

The main ballroom is designed to handle up to 2,500 people for dining and 4,000 for meetings.



The roof garden overlooking Toronto City Hall



The garden seen from the hotel



The waterfall seen from the lobby



### The Four Seasons Place

This will be one of Four Seasons Hotels Limited's most comprehensive and extensive projects and will be one of its most prestigious.

Plans call for the construction of a 600-room luxury hotel — the Inn on the Park, Vancouver — with restaurants, cocktail lounges, and specialty shops as well as the building of three high rise apartment towers with a total of 1,400 suites, plus adjoining townhouses. The total complex will be known as The Four Seasons Place.

The customary care in site selection resulted in the company choosing and leasing, on a long-term basis, a 14-acre

parcel of land adjoining famous Stanley Park on the waterfront at Coal Harbour.

The development will be carried out in two stages

The first stage will comprise about 60 per cent of the total development and will include: A 13-storey, 400-room hotel; a 33-storey, 330-suite apartment; three low rise apartments of six, seven and eight storeys, with a combined total of 300 suites; 20 townhouses; about 15 specialty shops and restaurants; a small marina; a public boardwalk along the waterfront.

The second stage will contain two more 33-storey apartments of 330 suites each

and a 200-room low rise addition to the hotel.

The unusual design of the hotel will result in it being built at various levels, but at no place will it exceed 13 storeys. It will provide varied and interesting views of the harbour and North Shore mountains from Georgia Street.

All hotel rooms will have balconies and full length windows and other facilities in the hotel will include suitable meeting, convention and banquet rooms, a health club and a swimming pool.

As is now traditional with Four Seasons, much emphasis will be placed on land-



The Four Seasons Place, Vancouver

# Future



scaping, with provision made for the public to stroll through the fragrant gardens or to relax in the shade of flowering trees by decorative pools.

The pedestrian walkway, which will be lined with shops, restaurants and special display areas, runs from Georgia Street to the water, continually varying in width and changing direction along the route.

The waterfront boardwalk will extend the full length of the development, from Stanley Park to Denman Street and will feature colorful cafes. Areas for sitting and relaxing are planned at frequent intervals.

The architects are designing the hotel to complement the natural beauty of the area and, actually, to make it an extension of Stanley Park.

From a financial standpoint it has many positive economic features, not the least of which are Vancouver's low apartment vacancy rate in the downtown area, and high occupancy rates in the city's downtown hotels.



