Additional Information

avid hotel Oklahoma City – Qual Springs, USA


Hearty
classic

Other financial information

Use of Non-GAAP measures

In addition to performance measures directly observable in the Group Financial Statements (IFRS measures), additional measures (described as Non-GAAP) are presented that are used internally by management as key measures to assess performance. Non-GAAP measures are either not defined under IFRS or are adjusted IFRS figures.

Further explanation in relation to these measures can be found on page 36.

Underlying revenue and underlying operating profit Non-GAAP reconciliations

The following tables:

- Reconcile the GAAP measures included in the Group Financial Statements to Group underlying revenue and underlying operating profit;
- Show underlying revenue and underlying operating profit on both an actual and constant currency basis[a];
- Reconcile segmental underlying revenue and underlying operating profit to Group underlying revenue and operating profit; and
- Show underlying Group fee revenue and Group fee margin on both an actual and constant currency basis[a].

[a] IHG's method for calculating the constant currency amounts of entities reporting in currencies other than US dollars is to translate the current period results into US dollars using the prior period's exchange rate. For example, if a UK entity generated revenue of £100m in 2018 and 2017, the Group Financial Statements would report revenue of $133m in 2018 and $128m in 2017, using the respective average exchange rates for the year of $1=£0.75 and $1=£0.78. For constant currency reporting, 2018 revenue would be translated at $1=£0.78 giving a US dollar value of $128m, thereby showing that underlying revenue was flat year-on-year. An exception to this approach is made for currencies experiencing high volatility in order to remove the distorting effect on underlying results where the average daily rate broadly keeps pace with inflation. In 2018 this exception has been applied to fees earned from hotels in Venezuela.

Highlights for the year ended 31 December 2018

	Revenue				Operating profit			
At actual exchange rates	2018 $m	2017 Restated $m	Change $m	Change %	2018 $m	2017 Restated $m	Change $m	Change %
Per Group income statement	**4,337**	4,075	262	6.4	**566**	728	(162)	(22.3)
Significant liquidated damages	**(13)**	–	(13)	–	**(13)**	–	(13)	–
Exceptional items	**–**	–	–	–	**104**	(4)	108	2,700.0
Acquisition of businesses	**(85)**	–	(85)	–	**1**	–	1	–
System Fund	**(1,233)**	(1,242)	9	0.7	**146**	34	112	329.4
Reimbursement of costs	**(1,171)**	(1,103)	(68)	(6.2)	**–**	–	–	–
Underlying at actual exchange rates	**1,835**	1,730	105	6.1	**804**	758	46	6.1

	At actual exchange rates				At constant currency			
	2018 $m	2017 Restated $m	Change $m	Change %	2018 $m	2017 Restated $m	Change $m	Change %
Underlying revenue								
Americas	**1,051**	999	52	5.2	**1,053**	999	54	5.4
EMEAA	**478**	457	21	4.6	**471**	457	14	3.1
Greater China	**136**	117	19	16.2	**135**	117	18	15.4
Central	**170**	157	13	8.3	**169**	157	12	7.6
Underlying Group revenue	**1,835**	1,730	105	6.1	**1,828**	1,730	98	5.7
Owned, leased and managed lease revenue included above	**(363)**	(351)	(12)	(3.4)	**(359)**	(351)	(8)	(2.3)
Underlying Group fee revenue	**1,472**	1,379	93	6.7	**1,469**	1,379	90	6.5
Underlying operating profit								
Americas	**662**	637	25	3.9	**663**	637	26	4.1
EMEAA	**197**	171	26	15.2	**196**	171	25	14.6
Greater China	**62**	52	10	19.2	**62**	52	10	19.2
Central	**(117)**	(102)	(15)	(14.7)	**(116)**	(102)	(14)	(13.7)
Underlying Group operating profit	**804**	758	46	6.1	**805**	758	47	6.2
Owned, leased and managed lease operating profit included above	**(33)**	(35)	2	5.7	**(34)**	(35)	1	2.9
Underlying Group fee operating profit	**771**	723	48	6.6	**771**	723	48	6.6
Group fee margin	**52.4%**	52.4%	–	0.0ppts	**52.5%**	52.4%	–	0.1ppts

Highlights for the year ended 31 December 2017

At actual exchange rates	Revenue 2017 Restated $m	Revenue 2016 Restated $m	Revenue Change $m	Revenue Change %	Operating profit 2017 Restated $m	Operating profit 2016 Restated $m	Operating profit Change $m	Operating profit Change %
Per Group income statement	4,075	3,912	163	4.2	728	712	16	2.2
Exceptional items	–	–	–	–	(4)	29	(33)	(113.8)
System Fund	(1,242)	(1,199)	(43)	(3.6)	34	(35)	69	197.1
Reimbursement of costs	(1,103)	(1,046)	(57)	(5.4)	–	–	–	–
Underlying at actual exchange rates	1,730	1,667	63	3.8	758	706	52	7.4

	At actual exchange rates 2017 Restated $m	At actual exchange rates 2016 Restated $m	At actual exchange rates Change $m	At actual exchange rates Change %	At constant currency 2017 Restated $m	At constant currency 2016 Restated $m	At constant currency Change $m	At constant currency Change %
Underlying revenue								
Americas	999	969	30	3.1	1,004	969	35	3.6
EMEAA	457	439	18	4.1	460	439	21	4.8
Greater China	117	112	5	4.5	119	112	7	6.3
Central	157	147	10	6.8	158	147	11	7.5
Underlying Group revenue	1,730	1,667	63	3.8	1,741	1,667	74	4.4
Owned, leased and managed lease revenue included above	(351)	(338)	(13)	(3.8)	(350)	(338)	(12)	(3.6)
Underlying Group fee revenue	1,379	1,329	50	3.8	1,391	1,329	62	4.7
Underlying operating profit								
Americas	637	626	11	1.8	642	626	16	2.6
EMEAA	171	157	14	8.9	173	157	16	10.2
Greater China	52	46	6	13.0	52	46	6	13.0
Central	(102)	(123)	21	17.1	(105)	(123)	18	14.6
Underlying Group operating profit	758	706	52	7.4	762	706	56	7.9
Owned, leased and managed lease revenue included above	(35)	(33)	(2)	(6.1)	(35)	(33)	(2)	(6.1)
Underlying Group fee operating profit	723	673	50	7.4	727	673	54	8.0
Group fee margin	52.4%	50.6%	–	1.8ppts	52.3%	50.6%	–	1.7ppts

Other financial information continued

Underlying earnings per ordinary share reconciliation

The following table reconciles basic earnings per ordinary share to underlying earnings per ordinary share.

	12 months ended 31 December	
	2018 $m	2017 Restated $m
Basic earnings per ordinary share		
Profit available for equity holders	**351**	540
Basic weighted average number of ordinary shares (millions)	**190**	193
Basic earnings per ordinary share (cents)	**184.7**	279.8
Underlying earnings per ordinary share		
Profit available for equity holders	**351**	540
Adjusted for:		
Significant liquidated damages	**(13)**	–
Tax on significant liquidated damages	**3**	–
Acquisition of businesses	**1**	–
Interest relating to deferred and contingent purchase consideration on current year acquisitions	**5**	–
System Fund revenues and expenses	**146**	34
Interest attributable to the System Fund	**(19)**	(13)
Tax attributable to the System Fund	**–**	3
Exceptional items before tax	**104**	(4)
Tax on exceptional items	**(22)**	2
Exceptional tax	**(5)**	(90)
Currency effect	**1**	–
Underlying profit available for equity holders	**552**	472
Underlying earnings per ordinary share (cents)	**290.5**	244.6

Net capital expenditure reconciliation

The following table reconciles net cash from investing activities to net capital expenditure.

	12 months ended 31 December	
	2018 $m	2017 Restated $m
Net cash from investing activities	**(189)**	(206)
Adjusted for:		
Contract acquisition costs, net of repayments	**(54)**	(57)
Tax paid on disposals	**2**	25
System Fund depreciation and amortisation	**45**	36
Acquisition of businesses, net of cash acquired	**38**	–
Net capital expenditure	**(158)**	(202)
Add back:		
Disposal receipts	**(10)**	(104)
Distributions from associates and joint ventures	**(32)**	–
System Fund depreciation and amortisation	**(45)**	(36)
Gross capital expenditure	**(245)**	(342)
Analysed as:		
Capital expenditure: maintenance and key money	**(108)**	(115)
Capital expenditure: recyclable investments	**(38)**	(85)
Capital expenditure: System Fund investments	**(99)**	(142)
Gross capital expenditure	**(245)**	(342)

Free cash flow reconciliation

The following table reconciles net cash from operating activities to free cash flow.

	12 months ended 31 December		
	2018 $m	2017 Restated $m	2016 Restated $m
Net cash from operating activities	**666**	577	710
Adjusted for:			
Contract acquisition costs, net repayments	**54**	57	42
Less:			
Purchase of shares by employee share trusts	**(3)**	(3)	(10)
Capital expenditure: maintenance and key money	**(108)**	(115)	(96)
Cash receipt from renegotiation of long-term partnership agreement	**–**	–	(95)
Free cash flow	**609**	516	551

Underlying interest reconciliation

The following table reconciles net financial expenses to underlying interest.

	12 months ended 31 December	
	2018 $m	2017 Restated $m
Net financial expenses		
Financial income	**5**	4
Financial expenses	**(86)**	(76)
	(81)	(72)
Adjusted for:		
Interest payable on balances with the System Fund	**(14)**	(7)
Capitalised interest relating to System Fund assets	**(5)**	(6)
Underlying interest	**(100)**	(85)

Other financial information continued

Revenue per Available room (RevPAR), average daily rate and occupancy

RevPAR is the primary metric used by management to track hotel performance across regions and brands. RevPAR is also a commonly used performance measure in the hotel industry. RevPAR comprises IHG System rooms revenue divided by the number of room nights available and can be mathematically derived from occupancy rate multiplied by average daily rate (ADR). Occupancy rate is rooms occupied by hotel guests expressed as a percentage of rooms that are available. ADR is rooms revenue divided by the number of room nights sold.

References to RevPAR, occupancy and average daily rate are presented on a comparable basis comprising groupings of hotels that have traded in all months in both the current and prior year. The principal exclusions in deriving this measure are new hotels, hotels closed for major refurbishment and hotels sold in either of the two years. RevPAR and ADR are quoted at a constant US$ conversion rate, in order to allow a better understanding of the comparable year-on-year trading performance excluding distortions created by fluctuations in exchange rates.

The following tables present RevPAR statistics for the year ended 31 December 2018 and a comparison to 2017. Fee business and owned, leased and managed lease statistics are for comparable hotels, and include only those hotels in the Group's System at 31 December 2018 and franchised, managed, owned, leased or managed leased by the Group since 1 January 2017. The comparison with 2017 is at constant US$ exchange rates.

	Fee business		Owned, leased and managed lease	
	2018	Change vs 2017	**2018**	Change vs 2017
Americas				
InterContinental				
Occupancy	73.8%	–	80.1%	(3.9)ppt
Average daily rate	$208.07	4.6%	$282 86	6.0%
RevPAR	$153.66	4.6%	$226.48	1.1%
Kimpton				
Occupancy	79.9%	(0.2)ppt	–	–
Average daily rate	$240.59	1.5%	–	–
RevPAR	$192.16	1.2%	–	–
Crowne Plaza				
Occupancy	68.2%	(1.0)ppt	–	–
Average daily rate	$127.32	1.7%	–	–
RevPAR	$86.86	0.3%	–	–
Hotel Indigo				
Occupancy	74.3%	2.2ppt	–	–
Average daily rate	$158.71	1.5%	–	–
RevPAR	$117.91	4.7%	–	–
EVEN Hotels				
Occupancy	83.8%	8.6ppt	72.1%	1.2ppt
Average daily rate	$203.70	(1.7)%	$156.04	3.9%
RevPAR	$170.66	9.5%	$112.58	5.6%
Holiday Inn				
Occupancy	66.5%	(0.1)ppt	82.4%	2.3ppt
Average daily rate	$113.99	2.0%	$173.78	8.4%
RevPAR	$75.79	1.8%	$143.19	11.5%
Holiday Inn Express				
Occupancy	69.0%	0.4ppt	–	–
Average daily rate	$114.33	1.0%	–	–
RevPAR	$78.83	1.6%	–	–
Staybridge Suites				
Occupancy	77.4%	1.1ppt	–	–
Average daily rate	$120.31	1.9%	–	–
RevPAR	$93.16	3.3%	–	–
Candlewood Suites				
Occupancy	73.9%	0.2ppt	–	–
Average daily rate	$85.54	1.5%	–	–
RevPAR	$63.24	1.7%	–	–

RevPAR, average daily rate and occupancy continued

	Fee business 2018	Fee business Change vs 2017	Owned, leased and managed lease 2018	Owned, leased and managed lease Change vs 2017
EMEAA				
InterContinental				
Occupancy	73.3%	0.7ppt	67.2%	1.4ppt
Average daily rate	$214.04	1.6%	$212.94	(3.6)%
RevPAR	$156.98	2.6%	$143.15	(1.6)%
Crowne Plaza				
Occupancy	73.0%	0.3ppt	–	–
Average daily rate	$127.83	3.0%	–	–
RevPAR	$93.35	3.4%	–	–
Hotel Indigo				
Occupancy	80.7%	2.1ppt	–	–
Average daily rate	$152.38	2.0%	–	–
RevPAR	$122.93	4.7%	–	–
Holiday Inn				
Occupancy	73.9%	0.8ppt	95.4%	(1.7)ppt
Average daily rate	$105.03	1.9%	$141.57	8.8%
RevPAR	$77.63	3.0%	$135.02	6.9%
Holiday Inn Express				
Occupancy	77.6%	0.7ppt	–	–
Average daily rate	$92.42	1.0%	–	–
RevPAR	$71.75	2.0%	–	–
Staybridge Suites				
Occupancy	77.4%	(0.6)ppt	–	–
Average daily rate	$127.62	2.0%	–	–
RevPAR	$98.75	1.1%	–	–
Greater China				
InterContinental				
Occupancy	66.1%	2.9ppt	–	–
Average daily rate	$135.75	1.6%	–	–
RevPAR	$89.79	6.2%	–	–
HUALUXE				
Occupancy	60.3%	9.3ppt	–	–
Average daily rate	$77.16	2.7%	–	–
RevPAR	$46.50	21.5%	–	–
Crowne Plaza				
Occupancy	64.1%	2.8ppt	–	–
Average daily rate	$85.13	3.4%	–	–
RevPAR	$54.60	8.2%	–	–
Hotel Indigo				
Occupancy	73.9%	4.8ppt	–	–
Average daily rate	$176.26	2.2%	–	–
RevPAR	$130.17	9.3%	–	–
Holiday Inn				
Occupancy	69.5%	1.4ppt	–	–
Average daily rate	$75.01	2.8%	–	–
RevPAR	$52.17	4.8%	–	–
Holiday Inn Express				
Occupancy	68.2%	0.6ppt	–	–
Average daily rate	$53.42	5.9%	–	–
RevPAR	$36.43	6.9%	–	–

Directors' Report

This Directors' Report includes the information required to be given in line with the Companies Act or, where provided elsewhere, an appropriate cross reference is given. The Corporate Governance Statement approved by the Board is provided on pages 55 to 71 and incorporated by reference herein.

Subsidiaries, joint ventures and associated undertakings

The Group has over 360 subsidiaries, joint ventures and associated undertakings. A complete list of these entities is provided at note 34 of the Group Financial Statements on pages 159 to 161.

Directors

For biographies of the current Directors see pages 56 and 57.

Directors' and officers' (D&O) liability insurance and existence of qualifying indemnity provisions

The Company maintains the Group's D&O liability insurance policy, which covers Directors and officers of the Company defending civil proceedings brought against them in their capacity as Directors or officers of the Company (including those who served as Directors or officers during the year). There were no indemnity provisions relating to the UK pension plan for the benefit of the Directors during 2018.

Articles of Association

The Company's Articles of Association may only be amended by special resolution and are available on the Company's website at **www.ihgplc.com/investors** under Corporate governance. A summary is provided on pages 189 and 190.

Shares

Share capital

The Company's issued share capital at 31 December 2018 consisted of 197,597,600 ordinary shares of 19 $^{17}/_{21}$ pence each, including 6,827,020 shares held in treasury, which constituted 3.5% of the total issued share capital (including treasury shares). There are no special control rights or restrictions on share transfers or limitations on the holding of any class of shares.

During 2018, 780,410 shares were transferred from treasury to the employee share ownership trust.

In January 2019, the Company's issued shares capital was subject to a 19 for 20 share consolidation effective as of 14 January 2019 (see page 169) as part of which 6,827,020 treasury shares were consolidated.

As far as is known to management, IHG is not directly or indirectly owned or controlled by another company or by any government. The Board focuses on shareholder value-creation. When it decides to return capital to shareholders, it considers all of its options, including share buybacks and special dividends.

