



# FOUR SEASONS HOTELS LIMITED ANNUAL REPORT 1973



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Telex: 06-966669

REGISTRAR AND TRANSFER AGENT  
Guaranty Trust of Canada  
Toronto, Montreal,  
Winnipeg, Calgary,  
Vancouver

STOCK EXCHANGE LISTINGS  
Toronto Stock Exchange  
Montreal Stock Exchange

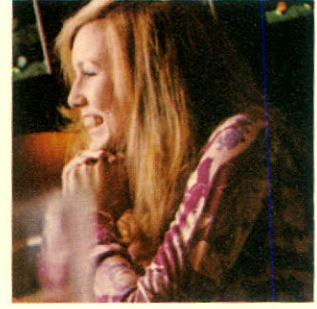
TRADING SYMBOL  
FRS

GENERAL COUNSEL  
Henry and Brown  
Toronto, Canada

AUDITORS  
Wm. Eisenberg & Co.  
Chartered Accountants  
Toronto, Canada

PROVINCE OF INCORPORATION  
Ontario (December 31, 1968)

VALUATION DAY VALUE  
For purposes of the Canadian Income Tax Act, the Valuation Day Value of Four Seasons Hotels Limited shares on December 22, 1971 was \$14.25 (common), and \$6.50 (share purchase warrants); Values are those prior to subdivision of authorized shares on a two for one basis effective April, 1972.



## Financial Highlights 1973

\*Based on the weighted average number of shares outstanding throughout each year after providing for preference share dividends, and excluding extraordinary items.

	1973	1972	Percent increase
Revenue	\$22,432,775	\$20,645,176	8
Operating Profit			
Hotels	\$ 4,731,373	\$ 4,445,165	
Real Estate	\$ 759,080	\$ 170,355	
Net earnings	\$ 1,922,106	\$ 1,556,379	23
Earnings per share*	56.2¢	48.1¢	17
Cash flow	\$ 4,076,885	\$ 3,305,691	23
Cash flow per share*	\$ 1.27	\$ 1.03	23
Total consolidated assets	\$46,101,239	\$42,358,925	
Retained earnings	\$ 6,897,404	\$ 5,545,843	24
Shareholders' Equity	\$18,015,876	\$16,588,115	
Common shares			
Outstanding at year end	3,006,960	2,987,950	
Owned in Canada	99%	99%	

## Report from the President

1973 was a gratifying year for our Company, with the established growth record continuing, and exciting new ventures for Four Seasons Hotels well underway.

Net earnings at \$1,922,106 before the extraordinary item showed an increase of 23% over 1972. Sales at \$22,167,267 increased 8%. Earnings per share before the extraordinary item were 56.2¢, an increase of 17%, and net earnings available for common shareholders before the extraordinary item were \$1,682,106, an increase of 17%.

In its positive program of expansion, the Company is successfully establishing a hotel in the major cities of Canada

and Western Europe. Site location, facilities, and management are key ingredients in our attempts to make each of our hotels the most significant hotel in the community in which it is located. We believe that the best form of advertising is the satisfaction of our clientele with the standards of service and the products which we offer.

The five-year growth plan for our Company is proceeding on schedule, with the Four Seasons Hotel, Calgary, Alberta due to open in September, 1974 adjacent to the Calgary Convention Centre.

Two new hotels will come on-stream in 1975. The Four Seasons Hotel in Vancouver, British Columbia, now under con-



struction in the Pacific Centre complex, will open with 409 bedrooms in August, 1975. Montreal will be the site of a luxury 330 room hotel — Les Quatre Saisons — scheduled for opening in the early summer of 1975.

In 1976, a 440 room Four Seasons Hotel will open as part of the Canada Centre development in Ottawa, and in Dallas, Texas, a 465 room convention hotel will open adjacent to the civic convention centre.

1977 will see three new Four Seasons hotels opening in Europe — in Paris, Rome and Athens — each located on strategic sites close to centres of historical importance and commercial districts.

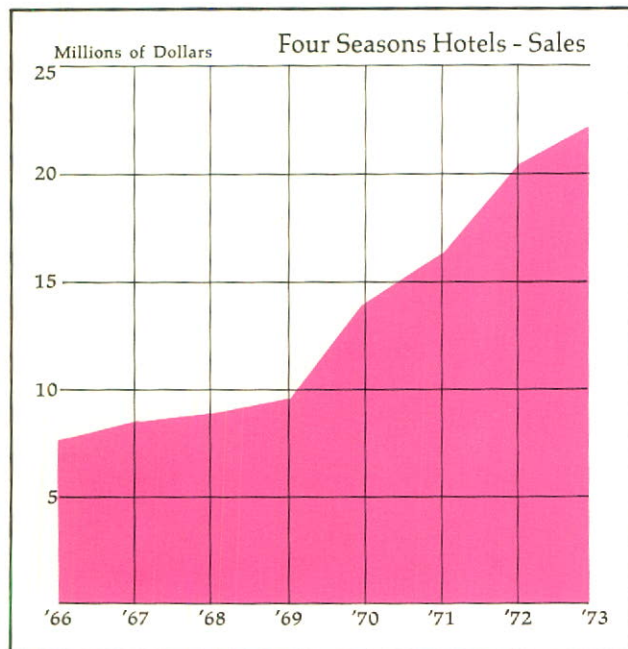
Existing hotel operations continued to meet forecasts during 1973, and with this solid base

of earnings, we are confident of the success of our expansion program.

During 1973, concerns over the 'energy crisis' had little negative effect on Four Seasons operations, either in Canada or abroad. A positive outcome of the publicity attached to the situation is an anticipated increase in domestic travel in 1974, with a consequent increase in hotel occupancies.

The results of Four Seasons operations in 1973 indicate a solid demand for our quality of facilities and service, and more than justify our continued emphasis in striving for excellence in our properties.

Four Seasons Hotels has been fortunate in its association with astute partners in Europe, each of whom has been able



to provide additional financial and business acumen for our European developments. We are making a concentrated attempt to create hotels in Europe that will reflect the life and atmosphere of the cities in which they are located, as has been done with our North American properties.

In line with the continued expansion the Company has broadened its management, creating Regional Vice-Presidents with responsibilities for operations in a given geographical region. The

Company has drawn mainly on those people whose experience with Four Seasons Hotels has brought the Company to its current position, as well as bringing individuals of proven expertise into the Company.

The real estate division of Four Seasons has continued to expand, and the Company has invested in several partnerships to purchase land for future developments. We look to this area to become a growing part of the Company's operations, assuming a more

significant role in the years to come, and have applied the same stringent tests of community acceptance as we have in our hotel planning.

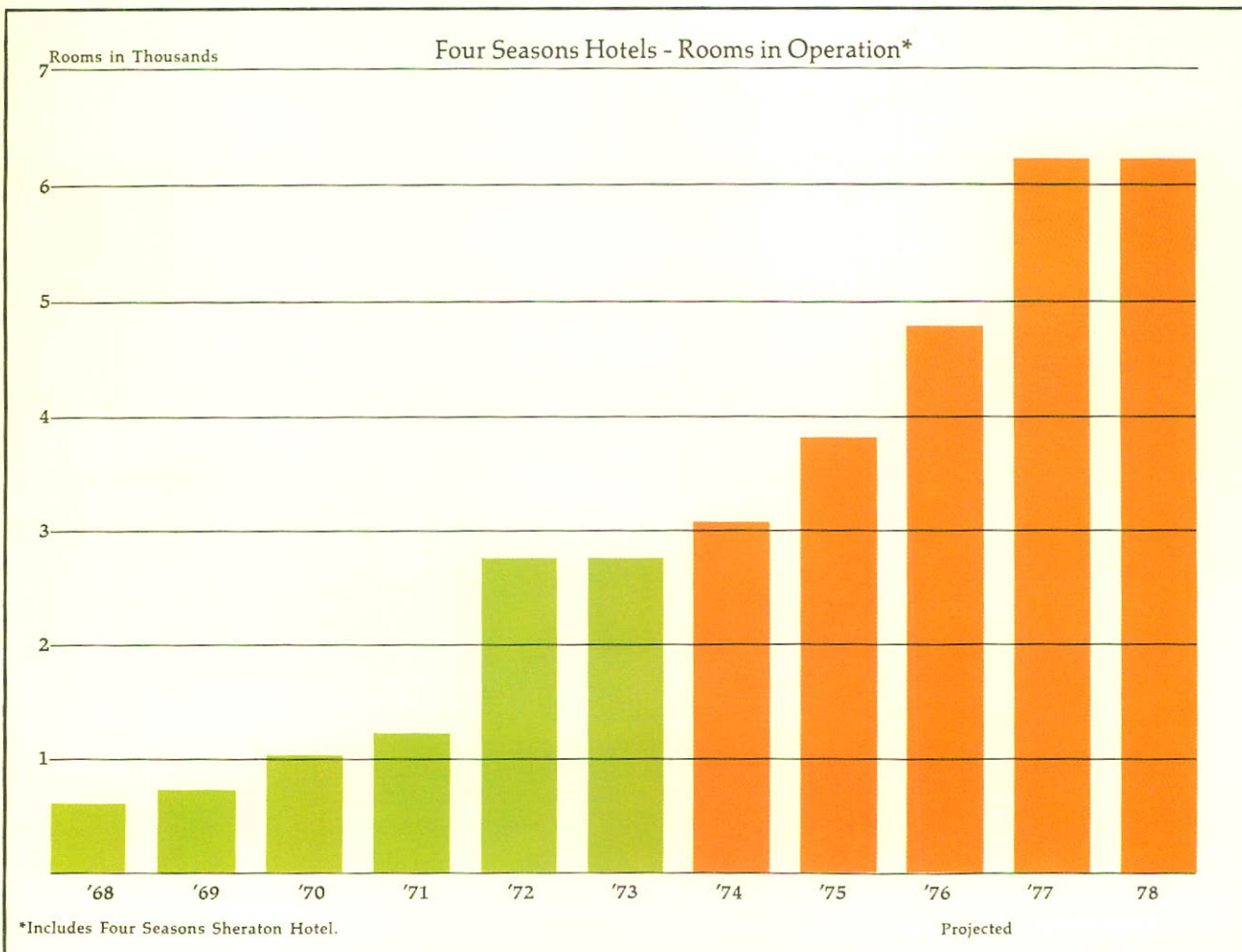
The combination of hotel operations and real estate development will be a major benefit to our company, providing, in addition to increasing revenues over the long-term, a method of continuous evaluation of new sites, building methods, and market demands.

