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Miscellaneous

* Asterisks denote mandatory information

Name of Announcer *	CITY DEVELOPMENTS LIMITED
Company Registration No.	196300316Z
Announcement submitted on behalf of	CITY DEVELOPMENTS LIMITED
Announcement is submitted with respect to *	CITY DEVELOPMENTS LIMITED
Announcement is submitted by *	Enid Ling Peek Fong
Designation *	Company Secretary
Date & Time of Broadcast	17-Feb-2014 18:10:49
Announcement No.	00088

>> Announcement Details

The details of the announcement start here ...

Announcement Title *	Announcement by Subsidiary Company, Millennium & Copthorne Hotels New Zealand Limited on its Launch of a \$112 Million Rights Offering for Redeemable Preference Shares
Description	Please see the attached announcement together with the Offer Document, released by Millennium & Copthorne Hotels New Zealand Limited on 17 February 2014.

Attachments

-  [17022014_MCNZ_Rights_Offer.pdf](#)
-  [17022014_MCK_Offer_Document.pdf](#)

Total size = **2321K**
(2048K size limit recommended)

Total attachment size has exceeded the recommended value

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17 February 2014

**MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LAUNCHES
\$112 MILLION RIGHTS OFFERING FOR REDEEMABLE PREFERENCE SHARES**

Millennium & Copthorne Hotels New Zealand Limited (NZX:MCK) today announced that it has registered a simplified disclosure prospectus today for an offer of redeemable non-voting preference shares.

Under the Offer, Eligible Shareholders are entitled to acquire 1 redeemable non-voting preference share for every 2 Ordinary Shares held as at 5.00pm on the Record Date (26 February 2014), at the Issue Price of \$0.64 per Preference Share.

The Preference Shares will:

- rank equally with MCK's Ordinary Shares for distributions (including the payment of dividends);
- not have voting rights (other than in certain limited circumstances);
- have a preference over the Ordinary Shares on a liquidation of the Company; and
- be quoted on the NZX Main Board.

MCK's Chairman Mr. H R Wong said that the Company hoped to raise a maximum of approximately \$112 million through the Offer. He said that the purpose of the capital raising was to invest further in MCK's associate company First Sponsor Capital Limited (which undertook property development in China) repay some of the Company's current banking facilities and to fund some of its proposed refurbishment work. Mr. Wong said that the Board recommended that shareholders read the simplified disclosure prospectus for further details of the Offer.

MCK's majority shareholder, Millennium & Copthorne Hotels plc, had confirmed that it would subscribe for its full entitlement to Preference Shares under this Offer

Shareholders' rights to subscribe for Preference Shares are renounceable and the rights will be quoted on the NZX Main Board, allowing shareholders to sell their rights that they choose not to take up. Shareholders could also choose to purchase additional Rights on market and subscribe for the Preference Shares to which those Rights relate, and to subscribe for additional Preference Shares in excess of their pro rata entitlement via the oversubscriptions facility.

The key dates for the Offer are:

ACTIVITY	DATE (2014)
Announcement of the Offer	17 February
Ordinary Shares are quoted "ex-rights" on the NZX Main Board	24 February
Trading of Rights commences and Rights are able to be bought and sold (subject to supply and demand) on the NZX Main Board	24 February
Record Date for determining Rights for Preference Shares	26 February, 5.00pm
Expected mailing date of Entitlement and Acceptance Forms (together with Offer Document) to Shareholders	3 March
Offer opens	3 March
Trading of Rights ceases on the NZX Main Board	13 March, 5.00pm

Closing Date for receipt of Entitlement and Acceptance Forms (together with Application Monies) ¹	19 March, 5.00pm
Allotment of Preference Shares under the Offer	24 March
Preference Shares commence trading on the NZX Main Board	25 March
Mailing of allotment notices for Preference Shares under the Offer	31 March
Expected date of next dividend to be paid in respect of Ordinary Shares and Preference Shares	16 May

IMPORTANT NOTICE

An application has been made to NZX for permission to quote the Rights and the Preference Shares on the NZX Main Board and all requirements of NZX relating thereto that can be complied with on or before the date of this announcement have been duly complied with.

ENDS

Issued by Millennium & Copthorne Hotels New Zealand Limited
 Enquiries to: B K Chiu (Managing Director) / Takeshi Ito (Group Company Secretary)
 (09) 353 5058

¹ All unexercised Rights will lapse as at 5.00pm on the Closing Date.



MILLENNIUM

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Offer Document

For a pro-rata, renounceable rights offer to existing shareholders
of 1 redeemable non-voting preference share
for every 2 ordinary shares held at an
issue price of 64 cents per preference share



Note: This offer document is a simplified disclosure prospectus. It relates to an offer of redeemable non-voting preference shares that rank in priority to the existing shares of Millennium & Copthorne Hotels New Zealand Limited which are quoted on the NZX Main Board.

Millennium & Copthorne Hotels New Zealand Limited is subject to a continuous disclosure obligation that requires it to notify certain material information to NZX for the purpose of that information being made available to participants in the NZX Main Board operated by NZX.



Auckland - one of our 17 locations across New Zealand.

Important information

Offer Document

This Offer Document relates to a pro-rata, renounceable rights offer to Shareholders of 1 redeemable non-voting preference share for every 2 Ordinary Shares held at an Issue Price of 64 cents per Preference Share.

The Rights to which you are entitled under the Offer are renounceable, which means that you may choose to sell any Rights that you do not wish to take up. Your Rights may have value. If you do nothing (i.e. do not take up or sell all or some of your Rights), the Rights you choose not to take up or sell will lapse. You will then not be able to subscribe for Preference Shares to which those Rights relate or realise any value for those Rights.

This Offer Document is a simplified disclosure prospectus for the purposes of the Securities Act 1978 and is prepared as at, and dated, 17 February 2014.

Important notice

This Offer Document is an important document and should be read carefully. Investors should consider the risks that are associated with an investment in the Preference Shares, particularly with regard to their personal circumstances (including financial and tax issues). A summary of the principal risks associated with MCK and the Preference Shares is set out in section 4 of this Offer Document.

If you have sold your Ordinary Shares or sell (and settle that sale) prior to the Record Date, please send this Offer Document and enclosures to the NZX Primary Market Participant through whom you made the sale, requesting that they be forwarded to the new Shareholder.

If you are in any doubt as to how to deal with this Offer Document, please immediately contact an NZX Firm or your authorised financial adviser, solicitor, accountant or other financial adviser.

No guarantee

Neither we, our Directors or any of our other agents or any other person (including any Shareholder named in this Offer Document), guarantees:

- (a) the Preference Shares;
- (b) that any dividends will be paid to the holders of the Preference Shares;
- (c) that any of the Preference Shares will be redeemed by us;
- (d) that the Issue Price per Preference Share will be recovered by investors; or

- (e) that either of the Proposed FSGL IPO or the Proposed Capital Return will be successfully completed within the timeframe specified in this Offer Document, or at all.

Registration

A copy of this Offer Document, signed by or on behalf of the Directors of MCK, and having endorsed or attached to it the market announcements referred to on page 43 of this Offer Document, the latest annual financial statements of the MCK Group (being those for the year ended 31 December 2013) and the relevant authorities where an agent has signed this Offer Document on behalf of a Director (being the documents required by section 41 of the Securities Act), has been delivered to the New Zealand Registrar of Financial Service Providers for registration as required by section 42 of the Securities Act.

FMA Consideration Period

We are unable to allot any Preference Shares or accept any applications or subscriptions in respect of the Offer during the FMA "Consideration Period". The Consideration Period commences on the date this Offer Document is registered and ends at the close of the day which is five working days after the date of registration. The FMA may shorten this Consideration Period, or extend the Consideration Period by no more than five additional working days.

Continuous disclosure

MCK is subject to a continuous disclosure obligation that requires it to notify certain material information to NZX for the purpose of that information being made available to participants in the NZX Main Board. Investors should note that other important information about MCK is contained in the disclosures made by us pursuant to our continuous disclosure obligations under the Securities Markets Act and the NZX Main Board Listing Rules. Copies of the most recent disclosures we have made are provided on our page on NZX's website <https://www.nzx.com/companies/MCK>. In addition, we publish an Annual Report and Interim Report each year, each of which is also available at <https://www.nzx.com/companies/MCK>.

Future performance and forward-looking statements

There are statements in this Offer Document that are "forward looking statements". As these forward-looking statements are predictive in nature, they are subject to a number of risks and uncertainties relating to us. Therefore actual results and

Important information (continued)

conditions may differ materially from those expressed or implied in this Offer Document.

Given these uncertainties, you should not place undue reliance on any forward-looking statements in this Offer Document. Under no circumstances should you regard the inclusion of such forward-looking statements in this Offer Document as a representation or warranty by the MCK Group or any of its Directors, officers, Shareholders or employees or any other person as to the achievement of the results expressed or implied by such statements or that the assumptions underlying such forward-looking statements will in fact be correct. None of the MCK Group, its respective Directors, officers, Shareholders or employees or any other person warrants or guarantees the future performance of Preference Shares or any return on any investment made pursuant to the Offer.

The MCK Group, its respective Directors, officers and employees disclaim any responsibility to update any such risk factors or publicly announce the result of any revisions to the forward-looking statements contained in this Offer Document to reflect future developments or events, other than where required to do so by the Securities Act, the Securities Regulations, the Financial Reporting Act 1993 or the NZX Main Board Listing Rules.

Offering Restrictions

This Offer Document is intended for use only in connection with the Offer. It does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

This Offer is being made to Eligible Shareholders, being persons who are recorded as Shareholders of MCK at 5.00pm on the Record Date (26 February 2014) with a registered address in New Zealand, Australia, Singapore, the United Kingdom, the Isle of Man, or who are otherwise persons to whom MCK considers it is not unduly onerous for an offer of the Preference Shares to be made as a result of the legal requirements of their jurisdiction. We are of the view that it is unduly onerous to make the Offer to any person who is not an Eligible Shareholder, having regard to the low number of Shareholders outside New Zealand, Australia, Singapore, the United Kingdom and the Isle of Man, the number and value of Ordinary Shares held by those Shareholders and the costs associated with complying with overseas legal requirements.

No action has been taken to register this Offer Document in any jurisdiction outside New Zealand or Australia. Australian Shareholders should read the section entitled "Warning Statement for Australian Investors" below.

If you are not an Eligible Shareholder, the Rights that would otherwise be received by you will be issued to a nominee who will endeavour to sell those Rights on the NZX Main Board on your behalf and account to you for the proceeds of sale of those Rights (on a pro-rata basis and net of costs).

No action has been taken to permit a public offering of the Preference Shares in any country other than New Zealand, Australia, Singapore, the United Kingdom or the Isle of Man. Receipt of this Offer Document and/or an Entitlement and Acceptance Form will not constitute an offer or invitation to any person in a country other than New Zealand, Australia, Singapore, the United Kingdom or the Isle of Man, except to the extent permitted by, and lawful under, the laws of that other country. No person may purchase, offer, sell, distribute or deliver Preference Shares, or be in possession of, or distribute to any other person, any offering material or any documents in connection with the Preference Shares in any country other than in compliance with all applicable laws and regulations. In particular, this Offer Document may not be sent into or distributed in the United States. The distribution of this Offer Document outside New Zealand, Australia, Singapore, the United Kingdom and the Isle of Man may be restricted by law and persons who come into possession of it (including nominees, trustees or custodians) should seek advice on, and observe, any such restrictions.

This Offer Document is provided to Shareholders in Singapore on the basis that they are members of MCK in accordance with MCK's constituent documents and New Zealand law and regulations. If you have received this Offer Document in Singapore you must keep the information contained in this Offer Document in strict confidence.

This Offer Document is not to be sent or given to any person in circumstances in which the Offer or distribution of this Offer Document would be unlawful. The distribution of this Offer Document (including an electronic copy) outside New Zealand, Australia, Singapore, the United Kingdom or the Isle of Man may be restricted by law. If you come into possession of this Offer Document, you should seek your own advice on any restrictions and observe them. Any failure to

comply with such restrictions may contravene applicable securities laws.

The Company and its Directors, officers and employees accept no responsibility whatsoever for determining whether any person is able to participate in the Offer under laws applicable in jurisdictions outside New Zealand, Australia, Singapore, the United Kingdom or the Isle of Man. Any person applying for Preference Shares under the Offer will be deemed to represent and warrant to MCK and each of the Directors that he, she or it is not in a country that does not permit the making of the Offer to that person and is not acting for the account or benefit of such a person.

