THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your Shares, please send this document at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This document should not be sent or distributed into the United States. The Britvic Shares have not been registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from the registration requirements of such Act. There will be no public offering in the United States.

InterContinental Hotels Group PLC

Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5134420

Proposed disposal of interest in the Britvic Group

This document is the Shareholder Letter referred to in the Circular to Shareholders dated 16 November 2005 (the ''Circular'') and contains further information relating to the proposed disposal of the Group's interest in the Britvic Group (the ''Disposal''). This document should be read together with the Circular. Your attention is drawn to the letter from the Chairman of InterContinental Hotels Group PLC which is set out on pages 3 to 8.

Citigroup Global Markets Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for InterContinental Hotels Group PLC and no-one else in connection with the Disposal and will not be responsible to any other person other than InterContinental Hotels Group PLC for providing the protections afforded to clients of Citigroup Global Markets Limited nor for providing advice in relation to the Disposal.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times shown in this document are London times unless otherwise stated

Extraordinary General Meeting to approve the Disposal	10.30 am on 7 December 2005
Announcement of Offer Price	9 December 2005*
Admission and settlement date for the Disposal	14 December 2005*

*These dates are approximate

INTERCONTINENTAL HOTELS GROUP

PART I
LETTER FROM THE CHAIRMAN OF INTERCONTINENTAL HOTELS GROUP PLC

Directors
David Webster
Andrew Cosslett
Richard Solomons
Richard Hartman
Stevan Porter
David Kappler
Ralph Kugler
Jennifer Laing
Robert C. Larson
Sir David Prosser
Sir Howard Stringer

Registered Office
67 Alma Road
Windsor
Berkshire
SL4 3HD
Registered in England and Wales, No. 5134420

25 November 2005

Dear Shareholder

Proposed disposal of InterContinental Hotels Group's interest in the Britvic Group (the ''Disposal'')

1 Introduction

This letter is the Shareholder Letter referred to in the Circular posted by the Company to Shareholders on 16 November 2005 and contains further information relating to the Disposal. You should read this document and the Circular as a whole. Save as disclosed in this Shareholder Letter, there has been no significant change to the information contained in the Circular.

The purpose of this letter is to provide Shareholders with additional information relating to the Offer Price Range and the estimated proceeds to be received by the Company as a result of the Disposal. An unaudited pro forma statement of net assets of the Continuing Group is set out at Part II of this Shareholder Letter for illustrative purposes only.

The Directors continue to consider the Disposal to be in the best interests of Shareholders as a whole.

2 Background to and reasons for the Disposal

The Company is executing a strategy announced in February 2003 for growth through managing and franchising hotels. As a result and following the separation from the Mitchells & Butlers Group in April 2003, the Company has disposed of a number of hotels that it had historically owned or leased (including most recently the Hôtel Inter-Continental Paris SAS), converting the substantial majority into managed hotels and thereby releasing capital employed in the Group.

As outlined in the Circular, Britannia Soft Drinks was originally established as the soft drinks supplier to the pub estates of its three original shareholders (Bass (now the Company), Allied Domecq PLC (now Pernod) and Whitbread). In line with its strategy of focusing on growth through a core managed and franchised hotel business and releasing capital employed, the Company announced on 10 March 2004 that it had reached an agreement in principle with the other Britvic Shareholders to consider the disposal of their respective interests in the Britvic Group. The Company and the other Britvic Shareholders agreed that they should consider a disposal within a window commencing January 2005 and ending in December 2008.

The Company and the other Britvic Shareholders have concluded that now is an appropriate time to proceed with the Disposal given both the positive market conditions and the strength of the Britvic Group's performance in recent years.

3 Information on the Britvic Group

As explained in more detail in the Circular, the Britvic Group is currently a market-leading soft drinks business in Great Britain, producing 1.4 billion litres of soft drinks in 2005 and it is the number one supplier of stills and number two supplier of carbonates. The Group has an economic interest in the Britvic Group of 47.5% and as a result of the voting arrangements amongst the Britvic Shareholders, the Group has a voting interest in excess of 50%. The Britvic Group's financial results are consolidated within those of the Group.

Certain developments in recent years have underpinned the Britvic Group's growth and leave the business well positioned for the future. These include the overall growth of the industry, the Britvic Group's relationship with PepsiCo (recently renewed with a contract extension to 2018 with a 5 year extension to 2023 on Admission), its record of product development, its flexible infrastructure, its production and distribution networks and, more recently, its investment in IT and business processes.

2005 was characterised by an overall slow-down in the rate of growth of the soft drinks industry in Great Britain compared to 2004. The growth in the industry was mainly driven by increased volume in the stills category, which was partially offset by a decrease in volume in the carbonates category. Largely during the first half of the Britvic Group's financial year ended 2 October 2005, increased competitive activity also coincided with a major phase of the Britvic Group's business transformation programme, which impacted the Britvic Group's performance. However, the Britvic Group's results recovered over the second half of its financial year ended 2 October 2005 and, given this recovery and in light of the positive developments referred to above, the Company and the other Britvic Shareholders believe it is now appropriate to proceed with the Global Offer.

4 Financial Information on Britvic

The following financial information was set out in the Circular:

''The following financial information has been extracted without material adjustment from the unaudited consolidated interim accounts of the Group for the 6 month period ended 30 June 2005. The operating profits attributable to the Britvic Group (as reflected in the Group unaudited consolidated interim accounts) for the 6 month period ended 30 June 2005 were £39m (£37m in respect of the 6 month period ended 30 June 2004). Revenue attributable to the Britvic Group (as reflected in the Group unaudited consolidated interim accounts) for the 6 month period ended 30 June 2005 was £370m (£366m in respect of the 6 month period ended 30 June 2004). As at 30 June 2005, the net operating assets of the Britvic Group (as reflected in the Group unaudited consolidated interim accounts) were £248m.

The following financial information has been extracted without material adjustment from the consolidation schedules underlying the unaudited consolidated interim accounts of the Group for the 6 month period ended 30 June 2005. As at 30 June 2005, the gross assets of the Britvic Group were £501m.''

The financial information in Part III of the Circular was extracted without material adjustment from the audited consolidated financial statements of Britannia Soft Drinks for the periods presented. Britannia Soft Drinks adopted FRS 17 for the first time in its audited consolidated financial statements for the year ended 2 October 2005. The financial information in Part VIII of the Prospectus is presented including the effect of adopting FRS 17 for all periods presented and therefore the 2002, 2003 and 2004 profit and loss account information in the Prospectus is different from that in the Circular.

5 Terms of the Disposal

At the time of the Circular, the Offer Price Range for the Global Offer had not been determined and the Prospectus relating to the Global Offer had not been published. The Offer Price Range has now been determined by the Selling Shareholders, in consultation with Britvic and the joint global coordinators and is set out in the Prospectus which has been published today by Britvic and is publicly available. The Offer Price Range of 210p to 250p implies a total indicative market capitalisation of Britvic of approximately £451m to £537m.

Approximately 77m Britvic Shares will be offered for sale by the Group in the Global Offer, comprising 75% of the Group's holding in Britvic. Separately, the Company, together with the other Selling Shareholders, has entered into over-allotment arrangements with Citigroup, as stabilising manager, over a total of up to approximately 23m Britvic Shares (with the Company's component of this initially comprising up to approximately 11m Britvic Shares), representing an additional 15% of the Britvic Shares offered for sale in the Global Offer. Following posting of the Circular, the other Selling Shareholders have discussed with the Company the possibility of agreeing a modification to the Company's participation in the over-allotment arrangements, which could increase the number of any Britvic Shares sold by the Company pursuant to those arrangements to up to approximately 23m Britvic Shares. To the extent such agreement is reached, the number of Britvic Shares of the other Selling Shareholders which are the subject of the over-allotment arrangements will be correspondingly reduced. This brings the total number of Britvic Shares that could be sold by the Group in the Global Offer to approximately 100m. If the over-allotment arrangements are not exercised, the Group will retain approximately 25m Britvic Shares representing an 11.9% shareholding in Britvic.