Share issues and buybacks

At the AGM held on 4 May 2018, shareholders authorised the Directors to issue new shares and the Company to buy back existing shares. During 2018 these routine authorities were not exercised, save for the repurchase of 10 ordinary shares of 19 $^{17}/_{21}$ pence in the capital of the Company for cancellation in December 2018 in connection with the $500 million special dividend.

Dividends

In 2018, the Company announced a $500 million return of funds to shareholders via special dividend and share consolidation on the basis of 19 ordinary shares of 20 $^{340}/_{399}$ pence for share for every 20 ordinary shares of 19 $^{17}/_{21}$ pence each (effective as of 14 January 2019).

Dividend	Ordinary shares	ADRs
Interim dividend An interim dividend was paid on 5 October 2018 to shareholders on the register at the close of business on 31 August 2018	27.7p	36.3¢
Final dividend Subject to shareholder approval, payable on 14 May 2019 to shareholders on the register at the close of business on 29 March 2019	N/A[a]	78.1¢
Special dividend A special dividend was paid on 29 January 2019 to shareholders on the register at the close of business on 11 January 2019	203.8p	262.1¢

[a] The sterling amount of the final dividend will be announced on 26 April 2019 using the average of the daily exchange rates from 23 April 2019 to 25 April 2019 inclusive.

Major institutional shareholders

As at 18 February 2019, the Company had been notified of the following significant holdings in its ordinary shares under the UK Disclosure Guidance and Transparency Rules (DTRs):

	As at 18 February 2019		As at 19 February 2018		As at 20 February 2017	
Shareholder	Ordinary shares/ADSs[a]	%[a]	Ordinary shares/ADSs[a]	%[a]	Ordinary shares/ADSs[a]	%[a]
BlackRock, Inc.	**10,165,234[b]**	**5.60**	11,280,241	5.92	10,930,440	5.53
Boron Investments B.V.	**11,450,000**	**6.01**	11,850,000	5.02	11,850,000	5.02
Cedar Rock Capital Limited	**14,923,417**	**5.07**	14,923,417	5.07	14,923,417	5.07
Fiera Capital Corporation	**9,662,767**	**5.07**	7,707,008	4.06	n/a	n/a
Fundsmith LLP	**10,222,246**	**5.18**	10,222,246	5.18	10,222,246	5.18
The Capital Group Companies, Inc.	**9,670,450**	**5.09**	9,670,450	5.09	9,864,894	4.99
FMR LLC	**10,593,666[c]**	**5.84**	n/a	n/a	n/a	n/a

[a] The number of shares and percentage of voting rights was determined at the time of the relevant disclosures made in accordance with Rule 5 of the DTRs and doesn't necessarily reflect the impact of any share consolidation or any changes in shareholding subsequent to the date of notification that are not required to be notified to us under the DTRs.

[b] Total shown includes 1,079,442 qualifying financial instruments to which voting rights are attached.

[c] Total shown includes 311,085 qualifying financial instruments to which voting rights are attached.

The Company's major shareholders have the same voting rights as other shareholders. The Company does not know of any arrangements the operation of which may result in a change in its control.

For further details on shareholder profiles, see page 200.

2018 share awards and grants to employees

Our current policy is to settle the majority of awards or grants under the Company's share plans with shares purchased in the market or from shares held in treasury; however, the Board continues to review this policy. The Company's share plans incorporate the current Investment Associations' guidelines on dilution which provide that commitments to new shares or re-issue treasury shares under executive plans should not exceed 5% of the issued ordinary share capital of the Company (adjusted for share issuance and cancellation) in any 10-year period. During the financial year ended 31 December 2018, the Company transferred 780,410 treasury shares (0.39% of issued share capital) to satisfy obligations under its share plans.

The estimated maximum dilution from awards made under the Company's share plans over the last 10 years is 2.6%.

As at 31 December 2018, no options were outstanding. The Company has not utilised the authority given by shareholders at any of its AGMs to allot shares for cash without first offering such shares to existing shareholders.

Employee share ownership trust (ESOT)

IHG operates an ESOT for the benefit of employees and former employees. The ESOT receives treasury shares from the Company and purchases ordinary shares in the market and releases them to current and former employees in satisfaction of share awards. During 2018, the ESOT released 1,150,901 shares and at 31 December 2018 it held 568,786 ordinary shares in the Company. The ESOT adopts a prudent approach to purchasing shares, using funds provided by the Group, based on expectations of future requirements.

Where shares held in the ESOT have been allocated to share plan participants on terms that entitle those participants to request or require the trustee of the ESOT to exercise the voting rights relating to those shares, the trustee shall exercise those votes in accordance with the directions of the participants. In respect of shares in the ESOT that have not been allocated to share plan participants, or have not been allocated on such terms, the trustee may vote or abstain from exercising their voting rights in relation to those shares, or accept or reject any offer relating to the shares, in any way it sees fit.

Unless otherwise requested by the Company, the trustee of the ESOT waives all ordinary dividends on the shares held in the ESOT, other than shares which have been allocated to participants on terms which entitle them to the benefit of dividends, except for such amount per share as shall, when multiplied by the number of shares held by it on the relevant date, equal one pence.

Colleague Share Plan

The Company proposes to implement a Colleague Share Plan, subject to shareholder approval at the Company's 2019 AGM. A summary of the proposed plan will be set out in the notice convening the Company's 2019 AGM, which will be available at **www.ihgplc.com/investors** under Shareholders centre in the AGMs and meetings section.

Future business developments of the Group

Further details on these are set out in the Strategic Report on pages 2 to 51.

Employees and Code of Conduct

Having a predominantly franchised and managed business model means that not all of those people who work at hotels operated under our brands are our employees. When the Group's entire estate is taken into account (including those working in our franchised and managed hotels), over 400,000 people worked globally across IHG's brands as at 31 December 2018.

IHG employed the following as at 31 December 2018:

- 7,598 people worldwide (including those in our corporate offices, central reservations offices and owned hotels (excluding those in a category below), whose costs were borne by the Group;
- 5,214 people who worked directly on behalf of the System Fund and whose costs were borne by the System Fund; and
- 22,518 General Managers and (in the US predominantly) other hotel workers, who work in managed hotels, who have contracts or letters of service with IHG and whose costs are borne by those hotels.

See note 4 of the Group Financial Statements on page 123 for more information.

We continue to focus on providing an inclusive environment, in which employees are valued for who they are and what they bring to the Group, and in which talented individuals are retained through all levels of the organisation – see pages 22 to 25.

We also look to appoint the most appropriate person for the job and are committed to providing equality of opportunity to all employees without discrimination. Every effort is made to ensure that applications for employment from disabled employees are fully and fairly considered and that disabled employees have equal opportunities to training, career development and promotion.

The Code of Conduct applies to all Directors, officers and employees and complies with the NYSE rules as set out in Section 406 of the US Sarbanes-Oxley Act 2002. Further details can be found on page 196.

For more information on the Group's employment policies, including equal opportunities, employee communications and development, see pages 22 to 25, and our website **www.ihgplc.com/responsible-business**

Directors' Report continued

Greenhouse gas (GHG) emissions

By delivering more environmentally sustainable hotels, we can drive cost efficiencies for owners and meet the expectations of all our stakeholders. We recognise the importance of reducing our global GHG emissions for corporate offices and hotels – our target is to reduce our carbon footprint per occupied room by 6-7% across our entire estate by 31 December 2020 (against a 2020 baseline). See page 35 for progress.

Reporting boundary	Measure	2018[a]	2017[a]
Global – corporate offices and franchised, managed, owned, leased and managed lease hotels[b] (a KPI and part of our five-year targets)	Scope 1 Direct emissions (tCO_2e)	**448,690.74**	443, 548.52
	Scope 2 Indirect emissions (tCO_2e)	**1,979,416.52**	1,896,581.18
	Scope 3 Indirect (tCO_2e)	**2,635,736.66**	2,535,330.40
	Total GHG emissions (tCO_2e)	**5,063,843.91**	4,875,460.09
	IHG's chosen intensity measurement GHG emissions per occupied room ($kgCO_2e$ per occupied room)	**26.02**	26.61
Global – corporate offices and managed, owned, leased and managed lease hotels[b] (as required under the Companies Act 2006)	Scope 1 Direct emissions (tCO_2e)	**448,690.74**	443,548.52
	Scope 2 Indirect emissions (tCO_2e)	**1, 979,416.52**	1,896,581.18
	Total GHG emissions (tCO_2e)	**2,428,107.25**	2,340,129.69
	IHG's chosen intensity measurement GHG emissions per occupied room ($kgCO_2e$ per occupied room)	**41.59**	43.60

[a] Reporting period commencing on 1 October and ending on 30 September – due to the delay in hotels receiving their energy bills it is not possible to report accurately GHG emissions from 1 January to 31 December.

[b] Includes all of our branded hotels but does not include emissions from 339 hotels. We do not have sufficient data to estimate their emissions and believe them to be immaterial.

Scope

We report Scope 1, Scope 2 and Scope 3 emissions as defined by the GHG protocol as follows:

- Scope 1 emissions are direct emissions produced by the burning of fuels of the emitter.
- Scope 2 emissions are indirect emissions (generated by the electricity consumed and purchased by the emitter).
- Scope 3 emissions are indirect emissions produced by the emitter activity, but owned and controlled by a different emitter from the one who reports on the emissions (e.g. our franchise estate).

Methodology

We have worked with external consultants to give us an up-to-date picture of IHG's carbon footprint and to assess our performance over the past few years. The external consultants use a sampling and extrapolation methodology to estimate our GHG emissions. For 2018, in line with the methodology set out in the GHG Protocol Corporate Standard, the sample covered 4,673 (86%) of our 5,463 hotels. As IHG's System size is continually changing and the number of hotels reporting data to the IHG Green Engage™ system increases annually, we have restated 2017 data.

Finance

Political donations

The Group made no political donations under the Companies Act during the year and proposes to maintain this policy.

Financial risk management

The Group's financial risk management objectives and policies, including its use of financial instruments, are set out in note 22 to the Group Financial Statements on pages 144 to 146.

Significant agreements and change of control provisions

The Group is a party to the following arrangements which could be terminated upon a change of control of the Company and which are considered significant in terms of their potential impact on the business of the Group as a whole:

- The 10-year £400 million bond issued by the Company on 28 November 2012, under which, if the bond's credit rating was downgraded in connection with a change of control, the bond holders would have the option to require the Company to redeem or, at the Company's option, repurchase the outstanding notes together with interest accrued;
- The $1.275 billion syndicated loan facility agreement dated 30 March 2015 and maturing in March 2021, under which a change of control of the Company would entitle each lender to cancel its commitment and declare all amounts due to it payable;
- The 10-year £300 million bond issued by the Company on 14 August 2015, under which, if the bond's credit rating was downgraded in connection with a change of control, the bond holders would have the option to require the Company to redeem or, at the Company's option, repurchase the outstanding notes together with interest accrued;
- The 10-year £350 million bond issued by the Company on 24 August 2016, under which, if the bond's credit rating was downgraded in connection with a change of control, the bond holders would have the option to require the Company to redeem or, at the Company's option, repurchase the outstanding notes together with interest accrued; and
- The 8.5-year €500 million bond issued by the Company on 15 November 2018, under which, if the bond's credit rating was downgraded in connection with a change of control, the bond holders would have option to require the Company to redeem or, at the Company's option, repurchase the outstanding notes together with interest accrued.

Further details on material contracts are set out on page 191.

Business relationships

The Group is party to a technology agreement with Amadeus Hospitality Americas, Inc. (Amadeus), for the development and hosting of the Group's next generation Guest Reservation System. The initial term of 10 years will expire in 2028, and the Group has the right to extend this agreement for two additional periods of up to 10 years each on the same terms, conditions and pricing. The financial and performance obligations in this agreement are guaranteed by Amadeus IT Group S.A., the parent company of Amadeus Hospitality Americas, Inc.

Otherwise, there are no specific individual contracts or arrangements considered to be essential to the business of the Group as a whole.

Disclosure of information to Auditor

For details, see page 88.

Listing Rules – compliance with LR 9.8.4C

Section	Applicable sub-paragraph within LR 9.8.4C	Location
1	Interest capitalised	Group Financial Statements, note 7, page 125
4	Details of long-term incentive schemes	Directors' Remuneration Report, pages 72 to 85

The above table sets out only those sections of LR 9.8.4C which are relevant. The remaining sections of LR 9.8.4 are not applicable.

Going concern

An overview of the business activities of IHG, including a review of the key business risks that the Group faces, is given in the Strategic Report on pages 2 to 51 and in the Group information on pages 182 to 186. Information on the Group's treasury management policies can be found in note 22 to the Group Financial Statements on pages 144 to 146. In November 2018, the Group issued a €500m bond which matures in May 2027.

At the end of 2018, the Group was trading significantly within its banking covenants and debt facilities.

The Group's fee-based model and wide geographic spread mean that it is well placed to manage through uncertain times, and our forecasts and sensitivity projections, based on a range of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and, accordingly, they continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

Please see page 30 for the Directors' assessment of the viability of the Group.

By order of the Board,

George Turner
Company Secretary
InterContinental Hotels Group PLC

Registered in England and Wales, Company number 5134420
18 February 2019

Group information
History and developments

The Company was incorporated and registered in England and Wales with registered number 5134420 on 21 May 2004 as a limited company under the Companies Act 1985 with the name Hackremco (No. 2154) Limited. In 2004/05, as part of a scheme of arrangement to facilitate the return of capital to shareholders, the following structural changes were made to the Group: (i) on 24 March 2005, Hackremco (No. 2154) Limited changed its name to New InterContinental Hotels Group Limited; (ii) on 27 April 2005, New InterContinental Hotels Group Limited re-registered as a public limited company and changed its name to New InterContinental Hotels Group PLC; and (iii) on 27 June 2005, New InterContinental Hotels Group PLC changed its name to InterContinental Hotels Group PLC and became the holding company of the Group.

The Group formerly known as Bass, and then Six Continents, was historically a conglomerate operating as, among other things, a brewer, soft drinks manufacturer, hotelier, leisure operator, and restaurant, pub and bar owner. In 1988 Bass acquired Holiday Inn International and the remainder of the Holiday Inn brand in 1990. The InterContinental brand was acquired by Bass in 1998 and the Candlewood Suites brand was acquired by Six Continents in 2003.

On 15 April 2003, following shareholder and regulatory approval, Six Continents PLC separated into two new listed groups, InterContinental Hotels Group PLC, comprising the hotels and soft drinks businesses, and Mitchells & Butler plc, comprising the retail and standard commercial property developments business.

The Group disposed of its interests in the soft drinks business by way of an initial public offering of Britvic (Britannia Soft Drinks Limited for the period up to 18 November 2005, and thereafter, Britannia SD Holdings Limited (renamed Britvic plc on 21 November 2005), which became the holding company of the Britvic Group on 18 November 2005), a manufacturer and distributor of soft drinks in the UK, in December 2005. The Group now continues as a stand-alone hotels business.

Recent acquisitions and divestitures

- The Group agreed in May 2018 to rebrand and operate under long-term 'managed leases' a portfolio of hotels in the UK.
- The Group acquired a 51% interest in Regent Hotels and Resorts in July 2018 for $39 million, of which $13 million has been paid to date. The remaining $26 million is to be paid in future years, this deferred consideration has a fair value of $22 million at 31 December 2018. Options exist over the remaining 49% interest which are exercisable in a phased manner from 2026.
- The Group acquired Six Senses Hotels Resorts Spas and its management business in February 2019 for $300 million in cash.
- The Group divested a number of investments for total proceeds of $95 million in 2017 and $8 million in 2018.

Capital expenditure

- Capital expenditure in 2018 totalled $245 million compared with $342 million in 2017 and $241 million in 2016 (see page 174). The lower level of expenditure in 2018 was partly attributable to costs borne in 2017 relating to the roll out of IHG Concerto. Recyclable investments in 2017 included $43 million in connection with a refinancing of the InterContinental New York Barclay hotel.
- At 31 December 2018, capital committed (being contracts placed for expenditure on property, plant and equipment, intangible assets and key money not provided for in the Group Financial Statements) totalled $136 million.

Risk factors

The Group is subject to a variety of inherent risks that may have an adverse impact on its business operations, financial condition, turnover, profits, brands and reputation. This section describes the main risks that could materially affect the Group's business. The risks below are not the only ones that the Group faces. Some risks are not yet known to the Group and some risks that the Group does not currently believe to be material could later turn out to be material.

The principal risks are on pages 26 to 30, the cautionary statements regarding forward-looking statements are on page 208 and financial and forward-looking information including note 8 on pages 125 to 129, and note 22 on pages 144 to 146.

