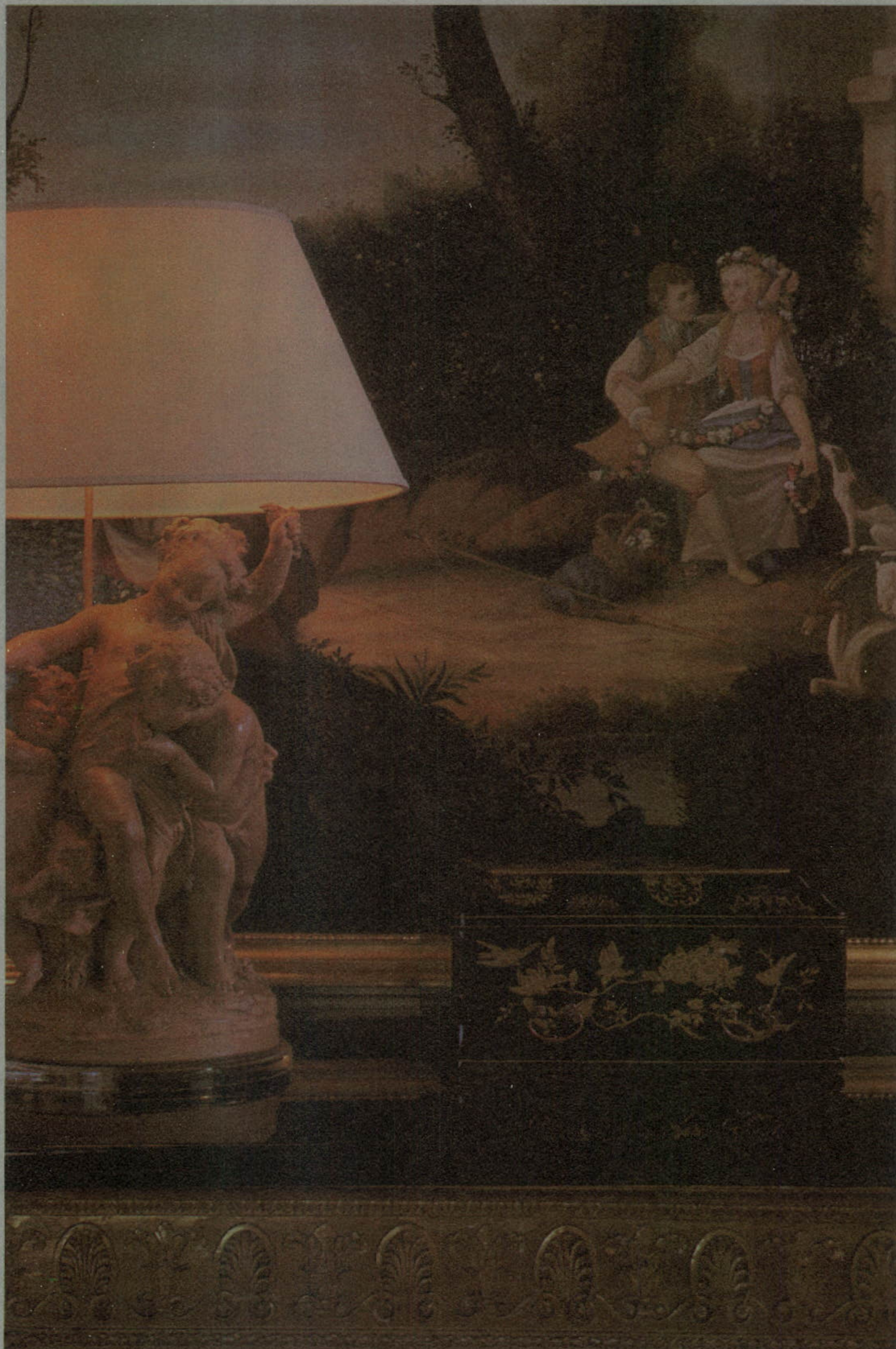
1987

ANNUAL REPORT

Four Seasons Hotels



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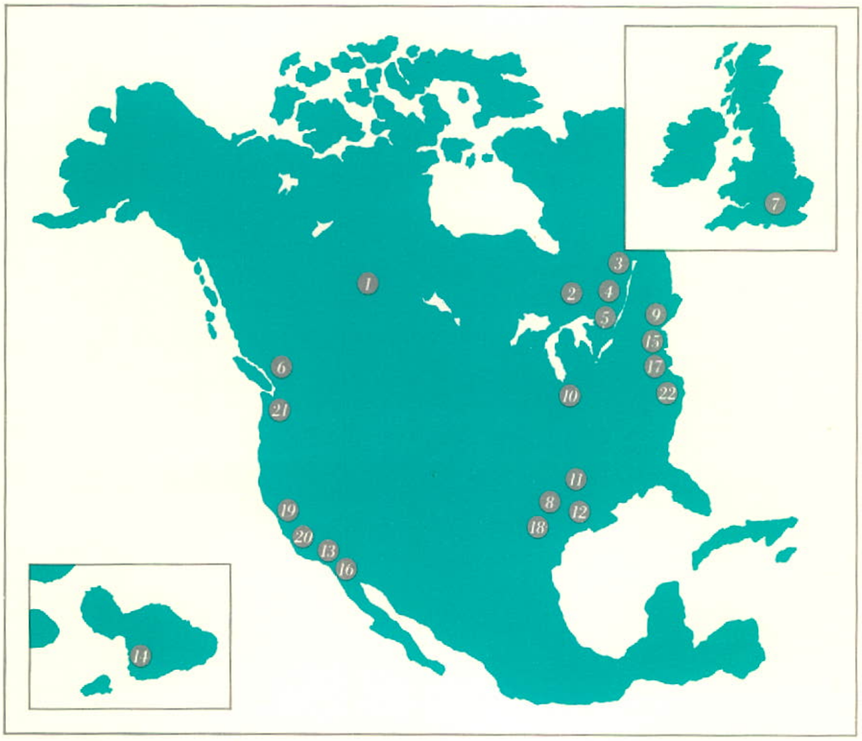

CANADA *1 Edmonton 2 Minaki 3 Montreal 4 Ottawa 5 Toronto 6 Vancouver*
ENGLAND *7 London* ***UNITED STATES*** *8 Austin 9 Boston 10 Chicago*
11 Dallas 12 Houston 13 Los Angeles 14 Maui, Hawaii 15 New York 16 Newport Beach
17 Philadelphia 18 San Antonio 19 San Francisco 20 Santa Barbara 21 Seattle
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C O M P A N Y P R O F I L E

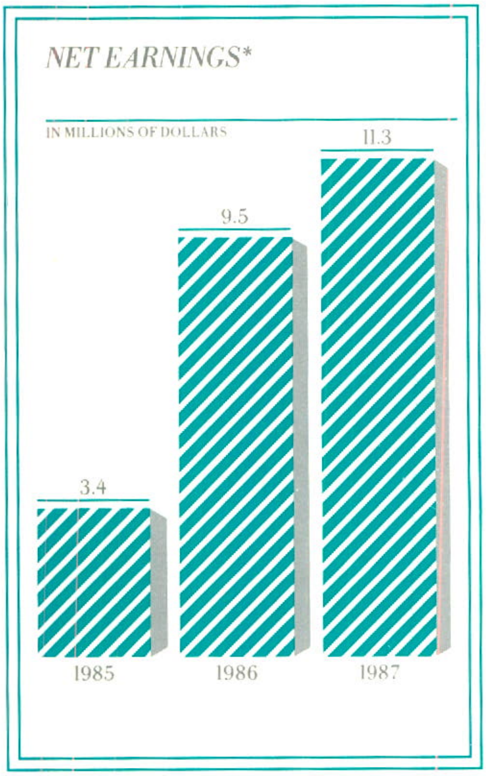
Four Seasons Hotels has chosen to specialize by operating only medium-size hotels of exceptional quality. It is the Company's objective to operate the finest hotel or resort in each destination where it locates. While each property is distinctively different, all have consistently high standards of facilities and quality of service. Four Seasons Hotels has been especially successful in developing people who understand the needs of its discerning clientele and who constantly strive to meet those needs. The Company enjoys a particularly high percentage of repeat business from loyal users.

There are 23 Four Seasons hotels covering the major cities in North America and London, England. Four Seasons hotels have a total of more than 7,250 guestrooms and employ over 10,000 people. The Company also has two hotels currently under construction: a second property in Chicago and a beach front resort at Wailea on the Hawaiian island of Maui. Future expansion plans will focus on world-class resort destinations and key international cities.

FINANCIAL HIGHLIGHTS
(thousands of dollars)

	1987	1986	1985
Total revenues of all managed hotels	**$ 584,332**	509,314	440,514
Net earnings*	**$ 11,280**	9,515	3,449
Earnings per share*	**$ 1.15**	0.99	0.54
Funds generated from continuing operations	**$ 23,897**	22,919	14,345
Funds per share generated from continuing operations	**$ 2.43**	2.36	1.67
Return on equity	**25%**	22%	11%

**Before extraordinary items*



Four Seasons Hotel
Houston

CHAIRMAN'S MESSAGE

I am pleased to report that 1987 was another year of key strategic achievements for our Company. Opening the Four Seasons Los Angeles in April completed our coverage of all major North American markets. Now, along with properties in Newport Beach, San Francisco and Santa Barbara, California, and our Vancouver and Seattle locations, Four Seasons enjoys an enviable West Coast presence. Strength there will be very important to our Maui opening in 1989 since the West Coast is the key feeder market for Hawaii. This regional coverage, combined with our other North American hotels, will help us create an even greater market awareness from coast to coast.

Our strategic focus is now on growth opportunities in the resort market with our intent being to offer the finest service, accommodations and facilities in the world's leading vacation destinations. The acquisition of the Santa Barbara Biltmore resort in 1987 is an important step in this direction as we develop more ways to meet the needs of our existing customer base.

From a financial viewpoint, 1987 was another year wherein key objectives were exceeded.

