



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

Interim Directors' Statement

Since the date of the publication of the Company's Half-Yearly Report in August 2008, when hotel operating performance was proceeding according to plan, the international hospitality industry has been negatively affected by the worldwide financial crisis. Although as a result of the Group's diversified portfolio not all IHI-owned hotel properties have been affected to the same degree, the overall expectation for the second half of 2008 is still expected to be affected by the downward trend in average room rates and occupancy levels. To counter this, IHI's management company CHI has been taking the appropriate measures to limit the impact on the hotels' profitability.

The Company has continued with its already-announced plans for new hotel development and the refurbishment of operating properties.

- The planning process for the redevelopment of the Metropole Building and 10 Whitehall Place in London, a joint venture between IHI, LFICO of Libya and Nakheel Hotels of Dubai, is progressing on schedule following the submission of a full planning application to Westminster City Council on 1st August 2008.
- Work has also proceeded on the finalisation of the Health Centre and Spa at Corinthia Hotel Lisbon, as well as on the refurbishment of the foyer at the Corinthia Nevskij Hotel where, in the latter case, these works were completed in July 2008. Significant progress has also been made on the construction of the two adjoining sites in St Petersburg which are being developed into a 104 executive room extension with supporting amenities to the existing hotel and a 14,000 square metre office and commercial block. This project is expected to be completed by the first quarter of 2009.

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The joint venture with Intourist of the Russian Federation is going ahead as planned and the necessary company structures are being put in place so that the joint venture can start implementing its programme during the course of next year as and when the right opportunities arise.

IHI enjoys a healthy liquidity cover and a conservative debt to equity ratio. On the strength of its liquidity position and the current economic scenario, IHI is actively pursuing a number of opportunities that are currently available on the international market.

A handwritten signature in black ink, appearing to read 'Alfred Fabri'.

Alfred Fabri
Company Secretary

14th November 2008