



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

The following is a Company announcement issued by International Hotel Investments Plc pursuant to Malta Stock Exchange Bye Law 6.05.04(I).

The Board of Directors of International Hotel Investments Plc (IHI) has mandated OTP Bank and K&H Bank to provide IHI's wholly-owned subsidiary company, Corinthia Investments Hungary Kft with a Euro 49 million, 15 year loan as end finance for the development of the Corinthia Grand Hotel Royal.

This agreement concludes the financing arrangements for the development of the Corinthia Grand Hotel Royal as a Five-Star property.

All the necessary permits have been obtained and the stripping out and soft demolition works have already been completed. It is expected that the main structures contract will be signed in January following an international call for tenders..

The Client's representatives on the project are Quality Project Management Limited, the lead architects are the Hungarian practice of Kozti Ltd and the interior designers are the United Kingdom-based firm of G.A.Design International Limited.

The Corinthia Grand Hotel Royal, located on Erzsébet Boulevard in the Seventh District, is a listed building, built in 1896, and was considered to be one of the finest hotels in Central Europe. The hotel, which is expected to be inaugurated in mid-2002 will have 280 rooms, 75 executive rooms and 33 suites making a total of 388 keys, and having an extensive range of facilities including a conference hall, function rooms, a spa, a shopping arcade and a number of food and beverage outlets.

Alfred Fabri
Company Secretary

21st December 2000