- *Our net earnings of $11.3 million increased 19% over 1986*
- *Funds generated from operations increased 4% to $23.9 million*
- *The return on shareholders' equity was 25%, up from 22% in 1986.*

Although our debt to equity ratio increased due to the acquisition of the Santa Barbara resort, we are projecting that it will be back to our targeted level of 1:1 by the end of 1988.

There has been much uncertainty and concern over the possibility of an economic recession in the aftermath of the October 1987 stock market crash. We have been closely monitoring

Isadore Sharp
Chairman and President

our booking and cancellation rates and have not noted any significant slowdown in business volumes. In fact, many markets have exceeded expectations since the market collapse. Potential financial dislocation cannot be ignored, but we have intentionally structured the Company to minimize our exposure to negative trends.

Four Seasons hotels have earned the loyalty of corporate executives and professionals and our experience shows that this group is less quickly and less severely affected by recession than consumers in general. Our penetration of this growing market is broad and secure.

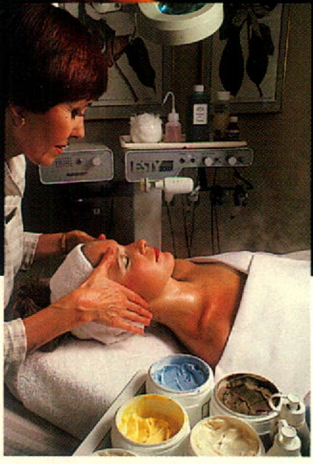
Financial exposure has also been managed carefully. Our goal is to reduce the debt level of the Company in 1988 and 1989. We are also projecting that we will generate sufficient cash to satisfy normal operating, capital and investment needs over the next few years.

With low debt levels, a solid base of management fee income, a firm grip on our target market and key ownership positions in historically stable cities such as New York, London, Chicago and Toronto, we are confident that despite economic cycles we will be able to produce consistent growth in earnings.

Four Seasons' plan for the future is based on a long-term view and our development decisions will continue to be carefully structured to provide financial and operational protection. We are in an excellent position to take advantage of business opportunities and we have the financial and management resources to optimize our growth.

In conclusion, I would like to acknowledge the four groups who are vital to this continued growth and success: our shareholders who show their faith in our talents and share our goals; our partners who see the same exciting opportunities we do; our guests whose loyalty is our greatest reward; and the over ten thousand Four Seasons people whose hard work and commitment is recognized in the pages which follow. Thank you all.

Isadore Sharp,
Chairman and President



Four Seasons Hotel
Houston

I N T R O D U C T I O N

Much has been said and written about the success of Four Seasons Hotels. In a wide range of consumer, business and trade journals, informed writers and critics have analyzed what it is that makes this Company the undisputed leader of the luxury hotel market in North America.

Unanimously, the opinion is that Four Seasons provides a significantly superior level of personal service, and provides that service on a very consistent basis.

Recognition of our efforts is always gratifying, but it is especially so in light of our belief that Four Seasons' commitment to unparalled service is the cornerstone of our success. In this year's annual report we will focus on that commitment. We will look at where our quality of service has brought us, how we maintain the standards we have set, and how our corporate strength and past success position us for future growth.

Four Seasons Hotel
Los Angeles

TWENTY-SIX YEARS OF SERVICE

Four Seasons service is based on a clearly articulated philosophy and set of values which recognize that in order to serve our guests well, our employees must be served well by the Company.

Every employee understands from the very first day that our clients expect and deserve more. In return, the Company will support, encourage and reward all efforts that lead to that end. It is a philosophy that requires understanding and sensitivity, both to the needs of our clients and each other. It is the ability of everyone at Four Seasons to translate this philosophy into meaningful action that gives our hotels their unique quality and outstanding reputation.

For twenty-six years, our philosophy and our people have enabled us to achieve our primary goal. Simply stated, we aim to operate the finest hotel in every city in which we are located. Today, we operate twenty-three such properties, with two more to open in 1989, making Four Seasons the only major luxury hotel chain in North America as well as one of the world's foremost luxury hotel operators.

We have chosen to specialize in medium-size hotels of exceptional quality, designed and operated to meet every need of the discerning business and leisure traveller. Each Four Seasons hotel is also unique, tailored to the pace and style of its city, reflecting the character of its environment.

Anyone who has visited a Four Seasons will attest to the quality of our buildings. The design, the materials and the physical comforts are all of the highest order. But all this is not the essence of Four Seasons. It is our people, their attitude, willingness and performance, that clearly set us apart from all competitors. They have built our strong market position and earned this Company the loyalty of a growing clientele.

Our guests and potential guests come from the luxury segment of

Four Seasons Hotel Philadelphia

the travel market. This segment is also one of the historically most stable and fastest-growing, and provides us with tremendous opportunities for growth. Executives and professionals recognize that a Four Seasons hotel provides an environment in which they can be not just comfortable, but more productive. These same people, having experienced our unique care and attention to detail while on business, return for their vacation travel.

The financial pages of this report indicate our success in meeting the expectations of our market. They are by no means, however, the only indicator. Typically, Four Seasons hotels are leaders in their markets in terms of occupancy and average rate. Cities in which we clearly lead the market include such major world destinations as New York, Washington, Chicago, Toronto and London.

The ratings we receive from respected organizations whose business it is to judge hotels are also strong indicators. Each year, the "Institutional Investor" ranks the fifty best hotels in the world. Of the first twenty-eight hotels worldwide, five are Four Seasons hotels. In North America, we placed four out of the top seven. In addition, the American Automobile Association has recognized nine Four Seasons hotels, more than any other company, with its highest honour, the Five Diamond Award.

What has been created under the Four Seasons banner is virtually impossible to duplicate. Certainly, our reputation, the loyalty of our clientele and the professionalism and dedication of our hotel employees are assets of immeasureable worth. Our prime locations, on Hyde Park in London, England, in the Yorkville district of Toronto, or overlooking Central Park in New York, are equally irreplaceable.

With the recent addition of Los Angeles, we have established ourselves in all major North American destinations which we consider strategically important at this time. Complementing this, we are well underway in our expansion into the resort market.

Throughout our growth, we have not only developed outstanding hotels, but we have built an equally impressive organization... an organization that has a clarity of purpose and dedication to excellence that we strive to make apparent in all we do. From behind the scenes, to the front desk, to the executive offices, there exists the knowledge, experience and depth to ensure continued success and to manage future growth.

Four Seasons Hotel Austin

UPHOLDING THE STANDARD

Four Seasons' clientele has high expectations because we have taught them to expect only the best. Anything less would be unacceptable on their part and unthinkable on ours. Almost everything we do is open for scrutiny. Our guests live with us. We know there is no room for error or compromise.

Yet, at the same time, the hotel industry traditionally offers low-paying entry-level positions and suffers from high staff turnover. The potential for conflict between these two realities is enormous. But, as we have learned, so is the potential for innovation.

The Human Resources group at Four Seasons has met the challenges inherent in the industry with a broad range of programs consistent with our corporate philosophy. What we do differently in this area is worth touching on in this report as it bears a direct impact on our ability to maintain the quality of service that has brought us this far.

It begins with the hiring process. Everyone applying for a position, any position, is interviewed by at least four people including the personnel director and the relevant department and division heads. At our opening in Los Angeles, the hotel general manager personally interviewed every employee hired. Seventy-five hundred people applied for positions, three thousand were interviewed, and four hundred hired. Senior corporate executives are also directly involved in hiring at the hotel management level.

This process is highly unusual and very time-consuming, but absolutely vital. It is the surest way we know to guarantee the qualities of the candidate and, at the same time, impress upon that candidate the degree of importance we place on every Four Seasons employee.

Four Seasons Hotel and Resort Dallas at Las Colinas

We look for an attitude in an individual that cannot be discerned from an application. Motivation, reliability, good judgement and a genuine liking for other people are all as important as experience and technical skills. There is much we can teach, but we can never teach someone to enjoy and take pride in serving others.

We also look for the person who can think ahead. Four Seasons' employees are known for anticipating the needs of our clients, for seizing the initiative and assuming responsibility for things that may not always fall within their direct area of operation. They are expected to make independent judgements, and should that judgement err on the side of the guest, it should not be questioned.

These kinds of people have the Four Seasons spirit and we can be reasonably assured that they will respond to the training and motivation provided throughout their Four Seasons career.

Four Seasons' general managers understand that the success of their hotels depends on their employees, and the quality of the employees' execution is often a direct reflection on the manager's ability to communicate and motivate. They must lead by example, showing their people how to improve their performance. They must be clear with direction and praise, letting employees know where they stand, and be highly visible in dealing with both clients and staff. Each person must understand that every function plays a vital part in the overall success of the hotel. This approach is supported by the Company's corporate executives on regular visits to the hotels.

The next link in this chain is one of respect. All employees must be given tangible evidence that the Company recognizes their importance and value. A Four Seasons staff cafeteria, shared by employees, supervisors and managers, serves the highest quality food. First-rate employee facilities are a priority, as is the design of staff uniforms that can be worn with pride. Four Seasons people, just as Four Seasons clients, deserve, and respond to, the best.

Respect also involves listening to our employees. Every hotel has a Direct Line Committee comprised of non-supervisory staff which has direct access to the general manager.

Finally, we must evaluate and reward excellence. Hotel general managers, assistant general managers and senior department heads participate in a bonus incentive program based on profit, *people skills and product delivery. The profit component is tied not only to total operating profit but to the effective management of costs. People skills are measured in a number of ways, including by the people directly affected, the employees. And product delivery is measured by both client comments and unannounced visits by anonymous "spotters" who grade an extensive list of Four Seasons standards.*

This incentive plan has served us well by broadening our managers' point of view. In particular, it has helped them see the long-term aspects of their performance and encouraged them to pay even greater attention to their people.

All non-union employees are offered a retirement plan. This program, along with the company-wide comprehensive health benefits and individual recognition awards, is widely communicated and promoted within each hotel.

This combination of incentive and recognition has evolved over a number of years. Elements are added or deleted to reflect changing times and changing goals. But the message from this and all our human resources activities is always clear. We are all in this together. We are all responsible. What is good for our guests is good for our Company and, ultimately, good for everyone who works here.

