

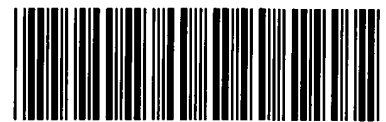
Registered number: 722401

SIX CONTINENTS HOTELS INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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COMPANY INFORMATION

DIRECTORS	C P Garwood M Glover N Henfrey N P Stocks G Turner
COMPANY SECRETARY	F Cuttell
REGISTERED NUMBER	722401
REGISTERED OFFICE	Broadwater Park Denham Buckinghamshire UB9 5HR
AUDITOR	Ernst & Young LLP 100 Barbirolli Square Manchester M2 3EY

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

PRINCIPAL ACTIVITIES

Six Continents Hotels International Limited's (the "Company") principal activity is that of an investment holding company. It is the intention of the directors that the Company will continue operating in this capacity.

BUSINESS REVIEW

During the year, the Company made a pre-tax profit of £4,066,176,000 (2015: loss £115,635,000) and a profit after tax of £4,062,211,000 (2015: loss £110,293,000). The profit for the year was principally the result of dividends received from a subsidiary undertaking amounting to £5,363,774,000 (2015: £nil), less an impairment charge of £878,424,000 (2015: £nil) and foreign exchange losses of £367,369,000 (2015: £69,071,000).

On 3 November 2016, the Company acquired a 100% shareholding in InterContinental (PB) 3 Limited from another Group undertaking as part of a group reorganisation for a total consideration of £5,205,369,000.

On the same date, the Company received an interim dividend for the year ended 31 December 2016 amounting to £5,363,774,000 from its subsidiary undertaking BHR Luxembourg SARL.

As a result of the dividend received, an impairment charge of £878,424,000 was recorded in respect of the related fixed asset investment.

PRINCIPAL RISKS AND UNCERTAINTIES

Primarily the Company's transactions are with fellow InterContinental Hotels group (consisting of InterContinental Hotels Group PLC and its subsidiaries) (the "Group") undertakings. Any uncertainties impacting the Company would arise from internal decisions taken within the Group.

The Group's treasury function seeks to reduce the financial risk of the Group and manages liquidity to meet all foreseeable cash needs. The primary financial risks that are managed by treasury are exchange rate risk, interest rate risk, liquidity risk and credit risk. Full disclosure of the Group's treasury management policies and the risk profile of the Group are set out in the consolidated financial statements of InterContinental Hotels Group PLC which are prepared under International Financial Reporting Standards.

This report was approved by the Board and signed on its behalf by:


Secretary/Director **Fiona Cuttall**
Date: **02 AUG 2017**

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £4,062,211,000 (2015: loss £110,293,000).

The directors do not propose a dividend for the year ended 31 December 2016 (2015: £nil).

DIRECTORS

The directors who served during the year and since the year end were:

C P Garwood
M Glover (appointed 5 September 2016)
N Henfrey
N P Stocks
G Turner
R Wheeler (resigned 27 February 2017)

EVENTS SINCE THE END OF THE YEAR

On 15 June 2017, the Company received an interim dividend for the year ending 31 December 2017 amounting to £1,626,652,000 from BHR Luxembourg SARL.

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, as are future prospects of the Company.

GOING CONCERN

The Company operates its activities in conjunction with other companies within the Group and therefore relies on the Group for its continued existence.

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 2016. Information on the Group's treasury management policies, including information on covenants and debt facilities; processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to liquidity risk and credit risk is also given in the Annual Report and Form 20-F 2016. In August 2016, the Group issued a ten-year £350m bond which replaces the £250m bond that matured in December 2016. In February 2017, the Group extended the maturity of its \$1.275bn facility to March 2022.

At the end of 2016, the Group was trading significantly within its banking covenants and debt facilities.

The Group's fee-based model and wide geographic spread mean that it is well placed to manage through uncertain times, and our forecasts and sensitivity projections, based on a range of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and, accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying third party indemnity provision has been granted in favour of existing and former directors of the Company by InterContinental Hotels Limited, in accordance with Section 232 of the Companies Act 2006. A copy of this indemnity provision is available for inspection by the members of the Company at the Company's registered office at Broadwater Park, Denham, Buckinghamshire, UB9 5HR.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:


- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

In accordance with the Companies Act 2006 Section 414C(11), the disclosure of principal risks and uncertainties has been included in the Strategic Report.

