

2018 Annual Report

IHG OWNERS
ASSOCIATION



Message from the CEO

The multi-year transformation of the IHG Owners Association into a business-based, management-centric organization has allowed us to deliver increasingly meaningful and measurable benefits to our members.

Under the guidance and hard work of our officers and Directors, the Association has reshaped itself over the past four years to better represent the voice of our members and serve owners' needs.

Last year, under the leadership of Association Chair Deepesh Kholwadwala and Governance Committee Chair Allen Fusco, we further clarified Association executive and volunteer leader roles, realigned global Board structure and established processes to elevate the quality, efficiency and continuity of our work. This freed up our officers, Directors and Working Group leaders to focus on strategic priorities such as System Fund fiduciary accountability, an audit of the standards development and review process and practical, innovative member benefits such as the new IHG® Rewards Club automated reimbursement tool.

This 2018 Annual Report highlights these and other achievements in our collaboration with IHG®, as well as major accomplishments of the Association itself. Last year was one of growth and milestones. New members joining the Association for the first time grew and our merger with the China Owners Association extended the Association's reach into every IHG geographic region. We also experienced robust revenue growth, driven largely by record-breaking increases from our Allied Member program. Continued generous member giving pushed us past the \$1 million mark in cumulative donations to Give Kids The World.

We realigned our professional staff to dedicate emphasis on increasing membership and member benefits and developing strategic external partnerships. We completed and in Q1 2019 launched our state-of-the-art Association website. The new site anchors our enhanced communications activities and enables comprehensive engagement with our members. Finally, we laid the groundwork for the 2019 rollout of our new members-only Online Community.

The professional team and I will continue to keep you updated on important initiatives, issues and achievements as we work toward our goal of maximizing return on your IHG hotel brand investment.

Don Berg
Chief Executive Officer
IHG Owners Association

IHG OWNERS ASSOCIATION

2018 ANNUAL REPORT

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Deepesh Kholwadwala

Letter from the 2018 Chair

Serving as Chair of the IHG Owners Association in 2018 was a sincere privilege. The Chairs who came before me were great mentors, and I was honored to have the opportunity to bring to life the excellent governance and operational model they so diligently crafted and implemented over the past several years.

As a result of this new approach to our work, we are now more organized and focused, running the Association as a business. That in turn has both increased our internal effectiveness and enhanced the quality of our engagement with IHG®.

I am proud of our many accomplishments in 2018. We put in place a true strategic plan with a multi-year outlook that will help ensure continuity in our progress on key priorities. In conversations with IHG, our leadership successfully championed a “bottom-line culture,” encouraging greater consideration for the owner’s experience as a customer and emphasizing initiatives and processes that maximize cash flow and asset value.

This opened the door for important joint strategic efforts such as balancing RevPAR growth with the cost of standards implementation, closing the RevPAR gap with competitors and assessing and improving the System Fund financial processes—all of which ensure we have the capacity to spend in the right places. We also continued our ongoing exploration of ways to reduce the cost of sale, and we participated with IHG in the development and implementation of an effective next-generation procurement platform.

Our IHG colleagues across the enterprise continue to work hand-in-hand with us to take these initiatives across the finish line, and we appreciate their ongoing openness, high level of engagement and willingness to understand our views. Ours are truly shared accomplishments, as they produce stronger results, a deeper partnership and enhanced owner loyalty that facilitate mutual growth and success.

I am personally grateful to the Association officers, Boardmembers and executive staff for their wise counsel and support, as well as my own team back at the office, who made it possible for me to serve our owners this past year.

The Association's future is bright, and behind the leadership of 2019 Chair Kurt Furlong, the Board and our Working Group leaders, we will continue to evolve, expand and achieve. I look forward to working with them to explore ways to better harness the power of our membership and continue to attract and develop talented individuals to lead this great organization.



Deepesh Kholwadwala
2018 Chair
IHG Owners Association

Thank You for Your Service

2018 Board of Directors



Deepesh Kholwadwala
Chair
Dreamcatcher Hotel Group
and Sun Capital Hotels

Kurt Furlong
Chair-Elect
Genuine Hospitality

Jerry Dimeo
Treasurer
First Carolina Management, Inc.

Felix Seiler
Secretary
Holloway Lodging Corporation

Don Berg
IHG Owners Association CEO
IHG Owners Association

Elie Maalouf
IHG Representative
Intercontinental Hotel Group

Bakulesh "Buggsi" Patel
Past Chair Council Representative
BHG Hotels

Ron Barrott
EMEAA Regional Representative
Pro-invest Group

John Stuart
EMEAA Regional Representative
Redefine|BDL Hotels

Nicola Taylor
EMEAA Regional Representative
Chardon Trading Limited

Joel Zorrilla
AMER Member at Large
Fibra Inn

Manish Patel
AMER Member at Large
MKP Management

Peter Beukema
AMER Member at Large
Suburban Inns

Perry Molubhoy
AMER Member at Large
Atlantic Hotels Group

Solid Growth

in Membership and Revenue

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Membership in the IHG Owners Association hit a new high at 3,670 hotels globally in 2018, with increases in almost every region and global growth of 3 percent versus 2017. Overall revenue climbed 2 percent, driven by an increase in Allied Member revenue.

Key Metrics at Year-End 2018



4,619

Individual member cardholders



3,670

Member hotels



246

New members (IHG-branded hotel owners joining the Association for the first time)

Membership Lifecycle Project

The membership lifecycle research project has been concluded, and resulted in successful new strategies and tactics, as well as a refined overall approach to membership renewal, acquisition and retention. The initiatives tested in 2018 generated a significant improvement in the membership renewal pace for 2019, and have set the stage for continuous improvement and synergies in the global membership and communications areas.