Any Britvic Shares retained by the Group will continue to be held by its subsidiary, Six Continents Investments Limited, which will be subject to a lock-up agreement restricting its ability to sell the Britvic Shares, without the consent of the joint global co-ordinators, for a period of 180 days from Admission.

The nature of the Global Offer process is such that the Offer Price will be fixed at the end of the offer period and will depend on demand and market conditions at the time of pricing. During the offer period, the joint global co-ordinators to the Global Offer will jointly manage a ''book-build'' process during which institutional investors will be invited to bid for Britvic Shares at specific prices. The Offer Price will therefore be a ''book-built'' price. The determination of the Offer Price of the Britvic Shares is expected to take place on 8 December 2005 (if Shareholders vote in favour of the Disposal at the EGM on 7 December 2005). The exact number of Britvic Shares to be sold by the Group will also only be determined at the end of the ''book-build'' process, but will not be materially different from the number set out above. It is expected that the final Offer Price and number of Britvic Shares to be sold by the Group will be announced by the Company on 9 December 2005 and that Completion will take place on 14 December 2005.

The Company considered extending the Global Offer to enable Shareholders to participate. However, given, *inter alia*, the size of the Disposal relative to the size of the Company and the transaction complexities which would have been introduced, it was considered not practical to do so.

Shareholders should be aware that the Global Offer may proceed notwithstanding that the Offer Price may be outside the Offer Price Range, but only if to do so is considered by the Directors to be reasonable and in the best interests of Shareholders as a whole. Accordingly the Board is seeking Shareholder approval to proceed with the Global Offer at such a price as would satisfy these criteria which may or may not be within the Offer Price Range.

6 Restructuring of the Britvic Group and the Britvic Special Dividend

Since the Circular was published, there have been changes to the structure of the Britvic Group to achieve an appropriate capital structure for the Global Offer. As part of that capital restructuring, on 18 November 2005, Britvic entered into a share exchange agreement with the Britvic Shareholders (the ''**Share Exchange Agreement**''). Under the terms of the Share Exchange Agreement, Britvic acquired all the shares in Britannia Soft Drinks from the Britvic Shareholders in exchange for the issue of ordinary shares to the Britvic Shareholders, pro rata to their shareholdings in Britannia Soft Drinks.

Following that share exchange, the share capital of Britvic was reduced and the reduction became effective on 24 November 2005, which created a distributable reserve of approximately £386m. This will enable Britvic to pay a special dividend of £98.5m (in aggregate) to the Britvic Shareholders, which is expected to be paid on 29 November 2005. The Group's share of the special dividend is approximately £47m.

7 Net proceeds of the Disposal

Assuming an Offer Price Range of 210p to 250p per Share, the value of the Group's holding in the Britvic Group at the mid-point of the Offer Price Range is approximately £235m, which compares with total negative net assets attributable to the Britvic Group (as consolidated in the Group's balance sheet) of £32m as at 30 September 2005. If the Group sells 75% of its holding, assuming an Offer Price within the Offer Price Range, the Group will receive (or will have received) aggregate cash of approximately £297m to £327m (including £47m in respect of the Britvic special dividend to be paid on or around 29 November and £89m in respect of a Britvic special dividend paid in May 2005, but before any commissions or expenses are deducted). It would then hold a remaining stake in Britvic worth between approximately £54m to £64m (again, assuming an Offer Price within the Offer Price Range). However, as stated above, the Offer Price may be outside the Offer Price Range and the number of Britvic Shares to be sold by the Group in the Global Offer may change (although not materially). Therefore, the net proceeds may be outside this range.

8 Use of Proceeds

Following the receipt of proceeds from the Global Offer, further cash returns will be made to Shareholders. The timing of any return of funds to Shareholders will be considered in light of market conditions and satisfactory progress being made on the intended divestment of further non-core hotel assets.

9 Effect of Disposal on the Group's earnings, assets and liabilities

An unaudited pro forma statement of net assets of the Continuing Group is set out in Part II of this Shareholder Letter. This statement has been prepared for illustrative purposes only to show the effect of the net assets of the Group as if the Disposal had taken place on 30 September 2005 at the mid-point of the Offer Price Range.

No tax is expected to be payable by the Company as a result of the Disposal.

Under International Financial Reporting Standards, the Disposal is expected to generate a profit and an increase in net assets materially in line with the estimated proceeds received (not including dividends). Apart from this profit, the Disposal is not expected to have a material impact on earnings in the year ending 31 December 2005.

10 Current trading and future prospects

Part III contains the full text of the third quarter results of the Company for the period ended 30 September 2005, announced on 22 November 2005. The following statement is an extract from the third quarter results of the Company:

''RevPAR continues to be primarily rate led. The Americas, UK Holiday Inn, Middle East and China continue to show good RevPAR growth. The full year outlook remains positive and in line with Company expectations.''

11 Significant change

The Continuing Group

11.1 Save for the impact of the hotel disposals programme set out in paragraph 2 of this Part I, there has been no significant change in the financial or trading position of the Continuing Group since 30 September 2005, the date to which the Company's third quarter results were prepared.

Britvic Group

11.2 Save as set out in paragraph 6 of this Part I, there has been no significant change in the financial or trading position of the Britvic Group since 2 October 2005, the date to which the last audited financial statements of the Britvic Group were prepared.

12 Material contracts

The Continuing Group

12.1 In addition to those contracts set out at paragraph 8 of Part IV of the Circular, the following contracts are all of the contracts (not being contracts entered into in the ordinary course of business) which (i) have been entered into by the Company or any member of the Continuing Group within the two years immediately preceding the date of this document and which are, or may be, material or (ii) (regardless of when entered into) contain any provision under which the Company or any member of the Continuing Group has any obligation or entitlement which is material to the Continuing Group as at the date of this document:

(i) The Existing Shareholders' Agreement dated 18 November 2005 between Britvic and the Britvic Shareholders dealing with the Britvic Shareholders' rights to acquire and dispose of

Britvic Shares and PepsiCo's rights to nominate a director to the Board following Admission.

(ii) The Share Exchange Agreement described in paragraph 6.

(iii) An Underwriting Agreement dated 25 November 2005 between, *inter alia,* Britvic, the Selling Shareholders, the directors of Britvic, Citigroup and Deutsche Bank AG (as joint sponsors) and Citigroup, Deutsche Bank AG, Lehman Brothers International (Europe) and Merrill Lynch International (as joint Underwriters). This sets out the mechanics for the Global Offer and includes customary termination rights. Britvic has given customary warranties, indemnities and undertakings in the context of an agreement of this sort. The Company has also given customary warranties and indemnities in its capacity as a Selling Shareholder. Under this agreement, each of the Selling Shareholders will pay a commission equal to 2% of the Offer Price multiplied by the number of shares to be sold by that Selling Shareholder to the joint Underwriters. A further commission of up to 1% may be payable at each Selling Shareholder's discretion.