Warning statement for Australian investors

This Offer to Australian investors is a recognised offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 (New Zealand) and the Securities (Mutual Recognition of Securities Offerings-Australia) Regulations 2008 (New Zealand).

This Offer and the content of the Offer Document are principally governed by New Zealand, rather than Australian, law. In the main, the New Zealand Securities Act 1978 and the Securities Regulations 2009 (New Zealand) set out how the Offer must be made.

There are differences in how securities and financial products are regulated under New Zealand, as opposed to Australian, law. For example, the disclosure of fees for managed investment schemes is different under New Zealand law.

The rights, remedies and compensation arrangements available to Australian investors in New Zealand securities and financial products may differ from the rights, remedies and compensation arrangements for Australian securities and financial products.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Australian Securities and Investments Commission (ASIC). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of New Zealand securities and financial products is not the same as that for Australian securities and products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial advisor.

If the security or financial product is able to be traded on a financial market and you wish to trade the security or financial product through that market, you will have to make arrangements for a participant in that market to sell the security or financial product on your behalf. If the financial market is a foreign market that is not licensed in Australia (such as a securities market operated by NZX Limited), the way in which the market operates, the regulation of participants in that market and the information available to you about the security or financial product and trading may differ from Australian licensed markets.

The offer may involve a currency exchange risk. The currency for the security or financial product is in dollars that are not Australian dollars. The value of the security or financial product will go up and down according to changes in the exchange rate between those dollars and Australian dollars. These changes may be significant.

If you receive any payments in relation to the security or financial product that are not in Australian dollars, you may incur significant fees in having the funds credited to a bank account in Australia in Australian dollars.

NZX Main Board Quotation

An application has been made to NZX for permission to quote the Rights and the Preference Shares on the NZX Main Board and all requirements of NZX relating thereto that can be complied with on or before the date of this document have been duly complied with.

Trading of Rights is expected to commence on the NZX Main Board, under the code "MCKRA", on 24 February 2014 and will cease at 5.00pm on 13 March 2014.

Initial quotation of the Preference Shares on the NZX Main Board is expected to occur on 25 March 2014 under the code "MCKPA".

NZX is a registered exchange regulated under the Securities Markets Act. The NZX Main Board is a registered market operated by NZX. NZX accepts no responsibility for any statements in this Offer Document.

Important information (continued)

Privacy Act Notice

Any personal information provided by Shareholders will be held by us or the Registrar at the addresses shown in the Directory on page 50 of this Offer Document or such other place as is notified upon request. This information will be used for the purposes of managing your investment in us. Under the Privacy Act 1993, you have the right to access and correct any personal information held about you.

Governing law

This Offer Document, the Offer and the contracts formed on their acceptance are governed by the laws of New Zealand. Each Applicant submits to the exclusive jurisdiction of the courts of New Zealand.

Disclaimer

No person is authorised to give any information, or to make any representation, in connection with the Offer which is not contained in this Offer Document. Any information or representation in connection with the Offer not contained in this Offer Document may not be relied upon as having been authorised by MCK or any of its Directors, officers, or employees.

Definitions

Capitalised terms used in this Offer Document have defined meanings which appear in the Glossary section or within the relevant section of this Offer Document in which the term is used.

All references to "\$" or "dollars" in this Offer Document are to New Zealand dollars unless specified otherwise, and all references to dates and times are to New Zealand dates and times.

Enquiries

Enquiries about the Offer should be directed to an NZX Primary Market Participant or your solicitor, accountant or other financial adviser.

If you have any queries about the number of Preference Shares shown on the Entitlement and Acceptance Form which accompanies this Offer Document, or how to complete the Entitlement and Acceptance Form, please contact the Registrar:

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna, Auckland
Private Bag 92119
Auckland 1142, New Zealand

Investor Enquiries: 64 9 488 8777

Email: enquiry@computershare.co.nz

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Chairman's letter

Dear Shareholder,

On behalf of the Board, I am pleased to invite you to participate in this renounceable rights issue (the "Offer").

Nature of the Offer

Under the Offer, Eligible Shareholders are entitled (but not obliged) to acquire 1 redeemable non-voting preference share ("**Preference Share**") for every 2 Ordinary Shares held (that is, registered in their name on our share register) as at 5.00pm on the Record Date (being 26 February 2014), at the Issue Price of \$0.64 per Preference Share. Entitlements to fractions of a Preference Share will be rounded up to the nearest whole number.

The Preference Shares will:

- rank equally with our Ordinary Shares for distributions (including the payment of dividends);
- not have voting rights (other than in certain limited circumstances, which are summarised in section 5 of this Offer Document);
- have a preference over the Ordinary Shares on a liquidation of the Company, as described further in section 5 of this Offer Document; and
- be quoted on the NZX Main Board.

We have elected to issue Preference Shares rather than Ordinary Shares to ensure that our ultimate majority Shareholder, Millennium & Copthorne Hotels plc ("**M&C plc**"), can participate in the Offer through its subsidiary in a full and timely manner.¹



HONG REN WONG, CHAIRMAN

Use of funds

We plan to raise a maximum of approximately \$112 million through the Offer. The purpose of this capital raising is to invest further in First Sponsor, repay some of our current banking facilities and to fund some of our proposed refurbishment work.

Invest further in First Sponsor

Over the past six years, we have diversified our investment portfolio by investing in First Sponsor Capital Limited ("**First Sponsor**"). First Sponsor, acting through its principal operating subsidiary First Sponsor Group Limited ("**FSGL**"), is a property development company that has built up a strong track record in Southern and Western China and is currently in the next phase of its development.

We currently have an approximately 34% stake in First Sponsor.

We have received notice from First Sponsor that it proposes to conduct a capital raising in March 2014 for an aggregate amount of approximately \$60 million payable by us (the "**First Sponsor Capital Call**"). The Board believes that we should use approximately \$60 million of the proceeds of the Offer to participate in the upcoming First Sponsor Capital Call. This will enable us to retain our current proportionate shareholding in First Sponsor.

First Sponsor is currently considering undertaking an initial public offering and listing on the Singapore Exchange of its principal operating subsidiary, FSGL (the "**Proposed FSGL IPO**"). In connection with the Proposed FSGL IPO, the Board is considering undertaking a return of capital whereby MCK's investment in FSGL would be distributed to MCK's Shareholders (including holders of Preference Shares) (the "**Proposed Capital Return**"). If implemented, we envisage that the Proposed Capital Return would not involve a

¹ Participation by the majority Shareholder in a non-underwritten offer of new Ordinary Shares would have resulted in the majority Shareholder's percentage holding of Ordinary Shares increasing (because some Shareholders would, inevitably, not have taken up their Rights). Any increase in the majority Shareholder's holding of voting shares (such as Ordinary Shares), however small, would have required approval under New Zealand's Overseas Investment Act. Such a process is lengthy, time consuming and expensive. For that reason, an offer of non-voting Preference Shares is preferable for us as it enables our majority Shareholder to participate without having to obtain such an approval and therefore provides us with more funding and timing certainty.

cash component (just a distribution of FSGL shares). Various steps will need to be successfully concluded in order for the Proposed FSGL IPO and the Proposed Capital Return to occur, and there is no certainty that either of these transactions will be completed within the timeframe specified in this Offer Document or at all. Further details relating to First Sponsor, the Proposed FSGL IPO and the Proposed Capital Return can be found in section 3 of this Offer Document.

Repay bank debt

Historically, we have had a low gearing ratio and to ensure that this continues in the future, the Board proposes to apply some of the proceeds of the Offer to repay part of our current banking facilities.

Fund refurbishment work

As our core business is hotels, we need to ensure that our portfolio is up to date and meets our guests' expectations. The Board therefore proposes to use some of the proceeds of the Offer towards major refurbishment projects, in particular a thorough refurbishment and update of Copthorne Hotel Auckland Harbourcity (which is one of our most important properties) and the Kingsgate Hotel Palmerston North.

Amounts to be applied

The proportion of funds to be applied to the repayment of our current banking facilities and the funding of our planned refurbishment works will depend upon the final amount raised under the Offer. The proceeds raised under the Offer will be applied:

- first to enable us to subscribe for our full proportionate entitlement in the First Sponsor Capital Call;
- secondly (if sufficient proceeds are

raised under the Offer) towards repayment of part of our current banking facilities; and

- finally (if sufficient proceeds are raised under the Offer) towards our planned refurbishment works.

If the full \$112 million is raised through the Offer, we intend to invest approximately \$60 million of those proceeds in the First Sponsor Capital Call, apply approximately \$40 million of those proceeds towards repayment of part of our current banking facilities and the remaining approximately \$12 million towards our planned refurbishment works.

The rights

Your rights to subscribe (“Rights”) for Preference Shares are renounceable. This means that you may sell any Rights that you choose not to take up. As the Rights will be quoted on the NZX Main Board, you may sell on market any Rights that you choose not to take up.

If you do nothing (i.e., do not take up or sell all or some of your Rights), your Rights not taken up will lapse and you will not be able to subscribe for any Preference Shares to which those Rights relate, or to realise any value for those Rights.

As the Rights will be quoted on the NZX Main Board, you may also choose to purchase additional Rights on market and subscribe for the Preference Shares to which those Rights relate.

Oversubscription Facility

If you take up all of your Rights, you may apply for Additional Preference Shares through the Oversubscription Facility which is described in section 5 of this Offer Document. Applications for Additional Preference Shares may

be subject to scaling (if there is not enough Shortfall to satisfy demand for Additional Preference Shares), and there is no guarantee you will receive all or any of the Additional Preference Shares for which you may apply.

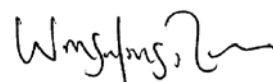
Major Shareholder will participate fully

M&C plc has confirmed it will, through a subsidiary, subscribe for its full entitlement to Preference Shares under this Offer. It has also advised that it may apply for Additional Preference Shares through the Oversubscription Facility and/or purchase Rights on-market (but has given no commitment to do so or advised as to how many Additional Preference Shares it may apply for or Rights it may purchase).

This Offer Document contains information that will be important when considering whether or not to participate in the Offer. I encourage you to read this Offer Document in full before making your investment decision. In particular, please ensure that you consider carefully the risks described in section 4. If you are in any doubt as to what you should do, you should consult your NZX Firm, your authorised financial adviser, NZX Primary Market Participant or other professional adviser.

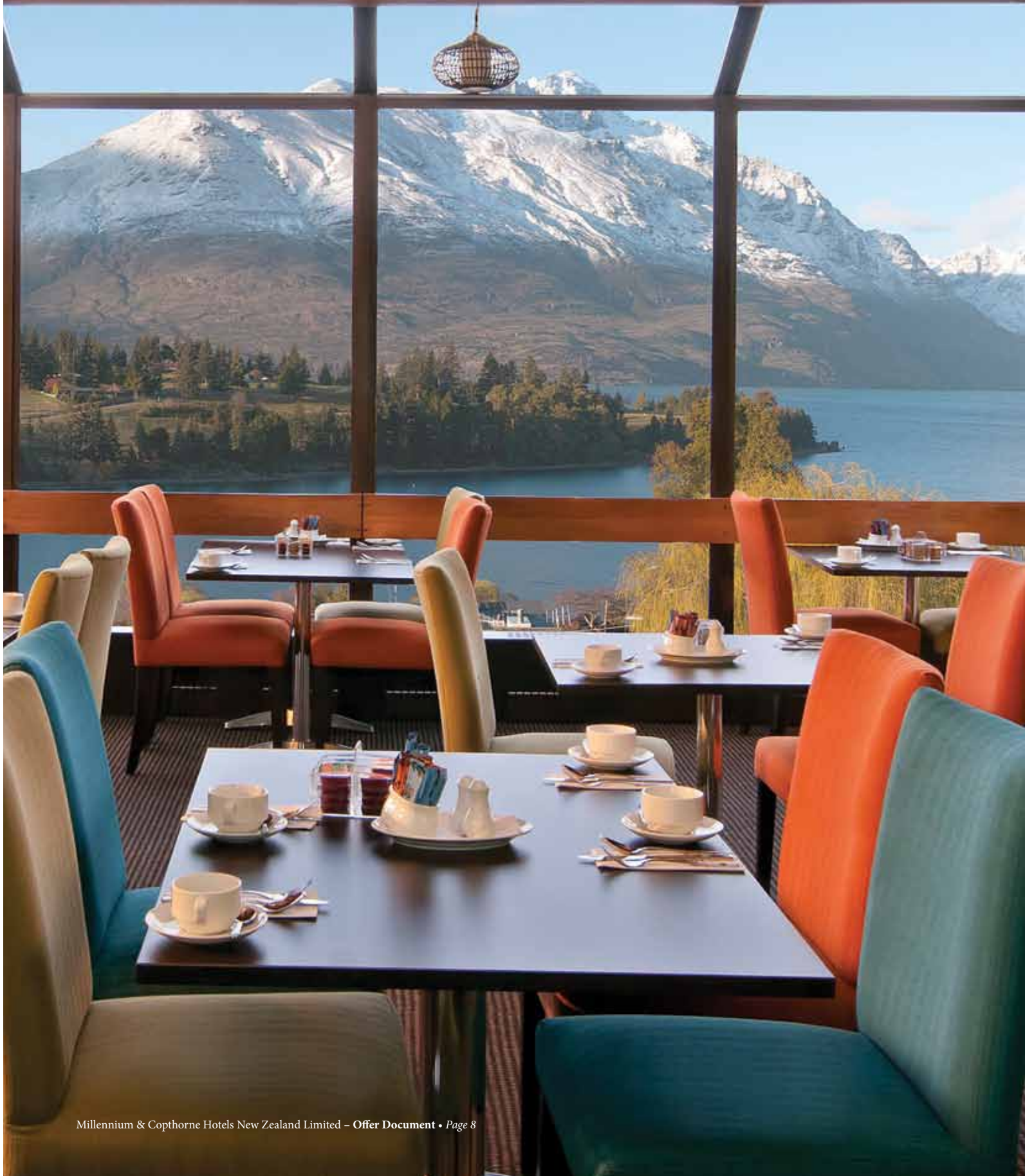
On behalf of the Board, I thank you for your continued support of MCK.