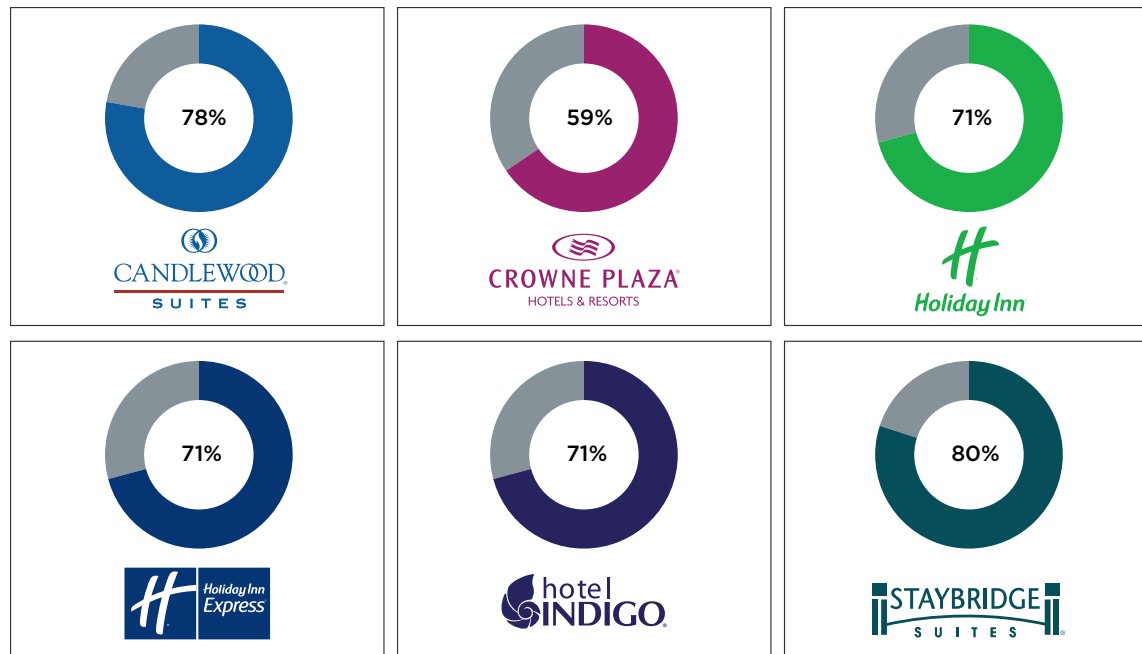
Global Membership by Region

As of 12/31/2018

REGION	MEMBER HOTELS
AMERICAS	3,014
EMEAA	610
CHINA	46
TOTAL	3,670

Global Membership by Brand

As of 12/31/2018



Global Text Messaging Program

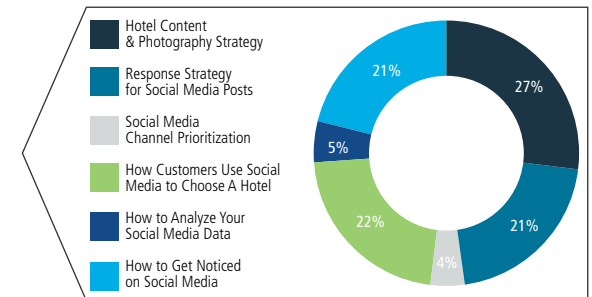
Yields Insightful Results

With more than 1300 active respondents, the IHG Owners Association's Global Text Messaging Program identifies trends as well as highlights what our owners and operators think about industry-related topics and various IHG® initiatives. The Association segmented the Program's 2018 survey results to provide a top-line overview of findings.

Hotel Social Media Strategy | February 14, 2018

"For your hotel's social media strategy, which of the following is the most important?"

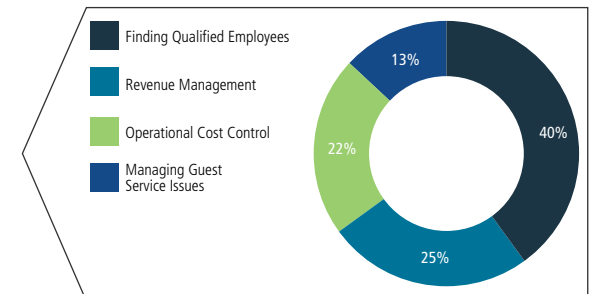
Member responses varied in their perception of social media and its uses with "hotel content & photography strategy" garnering a slight plurality. This interest led the Association to invite Katie Wagner, a social media expert and journalist, to speak at the 2018 U.S.-based Owner Summits about creating a content marketing social media strategy for hotels. Her information was so well-received that she was added to the Expert Sessions series last fall.



Hotel Best Practices | April 4, 2018

"Which best practice is the most important to your hotel?"

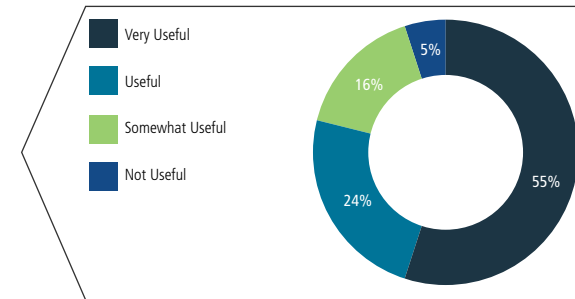
This survey's results illustrate a strong need for guidance in sourcing qualified employees in the hospitality industry; financial concerns (revenue and costs) weighed heavily as well. The Association recognizes the importance of attracting qualified personnel and continues to work with both IHG and owners to build on existing hiring and training practices. These survey results will help the Association develop future member services.



Hotel Renovations | June 15, 2018

“How useful would it be to have a single resource to remove old products from your hotel during a renovation? This free service would include receiving tax deductions for charitable donations based on in-kind value.”

