WHERE WE OPERATE

WE OPERATE 4,480 HOTELS AND 658,348 ROOMS INTERNATIONALLY. WHEN PEOPLE TRAVEL, THEY LOOK FOR HOTEL BRANDS THEY TRUST. OPERATING OUR BRANDS TO GLOBAL STANDARDS INCREASES GUEST DEMAND FOR THE HOTELS WE FRANCHISE, MANAGE AND OWN IN NEARLY 100 COUNTRIES AND TERRITORIES.

As you’ll read in the next few pages, in 2011 we restructured our operations to reflect the profile of our major markets. We now have four operating regions: The Americas; Europe; Asia, Middle East and Africa (AMEA); and Greater China.

The Americas

<table>
<thead>
<tr>
<th>Hotels</th>
<th>Rooms</th>
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<tbody>
<tr>
<td>InterContinental</td>
<td>52</td>
</tr>
<tr>
<td>Crowne Plaza</td>
<td>188</td>
</tr>
<tr>
<td>Holiday Inn</td>
<td>809</td>
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<tr>
<td>Holiday Inn Express</td>
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<td>Holiday Inn Club Vacations</td>
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<td>Hotel Indigo</td>
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<tr>
<td>Staybridge Suites</td>
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<td>Candlewood Suites</td>
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<td>Other</td>
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<td><strong>Total for The Americas</strong></td>
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Total development pipeline 775 84,450

Europe

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<td>Hotel Indigo</td>
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<td>Staybridge Suites</td>
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<td><strong>Total for Europe</strong></td>
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Total development pipeline 98 16,682

find out more on page 36
4,480 hotels in nearly
100 countries and territories
658,348 rooms globally
1,144 hotels in the pipeline
180,484 rooms in the pipeline

Asia, Middle East and Africa

Greater China

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<td><strong>Total for AMEA</strong></td>
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<td>Total development pipeline</td>
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<table>
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<th>Rooms</th>
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<tbody>
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<td>InterContinental</td>
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<td>Other</td>
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<td><strong>Total for Greater China</strong></td>
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<td>Total development pipeline</td>
<td>149</td>
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</table>

find out more on page 38
New brand hallmarks, IHG People Tools, industry-leading performance, a joint venture agreement for Hotel Indigo, fresh décor for our extended stay hotels, and more lodging for US troops – it’s been a busy and rewarding year in The Americas.

**PERFORMANCE HIGHLIGHTS**
- Revenue per available room (RevPAR) up 7.5%
- Revenue up 3% to $830m
- Operating profit* up 22% to $451m

*Before exceptional items

**NUMBER OF ROOMS BY BUSINESS MODEL**
- Franchised: 398,680
- Managed: 41,222
- Owned & Leased: 2,296

**TOTAL ROOMS OPEN** 442,198
- Rooms in pipeline: 84,450

**TOTAL HOTELS OPEN** 3,473
- Hotels in pipeline: 775

**BUILDING PERFORMANCE**
RevPAR grew 7.5 per cent, including rate growth of 2.8 per cent.
We beat our own targets and performed well in every hotel sector, bar Crowne Plaza’s. The upscale brand is now in the first stage of a comprehensive repositioning (see page 10).
We completed the Holiday Inn refresh, save for a handful of properties undergoing major renovation or reconstruction.
Crucial to this, in the US, our biggest market, total RevPAR including the benefit of new hotels grew 9.5 per cent in the year, out-performing the industry as a whole.

**MAINTAINING MOMENTUM**
Despite the tough financing environment, we have a larger pipeline than any other major competitor.
In all, we opened 168 hotels and signed a further 244. Highlights included: a 20-year agreement to manage the InterContinental near Viña del Mar, Chile; the opening of Canada’s largest Holiday Inn; a new Holiday Inn Resort for Acapulco in Mexico; and the official launch of InterContinental Alliance Resorts (see page 8).

**FIRST FOR GUEST SATISFACTION**
In the J.D. Power and Associates® 2011 North America Hotel Guest Satisfaction Index Study™, Holiday Inn and Hotel Indigo both received awards. Hotel Indigo was ranked ‘Highest in Guest Satisfaction Among Upscale Hotel Chains’ and Holiday Inn was ranked ‘Highest in Guest Satisfaction among Mid-Scale Full Service Hotel Chains’. This confirms the impact of our brand development work.

**ROOMS FOR SOLDIERS**
We are honoured to be supporting troops and their families through the Privatization of Army Lodging into IHG Army Hotels.
With partners Lend Lease, we opened a second wave of Army rooms under three brands this year: Holiday Inn Express, Staybridge Suites and Candlewood Suites. Separately, we launched a wounded warriors training programme offering management opportunities to candidates who might otherwise find it difficult to return to work.
The project has provided about 3,200 rooms since 2009 and was extended by a further 5,000 in 2011. In all, we now manage more than 8,000 rooms and 47 hotels on army bases.
This initiative provides high-grade lodging for all ranks, either by converting or rebuilding former Army-run properties. For IHG, it creates a new customer segment, while soldiers also benefit from Priority Club Rewards membership.
Long term, we hope to expand by at least another 8,000 rooms in the US.