This decade will be a major building period for the Company, as we are

growing from a strong base of proven expertise in hotel development and management. As a Canadian company, we are proud to have set standards, which in combining North American efficiency with European standards of service, have found great acceptance in all our projects.

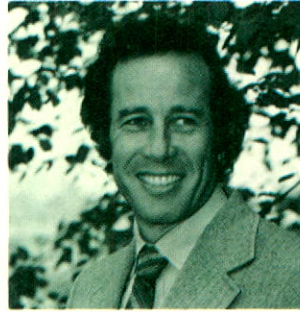


Isadore Sharp  
President  
May, 1974





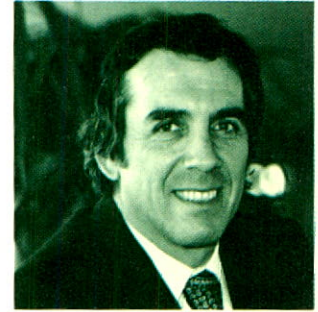
MAX SHARP  
Toronto Canada  
Chairman of the Board  
Elected Director 1968\*



ISADORE SHARP  
Toronto Canada  
President and  
Chief Executive Officer  
Elected Director 1968\*†



MURRAY B. KOFFLER  
Toronto Canada  
Vice President  
Elected Director 1968\*  
Chairman and Chief  
Executive Officer, Koffler  
Stores Ltd.; President, Life  
Products Co.; Director,  
Rothmans of Pall Mall  
Canada Ltd.



EDMOND M. CREED  
Toronto Canada  
Secretary  
Elected Director 1968\*  
President, Creed Furs Ltd.

### Directors and Officers



1

### Four Seasons Executives

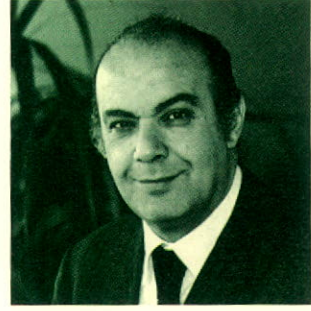
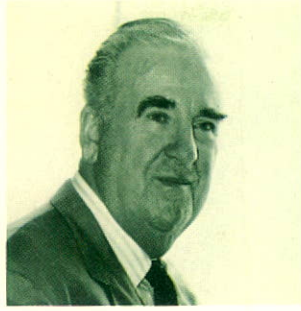
1. JAMES McDOWELL, Vice-President, Finance; EUGENE WAGNER, Vice-President, United Kingdom; MICHAEL M. LAMBERT, Vice-President, Central Region; STUART A. COVINGTON, Vice-President, Eastern Region; GEORGE SCHWAB, Vice-President, Western Region

2. FINLAY R. LOGAN, Director of Personnel; ROBERT GERRARD, General Administrator; GEORGES GOURBAULT, Food Service Director; JOEL TOULEMONT, Assistant Food and Beverage Director

3. BARBARA SULLIVAN, Director of Public Relations; VALEAR PETERS, Director of Advertising; OSCAR ROSS, Creative Director; JOHN SHEARD, Director of Sales; LES. KIRBY, Regional Sales Manager



2



FREDERICK EISEN  
Toronto Canada

Treasurer and  
Assistant Secretary  
Elected Director 1968  
Director, Unity Bank of  
Canada

IAN F. MUNRO  
Toronto Canada

Executive Vice President  
Elected Director 1970

SIR GERALD GLOVER  
London England

Elected Director 1971†  
Senior Partner, Glover  
and Company; Director,  
Sun Alliance Assurance  
Co. Ltd., Cadogan Gardens  
Development Ltd., and  
other major companies.

LANFRANCO AMATO  
Toronto Canada

Elected Director 1972 †  
Chairman, Olivetti  
Canada Ltd.

\*Member, Executive  
Committee

†Member, Audit Committee



3  
4. GARY HARDING, Projects Co-ordinator; CHRIS WALLIS, Director of Planning and Construction; GEOFFREY PIMBLETT, Operations Planning Manager; DOUGLAS READ, Assistant Operations Planning Manager; FRANK E. ORENSTEIN, Director of Corporate Services

5. ROBERT LEE, Purchasing Manager; BERNARD TOPLITSKY, Assistant Comptroller; KENNETH JARVIS, Corporate Comptroller; GORDON CROOMBS, Assistant Purchasing Manager; STANLEY WISE, Head Office Accountant



4



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## Industrial and Community Relations

In 1973 Four Seasons Hotels Ltd. employed 1,500 people, the majority of whom worked in our Ontario hotels. In the course of that year, the Company spent \$6,569,245 or 30% of total revenues on wages, salaries and employee benefits.

The hotel industry is a 'people' industry — one which is dependent on highly trained staff for success. Because Four Seasons relies on its employees to maintain the highest quality of services in each of its properties, the Company has initiated sound training programs in its hotels to upgrade employee qualifications, and to introduce new methods into the hotel operations.

Programs in progress at the Inn on the Park, Toronto in 1973, by example, ranged from intensive Bus Boy Training programs, to French Language and Management Training. In that particular hotel, some 414 employees were involved in learning experiences through the Company. Several of the training programs were offered in conjunction with local community colleges; other courses involved senior management in seminars and presentations.

Four Seasons Hotels Ltd. believes that by providing opportunities for its

employees to grow with the Company, new, highly skilled staff and management will emerge for existing and future hotel properties. A strong staff base, ensuring that the Company's emphasis on quality of facilities and service is maintained, is a major planning benefit. The resultant lowering of staff turnover, a prominent concern in the industry, is a major financial benefit.

The Company has also played a part in the educational institutions which provide graduates for the industry. Scholarships have been offered at the University of Guelph, and many students from various hotel schools have their educational program supplemented at Four Seasons Hotels during the summer months. Several of our employees have assisted in curriculum development for hotel schools, and many also lecture in a variety of



hotel administration courses, from accounting to menu planning.

## International Honours

As a conscious corporate strategy, the Company has emphasized and gained a solid reputation for the quality of cuisine offered in its restaurants and banquet facilities. Extensive culinary training and highly skilled professionals have combined to make the food service a hallmark of Four Seasons operations. In the past year, further honours were received by Four Seasons.

Horst Fabian, Chef Patissier at the Inn on the Park, Toronto, was recently awarded Gold Medals for



his work at two of the supreme culinary exhibitions in the world — the Salon Culinaire International de Londres, and the Wiener Internationale Kochkunstausstellung in Vienna, Austria.

Stephen Scuffle, of London's Inn on the Park, was awarded a bronze medal at the Salon Culinaire International de Londres for menu preparation.

The Executive Chef of the Inn on the Park, London, J. M. Bonin, was recently awarded a 'Maitrise Escoffier' diploma for outstanding culinary achievement by the Association Culinaire Francaise.

Georges Chaignet, Executive Chef at the Inn on the Park, Toronto, recently received the prestigious Silver Medal of the Chaîne des Rotisseurs — the only Chef in North America to have been presented this award for high culinary standing and achievement. Also among his trophies are major awards from international exhibitions in Detroit, Toronto and Quebec City.

The Company is proud to announce these achievements. It has been our experience that exacting standards in the quality of facilities, cuisine and service, in addition to providing satisfaction to clientele, are sound business principles, and have accounted for much of the success of the Four Seasons group.





# The Hotel Industry in Canada – A Perspective

The 1970's have brought a new maturity in development and operations to the Canadian hotel industry. With new hotel development in major cities, and increased competition from Canadian and international companies, standards of operation and efficiency are higher than ever, and for the first time, the Canadian industry stands on an equal footing with the established hospitality centres of Europe and the United States.

The hotel in Canada has been a centre of Canadian life, as were the old hostelries of Europe. Canadian hotels are known for fine food service, and it is the rare Canadian family which has not looked to the hotel for Sunday dinner outings, family celebrations, and as centres of entertainment and recreation. As a result, it is not unusual for the proportion of food sales to room sales to be frequently over 50% in a Canadian

hotel property. With the hotel expansion which Canada is now experiencing, however, traditional 'local' markets have been altered and added to, and the industry now has the potential, through increased convention facilities, to attract major international conventions, seminars, and meetings in each of Canada's main cities.

Canadians are fortunate that the downtown core of their cities is still very much alive – exciting, cosmopolitan and safe. Governments are socially and politically stable, and have worked in close co-operation with the hotel and tourism industry to attract new international sources to the domestic market. Municipal convention centres, such as that of the city of Calgary, providing superlative meeting facilities with fine accommodation adjacent, will by their very nature offer new alternatives in meeting sites to international organizations and businesses.

The hospitality industry exercises a significant effect on the Canadian economy, employing several hundred thousand men and women each year, and is unique in offering employment opportunities for unskilled labour in an industry which is personally rewarding and where merit leads to advancement. Foreign currency is generated, and it has been estimated that for every dollar which is spent in a hotel, at least ten dollars is spent by foreign visitors for other goods and services in the community.