This report was approved by the Board and signed on its behalf by:


Secretary/Director **Fiona Cutteli**
Date:

02 AUG 2017

SIX CONTINENTS HOTELS INTERNATIONAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Strategic Report, the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIX CONTINENTS HOTELS INTERNATIONAL LIMITED

We have audited the financial statements of Six Continents Hotels International Limited for the year ended 31 December 2016, which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIX CONTINENTS HOTELS
INTERNATIONAL LIMITED**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Colin Brown (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

Date:

3 August 2017

SIX CONTINENTS HOTELS INTERNATIONAL LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<i>Note</i>	<i>2016 £000</i>	<i>2015 £000</i>
Administrative expenses		(367,369)	(69,071)
Operating loss	2	(367,369)	(69,071)
Income from fixed asset investments		5,363,774	-
Impairment of fixed asset investments	9	(878,424)	-
Interest receivable	6	5,301	8,428
Interest payable and other similar expenses	7	(57,106)	(54,992)
Profit/(loss) before taxation		4,066,176	(115,635)
Taxation	8	(3,965)	5,342
Profit/(loss) for the year		4,062,211	(110,293)

The notes on pages 10 to 21 form part of these financial statements.

There were no recognised gains and losses for the current or prior year other than those included in the Income Statement.

All amounts relate to continuing operations.

SIX CONTINENTS HOTELS INTERNATIONAL LIMITED
REGISTERED NUMBER: 722401

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	<i>Note</i>	<i>2016</i> <i>£000</i>	<i>2015</i> <i>£000</i>
FIXED ASSETS			
Investments	9	8,501,900	4,174,955
CURRENT ASSETS			
Debtors	10	194,730	197,907
Creditors: Amounts falling due within one year	11	(3,115,026)	(2,853,469)
NET CURRENT LIABILITIES		<u>(2,920,296)</u>	<u>(2,655,562)</u>
NET ASSETS		<u>5,581,604</u>	<u>1,519,393</u>
CAPITAL AND RESERVES			
Called up share capital	13	42,551	42,551
Retained earnings	12	5,539,053	1,476,842
Total equity		<u>5,581,604</u>	<u>1,519,393</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

Director
Date:


Nicolette Henfrey
02 AUG 2017

The notes on pages 10 to 21 form part of these financial statements.

SIX CONTINENTS HOTELS INTERNATIONAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Total equity</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2015	42,551	1,587,135	1,629,686
Loss for the year	-	(110,293)	(110,293)
At 1 January 2016	42,551	1,476,842	1,519,393
Profit for the year	-	4,062,211	4,062,211
At 31 December 2016	42,551	5,539,053	5,581,604

The notes on pages 10 to 21 form part of these financial statements.

SIX CONTINENTS HOTELS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE WITH FRS 101

The Company is incorporated and domiciled in England and Wales.

The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000), except where otherwise indicated.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements as it is a wholly owned subsidiary of InterContinental Hotels Group PLC, which prepares consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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 are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are publicly available and may be obtained from the address given in note 15.

1.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with FRS 101, as applied in accordance with the provisions of the Companies Act 2006. 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 International Financial Reporting Standards as adopted by the EU.

The following disclosures have not been provided as permitted by FRS 101:

- a Cash Flow Statement and related notes as required by IAS 7 'Statement of Cash Flows';
- a comparative period reconciliation for share capital as required by IAS 1 'Presentation of Financial Statements';
- disclosures in respect of transactions with wholly owned subsidiaries as required by IAS 24 'Related Party Disclosures';
- disclosures in respect of capital management as required by paragraphs 134 to 136 of IAS 1 'Presentation of Financial Statements';
- the effects of new but not yet effective IFRSs as required by paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'; and
- disclosures in respect of the compensation of Key Management Personnel as required by paragraph 17 of IAS 24 'Related Party Disclosures'.

As the consolidated financial statements of InterContinental Hotels Group PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- the requirements of paragraph 91 to 99 of IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instrument: Disclosures'.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

SIX CONTINENTS HOTELS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)**1.3 GOING CONCERN**

The financial statements have been prepared on the going concern basis as the ultimate parent company, InterContinental Hotels Group PLC, and its subsidiaries intend to make funds available to the Company to enable it to meet its debts as they fall due.

1.4 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Income Statement.

1.5 NON DERIVATIVE FINANCIAL INSTRUMENTS

Non derivative financial instruments comprise investments in equity securities and amounts due from and amounts due to Group undertakings.