Yours faithfully,



Hong Ren Wong
Chairman

The view from Hillary's Restaurant, Copthorne Hotel & Apartments, Queenstown Lakeview.



1. Key information

The key terms of our Offer of Preference Shares are set out below. For a more complete description of the Preference Shares please refer to sections 5 and 7 of this Offer Document.

OFFER TERMS	
Issuer:	Millennium & Copthorne Hotels New Zealand Limited (MCK)
Nature of investment:	The Offer is a pro rata, renounceable rights offer to Eligible Shareholders of 1 Preference Share for every 2 Ordinary Shares held by such Eligible Shareholders at 5.00pm on the Record Date (26 February 2014).
Issue Price:	\$0.64 per Preference Share.
Issue amount:	Up to \$111.77 million.
Quoted securities:	The Preference Shares will be quoted on the NZX Main Board. Rights will also be quoted on the NZX Main Board and, accordingly, may be sold on market.
Non-voting securities:	Preference Shares do not have voting rights, other than the right to vote at any meetings of holders of Preference Shares (and in certain other limited circumstances which are summarised in section 5 of this Offer Document).
Not convertible:	Preference Shares do not have a right to be converted into Ordinary Shares.
Rights to distributions:	The Preference Shares will rank equally with the Ordinary Shares with respect to all distributions made by the Company (including, without limitation, to dividend payments) except for any distributions made in the context of a liquidation of the Company (in respect of which the Preference Shares will have a preference as described below).
Redemption of Preference Shares:	<p>All or part of the Preference Shares may be redeemed (i.e. mandatorily repaid) by us for cash at any time at the Redemption Amount but only if we have first received approval for that redemption from holders of Preference Shares by way of special resolution (being an approval threshold of 75% or more of the votes cast on the resolution).</p> <p>The Redemption Amount for each Preference Share will be the higher of:</p> <ul style="list-style-type: none"> the 20 day volume weighted average price of the Preference Shares; and the Issue Price of \$0.64. <p>This means that we can redeem the Preference Shares at any time for the Redemption Amount, but only if that redemption has been approved by a majority of 75% or more of the votes of those Preference Shareholders entitled to vote and voting on the resolution at a special meeting of holders of Preference Shares.</p> <p>Subject to receiving that approval, we may redeem any or all of the Preference Shares. If we redeem only some of the Preference Shares, then we will only do so on a pro rata basis.</p> <p>Further information on redemption is set out in section 5 of this Document.</p>
Eligibility:	You are an Eligible Shareholder if you are registered as a Shareholder at the Record Date (5.00 p.m. on 26 February 2014) and have a registered address in New Zealand, Australia, Singapore, the United Kingdom or the Isle of Man, or are otherwise a person to whom MCK considers it is not unduly onerous for an offer of the Preference Shares to be made as a result of the legal requirements of your jurisdiction.

1. Key information (continued)

Rights of Eligible Shareholders:	<p>If you are an Eligible Shareholder, you have the renounceable right to subscribe for 1 Preference Share for every 2 Ordinary Shares you hold as at 5.00pm on the Record Date (being 26 February 2014).</p> <p>The number of Preference Shares which you may apply for is set out in the accompanying Entitlement and Acceptance Form.</p>
Renounceable Rights:	<p>The Rights are renounceable and may have value. They will be quoted on the NZX Main Board. You may trade your Rights on the NZX Main Board between 24 February 2014 and 13 March 2014 – please refer to section 5 for further information.</p>
Oversubscription facility:	<p>We are also offering an oversubscription facility (“Oversubscription Facility”) whereby you may apply for additional Preference Shares in excess of your Rights to the extent that not all Shareholders take up, or are unable to take up, their Rights.</p> <p>Therefore, if you are an Eligible Shareholder, your options are to:</p> <ul style="list-style-type: none"> • take up all or some of your Rights; • endeavour to sell all or some of your Rights; • take up some of your Rights and endeavour to sell all or some of the balance; • do nothing with all or some of your Rights, in which case such Rights for which no action has been taken will lapse; or • take up all of your Rights and subscribe for Additional Preference Shares through the Oversubscription Facility.
Liquidation preference:	<p>Each Preference Share entitles its holder to payment of the Issue Price in a liquidation of MCK in priority to any other class of shares (other than any shares ranking equally, or in priority to, the Preference Shares on a liquidation).</p> <p>In the event that MCK is able to pay holders of Preference Shares the Issue Price in full on a liquidation, and there are surplus assets available for distribution to holders of other classes of shares such that those shareholders receive a distribution of an amount per share equivalent to the Issue Price, holders of Preference Shares shall rank equally with those other shares, on a per share basis, in any further surplus remaining.</p>
Opening date:	3 March 2014
Last date for applications to be received:	5.00pm on 19 March 2014
No guarantee:	<p>Neither we, our Directors, or any of our other agents or any other person (including any Shareholder named in this Offer Document), guarantees:</p> <ol style="list-style-type: none"> (a) the Preference Shares; (b) that any dividends will be paid to the holders of the Preference Shares following the issue of the Preference Shares; (c) that any of the Preference Shares will be redeemed; (d) that the Issue Price per Preference Share will be recovered by investors; or (e) that either of the Proposed FSGL IPO or the Proposed Capital Return will be successfully completed within the timeframe specified in this Offer Document or at all.
Maximum number of Preference Shares to be issued under the Offer:	174,634,365 ²

² Calculated as at 14 February 2014. Fractional entitlements will be rounded up. The maximum number of Preference Shares available for subscription is not able to be finally determined until the Record Date.

Further information:	Further information on the terms of the Offer can be found in section 5 of this Offer Document – “Details of the Offer”.
Use of proceeds:	<p>The purpose of the Offer is to raise new capital, which is to be used:</p> <ul style="list-style-type: none"> • first, to meet our proportionate share of the First Sponsor Capital Call – intended to be approximately \$60 million of the proceeds; and • secondly (if sufficient proceeds are raised under the Offer), to repay some of our current banking facilities – intended to be approximately \$40 million of the proceeds; and • finally (if sufficient proceeds are raised under the Offer), to provide us with funds to commence and complete certain refurbishment works at various of our hotels such as the Copthorne Hotel Auckland Harbourcity and the Kingsgate Hotel Palmerston North – intended to be approximately \$12 million of the proceeds.
KEY RISKS	
Principal risk of holding Preference Shares:	<p>The principal risk for you is that you may be unable to recoup your original investment amount in Preference Shares. This could happen for a number of reasons, including if:</p> <ul style="list-style-type: none"> • the price at which a Preference Share can be sold is less than the price you paid for the Preference Share; • the market for Preference Shares is illiquid, or does not, or ceases to, exist; • no dividends are declared or payable with respect to the Preference Shares following the issue of the Preference Shares; or • MCK’s business circumstances change significantly, such that you could receive none, or only some, of the amount you have invested.
Other risk factors:	The other material risk factors which may, either individually or collectively, adversely affect our future operating performance and value are disclosed in detail in section 4 of this Offer Document.
COSTS	
Your costs of investing:	<p>You will not pay brokerage or stamping fees on any Preference Shares you subscribe for under the Offer.</p> <p>You are not required to pay any fees or charges in relation to the Offer, other than the Issue Price for each Preference Share you apply for.</p> <p>If you sell your Rights, or if you sell your Preference Shares after you receive them under the Offer, you may be liable for normal brokerage and other fees.</p>
APPLICATION	
How to apply:	Applications must be made on the Entitlement and Acceptance Form accompanying this Offer Document and must be submitted together with the appropriate form of payment in accordance with the instructions set out under “Payment of Application Monies” on page 38 of this Offer Document.

Each of those Directors and officers of MCK who hold Ordinary Shares intend to take up their Rights to Preference Shares under the Offer in full. Directors and officers of MCK and their associates represent, in aggregate, 0.71% of the issued Ordinary Shares of the Company.

M&C plc, through its subsidiary CDL Hotels Holdings New Zealand Limited (“CDLHHNZL”), had an interest in 70.22% of our issued shares as at 14 February 2014. CDLHHNZL has advised the Directors that it intends to take up all of its Rights under the Offer. CDLHHNZL has also advised the Directors that it may also apply for Additional Preference Shares under the Oversubscription Facility and purchase additional Rights on-market (but has given us no commitment to do so or otherwise indicated as to how many Additional Preference Shares it may apply for or Rights it may purchase).

If you are an Eligible Shareholder and take up your Rights under the Offer in full, your relative economic interest in MCK will not be diluted.

2. Offer timetable

ACTIVITY	DATE (2014)
Announcement of the Offer	17 February
Ordinary Shares are quoted “ex-rights” on the NZX Main Board	24 February
Trading of Rights commences and Rights are able to be bought and sold (subject to supply and demand) on the NZX Main Board	24 February
Record Date for determining Rights for Preference Shares	26 February, 5.00pm
Expected mailing date of Entitlement and Acceptance Forms (together with Offer Document) to Shareholders	3 March
Offer opens	3 March
Trading of Rights ceases on the NZX Main Board	13 March, 5.00pm
Closing Date for receipt of Entitlement and Acceptance Forms (together with Application Monies) ³	19 March, 5.00pm
Allotment of Preference Shares under the Offer	24 March
Preference Shares commence trading on the NZX Main Board	25 March
Mailing of allotment notices for Preference Shares under the Offer	31 March
Expected date of next dividend to be paid in respect of Ordinary Shares and Preference Shares	16 May

These dates are indicative only and are subject to change. Subject to the requirements of the Securities Act and the NZX Main Board Listing Rules, we may amend the dates above. We may also withdraw the Offer and the issue of Preference Shares at any time before the date of allotment in our absolute discretion.

³ All Rights not taken up will lapse as at 5.00pm on the Closing Date.

3. About MCK

Overview of MCK

MCK is a major hotel owner-operator based in New Zealand. We are currently the only hotel owner-operator listed on the NZX Main Board. We currently have 23 owned, leased and franchised hotels across New Zealand trading under the Millennium, Copthorne and Kingsgate brands. We employ approximately 1,000 people.

We are a 70.22% subsidiary of London Stock Exchange-listed M&C plc. M&C plc is itself an owner-operator of branded hotels in diverse locations that are marketed to business and leisure customers, with a particular focus on significant gateway cities and emerging markets.

In addition to our hotel portfolio, we currently have property interests in Australia (through subsidiary

companies including an apartment complex) and in China (through an investment in our associate company First Sponsor). We also have a 67% interest in NZX Main Board-listed CDL Investments New Zealand Limited (NZX:CDI).

We are domiciled in New Zealand, registered under the Companies Act 1993 and headquartered in Auckland.



Copthorne Hotel & Resort, Bay of Islands.

3. About MCK (continued)

Business Description

Our hotels:

While we can be properly described as “a property company with hotel assets”, our New Zealand hotel operations form the core of our operations. Our three hotel brands (Millennium, Copthorne and Kingsgate) provide us with the ability to tailor our service and product offerings according to location and to guest. We have a total of 2,842 rooms over our 23 hotels, in 17 locations across New Zealand.