Seminars, conferences and meetings have become vital for efficient business



management today. Four Seasons Hotels has positioned itself in this market by providing the best facilities in each locale for the businessman, and the Company looks to this area as a continuing lucrative part of its marketing operations.

We live in a mobile society where pleasure travel is increasing, both in Canada and abroad, with excellent air transportation and highways adding to the attraction of family and group travel. No major centre is now isolated for the pleasure traveller (or the convention delegate), and Four Seasons has built into its properties recreational and social amenities which allow them to encompass both a pleasure and business atmosphere and use.

The hotel industry is directly affected by local economies, and current international rates of inflation have been reflected in the costs of goods and services both bought and sold. It is reasonable to predict that the immediate trend

will be to higher average room rates and food cheques resulting from rising costs, with stabilisation of such increases occurring with a stabilisation of international inflationary conditions. The industry is fortunate in that it is a "cash industry", with daily cash controls through which cost increases are readily apparent, permitting management the flexibility to make changes quickly.

Concerns over the highly publicized 'fuel crisis' and its effect on the Canadian hotel industry were not justified in 1973, as international travel maintained its previous levels, and visitors from the American border states continued to come to Canada for business or pleasure. A positive result of the recent publicity, however, is that an increase in domestic travel is predicted for the next few years, with Canadians assured of an adequate supply of fuel within their country, and having been made more aware of Canadian travel possibilities.



## Five Year Statistical Summary

	1969
<b>OPERATING RESULTS</b>	
Revenue	\$ 9,807,876
Gross profit	2,428,897
Net profit before taxes	1,158,262
Income taxes	493,786
Income before extraordinary items	664,476
Net income	664,476
Cash flow	1,379,847
Dividends on all classes of stock	
Retained earnings at year end	2,719,390
<b>PER COMMON SHARE</b>	
Net earnings after taxes, excluding extraordinary items	26.5¢
Assuming full conversion of preference shares, exercise of outstanding warrants and stock options	26.5¢
Annual dividends paid	
Cash flow before extraordinary item	55¢
<b>FINANCIAL CONDITION</b>	
Working capital (deficiency)	(\$ 94,307)
Additions to fixed assets	1,728,770
Depreciation and amortization	329,281
Total assets	21,686,311
<b>LIABILITY AND SHAREHOLDERS' EQUITY</b>	
Current liabilities	\$ 1,783,041
Long-term debt	12,126,779
Deferred income tax	1,016,029
Shareholders' equity	6,760,462
<b>SHAREHOLDERS/EMPLOYEES</b>	
Employees (#)*	760
Common shares outstanding	2,508,400
<b>OPERATIONS</b>	
Hotels in operation	3
Rooms in operation	693

\*Excludes Four Seasons-Sheraton Hotel, Toronto

1970	1971	1972	1973
\$13,586,447	\$16,963,181	\$20,645,176	\$22,432,775
3,288,796	4,196,251	5,589,715	6,625,730
1,554,671	2,076,733	2,840,304	3,871,240
724,743	936,659	1,283,925	1,949,134
829,928	1,140,074	1,556,379	1,922,106
829,928	1,140,074	1,681,529	1,950,644
1,925,416	2,433,688	3,305,691	4,076,885
		478,331	599,083
3,544,316	4,526,965	5,545,843	6,897,404
33¢	40.5¢	48.1¢	56.2¢
33¢	39¢	46.6¢	53¢
		12¢	12¢
76.5¢	87¢	\$ 1.03	\$ 1.27
(\$ 545,423)	1,841,430	\$ 280,273	\$ 687,116
5,718,378	5,136,110	2,430,100	822,906
659,381	823,931	1,077,550	1,137,328
27,840,666	35,962,424	42,358,925	46,101,239
\$ 3,494,204	\$ 4,183,791	\$ 5,211,802	\$ 5,344,908
15,308,938	18,371,377	18,090,577	19,334,655
1,452,136	1,921,819	2,468,431	3,405,800
7,585,388	11,485,437	16,588,115	18,015,876
1200	1460	1460	1460
2,508,400	2,967,000	2,987,950	3,006,960
5	5	5*	5*
1046	1255	1255*	1255*

The Inn on the Park is located on a 15 acre site adjacent to Metropolitan Toronto's extensive park system, and 15 minutes from the centre of the city. With 609 bedrooms and suites, and extensive convention and meeting facil-

ities, the hotel is a unique combination of resort and conference centre.

Landscaped gardens surround the hotel, and the two acre inner courtyard, with gardened ter-

aces and recreational facilities, creates a focal point for the Inn.

The Inn on the Park opened in 1963, and consistent expansion has enabled it to meet the growing demands of



travellers, diners, businessmen, convention planners and the community. Highest international awards have been received for cuisine, and the hotel is known for excellence in decor, facilities and service.



# INN ON THE PARK TORONTO



London's Inn on the Park has become known as one of the world's finest hotels since its opening by HRH Princess Alexandra in 1970.

Located in Park Lane in London's elegant May-

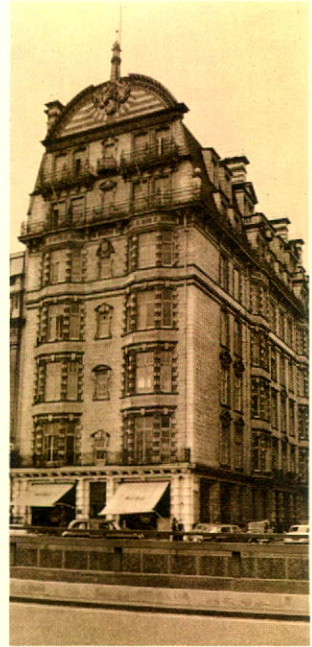
fair, the 228 room luxury hotel is distinguished by its design, fine appointments, and emphasis on personal service. The hotel, which overlooks

Hyde Park, has maintained the reputation for quality which it gained in the first year of operation, when it was named Britain's Hotel of the Year by eminent critic Egon Ronay.

The hotel will be expanded by 70 suites by 1976, with an exciting renovation of Gloucester House, which adjoins the property and faces Piccadilly and Buckingham Palace. The interior of the building will be demolished, but the facade will remain untouched to preserve its historic charm.

# INN ON THE PARK LONDON, ENGLAND









The Four Seasons Sheraton Hotel, located across from Toronto's City Hall, is the largest convention hotel in the Commonwealth. With 1450 bedrooms and suites, the hotel embraces a convention centre, two theatres, 70 boutiques, 2 1/2 acres of gardens, and can accommodate up to 15,000 people.

Facilities also include 6 dining rooms, 5 cocktail lounges, a 20,000 sq. ft. convention hall, banquet hall for 2,500, and meeting rooms to handle 4,000; underground parking

facilities of 2500 cars, and a health and squash club.

Walkways and underground concourses link the hotel with City Hall Square, and offices and shopping to the south and east of the hotel.

In this venture, Four Seasons is a 49<sup>0</sup>/<sub>0</sub> partner with Sheraton Hotels Limited and International Telephone and Telegraph in the ownership of the project, with the hotel being managed by Sheraton Hotels.

# FOUR SEASONS SHERATON TORONTO



The first motor hotel in downtown Toronto's urban core, the Four Seasons Hotel has become an established gathering place for businessmen and travellers who require the convenience of a

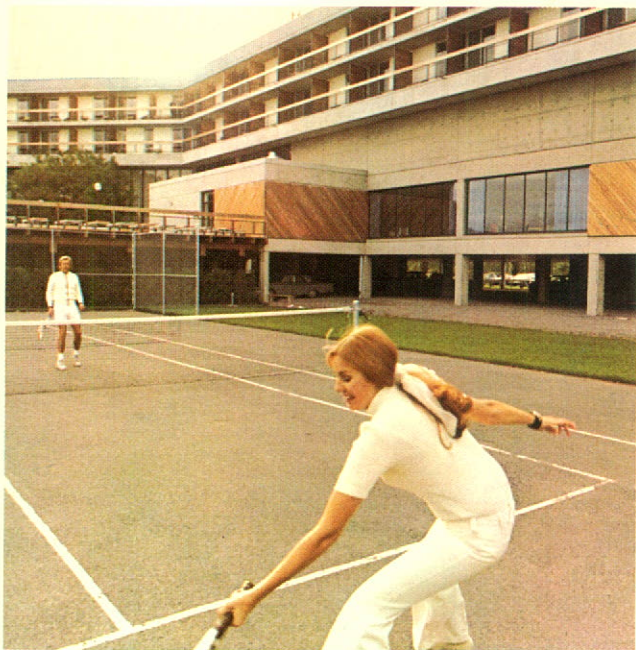
downtown location. Pleasure travellers appreciate the intimate atmosphere of the hotel, reminiscent of European inns, and the gourmet is assured of

superb continental cuisine in the Four Seasons dining room, one of the finest in the city.

The hotel's 165 guest rooms surround an inner court, with pool, patio, terraced lounge and landscaped gardens. Its cocktail lounge is a favourite rendezvous for Torontonians. The Studio, a discotheque with live entertainment by night, is a television studio by day for production of the CBC network show, "Luncheon Date", featuring Elwood Glover.

# FOUR SEASONS HOTEL TORONTO





# FOUR SEASONS BELLEVILLE



library, demonstration rooms, audio-visual and videotape studio, and an equipment display room.

A lively pub, seating 350, offers live entertainment for guests and the local community. Situated on an eight acre site on the Bay of Quinte, the Four Seasons provides facilities that are outstanding in Eastern Ontario vacation lands.



Opened in 1971, the Four Seasons Hotel in Belleville is unique in combining resort hotel facilities on a lake location with the Bell Canada Training Centre, housed in a wing adjacent to the hotel.

