

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 holding company of the Group.

The Group, formerly known as Bass and, more recently, 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 the last several years, the Group has undergone a major transformation in its operations and organisation, as a result of the separation (as discussed below) and a number of significant disposals during this period, which has narrowed the scope of its business.

On 15 April 2003, following shareholder and regulatory approval, Six Continents PLC (as it then was) separated into two new listed groups, InterContinental Hotels Group PLC (as it then was) comprising the hotels and soft drinks businesses and Mitchells & Butlers plc comprising a 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.

Following separation, the Group has undertaken an asset-disposal programme, realising, by the end of 2013, proceeds of \$6 billion from the sale of 186 hotels. Of these 186 hotels, 167 remained in the IHG System through either franchise or management agreements. The asset-disposal programme has significantly reduced the capital requirements of the Group whilst largely retaining the hotels in the IHG System.

A small number of hotels have been sold since the end of 2012, the most significant of which are set out below.

Recent acquisitions and divestitures

- The Group agreed to dispose of the InterContinental Mark Hopkins San Francisco for \$120 million in cash in February 2014;
- the Group announced its agreement to dispose of 80 per cent of its interest in the InterContinental New York Barclay for \$240 million on 19 December 2013. The Group will continue to hold the remaining 20 per cent interest by way of a joint venture;
- the Group disposed of the InterContinental London Park Lane on 1 May 2013 for £301.5 million (\$469 million);
- the Group also divested a number of investments for total proceeds of \$41 million in 2013; and
- the Group acquired three existing hotels, which are being converted to EVEN Hotels.

Capital expenditure

- Capital expenditure in 2013 totalled \$269 million compared with \$133 million in 2012 and \$194 million in 2011;
- at 31 December 2013 capital committed, being contracts placed for expenditure on property, plant and equipment and intangible assets not provided for in the Group Financial Statements, totalled \$83 million; and
- the Group has also committed to invest up to \$61 million in three joint venture arrangements, of which \$41 million had been spent at 31 December 2013.

Risk Factors

The Group is subject to a variety of inherent risks which may have an adverse impact on the business operations, financial condition, turnover, profits, brands and reputation. The following 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 Company and some that the Company does not currently believe to be material could later turn out to be material.

The risk factors below are listed in accordance with the strategic, tactical and operational risks to ensure we've thought holistically about the possible risks that could impact the Group. These should be considered in connection with any financial and forward-looking information in this Annual Report and Form 20-F and the cautionary statements regarding forward-looking statements contained on page 188.

Strategic risks

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 current outlook for 2014 may worsen due to escalating impacts of the US national debt, slowing pace of growth and political stability in China, uncertainty in some eurozone countries and unrest in the Middle East. The interconnected nature of economies suggests any of these or other events could trigger a recession which reduces leisure and business travel to and from affected countries and adversely affects room rates and/or occupancy levels and other income-generating activities. This may result in deterioration of results of operations and potentially reduce the value of properties in affected economies. The owners or potential owners of hotels franchised or managed by the Group face similar risks which could adversely impact their solvency and the Group's ability to retain and secure franchise or management agreements. Specifically, the Group is most exposed to the US market and, accordingly, is particularly susceptible to adverse changes in the US economy as well as the US dollar. 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 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, travel-related accidents, travel-related industrial action, increased transportation and fuel costs and natural disasters, resulting in reduced worldwide travel or other local factors impacting individual hotels. A decrease in the demand for hotel rooms as a result of such events may have an adverse impact on the Group's operations and financial results. In addition, inadequate preparation, contingency planning or recovery capability in relation to a major incident or crisis may impact life safety, prevent operational continuity 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. Reductions in room rates and occupancy levels would adversely impact the results of Group operations.

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, such as web-based booking channels (which include online travel agents and intermediaries), and alternative sources of accommodation such as 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 Group is dependent upon a wide range of external stakeholders and business partners

The Group is dependent upon 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, agents, third-party intermediaries and other business partners. Further, the number and complexity of interdependencies with stakeholders is evolving. Breakdown in relationships, poor vendor performance, insolvency, stakeholder behaviours or adverse reputations could impact on the Group's performance and competitiveness, delivery of projects, guest experiences or the reputation of the Group or its brands.

Tactical risks

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 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 or to secure management contracts. For example, the availability of suitable sites, market saturation, planning and other local regulations or the availability and affordability of finance may all restrict the supply of suitable hotel development opportunities under franchise or management agreements. 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

The Group is reliant upon certain technologies, systems and platforms for the running of its business, particularly those which are highly integrated with business operational processes. Some of these are dependent upon the products and services of third-party technology providers. The failure of any such third-party provider to provide products and/or perform services could materially adversely impact the Group's business. The Group may also have to make substantial additional investments in new technologies or systems to remain competitive. Failing to keep pace with developments in technologies or systems may put the Group at a competitive disadvantage. The technologies or systems that the Group chooses may not be commercially successful or the technology or system strategy employed may not be sufficiently aligned with the needs of the business or responsive to changes in business strategy. As a result, the Group could adversely affect guest experiences, lose customers, fail to attract new customers, incur substantial costs or face other losses.

Operational risks

The Group is reliant on the reputation of its brands and the protection of its intellectual property rights

Any event that materially damages the reputation of one or more of the Group's existing or new brands and/or fails to sustain the appeal of the Group's existing or new 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, where the Group is unable to enforce adherence to its safety or operating and quality standards, or the significant regulations applicable to hotel operations, pursuant to its franchise and management contracts, there may be further adverse impact upon brand reputation or customer perception and therefore the value of the Group's brands.

In addition, the value of the Group's brands is influenced by a number of other factors, some of which may be outside the Group's control, including commoditisation (whereby price and/or quality becomes relatively more important than brand identifications due, in part, to the increased prevalence of travel comparison websites and online travel agents), consumer preference and perception, or other factors affecting consumers' willingness to purchase goods and services provided by the Group. The Group companies own a substantial number of service brands upon which it is dependent and the Group believes that its significant trademarks are protected in all material respects in the markets in which its brands currently operate.

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 change of 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 its proprietary reservations system and is exposed to the risk of failures in the system and increased competition in reservations infrastructure

The value of the Group's brands is partly derived from the ability to drive reservations through its proprietary HolidexPlus reservations system, a central repository of the Group's hotel room inventories linked electronically to multiple sales channels including the Company's own websites, call centres and hotels, third-party intermediaries and travel agents.

Lack of resilience and operational availability and/or the failure of a third-party technology provider could lead to prolonged service disruption and may result in significant business interruption, impact the guest booking experience and subsequently impact on revenues.