The Group is exposed to the risks of political and economic developments

The Group is exposed to political, economic and financial market developments such as recession, inflation and availability of credit and currency fluctuations that could lower revenues and reduce income. The outlook for 2019 may worsen due to continued uncertainty in relation to Brexit, (see page 26 for a statement on the materiality of this risk to the Company), Greater China, the Eurozone, potential disruptions in the US economy, the impact of fluctuating commodity prices (including oil) on economies dependent on such exports, continued unrest in parts of the Middle East, Africa and Asia, and barriers to global trade, including unforeseeable changes in regulations, imposition of tariffs or embargoes, and other trade restrictions or controls. The interconnected nature of economies suggests any of these, or other events, could trigger a recession that reduces leisure and business travel to and from affected countries and adversely affects room rates and/or occupancy levels and other income-generating activities. The owners or potential owners of hotels franchised or managed by the Group face similar risks that could adversely impact their solvency and the Group's ability to secure and retain franchise or management agreements. Specifically, the Group is most exposed to the US market and, increasingly, to Greater China.

Accordingly, the Group is particularly susceptible to adverse changes in these economies as well as changes in their currencies. In addition to trading conditions, the economic outlook also affects the availability of capital to current and potential owners, which could impact existing operations and the health of the pipeline.

The Group is exposed to the risk of events that adversely impact domestic or international travel

The room rates and occupancy levels of the Group could be adversely impacted by events that reduce domestic or international travel, such as actual or threatened acts of terrorism or war, political or civil unrest, epidemics or threats thereof, travel-related accidents or industrial action, natural disasters, or other local factors impacting specific countries, cities or individual hotels, as well as increased transportation and fuel costs. Additionally, the Group may be adversely impacted by increasing stakeholder expectations of corporate performance in relation to waste, water, climate change, or support to local communities. A decrease in the demand for business and/or leisure hotel rooms as a result of such events may have an adverse impact on the Group's operations and financial results. In addition, inadequate planning, preparation, response or recovery in relation to a major incident or crisis may cause loss of life, prevent operational continuity, or result in financial loss, and consequently impact the value of our brands and/or the reputation of the Group.

The Group is exposed to the risks of the hotel industry supply-and-demand cycle

The future operating results of the Group could be adversely affected by industry overcapacity (by number of rooms) and weak demand due, in part, to the cyclical nature of the hotel industry, or other differences between planning assumptions and actual operating conditions. These conditions could result in reductions in room rates and occupancy levels, which would adversely impact the financial performance of the Group.

The Group is subject to a competitive and changing industry

The Group operates in a competitive industry and must compete effectively against traditional competitors such as other global hotel chains, local hotel companies and independent hotels to win the loyalty of guests, employees and owners. The competitive landscape also includes other types of businesses, both global and specific to certain markets, such as web-based booking channels (which include online travel agents and intermediaries), and alternative sources of accommodation such as short-term lets of private property. Failure to compete effectively in traditional and emerging areas of the business could impact the Group's market share, System size, profitability and relationships with owners and guests. The hospitality industry has experienced recent consolidation and is likely to see this trend continue as companies seek to maintain or increase competitive advantage. Further consolidation by competitors may result in such competitors having access to increased resources, capabilities or capacity and provide advantages from scale of revenues and/or cost structures.

The Group is exposed to risks related to executing and realising benefits from strategic transactions, including acquisitions and restructuring

The Group may seek to make strategic transactions, including acquisitions, in the future. The Group may not be able to identify opportunities or complete transactions on commercially reasonable terms, or at all, and may not realise the anticipated benefits from such transactions. Strategic transactions come with inherent valuation, financial and commercial risks, and regulatory and insider information risks during the execution of the transactions. The Group may also continue to make organisational adjustments to support delivery of our growth ambitions, including the integration of acquisitions into the Group's operating processes and systems. This creates inherent risks of complexity and that any changes made could be unsustainable or that we are unable to achieve the return envisaged through reinvestment. In addition, the Group may face unforeseen costs and liabilities, diversion of management attention, as well as longer-term integration and operational risks, which could result in a failure to realise benefits, financial losses, lower employee morale and loss of talent.

The Group is dependent upon a wide range of external stakeholders and business partners

The Group relies on the performance, behaviours and reputation of a wide range of business partners and external stakeholders, including, but not limited to, owners, contractors, lenders, suppliers, vendors, joint-venture partners, online travel agents, third-party intermediaries and other business partners which may have different ethical values, interests and priorities. Further, the number and complexity of interdependencies with stakeholders is evolving. Breakdowns in relationships, contractual disputes, poor vendor performance, insolvency, stakeholder behaviours or adverse reputations, which may be outside of the Group's control, could adversely impact on the Group's performance and competitiveness, delivery of projects, guest experiences or the reputation of the Group or its brands.

The Group is exposed to increasing competition from online travel agents and intermediaries

A proportion of the Group's bookings originate from large multinational, regional and local online travel agents and intermediaries with which the Group has contractual arrangements and to which it pays commissions. These platforms offer a wide range of products, often across multiple brands, have growing booking and review capabilities, and may create the perception that they offer the lowest prices. Some of these online travel agents and intermediaries have strong marketing budgets and aim to create brand awareness and brand loyalty among consumers and may seek to commoditise hotel brands through price and attribute comparison. Further, if these companies continue to gain market share, they may impact the Group's profitability, undermine the Group's own booking channels and value to its hotel owners, and may be able to increase commission rates and negotiate other favourable contract terms.

The Group is exposed to a variety of risks related to identifying, securing and retaining franchise and management agreements

The Group's growth strategy depends on its success in identifying, securing and retaining franchise and management agreements. This is an inherent risk for the hotel industry and the franchise business model. Competition with other hotel companies may generally reduce the number of suitable franchise, management and investment opportunities offered to the Group and increase the bargaining position of property owners seeking to become a franchisee or engage a manager. The terms of new franchise or management agreements may not be as favourable as current arrangements; the Group may not be able to renew existing arrangements on similarly favourable terms, or at all.

There can also be no assurance that the Group will be able to identify, retain or add franchisees to the IHG System, to secure management contracts or open hotels in our development pipeline. For example, the availability of suitable sites, market saturation, planning and other local regulations or the availability and affordability of finance may restrict the supply of suitable hotel development opportunities under franchise or management agreements and mean that not every hotel in our development pipeline may develop into a new hotel that enters our system. In connection with entering into franchise or management agreements, the Group may be required to make investments in, or guarantee the obligations of, third parties or guarantee minimum income to third parties. There are also risks that significant franchisees or groups of franchisees may have interests that conflict, or are not aligned, with those of the Group, including, for example, the unwillingness of franchisees to support brand improvement initiatives. This could result in franchisees prematurely terminating contracts which would adversely impact the overall IHG System size and the Group's financial performance.

The Group is exposed to inherent risks in relation to changing technology and systems

As the use of the internet, artificial intelligence, mobile and data technology grows, and new and disruptive technology solutions are developed, customer needs evolve at pace. The Group may find that its evolving technology capability is not sufficient and may have to make substantial additional investments in new technologies or systems to remain competitive. Failure to keep pace with developments in technologies or systems, and also with regulatory, risk and ethical considerations of how these developments are used, may put the Group at a competitive disadvantage. In addition, the technologies or systems that the Group chooses to deploy may not be commercially successful or the technology or system strategy may not be sufficiently aligned with the needs of the business. Any

Group information continued
Risk factors continued

such failure could adversely affect guest experiences, and the Group may lose customers, fail to attract new customers, incur substantial costs or face other losses. This could further impact the Group's reputation in regards to innovation. (See also information security and data privacy risk factor.)

The Group is reliant on the reputation of its existing brands and is exposed to inherent reputation risks

Any event that materially damages the reputation of one or more of the Group's brands and/or fails to sustain the appeal of the Group's brands to its customers and owners may have an adverse impact on the value of that brand and subsequent revenues from that brand or business. In particular, if the Group is unable to create consistent, valued, and quality products and guest experiences across the owned, leased and managed lease, managed and franchised estates, or if the Group, its franchisees or business partners fail to act responsibly, this could result in an adverse impact on its brand reputation. In addition, the value of the Group's brands could be influenced by a number of external factors outside the Group's control, such as, but not limited to, changes in sentiments against global brands, changes in applicable regulations related to the hotel industry or to franchising, successful commoditisation of hotel brands by online travel agents and intermediaries, or changes in owners' perceptions of the value of the Group.

The Group is exposed to risks associated with its intellectual property

Given the importance of brand recognition to the Group's business, the protection of its intellectual property poses a risk due to the variability and changes in controls, laws and effectiveness of enforcement globally. Any widespread infringement, misappropriation or weakening of the control environment could materially harm the value of the Group's brands and its ability to develop the business.

The Group is reliant upon the resilience of its reservation system and other key technology platforms and is exposed to risks that could disrupt their operation and/or integrity

The value of the Group is partly derived from the ability to drive reservations through its reservation system and technology platforms which are highly integrated with other processes and systems and linked to multiple sales channels, including the Group's own websites, in-house and third-party managed call centres, hotels, third-party intermediaries and travel agents.

The scope and complexity of our technology infrastructure, including increasing reliance on third-party suppliers to support and protect our systems and information, as well as the rapidly evolving cyber threats, means that we are inherently vulnerable to physical damage, failures, disruptions, denial of service, phishing or other malware attacks, cyber terrorism and fraud, as well as human error, negligence and wilful misuse. Our franchisees and suppliers are also inherently vulnerable to the same risks.

Lack of resilience and operational availability of these systems provided by the Group or third-party technology providers could lead to prolonged service disruption and might result in significant business interruption, impact the guest booking experience, loss of or theft of data, and subsequently adversely impact Group revenues, incur financial costs to remediate or investigate, lead to regulatory and/or contractual enforcement actions or lawsuits, and damage the Group's reputation and relationships with hotel owners.

The Group is exposed to a variety of risks associated with safety, security and crisis management

There is a constant need to protect the safety and security of our guests, employees and assets against natural and man-made threats. These include, but are not limited to, exceptional events such as extreme weather, civil or political unrest, violence and terrorism, serious and organised crime, fraud, employee dishonesty, cyber crime, pandemics, fire, and day-to-day accidents, incidents and petty crime which impact the guest or employee experience, could cause loss of life, sickness or injury and result in compensation claims, fines from regulatory bodies, litigation, and impact reputation. Serious incidents or a combination of events could escalate into a crisis which, if managed poorly, could further expose the Group and its brands to significant reputational damage.

The Group requires the right people, skills and capability to manage growth and change

In order to remain competitive, the Group must employ the right people. This includes hiring and retaining highly skilled employees with particular expertise or leadership capability. The implementation of the Group's strategic business plans could be undermined by failure to build and sustain a resilient corporate culture, failure to recruit or retain key personnel, unexpected loss of key senior employees, failures in the Group's succession planning and incentive plans, or failure to invest in the development of key skills.

Some of the markets in which the Group operates are experiencing economic growth and/or low levels of unemployment, and the Group must compete against other companies inside and outside the hospitality industry for suitably qualified or experienced employees. Some emerging markets may not have the required local expertise to operate a hotel and may not be able to attract the right talent. Failure to attract and retain employees and increasing labour costs may threaten the ability to operate hotels and our corporate support functions, achieve business growth targets or impact the profitability of our operations. Additionally, unless skills are supported by a sufficient infrastructure to enable knowledge and skills to be passed on, the Group risks losing accumulated knowledge if key employees leave the Group.

Collective bargaining activity could disrupt operations, increase our labour costs or interfere with the ability of our management to focus on executing our business strategies.

A significant number of colleagues at our managed, owned, leased and managed lease hotels (approximately 23% in the US) are covered by collective bargaining agreements and similar agreements. If relationships with those colleagues or the unions that represent them become adverse, the properties we own, lease or manage could experience labour disruptions such as strikes, lockouts, boycotts and public demonstrations. Collective bargaining agreements representing approximately half of our organised colleagues in the US expired and were renegotiated in 2018 and we may be required to negotiate additional collective bargaining agreements in the future if more employees become unionised. Labour disputes, which are generally more likely when collective bargaining agreements are being renegotiated, could harm our relationship with our colleagues, result in increased regulatory inquiries and enforcement by governmental authorities and deter guests. Further, adverse publicity related to a labour dispute could harm our reputation and reduce customer demand for our services.

Labour regulation and the negotiation of new or existing collective bargaining agreements could lead to higher wage and benefit costs, changes in work rules that raise operating expenses, legal costs and limitations on our ability or the ability of our third-party property owners to take cost saving measures during economic downturns. We do not have the ability to control the negotiations of collective bargaining agreements covering unionised labour employed by our third-party property owners and franchisees. Increased unionisation of our workforce, new labour legislation or changes in regulations could disrupt our operations, reduce our profitability or interfere with the ability of our management to focus on executing our business strategies.

The Group is exposed to the risk of litigation

Certain companies in the Group are the subject of various claims and proceedings. The ultimate outcome of these matters is subject to many uncertainties, including future events and uncertainties inherent in litigation. In addition, the Group could be at risk of litigation claims made by many parties, including but not limited to: guests, customers, joint-venture partners, suppliers, employees, regulatory authorities, franchisees and/or the owners of the hotels it manages. Claims filed may include requests for punitive damages as well as compensatory damages. Unfavourable outcomes of claims or proceedings could have a material adverse impact on the Group's results of operations, cash flow and/or financial position. Exposure to significant litigation or fines may also affect the reputation of the Group and its brands. (See also legal proceedings on page 192.)

The Group is exposed to the risks related to cybersecurity and data privacy

The Group is increasingly dependent upon the collection, usage, retention, availability, integrity and confidentiality of information, including, but not limited to: guest and employee credit card, financial and personal data, and business performance, financial reporting and commercial development. The information is sometimes held in different formats such as digital, paper, voice recordings and video and could be stored in many places, including facilities managed by third-party service providers, in our company managed hotels, and by our franchisees, who are subject to the same or similar risks.

Cyber breaches increasingly appear to be an unfortunate reality for most firms and we therefore invest in trying to avoid them where reasonable and practical to do so – in recognition of the possible impact of cybersecurity breaches beyond data loss on operational performance, ransomware and regulatory actions/fines, as well as the potential impact on our reputation. The threats towards the hospitality industry and the Group's information are dynamic, and include cyber-attacks, fraudulent use, loss or misuse by employees and breaches of our vendors' security arrangements, amongst others.

The Group experienced cybersecurity incidents including; (a) at a number of Kimpton hotels that resulted in unauthorised access to guest payment card data (the Kimpton Security Incident); and (b) an incident that involved malware being installed on servers that processed payment cards used at restaurants and bars of 12 IHG managed properties (the Americas Security Incident), that the Group become aware of in 2016. These incidents resulted in the Group reimbursing the impacted card networks for counterfeit fraud losses and related expenses and becoming subject to investigations regarding compliance with applicable State and Federal data security standards, and legal action from individuals and organisations impacted by the Security Incidents. To date, four lawsuits have been filed against IHG entities relating to the Security Incidents.

The legal and regulatory environment around data privacy and requirements set out by the payment card industry surrounding information security across the many jurisdictions in which the Group operates are constantly evolving, (such as the EU GDPR, China cybersecurity law, and California privacy law). If the Group fails to appropriately protect information and ensure relevant controls are in place to enable the appropriate use and release of information through the appropriate channels in a timely and accurate manner, IHG System performance, guest experience and the reputation of the Group may be adversely affected. This could lead to revenue losses, fines, penalties, litigation and other additional costs.

We are also required to comply with marketing and advertising laws relating to our direct marketing practices, including email marketing, online advertising, and postal mailings. Further restrictions to the content or interpretations of these laws could adversely impact our current and planned activities and the effectiveness or viability of our marketing strategies to maintain, extend and acquire relationships with customers, and impact the amount and timing of our sales of certain products.

For information of incidents relating to cybersecurity and data privacy during 2018, see pages 157 and 192.

The Group is required to comply with existing and changing regulations and act in accordance with societal expectations across numerous countries, territories and jurisdictions

Government regulations affect countless aspects of the Group's business ranging from corporate governance, health and safety, the environment, bribery and corruption, employment law and diversity, disability access, data privacy and information protection, financial, accounting and tax. Regulatory changes may require significant changes in the way the business operates and may inhibit the Group's strategy, including the markets the Group operates in, brand protection, and use or transmittal of personal data. If the Group fails to comply with existing or changing regulations, the Group may be subject to fines, prosecution, loss of licence to operate or reputational damage.

The reputation of the Group and the value of its brands are influenced by a wide variety of factors, including the perception of stakeholder groups such as guests, owners, suppliers and communities in which the Group operates. The social and environmental impacts of its business are under increasing scrutiny, and the Group is exposed to the risk of damage to its reputation if it fails to (or fails to influence its business partners to) undertake responsible practices and engage in ethical behaviour, or fails to comply with relevant regulatory requirements.