Millennium-branded hotels endeavour to offer the discerning

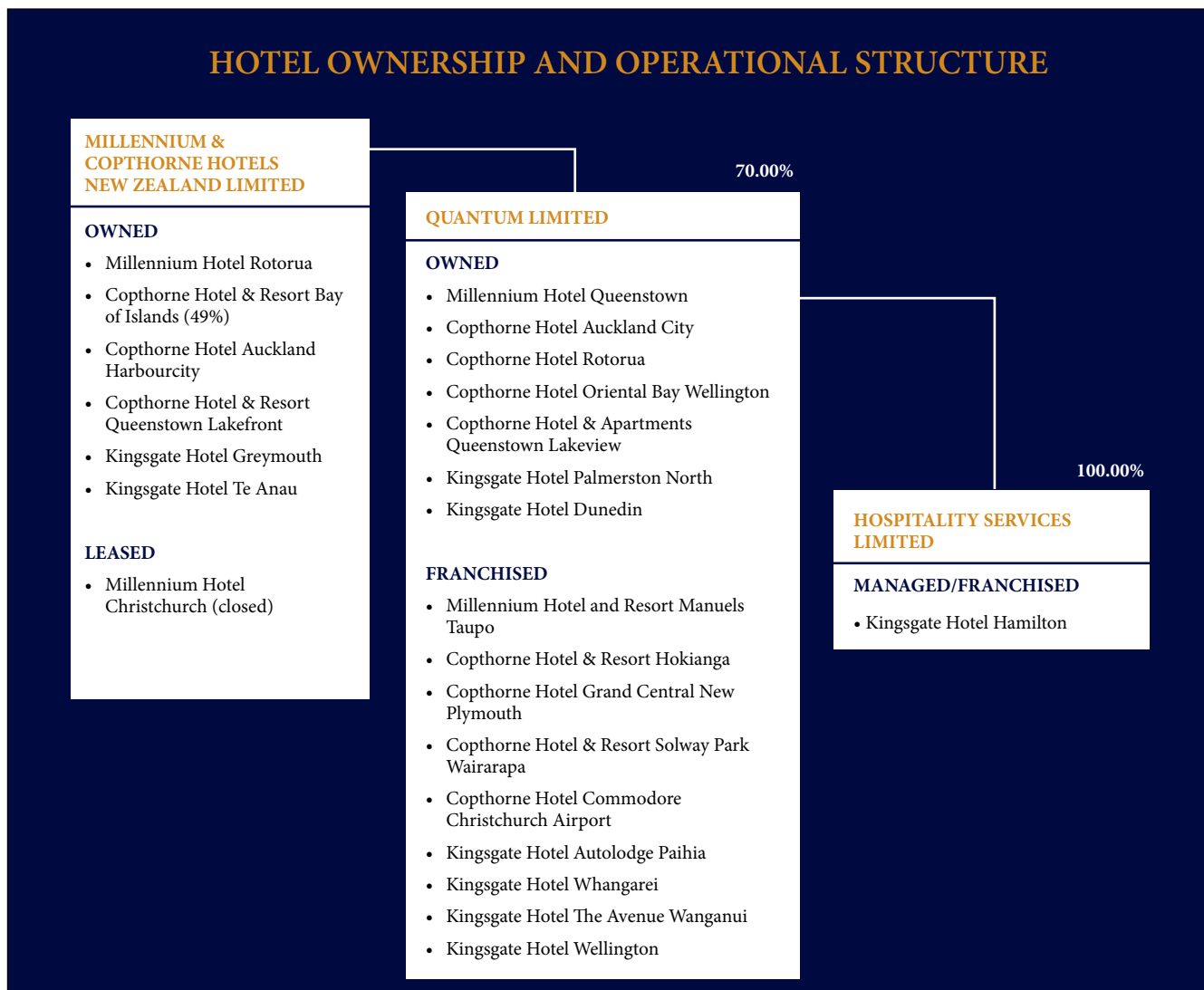
traveller warm and personal service in surroundings which complement their geographical location. Our Millennium-branded hotels are situated in three prime locations throughout New Zealand. This premium collection of accommodation endeavours to present a theme of timeless elegance and sophistication. Each Millennium-branded hotel features a restaurant, with the opportunity to experience New Zealand cuisine.

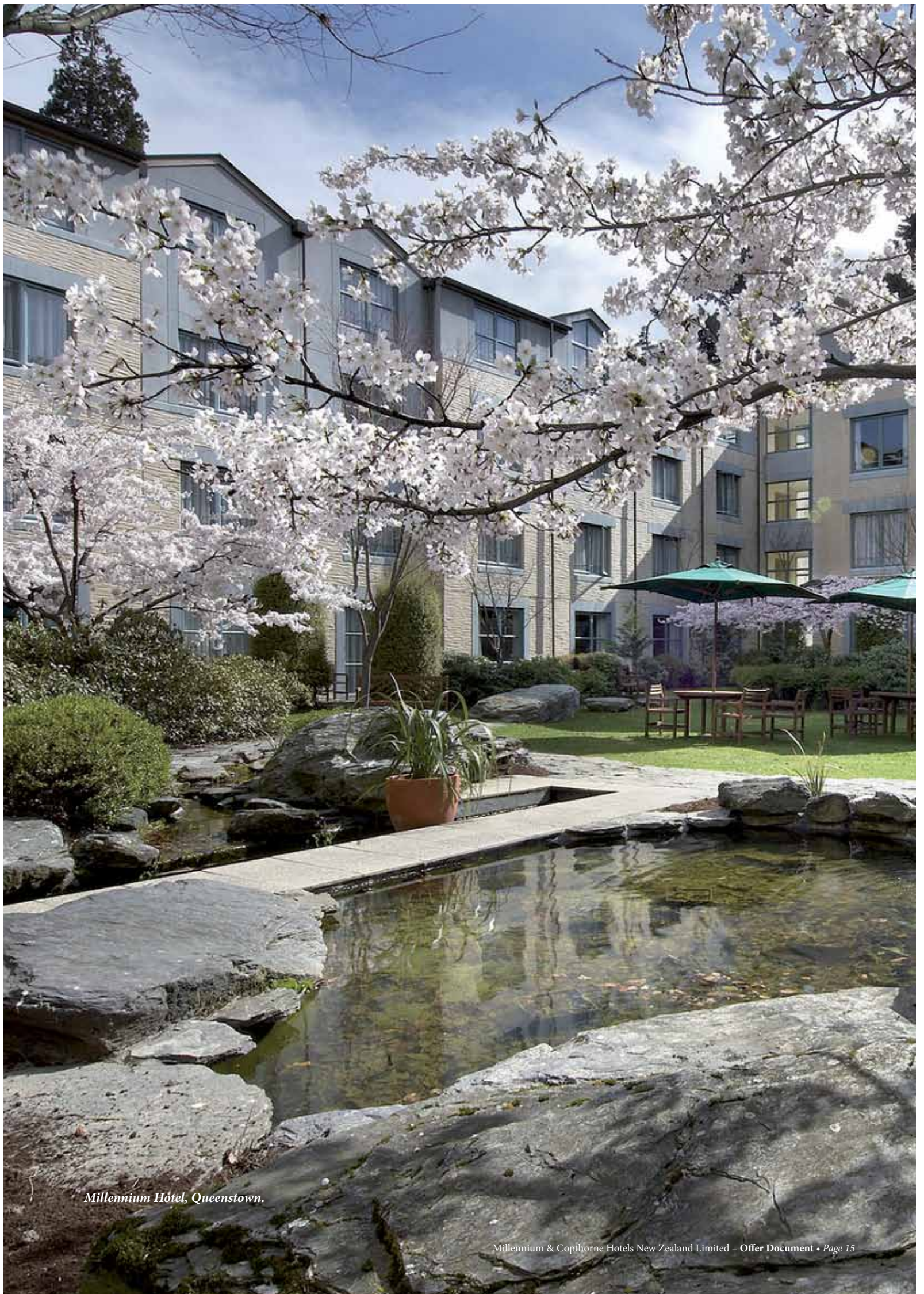
Copthorne-branded hotels and resorts are situated in regional business centres and resort

destinations, from the Bay of Islands in the far north, to Queenstown in the deep south. We pride ourselves on offering the very best in affordable luxury, friendly personal service and well-appointed leisure and corporate facilities.

Kingsgate-branded hotels provide business, leisure and family travellers with a consistent level of accommodation and “kiwi” hospitality. Kingsgate-branded hotels can be found in key locations throughout New Zealand.

A diagram showing our hotel ownership and operational structure is set out below.





Millennium Hotel, Queenstown.

3. About MCK (continued)

CDL Investments New Zealand Limited

We are the majority owner of CDL Investments New Zealand Limited (“CDI”), holding 67% of the shares in CDI. CDI develops a range of high quality residential sections for sale across a wide geographical spread in New Zealand with various price brackets.

Like MCK, CDI considers itself to be a selective investor and developer. Over its history, CDI has been primarily active in Auckland, Hamilton, Hawkes Bay and Canterbury.

First Sponsor

Since late 2007, we have had an investment in First Sponsor. First Sponsor is incorporated in the British Virgin Islands. Its principal operating subsidiary is FSGL, which is incorporated in the Cayman Islands. First Sponsor was established with the principal objectives of:

- (i) acquiring, developing and selling real estate in China, focusing on residential and

- commercial developments (which may comprise a hospitality component); and
- (ii) the ownership and/or operation of commercial real estate (including those with a hospitality component) and provision of real estate-related financing services in China.

First Sponsor was initially established in late 2007 with a view to taking advantage of a joint venture opportunity with a property group based in south-east China known as Guangdong Idea Valley Group Co., Ltd. (“i-Vale”). i-Vale had acquired property operations in and around various satellite cities in Guangdong Province and had developed a track record of residential and commercial property development and marketing of property for sale.

The joint venture between First Sponsor and i-Vale was terminated on 31 December 2010. After termination, the board of First Sponsor refocused its strategy on the development of real estate projects in Chengdu City, in Sichuan

Province. First Sponsor is now at a point where the majority of its completed real estate projects and future development pipeline is based in and around Chengdu. The First Sponsor group is also investigating new land acquisition opportunities in Dongguan City, in Guangdong Province.

Since 2007, we have invested approximately NZ\$155 million in First Sponsor. This funding was provided to assist First Sponsor to undertake various land purchases and property developments.

Overview of proposed refurbishment works

As described in the Chairman’s letter, we intend to use a portion of the proceeds of the Offer towards major hotel refurbishment projects. These include a thorough refurbishment and update of Copthorne Hotel Auckland Harbourn City (one of our most important properties) and a refurbishment and redevelopment of the Kingsgate Hotel Palmerston North.



Artist's impression of CDI's Stonebrook subdivision in Rolleston, Canterbury.



Artist's impression of the Millennium Waterfront project near Chengdu City, Sichuan Province, China.

Refurbishment of Copthorne Hotel Auckland Harbourcity

In our 2012 Annual Report, we referred to the fact that we were working on plans for the refurbishment of the Copthorne Hotel Auckland Harbourcity (a property that we own). While the scope of works and timeline is yet to be confirmed, we plan to undertake a major refurbishment of this hotel and its infrastructure commencing in 2015, with a view to the refurbishment being completed in 2016.

Our current intention is that all guest rooms and public areas will receive a comprehensive makeover, with new wall and floor coverings, furnishings and bathrooms. We expect that

guests will continue to have harbour views from every room. Further, we intend that conference spaces will be redesigned and reconfigured to meet market demand. The hotel is also intended to have new food and beverage offerings appropriate to its location near the Viaduct Harbour. The cost of this project is currently estimated to be approximately \$30 million.

Refurbishment of Kingsgate Hotel Palmerston North

We have recently commenced work on a refurbishment and redevelopment of the Kingsgate Hotel Palmerston North (another of our owned properties). Our expectation is that on completion

of this project (targeted by April 2014), guest rooms and public areas in the tower block will have received a thorough refurbishment to bring these rooms to Copthorne-brand standard. New wall and floor coverings and furnishings will be installed and critical infrastructure will be replaced. This project is estimated to cost approximately \$4 million

Works on other hotels

Other hotels within our group will be earmarked for refurbishment during the course of 2014 and 2015. These are likely to include Millennium Hotel Rotorua and Copthorne Hotel & Resort Queenstown Lakefront.