Facilities include 125 rooms, two dining rooms, lounge, banquet rooms and a health club with sauna, swimming pool, tennis and badminton, and games rooms. The Training Centre wing provides classrooms, a

Located 25 miles north of Tel Aviv in the historic city of Netanya, the Four Seasons Hotel stands on a 200 foot cliff overlooking the hotel's half-mile of private beach on the Mediterranean.

In the 130-suite co-

operatively owned apartment hotel, suites are rented by Four Seasons management to the visiting public when unoccupied by their owners, many of whom are businessmen from other countries.

The dining room features French cuisine, and

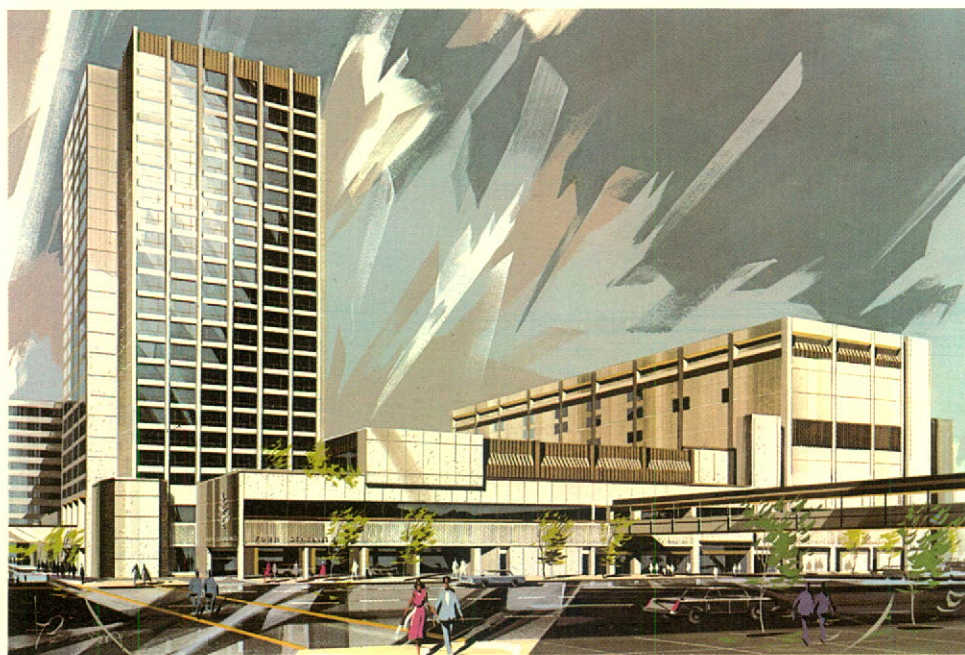
the fully air-conditioned hotel includes a cocktail lounge, sauna, heated freshwater swimming pool, tennis courts and gardens. The hotel is surrounded by 100 acres of parkland bordering Netanya.

# FOUR SEASONS NETANYA, ISRAEL





# FOUR SEASONS CALGARY



ing. The library-style "Traders Lounge", and the lively entertainment lounge "The Scotch Room" offer a choice for differing moods and tastes.

Year-round swimming, and a glass-covered garden terrace are included in the facilities. A 250,000 sq. ft. museum and art centre for the Glenbow Foundation will rise from the podium level and become an integral part of this exciting tourist and convention complex.

An integral part of the Calgary Convention Centre complex, the 385-room Four Seasons Hotel will open in September, 1974. Four Seasons will also service the food and beverage requirements of the new civic convention

centre adjacent to the hotel.

Facilities include "The Wheatshaf" for casual family dining; the elegant "Traders Dining Room" where fine foods and selected wines supplement an evening of danc-



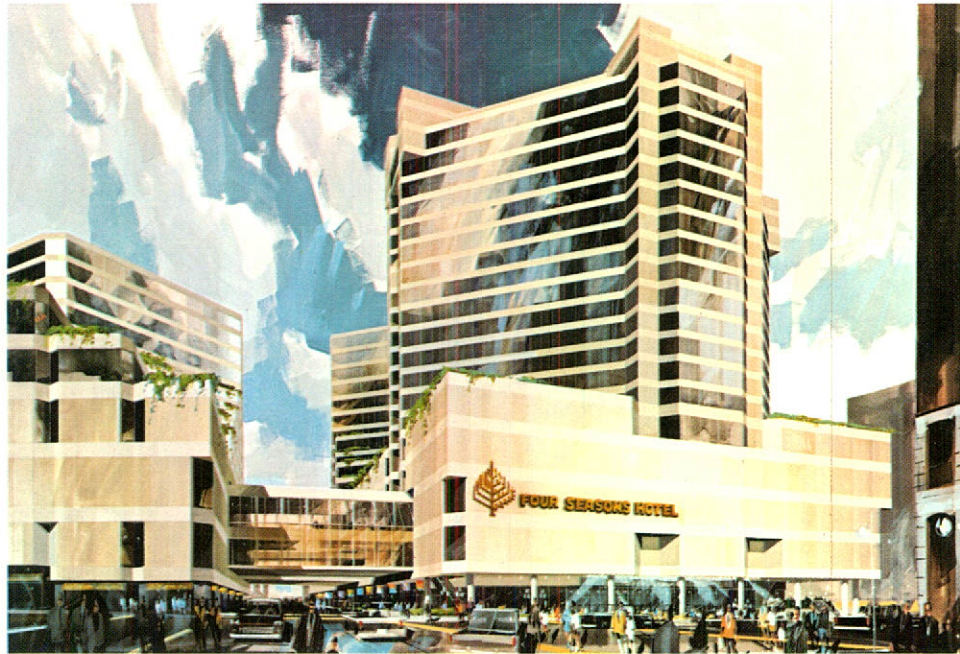
The luxury Four Seasons Hotel, an integral part of the Canada Centre development, will be built around a towering 16-storey "atrium" measuring 100 feet by 100 feet. From internal corridors, guests will be able to look

down on the activities in the hotel's lobby, dining room and lobby lounge below. A honeycombed skylight atop the "atrium" cylinder will highlight the open lobby, providing an

exciting use of inner light and space.

Featuring 440 bedrooms and suites, including 36 pool-side cabana units, the hotel will become a popular location for business travellers, tourists and convention delegates. Facilities will include convention and meeting space for groups of 10 to 1000. A health club, gardened terrace with recreational facilities, and a year-round swimming pool are also included.

# FOUR SEASONS HOTEL OTTAWA





# FOUR SEASONS HOTEL VANCOUVER



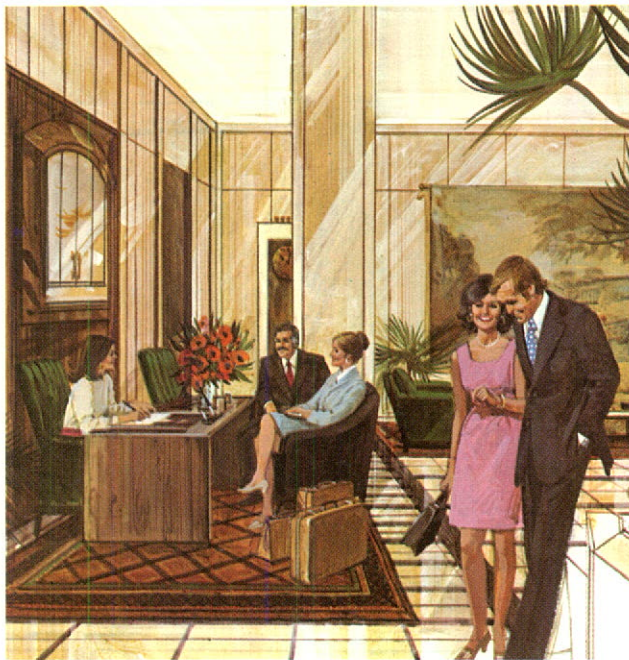
The completion of the luxury 410 room Four Seasons Hotel in the heart of Vancouver is scheduled for August, 1975. Strategically located at Georgia and Howe Streets, it will become an integral part of the Pacific Centre complex.

Located at the crossroads of 1,000,000 sq. ft. of underground retail shopping, the hotel will be surrounded by such new buildings as the Toronto Dominion Bank, the IBM Tower, Hudson's Bay, and the Birks Building.



Les Quatre Saisons, scheduled to open at Peel and Sherbrooke Streets in the spring of 1975, will be a 330-room deluxe, international hotel distinguished by elegant interiors and highly personalized guest service.

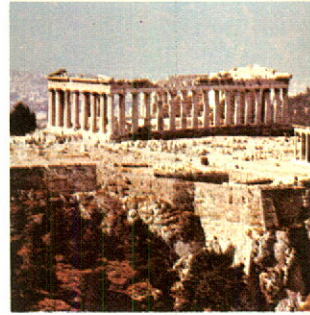
# LES QUATRE SAISONS MONTREAL



A residential atmosphere will be apparent throughout the hotel, with the ambiance of an elegant home created through furnishings and design.

Spacious bedrooms will be serviced by maid and valet service on each floor, and elegantly appointed suites will include a split-level suite and a library suite.

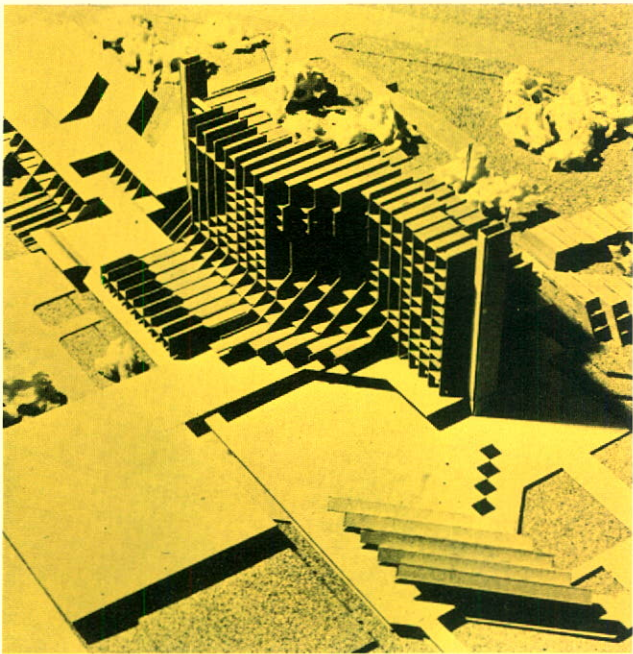
A formal dining room will feature international cuisine, and the spectacular Atrium Lounge with sloping glass ceiling will be an attrac-



tion in any season. Also included in the hotel will be swimming pool and saunas, a lobby bar, banquet and meeting rooms and a Salon-type Ballroom seating 350 guests.







