Agenda.

- IHG Overview
- Hotel Indigo Overview
- Featured Properties
- IHG Services & Support
- Driving Consumer Demand
- IHG Owners’ Association
IHG Overview: Distribution and Pipeline.

<table>
<thead>
<tr>
<th>Category</th>
<th>Luxury</th>
<th>Upscale</th>
<th>Branded Boutique</th>
<th>Upper Midscale With F&amp;B</th>
<th>Upper Midscale Without F&amp;B</th>
<th>Upscale Extended Stay</th>
<th>Midscale Extended Stay</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GLOBAL</strong></td>
<td>171 Open</td>
<td>401 Open</td>
<td>38 Open</td>
<td>1,238 Open</td>
<td>2,103 Open</td>
<td>195 Open</td>
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<tr>
<td></td>
<td>58 Pipeline</td>
<td>108 Pipeline</td>
<td>60 Pipeline</td>
<td>271 Pipeline</td>
<td>467 Pipeline</td>
<td>89 Pipeline</td>
<td>97 Pipeline</td>
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<tr>
<td><strong>AMER</strong></td>
<td>55 Open</td>
<td>202 Open</td>
<td>33 Open</td>
<td>811 Open</td>
<td>1,866 Open</td>
<td>190 Open</td>
<td>300 Open</td>
</tr>
<tr>
<td></td>
<td>5 Pipeline</td>
<td>22 Pipeline</td>
<td>42 Pipeline</td>
<td>154 Pipeline</td>
<td>374 Pipeline</td>
<td>80 Pipeline</td>
<td>97 Pipeline</td>
</tr>
</tbody>
</table>

As of September 30, 2011
Hotel Indigo Overview.
What is Hotel Indigo?

Research revealed new psychographic trends
- Emergence of the “lifestyle” consumer
- Middle market desires becoming more aspirational
- Demand for affordable style and design
- Desire for something less ‘beige’ and ‘cookie-cutter’

Niche potential
- IHG had a clear opportunity to sell new brand to U.S. owners
- Created high ROI brand through low cost operating model with an upscale ADR
- No existing boutique hotel backed by a global system
- Brand ideology allows for flexible development options

A branded boutique experience.
The creation and growth of the Hotel Indigo brand.

- **2003**: IHG identifies the potential for a new brand in the US market.
- **2004**: Brand conceived in conjunction with a review of consumer trends and IHG brand portfolio opportunities.
- **2006**: 1st Hotel Indigo opens in Atlanta, GA with prototypical design elements.
- **2006**: Concept is refined and "Interpret Indigo" platform is introduced in Scottsdale, AZ.
- **2008**: 1st hotel opens outside the US in Paddington, London.
- **2009**: IHG develops strategy to accelerate growth into high RevPAR markets, building Hotel Indigo in San Diego, CA for $65m.
- **2009**: Global brand team formed.
- **2009**: 1st Asian hotel opens on the Bund in Shanghai.
- **2011**: Hotel Indigo ranked highest in guest satisfaction among upscale full service hotels respectively in the J.D. Power and Associates’ 2011 North America Hotel Guest Satisfaction Index Study.
Upscale “branded boutique” offering from the world’s largest hotel company.
Hotel Indigo – The first global branded boutique.
Brand Positioning.

Hotel Indigo is an upscale boutique brand that delivers a refreshing and inviting guest experience that is truly reflective of the local community. Meeting the desires of today’s traveler, the brand offers guests an intimate and approachable boutique experience with the benefits and reassurance of the world’s largest hotel company.
Brand Features.

- Locally reflective design
- Renewal through menu pairings, music, scent, continuous renewal
- Oversized and interpretive photographic murals
- Inviting guest rooms
- Plush bedding
- Hard-surface flooring with area rugs
- Spa-inspired bathrooms and showers
- Complimentary high speed wireless internet access in guest rooms and public spaces
- 24 hour business center
- 24 hour fitness studio
- Bar/bistro (with naming convention specific to location)
- Priority Club Rewards guest loyalty program

For savvy individualists who want a dependable but distinct experience, Hotel Indigo is the locally inspired, thoughtful and stylish brand that makes guests feel refreshed and inspired by the things they discover about the neighborhood.
Target Guest.