The Group may face difficulties insuring its business

Historically, the Group has maintained insurance at levels determined to be appropriate in light of the cost of cover and the risk profile of the business. However, forces beyond the Group's control, including market forces, may limit the scope of coverage the Group can obtain and the Group's ability to obtain coverage at reasonable rates. Other forces beyond the Group's control, such as terrorist attacks or natural disasters, may be uninsurable or simply too expensive to insure. Inadequate or insufficient insurance could expose the Group to large claims or could result in the loss of capital invested in properties.

The Group is exposed to inherent uncertainties associated with brand development and expansion

The Group has recently launched or acquired a number of new brands, such as EVEN Hotels, HUALUXE, avid Hotels, voco, Kimpton Hotels & Restaurants, Regent Hotels, and entered into co-branded credit card relationships to support the IHG Rewards Club programme. As the roll out, integration and growth of these brands (including associated loyalty programmes) is dependent on market conditions, guest preference and owner investment, and also continued cooperation with third parties, there are inherent risks that we will be unable to recover costs incurred in developing or acquiring the brands or any new programmes or products, or those brands, programmes, or products will not succeed as we intend. The Group's ongoing agenda to accelerate growth and strategic initiatives creates risks relating to the transition of systems, operating models and processes, and may result in failures to improve commercial performance, leading to financial loss and undermining stakeholder confidence.

Group information continued
Risk factors continued

The Group is exposed to an impairment of the carrying value of our brands, goodwill or other tangible and intangible assets negatively affecting our consolidated operating results

We hold significant amounts of goodwill, intangible assets, property and equipment, and investments. We review the value of our goodwill and indefinite-lived intangible assets for impairment annually (or whenever events or circumstances indicate impairment may have occurred). Changes to estimated fair values could result from shifts in the business climate, the competitive environment, the perceived reputation of our brands (by guests or owners), or changes in interest rates, operating cash flows, market capitalisation, or developments in the legal or regulatory environment. Because of the significance of our goodwill and other intangible assets, we have previously incurred and may incur future impairment charges for these assets, which may require material non-cash charges to our results of operations, which could have an adverse effect on our financial results.

The Group is exposed to fluctuations in exchange rates, currency devaluations or restructurings and to interest rate risk in relation to its borrowings

The US dollar is the predominant currency of the Group's revenue and cash flows. Movements in foreign exchange rates can affect the Group's reported profit, net liabilities and interest cover. The most significant exposures of the Group are in currencies that are freely convertible. The Group's reported debt has an exposure to borrowings held in pounds sterling. Conducting business in currencies other than US dollars exposes us to fluctuations in exchange rates, currency devaluations, or restructurings. This could potentially lower our reported revenues, increase our costs, reduce our profits or disrupt our operations. Our exposure to these factors is linked to the pace of our growth in territories outside the US and, if the proportion of our revenues grows, this may increase the potential sensitivity to currency movements having an adverse impact on our results.

From time to time, the Group hedges a portion of forecast foreign currency income by taking out forward exchange contracts and also uses short-dated foreign exchange swaps to manage sterling surplus cash and reduce US dollar borrowings whilst maintaining operational flexibility. However, these arrangements may not eliminate foreign exchange risk exposures entirely, and involve inherent risks of their own, including management time, expertise and external costs.

The Group is also exposed to interest rate risk in relation to its fixed and floating rate borrowings and may use interest rate swaps to manage the exposure.

The Group's operations are dependent on maintaining sufficient liquidity to meet all foreseeable medium-term requirements and provide headroom against unforeseen obligations

Cash and cash equivalents is held in short-term deposits and cash funds which allow daily withdrawals of cash. Most of the Group's funds are held in the UK or US, although $2m (2017: $3m) is held in countries where repatriation is restricted as a result of foreign exchange regulations. Medium and long-term borrowing requirements are met through committed bank facilities and bonds. Short-term borrowing requirements may be met from drawings under uncommitted overdrafts and facilities.

The Group could be affected by credit risk on treasury transactions

The Group uses long-term credit ratings from Standard and Poor's, Moody's and Fitch Ratings as a basis for setting its counterparty limits. In order to manage the Group's credit risk exposure, the treasury function sets counterparty exposure limits using metrics including credit ratings, the relative placing of credit default swap pricings, tier 1 capital and share price volatility of the relevant counterparty. The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In respect of credit risk arising from financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets represents the maximum exposure to credit risk.

The Group is exposed to a variety of risks associated with its financial stability and ability to borrow and satisfy debt covenants

While the strategy of the Group is to grow through activities that do not involve significant amounts of its own capital, the Group does require capital to fund some development opportunities, technological innovations and strategic acquisitions; and to maintain and improve owned hotels. The Group is reliant upon having financial strength and access to borrowing facilities to meet these expected capital requirements. The majority of the Group's borrowing facilities are only available if the financial covenants in the facilities are complied with. Non-compliance with covenants could result in the Group's lenders demanding repayment of the funds advanced. If the Group's financial performance does not meet market expectations, it may not be able to refinance existing facilities on terms considered favourable.

The Group's financial performance may be affected by changes in tax rates

The Group's financial performance may be affected by changes in taxes, including as a result of US federal income tax reform and taxation and/or repatriation of income earned abroad, and governmental regulations that influence or set wages, prices, interest rates or construction and maintenance procedures and costs. Many factors will affect the Group's future tax rate, the key ones being future legislative developments, future profitability of underlying subsidiaries and tax uncertainties.

There are many potential future changes to worldwide taxation systems as a result of the potential adoption by individual territories of recommendations of the OECD's Base Erosion and Profit Shifting project, and other similar initiatives being driven by governments and tax authorities. The Group continues to monitor activity in this area.

Tax liabilities or refunds may also differ from those anticipated, in particular as a result of changes in tax law, changes in the interpretation of tax law, or clarification of uncertainties in the application of tax law.

Directors' and Executive Committee members' shareholdings

As at 18 February 2019: (i) Executive Directors had the number of beneficial interests in shares (including Directors' share awards under IHG's share plans) set out in the table on page 81; (ii) Non-Executive Directors had the number of beneficial interests in shares set out in the table on page 84; and (iii) Executive Committee members had the number of beneficial interests in shares (including members' share awards under IHG's share plans) set out in the table below. These shareholdings indicate all Directors' or Executive Committee members' beneficial interests and those held by their spouses and other connected persons. As at 18 February 2019, no Director or Executive Committee member held more than 1.0% of the total issued share capital. None of the Directors have a beneficial interest in the shares of any subsidiary.

	Number of shares held outright			APP deferred share awards			LTIP share awards (unvested)			Total number of shares held		
Executive Committee member	**18 Feb 2019**	31 Dec 2018	31 Dec 2017	**18 Feb 2019**	31 Dec 2018	31 Dec 2017	**18 Feb 2019**	31 Dec 2018	31 Dec 2017	**18 Feb 2019**	31 Dec 2018	31 Dec 2017
Keith Barr	**40,642**	42,782	31,116	**26,847**	28,262	24,586	**97,211**	97,211	90,987	**164,700**	168,255	146,689
Paul Edgecliffe-Johnson	**24,385**	25,669	27,443	**25,404**	26,742	28,384	**87,482**	87,482	97,970	**137,271**	139,893	153,797
Elie Maalouf	**23,534**	24,773	–	**41,753**	42,058	–	**82,694**	82,694	–	**147,981**	149,525	–
Claire Bennett	**–**	–	–	**14,340**	14,406	13,105	**28,788**	28,788	13,019	**43,128**	43,194	26,124
Jolyon Bulley	**52,164**	54,910	50,275	**6,022**	6,341	8,180	**38,087**	38,087	38,413	**96,273**	99,338	96,868
Yasmin Diamond	**1,351**	1,423	–	**6,876**	7,239	6,561	**33,521**	33,521	35,209	**41,748**	42,183	41,770
Nicolette Henfrey	**–**	–	–	**5,678**	–	–	**18,675**	–	–	**24,353**	–	–
Kenneth Macpherson	**7,296**	7,681	–	**30,535**	31,468	29,057	**53,121**	53,121	59,675	**90,952**	92,270	88,732
Eric Pearson	**10,295**	10,837	–	**20,531**	21,613	22,979	**63,635**	63,635	72,633	**94,461**	96,085	95,612
Ranjay Radhakrishnan	**7,902**	8,318	–	**24,983**	25,258	31,836	**49,101**	49,101	41,851	**81,986**	82,677	73,687
George Turner	**18,815**	19,806	11,507	**16,878**	17,768	18,683	**54,341**	54,341	61,511	**90,034**	91,915	91,701

Executive Directors' benefits upon termination of office

All current Executive Directors have a rolling service contract with a notice period from the Group of 12 months. As an alternative, the Group may, at its discretion, pay in lieu of that notice. Neither notice nor a payment in lieu of notice will be given in the event of gross misconduct.

Payment in lieu of notice could potentially include up to 12 months' salary and the cash equivalent of 12 months' pension contributions, and other contractual benefits. Where possible, the Group will seek to ensure that, where a leaver mitigates their losses by, for example, finding new employment, there will accordingly be a corresponding reduction in compensation payable for loss of office.

Further details on the policy for determination of termination payments are included in the Directors' Remuneration Policy, which is available on IHG's website at **www.ihgplc.com/investors** under Corporate governance in the Directors' Remuneration Policy section.

Group information continued
Description of securities other than equity securities

Fees and charges payable to a depositary

Category (as defined by SEC)	Depositary actions	Associated fee
Depositing or substituting the underlying shares	Each person to whom ADRs are issued against deposits of shares, including deposits and issuances in respect of: • Share distributions, stock splits, rights, mergers • Exchange of securities or any other transactions or event or other distribution affecting the ADSs or the deposited securities	$5 for each 100 ADSs (or portion thereof)
Receiving or distributing dividends	Distribution of stock dividends	$5 for each 100 ADSs (or portion thereof)
	Distribution of cash	$0.02 or less per ADS (or portion thereof)
Selling or exercising rights	Distribution or sale of securities, the fee being in an amount equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities	$5 for each 100 ADSs (or portion thereof)
Withdrawing an underlying security	Acceptance of ADRs surrendered for withdrawal of deposited securities	$5 for each 100 ADSs (or portion thereof)
Transferring, splitting or grouping receipts	Transfers, combining or grouping of depositary receipts	$1.50 per ADS
General depositary services, particularly those charged on an annual basis	Other services performed by the depositary in administering the ADRs	$0.02 per ADS (or portion thereof) not more than once each calendar year and payable at the sole discretion of the ADR Depositary by billing ADR holders or by deducting such charge from one or more cash dividends or other cash distributions[a]
Expenses of the depositary	Expenses incurred on behalf of ADR holders in connection with: • Compliance with foreign exchange control regulations or any law or regulation relating to foreign investment. • The ADR Depositary's or its custodian's compliance with applicable laws, rules or regulations • Stock transfer or other taxes and other governmental charges • Cable, telex, facsimile transmission/delivery • Transfer or registration fees in connection with the deposit and withdrawal of deposited securities • Expenses of the ADR Depositary in connection with the conversion of foreign currency into US dollars (which are paid out of such foreign currency) • Any other charge payable by the ADR Depositary or its agents	Expenses payable at the sole discretion of the ADR Depositary by billing ADR holders or by deducting charges from one or more cash dividends or other cash distributions are $20 per transaction

[a] These fees are not currently being charged by the ADR Depositary.

Fees and charges payable by a depositary

JPMorgan Chase Bank N.A. (JPMorgan or the ADR Depositary) is the depositary for IHG's ADR programme. The ADR Depositary's principal executive office is at: J.P. Morgan Depositary Receipts, 4 New York Plaza, 12th Floor, New York, NY 10004, US. The ADR Depositary has agreed to reimburse certain reasonable Company expenses related to the Company's ADR programme and incurred by the Company in connection with the ADR programme. During the year ended 31 December 2018, the Company received $376,007.95 from the ADR Depositary in respect of legal, accounting and other fees incurred in connection with the preparation of the Annual Report and Form 20-F, ongoing SEC compliance and listing requirements, investor relations programmes, and advertising and public relations expenditure.

Articles of Association

The Company's Articles of Association (the Articles) were first adopted with effect from 27 June 2005 and were most recently amended at the AGM held on 4 May 2018 and are available on the Company's website at **www.ihgplc.com/investors** under Corporate governance. The following summarises material rights of holders of the Company's ordinary shares under the material provisions of the Articles and English law. This summary is qualified in its entirety by reference to the Companies Act and the Articles.

The Company's shares may be held in certificated or uncertificated form. No holder of the Company's shares will be required to make additional contributions of capital in respect of the Company's shares in the future.

In the following description, a 'shareholder' is the person registered in the Company's register of members as the holder of the relevant share.

Principal objects

The Company is incorporated under the name InterContinental Hotels Group PLC and is registered in England and Wales with registered number 5134420. The Articles do not restrict its objects or purposes.

Directors

Under the Articles, a Director may have an interest in certain matters (Permitted Interest) without the prior approval of the Board, provided they have declared the nature and extent of such Permitted Interest at a meeting of the Directors or in the manner set out in Section 184 or Section 185 of the Companies Act.

Any matter in which a Director has a material interest, and which does not comprise a Permitted Interest, must be authorised by the Board in accordance with the procedure and requirements contained in the Articles. In particular, this includes the requirement that a Director may not vote on a resolution to authorise a matter in which they are interested, nor may they count in the quorum of the meeting at which such business is transacted.

Further, a Director may not vote in respect of any proposal in which they, or any person connected with them, has any material interest other than by virtue of their interests in securities of, or otherwise in or through, the Company, nor may they count in the quorum of the meeting at which such business is transacted. This is subject to certain exceptions, including in relation to proposals:
(a) indemnifying them in respect of obligations incurred on behalf of the Company; (b) indemnifying a third party in respect of obligations of the Company for which the Director has assumed responsibility under an indemnity or guarantee; (c) relating to an offer of securities in which they will be interested as an underwriter; (d) concerning another body corporate in which the Director is beneficially interested in less than one per cent of the issued shares of any class of shares of such a body corporate; (e) relating to an employee benefit in which the Director will share equally with other employees; and (f) relating to liability insurance that the Company is empowered to purchase for the benefit of Directors of the Company in respect of actions undertaken as Directors (or officers) of the Company.

The Directors have authority under the Articles to set their own remuneration (provided certain criteria are met). While an agreement to award remuneration to a Director is an arrangement with the Company that comprises a Permitted Interest (and therefore does not require authorisation by the Board in that respect), it is nevertheless a matter that would be expected to give rise to a conflict of interest between the Director concerned and the Company, and such conflict must be authorised by a resolution of the Board. The Director that is interested in such a matter may neither vote on the resolution to authorise such conflict, nor count in the quorum of the meeting at which it was passed. Furthermore, as noted above, the interested Director is not permitted to vote in respect of any proposal in which they have any material interest (except in respect of the limited exceptions outlined above) nor may they count in the quorum of the meeting at which such business is transacted.

As such, a Director has no power, in the absence of an independent quorum, to vote on compensation to themselves, but may vote on a resolution (and may count in the quorum of the meeting at which it was passed) to award compensation to Directors provided those arrangements do not confer a benefit solely on them.

The Directors are empowered to exercise all the powers of the Company to borrow money, subject to the limitation that the aggregate amount of all monies borrowed by the Company and its subsidiaries shall not exceed an amount equal to three times the Company's share capital and consolidated reserves, unless sanctioned by an ordinary resolution of the Company.

Under the Articles, there are no age-limit requirements relating to a person's qualification to hold office as a Director of the Company.

Directors are not required to hold any shares of the Company by way of qualification.

The Articles require annual retirement and re-election of all Directors at the AGM.

Rights attaching to shares

Dividend rights and rights to share in the Company's profits

Under English law, dividends are payable on the Company's ordinary shares only out of profits available for distribution, as determined in accordance with accounting principles generally accepted in the UK and by the Companies Act. No dividend will bear interest as against the Company.

Holders of the Company's ordinary shares are entitled to receive such dividends as may be declared by the shareholders in general meeting, rateably according to the amounts paid up on such shares, provided that the dividend cannot exceed the amount recommended by the Directors.

The Company's Board of Directors may declare and pay to shareholders such interim dividends as appear to them to be justified by the Company's financial position. If authorised by an ordinary resolution of the shareholders, the Board of Directors may also direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company).

Any dividend unclaimed by a member (or by a person entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law) after six years from the date the dividend was declared, or became due for payment, will be forfeited and will revert to the Company.

Voting rights

The holders of ordinary shares are entitled, in respect of their holdings of such shares, to receive notice of general meetings and to attend, speak and vote at such meetings in accordance with the Articles.

Voting at any general meeting of shareholders is by a show of hands unless a poll, which is a written vote, is duly demanded. On a show of hands, every shareholder who is present in person or by proxy at a general meeting has one vote regardless of the number of shares held.

