

Registration number: 6947603

InterContinental (PB) 3 Limited

Annual Report and Unaudited Financial Statements

for the year ended 31 December 2022

InterContinental (PB) 3 Limited

Contents

	Page
Company Information	1
Strategic Report	2 to 3
Directors' Report	4
Statement of Directors' Responsibilities	5
Income Statement	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Notes to the Unaudited Financial Statements	9 to 25

InterContinental (PB) 3 Limited

Company Information

Directors M Cockcroft
M Renshaw
N Watson

Company secretary C Lindsay

Registered office 1 Windsor Dials
Arthur Road
Windsor
Berkshire
SL4 1RS

InterContinental (PB) 3 Limited

Strategic Report for the year ended 31 December 2022

The directors present their report for the year ended 31 December 2022.

Principal activities and stakeholder engagement

InterContinental (PB) 3 Limited's (the "Company") principal activity is that of an investment holding company.

The Company's principal activities, as set out above, determines its key stakeholder as fellow InterContinental Hotels group (consisting of InterContinental Hotels Group PLC and its subsidiaries) (the "Group") undertakings. Whilst the Company considers the interests and impact of its activities and strategy on its key stakeholder when making relevant decisions, it does not formulate its own policies and principles, rather as part of the Group, the Company is guided by the Group's policies and engagement practices.

Business review

During the year, the Company made a profit before tax of \$653,658,000 (2021: \$2,380,000) and a profit after tax of \$651,893,000 (2021: \$1,849,000). The profit before tax for the year is a result of dividends received from subsidiary undertakings of \$635,410,000 (2021: \$741,000) and net interest receivable of \$18,248,000 (2021: \$1,633,000).

As of 31 December 2022, the Company had net assets of £1,694,153,000 (2021: £1,542,260,000).

Principal risks and uncertainties

Primarily the Company's transactions are with fellow Group undertakings and as such there are not considered to be any significant risks and uncertainties impacting the Company. Any uncertainties impacting the Company would arise from internal decisions taken within the Group.

Directors' statement of compliance with duty to promote the success of the Company

A director of a Company must act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, and in doing so have regard, (amongst other matters), to:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

In discharging their Section 172 duties, the directors of the Company consider that they have had regard in all material respects to the factors set out above.

The key stakeholders of the Company are other Group companies.

InterContinental (PB) 3 Limited

Strategic Report for the year ended 31 December 2022 (continued)

Directors' statement of compliance with duty to promote the success of the Company (continued)

The Company delegates authority for day-to-day management to senior leaders, who set, approve and oversee the execution of the Company's activities. The Company has no employees, customers or suppliers, and as such the full range of Section 172 factors and stakeholder considerations have not been applied. Board meetings are held periodically where the directors consider Company activities, including renewals of powers of attorney to file tax returns and intercompany agreements. The Company follows Group policies and procedures, including those relating to standards of business conduct, employees, the environment, the community, and other stakeholders. As part of the Group, stakeholder engagement takes place at a group level and the Company looks to group initiatives for guidance and takes them into account in its decision making. More detail may be found in the InterContinental Hotels Group PLC 2022 Annual Report and Form 20-F (the "Group Annual Report").

In considering items of business the Company makes autonomous decisions on each transaction's own merits, after due consideration of the long-term success of the Company, Section 172 factors, where relevant, and the stakeholders impacted.

During the course of 2022, no significant decisions were made by the Company.

Approved by the Board on 25 September 2023 and signed on its behalf by:



M Renshaw
Director

InterContinental (PB) 3 Limited

Directors' Report for the year ended 31 December 2022

The directors present their report and the unaudited financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year, after tax, amounted to £651,893,000 (2021: £1,849,000).

On 28 November 2022, the Company paid an interim dividend of \$500,000,000 (2021: \$nil) to Six Continents Hotels International Limited. The directors do not propose a dividend for the year ended 31 December 2022 (2021: \$nil).

Directors of the Company

The directors of the Company, who held office during the year and up to the date of signing the financial statements were:

M Renshaw

N Watson

H Wood (resigned 1 March 2023)

The following director was appointed after the year end:

M Cockcroft (appointed 1 March 2023)

Future developments

It is the intention of the directors that the Company will continue to operate as an investment holding company for the foreseeable future.

The directors view the results as satisfactory for the current year.

Going concern

The financial statements have been prepared on a going concern basis. Further details regarding the adoption of the going concern basis can be found in note 2 to the financial statements.

Directors' liabilities

A qualifying third party indemnity provision in favour of existing and former directors of the Company, granted by InterContinental Hotels Limited in accordance with Section 234 of the Companies Act 2006, was in force during the year and up to the date of the approval of the financial statements. A copy of this indemnity provision is available for inspection by the members of the Company at the Company's registered office at 1 Windsor Dials, Arthur Road, Windsor, Berkshire, SL4 1RS.