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 due from and amounts due to Group undertakings

Amounts due from and amounts due to Group undertakings are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. The carrying value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

1.6 FOREIGN CURRENCY

Transactions in foreign currencies are translated to the Company's functional currency at the exchange rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the relevant rates of exchange ruling on the last day of the period. Foreign exchange differences arising on translation are recognised in the Income Statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

SIX CONTINENTS HOTELS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (continued)

1.7 INCOME AND EXPENSES

Interest receivable and interest payable is recognised in the Income Statement as it accrues, using the effective interest rate method.

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

1.8 TAXATION

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 including interest. The tax rates and tax laws used to compute the amount are those 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 are recognised in respect of temporary differences between the tax base and carrying value of assets and liabilities.

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 therefore 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 taxable 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 calculated at the tax rates that are expected to apply in the periods in which the asset or liability will be settled, based upon rates enacted or substantively enacted at the end of the reporting period.

The Company has provided deferred tax in relation to temporary differences associated with post-acquisition undistributed earnings of subsidiaries only to the extent that it is either probable that it will reverse in the foreseeable future or where the Company cannot control the timing of the reversal.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. OPERATING LOSS

The operating loss is stated after charging:

	2016 £000	2015 £000
Exchange losses	(367,369)	(69,071)

3. AUDITOR'S REMUNERATION

The Company incurred auditor's remuneration of £3,000 (2015: £3,000) which has been borne by a fellow Group undertaking in the current and preceding year.

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 was incidental to the qualifying services provided to other subsidiary undertakings.

5. EMPLOYEES

The Company has no employees (2015: no employees).

6. INTEREST RECEIVABLE

	2016 £000	2015 £000
Interest receivable from Group undertakings	5,301	8,428

7. INTEREST PAYABLE AND OTHER SIMILAR EXPENSES

	2016 £000	2015 £000
Interest payable to Group undertakings	56,922	52,971
Net loss on derivative financial instruments	184	2,021
	57,106	54,992

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. TAXATION

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	735	-
Adjustments in respect of previous periods	2,046	(4,158)
Total current tax	<u>2,781</u>	<u>(4,158)</u>
Deferred tax		
Adjustment to estimated recoverability of deferred tax assets	1,184	(1,184)
Total deferred tax	<u>1,184</u>	<u>(1,184)</u>
Taxation charge/(credit) on profit/(loss)	<u>3,965</u>	<u>(5,342)</u>

FACTORS AFFECTING TAX CHARGE/(CREDIT) FOR THE YEAR

The tax assessed for the year is lower than (2015: lower than) the effective standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit/(loss) before tax	<u>4,066,176</u>	<u>(115,635)</u>
Profit/(loss) multiplied by effective standard rate of corporation tax in the UK of 20% (2015: 20.25%)	813,235	(23,416)
Effects of:		
Expenses not deductible for tax purposes	84,819	24,714
Income from fixed asset investments	(1,072,755)	-
Impairment of fixed asset investments	175,685	-
Benefit of tax relief on which no deferred tax previously recognised	(849)	(1,298)
Effects of adjustment to estimated recoverability of deferred tax assets	1,184	(1,184)
Adjustments to tax charge in respect of previous periods	2,046	(4,158)
Other	600	-
Total tax charge/(credit) for the year	<u>3,965</u>	<u>(5,342)</u>

SIX CONTINENTS HOTELS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

8. TAXATION (continued)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Reductions to the rate of corporation tax to 19% (effective 1 April 2017) and 17% (effective 1 April 2020) have now been enacted. The impact of any resulting changes to the valuation of any deferred tax assets and liabilities is reflected within the financial statements.

As part of the 2016 budget, the Chancellor of the Exchequer proposed wide-ranging reform in regard to the use of brought forward tax losses and the tax deductibility of corporate interest. The proposed changes to existing legislation have not yet been enacted however it is expected that the new rules will not have a material impact on the Company.

9. FIXED ASSET INVESTMENTS

	<i>Investments in subsidiary companies £000</i>
Cost	
At 1 January 2016	4,174,955
Additions	5,205,369
At 31 December 2016	9,380,324
Impairment	
At 1 January 2016	-
Charge for the period	878,424
At 31 December 2016	878,424
Net book value	
At 31 December 2016	8,501,900
At 31 December 2015	4,174,955

On 3 November 2016, the Company acquired a 100% shareholding in InterContinental (PB) 3 Limited from another Group undertaking as part of a group reorganisation for a total consideration of £5,205,369,000.

On the same date, the Company received an interim dividend for the year ended 31 December 2016 amounting to £5,363,774,000 from its subsidiary undertaking BHR Luxembourg SARL.