Group information continued
Articles of Association continued

On a poll, every shareholder who is present in person or by proxy has one vote for every share held by that shareholder. A poll may be demanded by any of the following:

- The Chair of the meeting;
- At least five shareholders present in person or by proxy and entitled to vote at the meeting;
- Any shareholder or shareholders present in person or by proxy representing in the aggregate not less than one-tenth of the total voting rights of all shareholders entitled to vote at the meeting; or
- Any shareholder or shareholders present in person or by proxy holding shares conferring a right to vote at the meeting and on which there have been paid up sums in the aggregate at least equal to one-tenth of the total sum paid up on all the shares conferring that right.

A proxy form will be treated as giving the proxy the authority to demand a poll, or to join others in demanding one.

The necessary quorum for a general meeting is three persons carrying a right to vote upon the business to be transacted, whether present in person or by proxy.

Matters are transacted at general meetings of the Company by the proposing and passing of resolutions, of which there are two kinds:

- An ordinary resolution, which includes resolutions for the election of Directors, the approval of financial statements, the cumulative annual payment of dividends, the appointment of the Auditor, the increase of share capital or the grant of authority to allot shares.
- A special resolution, which includes resolutions amending the Articles, disapplying statutory pre-emption rights, modifying the rights of any class of the Company's shares at a meeting of the holders of such class or relating to certain matters concerning the Company's winding up or changing the Company's name.

An ordinary resolution requires the affirmative vote of a majority of the votes of those persons present and entitled to vote at a meeting at which there is a quorum.

Special resolutions require the affirmative vote of not less than three quarters of the persons present and entitled to vote at a meeting at which there is a quorum.

AGMs must be convened upon advance written notice of 21 days. Other meetings must be convened upon advance written notice of 14 days. The days of delivery or receipt of the notice are not included. The notice must specify the nature of the business to be transacted. The Board of Directors may, if they choose, make arrangements for shareholders, who are unable to attend the place of the meeting, to participate at other places.

Variation of rights
If, at any time, the Company's share capital is divided into different classes of shares, the rights attached to any class may be varied, subject to the provisions of the Companies Act, with the consent in writing of holders of three-quarters in nominal value of the issued shares of that class or upon the adoption of a special resolution passed at a separate meeting of the holders of the shares of that class. At every such separate meeting, all of the provisions of the Articles relating to proceedings at a general meeting apply, except that the quorum is to be the number of persons (which must be two or more) who hold or represent by proxy not less than one-third in nominal value of the issued shares of that class.

Rights in a winding-up
Except as the Company's shareholders have agreed or may otherwise agree, upon the Company's winding up, the balance of assets available for distribution is to be distributed among the holders of ordinary shares according to the amounts paid up on the shares held by them:

- After the payment of all creditors including certain preferential creditors, whether statutorily preferred creditors or normal creditors; and
- Subject to any special rights attaching to any class of shares.

This distribution is generally to be made in cash. A liquidator may, however, upon the adoption of a special resolution of the shareholders, divide among the shareholders the whole or any part of the Company's assets in kind.

Limitations on voting and shareholding
There are no limitations imposed by English law or the Articles on the right of non-residents or foreign persons to hold or vote the Company's ordinary shares or ADSs, other than the limitations that would generally apply to all of the Company's shareholders.

Working Time Regulations 1998

Under EU law, many employees of Group companies are now covered by the Working Time Regulations which came into force in the UK on 1 October 1998. These regulations implemented the European Working Time Directive and parts of the Young Workers Directive, and lay down rights and protections for employees in areas such as maximum working hours, minimum rest time, minimum days off and paid leave.

In the UK, there is in place a national minimum wage under the National Minimum Wage Act 1998, as amended. At 31 December 2018, the minimum wage for individuals aged 18 to 20 was £5.90 per hour, aged 21 to 24 was £7.38 per hour and for those aged 25 or over was £7.83 per hour in each case, excluding apprentices aged under 19 years or, otherwise, in the first year of their apprenticeships. This particularly impacts businesses in the hospitality and retailing sectors. Compliance with the National Minimum Wage Act is being monitored by the Low Pay Commission, an independent statutory body established by the UK Government.

None of the Group's UK employees are covered by collective bargaining agreements with trade unions.

Continual attention is paid to the external market in order to ensure that terms of employment are appropriate. The Group believes the Group companies will be able to conduct their relationships with trade unions and employees in a satisfactory manner.

Material contracts

The following contracts have been entered into otherwise than in the course of ordinary business by members of the Group: (i) in the two years immediately preceding the date of this document in the case of contracts which are or may be material; or (ii) that contain provisions under which any Group member has any obligation or entitlement that is material to the Group as at the date of this document. To the extent that these agreements include representations, warranties and indemnities, such provisions are considered standard in an agreement of that nature, save to the extent identified below.

Syndicated Facility

On 30 March 2015, the Company signed a five-year $1.275 billion bank facility agreement (Syndicated Facility) with Bank of America Merrill Lynch International Limited, Barclays Bank plc, HSBC Bank PLC, SunTrust Robinson Humphrey, The Bank of Tokyo-Mitsubishi UFJ, Ltd and The Royal Bank of Scotland plc, all acting as joint bookrunners and The Bank of Tokyo-Mitsubishi UFJ, Ltd as facility agent. The Company has exercised its ability to extend the term of the Syndicated Facility by two additional periods of 12 months, taking the term of the Syndicated Facility to 2022. The interest margin payable on borrowings under the Syndicated Facility is linked to IHG's consolidated net debt to consolidated EBITDA ratio. The margin can vary between LIBOR + 0.40% and LIBOR + 1.00% depending on the level of the ratio. The Syndicated Facility was undrawn as at 31 December 2018.

£2 billion Euro Medium Term Note programme

In 2018, the Group updated its Euro Medium Term Note programme (Programme) and issued a tranche of €500 million 2.125% notes due 15 May 2027 (2018 Issuance).

On 11 August 2016, an amended and restated trust deed (Trust Deed) was executed by InterContinental Hotels Group PLC as issuer (Issuer), Six Continents Limited and InterContinental Hotels Limited as guarantors (Guarantors) and HSBC Corporate Trustee Company (UK) Limited as trustee (Trustee), pursuant to which the trust deed dated 27 November 2009, as supplemented by three supplemental trust deeds dated 7 July 2011, 9 November 2012 and 16 June 2015 between the same parties relating to the Programme, were amended and restated. Under the Trust Deed, the Issuer may issue notes (Notes) unconditionally and irrevocably guaranteed by the Guarantors, up to a maximum nominal amount from time to time outstanding of £2 billion (or its equivalent in other currencies). Notes are to be issued in series (each a Series) in bearer form. Each Series may comprise one or more tranches (each a Tranche) issued on different issue dates. A Tranche of Notes may be issued on the terms and conditions set out in a base prospectus as amended and/or supplemented by a document setting out the final terms (Final Terms) of such Tranche or in a separate prospectus specific to such Tranche.

Under the Trust Deed, each of the Issuer and the Guarantors has given certain customary covenants in favour of the Trustee.

Final Terms were issued (pursuant to a base prospectus dated 9 November 2012) on 26 November 2012, in respect of the issue of a Tranche of £400 million 3.875% Notes due 28 November 2022 (2012 Issuance). Final Terms were issued (pursuant to a base prospectus dated 16 June 2015) on 12 August 2015 in respect of the issue of a Tranche of £300 million 3.75% Notes due 14 August 2025 (2015 Issuance). Final Terms were issued (pursuant to the base prospectus dated 11 August 2016) on 22 August 2016 in respect of the issue of a Tranche of £350 million 2.125% Notes due 24 August 2026 (2016 Issuance). Final Terms were issued (pursuant to the base prospectus dated 13 August 2018) on 13 November 2018 in respect of the 2018 Issuance.

The Final Terms issued under each of the 2012 Issuance, the 2015 Issuance, the 2016 Issuance and 2018 Issuance provide that the holders of the Notes have the right to repayment if the Notes (a) become non-investment grade within the period commencing on the date of announcement of a change of control and ending 90 days after the change of control (Change of Control Period) and are not subsequently, within the Change of Control Period, reinstated to investment grade; (b) are downgraded from a non-investment grade and are not reinstated to its earlier credit rating or better within the Change of Control Period; or (c) are not credit rated and do not become investment grade credit rated by the end of the Change of Control Period.

Further details of the Programme and the Notes are set out in the base prospectus, dated 13 August 2018, a copy of which is available (as is a copy of each of the Final Terms dated 26 November 2012 relating to the 2012 Issuance, the Final Terms dated 12 August 2015 relating to the 2015 Issuance, the Final Terms dated 22 August 2016 relating to the 2016 Issuance and the Final Terms dated 13 November 2018 relating to the 2018 issuance) on the Company's website at **www.ihgplc.com**. The Notes issued pursuant to the 2012 Issuance, the Notes issued pursuant to the 2015 Issuance, the Notes issued pursuant to the 2016 Issuance and the Notes issued pursuant to the 2018 Issuance are referred to as '£400 million 3.875% bonds 2022', '£300 million 3.750% bonds 2025', '£350 million 2.125% bonds 2026', and '€500 million 2.125% bonds 2027' respectively in the Group Financial Statements.

On 11 August 2016, the Issuer and the Guarantors entered into an amended and restated agency agreement (Agency Agreement) with HSBC Bank plc as principal paying agent and the Trustee, pursuant to which the Issuer and the Guarantors appointed paying agents and calculation agents in connection with the Programme and the Notes.

Under the Agency Agreement, each of the Issuer and the Guarantors has given a customary indemnity in favour of the paying agents and the calculation agents.

On 13 August 2018, the Issuer and the Guarantors entered into an amended and restated dealer agreement (Dealer Agreement) with HSBC Bank plc as arranger and Barclays Bank PLC, Commerzbank Aktieengesel, HSBC Bank plc, Merrill Lynch International, MUFG Securities EMEA plc, SunTrust Robinson Humphrey, Inc. and Wells Fargo Securities international Limited as dealers (Dealers), pursuant to which the Dealers were appointed in connection with the Programme and the Notes.

Under the Dealer Agreement, each of the Issuer and the Guarantors has given customary warranties and indemnities in favour of the Dealers.

Acquisition of Six Senses Hotels Resorts Spas

On 12 February 2019, a share purchase agreement (SPA) was entered into between Sustainable Luxury (BVI) Limited Partnership (acting through Sustainable Luxury (BVI) Limited as its general partner), Sustainable Luxury Holdings (BVI) Limited, and Inter-Continental Hotels Corporation. Under the SPA, Inter-Continental Hotels Corporation agreed to buy the entire issued share capital of Sustainable Luxury Holdings (BVI) Limited, the principal trading company of the Six Senses group, from Sustainable Luxury (BVI) Limited Partnership. The purchase completed on 12 February 2019.

Under the SPA, Inter-Continental Hotels Corporation gave certain customary warranties and indemnities to the seller.

The consideration paid in respect of the acquisition was $300 million in cash, before adjustments.

Group information continued
Legal proceedings

Group companies have extensive operations in the UK, as well as internationally, and are involved in a number of legal claims and proceedings incidental to those operations. It is the Company's view that such proceedings, either individually or in the aggregate, have not in the recent past and are not likely to have a significant effect on the Group's financial position or profitability. Notwithstanding the above, the Company notes the matters set out below. Litigation is inherently unpredictable and, as of 18 February 2019, the outcome of these matters cannot be reasonably determined.

A claim was filed on 9 July 2013 by Pan-American Life Insurance Company against Louisiana Acquisitions Corp. and Inter-Continental Hotels Corporation. The claimant originally identified eight causes of action with respect to the management and sale of the InterContinental New Orleans. On 21 August 2017, the court granted summary judgment to the defendants on all of the claimant's remaining claims. The claimant appealed the ruling. On 12 December 2018, the appellate court affirmed the lower court ruling that granted summary judgment to both IHG defendants. The claimant did not pursue a further appeal, concluding the claims against IHG in this matter.

A claim was filed on 5 July 2016 by CPTS Hotel Lessee, LLC against Holiday Hospitality Franchising, LLC (HHF). The claimant alleges breach of the licence agreement and seeks a declaratory judgment from the court that it has the right to terminate its licence with HHF. HHF and InterContinental Hotels Group Resources, Inc. filed a claim against CPTS Hotel Lessee, LLC also seeking a declaratory judgment and alleging breach of contract and fraud. On 1 May 2018, the court granted IHG's motion for preliminary injunction and ruled that the license agreement at issue is not terminable at will by CPTS. As of 18 February 2019, the likelihood of a favourable or unfavourable result cannot be reasonably determined and it is not possible to determine whether any loss is likely or to estimate the amount of any loss.

A claim was filed on 20 September 2016 against Kimpton Hotel and Restaurant Group, LLC, seeking class action status and alleging breach of implied contract, negligence, and deceptive business practices related to an alleged data breach. The claimant alleged that Kimpton failed to secure and safeguard its customers' payment card data and personally identifiable information. The parties reached agreement on a resolution of this matter and on 9 January 2019, the court granted the parties' motion for preliminary approval of the class action settlement.

A claim was filed on 5 May 2017 against InterContinental Hotels Group PLC, Inter-Continental Hotels Corporation, and InterContinental Hotels Group Resources, Inc. seeking class action status and alleging breach of implied contract, negligence, and unjust enrichment regarding an alleged data breach. The claimant alleges that IHG failed to secure and safeguard customers' personal financial data. As of 18 February 2019, the likelihood of a favourable or unfavourable result cannot be reasonably determined and it is not possible to determine whether any loss is likely or to estimate the amount of any loss.

A claim was filed on 26 June 2017 against Inter-Continental Hotels Corporation, InterContinental Hotels Group Resources, Inc., and InterContinental Hotels Group (Canada), Inc. seeking class action status and alleging breach of fiduciary duty, negligence, breach of confidence, intrusion upon seclusion, breach of contract, breach of privacy legislation, and unjust enrichment regarding an alleged data breach. The claim was amended in March 2018 to name Six Continents Hotels, Inc. as the sole defendant. The claimant alleges that security failures allowed customers' financial information to be compromised. As of 18 February 2019, the likelihood of a favourable or unfavourable result cannot be reasonably determined and it is not possible to determine whether any loss is likely or to estimate the amount of any loss.

A claim was filed on 26 January 2018 against InterContinental Hotels Group PLC, Inter-Continental Hotels Corporation and InterContinental Hotels Group Resources, Inc., alleging negligence and seeking class action status, declaratory judgment, injunctive relief and unspecified damages regarding an alleged data breach. On 29 May 2018, the claimants dismissed the complaint without prejudice.

Two class action claims were filed on 19 March 2018 and 6 December 2018 against Six Continents Hotels, Inc. and other hotel companies, alleging violations of anti-trust regulations. Both suits allege that the defendant hotel companies conspired to eliminate competitive branded keyword search advertising in the hotel industry, which raised prices for hotel rooms in violation of applicable law. As of 18 February 2019, the likelihood of a favourable or unfavourable result cannot be reasonably determined and it is not possible to determine whether any loss is likely or to estimate the amount of any loss.

Exchange controls and restrictions on payment of dividends

There are no restrictions on dividend payments to US citizens.

Although there are currently no UK foreign exchange control restrictions on the export or import of capital or the payment of dividends on the ordinary shares or the ADSs, economic sanctions which may be in force in the UK from time to time impose restrictions on the payment of dividends to persons resident (or treated as so resident) in or governments of (or persons exercising public functions in) certain countries.

Other than economic sanctions which may be in force in the UK from time to time, there are no restrictions under the Articles or under English law that limit the right of non-resident or foreign owners to hold or vote the ordinary shares or the ADSs. In addition, the Articles contain certain limitations on the voting and other rights of any holder of ordinary shares whose holding may, in the opinion of the Directors, result in the loss or failure to secure the reinstatement of any licence or franchise from any US governmental agency held by Six Continents Hotels, Inc. or any subsidiary thereof.

This section provides a summary of material US federal income tax and UK tax consequences to the US holders, described below, of owning and disposing of ordinary shares or ADSs of the Company. This section addresses only the tax position of a US holder who holds ordinary shares or ADSs as capital assets. This section does not, however, discuss all of the tax considerations that may be relevant to any particular US holder, such as the provisions of the Internal Revenue Code of 1986, as amended (IR Code) known as the Medicare Contribution tax or tax consequences to US holders subject to special rules, such as:

- Certain financial institutions.
- Insurance companies.
- Dealers and traders in securities who use a mark-to-market method of tax accounting.
- Persons holding ordinary shares or ADSs as part of a straddle, conversion transaction, integrated transaction or wash sale, or persons entering into a constructive sale with respect to the ordinary shares or ADSs.
- Persons whose functional currency for US federal income tax purposes is not the US dollar.
- Partnerships or other entities classified as partnerships for US federal income tax purposes.
- Persons liable for the alternative minimum tax.
- Tax-exempt organisations.
- Persons who acquired the Company's ADSs or ordinary shares pursuant to the exercise of any employee stock option or otherwise in connection with employment.
- Persons who, directly or indirectly, own ordinary shares or ADSs representing 10% or more of the Company's voting power or value.