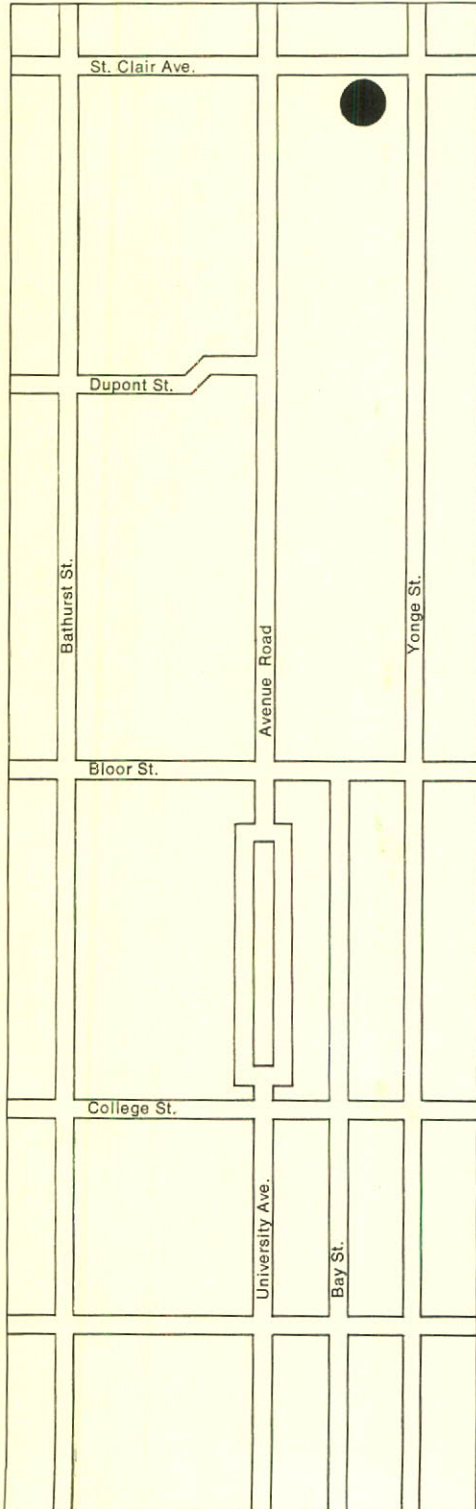
... featuring the Inn on The Park



## Granite Club

A successful bid resulted in Four Seasons Hotels Limited winning its third consecutive design competition and being chosen to develop the new Granite Club on a 17.3 acre piece of property on the west side of Bayview Avenue in suburban North York. Completion is expected in 1972.

Upon completion of the club, Four Seasons will acquire the present three acre site on St. Clair Avenue West, near Yonge Street, for future commercial and residential development. This locale is one of the most highly sought after site for such developments.



