INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

The following is a Company Announcement by International Hotel Investments p.l.c. pursuant to MFSA Listing Authority Listing Rules 8.7.1, 8.7.2, 8.7.4, 8.7.21 and 8.7.22.

Approval of Preliminary Statement of Annual Results

At a meeting held on 8th April 2008, the Board of Directors of International Hotel Investments p.l.c. approved the financial statements of the Company for the financial year ended 31st December 2007. A copy of the Preliminary Statement of Annual Results for that financial year is attached.

The Directors have carried out a valuation of the Company's properties, and in terms of Listing Rule 8.7.22 details of such a valuation are available at the Office of the Company Secretary.

In addition, the Directors have decided to recommend to the Annual General Meeting scheduled for 15th May 2008, to issue and allot Bonus shares out of reserves, amounting to three per cent of Members' holdings appearing on the Register of Members at close of business on 18th April 2008.

Alfred Fabri
Company Secretary

8th April 2008

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INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the year ended 31 December 2007

Condensed Balance Sheet

	2007 € 000's	2006 € 000's
ASSETS		
Non-current assets	**798,217**	394,778
Current assets	**190,998**	37,232
Total Assets	**989,215**	432,010
EQUITY		
Total equity	**585,559**	183,588
LIABILITIES		
Non-current liabilities	**332,168**	211,428
Current liabilities	**71,488**	36,994
Total Equity and Liabilities	**989,215**	432,010

Condensed Income Statement

	2007 € 000's	2006 € 000's
CONTINUING OPERATIONS		
Revenue	**104,182**	60,395
Direct costs	**(65,710)**	(39,097)
Gross profit	**38,472**	21,298
Other operating costs	**(22,340)**	(18,208)
Impairment loss on hotel properties	**-**	(7,150)
Revaluation to fair value of investment property	**7,723**	2,213
Results from operating activities	**23,855**	(1,847)
Financial income	**3,924**	471
Financial expenses	**(13,720)**	(9,819)
Share of (loss) profit of equity accounted investees (net of income tax)	**(34)**	459
Profit (loss) before income tax	**14,025**	(10,736)
Income tax (expense) credit	**(4,016)**	216
Profit (loss) for the year	**10,009**	(10,520)
Atttributable to:		
Equity holders of the Company	**9,594**	(10,476)
Minority interest	**415**	(44)
Profit (loss) for the year	**10,009**	(10,520)
Basic earnings (loss) per share	**0.03**	(0.07)

Statement of Changes in Equity

	Attributable to Equity Holders of the Company									
	Share capital € 000's	Revaluation reserve € 000's	Translation reserve € 000's	Other reserve € 000's	Reporting currency conversion difference € 000's	Accumulated losses € 000's	Other equity components € 000's	Total € 000's	Minority interest € 000's	Total equity € 000's
Balance at 1 January 2006	**139,053**	**24,780**	**(1,068)**	**1,004**	**443**	**(10,432)**	**832**	**154,612**	**-**	**154,612**
Adjustments in respect of Company's previously held 20% interest in CHI, net of deferred taxation										
• increase in equity from date of initial interest to date of additional interest acquired	-	-	-	-	-	-	826	**826**	-	**826**
• fair value of adjustment on acquisition	-	-	-	-	-	-	3,033	**3,033**	-	**3,033**
Minority interest in subsidiary acquired during the year	-	-	-	-	-	-	-	**-**	2,069	**2,069**
Minority interest share of fair value adjustment on acquisition of subsidiary net of deferred taxation	-	-	-	-	-	-	-	**-**	4,549	**4,549**
Revaluation of hotel property, net of deferred taxation	-	5,971	-	-	-	-	-	**5,971**	-	**5,971**
Income and expenses recognised directly in equity	-	5,971	-	-	-	-	3,859	**9,830**	6,618	**16,448**
Loss for the year	-	-	-	-	-	(10,476)	-	**(10,476)**	(44)	**(10,520)**
Total income and expenses for the year	-	5,971	-	-	-	(10,476)	3,859	**(646)**	6,574	**5,928**
Issue of ordinary shares	23,048	-	-	-	-	-	-	**23,048**	-	**23,048**
Transfer to accumulated losses	-	-	-	(401)	-	886	(485)	**-**	-	**-**
Balance at 31 December 2006	162,101	30,751	(1,068)	603	443	(20,022)	4,206	**177,014**	6,574	**183,588**
Balance at 1 January 2007	**162,101**	**30,751**	**(1,068)**	**603**	**443**	**(20,022)**	**4,206**	**177,014**	**6,574**	**183,588**
Revaluation of hotel property, net of deferred taxation	-	21,925	-	-	-	-	-	**21,925**	-	**21,925**
Income and expenses recognised directly in equity	-	21,925	-	-	-	-	-	**21,925**	-	**21,925**
Profit for the year	-	-	-	-	-	9,594	-	**9,594**	415	**10,009**
Total income and expenses for the year	-	21,925	-	-	-	9,594	-	**31,519**	415	**31,934**
Issue of bonus shares	4,961	(4,961)	-	-	-	-	-	**-**	-	**-**
Bonus shares acquired	(398)	-	-	-	-	-	-	**(398)**	-	**(398)**
Bonus shares reissued	342	-	-	-	-	-	-	**342**	-	**342**
Cost of bonus shares bought	56	-	-	-	-	-	-	**56**	-	**56**
Conversion of bonds	37	-	-	-	-	-	-	**37**	-	**37**
Issue of ordinary shares	370,000	-	-	-	-	-	-	**370,000**	-	**370,000**
Transfer from accumulated losses	-	-	-	779	-	(779)	-	**-**	-	**-**
Balance at 31 December 2007	**537,099**	**47,715**	**(1,068)**	**1,382**	**443**	**(11,207)**	**4,206**	**578,570**	**6,989**	**585,559**