As a result of the dividend received, an impairment charge of £878,424,000 was recorded in respect of the related fixed asset investment.

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. DEBTORS

	2016 £000	2015 £000
Due after more than one year		
Deferred tax asset (note 12)	-	1,184
	-	1,184
Due within one year		
Amounts owed by Group undertakings	194,730	196,723
	194,730	197,907

11. CREDITORS: Amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to Group undertakings	3,110,157	2,851,483
Corporation tax	2,699	-
Derivative financial instruments	2,170	1,986
	3,115,026	2,853,469

At 31 December 2016, the Company held short dated foreign exchange swaps of \$120m (2015: \$481m) with another Group undertaking. Full disclosure of the Group's treasury management policies and the impact of the policies on the consolidated financial statements and risk profile of the Group are set out in the consolidated financial statements of InterContinental Hotels Group PLC which are prepared under International Financial Reporting Standards as adopted by the European Union.

SIX CONTINENTS HOTELS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. DEFERRED TAXATION

The deferred tax asset is comprised as follows:

	<i>Tax losses carried forward £000</i>
At 1 January 2015	-
Income statement	1,184
At 31 December 2015	1,184
Income statement	(1,184)
At 31 December 2016	-

Deferred tax assets are recognised on the basis of an expectation of sufficient future profits within the Group in the short term against which the future reversal of the timing difference may be deducted.

Tax losses with a value of £8m (2015: £8m) have not been recognised as their use is uncertain or not currently anticipated. These losses would be recognised if there was certainty of their use in the longer term.

There is no other provided or unprovided deferred tax.

13. SHARE CAPITAL

	<i>2016 £000</i>	<i>2015 £000</i>
Allotted, called up and fully paid		
4,255,145,212 Ordinary shares of £0.01 each	42,551	42,551

14. POST BALANCE SHEET EVENTS

On 15 June 2017, the Company received an interim dividend for the year ending 31 December 2017 amounting to £1,626,652,000 from BHR Luxembourg SARL.

SIX CONTINENTS HOTELS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. CONTROLLING PARTY

As at 31 December 2016, 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 office of the ultimate parent undertaking is Broadwater Park, Denham, Buckinghamshire, UB9 5HR.

The largest and smallest group in which the results of the Company are consolidated is that headed by InterContinental Hotels Group PLC. 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 Limited, a company registered in England and Wales. The registered office of the immediate parent undertaking is Broadwater Park, Denham, Buckinghamshire, UB9 5HR.

SIX CONTINENTS HOTELS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016 are disclosed below. Unless otherwise stated the share capital disclosed comprises ordinary shares which are indirectly held by Six Continents Hotels International Limited.