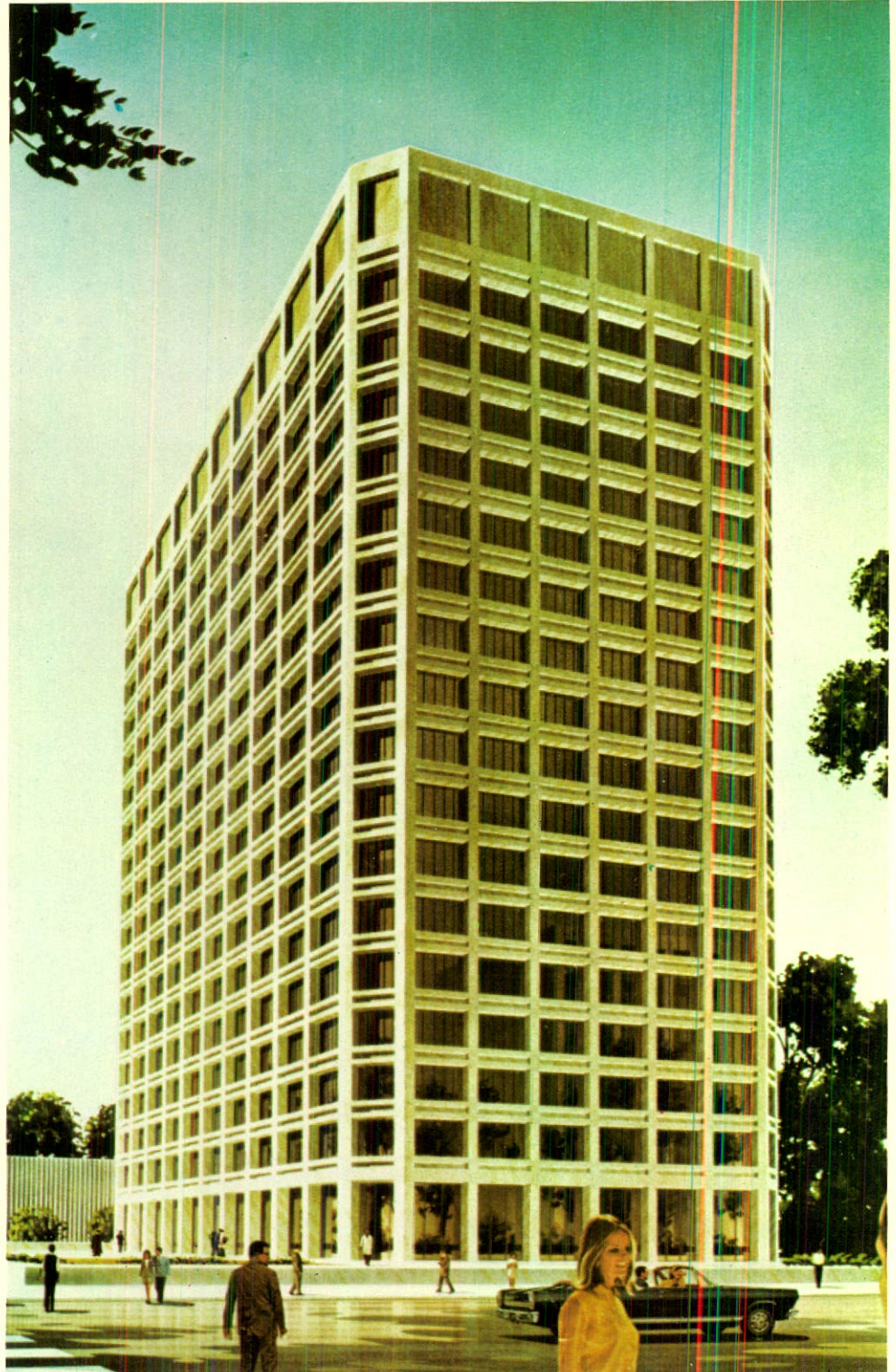
Granite Club Location

## Mt. Pleasant Development Co.

Four Seasons Hotels Limited have a 47½ per cent interest in this company and plan to build an office building at the south east corner of Mount Pleasant Road and Davisville Avenue.

To be constructed on 1.2 acre site, the building will contain 200,000 square feet of rentable space with the remainder of the property to be given over to landscaping and parking area.

Four Seasons has full control of the design and construction of the building, which will, once again, be beautifully landscaped with an abundance of trees and shrubs and a courtyard and fountain.







Proposed Office Building



## Financial Highlights

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Sales	1966	\$7,636,717	
	1967	\$8,302,282	
	1968	\$8,884,434	
	1969	\$9,807,876	



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Net Earnings *Earnings Per Share	1966	\$330,991 *26¢	
	1967	\$370,754 *30¢	
	1968	\$539,232 *43¢	
	1969	\$664,476 *53¢	

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Cash Flow *Cash Flow Per Share	1966	\$887,256 *71¢	
	1967	\$751,381 *60¢	
	1968	\$1,036,475 *83¢	
	1969	\$1,379,847 *1.10	

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Average Room Rate	1966	\$17.20	
	1967	\$18.45	
	1968	\$19.58	
	1969	\$20.84	

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# Consolidated Balance Sheet

As at December 31, 1969

## Assets

	1969	1968 (Note 1)
<b>Current Assets</b>		
Cash on Hand and in Bank	\$ 83,367	\$ 158,537
Accounts Receivable (After Allowance for Doubtful Accounts 1969 — \$83,678; 1968 — \$53,990)	621,003	621,131
Management Fees Receivable	93,055	—
Inventory of Food, Beverages and Supplies — At Lower of Cost or Replacement Value	262,732	239,694
Loan Receivable — South Side Development Limited	20,389	304,633
Accrued Interest Receivable	194,678	21,077
Sundry Amounts Receivable	79,102	89,484
Cash Surrender Value of Life Insurance	18,658	13,458
Equity in Rosehill Development Company (Note 4)	315,750	171,250
	\$ 1,688,734	\$ 1,619,264
<b>Deferred Development and Construction Costs</b> (Note 3)	\$ 612,037	\$ 181,518
<b>Investments</b> (At Cost) (Note 4)		
South Side Development Limited	\$ 1,176,000	\$ 500,000
Joint Venture Fund	3,500,000	—
Equity in Mt. Pleasant Development Company	70,062	59,375
Equity in Kensington Development Company	159,450	—
Mortgage Receivable — 8%, Due August 30, 1973	160,000	185,000
	\$ 5,065,512	\$ 744,375
<b>Fixed Assets</b> (Note 5 (a))		
Land	\$ 2,375,000	\$ 2,375,000
Buildings	7,537,836	7,463,526
Furniture, Furnishings and Equipment	3,347,620	2,382,743
Leasehold Improvements (At Cost) (Note 5 (b))	475,063	—
Vehicles (At Cost)	6,371	6,020
	\$13,741,890	\$12,227,289
Less: Accumulated Depreciation	606,522	296,594
	\$13,135,368	\$11,930,695
Linen, Tableware and Uniforms (Inventoried at the Lower of Cost or Depreciated Value)	894,427	680,258
	\$14,029,795	\$12,610,953
<b>Other Assets</b>		
Unamortized Financing Costs (Note 6)	\$ 290,233	\$ 7,500
	\$21,686,311	\$15,163,610

