How we win

At IHG, we’re focussed on winning through our strong portfolio of nine hotel Brands, our talented People who deliver our brand promise and bring our Brands to life for our guests, and our best-in-class Delivery systems that enable us to leverage our scale. At the heart of our culture is a commitment to act responsibly in everything we do.
Brands

Bigger, better and stronger brands. Each of our brands needs to deliver a superior and consistent experience to that offered by competitors. Guests value a quality, branded hotel experience and will pay a premium price. Superior and consistent brand experiences deliver a better return on investment to us and to our owners who choose to operate under our brands.

“A brand is a promise. It says: ‘I promise that if you buy this brand, you will get this experience.’ And that is what we have to consistently deliver.”

Larry Light
Chief Brands Officer
IHG’s priority is that each of our brands becomes bigger, better and stronger.

**Bigger**

The major engine for a sustainable growth in profits has been our System size. Size matters.

There is competitive advantage to being big. We have more rooms in more locations and operationally there are economies of scale. It makes us more efficient. There are also ‘power of scale’ opportunities to be more effective. Our best-in-class Delivery systems mean that we can try new things. If they work, we can expand them.

Furthermore, size enables us to develop areas of specialist expertise – for example, we have situated our global resorts team in Bangkok, which is at the heart of a great resort location, to further develop our resorts strategy.

In order to generate more effectiveness, consistency and efficiency from our marketing, we will be streamlining our processes to ensure better integration of global brand plans worldwide.

**Better**

It is vital that we continually review everything we do in order to improve – we can always do better. This includes improving the consistent delivery of our guest experience, differentiating and innovating our Brands, addressing guest complaints, managing our talented People and relationships with owners, and understanding a guest’s needs, wants, concerns and worries.

This is a key area of focus.

Our Brands regularly win industry awards in guest satisfaction, and these awards provide external recognition that we understand how to deliver Great Hotels Guests Love.

**Stronger**

By stronger, we mean brand preference – among guests and owners, investors and employees. It is a major strategic priority for IHG.

Strong brands have a huge advantage. As brand preference goes up, price sensitivity goes down. Brand enthusiasts think it is worth paying a premium for their first choice brand. Their willingness to recommend and their brand loyalty increase as we give them reasons to believe in our brand promise.

**Building brand preference**

We are undertaking some significant work to help us build brand preference. With our goal of building bigger, better and stronger brands, to keep them contemporary and relevant, we are improving our knowledge of our guests. We will be doing this through market segmentation. Classifying our brands in conventional industry terms such as upper upscale means nothing to guests. Upper upscale or the nuance between a limited-service hotel and a select-service hotel are categories that guests don’t buy.

Needs are occasion-based. And these vary enormously. Do you have children with you? Are you planning a wedding? Is this a business trip? Is it a weekday or the weekend? We’ve completed a fundamental occasion-based needs segmentation analysis to give us a better guest’s eye view and expectation of the hotel and resort market.

Going forward, we will use this work to inform our brand strategies.

We will continue to clarify and differentiate our vision for each of our brands to deliver better results through more effective customisation, localisation and even personalisation of the brands within IHG’s strong portfolio.

We’ve been establishing brand frameworks for each of our hotel brands to further define their strategic direction, brand promise, guiding principles, brand identity, design and service guidelines. Unlike packaged goods, our branded experiences are not manufactured in a factory. Our branded experiences are brought to life in the hotel. What guests actually experience is the only relevant reality – and brand preference is created one guest at a time, in each hotel, each day, face-to-face. This means that the ultimate brand manager is the hotel General Manager. Therefore, we are investing resources to ensure that our General Managers can deliver our brand promise.

Our strong portfolio of preferred Brands are key to IHG’s success. In 2013, we will continue to innovate and develop our established and new hotel brands to meet the evolving needs of our guests, as well as create value for our owners and shareholders.
InterContinental® Hotels & Resorts

InterContinental® Hotels & Resorts is IHG’s most established brand, having been on the international scene for over 60 years. With a presence in over 60 countries, found in most of the world’s key cities and many resort locations, the brand is growing at pace and continues to expand around the globe.

Opening our doors since 1946

In 2012, we opened six more world-class properties in key locations. Of these, we celebrated three fantastic additions to our resorts portfolio, further cementing InterContinental Hotels & Resorts as one of the world’s most respected luxury hotel brands. These were InterContinental Samui Baan Taling Ngam Resort in Thailand, InterContinental Danang Sun Peninsula Resort in Vietnam and InterContinental Sanctuary Cove Resort in Australia. The latter is IHG’s first

InterContinental Resort in Australia, and joins our network of InterContinental hotels in the Australasia region, including Sydney, Melbourne, Adelaide, Wellington and Fiji.

Adding to our city portfolio, we opened InterContinental Doha-The City and Presidente InterContinental Santa Fe Mexico. We also opened InterContinental London-Westminster in November 2012 in a superbly renovated 19th century landmark building close to many of London’s most iconic sites. This new hotel ensures IHG’s continued presence in one of the world’s key cities.

We also announced 10 signings including properties in Jakarta and Oman. The signing of the InterContinental Phuket Rawai Beach Resort marks our third InterContinental Resort in Thailand.

Looking forward to 2013, we are preparing to cut the ribbon at 12 InterContinental Hotels & Resorts including InterContinental Davos Resort & Spa in Switzerland and InterContinental Marseille-Hotel Dieu in France.