Lack of investment in these systems may also result in reduced capability, stability and ability to compete. Additionally, failure to maintain an appropriate technology strategy and select the right technology partners could erode the Group's long-term competitiveness.

The Group is exposed to the risks related to information security and data privacy

The Group is increasingly dependent upon the 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.

The threats towards 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 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. 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 can lead to revenue losses, fines, penalties and other additional costs, including legal fees.

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, 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 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 a failure to invest in the development of key skills.

Some of the markets in which the Group operates are experiencing economic growth, 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 may threaten the success of the Group's operations in these markets. 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.

The Group is required to comply with existing and changing regulations across numerous countries, territories and jurisdictions

Governmental 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 customer 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 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 from 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 in the US 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.

The Group is exposed to risks related to corporate responsibility

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 the communities in which the Group operates. The social and environmental impacts of business are under increasing scrutiny, and the Group is exposed to the risk of damage to its reputation if it fails to demonstrate sufficiently responsible practices, ethical behaviour, or fails to comply with relevant regulatory requirements.

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 extend the hotel network through activities that do not involve significant amounts of its own capital, the Group does require capital to fund some development opportunities 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 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 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, as well as the anticipated future revenue from properties, and could leave the Group responsible for guarantees, debt or other financial obligations related to such properties.

Executive Committee members' shareholdings

Shares held by Executive Committee members (excluding the Executive Directors) as at 31 December 2013

Executive Committee Member	Number of shares held outright		APP deferred share awards		LTIP share awards (unvested)		Total number of shares held	
	2013	2012	2013	2012	2013	2012	2013	2012
Keith Barr	24,399	24,399	27,695	18,001	111,079	116,600	163,173	159,000
Angela Brav	19,286	27,135	22,501	14,200	99,650	104,254	141,437	145,589
Kenneth Macpherson	1,797	n/a	8,421	n/a	41,654	n/a	51,872	n/a
Eric Pearson	65,293	101,914	22,356	11,548	103,553	107,738	191,202	221,200
Jan Smits	106,350	106,350	28,738	19,581	116,234	117,826	251,322	243,757
George Turner	3,277	3,277	35,893	26,653	106,100	121,057	145,270	150,987

Details of the shares held by the Executive Directors can be found on page 94.

For further details on the APP deferred share award and for the LTIP share award see pages 78, 79 and 82.

Group information continued

Description of securities other than equity securities

Fees and charges payable to a depository

Category (as defined by SEC)	Depository actions	Associated fee
(a) Depositing or substituting the underlying shares	Each person to whom ADRs are issued against deposits of shares, including deposits and issuances in respect of: <ul style="list-style-type: none"> share distributions, stock split, rights, merger; and 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)
(b) Receiving or distributing dividends	Distribution of stock dividends Distribution of cash	\$5 for each 100 ADSs (or portion thereof) \$0.02 or less per ADS (or portion thereof)
(c) 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	\$5.00 for each 100 ADSs (or portion thereof)
(d) Withdrawing an underlying security	Acceptance of ADRs surrendered for withdrawal of deposited securities	\$5.00 for each 100 ADSs (or portion thereof)
(e) Transferring, splitting or grouping receipts	Transfers, combining or grouping of depository receipts	\$1.50 per ADS
(f) General depository services, particularly those charged on an annual basis	Other services performed by the depository in administering the ADRs	\$0.02 per ADS (or portion thereof) ¹ not more than once each calendar year and payable at the sole discretion of the ADR Depository by billing ADR holders or by deducting such charge from one or more cash dividends or other cash distributions.
(g) Expenses of the depository	Expenses incurred on behalf of ADR holders in connection with: <ul style="list-style-type: none"> compliance with foreign exchange control regulations or any law or regulation relating to foreign investment; the ADR Depository's or its custodian's compliance with applicable law, rule or regulation; 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 Depository in connection with the conversion of foreign currency into US dollars (which are paid out of such foreign currency); and any other charge payable by the ADR Depository or its agents. 	Expenses payable at the sole discretion of the Depository by billing ADR holders or by deducting charges from one or more cash dividends or other cash distributions are \$20 per transaction.

¹ These fees are not currently being charged by the ADR Depository.

Fees and charges payable by a depository

Direct payments

JPMorgan Chase Bank N.A. (JPMorgan or the ADR Depository) is the depository for IHG's ADS programme. The ADR Depository's principal executive office is at: 1 Chase Manhattan Plaza, Floor 58, New York, NY 10005-1401, United States of America. The ADR Depository 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 2013, the Company received \$486,293.28 from the ADR Depository in respect of legal, accounting and other fees incurred in connection with preparation of the Annual Report and Financial Statements and Annual Report on Form 20-F, ongoing SEC compliance and listing requirements, investor relations programmes and advertising and public relations expenditure.

Indirect payments

As part of its service to the Company, the ADR Depository has agreed to waive fees for the standard costs associated with the administration of the ADR Programme, associated operating expenses and investor relations advice. In the year ended 31 December 2013, the ADR Depository agreed to waive fees and expenses amounting to \$20,000.

Articles of Association

The Company's articles of association (Articles) were adopted at the AGM held on 28 May 2010. 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 he has 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 which does not comprise a Permitted Interest must be authorised by the Board in accordance with the procedure and requirements contained in the Articles, including the requirement that a Director may not vote on a resolution to authorise a matter in which he is interested, nor may he 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 he, or any person connected with him, has any material interest other than by virtue of his interests in securities of, or otherwise in or through, the Company, nor may he 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 him 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 he will be interested as an underwriter; (d) concerning another body corporate in which the Director is beneficially interested in less than one percent 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 is 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 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 he has any material interest (except in respect of the limited exceptions outlined above) nor may he 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 himself, 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 on him.

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 moneys 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.

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.

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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 chairman 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 authorised share capital or the grant of authority to allot shares; and
- 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. Subject to law, 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.

The Articles specify that each Director shall retire every three years at the AGM and, unless otherwise decided by the Directors, shall be eligible for re-election. However, the Code recommends that all directors of FTSE 350 companies submit themselves for election or re-election (as appropriate) by shareholders every year. Therefore, all Directors will retire and offer themselves for election or re-election at the 2014 AGM.

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-fourths 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:

- 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,

is to be distributed among the holders of ordinary shares according to the amounts paid up on the shares held by them. 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. At 31 December 2013, the minimum wage for individuals between 18 and under the age of 21 was £5.03 per hour and £6.31 per hour for individuals age 21 and above (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.

Less than five per cent 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 either: (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) which contain provisions under which any Group member has any obligation or entitlement which 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.

