



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

## COMPANY ANNOUNCEMENT

*The following is a Company Announcement by International Hotel Investments p.l.c. pursuant to Listing Authority Listing Rules 8.5.1, 8.5.2, and 8.5.10*

International Hotel Investments p.l.c. announces that it has entered into a Memorandum of Understanding, subject to contract and satisfactory documentation, with each of Corinthia Palace Hotel Company Limited (CPHCL) of Malta, and Istithmar Hotels FZE (Istithmar), a global hotel investment firm based in Dubai, the United Arab Emirates. The principal terms of the Memorandum of Understanding stipulate that:

- (i.) Pursuant to an extraordinary resolution passed at IHI's Annual General Meeting of 31<sup>st</sup> May 2006 permitting IHI's directors to issue new shares to investors, Istithmar will subscribe to 110,000,000 new equity shares at Euro 1 each. This equity injection into IHI will be allocated exclusively to the funding of a programme of acquisitions of hotel properties. Istithmar will have two representatives on the Board of IHI.;
- (ii.) IHI will acquire from CPHCL the 100 per cent ownership of the Corinthia Bab Africa Hotel & Commercial Centre in Tripoli and the Corinthia Towers Hotel in Prague (the "Hotels") on the basis of expert third party valuations and subject to regulatory approvals, principally in return for new shares in IHI issued to CPHCL; and
- (iii.) The Directors of IHI shall endeavour to obtain a second listing of the Company on an international stock exchange within 12 months from closing.

Simultaneous to the above transactions with CPHCL and Istithmar, the Directors of IHI further announce that agreements are in place, or have been executed, to issue approximately 28,000,000 shares at Euro 1 each to a series of institutional investors, principally from Kuwait and including the National Real Estate Company and the National Projects Holding Company, which shares are being allocated pursuant to the extraordinary resolution carried at the Annual General Meeting of 31<sup>st</sup> May 2006 permitting Directors to issue new shares to investors.

The combined effect of the above transactions, if and when consummated, should result in the following approximate capital structure of IHI:

CPHCL	63.16%
Istithmar	23.45%
Others including General Public	13.39%

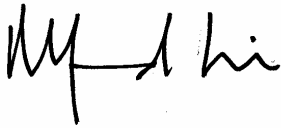
The allotment of the shares to Istithmar and the acquisition of the Hotels from CPHCL are subject to various statutory and regulatory approvals, and also the completion of a subscription agreement between the parties. It is however intended to finalise the execution of the Subscription Agreement with Istithmar and CPHCL by December 2006 and to Close the transaction, namely the issue of shares to Istithmar and CPHCL, and for the Company to receive the subscription funds and aforementioned properties in Tripoli and Prague by April 2007.

The investment opportunity in IHI was marketed and promoted to investors in the Gulf Region by National Projects Real Estate Advisors Co., a wholly owned subsidiary of the Kuwait-based National Projects Holding Co.

### **Bonus Shares**

Separate to the transactions contemplated above, but also subject to statutory, shareholder and regulatory approvals which shall be duly sought, the Directors announce that they intend to capitalise past reserves in favour of its shareholders, by way of an issue of 5,000,000 ordinary, bonus shares to be issued solely to those shareholders registered as at 30<sup>th</sup> June 2006. CPHCL has communicated its intention to waive its rights to such bonus shares, meaning that the 5,000,000 bonus shares will be issued in their entirety pro rata among the holders of the 29,765,114 shares held by public shareholders as at 30<sup>th</sup> June 2006.

Furthermore, the Company intends to stand in the market with a buy-back programme and offer to the holders of the bonus shares, the option to sell such bonus shares to the Company at their par value of Euro 1 each. This offer to buy back the bonus shares shall be for a limited period of time of six weeks and is being made *inter alia* for the purpose of stabilising the price of its shares. Full details of the bonus share issue and any stabilization measures which the Company may consider appropriate to take will be given at the opportune time.

A handwritten signature in black ink, appearing to read 'Alfred Fabri', with a stylized flourish at the end.

Alfred Fabri  
Company Secretary

17<sup>th</sup> November 2006