Britvic Group

12.2 In addition to those contracts set out at paragraph 8 of Part IV of the Circular, the following contracts are all of the contracts (not being contracts entered into in the ordinary course of business) which (i) have been entered into by the Britvic Group within the two years immediately preceding the date of this document and which are, or may be, material or (ii) (regardless of when entered into) contain any provision under which any member of the Britvic Group has any obligation or entitlement which is material to the Britvic Group as at the date of this document:

(i) The Existing Shareholders' Agreement referred to in paragraph 12.1(i) above.

(ii) The Share Exchange Agreement described in paragraph 6.

(iii) The Underwriting Agreement referred to in paragraph 12.1(iii) above.

13 Extraordinary General Meeting

The Disposal is conditional, *inter alia,* upon Shareholders' approval being obtained at the Extraordinary General Meeting. Final pricing will take place after the Extraordinary General Meeting and is expected to be announced on or around 9 December 2005.

14 Consent

Citigroup has given and not withdrawn its written consent to the inclusion of its name in this document in the form and context in which it appears.

Ernst & Young LLP has given and not withdrawn its written consent to the inclusion of its report in this document in the form and context in which it appears.

15 Documents available for inspection

In addition to the documents referred to in the Circular as being available for inspection, the following documents will be available for inspection during normal business hours on any weekday (Saturday, Sunday and public holidays excepted) at the offices of Linklaters, One Silk Street, London, EC2Y 8HQ up to and including the date of the Extraordinary General Meeting:-

(i) the report from Ernst & Young LLP set out in Part II of this document;

(ii) the consent letters referred to in paragraph 14; and

(iii) this document.

16 Further information

Your attention is drawn to the further information contained in Parts II and III of this document.

17 Recommendation

The Board has received financial advice from Citigroup in relation to the Disposal. In giving its financial advice to the Board, Citigroup has relied on the Board's commercial assessment of the Disposal.

The Board considers the Disposal to be in the best interests of Shareholders as a whole and unanimously recommends Shareholders to vote in favour of the Resolution, as the Directors intend to do in respect of their own beneficial holdings of 252,900 Shares, representing approximately 0.06% of the Company's existing issued ordinary share capital (as at 24 November 2005).

Yours sincerely

David Webster
Chairman

PART II
UNAUDITED PRO FORMA STATEMENT OF CONSOLIDATED NET ASSETS OF THE CONTINUING GROUP

The following unaudited pro forma statement of consolidated net assets of the Continuing Group has been prepared on the basis set out in the notes below and is presented for illustrative purposes only in order to show the effect on the Group's net assets as if the Disposal had been completed on 30 September 2005. Due to their nature, these pro forma statements address a hypothetical situation and therefore do not represent the Group's actual financial position. The unaudited pro forma statement of net assets has been compiled on the basis of IFRS consistent with the policies set out in the International Financial Reporting Information in the Group's Annual Report 2004. The proceeds from the Disposal receivable by the Group for the calculation of the unaudited pro forma statement of net assets have been based, for illustrative purposes only, on the mid-point of the Offer Price Range of 210p to 250p per Britvic Share, assuming that the over-allotment arrangements are not exercised.

PRO FORMA FINANCIAL INFORMATION

£ millions	IHG Group as at 30 September 2005	Britvic Group as at 2 October 2005	Adjustments: Britvic Special Dividend	Adjustments: Consolidation	Adjustments: Disposal Proceeds	Pro Forma
	Note a	Note b	Note c	Note d	Note e	
Assets						
Property, plant and equipment	1,818	(231)	—	—	—	1,587
Goodwill	155	(72)	—	54	—	137
Intangible assets	140	(25)	—	—	—	115
Investment in associates	44	—	—	—	—	44
Other financial assets	86	(2)	—	—	—	84
Deferred income tax assets	—	(3)	—	3	—	—
Total non-current assets	2,243	(333)	—	57	—	1,967
Inventories	42	(38)	—	—	—	4
Trade and other receivables	401	(102)	—	—	—	299
Current tax receivable	14	—	—	—	—	14
Cash and cash equivalents	132	(19)	47	—	176	336
Other financial assets	92	—	—	—	—	92
Total current assets	681	(159)	47	—	176	745
Non-current assets classified as held for sale	360	—	—	—	—	360
Total assets	3,284	(492)	47	57	176	3,072
Liabilities						
Short-term borrowings	(19)	17	—	—	—	(2)
Trade and other payables	(597)	142	—	—	—	(455)
Current tax payable	(296)	7	—	—	—	(289)
Total current liabilities	(912)	166	—	—	—	(746)
Loans and other borrowings	(1,018)	219	—	—	—	(799)
Employee benefits	(150)	85	—	—	—	(65)
Provisions and other payables	(107)	—	—	—	—	(107)
Deferred tax payable	(272)	—	—	(3)	—	(275)
Total non-current liabilities	(1,547)	304	—	(3)	—	(1,246)
Liabilities classified as held for sale	(6)	—	—	—	—	(6)
Total liabilities	(2,465)	470	—	(3)	—	(1,998)
Net assets	819	(22)	47	54	176	1,074

Notes:

A These balances have been extracted without material adjustment from the consolidated unaudited published interim financial statements of the Group for the 9 months ended 30 September 2005.

B These balances have been extracted without material adjustment from the consolidated IFRS balance sheet of the Britvic Group as at 2 October 2005 set out in the Prospectus.

C It is expected that Britvic will pay a special dividend to the Britvic Shareholders on, or around, 29 November 2005. This adjustment represents IHG's share of that dividend.

D Included in the IHG Group balance sheet of 30 September 2005 are balances in respect of goodwill related to Britvic amounting to £18m. Included in the Britvic Group balance sheet of 2 October 2005 are balances in respect of goodwill amounting to £72m (of which £54m are not included in the IHG Group balance sheet and which have arisen as a result of acquisitions undertaken by the Britvic Group and which represents the difference between the consideration given and the fair value of assets acquired) and deferred tax which are respectively eliminated and reclassified on consolidation into the Group. This adjustment removes these balances.

E This adjustment represents the assumed proceeds (before expenses) from the Disposal based on a sale of 75% of the Group's holding in Britvic and a final Offer Price at the mid point of the Offer Price Range as set out in this Shareholder Letter.

F No adjustment has been made to take account of Britvic trading or changes in financial position up to the date of Admission except as described in note C.

ERNST & YOUNG

Ernst & Young LLP
1 More London Place
London SE1 2AF

Phone: 020 7951 2000
Fax: 020 7951 1345
CDE & LDE Box 241
www.ey.com.uk

The Directors
InterContinental Hotels Group PLC
67 Alma Road
Windsor
Berkshire SL4 3HD

25 November 2005

Dear Sirs

We report on the pro forma financial information (the ''Pro forma financial information'') set out in Part II of the Shareholder Letter dated 25 November 2005, which has been prepared on the basis described therein, for illustrative purposes only, to provide information about how the Disposal might have affected the financial information presented on the basis of the accounting policies adopted by InterContinental Hotels Group PLC in preparing the interim financial statements for the period ended 30 September 2005. This report is required by Listing Rule 13.5.31 and is given for the purpose of complying with that rule and for no other purpose.

Responsibilities

It is the responsibility of the Directors of InterContinental Hotels Group PLC to prepare the Pro forma financial information in accordance with Listing Rule 13.5.31.

It is our responsibility to form an opinion, as required by Listing Rule 13.5.31 and Paragraph 7 of Annex II of the Commission Regulation (EC) No. 809/2004 as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reports issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors of InterContinental Hotels Group PLC.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion:

(a) the Pro forma financial information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of InterContinental Hotels Group PLC.