Disposal of 80 per cent interest in the InterContinental New York Barclay

On 19 December 2013, Constellation Barclay Holding US, LLC, which is an affiliate of Constellation Hotels Holding Limited, agreed, pursuant to a contribution agreement, to acquire an 80 per cent interest in a joint venture with IHG to own and refurbish the InterContinental New York Barclay hotel. The 80 per cent interest will be acquired for gross cash proceeds of \$240 million. IHG will hold the remaining 20 per cent interest.

IHG has also secured a 30-year management contract on the hotel, commencing in 2014, with two 10-year extension rights at IHG's discretion, giving an expected contract length of 50 years.

Constellation Barclay Holding US, LLC and IHG have agreed to invest through the joint venture in a significant refurbishment, repositioning and extension of the hotel. This is expected to commence in 2014 and will take place over a period of approximately 18 months. The transaction is expected to complete in the first quarter of 2014, subject to the satisfaction of certain standard conditions.

Under the contribution agreement, IHG gave certain customary warranties and indemnities to Constellation Barclay Holding US, LLC.

Sale of interest in the InterContinental London Park Lane

On 27 March 2013, an asset sale and purchase agreement (APA) was entered into between Hotel Inter-Continental London Limited, Six Continents Limited and Constellation Hotel (Opco) UK S.A., which is an affiliate of Constellation Hotels Holding Limited. Under the APA, Hotel Inter-Continental London Limited agreed to sell its leasehold interest in InterContinental London Park Lane to Constellation Hotel (Opco) UK S.A. The sale was completed on 1 May 2013. In connection with the sale, IHG secured a 30-year management contract on the hotel, with three 10-year extension rights at IHG's discretion, giving an expected contract length of 60 years.

Under the APA, Hotel Inter-Continental London Limited gave certain customary warranties and indemnities to the purchaser.

IHG's share of the sale proceeds (before transaction costs) were £301.5 million in cash, £61 million of which was used to provide security over UK pension liabilities which were previously secured against the hotel.

£750 Million Euro Medium Term Note Programme

In 2012, the Group updated its Euro Medium Term Note programme (Programme) and issued a tranche of £400 million 3.875% notes due 28 November 2022.

On 9 November 2012, 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 29 November 2009, as supplemented by the first supplemental trust deed dated 7 July 2011 between the same parties relating to the Programme, was 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 £750 million (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. Each Tranche of Notes will be issued on the terms and conditions set out in the updated base prospectus dated 9 November 2012 (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 the previous base prospectus dated 27 November 2009) on 9 December 2009 in respect of the issue of a Tranche of £250 million 6% Notes due 9 December 2016 (2009 Issuance).

Final Terms were issued pursuant to the Base Prospectus on 26 November 2012 in respect of the issue of a Tranche of £400 million 3.875% Notes due 28 November 2022 (2012 Issuance).

The Final Terms issued under each of the 2009 Issuance and the 2012 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, a copy of which is available (as is a copy of each of the Final Terms dated 7 December 2009 relating to the 2009 Issuance and the Final Terms dated 26 November 2012 relating to the 2012 Issuance) on the Company's website at www.ihgplc.com. The Notes issued pursuant to the 2009 Issuance and the Notes issued pursuant to the 2012 Issuance are referred to as '£250 million 6% bonds' and the '£400 million 3.875% bonds' respectively in the Group Financial Statements.

On 27 November 2009, the Issuer and the Guarantors entered into an 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. There was no change to the Agency Agreement in 2011 or 2012.

On 9 November 2012, the Issuer and the Guarantors entered into a dealer agreement (Dealer Agreement) with HSBC Bank plc as arranger and Citigroup Global Markets Limited, HSBC Bank plc, Lloyds TSB Bank plc, Merrill Lynch International, Mitsubishi UFJ Securities International plc and The Royal Bank of Scotland plc 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.

Syndicated Facility

On 7 November 2011, the Company signed a five-year \$1.07 billion bank facility agreement with The Royal Bank of Scotland plc, NB International Finance B.V., Citigroup Global Markets Limited, HSBC Bank plc, Lloyds TSB Bank plc and The Bank of Tokyo-Mitsubishi UFJ, Ltd., all acting as mandated lead arrangers and Banc of America Securities Limited as facility agent (Syndicated Facility).

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 + 0.90% and LIBOR + 1.70% depending on the level of the ratio. The facility was undrawn at 31 December 2013.

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 at 17 February 2014, 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 (IHC). The claimant identified eight causes of action: breach of contract; breach of partnership, fiduciary duties and good faith obligations; fraud; civil conspiracy; conversion; unfair trade practices; unjust enrichment; and alter ego. As at 17 February 2014, the likelihood of a favourable or unfavourable result cannot be reasonably determined and it is not possible to determine whether any loss is probable or to estimate the amount of any loss.

On 20 August 2012, two claimants filed a class-action claim in California against several online travel companies and hotel companies, including a Group company, InterContinental Hotels Group Resources, Inc., in connection with alleged anti-competitive practices. Several similar claims were filed across the US by other claimants alleging similar complaints. All of these cases were consolidated in a multidistrict litigation proceeding in the U.S. District Court for the Northern District of Texas for the purpose of pre-trial proceedings (with the exception of cases which were voluntarily dismissed). On 1 May 2013, claimants filed a Consolidated Amended Complaint alleging federal and state antitrust and unfair trade practices associated with online hotel-room booking. On 1 July 2013, the defendants moved to dismiss the Consolidated Amended Complaint. The motion to dismiss is fully briefed and argued, and the parties are awaiting a decision. The Court has stayed all discovery in the action pending a ruling on the motion to dismiss. It is not possible to determine whether any loss is probable or to estimate the amount of any loss. The Group intends to defend against these claims vigorously. As at 17 February 2014, the outcome of these matters could not be reasonably determined.

On 10 August 2012, Shanghai Yaoda Real Estate Development Co., Ltd. (Yaoda), the owner of the InterContinental Shanghai Puxi hotel filed an arbitration petition with the Shanghai International Economic and Trade Arbitration Commission (SIETAC), which was formerly known as China International Economic and Trade Arbitration Commission Shanghai Sub Commission, containing numerous allegations relating to IHC's alleged mismanagement of the hotel and the de-flagging of the hotel, which took place on 31 August 2012. Yaoda sought approximately \$46 million relating to the alleged loss of value of the hotel, costs of compliance with the brand standards, lost revenue at the hotel, costs and general damages. Pursuant to the dispute mechanism specified under the management contract, IHC filed a counterclaim with the China International Economic and Trade Arbitration Commission in Beijing (CIETAC Beijing).