We know the message gets through. We see it in the extraordinary "extras" our people do as a matter of course. We see it in a staff turnover rate that is half the industry average and a staff satisfaction rating well above that of any other hotel chain. We see it in the unsolicited employee suggestions on how to improve service and profits and the peer pressure to excel. We see it in our growing complement of senior management who arrived at their current positions from within the Four Seasons system: for example, twenty of twenty-three general managers. And most of all, we see it in the actions of our clients, returning again and again to experience what they found nowhere else... Four Seasons service.

INTO THE FUTURE

All indications are that the positive results of 1987 will continue into this year. Hotel management fees and earnings will benefit from the first full year of operation of our two new California properties. Management of the historic Biltmore in Santa Barbara was acquired in April, 1987, and the magnificent new Four Seasons Los Angeles, overlooking Beverly Hills, opened in the same month.

The corporate management team, under the direction of founder Isadore Sharp, Chairman and President, and Executive Vice-Presidents Roger Garland and John Sharpe, is well-positioned to maintain this growth. Aggressive and widely experienced, they are able to bring expert direction in finance, design and construction, operations, marketing and human resources to the analysis and execution of expansion opportunities.

This corporate structure also directs and supports all existing properties on a day-to-day basis. The Finance department provides management information services, internal audit, financial reporting and analysis, tax and treasury services, and supervises the financial operations of the hotels.

Corporate Design and Construction assists owners in refurbishing existing hotels or totally designing new hotel interiors. The popular "Four Seasons Room" that offers many of the advantages of a traditional suite at a more economical cost is an example of their creative approach.

Operations is responsible for setting and maintaining the operating standards of all Four Seasons hotels. Seven Regional Vice-Presidents, each responsible for two to five North American hotels, report to the corporate office. As a Four Seasons policy, all Regional Vice-Presidents are also hands-on general managers of one of their properties. Purchasing also falls under the operational umbrella and provides a centralized system that

Four Seasons Hotel
Newport Beach

offers economies of scale in the purchase of both goods and services.

The Marketing department develops the overall marketing and advertising strategies. This function includes building broad national awareness and name recognition for Four Seasons, aiding each hotel to develop the local market, and supervising central reservation operations. Marketing is also responsible for our five corporate sales offices located in Chicago, Los Angeles, New York, Washington and Toronto.

Human Resources completes the corporate management structure and is responsible for creating and executing programs in manpower planning and development, compensation and benefits and employee relations. As we have detailed earlier, Human Resources is charged with maintaining Four Seasons' position as a preferred employer.

The depth and strength of the corporate office is matched by that of our line management and staff. It is our goal to operate from opening day in perfect Four Seasons tradition. We are now able to draw our own experienced hotel people from throughout North America to fill key positions at new locations anywhere in the world. In a recent twelve-month period, two hundred and fifty employees were transferred to open five new hotels.

The ability to establish new locations with Four Seasons people in all vital positions and support them with strong corporate management augurs well for 1989 openings in Chicago and Maui, Hawaii, and for future growth plans.

Although the framework of our major strategic expansion in North America is now in place, we are always open to opportunities and review a continuous flow of proposals. The focus will remain on developing new hotels in major markets which complement and enhance our established group of properties.

Opportunity clearly lies in the resort market, a logical step that takes our loyal business clients, accustomed to Four Seasons quality and service, to their vacation destinations.

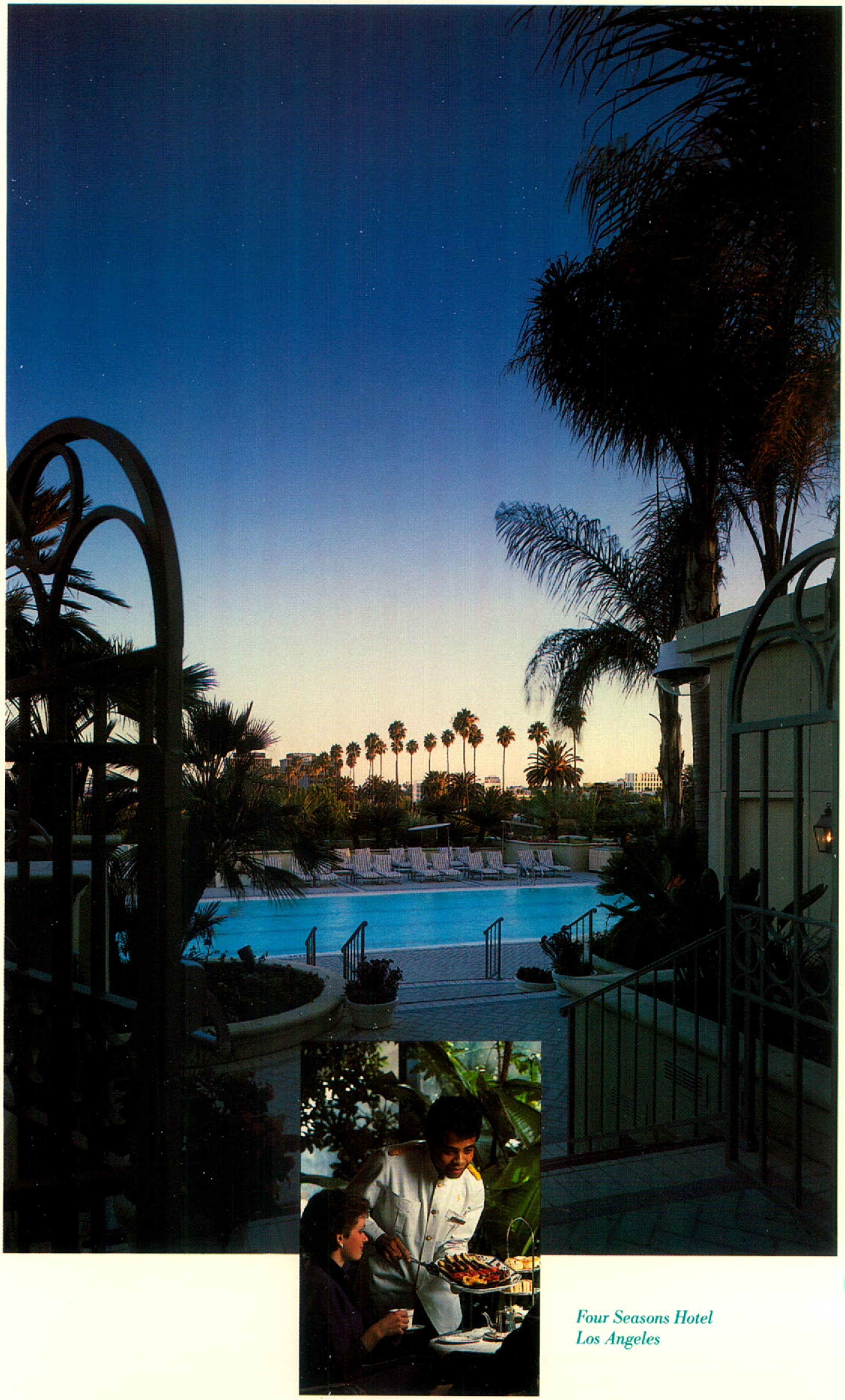
We have gained valuable experience in this area through the Four Seasons Hotel and Resort in Dallas and in Santa Barbara. Both offer resort facilities for corporate groups and individual business travellers. Our new fifteen-acre beachfront property under construction in Maui will open in late 1989.

We believe that Four Seasons will bring a new dimension to resort travel by applying the same guiding philosophy we follow in our business hotels. We will operate buildings of the same high quality with the addition of distinctive touches that acknowledge the natural beauty of the locations and the different needs of vacationers versus business travellers. But again, it is our people who will make Four Seasons a success in the resort market. Their style, warmth and anticipatory approach will be a welcome change from many resorts which all too often rely on location as their greatest strength.

Four Seasons resorts hold great potential, and expansion opportunities in Southern California, the Caribbean and the Pacific are now under investigation.

We are also continuing to look for opportunities to expand into the Far East and Europe. Management has devoted considerable energy in exploring these areas but we have been, as always, very selective in undertaking new ventures.

We are well-prepared to act wherever positive business opportunities arise, secure in the knowledge that all areas of the Company are structured, staffed and well qualified to handle the challenge of steady and controlled growth.



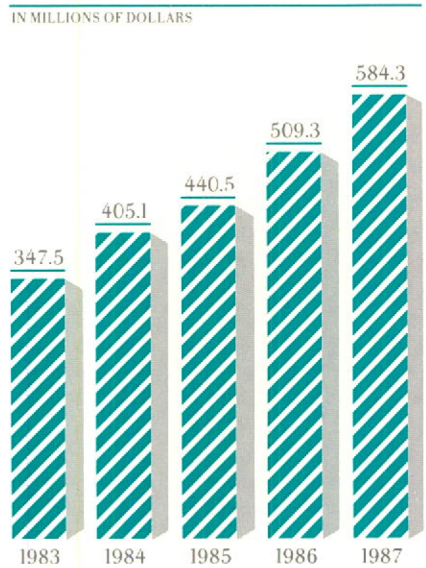
Four Seasons Hotel
Los Angeles

FINANCIAL REPORT

1987 was another year of solid growth for the Company with earnings of $11,280,000 representing an increase of 19%. Earnings per share increased by 16% to $1.15. Total revenues of all managed hotels increased 15% to $584 million.

The Company's return on equity was 25%, and funds generated from continuing operations were $23,897,000.

TOTAL REVENUES OF ALL MANAGED HOTELS



OVERVIEW

Our earnings are generated from two distinct operating segments: hotel management operations and hotel ownership operations.

Earnings from management operations include the various fees earned over the life of our long-term management contracts – typically 60 – 70 years, including option periods. We earn monthly fees which are generally based on the gross operating revenues of each hotel and most contracts also provide for incentive fees which are calculated as a percentage of the hotel's earnings or cash flow. In addition, revenues are earned for purchasing, development, marketing and advertising services.