Yours faithfully

Ernst & Young LLP

PART III

THIRD QUARTER RESULTS TO 30 SEPTEMBER 2005

The full text of the Company's third quarter results is set out below.

''**Third Quarter Headlines**

- Continuing Hotels operating profit up 22% from £46m to £56m*.
- Hotels managed and franchised operating profit up 18% from £66m to £78m*.
- Group operating profit reduced from £102m to £87m*, due to disposals of owned hotels. Hotels operating profit of £64m and Soft Drinks operating profit of £23m. Special item costs of £9m, reflecting property damage from fire and natural disasters.
- 8.8% RevPAR growth across IHG's hotels. Strongest trading in Americas, with continued rate increases.
- 16,100 pipeline signings. Pipeline of signed rooms now at 95,000, by far the largest in the industry.
- 1,700 net rooms added to room count in the quarter, 5,200 added year to date. 8,300 rooms opened in the quarter, 25,200 year to date, up 40% year on year. 6,600 room exits, 20,000 year to date, as focus on improving rooms quality continued.
- Reservation channel revenue delivery up 17% to $1.3bn, year to date up 17% to $3.7bn.
- Intention to float Britvic announced.
- Adjusted earnings per share up 15% from 10.1p to 11.6p in the quarter.

All figures and movements at actual exchange rates and before special items.

* See appendix 4 for analysis of financial headlines.

Current trading

RevPAR continues to be primarily rate led. The Americas, UK Holiday Inn, Middle East and China continue to show good RevPAR growth. The full year outlook remains positive and in line with company expectations.

Commenting on the results, Andrew Cosslett, Chief Executive of InterContinental Hotels Group PLC said:

''We are seeing good progress being made against IHG's strategy, in particular encouraging growth in our development pipeline and, more recently, the announcement of our intention to float Britvic. Our hotel operating system continues to strengthen with the number of room nights we deliver to our hotels on the rise. Trading in two of our key markets, the US and the UK remained strong and we saw RevPAR growth in each of our three regions. Sadly, we have witnessed further destructive events around the world but we can be proud of the way our people have responded.''

Americas: strong performance across the business

Revenue performance

RevPAR increased 11.0% in the quarter, with all brands performing strongly. Rate growth generated most of the increase, though occupancy continued to rise. Corporate rate business and corporate groups remained strong. InterContinental showed strong RevPAR growth, with a 28% increase. Holiday Inn showed 10.0% RevPAR growth, outperforming its market segment.

Operating profit performance

Operating profit from continuing operations increased by 15% from $82m to $94m in the quarter. Continuing owned and leased profit grew from $1m to $6m, driven by strong trading in New York and San Francisco. Managed and franchised profit was up 13% to $105m, driven by RevPAR increases and fees from increased franchise sales. Investments in additional development headcount and technology led to an increase in regional overheads. The trading impact from hurricanes was broadly neutral.

EMEA: continued out-performance in UK market

Revenue performance

RevPAR increased 5.2% in the quarter, albeit there were considerable variances in performance across geographic markets. Holiday Inn UK RevPAR was up 1.8%, all rate driven, continuing its market out-performance. The terrorist attacks in London had some impact on occupancy, particularly from leisure demand, but this now appears to be recovering gradually. France, where RevPAR was up 3.1%, saw continued improvement at the reopened InterContinental Le Grand Paris, but declines at the now sold InterContinental Paris. Germany saw recent RevPAR declines reverse, with a 3.7% gain in the quarter, driven by both occupancy and rate. The Middle East saw RevPAR increase 18.6%, driven by rate growth.

Operating profit performance

Operating profit from continuing operations increased 89% in the quarter from £9m to £17m. Continuing owned and leased profits were up 75% from £4m to £7m, driven by continued improvement at InterContinental Le Grand Paris. Managed profit was up 125% from £4m to £9m, as a result of retained management contracts on assets disposed. Franchised profit was marginally down by £1m to £6m, as a result of foreign exchange movements and the termination of IHG's South African master franchise. The regional overhead declined marginally.

Asia Pacific: strong growth year to date

Revenue performance

RevPAR increased 0.6% in the quarter. Mainland China RevPAR increased 10.2%, driven by rate increases as strong demand for IHG brands continues. Performances elsewhere in the region were mixed.

Operating profit performance

IHG continues to experience strong demand in the region, particularly in China. Operating profit from continuing operations year to date was up 15% from $20m to $23m. Owned and leased operating profit fell $1m to $1m in the quarter, as a result of fewer rooms being available at the InterContinental Hong Kong due to refurbishment. Managed hotels profit decreased $1m to $6m in the quarter, after investment in expanding management resources and infrastructure to support the development growth in the region, particularly China. The regional overhead decreased marginally in the quarter.

Increase in pipeline size and room count

IHG continues to increase its pipeline, supporting the target of 50,000-60,000 net organic room additions by the end of 2008.

- 16,100 rooms were signed, of which 12,300 rooms were in the Americas, 1,100 in EMEA and 2,700 in Asia Pacific. 43,300 rooms have been signed in the year to date.
- 95,000 rooms are now in the pipeline, up nearly 12,000 (14%) since the start of the year.
- IHG's development activity in China continues to gain pace. There are 47 hotels open, with a further 34 in the pipeline, an increase of seven in the quarter.

IHG's room count continues to grow, despite a focus on removing poorer quality rooms.

- IHG's room count increased by 1,700 rooms to 539,400. 8,300 rooms opened, of which 3,900 were new build. Two new InterContinentals and eight Crowne Plazas opened, further increasing the distribution of IHG's upscale brands.
- 6,600 rooms exited, of which 4,400 were in the Americas. 2,200 rooms exited in EMEA, 1,400 of which were related to the termination of IHG's South African master franchise, and 600 from sales by IHG without flag.

Strong year to date performance

Continuing Hotels trading has been strong across each of IHG's three regions year to date, with revenues up 14% to £696m and operating profit up 28% to £147m. Investment in China and development resources has been increased, though total overheads are still expected to be approximately flat for the full year.

Returns to Shareholders

IHG has now returned nearly £2bn to shareholders since Separation in April 2003, with £1.2bn returned so far in 2005. A further £323m is yet to be returned via IHG's ongoing share buyback programme. Following the receipt of proceeds from the IPO of Britvic, further cash returns will be made to shareholders. The timing of these returns will be considered in the light of market conditions and satisfactory progress being made on the intended divestment of further non core hotel assets.

Disposals

Since the period end, the disposal of the InterContinental Paris and a portfolio of nine hotels in Australasia has been completed. Proceeds of approximately £380m have been received. IHG remains committed to further disposals when the time is right, and the retention of up to £1.0bn of its current hotel portfolio.

Britvic intention to float announced

The intention to proceed with a flotation of Britvic was announced on 14 November 2005, and a Circular was posted to Shareholders on 16 November 2005. Comparative third quarter performance was impacted by the non recurrence of 2004's extra trading week, as a result of which revenues decreased from £186m to £174m, and operating profit from £26m to £23m.

Britvic's strong track record of innovation continued, with J_2O, Tango Clear, Pepsi Max Twist and Fruit Shoot further increasing their market share, particularly in off premise sales.

Appendix 1: Asset disposal programme detail

	Number of hotels	Proceeds	Net book value	Annual EBITDA forgone*	Annual EBIT forgone*
Disposed to date**	140	£2.2bn	£2.2bn	£193m	£132m
On the market	4	—	£43m	—	—
Remaining hotels	53	—	£1.5bn	—	—

* Based on EBITDA and EBIT in the last full year before disposal. An analysis of EBIT and EBITDA foregone is provided in the supplementary information.

