



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 8.7.1 and 8.7.2.

Strategic partnership with Intourist for the development and management of upscale hotels in the Russian Federation

International Hotel Investments p.l.c. (IHI) and OAO VAO Intourist (Intourist) of Russia announce an agreement to jointly develop and invest in hotels in the four and five star categories across the Russian Federation.

The agreement was signed in Moscow, and will come into force once regulatory and other procedures are completed in the coming months.

Intourist, which was the Soviet Union's pre-eminent tour operating, travel and hotel company, is a major player in Russia's hotel and travel sector. The company forms part of the London-listed Sistema JSFC, one of Russia's leading conglomerates with investments worldwide, principally in the technology sectors.

IHI and Intourist have agreed to join forces and establish an equally-owned investment fund, initially capitalised with US\$100,000,000, to originate, develop and invest in four and five star hotels in major cities across the Russian Federation, including Moscow. The parties are supporting the joint venture by way of their respective hotel and development expertise in establishing a joint management team to construct, refurbish and operate the joint venture's hotels.

Both sides bring significant resources and extensive expertise in the hotel sector to the joint venture, as well as an intimate understanding of the Russian hotel development market. The intention is to create Russia's largest hotel chain, operating hotels under various brands including the Corinthia and Intourist brands.

Alfred Fabri
Company Secretary

26th May 2008