Demographic
• 50% male, 50% Female
• 35 to 54 years of age
• Married and may have children
• Educated to Bachelors & Graduate Degree levels
• With HHI of $70,000+, but not higher than $200,000

Attitudinal
• An eye for design and appreciation for art
• Broadly traveled
• Want to experience something different
• Does not like or need over the top service

Behavioral
• Stay at the Hotel Indigo both for business and leisure
• Trade up from beige box brands in search of something a little different
• Trade down and across from independent upscale boutiques for the benefits of a brand
• Trade across from full service upscale hotels for intimacy and a personalized experience
Key Guest Insights.

Neighborhood Story

Vibrant & Fresh Design

Inspired Service

Curious and wants to be inspired by travel and new things

Wants to be seen as modern and current among peer group
Local Neighborhood.

Hotel Indigo provides thoughtful, unexpected touches and references that reflect the distinct character of the neighborhood and ties to the community.
Design Concept – not a prototype

ADAPTIVE REUSE
Houston, TX

CONVERSION
Miami Lakes, FL

NEW BUILD
San Diego, CA

MIXED USE
Rahway, NJ
Use of vibrant color.

London Paddington, UK

San Diego, CA

Hard surface floors.

Asheville, NC

Scottsdale, AZ
Plush bedding, inviting beds with quality linens.

Spa-inspired walk-in showers.
Locally reflective photo murals in lobby and guest rooms.

San Antonio – The Alamo, TX

New York City – Chelsea, NY
Inspired Service.

93%* of Hotel Indigo employees are proud to work at their hotel

* Source: IHG 2010 employee survey
Summary.

Branded

**Trust**
- Certainty of experience
- Guests trust the quality due to brand name
- Confidence in consistency of brand standards
- Loyalty through Priority Club Rewards
- Access to reservation systems

**Functional Benefits**
- Brand integrity
- Low cost operating model
- IT Infrastructure/Revenue Generating Systems
- Priority Club Rewards
- Global Sales Organisation

Boutique

**Experiential Benefits**
- Design cache
- Invites personal interaction with hotel staff
- Creates loyalty by anticipating guest needs
- Intrigues guests with engaging story

**Flexibility and Premium Pricing**
- Delivers upscale ADRs
- Flexible design concept
- Enables relationship building with guests

Large global potential due to strong appetite from owners and guests
Brand performance.

**Hotel Indigo**

**Channel Contribution**

- **GDS** 15.4%
- **IDS** 14.6%
- **CRO** 18%
- **Web** 23.4%
- **Priority Club Contribution** 36.8%

Note: Directly from 2011 Franchise Disclosure Document, Year end 2010 US Comparable
### 2010 Hotel Indigo Contribution ADR

<table>
<thead>
<tr>
<th></th>
<th>Contribution Percentage</th>
<th>Contribution ADR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total IHG System</td>
<td>71.4%</td>
<td>$120.64</td>
</tr>
<tr>
<td>Web</td>
<td>23.4%</td>
<td>$133.37</td>
</tr>
<tr>
<td>CRO</td>
<td>18%</td>
<td>$135.07</td>
</tr>
<tr>
<td>IDS (Third Party Sites)</td>
<td>14.6%</td>
<td>$88.37</td>
</tr>
<tr>
<td>GDS</td>
<td>15.4%</td>
<td>$130.64</td>
</tr>
<tr>
<td>Priority Club Rewards</td>
<td>36.8%</td>
<td>$126.36</td>
</tr>
</tbody>
</table>

Note: Directly from 2011 Franchise Disclosure Document, Year End 2010 Comparable Hotels.
As of December 31, 2010

Hotel Indigo Global Growth.
Strong Growth to Drive Expansion Across the Globe.

Arizona
Scottsdale – Old Town

California
San Diego – Gaslamp Quarter

Florida
Fort Myers – River District
Jacksonville – Deerwood Park
Miami – Dadeland
Miami Lakes
Sarasota – Downtown
St. Petersburg – Downtown

Georgia
Athens – University Area
Atlanta – Midtown

Illinois
Chicago – Downtown Gold Coast
Chicago – Vernon Hills

Indiana
Columbus – Architectural Center
Fishers – Indy’s Uptown

Louisiana
Baton Rouge –Downtown

Massachusetts
Boston – Newton Riverside

New Jersey
Basking Ridge
Rahway - Newark

New York
Albany – Latham
Buffalo – Amherst
New York – Chelsea
New York – East End