Focus on global brand marketing

In 2012, we strengthened our integrated global marketing activity. Firstly, we launched a new brand website. Users of intercontinental.com can now explore InterContinental Hotels & Resorts properties via filters like location, interest or hotel type. Secondly, we launched two new global brand advertising campaigns. The first highlighted our new resorts in Asia, and the second promoted our industry-leading Concierge Service, featuring our Chef Concierges from key city hotels sharing authentic experiences of their favourite places.
The scent of luxury
We are delighted to have launched our exclusive global collaboration with Agraria, America’s oldest and largest luxury home fragrance brand, to provide guest amenities to all of our InterContinental Hotels & Resorts around the world. Agraria has a shared heritage with InterContinental Hotels & Resorts dating back to the 1970s, when it opened its first boutique on Nob Hill in San Francisco, near InterContinental Mark Hopkins San Francisco, the brand’s first hotel in North America. Agraria products can now be found at the finest retail stores around the world.

Awards
InterContinental Hotels & Resorts continues to be recognised as one of the world’s leading hotel brands. At the 2012 World Travel Awards, InterContinental Hotels & Resorts was named the World’s Leading Hotel Brand for the fourth consecutive year, as well as the World’s Leading Business Hotel Brand for the second year running. The brand was also awarded Best Business Hotel Brand in the World at the 2012 Business Traveller Awards Asia-Pacific for the third year running.

‘Every team member shares their knowledge so that guests can enjoy authentic experiences and make the most of their time with us.’
Each of the brands in the Holiday Inn brand family share the same DNA as their powerful parent brand – Holiday Inn. However, each one is distinctive, has its own identity, and appeals to different guest needs on different travel occasions. The Holiday Inn brand family hosts over 100 million guest nights each year. That means every second, two people check-in to a Holiday Inn brand family hotel.

**Holiday Inn®**
Many of the things we now take for granted in hotels today were revolutionary when the Holiday Inn brand first launched them over the last 60 years. Our guests appreciate innovation, but they also want to be comfortable, both emotionally and physically, and that’s what makes the Holiday Inn brand different. The Holiday Inn brand promise is to deliver comfort in a way that is new, yet familiar.

**Holiday Inn Express®**
Our hotels are designed with savvy travellers in mind. They want a straightforward, uncomplicated experience, delivered in an engaging manner. A hotel that provides them with just what they need, enabling them to manage their money wisely and stay smart.

**Holiday Inn Resort®**
The Holiday Inn Resort brand offers an effortless choice for a relaxing break. Time away is important to our guests so they don’t want to worry about every little detail when going on holiday. They want to relax in an environment that is safe and inviting, where everyone has activities they enjoy and they discover indulgent touches along the way.

**Holiday Inn Club Vacations®**
Our Holiday Inn Club Vacations brand provides guests with all of the benefits of a vacation home with none of the hassle. While staying with us they don’t have to compromise on space or their daily routines.
Holiday Inn
Celebrating 60 years around the world
2012 marked the 60th anniversary of the iconic Holiday Inn brand, coinciding with the end of its $1 billion global brand refresh, the results of which have seen the brand’s performance go from strength to strength. As well as celebrating being 60 we opened our 60th hotel in Greater China.

The Holiday Inn brand was also ranked ‘Highest in Guest Satisfaction Among Midscale Full Service Hotel Chains, Two Years in a Row’ by J.D. Power and Associates (see page 60).

A winning year
As official hotel provider to the London 2012 Olympic and Paralympic Games, the spotlight was also on the Holiday Inn brand throughout the year.

The June 2012 opening of the 188-room Holiday Inn London-Stratford City overlooking the Olympic Park was one of the brand’s most notable openings during the year.

In the Olympic and Paralympic Village itself, more than 90 Holiday Inn team members from around the world were given the opportunity to help deliver world-class service for athletes. Hotel and corporate office representatives were flown in from China, the Philippines, the US, Australia, Kenya, Serbia, as well as the UK for this once-in-a-lifetime opportunity.

The sponsorship of the Olympic and Paralympic Games has provided exciting momentum for the Holiday Inn brand with over 50 per cent of Holiday Inn guests who saw the sponsorship campaign saying they are more likely to stay with us again.

‘Our guests appreciate innovation, but they also want to be comfortable, both emotionally and physically – and that’s what makes the Holiday Inn brand different.’
Holiday Inn Express
Growing at pace

Holiday Inn Express is one of the largest and fastest growing brands in the industry, opening hotels at the rate of two per week on average.

The brand saw the opening of 114 new properties in 2012. There are currently 2,192 Holiday Inn Express hotels (205,631 rooms) around the world.

The Holiday Inn Express Bangkok Siam in Thailand launched in June 2012 and represents the brand’s first foray into Southeast Asia, a region with huge potential. Our expansion plans include further properties in Thailand, Indonesia, Singapore and Malaysia over the next few years. Indonesia is a particularly important growth market for us. There are currently 18 hotels in the Holiday Inn Express pipeline scheduled to open over the next two years in Southeast Asia, of which 12 will be in Indonesia.

The brand is also continuing to expand across the broader Asia region, including in Greater China and India. The Holiday Inn Express Ahmedabad opened in India as a country first for the brand.

In the Middle East, the launch of Holiday Inn Express Bahrain in August 2012 marked our debut in the Gulf state.

Distinctive service
As part of IHG’s drive to increase the differentiation between the Holiday Inn and Holiday Inn Express brands, we have been developing new brand-specific service behaviours for Holiday Inn Express.

A number of hotels in each of our regions were involved in the validation process for the new service behaviours, and development work began on training programmes that will be delivered through an eLearning platform. These programmes will be rolled out in 2013.