On 21 March 2013, SIETAC issued an arbitral award (the Award) ordering IHC to pay Yaoda an aggregate amount of RMB 150,379,000 (approximately \$25 million). On 15 May 2013, IHC filed a motion to cancel the Award with the Shanghai 2nd Intermediate People's Court. On 27 July 2013, IHC and Yaoda settled their respective claims, pursuant to a settlement agreement, and entered into a new hotel support management contract.

On 31 July 2012, the UK's Office of Fair Trading (OFT) issued a Statement of Objections alleging that the Company (together with Booking.com B.V. and Expedia, Inc.) had infringed competition law in relation to the online supply of room-only hotel accommodation by online travel agents.

The Company has co-operated fully with the investigation. On 31 January 2014, the OFT announced its decision to accept a series of commitments and to conclude its investigation without any finding of infringement or wrongdoing, or the imposition of any fine.

A class-action claim was filed on 3 July 2012 by two claimants alleging that InterContinental Hotels of San Francisco, Inc. and InterContinental Hotels Group Resources, Inc. violated California Penal Code 632.7, based upon the alleged improper recording of cellular phone calls originating from California to IHG customer care and reservations centres. The claimants subsequently amended the claim to include Six Continents Hotels, Inc. The Group intends to vigorously defend against these claims. As at 17 February 2014, the likelihood of a favourable or unfavourable result cannot be reasonably determined and it is not possible to determine whether any loss is probable or to estimate the amount of any loss.

On 20 April 2012, Sanya Huayu Tourism Co., Ltd. (Sanya), the owner of the former Crowne Plaza Sanya hotel, filed an arbitration petition against Holiday Inns (China) Limited (HICL) with CIETAC Beijing seeking compensation for its alleged losses in the amount of RMB 33,867,766.63 (approximately \$5.2 million). The claims related to HICL's alleged mismanagement of the hotel. Sanya filed additional damages claims on 20 November 2012, which increased the total alleged losses to RMB 43,225,523.53 (approximately \$6.9 million). On 4 June 2012, and then by further amendment on 29 September 2012, HICL filed a statement of counterclaim seeking numerous categories of counterclaims from Sanya totalling approximately \$7.25 million.

On 9 September 2013, HICL and Sanya settled their respective claims, pursuant to a settlement agreement, and on 17 September 2013, CIETAC Beijing issued a ruling approving both parties' requests to withdraw all claims against each other.

Exchange controls

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 the capital or the payment of dividends on the ordinary shares or the ADSs, from time to time English law imposes 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 (each of the foregoing, a Prohibited Person).

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. However, under current English law, ordinary shares or ADSs may not be owned by a Prohibited Person. 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 license or franchise from any US governmental agency held by Six Continents Hotels, Inc. or any subsidiary thereof.

Taxation

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 the provisions of the Internal Revenue Code of 1986, as amended (IR Code), known as the Medicare Contribution tax, or the tax consequences to holders subject to other 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; or
- persons who, directly or indirectly, own 10 per cent or more of the Company's voting stock.

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 or any political subdivision thereof; (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 Depository 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 ADRs are pre-released 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 ADRs are pre-released.

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

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

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 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, the Company expects 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.

Dividends must be included in income when the US holder, in the case of shares, or the ADR Depository, 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.

Shareholder information continued

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 (or, for departures before 6 April 2013, ceases to be resident or ordinarily resident or becomes treated as non-resident for less than five years of assessment) 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 holder has a holding period greater than one year. 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

The Company believes that it was not a PFIC for US federal income tax purposes for its 2013 taxable year. However, this conclusion is an annual factual determination and thus may be subject to change. If the Company were to be treated as a PFIC, 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 ratably over the holding period for the ordinary shares or ADSs and, to the extent allocated to the taxable year of the sale or other exchange 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 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 per cent of the average amount of distributions received during a specified prior period), and the preferential rates for "qualified dividend income" received by certain non-corporate US holders would not apply.

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 to be treated as a PFIC in any taxable year in which a US holder held ordinary shares or ADSs, a US holder may be required to file annual reports with the IRS containing such information as the Treasury Department may require.

Additional tax considerations

UK inheritance tax

An individual who is neither domiciled nor deemed domiciled in the UK (under certain UK rules relating to previous domicile or long residence) 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 are likely to 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 (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 per cent 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 per cent 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. In HMRC's view, the 1.5 per cent 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. This view is currently being challenged in further litigation. **Accordingly, specific professional advice should be sought before paying the 1.5 per cent 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 per cent of the amount of 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 other 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.

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 by the Financial Reporting Council in the UK (Code) is set out on page 56.

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 Chairman, should consist of independent Non-Executive Directors. As at 17 February 2014, the Board consisted of the Chairman, independent at the time of his appointment, four Executive Directors and eight 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 judgment 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.

Chairman and Chief Executive Officer

The Code recommends that the Chairman 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 Chairman and Chief Executive Officer were, as at 17 February 2014 and throughout 2013, 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 both 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 Committee 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 of the Board, candidates for appointment to the Board, though it also assists in developing the role of the Senior Independent Director. The Company's Nomination Committee consists of the Chairman of the Company and all the independent Non-Executive Directors.

The Chairman of the Company is not a member of either of the Remuneration or the Audit Committees. As set out on page 66, 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 criteria under US rules for an "audit committee financial expert".

Shareholder information continued

Non-Executive Director meetings

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 Chairman 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 Chairman present to appraise the Chairman's performance. The Company's Non-Executive Directors have met without Executive Directors being present, and intend to continue this practice, before 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 73, 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 on the next page for the years ended 31 December 2009, 2010, 2011, 2012 and 2013 has 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 Group Financial Statements which have been audited by its independent registered public accounting firm, Ernst & Young LLP.

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's Financial Statements for the years presented. The selected consolidated financial data set forth on the next page 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

For the year ended 31 December	2013	2012 (restated ²)	2011 (restated ¹)	2010 (restated ¹)	2009 (restated ¹)
		(\$m, except earnings per ordinary share)			
Revenue ¹	1,903	1,835	1,768	1,628	1,538
Total operating profit before exceptional operating items	668	605	548	438	359
Exceptional operating items ¹	5	(4)	57	(7)	(373)
Total operating profit/(loss) ¹	673	601	605	431	(14)
Financial income	5	3	2	2	3
Financial expenses	(78)	(57)	(64)	(64)	(57)
Profit/(loss) before tax	600	547	543	369	(68)
Tax:					
On profit before exceptional items	(175)	(151)	(117)	(96)	(14)
On exceptional operating items	(6)	1	(4)	1	112
Exceptional tax	(45)	141	43	-	175
	(226)	(9)	(78)	(95)	273
Profit after tax:	374	538	465	274	205
Gain on disposal of discontinued operations, net of tax	-	-	-	2	6
Profit for the year	374	538	465	276	211
Attributable to:					
Equity holders of the parent	372	537	465	276	210
Non-controlling interest	2	1	-	-	1
Profit for the year	374	538	465	276	211
Earnings per ordinary share:					
Continuing operations:					
Basic	140.9¢	187.1¢	160.9¢	95.1¢	71.6¢
Diluted	139.3¢	183.9¢	157.1¢	92.6¢	69.2¢
Total operations:					
Basic	140.9¢	187.1¢	160.9¢	95.8¢	73.7¢
Diluted	139.3¢	183.9¢	157.1¢	93.2¢	71.2¢