"IHG Management" d.o.o. Beograd (36.95%) (h)	Hoteles Y Turismo HIH SRL (l)
24th Street Operator Sub, LLC (f) (i)	IC Hotelbetriebsführungs GmbH (36.95%) (x)
36th Street IHG Sub, LLC (f) (i)	IC Hotels Management (Portugal) Unipessoal, Lda (36.95%) (y)
426 Main Ave LLC (f) (i)	IC International Hotels Limited Liability Company (z)
46 Nevins Street Associates, LLC (f) (i)	IHC Buckhead, LLC (f) (i)
2250 Blake Street Hotel, LLC (f) (i)	IHC Hopkins (Holdings) Corp. (i)
Allegro Management LLC (36.95%) (f) (j)	IHC Inter-Continental (Holdings) Corp. (i)
Alkoer, S. de R.L. de C.V. (50%) (g) (bh)	IHC London (Holdings) (36.95%) (l)
Alpha Kimball Hotel LLC (f) (i)	IHC M-H (Holdings) Corp. (i)
American Commonwealth Assurance Co. Limited. (k)	IHC United States (Holdings) Corp. (b) (i)
Barclay Operating Corp. (i)	IHC Willard (Holdings) Corp. (i)
BCRE IHG 180 Orchard Holdings LLC (49%) (f) (bg)	IHG (Marseille) SAS (36.95%) (t)
BHMC Canada Inc. (m)	IHG (Thailand) Limited (36.95%) (ab)
BHR Holdings B.V. (36.95%) (n)	IHG ANA Hotels Group Japan LLC (27.59%) (ai)
BHR Luxembourg (SARL) (99%) (a) (o)	IHG ANA Hotels Holdings Co., Limited. (24.39%) (ai)
BHR Pacific Holdings, Inc. (99%) (i)	IHG Bangkok Limited (36.95%) (r)
BHTC Canada Inc. (m)	IHG Brasil Administracao de Hoteis e Servicos Limitada (ac)
BOC Barclay Sub LLC (f) (i)	IHG Community Development, LLC (f) (i)
Bristol Oakbrook Tenant Company (i)	IHG Cyprus Limited (36.95%) (ba)
Café Biarritz (l)	IHG ECS (Barbados) SRL (ad)
Cambridge Lodging LLC (36.95%) (f) (j)	IHG Franchising Brasil Limitada (ar)
Capital Lodging LLC (36.95%) (f) (j)	IHG Franchising DR Corporation (i)
Carr Clark SWW Subventure, LLC (26.67%) (f) (bd)	IHG Franchising, LLC (f) (i)
Compañia Inter-Continental De Hoteles El Salvador SA (l)	IHG Hotels (New Zealand) Limited (36.95%) (ae)
Crowne Plaza Amsterdam (Management) B.V. (36.95%) (p)	IHG Hotels Limited (36.95%) (l)
Crowne Plaza LLC (f) (i)	IHG Hotels Management (Australia) Pty Limited (36.95%) (d) (u)
Cumberland Akers Hotel LLC (f) (i)	IHG Hotels Nigeria Limited (36.95%) (af)
Desarrollo Alkoer Irapuato S. de R.L. de C.V. (50%) (bh)	IHG Hotels South Africa (Pty) Limited (36.95%) (ag)
Desarrollo Alkoer Silao S. de R.L. de C.V. (50%) (bh)	IHG International Partnership (36.95%) (l)
Dunwoody Operations, Inc. (36.95%) (i)	IHG Istanbul Otel Yönetim Limited Sirketi (36.95%) (bb)
EVEN Real Estate Holding LLC (f) (i)	IHG IT Services (India) Private Limited (36.95%) (ah)
General Innkeeping Acceptance Corporation (b) (i)	IHG Japan (Management) LLC (36.95%) (ai)
Gestion Hotelera Gestel, C.A. (50%) (c) (g) (ap)	IHG Japan (Osaka) LLC (36.95%) (ai)
H.I. (Ireland) Limited (q)	IHG Management (Maryland) LLC (f) (aj)
HI Sugarloaf, LLC (f) (i)	IHG Management (Netherlands) B.V. (36.95%) (n)
HC International Holdings, Inc. (s)	IHG Management MD Barclay Sub LLC (f) (i)
HH France Holdings SAS (36.95%) (t)	IHG Orchard Street Member, LLC (f) (i)
Hoft Properties LLC (f) (i)	IHG PS Nominees Limited (36.95%) (l)
Holiday Hospitality Franchising, LLC (f) (i)	IHG Systems Pty Limited (d) (u)
Holiday Inn Cairns Pty. Limited (36.95%) (u)	IHG Szalloda Budapest Szolgaltato Kft. (36.95%) (ak)
Holiday Inn Mexicana S.A. de C.V. (v)	IND East Village SD Holdings, LLC (f) (i)
Holiday Inns (China) Limited (36.95%) (w)	InterContinental (Branston) 1 Limited (99%) (c) (l)
Holiday Inns (Chongqing), Inc. (i)	InterContinental (PB) 1 (99%) (l)
Holiday Inns (Courtalin) Holdings SAS (36.95%) (t)	InterContinental (PB) 2 Limited (l)
Holiday Inns (Courtalin) SAS (36.95%) (b) (t)	InterContinental (PB) 3 Limited (a) (l)
Holiday Inns (England) Limited. (l)	InterContinental Brasil Administracao de Hoteis Limitada (ac)
Holiday Inns (Guangzhou), Inc. (i)	Inter-Continental D.C. Operating Corp. (i)
Holiday Inns (Jamaica) Inc. (i)	Inter-Continental Florida Investment Corp. (i)
Holiday Inns (Middle East) Limited. (36.95%) (w)	Inter-Continental Florida Partner Corp. (i)
Holiday Inns (Philippines), Inc. (i)	InterContinental Gestion Hotelera S.L. (36.95%) (bc)
Holiday Inns (Saudi Arabia), Inc. (i)	Inter-Continental Hospitality Corporation (i)
Holiday Inns (South East Asia) Inc. (i)	InterContinental Hotel Berlin GmbH (al)
Holiday Inns (UK), Inc. (i)	InterContinental Hotel Düsseldorf GmbH (am)
Holiday Inns Crowne Plaza (Hong Kong), Inc. (i)	Inter-Continental Hoteleira Limitada (an)
Holiday Inns Holdings (Australia) Pty Limited. (36.95%) (u)	Inter-Continental Hotels (Montreal) Operating Corp. (ao)
Holiday Inns Inc. (i)	Inter-Continental Hotels (Montreal) Owning Corp. (99%) (ao)
Holiday Inns of America (UK) Limited. (l)	Inter-Continental Hotels (Singapore) Pte. Limited. (aa)
Holiday Pacific Equity Corporation (i)	Inter-Continental Hotels Corporation (i)
Holiday Pacific LLC (f) (i)	Inter-Continental Hotels Corporation de Venezuela C.A. (ap)
Holiday Pacific Partners, LP (i)	Intercontinental Hotels Corporation Limited (d) (k)
Hotel InterContinental London (Holdings) Limited (36.95%) (l)	InterContinental Hotels Group (Asia Pacific) Pte Limited (36.95%) (aa)

