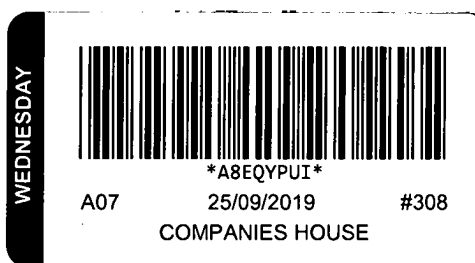


IHC MAY FAIR HOTEL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



IHC MAY FAIR HOTEL LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| DIRECTORS | M Cockcroft N Henfrey H Wood |
| COMPANY SECRETARY | F Littlebury-Cuttell |
| REGISTERED NUMBER | 2323039 |
| REGISTERED OFFICE | Broadwater Park Denham Buckinghamshire UB9 5HR |
| AUDITOR | Ernst & Young LLP 2 St Peter's Square Manchester M2 3EY |

IHC MAY FAIR HOTEL LIMITED

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IHC MAY FAIR HOTEL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

PRINCIPAL ACTIVITIES

IHC May Fair Hotel Limited's (the "Company") principal activity is that of an investment holding company. It is the intention of the directors that the Company will operate in this capacity.

BUSINESS REVIEW

The loss for the year, after taxation, amounted to £7,813,000 (2017: profit £55,000) after an impairment charge of £8,105,000 (2017: nil) against the carrying value of fixed asset investments.

The directors do not propose a final dividend for the year ended 31 December 2018 (2017: £nil).

In connection with a UK portfolio deal to operate a number of hotels under long-term leases from Covivio (formally Foncière des Régions), the Company acquired nine legal entities on 25 July 2018, one legal entity on 13 November 2018 and two legal entities on 14 February 2019. Each legal entity is 100% owned and operates one hotel under an operating lease. The acquisition price for the 10 hotels acquired in 2018 was £8,105,000, including £1,160,000 for the working capital settlement which was paid in early 2019.

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 and as such there are not considered to be any significant risks and uncertainties impacting the Company. Any uncertainties impacting the Company would arise from internal decisions taken within the Group.

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

Nicolette Henfrey



Secretary/Director
Date:

17 SEP 2019

IHC MAY FAIR HOTEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £7,813,000 (2017: profit £55,000).

The directors do not propose a final dividend for the year ended 31 December 2018 (2017: £nil).

DIRECTORS

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

M Cockcroft

M Glover (resigned 31 July 2019)

N Henfrey

H Wood (appointed 31 July 2019)

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. The ultimate parent company, InterContinental Hotels Group PLC, intends to make funds available to the Company to enable it to meet its debts as they fall due for a period at least 12 months from the date of approval of the financial statements.

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 2018. 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 2018. In November 2018, the Group issued a €500m bond which matures in May 2027. At the end of 2018, 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.

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.

IHC MAY FAIR HOTEL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that 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.

POST BALANCE SHEET EVENTS

On 14 February 2019, two additional hotels were acquired for consideration of £133,000 as part of the acquisition of a number of leased hotels in the UK. This completes the acquisition of 12 hotels by the Company.

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:

Nicolette Henfrey

Secretary/Director

Date:


17 SEP 2019

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 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 judgments 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 IHC MAY FAIR HOTEL LIMITED

OPINION

We have audited the financial statements of IHC May Fair Hotel Limited (the 'Company') for the year ended 31 December 2018 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IHC MAY FAIR HOTEL LIMITED (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IHC MAY FAIR HOTEL LIMITED
(CONTINUED)**

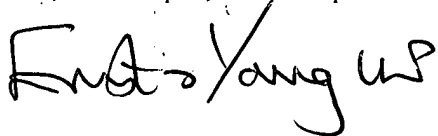
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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.



Julian Yates (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

Date: 18/9/19

IHC MAY FAIR HOTEL LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | <i>Note</i> | <i>2018 £000</i> | <i>2017 £000</i> |
|---------------------------------------|-------------|----------------------|----------------------|
| Impairment of fixed asset investments | 7 | (8,105) | - |
| Interest receivable | 5 | 361 | 68 |
| (Loss)/profit before taxation | | (7,744) | 68 |
| Taxation | 6 | (69) | (13) |
| (Loss)/profit for the year | | (7,813) | 55 |

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

The notes on pages 11 to 18 form part of these financial statements.

All amounts relate to continuing operations.