3. About MCK (continued)

Expected financial benefits of the proposed refurbishment works

We expect that the refurbishment of the Copthorne Hotel Auckland Harbourcity and the Kingsgate Hotel Palmerston North will result in an increase in each hotel's revenue and profitability following anticipated increased demand after completion of both projects. Actual forecast returns are not able to be calculated precisely as market conditions are subject to change. However, our track record with refurbishments has typically seen increases in the average occupancy and average room rate obtained by our refurbished hotels against our competitor set, and a corresponding increase in REVPAR (Revenue Per Available Room, which is the industry metric against which hotel profitability is measured).

First Sponsor Capital Call

We have received notice from First Sponsor that it intends to conduct the First Sponsor Capital Call in March 2014. The Board understands that the proceeds of the First Sponsor Capital Call will be utilised by First Sponsor to finance its expansion (in particular further development of its properties in Chengdu City, Sichuan Province, and new land acquisitions in Dongguan City, Guangdong Province, China) as well as the preparations for the Proposed FSGL IPO. The Board proposes to use approximately \$60 million of the proceeds of the Offer to allow us to take part in that capital raising in order to maintain our proportionate shareholding in First Sponsor.

As the First Sponsor Capital Call is to be undertaken in Singapore dollars, the actual New Zealand dollar amount to be invested by the MCK Group in the First Sponsor Capital

Call will depend on the New Zealand dollar / Singapore dollar exchange rate at the time of payment of funds for MCK Group's investment in the First Sponsor Capital Call.

If we did not subscribe for our full entitlement in the First Sponsor Capital Call, our interest in First Sponsor would be diluted. The Board considers that it is in our best interest to maintain our current ownership proportionate shareholding in First Sponsor, particularly given First Sponsor's planned expansion and the work in progress in connection with the Proposed FSGL IPO.

Since 2007, First Sponsor has built up a strong track record in Southern and Western China and is in the next stage of its development as a property developer. Any investment by MCK in First Sponsor involves a degree of risk. However, the Board considers that the expected returns from the proposed investment in the upcoming First Sponsor Capital Call justify this level of risk.

MCHNZ Investments Limited and Kingsgate International Corporation Limited reorganisation

We hold our investment in First Sponsor indirectly, through 100% owned MCHNZ Investments Limited ("MCHNZ Investments") and 61.3% owned Kingsgate International Corporation Limited ("Kingsgate International Corporation"). Following the completion of the Offer and the proposed First Sponsor Capital Call, it is intended that MCHNZ Investments and Kingsgate International Corporation will distribute or transfer all of their respective interests in First Sponsor to their shareholders (which would include MCK), and upon completion

of such distribution or transfer, we will have an interest in First Sponsor of approximately 34%.

Proposed First Sponsor Share Exchange

As at the date of this Offer Document, First Sponsor owns an approximately 98.7% interest in its principal operating subsidiary, FSGL.

Following the completion of the Offer and the First Sponsor Capital Call, but prior to the Proposed FSGL IPO, we understand that First Sponsor proposes to undertake a capital reduction. Under this capital reduction the shares in the capital of First Sponsor held by us would be exchanged for the shares in FSGL held by First Sponsor (the "**Proposed First Sponsor Share Exchange**"). In addition, new FSGL shares will be issued to First Sponsor management to enable equity participation in FSGL. Following this capital reduction and the FSGL new shares issue, we would expect to hold a stake of approximately 31.42% of the shares in FSGL. This stake is an estimate as it is dependent on the actual number of First Sponsor shares issued from the First Sponsor Capital Call which is in turn dependent on the prevailing exchange rate at the time of the First Sponsor Capital Call.

Proposed FSGL IPO

The Board understands that First Sponsor is currently working with its advisers with a view to implementing the Proposed FSGL IPO during 2014.

As noted above, if we participate fully in the upcoming First Sponsor Capital Call, and the new FSGL share issue and the Proposed First Sponsor Share Exchange are successfully completed, we would expect to own an approximately 31.42% interest

in FSGL immediately before the Proposed FSGL IPO.

A number of the key terms of the Proposed FSGL IPO have not yet been determined and there is no certainty that the Proposed FSGL IPO will be successfully implemented, either in 2014 or subsequently. We have little control over the preparation for the Proposed FSGL IPO and its successful implementation remains subject to factors outside our control (such as prevailing market conditions and the successful completion of various land tender acquisitions by the First Sponsor group).

Proposed Capital Return

In connection with the Proposed FSGL IPO, the Board is considering undertaking the Proposed Capital Return. Under the Proposed Capital Return, our investment in First Sponsor would be distributed *in specie* to our shareholders (including holders of Preference Shares) on a pro rata basis. If implemented, we envisage that the Proposed Capital Return would not involve a cash component (just a distribution of FSGL shares).

The Board's current intention is that the Proposed Capital Return would be implemented by way of a Court-approved scheme of arrangement under the Companies Act and would involve a capital reduction. A scheme of arrangement is a statutory mechanism that allows the Court to order that an arrangement, amalgamation, or compromise binds the company's shareholders and creditors.

If the Proposed Capital Return is successfully implemented, we intend to distribute our holding of shares in FSGL to our shareholders on a

pro rata basis in exchange for the cancellation of a given number of our issued Ordinary Shares and Preference Shares. It is intended that Ordinary Shares and the Preference Shares would rank equally for that distribution.

On completion of the Proposed Capital Return, it is intended that the MCK Group would not own any shares in First Sponsor and FSGL.

The particular requirements for a scheme of arrangement are determined by the Court. The Board's expectation is that, following the application by MCK to the Court, the Court will make an order directing that a shareholders' meeting be held to consider and, if appropriate, approve the Proposed Capital Return by way of a special resolution (i.e., a resolution which, to be passed, requires approval of 75% or more of the votes cast by shareholders entitled to vote and voting on the resolution).

In connection with such a shareholders' meeting, we would prepare meeting materials for shareholders that describe the Proposed Capital Return in more detail, including the implications for shareholders.

The Board's current intention is that the timetable for the Proposed Capital Return would be aligned with the timetable for the Proposed FSGL IPO, with both implemented in 2014. The Board's intention is that the Proposed Capital Return would be conditional on the Proposed FSGL IPO reaching a stage where there is a very high probability that it will be successfully implemented, to lessen any risk that MCK shareholders are distributed shares in an unlisted company (although it will not be possible to avoid that risk entirely).

Like the Proposed FSGL IPO, a number of the key terms of the Proposed Capital Return are yet to be determined and there is no certainty that it will be successfully implemented, either in 2014 or subsequently. The Proposed Capital Return is likely to be subject to various conditions, including Court and shareholder approval, which may not be satisfied. Further, the process for a Court-approved scheme of arrangement allows the opportunity for certain parties to object to the Court. Any such objection could delay or disrupt the implementation of the Proposed Capital Return.



Copthorne Hotel, Oriental Bay, Wellington.



Millennium Hotel, Rotorua.

4. Risks

Investors should be aware that there are risks associated with an investment in the Preference Shares.

The summary of risks presented below, many of which are beyond our and the Board's control, is not exhaustive and this Offer Document does not take account of your personal circumstances, financial position or investment requirements. It is important that, before making any investment decision, you give consideration to the suitability of an investment in the Preference Shares in light of your investment needs, objectives and financial circumstances. You should read this Offer Document in its entirety and, if you are in any doubt as to the action to take, consult your NZX Primary Market Participant, sharebroker, accountant or other professional adviser before deciding whether to take up your Rights to Preference Shares.

The **principal risk** of an investment in the Preference Shares is that you may be unable to recoup your original investment amount. This could happen for a number of reasons, including:

- the price at which a Preference Share can be sold being less than the Issue Price;
- the market for Preference Shares being illiquid, not becoming established or ceasing to exist; or
- our business circumstances changing significantly, such that you could receive none, or only some, of the amount you have invested.

There is no guarantee that any dividends will be declared or other distributions made to the holders of the Preference Shares and Ordinary Shares following the issue of the Preference Shares. Similarly, there is no guarantee that any of the Preference Shares will be redeemed.

Risks associated with the Proposed FSGL IPO and Proposed Capital Return

The Proposed FSGL IPO may not proceed

There is no certainty that the Proposed FSGL IPO will proceed and that FSGL will be listed on the Singapore Exchange. Whether equity market conditions will be suitable for the Proposed FSGL IPO to occur within the targeted timeframe, and whether the IPO will be able to be completed at a value that is acceptable to FSGL's shareholders, are each factors outside of our control. The completion of a successful IPO will depend upon (among other things) equity market conditions at the relevant time, the progress FSGL has made in the implementation of its business plan and investor interest in, and demand for, shares in FSGL.

There is also a risk that the Proposed Capital Return proceeds but that the Proposed FSGL IPO is subsequently withdrawn or not completed. For example, Singapore securities laws provide that under certain circumstances, the Monetary Authority of Singapore may direct a company which has registered its prospectus for a public offering of its shares not to allot, issue or sell such shares. If FSGL were to receive such a direction, it would have an adverse effect on the viability of the Proposed FSGL IPO or otherwise substantially delay the Proposed FSGL IPO. If the Proposed Capital Return proceeds but the Proposed FSGL IPO is subsequently withdrawn or not completed, you may be distributed shares in FSGL which are not listed on the Singapore Exchange. In such circumstances there is no guarantee that a market would develop or exist for the FSGL shares, and it may be difficult for you to sell or realise any

value for your shares in FSGL.

If the Proposed Capital Return proceeds, as FSGL is a non-resident company, New Zealand investors' shareholdings in FSGL will be subject to New Zealand's Foreign Investment Fund ("FIF") taxation regime. Depending on your personal circumstances, the Fair Dividend Rate ("FDR") method under the FIF regime may be applicable to the FSGL shares. This and/or any other taxation liabilities could negatively affect any returns from holding shares in FSGL directly. Investors should seek their own tax advice about the tax treatment of the shareholding in FSGL, if the Proposed Capital Return proceeds.

The Proposed Capital Return may not proceed

A number of the key terms of the Proposed Capital Return are yet to be determined and there is no certainty that it will be successfully implemented, either in 2014 or subsequently. The Proposed Capital Return would be subject to various conditions, including Court and shareholder approval, which may not be satisfied. Further, the process for a Court-approved scheme of arrangement allows the opportunity for certain parties to object to the Court. Any such objection could delay or disrupt the implementation of the Proposed Capital Return. In that event you may not receive any shares in FSGL through the Proposed Capital Return.

Further Investment in First Sponsor

If the Proposed Capital Return is not implemented and therefore we retain our interest in First Sponsor, there is a risk that First Sponsor (or FSGL if it is listed) could require further capital in addition to the upcoming First Sponsor Capital

4. Risks (continued)

Call. If we do not elect to participate fully in any such subsequent capital raising, our shareholding in First Sponsor (or FSGL) may be diluted, which may adversely impact on our financial position or performance. Alternatively, participating in any such capital call may require us to forgo other investment opportunities and may also adversely affect our cashflows.

FSGL shares may decrease in value following the Proposed FSGL IPO

If the Proposed FSGL IPO and Proposed Capital Return are completed we expect that you will receive shares in FSGL. There is, however, a risk that you may be unable to receive value from a shareholding in FSGL. This could happen for a number of reasons, including:

- the price at which a FSGL share can be sold being less than the initial value of the FSGL share at the time of its distribution under the Proposed Capital Return;
- if for any reason you are unable to trade your FSGL shareholding on the Singapore Exchange (for example if you are unable to open the relevant securities account and/or trading account);
- the market for FSGL shares being illiquid or ceasing to exist;
- unfavourable changes to the exchange rate between your local currency and the Singapore dollar. As we understand that the FSGL shares are proposed to be listed and traded on the Singapore Exchange in Singapore dollars, the value of your investment in FSGL shares may be affected by any movement in the cross exchange rate between

the Singapore dollar and your local currency;

- FSGL's business circumstances changing significantly, such that you could receive none, or only some, of the initial value of your shareholding in FSGL; and
- further, you will continue to be exposed to risks associated with the trading performance of the First Sponsor business, albeit that your exposure will be a direct exposure rather than indirectly through your investment in MCK. The Board understands that those risks will be set out in detail in a prospectus that FSGL will prepare in connection with the Proposed FSGL IPO.