The accompanying notes  
are an integral part of  
the financial statements.



<b>Liabilities</b>	1969	1968 (Note 1)
<b>Current Liabilities</b>		
Bank Indebtedness (Note 7)	\$ 204,426	\$ 200,000
Accounts Payable and Accrued Charges	951,813	1,200,251
Long Term Debt Due Within One Year (Note 8)	473,082	508,496
Income Taxes Payable	107,696	251,260
Shareholders' Loans	46,024	175,762
	\$ 1,783,041	\$ 2,335,769
<b>Long Term Debt</b> (Note 8)	12,126,779	7,069,729
<b>Deferred Income Taxes</b> (Note 9)	1,016,029	629,939
<b>Total Liabilities</b>	<b>\$14,925,849</b>	<b>\$10,035,437</b>

**Shareholders' Equity**

<b>Capital Stock</b>		
<i>Authorized</i>		
3,000,000 Shares Without Par Value		
<i>Issued and Fully Paid</i> (Note 10)		
1,254,200 Shares Without Par Value (1968 — 1,000,000 Shares)	\$ 1,035,049	\$ 1,449
<b>Retained Earnings</b>		
<b>Surplus Arising from Appraisal of Fixed Assets</b> (Note 5)	2,719,390	2,120,701
	3,006,023	3,006,023
<b>Total Shareholders' Equity</b>	<b>\$ 6,760,462</b>	<b>\$ 5,128,713</b>
	<b>\$21,686,311</b>	<b>\$15,163,610</b>

Approved on behalf of the board  
I. Sharp, Director  
E. M. Creed, Director

The accompanying notes  
are an integral part of  
the financial statements.

**Auditors' Report**

To the Shareholders of  
Four Seasons Hotels Limited.

We have examined the Consolidated  
Balance Sheet of Four Seasons Hotels  
Limited as at December 31, 1969, and the  
Consolidated Statements of Earnings,  
Retained Earnings and Source and

Application of Funds for the year then  
ended. Our examination included a  
general review of the accounting proce-  
dures and such tests of accounting records  
and other supporting evidence as we con-  
sidered necessary in the circumstances.

In our opinion, these Consolidated  
Financial Statements present fairly the  
financial position of the Company as at

December 31, 1969 and the results of its  
operations and the source and application  
of its funds for the year then ended, in  
accordance with generally accepted  
accounting principles.

WM. Eisenberg & Co.,  
Chartered Accountants  
Toronto, Canada, April 29, 1970



## Consolidated Statement of Earnings

for the Year Ended December 31, 1969

	1969	1968
<b>Sales</b>	\$9,807,876	\$8,884,434
Cost of Sales	\$2,264,370	\$2,074,444
Payroll and Related Expenses	3,063,769	2,721,222
Other Expenses	2,147,691	1,888,615
<b>House Profit — Hotel Operations</b>	\$2,332,046	\$2,200,153
<b>Gross Profit — Real Estate Operations</b>	144,500	229,900
<b>Total Operating Profits</b>	\$2,476,546	\$2,430,053
Municipal Taxes and Insurance	356,013	349,173
<b>Earnings from Operations before the Following Charges</b>	\$2,120,533	\$2,080,880
Interest on Long Term Debt (Net) (Note 8)	578,265	586,493
Directors' Salaries	70,000	67,498
Depreciation of Buildings, Furniture and Equipment (Note 2)	314,006	339,808
<b>Earnings Before Taxes</b>	\$1,158,262	\$1,087,081
Income Taxes (Note 9)	493,786	547,849
<b>Net Earnings for Year</b>	\$ 664,476	\$ 539,232
<b>Earnings Per Share</b> (based upon 1,254,200 Shares outstanding as of December 31, 1969)	.53¢	.43¢