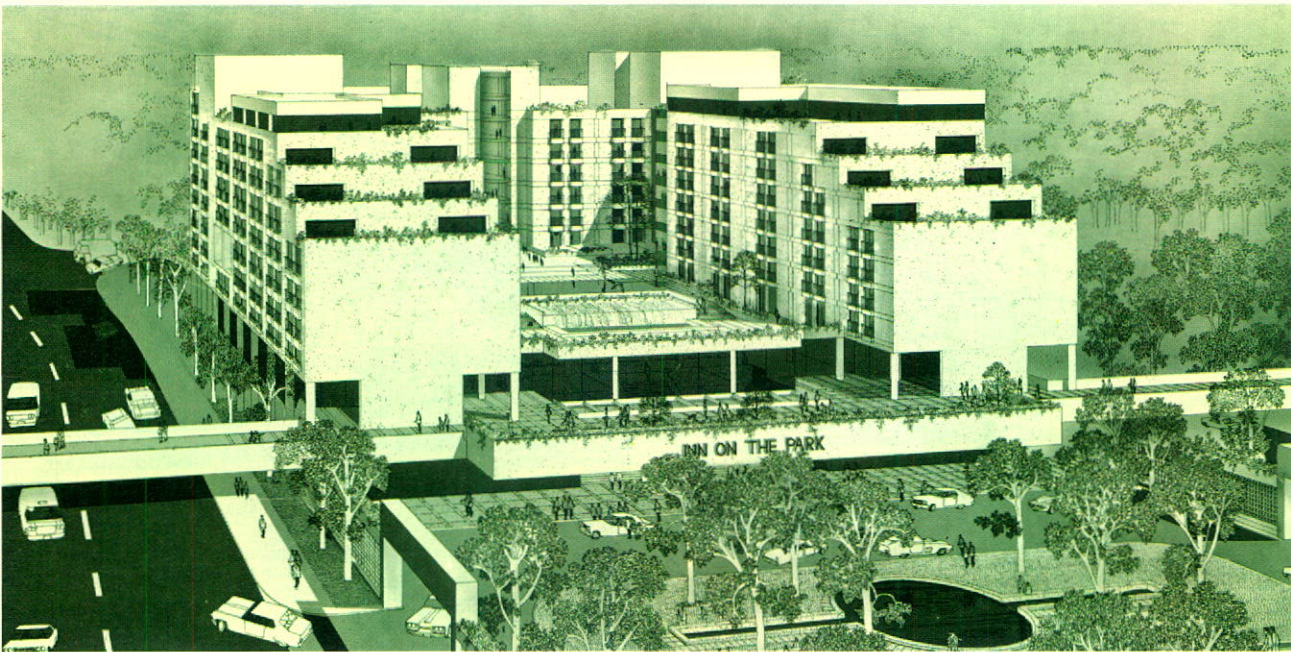
The Inn on the Park, Athens will be located on a site overlooking the Phaliron Delta and the historic Acropolis. The 400 room hotel will be part of a major development involving three other hotels and a con-

vention centre.

The Company will operate the Inn on the Park on behalf of one of the foremost development companies in Greece.

It is expected that construction will commence in 1975.

# INN ON THE PARK ATHENS



Part of the Griffin Square project, the luxury 465 bedroom Inn on the Park will be under construction in 1974 for completion in 1976.

The city's convention centre, located adjacent to the Inn on the Park, and completion of the new Fort Worth/Dallas airport, one of the largest in the world, will increase demand for first class accommodation in the city.

# INN ON THE PARK DALLAS

Scheduled for completion in mid-1977, the Four Seasons Hotel will be located in the Defense development, a major commercial complex being undertaken by the Government of France.

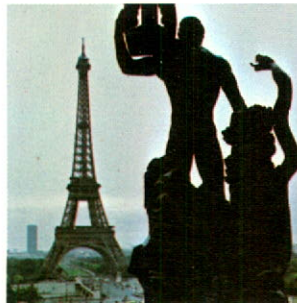
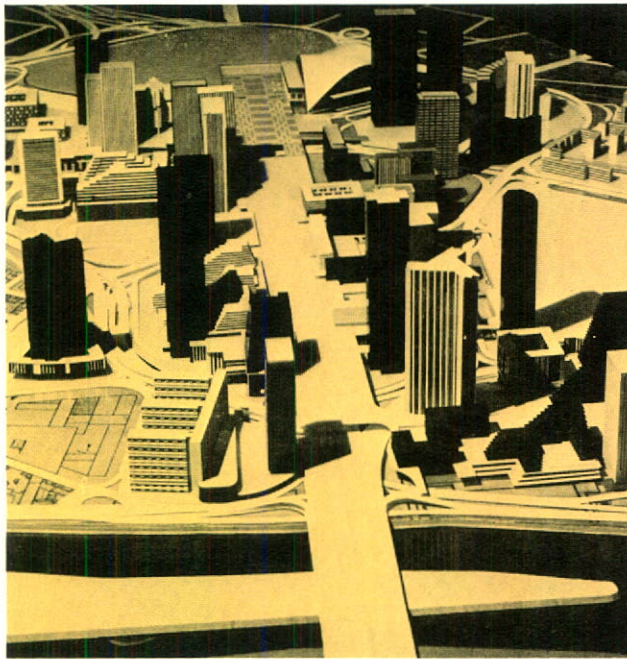
The 400-room luxury

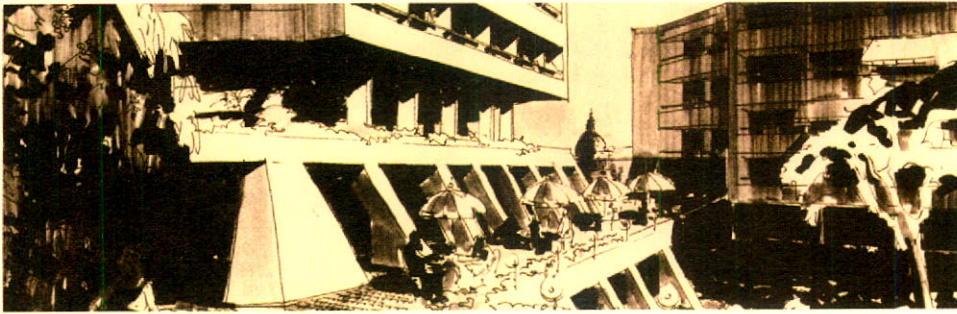
hotel will be part of one of the world's most exciting and futuristic commercial developments. Destined to become one of the major business centres of Europe, the Defense complex will house head office operations of many

European and North American businesses and associations.

The hotel is designed to cater to businessmen, with extensive meeting rooms and dining facilities. Construction will commence in mid-1975.

# FOUR SEASONS PARIS





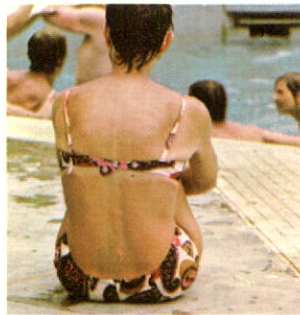
# INN ON THE PARK ROME



Construction of the luxury 387-room Inn on the Park, Rome will commence in the summer of 1974, with completion expected in 1976. The hotel will offer guests a breathtaking view of the Vatican, and is located minutes from

downtown Rome.

The hotel is designed around four landscaped courtyards, and surrounded by 20 acres of gardens. Individual courtyards will provide a swimming pool, outdoor cafe, formal gardens, and tennis courts.



It is the philosophy of Four Seasons Hotels Ltd. that real estate holdings shall create on-going revenue for the Company, and that real estate operations shall not be of a speculative trading nature. Properties in which the Company has an interest are slated for development a maximum of five years from the date of the Company's involvement, with servicing of the land acquired for industrial, residential or commercial purposes commencing as soon as appropriate government approvals have been received. A majority of current Company land holdings are scheduled for development in the 1974-77 period.

The Company is cognizant of the needs of the community in any of its developments, and to ensure that the maximum aesthetic potential is reached, Four Seasons maintains architectural control, and therefore control of the site use, in any of its developments.

The Company's development program now includes the following properties:

### St. Clair Place, Toronto

The former site of the Granite Club, covering 4 acres of prime land in central Toronto, will become an



## Florida

In Florida the company is associated with a major established Florida construction company in the development of several properties in the state. On the outskirts of Sarasota 546 acres of land will be serviced and developed for luxury housing. Initial approvals for the

# REAL ESTATE DEVELOPMENTS

plan of subdivision have been received from state and municipal authorities, and sales will proceed when approvals are finalised — expected in summer, 1974.

In Fort Myers, approximately 75 miles north of Sarasota, sales of 500 condominiums on two sites are commencing now.

Punta Gorda, Florida, approximately 60 miles from Sarasota, is one of the most sophisticated residential communities on the Gulf side of Florida and Four Seasons, as part of a joint venture will construct 72 two-bedroom deluxe condominium units.

## Ontario

The company, in partnership with other developers, has acquired almost 600 acres of land in Woodbridge, Brampton, Chinguacousey and Belleville.