Statement of Directors' Responsibilities

The Statement of Directors' Responsibilities can be found on page 5.

Approved by the Board on 25 September 2023 and signed on its behalf by:



M Renshaw
Director

InterContinental (PB) 3 Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

InterContinental (PB) 3 Limited

Income Statement for the year ended 31 December 2022

	Note	2022 \$ 000	2021 \$ 000
Administrative income		<u>-</u>	<u>6</u>
Operating profit		-	6
Income from fixed asset investments	8	635,410	741
Interest receivable and similar income	5	20,404	4,149
Interest payable and similar charges	6	<u>(2,156)</u>	<u>(2,516)</u>
Profit before tax		653,658	2,380
Tax	7	<u>(1,765)</u>	<u>(531)</u>
Profit for the financial year		<u>651,893</u>	<u>1,849</u>

All amounts relate to continuing operations.

The Company has no other comprehensive income or loss for the current or prior year other than the results above.

InterContinental (PB) 3 Limited

(Registration number: 6947603)

Statement of Financial Position as at 31 December 2022

	Note	2022 \$ 000	2021 \$ 000
Fixed assets			
Investments	8	1,534,103	1,534,048
Current assets			
Debtors: amounts falling due within one year	9	218,800	121,947
Cash at bank and in hand		173	251
		<u>218,973</u>	<u>122,198</u>
Creditors: amounts falling due within one year	10	<u>(18,483)</u>	<u>(65,532)</u>
Net current assets		<u>200,490</u>	<u>56,666</u>
Total assets less current liabilities		1,734,593	1,590,714
Creditors: amounts falling due after more than one year	11	<u>(40,440)</u>	<u>(48,454)</u>
Net assets		<u>1,694,153</u>	<u>1,542,260</u>
Capital and reserves			
Called up share capital	13	2	2
Share premium account	14	1,082,090	1,082,090
Profit and loss account		<u>612,061</u>	<u>460,168</u>
Total equity		<u>1,694,153</u>	<u>1,542,260</u>

For the financial year ending 31 December 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 25 September 2023 and signed on its behalf by:



M Renshaw
Director

The notes on pages 9 to 25 form an integral part of these financial statements.

InterContinental (PB) 3 Limited

Statement of Changes in Equity for the year ended 31 December 2022

	Note	Called up share capital \$ 000	Share premium account \$ 000	Profit and loss account \$ 000	Total \$ 000
At 1 January 2021		2	1,060,432	458,319	1,518,753
Profit for the financial year		-	-	1,849	1,849
Total comprehensive income		-	-	1,849	1,849
New share capital subscribed	8	-	21,658	-	21,658
At 31 December 2021		2	1,082,090	460,168	1,542,260
Profit for the financial year		-	-	651,893	651,893
Total comprehensive income		-	-	651,893	651,893
Dividends paid	12	-	-	(500,000)	(500,000)
At 31 December 2022		2	1,082,090	612,061	1,694,153

The notes on pages 9 to 25 form an integral part of these financial statements.

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022

1 General information

The Company is a private company limited by share capital, incorporated and registered in England and Wales.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

The Company's financial statements are presented in United States dollars and all values are rounded to the nearest thousand dollars (\$'000), except where otherwise indicated.

The Company's ultimate parent undertaking, InterContinental Hotels Group PLC, includes the Company in its consolidated financial statements. The consolidated financial statements of InterContinental Hotels Group PLC, which are prepared in accordance with UK-adopted international accounting standards, with applicable law and regulations and with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board, are publicly available and may be obtained from the address given in note 15.

Summary of disclosure exemptions

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of UK-adopted IFRSs. In these financial statements, disclosures required by the following standards have not been provided as permitted by FRS101 or equivalent disclosures have been provided in the consolidated financial statements of InterContinental Hotels Group PLC:

- Disclosures required by IFRS 7 - 'Financial instruments: Disclosures' and paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities), as the consolidated financial statements of InterContinental Hotels Group PLC include the equivalent disclosures.
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):
 - paragraph 79(a)(iv) of IAS 1 (reconciliation of number of shares at the beginning and end of the period)
- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 111 (cash flow statement information).

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management personnel compensation).
- IAS 24 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group).
- Paragraphs 134 to 136 of IAS 1 'Presentation of financial statements' (disclosures in respect of capital management).

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis.

The Company operates its activities in conjunction with other companies within the Group and therefore relies on the Group for its continued existence. The directors have confirmed that the ultimate parent company, InterContinental Hotels Group PLC, intends to make funds available to the Company to enable it to meet its liabilities as they fall due for at least a period up to and including 31 December 2024.

An overview of the business activities of the Group, including a review of the key business risks that the Group faces, is given in the Strategic Report in the InterContinental Hotels Group PLC Annual Report and Form 20-F 2022 (the "Group Annual Report"). Information on the Group's liquidity and financial resources, including information on covenants and debt facilities; its capital and financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to liquidity risk and credit risk are also given in the Group Annual Report.