<table>
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<tr>
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<th>Hotels</th>
<th>Rooms</th>
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<td>2,192</td>
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</table>
The guests who choose the Holiday Inn Resort brand work hard, but also want to lead a balanced life. That is why we continue to grow and give them more places to relax.

The brand had a great year in The Americas, supported by brand-specific marketing campaigns. Four properties opened in The Americas in 2012, including two in Oregon, bringing the total number of properties to 17. Five more are in the pipeline, including resorts in the Cayman Islands, Mexico and Florida, as well as further expansion planned in California. We also saw our third Holiday Inn Resort opening in Greater China with the Holiday Inn Resort Chachu Hot Spring. In total in 2012, we opened seven Holiday Inn Resort properties around the world.

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<tr>
<td>Total</td>
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</table>
Crowne Plaza® Hotels & Resorts

The Crowne Plaza® brand is the fourth largest full-service hotel brand in the upper segments, with nearly 400 hotels and resorts in 66 countries. It continues to succeed with business travellers who are high achievers that strive to be successful in everything they do. The Crowne Plaza brand provides the facilities and service they need to help them on their upward journey.

**Strengthening the brand**

Having doubled its size in a decade to nearly 400 hotels, IHG is now ensuring that each Crowne Plaza hotel meets our standards and our guests’ high expectations.

The repositioning remains a top priority for IHG and the IHG Owners Association, and momentum continues to build. The repositioning of the Crowne Plaza brand is a three-phase, multi-year repositioning programme.

As part of the ‘Freshen Up’ phase, owners have invested in new programmes, including a new brand-specific service training programme that ensures our guests receive the same quality service and attention at every Crowne Plaza hotel worldwide. Bringing the brand to life through our People and being one step ahead is what truly sets us apart from our competitors. The ‘One Step Ahead’ programme enables employees to anticipate the needs of guests and provides quality across all of our hotels.

In addition, quality audits have been carried out at almost all Crowne Plaza hotels in The Americas and Europe. Where deficiencies have been identified, action is being taken to rectify them and sub-standard hotels are exiting from our System.

Next comes the ‘Move Up’ phase, where the focus will be on ensuring consistency and evolution of the guest experience, and driving brand performance through marketing and sales.

The ‘Shine’ phase will introduce new brand hallmarks, which will set the Crowne Plaza brand apart from our competitors. This phase is not something we’ll start and stop; we must continue to innovate and differentiate the guest experience in order to make the brand shine each and every day.

**Growing in China**

In 2012, the opening of eight new Crowne Plaza hotels in Greater China brought our total to 60. With existing locations in major urban centres, gateway cities and resort destinations, the Crowne Plaza brand is now Greater China’s largest upscale international hotel brand.

More than half of the brand’s global development pipeline (52 hotels) will open in Greater China in the next three to five years, further proof that the brand is growing bigger in this region.

In September 2012, we opened Hong Kong’s second Crowne Plaza hotel, Crowne Plaza Hong Kong Kowloon East, which is at the heart of the emerging commercial and residential Tseung Kwan O town centre.

In the AMEA region, we opened two resorts in 2012: the Crowne Plaza Phuket Panwa Beach Resort in Thailand and the Crowne Plaza Jordan Dead Sea Resort & Spa.

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<tr>
<th>Region</th>
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IHG Annual Review and Summary Financial Statement 2012
Checking-in to sustainability

The Crowne Plaza brand is delivering a better and more sustainable future thanks to IHG’s Green Engage programme. During 2012, Green Engage was rolled out to the Crowne Plaza brand. The programme not only helps the hotel run more efficiently – energy savings of up to 25 per cent have been achieved – but also makes the brand more attractive to corporate customers who are increasingly requiring hotels to be green.

Hotels have replaced everything from light bulbs to water heaters with less energy intensive alternatives, ensuring that the brand stands out strongly amidst competitors in environmentally-friendly efficiency.

Green Engage, our online sustainability platform, helps hotels track, manage and reduce the use of energy, carbon and water and the management of waste in hotel properties, thereby assisting hotels in saving money on energy costs.

‘More than half of the brand’s global development pipeline (52 hotels) will open in Greater China in the next three to five years, further proof that the brand is growing bigger in this region.’
Reaching the 50th hotel milestone
As ‘the world’s first global boutique hotel brand’, IHG opened 13 new Hotel Indigo properties during 2012: six in The Americas, five in Europe and two in Greater China. In December 2012, the Hotel Indigo brand reached its 50th hotel milestone since its launch in 2004 with the openings of Hotel Indigo London Kensington-Earl’s Court and Hotel Indigo New Orleans Garden District.

The roll-out of the brand in Europe is gathering pace, with 10 new hotels since it was introduced in the region in 2008. In 2012, the first Hotel Indigo property in Continental Europe launched in Kurfuerstendamm, Berlin in February, and the overall number of the hotels in Europe doubled to a total of 10.

The pipeline includes planned openings in 2013 in other key European cities, including St. Petersburg, Madrid and Barcelona, with Birmingham, Manchester and Hamburg to follow.

Focusing on quality growth
With a strong global appetite for the brand, IHG’s focus is on quality growth in priority markets and gateway cities. This will be achieved together with the right owner and property that’s situated in the right neighbourhood with residential, commercial, pedestrian and cultural representation. The pipeline currently stands at 47 hotels, with the estate set to double in size to 100 within the next three to five years. Other expected openings in 2013 and 2014 include in Riyadh, Tel Aviv, Hong Kong, Bangkok, Phuket and New York City.