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INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the year ended 31 December 2007

Condensed Cash Flow Statement

	2007 € 000's	2006 € 000's
Net cash from operating activities	**29,321**	15,014
Net cash used in investing activities	**(43,278)**	(11,923)
Net cash from financing activities	**155,216**	8,462
Net increase in cash and cash equivalents	**141,259**	11,553
Cash and cash equivalents at 1 January	**19,054**	1,923
Cash and cash equivalent of previously held equity accounted company now a subsidiary	**-**	5,578
Cash and cash equivalents at 31 December	**160,313**	19,054

Selected Explanatory Notes

Basis of Preparation

This Preliminary Statement of Annual Results is being published in terms of the Listing Rule 9.35 issued by the Malta Financial Services Authority - Listing Authority.

Accounting Policies

The accounting policies have been consistently applied by all the companies within the Group and are consistent with those used in previous years.

Principal Activities

International Hotel Investments p.l.c. (IHI) carries on the business of an investment company in connection with the ownership, development and operation of hotels, leisure facilities and other activities related to the tourism industry. The Company has a number of wholly-owned subsidiaries through which it furthers the business of the Group.

Review of Performance

The Group's performance for 2007 was positively affected by a number of factors, these being:

- the performance of the existing hotel properties continued to improve both in terms of turnover and profitability as they progressed further towards achieving operational maturity.
- the Group's results also include the positive effect of a full year of CHI Ltd's (CHI) performance as opposed to a two months' performance included in 2006.
- the contribution made by the newly-acquired Corinthia Bab Africa Hotel and adjoining Commercial Centre in Tripoli and the Corinthia Hotel Prague, even though the 2007 results include only the performance of the last seven months of the year since acquisition.

Revenues increased to €104.1 million from €60.4 million in 2006 while the Operating Profit before the Revaluation to fair value of investment properties net of impairment losses was €16.1 million compared to a profit of €3.1 million in 2006.

In line with the Group's policy of revaluing the carrying amounts of its properties to fair value, two uplifts in the value of investment properties totalling €7.7 million resulting from independent experts' valuations were recognised in the Income Statement. An uplift in value of €5.7 million was recognised in the case of one of the plots of land adjacent to the Corinthia Nevskij Palace Hotel in Saint Petersburg and a further €2 million in relation to the Commercial Centre in Tripoli. Further uplifts in value of the hotel properties in St Petersburg, Tripoli and Prague totalling €27.7 million, net of deferred tax, were taken directly to the Revaluation Reserve in the Equity section of the Consolidated Balance Sheet.

The net finance expense remained on the same level of 2006 as a result of a combination of compensating factors. These relate to the higher financing costs of the acquired hotel properties which were mitigated by interest income from the deposit of the funds from the share capital subscribed by Istithmar Hotels FZE.

The above factors result in a profit for the year before tax of €14 million as compared to a loss of €10.7 million in 2006 while the profit after tax was €10 million compared to a loss of €10.5 million in 2006.

