



MILLENNIUM • COPTHORNE • KINGSGATE

MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

NOTICE OF ANNUAL MEETING

Notice is given that the Annual Meeting of Millennium & Copthorne Hotels New Zealand Limited ("the Company") will be held in the Totara Room of the Kingsgate Hotel Greenlane, Auckland, 187 Campbell Road, Auckland, New Zealand, on Wednesday 31 May 2006 commencing at 3.00pm.

BUSINESS

Chairman's Introduction

Managing Director's Review

Resolutions

1 To re-elect a director

In accordance with the Company's Constitution, the following director retires by rotation and, being eligible, offers himself for re-election.

John Henderson

2 To elect a director

In accordance with the Company's Constitution, the following director having been appointed during the year since the last Annual Meeting holds office until this Annual Meeting and, being eligible, offers himself for election.

Boo Keng Chiu

3 To elect a director

In accordance with the Company's Constitution, the following director having duly submitted a valid nomination and, being eligible, offers himself for election.

3 Stephen Craig Burt

(See Explanatory Notes for profiles)

4 Auditors' Remuneration:

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That the Board of Directors be authorised to fix the auditors' remuneration".

(See Explanatory Notes)

5 – 10 Shareholder's Proposals

Resolutions 5 through 10 were received by the Company on 10 April 2006 from a shareholder, Financial Planners (Auckland) Limited (4th Floor, 253 Queen Street, Auckland / PO Box 6310, Wellesley Street, Auckland) by letter from its director B R Sheppard.

To consider and, if thought fit, pass the following resolutions:

5. *That all meetings of shareholders be audio recorded, transcribed and send to any shareholders who request a copy, and that the original tapes be retained for a period of two years from recording.*
6. *That resolution 7 hereunder is put to the vote on a show of hands.*
7. *That the minutes of the 2005 AGM be corrected to record Richard Bobb's undertaking to the meeting to prepare a report to the board on the issues relating to On market share buybacks.*
8. *"That the board circulate to all shareholders who request it, Richard Bobb's promised report on "On Market Share Buybacks" together with the boards considered recommendations as to further action arising from the report"*
9. *"That in the event that resolution 8 is lost that Richard Bobb be removed as a director of the company"*
10. *"That shareholders authorise the board to conduct an on market share buyback for up to 7% pa of the total issued shares in the company at a price not exceeding the net tangible asset value per share as published in the annual report immediately proceeding any such on market buyback".*

(See Explanatory Notes)

By Order of the Board

Takeshi Ito
Company Secretary
16 May, 2006

PROCEDURAL NOTES

Shareholders entitled to attend and vote at the Meeting may appoint a proxy or representative (in the case of a corporate shareholder) to attend and vote on their behalf. A proxy need not be a shareholder of the Company. Proxy forms must be received at the office of the Company's share registrar, Computershare Investor Services Limited, 159 Hurstmere Road, Takapuna or Private Bag 92119, Auckland 1020, New Zealand (or fax +64 (9) 488-8787) by 3.00pm on Monday 29 May 2006. An instrument appointing a proxy is enclosed with this Notice.

All resolutions are ordinary resolutions and must be passed by a simple majority of the votes of those shareholders entitled to vote and voting on the resolutions

EXPLANATORY NOTES

Resolution 1 - Re-election of director:

John Henderson

John Henderson, a current director retires by rotation and, being eligible, offers himself for re-election. As required under the Companies Act 1993 and in accordance with the Company's Constitution, each appointment must be voted on individually.

The Board has determined that Mr. Henderson is an Independent Director as defined under the NZSX Listing Rules.

Profile:

Appointed to the Board in 2000. Mr. Henderson spent 28 years with the Starwood Hotels and Resorts Group holding various senior management positions. Before returning to New Zealand, Mr. Henderson was Regional Vice President (Operations) for the Starwood's Asia Pacific Division and was directly responsible for 29 Sheraton and Westin Hotels in China, Japan, Korea, Taiwan and Guam. Mr. Henderson has been a Director of Starwood Joint Ventures in Tokyo, Beijing and Hong Kong and was also Chairman of the China Hotel Development Company. Between 1986 and 1990, he was Chief Executive of the Sheraton Group in New Zealand and Area Manager South Pacific Region. John Henderson is Principal of Henderson Resources Consultants. He is Auckland Chair for The Executive Connection, a global development organisation for Chief Executives. John is Chairman of two Industry Advisory Boards for New Zealand Management Academies.