In adopting the going concern basis for preparing the condensed interim financial statements of InterContinental Hotels Group PLC for the six months ended 30 June 2023, the Group directors considered a 'Base Case' scenario which assumes continued growth in RevPAR in 2023 and 2024 boosted by strength in the US and the elimination of Covid-19 related restrictions in China, balanced against wider macro uncertainties.

The Group's bank facilities include a key covenant of net debt:EBITDA of 4.0x. In April 2023, the maturity date of the Group's \$1,350m revolving syndicated bank facility was extended to April 2028. At 30 June 2023 the Group had total liquidity of \$1,970m, comprising the undrawn \$1,350m bank facility and \$620m of cash and cash equivalents (net of overdrafts and restricted cash).

When assessing the Group's going concern status and agreeing to provide continued support to the Company, the directors of InterContinental Hotels Group PLC reviewed Base Case and Severe Downside scenarios. They also reviewed a reverse stress test scenario which showed it was very unlikely a single risk or combination of the risks considered could create the sustained RevPAR impact required to breach the bank covenants except for a significant global event.

With consideration given to the above, the Company's directors have satisfied themselves that InterContinental Hotels Group PLC is capable of providing support to the Company until at least 31 December 2024 and the financial statements have been prepared on a going concern basis.

Exemption from preparing group accounts

The financial statements contain information about InterContinental (PB) 3 Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, InterContinental Hotels Group PLC, a company incorporated in England and Wales.

New accounting standards

None of the standards, interpretations and amendments effective for the first time from 1 January 2022 have had a material effect on the financial statements.

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Interest income and expenses

Interest receivable and interest payable are recognised in the Income Statement as they accrue, using the effective interest rate method.

Dividend income is recognised in the Income Statement on the date the Company's right to receive payments is established.

Foreign currency transactions

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the Company's functional currency at the rates prevailing on the reporting period date.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

The taxation liabilities of certain Group entities are reduced wholly or in part by the surrender of losses by fellow Group undertakings, with these losses normally being paid for at the effective standard UK tax rate applying for the period in question. The impacts of such surrenders are recognised in the financial statements of both the surrendering and recipient companies.

Deferred tax

Deferred tax assets and liabilities arise and are generally recognised in respect of temporary differences between the tax base and carrying value of assets and liabilities.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which the asset is released or the liability will be settled, based on tax rates and laws enacted or substantively enacted at the end of the reporting period.

Judgement is used when assessing the extent to which deferred tax assets, particularly in respect of tax losses, should be recognised. Deferred tax assets are only recognised to the extent that it is regarded as probable that there will be sufficient and suitable taxable profits (including the future release of deferred tax liabilities) against which such assets can be utilised in the future. For this purpose, forecasts of future profits are considered by assessing the Group's forecast revenue and profit models, taking into account future growth predictions and operating cost assumptions. Accordingly, changes in assumptions to the Group's forecasts may have an impact on the amount of future taxable profits and therefore the period over which any deferred tax assets might be recovered.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries where the Group is able to control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Investments in equity securities

Investments in subsidiaries are carried at cost less impairment. The carrying amount is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement.

Amounts owed by Group undertakings

Amounts owed by Group undertakings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for expected credit losses. Allowances for expected credit losses are made based on the risk of non-payment, taking into account ageing, previous experience, economic conditions and forward-looking data. Such allowances are measured as either 12-month expected credit losses or lifetime expected credit losses depending on changes in the credit quality of the counterparty.

Movements in provisions for amounts owed by Group undertakings are recognised in the Income Statement within administrative expenses.

Amounts owed to Group undertakings

Amounts owed to Group undertakings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Amounts owed to Group undertakings are unsecured, interest bearing and are repayable on demand.

Deferred consideration

Deferred consideration is measured at amortised cost and the effect of unwinding the discount is recorded in interest payable and similar charges.

Derivative financial instruments

Derivative financial instruments are initially recognised and subsequently re-measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Income Statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured by reference to the principal market for the asset or liability assuming that market participants act in their economic best interests. The Company uses valuation techniques that maximise the use of relevant observable inputs using the following valuation hierarchy:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities measured at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Further disclosures on the particular valuation techniques used by the Company are provided in note 11.

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. To meet these criteria, the right of set-off must not be contingent on a future event and must be legally enforceable in all the following circumstances: the normal course of business, the event of default and the event of insolvency or bankruptcy of the Company and all of the counterparties.

Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 Employees

The Company has no employees (2021: no employees).

4 Directors' remuneration

The directors are also directors of other subsidiary undertakings within the Group and their remuneration, including share-based payment charges, for the year was paid by other undertakings. The directors did not receive any remuneration in relation to the Company as the qualifying services provided to the Company were incidental to the qualifying services provided to other subsidiary undertakings.