Risks associated with our business

The **specific risks** related to an investment in our business are as follows:

Exposure to First Sponsor risk

Through our wholly-owned subsidiary, MCHNZ Investments Limited, and our 61.3% owned subsidiary, Kingsgate International Corporation Limited, we have (as at the date of this Offer Document) an approximately 34% interest in First Sponsor. This interest now represents a material proportion of our assets. Our profitability is accordingly affected by the level of success that First Sponsor has in implementing its business plan, the value of its assets and the level of distributions we receive from First Sponsor. There is no guarantee that First Sponsor will pay dividends or provide any other distribution to its shareholders.

In addition, as described in section 3 of this Offer Document, First Sponsor's business model includes pursuing real estate development

opportunities in China, which has a different risk profile to our core business of owning and operating hotels in New Zealand. Accordingly our available cash flow and profitability may be negatively impacted by the performance of First Sponsor and the distribution policy adopted by its board of directors.

Tourism related risks

Changes of travel patterns into / within New Zealand

Our hotel business is dependent upon business and commercial travel, leisure travel and tourism. Changes in the demand for hotel rooms as a result of travel patterns including (but not limited to) availability and frequency of air transport to, from and within New Zealand, the length of stay of domestic and international visitors, increased costs of travel, labour and other disputes, and adverse weather patterns may affect the rate of occupancy at any of our hotels and may, as a consequence, impact our revenues and financial performance. The demand for hotel rooms in New Zealand is currently relatively flat and, in particular, the main stimulant to the market is the continued growth in Chinese visitors to New Zealand. Therefore, in particular, any decrease in the number of Chinese visitors to New Zealand may adversely impact our revenues and our financial performance.

Competition / Sales risks

Our hotel operations operate in a very competitive market. We are currently able to differentiate our operations through our three-tiered branding (Millennium, Copthorne and Kingsgate) but increased competition to levels not currently encountered or anticipated could

adversely affect our occupancy and room rates, operating margins, market share and ability to attract or retain business. The addition of new rooms by competitors in key markets may also cause the oversupply of rooms for sale in any given market and may also affect pricing and yields. Any of these occurrences may adversely affect our revenues and financial performance. While we strive to remain as competitive as possible in all the markets we operate in, there is no guarantee or assurance that we will be able to compete successfully in the future against current or future competitors. There is also the possibility of a competitor introducing new technology or new product offerings into the market or of a competitor following an aggressive pricing / discount strategy which could affect our ability to compete effectively in our markets and our revenue and profitability.

Seasonality risk

Our business is subject to seasonal fluctuations and, like other accommodation operators in New Zealand, historically we have experienced higher demand in the spring and summer seasons and during other peak periods during the year. We have some limited flexibility with our fixed costs and have put in place initiatives to make cost savings within our operations, but our core input and operational costs do not fluctuate materially throughout the year.

General business risks

Key supplier risk

Like other businesses in the tourism and accommodation sectors, we are reliant on our ability to procure and maintain key supplies and services which are required to continuously

operate our businesses. These include plant and equipment, food and beverages and other consumables as well as other materials. A failure of supplies may be due to circumstances outside our control but may result in adverse consequences to our business. We are also dependent on external suppliers for a number of principal business needs. These are wide-ranging, but include wholesale agents and other distributors, online travel and booking agencies, software and IT service providers, global distribution systems, credit and debit card companies and related entities. There is a risk that if any of these third parties is unable, or chooses not, to provide services to us, there will be consequential effects on our operations and financial performance if we are unable to source replacement goods or services immediately or only on unfavourable or less favourable commercial terms.

High New Zealand dollar

The New Zealand dollar is trading at a high value relative to other currencies. The high New Zealand dollar is making New Zealand an expensive travel destination for some travellers, and may act as a disincentive to travellers to New Zealand. Any associated reductions in visitor numbers to New Zealand as a result of the continued high value, or any further increase in the relative value, of the New Zealand dollar may adversely affect our revenue and financial position

Foreign currency risk

Because foreign visitors into New Zealand represent a substantial portion of our total guest numbers annually, we are exposed to currency risk on some transactions we

undertake. These include payments for accommodation and services rendered. In addition, certain of our payments to suppliers are required to be made in currencies other than the New Zealand dollar, for example, to various overseas suppliers, and for the acquisition of plant and equipment from non-New Zealand suppliers. While we attempt to mitigate some of these risks by purchasing forward exchange contracts from time to time, there is no guarantee that such mitigation measures will effectively protect us against exposure to currency risk and sudden adverse changes may result in an adverse effect on our financial performance and position.

All of our current borrowings are denominated in New Zealand dollars. Should we choose to obtain funding in a currency other than New Zealand dollars, then we would be exposed to foreign currency risks on that funding. We are further exposed to foreign currency risk as a result of our continued investment in First Sponsor and any associated capital calls for First Sponsor.

Franchise partner risks

Our New Zealand hotel portfolio consists of 23 hotels, of which we own or lease 13 while the remainder are franchised or managed operations. The franchise agreements are for various terms depending on the hotel involved and the renewal terms. Should one or multiple franchisees elect to terminate or not renew their agreements, we would lose the ability to market the relevant hotels as part of our New Zealand and global network. This may impact us in a number of ways including, for example, our ability to offer our domestic and international customers a country-wide network of

4. Risks (continued)

hotels for tour or corporate business and this may negatively impact our revenues.

Global geopolitical risk

The global tourism and accommodation industries are exposed to global instability and other factors that impact on travel and visitor numbers. Local, regional and international political conditions in markets from where our international visitors originate could adversely affect our business. The occurrence or threat of terrorist attacks, and whether occurring locally or internationally, as well as the occurrence or threat of pandemics, natural disasters and military actions could have a material adverse effect on us even though we may not be directly involved or targeted by these events. Such events may result in a reduction in visitor numbers to our hotels as demand for accommodation drops, and any such reduction may have an effect on our financial and operational performance.

Brand risk

We licence our main trademarks from the Millennium & Copthorne Hotels group. These brands are promoted and used globally and have significant value. We rely on the positive recognition of these brands to attract and retain guests at our hotels, as well as retaining employees and shareholders. Because these brands are part of a global network, their value and perception may be affected by events that take place locally and internationally. In addition, losing the use of or being required to modify the use of the “Millennium” and “Copthorne” brands may cause changes in the public perception of our hotels and

may have an adverse effect on our business.

Key personnel risks

We are dependent on retaining our key personnel to preserve operational and industry knowledge and to execute our business processes and strategies. The loss or substantial turnover of such employees could adversely affect our ability to continue operations, develop strategy and identify new and improved business practices and policies. This may adversely affect our financial performance.

Possible minimum wage increase

We employ a large number of staff across multiple sites in New Zealand and are subject to changes to employment legislation. The New Zealand Labour political party has indicated that it would enact legislation to materially increase the current minimum wage if it is elected and forms a government following the 2014 New Zealand general election. If this occurs, it would have a significant impact on our operational costs, and may negatively affect our financial performance.

Information technology related risks

We are heavily reliant on information technology and communication systems to operate our businesses. These systems include computer hardware and networks, software (including internet-based systems) telecommunications and other related systems, some of which are provided by external third parties. Our ability to manage sales and current and future bookings, process reservations at each hotel, manage our revenue and finance systems and other business critical operations are dependent upon the uninterrupted and efficient operation

of these information technology and communication systems, including our property management and reservations systems. We have disaster recovery plans and systems in place. However, such measures remain vulnerable to failures outside of our control, such as power outages, acts of sabotage, computer viruses and other events. A major or prolonged failure of these systems would have material adverse effects on our business operations and, consequentially, impact our revenues and financial performance.

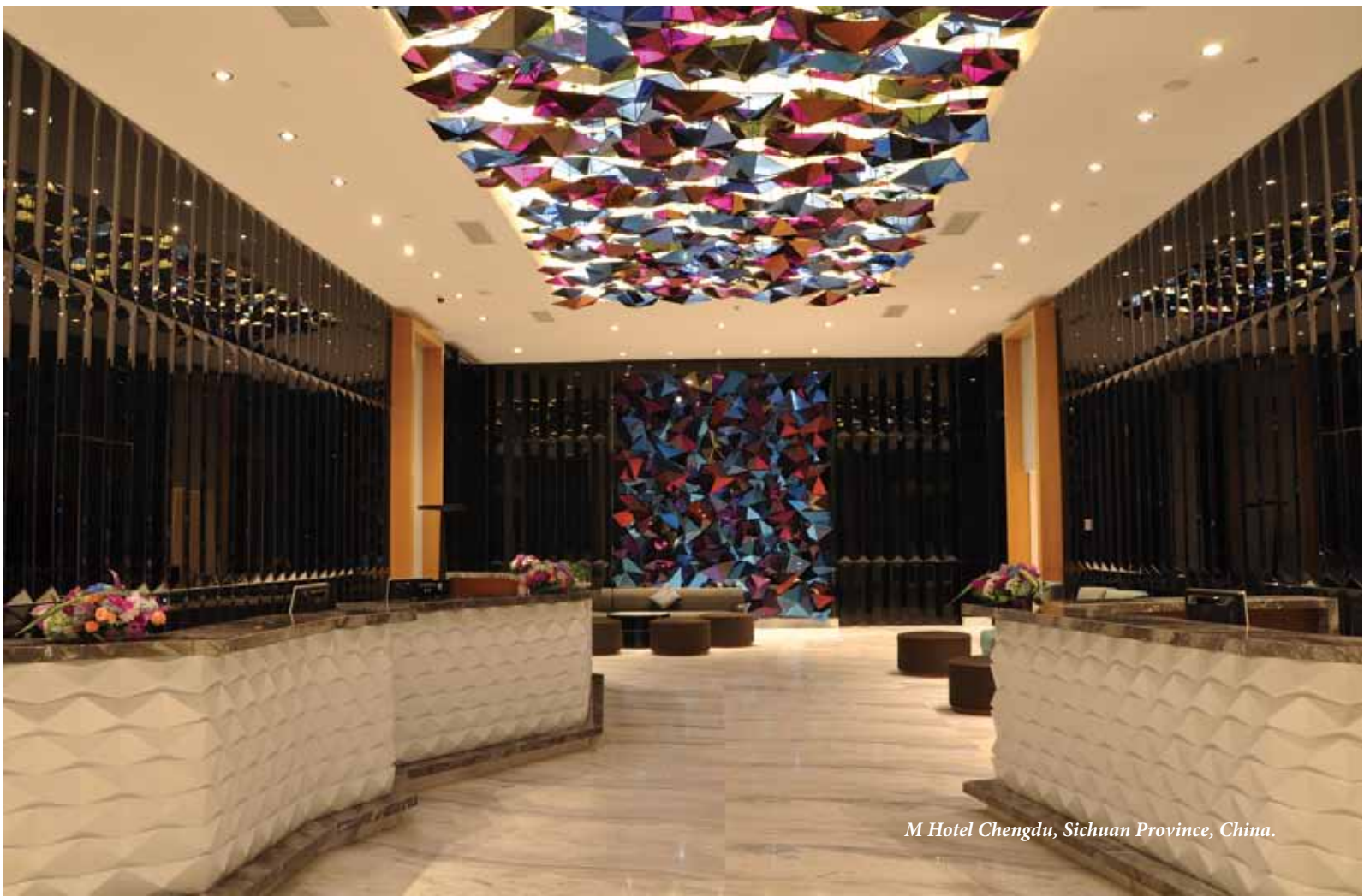
Furthermore, our information technology and communication systems are run on a centralised network at our Auckland corporate office. Extended disruption to these systems as a result of an adverse event at our Auckland corporate offices could, accordingly, affect the operation of all of our businesses.

We are proposing to commence a rollout and testing of new information technology and communication systems in early 2014. Any disruptions to our systems as a result of this rollout and testing may have an adverse affect on our operations and, accordingly, upon our revenues and financial performance.

Property related risks

Property price risk

We are a major hotel owner and operator and also hold a majority shareholding in NZX-listed property developer CDI. These holdings provide us with exposure to the New Zealand property markets for hotels as well as for residential sections. As such, the value of, and returns from these property assets to us may fluctuate depending on a range of factors, such as (but not limited to):



M Hotel Chengdu, Sichuan Province, China.

- the volume of hotel and residential sales;
- property market conditions generally, including fluctuations in property prices;
- general economic factors, such as interest rates and social factors (such as population demographics);
- changes in buyer sentiment of the overall market;
- confidence in the tourism sector and visitor arrivals into New Zealand; and
- changes in laws and regulations relating to property development and property operation.