The Board unanimously recommends shareholders vote in favour of the re-election of Mr. Henderson.

Resolution 2 - Election of director:

Boo Keng (BK) Chiu

Mr. BK Chiu, having been appointed during the course of the year after the last Annual Meeting is required to stand for election in accordance with the Company's Constitution. As required under the Companies Act 1993 and in accordance with the Company's Constitution, each appointment must be voted on individually.

Profile:

Appointed as Managing Director in May 2005. Mr. Chiu is also the Managing Director of CDL Investments New Zealand Limited. Prior to his appointment, Mr. Chiu was Regional Vice President and Managing Director, Asia of Merisant Company. Mr Chiu has held senior management positions with Monsanto Company (Asia Pacific), Fernz Corporation Limited (now Nufarm Limited). He holds a Masters degree in agricultural economics and marketing from Massey University, Palmerston North.

The Board unanimously recommends shareholders vote in favour of the election of Mr. Chiu.

Resolution 3 - Election of director:

Stephen Craig Burt

Mr. Burt, having submitted a valid nomination and, being eligible, offers himself for election to the Board. Mr. Burt's nomination was seconded by Financial Planners (Auckland) Limited. As required under the Companies Act 1993 and in accordance with the Company's Constitution, each appointment must be voted on individually.

Mr. Burt has supplied the following profile:

Mr. Stephen BURT

Personal Information:

Age: 45 years
Family: Married to Helen with two children
Residence: Titirangi, AUCKLAND

Professional Qualifications and Affiliations:

- Bachelor of Commerce, University of Auckland. 1985
- Graduate Diploma in Finance and Treasury Management
- Chartered Accountant with NZICA (New Zealand Institute of Chartered Accountants)

Relevant Professional Experience:

Currently employed as Senior Business Manager, with Bank of New Zealand's Major Client Group in Auckland.

I possess 20 years banking experience in a number of senior roles in both finance and client management, working closely with and supporting many of New Zealand's larger commercial businesses.

I have a real passion for New Zealand's tourism and accommodation sectors and have gained significant relevant commercial experience through several long-standing relationships supporting and assisting clients with the strategic direction and profitable development of their operations.

Other Relevant Information:

I have been a shareholder of Millennium & Copthorne Hotels New Zealand Limited since August 2000. I was originally one of the bankers to the Quality Hotel chain prior to CDL Hotels acquisition in the early 1990's.

Other directorships are held solely in relation to our private investment companies.

EXPLANATORY NOTES (continued)

Resolution 4 - Auditors' Remuneration:

KMPG are the existing Auditors of the Company. KPMG are automatically reappointed as Auditors under section 200 (1) of the Companies Act 1993. This resolution authorises the Board to fix the fees and expenses of the auditors in accordance with section 197 of the Companies Act 1993.

The Board unanimously recommends shareholders vote in favour of this resolution.

Resolutions 5 - 10 - Shareholder Proposals:

Resolutions 5 to 10 were received by the Company on 10 April 2006 from a shareholder, Financial Planners (Auckland) Limited (4th Floor, 253 Queen Street, Auckland / PO Box 6310, Wellesley Street, Auckland) by letter from its director B R Sheppard.

The Company notified the proposer that directors intend that shareholders may vote on those resolutions by proxy and gave the proposer the right to include a statement (the explanatory material set out below) for the purposes of clause 9 of Schedule 1 to the Companies Act 1993.

The resolutions and the accompanying Explanatory Material are reproduced verbatim from the material received from Financial Planners (Auckland) Limited except that the numbering has changed.

5. *That all meetings of shareholders be audio recorded, transcribed and send to any shareholders who request a copy, and that the original tapes be retained for a period of two years from recording.*

Explanatory Material.