SIX CONTINENTS HOTELS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

16. RELATED UNDERTAKINGS (continued)

InterContinental Hotels Group (Australia) Pty Limited (36.95%) (u)	KHRG Taconic LLC (36.95%) (f) (j)
InterContinental Hotels Group (Canada) Inc. (99%) (m)	KHRG Texas Hospitality, LLC (36.95%) (f) (j)
InterContinental Hotels Group (India) Pvt. Limited (36.95%) (ah)	KHRG Texas Operations, LLC (36.95%) (f) (j)
InterContinental Hotels Group (Japan) Inc. (i)	KHRG Tyron LLC (36.95%) (f) (j)
InterContinental Hotels Group (New Zealand) Limited (36.95%) (ae)	KHRG Vero Beach, LLC (36.95%) (f) (j)
InterContinental Hotels Group (Shanghai) Limited. (36.95%) (aq)	KHRG Vintage Park LLC (36.95%) (f) (j)
InterContinental Hotels Group Customer Services Limited. (36.95%) (l)	KHRG VZ Austin LLC (36.95%) (f) (j)
InterContinental Hotels Group do Brasil Limitada (as)	KHRG Westwood, LLC (36.95%) (f) (j)
InterContinental Hotels Group Operating Corp. (e) (i)	KHRG Wilshire LLC (36.95%) (f) (j)
InterContinental Hotels Group Resources Inc. (b) (i)	KHRG WPB LLC (36.95%) (f) (j)
InterContinental Hotels Group Services Company (36.95%) (l)	KHRG Zamora LLC (36.95%) (f) (j)
InterContinental Hotels Italia, S.r.L (36.95%) (at)	Kimpton Hollywood Licenses LLC (36.95%) (f) (j)
InterContinental Hotels Management GmbH (au)	Kimpton Hotel & Restaurant Group, LLC (36.95%) (f) (j)
InterContinental Hotels Nevada Corporation (i)	Kimpton Phoenix Licenses Holdings LLC (36.95%) (f) (j)
Inter-Continental Hotels of San Francisco Inc. (i)	Kimpton Sedona Licenses LLC (36.95%) (f) (j)
Inter-Continental Hotels Saudi Arabia Limited (40%) (az)	Louisiana Acquisitions Corp. (i)
Inter-Continental IOHC (Mauritius) Limited (av)	Mercer Fairview Holdings LLC (f) (i)
Inter-Continental Management (Australia) Pty Limited (u)	MH Lodging LLC (36.95%) (f) (j)
InterContinental Management France SAS (36.95%) (t)	NF III Seattle, LLC (25%) (f) (be)
Intercontinental Overseas Holding Corporation (i)	Panacon (33.33%) (bf)
KG Benefits LLC (36.95%) (f) (j)	PML Services LLC (f) (aj)
KG Gift Card Inc. (36.95%) (j)	Powell Pine, Inc. (i)
KG Liability LLC (36.95%) (f) (j)	Priscilla Holiday of Texas, Inc. (i)
KG Technology, LLC (36.95%) (f) (j)	Resort Services International (Cayo Largo) L.P. (i)
KHP Washington Operator LLC (36.95%) (f) (j)	RM Lodging LLC (36.95%) (f) (j)
KHRG 11th Avenue Hotel LLC (36.95%) (f) (j)	SBS Maryland Beverage Company LLC (f) (aj)
KHRG 851 LLC (36.95%) (f) (j)	SC Hotels International Services, Inc. (i)
KHRG Aertson LLC (36.95%) (f) (j)	SC Luxembourg Investments SARL (99%) (o)
KHRG Alexandria LLC (36.95%) (f) (j)	SC Reservations (Philippines) Inc. (i)
KHRG Alexis, LLC (36.95%) (f) (j)	SCH Insurance Company (aw)
KHRG Allegro, LLC (36.95%) (f) (j)	Semiramis for training of Hotel Personnel and Hotel Management