North Carolina
Asheville – Downtown
Durham – Research Triangle Park

Tennessee
Nashville – Downtown
Nashville – Music Row

Texas
Dallas – Downtown
Houston – Near the Galleria
San Antonio – Alamo
San Antonio – Riverwalk

INTERNATIONAL LOCATIONS

Canada
Ottawa, ON – Downtown
Toronto, ON – Airport

Costa Rica
San Jose Forum

United Kingdom
Glasgow – Scotland
Liverpool – England
London – Paddington
London – Tower Hill

China
Shanghai On the Bund, China
Global Pipeline Highlights.

Key Pipeline Cities
- Hong Kong
- Bangkok
- Lisbon, Portugal
- Taiwan
- Berlin, Germany
- Edinburgh, Scotland
- Madrid, Spain
- Newcastle, England
Overall Pipeline.

**Americas Region**
Mexico, D.F.
* Mexico City - Polanco
* Guadalajara, Mexico
Long Beach, CA
Santa Cruz, CA
* Colorado Springs, CO
* Dania Beach (Ft. Lauderdale), FL
Destin, FL
* Ft. Lauderdale Beach, FL
Gainesville, FL
Naples, FL
* (Orlando Lake Mary) Sanford, FL
Tampa, FL
College Park, GA
Chicago, IL
Bloomington, IN
Carmel, IN
Indianapolis, IN
Louisville, KY

* Lafayette, LA
Baltimore, MD
East Lansing, MI
* Traverse City, MI
Clayton, MO
St. Louis, MO
Jackson, MS
Charlotte, NC
Newark, NJ
Brooklyn Atlantic Yards, NY
* New York Times Square, NY
Cleveland, OH
Beachwood, OH
Columbus, OH
Pittsburgh, PA (2)
Memphis, TN
Chattanooga, TN
Galveston, TX
Waco, TX
Webster, TX
Salt Lake City, UT
Madison, WI

**EMEA Region**
* Berlin – Alexanderplatz
* Berlin – Hardenberg Str
* Birmingham
* Edinburg
* Hamburg - St. Pauli
* Lisbon - Old Town
* London, England
* Madrid - Gran Via
* Newcastle
* Riyadh - KAFD
* York

**Asia Pacific Region**
* Xiamen Harbour
* Bangkok-Wireless Rd, Thailand
* Hong Kong, China
* Hong Kong Island
* Jakarta Sudirman
* Phuket Nithon Beach
* Taipei Xinyi

* New Build
Featured Properties.
Hotel Indigo: San Diego, CA.
Hotel Indigo: Asheville, NC.
Hotel Indigo: East End-Riverhead, NY.
Hotel Indigo: Boston, MA.
Hotel Indigo: Shanghai on the Bund, China.
IHG Services and Support.

• **OnBoard™** is the IHG hotel opening process from planning to opening
• **The program offers support within the following areas**:  
  – Brand Standards  
  – Design Guidelines  
  – Brand Prototype Drawings  
  – Exterior Signage  
  – Standardized room décor for rooms, corridors, and public areas  
  – Vendor Contracts  
  – Property Brochures and Manuals
• **Currently opens a hotel a day**
• **Dedicated team of hotel opening managers provide support in all areas of operational development and accelerate ramp up**

*not available for all brands*
IHG Services and Support: Design & Construction.

• IHG provides advice and consultation throughout the design and construction process.
• You will have access to our global register of professional design consultants.
• We will work with your architects and designers to share best practices.

• www.ihgdesignconnect.com
  – Password: sport
  – ADA Information
  – Brand Standards
  – Prototype Drawings
  – New Development
  – PIP/Renovation Guidance
  – Interior FF&E Design & Products
  – Exterior Design & Products
  – Resources
IHG Services & Support: Talent Development.

• We offer training and retention programs to assist all IHG hotels in attracting loyal people
• A virtual university of training programs on almost every aspect of operating a hotel
• We partner with a number of world-class training organizations to provide a wide range of learning opportunities:
  – eCornell
  – Rosetta Stone, and more

• All IHG properties have access to our Learning Management System, myLearning
• Our training continues to evolve, with webinars and e-learning options that keep training and development at the heart of IHG culture
IHG Services & Support: The People Tools.