¹Relates to continuing operations.²Restated for the adoption of IAS 19R 'Employee Benefits' (see page 111).**Group statement of financial position data**

31 December	2013	2012	2011	2010	2009
		(\$m, except number of shares)			
Goodwill and intangible assets	518	447	400	358	356
Property, plant and equipment	1,169	1,056	1,362	1,690	1,836
Investments and other financial assets	321	239	243	178	175
Retirement benefit assets	7	99	21	5	12
Non-current tax receivable	16	24	41	-	-
Deferred tax assets	108	204	106	88	95
Current assets	586	660	578	466	419
Non-current assets classified as held for sale	228	534	217	-	-
Total assets	2,953	3,263	2,968	2,785	2,893
Current liabilities	814	780	860	943	1,040
Long-term debt	1,269	1,242	670	776	1,016
Net (liabilities) / assets	(74)	317	555	278	156
Equity share capital	189	179	162	155	142
IHG shareholders' equity	(82)	308	547	271	149
Number of shares in issue at end of the year (millions)	269	268	290	289	287

Shareholder information continued

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.

Ordinary dividend	Interim dividend		Final dividend		Total dividend		Special dividend	
	pence	cents	pence	cents	pence	cents	pence	cents
2013	15	23	28.1	47	43.2	70	87.1	133
2012	13.5	21	28	43	41	64	108.4 ²	172
2011	9.8	16	25	39	35	55	-	-
2010	8	13	22	35	30	48	-	-
2009	7.3	12	19	29	26	41	-	-
2008 ¹	6.4	12	20	29	27	41	-	-
2007	5.7	12	15	29	21	41	200 ²	-
2006	5.1	9.6	13	26	18	36	118 ²	-
2005	4.6	8.1	11	19	15	27	-	-
2004	4.3	7.7	10	19	14	27	72.0 ²	-
2003	4.05	6.8	9.5	17	14	24	-	-

¹IHG changed the reporting currency of its Group accounts 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 immediately before announcement.

²Accompanied by a share consolidation.

Return of funds

Since March 2004, the Group has returned over £4.3 billion of funds to shareholders by way of special dividends, capital returns and share repurchase programmes by share consolidation.

On 7 August 2012, the Company announced a \$1 billion return of funds to shareholders, split between a \$500 million special dividend with share consolidation and a \$500 million share buyback programme. The special dividend was paid on 22 October 2012 and as at 17 February 2014 \$390 million (£248 million) of shares had been repurchased at an average price per share of 1,778 pence. Purchases are made under the existing authority from shareholders, which will be presented for renewal at the Company's AGM to be held on 2 May 2014. Any shares repurchased may be cancelled or held as treasury shares.

On 6 August 2013, the Company announced a \$350 million return of funds to shareholders via a special dividend without share consolidation. The special dividend was paid on 4 October 2013.

Return of funds programme	Timing	Total return	Returned to date
£501 million special dividend ¹	Paid in December 2004	£501m	£501m
First £250 million share buyback	Completed in 2004	£250m	£250m
£996 million capital return ¹	Paid in July 2005	£996m	£996m
Second £250 million share buyback	Completed in 2006	£250m	£250m
£497 million share buyback	Paid in June 2006	£497m	£497m
Third £250 million share buyback	Completed in 2007	£250m	£250m
£709 million special dividend ¹	Paid in June 2007	£709m	£709m
£150 million share buyback	n/a ³	£150m	£120m
\$500 million special dividend ^{1,2}	Paid in October 2012	£315m ⁴ (\$500m)	£315m (\$505m) ⁶
\$500 million share buyback	Ongoing	£315m ⁴ (\$500m)	£248m (\$390m) ^{7,9}
\$350 million special dividend	Paid in October 2013	£229m ⁵ (\$350m)	£228m (\$355m) ⁸
Total		£4,462m	£4,319m

¹Accompanied by a share consolidation.

²IHG changed the reporting currency of its Group accounts from sterling to US dollars effective from the Half-Year Results as at 30 June 2008.

³This programme was superseded by the share buyback programme announced on 7 August 2012.

⁴The 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.

⁵The dividend was first determined in US dollars and converted to sterling immediately before announcement at the rate of \$1=£0.655, as announced in Half-Year Results to 30 June 2013.

⁶Sterling dividend translated at \$1=£0.624.

⁷Translated into US dollars at the average rates of exchange for the relevant years (2013 \$1=£0.64; 2012 \$1=£0.63).

⁸Sterling dividend translated at \$1=£0.644.

⁹At 17 February 2014.

Purchases of equity securities by the Company and affiliated purchasers

The Group's current \$500 million share repurchase programme was announced on 7 August 2012. By 31 December 2013, 11,484,351 shares had been repurchased at an average price of 1,865.5301 pence per share (approximately £214 million).

Period of financial year	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programmes	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programmes
Month 1 (no purchases this month)	nil	nil	nil	23,073,341 ¹
Month 2	1,160,688	1,948.9099	100,000	21,912,653 ¹
Month 3 (no purchases this month)	nil	nil	nil	21,912,653 ¹
Month 4	1,369,415	1,895.7360	1,369,415	20,543,238 ¹
Month 5 (pre-AGM)	323,758	1,924.0195	323,758	20,219,480 ¹
Month 5 (post-AGM)	370,872	1,918.4721	370,872	26,464,875 ²
Month 6	2,613,459	1,811.3233	2,613,459	23,851,416 ²
Month 7 (no purchases this month)	nil	nil	nil	23,851,416 ²
Month 8	1,263,366	1,876.4824	1,263,366	22,588,050 ²
Month 9	1,732,537	1,849.5455	1,732,537	20,855,513 ²
Month 10	1,308,941	1,808.6041	1,308,941	19,546,572 ²
Month 11	691,564	1,810.6577	691,564	18,855,008 ²
Month 12	649,751	2,006.0014	nil	18,855,008 ²

¹ Reflects the resolution passed at the Company's General Meeting held on 8 October 2012.