5 Interest receivable and similar income

	2022	2021
	\$ 000	\$ 000
Gain on derivative financial instruments (note 11)	8,550	3,053
Interest receivable from Group undertakings	11,854	1,096
	<u>20,404</u>	<u>4,149</u>

6 Interest payable and similar charges

	2022	2021
	\$ 000	\$ 000
Interest payable to Group undertakings	1,620	1,959
Unwind of discount on deferred consideration (note 11)	536	557
	<u>2,156</u>	<u>2,516</u>

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

7 Tax

Tax charged in the income statement

	2022 \$ 000	2021 \$ 000
Current tax		
UK corporation tax	1,947	531
Adjustments in respect of prior periods	<u>(182)</u>	<u>-</u>
Total current tax	<u>1,765</u>	<u>531</u>

The tax on profit before tax for the year is lower than (2021: higher than) the effective standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

	2022 \$ 000	2021 \$ 000
Profit before tax	<u>653,658</u>	<u>2,380</u>
Corporation tax at effective standard rate	124,195	452
Effects of:		
Adjustments in respect of prior periods	(182)	-
Permanent differences	(1,523)	131
Non-deductible/(non-taxable) foreign exchange differences on Group relief payment	3	(52)
Income received from fixed asset investments	<u>(120,728)</u>	<u>-</u>
Tax charge for the year	<u>1,765</u>	<u>531</u>

In his budget of 2021, the Chancellor of the Exchequer proposed to increase the standard rate of corporation tax from the current rate of 19%, to 25%, effective from 1 April 2023. The rate increase was substantively enacted on 24 May 2021.

There is no provided or unprovided deferred tax.

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

8 Investments

	Investments in subsidiary companies \$ 000
Cost	
At 1 January 2021	1,512,292
Additions	<u>21,756</u>
At 31 December 2021	1,534,048
Additions	<u>55</u>
At 31 December 2022	<u>1,534,103</u>
Net book value	
At 31 December 2022	<u>1,534,103</u>
At 31 December 2021	<u>1,534,048</u>

The Company's direct investments include a 100% holding in InterContinental Hotels Group Operating Corp. ('IHGOP') and 51% of the issued share capital of Regent Hospitality Worldwide, Inc. ('RHW').

A full list of related undertakings is included in note 16.

Total income from fixed asset investments in 2022 amounted to \$635,410,000 (2021: \$nil).

On 30 April 2021, the Company issued five \$1 ordinary shares at a premium of \$4,331,708 per ordinary share to its immediate parent undertaking in exchange for the receipt of intercompany loan receivables. The premium received on the issue of the shares was \$21,658,540. The total consideration received in connection with the issue was \$21,658,545. On the same day, these loan receivables were then contributed to its subsidiary, in exchange for shares issued by the subsidiary company.

The Company also paid the UK corporation tax on behalf of its subsidiary amounting to \$55,000 (2021: \$98,000), as part of a group payment arrangement. These payments, which were made in respect of the tax charges for the years ended 31 December 2018 to 31 December 2022; were made for \$nil consideration and have been included in the investment value of the subsidiary undertaking.

9 Debtors

	2022	2021
	\$ 000	\$ 000
Due within one year		
Amounts owed by Group undertakings	<u>218,800</u>	<u>121,947</u>

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

10 Creditors: amounts falling due within one year

	2022	2021
	\$ 000	\$ 000
Amounts owed to Group undertakings	16,555	65,530
Current tax	1,928	2
	<u>18,483</u>	<u>65,532</u>

11 Creditors: amounts falling due after more than one year

	2022	2021
	\$ 000	\$ 000
Deferred consideration	12,493	11,957
Derivative financial instruments	27,947	36,497
	<u>40,440</u>	<u>48,454</u>

At 31 December 2022, the deferred consideration was \$12,493,000 (2021: \$11,957,000), resulting in a loss from the unwind of discount of \$536,000 (2021: \$557,000) in the Income Statement. The remaining deferred consideration is due in 2024 and is classified as non-current.

Derivative financial instruments relate to the put and call options on the remaining 49% shareholding in RHW, exercisable in a phased manner. The amount payable on exercise of the options is based on the annual trailing revenue of RHW in the year preceding exercise, with floor applied. The options are measured at fair value through profit or loss, subject to an annual reassessment using a Black-Scholes option pricing model. Observable inputs include risk free rate, and unobservable inputs include RHW revenue expectations, equity value and dividend yield. The most significant assumption is RHW revenue expectations and as such the options are classified as Level 3 in the fair value hierarchy. There have been no transfers between any of the fair value hierarchy classifications during the year.

At 31 December 2022, the fair value of the options had decreased to \$27,947,000 (2021: \$36,497,000), resulting in a gain of \$8,550,000 (2021: gain of \$3,053,000) in the Income Statement within interest receivable and similar income. It is assumed that the options will be exercised simultaneously and at the earliest permissible date, which is consistent with the assumptions made on acquisition.