Damage to, or destruction of, property

We have a portfolio of 13 owned and/or operated hotels across New Zealand and these are operated on a continuous basis. In addition, CDI holds a number of property assets. Damage to, or the destruction of,

one or a number of properties or buildings (for example through fire, earthquake, storms, floods or other natural disaster) could adversely affect our business resulting in a loss of revenue (hotel revenue or land sales revenue). The extent of any adverse impact depends on the degree to which (if any) we are able to recover the cost to us of the damage or destruction (including lost revenue) from insurers or any other liable parties and our ability to rebuild or repair the damaged or destroyed property or buildings and recommence profitable trading within a reasonable period of time. The CDI land portfolio is not insured as the costs of effecting insurance are considered by CDI to be prohibitive. CDI only insures its corporate offices. Accordingly any damage to, or the destruction of, any of these uninsured properties could have a material adverse effect on the financial position and performance of CDI and therefore MCK.

Property expenditure and development

Hotel operations are a capital-intensive business. From time to time, there is unanticipated expenditure on properties (such as urgent repair or maintenance costs or expenses which are significantly higher than anticipated or unanticipated). Such expenditure may affect or reduce our cash flow, earnings and profitability, except to the extent that any amounts spent may be recoverable under any applicable warranties or insurance policies.

In addition to unanticipated expenditure on properties, we are subject to ongoing and significant capital expenditure on our properties in order to maintain their general condition and attractiveness to potential guests (including in relation to earthquake strengthening requirements). This ongoing expenditure must be managed carefully to ensure that it does not

4. Risks (continued)

adversely impact upon our cash flow. Such capital expenditure on our properties may exceed budget (including the proposed refurbishment of the Copthorne Hotel Auckland Harbourcity and the Kingsgate Hotel Palmerston North), and it is difficult to estimate the likelihood of such overruns until the projects are underway. Any such overruns may impact our cashflow availability and affect our funding requirements. In addition, redevelopment projects may require the relevant hotel to be closed while the redevelopment is undertaken. Delays in completing the relevant redevelopment may therefore

adversely affect our cashflows and profitability.

Potential claim for rectification works

An Australian majority-owned subsidiary of MCK is facing a claim for rectification works relating to a development project completed in 2003. The subsidiary was not involved in the construction works but is being sued as the overall developer after the construction firm was put in statutory administration and became subject to a moratorium. Liability is disputed by the subsidiary. The quantity of the claim is subject to expert quantification, but the current exposure is estimated to be

between A\$2 million and A\$3 million. Provisions have been made for the works in the subsidiary's financial accounts. We are not directly involved in this matter, although the value of our investment in the subsidiary would be reduced if it was required to meet rectification costs.

Geographic risks

We are subject to various geographical risks. Our hotel portfolio is not concentrated in or reliant on any one location but two hotels (one owned, one leased) are located in the Auckland CBD, two hotels (both owned) are located in Rotorua and three hotels (two owned, one majority owned) are



located in Queenstown. Through our shareholding in CDI, we also have exposure to geographical risk in Auckland, Hamilton, Hawkes Bay, Nelson and Canterbury (Christchurch and Rolleston). Our investment in First Sponsor is also particularly exposed to geographical risk, in Sichuan and Guangdong Provinces, China. As such we are subject to any changes in the various local economies we have operations in and to any natural disasters (such as earthquakes) or other events that affect those and other regions where we have hotel or property interests. Any such adverse changes or events may impact our revenue, profitability and financial position, including

through our investment in CDI, First Sponsor and any other investments.

Christchurch rebuild

Damage from the 2010 and 2011 earthquakes caused us a significant loss in revenue (approximately \$20 million annually based on the pre-earthquake revenue figures of the three hotels operated in Christchurch) and this loss of revenue as well as the consequential effects has required us to fundamentally re-evaluate our business model in the Canterbury region, and may adversely affect our business and operations.

We have interests in two properties in the Christchurch CBD, being

Millennium Hotel Christchurch (leased) and Copthorne Hotel Christchurch Central (now demolished). Works to repair Millennium Hotel Christchurch have been suspended pending further discussions between the insurers and the owner. A timeline for the repair of the hotel has not been provided by the owner and there is a risk that the repairs may continue to be delayed. Consequently, we are unable to determine whether we will be able to recommence trading at the hotel prior to expiry of the lease in late 2015. The rental for this hotel has been abated while repairs are being carried out. In respect of Copthorne Hotel Christchurch Central, the land



Copthorne Hotel & Apartments Queenstown Lakeview.

4. Risks (continued)

remains under a designation imposed by the Christchurch Earthquake Recovery Authority and until the designation is removed, the land may be acquired by the Christchurch Earthquake Recovery Authority at a price which may cause us a loss. We may also be affected by other issues such as changes to laws and by-laws such as land zoning, regional or district plans, development contributions which may give rise to additional obligations or expenditure or changes to existing or future plans in Christchurch.

Governmental / regulatory risk

Our operations are regulated by a range of laws and regulations. In particular, these laws and regulations govern our property assets and works carried out on those assets often require various consents and approvals from councils and other local and governmental authorities (including, for example, resource and building consents). There is no guarantee that we will be able to obtain such consents and approvals for future development activities, including in relation to the proposed refurbishment works at Copthorne Hotel Auckland Harbourcity and Kingsgate Hotel Palmerston North. Alternatively, consents we obtain may be subject to onerous conditions. A failure to obtain such consents on acceptable terms may have an adverse effect on our operations and financial position.

Changes to laws and regulations governing the way we are able to use and operate our property assets may result in an adverse effect on our financial position and operations. Town planning or local authority regulatory requirements may become more stringent (for

example, earthquake strengthening requirements for buildings) and may result in increased capital expenditure by us to bring properties in line with those requirements. Other government policy changes (central or local) may impact taxes, surcharges, levies and other charges which are required to be paid by us and our subsidiaries and may also create adverse effects on our revenues and yields such that our financial position is affected.

Overseas person risk

Due to our majority ownership by an overseas entity, we are classified as an “overseas person” under the Overseas Investment Act 2005 (“OIA”). As such, we may be required to obtain consents under the OIA in relation to acquisitions of land which are defined as ‘sensitive’ or acquisitions which involve the acquisition of significant business assets in New Zealand as set out in the OIA. The application of the criteria for consent for an acquisition of sensitive land has recently become more stringent and includes demonstrating substantial and identifiable benefits to New Zealand compared with the counterfactual position. The need to obtain OIA consent could materially affect our ability to complete acquisitions in New Zealand quickly and efficiently and could make us relatively uncompetitive when competing with purchasers that are not “overseas persons” for the purposes of the OIA.

China property market risks

The level of development progress and/or sales made by First Sponsor is dependent on the prevailing economic conditions in China and First Sponsor’s contribution to our

revenues and profitability may be affected if First Sponsor is not able to continue to develop and sell property on a profitable and sustainable basis as a result of adverse changes in the Chinese economy or property market. Our revenue and financial performance may also be affected by changes to laws and regulations (including, but not limited to, changes in foreign exchange or currency regulations, land tax rates, access to finance, property ownership and use restrictions) either by the local or regional territorial authorities or by changes made by the central government which may affect the ability of First Sponsor to trade or conduct or continue its development and sales activities.

Taxation risks

We are subject to taxation risks as tax laws in the jurisdictions in which MCK and its subsidiaries operate, as well as New Zealand and foreign tax authorities’ interpretations of those laws, may change over time. For example, any change to the current rate of company income tax in New Zealand or Australia will impact on shareholders returns (including investors’ returns from participating in the Offer). Further, any changes to New Zealand’s international tax regime, including the operation of the Foreign Investment Fund rules, could impact on taxation liabilities in relation to MCK’s shareholding in First Sponsor (and shareholders’ own taxation liabilities, if FSGL shares are distributed *in specie* to shareholders through the Proposed Capital Return).

Insurance and funding risks

Insurance

We have in place material damage, business interruption and public

and statutory liability insurance in respect of our hotel properties and operations. Some of our insurances are obtained both locally and some are obtained as part of the wider Millennium & Copthorne global insurance policies. The structure of the various policies provide that some types of losses (such as earthquakes and volcanic eruptions) that are insured are subject to certain limits or higher deductibles. We review and renew our insurance programme annually and the scope and cost of insurance is dependent on a number of factors such as available capacity in the New Zealand and global insurance markets, continued availability and extent of cover, the nature of the risks to be insured, our claims history and the costs involved. These factors will be affected if a significant event outside of our control occurs – for example, if a significant natural disaster occurs, we may be unable to obtain continued insurance cover for some of our properties or the price of cover may be prohibitive which would result in a reduction in the value of the affected properties.

Funding

We secure funding through equity capital and debt funding (bank facilities). Our ability to obtain funding on favourable terms depends on a number of factors including general economic, capital market and credit market conditions. If we are unable to secure funding or there is a material increase in the cost of funding (e.g. through an increase in interest rates or an increased cost of capital), this may have an adverse impact on our financial performance and position and our ability to

refinance our debt, grow, diversify, or pay dividends to our shareholders.

Banking covenants

We have various covenants under our current banking facilities, including (but not limited to) loan to valuation requirements. Under our current bank facility agreement, our maximum loan to valuation ratio is 50%. There is a risk that adverse property market movements could cause our loan to valuation ratio to exceed 50% and thereby result in a breach of banking covenants. In addition, other factors such as declines in operating profits or material adverse changes in our operations could also lead to a breach of banking covenants by us. Our continuing compliance with our banking covenants would need to be carefully reviewed if there were additional capital calls by First Sponsor (if the Proposed FSGL IPO and the Proposed Capital Return do not occur). If a breach of the banking covenants occurred, our lenders might exercise their rights to cancel their banking facilities and/or require the loans to be repaid immediately or on demand. The lenders might also exercise their rights under the security arrangements and require us to sell the properties which are secured under the banking facilities, in order to remedy the breach. Any such actions could have a material adverse effect on our operations, revenue and financial performance.

General business risks

Our business and our performance are subject to changes in the general economic conditions within New Zealand and overseas, including but not limited to demand in key

economic sectors, consumer and business confidence, inflation, interest rates, exchange rates and the government's regulatory and fiscal policy. A downturn in the New Zealand economy could impact our revenue and financial performance.

From time to time, we are involved in lawsuits and claims arising out of our business operations which may include claims brought by our guests, employees, public and governmental bodies. The outcomes of any such claims and lawsuits cannot be determined with certainty.

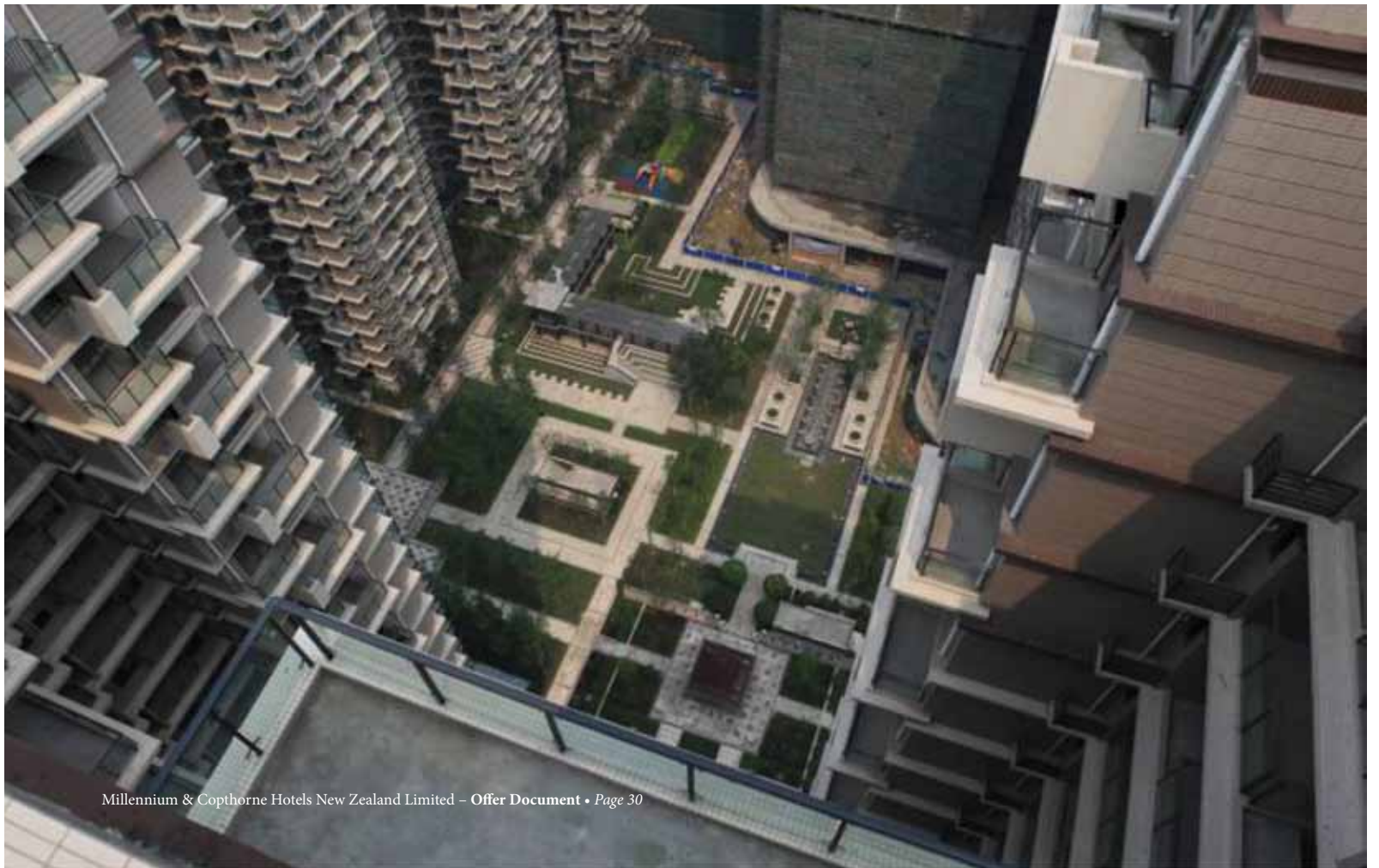
At the date of this Offer Document, there is no major litigation or claims against the Company itself that would give rise to an adverse effect on our business. An Australian subsidiary company is the subject of a claim for rectification works relating to a development project completed by it and this is referred to further above under "*Potential claim for rectification works*".

