



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

The following is a Company Announcement pursuant to Listing Authority Listing Rules 8.5.1 and 8.5.2

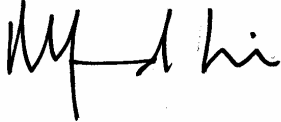
Further to the Company Announcement of the 16th November 2006, International Hotel Investments Plc (IHI) announces that it has entered into a Subscription Agreement with each of Corinthia Palace Hotel Company Limited (CPHCL) of Malta and Istithmar Hotels FZE (Istithmar) of Dubai.

Istithmar Hotels is part of Istithmar, a leading private equity and alternative investment company based in Dubai with global investment interests across various sectors, including hospitality, where Istithmar Hotels is fast establishing itself as a major investor in high profile properties across the world. Istithmar is 100 per cent owned by Dubai World which in turn is wholly-owned by the government of Dubai.

Pursuant to the Subscription Agreement:

- (i) Istithmar will subscribe to 178,000,000 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;
- (ii) IHI will acquire from CPHCL the 100% ownership of the Corinthia Bab Africa Hotel and Commercial Centre in Tripoli and the Corinthia Towers Hotel in Prague (the "Hotels"), 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 IHI on an international stock exchange within 12 months from closing.

The allotment of the shares to Istithmar and the acquisition of the hotels from CPHCL are subject to certain statutory and regulatory approvals. It is however intended to finalise the transaction by March 2007.

A handwritten signature in black ink, appearing to read 'Alfred Fabri', with a stylized 'A' and 'F'.

Alfred Fabri
Company Secretary

5th December 2006