IHC MAY FAIR HOTEL LIMITED
REGISTERED NUMBER:2323039

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

| | <i>Note</i> | <i>2018</i> <i>£000</i> | <i>2018</i> <i>£000</i> | <i>2017</i> <i>£000</i> | <i>2017</i> <i>£000</i> |
|--|-------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Fixed assets | | | | | |
| Investments | 7 | | - | | - |
| Current assets | | | | | |
| Debtors | 8 | 35,889 | | 42,486 | |
| Creditors: Amounts falling due within one year | 9 | (1,229) | | (13) | |
| Net current assets | | | 34,660 | | 42,473 |
| Net assets | | | 34,660 | | 42,473 |
| Capital and reserves | | | | | |
| Called up share capital | 10 | | 1 | | 1 |
| Share premium account | 11 | | 41,988 | | 41,988 |
| Profit and loss account | | | (7,329) | | 484 |
| Total equity | | | 34,660 | | 42,473 |

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

Nicolette Henfrey

Director

Date:

17 SEP 2019

The notes on pages 11 to 18 form part of these financial statements.

IHC MAY FAIR HOTEL LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2018**

| | <i>Called up share capital</i> £000 | <i>Share premium account</i> £000 | <i>Profit and loss account</i> £000 | <i>Total equity</i> £000 |
|----------------------------|--|--|--|-----------------------------|
| At 1 January 2017 | 1 | 41,988 | 429 | 42,418 |
| Profit for the year | - | - | 55 | 55 |
| At 1 January 2018 | 1 | 41,988 | 484 | 42,473 |
| Loss for the year | - | - | (7,813) | (7,813) |
| At 31 December 2018 | 1 | 41,988 | (7,329) | 34,660 |

The notes on pages 11 to 18 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 13.

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 paragraphs 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES (CONTINUED)

1.3 IMPACT OF NEW INTERNATIONAL REPORTING STANDARDS

IFRS 15

With effect from 1 January 2018, the Company has adopted IFRS 15 'Revenue from Contracts with Customers' which introduces a new five-step approach to measuring and recognising revenue from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. There has been no impact on the Company's financial statements as a result of adopting IFRS 15.

IFRS 9

With effect from 1 January 2018, the Company has adopted IFRS 9 'Financial Instruments'. IFRS 9 introduces new requirements for classification and measurement of financial assets and financial liabilities, impairment and hedge accounting. There has been no impact on the Company's financial statements as a result of adopting IFRS 9.

1.4 GOING CONCERN

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

1.5 NON DERIVATIVE FINANCIAL INSTRUMENTS

Non derivative financial instruments comprise investments in equity securities, other creditors and amounts owed by 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.

Other creditors

Other creditors are non-interest bearing and are stated at their nominal value.

Amounts owed by Group undertakings

Amounts owed by Group undertakings are recorded at their original amount less provision for expected credit losses. The Company has elected to apply the simplified version of the expected credit loss model permitted by IFRS 9 in respect of amounts owed by Group undertakings, which involves assessing lifetime expected credit losses on all balances. The carrying amount of the receivable is reduced through the use of a provision account and movements in the provision are recognised in the Income Statement within administrative expenses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES (CONTINUED)

1.6 INCOME

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

1.7 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 that are enacted or substantively enacted at the end of the reporting period.

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

Deferred tax

Deferred tax assets and liabilities 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 on 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.

2. AUDITOR'S REMUNERATION

The Company incurred auditor's remuneration of £3,000 (2017: £3,000) which has been borne by a fellow Group undertaking in the current and preceding year.

IHC MAY FAIR HOTEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. 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.

4. STAFF COSTS

The Company has no employees (2017: no employees).

5. INTEREST RECEIVABLE

| | 2018 £000 | 2017 £000 |
|---|--------------|--------------|
| Interest receivable from Group undertakings | 361 | 68 |

6. TAXATION

| | 2018 £000 | 2017 £000 |
|---|--------------|--------------|
| Corporation tax | | |
| Current tax on (loss)/profit for the year | 69 | 13 |

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2017: the same as) the effective standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

| | 2018 £000 | 2017 £000 |
|---|--------------|--------------|
| (Loss)/profit before tax | (7,744) | 68 |
| (Loss)/profit multiplied by effective standard rate of corporation tax in the UK of 19.00% (2017: 19.25%) | (1,471) | 13 |
| Effects of: | | |
| Impairment of fixed asset investments | 1,540 | - |
| Total tax charge for the year | 69 | 13 |

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction to the rate of corporation tax to 17% (effective 1 April 2020) has now been enacted.