State of Affairs

During the year, the IHI Group successfully concluded a share subscription agreement with Corinthia Palace Hotel Company Limited (CPHCL) and Istithmar Hotels FZE of Dubai (Istithmar) as a result of which, the issued share capital increased by €370 million. Following this share capital increase, CPHCL and Istithmar now own 59% and 33% respectively of the Company's share capital

The main inherent and immediate advantages accruing to the IHI Group from the above agreement are:

- the acquisition of the 100% shareholding of the two companies owning the Corinthia Bab Africa Hotel & Commercial Centre and Corinthia Hotel Prague for a total net consideration of €207 million (€312 million attributable to the properties net of €105 million in bank loans) payable as to 192 million in shares of a nominal value of €1 each and €15 million in cash. In their Expert's Report dated 30 May 2007, drawn in terms of Article 73(4) of the Companies Act, 1995, PricewaterhouseCoopers opined that the combined value of the shares of the two property-owning companies being acquired, based on property valuations prepared by independent hospitality industry specialists adjusted for the net debt outstanding, corresponded at least to €207 million. These acquisitions should enable the Group to benefit from significant cash flow and profitability streams and contribute towards the achievement of a more balanced portfolio of hotel properties.
- the ability to acquire new properties through the cash injection from the new share capital of €178 million subscribed by Istithmar.

The Group has recently announced that its bid for the acquisition of the Metropole Hotel and adjoining 10 Whitehall Place in London, was chosen amongst a number of other very competitive offers. IHI along with its principal shareholders – Istithmar and LFICO – is committed to develop this building into a 283-room five-star deluxe hotel and 12 luxury apartments. This hotel is scheduled to open in 2011 and CHI – the Group's hotel management arm – will be responsible for its operation under the Corinthia brand.

The Group in partnership with LFICO, is also committed to the development of a 360-room 5-star deluxe hotel in Benghazi, Libya. This is a mixed-use development containing office and retail space earmarked for rental to third parties.

During 2007, the Nevskij Palace Project in St. Petersburg progressed well and upon completion, expected towards the end of 2008, the hotel will increase its room stock by another 105 executive rooms from the present 285 to 390 and will enlarge the meetings and conference facilities. The Project also entails the addition of 15,000 square metres of retail and office space for rental to third parties.

The Corinthia Hotel Lisbon in Portugal has completed the refurbishment of the remaining 248 rooms, out of its total 517 room stock, which had only undergone a soft refurbishment in 2004. Moreover, a Spa is currently being constructed and planned to be finished by mid-2008. These two projects are expected to enhance the earnings potential of this hotel property.

Outlook

The addition of the Corinthia Bab Africa Hotel & Commercial Centre and Corinthia Hotel Prague is expected to have a significant positive impact on the Company's consolidated results which, in future, will reflect the full twelve-month effect.

It is also expected that the other four hotel properties and CHI will continue to register improved trading performances until they all reach full maturity by the year 2010/1.

Bonus Share Distribution

On 4 June 2007 IHI capitalised €4.96 million from its revaluation reserves through the issue of 4.96 million fully-paid up bonus shares of a nominal value of €1 per share. This issue was made exclusively in favour of the minority shareholders who were also granted the option to sell such shares to the Company for cash. However, 92 per cent of the bonus shares were retained by the eligible shareholders.

During the Board Meeting held on 8 April 2008, the Directors recommended a Bonus Share Issue of 3% for all the Company's shareholders appearing on the Register of Members of the Company as at close of business on 18 April, 2008 to be distributed from its reserves. This Bonus Share Issue is subject to approval by the Company's Annual General Meeting which will be held on 15 May 2008.

Tangible Fixed Assets

Apart from the fixed assets acquired as a result of the acquisition of the Corinthia Bab Africa Hotel & Commercial Centre (€207 million), the Corinthia Hotel Prague (€105 million), the capital expenditure of the Group for the year was €35 million which amount was mainly incurred on the development project at the Corinthia Nevskij Palace Hotel.

Statement pursuant to Listing Rule 9.35 issued by the Listing Authority

We confirm that:

- this Preliminary Statement of the Group's Annual Results has been agreed with the Group's auditors; and
- the Directors' Report includes a fair review of the information required in terms of Listing Rule 9.35

Alfred Pisani
Chairman & CEO

Joseph Fenech
Managing Director

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