Our management contracts generally require limited capital investment, thus allowing us to expand an important revenue source without a significant capital commitment.

Earnings and cash flow from management operations are fairly stable, predictable and relatively insensitive to economic fluctuations since fees are largely calculated on the total revenues of each hotel.

Earnings from ownership operations tend to be more sensitive to economic conditions. We currently have an ownership interest in 14 out of our 23 hotels ranging from 1% to 100%. We have significant ownership positions in strong and stable markets such as London, New York, Chicago and Toronto. Our ownership interests provide us with current earnings and cash flow as well as the growth in the value of the underlying real estate. Our investment strategy continues to be to hold an equity position of 25% or less and to structure the investment to limit the financial exposure to a fixed dollar *amount. On occasion opportunities, such as the acquistion of the Biltmore in Santa Barbara, may be presented which require us to react quickly and take a larger ownership position than usual.*

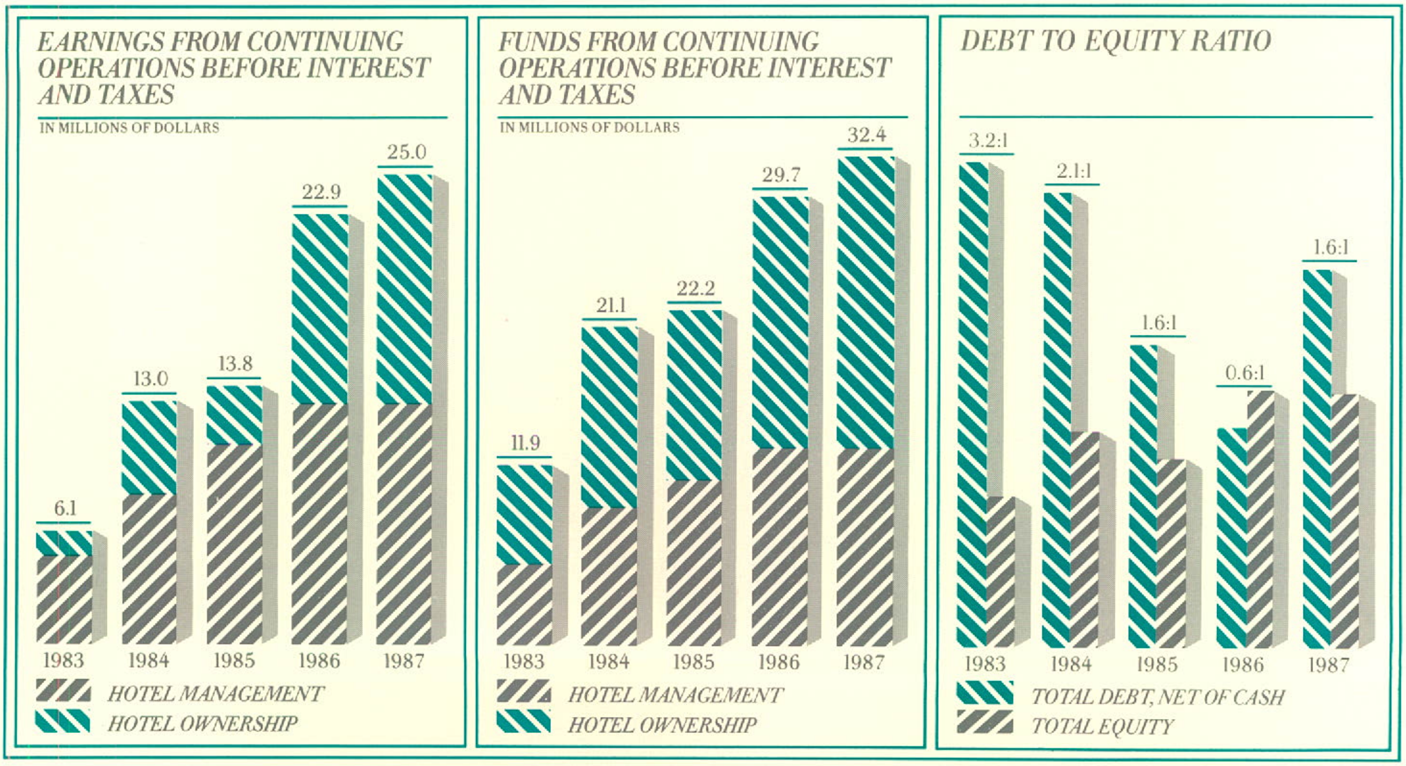
HOTEL MANAGEMENT OPERATIONS

In 1987 revenues of all managed hotels grew to $584,332,000, an increase of 15%. Contributing to this increase were the acquisition of the Biltmore in Santa Barbara, the opening of the Four Seasons Los Angeles in April 1987, and the first full year of operations for Newport Beach (opened May 1986), the Dallas Hotel and Resort (opened April 1986) and Austin (opened December 1986).

Fee revenues increased by 7% to $29.7 million. Although the "top line" related fees kept pace with the increase in revenues from all managed hotels, the purchasing and pre-opening fees decreased during the year because of the large number of hotels which opened in 1986 and the first quarter of 1987. Purchasing and development fees are expected to increase in 1988 because of the major renovation program planned for the Santa Barbara hotel and the continuing work on the new Chicago and Maui hotels. The weak U.S. dollar also had a negative impact on our fee revenues as 67% of our fee income was from U.S. hotels. The U.S. dollar weakened about 4% in 1987, effectively reducing our fee revenues by approximately $0.8 million. The U.S. dollar is expected to remain weak in the coming year. Although this has a dampening effect on the conversion of our U.S. earnings, it should be offset somewhat by the increased European travel which we are forecasting for our North American hotels as a result of the weak U.S. dollar.

Hotel management operations' expenses increased 12% over 1986. The increase in the cost base was due to normal increases in our costs, foreign exchange losses on our working capital position and some additional costs as a result of the recent opening of five hotels in a twelve-month period.

Earnings from management operations of $12,753,000 in 1987 represented 51% of our



total operating earnings versus 56% in 1986.

HOTEL OWNERSHIP OPERATIONS

In 1987, ownership operations contributed 49% of total earnings before interest and taxes versus 44% in 1986.

Earnings from hotel ownership operations of $12,235,000 were up 20% from 1986.

The Pierre in New York, the Four Seasons in Toronto, the Ritz-Carlton in Chicago and the Inn on the Park, London continued to be market leaders in terms of rate and occupancy. These hotels' yield (occupancy times rate) increased by 8% in 1987 and their profit margins also improved during the year. The strong operating results from these hotels were dampened by continued weak markets in Edmonton and in Vancouver after particularly successful results from Expo in 1986. We anticipate minor improvements in the Western Canadian market in 1988.

London contributed 46% of our operating earnings due to the continued outstanding operating results of the hotel and an improvement in Sterling exchange rates of approximately 5%.

The Sterling exposure for 1988 and 1989 has been hedged through a series of forward exchange contracts. The 1988 Sterling hedge has locked in a 14% increase in the rate of exchange over 1987. Based on this and our expectations for the other key ownership markets we are looking for another year of solid growth in this segment.

INTEREST AND TAXES

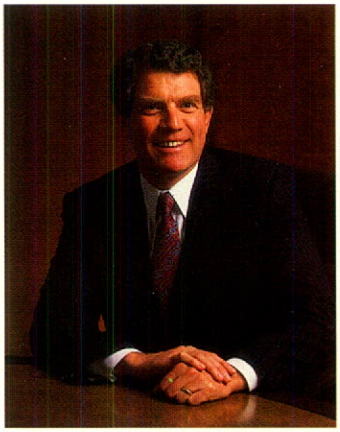
Interest costs increased by 18% to $5.7 million due to increased debt of $35 million which was used in the acquisition of a 50% interest in the Santa Barbara Biltmore in April 1987.

The effective tax rate fell to 41.5% in 1987 due to lower tax rates in the United States and Canada and the change in the mix of taxable income between Canada, the U.S. and the United Kingdom. The U.K. taxable income, at an effective rate of 35%, represented a larger portion of total taxable income in 1987 due to the lower Canadian earnings resulting from the swing in Vancouver's earnings. Based on the anticipated mix of earnings and further reductions in the Canadian corporate tax rates, the effective tax rate is anticipated to fall by about 1% in 1988.

BALANCE SHEET

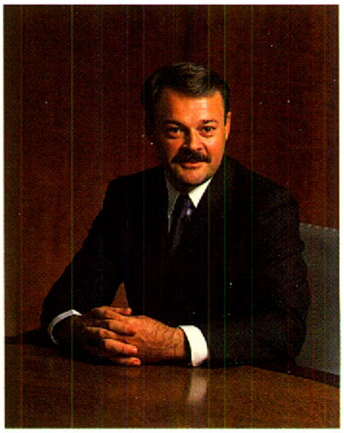
The purchase of the 50% interest in the Santa Barbara Biltmore increased our asset base by $43 million in 1987. Our debt to equity ratio, net of cash

MANAGEMENT COMMITTEE



H. Roger Garland
Executive Vice-President
Development, Finance and Administration

John L. Sharpe
Executive Vice-President
Operations



James F. Brown
Senior Vice-President
Operations

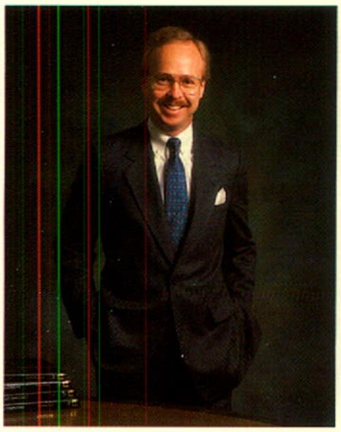
and short-term investments, was 1.6:1 in 1987 as compared to 0.65:1 in 1986. The increase was substantially due to the acquisition of the Santa Barbara Biltmore. The increase in the Sterling exchange rate also contributed 0.3 points of the increase, due to a $6.1 million increase in long-term debt and the corresponding reduction of equity (equity adjustment from foreign currency translation) caused by the restatement of the Sterling debt to the year end exchange rate. The outlook for 1988 would be to end the year close to our goal of 1:1 debt to equity ratio.