At the 2005 AGM there was considerable discussion from the floor on the balance sheet management practises of the company, including a detailed discussion on the merits of share buy back. At the conclusion of that discussion Richard Bobb an independent director advised that he would be preparing a report to the board on this issue. This undertaking is not recorded in the minutes as produced by the company. Future omissions of this nature should be avoided and when directors give an undertaking to do something to a meeting of shareholders it should be fully recorded in a manner that is irrefutable.

Board statement in response to shareholder proposal 5:

Under the Companies Act 1993 and pursuant to the Company's constitution, the Company is obliged to keep minutes of the proceedings of shareholder meetings. Minutes were kept for the 2005 Annual Meeting and these were signed as a true and correct record of the meeting on 1 August 2005 by the Chairman. Copies of the minutes are available from the Company by request in writing to the Company Secretary.

At the 2005 annual meeting, there was discussion on, inter alia, balance sheet management and some discussion on share buybacks. This was recorded in the minutes. Mr. Bobb did comment that he would circulate a paper to board members but in relation to a range of issues, again as referred to in the minutes.

The Board has confirmed the accuracy of the minutes and that the minutes correctly reflect the proceedings of the 2005 annual meeting.

The Board unanimously recommends that shareholders vote against resolution 5.

6. *That resolution 7 hereunder is put to the vote on a show of hands.*

Explanatory Material.

Resolution 7 is to correct the minutes of the meeting. A poll should not be called on this resolution or on resolution 7, as only those shareholders who attended the 2005 meeting should vote on a one shareholder one vote basis. The resolution is to correct a record of proceedings and for the resolution to be lost on a poll where the major shareholder can force the matter is obviously morally wrong. Should such a position be accepted then the major shareholder is in a position to rewrite the history of the company for their own convenience.

Board statement in response to shareholder proposal 6:

The Company's constitution provides that a poll can be demanded by, amongst others, the chairperson of the meeting. In addition, the Company notified the proposer that directors intend that shareholders may vote for resolutions by proxy and gave the proposer the right to include a statement (the explanatory material set out in this Notice of Meeting) under clause 9 of Schedule 1 to the Companies Act 1993.

The Board's view is that it is entirely appropriate to allow voting in accordance with each shareholder's shareholding – hence the decision to call for a poll.

As set out above, the 2005 annual meeting minutes correctly reflect the proceedings at that meeting.

Shareholders should note that the effect of Resolution 6, if approved, may be in breach of the Companies Act 1993 and / or the Company's constitution.

The Board unanimously recommends that shareholders vote against resolution 6.

7. *That the minutes of the 2005 AGM be corrected to record Richard Bobb's undertaking to the meeting to prepare a report to the board on the issues relating to On market share buybacks.*

Explanatory Material.

This is the movers recollection of what Mr Bobb undertook to the meeting. If those present at the meeting by majority of a show of hands do not have a similar recollection and the resolution is lost, I will withdraw resolutions 8 and 9

Board statement in response to shareholder proposal 7:

As set out above, the 2005 annual meeting minutes correctly reflect the proceedings at that meeting.

The Board unanimously recommends that shareholders vote against resolution 7.

8. *"That the board circulate to all shareholders who request it, Richard Bobb's promised report on "On Market Share Buybacks" together with the boards considered recommendations as to further action arising from the report"*

Explanatory Material.

The major shareholder has control of the board and therefore its representatives or its own directors have received the benefit of this report already. If the major shareholder has the benefit of a report which was promised in response to shareholders comments and questions at an AGM on an issue then all shareholders who are interested in the answer to the issue raised last year should have the benefit of seeing the same report.

EXPLANATORY NOTES (continued)

Board statement in response to shareholder proposal 8:

The proposed resolution is inappropriate as there was no such promised report from Richard Bobb.

Board papers are confidential to the directors of the Company and it is neither appropriate nor standard practice for board papers or board decisions to be made available to all shareholders.

The Board has considered a number of reports during the year including one on share buybacks. This has been considered by the board but the board has no intention to share such report or any other report with shareholders. No decision has been made by the Board as to whether to recommend or proceed with a share buyback. Any Board decisions likely to affect shareholders will be notified to shareholders through the market in the usual way.