The combined fair value of the 2026 call benefit and hypothetical put liability to acquire an additional 25% of RHW is \$12,860,000 (2021: \$16,424,000). The call benefit and hypothetical put liability have a fair value of \$1,330,000 (2021: \$3,702,000) and \$14,190,000 (2021: \$20,126,000) respectively.

The combined fair value of the 2028 call benefit and hypothetical put liability to acquire the remaining 24% of RHW is \$15,089,000 (2021: \$20,073,000). The call benefit and hypothetical put liability have a fair value of \$1,803,000 (2021: \$4,302,000) and \$16,892,000 (2021: \$24,375,000) respectively as at 31 December 2022.

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

11 Creditors: amounts falling due after more than one year (continued)

The key assumptions used in the pricing model are as follows:

	2022	2021
Risk-free rate 2026 option	4.27%	1.06%
Risk-free rate 2028 option	4.04%	1.32%
Expected dividend yield	1.90%	1.90%
Volatility	29.70%	44.94%

The risk-free rate applied is based on observable US government bond yields for the maturity date specific to the instrument at the valuation date. A one percentage point increase in the risk-free rate would decrease the value of the options by \$2,754,000 (2021: \$3,810,000).

The significant unobservable input used to determine the fair value of the options is the projected trailing revenues and equity value of RHW. If the annual trailing revenue of RHW were to exceed the floor by 10%, the fair value of the option liability would increase by \$6,800,000 (2021: \$7,580,000). If the equity value of RHW were to increase/decrease by \$20m, the fair value of the option liability would decrease/increase by \$9,100,000 (2021: \$8,900,000). The impact of other inputs are not considered to be significant.

12 Dividends

Interim dividends paid

	2022	2021
	\$ 000	\$ 000
Interim dividend of \$297,619.05 (2021 - \$nil) per each ordinary share	<u>500,000</u>	<u>-</u>

On 28 November 2022, the Company paid an interim dividend of \$500,000,000 to Six Continents Hotels International Limited. The directors do not propose a final dividend for the year ended 31 December 2022 (2021: \$nil).

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

13 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	\$ 000	No.	\$ 000
Ordinary shares of \$1 each	<u>1,680</u>	<u>2</u>	<u>1,680</u>	<u>2</u>

Rights, preferences and restrictions

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. There are no restrictions attached to the ordinary shares.

14 Reserves

Share premium account

The balance classified as share premium represents the amount of proceeds received for shares in excess of their nominal value.

15 Parent and ultimate parent undertaking

As at 31 December 2022, InterContinental Hotels Group PLC, a company incorporated and registered in England and Wales, was the ultimate parent undertaking and controlling party of the Company. The registered address of the ultimate parent undertaking is 1 Windsor Dials, Arthur Road, Windsor, Berkshire, SL4 1RS.

The largest and smallest group in which the results of the Company are consolidated is that headed by InterContinental Hotels Group PLC, a company incorporated and registered in England and Wales. Consolidated financial statements of InterContinental Hotels Group PLC are available from the following address:

Companies House, Crown Way, Cardiff, CF14 3UZ.

The immediate parent undertaking is Six Continents Hotels International Limited, a company registered in England and Wales. The registered office of the immediate parent undertaking is 1 Windsor Dials, Arthur Road, Windsor, Berkshire, SL4 1RS.

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

16 Related undertakings

In accordance with Section 409 of the Companies Act 2006 a full list of entities in which the Company has an interest of greater than or equal to 20%, the registered office and effective percentage of equity owned as at 31 December 2022 are disclosed below. Unless otherwise stated the share capital disclosed comprises ordinary shares which are indirectly held by InterContinental (PB) 3 Limited.

10000 Champion Acquisition LLC (i)
2250 Blake Street Hotel, LLC (i)
24th Street Operator Sub, LLC (i)
36th Street IHG Sub, LLC (i)
426 Main Ave, LLC (i)
46 Nevins Street Associates, LLC (i)
Alkoer, Sociedad de Responsabilidad Limitada de Capital Variable (50.00%) (g) (ar)
Alpha Kimball Hotel, LLC (i)
Barclay Operating Corp. (au)
BHMC Canada Inc. (m)
BHR Pacific Holdings, Inc. (99.00%) (i)
BHTC Canada Inc. (m)
BOC Barclay Sub, LLC (au)
Bristol Oakbrook Tenant Company (i)
Cambridge Lodging, LLC (i)
Capital Lodging, LLC (i)
Carr Clark SWW Subventure, LLC (26.67%) (f) (ap)
CECNY Land Holdings, LLC (i)
CF Irving Owner, LLC (i)
CF McKinney Owner, LLC (i)
Compañía Inter-Continental De Hoteles El Salvador SA (l)
Crowne Plaza, LLC (i)
Cumberland Akers Hotel, LLC (i)
Desarrollo Alkoer Irapuato S. de R.L. de C.V. (50.00%) (ar)
Desarrollo Alkoer Saltillo S. de R.L. de C.V. (50.00%) (ar)
Desarrollo Alkoer Silao S. de R.L. de C.V. (50.00%) (ar)
Dunwoody Operations, LLC (i)
EVEN Real Estate Holding, LLC (i)
General Innkeeping Acceptance Corporation (b) (j)
Gestion Hotelera Gestel, C.A. (50.00%) (c) (g) (ae)
Hawthorne Land Holdings LLC (i)
HC International Holdings, Inc. (p)
Hoft Properties, LLC (i)
Holiday Hospitality Franchising, LLC (i)
Holiday Inn Mexicana S.A. de C.V. (q)
Holiday Inns (China) Ltd. (89.78%) (r)
Holiday Inns (England) Limited (az) (dissolved on 2 February 2023)