**NEW YORK PARTNERSHIP**
We signed a joint venture with Brack Capital Real Estate to acquire and develop 180 Orchard Street in Manhattan’s Lower East Side. Due to open in 2013, it will house New York City’s second Hotel Indigo. Our investment was $30 million. We hope this is the start of a developing relationship with Brack.

“I’ve inherited a very strong team. People here are doing great work driving our brands ahead of the competition. My thanks also go to our hotel owners and their employees for all they’re doing to improve the guest experience.”

*Kirk Kinsell
President, The Americas

**Holiday Inn Resort Acapulco, Mexico**
Our sights are set on operating high-quality hotels that out-perform their sectors in this new, predominantly franchised region. We are working to improve brand performance and boost scale in key markets, notably Germany, the UK and emerging Russia and Turkey.

**Performance Highlights**

- **Revenue per available room (RevPAR)** up 4.7%  
- **Revenue up 24% to $405m**  
- **Operating profit** up 33% to $104m  

*Before exceptional items

**Key Markets Perform Well**

RevPAR grew 4.7 per cent, including rate growth of 2.9 per cent. Occupancy continued at a high level – consistently so on weekdays.

Our London 2012 activities alone generated over £8 million in extra revenue for our hotels in 2011. Further hot spots were France, the Netherlands, Belgium, Russia and Turkey.

The overall pace of growth slowed, however, as the Eurozone crisis unfolded. Whatever economic conditions lie ahead, we are cautiously optimistic and in good shape to capture a fair share of Europe’s future hotel market.

**Hotel Indigo Expands**

We signed a franchise agreement to introduce Hotel Indigo to Russia in 2012. Hotel Indigo St Petersburg Tchaikovsky will create 124 rooms and 80 jobs.

Having launched into Europe with Hotel Indigo London Paddington in 2008, we now have five hotels open and 11 in the pipeline.

Three new properties opened in the UK in 2011 and our first for continental Europe opened in Berlin in January 2012.

The brand has strong appeal for owners, especially in the current climate. It offers high-quality hotels, low operating costs and is suited to both conversion and new-builds. In Lisbon, for example, we will bring a converted convent to market in 2014.

**Mission Russia**

Angela Brav joined UK Prime Minister David Cameron and other officials on a trade mission to Russia in November.

The event coincided with news that we plan to have 100 hotels open across Russia and the Commonwealth of Independent States by 2020, creating 8,000 new jobs. In addition, we will open a Moscow branch of the IHG Academy programme in 2012.

Moscow is forecast to double in size by 2025, creating great scope for hotel growth.

Hitting first entered Russia in 1998 with the Holiday Inn Vinogradovo Moscow, we now have 13 hotels open and five in the pipeline.

One of our latest, the InterContinental Moscow-Tverskaya, welcomed its first guests in December. We’re also expanding beyond Moscow and St Petersburg into new cities such as Chelyabinsk, Novosibirsk and Ekaterinburg.

**Olympic Sprint**

Holiday Inn London Stratford City and Staybridge Suites London Stratford City will both open in May, in time for the London 2012 Olympic and Paralympic Games.

Our first Staybridge Suites for London, this flagship East London regeneration project caters for both extended stay and transient guests. All of our 31 London hotels with LOCOG accommodation agreements are 86 per cent booked for official, media and Olympic visitors for the duration of the Games (see page 16).
ASIA, MIDDLE EAST AND AFRICA

This new operating region brings together a portfolio of mainly managed hotels in some of the world’s fastest growing markets. We are growing scale in emerging markets, launching our brands into new ones, expanding our luxury resorts presence, and developing our people.

**PERFORMANCE HIGHLIGHTS**
- Revenue per available room (RevPAR) up 0.9%
- Revenue up 1% to $216m
- Operating profit* up 2% to $84m

*Before exceptional items

**NUMBER OF ROOMS BY BUSINESS MODEL**
- Franchised: 12,617
- Managed: 47,890
- Owned & Leased: 576

**TOTAL ROOMS OPEN** 61,083
- Rooms in pipeline: 29,584

**TOTAL HOTELS OPEN** 228
- Hotels in pipeline: 122

**REVPAR MOVES UP**
RevPAR increased 0.9 per cent, including rate growth of 1.3 per cent. Exceptional gains came from Vietnam (32.4 per cent), Thailand (19.4 per cent) and New Zealand (18.6 per cent).

Our Holiday Inn relaunch helped to lift the brand’s RevPAR by 8.4 per cent year-on-year.

A combination of buoyant inter-regional travel and the strength of the Australian dollar contributed to the uplift.

**NEW REGION, GREATER SCALE**
Our operations in AMEA span close to 40 countries and form a like-minded hotel business with scope to develop our scale.

