



INTERNATIONAL HOTEL INVESTMENTS P.L.C.

COMPANY ANNOUNCEMENT

Conditional Agreement signed for the acquisition of Island Hotels Group Holdings p.l.c.

International Hotel Investments p.l.c. (IHI) announces that following discussions in recent weeks with a significant majority of shareholders of Island Hotels Group Holdings p.l.c. (IHGH), it has entered into a conditional agreement with a view to merging the assets and operations of IHGH within those of IHI through the acquisition by IHI of IHGH.

IHI believes that an acquisition of IHGH's assets, management expertise and businesses will contribute significant synergies, gains and benefits to IHI's objectives.

These include operational synergies across the board and additional development opportunities that will arise as a result of an amalgamation of IHGH's hotel operation in St George's Bay with that of IHI's own neighbouring hotels.

Both companies are also actively involved in the catering sector, in Malta and overseas, and the acquisition of IHGH's assets, experience and contracts by IHI will create efficiencies in existing operations all round, and provide a stronger platform for international growth.

The conditional agreement regulates the mechanics of how the objective to acquire all of the IHGH shares could be achieved, and on terms that will be equal to all shareholders in IHGH.

The agreement is subject to the satisfaction of various conditions over the coming months, including but not limited to, compliance with regulatory requirements and obtaining shareholders' approvals, as and where necessary, as well as, among other terms and conditions, conducting a satisfactory due diligence on IHGH. Based on publicly available information and IHI's analysis, IHI has indicated a tentative Enterprise Value of € 106.5 million and a tentative Net Equity Value of IHGH of €50 million.

Based on the completion of a satisfactory due diligence, and the indicative value confirmed, IHI has indicated that it would proceed with a voluntary offer for all the shares of IHGH in which the price for IHGH shares would be paid as to €1 in cash, split into two tranches, the first tranche of €0.55c payable on completion and the second tranche payable 12 months later. In addition to this cash component, IHGH shareholders will also receive 0.246 IHI shares for each IHG share held, through the issue of 9 million shares by IHI.

It is expected that IHI will make a further announcement confirming the terms and conditions upon which IHI shall proceed to make a voluntary offer for all the shares in IHGH in the event that all conditions are ultimately satisfied.

The issuing of this announcement coincides with another being issued by IHGH confirming that a significant majority of shareholders has informed the IHGH board of directors on the agreement with IHI.


Alfred Fabri
Company Secretary

16th January 2015