This section does not generally deal with the position of a US holder who is resident in the UK for UK tax purposes or who is subject to UK taxation on capital gains or income by virtue of carrying on a trade, profession or vocation in the UK through a branch, agency or permanent establishment to which such ADSs or ordinary shares are attributable ('trading in the UK').

As used herein, a 'US holder' is a person who, for US federal income tax purposes, is a beneficial owner of ordinary shares or ADSs and is: (i) a citizen or individual resident of the US; (ii) a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the US, any state therein or the District of Columbia; (iii) an estate whose income is subject to US federal income tax regardless of its source; or (iv) a trust, if a US court can exercise primary supervision over the trust's administration and one or more US persons are authorised to control all substantial decisions of the trust.

This section is based on the IR Code, its legislative history, existing and proposed regulations, published rulings and court decisions, and on UK tax laws and the published practice of HM Revenue and Customs (HMRC), all as of the date hereof. These laws, and that practice, are subject to change, possibly on a retroactive basis.

This section is further based in part upon the representations of the ADR Depositary and assumes that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. For US federal income tax purposes, an owner of ADRs evidencing ADSs will generally be treated as the owner of the underlying shares represented by those ADSs. For UK tax purposes, in practice, HMRC will also regard holders of ADSs as the beneficial owners of the ordinary shares represented by those ADSs (although case law has cast some doubt on this). The discussion below assumes that HMRC's position is followed.

Generally, exchanges of ordinary shares for ADSs, and ADSs for ordinary shares, will not be subject to US federal income tax or UK taxation on capital gains, although UK stamp duty reserve tax (SDRT) may arise as described below.

The US Treasury has expressed concerns that parties to whom ADSs are pre-released before shares are delivered to the depositary, or intermediaries in the chain of ownership between holders and the issuer of the securities underlying the ADSs, may be taking actions that are inconsistent with the claiming of foreign tax credits by US holders of ADSs. Such actions would also be inconsistent with the claiming of the preferential rates of tax, described below, for qualified dividend income. Accordingly, the availability of the preferential rates of tax for qualified dividend income described below could be affected by actions taken by parties to whom the ADSs are pre-released.

Investors should consult their own tax advisers regarding the US federal, state and local, the UK and other tax consequences of owning and disposing of ordinary shares or ADSs in their particular circumstances.

The following disclosures assumes that the Company is not, and will not become, a positive foreign investment company (PFIC), as described below.

Taxation of dividends

UK taxation

Under current UK tax law, the Company will not be required to withhold tax at source from dividend payments it makes.

A US holder who is not resident for UK tax purposes in the UK and who is not trading in the UK will generally not be liable for UK taxation on dividends received in respect of the ADSs or ordinary shares.

US federal income taxation

A US holder is generally subject to US federal income taxation on the gross amount of any dividend paid by the Company out of its current or accumulated earnings and profits (as determined for US federal income tax purposes). Distributions in excess of the Company's current and accumulated earnings and profits, as determined for US federal income tax purposes, will be treated as a return of capital to the extent of the US holder's basis in the shares or ADSs and thereafter as capital gain. Because the Company has not historically maintained, and does not currently maintain, books in accordance with US tax principles, the Company does not expect to be in a position to determine whether any distribution will be in excess of the Company's current and accumulated earnings and profits as computed for US federal income tax purposes. As a result, it is expected that amounts distributed will be reported to the Internal Revenue Service (IRS) as dividends.

Subject to applicable limitations and the discussion above regarding concerns expressed by the US Treasury, dividends paid to certain non-corporate US holders will be taxable at the preferential rates applicable to long-term capital gain if the dividends constitute 'qualified dividend income'. The Company expects that dividends paid by the Company with respect to the ADSs will constitute qualified dividend income. US holders should consult their own tax advisors to determine whether they are subject to any special rules that limit their ability to be taxed at these preferential rates.

Shareholder information continued
Taxation continued

Dividends must be included in income when the US holder, in the case of shares, or the ADR Depositary, in the case of ADSs, actually or constructively receives the dividend, and will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from other US corporations. For foreign tax credit limitation purposes, dividends will generally be income from sources outside the US.

The amount of any dividend paid in pounds sterling will be the US dollar value of the sterling payments made, determined at the spot sterling/US dollar rate on the date the dividend distribution is includible in income, regardless of whether the payment is in fact converted into US dollars. If the dividend is converted into US dollars on that date, a US holder should not be required to recognise foreign currency gain or loss in respect of the dividend income. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible in income to the date the payment is converted into US dollars will be treated as ordinary income or loss from sources within the US.

Taxation of capital gains

UK taxation

A US holder who is not resident for UK tax purposes in the UK and who is not trading in the UK will not generally be liable for UK taxation on capital gains, or eligible for relief for allowable losses, realised or accrued on the sale or other disposal of ADSs or ordinary shares. A US holder of ADSs or ordinary shares who is an individual and who, broadly, has temporarily ceased to be resident in the UK or has become temporarily treated as non-resident for UK tax purposes for a period of not more than five years and who disposes of ordinary shares or ADSs during that period may, for the year of assessment when that individual becomes resident again in the UK, be liable to UK tax on capital gains (subject to any available exemption or relief), notwithstanding the fact that such US holder was not treated as resident in the UK at the time of the sale or other disposal.

US federal income taxation

A US holder who sells or otherwise disposes of ordinary shares or ADSs will recognise a capital gain or loss for US federal income tax purposes equal to the difference between the amount realised and its tax basis in the ordinary shares or ADSs, each determined in US dollars. Such capital gain or loss will be long-term capital gain or loss where the US holder has a holding period greater than one year. Losses may also be treated as long-term capital losses to the extent of certain 'extraordinary dividends' that qualified for the preferential tax rates on qualified dividend income described above. The capital gain or loss will generally be income or loss from sources within the US for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

PFIC rules

Based on the manner in which the Group operates its business and estimates of the value of its assets (which estimates are based, in part, on the market value of the Company's ADSs) the Company believes that it was not a PFIC for US federal income tax purposes for its 2018 taxable year. However, this conclusion is an annual factual determination and thus may be subject to change. If the Company were a PFIC for any taxable year during which a US holder owned ordinary shares or ADSs, gain realised on the sale or other disposition of ordinary shares or ADSs would, in general, not be treated as capital gain. Instead, gain would be treated as if the US holder had realised such gain rateably over the holding period for the ordinary shares or ADSs and, to the extent allocated to the taxable year of the sale or other disposition and to any year before the Company became a PFIC, would be taxed as ordinary income. The amount allocated to each other taxable year would be taxed at the highest tax rate in effect (for individuals or corporations, as applicable) for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. In addition, similar rules would apply to any 'excess distribution' received on the ordinary shares or ADSs (generally, the excess of any distribution received on the ordinary shares or ADSs during the taxable year over 125% of the average amount of distributions received during a specified prior period). The preferential rates for qualified dividend income described above would not apply if the Company were a PFIC in the taxable year of the distribution or the preceding taxable year.

Certain elections may be available (including a market-to-market election) to US holders that would result in alternative treatments of the ordinary shares or ADSs. If the Company were a PFIC for any taxable year in which a US holder held ordinary shares or ADSs, a US holder would generally be required to file IRS Form 8621 with their annual US federal income tax returns, subject to certain exceptions.

Additional tax considerations

UK inheritance tax

An individual who is neither domiciled nor deemed domiciled in the UK is only chargeable to UK inheritance tax to the extent the individual owns assets situated in the UK. As a matter of UK law, it is not clear whether the situs of an ADS for UK inheritance tax purposes is determined by the place where the depositary is established and records the entitlements of the deposit holders, or by the situs of the underlying share which the ADS represents, but the UK tax authorities may take the view that the ADSs, as well as the ordinary shares, are or represent UK-situs assets.

However, an individual who is domiciled in the US (for the purposes of the Estate and Gift Tax Convention (the Convention), and is not a UK national as defined in the Convention, will not be subject to UK inheritance tax (to the extent UK inheritance tax applies) in respect of the ordinary shares or ADSs on the individual's death or on a transfer of the ordinary shares or ADSs during their lifetime, provided that any applicable US federal gift or estate tax is paid, unless the ordinary shares or ADSs are part of the business property of a UK permanent establishment or pertain to a UK fixed base of an individual used for the performance of independent personal services. Where the ordinary shares or ADSs have been placed in trust by a settlor, they may be subject to UK inheritance tax unless, when the trust was created, the settlor was domiciled in the US and was not a UK national. If no relief is given under the Convention, inheritance tax may be charged on death and also on the amount by which the value of an individual's estate is reduced as a result of any transfer made by way of gift or other undervalue transfer, broadly within seven years of death, and in certain other circumstances. Where the ordinary shares or ADSs are subject to both UK inheritance tax and to US federal gift or estate tax, the Convention generally provides for either a credit against US federal tax liabilities for UK inheritance tax paid or for a credit against UK inheritance tax liabilities for US federal tax paid, as the case may be.

UK stamp duty and SDRT

Neither stamp duty nor SDRT will generally be payable in the UK on the purchase or transfer of an ADS, provided that the ADS and any separate instrument or written agreement of transfer are executed and remain at all times outside the UK. UK legislation does however provide for stamp duty (in the case of transfers) or SDRT to be payable at the rate of 1.5% on the amount or value of the consideration (or, in some cases, the value of the ordinary shares) where ordinary shares are issued or transferred to a person (or a nominee or agent of a person) whose business is or includes issuing depositary receipts or the provision of clearance services. In accordance with the terms of the deposit agreement, any tax or duty payable on deposits of ordinary shares by the depositary or by the custodian of the depositary will typically be charged to the party to whom ADSs are delivered against such deposits.

Following litigation on the subject, HMRC has accepted that it will no longer seek to apply the 1.5% SDRT charge when new shares are issued to a clearance service or depositary receipt system on the basis that the charge is not compatible with EU law. The Government has confirmed that it will not reintroduce the 1.5% charge on the issue of shares (and transfers integral to the raising of capital) into clearance service or depositary receipt systems following the UK's exit from the EU. In HMRC's view, the 1.5% SDRT or stamp duty charge will continue to apply to transfers of shares into a clearance service or depositary receipt system unless they are an integral part of an issue of share capital. Specific professional advice should be sought before paying the 1.5% SDRT or stamp duty charge in any circumstances.

A transfer of the underlying ordinary shares will generally be subject to stamp duty or SDRT, normally at the rate of 0.5% of the amount or value of the consideration (rounded up to the next multiple of £5 in the case of stamp duty). A transfer of ordinary shares from a nominee to its beneficial owner, including the transfer of underlying ordinary shares from the depositary to an ADS holder, under which no beneficial interest passes, will not be subject to stamp duty or SDRT.

US backup withholding and information reporting

Payments of dividends and sales proceeds with respect to ADSs and ordinary shares may be reported to the IRS and to the US holder. Backup withholding may apply to these reportable payments if the US holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its US federal income tax returns. Certain US holders (including, among others, corporations) are not subject to information reporting and backup withholding. The amount of any backup withholding from a payment to a US holder will be allowed as a credit against the holder's US federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS. US holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Certain US holders who are individuals (and certain specified entities), may be required to report information relating to their ownership of non-US securities unless the securities are held in accounts at financial institutions (in which case the accounts may be reportable if maintained by non-US financial institutions). US holders should consult their tax advisers regarding any reporting obligations they may have with respect to the Company's ordinary shares or ADSs.

Shareholder information continued
Disclosure controls and procedures

As of the end of the period covered by this report, the Group carried out an evaluation under the supervision and with the participation of the Group's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Group's disclosure controls and procedures (as defined in Rules 13a–15(e) and 15d–15(e) of the Securities Exchange Act 1934).

These are defined as those controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act 1934 is recorded, processed, summarised and reported within the specified periods. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Group's disclosure controls and procedures were effective.

Summary of significant corporate governance differences from NYSE listing standards

The Group's statement of compliance with the principles and provisions specified in the UK Corporate Governance Code issued in April 2016 by the Financial Reporting Council (the Code) is set out on pages 70 and 71.

IHG has also adopted the corporate governance requirements of the US Sarbanes-Oxley Act and related rules and of the NYSE, to the extent that they are applicable to it as a foreign private issuer. As a foreign private issuer, IHG is required to disclose any significant ways in which its corporate governance practices differ from those followed by US companies. These are as follows:

Basis of regulation
The Code contains a series of principles and provisions. It is not, however, mandatory for companies to follow these principles. Instead, companies must disclose how they have applied them and disclose, if applicable, any areas of non-compliance along with an explanation for the non-compliance.

In contrast, US companies listed on the NYSE are required to adopt and disclose corporate governance guidelines adopted by the NYSE.

Independent Directors
The Code's principles recommend that at least half the Board, excluding the Chair, should consist of Independent Non-Executive Directors. As at 18 Febuary 2019, the Board consisted of the Chair, independent at the time of his appointment, three Executive Directors and seven Independent Non-Executive Directors. NYSE listing rules applicable to US companies state that companies must have a majority of independent directors. The NYSE set out five bright line tests for director independence. The Board's judgement is that all of its Non-Executive Directors are independent. However, it did not explicitly take into consideration the NYSE's tests in reaching this determination.

Chair and Chief Executive Officer
The Code recommends that the Chair and Chief Executive Officer should not be the same individual to ensure that there is a clear division of responsibility for the running of the Company's business. There is no corresponding requirement for US companies. The roles of Chair and Chief Executive Officer were, as at 18 February 2019 and throughout 2018, fulfilled by separate individuals.

Committees
The Company has a number of Board Committees which are similar in purpose and constitution to those required for domestic companies under NYSE rules. The NYSE requires US companies to have audit, remuneration and nominating/corporate governance committees composed entirely of independent directors, as defined under the NYSE rules. The Company's Nomination Committee consists only of Non-Executive Directors and the Company's Audit and Remuneration Committees consists entirely of Non-Executive Directors who are independent under the standards of the Code, which may not necessarily be the same as the NYSE independence standards. The nominating/governance committee is responsible for identifying individuals qualified to become Board members and to recommend to the Board a set of corporate governance principles. As the Company is subject to the Code, the Company's Nomination Committee is only responsible for nominating, for approval by the Board, candidates for appointment to the Board, although it also assists in developing the role of the Senior Independent Non-Executive Director. The Company's Nomination Committee consists of the Chair and all the Independent Non-Executive Directors.

The Chair of the Company is not a member of either the Remuneration or the Audit Committee. As set out on page 64, the Audit Committee is chaired by an Independent Non-Executive Director who, in the Board's view, has the experience and qualifications to satisfy the criterion under US rules for an 'audit committee financial expert'.

Non-Executive Director meetings
NYSE rules require that non-management directors of US companies must meet on a regular basis without management present, and independent directors must meet separately at least once per year. The Code requires: (i) the Board Chair to hold meetings with the Non-Executive Directors without the Executive Directors present; and (ii) the Non-Executive Directors to meet at least annually without the Chair present to appraise the Chair's performance. The Company's Non-Executive Directors have met frequently without Executive Directors being present, and intend to continue this practice, after every Board meeting if possible.

Shareholder approval of equity compensation plans
The NYSE rules require that shareholders must be given the opportunity to vote on all equity compensation plans and material revisions to those plans. The Company complies with UK requirements which are similar to the NYSE rules. The Board does not, however, explicitly take into consideration the NYSE's detailed definition of 'material revisions'.

Code of Conduct
The NYSE requires companies to adopt a code of business conduct and ethics, applicable to directors, officers and employees. Any waivers granted to directors or officers under such a code must be promptly disclosed. As set out on page 179, IHG's Code of Conduct is applicable to all Directors, officers and employees, and further information on the Code of Conduct is available on the Company's website at **www.ihgplc.com/investors** under Corporate governance. No waivers have been granted under the Code of Conduct.

Compliance certification
Each chief executive of a US company must certify to the NYSE each year that he or she is not aware of any violation by the Company of any NYSE corporate governance listing standard. As the Company is a foreign private issuer, the Company's Chief Executive Officer is not required to make this certification. However, he is required to notify the NYSE promptly in writing after any of the Company's executive officers become aware of any non-compliance with those NYSE corporate governance rules applicable to the Company.

Selected five-year consolidated financial information

The selected consolidated financial data set forth in the table below for the years ended 31 December 2014, 2015, 2016, 2017 and 2018 have been prepared in accordance with IFRS as issued by the IASB and in accordance with IFRS as adopted by the EU, and is derived from the audited Group Financial Statements.

IFRS as adopted by the EU differs in certain respects from IFRS as issued by the IASB. However, the differences have no impact on the Group Financial Statements for the years presented. The selected consolidated financial data set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the Group Financial Statements and notes thereto included elsewhere in this Annual Report and Form 20-F.