These lands will be developed, under the direction and control of Four Seasons, for residential and commercial use over the next few years.



exciting residential-office-commercial complex, with emphasis on landscaped gardens and courtyards. The site allows great flexibility of planning and design, and the complex has been designed so that views will be controlled, overlooking either a year-round garden in the centre courtyard, or terraced gardens on the perimeter of the site. The Company is attempting to bring a human scale into the buildings, with the landscaped environment enhancing the working and living aspects of the project. It is expected that construction could commence early 1975.

## Kensington Towers

In the Rosedale district of Toronto, the Kensington Towers apartments provides 225 suites, and features such amenities as a health club with indoor and outdoor pools.

The suites are being sold on a co-operative basis, and it is anticipated that all units will be sold this year.

## Mount Pleasant

During 1973, Mount Pleasant Development Company, a joint venture in which Four Seasons has a 47½% interest, sold its office building at Mount Pleasant and Davisville, and retained the balance of the property for future commercial development.

## FOUR SEASONS HOTELS LIMITED

Consolidated Balance Sheet  
as at December 31, 1973

ASSETS		
	1973	1972
CURRENT ASSETS		
Cash on Hand and in Bank	\$ 1,612,925	\$ 1,052,191
Accounts Receivable After Allowance for Doubtful Accounts 1973 — \$165,520; 1972 — \$168,885)	1,556,167	1,486,048
Management Fees Receivable	133,723	244,774
Inventory of Food, Beverages and Supplies — at lower of Cost or Replacement Value	692,953	567,679
Accrued Interest Receivable	52,279	79,251
Short Term Loans Receivable	1,574,916	1,790,566
Other Amounts Receivable and Prepaid Expenses	400,061	233,775
Cash Surrender Value of Life Insurance	9,000	37,791
	\$ 6,032,024	\$ 5,492,075
DEFERRED DEVELOPMENT AND CONSTRUCTION COSTS (Note 3)	\$ 2,186,773	\$ 759,881
INVESTMENTS (Note 4)		
South Side Development Limited	\$10,814,285	\$ 9,486,275
Real Estate Partnerships and Joint Ventures	1,427,919	704,301
Other	58,917	—
	\$12,301,121	\$10,190,576
FIXED ASSETS (Note 5)		
Land	\$ 2,908,339	\$ 2,889,610
Buildings	15,948,949	15,618,112
Furniture, Furnishings and Equipment	7,640,075	7,246,992
Leasehold Improvements (at Cost)	1,058,525	1,058,525
Vehicles (at Cost)	33,688	19,333
	\$27,589,576	\$26,832,572
Less: Accumulated Depreciation	3,613,978	2,667,076
	\$23,975,598	\$24,165,496
Linen, Tableware and Uniforms (Inventoried at the lower of Cost or Replacement Value)	1,178,207	1,199,643
	\$25,153,805	\$25,365,139
OTHER ASSETS (Note 6)		
Unamortized Financing Costs	\$ 326,715	\$ 365,752
Unamortized Pre-Opening Expenses	100,801	185,502
	\$ 427,516	\$ 551,254
	\$46,101,239	\$42,358,925

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

## LIABILITIES

CURRENT LIABILITIES	1973	1972
Bank Indebtedness (Note 7)	\$ 97,656	\$ 971,711
Accounts Payable and Accrued Charges	2,782,369	2,640,781
Long Term Debt due within one year (Note 8)	874,050	519,300
Income Taxes Payable	1,590,833	1,080,010
	\$ 5,344,908	\$ 5,211,802
Long Term Debt (Note 8)	\$19,334,655	\$18,090,577
Deferred Income Taxes (Note 9)	3,405,800	2,468,431
TOTAL LIABILITIES	\$28,085,363	\$25,770,810

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK (Note 10)

#### AUTHORIZED

2,000,000 First Preference Shares, with a Par Value of \$10 each, issuable in series

6,000,000 Common Shares without Par Value

#### ISSUED AND FULLY PAID

400,000 Series A First Preference Shares 6% Cumulative, Redeemable, Convertible, with a Par Value of \$10 each

3,006,960 Common Shares, without Par Value (1972 — 2,987,950 Shares)

#### RETAINED EARNINGS

SURPLUS ARISING FROM APPRAISAL OF FIXED ASSETS (Note 5)

#### TOTAL SHAREHOLDERS' EQUITY

\$ 4,000,000	\$ 4,000,000
4,112,449	4,036,249
6,897,404	5,545,843
3,006,023	3,006,023
\$18,015,876	\$16,588,115
\$46,101,239	\$42,358,925

Approved on behalf of the board

I. Sharp, Director

F. Eisen, 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, 1973, 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 procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these Consolidated Financial Statements present fairly the financial position of the Company as at December 31, 1973, and the result of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Wm. Eisenberg & Co.  
Chartered Accountants

Toronto, Canada, April 29, 1974

## FOUR SEASONS HOTELS LIMITED

## Consolidated Statement of Earnings For the Year Ended December 31, 1973

	1973	1972
HOTEL REVENUE	\$22,432,775	\$20,645,176
Cost of Sales	\$ 4,515,712	\$ 4,287,025
Payroll and Related Expenses	6,569,245	5,848,899
Other Expenses	5,235,912	4,731,441
House Profit – Hotels	\$ 6,111,906	\$ 5,777,811
Rent, Municipal Taxes and Insurance	1,380,533	1,332,646
Operating Profits – Hotels	\$ 4,731,373	\$ 4,445,165
REAL ESTATE		
Share of Profits – Real Estate Operations	\$ 759,080	\$ 170,355
INTEREST EARNED	1,135,277	902,195
EARNINGS FROM OPERATIONS BEFORE THE FOLLOWING CHARGES	\$ 6,625,730	\$ 5,517,715
Interest on Long Term Debt	\$ 1,617,162	\$ 1,599,861
Depreciation	1,034,240	973,252
Amortization	103,088	104,298
EARNINGS BEFORE TAXES	\$ 3,871,240	\$ 2,840,304
Income Taxes – Current	960,221	737,313
– Deferred	988,913	546,612
NET EARNINGS BEFORE EXTRAORDINARY ITEM	\$ 1,922,106	\$ 1,556,379
Extraordinary Item (Note 13)	28,538	125,150
NET EARNINGS FOR THE YEAR	\$ 1,950,644	\$ 1,681,529
EARNINGS PER SHARE (Note 12)		
Before Extraordinary Item	56.2¢	48.1¢
After Extraordinary Item	57.2¢	52.3¢

## FOUR SEASONS HOTELS LIMITED

## Consolidated Statement of Retained Earnings For the Year Ended December 31, 1973

	1973	1972
RETAINED EARNINGS AT BEGINNING OF YEAR	\$ 5,545,843	\$ 4,526,965
Add: Net Earnings for the Year	1,950,644	1,681,529
	\$ 7,496,487	\$ 6,208,494
Less: Dividends Paid – Preference Shares	240,000	120,000
– Common Shares	359,083	358,331
Life Insurance Premiums	—	2,184
Costs of Share Issue Written Off	—	182,136
RETAINED EARNINGS AT END OF YEAR	\$ 6,897,404	\$ 5,545,843

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



## FOUR SEASONS HOTELS LIMITED

Consolidated Statement of Source and Application of Funds  
For the Year Ended December 31, 1973

	1973	1972
SOURCE OF FUNDS		
Operations		
Net Earnings for the Year	\$ 1,950,644	\$ 1,681,529
Add: Non Cash Charges to Income		
– Depreciation of Buildings, Furniture and Equipment	1,034,240	973,252
– Amortization of Pre-Opening and Financing Expenses	103,088	104,298
– Deferred Income Taxes	988,913	546,612
CASH FLOW FROM OPERATIONS	\$ 4,076,885	\$ 3,305,691
FINANCING		
Long Term Debt		
– Term Bank Loans	2,320,900	—
– Mortgages and Construction Obligations	—	310,000
Capital Stock		
– Net Proceeds of First Preference Share Issue	—	3,817,864
Other Sources		
Recovery of Deferred Development Costs re Discontinued Project	—	651,009
Employees' Stock Options Exercised	76,200	83,800
Sundry	20,650	119,808
	\$ 6,494,635	\$ 8,288,172
APPLICATION OF FUNDS		
Additional Deferred Development and Construction Costs	\$ 1,426,892	\$ 723,162
Additions to Investments		
– South Side Development Limited	1,328,010	5,486,275
– Real Estate Partnerships and Joint Ventures	723,618	138,477
– Other	58,917	—
Additions to Fixed Assets		
– Hotel Properties, Furnitures, Furnishings and Operating Equipment	822,906	2,430,100
Reduction of Long Term Debt	1,076,822	590,800
Dividends Paid – Preference Shares	240,000	120,000
– Common Shares	359,083	358,331
Sundry	51,544	2,184
	\$ 6,087,792	\$ 9,849,329
NET INCREASE OR (DECREASE) IN WORKING CAPITAL	\$ 406,843	(\$ 1,561,157)
WORKING CAPITAL AT BEGINNING OF YEAR	\$ 280,273	\$ 1,841,430
WORKING CAPITAL AT END OF YEAR	\$ 687,116	\$ 280,273

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

## Notes to Financial Statements As at December 31, 1973

### 1. ACCOUNTING PRESENTATION

The Consolidated Balance Sheet of Four Seasons Hotels Limited includes its wholly-owned hotel subsidiaries. The Company's investment in real estate partnerships and joint ventures, whether directly or through subsidiaries, is recorded on the equity basis.

Balances and transactions in other currencies have been translated into Canadian dollars on the following basis:

Current assets and current liabilities:

— at exchange rates in effect at December 31st,

Fixed assets and related long term debt, and other non-current assets and non-current liabilities:

— at exchange rates in effect when the assets were acquired and the liabilities were incurred,

Sales and Expenses:

— at the weighted average rate of exchange for the year.