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

16 Related undertakings (continued)

Holiday Inns (Jamaica) Inc. (j)
Holiday Inns (Middle East) Limited (89.78%) (r)
Holiday Inns (Philippines), Inc. (j)
Holiday Inns (Saudi Arabia), Inc. (j)
Holiday Inns (UK), Inc. (j)
Holiday Inns Crowne Plaza (Hong Kong), Inc. (j)
Holiday Inns of America (UK) Limited (aq)
Holiday Inns Inc. (i)
Holiday Pacific Equity Corporation (i)
Holiday Pacific Partners, LP (99.99%) (i)
Holiday Pacific, LLC (i)
Hoteles Y Turismo HIH SRL (l)
IC International Hotels Limited Liability Company (s)
IHC Buckhead, LLC (at)
IHC Hopkins (Holdings) Corp. (i)
IHC Inter-Continental (Holdings) Corp. (i)
IHC M-H (Holdings) Corp. (i)
IHC United States (Holdings) Corp. (b) (i)
IHC Willard (Holdings) Corp. (i)
IHG (Myanmar) Limited (89.77%) (t)
IHG (Thailand) Limited (89.78%) (ao)
IHG Bangkok Ltd. (89.78%) (o)
IHG Brasil Administracao de Hoteis e Servicos Ltda (w)
IHG Commissions Services SRL (ax)
IHG ECS (Barbados) SRL (ax)
IHG Franchising Brasil Ltda. (ah)
IHG Franchising DR Corporation (i)
IHG Franchising, LLC (i)
IHG Hotels (New Zealand) Limited (89.78%) (x)
IHG International Partnership (89.78%) (l)
IHG Management (Maryland), LLC (z)
IHG Management MD Barclay Sub, LLC (au)
IHG Middle East Management Consultancies LLC (89.78%) (al)
IHG PS Nominees Limited (89.78%) (l)
IHG Technology Solutions, LLC (i)
Intercontinental D.C. Operating Corp. (i)
Inter-Continental Florida Investment Corp. (i)
Inter-Continental Florida Partner Corp. (i)
Intercontinental Hospitality Corporation (i)
Inter-Continental Hoteleira Limitada (99.90%) (ab)
Inter-Continental Hotels (Montreal) Operating Corp. (ac)
Inter-Continental Hotels (Singapore) Pte. Ltd. (89.78%) (u)
Inter-Continental Hotels Corporation (i)
Intercontinental Hotels Corporation de Venezuela C.A. (ae)
Intercontinental Hotels Corporation Limited (89.78%) (b) (k)
InterContinental Hotels Group (Asia Pacific) Pte Ltd. (89.78%) (u)
InterContinental Hotels Group (India) Pvt. Ltd. (89.78%) (y)
InterContinental Hotels Group (Japan) Inc. (j)
InterContinental Hotels Group (New Zealand) Limited (89.78%) (x)
InterContinental Hotels Group (Shanghai) Ltd. (89.78%) (af)