Group income statement data

$m, except earnings per ordinary share

For the year ended 31 December	**2018**	2017 Restated[a]	2016 Restated[a]	2015	2014
Total revenue	**4,337**	4,075	3,912	1,803	1,858
Operating profit before exceptional items	**670**	724	741	680	651
Exceptional items	**(104)**	4	(29)	819	29
Operating profit	**566**	728	712	1,499	680
Financial income	**5**	4	6	5	3
Financial expenses	**(86)**	(76)	(86)	(92)	(83)
Profit before tax	**485**	656	632	1,412	600
Tax:					
On profit before exceptional items	**(160)**	(203)	(185)	(180)	(179)
On exceptional items	**22**	(2)	12	(8)	(29)
Exceptional tax	**5**	90	–	–	–
	(133)	(115)	(173)	(188)	(208)
Profit for the year from continuing operations:	**352**	541	459	1,224	392
Attributable to:					
Equity holders of the parent	**351**	540	456	1,222	391
Non-controlling interest	**1**	1	3	2	1
Earnings per ordinary share (continuing and total operations):					
Basic	**184.7¢**	279.8¢	215.1¢	520.0¢	158.3¢
Diluted	**182.8¢**	278.4¢	213.1¢	513.4¢	156.4¢

Group statement of financial position data

$m, except number of shares

For the year ended 31 December	**2018**	2017 Restated[a]	2016 Restated[a]	2015	2014
Goodwill and other intangible assets	**1,143**	967	858	1,226	643
Property, plant and equipment	**447**	425	419	428	741
Investments and other financial assets	**364**	369	359	420	368
Non-current trade and other receivables	**–**	–	8	3	3
Retirement benefit assets	**–**	3	–	–	8
Non-current derivative financial instruments	**7**	–	–	–	–
Non-current tax receivable	**31**	16	23	37	34
Deferred tax assets	**60**	75	69	49	87
Non-current contract costs	**55**	51	45	–	–
Non-current contract assets	**270**	241	185	–	–
Current assets	**1,376**	863	796	1,606	624
Assets classified as held for sale	**–**	–	–	–	310
Total assets	**3,753**	3,010	2,762	3,769	2,818
Current liabilities	**1,370**	1,280	1,150	1,369	943
Long-term debt	**2,129**	1,893	1,606	1,239	1,569
Net (liabilities)/assets	**(1,077)**	(1,301)	(1,146)	319	(717)
Equity share capital	**146**	154	141	169	178
IHG shareholders' equity	**(1,085)**	(1,308)	(1,154)	309	(725)
Number of shares in issue at end of the year (millions)	**197**	197	206	248	248

[a] Restated for the adoption of IFRS 15 and other presentational changes (see pages 109 to 114 of the Group Financial Statements for further details)

Shareholder information continued
Return of funds

Since March 2003, the Group has returned over £6.6 billion of funds to shareholders by way of special dividends, capital returns and share repurchase programmes. On 19 October 2018, the Company announced a $500 million return of funds to shareholders via special dividend with share consolidation. The special dividend was paid in January 2019.

Return of funds programme	Timing	Total return	Returned to date
£501m special dividend[a]	Paid in December 2004	£501m	£501m
£250m share buyback	Completed in 2004	£250m	£250m
£996m capital return[a]	Paid in July 2005	£996m	£996m
£250m share buyback	Completed in 2006	£250m	£250m
£497m special dividend[a]	Paid in June 2006	£497m	£497m
£250m share buyback	Completed in 2007	£250m	£250m
£709m special dividend[a]	Paid in June 2007	£709m	£709m
£150m share buyback	n/a[b]	£150m	£120m
$500m special dividend[a, c]	Paid in October 2012	£315m[d] ($500m)	£315m[e] ($505m)
$500m share buyback	Completed in 2014	£315m[d] ($500m)	£315m ($500m)[f]
$350m special dividend	Paid in October 2013	£229m[g] ($350m)	£228m ($355m)[h]
$750m special dividend[a]	Paid in July 2014	£447m[i] ($750m)	£446m ($763m)[j]
$1,500m special dividend[a]	Paid in May 2016	£1,038m[k] ($1,500m)	£1,038m ($1,500m)
$400m special dividend[a]	Paid in May 2017	£309m[l] ($400m)	£310m ($404m)
$500m special dividend[a]	Paid in January 2019	£389m[m] ($500m)	£388m ($510m)
Total		£6,645m	£6,613m

[a] Accompanied by a share consolidation.

[b] This programme was superseded by the share buyback programme announced on 7 August 2012.

[c] IHG changed the reporting currency of its Consolidated Financial Statements from sterling to US dollars effective from the Half-Year Results as at 30 June 2008.

[d] The dividend was first determined in US dollars and converted to sterling immediately before announcement at the rate of $1=£0.63, as set out in the circular detailing the special dividend and share buyback programme published on 14 September 2012.

[e] Sterling dividend translated at $1=£0.624.

[f] Translated into US dollars at the average rates of exchange for the relevant years (2014 $1=£0.61; 2013 $1=£0.64; 2012 $1 = £0.63).

[g] The dividend was first determined in US dollars and converted to sterling immediately before announcement at the rate of $1=£0.65, as announced in the Half-Year Results to 30 June 2013.

[h] Sterling dividend translated at $1=£0.644.

[i] The dividend was first determined in US dollars and converted to sterling immediately before announcement at the rate translated at $1=£0.597.

[j] Sterling dividend translated at $1=£0.5845.

[k] The dividend was first determined in US dollars and converted to sterling at the rate of $1 = £0.6923, as announced on 12 May 2016.

[l] The dividend was first determined in US dollars and converted to sterling at the rate of $1 = £0.7724, as announced on 11 May 2017.

[m] The dividend was first determined in US dollars and converted to sterling at the rate of £1 = $1.2860, as announced on 17 January 2019.

Purchases of equity securities by the Company and affiliated purchasers

During the financial year ended 31 December 2018, 10 ordinary shares were purchased by the Company at prices ranging from 4,159 to 4,176 pence per share under the share purchase announced by the Company on 18 December 2018 in connection with the $500 million special dividend and consolidation.

	Total number of shares (or units) purchased	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programmes	Maximum number of shares (or units) that may be purchased under the plans or programmes
Month 1 (no purchases this month)	nil	nil	nil	18.999.018[a]
Month 2 (no purchases this month)	nil	nil	nil	18.999.018[a]
Month 3 (no purchases this month)	nil	nil	nil	18.999.018[a]
Month 4 (no purchases this month)	nil	nil	nil	18.999.018[a]
Month 5 (no purchases this month)	nil	nil	nil	18,999,018[b]
Month 6 (no purchases this month)	nil	nil	nil	18,999,018[b]
Month 7 (no purchases this month)	nil	nil	nil	18,999,018[b]
Month 8 (no purchases this month)	nil	nil	nil	18,999,018[b]
Month 9 (no purchases this month)	nil	nil	nil	18,999,018[b]
Month 10 (no purchases this month)	nil	nil	nil	18,999,018[b]
Month 11 (no purchases this month)	nil	nil	nil	18,999,018[b]
Month 12	10	4.166	10	18,999,018[b]

[a] Reflects the resolution passed at the Company's AGM held on 5 May 2017.

[b] Reflects the resolution passed at the Company's AGM held on 4 May 2018.

Dividend history

The table below sets forth the amounts of ordinary dividends on each ordinary share and special dividends, in respect of each financial year indicated.

	Interim dividend		Final dividend		Total dividend		Special dividend	
	pence	cents	pence	cents	pence	cents	pence	cents
2018	**27.7**	**36.3**	**N/A[a]**	**78.1**	**N/A[a]**	**114.4**	**203.8[d]**	**262.1[d]**
2017	24.4	33.0	50.2	71.0	74.6	104.0	156.4[b]	202.5[b]
2016	22.6	30.0	49.4	64.0	72.0	94.0	438.2[b]	632.9[b]
2015	17.7	27.5	40.3	57.5	58.0	85.0	–	–
2014	14.8	25.0	33.8	52.0	48.6	77.0	174.9[b]	293.0[b]
2013	15.1	23.0	28.1	47.0	43.2	70.0	87.1	133.0
2012	13.5	21.0	27.7	43.0	41.2	64.0	108.4[b]	172.0[b]
2011	9.8	16.0	24.7	39.0	34.5	55.0	–	–
2010	8.0	12.8	22.0	35.2	30.0	48.0	–	–
2009	7.3	12.2	18.7	29.2	26.0	41.4	–	–
2008[c]	6.4	12.2	20.2	29.2	26.6	41.4	–	–
2007	5.7	11.5	14.9	29.2	20.6	40.7	200[b]	–
2006	5.1	9.6	13.3	25.9	18.4	35.5	118[b]	–
2005	4.6	8.1	10.7	18.7	15.3	26.8	–	–

[a] The sterling amount of the final dividend will be announced on 26 April 2019 using the average of the daily exchange rates from 23 April 2019 to 25 April 2019 inclusive.

[b] Accompanied by a share consolidation.

[c] IHG changed the reporting currency of its Consolidated Financial Statements from sterling to US dollars effective from the Half-Year Results as at 30 June 2008. Starting with the interim dividend for 2008, all dividends have first been determined in US dollars and converted into sterling prior to payment.

[d] This special dividend was announced on 19 October 2018 and paid on 29 January 2019

Shareholder information continued
Shareholder profiles

Shareholder profile by type as at 31 December 2018

Category of shareholder	Number of shareholders	Percentage of total shareholders	Number of ordinary shares	Percentage of issued share capital
Private individuals	33,811	93.62	9,062,327	4.58
Nominee companies	1,421	3.93	159,881,084	80.91
Limited and public limited companies	782	2.17	14,993,201	7.59
Other corporate bodies	92	0.25	13,547,738	6.86
Pension funds, insurance companies and banks	10	0.03	113,250	0.06
Total	36,116	100	197,597,600	100

Shareholder profile by size as at 31 December 2018

Range of shareholdings	Number of shareholders	Percentage of total shareholders	Number of ordinary shares	Percentage of issued share capital
1–199	24,346	67.41	1,463,101	0.74
200–499	6,493	17.98	2,030,722	1.03
500–999	2,687	7.44	1,863, 709	0.94
1,000–4,999	1,816	5.03	3,480,091	1.76
5,000–9,999	225	0.62	1,588,042	0.80
10,000–49,999	294	0.81	6,748,648	3.42
50, 000–99,999	77	0.21	5,560,335	2.81
100,000–499,999	121	0.34	25,665,203	12.99
500,000–999,999	30	0.08	20,451,816	10.35
1,000,000 and above	27	0.07	128,745,897	65.16
Total	36,116	100	197,597,600	100

Shareholder profile by geographical location as at 31 December 2018

Country/Jurisdiction	Percentage of issued share capital
UK	46.0
Rest of Europe	17.5
US (including ADRs)	34.3
Rest of world	2.2
Total	100

The geographical profile presented is based on an analysis of shareholders (by manager) of 40,000 shares or above where geographical ownership is known. This analysis only captures 90.7% of total issued share capital. Therefore, the known percentage distributions have been multiplied by 100⁄90.7 (1.102) to achieve the figures shown in the table above.

As of 18 February 2019, 14,213,048 ADSs equivalent to 14,213,048 ordinary shares, or approximately 7.84% of the total issued share capital, were outstanding and were held by 438 holders. Since certain ordinary shares are registered in the names of nominees, the number of shareholders on record may not be representative of the number of beneficial owners.

As of 18 February 2019, there were a total of 35,179 recorded holders of ordinary shares, of whom 261 had registered addresses in the US and held a total of 383,344 ordinary shares (0.2% of the total issued share capital).

Exhibits

The following exhibits are filed as part of this Annual Report on Form 20-F with the SEC, and are publicly available through the SEC's website at **www.sec.gov**

Exhibit 1	Articles of Association of the Company dated 4 May 2018
Exhibit 4(a)(i)[a]	Amended and restated trust deed dated 11 August 2016 relating to a £2 billion Euro Medium Term Note Programme, among InterContinental Hotels Group PLC, Six Continents Limited, InterContinental Hotels Limited and HSBC Corporate Trustee Company (UK) Limited (incorporated by reference to Exhibit 4(a)(i) of the InterContinental Hotels Group PLC Annual Report on Form 20-F (File No. 1 – 10409) date 2 March 2017)
Exhibit 4(a)(ii)[a]	Five-year $1.275 billion bank facility agreement dated 30 March 2015, among InterContinental Hotels Group PLC and certain of its subsidiaries, and Bank of America Merrill Lynch International Limited, Barclays Bank PLC, Citibank, N.A. London Branch, Commerzbank Aktiengesellschaft, London Branch, DBS Bank Ltd., London Branch, HSBC Bank plc, SunTrust Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd., The Royal Bank Of Scotland plc, U.S. Bank National Association and Wells Fargo Bank N.A., London Branch (incorporated by reference to Exhibit 4a(iii) of the InterContinental Hotels Group PLC Annual Report on Form 20-F (File No. 1 – 10409) dated 3 March 2016)
Exhibit 4(a)(iii)	Share purchase agreement between Sustainable Luxury (BVI) Limited Partnership (acting by its General Partner, Sustainable Luxury (BVI) Limited), Sustainable Luxury Holdings (BVI) Limited and Inter-Continental Hotels Corporation dated 12 February 2019
Exhibit 4(c)(i)[a]	Paul Edgecliffe-Johnson's service contract dated 6 December 2013, commencing on 1 January 2014 (incorporated by reference to Exhibit 4(c)(i) of the InterContinental Hotels Group PLC Annual Report on Form 20-F (File No. 1-10409) dated 26 February 2014)
Exhibit 4(c)(ii)[a]	Rules of the InterContinental Hotels Group Long Term Incentive Plan as amended on 2 May 2014 (incorporated by reference to Exhibit 4(c)(ix) of the InterContinental Hotels Group PLC Annual Report on Form 20-F (File No. 1-10409) dated 26 February 2015)
Exhibit 4(c)(iii)[a]	Rules of the InterContinental Hotels Group Annual Performance Plan as amended on 2 May 2014 (incorporated by reference to Exhibit 4(c)(x) of the InterContinental Hotels Group PLC Annual Report on Form 20-F (File No. 1-10409) dated 26 February 2015)
Exhibit 4(c)(iv)[a]	Keith Barr's service contract dated 5 May 2017, commencing on 1 July 2017 (incorporated by reference to Exhibit 4(c)(v) of the InterContinental Hotels Group Annual Report on Form 20-F (File No.1-10409) dated 1 March 2018)
Exhibit 4(c)(v)[a]	Elie Maalouf's service contract dated 19 October 2017, commencing on 1 January 2018 (incorporated by reference to Exhibit 4(c)(vi) of the InterContinental Hotels Group Annual Report on Form 20-F (File No.1-10409) dated 1 March 2018)
Exhibit 8	List of subsidiaries as at 31 December 2018 (can be found on pages 159 to 161)
Exhibit 12(a)	Certification of Keith Barr filed pursuant to 17 CFR 240.13a–14(a)
Exhibit 12(b)	Certification of Paul Edgecliffe-Johnson filed pursuant to 17 CFR 240.13a–14(a)
Exhibit 13(a)	Certification of Keith Barr and Paul Edgecliffe-Johnson furnished pursuant to 17 CFR 240.13a–14(b) and 18 U.S.C.1350
Exhibit 15(a)	Consent of independent registered public accounting firm, Ernst & Young LLP
Exhibit 101	XBRL Instance Document and related items

[a] Incorporated by reference.

Form 20-F cross-reference guide

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Glossary

ADR
an American Depositary Receipt, being a receipt evidencing title to an ADS.

ADR Depositary (J.P. Morgan)
J.P. Morgan Chase Bank N.A.

ADS
an American Depositary Share as evidenced by an ADR, being a registered negotiable security, listed on the New York Stock Exchange, representing one ordinary share of 20 $^{340}/_{299}$ pence each of the Company.

AGM
Annual General Meeting of InterContinental Hotels Group PLC.

EMEAA
Europe, Middle East, Asia and Africa.

Annual Report
The Annual Report and Form 20-F in relation to the years ending 31 December 2017 or 2018 as relevant.

APP
Annual Performance Plan.

Articles
the Articles of Association of the Company for the time being in force.

average daily rate
rooms revenue divided by the number of room nights sold.

basic earnings per ordinary share
profit available for IHG equity holders divided by the weighted average number of ordinary shares in issue during the year.

Board
The Board of Directors of InterContinental Hotels Group PLC.

capital expenditure
purchases of property, plant and equipment, intangible assets, associate and joint venture investments, and other financial assets.

cash-generating units (CGUs)
the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Code
UK Corporate Governance Code issued in April 2016 by the Financial Reporting Council in the UK. The Code was revised in 2018; references to the revised Code are indicated as the 'new Code' or '2018 Code'.