Looking forward to 1989 we anticipate the elimination of the majority of the Company's long-term debt. We expect that an option will be exercised to acquire 50% of the Inn on the Park, London from us at a cost of 18 million Pounds Sterling. These proceeds will repay our Sterling debt and, along with cash generated from operations, also repay the majority of our remaining debt. This significant reduction of our long-term debt and the corresponding increase in the equity base will put us in a very strong position to carry out our development plans, maintain our high standards of capital replacements and refurbishing in our existing hotels and take advantage of new business opportunities. Our ability to maintain our standards during periods of weak economic activity allows us to increase our competitive edge when conditions improve.

The capital spending plans for 1988 anticipate the substantial completion of the major renovation program of approximately $15 million U.S. for the Santa Barbara hotel. Four Seasons' share of the anticipated spending is $7 million U.S. in 1988. Also, additional special capital will be invested in London for the creation of 16 conservatory suites and in New York as 8 additional suites at The Pierre have been acquired and will be refurbished. These programs will be financed from operating cash flow.

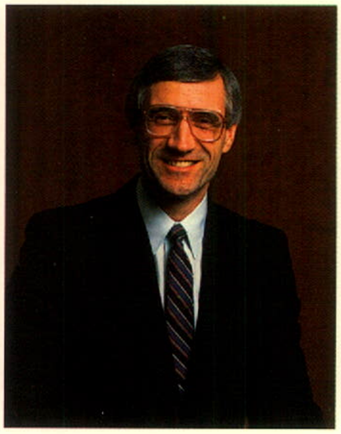
SUMMARY

1987 was another year in which we exceeded our financial targets. A balance was achieved between the earnings contribution of our hotel ownership and hotel management segments. Despite the economic forecasts for a continuing weak U.S. dollar and uncertainty in the financial markets, we are confident that our earnings target of 10 to 15% growth will be met.

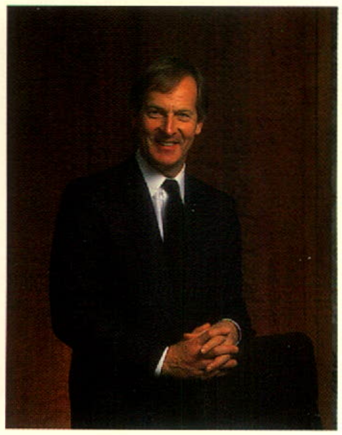


Douglas L. Ludwig
Senior Vice-President
Finance

John B. Richards
Senior Vice-President
Marketing



Christopher Wallis
Senior Vice-President
Design and Construction



John W. Young
Senior Vice-President
Human Resources

FIVE YEAR REVIEW

Years Ended December 31 ($ 000's)	1987	1986	1985	1984	1983
HOTEL MANAGEMENT OPERATIONS					
Total revenues of all managed hotels	$ 584,332	509,314	440,514	405,141	347,512
Fee revenues	$ 29,667	27,822	23,397	19,047	13,996
Expenses					
– General and administrative	16,137	14,260	12,157	10,060	8,568
Depreciation and amortization	777	796	594	819	623
Earnings before interest and taxes	12,753	12,766	10,646	8,168	4,805
HOTEL OWNERSHIP OPERATIONS					
Revenues	197,957	175,776	148,809	142,730	103,764
Expenses					
– Cost of sales and expenses	168,057	150,290	130,772	124,646	92,743
Fees to Hotel Management Operations	10,932	8,893	7,303	6,916	4,779
Depreciation and amortization	6,733	6,386	7,546	6,324	4,942
Earnings before interest and taxes	12,235	10,207	3,188	4,844	1,300
EARNINGS FROM CONTINUING OPERATIONS BEFORE INTEREST AND TAXES	24,988	22,973	13,834	13,012	6,105
Loss from discontinued operations before interest and taxes	–	–	340	2,092	3,153
Interest, net	5,719	4,846	6,400	7,966	8,383
Earnings (loss) before income taxes	19,269	18,127	7,094	2,954	(5,431)
Income taxes					
– Current	2,811	1,940	1,483	1,054	84
Deferred (recoverable)	5,178	6,672	2,162	1,463	(1,995)
	7,989	8,612	3,645	2,517	(1,911)
Earnings (loss) before extraordinary items	11,280	9,515	3,449	437	(3,520)
Extraordinary items	–	–	1,208	4,730	9,166
NET EARNINGS	$ 11,280	9,515	4,657	5,167	5,646
Funds from continuing operations before extraordinary items	$ 23,897	22,919	14,345	12,097	3,465

CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended December 31, 1987 ($ 000's)	1987	1986
HOTEL MANAGEMENT OPERATIONS		
Total revenues of all managed hotels (note 1(a))	$ 584,332	509,314
Fee revenues (note 1(f))	$ 29,667	27,822
Expenses – General and administrative	16,137	14,260
Depreciation and amortization	777	796
Earnings before interest and taxes	12,753	12,766
HOTEL OWNERSHIP OPERATIONS		
Revenues	197,957	175,776
Expenses – Cost of sales and expenses	168,057	150,290
Fees to Hotel Management Operations (note 1(f))	10,932	8,893
Depreciation and amortization	6,733	6,386
Earnings before interest and taxes	12,235	10,207
EARNINGS BEFORE INTEREST AND TAXES	24,988	22,973
Interest, net (note 8)	5,719	4,846
Earnings before income taxes	19,269	18,127
Income taxes (note 10) – Current	2,811	1,940
Deferred	5,178	6,672
	7,989	8,612
NET EARNINGS	$ 11,280	9,515
Earnings per share	$ 1.15	0.99
Fully-diluted earnings per share	$ 1.09	

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at December 31, 1987 ($ 000's)	1987	1986
ASSETS		
Current assets:		
Cash and short-term investments	$ 10,420	14,090
Receivables (note 2)	22,951	18,791
Inventory	2,951	2,493
Prepaid expenses	4,112	2,685
Total current assets	40,434	38,059
Prepaid rent (note 3)	10,191	3,165
Notes and mortgages receivable (note 4)	15,066	12,073
Investments in hotel partnerships and managed hotels (note 5(a))	10,702	10,014
Fixed assets (note 6)	116,559	74,133
Other assets	3,581	4,911
	$ 196,533	142,355

CONSOLIDATED BALANCE SHEET

As at December 31, 1987 ($ 000's)	1987	1986
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 43,752	33,854
Long-term debt due within one year	1,369	1,417
Total current liabilities	45,121	35,271
Long-term debt (note 7)	81,484	41,179
Deferred income taxes	24,674	21,951
Shareholders' equity (note 9):		
Capital stock	37,578	38,971
Contributed surplus	4,773	4,685
Retained earnings	12,568	2,835
Equity adjustment from foreign currency translation	(9,665)	(2,537)
Total shareholders' equity	45,254	43,954
Commitments and contingencies (notes 11, 12 and 13)		
	$ 196,533	142,355

Approved on behalf of the Board of Directors:

DIRECTOR Benjamin Swirsky

DIRECTOR

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH PROVIDED BY OPERATIONS

Year Ended December 31, 1987 ($ 000's)	1987	1986
CASH PROVIDED BY (USED IN) OPERATIONS		
Hotel Management Operations	$ 13,530	13,562
Hotel Ownership Operations	18,897	16,143
Interest	(5,719)	(4,846)
Current taxes	(2,811)	(1,940)
Working capital from operations	23,897	22,919
Change in non-cash working capital applicable to operations excluding current portion of long-term debt	(4,079)	5,197
Cash provided by operations	$ 19,818	28,116
HOTEL MANAGEMENT OPERATIONS		
Earnings before interest and taxes	$ 12,753	12,766
Add items not requiring an outlay of funds:		
Depreciation and amortization	777	796
Working capital provided by Hotel Management Operations	$ 13,530	13,562
HOTEL OWNERSHIP OPERATIONS		
Earnings before interest and taxes	$ 12,235	10,207
Add (deduct) items not requiring (providing) an outlay (inflow) of funds:		
Depreciation and amortization	6,733	6,386
Amortization of prepaid rent	262	262
Foreign exchange (gain) loss	24	(426)
Equity (gain) on investments	(357)	(286)
Working capital provided by Hotel Ownership Operations	$ 18,897	16,143

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31, 1987 ($ 000's)	1987	1986
CASH PROVIDED BY (USED IN)		
Operations	$ 19,818	28,116
Financing	32,225	(997)
Capital Investments	(54,739)	(16,373)
Shareholder Distributions	(1,547)	(738)
Increase (decrease) in cash	(4,243)	10,008
Increase in cash due to unrealized exchange gain	573	21
Cash and short-term investments, beginning of year	14,090	4,061
Cash and short-term investments, end of year	$ 10,420	14,090
FINANCING		
Long-term debt, including current portion, issued	$ 36,702	3,769
Long-term debt, including current portion, repaid	(1,659)	(30,693)
Redemption of preferred shares of a subsidiary	–	(4,007)
Issuance (redemption) of shares	(1,298)	31,957
Other	(1,520)	(2,023)
Cash (used in) provided by financing	$ 32,225	(997)
CAPITAL INVESTMENTS		
Net (increase) reduction:		
Mortgages and long-term receivables	$ (2,961)	(4,456)
Real estate, hotel and other investments	(207)	(1,059)
Proceeds on sale of hotel investments	–	808
Purchase of fixed assets	(51,492)	(8,681)
Other assets	(79)	(2,985)
Cash used in capital investments	$ (54,739)	(16,373)
SHAREHOLDER DISTRIBUTIONS		
Dividends	$ (1,547)	(738)
Reorganization transaction (note 12):		
Discontinued assets	–	60,385
Liabilities related to discontinued assets	–	(23,152)
Redemption of shares	–	(37,233)
Cash used in shareholder distributions	$ (1,547)	(738)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year Ended December 31, 1987 ($ 000's)	1987	1986
Retained earnings, beginning of year	$ 2,835	30,491
Net earnings for the year	11,280	9,515
Reorganization transaction (note 12)	–	(36,220)
Dividends	(1,547)	(738)
Redemption of shares	–	(213)
Retained earnings, end of year	$ 12,568	2,835

See accompanying notes to consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Four Seasons Hotels Inc. is responsible for the preparation and integrity of the financial statements and related financial information of the Company. The consolidated financial statements, notes and other financial information included in the Annual Report were prepared in accordance with accounting principles generally accepted in Canada. The statements also include estimated amounts based on informed judgement of current and future events. These estimates are made with appropriate consideration of the materiality of the amounts involved. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains a system of internal controls and budgeting procedures which are designed to provide reasonable assurance that assets are safeguarded and transactions are executed and recorded in accordance with management's authorization. To augment the internal control system, the Company maintains a comprehensive program of internal audits covering significant aspects of the Company's operations.