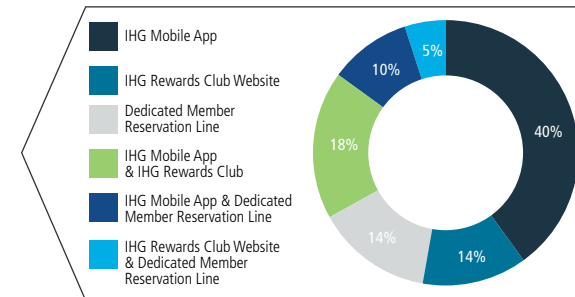
A majority of respondents indicated that a no-cost repurpose program would be very useful. These results were shared with IHG and led the IHG Owners Association and IHG to launch the Renovation Donation Initiative (RDI), an industry-leading reuse program that is part of a shared commitment to operating responsibly. IHG-branded hotels undergoing renovations or property improvements can donate furniture, fixtures and equipment to non-profit organizations through RDI.



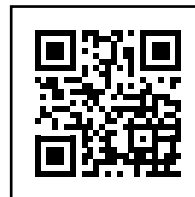
Free Nights Booking | December 10, 2018

“If you booked a free night as part of your Association membership in 2018, which of the following channels did you use?”

With two-fifths of respondents favoring the IHG® mobile app for making hotel reservations, it's clear the convenience and accessibility afforded by the app make it the primary—and recommended—channel for owners' booking needs. Data from this survey helped the Association create a successful, ongoing campaign to inform members of the mobile app's many advantages, such as: booking and canceling, checking free nights balance and viewing past and future reservations.



The Global Text Messaging Program helps us identify member opinions and needs, which enables us to create systems, programs and resources with true value. Thank you for your active participation, or if you have yet to register, make your voice heard by **texting ihgoajoin to 27126** (U.S. mobile only) or scan the code to the right, to sign up from any region, for any region.





A Million Reasons to Smile

Reaching Meaningful Metrics for Give Kids The World

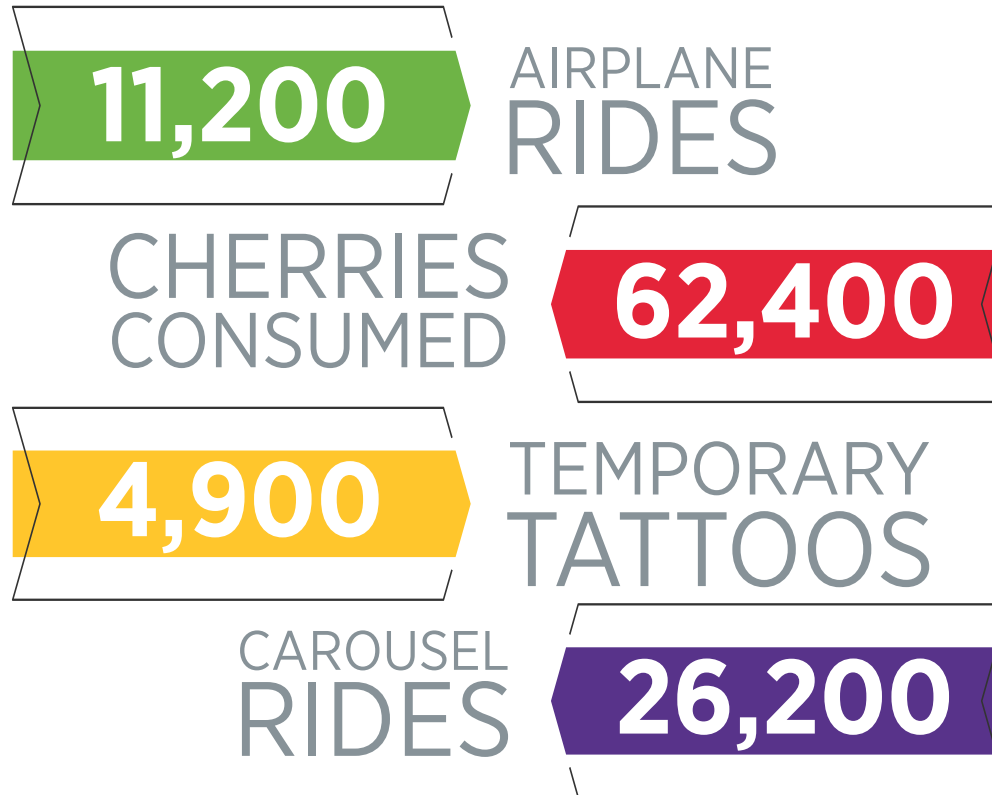
The IHG Owners Association has proudly championed Give Kids The World (GKTW) for more than three decades. A nonprofit resort based in Central Florida, GKTW provides lodging, transportation, meals, entertainment and countless surprises for families dealing with critical illnesses.

Our partnership celebrated a major achievement in 2018 as the Association donated its millionth dollar to GKTW. The milestone was reached thanks to the generosity and support of Association and Allied members around the world who have participated in the Association's 10-year "Foster A Fairytale" fundraising initiative. Past Chair Glenn Squires' annual golf tournament in Fredericton, New Brunswick, was a major factor in achieving the goal. Newly renamed the Caboteer Golf Invitational, the event generated more than \$40,000 for the charity. Diamond Global Allied Member Diversey's generous \$30,000 donation put us over the top in December.

The IHG Owner Association is honored to be a part of the tradition of helping give families joyful moments that create lasting memories.



The Association adopted the theme “Meaningful Metrics” for our 2018 fundraising campaign to demonstrate the significant impact our relationship with GKTW has had on the lives of families who have vacationed at Give Kids The World Village. The numbers are inspiring!



The Association’s steadfast support for GKTW Village carries into 2019 and beyond. Become a part of the IHG Owners Association’s philanthropic efforts by supporting Give Kids The World today.



Giving in 2018:

The Association’s Philanthropic Efforts

While Give Kids The World is close to the IHG Owners Association’s heart, it is by no means the only philanthropic effort served. The Association also joins IHG® in their flagship “True Hospitality for Good” program, which focuses on charitable giving and improving communities. We also proudly support our co-founded “Celebrate Service Week,” during which the entire IHG system—from corporate offices to hotels around the world—celebrates our colleagues for their hard work and great service.