** Holiday Inn Ghent sold since date of last announcement

For a full list please visit www.ihgplc.com/Investors

Appendix 2: Return of funds programme

	Timing	Total return	Returned to date	Still to be returned
£501m special dividend	Paid December 2004	£501m	£501m	Nil
First £250m share buyback	Completed in 2004	£250m	£250m	Nil
Second £250m share buyback	Ongoing	£250m	£177m	£73m
£996m capital return	Paid 8 July 2005	£996m	£996m	Nil
Third £250m share buyback	Yet to commence	£250m	—	£250m
Total		£2.25bn	£1.92bn	£0.32bn

Appendix 3: Continuing operations

The 2004 full year profit analysed between discontinued and continuing operations is available in the supplementary information slides which are available on our website at www.ihgplc.com/Q3

Appendix 4: Financial headlines

Q3 £m	Total 2005	Total 2004	Americas 2005	Americas 2004	EMEA 2005	EMEA 2004	Asia Pacific 2005	Asia Pacific 2004	Central 2005	Central 2004
Managed and franchised operating profit	78	*66*	59	*51*	15	*11*	4	*4*		
Continuing owned and leased operating profit	11	*5*	4	*—*	7	*4*	—	*1*		
Regional overheads	(17)	*(14)*	(10)	*(6)*	(5)	*(6)*	(2)	*(2)*		
Continuing hotels operating profit pre central overheads	72	*57*	53	*45*	17	*9*	2	*3*		
Central overheads	(16)	*(11)*							(16)	*(11)*
Continuing hotels operating profit	56	*46*								
Discontinued owned and leased operating profit	8	*30*	—	*3*	3	*25*	5	*2*		
Total Hotels operating profit	64	*76*	53	*48*	20	*34*	7	*5*	(16)	*(11)*
Soft drinks operating profit	23	*26*								
Group operating profit pre special items	87	*102*								
Special items	(9)	*(5)*								
Group operating profit post special items	78	*97*								

INTERCONTINENTAL HOTELS GROUP PLC

GROUP INCOME STATEMENT
For the three months ended 30 September 2005

	3 months ended 30 September 2005			3 months ended 30 September 2004		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	£m	£m	£m	£m	£m	£m
Revenue (note 3)	420	34	454	398	165	563
Cost of sales	(251)	(26)	(277)	(251)	(117)	(368)
Administrative expenses	(58)	—	(58)	(45)	—	(45)
	111	8	119	102	48	150
Depreciation and amortisation	(32)	—	(32)	(30)	(18)	(48)
Other operating income and expenses (note 8)	(9)	—	(9)	(5)	—	(5)
Operating profit (note 4)	70	8	78	67	30	97
Financial income	7	—	7	11	—	11
Financial expenses	(15)	—	(15)	(16)	—	(16)
Profit before tax	62	8	70	62	30	92
UK tax	(5)	—	(5)	1	(6)	(5)
Foreign tax	(15)	(2)	(17)	(9)	(3)	(12)
Special tax (note 8)	2	—	2	12	—	12
Total tax (note 9)	(18)	(2)	(20)	4	(9)	(5)
Profit after tax	44	6	50	66	21	87
Gain on disposal of assets, net of tax charge of £1m (2004 credit of £nil)	—	—	—	—	—	—
Profit available for shareholders	44	6	50	66	21	87
Attributable to:						
Equity holders of the parent	38	6	44	57	21	78
Minority interest	6	—	6	9	—	9
Profit for the period	44	6	50	66	21	87
Earnings per ordinary share (note 10):						
Basic	8.6p	1.4p	10.0p	8.1p	3.0p	11.1p
Diluted	8.4p	1.3p	9.7p	8.0p	3.0p	11.0p
Adjusted	10.2p		11.6p	7.1p		10.1p

INTERCONTINENTAL HOTELS GROUP PLC

GROUP INCOME STATEMENT
For the nine months ended 30 September 2005

	9 months ended 30 September 2005			9 months ended 30 September 2004		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	£m	£m	£m	£m	£m	£m
Revenue (note 3)	1,238	276	1,514	1,164	500	1,664
Cost of sales	(769)	(203)	(972)	(747)	(368)	(1,115)
Administrative expenses	(166)	—	(166)	(151)	—	(151)
	303	73	376	266	132	398
Depreciation and amortisation	(94)	(3)	(97)	(88)	(56)	(144)
Other operating income and expenses (note 8)	(17)	—	(17)	1	—	1
Operating profit (note 4)	192	70	262	179	76	255
Financial income	24	—	24	50	—	50
Financial expenses	(50)	—	(50)	(59)	—	(59)
Profit before tax	166	70	236	170	76	246
UK tax	(5)	(14)	(19)	—	(16)	(16)
Foreign tax	(46)	(8)	(54)	(18)	(8)	(26)
Special tax (note 8)	10	—	10	148	—	148
Total tax (note 9)	(41)	(22)	(63)	130	(24)	106
Profit after tax	125	48	173	300	52	352
Gain on disposal of assets, net of tax charge of £21m (2004 credit of £5m)	—	14	14	—	23	23
Profit available for shareholders	125	62	187	300	75	375
Attributable to:						
Equity holders of the parent	106	62	168	277	75	352
Minority interest	19	—	19	23	—	23
Profit for the period	125	62	187	300	75	375
Earnings per ordinary share (note 10):						
Basic	19.2p	11.3p	30.5p	38.5p	10.5p	49.0p
Diluted	18.8p	11.0p	29.8p	38.1p	10.3p	48.4p
Adjusted	20.5p		29.2p	17.0p		24.2p
Dividends per ordinary share:						
Paid in the period			10.00p			9.45p
Interim proposed			4.60p			4.30p

INTERCONTINENTAL HOTELS GROUP PLC

GROUP CASH FLOW STATEMENT
For the nine months ended 30 September 2005

	9 months ended 30 September 2005	9 months ended 30 September 2004
	£m	£m
Cash flow from operations (note 11)	303	443
Interest paid	(23)	(1)
Tax paid	(40)	(24)
Net cash from operating activities	240	418
Cash flow from investing activities		
Purchases of property, plant and equipment — Hotels	(80)	(114)
Purchases of associates and other financial assets — Hotels	(11)	(6)
Disposal of operations — Hotels	1,438	101
Proceeds from other financial assets — Hotels	8	2
Purchases of property, plant and equipment — Soft Drinks	(38)	(52)
Net cash from investing activities	1,317	(69)
Cash flow from financing activities		
Proceeds from issue of share capital	10	12
Purchase of own shares	(144)	(225)
Payment to shareholders as a result of the capital reorganisation on 27 June 2005	(996)	—
Purchase of own shares by ESOP trusts, net of proceeds on share releases	(12)	—
Dividends paid (including £125m (2004 £26m) to minority shareholders)	(186)	(95)
(Reduction)/increase in borrowings	(155)	4
Net cash from financing activities	(1,483)	(304)
Net movement in cash and cash equivalents in the period	74	45
Cash and cash equivalents at beginning of the period	72	411
Exchange rate effects	(14)	(5)
Cash and cash equivalents at end of the period	132	451