### 2. DEPRECIATION POLICY

Annual depreciation is recorded by the Company as follows:

Buildings — 5<sup>0</sup>/<sub>100</sub> sinking fund basis over a 40 year period, Furniture, furnishings and equipment — 10<sup>0</sup>/<sub>100</sub> straight line basis,

Leasehold Improvements, London, England — straight line basis over the 21 year guaranteed term of the 84 year lease, Vehicles — 30<sup>0</sup>/<sub>100</sub> diminishing balance basis.

### 3. DEFERRED DEVELOPMENT AND CONSTRUCTION COSTS

The deferred development and construction costs were incurred in respect of the following hotel projects:

	1973	1972
Calgary	\$ 554,971	\$157,841
Vancouver	535,497	303,358
Montreal	363,303	34,365
Dallas	109,148	8,040
Rome	178,846	42,335
Paris	327,373	205,273
Ottawa	38,440	1,576
Other Locations	79,195	7,093
	<u>\$2,186,773</u>	<u>\$759,881</u>

The costs consist of architectural and design fees and other expenses directly related to the development of specific projects which will be added to the cost of the project buildings or deferred as pre-opening expenses.

### 4. INVESTMENTS

#### (a) South Side Development Limited

The Company has a 49<sup>0</sup>/<sub>100</sub> interest and Sheraton Hotels Limited has a 51<sup>0</sup>/<sub>100</sub> interest in South Side Development Limited which owns and operates the Four Seasons — Sheraton Hotel complex, constructed on land leased from the City of Toronto at Civic Square South.

The Company's investment of \$10,814,285 is shown at cost and consists of \$49,000 of share capital and a loan of \$10,765,285 bearing interest at 10<sup>0</sup>/<sub>100</sub> per annum.

South Side Development Limited follows the policy of deferring pre-opening costs and operating losses incurred prior to opening and during the first twelve months following opening. The Four Seasons — Sheraton Hotel opened on February 25, 1973, accordingly, pre-opening costs and any losses incurred up to February 25, 1974 will be deferred and amortized over five years commencing with the twenty-fifth month after opening.

International Telephone and Telegraph Corporation, the parent company of Sheraton Hotels Limited, and ITT Sheraton Corporation of America have consented to purchase, at the Company's request, all or any part of the Company's total equity investment at any time during the first three years following the opening of the development at the amount thereof plus interest; and thereafter up to 1/2 of the Company's total equity investment at any time during the following 10 years at fair market value.

#### (b) Real Estate Partnerships and Joint Ventures

The Company is engaged in several real estate developments through partnerships and joint ventures.

A financial summary of the Company's proportionate interest in these real estate partnerships and joint ventures is as follows:

ASSETS	1973	1972
Investment Properties Under Development	\$ 5,419,467	\$5,079,627
Land Held for Development and Sale	1,827,578	—
Co-Operative and Condominium Units for Sale	981,260	1,281,865
Mortgages Receivable	1,891,197	552,806
Other Assets	260,745	122,560
	<u>\$10,380,247</u>	<u>\$7,036,858</u>
LIABILITIES		
Mortgages and Bank Loans	\$ 8,289,671	\$6,042,645
Other Liabilities	662,657	289,912
	<u>\$ 8,952,328</u>	<u>\$6,332,557</u>
COMPANY'S EQUITY	<u>\$ 1,427,919</u>	<u>\$ 704,301</u>

### 5. LAND, BUILDINGS, FURNITURE, FURNISHINGS AND EQUIPMENT

The land, buildings, furniture, furnishings and equipment were appraised by Chaffe, Mackenzie and Ray Limited as at September 1, 1968. The surplus arising from this appraisal was \$3,006,023. All additions to these fixed assets after September 1, 1968, were recorded at cost.

### 6. (a) UNAMORTIZED FINANCING COSTS

Financing costs relating to long term debt are amortized in equal annual instalments over the terms of the respective debt issues. Discounts earned on debt retirement have been credited to the related unamortized financing cost.

Financing costs relating to share issues have been charged

net of income taxes to retained earnings in the year of the share issue.

(b) UNAMORTIZED PRE-OPENING EXPENSES

It is the Company's policy to defer hotel pre-opening and opening expenses until after a hotel is fully operational. Subsequently, these expenses are amortized over five years on a straight-line basis.

7. BANK INDEBTEDNESS

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

8. LONG-TERM DEBT

Long Term Debt comprises the following:

	At Dec. 31, 1973	At Dec. 31, 1972
Term Bank Loans	\$ 2,320,900	\$ —
Mortgages Payable:		
■ 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 <sup>0</sup> / <sub>10</sub> , plus a participation in the gross bedroom rentals of the Four Seasons Motor Hotel	878,050	927,850
■ Marya Pocius on 118-124 Carlton Street adjacent to the Four Seasons Motor Hotel, due October 31, 1982, interest only at 7 <sup>0</sup> / <sub>10</sub>	310,000	310,000
■ Shell Canada Limited on the service station property at Jarvis and Carlton Streets, due August 1, 1988, interest at 6 <sup>3</sup> / <sub>4</sub> <sup>0</sup> / <sub>10</sub>	276,649	286,562
■ 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 7 <sup>1</sup> / <sub>4</sub> <sup>0</sup> / <sub>10</sub> , plus a participation in the gross bedroom rentals of the Inn on the Park, Toronto	3,569,000	3,743,000
■ 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 June 1, 1996, interest at 9 <sup>1</sup> / <sub>2</sub> <sup>0</sup> / <sub>10</sub> plus a participation in the gross bedroom rentals of the Inn on the Park, Toronto	4,709,000	4,854,500

■ First Mortgage Sinking Fund Bonds, Series A, on the Four Seasons — Belleville, due April 1, 1996, interest at 8<sup>3</sup>/<sub>4</sub><sup>0</sup>/<sub>10</sub>. (\$88,500 of Series A Bonds were retired in 1973. Sinking Fund requirements have been pre-paid for 1974, 1975 and part of 1976)

2,667,000      2,755,500

Conditional Sale Contract for furniture, furnishings and equipment — Inn the on the Park, London, maturing in monthly instalments at a rate of interest varying with the prime rate, due in 1980 (Payable in Sterling £376,370)

922,106      1,055,465

Series A Debentures:

A first floating charge on all the Company's assets situated in the Province of Ontario, due February 3, 1989, interest at 7<sup>0</sup>/<sub>10</sub> per annum. The Company is required to establish a sinking fund sufficient to retire \$250,000 of principal on February 3, in each of the years 1973 to 1988 inclusive. (\$121,000 of Series A Debentures were retired in 1973. Sinking fund requirements of \$194,000 have been prepaid in respect of 1974.)

4,556,000      4,677,000  
\$20,208,705      \$18,609,877  
Less: Due within one year      874,050      519,300  
\$19,334,655      \$18,090,577

Long Term Debt due in each of the next five years

1974	\$ 874,050
1975	1,505,600
1976	1,312,900
1977	1,300,300
1978	1,317,700

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 development and preopening expenses and finance and interest charges which are deferred or capitalized for accounting purposes. The resulting reduction of current income taxes for 1973, amounting to \$988,913, 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.

## Notes to Financial Statements As at December 31, 1973

### 10. CAPITAL STOCK

#### (a) Series A First Preference Shares

Each Series A First Preference Share is convertible to one Common Share upon payment of \$1.00 for each Series A Preference Share converted up to June 1, 1977; and upon payment of \$3.00 for each Series A Preference Share converted up to June 1, 1982.

#### (b) Increase in Common Shares

During 1973, 19,010 shares without par value were issued for cash of \$76,200. Following is a summary of the common shares account reflecting the changes in 1973:

	Common Shares	
	Number of Shares	Amount
Balance, January 1, 1973	2,987,950	\$4,036,249
Warrants and Employees' Stock Options exercised	19,010	76,200
Balance, December 31, 1973	3,006,960	\$4,112,449

#### (c) Warrants

On November 15, 1971, warrants were issued to the holders of the 7% Sinking Fund Debentures, Series A. The warrants entitle the bearers thereof to purchase an aggregate of 200,000 shares at \$5 per share up to February 3, 1976 and at \$6 per share thereafter up to February 3, 1979 when they expire. The Company has reserved 199,840 shares for issuance upon the exercise of the warrants.

#### (d) Stock Options

The remainder of stock options granted by the Company to a director, senior officers and to certain employees, to purchase shares at a price of \$4 per share, were exercised in 1973.

On June 26, 1973, the Company reserved an additional 133,830 common shares in respect of employees' stock options. On that date the Company granted an option to a director and senior officer to purchase a total of 132,000 common shares at \$7.10 per share for a period of ten years from the date of the option.

### 11. RESTRICTIONS ON DIVIDENDS

The Trust Deed for the 7% Sinking Fund Debentures, Series A contains provisions restricting the payment of any cash dividends which would have the effect of reducing consolidated retained earnings below \$1,945,703, or reducing shareholders' equity (as therein defined) below consolidated funded obligations (as therein defined).

As at December 31, 1973, consolidated retained earnings amounted to \$6,897,404, shareholders' equity amounted to \$17,588,360, and consolidated funded obligations amounted to \$4,556,000.

### 12. EARNINGS PER SHARE

Earnings per share for 1973, after providing for preference share dividends of \$240,000 were 56.2¢ before the extraordinary item and 57.2¢ after the extraordinary item, based upon the weighted average number of shares outstanding during the year — 2,993,260 shares, (1972 — 2,983,430 shares).

The exercise of all outstanding warrants and employees' stock options in 1973 would have resulted in a dilution in earnings per share of 3.1¢. The conversion of the preference shares to common shares in 1973 would have had no dilutive effect on earnings per share.