Making the most of the neighbourhood
No two Hotel Indigo hotels are the same. Each is specifically designed to reflect the vibrant culture, character and history of its surrounding neighbourhood, which includes local food and drink menus sourced from local suppliers. Close links with the neighbourhood are fundamental to the brand. Therefore, we have launched a series of interactive, online ‘Neighbourhood Guides’ that feature a collection of hyper-local recommendations of things to see, do, taste, drink, hear and buy near to the hotel.

Hotel Indigo®
IHG has always been clear about who the guests of the Hotel Indigo® brand are, and what they want. They are upscale and well-travelled. They appreciate art and design, the latest fashion and new experiences. They are looking for the individuality and style of a boutique hotel, but also want the reliability and consistency of a big brand company.
Award-winning

We continue to win awards – Hotel Indigo Shanghai on the Bund was named Best Boutique Hotel in Asia-Pacific at the 2012 Business Traveller Asia-Pacific Awards, a real achievement, and Hotel Indigo San Diego Gaslamp Quarter featured as one of the Top 25 Hotels in Southern California in the Condé Nast 2012 Readers’ Choice Awards.

In 2012, the first Hotel Indigo property in Continental Europe launched in Kurfuerstendamm, Berlin in February, and the overall number of the hotels in Europe doubled to a total of 10.

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</table>

Far left
Hotel Indigo London Kensington-Earl’s Court, UK

Below left
Hotel Indigo San Diego Del Mar, US

Below right
Hotel Indigo Tianjin Haihe, China
An extended time away from home for business, relocation or holiday should provide travellers with a warm and welcoming environment and the modern comforts of home-like surroundings. This is why travellers choose the Staybridge Suites® brand.

At Staybridge Suites hotels, IHG provides upscale travellers with the best of home and hotel, all in a comfortable environment with spacious studios and two-bedroom suites. With 11 openings during 2012, there are now 189 Staybridge Suites hotels in The Americas, Europe and AMEA with another 71 in the pipeline. Notable openings for the Staybridge Suites brand during the year included in Stratford City, London in the UK, Hamilton, Ontario in Canada and North Brunswick, New Jersey in the US.

**Colour and conviviality**

As part of a multi-million dollar renovation programme with owner Hospitality Properties Trust, 17 Staybridge Suites hotels managed by IHG were extensively renovated during 2012, with renovations at two more hotels to come. Using distinctive ranges of colours, patterns and textures, the environment of these properties is more appealing than ever. Included in the renovations were all areas of the hotel, from the suites to the public spaces and outdoor areas. Renovations in social areas, such as the Great Room, encompassed the additions of the Gathering Table and more comfortable seating, which are central to the brand’s concept of providing spaces where guests can socialise with each other, especially during breakfast and The Social evening reception.

The Outdoor Living Room, another Staybridge Suites feature, was also renovated with all-weather furniture and fire pits, enhancing the community feel of each hotel. A further enhancement in 2012 was the launch of the Staybridge Suites Bedding Collection for all properties in North America. The new bedding offers a more modernised look, an elevated guest perception and increased comfort.
Socialising at Staybridge Suites hotels

While guests tend to their own schedules during an extended stay at Staybridge Suites hotels, there are times when they want to leave their suites and socialise with their colleagues or other guests. To facilitate this, the brand has an evening reception, The Social, which is held in every hotel three times a week and provides complimentary food and drink in the public areas – inside and out. Guests can relax in settings that incorporate stacked stone fireplaces, high-definition televisions and landscaped gardens, while meeting other Staybridge Suites guests. In 2012, the Staybridge Suites brand enhanced The Social with new food and beverage offerings including healthier, customisable options. These enhancements were launched at all hotels in North America. As a result guest participation and overall satisfaction have increased across the brand.

Engaging through social media

Guests staying in hotels for weeks or even months at a time often face challenges while away from home. In an effort to help make this easier for our guests, the Staybridge Suites brand launched a campaign in 2012 to provide useful tips, tricks and hints so guests could master ‘The Art of Traveling Solo’. The global campaign, which featured celebrity chef and television personality G. Garvin, included an interactive Facebook application with videos and helpful suggestions. Consumers engaged with the campaign during live Facebook and Twitter chats, sharing their own tips on topics including how to make a quick, tasty meal in a hotel suite kitchen and how to pack for an extended trip.

Gold standard

In June 2012 – well in time for the London 2012 Olympic and Paralympic Games – we opened Staybridge Suites London-Stratford City. Steps away from the Olympic Park, the hotel is also at the core of Europe’s largest urban shopping centre.

It’s a location with immediate appeal for business and leisure travellers. Public transport links connect Stratford to the City of London and all of the attractions of London’s West End in a matter of minutes. Co-located with the new Holiday Inn London-Stratford City, this new Staybridge Suites hotel takes rooms for the brand to 422 in the UK.
Candlewood Suites®

North American-based Candlewood Suites® brand is IHG’s midscale extended stay brand, where guests turn for all the comforts and conveniences of home when, for whatever reasons, home is temporarily left behind.

Candlewood Suites hotels’ fully-equipped studios and one-bedroom suites offer more space for guests to stretch out and relax and provide independence and privacy, with on-site amenities and services always available as needed.

Higher guest satisfaction, higher returns

In 2012 we opened 12 new hotels, including the Candlewood Suites in North Little Rock, Arkansas; San Diego, California; and Fredericksburg, Virginia. Therefore we now have nearly 300 Candlewood Suites hotels in The Americas with 78 in the pipeline. As part of a multi-million dollar renovation programme with owner, Hospitality Properties Trust, 59 Candlewood Suites hotels managed by IHG were extensively renovated during 2012, with two more hotels to complete renovations in 2013.