INTERCONTINENTAL HOTELS GROUP PLC

GROUP STATEMENT OF CHANGES IN EQUITY
For the nine months ended 30 September 2005

Movement in IHG shareholders' equity

	9 months ended 30 September 2005	9 months ended 30 September 2004
	£m	£m
At 1 January	1,821	2,323
Adoption of IAS 39 on 1 January 2005	(4)	—
As restated at 1 January	1,817	2,323
Net profit for the period (excluding minority interests of £19m (2004 £23m))	168	352
Exchange movement on foreign currency denominated net assets, borrowings and currency swaps	29	(14)
Valuation losses taken to equity, net of tax	(5)	—
Total recognised income and expense for the period	192	338
Dividends to shareholders	(61)	(69)
Issue of ordinary shares	10	12
Purchase of own shares	(147)	(228)
Cash element of capital reorganisation	(996)	—
Movement in shares in ESOP trusts and share schemes	(5)	12
At 30 September	810	2,388

INTERCONTINENTAL HOTELS GROUP PLC

GROUP BALANCE SHEET
As at 30 September 2005

	30 September 2005 £m	30 September 2004 £m	31 December 2004 £m
ASSETS			
Property, plant and equipment	1,818	1,966	1,926
Goodwill	155	155	152
Intangible assets	140	57	54
Investment in associates	44	55	42
Other financial assets	86	73	69
Total non-current assets	2,243	2,306	2,243
Inventories	42	41	42
Trade and other receivables	401	377	401
Current tax receivable	14	7	14
Cash and cash equivalents	132	451	72
Other financial assets	92	63	80
Total current assets	681	939	609
Non-current assets classified as held for sale	360	1,821	1,826
Total assets	3,284	5,066	4,678
LIABILITIES			
Short-term borrowings	(19)	(13)	(32)
Trade and other payables	(597)	(625)	(628)
Current tax payable	(296)	(308)	(261)
Total current liabilities	(912)	(946)	(921)
Loans and other borrowings	(1,018)	(929)	(1,156)
Employee benefits	(150)	(170)	(173)
Provisions and other payables	(107)	(122)	(108)
Deferred tax payable	(272)	(239)	(234)
Total non-current liabilities	(1,547)	(1,460)	(1,671)
Liabilities classified as held for sale	(6)	(148)	(148)
Total liabilities	(2,465)	(2,554)	(2,740)
Net assets (note 13)	819	2,512	1,938
EQUITY			
IHG shareholders' equity	810	2,388	1,821
Minority equity interests	9	124	117
Total equity	819	2,512	1,938

INTERCONTINENTAL HOTELS GROUP PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

For all periods up to and including the year ended 31 December 2004, InterContinental Hotels Group PLC (IHG) prepared its financial statements in accordance with UK generally accepted accounting practice (UK GAAP). From 1 January 2005 IHG is required to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). Consequently, financial information for interim quarters of 2005 must be prepared on the basis of IFRS with comparative information restated.

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The unaudited financial statements for the period ended 30 September 2005 and the restatement of financial information for the year ended 31 December 2004 and the period ended 30 September 2004 have been prepared in accordance with IFRS expected to be endorsed by the EU and available for use by listed European companies at 31 December 2005 (with the exception of IAS 32 'Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement' (as amended) for the 2004 information). These International Financial Reporting Standards, Standing Interpretations Committee and International Financial Reporting Interpretations Committee interpretations issued by the International Accounting Standards Board (IASB) are subject to ongoing review and possible amendment or interpretive guidance and are therefore still subject to change which may require further adjustments to this information before it is included in the 2005 Annual Report and Financial Statements.

Shareholder approval was given on 1 June 2005 to recommended proposals for the return of approximately £1 billion to shareholders by way of a capital reorganisation (by means of a Scheme of Arrangement under Section 425 of the Companies Act 1985). Under the arrangement, shareholders received 11 New Ordinary Shares and £24.75 cash in exchange for every 15 Existing Ordinary Shares held on 24 June 2005. The overall effect of the transaction was that of a share repurchase at fair value, therefore no adjustment has been made to comparative earnings per share data (see note 10).

The capital reorganisation of InterContinental Hotels Group PLC to New InterContinental Hotels Group PLC (the Company) has been accounted for in accordance with the principles of merger accounting as applicable to group reorganisations. The consolidated financial statements are therefore presented as if the Company had been the parent company of the Group throughout the periods presented. Following this capital reorganisation InterContinental Hotels Group PLC changed its name to InterContinental Hotels PLC and was re-registered as a private limited company, named InterContinental Hotels Limited, and New InterContinental Hotels Group PLC changed its name to InterContinental Hotels Group PLC.

In the information for the year ended 31 December 2004 and the interim quarters of 2004, financial assets and financial liabilities are accounted for on the basis of UK GAAP. The effect of adopting IAS 39 at 1 January 2005 is shown in the statement of changes in equity for 2005.

Details of the accounting policies applied in the period ended 30 September 2005 are set out in the International Financial Reporting Information in the 2004 IHG Annual Report and Financial Statements. The policies assume that the amendments to IAS 19 'Employee Benefits' published in December 2004 by the IASB, allowing actuarial gains and losses to be recognised in full through equity, will be endorsed by the EU.

These interim financial statements are unaudited and do not constitute statutory accounts of the Group within the meaning of Section 240 of the Companies Act 1985. The Annual Report and Financial Statements for the year ended 31 December 2004 which contain an unqualified audit report have been filed with the Registrar of Companies.

Transition to International Financial Reporting Standards

An explanatory note setting out IHG's accounting policies under IFRS, the major differences between UK GAAP and IFRS for IHG, and reconciliations of UK GAAP to IFRS for the Income statement for the year ended 31 December 2004 and Balance sheets at 1 January 2004 and 31 December 2004 are included within the 2004 Annual Report and Financial Statements. The reconciliations for the 2004 interim period included in this report are set out below:

	3 months ended 30 September 2004	9 months ended 30 September 2004
	£m	£m
Profit for the period under UK GAAP	87	369
Adjustments:		
Goodwill amortisation	3	8
Pension costs	(2)	(6)
Share-based payments	(1)	(3)
Deferred taxation	—	7
Profit for the period under IFRS	87	375

	30 September 2004
	£m
IHG shareholders' equity under UK GAAP	2,650
Adjustments:	
Dividend accrual	30
Pension costs	(125)
Deferred taxation	(174)
Goodwill amortisation	7
IHG shareholders' equity under IFRS	2,388

Reclassifications which reduce non-current assets by £4m, current assets by £7m and current liabilities by £11m have been made to the Balance sheet at 31 December 2004 as presented in the 2004 Annual Report and Financial Statements. A reclassification has also been made of £19m, reducing shareholders' equity and increasing minority interests, in respect of dividends to minority shareholders.

2. Exchange rates

The results of overseas operations have been translated into sterling at the weighted average rates of exchange for the period. In the case of the US dollar, the translation rate for the nine months ended 30 September is £1 = $1.85 (2005 3 months, £1 = $1.79; 2004 9 months, £1 = $1.82; 2004 3 months, £1 = $1.82). In the case of the euro, the translation rate for the nine months ended 30 September is £1 = €1.46 (2005 3 months, £1 = €1.46; 2004 9 months, £1 = €1.49; 2004 3 months, £1 = €1.49).

Foreign currency denominated assets and liabilities have been translated into sterling at the rates of exchange on the last day of the period. In the case of the US dollar, the translation rate is £1 = $1.76 (2004 30 September £1 = $1.80; 31 December £1 = $1.93). In the case of the euro, the translation rate is £1 = €1.46 (2004 30 September £1 = €1.46; 31 December £1 = €1.41).