Companies Act
the Companies Act 2006, as amended from time to time.

Company or **Parent Company**
InterContinental Hotels Group PLC.

comparable RevPAR
a comparison for a grouping of hotels that have traded in all months in financial years being compared. Principally excludes new hotels, hotels closed for major refurbishment and hotels sold in either of the two years.

Compound Annual Growth Rate (CAGR)
the annual growth rate over a period of years, calculated on the basis that each year's growth is compounded, that is, the amount of growth in each year is included in the following year's number, which in turn grows further.

constant currency
a current-year value translated using the previous year's average xchange rates.

contingencies
liabilities that are contingent upon the occurrence of one or more uncertain future events.

continuing operations
operations not classified as discontinued.

currency swap
an exchange of a deposit and a borrowing, each denominated in a different currency, for an agreed period of time.

Deferred Compensation Plan
the Defined Contribution Deferred Compensation Plan.

derivatives
financial instruments used to reduce risk, the price of which is derived from an underlying asset, index or rate.

direct channels
methods of booking hotel rooms (both digital and voice) not involving third-party intermediaries.

Director
a director of InterContinental Hotels Group PLC.

DR Policy
Directors' Remuneration Policy.

EBIT
earnings before interest and tax.

EBITDA
earnings excluding exceptional items and the impact of the System Fund, before interest, tax, depreciation and amortisation.

Employee Engagement survey
we ask our employees and those who work in our managed hotels (excluding our joint venture hotels) to participate in a survey to measure employee engagement.

EU
the European Union.

euro or **€**
the currency of the European Economic and Monetary Union.

exceptional items
items that are disclosed separately because of their size or nature.

extended-stay
hotels designed for guests staying for periods of time longer than a few nights and tending to have a higher proportion of suites than normal hotels (Staybridge Suites and Candlewood Suites).

fee business
IHG's franchise and managed businesses combined.

fee margin or **fee-based margin**
operating profit as a percentage of revenue, excluding revenue and operating profit from owned, leased and managed lease hotels, Kimpton in 2015 only, and significant liquidated damages.

franchisee
an owner who uses a brand under licence from IHG.

goodwill
the difference between the consideration given for a business and the total of the fair values of the separable assets and liabilities comprising that business.

Group or **IHG**
the Company and its subsidiaries.

Guest Love
IHG's guest satisfaction measurement tool used to measure brand preference and guest satisfaction.

Guest Reservation System or **GRS**
our global electronic guest reservation system.

hedging
the reduction of risk, normally in relation to foreign currency or interest rate movements, by making offsetting commitments.

hotel revenue
revenue from all revenue-generating activity undertaken by managed and owned, leased and managed lease hotels, including room nights, food and beverage sales.

IASB
International Accounting Standards Board.

IFRS
International Financial Reporting Standards as adopted by the EU and issued by the IASB.

IHG PLC
InterContinental Hotels Group PLC.

indirect channels
online travel intermediaries and business and leisure travel agents.

interest rate swap
an agreement to exchange fixed for floating interest rate streams (or vice versa) on a notional principal.

liquidated damages
payments received in respect of the early termination of franchise and management contracts.

LTIP
Long Term Incentive Plan.

managed leases
properties structured as operating leases but with the same characteristics as management contracts.

management contract
a contract to operate a hotel on behalf of the hotel owner.

market capitalisation
the value attributed to a listed company by multiplying its share price by the number of shares in issue.

net debt
borrowings less cash and cash equivalents, including the exchange element of the fair value of currency swaps hedging the borrowings.

net rooms supply
net total number of IHG system hotel rooms.

NYSE
New York Stock Exchange.

occupancy rate
rooms occupied by hotel guests, expressed as a percentage of rooms that are available.

ordinary share
from 9 October 2012 until 30 June 2014, the ordinary shares of $14^{194}/_{329}$ pence each in the Company; from 1 July 2014, the ordinary shares of $15^{265}/_{329}$ pence each in the Company; from 9 May 2016 the ordinary shares of $18^{318}/_{329}$ pence each in the Company; from 8 May 2017 the ordinary shares of $19^{17}/_{21}$ pence each in the Company; and from 14 January 2019 the ordinary shares of $20^{340}/_{399}$ pence each in the Company.

owner
the ultimate owner of a hotel property.

pipeline
hotels/rooms that will enter the IHG System at a future date. A new hotel only enters the pipeline once a contract has been signed and the appropriate fees paid.

In rare circumstances, a hotel will not open for reasons such as the financing being withdrawn.

ppt
a percentage point is the unit for the arithmetic difference of two percentages.

reimbursable revenues
reimbursements from managed and franchised hotels for costs incurred by IHG, for example the cost of IHG employees working in managed hotels. The related revenues and costs are presented gross in the Group income statement and there is no impact to profit.

revenue management
the employment of pricing and segment strategies to optimise the revenue generated from the sale of room nights.

revenue per available room or **RevPAR**
rooms revenue divided by the number of room nights that are available (can be mathematically derived from occupancy rate multiplied by average daily rate).

room count
number of rooms franchised, managed, owned, leased or managed lease by IHG.

rooms revenue
revenue generated from the sale of room nights.

royalties
fees, based on rooms revenue, that a franchisee pays to the Group.

SEC
US Securities and Exchange Commission.

sterling or **pounds sterling**, **£**, **pence** or **p**
the pound sterling, the currency of the United Kingdom.

subsidiary
a company over which the Group exercises control.

System
hotels/rooms operating under franchise and management agreements together with IHG owned, leased and managed lease hotels/rooms, globally (the IHG System) or on a regional basis, as the context requires.

System contribution to revenue
percentage of rooms revenue delivered through IHG's direct and indirect systems and channels.

System Fund or **Fund**
assessment fees and contributions collected from hotels within the IHG System which fund activities that drive revenue to our hotels including marketing, the IHG Rewards Club loyalty programme and our distribution channels.

technology fee income
income received from hotels under franchise and management agreements for the use of IHG's Guest Reservation System.

total gross revenue
total rooms revenue from franchised hotels and total hotel revenue from managed, owned, leased and managed lease hotels. Other than owned, leased and managed lease hotels, it is not revenue wholly attributable to IHG, as it is mainly derived from hotels owned by third parties.

Total Shareholder Return or **TSR**
the theoretical growth in value of a shareholding over a period, by reference to the beginning and ending share price, and assuming that dividends, including special dividends, are reinvested to purchase additional units of the equity.

UK
the United Kingdom.

UK GAAP
United Kingdom Generally Accepted Accounting Practice.

US
the United States of America.

US 401(k) Plan
the Defined Contribution 401(k) plan.

US dollars, **US$**, **$** or **¢**
the currency of the United States of America.

working capital
the sum of inventories, receivables and payables of a trading nature, excluding financing and taxation items.

Useful information
Investor information

Website and electronic communication
As part of IHG's commitment to reduce the cost and environmental impact of producing and distributing printed documents in large quantities, this Annual Report and Form 20-F 2018 has been made available to shareholders through our website at **www.ihgplc.com/investors** under Annual Report.

Shareholders may electronically appoint a proxy to vote on their behalf at the 2019 AGM. Shareholders who hold their shares through CREST may appoint proxies through the CREST electronic proxy appointment service, by using the procedures described in the CREST Manual.

Shareholder hotel discount
IHG offers discounted hotel stays (subject to availability) for registered shareholders only, through a controlled-access website. This is not available to shareholders who hold shares through nominee companies, ISAs or ADRs. For further details please contact the Company Secretary's office (see the opposite page).

Responsible Business Report
In line with our commitment to responsible business practices, this year we have produced a Responsible Business Report showcasing our approach to responsible business and progress against our corporate responsibility targets.

Visit **www.ihgplc.com/responsible-business** for details.

Registrar
For information on a range of shareholder services, including enquiries concerning individual shareholdings, notification of a shareholder's change of address and amalgamation of shareholder accounts (in order to avoid duplicate mailing of shareholder communications), shareholders should contact the Company's Registrar, Equiniti, on 0371 384 2132[a] (calls from within the UK) or +44 (0) 121 415 7034 (calls from outside the UK).

Dividend services
Dividend Reinvestment Plan (DRIP)
The Company offers a DRIP for shareholders to purchase additional IHG shares with their cash dividends. For further information about the DRIP, please contact our Registrar helpline on 0371 384 2268[a].

See **www.shareview.co.uk/info/drip** for a DRIP application form and information booklet.

Bank mandate
We encourage shareholders to have their dividends paid directly into their UK bank or building society accounts, to ensure efficient payment and clearance of funds on the payment date. For further information, please contact our Registrar (see page opposite).

Overseas payment service
It is also possible for shareholders to have their dividends paid directly to their bank accounts in a local currency. Charges are payable for this service.

Go to **www.shareview.co.uk/info/ops** for further information.

Out-of-date/unclaimed dividends
If you think that you have out-of-date dividend cheques or unclaimed dividend payments, please contact our Registrar (see the opposite page).

Individual Savings Account (ISA)
Equiniti offers a Stocks and Shares ISA that can invest in IHG shares. For further information, please contact Equiniti on 0345 300 0430[a].

Share dealing services
Equiniti offers the following share-dealing facilities.

Postal dealing
For more information, call 0371 384 2248[a].

Telephone dealing
For more information, call 0345 603 7037[b].

Internet dealing
Visit **www.shareview.co.uk** for more information.

Changes to the base cost of IHG shares
Details of all the changes to the base cost of IHG shares held from April 2004 to January 2019, for UK Capital Gains Tax purposes, may be found on our website at **www.ihgplc.com/investors** under Shareholder centre in the Tax information section.

'Gone away' shareholders
Working with ProSearch (an asset reunification company), we continue to look for shareholders who have not kept their contact details up to date. We have funds waiting to be claimed and are committed to doing what we can to pay these to their rightful owners. Please contact ProSearch on +44 (0) 800 612 8671 or email info@prosearchassets.com for further details.

Shareholder security
Many companies have become aware that their shareholders have received unsolicited telephone calls or correspondence concerning investment matters. These are typically from 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. More detailed information on this or similar activity can be found at **www.fca.org.uk/consumers** on the Financial Conduct Authority website.

Details of any share dealing facilities that the Company endorses will be included in Company mailings.

Trading markets
The principal trading market for the Company's ordinary shares is the London Stock Exchange (LSE). The ordinary shares are also listed on the NYSE, trading in the form of ADSs evidenced by ADRs. Each ADS represents one ordinary share. The Company has a sponsored ADR facility with J.P. Morgan as ADR Depositary.

American Depositary Receipts (ADRs)
The Company's shares are listed on the NYSE in the form of American Depositary Shares, evidenced by ADRs and traded under the symbol 'IHG'. Each ADR represents one ordinary share. All enquiries regarding ADR holder accounts and payment of dividends should be directed to J.P. Morgan Chase Bank, N.A., our ADR Depositary bank (contact details shown on the opposite page).

Documents on display
Documents referred to in this Annual Report and Form 20-F that are filed with the SEC can be found at the SEC's public reference room located at 100 F Street, NE Washington, DC 20549. For further information and copy charges please call the SEC at 1-800-SEC-0330. The Company's SEC filings since 22 May 2002 are also publicly available through the SEC's website at **www.sec.gov**
Copies of the Company's Articles can be obtained via the website at **www.ihgplc.com/investors** under Corporate governance or from the Company's registered office on request.

[a] Lines are open from 08:30 to 17:30 Monday to Friday, excluding UK public holidays.
[b] Lines are open from 08:00 to 16:30 Monday to Friday, excluding UK public holidays.

Financial calendars

Dividends

	2018
2018 Interim dividend of 27.7p per share (36.3¢ per ADR)	
Payment date	5 October

	2019
Special dividend of 203.8p per ordinary share (262.1¢ per ADR)	
Record date	11 January
Ex-dividend date	14 January
Payment date	29 January

	2019
2018 Final dividend of 78.1¢ per ordinary share[a]	
Ex-dividend date	28 March
Record date	29 March
Payment date	14 May

[a] The sterling amount of the final dividend will be announced on 26 April 2019 using the average of the daily exchange rates from 23, April 2019 to 25 April 2019 inclusive.

Other dates

	2018
Financial year end	31 December

	2019
Announcement of Preliminary Results for 2018	19 February
Announcement of 2019 First Quarter Interim Management Statement	3 May
Annual General Meeting	3 May
Announcement of Half-Year Results for 2019	6 August
Announcement of 2019 Third Quarter Interim Management Statement	18 October
Financial year end	31 December

	2020
Announcement of Preliminary Results for 2019	February

Contacts

Registered office
Broadwater Park, Denham, Buckinghamshire, UB9 5HR, United Kingdom

Telephone:
+44 (0) 1895 512 000

www.ihgplc.com

For general information about the Group's business, please contact the Corporate Affairs department at the above address. For all other enquiries, please contact the Company Secretary's office at the above address.

Registrar
Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom

Telephone:
0371 384 2132 (UK calls)
+44 (0) 121 415 7034 (non-UK calls)

For those with hearing difficulties a text phone is available on 0371 384 2255 for UK callers with compatible equipment.

www.shareview.co.uk

ADR Depositary
J.P. Morgan Chase Bank N.A., PO Box 64504, St. Paul, MN 55164-0504, United States of America

Telephone:
+1 800 990 1135 (US calls) (toll-free)
+1 651 453 2128 (non-US calls)

Email: jpmorgan.adr@eg-us.com

www.adr.com

Auditor
Ernst & Young LLP

Investment bankers
Bank of America Merrill Lynch
Goldman Sachs

Solicitors
Freshfields Bruckhaus Deringer LLP

Stockbrokers
Bank of America Merrill Lynch
Goldman Sachs

IHG® Rewards Club
If you wish to enquire about, or join, IHG Rewards Club, visit **www.ihg.com/rewardsclub** or telephone:

+44 (0) 2033 499 033[a]
(UK and other countries inside Europe and Africa)

+1 888 211 9874[b] (US and Canada)

+1 800 272 9273[b] (Mexico)

+1 801 975 3013[c] (Spanish) (Central and South America)

+971 4 429 0530[c] (Middle East)

+61 2 9935 8362[c] (Australia)

+86 21 2033 4848[c] (Mandarin and Cantonese) (China)

+81 3 5767 9325[c] (Japan)

+63 2 857 8778[c] (Korea)

+63 2 857 8788[c] (all other countries in Asia Pacific)

[a] Toll charges apply.
[b] Toll-free.
[c] International calling rates apply.

Forward-looking statements

The Annual Report and Form 20-F 2018 contains certain forward-looking statements as defined under US legislation (Section 21E of the Securities Exchange Act of 1934) with respect to the financial condition, results of operations and business of InterContinental Hotels Group and certain plans and objectives of the Board of Directors of InterContinental Hotels Group PLC with respect thereto. Such statements include, but are not limited to, statements made in the Chair's statement and in the Chief Executive Officer's review. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', or other words of similar meaning. These statements are based on assumptions and assessments made by InterContinental Hotels Group's management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate.

By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty. There are a number of factors that could cause actual results and developments to differ materially from those expressed in, or implied by, such forward-looking statements, including, but not limited to: the risks of political and economic developments; the risk of events that adversely impact domestic or international travel; the risks of the hotel industry supply-and-demand cycle; the Group being subject to a competitive and changing industry; the Group's exposure to risks related to executing and realising benefits from strategic transactions, including acquisitions and restructuring; the Group's dependence upon a wide range of external stakeholders and business partners; the Group's exposure to increasing competition from online travel agents and intermediaries; the risks related to identifying, securing and retaining franchise and management agreements; the risks in relation to changing technology and systems; the Group's reliance on the reputation of its brands and exposure to inherent reputation risks; the Group's exposure to risks associated with its intellectual property; the risks involved in the Group's reliance upon its reservation system and other key technology platforms, and the risks that could disrupt the operation and/or integrity of these systems; the risks associated with safety, security and crisis management; the ability to acquire and retain the right people, skills and capability to manage growth and change; the risks associated with collective bargaining activity which could disrupt operations, increase labour costs or interfere with the ability of management to focus on executing business strategies; the risks associated with the Group's financial stability and its ability to borrow and satisfy debt covenants; the risk of litigation; the risks related to cybersecurity and data privacy; compliance with existing and changing regulations and societal expectations across numerous countries, territories and jurisdictions; the risks associated with insuring its business; the risks associated with uncertainties associated with brand development and expansion; the Group's exposure to an impairment of the carrying value of its brands, goodwill or other tangible and intangible assets negatively affecting its consolidated operating results; the risk associated with the Group's operations being dependent on maintaining sufficient liquidity to meet all foreseeable medium-term requirements and provide headroom against unforeseen obligations; the risks associated with credit risk on treasury transactions; and the risks associated with changes in tax rates.

The main factors that could affect the business and financial results are described in the Strategic Report of the Annual Report and Form 20-F 2018.