The Company's Audit Committee is appointed by the Board of Directors annually. The Committee meets with management and with the independent auditors (who have free access to the Audit Committee) to satisfy itself that each group is properly discharging its responsibilities and to review the financial statements and the independent auditors' report. The Audit Committee reports its findings to the Board of Directors for their consideration in approving the financial statements for issuance to the shareholders.

Peat Marwick, the independent auditors appointed by the shareholders of the Company, have examined the financial statements in accordance with generally accepted auditing standards and their report follows.

Isadore Sharp,
Chairman and President

H. Roger Garland,
Executive Vice-President
Development, Finance and
Administration

AUDITORS' REPORT

To the Shareholders of Four Seasons Hotels Inc.

We have examined the consolidated balance sheet of Four Seasons Hotels Inc. as at December 31, 1987 and the consolidated statements of operations, cash provided by operations, changes in financial position and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
March 3, 1988

Peat Marwick
Chartered Accountants

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1987 ($000's except for per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of presentation:

The Corporation is incorporated under the Business Corporations Act of the Province of Ontario and is engaged through its subsidiaries in the management of and the investment in hotel properties in Canada, the United States and London, England. At December 31, 1987 the Corporation managed 23 hotels and had an equity interest in 14 hotels. The Corporation earns management and other related fees under long-term management contracts based generally on a percentage of total revenues of all managed hotels.

The Corporation's accounting policies and its standards of financial disclosure comply with accounting principles that are generally accepted in Canada. The significant accounting policies are summarized below.

(b) Principles of consolidation:

The consolidated financial statements include the accounts of the Corporation and its subsidiaries together with the Corporation's share of the assets, liabilities, revenues and expenses of hotel joint ventures in which it participates (note 5(b)). The Corporation consolidates five leased or wholly-owned hotel investments and proportionately consolidates four joint venture investments.

Investments in five other hotel partnerships are accounted for by the cost method because the percentage ownership does not give the Corporation significant influence.

In the event of a decline in the value of an investment which is other than temporary, the investment is written down to estimated realizable value.

(c) Translation of foreign currencies:

Foreign currency balances and transactions are translated into Canadian dollars at the rates of exchange on the balance sheet date for monetary items, on the date of transaction for non-monetary items and at the rates in effect during the year for revenues and expenses, except for those fees which are hedged by foreign exchange forward contracts, which are translated at the contract rates. The resulting gains or losses are included in the determination of net income, except for gains or losses related to long-term monetary items which are deferred and amortized on a straight-line basis over their ascertainable lives.

The financial statements of foreign investments, which are designated as self-sustaining operations, are translated as follows:

(i) Assets and liabilities at rates of exchange on the balance sheet date.

(ii) Revenue and expense items at average rates of exchange in effect during the year, except for net revenues of those hotels which are hedged by foreign exchange forward contracts, in which case the net revenues are translated at the contract rates.

(iii) The resulting exchange gains and losses are deferred and included as a separate component of shareholders' equity.

(d) Fixed assets:

Land, buildings, furniture, fixtures, equipment and leasehold interests and improvements are recorded at cost less accumulated depreciation and amortization.

Operating equipment which includes linen and tableware is valued at the lower of average cost and replacement cost.

(e) Depreciation and amortization of fixed assets:

Depreciation on buildings is recorded on a sinking fund basis over the lesser of the estimated useful life of the building or 40 years. The sinking fund method provides a depreciation charge in amounts which increase annually, consisting of a fixed annual sum together with interest thereon compounded at 5% per annum.

Depreciation on furniture, fixtures and equipment is recorded on a straight-line basis at rates which will fully depreciate the assets over their estimated useful lives. The estimated composite useful life for furniture, fixtures and equipment ranges from 5 to 10 years.

Amortization of leasehold interests and improvements is recorded on a straight-line basis over the term of the lease to a maximum of 25 years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
(continued)

(f) Intercompany management fees:
Included in the statement of operations are intercompany revenues and expenses relating to management fees charged by the Hotel Management Operations to the Hotel Ownership Operations. The basis of calculation for these fees is consistent with third-party management agreements. These charges have been disclosed in the statement of operations.

(g) Comparative figures:
Comparative figures for 1986 have been reclassified to conform with the 1987 presentation.

2. RECEIVABLES:

	1987	1986
Trade accounts	$ 12,439	11,043
Receivable from hotel partnerships, affiliates and managed hotels	5,466	4,816
Other	5,046	2,932
	$ 22,951	18,791

3. PREPAID RENT:

Included in prepaid rent is an amount of $7,288 (U.S. $5,600) which represents additional rental obligations incurred in 1987 pursuant to a restated lease agreement with the landlord of one of the Corporation's leased hotels.

4. NOTES AND MORTGAGES RECEIVABLE:

Included in the mortgages receivable of $15,066 (1986 – $12,073) is an amount of $4,124 (1986 – $2,641) due from directors, officers and employees of Four Seasons Hotels Limited representing interest-free house mortgage loans. The remaining mortgages bear interest at rates varying from 10% to bank prime plus 2%.

Mortgages in the amount of $4,577 mature in 1990 and $2,058 in 1991. The majority of the remaining mortgages receivable mature after 1991.

5. HOTEL INVESTMENTS:

(a) Hotel partnerships and managed hotels:
The Corporation's investment in hotel partnerships and managed hotels of $10,702 (1986 – $10,014) represents capital investments, advances and unamortized development costs for hotels which are carried on a cost basis.

(b) Hotel joint ventures:
Included in the consolidated financial statements is the Corporation's proportionate share of hotel joint venture assets (1987 $56,838, 1986 $13,306), liabilities (1987 $43,105, 1986 $10,660), revenues (1987 $31,425, 1986 $19,017) and net loss before taxes (1987 $2,592, 1986 $491).

(c) The Corporation is contingently liable for all the obligations of those partnerships and joint ventures in which it has a general partnership interest. However, against this contingent liability the Corporation would have a claim upon the assets of the partnerships and joint ventures and their partners.

6. FIXED ASSETS:

	1987	1986
Land	$ 5,564	2,034
Buildings	44,208	11,734
Furniture, fixtures and equipment	56,065	50,105
Leasehold interests and improvements	39,859	37,829
	145,696	101,702
Accumulated depreciation and amortization	(35,508)	(32,745)
	110,188	68,957
Operating equipment	6,371	5,176
	$ 116,559	74,133

7. LONG-TERM DEBT:

	1987	1986
Term loans:		
Payable in Pounds Sterling 15,000 (1986 – 15,000) interest at 12% secured by a hotel lease and the shares of a subsidiary company, due 1991	$ 36,704	30,600
Payable in United States funds – $4,500, interest at LIBOR + 1%, due 1989	5,857	–
Mortgages:		
Payable in United States funds – $22,500, interest at LIBOR plus 1½%, secured by fixed charges on a specific property, due 1992	29,523	–
Secured by fixed charges on specific properties, due on varying dates to 1993, interest at bank prime plus ½%	8,133	8,333
Notes payable:		
Payable in Canadian funds, due on various dates to 1993, interest at rates varying from 6% to 10% with weighted average rate of 7.5% (1986 – 7%)	555	881
Other long-term liabilities	2,081	2,782
	82,853	42,596
Due within one year	1,369	1,417
	$ 81,484	41,179

The annual principal repayments of long-term debt are as follows:

1988	$ 1,369
1989	5,377
1990	6,208
1991	37,141
1992	29,329
Subsequent to 1992	3,429
	$ 82,853

8. INTEREST:

	1987	1986
Interest expense, net is comprised as follows:		
Interest expense	$ 7,532	6,619
Dividends on preferred shares of a subsidiary	–	260
Interest income	(1,813)	(2,033)
Interest expense, net	$ 5,719	4,846

9. SHAREHOLDERS' EQUITY:

(a) Capital Stock:

Authorized:

2,781,283 Multiple Voting Shares ("MVS"), voting (twelve votes per share) and ranking equally with Subordinate Voting Shares ("SVS") as to dividends and distributions on liquidation or wind-up of the Corporation. The shares are convertible into SVS on a one for one basis at the option of the holder. The shares automatically convert into SVS upon any transfer of shares outside of the family of Isadore Sharp, except a transfer of a majority of the shares to a purchaser who also makes an equivalent offer to purchase all outstanding MVS and SVS.

Unlimited Subordinate Voting Shares, voting (one vote per share) and ranking equally with MVS as to dividends and distributions on liquidation or wind-up of the Corporation.

272,000 Employee Preference Shares ("EPS"), non-voting and ranking equally (to the extent of issue price plus declared and unpaid dividends) with MVS and SVS as to distributions on liquidation or wind-up of the Corporation. Dividends will be as determined by the Board of Directors. The shares are convertible at the option of the holder (20% exercisable on the anniversaries of the first through fifth years from the date of issue) into 1.07143 SVS per EPS. The shares must be redeemed by the Corporation within 35 days after the holder ceases to be an employee of the Corporation, or after ten years from issuance.

Unlimited First Preference Shares, non-voting and ranking prior to all other shares with respect to payment of dividends and distributions on liquidation or wind-up of the Corporation. The dividend rate, redemption and conversion rights are to be determined prior to issuance by the directors of the Corporation.