The Association also recognizes the hospitality industry’s responsibility to aid during natural disasters, and we gave generously to those affected by major storms in 2018 by donating \$20,000 to the Red Cross after Hurricanes Florence and Michael. Our collective efforts illustrate our sense of pride, and we connect members to a wide range of collaborative programs designed to bring us together and serve the communities in which we live and work.

Emerging Leaders Network

A New Mission Statement and Strategic Vision



Since its launch in 2012, the IHG Owners Association's Emerging Leaders Network (ELN) has continued to evolve, enhancing its influence within the Association, as well as its value to members. In 2018, this community of young Association members focused on clarifying its purpose and strategic vision. The result was a new mission statement that better reflects ELN's role:

"The Emerging Leaders Network empowers the future of the IHG Owners Association through fresh perspective and unique expertise."

ELN currently comprises two groups: U.S & Canada's ELN and Europe's ELN. Both fielded a number of activities in 2018 designed to provide opportunities for members to connect, develop leadership skills and further build relationships within the Association, IHG® and the industry. Each regional group created a series of Executive Committee Q&A videos designed to better familiarize ELN members with their respective leaderships. Team leaders answered questions about everything from favorite hobbies and books, to what ELN means to them.

U.S. & Canada's ELN held a sweepstakes to encourage members to sign up for its new ELN Connect Text Messaging program, which provides important alerts and updates about ELN meetings and events. Lucky member Sumeet Jetha won 30,000 IHG® Rewards Club Points for signing up for ELN Connect. In September, U.S. & Canada ELN members participated in the ELN Experience in Denver, a day-long professional development workshop inspired by motivational speaker and TED Talk favorite Simon Sinek, author of the bestseller Find Your Why.

Europe's ELN launched its first-ever online Speaker Series, designed to help educate owners regarding improving returns. Presenters and topics included:

David Kasten, Chief Financial Officer, "Growing Your Asset Value"

Debbie Johnson, Vice President of Operations UK, Interstate Hotels & Resorts, "Resilience"

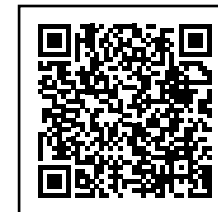
Nicholas Northam, Managing Director, Interstate Hotels & Resorts, "Building a Career in Hospitality"



U.S. and Canada’s ELN and Europe’s ELN developed their own LinkedIn Showcase page to highlight regional updates and increase engagement with members.

Europe’s ELN ended its inaugural year with 47 members, several of whom were successfully seated on Europe’s Technology, Standards and DDC Committees. U.S. & Canada’s ELN grew its membership as well and enters 2019 with a new mission statement and a new sense of purpose. As ELN continues to retain and attract members, it is actively exploring and implementing new ways of providing professional leadership development to their members through educational events, their WebEx series and informative meetings.

Under-40 Association members who are interested in getting involved should contact Working Groups Manager, Pietra Craig (pietra.craig@ihgownersorg) to join U.S. & Canada’s ELN, or contact the Regional Director of Europe, Carly Hunt (carly.hunt@ihgowners.uk) to join Europe’s ELN.



Allied Member Program

Sets New Records

The IHG Owners Association Allied Member Program continued positive growth in 2018, adding 10 new members and generating more than \$1.4 million—37 percent of the Association's total revenue and the Program's highest annual revenue to date.

The membership increases reflect further global Program expansion. Four of the new Allied Members are in Europe and four are Canadian vendors. The Association's Canada and Mexico Owner Summits in 2018 provided opportunities for visibility in those regions. At the Europe Owner Meetings, the Association's Europe Regional Council organized mini-tradeshows that produced positive reviews from Allied Member partners.

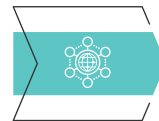
More than half of the new Allied Member partners joined at a package level (Bronze or above), reaffirming supplier confidence in the Program's effectiveness as a vehicle for reaching the Association's membership. Half of the Allied Member Program's total revenue comes from its highest level, Global Diamond. All eight Global Diamond partners renewed Program membership in 2018, for at least the fourth year in a row. The facing page lists all 2018 Allied Members.

2018 Allied Membership Stats



\$1,406,233

Allied Membership total revenue



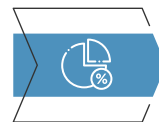
66

Total number of companies in the Allied Member Program



\$76,518

Increase in revenue over 2017



37%

Percentage of the Association's total revenue from the Allied Member Program



10

Number of new Allied Members for 2018



access POINT
financial inc.



PLATINUM

Procter & Gamble

Safemark

Simmons Hospitality Bedding Tempur Sealy

GOLD

ASSA ABLOY
AT&T

Kemmons Wilson Insurance
Group
Matrix Fitness

Salto Systems, S.L. (EUR)
Vision Support Services
(EUR)

SILVER

Bulk TV/Allbridge
Cintas
F+D Commercial

Foliot Furniture
Johnson Health Tech.
(Matrix EUROPE)

Royal Cup Coffee and Tea
Uniguest
United Technologies Company

USA Today

BRONZE

All Risks
Capital Networks

Equiom Group Limited (EUR)
Merchants Fleet

Oracle Hospitality
Spirides

Quore

Allied Members

ADP
AI Reingold Consulting
Ascentium Capital
Chubb Canada
Comm Trans
Cyberweb Hotels

Dellisart
Delta Five Systems
Evolution EP
Hansgrohe (EUR)
HotelSigns
Hoteliers Ink

Hypnos (EUR)
LG (EUR)
Mischon (EUR)
Orkin Commercial Services
Pacific Coast Feather
(United F&D)

Phillips Professional Display
Solutions/TP Vision (EUR)
TTI Technologies
Unique Refinishers

Delivering Expertise Directly to You



As the IHG Owners Association continues to build our repository of resources and benefits, we prioritize searching for high-benefit opportunities that also are convenient for our busy membership. This goal led the Association to develop Expert Sessions, a thought-provoking educational webinar series that presents exclusive content and insights on important industry topics. Each session is delivered by leading experts in various specialized fields and hosted as a live webinar through the virtual WebEx platform, making it quick and easy for members to access and participate. Members receive an email invitation to the events, which take place throughout the year.