People tools

Tools to help you create a working environment in which your team is motivated, skilled and supported to deliver the brand and drive your bottom line

Hire
Attract & select people who love our brands and can demonstrate brand behaviors
- Recruiting ad templates
- Franchisee job postings on www.IHG.jobs
- Job descriptions for key management positions
- Branded interview guides
- Employment background screening

Train
Immerse people in our brands so they can create guest love
- Brand orientation program
- Brand service behavior training

Involve
Make sure people know how they contribute and feel involved
- Performance management
- Employee engagement survey

Recognize
Ensure recognition drives service and brand led behaviors
- Recognition program
We’re seeing some great results in our managed estate

A deliberate approach to driving engagement

• Record response rate 92%
• Since 2007
  – Engagement 70% (+17%)
  – GM engagement 78% (+7%)
  – We offer our people an environment where they can make a difference 81% (+9%)

• People are proud to work for us 92% – well above industry benchmark of 81%

• Guest satisfaction across all brands +2%

• We have proved the relationship between strong employee engagement and improved RGI

• Our reputation has grown as an employer
IHG Services & Support: Operations.

- **Strategic Priorities**
  - Increase ROI for franchisees
  - Strengthen hotel revenue and customer system delivery
  - Drive hotel operating efficiencies and processes

- **Consulting Services – designed to diagnose opportunities & simplify resolution**
  - Quality and service brand initiatives
  - Systems and revenue management and channel management

- **Franchise Services Manager**
  - One stop information resource for franchisee (800-325-WARM)
  - Issue resolution within corporate office and assists franchisee with IHG initiatives

- **Area Manager**
  - New hotel openings, HIRO activations, regional workshops, on-site consulting visits to help with revenue management, service planning, sales analysis, and market analysis

- **Regional Director**
  - Manages region consisting of Area Managers and Hotel Performance Support Managers and monitor key accounts in their territory

• **Property Improvement Consultant**
  – Performs Product Improvement Plans (PIPs) on existing hotels and conversions detailing renovation work required

• **Quality Consultant**
  – Performs ongoing, onsite evaluations of existing hotels to verify brand standards. The number of visits per year is determined by measurement criteria such as guest satisfaction and previous quality evaluation scores.

• **Three key components to the IHG quality assurance program**
  – **QUALITY EVALUATION: ‘QUEST’** – proprietary web-based quality evaluation tool that assists with post evaluation deficiency correction
  – **SELF ASSESSMENT:** Monthly Quality Self Assessment (MQSA) allows the operator to confirm the hotel’s quality performance
  – **GUEST SATISFACTION:** Guest View is the tool for monitoring guest satisfaction at both a property and brand level
IHG Services & Support: Global Technology.

Global Technology focuses on guest facing and revenue generating technologies, superb system operations, corporate systems, and IHG’s technology strategy.

- Support owners in driving to their revenue targets via robust distribution channels
- Implement easy to use systems that support day to day hotel operations
- Improve guest experience by building high quality, innovative, and scalable systems
- Provide ongoing reliable system support
- Participate in and respond quickly to corporate goals; transition technology into a brand differentiator for IHG
- Think and act globally in system design, implementation, and support while considering global consumer experience
Driving Consumer Demand.
Driving Consumer Demand.

- **LOYALTY PROGRAM**
  - Priority Club Rewards
  - Largest in industry
  - 60 million members

- **FIELD SALES FORCE**
  - More than 400 segment specific professionals in virtual offices in key feeder markets across the globe

- **RESERVATIONS SYSTEMS**
  - 10 call centers
  - 13 languages

- **MARKET COVERAGE**
  - Leadership positions in 15 of the 20 largest hotel markets

- **WEB PRESENCE**
  - #1 hotel website
  - 11 local language sites

- **SYSTEM FUNDS**
  - Annual system funds totaling c.$1.1 billion

- **HOTEL DISTRIBUTION**
  - Over 4,400 hotels
  - c. 146 million guest stays p.a.

- **BRAND PORTFOLIO**
  - 7 hotel brands
  - Covering all major segments

- **SYSTEM**
  - c.$1.1 billion
The Revenue Demand Cycle.

The Revenue Demand Cycle provides the framework for how we manage the lifecycle for revenue delivery across our enterprise, allowing existing and new customers the opportunity to interact and stay with us.