² Reflects the resolution passed at the Company's AGM held on 24 May 2013.

During the financial year ended 31 December 2013, 1,196,061 ordinary shares were purchased by the Company's Employee Share Ownership Trust at prices ranging from 1,939 pence to 2,028 pence per share, for the purpose of satisfying future share awards to employees.

Share price information

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 JPMorgan as ADR Depositary. The following table shows, for the financial periods indicated, the reported high and low middle market quotations (which represent an average of closing bid and ask prices) for the ordinary shares on the LSE, as derived from the Official List of the UK Listing Authority, and the highest and lowest sales prices of the ADSs as reported on the NYSE composite tape.

Year ended 31 December	£ per ordinary share		\$ per ADS ¹	
	high	low	high	low
2009	9.04	4.46	14.67	6.04
2010	12.66	8.87	20.04	13.84
2011	14.35	9.55	23.28	15.27
2012	17.25	11.57	27.82	17.99
2013	20.39	17.07	33.54	26.90
Quarters in the year ended 31 December				
2012				
First quarter	14.97	11.57	23.67	17.99
Second quarter	15.73	13.95	24.70	21.84
Third quarter	17.25	15.02	27.02	23.16
Fourth quarter	17.10	15.24	27.82	24.50
2013				
First quarter	20.22	17.07	30.64	27.82
Second quarter	20.39	17.37	30.61	26.90
Third quarter	20.30	17.88	31.08	27.77
Fourth quarter	20.25	17.63	33.54	28.27
2014				
First quarter (through to 14 February 2014)	2,038	1,942	34.08	31.69
Month ended				
August 2013	20.30	17.88	31.08	27.77
September 2013	19.16	18.02	30.26	28.09
October 2013	18.65	17.63	30.39	28.27
November 2013	19.08	17.94	31.22	28.74
December 2013	20.25	18.82	33.54	30.90
January 2014	20.38	19.66	34.08	32.44
February 2014 (through to 14 February 2014)	2,003	1,942	33.78	31.69

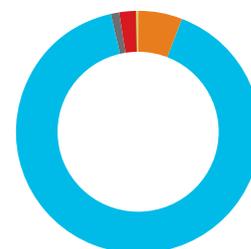
¹ Fluctuations in the exchange rates between sterling and the US dollar will affect the dollar equivalent of the sterling price of the ordinary shares on the LSE and, as a result, are likely to affect the market price of ADSs.

Shareholder information continued

Shareholder profiles

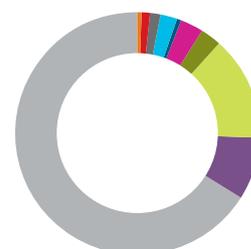
Shareholder profile by type as at 31 December 2013

Category of shareholdings	Number of shareholders	Percentage total of shareholders	Number of ordinary shares	Percentage of issued share capital See chart →
Private individuals	45,248	93.41	15,517,490	5.99
Nominee companies	1,512	3.12	234,757,478	90.59
Limited and public limited companies	1,501	3.10	2,595,009	1.00
Other corporate bodies	167	0.34	5,862,369	2.26
Pension funds, insurance companies and banks	12	0.02	422,959	0.16
Total	48,440	100	259,155,305	100



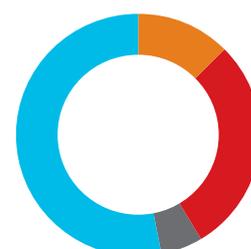
Shareholder profile by size as at 31 December 2013

Range of shareholdings	Number of shareholders	Percentage total of shareholders	Number of ordinary shares	Percentage of issued share capital See chart →
1 — 199	30,577	63.12	1,954,825	0.75
200 — 499	9,269	19.14	2,968,040	1.15
500 — 999	4,488	9.27	3,130,129	1.21
1,000 — 4,999	3,192	6.59	5,951,430	2.30
5,000 — 9,999	248	0.51	1,730,546	0.67
10,000 — 49,999	324	0.67	7,556,191	2.92
50,000 — 99,999	103	0.21	7,601,747	2.93
100,000 — 499,999	157	0.32	35,582,279	13.73
500,000 — 999,999	31	0.06	21,340,235	8.23
1,000,000 and above	51	0.11	171,339,883	66.11
Total	48,440	100	259,155,305	100



Shareholder profile by geographical location as at 31 December 2013

Country/ Jurisdiction	Percentage of issued share capital ¹ See chart →
UK	53.3
Rest of Europe	12.4
US (including ADRs)	29.0
Rest of World	5.3
Total	100



¹ 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 88.9% of total issued share capital. Therefore, the known percentage distributions have been multiplied by 100/88.9 (1.125) to achieve the figures shown in the table above.

As of 14 February 2014, 16,302,058 ADSs equivalent to 16,302,058 ordinary shares, or approximately 6 per cent of the total issued share capital, were outstanding and were held by 762 holders. Since certain ordinary shares are registered in the names of nominees, the number of shareholders of record may not be representative of the number of beneficial owners.

As of 14 February 2014, there were a total of 48,255 record holders of ordinary shares, of whom 252 had registered addresses in the US and held a total of 685,165 ordinary shares (0.25 per cent of the total issued share capital).

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 2013 has been made available to shareholders through our website at www.ihgplc.com/investors under financial library.

Shareholders may electronically appoint a proxy to vote on their behalf at the 2014 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 Secretariat department (see page 182).

Corporate Responsibility Report

IHG updates its online Corporate Responsibility Report regularly, covering progress on a range of environmental, social and community issues. This can be viewed at www.ihgplc.com/responsibility.

IHG Shelter in a Storm Programme

The IHG Shelter in a Storm Programme enables IHG to support our hotels and local communities, employees and guests when a disaster occurs, by providing immediate and vital assistance.

If you would like to make a donation to the programme, you can do so online via a secure payment page at www.ihgshelterinastorm.com.

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 0871 384 2132^{1,2} (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 0871 384 2268^{1,2}. A DRIP application form and information booklet are available at www.shareview.co.uk/products/pages/applyforadrip.aspx.

Bank mandate

We encourage shareholders to have their dividends paid directly into their UK bank or building society account, to ensure efficient payment and clearance of funds on the payment date. For further information, please contact our Registrar (see page 182).

Overseas payment service

It is also possible for shareholders to have their dividends paid direct to their bank account in a local currency. Charges are payable for this service. Further information is available at www.shareview.co.uk/shareholders/pages/overseaspayments.aspx.

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 page 182).

Individual Savings Account (ISA)

Equiniti offers a Stocks and Shares ISA where IHG shares can be invested. For further information, please contact Equiniti on 0871 384 2244^{1,2}.