Below are some of 2018's featured presenters along with a brief synopsis of their presentation.

Katie Wagner: *Social Media: Your Secret Weapon for Hotel Marketing*

Wagner, who is President of Social Media KW, shared insights on how to use social media in marketing to increase visibility and attract more guests to your hotel. According to Wagner, social media is a cost-efficient and effective tool that can easily be added to a hotel's marketing strategy.

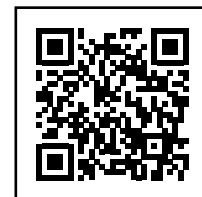
Paul Di Nardo: *Avoiding Common Pitfalls in the New Tax Legislation*

A CPA for Wall Einhorn & Chernitzer and CSG Strategic Tax Consultants, Di Nardo discussed major U.S. tax changes issued in 2017. He delved into IRS regulations and key changes, structure issues, tax provisions, recommendations and takeaways to help owners ensure they're paying a fair rate.

Cindy Estis Green: *Revenue Strategy: An Emerging Discipline for the Digital Market*

Kalibri Labs co-founder and CEO Cindy Estis Green shared insights from the study "Demystifying the Digital Marketplace." She examined in detail acquisition costs associated with various channels and the importance of finding the optimal business mix for each hotel.

Association members can attend the live virtual Expert Sessions free of charge. Past webinar recordings are also available at no cost exclusively to members in the Online Community.



Partnering with HFTP

to Boost Member Benefits

The IHG Owners Association continuously works to provide a variety of valuable benefits for its members. As part of this effort, we forged an exciting new partnership with Hospitality Financial and Technology Professionals (HFTP®) in 2018. HFTP is an international association headquartered in Austin, Texas, with more than 4,200 active members. The organization provides Association members with a range of resources, educational opportunities and high-value deals and discounts, including a reduced membership fee and a discounted rate to attend HFTP's well-regarded annual Hospitality Industry Technology Exposition and Conference (HITEC®).

Established in 1952, HFTP possesses a unique understanding of industry issues and employs this perspective to assist its stakeholders in finding solutions to their challenges. The IHG Owners Association and HFTP share a dedication to promoting hospitality education in a way that shapes the future of our ever-evolving industry.

Through partnership with HFTP, IHG Owners Association members receive access to member and consultant directories, an online member platform (Community@HFTP), the Global Hospitality Accounting Common Practices (GHACP), resources tailored to hospitality professionals, industry reports and the HFTP Research Centers. Other benefits include a career center for jobs in the hospitality industry, discounts on CHAE/CHTP certifications and savings on other HFTP conferences and exhibits throughout the year.



This partnership allows the Association to maximize reach and exposure while providing expanded opportunities and robust capabilities to our membership. Scan the code to visit our site and learn more about all the partnership has to offer.



WORKING GROUPS

Member-Led Committees & Councils Partner with IHG to Ensure Owner Perspective

The IHG Owners Association's Working Group structure is unique in the industry, providing a means for critical, effective collaboration between the Association and IHG® to review and discuss ideas and programs that affect owners' revenues and profits.

Working Groups are organized annually based on business priorities established jointly between the Association and IHG. Certain Working Groups, such as those focusing on brands, programs and functions, are ongoing. Others are formed to address specific projects and disbanded once these projects are complete. Global Working Groups focus on worldwide initiatives; others are assembled by region or country.

Each Group is comprised of member volunteer hotel owners and IHG executives, led by an Association Working Group Manager. Interested owners apply to serve on a Working Group. Applicants are selected and assigned based on subject matter expertise and interest.

All Working Groups establish a charter setting out goals and objectives. Work is conducted through both in-person and virtual meetings. Leaders from IHG share plans and proposals and seek owner feedback to get a thorough perspective on any operational, financial and market implications. New and modified standards are also reviewed by the appropriate Working Groups and regional forums to provide advice and counsel.

Working Groups ensure the voice of the owner remains an integral part of the relationship between IHG and the Association and support fulfillment of the Association's mission to maximize the investment members make in their IHG-branded hotel.

Following is an overview of highlights and key accomplishments for each Association Working Group in 2018.

Working Groups ensure the voice of the owner remains an integral part of the relationship between IHG and the Association.

Global Working Groups

Board of Directors

Deepesh Kholwadwala, Chair

Adriane Achey, Senior Manager

- Strengthened the IHG Owners Association partnership with IHG:
 - Introduced “bottom line culture” as a priority, with focus on net revenue and procurement benchmarking.
 - Streamlined and improved the organization of Executive Forums; established a Key Owner Topics Database to ensure all Executive Forum issues are documented, tracked and ultimately brought to closure.
 - Reached alignment with IHG and independent accounting firm Ernst & Young regarding changes to the Agreed Upon Procedure (AUP) for auditing the IHG System Fund. The changes allow more direct involvement of the Association with the audits, including enhanced visibility into this critical Fund on an annual basis. The AUP is now structured to ensure key financial elements and procedures are checked and tested by Ernst & Young, using comprehensive auditing methodologies. The changes are designed to provide reassurance to all franchisees that all elements of the Fund’s financial practices are being reviewed and evaluated.
- Strengthened the IHG Owners Association by officially bringing the Association to Greater China:
 - The China Owners Association (COA), which represents all IHG brands, is working with the IHG Owners Association to standardize their work and focus on professional and international development. The COA has guaranteed membership of 60 hotels in 2019.
- Grew revenue and found savings:
 - Worked with IHG to develop an IHG® Rewards Club automated reimbursement tool. This is currently being piloted in different countries and currencies and will be rolled out globally by year-end 2019.
 - With IHG awareness and support, initiated a review of all current standards manuals to identify areas of opportunity for relaxation or flexibility, beginning in the U.S. with the Holiday Inn Express “Operate” manual.
 - Played a critical role in ensuring the modifications IHG made to the IHG Rewards Club enrollment standard were reviewed by owners and that the changes were tempered based on owner input.
 - Agreed with IHG to conduct a business review of new standards within a certain time period of introduction (such as a year) to ensure performance is aligned with forecasted benefits and costs.