3. Revenue

	3 months* ended 30 September 2005	3 months* ended 30 September 2004	9 months** ended 30 September 2005	9 months** ended 30 September 2004
	£m	£m	£m	£m
Hotels				
Americas (note 5)	111	125	335	371
EMEA (note 6)	124	212	498	616
Asia Pacific (note 7)	35	31	107	95
Central	10	9	30	30
	280	377	970	1,112
Soft Drinks	174	186	544	552
	454	563	1,514	1,664

All discontinued operations relate to the Hotels business.

* Other than for Soft Drinks which reflects 12 weeks ended 2 October 2005 (2004 13 weeks ended 1 October).

** Other than for Soft Drinks which reflects 40 weeks ended 2 October 2005 (2004 41 weeks ended 1 October).

4. Operating profit

	3 months* ended 30 September 2005	3 months* ended 30 September 2004	9 months** ended 30 September 2005	9 months** ended 30 September 2004
	£m	£m	£m	£m
Hotels				
Americas (note 5)	53	48	150	130
EMEA (note 6)	20	34	93	84
Asia Pacific (note 7)	7	5	22	16
Central	(16)	(11)	(48)	(39)
	64	76	217	191
Soft Drinks	23	26	62	63
	87	102	279	254
Other operating income and expenses (note 8)	(9)	(5)	(17)	1
Operating profit	78	97	262	255

All discontinued operations relate to the Hotels business.

* Other than for Soft Drinks which reflects 12 weeks ended 2 October 2005 (2004 13 weeks ended 1 October).

** Other than for Soft Drinks which reflects 40 weeks ended 2 October 2005 (2004 41 weeks ended 1 October).

5. Americas

	3 months ended 30 September 2005	3 months ended 30 September 2004	9 months ended 30 September 2005	9 months ended 30 September 2004
	$m	$m	$m	$m
Revenue				
Owned & Leased	54	40	161	121
Managed	29	14	86	41
Franchised	109	99	294	272
Continuing operations	192	153	541	434
Discontinued operations — Owned & Leased	5	73	77	240
Total $m	197	226	618	674
Sterling equivalent £m	111	125	335	371
Operating profit				
Owned & Leased	6	1	18	4
Managed	7	7	26	11
Franchised	98	86	260	234
Continuing operations	111	94	304	249
Discontinued operations — Owned & Leased	2	5	19	24
	113	99	323	273
Regional overheads	(17)	(12)	(46)	(36)
Total $m	96	87	277	237
Sterling equivalent £m	53	48	150	130

6. EMEA

	3 months ended 30 September 2005	3 months ended 30 September 2004	9 months ended 30 September 2005	9 months ended 30 September 2004
	£m	£m	£m	£m
Revenue				
Owned & Leased	88	85	250	241
Managed	15	9	36	33
Franchised	8	8	28	21
Continuing operations	111	102	314	295
Discontinued operations — Owned & Leased	13	110	184	321
Total	124	212	498	616
Operating profit				
Owned & Leased	7	4	14	9
Managed	9	4	22	19
Franchised	6	7	22	16
Continuing operations	22	15	58	44
Discontinued operations — Owned & Leased	3	25	50	58
	25	40	108	102
Regional overheads	(5)	(6)	(15)	(18)
Total	20	34	93	84

7. Asia Pacific

	3 months ended 30 September 2005	3 months ended 30 September 2004	9 months ended 30 September 2005	9 months ended 30 September 2004
	$ m	$ m	$ m	$ m
Revenue				
Owned & Leased	21	18	70	57
Managed	11	9	32	26
Franchised	1	1	4	4
Continuing operations	33	28	106	87
Discontinued operations — Owned & Leased	30	28	92	85
Total $m	63	56	198	172
Sterling equivalent £m	35	31	107	95
Operating profit				
Owned & Leased	1	2	10	9
Managed	6	7	22	19
Franchised	1	1	3	3
Continuing operations	8	10	35	31
Discontinued operations — Owned & Leased	8	4	18	10
	16	14	53	41
Regional overheads	(4)	(5)	(12)	(11)
Total $m	12	9	41	30
Sterling equivalent £m	7	5	22	16

8. Special items

	3 months ended 30 September 2005 £m	3 months ended 30 September 2004 £m	9 months ended 30 September 2005 £m	9 months ended 30 September 2004 £m
Other operating income and expenses				
Restructuring costs (note a)	—	—	(8)	—
Property damage (note b)	(9)	—	(9)	—
Adjustment to market value (note c)	—	(5)	—	1
	(9)	(5)	(17)	1
Financing				
Financial income (note d)	—	—	—	12
Financial expenses (note e)	—	—	—	(6)
	—	—	—	6
Taxation				
Property damage	2	—	2	—
Financing	—	—	—	(2)
Special tax credit (note f)	—	12	8	150
	2	12	10	148

All special items relate to continuing operations.

a Restructuring costs relate to the delivery of the further restructuring of the Hotels business.

b Damage to properties related to fire and natural disasters.

c Following adoption of IAS 39 at 1 January 2005, adjustments to market value are recorded directly in equity. In 2004 under UK GAAP the adjustment is a (provision for impairment)/reversal of previously recorded provisions.

d Interest on special tax refunds.

e Cost of closing out currency swaps.

f Represents the release of provisions which are special by reason of their size or incidence relating to tax matters which have been settled or in respect of which the relevant statutory limitation period has expired and, in 2004, the recognition of a deferred tax asset in respect of capital losses.

9. Tax

The tax charge on profit before tax, excluding the impact of special items (note 8), has been calculated using an estimated effective annual tax rate of 29%.

By also excluding the effect of prior year items, the equivalent effective tax rate would be approximately 35%. Prior year items have been treated as relating wholly to continuing operations.

10. Earnings per share

	2005		2004	
	Continuing operations	Total	Continuing operations	Total
	£m	£m	£m	£m
3 months ended 30 September				
Basic earnings per share				
Profit available for equity shareholders	38	44	57	78
Weighted average number of ordinary shares (millions)	441	441	703	703
Basic earnings per share (pence)	8.6	10.0	8.1	11.1
Adjusted earnings per share				
Profit available for equity shareholders	38	44	57	78
Less adjusting items:				
Other operating income and expenses (note 8)	9	9	5	5
Taxation (note 8)	(2)	(2)	(12)	(12)
Adjusted earnings	45	51	50	71
Weighted average number of ordinary shares (millions)	441	441	703	703
Adjusted earnings per share (pence)	10.2	11.6	7.1	10.1
9 months ended 30 September				
Basic earnings per share				
Profit available for equity shareholders	106	168	277	352
Weighted average number of ordinary shares (millions)	551	551	719	719
Basic earnings per share (pence)	19.2	30.5	38.5	49.0
Adjusted earnings per share				
Profit available for equity shareholders	106	168	277	352
Less adjusting items:				
Other operating income and expenses (note 8)	17	17	(1)	(1)
Financing (note 8)	—	—	(6)	(6)
Taxation (note 8)	(10)	(10)	(148)	(148)
Gain on disposal of assets, net of tax	—	(14)	—	(23)
Adjusted earnings	113	161	122	174
Weighted average number of ordinary shares (millions)	551	551	719	719
Adjusted earnings per share (pence)	20.5	29.2	17.0	24.2

Diluted earnings per share

Diluted earnings per ordinary share is calculated by adjusting basic earnings per ordinary share to reflect the notional exercise of the weighted average number of dilutive ordinary share options outstanding during the period. The resulting weighted average number of ordinary shares for the nine months to 30 September 2005 is 563m (9 months to 30 September 2004, 727m) and for the three months to 30 September 2005 is 453m (3 months to 30 September 2004, 712m).