Share dealing services

Equiniti offers the following share dealing facilities:

Postal dealing

For more information call 0871 384 2248^{1,2}

Telephone dealing

For more information call 0845 603 7037^{1,3}

Internet dealing

For more information visit www.shareview.co.uk.

Changes to the base cost of IHG shares

Details of all the changes to the base cost of IHG shares held since April 2003 to December 2013, for UK Capital Gains Tax purposes, may be found on our website at www.ihgplc.com/investors under shareholder centre/tax information.

'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. For further details please contact ProSearch on 01732 741 411 or email info@prosearchassets.com.

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 on the Financial Conduct Authority website at www.fca.org.uk/consumers/scams. Details of any share dealing facilities that the Company endorses will be included in Company mailings.

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 JPMorgan Chase Bank, N.A., our ADR Depository bank (contact details shown on page 182).

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, D.C. 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.

¹ Calls cost 8p per minute plus network extras.

² Lines are open from 08.30 to 17.30 Monday to Friday, excluding UK public holidays.

³ Lines are open from 08.00 to 16.30 Monday to Friday, excluding UK public holidays.

Additional information continued

Financial calendar

		2013
Interim dividend of 15.1p per share (23.0¢ per ADR):	Payment date	4 October
Special dividend of 87.1p per share (133.0¢ per ADR):	Payment date	4 October
Financial year end		31 December
		2014
Preliminary announcement of annual results		18 February
Final dividend of 28.1p per share (47.0¢ per ADR):	Ex-dividend date	19 March
	Record date	21 March
Announcement of first quarter interim management statements		2 May
Annual General Meeting		2 May
Final dividend of 28.1p per share (47.0¢ per ADR):	Payment date	9 May
Announcement of half-year results		5 August
Interim dividend:	Payment date	October
Announcement of third quarter interim management statements		21 October
Financial year end		31 December
		2015
Preliminary announcement of annual results		February

Contacts

Registered office

Broadwater Park
Denham
Buckinghamshire
UB9 5HR

Telephone +44 (0) 1895 512 000

Fax +44 (0) 1895 512 101

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 Secretariat department at the above address.

Registrar

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone 0871 384 2132^{1,2} (UK calls)

+44 (0) 121 415 7034
(non-UK calls)

www.shareview.co.uk

¹For those with hearing difficulties a text phone is available on 0871 384 2255² for UK callers with compatible equipment.

²Calls cost 8p per minute plus network extras. Lines are open from 8.30am to 5.30pm Monday to Friday, excluding UK public holidays.

ADR Depository

JPMorgan Chase Bank N.A.
PO Box 64504
St. Paul
MN 55120-0854
USA

Telephone +1 800 990 1135
(US calls) (toll-free)

+1 651 453 2128
(non-US calls)

Email: jpmorgan.adr@wellsfargo.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:

0871 226 1111³ (Europe)

+1 888 211 9874⁴ (US and Canada)

+1 800 272 9273⁴ (Mexico)

+1 801 975 3063⁵ (English)
(Central and South America)

+1 801 975 3013⁵ (Spanish)
(Central and South America)

+971 4 429 0530⁵ (Middle East
and Africa)

+02 9935 8362⁵ (Australia)

+86 21 2033 4848⁵ (Mandarin and
Cantonese) (China and Hong Kong)

+81 3 5767 9325⁵ (Japan)

+63 2 857 8778⁵ (Korea)

+63 2 857 8788⁵ (all other countries in
Asia Pacific)

³Telephone calls to this number are charged at 10p per minute. Standard network rates apply. Calls from mobiles will be higher.

⁴Toll-free.

⁵Toll charges apply.

Exhibits

The following exhibits are filed as part of this Annual Report on Form 20-F with the SEC:

Exhibit 1 ¹	Articles of Association of the Company (incorporated by reference to Exhibit 1 of the InterContinental Hotels Group PLC Annual Report on Form 20-F (File No. 1-10409) dated 11 April 2011)
Exhibit 4(a)(i)	Contribution agreement relating to the InterContinental New York Barclay between Barclay Operating Corp., InterContinental Hotels Group Resources, Inc., Constellation Barclay Holding US, LLC, and 111 East 48th Street Holdings, LLC dated 19 December 2013
Exhibit 4(a)(ii)	Asset sale and purchase agreement relating to the Intercontinental Hotel, Park Lane, London between Hotel Inter-Continental London Limited, Constellation Hotel (Opco) UK S.A., and Six Continents Limited dated 27 March 2013
Exhibit 4(a)(iii) ¹	Five-year \$1,070 million bank facility agreement dated 7 November 2011, among The Royal Bank of Scotland plc, NB International Finance B.V., Citigroup Global Markets Limited, HSBC Bank plc, Lloyds TSB Bank plc and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (incorporated by reference to Exhibit 4(a)(i) of the InterContinental Hotels Group PLC Annual Report on Form 20-F (File No. 1-10409) dated 29 March 2012)
Exhibit 4(a)(iv) ¹	First supplemental trust deed dated 7 July 2011 modifying and restating the Euro Medium Term Note programme governed by a trust deed dated 29 November 2009 (incorporated by reference to Exhibit 4(a)(ii) of the InterContinental Hotels Group PLC Annual Report on Form 20-F (File No. 1-10409) dated 29 March 2012)
Exhibit 4(a)(v) ¹	Amended and restated trust deed dated 9 November 2012 relating to a £750 million 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)(iii) of the InterContinental Hotels Group PLC Annual Report on Form 20-F (File No. 1-10409) dated 26 March 2013)
Exhibit 4(c)(i)	Employment Agreement between Six Continents Limited and Paul Edgecliffe-Johnson's dated 6 December 2013, commencing on 1 January 2014
Exhibit 4(c)(ii) ¹	Tracy Robbins' service contract dated 9 August 2011 (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 29 March 2012)
Exhibit 4(c)(iii) ¹	Tom Singer's service contract dated 26 July 2011 (incorporated by reference to Exhibit 4(c)(ii) of the InterContinental Hotels Group PLC Annual Report on Form 20-F (File No. 1-10409) dated 29 March 2012)
Exhibit 4(c)(iv) ¹	Kirk Kinsell's service contract commencing on 1 August 2010, as amended by a letter dated 5 July 2010 (incorporated by reference to Exhibit 4(c)(iii) of the InterContinental Hotels Group PLC Annual Report on Form 20-F (File No. 1-10409) dated 11 April 2011)
Exhibit 4(c)(v) ¹	Richard Solomons' service contract dated 16 March 2011, commencing on 1 July 2011 (incorporated by reference to Exhibit 4(c)(iv) of the InterContinental Hotels Group PLC Annual Report on Form 20-F (File No. 1-10409) dated 11 April 2011)
Exhibit 4(c)(vi) ¹	Rules of the InterContinental Hotels Group Long Term Incentive Plan as amended on 26 September 2012 (incorporated by reference to Exhibit 4(c)(v) of the InterContinental Hotels Group PLC Annual Report on Form 20-F (File No. 1-10409) dated 26 March 2013)
Exhibit 4(c)(vii) ¹	Rules of the InterContinental Hotels Group Annual Bonus Plan as amended on 26 September 2012 (incorporated by reference to Exhibit 4(c)(vi) of the InterContinental Hotels Group PLC Annual Report on Form 20-F (File No. 1-10409) dated 26 March 2013)
Exhibit 8	List of subsidiaries as at 31 December 2013
Exhibit 12(a)	Certification of Richard Solomons 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 Richard Solomons 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

¹ Incorporated by reference.