The improvements included new kitchen and bathroom designs created in conjunction with graduate students at one of North America’s top interior design schools. The theme throughout is based on the concept of a Candlewood Suites hotel as a ‘haven’.

With attractive lighting, natural colour palettes, striking artwork, flatscreen televisions and storage provisions, the renovated suites, as well as the renovated lobby areas and facades, are more appealing than ever to guests who might spend weeks or even months with us.

During the year we also refreshed and modernised the brand’s Comforts of Home™ Bedding Collection. This is driving satisfaction with our guests and contributing to a more comfortable, home-like stay.

With these new initiatives, we believe overall satisfaction will increase and the brand is well-positioned to achieve uplift in average daily rates and RevPAR.

Where the heart is

Great hosts have pride and passion in their premises and the service and experience they offer. At Candlewood Suites hotels, where guests may stay for months at a time, the guest experience is crucial to our success. That is why we initiated the BrandHearted Service Training programme in August 2012.

This ongoing programme provides service training to help to enable team members at every level of the hotel to bring the brand to life and consistently deliver a BrandHearted guest experience to set us apart from our competitors.

Success will be measured in terms of improvements to guest satisfaction, market share and revenue.
Encouraging guests to feel free

A trust system has always prevailed at Candlewood Suites hotels.

The Candlewood Cupboard® has long been a convenient place for guests to feel free to stock up on essentials as well as treats. As an integral part of our home-like hotel, all snacks, easy to prepare meals, beverages and non-food items are available around the clock on the honour system.

In fact our guests appreciate this notion of trust so much, it will extend into the newly launched Lending Locker. There, guests can borrow items they might use frequently at home, such as coffee grinders, rice cookers and blenders. We are gradually introducing the new Lending Locker to all of our Candlewood Suites hotels.

‘Great hosts have pride and passion in their premises and the service and experience they offer. At Candlewood Suites hotels, where guests may stay for months at a time, the guest experience is crucial to our success.’
IHG launched the HUALUXE™ Hotels & Resorts brand in March 2012, the first-ever upscale international brand designed specifically for Chinese guests focusing on the unique aspects of Chinese etiquette, the importance of rejuvenation, status recognition and enabling spaces that reflect local customs and heritage.

IHG is the largest international hotel operator in Greater China, with more than 180 hotels across 60 cities and a further 160 hotels in our pipeline. With 15 hotels already in the pipeline, the HUALUXE Hotels & Resorts brand will not only enable us to continue to expand in China’s key gateway cities, but also drive growth in secondary cities where a specifically Chinese offer is particularly appealing.

And we expect to be able to open hotels in major cities elsewhere in the world so that Chinese travellers can enjoy the HUALUXE Hotels & Resorts experience abroad.

HUALUXE Hotels & Resorts takes the best aspects of renowned Chinese hospitality and applies IHG’s international scale, powerful systems and unparalleled insights into the Chinese market to consistently deliver what consumers expect in China today.

HUALUXE Hotels & Resorts is a brand created by our team in China specifically for Chinese guests who want a brand that has international stature but yet responds to their customs, traditions and tastes.

The growth opportunity presented by HUALUXE Hotels & Resorts is both internal and external. The hotel industry is projected to have continued strong growth, with tourism officially noted as one of the strategic pillar industries in the Government’s 12th five-year plan, increased urbanisation, and emerging middle class with more spending power; while outbound trips from China are projected to grow from 10 million a year to more than 100 million in the next 10 to 15 years.

IHG is the largest international hotel operator in Greater China, with more than 180 hotels across 60 cities and a further 160 hotels in our pipeline. With 15 hotels already in the pipeline, the HUALUXE Hotels & Resorts brand will not only enable us to continue to expand in China’s key gateway cities, but also drive growth in secondary cities where a specifically Chinese offer is particularly appealing.

And we expect to be able to open hotels in major cities elsewhere in the world so that Chinese travellers can enjoy the HUALUXE Hotels & Resorts experience abroad.
EVEN™ Hotels

IHG designed the EVEN™ Hotels brand to uniquely provide solutions for all aspects of both business and leisure travellers’ holistic wellness needs. Our guests want to maintain their balance and well-being on the road and we’re here to help them.

Launched in February 2012, EVEN Hotels specifically responds to extensive customer research that tells us guests are frustrated with staying in hotels that do not meet their wellness lifestyle needs. With EVEN Hotels we’re not creating a new hotel segment, but rather staking our claim on the wellness space within the mainstream lifestyle category. Any hotel brand can add a yoghurt parfait to their menu, but that’s far from delivering a holistic wellness experience and service culture that puts guests at ease and allows them to rest, eat, exercise and work on their own terms – which is exactly what EVEN Hotels will do.

The continued interest in wellness across industries further validates and demonstrates the need for the brand, and reinforces our confidence in launching EVEN Hotels. Initially, EVEN Hotels will open hotels in the US, but we will continue to develop the brand further over time in order to grow wherever our customer is and to reach a global market.

The brand signed its first property in October 2012. Located in the heart of midtown Manhattan, it will be a flagship property for EVEN Hotels. We expect to sign 100 EVEN Hotels in the US in the next five years in key markets including New York, Washington D.C. and San Francisco.

‘EVEN Hotels specifically responds to extensive customer research that tells us guests are frustrated from staying in hotels that do not meet their wellness lifestyle needs.’

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<thead>
<tr>
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Below left
An EVEN Hotels property, artist impression

Above right
EVEN Hotels exterior, artist impression
The strength of our Brands relies on us having talented and passionate People. So for us to deliver on our brand promises we need to hire and inspire talented people to service our guests and bring our brands to life.