- **Creating Demand** – Ensures that we are exposing our brands in relevant and compelling ways (i.e., advertising campaigns and promotions) such that your hotels realize more calls, clicks, and visits.
- **Converting Lookers to Bookers** - Makes certain that more rooms are sold for your hotel as consumers are researching and shopping to find the best options that meet their needs.
- **Retaining Guests** - Further enhances the relationships and loyalty of guests.
Reservations Channels.

Central Reservation – Holidex, the world’s first hotel computerized reservation system introduced in 1965

- 2010: Our CROs handled 22 million calls

- IHG delivers nearly 80% of all online bookings from its branded web sites globally

- Our Web sites receive over 20 million visits each month

- IHG is the largest search engine marketer in the hotel industry, driving over 12 billion impressions each year and marketing in 11 languages and 100 countries worldwide.
IHG Sales Team.

- IHG Sales generates revenue for all brands by managing key business-to-business relationships in the transient and group markets.
- The worldwide sales team generated $4.2 billion in room revenue –2010.
  - $36M in rooms revenue to the Hotel Indigo brand
  - $328,000 room nights to the Hotel Indigo brand

Revenue Management.

- Hotels are equipped to maximize profitability through IHG advanced reservation system and efficiencies of revenue optimization programs.
- IHG is the first to integrate transient demand forecasting with competitive information and customer price sensitivity measurement in order to determine best possible pricing for your hotel.
Priority Club Rewards.

- Over 61 million members – largest in the hotel industry
- Over 28 year history – First hotel loyalty program in the world
- Priority Club Meeting Rewards:
  - Reward program developed for meeting planners
- In 2010, Priority Club Rewards drove 57 million room nights and $6.5 billion in revenues into IHG hotels.
## Loyalty Program Comparison

<table>
<thead>
<tr>
<th></th>
<th>Priority Club Rewards</th>
<th>Marriott Rewards</th>
<th>Hilton Hhonors</th>
<th>Starwood Preferred Guest</th>
<th>Hyatt Gold Passport</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of locations to earn and redeem</td>
<td>4,400+</td>
<td>3,000+</td>
<td>3,500+</td>
<td>960+</td>
<td>420+</td>
</tr>
<tr>
<td>No point expiration</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>No blackout dates on Reward Nights</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Any Hotel Anywhere</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Nights required for top level Elite Status</td>
<td>50</td>
<td>75</td>
<td>60</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>
Priority Club Rewards – Redemption Structure.

Free hotel nights, merchandise, retail certificates or airline miles.

<table>
<thead>
<tr>
<th>Hotel Brand</th>
<th>Points Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holiday Inn or Holiday Inn Express</td>
<td>10,000, 15,000 or 25,000</td>
</tr>
<tr>
<td>Candlewood Suites</td>
<td>15,000</td>
</tr>
<tr>
<td>Staybridge Suites</td>
<td>20,000</td>
</tr>
<tr>
<td>Crowne Plaza</td>
<td>25,000</td>
</tr>
<tr>
<td>Hotel Indigo</td>
<td>25,000</td>
</tr>
<tr>
<td>InterContinental</td>
<td>30,000 or 40,000</td>
</tr>
</tbody>
</table>
Online Marketing.

- IHG is the largest search engine marketer in the hotel industry, driving over 12 billion impressions each year and marketing in 11 languages around the world.

- IHG drives internet bookings through the following marketing efforts:
  - IHG Branded websites
  - Web Advertisements
  - Search Engine Marketing
  - Email Communications
  - Social Media Communities and Campaigns
  - Prime Travel Agency Placements
  - Affiliate and Third Party Web Sites
Owners’ Association.
Owners’ Association.

• Founded in 1955, IAHI works hand-in-hand with IHG to improve the profitability of IHG brands, strengthen the IHG system and exchange ideas and best practices.
• IAHI represents the interests of nearly 3,000 owners and operators of IHG brands in 56 countries.
• Benefits of membership include:
  – Educational opportunities
  – IAHI Complimentary Room Program
  – Financial Benchmarking Tool
  – Priority Club Rewards Elite Platinum status
  – Regular communications and Members Only web site
  – Labor and employment hotline
  – Insurance – EPLI special offer
Thank You.

For more information, please visit:

www.ihg.com/development