KHRG Argyle, LLC (36.95%) (f) (j)	SAE (99.95%) (bi)
KHRG Austin Beverage Company, LLC (36.95%) (f) (j)	SF MH Acquisition LLC (f) (i)
KHRG Baltimore, LLC (36.95%) (f) (j)	Six Continents Hotels de Colombia SA (ax)
KHRG Born LLC (36.95%) (f) (j)	Six Continents Hotels, Inc. (i)
KHRG Boston Hotel, LLC (36.95%) (f) (j)	SixCo North America, Inc. (s)
KHRG Canary LLC (36.95%) (f) (j)	Solamar Lodging LLC (36.95%) (f) (j)
KHRG Cayman LLC (36.95%) (f) (j)	SPHC Group Pty Limited. (36.95%) (u)
KHRG Cayman Employer Limited. (36.95%) (j)	Universal de Hoteles SA (ax)
KHRG DC 1731 LLC (36.95%) (f) (j)	World Trade Centre Montreal Hotel Corporation (73.37%) (ay)
KHRG DC 2505 LLC (36.95%) (f) (j)	
KHRG Donovan LLC (36.95%) (f) (j)	(a) Directly owned by Six Continents Hotels International Limited
KHRG Employer, LLC (36.95%) (f) (j)	(b) Ordinary shares and preference shares
KHRG Goleta LLC (36.95%) (f) (j)	(c) Ordinary A and Ordinary B shares
KHRG Gray LLC (36.95%) (f) (j)	(d) Ordinary shares and redeemable preference shares
KHRG Gray U2 LLC (36.95%) (f) (j)	(e) 1/4 vote Ordinary shares and Ordinary shares
KHRG Hillcrest, LLC (36.95%) (f) (j)	(f) The entities do not have share capital and are governed by an operating agreement
KHRG Huntington Beach LLC (36.95%) (f) (j)	(g) Accounted for as associates and joint ventures due to IHG's decision making rights contained in the partnership agreement
KHRG King Street, LLC (36.95%) (f) (j)	
KHRG La Peer LLC (36.95%) (f) (j)	Registered addresses:
KHRG Miami Beach LLC (36.95%) (f) (j)	(h) Beograd, Cincar, Jankova 3, Serbia
KHRG Muse LLC (36.95%) (f) (j)	(i) Three Ravinia Drive, Suite 100, Atlanta, GA 30346, USA
KHRG NPC LLC (36.95%) (f) (j)	(j) 222 Kearny Street – Suite 200, San Francisco, CA 94108, USA
KHRG Onyx LLC (36.95%) (f) (j)	(k) Clarendon House, Church Street West, Bermuda
KHRG Palladian LLC (36.95%) (f) (j)	(l) Broadwater Park, Denham, Buckinghamshire, UB9 5HR, UK
KHRG Palomar Phoenix LLC (36.95%) (f) (j)	(m) 199 Bay Street, Suite 2800, Commerce Court West, Toronto, ON M5L 1A9, Canada
KHRG Philly Monaco LLC (36.95%) (f) (j)	(n) Kingsfordweg 151, 1043 GR Amsterdam, The Netherlands
KHRG Pittsburgh LLC (36.95%) (f) (j)	(o) 26 Blvd. Royal, L-2449 Luxembourg
KHRG Reynolds LLC (36.95%) (f) (j)	(p) Nieuwezijds Voorburgwal 5, 1012 RC Amsterdam, The Netherlands
KHRG Riverplace LLC (36.95%) (f) (j)	(q) 29 Earlsfort Terrace, Dublin 2, D02 AY28, Ireland
KHRG Sacramento LLC (36.95%) (f) (j)	(r) Craigmuir Chambers, Road Town, Tortola VG1110, British Virgin Islands
KHRG Savannah LLC (36.95%) (f) (j)	
KHRG Schofield LLC (36.95%) (f) (j)	
KHRG Sedona LLC (36.95%) (f) (j)	
KHRG SFD LLC (36.95%) (f) (j)	
KHRG State Street LLC (36.95%) (f) (j)	
KHRG Sutter LLC (36.95%) (f) (j)	
KHRG Sutter Union LLC (36.95%) (f) (j)	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