**Being BrandHearted**

Our Vision to become one of the great companies in the world requires us to make our Brands bigger, better and stronger than ever before. This means growing our business by making our Brands the first choice for our guests and owners. Our People play a key role by delivering our brand promises day in, day out. To achieve our Vision we need to attract the very best people, harness their passion and equip them with the right skills to give our guests a truly great experience. Our leaders are central to our success, they need to inspire their teams to put our Brands at the centre of every conversation, every idea and every decision they make. In 2012, we introduced the Leadership Framework, which is our new global approach to leadership at IHG. This makes it easy for our People to understand what great leadership looks like and what skills and experiences they need to move to the next level in their careers. Additionally, we continue to support our leaders every day through our award-winning Leaders Lounge, a contemporary way of sharing learning with our leaders online.

**An employer of choice**

Becoming an employer of choice is dependent on us having a strong employer brand. This is why we invest time in supporting our owners to meet the challenge of finding, developing and retaining the very best people. We offer People Tools to our hotels. These are a suite of practical tools to help hotels hire, train, involve and recognise their employees. So far 96 per cent of our General Managers using them would recommend them to others. We believe this is a point of differentiation compared to our competitors.

As well as continuing to drive awareness around our People Tools, we have also worked to make it easier for hotels to access them. In 2012, we launched Hotel Solutions which provides hotels with a single gateway to access the full suite of People Tools. Hotel Solutions also encourages collaboration. Through our System we are able to harness the collective knowledge across all of our hotels around the world, another example of us leveraging our System size for the benefit of our hotels. Since its launch, 71 per cent of hotels have been using it regularly, with General Managers saving an estimated three to four hours each month on administrative tasks. Hotels using Hotel Solutions have also seen improvements in guest satisfaction scores. We are very proud of the external recognition we receive across the globe as an employer of choice. For example, in

Left
Tiffany Chen, Jennifer Howard and Abdulla Al Rumithi

Below
More than 4,000 hotels across the globe participated in Celebrate Service week
2012, we featured in The Sunday Times 25 Best Big Companies to Work For; received recognition for our employer brand at the Personnel Today Awards 2012; were recognised as one of India’s Best Companies to Work For; won two awards recognising our graduate development programmes; and were recognised as being one of the 100 Best Human Resource Management Companies in China.

**Employee engagement**

When we listen to our People and respond to their needs we drive better business results. This was proven in a recent study we commissioned that examined the link between employee engagement and hotel performance. The study found the difference in gross operating profit margin between hotels with highly engaged people compared to those with lower engagement to be as much as seven percentage points. It also showed that when we compared hotels where engagement had increased, against those where it had not, we found that for every five percentage point increase in engagement, there was, on average, 70 cents of increased RevPAR. That means for a 200-bed hotel, the RevPAR increase could generate an additional $50,000 of revenue per annum.

96 per cent of employees (those directly employed by IHG and those working in our managed hotels) took part in our 2012 employee engagement survey. The results were impressive with 94 per cent of respondents saying they are proud to work for IHG – which is 20 per cent higher than industry benchmarks. Our engagement scores continue to improve year-on-year and we have seen an 18 percentage point increase across the Group in the last five years.

**Employee recognition**

Recognising achievement is an important driver of employee engagement for us and that’s why every year, through Celebrate Service week, we recognise our colleagues for the great work they do to give our guests an enjoyable stay. The week, which was instigated by and run in partnership with the IHG Owners Association, this year saw more than 4,000 hotels participating.

In 2012 we launched Bravo!, an online peer-to-peer recognition tool that gives our colleagues the means to publicly recognise each other’s work and efforts. We pride ourselves on our ability to recognise great BrandHearted behaviour internally. To date more than 25,000 Bravos! have been sent, proving our People really value the opportunity to be able to give and receive recognition from their peers.

**Looking ahead**

To meet our growth targets and expand in emerging markets, in the next few years, we need to find an additional 90,000 BrandHearted colleagues – people who can live and breathe our Brands, with the right personality to delight our guests.

Perhaps one of the biggest recruitment challenges we face is how we leverage the strength of our global employer brand while being sensitive to the local markets in which our hotels operate. In Greater China, we have created a new recruitment site in Mandarin and have launched career pages on social networking platforms such as Weibo and Renren (the number one social media platform amongst college students in Greater China).

As further explained on page 35, as part of our Responsible Business practices, we continue to have a positive impact on the communities we serve through our IHG Academy programme. This provides local people with the opportunity to build and develop their skills and improve their employment prospects. With over 150 IHG Academy programmes in 37 countries around the world, it will help us create a pipeline of potential recruits and future talent.

One of the most important roles for driving the success of our business is our hotel General Managers. This is why we are launching our new General Manager Training programme – designed to shift our mindset away from simply creating great hotel managers to developing great Brand managers. To have preferred Brands, we need the best General Managers in the industry. Therefore, we have invested heavily in our approach to hiring, training and developing them. This has been the focus of our shared agenda with the IHG Owners Association and we are proud to have worked with them to develop this programme, which will be rolled-out initially to new Holiday Inn and Holiday Inn Express General Managers from the first quarter of 2013.

We are also further strengthening IHG’s performance culture in our corporate offices by better linking IHG’s performance targets and reward. Starting with our senior leaders, we have amended the performance measures under our annual incentive plan to align it more closely to our strategic priorities of Brands, People and Delivery.

At IHG, it is our People that delight our guests and in turn keep our brand promises and help to build preference for our Brands. In 2013, we will continue to build capability to hire the very best people and equip them to give their best every day. This is an exciting time to be at IHG as we commit to become one of the great companies in the world.

