

Changes to the base cost of Six Continents PLC and InterContinental Hotels Group PLC shares 2003-2019

Please note that the calculations shown below are an indicative example only and do not constitute tax advice. In particular, in certain circumstances, the cash received in respect of fractional entitlements to shares following the share consolidations in December 2004, June 2006, June 2007, October 2012, July 2014, May 2016, May 2017 and January 2019 may be treated differently. Further information is included in the UK tax section of the Shareholder Circular for the relevant event. However, it is considered that this will not have a material effect on a shareholder's overall UK tax liability. Shareholders who are in any doubt as to their taxation position should seek their own independent professional advice.

ASSUMPTIONS USED FOR THE INDICATIVE EXAMPLE

1,000 Six Continents PLC shares purchased on 31 December 2002 at a price of £5 per share, by an individual subject to UK Capital Gains Tax (CGT). Initial base cost for UK CGT purposes is therefore £5 x 1,000 = £5,000.

1. IMPACT ON BASE COST OF SEPARATION OF SIX CONTINENTS PLC (April 2003)

For every 59 Six Continents PLC (SC) shares held on 11 April 2003, shareholders received 50 InterContinental Hotels Group PLC (IHG) shares, 50 Mitchells & Butlers plc (MAB) shares and £47.79 in cash (or 81p per SC share). The example shareholder therefore received 847 IHG shares, 847 MAB shares, £810 in cash, and proceeds in respect of the sale of fractional entitlements to new shares.

A Cash from 81p per SC share (1,000 x 81p)		= £810
B Cash from fractions		= £2.73
C Value of MAB shares received		= 847 x £2.21875 = £1,879.28
D Value of IHG shares received	= 847 x £3.71375 =	£3,145.55

$$\text{Revised base cost in IHG shares} = \frac{\text{D}}{\text{A + B + C + D}} \times \text{£5,000} = \frac{\text{£3,145.55}}{(\text{£810} + \text{£2.73} + \text{£1,879.28} + \text{£3,145.55})} \times \text{£5,000} = \text{£2,694.23}$$

2. IMPACT ON BASE COST OF SHARE CONSOLIDATION ASSOCIATED WITH PAYMENT OF A SPECIAL DIVIDEND (December 2004)

For every 28 IHG shares held on 10 December 2004, shareholders received 25 new IHG shares and a dividend of 72p per share held on the same record date. The example shareholder therefore received 756 new IHG shares (of value £6.63529 each), plus a cash dividend (subject to UK Income Tax and therefore not relevant to the UK CGT base cost calculation), and proceeds in respect of the sale of a fractional entitlement to a new share.

A Opening base cost in IHG shares		= £2,694.23
B Cash from fraction		= £1.66

$$\text{Revised base cost in IHG shares} = \text{A} - \text{B} = \text{£2,694.23} - \text{£1.66} = \text{£2,692.57}$$

3. IMPACT ON BASE COST OF CAPITAL REORGANISATION (June 2005)

For every 15 IHG shares held on 24 June 2005, shareholders received 11 new IHG shares plus £24.75 in cash (or 165p per share held on the record date). The example shareholder therefore received 554 new IHG shares (of value £6.9775 each), £1,247.40 in cash, and proceeds in respect of the sale of a fractional entitlement to a new share.

A Cash from £1.65 per share (756 x £1.65)		= £1,247.40
B Cash from fraction		= £2.80
C Value of IHG shares received	= 554 x £6.9775 =	£3,865.54

$$\text{Revised base cost in IHG shares} = \frac{\text{C}}{\text{A + B + C}} \times \text{£2,692.57} = \frac{\text{£3,865.54}}{(\text{£1,247.40} + \text{£2.80} + \text{£3,865.54})} \times \text{£2,692.57} = \text{£2,034.55}$$

4. IMPACT ON BASE COST OF SHARE CONSOLIDATION ASSOCIATED WITH PAYMENT OF A SPECIAL DIVIDEND (June 2006)

For every 8 IHG shares held on 9 June 2006 shareholders received 7 new IHG shares and a dividend of 118p per share held on the same record date. The example shareholder therefore received 484 new IHG shares (of value £9.3400 each), plus a cash dividend (subject to UK Income Tax and therefore not relevant to the UK CGT base cost calculation), and proceeds in respect of the sale of a fractional entitlement to a new share.

A Opening base cost in IHG shares	= £2,034.55
B Cash from fraction	= £7.01

Revised base cost in IHG shares = A - B = £2,034.55 - £7.01 = £2,027.54

5. IMPACT ON BASE COST OF SHARE CONSOLIDATION ASSOCIATED WITH PAYMENT OF A SPECIAL DIVIDEND (June 2007)

For every 56 IHG shares held on 1 June 2007 shareholders received 47 new IHG shares and a dividend of 200p per share held on the same record date. The example shareholder therefore received 406 new IHG shares (of value £14.025 each), plus a cash dividend (subject to UK Income Tax and therefore not relevant to the UK CGT base cost calculation), and proceeds in respect of the sale of a fractional entitlement to a new share.