## Consolidated Statement of Retained Earnings

for the Year Ended December 31, 1969

	1969	1968
Retained Earnings at the Beginning of the Year	\$2,120,701	\$2,260,996
<b>Add:</b>		
Net Earnings for the Year	664,476	539,232
1966 Development Costs Recoverable	—	24,225
Increase in Cash Surrender Value of Life Insurance	5,199	32,208
	\$2,790,376	\$2,856,661
<b>Less:</b>		
Life Insurance Premiums	7,499	14,588
Reorganization Expenses and Costs of Share Issue Written Off (Note 6)	63,487	8,472
Adjustments to the Retained Earnings of the Predecessor Corporations for Deferred and Pro Forma Income Taxes	—	507,556
Dividends Paid by Predecessor Corporations	—	205,344
Retained Earnings at the End of the Year	\$2,719,390	\$2,120,701



**Consolidated Statement of Source and Application of Funds**  
for the Year Ended December 31, 1969

Four Seasons Hotels Limited

	1969	1968 (Note 1)
<b>Source of Funds</b>		
<b>Operations</b>		
Net Earnings for the Year	\$ 664,476	\$ 539,232
Add: Non Cash Charges to Income:		
— Depreciation of Buildings, Furniture and Equipment	314,006	339,808
— Deferred Income Taxes	386,090	157,435
— Amortization of Financing Costs	15,275	—
<b>Cash Flow from Operations</b>	<b>\$1,379,847</b>	<b>\$1,036,475</b>
<b>Public Financing</b>		
Sale of Common Shares	\$1,000,000	
Sales of Debentures	5,000,000	
	\$6,000,000	
Less: Expenses of Public Issue	361,495	
<b>Net Proceeds of Public Financing</b>	<b>5,638,505</b>	<b>—</b>
<b>Other Financing</b>		
Chattel Mortgage — London	1,037,200	—
Long Term Bank Loan and Obligations — London	426,593	—
Long Term Bank Loan — Toronto	—	1,000,000
Employees' Stock Options Exercised	33,600	—
Sundry	25,000	42,975
	<b>\$8,540,745</b>	<b>\$2,079,450</b>
<b>Application of Funds</b>		
Deferred Development and Construction Costs	\$ 430,519	\$ 81,391
Investments:		
— South Side Development Limited	676,000	500,000
— Joint Venture Fund	3,500,000	—
— Mt. Pleasant Development Company	10,687	59,375
— Kensington Development Company	159,450	—
— Mortgage Investment	—	112,374
Additions to Fixed Assets — Toronto	89,978	481,302
— London	1,638,792	—
Reduction of Long Term Debt	1,406,743	508,496
Sundry	6,378	17,102
Dividends Paid	—	205,344
Preferred Shares Redeemed	—	34,893
	<b>\$7,918,547</b>	<b>\$2,000,277</b>
<b>Increase in Working Capital</b>	<b>\$ 622,198</b>	<b>\$ 79,173</b>
Working Capital at Beginning of Year (Deficiency)	( 716,505)	( 795,678)
Working Capital at End of Year (Deficiency)	(\$ 94,307)	(\$ 716,505)



# Notes to Financial Statements

as at December 31, 1969

## 1 Accounting Presentation

As part of a general plan of reorganization on December 31, 1968, Letters Patent of Amalgamation brought together as one corporate unit the predecessor companies which formerly carried on the business now conducted by Four Seasons Hotels Limited.