“Our People are the difference. They bring our Brands to life. That’s why we place so much focus and effort on ensuring they feel truly respected and valued. We know that when our People feel loved they love our guests and our owners see the impact on business results.”

**Tracy Robbins**

Executive Vice President,
Human Resources and Group Operations Support
IHG has a powerful system of tools and programmes, including our brand websites, mobile applications, call centres around the world, award-winning loyalty programme and revenue management and sales processes. All of these are designed to drive growth and profitable revenue into our hotels.

Driving profitable revenue

When a hotel joins IHG, it connects to a powerful system of revenue platforms, programmes and tools designed to achieve a single outcome: driving profitable revenue.

Profitable revenue creates a stronger margin and greater returns for our owners. IHG’s powerful revenue systems generate 69 per cent of rooms revenues direct to our hotels globally. And all of this sits on a strong technology foundation that helps IHG succeed in creating preferred Brands, driving revenue and enhancing owner returns. Our system includes our global business-to-business sales programmes, online marketing strategies, reservations channels, direct to consumer marketing campaigns, revenue management tools and strong loyalty programme. We deploy these systems and platforms to better manage every step of the guest experience.

Attracting travellers to our brands

A key part of our demand strategy includes our sales teams, who are cultivating those important business to business relationships that drive awareness, trial and usage of our brands among some of the highest volume guests. Our goal? We want these companies to choose our Brands every time they travel. And we’re seeing success. In 2012, our sales teams managed more than 2,000 accounts globally, driving almost $5 billion in total hotel revenue, up 12 per cent compared to 2011.

The online experience has been expanding exponentially, and IHG is at the forefront. With a strong focus on search engines, we manage more than eight million keywords in multiple languages to direct travellers to our brands when they research an upcoming trip. Our online marketing programmes generated more than $1.4 billion in total hotel revenue in 2012. Add to this the results from our powerful search engine optimisation strategy, which drove more than 26 per cent of the total traffic to our websites in 2012, and you can see that we are a major player online.

Our mobile strategy has also been very successful. In just three years, our revenues from mobile devices have grown from $2.4 million in 2009 to more than $330 million in 2012, helping to lead the way in which guests book.

We have the resources and systems to do what no one hotel could do on its own. With a sophisticated database and analytical marketing approach, we offer targeted campaigns based on guest preferences, marketing to the right guest at the right time, with the right message to drive them to book an IHG hotel.

Turning online shoppers into buyers

Once we attract guests with our sales and marketing efforts, we compel them to book. Today’s online shopping experience offers many ways to book and consumers are comparing and shopping like never before, so we have clear strategies to convert more shoppers into buyers through our direct channels.
We offer content-rich brand websites that experienced more than 227 million visits in 2012 and generated nearly $3.4 billion in total hotel revenue. We work together with our hotels to ensure that we have the best offers and content on our websites to give the right information needed to our guests to complete their booking. We have underscored the value of our brand websites with the launch of our Guest Ratings and Reviews tool on our websites, an integration of traveller reviews, which give guests additional information to make the hotel choice that is right for them. And to ensure that we are taking every opportunity to convert consumers online, in 2012 IHG became a founding partner in roomkey.com, an innovative new hotel search engine that offers travellers comprehensive information and a simplified search experience created by six of the world’s leading hoteliers. This is an additional shop window for our hotels, making it easier for customers to book. When our customers prefer to speak with someone, our 10 call centres around the world are staffed with trained reservations agents ready to respond to calls, emails and chats. In 2012, our global call centres answered more than 23 million inbound contacts and drove more than $1.9 billion in total hotel revenue to our hotels.

The right room at the right price
With over 157 million guest nights in IHG hotels each year, it is essential for us to price our hotels effectively to maximise owners’ returns.
That’s why we have developed our ‘Price Optimization’ tool, which supports hotels to make the best pricing decisions based on a variety of sophisticated algorithms that consider historical demand patterns, competitive pricing and forward economic indicators.
Additionally, in 2012 we created and piloted pricing and revenue management tools to support hotels across other pieces of their business including meetings and food and beverage.

Keep guests coming back
At IHG, loyalty is led by our award-winning Priority Club® Rewards programme, which cultivates our guests into loyal, repeat customers and advocates of our brands. Our loyal customers are our most profitable customers – they stay more frequently with IHG hotels, book their stays via lower-cost reservation channels and engage in positive social conversation about our brands and hotels.
Priority Club Rewards is an award-winning programme offering our members a vast array of point redemption opportunities. This customer value proposition has translated into strong customer attraction and engagement. Membership in our Priority Club Rewards programme grew to more than 71 million – up 13 per cent over 2011. And Priority Club Rewards continues to be heralded as ‘best’ by industry advocates being named Global Traveler magazine’s Best Hotel Rewards Program in 2012 for the eighth consecutive year and winning Premier Traveler magazine’s inaugural award for Best Hotel Loyalty Program.

Technology with a purpose
IHG has been a leader in pioneering technology that enables our business to interact more effectively, more often and in more ways with our customers. We focus on innovation that allows us to leverage technology to deliver a superior guest experience while enhancing owner returns.

“Our mission is to drive incremental, profitable revenues to our hotels so that our Brands outperform the industry and our owners achieve higher returns.”

Steven Sickel
Interim Global Head of Sales and Distribution

To pique culinary interests, we created an iPad app showcasing a collection of recommended recipes from top InterContinental Hotels & Resorts chefs.
With over 4,600 hotels in nearly 100 countries and territories around the world, our commitment to being a Responsible Business is central to our Vision of being one of the great companies in the world. Our People understand how important it is to champion and protect the trusted reputation of IHG and its brands and this is embedded in our culture.