16. RELATED UNDERTAKINGS (continued)

- (s) Wilmington Trust SP Services, Inc. 1105 North Market Street, Suite 1300, Wilmington, DE 19801, USA
(t) 31-33 rue Mogador - 75009 Paris, France
(u) Level 11, 20 Bond Street, Sydney NSW 2000, Australia
(v) Ontario # 1050, Col. Providencia. Guadalajara, Jalisco CP 44630, Mexico
(w) Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong
(x) Johannesgasse 28, 1030 Wien, Am Heumarkt 4, 1030 Wien, Austria
(y) Avenida da Republica, no 52 - 9, 1069 - 211, Lisbon, Portugal
(z) 24, Rusakovskaya Str., Moscow 107014 Russian Federation
(aa) 230 Victoria Street, #13-00 Bugis Junction Towers, 188024 Singapore
(ab) 973 President Tower, 7th Floor, Units 7A, 7B, 7C, 7D, 7I, 7F, 7G and 7H, Ploenchit Road, Khwaeng Lumpini, Khet Pathumwan, Bangkok Metropolis, 10330 Thailand
(ac) Alameda Jau 536 #3S-B, Sao Paulo, Brazil
(ad) The Phoenix Centre, George Street, Belleville St. Michael, Barbados
(ae) Floor 9, 36 Kitchener Street, Auckland Central, Auckland 1010, New Zealand
(af) I, Murtala Muhammed Drive, Ikoyi, Lagos, Nigeria
(ag) Central Office Park Unit 4, 257 Jean Avenue, Centurion 0157, South Africa
(ah) 11th Floor, Building No. 10, Tower C, DLF Phase-II, DLF Cyber City, Gurgaon, Haryana-122002, India
(ai) 20th Floor, Toranomon Kotohira Tower, 2-8, Toranomon 1-chome, Minato-ku, Tokyo, Japan
(aj) HIQ Corporate Services Inc., 715 St. Paul Street, Baltimore, MD 21202 USA
(ak) 1052 Budapest, Apaczai Csere Janos u. 12-14, Hungary
(al) Budapest Str. 2, D-107887, Berlin, Germany
(am) Koenigsallee 59, D-40215 Dusseldorf, Germany
(an) Av Das Americas 500, Bloco 3, Sala 316, Barra da Tijuca CEP 22640-100, Rio de Janeiro, Brazil
(ao) InterContinental Montreal, 360 St. Antoine Street West, Montreal, Quebec H2Y 3X4, Canada
(ap) Hotel Tamanaco Inter-Continental, Final Av. Ppal, Mercedes, Caracas, Venezuela
(aq) 2nd Floor, Citigroup Tower, No. 33 Huayuanshiqiao Road, Pudong, Shanghai, P.R. China
(ar) Alameda Santos 1893 - 3o Andar, Cerqueira Cesar, Sao Paulo, Brazil
(as) Alameda Santos, 1893, 3rs Floor, São Paulo, Brazil
(at) Via Settembrini 35, Milano, Italy
(au) Am Hauptbahnhof, D-60329 Frankfurt, Germany
(av) JurisTax Services Ltd, Level 12, NeXTeracom Tower II, Ebene, Mauritius
(aw) 150 South Champlain Street, Burlington, VT 05401 USA
(ax) Calle 16, No28-51, Variante las Palmas, Colombia
(ay) Suite 2500, 1000 De La Gauchetiere St. West, Montreal QC H3B 0A2, Canada
(az) Madinah Road, Jeddah, P.O Box 9456, Post Code 21413, Jeddah, Saudi Arabia
(ba) 195 Arch. Markarios III Ave., Neocleous House, 3030 Limassol, Cyprus
(bb) Eski Buyukdere Cd. Park Plaza No:14 K:4 Maslak - Sariyer, Istanbul, Turkey
(bc) Paseo de la Castellana 49, 28046 Madrid, Spain
(bd) Carr Hospitality, LLC, 1455 Pennsylvania Avenue, NW, Suite 100, Washington DC 20004, USA
(be) 2000 Monarch Tower, 3424 Peachtree Road, N.E., Atlanta GA 30326, USA
(bf) Pan-American Life Insurance Company, 601 Poydras Street, New Orleans LA 70130, USA
(bg) Brack Capital Real Estate Ltd., 885 Third Avenue, 24th Floor, New York NY 10022, USA
(bh) Campos Eliseos 223, piso 7, Colonia Polanco, 11560, Mexico City, Mexico
(bi) Ground Floor, Al Kamel Law Building, Plot 52-b, Banks Area, Six of October City, Egypt