11. Cash flow from operations

	9 months ended 30 September 2005	9 months ended 30 September 2004
	£m	£m
Profit for the period	187	375
Adjustments for:		
Finance costs	26	9
Income tax expense/(credit)	63	(106)
Depreciation and amortisation	97	144
Equity settled share-based cost, net of payments	7	12
Gain on disposal of assets, net of tax	(14)	(23)
Special items (note 8)	17	(1)
Operating cash flow before movements in working capital	383	410
(Increase)/decrease in stocks	(1)	2
Decrease in debtors	11	27
(Decrease)/increase in creditors	(63)	10
Movement in pension obligation	(27)	(6)
Cash flow from operations	303	443
Hotels	239	309
Soft Drinks	64	134
	303	443

Included in cash from operations are inflows of £73m (2004 £132m) of operating profit before interest and depreciation and amortisation related to discontinued operations. Included in cash from investing activities are inflows of £1,423m (2004 £65m) related to discontinued operations.

12. Net debt

	Cash and cash equivalents	Borrowings	Total
	£m	£m	£m
At 1 January 2005	72	(1,188)	(1,116)
Cash flow	74	155	229
Exchange and other adjustments	(14)	(4)	(18)
At 30 September 2005	132	(1,037)	(905)
At 1 January 2004	411	(980)	(569)
Cash flow	45	(4)	41
Exchange and other adjustments	(5)	42	37
At 30 September 2004	451	(942)	(491)

13. Net assets

	30 September 2005	30 September 2004	31 December 2004
	£m	£m	£m
Hotels	2,088	3,520	3,514
Soft Drinks	196	171	168
	2,284	3,691	3,682
Net debt	(905)	(491)	(1,116)
Other net non-operating liabilities	(560)	(688)	(628)
	819	2,512	1,938

14. Contingent liabilities

At 30 September 2005 the Group had contingent liabilities of £9m (2004 31 December, £9m; 2004 30 September, £10m), mainly comprising guarantees given in the ordinary course of business. IHG has entered into management contract arrangements in the ordinary course of business that include performance guarantees. Management does not anticipate any material funding under these arrangements.

15. Post balance sheet events

On 14 November 2005 IHG announced its intention to proceed with a flotation of Britvic, and a Circular was posted to Shareholders on 16 November 2005.''

Cautionary note regarding forward-looking statements

This announcement contains certain forward-looking statements as defined under the US law (Section 21E of the Securities Exchange Act of 1934). These forward-looking statements can be identified by the fact that they do not relate to historical or current facts. Forward-looking statements often use words such as ''target'', ''expect'', ''intend'', ''believe'' or other words of similar meaning. 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. Factors that could affect the business and the financial results are described in ''Risk Factors'' in the InterContinental Hotels Group PLC Annual Report on Form 20-F filed with the United States Securities and Exchange Commission.''

DEFINITIONS

The following definitions apply throughout this document, unless stated otherwise:

Admission	the admission of the Britvic Shares to (i) the Official List and (ii) trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards
Board	the board of directors of the Company from time to time
Britannia Soft Drinks	Britannia Soft Drinks Limited, the former parent company of the Britvic Group
Britvic	Britvic plc, the new direct parent company of Britannia Soft Drinks, in which the Britvic Shareholders have acquired shares in the same proportion as, and in exchange for, their shareholdings in Britannia Soft Drinks
Britvic Group	Britannia Soft Drinks and its subsidiaries and, where appropriate, Britvic and its subsidiaries and subsidiary undertakings
Britvic Shareholders	the Company, Pernod (in relation to the period since it acquired Allied Domecq PLC and, prior to that date, Allied Domecq PLC), Whitbread and PepsiCo
Britvic Shares	the ordinary shares of Britvic
carbonates	a soft drinks category where the drink is made predominantly from carbonated water and to which juice or flavourings have been added, for example cola, lemonade and fruit flavoured carbonates
Circular	the circular dated 16 November 2005 posted by the Company to Shareholders on the same date
Citigroup	Citigroup Global Markets Limited
Company	InterContinental Hotels Group PLC
Completion	completion of the Disposal
Continuing Group	the Group following Completion excluding the Britvic Group
Disposal	the proposed disposal pursuant to the Global Offer of part or all of the Group's interest in the share capital of the Britvic Group that is registered in the name of Six Continents Investments Limited, a wholly-owned subsidiary of the Company
EMEA	Europe, Middle East & Africa
Extraordinary General Meeting or EGM	the extraordinary general meeting of the Company to be held at 10.30 am at Lawrence Hall, The Royal Horticultural Society Halls, Greycoat Street, London SW1P 2QD on 7 December 2005 (or any adjournment thereof)
Global Offer	the offering of Britvic Shares to institutional investors in the UK and elsewhere
Group	the Company and its subsidiaries and subsidiary undertakings
IHG	InterContinental Hotels Group PLC
Notice	the notice of Extraordinary General Meeting sent by the Company with the Circular
Offer Price	the price per Britvic Share at which Britvic Shares will be made available under the Global Offer
Offer Price Range	the indicative price range within which the Offer Price is expected to be set (although the Offer Price may be set outside this range)

PepsiCo	PepsiCo Inc., a corporation organised under the laws of the State of North Carolina, with registered business address of 700 Anderson Hill Road, Purchase, New York, or any wholly-owned (direct or indirect) subsidiary of such company
Pernod	Pernod Ricard S.A., a company incorporated in France with registered business address of 12 Places des Etats Unis, 75783 Paris Cedex 16, France, or any wholly-owned (direct or indirect) subsidiary of such company, including Allied Domecq PLC and its subsidiaries
Prospectus	the price range prospectus dated 25 November 2005 and published by Britvic in connection with the Global Offer that is available for inspection at the registered office of Britvic, being Britvic House, Broomfield Road, Chelmsford, Essex CM1 1TU
Resolution	the resolution contained in the Notice as follows: ''that the disposal of Britvic plc and its subsidiaries (''Britvic'') by way of an offering to institutional investors (the ''Offer'') of the whole or part of the existing issued share capital of Britvic to be held by Six Continents Investments Limited, a wholly-owned subsidiary of InterContinental Hotels Group PLC (the ''Company''), as more particularly described in the circular sent to shareholders of the Company dated 16 November 2005 (the ''Circular''), be and is hereby approved and that the Directors of the Company be and are hereby authorised to make any non-material amendment, variation, waiver or extension to the terms of the Offer, including any amendment or variation to such number of shares as shall be sold pursuant to the Offer and are hereby authorised to make any amendment or variation to the offering price per share in the capital of Britvic which the Directors consider reasonable and in the best interests of the Shareholders as a whole, and are hereby authorised to do all such other things as they may consider necessary or desirable in connection with the Offer (provided that such other things have no material impact to the terms of the Offer (other than the offering price per share in the capital of Britvic)).''
RevPAR	room revenue divided by the number of room nights that are available (can mathematically be derived from occupancy rate multiplied by average room rate)
Selling Shareholders	the Company, Pernod and Whitbread
Shareholders	the holders of the Shares
Shares	the ordinary shares of 10 pence each in the capital of the Company
stills	a soft drink category where the drink is non-carbonated and which may be fruit or non-fruit flavoured, for example, pure juice, squash and fruit drinks
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or US	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
Whitbread	Whitbread Group PLC, a company incorporated in England and Wales with registered number 29423, with registered business address of Whitbread House, Park Street West, Luton LU1 3BG, or any wholly-owned (direct or indirect) subsidiary of such company