Digital Marketing & Channels Committee

Kimberly Furlong, Chair

Andrew Taymans, Vice Chair

Annie Greenwood, Manager

- Provided advice and counsel on the IHG mainstream brands website platform, including input on the Limited Time feature, which allows hotels to customize their IHG websites with local content.
- Gave feedback on continuous improvement of the Lisbon call center performance and the opening of call centers in Santo Domingo, Dominican Republic, and Kingston, Jamaica.
- Continued discussions on IHG Expedia contract renegotiations.

Governance Committee

Allen Fusco, Chair

Adriane Achey, Senior Manager

- Further incorporated a RACI (Responsible, Accountable, Consulted and Informed) approach into the Association's policies. This included more specifically defining the roles of Association executive leadership (Chair, CEO, Officers and Board) and an update and tightening of language in the Association Policies.
- Updated and revised alignment of the IHG Owners Association Global Board structure.
- Developed an Officer Selection Policy.
- Created a Governance Milestone Timeline to better manage all time-bound requirements noted within the Association Policies.
- Reorganized the Association Policy Manual for ease of use.

GRS/HMS Task Force

Tonya Muncey, Chair

Dhaval Brahmbhatt, Vice Chair

Louise Rubel, Senior Director

- Supported IHG's transition from Holidex to the new Global Reservation System (GRS), within IHG Concerto™, in all regions.
- Continued collaboration with IHG on a three-year initiative overseeing functionality of the GRS, with focus on enhancing revenue management capabilities and supporting an even better reservation experience.

IHG Rewards Club Committee

Gerald Normandeau, Chair

Kerry V. Ranson, Vice Chair

Pietra Craig, Manager

- Reviewed, provided input and endorsed a revised IHG Rewards Club enrollment standard that introduces tiers based on number of rooms for penalty assessments of hotels who do not meet program enrollment targets. The Committee worked to keep the percentage of penalty increases to a minimum.
- Provided input for the IHG Rewards Club Auto-Reimbursement pilots scheduled for Q1 and Q2 2019, with global rollout in Q3 and Q4. The automated reimbursement process eliminates the need for manual hotel entry of occupancy and verification information for Rewards Nights. Benefits include improved hotel efficiency and data consistency.
- Provided input on IHG's plans to launch a new IHG Rewards Club Chase credit card, which should produce approximately \$150 million for the loyalty program.

People Committee

Steve Natale, Chair

Michelle Hartman, Vice Chair

Pietra Craig, Manager

- Continued support for migration and integration of the IHG Frontline program within the IHG learning management system, including focus on delivering a true mobile-friendly training platform in multiple languages and with no cost to owners. IHG research shows that, as of Q3 2018, 92 percent of hotels globally and 91 percent of hotels in the Americas have engaged with IHG Frontline.
- Unanimously endorsed IHG's plans to conduct further research into GEDWorks as a potential offering for hotels. GEDWorks is a start-to-finish program allowing hotel employees to earn their GED credential with costs covered by their employers.

Technology/Concerto Committee

Herb Glose, Chair

Prakash Maggan, Vice Chair

Adriane Achey, Senior Manager

- Began discussions about IHG® Studio, a new in-room entertainment system in development. IHG launched hotel pilots of this system in 2018 that will continue into 2019, with the goal of eventually agreeing to a standard.
- Participated in ongoing discussions around how to most effectively leverage the IHG Concerto platform to support next generation PMS, POS, Sales & Catering and Service Optimization capabilities.

Americas Working Groups

Brand Operations Committee

Mark Zipperer, Chair

Richard O'Beirne, Vice Chair

Annie Greenwood, Manager

- Discussed and provided advice and counsel on sustaining continuous improvement and hotel adoption of IHG's True Hospitality and IHG Way of Clean programs.
- Held sustainability discussions in conjunction with IHG's new initiative to eliminate hotel use of plastic and other non-biodegradable straws. This new standard requires hotels to cease all use of plastic straws by December 2019.
- Supported implementation of the Quality Self-Audit standard, which mandates that hotels complete a self-audit prior to IHG on-site inspection. Data shows that hotels who complete the self-audit prior to their standards evaluation have a much higher passing ratio compared to properties that have not completed it.

Canada Committee

Vincent Virk, Chair

Shazma Charania, Vice Chair

Pietra Craig, Manager

- Reviewed and provided input on IHG's plans for operating supplies and equipment procurement initiatives within the Innerworkings and IHG® Marketplace platforms.
- Prompted IHG to conduct a cost/benefit analysis and implement additional menu engineering for the new Holiday Inn Express Breakfast Bar in Canada, to ensure operational cost savings and positive ROI comparable with that for hotels in the U.S. Coordinated with IHG to implement a simultaneous, nationwide rollout of the updated Breakfast Bar in Canada to maximize impact.
- Provided advice and counsel for 14 regional standards.
- Conducted a review of the CASH food and beverage program that prompted IHG to plan its own review of this program for Canada in 2019.
- Advised and requested IHG to establish a corporate procurement position based in Canada to accommodate the unique needs of IHG operators in the country. This was approved in Q4 2018.
- Established a Canada presence as part of all upcoming IHG initiatives, ensuring the interests of owners in Canada are represented.

Crowne Plaza® Committee

Sam Suleman, Chair

Ethan Bornstein, Vice Chair

Annie Greenwood, Manager

- Supported expansion of the brand's uniform program to back-of-house operations.
- Provided feedback on IHG's new coffee programs for banquets, guest rooms and restaurants.
- Reviewed and supported the updated room amenities program, including a new partnership with Beekman 1802 for bath amenities and sleep kit programs.
- Gave input for the brand's new music program, which is designed to establish consistency in public area music offerings, equipment and delivery.