OVERVIEW

STRATEGIC REPORT

GOVERNANCE

GROUP
FINANCIAL STATEMENTS

PARENT COMPANY
FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

Form 20-F cross-reference guide

Item	Form 20-F caption	Location in this document	Page
1	Identity of directors, senior management and advisors	Not applicable	-
2	Offer statistics and expected timetable	Not applicable	-
3	Key information:		
	3A – Selected financial data	Shareholder Information: Selected five-year consolidated financial information Shareholder Information: Dividend history	176-177 178
	3B – Capitalisation and indebtedness	Not applicable	-
	3C – Reason for the offer and use of proceeds	Not applicable	-
	3D – Risk factors	Group Information: Risk Factors	164-167
4	Information on the Company		
	4A – History & development of the company	Group Information: History and developments Shareholder Information: Return of funds Contact details	164 178 182
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Glossary

adjusted

excluding the effect of exceptional items and any relevant tax.

ADR

an American Depositary Receipt, being a receipt evidencing title to an American Depositary Share (ADS).

ADR Depositary (JPMorgan)

JPMorgan Chase Bank N.A.

ADS

an American Depositary Share as evidenced by an American Depositary Receipt, being a registered negotiable security, listed on the New York Stock Exchange, representing one ordinary share of 14¹⁹⁴/₃₂₉ pence each of the Company.

AGM

Annual General Meeting.

AMEA

Asia, Middle East and Africa.

APP

Annual Performance Plan.

Articles

the articles of association of the Company for the time being in force.

average daily rate or average room 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.

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 September 2012 by the Financial Reporting Council in the UK.

Companies Act

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

Company

InterContinental Hotels Group PLC.

comparable RevPAR

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

constant currency

a current year value translated using the previous year's exchange 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.

derivatives

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

discontinued operations

hotels or operations sold or those classified as held for sale when the results relate to a separate line of business, geographical area of operations, or where there is a co-ordinated plan to dispose of a separate line of business or geographical area of operations.

Employee Engagement survey

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

EU

the European Union.

euro or €

the currency of the European Economic and Monetary Union.

exceptional items

items which 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, Candlewood Suites).

fee margin

operating profit as a percentage of revenue, excluding revenue and operating profit from owned and leased hotels, managed leases and significant liquidated damages.

fee revenue

Group revenue excluding revenue from owned and leased hotels, managed leases and significant liquidated damages.

franchisee

operator who uses a brand under licence from the brand owner, IHG.

franchisor

brand owner, IHG, who licenses brands for use by operators.

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 Heartbeat

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

hedging

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

IASB

International Accounting Standards Board.

ICETUS

InterContinental Executive Top-up Scheme.

IC Plan

InterContinental Hotels UK Pension Plan.

IFRS

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

IHG System

Hotels operating under franchise and management agreements together with IHG owned and leased hotels.

IHG System size

the number of hotels/rooms franchised, managed, owned or leased by IHG.

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 management and franchise contracts, where applicable.

LTIP

Long Term Incentive Plan.

managed leases

properties structured for legal reasons 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 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 4 June 2007 until 8 October 2012, the ordinary shares of 13²⁹/₄₇ pence each in the Company; and following 9 October 2012, the ordinary shares of 14¹⁹⁴/₃₂₉ pence each in the Company.

owner

the ultimate owner of the 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.

RevPAR or revenue per available room

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 or leased by IHG.

rooms revenue

revenue generated from the sale of room nights.

royalty revenues

rooms revenue that a franchisee pays to the brand owner for use of the brand name.

SCETUS

Six Continents Executive Top-Up Scheme.

SEC

US Securities and Exchange Commission.

Six Continents

Six Continents Limited; previously Six Continents PLC and re-registered as a private limited company on 6 June 2005.

sterling or pounds sterling, £, pence or p

the pound sterling, the currency of the United Kingdom.

subsidiary undertaking

a company over which the Group exercises control.

system contribution to revenue

per cent 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 for the specific use of marketing, the IHG Rewards Club loyalty programme and the global reservations system.

technology income

income received from hotels under franchise and management agreements for the use of IHG's proprietary reservations system.

total gross revenue

total rooms revenue from franchised hotels and total hotel revenue from managed, owned and leased hotels.

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 gross 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.

UK DB Plan

the defined benefit section of the IC Plan.

UK DC Plan

the defined contribution section of the IC Plan.

US

the United States of America.

US 401(k) Plan

the Defined Contribution 401(k) plan.

US Deferred Compensation Plan

the Defined Contribution Deferred Compensation 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.

Forward-looking statements

The Annual Report and Form 20-F 2013 contain 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 Chairman's Statement and in the Chief Executive Officers' 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 the effect 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 is subject to competitive and changing industry; the Group's dependency on a wide range of external stakeholders and business partners; 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 the protection of its intellectual property rights; the risks involved in the Group's reliance upon its proprietary reservations system and the risk of its failure and increased competition in reservations infrastructure; the risks related to information security and data privacy; 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; compliance with existing and changing regulations across numerous countries, territories and jurisdictions; the risk of litigation; the risks related to corporate responsibility; the risks associated with the Group's financial stability and its ability to borrow and satisfy debt covenants; and the risks associated with the Group's ability to maintain adequate insurance.

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 2013.

Holiday Inn received the highest numerical score among mid-scale full service hotels in the proprietary J.D. Power 2011-2013 North America Hotel Guest Satisfaction Index StudySM. 2013 study based on responses from 68,787 guests measuring 4 mid-scale full service hotels and measures opinions of guests who stayed in a hotel June 2012-May 2013. Proprietary study results are based on experiences and perceptions of consumers surveyed July 2012-May 2013. Your experiences may vary. Visit jdpower.com.

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