For purposes of comparison with the 1969 financial statements of the Company, the 1968 financial statements of the predecessor companies were combined and consolidated.

The Consolidated Balance Sheet of Four Seasons Hotels Limited includes its wholly owned subsidiary, Four Seasons (London) Limited and also includes the assets and liabilities of the Company's branch hotel in London, England, which were converted at the rate of \$2.55 per £ Sterling. This hotel commenced operations in January 1970.

## 2 Depreciation Policy

Annual depreciation is recorded by the Company as follows:

Buildings – 5% sinking fund basis over a 40 year period  
Furniture, furnishings and equipment – 10% straight line basis  
Leasehold improvements – straight line basis over the lease term when the London branch opens in 1970

In 1968, the predecessor Companies recorded depreciation at varying rates. For Comparative purposes, the depreciation was restated to conform with the 1969 rates.

## 3 Deferred Development and Construction Costs

	1969	1968
Architectural and design fees and preliminary construction costs in connection with the current addition to the Inn on the Park, Toronto	\$283,570	\$ 88,739
Pre-opening expenses in connection with the hotel in London, England to be amortized over a number of years after the hotel opens for business in 1970	206,000	81,391
Architectural and design fees and other expenses in connection with a proposed hotel complex in Vancouver	75,454	–
Architectural and design fees and other expenses in connection with a proposed motor hotel in Belleville	22,013	–
Costs relating to the proposed acquisition of land in Toronto	25,000	–
Cost of options re land in Toronto	–	11,388
	<u>\$612,037</u>	<u>\$181,518</u>

## 4 Partnerships and Joint Ventures

### *Rosehill Development Company*

The Company has a 50% interest in Rosehill Development Company, a partnership which has developed and sold a co-operative apartment project. The Company's equity is shown at cost plus its share of the earned portion of the profit on the sale of the project. This amount was received by the Company in 1970.

### *South Side Development Limited*

The Company has a 49% interest and Sheraton Hotels, Limited has a 51% interest in South Side Development Limited. This joint venture is constructing and will operate a hotel complex ("The Four Seasons – Sheraton") on Civic Square South in Toronto, completion of which is scheduled for 1972.

The Company's investment of \$1,176,000 is shown at cost and consists of \$49,000 of share capital and a loan of \$1,127,000. By agreement, the Company's maximum investment will be \$4,900,000.

### *Joint Venture Fund*

Under the terms of the trust deed providing for the Series A Debentures, \$4,000,000 was deposited with Canada Permanent Trust Company as trustee, to be withdrawn by the Company from time to time for investment in South Side Development Limited. As at December 31, 1969, the balance of this Joint Venture Fund was \$3,500,000.

### *Mt. Pleasant Development Company*

The Company has a 47½% interest in Mt. Pleasant Development Company, a partnership which has purchased certain property in Toronto for \$852,000, subject to mortgages and a bank loan which total \$726,000. This property is to be developed as a commercial real estate investment. The Company's equity is shown at cost.

### *Kensington Development Company*

The Company has a 35% interest in Kensington Development Company, a partnership which has purchased an existing apartment building in Toronto for \$4,700,000, subject to mortgages of \$3,900,000 and a bank loan of \$450,000. This property is to be developed and sold as a co-operative apartment project. The Company's equity is shown at cost.



**5 (a) Land, Buildings, Furniture, Furnishings and Equipment**

The land, buildings, furniture, furnishings and equipment were appraised by Chaffe, MacKenzie & Ray Limited as at September 1, 1968. Their report dated November 28, 1968, indicated a market value of \$12,620,000. This amount was reduced by management to \$12,000,000 to establish a more conservative valuation. These amounts were allocated as follows:

Allocation	Appraisers	Management
Land	\$ 2,500,000	\$ 2,375,000
Building	7,700,000	7,325,000
Furniture, Furnishings and Equipment	2,420,000	2,300,000
	\$12,620,000	\$12,000,000

All additions to these fixed assets after September 1, 1968, were recorded at cost. The surplus arising from this appraisal of the land, buildings, furnishings and equipment is \$3,006,023.