Emerging Leaders Network (U.S. and Canada)

Preena Patel, Chair

Arzu Molubhoy, Vice Chair

Pietra Craig, Manager

- Revised the Emerging Leaders Network (ELN) Mission Statement to reflect this group's growth and to better align with both the ELN and Association strategic focus.
- Revamped ELN communications, including: redesigned/enhanced the ELN LinkedIn page to make it more member-focused and to feature videos of the current committee; introduced a new text messaging program for ELN members; launched a new quarterly ELN newsletter, which garnered a strong 59.6 percent open rate among members of the target audience.
- Hosted a highly successful 2018 ELN Experience Summit in Denver in September for 38 attendees. The meeting was facilitated by noted leadership consultant Stephen Shedletzky, who leads Brand Voice for the Start With Why organization. The all-day workshop included networking as well as working in breakout groups to more clearly define the ELN purpose.

Established a Canada presence as part of all upcoming IHG initiatives, ensuring the interests of owners in Canada are represented.

Canada
Committee

Extended Stay Committee

David Wespiser, Chair

Norman Leslie, Vice Chair

Pietra Craig, Manager

- Supported grassroots promotion of key awards won by IHG Extended Stay brands: Staybridge Suites® ranked highest in guest satisfaction in the J.D. Power 2018 North America Hotel Guest Satisfaction Index (NAGSI) Study for the Upper Extended Stay segment for the second consecutive year. IHG purchased the J.D. Power Award license, allowing promotion of the award at Staybridge Suites properties. Candlewood Suites® won the *Business Travel News* award for Best Midscale Extended Stay hotel brand in 2018, also for the second year in a row.
- Provided advice and counsel and supported implementation of IHG's mid-year launch of a new visual identity program for both the Staybridge Suites and Candlewood Suites brands.
- Gave feedback on the proposed rollout timing and phases for the Staybridge Suites and Candlewood Suites design initiatives, both of which call for their respective programs to be purchase-ready (that is, available for purchase by early adopters) in Q2 2019 and totally program-ready for brand rollout in Q4 2019.
- Reviewed and aligned behind IHG's decision to move forward with rollout of the new Staybridge Suites breakfast program in 2019, based on statistically significant gains in key guest measures and positive operational feedback from hotels piloting the enhanced program. All five pilot properties opted to continue with the pilot when it was extended an additional four months to allow IHG to further analyze costs. As part of this new program, Staybridge Suites hotels completed installation of the new Rational brand ovens to deliver fresh-cooked bacon and eggs.
- Reviewed, provided input and endorsed the 100 percent smoke-free standard for Candlewood Suites in the U.S. and Canada.

Holiday Inn® Committee

Shazma Charania, Chair

Tom Galle, Vice Chair

Annie Greenwood, Manager

- Completed the advice and counsel process for the public space configuration of the H4 Holiday Inn design concept, in preparation for rollout to the Holiday Inn estate in the Americas.
- Continued to provide feedback on food and beverage initiatives, including improvements to the CASH program and the Toast-To-Toast counter service product.
- Supported implementation of the CASH program in the Mexico region.

Provided advice and counsel and supported implementation of IHG's mid-year launch of a new visual identity program for both the Staybridge Suites and Candlewood Suites brands.

Extended Stay Committee

Holiday Inn Express® Committee

Buggsi Patel, Chair

Navroz Saju, Vice Chair

Annie Greenwood, Manager

- Provided advice and counsel on continued improvement of the Express Start® Breakfast program, including negotiations with Rational USA regarding that company's commercial oven product, services and installation.
- Recommended an amended standard requiring hotels to offer IHG Rewards Club Gold and Platinum members a choice of points or a snack/drink from the hotel's welcome bin.
- Provided feedback on the brand's proposed new bulk bath amenities program.

Hotel Indigo® Committee

Shaffin Jetha, Chair

Madhavan Nair, Vice Chair

Annie Greenwood, Manager

- Participated in a demo of the IHG Studio concept at the Hotel Indigo conference in Alexandria, Virginia, in October.
- Provided ongoing advice and counsel on brand design philosophy, which will continue in 2019.
- Expanded the committee membership, adding Hotel Indigo owners to reflect the brand's growth.

Procurement Committee

Vijay Patel, Chair

Chase Sharp, Vice Chair

Adriane Achey, Senior Manager

- Worked with IHG to reduce the Cost Recovery Fee by 50 percent, resulting in a rebate to U.S. owners of \$4 million.
- Provided input to finalize the Procurement Guiding Principles.
- Requested, and IHG provided, a dedicated Procurement staff member in Canada.

Worked with IHG to reduce the Cost Recovery Fee by 50 percent, resulting in a rebate to U.S. owners of \$4 million.

Procurement Committee

Mexico, Latin America & Caribbean Region Working Groups

Latin America & Caribbean (LAC) Committee

Juan Carlos Santos, Chair

Juan Carlos Galindo, Vice Chair

Teresa Sánchez, Regional Manager

- Organized and hosted a well-attended Owners Meeting in Lima, Peru; 16 owners representing 24 franchised and 10 managed hotels participated.
- Association membership in the region reached 65 percent, including managed properties. Owners cited economic and political conditions as the issue causing the greatest impact on both revenues and profits.
- Recommended vendors in the LAC region with good reputations and track records to IHG Brand Management for MLAC; continued working closely with this team as they negotiate prices and terms that protect owners' profits and ROI as well as ensure 100 percent standards compliance.

Mexico Committee

Juan Carlos Álvarez, Chair

Alfonso Gómez, Vice Chair

Teresa Sánchez, Regional Manager

- Achieved Association membership of 90 percent of the hotels in the Mexico Region.
- Shared a hotel credit card protection report with IHG as part of joint efforts to determine the best solution for avoiding credit card fraud on reservations, check-ins and check-outs. A similar report for the LAC sub-region will also be provided to IHG.