### 13. EXTRAORDINARY ITEMS

In 1973, Mt. Pleasant Development Company sold an investment property which had not been acquired for resale. The Company's proportionate share of the gain arising from this sale amounted to \$28,538 and is shown as an extraordinary item.

The extraordinary item in 1972 was a settlement received on termination of a lease and management agreement re Balmoral Beach Hotel, Nassau.

### 14. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid in 1973 to directors and senior officers of the Company was \$330,180 (1972 — \$191,938).

### 15. LEASES

(a) The Company and South Side Development Limited have executed a ground lease and a building agreement with the Corporation of the City of Toronto. The interest of the Company in both the ground lease and the building agreement has been assigned to South Side and South Side has assumed all of the obligations of the Company thereunder and agreed to indemnify the Company against all claims, costs, demands and expenses which the Company may incur thereunder. In addition, International Telephone and Telegraph Corporation and ITT Sheraton Corporation of America have agreed to indemnify the Company against that proportion of all claims, costs, demands and expenses incurred by the Company by reason of its being a party to the ground lease and building agreement which is equal to the percentage of their interest in South Side. The ground lease requires the payment of rental at the rate of \$1 per annum until the date of completion of the project, \$240,000 per annum for the next seven years and \$390,000 per annum, plus varying percentages of revenue, for the remaining years of the lease term, up to a total of ninety-five years from the date of completion of the project. The lease is a net lease and requires South Side to pay all other expenses including real property taxes.

(b) In 1970 the Company entered into an agreement with Two Parks Development Limited of London, England, whereby the Company's subsidiary, Four Seasons Hotels (London) Limited, leased for 84 years, consisting of six 14 year terms, the hotel in London, and sub-leased such hotel to the Company for a term of 10 years. The Company has guaranteed the obligations of its subsidiary under the lease for a period of 21 years, including payment of rent, in the amount of £205,000 per annum during the first 14 year term of the lease.

### 16. CONTINGENT LIABILITIES

(a) As a result of the amalgamation and the issuance of 250,000 shares of the Company to the public in 1969, The Liquor License Commission of Ontario has taken the

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position that the license transfer fee provisions of the Liquor License Act of Ontario are applicable and that fees in the amount of \$128,335 are payable, which position the Company, on the advice of counsel, is disputing. In 1974, the transfer fees were paid under protest and an appeal is pending.

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

(c) The Company is defending a mechanic's lien action instituted in 1971, arising out of a contract to construct the Four Seasons — Belleville. The Company has complied with the statutory holdback requirements and believes it has a good defense to such action. The Company is contingently liable under a letter of credit in the amount of \$900,000 given to discharge the liens registered against the Four Seasons — Belleville.

#### 17. SUBSEQUENT EVENTS

##### *Four Seasons — Calgary*

The Company has agreed to lease and operate, on a long term basis, a 385 room hotel in Calgary, and to service the food and beverage requirements of the adjacent civic convention centre. Construction of the hotel and convention centre commenced in late 1972 with completion expected at the end of 1974. Under the terms of the lease agreement, the Company will be required to provide the hotel furniture, furnishings and equipment at an estimated cost of \$2,900,000.

##### *Four Seasons — Vancouver*

The Company has agreed to lease and operate, on a long term basis, a 410 room hotel, being a part of the Pacific Centre complex, located in downtown Vancouver. Construction of the hotel commenced during 1973 with completion scheduled in 1975. The Company will be required to provide the hotel furniture, furnishings and equipment at an estimated cost of \$3,500,000.

##### *Inn on the Park — Montreal*

The Company has entered into a joint venture agreement to develop a 330 room luxury hotel in downtown Montreal. The joint venture in which the Company owns a 30% interest, has acquired the site and will arrange the long term financing required for the construction of the hotel including the furnishings and equipment. Construction commenced in 1973 with completion scheduled in 1975. The Company will operate the hotel on behalf of the joint venture under a management agreement.

##### *Inn on the Park — Dallas*

The Company has entered into a joint venture agreement to develop a 465 room hotel in downtown Dallas, Texas. The joint venture in which the Company owns a 50% interest, will arrange the long term financing required for the construction of the hotel including the furnishings and equipment. Construction will commence in 1974 with completion scheduled in 1976. The Company's maximum equity contribution to the joint venture is limited by agreement to \$1,500,000. The Company will operate the hotel on behalf of the joint venture under a management agreement.

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##### *Inn on the Park — Rome*

The Company has entered into a joint venture agreement with a major Italian government-controlled company to develop a 387 room luxury hotel in Rome, Italy. In 1973 the joint venture, in which the Company owns a 50% interest, purchased a 20 acre site overlooking the Vatican. Construction is expected to commence in 1974 with completion scheduled for 1976. The Company has arranged a bank credit of \$1,000,000 for its estimated equity interest in the joint venture.

The Company will operate the hotel under a long term lease agreement with the joint venture, and will be required to furnish and equip the hotel at an estimated cost of \$3,000,000.

##### *Inn on the Park — Paris*

The Company has been awarded the right to construct a 410 room deluxe hotel in Zone A of the Defense Region of Paris, a major development project under the auspices of the government of France. The Company intends to enter into a joint venture with French interests for construction and ownership of the hotel which will be operated by the Company on behalf of the joint venture. Construction is expected to commence in 1975 with completion scheduled in 1977. The Company has arranged a bank credit of \$1,000,000 for its estimated equity investment in the joint venture.

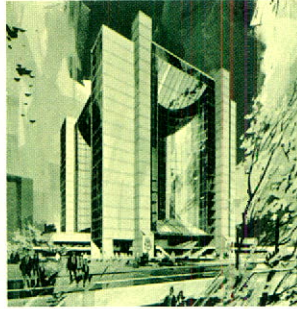
##### *Four Seasons — Ottawa*

The Company has agreed to manage, on a long term basis, a 440 room hotel to be built in downtown Ottawa. Construction will commence in 1974 with completion scheduled for 1976. The Company will not be required to make any capital investment.

##### *Real Estate Partnerships and Joint Ventures*

The Company has invested in new real estate partnerships and joint ventures in 1974. The Company's share of mortgage and bank loan obligations in respect of the new ventures amounted to \$1,030,000. The Company is contingently liable for its partners' share of these obligations; however, against this contingent liability, the Company would have a claim upon the assets of its partners.

# The Structure of Four Seasons Hotels Operations



Four Seasons Hotel  
TORONTO, ONTARIO

Wholly owned and  
operated



Inn on the Park  
TORONTO, ONTARIO

Wholly owned and  
operated

Four Seasons Hotel  
BELLEVILLE, ONTARIO

Owned and  
operate through  
long-term management  
contract

Four Seasons  
Sheraton Hotel  
TORONTO, ONTARIO

49% ownership and  
long-term consulting  
agreement

Four Seasons Hotel  
OTTAWA, ONTARIO

Operate through  
long-term management  
agreement

Four Seasons Hotel  
CALGARY, ALBERTA

Operate through  
long-term lease

Four Seasons Hotel  
VANCOUVER, B.C.

Operate through  
long-term lease



Les Quatre Saisons  
MONTREAL, QUEBEC

Joint venture and  
operate through  
long-term management  
agreement

Inn on the Park  
LONDON, ENGLAND

Operate through  
long-term lease

Four Seasons Hotel  
NETANYA, ISRAEL

Operate through  
long-term management  
contract

Four Seasons Hotel  
DALLAS, TEXAS

Joint venture and  
operate through  
management agreement



Inn on the Park  
ROME, ITALY

Joint venture and  
operate through  
management agreement

Four Seasons Hotel  
PARIS, FRANCE

Joint venture and  
operate through  
management agreement

## Four Seasons Hotels

Inn on the Park  
1100 Eglinton Avenue East  
Toronto, Canada M3C 1H8  
Telephone: (416) 444-2561  
Telex: 06-966784

Four Seasons Hotel  
415 Jarvis Street  
Toronto, Canada M4Y 2G8  
Telephone: (416) 924-6631  
Telex: 02-2638

Four Seasons Hotel  
11 Bay Bridge Road  
Belleville, Ontario K8P 3P6  
Telephone: (613) 968-3411  
Telex: 06-22538

Inn on the Park  
Hamilton Place, Park Lane  
London W. 1, England, U.K.  
Telephone: (01) 499-0888  
Telex: 51-22751

Four Seasons Hotel  
Nice Boulevard  
Netanya, Israel  
Telephone: (053) 27171  
Telex: 033-59611

Four Seasons Hotel  
Calgary Centre  
Calgary, Alberta T2G 0P8  
Telephone: (403) 266-7331  
Telex: 038-24711  
(Opening September, 1974)

## Reservations and Sales Offices

Montreal, Quebec  
Box 1229  
Place Bonaventure  
Montreal 114, Quebec  
Telephone: (514) 861-7570  
Telex: 0126425

Calgary, Alberta  
210 One Palliser Square  
125 9th Avenue S.E.  
Calgary, Alberta T2G 0P8  
Telephone: (403) 265-4005  
Telex: 03824711

Ottawa, Ontario  
91 Sparks Street  
Ottawa, Ontario K1P 5A7  
Telephone: (613) 236-0187  
Telex: 053-4385

New York, New York  
51 East 42nd Street  
New York, N.Y. 10017  
Telephone: (212) 972-0742  
Telex: 127204

Vancouver,  
British Columbia  
Box 10096, Suite 1608  
Pacific Centre  
Toronto Dominion Bank  
Tower  
700 West Georgia Street  
Vancouver 1,  
British Columbia  
Telephone: (604) 687-0661  
Telex: 0455289

Dallas, Texas  
555 Griffin Square,  
Suite 838  
Dallas, Texas 75202  
Telephone: (214) 651-0104

