



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

Company Announcement

BUDAPEST HOTEL FINANCING AGREEMENT

The Hungarian subsidiary of International Hotel Investments Plc (IHI) has signed a syndicate loan agreement to cover the financing of the reconstruction project of the Corinthia Grand Hotel Royal. This agreement, with a consortium made up of K. & H. Bank and OTP Bank, provides for a loan of Euro 49 million, with the two Hungarian banks sharing the financing equally between them.

The total cost of the reconstruction of the Corinthia Grand Hotel Royal, on Erzsebet Korut in central Budapest is estimated at around Euro 86.5 million.

The project entails the complete reconstruction of a 415-room Five Star hotel, the construction of a separate building located across the street behind the hotel building linked by means of a bridge at first floor level which will comprise 24 apartments, an exhibition hall and a multi-storey car park, and the total renovation of a spa adjoining the hotel building. The historic façade and ballroom of the hotel will be preserved

The hotel, which will be managed by CHI Limited, will welcome its first guests by 1st August 2002.

Mr Alfred Pisani, Chairman and CEO of IHI together with Mr Tibor Zarnoczi Deputy Chief Executive Officer of K. & H. Bank and Mr Laszlo Wolf, Deputy Chief Executive Officer of OTP Bank signed the loan agreement at the Corinthia Aquincum Hotel in Budapest.

IHI was set up in 2000 with a paid-up share capital of Lm40 million, 75 per cent of which is owned by the Corinthia Group and 25 per cent by around 3,600 shareholders.

Alfred Fabri
Company Secretary

20th July 2001