**5 (b) Leasehold Improvements**

The leasehold improvements represent the Company's additions to the hotel under construction in London, England and are recorded at cost. The balance of these additions will be completed in 1970 at an estimated cost of \$165,000. Long term bank financing has been arranged for the additions.

**6 Unamortized Financing Costs**

Total cost of reorganization and the sale of capital stock and Series A Debentures was \$368,995. Of this amount \$63,487, being the net cost of reorganization and sale of capital stock, was charged to retained earnings. The balance of \$305,508 relating to the sale of the debentures is being amortized over the 20 year term of the issue.

**7 Bank Indebtedness**

The bank indebtedness is secured by a general assignment of book debts.

**8 Long Term Debt**

	1969	1968
Long term debt comprises the following:		
Bank loans and obligations re construction and development	\$ 426,593	\$1,000,000
<i>Mortgage payable:</i>		
Great West Life Assurance Company on The Four Seasons Motor Hotel, the Inn on the Park, Toronto and a portion of the Carlton Street property adjacent to The Four Seasons Motor Hotel and owned by the Company, due July 15, 1984, interest at 7%, plus a participation to a maximum of \$15,937 per annum (in the gross bedroom rentals of The Four Seasons Motor Hotel)	1,077,250	1,118,650
Joseph P. Thomson (1957) Limited on a portion of the land on Carlton Street, due April 30, 1972, interest at 7½ %	37,512	38,332
Shell Canada Limited on the service station property at Jarvis and Carlton Streets, due August 1, 1988, interest at 6¾ %	315,807	324,077
Great West Life Assurance Company on the Inn on the Park, Toronto, The Four Seasons Motor Hotel and a portion of the Carlton Street property owned by the Company, due February 1, 1987, interest at 7¼ %, plus a participation to a maximum of \$60,000 per annum to 1982, and a maximum of \$17,000 per annum thereafter to 1987 (in the gross bedroom rentals of the Inn on the Park, Toronto) Conditional Sales Contracts and Chattel Mortgages for furniture, furnishings and equipment, maturing in monthly instalments until 1980	4,153,200	4,275,600
— The Four Seasons Motor Hotel, Toronto	—	53,440
— Inn on the Park, Toronto	552,299	768,126
— Inn on the Park, London	1,037,200	—
<i>Debenture:</i>		
Series A, Sinking Fund Debentures, a first mortgage on the Joint Venture Fund and a first floating charge on all the Company's assets situated in the Province of Ontario, due February 3, 1989, interest a 7% per annum. The Company is required to establish a sinking fund sufficient to retire \$250,000 of principal on February 3rd in each of the years 1973 to 1988 inclusive	5,000,000	—
	\$12,599,861	\$7,578,225
Less: Due within one year	473,082	508,496
	\$12,126,779	\$7,069,729
Interest on long term debt (net) is shown as \$578,265 and consists of:		
Total interest charges	\$871,354	
Less: Interest earned on advances to South Side Development Limited and the Joint Venture Fund Investments	293,089	
Interest on long term debt (net)	\$578,265	



## 9 Income Taxes

For income tax purposes, the Company has claimed capital cost allowances on buildings, furniture, furnishings and equipment which are in excess of the depreciation recorded in the accounts.

The Company has also claimed for tax purposes in the current year, certain costs such as hotel pre-opening expenses and finance and interest charges which are deferred or capitalized for accounting purposes. The reduction of current income taxes payable amounting to \$386,090 will become payable in future years when these amounts already claimed for tax purposes will be charged against income and accordingly, this amount was added to deferred income taxes.

In addition for income tax purposes, the Company has claimed capital cost allowances of 100% of the inventories of linen, tableware and uniforms. This has resulted in a reduction of current income taxes payable for 1969 of \$114,387 and an accumulated reduction of income taxes payable of \$454,516. This accumulated reduction of income taxes will not become payable as long as the Company continues in the hotel business and maintains the inventories of linen, tableware and uniforms; and accordingly, no deferred income tax provision has been made therefor.