A Opening base cost in IHG shares	= £2,027.54
B Cash from fraction	= £3.00

Revised base cost in IHG shares = A - B = £2,027.54 - £3.00 = £2,024.54

6. IMPACT ON BASE COST OF SHARE CONSOLIDATION ASSOCIATED WITH PAYMENT OF A SPECIAL DIVIDEND (October 2012)

For every 15 IHG shares held on 8 October 2012, shareholders received 14 new IHG shares and a dividend of 108.4p per share held on the same record date. The example shareholder therefore received 378 new IHG shares (of value £16.26864 each), plus a cash dividend (subject to UK Income Tax and therefore not relevant to the UK CGT base cost calculation), and proceeds in respect of the sale of a fractional entitlement to a new share.

A Opening base cost in IHG shares	= £2,024.54
B Cash from fraction	= £15.18

Revised base cost in IHG shares = A - B = £2,024.54 - £15.18 = £2,009.36

Therefore, using the indicative example above, the UK shareholder who acquired 1,000 Six Continents PLC shares on 31 December 2002 at £5 per share, with an original base cost of **£5,000**, would now own 378 IHG shares arising from the original ownership, with a current base cost of **£2,009.36**.

7. IMPACT ON BASE COST OF SHARE CONSOLIDATION ASSOCIATED WITH PAYMENT OF A SPECIAL DIVIDEND (July 2014)

For every 13 IHG shares held on 30 June 2014, shareholders received 12 new IHG shares and a dividend of 174.9p per share held on the same record date. The example shareholder therefore received 348 new IHG shares (of value £24.16616 each), plus a cash dividend (subject to UK Income Tax and therefore not relevant to the UK CGT base cost calculation), and proceeds in respect of the sale of a fractional entitlement to a new share.

A Opening base cost in IHG shares	= £2,009.36
B Cash from fraction	= £22.31

Revised base cost in IHG shares = A - B = £2,009.36 - £22.31 = £1,987.05

Therefore, using the indicative example above, the UK shareholder who acquired 1,000 Six Continents PLC shares on 31 December 2002 at £5 per share, with an original base cost of **£5,000**, would now own 348 IHG shares arising from the original ownership, with a current base cost of **£1,987.05**.

8. IMPACT ON BASE COST OF SHARE CONSOLIDATION ASSOCIATED WITH PAYMENT OF A SPECIAL DIVIDEND (May 2016)

For every 6 IHG shares held on 6 May 2016, shareholders received 5 new IHG shares and a dividend of 438.2p per share held on the same record date. The example shareholder therefore received 290 new IHG shares (of value £26.95807 each), plus a cash dividend (subject to UK Income Tax and therefore not relevant to the UK CGT base cost calculation), and receives no proceeds from the sale of a fractional entitlement to a new share, given that the number of pre-consolidation shares held is divisible by 6.

A Opening base cost in IHG shares	= £1,987.05
B Cash from fraction	= £0.00

Revised base cost in IHG shares = A - B = £1,987.05 - £0.00 = £1,987.05

Therefore, using the indicative example above, the UK shareholder who acquired 1,000 Six Continents PLC shares on 31 December 2002 at £5 per share, with an original base cost of **£5,000**, would now own 290 IHG shares arising from the original ownership, with a current base cost of **£1,987.05**.

9. IMPACT ON BASE COST OF SHARE CONSOLIDATION ASSOCIATED WITH PAYMENT OF A SPECIAL DIVIDEND (May 2017)

For every 47 IHG shares held on 5 May 2017, shareholders received 45 new IHG shares and a dividend of 156.4p per share held on the same record date. The example shareholder therefore received 277 new IHG shares (of value £41.42137 each), plus a cash dividend (subject to UK Income Tax and therefore not relevant to the UK CGT base cost calculation), and proceeds in respect of the sale of a fractional entitlement to a new share.

A Opening base cost in IHG shares	= £1,987.05
B Cash from fraction	= £27.32

Revised base cost in IHG shares = A - B = £1,987.05 - £27.32 = £1,959.73

Therefore, using the indicative example above, the UK shareholder who acquired 1,000 Six Continents PLC shares on 31 December 2002 at £5 per share, with an original base cost of **£5,000**, would now own 277 IHG shares arising from the original ownership, with a current base cost of **£1,959.73**.

10. IMPACT ON BASE COST OF SHARE CONSOLIDATION ASSOCIATED WITH PAYMENT OF A SPECIAL DIVIDEND (January 2019)

For every 20 IHG shares held on 11 January 2019, shareholders received 19 new IHG shares and a dividend of 203.8p per share held on the same record date. The example shareholder therefore received 263 new IHG shares (of value £42.99050 each), plus a cash dividend (subject to UK Income Tax and therefore not relevant to the UK CGT base cost calculation), and proceeds in respect of the sale of a fractional entitlement to a new share.

A Opening base cost in IHG shares	= £1,959.73
B Cash from fraction	= £6.45

Revised base cost in IHG shares = A - B = £1,959.73 - £6.45 = £1,953.28

Therefore, using the indicative example above, the UK shareholder who acquired 1,000 Six Continents PLC shares on 31 December 2002 at £5 per share, with an original base cost of **£5,000**, would now own 263 IHG shares arising from the original ownership, with a current base cost of **£1,953.28**.

(The above figures do not cover the capital values arising from ongoing ownership of Mitchells & Butlers plc shares received following the separation of Six Continents PLC in April 2003).