There is no provided or unprovided deferred tax.

IHC MAY FAIR HOTEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. FIXED ASSET INVESTMENTS

| | <i>Investments in subsidiary companies £000</i> |
|----------------------------|---|
| Cost | |
| At 1 January 2018 | - |
| Additions | 8,105 |
| At 31 December 2018 | <u>8,105</u> |
| Impairment | |
| At 1 January 2018 | - |
| Charge for the period | 8,105 |
| At 31 December 2018 | <u>8,105</u> |
| At 31 December 2018 | <u>-</u> |
| At 31 December 2017 | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7. FIXED ASSET INVESTMENTS (CONTINUED)

During 2018, the Company acquired the entire share capital of 10 companies as part of the Group's acquisition of a portfolio of UK hotels. The acquisition price for the hotels comprised £6,945,000 for the initial consideration and £1,160,000 for the working capital settlement, the latter being settled in 2019 (see note 9). An impairment charge of £8,105,000 has subsequently been recorded against the cost of the investments reflecting management's assessment of the future profitability of the subsidiary undertakings, taking into account the cost of internal recharges made to the companies under the Group's ownership.

In accordance with Section 409 of the Companies Act 2006, a full list of entities which the Company has an interest of greater than or equal to 20%, the registered office and the effective percentage of equity owned as at 31 December 2018 is disclosed below. Unless otherwise stated the share capital disclosed comprises ordinary shares which are indirectly held by IHC May Fair Hotel Limited.

Blythwood Square Glasgow Hotel OpCo Limited (a) (b)
Edinburgh George Street Hotel OpCo Limited (b)
Grand Central Glasgow Hotel OpCo Limited (b)
Manchester Oxford Street Hotel OpCo Limited (b)
Met Leeds Hotel OpCo Limited (b)
Roxburghe Hotel Edinburgh OpCo Limited (b)
Russell London Hotel OpCo Limited (b)
St. David's Cardiff Hotel OpCo Limited (a) (b)
The Grand Central Hotel Limited (a) (b)
The Met Hotel Leeds Limited (a) (b)
The Principal Edinburgh George Street Limited (a) (b)
The Principal London Limited (a) (b)
The Principal Manchester Limited (a) (b)
The Principal York Limited (a) (b)
The Roxburghe Hotel Edinburgh Limited (a) (c)
Wotton House Hotel OpCo Limited (a) (b)
York Station Road Hotel OpCo Limited (b)

(a) Directly owned by IHC May Fair Hotel Limited

(b) Incorporated and registered in England and Wales. The registered office is Broadwater Park, Denham, Buckinghamshire UB9 5HR. The Company owns 100% of the ordinary share capital.

(c) Incorporated and registered in Scotland. The registered office is Caledonian Exchange, 19a Canning Street, Edinburgh, EH3 8HE. The Company owns 100% of the ordinary share capital.

IHC MAY FAIR HOTEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. DEBTORS

| | 2018 £000 | 2017 £000 |
|------------------------------------|---------------|---------------|
| Due within one year | | |
| Amounts owed by Group undertakings | 35,886 | 42,486 |
| Other debtors | 3 | - |
| | <u>35,889</u> | <u>42,486</u> |

Amounts owed by Group undertakings are unsecured, interest bearing, have no fixed date of repayment and are repayable on demand.

9. CREDITORS: Amounts falling due within one year

| | 2018 £000 | 2017 £000 |
|-----------------|--------------|--------------|
| Corporation tax | 69 | 13 |
| Other creditors | 1,160 | - |
| | <u>1,229</u> | <u>13</u> |

Included within other creditors is £1,160,000 relating to balances owed as part of the working capital settlement.

10. SHARE CAPITAL

| | 2018 £ | 2017 £ |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 1,093 ordinary shares of £1 each | <u>1,093</u> | <u>1,093</u> |

The Company no longer has an authorised share capital.

11. RESERVES**Share premium**

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. POST BALANCE SHEET EVENTS

On 14 February 2019, two further hotels were acquired for a total consideration of £133,000 as part of the acquisition of a number of leased hotels in the UK. This completes the acquisition of 12 hotels by the Company.

13. CONTROLLING PARTY

As at 31 December 2018, 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.