For purposes of comparison, the 1968 income taxes were restated to those exigible if the predecessor companies had operated as one company during 1968.

## 10 Capital Stock

### *New Financing*

During the year, the Company issued and sold 5,000 Units consisting of \$5,000,000 7% Series A, Sinking Fund Debentures, due February 3, 1989 with Share Purchase Warrants and 250,000 shares without par value for a total of \$6,000,000, of which \$1,000,000 was allocated to capital stock for the shares.

<i>Shares Issued During the Year</i>	Shares	Consideration
New Financing	250,000	\$1,000,000
Stock Options Exercised	4,200	33,600
	254,200	\$1,033,600

### *Shares Reserved for Exercise of Warrants*

The Share Purchase Warrants referred to under New Financing will be issued on or before February 3, 1972 and will entitle the holder to purchase 20 shares for each \$1,000 principal amount of Series A Debentures at \$10 per share up to February 3, 1976 and at \$12 per share thereafter up to February 3, 1979 when they expire.

The Company has reserved 100,000 shares for issuance upon the exercise of the Warrants.

### *Stock Options*

As at December 31, 1969, there were reserved a balance of 22,300 shares for issuance upon exercise of stock options granted by the Company to a director, a senior officer and to certain employees to purchase shares at a price of \$8 per share at the rate of 20% per annum of the number of shares originally optioned with cumulative provisions expiring on January 3, 1974.

## 11 Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid to directors and senior officers of the Company was \$167,000 (1968 - \$147,645).

## 12 Contingent Liabilities

(a) The Company, together with International Telephone & Telegraph Corporation and Sheraton Corporation of America have formed a corporation, South Side Development Limited, to develop the Civic Square South in the City of Toronto. The Company is entitled to participate in South Side to a maximum of a 49% interest with a maximum investment of \$4,900,000. The Company and South Side have executed a ground lease and a building agreement with The Corporation of the City of Toronto. International Telephone & Telegraph and Sheraton Corporation of America have agreed to indemnify the Company against that proportion of all claims, costs, demands and expenses arising out of the ground lease and building agreement which is equal to the percentage of their interest in South Side. So long as the lessees are not in default thereunder the ground lease requires the payment of rental at the rates of \$1 per annum during the first three years, \$240,000 per annum for the following seven years and \$390,000 per annum plus varying percentages of revenue for the remaining 88 years of the lease term. The lease is a net lease and requires the lessees to pay all other expenses including real property taxes.

(b) The Company has entered into an agreement with Two Parks Development Limited of London, England, whereby the Company's subsidiary will lease for a term of 84 years, the hotel being constructed in London and sub-lease such hotel to the Company for a term of 10 years. The Company will guarantee the obligations of its subsidiary under the lease for a period of 21 years, including the payment of rent in the amount of £205,000 per annum.

(c) As a result of the amalgamation and the issuance of 250,000 shares of the Company to the public, the licence transfer fee provisions of The Liquor Licence Act of Ontario may be invoked. If these provisions are invoked, the estimated fees payable would total \$128,000.

### *(d) Partnerships and Joint Ventures*

The Company is contingently liable for all of the obligations of the partnerships in which it has an interest (Note 4). However, against this contingent liability, the Company would have a claim upon the assets of its partners.

### *(e) Pending Litigation*

The Company is defending an action for damages in the amount of approximately \$75,000.

## 13 Subsequent Events

On January 30, 1970, the Company completed the purchase of land in Belleville, Ontario, and has commenced construction of a 125 room motor hotel and educational centre for Bell Canada, which upon completion will be held under a long term lease by Bell Canada. The Company estimates the costs to completion of the project will not exceed \$3,500,000.

In 1970 the Company commenced construction of a 224 room addition to the Inn on the Park, Toronto estimated to cost \$5,000,000. Long term mortgage financing for the addition has been arranged.