9. SHAREHOLDERS' EQUITY:

(a) Capital Stock: (continued)
Issued and fully paid:

	1987		1986	
	Shares	Stated Value	Shares	Stated Value
MVS	2,781,283	$ 61	2,781,283	$ 61
SVS	7,018,063	34,172	7,057,983	34,635
EPS	223,000	3,345	285,000	4,275
		$ 37,578		$ 38,971

There are 979,935 SVS reserved for issuance under option plans. Options on 650,000 SVS are reserved for issuance to four senior officers. Options on 500,000 SVS are currently exercisable at $12.60 per share, expiring in December 1995. Options on 150,000 SVS have been issued at $6.33 per share, of which 20% become exercisable in December in each of 1988 to 1992 inclusive. All such options become immediately exercisable in the event of the retirement, incapacity or death of the senior officer or a change in control of the Corporation.

Under an executive share option plan, eligible executives and employees may be granted options to acquire SVS at a price which is not less than 90% of the fair market value at the date of grant. The options will not be transferable and will be for a term of 10 years, exercisable in varying proportions on the first, second, third, fourth and fifth anniversaries of the date of grant. All such options become immediately exercisable in the event of the retirement, incapacity or death of the executive or employee or a change in control of the Corporation. The options for 10,000 SVS granted in 1986 at $16.76 per share were rescinded in October 1987. Options for 212,000 SVS were granted in 1987 at $14.00 per share.

In November 1987, a director of the Corporation was granted an option to acquire 15,000 SVS at $14.00 per share, subject to shareholder approval. Such option is for a term of 10 years and is exercisable on the first, second, third, fourth and fifth anniversaries of the date of grant in the amounts of 15%, 25%, 15%, 25% and 20% respectively. The option is not transferable and will become immediately exercisable in the event of the retirement, incapacity or death of the director and exercisable within five years of a change in control of the Corporation, if this date precedes the expiry of the option.

In 1987 44,000 EPS (1986 – 5,000) were redeemed by the Corporation for cash and 18,000 EPS were converted into 19,280 SVS.

In October 1987, the Corporation filed its intention to acquire a maximum of 546,040 SVS through a normal course issuer bid, such shares to be bought at market prices through the facilities of the Toronto Stock Exchange and The Montreal Exchange. As of December 31, 1987, 59,200 SVS (having an original issue price of $829) have been purchased for an aggregate price of $740 and cancelled. The excess of the issue price of these shares over the aggregate repurchase price paid was credited to contributed surplus.

In February 1986, the Corporation completed a public share offering of 2,367,857 SVS for $33,150 net of expenses of $2,067.

(b) Minimum shareholders' equity:
Under the terms of a hotel lease the Corporation has undertaken that it will not permit total shareholders' equity to be less than $25,000.

(c) Equity adjustment from foreign currency translation:
The change in the equity adjustment from foreign currency translation is primarily caused by changes in the exchange rates used to translate the Corporation's net investment in self-sustaining foreign operations.

The components of the equity adjustment from foreign currency translation are as follows:

	1987	1986
Working capital	$ 230	303
Fixed assets, net	785	2,231
Other assets	765	124
Long-term debt	(11,252)	(5,330)
Deferred taxes	(193)	135
Total equity adjustment from foreign currency translation	$ (9,665)	(2,537)

10. INCOME TAXES:

The effective rate of income taxes provided in the consolidated statement of operations varies from the rates specified in the taxing statutes as follows:

	1987 %	1986 %
Combined basic Canadian federal and provincial income tax rate	50.0	50.8
Lower foreign income tax rate	(6.3)	(3.7)
Preferred dividends of a subsidiary in net interest expense	–	0.7
Other	(2.2)	(0.3)
	41.5	47.5

11. LEASES:

The Corporation has entered into lease agreements for certain hotel properties for periods up to the year 2054. The lease terms may be extended under renewal options.

Future minimum lease payments, exclusive of any contingent rentals and occupancy costs, are as follows:

1988	$ 19,600
1989	18,846
1990	16,799
1991	19,424
1992	21,157
Subsequent to 1992	411,349

12. DISCONTINUED OPERATIONS:

The Corporation identified certain assets and related liabilities which were ancillary to the Corporation's principal business of managing and owning hotels. The Corporation transferred these discontinued net assets in February 1986 to a company ("the acquiring company") which was owned by the shareholders of the Corporation at that date as consideration for the purchase for cancellation of the Corporation's Multiple Voting Shares held by the acquiring company. The excess of the book value of the assets transferred ($60,385), less debts assumed ($23,152), over the stated capital of the MVS purchased and cancelled, which was $36,220, was applied to reduce the Corporation's retained earnings.

The Corporation is contingently liable for certain obligations in connection with the discontinued net assets:

(a) mortgages in the aggregate amount of $20,683 as at December 31, 1987;

(b) nine per cent of mortgage payments and other cash flow deficiencies incurred in respect of the Four Seasons Hotel, in Houston;

(c) guarantees and undertakings given by the Corporation related to certain of the discontinued assets aggregating $1,222 as at December 31, 1987;

(d) any other contingent liabilities related to the discontinued assets.

The acquiring company has indemnified the Corporation for any payments made by the Corporation in respect of these contingent liabilities.

13. COMMITMENTS:

The Corporation has entered into foreign exchange forward contracts calling for the future delivery of 9 million Pounds Sterling at dates extending to December 31, 1989. These contracts have been designated as hedges of a portion of the Corporation's anticipated future cash flows from its operations in the United Kingdom.

14. SEGMENTED INFORMATION:

	1987	1986
Revenues:		
United States	$ 77,061	64,979
Canada	103,817	97,905
United Kingdom	43,745	37,851
Intersegment revenues	(7,931)	(6,030)
Consolidated revenues	$ 216,692	194,705
Operating profit:		
United States	$ 4,000	2,989
Canada	9,530	11,757
United Kingdom	11,458	8,227
Total operating profit	$ 24,988	22,973
Identifiable assets:		
United States	$ 82,871	32,869
Canada	39,035	40,939
United Kingdom	20,021	13,707
	141,927	87,515
Corporate assets	43,904	44,826
Investments	10,702	10,014
Total identifiable assets	$ 196,533	142,355

DESCRIPTION OF HOTELS

			Management Agreement		Ownership	
Hotel and Location	Date of Opening[1] Acquisition by FSH[2] Major renovations[3]	Number of rooms	Initial expiry	Final expiry	Equity Interest	Title
FOUR SEASONS HOTEL Austin, Texas	1986[1]	292	2022	2047	–	–
FOUR SEASONS HOTEL Boston, Massachusetts	1985[1]	288	2010	2085	15%	Freehold
RITZ-CARLTON HOTEL Chicago, Illinois	1975[1]/1977[2]	431	2025	2025	25%	Leasehold
FOUR SEASONS HOTEL and RESORT Dallas, Texas	1986[1]	315	2002	2042	–	–
FOUR SEASONS HOTEL Edmonton, Alberta	1978[1]	314	2003	2028	50%	Leasehold
FOUR SEASONS HOTEL Houston, Texas	1982[2]	399	2016	2046	1%	Freehold
INN ON THE PARK Houston, Texas	1981[1]	383	2015	2075	–	–
INN ON THE PARK London, England	1970[1]	228	2054	2054	100%	Leasehold
FOUR SEASONS HOTEL Los Angeles, California	1987[1]	285	2041	2061	–	–
LE QUATRE SAISONS Montreal, Quebec	1976[1]/1983[2]	300	2003	2043	–	–
THE PIERRE New York, New York	1929[1]/1981[2]	196	2001	2001	100%	Leasehold
FOUR SEASONS HOTEL Newport Beach, California	1986[1]	296	2016	2046	–	–
FOUR SEASONS HOTEL Ottawa, Ontario	1972[1]/1977[2]	236	2002	2017	67%	Freehold
FOUR SEASONS HOTEL Philadelphia, Pennsylvania	1983[1]	371	2013	2053	5%	Freehold
FOUR SEASONS HOTEL San Antonio, Texas	1979[1]	252	1998	2053	–	–
FOUR SEASONS CLIFT HOTEL San Francisco, California	1915[1]/1976[2]/1983[3]	329	2006	2066	–	–
FOUR SEASONS BILTMORE Santa Barbara, California	1929[1]/1987[2]	231	2012	2072	50%	Freehold
FOUR SEASONS OLYMPIC HOTEL Seattle, Washington	1924[1]/1982[2]	450	2040	2040	3%	Leasehold
FOUR SEASONS HOTEL Toronto, Ontario	1974[1]/1978[2]/1984[3]	380	2003	2077	100%	Leasehold
INN ON THE PARK Toronto, Ontario	1963 + 1971[1]/1985[3]	568	1994	2014	–	–
FOUR SEASONS HOTEL Vancouver, B.C.	1976[1]	385	2000	2035	100%	Leasehold
FOUR SEASONS HOTEL Washington, D.C.	1979[1]	197	2007	2022	15%	Freehold
MINAKI LODGE Minaki, Ontario	1925[1]/1986[2]	144	1997*	1997*	100%	Freehold
Under Development:						
FOUR SEASONS HOTEL Chicago, Illinois	1989[1]	344	2024	2104	8%	Leasehold
FOUR SEASONS WAILEA Maui, Hawaii	1989[1]	374	2010	2055	–	–

Note: Information concerning hotels under development is based upon agreements and letters of intent and may be subject to change. The dates of opening have been estimated. Expiry dates are calculated from the estimated date of opening.
*Managed by Elgin House Resort Limited

FOUR SEASONS HOTELS INC.

DIRECTORS AND OFFICERS

*Edmond M. Creed
Director
Chairman
Creeds Limited

Frederick Eisen
Director
Executive
Max Sharp & Son Construction Limited

*† H. Roger Garland
Director and Executive Vice-President

*† Murray B. Koffler
Director
Partner
The Koffler Group

Douglas L. Ludwig
Treasurer

David C. Mongeau
Secretary and General Counsel

Lionel H. Schipper
Director
President
Schipper Enterprises Inc.