Tourism plays a large role in the world economy and is an important source of wealth for many countries, but we must acknowledge that our industry, like many others, faces increasing pressure to balance its economic performance with its social and environmental impacts. That is why, for us, Responsible Business underpins each of our three strategic priorities of preferred Brands, talented People and best-in-class Delivery, which work together to determine ‘How we win’ to create Great Hotels Guests Love.

We believe that being a Responsible Business is necessary to enable us to stay ahead of the competition and grow, creating value for all of our shareholders and stakeholders in the long-term. Amongst other things, it offers us a huge opportunity to innovate, create employment, empower people to perform at their best and feel good about what they do and drive value for our business.

**Governance and leadership**

Our Chairman and the Board provide strong leadership and promote a Responsible Business culture, by maintaining high standards in corporate governance, corporate responsibility (CR) and internal control and risk management. Supporting them is a range of Board Committees and a team of lawyers, compliance specialists, chartered secretaries, internal auditors and risk managers. The team, deliberately named Business Reputation and Responsibility, continually work to monitor changes to legal, regulatory compliance and CR concepts and implement the Board’s internal controls and policies to ensure that we, as a business, remain excellent at being responsible.

**Brands**

Our Brands offer a promise and integral to this is trust. Trusted brands deliver a superior and consistent brand experience and to achieve this, we require a clear brand framework. Brand standards are the foundations of a clear brand framework for all our hotels and our compliance teams ensure that our hotels deliver in accordance with our brand standards. Our brand safety standards are also designed to assist hotels in providing a safe and secure environment for our guests and employees. Dealing with risks ranging from fire and food hygiene to terrorism, our brand safety standards have been recognised as best-in-class.

Our team of risk managers is dedicated to providing training and monitoring the implementation of our safety standards for safe and secure hotels.

**People**

At the core of being a Responsible Business is ensuring that the actions of all of our employees working at our corporate offices and hotels maintain our trusted reputation. Operating an ethical business is vital to maintaining and protecting this trusted reputation and therefore we continually keep under review our internal policies, including our Code of Ethics and Business Conduct, Competition, Data Privacy and Anti-Bribery policies. These are regularly communicated via eLearning and face-to-face training modules promoting accountability and transparency.

**Delivery**

Having in place an effective system of internal controls and risk management is essential to being a Responsible Business. In making key business decisions the Board, Executive Committee and Audit Committee work together to identify, assess, prioritise and mitigate risks, including strategic and operational risks. Such Committees rely heavily on our dynamic risk assessment and assurance mapping process and highly consistent internal audit methodology to provide an appropriate level of assurance for all stakeholders. Safety and security is an absolute requirement for any guest staying at our hotels. Our award-winning risk management, safety and security training courses, toolkits and materials, such as our Crisis and Incident Handling programmes, enable us to work together to create safe and secure environments at all of our hotels and corporate offices. These tools, processes and procedures ensure a business based on a solid foundation with a commitment to doing the right thing for the benefit of all our stakeholders.

**Corporate Responsibility (CR)**

A big part of Responsible Business is how IHG and our hotels act in our local communities and how we manage our environmental impact, what we call CR. We treat it as a strategic business issue and therefore believe CR only makes sense if it aligns to our Vision. We also believe that incorporating societal and environmental factors into our business strategy and operations will play a vital role in the long-term, both for our business and the travel and tourism sector. For that reason we aim to harness the role hotels play in society to create shared value for our business, our guests and the communities where we operate.

We believe we can make tourism responsible by concentrating our CR activities in two areas, the environment and the local community, where we can make the most difference. We aim to make a difference through our three core CR programmes: Green Engage, IHG Academy and the IHG Shelter in a Storm Programme. These programmes have been designed so that they can be implemented in any of our hotels and corporate offices in any region.
“Being a Responsible Business will enable us to stay ahead of the competition and grow, creating value for all of our shareholders and stakeholders in the long-term. That’s why Responsible Business underpins Brands, People and Delivery.”

George Turner
Executive Vice President,
General Counsel and Company Secretary
Responsible Business continued

**Stakeholder engagement**

Our stakeholders play a key role in helping us identify and tackle our priorities, and our strategy is to create shared value for our business and stakeholder groups. We engage with all our stakeholders, including shareholders, through a variety of channels, including forums, meetings, individual interviews, surveys, reports and conferences.

For detailed information on our approach to CR and our key programmes, our online Corporate Responsibly Report can be viewed at:

www.ihgplc.com/responsibility

Our newest channel, the ‘IHG Planet CR’ Facebook page, has quickly grown to a community of over 20,000 fans and provides a channel for us to raise awareness of our CR programmes daily and actively engage in a two-way dialogue with our stakeholders.

www.facebook.com/IHGCorporateResponsibility

**External recognition**

In 2012, we were:

- awarded the Best Risk Training Programme by the Strategic Risk Management Awards 2012 for our risk management programme;
- awarded the Bronze award at the 2012 Training Journal Awards for the Best Use of Technology in Learning;
- named as one of the top 10 Innovative Legal Departments by InsideCounsel magazine in the US;
- awarded Silver Award in the Best Law Department category at the International General Counsels Awards;
- awarded the Global Business Travel Association Gold Medal Award for Sustainability;
- awarded the Hotel Owners’ and Franchisees’ Transatlantic and European League Owner Friendly Innovation Award for Green Engage, recognition that the programme is of value to our hotel owners; and
- shortlisted for the World Environment Centre Award for Sustainability, making it to the final round with Green Engage commended.