**Achieved
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Region.**

Mexico
Committee

Mexico Human Resources Committee

Miguel Flores, Chair

Teresa Sánchez, Regional Manager

- Sourced a consulting company to address high levels of employee turnover in the majority of the hotels in Mexico, causing increased hiring and labor costs for owners. These consultants are conducting audits of a representative group of hotels to determine the cause; initial recommendations to be presented at the first 2019 Mexico Committee meeting.

Mexico Marketing, Sales & Revenue Committee

Ángel Álvarez, Chair

Teresa Sánchez, Regional Manager

- Focused efforts on continued coordination with IHG to increase RevPAR by prioritizing key account and local account market opportunities for each brand. The committee also reached out to new members for engagement and support.

Mexico Procurement Committee

Luis Ramos, Chair

Teresa Sánchez, Regional Manager

- Continued working with IHG on new and renewal agreements with regional vendors to improve pricing for day-to-day products and services.
- Provided advice and counsel on brand-mandated products to the IHG Mexico Director of Procurement.

Continued working with IHG on new and renewal agreements with regional vendors to improve pricing for day-to-day products and services.

Mexico
Procurement
Committee

Europe Region Working Groups

Europe Regional Council (ERC)

John Stuart, Chair

Carly Hunt, Regional Director

- Restructured the country meetings to reflect owner requests for more cross-border contact with brand colleague owners and to eliminate discussion overlap. This has resulted in more efficient and productive meetings throughout the Europe Region.
- Collaborated with IHG to implement IHG performance metrics as the basis for strategic ERC conversations.
- Provided owner advice and counsel to IHG on global marketing programs such as Business Edge, Corporate Gold and the Groups & Meetings program, to ensure relevant and appropriate regionalization; agreed to quarterly reporting of results.
- Encouraged and supported another successful IHG Europe Business School, offered in Barcelona in 2018 following a hosting tender process among Association member hotels. IHG provided a 20 percent registration discount for all Association members who attended the event.
- Provided advice and counsel for and endorsed more than 400 brand standards for the region.
- In conjunction with IHG, reorganized the structure of future Conferences to create a more concrete “learning event” for General Managers at a more affordable registration cost.

Europe Distribution, Digital and Commercial (DDC) Committee

Carol Dodds, Chair

Carly Hunt, Regional Director

- Reconfigured the former Sales & Marketing Committee to align with Global Working Groups in order to create a more effective platform.
- Ensured continued market support for IHG’s annual Commercial Forums for owners—invitation-only events where IHG Commercial specialists present plans for the upcoming year.
- Agreed to the IHG Ways of Working and how best to communicate outputs from the Committee meetings. This included linking to the Global Working Groups to ensure local concerns are raised and appropriate actions taken.

Europe Emerging Leaders Network (ELN)

Matt Stray, Chair

Carly Hunt, Regional Director

- Seated ELN Committee members on the Europe Technology, Standards and DDC Committees.
- Have grown the ELN network in Europe from eight to 47 members in 10 months.
- Facilitated three Webex-based Speaker Series events over the summer, each attended by 30-40 ELN members. At these events, hospitality industry leaders shared their knowledge and insights on topics including Resilience, Growing Your Asset Value and Building Your Career in Hospitality.
- Set up a profile and private group for the ELN on LinkedIn to share relevant content and promote the network.

Europe Information Technology Committee

Nicola Taylor, Chair

Carly Hunt, Regional Director

- Provided support for the IHG Hotel Technology Conference, helping build an active and sustainable IT community within Europe for all brands and all ownership models.
- Collaborated with IHG on improving PMS software supplier performance.
- Supported GRS tech readiness, managing and helping track progress of hotels' level of preparedness in the region for implementation of IHG Concerto.
- Assisted IHG in owner communications regarding GDPR (General Data Protection Regulation, a European Union law on data protection and privacy for all individuals within the EU and the European Economic Area). Support included collaboration on development of a checklist and best practices.

Europe Standards Committee

Martin Quinn, Chair

Carly Hunt, Regional Director

- Continued to provide expert advice and counsel to ensure all IHG standards brought for discussion (more than 400 brand standards for the region) were thoroughly researched for cost-effectiveness and benefit for the estate in Europe.
- Standards reviewed covered areas including TVs, bedding, breakfast, uniforms, IHG Concerto and bottled, filtered water (reusable glass bottles and biodegradable straws).



Kurt Furlong

A Look Ahead from the 2019 Chair

Strengthening Owners' Top and Bottom Lines

Being elected Chair of the IHG Owners Association is an honor, and I'm pleased to have the opportunity to serve in this leadership role representing the voice of our owners.

The Association is well-positioned to address the opportunities and challenges we face this year. Immediate Past Chair Deepesh Kholwadwala and his predecessors over the past four years have built a highly workable model of governance and decision-making that allows us to be more strategic, nimble and effective. Our focus in 2019, therefore, is on leveraging this platform to uncover and create inventive new means to enhance owner asset value, from both a top-line and bottom-line perspective.

Tactically, we will assess ways to improve the RGI of our hotels and brands at lower costs to improve flow through to the bottom line. This will include prioritizing revenue and brand enhancement initiatives and exploring how we can improve our net RevPAR by minimizing the growing impact of OTAs and other distribution costs. We will continue our work with IHG® to further strengthen the IHG® Rewards Club program, optimize procurement and conduct an audit of current standards. Ensuring our technology systems and offerings are at the forefront of innovation is another important area of focus.

Of course, underpinning all these efforts is our ongoing commitment to continue evolving and strengthening our partnership with IHG, which is paramount. We both appreciate that the better and more solid our relationship is, the more effective our collaboration will be—and the more we will be able to accomplish together.

As we take on this year's work, I'm fortunate to be surrounded and supported by an exceptional and talented team, from the members of the Association executive staff to my experienced colleagues on the Board and those leading our Working Groups. I look forward to working together to produce another highly successful year of growth and accomplishment for our Association.

A handwritten signature in dark ink, reading "Kurt P. Furlong". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Kurt Furlong
2019 Chair
IHG Owners Association



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