*Isadore Sharp
Director, Chairman and President

Max Sharp
Director
Retired Executive

*John L. Sharpe
Director and Executive Vice-President

† Benjamin Swirsky
Director
Vice-Chairman and Chief Executive Officer
Bramalea Limited

Patricia M. Wakelin
Assistant Secretary

Christopher Wallis
Director and Senior Vice-President

**Member of Executive Committee*
† Member of Audit Committee

FOUR SEASONS HOTELS LIMITED

MANAGEMENT COMMITTEE

James F. Brown
Senior Vice-President Operations

H. Roger Garland
Executive Vice-President Development, Finance and Administration

Douglas L. Ludwig
Senior Vice-President Finance

John B. Richards
Senior Vice-President Marketing

Isadore Sharp
Chairman and President

John L. Sharpe
Executive Vice-President Operations

Christopher Wallis
Senior Vice-President Design and Construction

John W. Young
Senior Vice-President Human Resources

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Vice-President Engineering, Design and Construction

James Cardy
Vice-President Purchasing

Robert Cornell
Vice-President Field Marketing

Mike Duwaji
Vice-President Controller

G. Douglas Hall
Vice-President Corporate Communications

Alfons E. Konrad
Vice-President Food and Beverage

William R. Misunas
Vice-President National Sales

David C. Mongeau
Vice-President General Counsel

Roy A. Paul
Vice-President Development

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Eugene Wagner
Ottawa
Toronto

CORPORATE INFORMATION

Corporate Office
1165 Leslie Street, Toronto, Ontario, M3C 2K8
Telephone (416) 449-1750 FAX (416) 441-4374

Transfer Agent and Registrar
The Canada Trust Company
Halifax Montreal Toronto Winnipeg Regina Calgary Vancouver

Stock Listings
The Toronto Stock Exchange
The Montreal Exchange
Stock Ticker Symbol: FSH

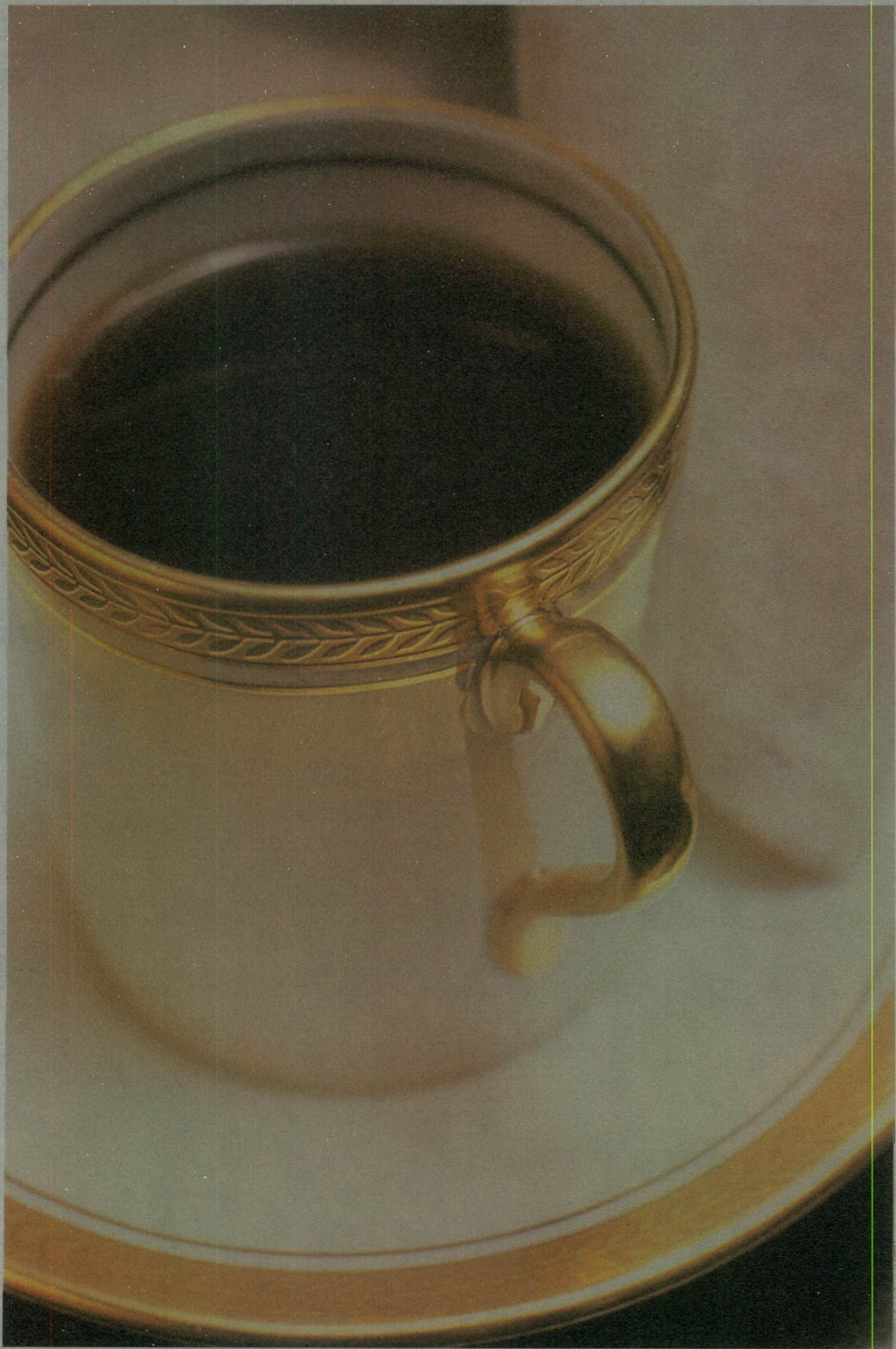
Annual Meeting
The Annual Meeting of Shareholders will be held at 4:30 p.m. on Wednesday, May 4, 1988 in the Regency Ballroom, Four Seasons Hotel, Avenue Road, Toronto, Ontario, Canada

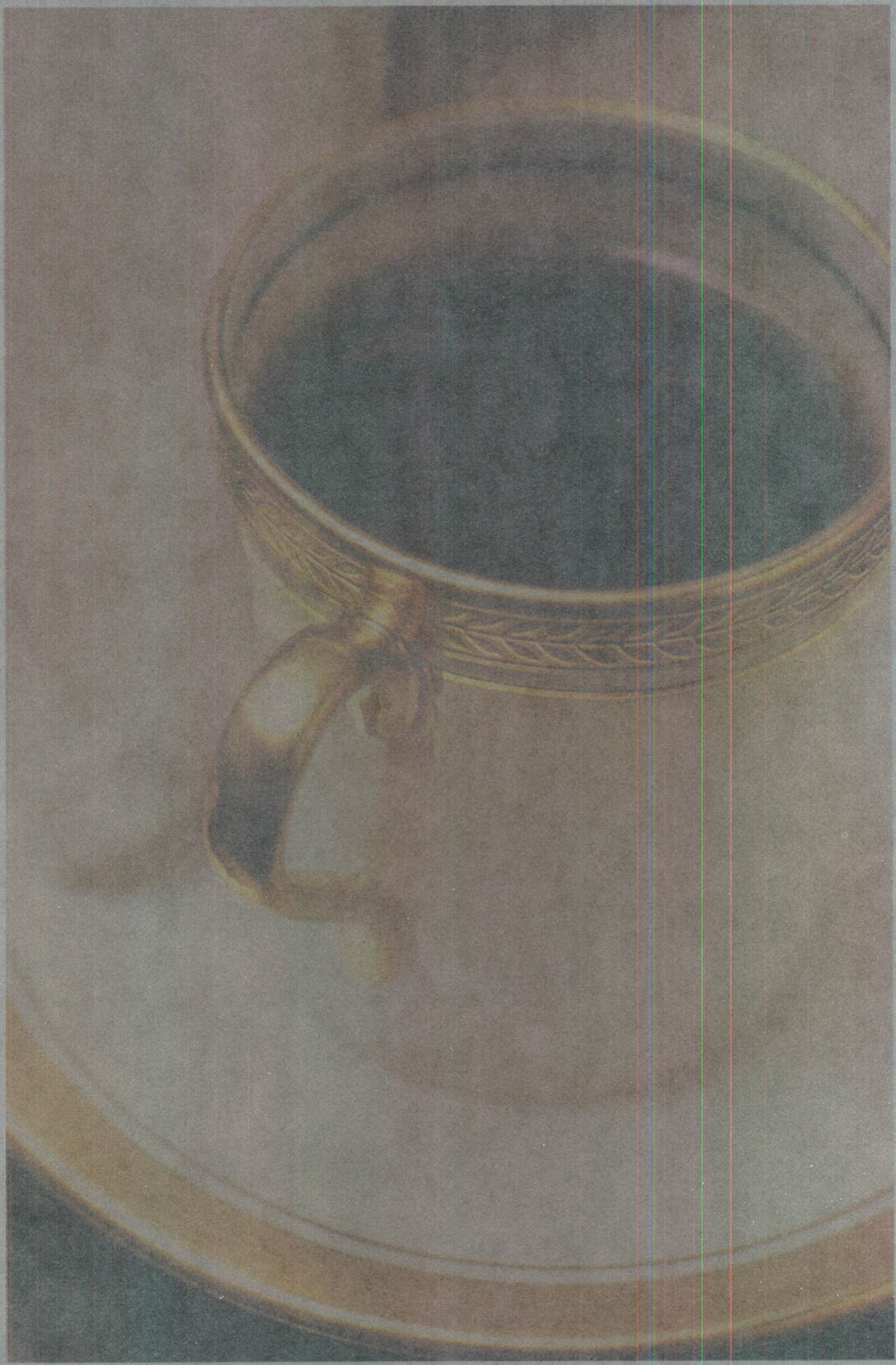
Dividend Information
16.5 cents per share per annum paid semi-annually in January and July

For Shareholder Information:
Please address your enquiries to the Investor Relations Department

Auditors
Peat Marwick

For reservations in Four Seasons Hotels, please call: In Canada: (800) 268-6282 In U.S.A.: (800) 332-3442





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