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

16 Related undertakings (continued)

InterContinental Hotels Group do Brasil Limitada (ag)
InterContinental Hotels Group Operating Corp. (a) (e) (i)
InterContinental Hotels Group Resources, LLC (b) (i)
InterContinental Hotels Nevada Corporation (av)
InterContinental Hotels of San Francisco Inc. (i)
Inter-Continental Hotels Saudi Arabia Limited (35.91%) (am)
Intercontinental IOHC (Mauritius) Limited (ai)
InterContinental Overseas Holdings, LLC (i)
KG Benefits, LLC (v)
KG Gift Card Inc. (v)
KG Liability, LLC (i)
KG Technology, LLC (i)
KHRG 851, LLC (i)
KHRG Aertson, LLC (i)
KHRG Allegro, LLC (i)
KHRG Argyle, LLC (i)
KHRG Atlanta Midtown, LLC (i)
KHRG Austin Beverage Company, LLC (i)
KHRG Baltimore, LLC (i)
KHRG Born, LLC (i)
KHRG Boston Hotel, LLC (i)
KHRG Bozeman, LLC (i)
KHRG Buckhead, LLC (i)
KHRG Canary, LLC (i)
KHRG Cayman Employer Ltd. (i)
KHRG Cayman, LLC (i)
KHRG Charlottesville LLC (i)
KHRG Dallas Beverage Company, LLC (i)
KHRG Dallas, LLC (i)
KHRG Employer, LLC (i)
KHRG Goleta, LLC (i)
KHRG Gray U2, LLC (i)
KHRG Gray, LLC (i)
KHRG Huntington Beach, LLC (i)
KHRG Key West, LLC (i)
KHRG King Street, LLC (i)
KHRG La Peer, LLC (i)
KHRG Miami Beach, LLC (i)
KHRG Muse, LLC (i)
KHRG New Orleans, LLC (i)
KHRG NPC, LLC (i)
KHRG Palladian, LLC (i)
KHRG Palomar Phoenix, LLC (i)
KHRG Philly Monaco, LLC (i)
KHRG Pittsburgh, LLC (i)
KHRG Porsche Drive, LLC (i)
KHRG Reynolds, LLC (i)
KHRG Riverplace, LLC (i)
KHRG Sacramento, LLC (i)
KHRG Schofield, LLC (i)

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

16 Related undertakings (continued)

KHRG SF Wharf U2, LLC (i)
KHRG SF Wharf, LLC (i)
KHRG SFD, LLC (i)
KHRG South Beach, LLC (i)
KHRG State Street, LLC (i)
KHRG Sutter Union, LLC (i)
KHRG Sutter, LLC (i)
KHRG Taconic, LLC (i)
KHRG Tariff, LLC (i)
KHRG Texas Hospitality, LLC (i)
KHRG Texas Operations, LLC (i)
KHRG Tryon, LLC (i)
KHRG Vero Beach, LLC (i)
KHRG Vintage Park, LLC (i)
KHRG VZ Austin, LLC (i)
KHRG Wabash, LLC (i)
KHRG Westwood, LLC (i)
KHRG Wilshire, LLC (i)
Kimpton Hollywood Licenses, LLC (i)
Kimpton Hotel & Restaurant Group, LLC (i)
Kimpton Phoenix Licenses Holdings, LLC (i)
Louisiana Acquisitions Corp. (i)
Mercer Fairview Holdings, LLC (i)
MH Lodging, LLC (i)
NF III Seattle Op Co, LLC (25.00%) (f) (n)
NF III Seattle, LLC (25.00%) (f) (n)
PML Services, LLC (z)
Powell Pine, Inc. (i)
President Hotel & Tower Co Ltd. (26.93%) (ao)
Priscilla Holiday of Texas, Inc. (aw)
Raison d'Etire Holdings (BVI) Limited (o)
Raison d'Etire Services (BVI) Limited (o)
Raison d'Etire Spas, Sweden AB (aa)
Regent Hospitality Worldwide, Inc. (51.0%) (a) (an)
Resort Services International (Cayo Largo) L.P. (at)
SBS Maryland Beverage Company, LLC (z)
SC Hotels International Services, Inc. (i)
SC Reservations (Philippines) Inc. (j)
SCH Insurance Company (75.00%) (aj)
Semiramis for training of Hotel Personnel and Hotels Management SAE (99.95%) (as)
SF MH Acquisition, LLC (i)
Six Continents Hotels de Colombia SA (99.88%) (ak)
Six Continents Hotels, Inc. (i)
Six Senses Americas IP, LLC (i)
Six Senses North America Management, LLC (i)
SixCo North America, Inc (p)
SURF-Samui Pte. Ltd. (49.00%) (ad)
Sustainable Luxury Holdings (BVI) Limited (o)
Sustainable Luxury Lanka Pvt. Ltd (ay)
Sustainable Luxury Services (BVI) Limited (o)

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

16 Related undertakings (continued)

Universal de Hoteles SA (90.29%) (h) (ak)

WY BLL Owner, LLC (i)

Key:

(a) Directly owned by InterContinental (PB) 3 Limited

(b) Ordinary shares and preference shares

(c) Ordinary A and ordinary B shares

(d) 8% cumulative preference shares

(e) ¼ vote ordinary shares and ordinary shares

(f) The entities do not have share capital and are governed by an operating agreement

(g) Accounted for as associates and joint ventures due to IHG's decision-making rights contained in the partnership agreement

(h) Minority interest relates to one or more individual shareholders who are employed or were previously employed by the entity

Registered addresses:

(i) 3411 Silverside Road, Tatnall Building #104, Wilmington, DE 19810, USA

(j) 205 Powell Place, 37027 Brentwood, TN 37027, USA

(k) Clarendon House, 2 Church Street, Hamilton HM11, Bermuda

(l) 1 Windsor Dials, Arthur Road, Windsor, Berkshire, SL4 1RS, UK

(m) 333 Bay Street, Suite 400, Toronto M5H 2R2, Ontario, Canada

(n) The Corporation Trust Centre, 1209 Orange Street, Wilmington, DE 19801, USA

(o) Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola VG1110, British Virgin Islands

(p) Wilmington Trust SP Services, Inc. 1105 North Market Street, Suite 1300, Wilmington, DE 19801, USA

InterContinental (PB) 3 Limited

Notes to the Unaudited Financial Statements for the year ended 31 December 2022 (continued)

16 Related undertakings (continued)

Registered addresses (continued):

- (q) Ontario # 1050, Col. Providencia, Guadalajara, Jalisco CP44630, Mexico
- (r) 5/F, Manulife Place, 348 Kwung Tong Road, Kowloon, Hong Kong
- (s) Room 60, Section 11 Floor 3 Premises I, Building 1, House 125, Varshavskoye shosse Str, Vn.Ter.G. Municipal District Severmoye Chertanovo, Moscow City, 117587, Russia
- (t) No. 84, Pan Haliain Street, Unit #1, Level 8, Uniteam Marine Office Building, Sanchuang Township, Yangon, Myanmar
- (u) 230 Victoria Street, #13-00 Bugis Junction Towers, 188024, Singapore
- (v) 4640 Admiralty Way, 5th Floor, Marina del Rey, CA 90292, USA
- (w) Alameda Jau 536, Suite 3S-B, 01420-000 São Paulo, Brazil
- (x) Level 10, 55 Shortland Street, Auckland Central, Auckland 1010, New Zealand
- (y) 11th Floor, Building No. 10, Tower C, DLF Phase-II, DLF Cyber City, Gurgaon, Haryana-122002, India
- (z) 2 Wisconsin Circle #700, Chevy Chase, MD, 20815, USA
- (aa) Grevgatan 13, 11453 Stockholm, Sweden
- (ab) Alameda Jau 536, Suite 3S-E, 01420-000 São Paulo, Brazil
- (ac) 1980 Pérodeau Street, Vaudreuil-Dorion, J7V 8P7, Quebec, Canada
- (ad) 168 Robinson Road, #16-01 SIF Building, 068899, Singapore
- (ae) Hotel Tamanaco Inter-Continental, Final Av. Ppal, Mercedes, Caracas, Venezuela
- (af) 22nd Floor, Citigroup Tower, No. 33 Huayanshiqiao Road, Pudong, 200120, Shanghai, P.R. China
- (ag) Alameda Jau 536, Suite 3S-C, 01420-000 São Paulo, Brazil
- (ah) Alameda Jau 536, Suite 3S-D, 01420-000 São Paulo, Brazil
- (ai) Juris Tax Services Ltd. Level 12, NeX Teracom Tower II, Ebene, Mauritius
- (aj) Primmer Piper Eggleston & Cramer PC, 30 Main St., Suite 500, P.O. Box 1489, Burlington, VT 05402-1489, USA
- (ak) Calle 49, Sur 45 A 300, Oficina 1102, 055422 Envigado, Antioquia, Colombia
- (al) Suite 2201, Festival Tower, Dubai Festival City, Al Rebbat St., P.O. Box 58191, Dubai, United Arab Emirates
- (am) Madinah Road, Jeddah, P.O Box 9456, Post Code 21413, Jeddah, Saudi Arabia
- (an) Maples Corporate Services Ltd. - PO Box 309, Uglan House, Grand Cayman - KY-1104, Cayman Islands
- (ao) 971, 973 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand
- (ap) Carr Hospitality, LLC, 1455 Pennsylvania Avenue, NW, Suite 100, Washington, DC 20004, USA
- (aq) Two Snowhill, Snow Hill, Queensway, Birmingham B4 6GA, UK
- (ar) Avenida Ejercito Nacional Mexicano No. 769, Torre B Piso 8, Granada, Miguel Hidalgo, Ciudad de Mexico, CP 11520, Mexico
- (as) Ground Floor, Al Kamel Law Building, Plot 52-b, Banks Area, Six of October City, Egypt
- (at) 2985 Gordy Parkway, 1st Floor, Marietta, GA 30066, USA
- (au) 600 Mamaroneck Avenue #400, 10528 Harrison, NY 10528, USA
- (av) 8275 South Eastern Avenue #200, Las Vegas, NV 89123, USA
- (aw) 5444 Westheimer #1000, Houston, TX 77056, USA
- (ax) Suite 1, Ground Floor, The Financial Services Centre, Bishops Court Hill, St. Michael, BB14004, Barbados
- (ay) Shop No. L3-6, Amity Building, No. 125, High Level Road, Maharagama, Colombo, Sri Lanka
- (az) 5 Temple Square, Temple Street, Liverpool, L2 5RH, UK