The Board unanimously recommends that shareholders vote against resolution 8.

9. *"That in the event that resolution 8 is lost that Richard Bobb be removed as a director of the company"*

Explanatory Material.

I have asked the company to confirm whether or not Richard Bobb has completed the report on share buy backs that he undertook to the last AGM that he would do.

The companies' answers are as follows:

"Mr Bobb has provided material to the directors in the form of reports and Notes relating to corporate governance and a range of issues both at and between Board meetings" Letter dated 28th February 2006. This of course was not an answer to the direct question so I asked the question again.

"The Directors have considered a number of pertinent issues including a share buyback and the comments made by shareholders at the last annual general meeting relating to same" letter dated 27 march 2006.

Neither letter answers the direct question "Has Richard Bobb Prepared the report that he undertook to shareholders he would do?"

I can only therefore conclude that the answer is no and that the report and the boards consideration of it do not exist.

If this is the case then of course there is nothing to be distributed to shareholders should resolution 8 be passed. It is however unacceptable for a director to undertake to shareholders to complete an action and then not do so without explanation in the boards report to shareholders that accompanies the annual report. Such silence is nothing short of arrogance. Richard Bobb is an independent director, and while all directors have a duty to act in the best interests of the company as a whole independent directors have further duties under the Listing rules and the Takeover Code in particular. If an when they are required to complete those duties it is fundamentally important that the minority shareholders that they are charged with representing and protecting have confidence in both there ability and integrity. It is hard to answer this question affirmatively when the person who will be charged with these functions ignores specific undertakings given to shareholders and fails to complete tasks promised. I move therefore that he be removed.

Board statement in response to shareholder proposal 9:

Mr. Bobb made no such promise. The Board has considered a report on share buybacks and no decision has been made whether to recommend or proceed with a share buyback. The

proposer's explanatory comments appear to express an incorrect personal view and impliedly attack the credibility and integrity of an independent director.

The Board unanimously recommends that shareholders vote against resolution 9.

10. *"That shareholders authorise the board to conduct an on market share buyback for up to 7% pa of the total issued shares in the company at a price not exceeding the net tangible asset value per share as published in the annual report immediately preceding any such on market buyback"*

Explanatory Material.

This resolution is only an authority to the board; it is not a direction to the board to act. If shareholders grant the authority the board may choose to not conduct a share buyback. This is entirely appropriate as it is the board's responsibility to manage the balance sheet of the company and to ensure ongoing solvency. Only the board is in a position to measure this and shareholders must accept that it is the board choice as to when and if share buys backs are conducted. It is however the shareholders prerogative to give the board authority to complete such share buybacks. This resolution is simple about authority.

There are some restrictions on share buybacks should the board choose to conduct one. The company is an insider in respect of its own shares and thus can only complete a share buyback in the window period. The company's major shareholder may not increase its stake by more than 5% pa without triggering the requirement for a full bid. Therefore I have capped the buyback authority at 7% which if fully exercised and should the major shareholder not sell into such a buyback should not trigger a requirement for a full bid.

The parent company at balance date had cash reserves of \$20m and operating cashflows per annum net of dividends of \$9m, ignoring special dividends from non wholly owned subsidiaries. A purchase of 7% of the company's shares on market at say an average price of 75c would cost \$18m this leaves \$11m of free cash flow for refurbishment or other investment. The company has both the cash flow and the balance sheet solvency to execute such a share buyback if it chooses to do so.

Board statement in response to shareholder proposal 10 :

As stated above, the Board has considered a report on share buybacks and at this stage has not made any decision to recommend or proceed with a share buyback. The issues raised by the proposer in the explanatory material were some of those considered by the Board.

Shareholders should note that in accordance with the NZSX Listing Rules and the Companies Act 1993, on-market share buybacks do not require shareholder approval. Accordingly, the Board is of the view that proposed resolution 10, if approved, is of no effect.

The Board unanimously recommends that shareholders vote against resolution 10.