Some 75 per cent of our hotels are managed and owners tend to be high-worth individuals rather than institutional investors.

The region is also home to many resort destinations. With our experience of operating resorts in locations such as French Polynesia, Fiji and Bali, we are well placed for future growth in luxury resorts beyond the 38 we currently operate.

**INDIA RISES**
In India alone we expect to open nearly 50 hotels in the next five years, more than tripling in size as the domestic market and India’s middle-class expands. We signed nine hotels across India this year and will launch Holiday Inn Express in September 2012, following a strategic partnership with Duet India Hotels Group (see page 17).

Overall, we are on course to fly our flags at 135 hotels in India by 2020.

**MANAGING CRISES**
The year was marred by tragic natural disasters in Japan, New Zealand and Thailand along with political unrest in the Middle East. Our people worked tirelessly to ensure guest safety, going beyond the call of duty in assisting the relief effort. Our hotels were supported with donations from the IHG Shelter Fund (see pages 32 and 33).

**SIGNS OF EXPANSION**
In all, we opened 10 properties, including the Crowne Plaza Danang, Vietnam and the Holiday Inn Resort Phuket Mao Khao, Thailand.

Region-wide we signed 36 hotels to our pipeline across six brands.

Of these, milestone signings included the Middle East’s first Hotel Indigo in Riyadh, Saudi Arabia, a first ever Hotel Indigo resort for Phuket, Thailand and a record number of Holiday Inn Express signings, including our first in Perth, Australia.

**BUILDING MANAGEMENT SKILLS**
IHG was named best employer in Singapore, Malaysia, Australia and New Zealand by the Aon Hewitt study, which surveys over two million employees and 900 businesses.

Our people are willing to work across the region as they train. This year we started a two-year fast-track mentoring scheme to develop colleagues into supervisory roles before redeploying them in their local areas, initially focusing on skills development for India and Saudi Arabia.

“"We performed well and continued to open and sign new properties. Sadly, there were several natural disasters in the year. I’m proud to say that, together with our owners, we rallied round our people, guests and local communities.”

Jan Smits
Chief Executive, Asia, Middle East and Africa
The scale we are building in Greater China began to reap big rewards in 2011. The strength of our brands, our people and financial returns reflect the years of work that have gone into creating a leading hotel business in this buoyant market.

PERFORMANCE HIGHLIGHTS
- Revenue per available room (RevPAR) up 10.7%
- Revenue up 15% to $205m
- Operating profit* up 24% to $67m

*Before exceptional items

NUMBER OF ROOMS BY BUSINESS MODEL
- Franchised: 963
- Managed: 53,724
- Owned & Leased: 495

TOTAL ROOMS OPEN: 55,182
- Rooms in pipeline: 49,768

TOTAL HOTELS OPEN: 167
- Hotels in pipeline: 149

Superior Performance
RevPAR grew 10.7 per cent, including rate growth of 5.9 per cent. Adjusted to account for the one-off effect of 2010’s Shanghai World Expo, a pattern of consistently strong region-wide growth emerges.

Performance was evenly balanced across the brands and territorially we were strong right across mainland China, Hong Kong, Taiwan and Macau. Our business remains largely domestic, with 72 per cent of guests coming from within mainland China. The burgeoning economy, coupled with rapid urban development, is transforming the country – and the hotel sector is a major beneficiary.

Smart Choice
The Holiday Inn Express brand changed to the Chinese name Zhi Xuan Jia Ri, which translates in English as Holiday Inn Smart Choice.

‘Express’ in China had become synonymous with budget brands. After extensive consumer research, we are confident that the new name captures the essence of our limited-service hotels for Chinese guests but also carries the heritage of the world-renowned Holiday Inn brand.

On Target to Double in Size
We added 26 hotels and 8,084 rooms in 2011, ending the year with 167 hotels. In all, we opened four InterContinental, 11 Crowne Plaza, seven Holiday Inn and five Holiday Inn Express hotels.

With a pipeline of another 149, we remain on target to double in size over the next four to five years.

Having been operational here for 27 years, our share of branded hotel rooms pipeline stands at 25 per cent.

Strategic Signings
In May we signed with one of China’s leading state-owned developers, Poly Real Estate, to manage six new hotels under three brands. Located in the provinces of Guangdong and Jiangxi, they will include three InterContinental hotels and increase this prestigious owner’s hotels with us from three to nine.

In December we partnered with Yanlord Land Group to manage a Crowne Plaza and Hotel Indigo in the Haitang Bay area of Sanya, one of China’s most popular resort destinations.

All eight signings are scheduled to be up and running by 2015.

Local Emphasis
We launched a refreshed Chinese language website to address the very specific way that China’s domestic travellers use the internet and book hotels.

A local approach is equally vital in our search for talent. In 2011, we unveiled a new Chinese language e-recruitment site, together with six additional partnerships under the IHG Academy programme – bringing the number of academies across China to 28 (see page 32).