Changes in accounting standards

As an issuer and a listed company, we are required to comply with the New Zealand Equivalent to International Financial Reporting Standards. From time to time the new or amended accounting standards issued by the External Reporting Board may require changes in the accounting policies currently adopted by us. Any new or amended accounting standards could impact our financial position or financial performance.



Chengdu Cityspring, Chengdu City, Sichuan Province, China.



5. Details of the Offer

Issuer

The issuer of the Preference Shares is Millennium & Copthorne Hotels New Zealand Limited (“MCK”). MCK is a company registered under the Companies Act 1993. Its registered office as at the date of this Offer Document, is at Level 13, 280 Centre, 280 Queen Street, Auckland, New Zealand.

The Offer

The Offer is a pro rata renounceable offer of Preference Shares.

Eligible Shareholders are entitled to subscribe for 1 Preference Share for every 2 Ordinary Shares held at 5.00pm on the Record Date, at the Issue Price of \$0.64 per Preference Share. The Issue Price is payable in cash and in full on application. You are not required to pay for your Rights, only for the Preference Shares which will be issued to you if you choose to take up all or some of your Rights.

The Offer opens on 3 March 2014 and closes at 5.00pm on 19 March 2014. The intended timetable for the Offer is set out in section 2 of this Offer Document.

The maximum number of Preference Shares being offered under the Offer is 174,634,365⁴ and the maximum amount to be raised is approximately \$112 million.

Terms of the Preference Shares

The Preference Shares are redeemable equity securities of MCK.

Entitlement to distributions made by MCK

The Preference Shares will rank equally with our Ordinary Shares in

respect of all distributions we make to our shareholders (including the payment of dividends) and will rank in priority to our Ordinary Shares for any distributions we make in connection with our liquidation.

Therefore, in respect of any dividend declared by the Board, a Preference Share will entitle the holder to receive a dividend equal to that which an Ordinary Share entitles its holder to receive.

Voting rights

Except as set out below, the Preference Shares are non-voting securities.

A Preference Share will entitle the holder to attend (in person or by proxy), speak and vote at any class meeting of holders of Preference Shares.

In addition, a Preference Share will entitle the holder to:

- receive copies of any materials we send to holders of Ordinary Shares, (including notices of Shareholder meetings); and
- attend (in person or by proxy) and speak, but not vote, at any meeting of our Shareholders.

However, a Preference Share will entitle the holder to vote at a meeting of our Shareholders if:

- the resolution in question varies the rights attached to the Preference Shares; or
- at the time of the meeting, MCK is in arrears in respect of the payment of a dividend to holders of Preference Shares.

Redemption

The Preference Shares are redeemable securities. However, there is no fixed date for redemption of the

Preference Shares.

Board's election but special resolution required.

The Preference Shares may be redeemed, in whole or in part (on a pro rata basis), at the option of our Board at its discretion but subject to approval by way of special resolution by holders of the Preference Shares. Accordingly, the Preference Shares may only be redeemed if the redemption has first been approved by a majority of 75% of the votes of the holders of Preference Shares entitled to vote and voting on a resolution to redeem the Preference Shares at a meeting of Preference Shareholders.

Redemption price

On redemption of a Preference Share, MCK will pay the holder an amount (“Redemption Amount”) equal to the higher of the:

- 20 day volume weighted average sale price of the Preference Shares (the “VWAP”); and
- Issue Price of \$0.64 for that Preference Share.

VWAP

The VWAP will be calculated as the average of the individual daily volume weighted average sale prices (expressed in cents and decimals of cents) per Preference Share of MCK, calculated on all price-setting trades of MCK Preference Shares which take place through the NZX Main Board equity securities market operated by NZX Limited on each of the twenty trading days prior to the date on which the Board resolves to redeem Preference Shares (subject to Preference Shareholder approval).

If no sales of Preference Shares occur during such period, then the VWAP

⁴Calculated as at 14 February 2014. Fractional entitlements will be rounded up to the nearest whole number. The maximum number of Preference Shares available for subscription is not able to be finally determined until the Record Date (i.e. 26 February 2014).

5. Details of the Offer (continued)

will be deemed to be the sale price for a Preference Share of MCK on the first sale on the NZX Main Board which takes place after such period.

The VWAP so determined under this formula may be reasonably adjusted by the Board to allow for any bonus or dividend or other distribution expectation or if, in the opinion of the Board, any exceptional or unusual circumstances have artificially affected the VWAP so determined.

Redemption notice

Following receipt of approval of the holders of Preference Shares to a redemption, we will redeem the Preference Shares by giving notice (“**Redemption Notice**”) to all holders of Preference Shares.

A redemption notice shall take effect, and the Redemption Amount shall be paid, on the date specified in the Redemption Notice, being not less than 30 days after the date of the Redemption Notice.

Holders of Preference Shares have no right to require us to redeem any Preference Shares.

Partial redemption resulting in less than a minimum holding

If we determine to make a partial redemption of Preference Shares and as a result of that partial redemption a holder is left with less than a minimum holding of Preference Shares (for the purposes of the NZX Main Board Listing Rules), then we may give a Redemption Notice in respect of all of the remaining Preference Shares held by that holder.

Effect of Redemption Notice

If we give a Redemption Notice then immediately after payment by us to you of the Redemption Amount (for each Preference Share you hold), we will redeem each Preference Share.

Right to redeem Preference Shares

We may also redeem Preference Shares on and off-market in accordance with the provisions of the Companies Act and the NZX Main Board Listing Rules. Any Preference Shares redeemed by us may be held by us as treasury stock pursuant to our constitution, the NZX Main Board Listing Rules and the Companies Act.

Return of surplus assets on liquidation

On a return of our surplus assets on a liquidation, the assets will be applied between the holders of Preference Shares and the holders of other classes of shares as follows:

- first, in allocating to holders of Preference Shares an amount equal to the Issue Price of \$0.64 in respect of each Preference Share held;
- secondly, the balance will then be allocated on a pro rata basis among the holders of Ordinary Shares and of any other classes of shares in our capital ranking behind the Preference Shares, such that each such shareholder will be allocated an amount up to the Issue Price of \$0.64 in respect of each share; and
- finally, if there is any surplus remaining to be distributed, all Preference Shareholders, Ordinary Shareholders and holders of any other classes of shares will rank equally on the distribution of that remaining surplus.

No conversion right

A holder of a Preference Share will not have the ability to convert a Preference Share into an Ordinary Share.

Amendment of terms of Preference Shares

The rights, privileges, limitations and conditions attaching to Preference Shares may only be amended with the approval of:

- the Board; and
- a special resolution (within the meaning of the constitution) of holders of Preference Shares passed at a meeting of such holders convened by the Board.

Proceeds of Offer

If the Offer is subscribed for in full, the total gross proceeds of the Offer received by MCK will be approximately \$112 million, and approximately \$111.3 million net of fees and costs.

The purpose of the Offer is to raise new capital, which is to be used to:

- meet our proportionate share of the First Sponsor Capital Call (being approximately \$60 million);
- repay some of our current banking facilities; and
- provide us with funds to carry out certain refurbishment works at certain of our hotels, such as the Copthorne Hotel Auckland Harbourcity and Kingsgate Hotel Palmerston North.

The proceeds raised under the Offer will be applied first to enable us to subscribe for our full proportionate entitlement in the First Sponsor Capital Call (as to approximately \$60 million), secondly (if sufficient proceeds are raised under the Offer) towards repayment of part of our current banking facilities (as to approximately \$40 million), and finally (if sufficient proceeds are raised under the Offer) towards our planned refurbishment works



(proposed to be as to approximately \$12 million).

These amounts are indicative only and may be varied by the Board at its discretion.

In the event that the First Sponsor Capital Call does not proceed as anticipated, the funds raised under this Offer may nevertheless be applied towards any subsequent capital call by First Sponsor.

Eligibility

Under the Offer, Preference Shares are being offered only to Eligible Shareholders on a pro-rata renounceable basis. For those Eligible Shareholders who apply for their Rights to Preference Shares in full, the Offer will have no dilutive

effect on their present economic interests in the Company. Those Eligible Shareholders who sell their Rights or otherwise do not take up their full Rights will suffer a dilution of such interests if the Offer is fully subscribed.

Eligible Shareholders are those persons who are registered as Shareholders at 5.00pm on the Record Date and who have a registered address in:

- New Zealand;
- Australia;
- Singapore;
- the United Kingdom; or
- the Isle of Man,

or are otherwise persons to whom MCK considers it is not unduly

onerous for an offer of the Preference Shares to be made as a result of the legal requirements of your jurisdiction.

We reserve the right to determine whether you or any other Shareholder are eligible to participate in the Offer, and to reject any application that we consider has been made by a person who is not an Eligible Shareholder. We and our Directors, officers and employees accept no liability whatsoever for determining whether a person is an Eligible Shareholder.

If you are not an Eligible Shareholder, the Rights that you would otherwise receive will be issued to a nominee who will endeavour to sell those Rights on the NZX Main Board on

5. Details of the Offer (continued)

your behalf and account to you for the proceeds of sale of those Rights (on a pro-rata basis and net of costs).

If you have sold your Ordinary Shares or sell (and settle that sale) prior to 5.00pm on the Record Date (26 February 2014), then the Rights attributable to those Ordinary Shares transfer to the buyer of those Ordinary Shares. For the sale to settle prior to 5.00pm on the Record Date, the sale will need to be completed prior to the Ex Date (24 February 2014) (i.e. at the latest, by 5.00pm 24 February 2014). Conversely, if you have acquired Ordinary Shares after the Record Date, the associated Rights remain with the seller.

If you are an Eligible Shareholder, your Rights are shown on the personalised Entitlement and Acceptance Form which accompanies this Offer Document.

Fractional Rights, if any, have been scaled up to the nearest whole number.

This Offer Document is intended for use only in connection with the Offer of Preference Shares to Eligible Shareholders and does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Please refer to the Important Information section of this Offer Document for further details on your Eligibility and participation in the Offer of Preference Shares.

Issue Price

The price payable for the Preference Shares is \$0.64 per Preference Share (the “**Issue Price**”), which is payable in full on application.

Oversubscription Facility

If you take up all of your Rights, you may apply for an additional number of Preference Shares in excess of your Rights (“**Additional Preference Shares**”) at the Issue Price (\$0.64) through the Oversubscription Facility. Additional Preference Shares will not have any Rights attached to them.

If you take up all of your Rights you may apply for any number of Additional Preference Shares, but there is no guarantee that you will be allocated any or all of the Additional Preference Shares for which you apply. You will not be allocated any more Additional Preference Shares than the number for which you have applied and paid for.

The number of Preference Shares available under the Oversubscription Facility will be equal to the number of Preference Shares for which valid applications are not received by the Closing Date (ignoring any applications for Additional Preference Shares) (known as the “**Shortfall**”).

In the event that the applications for the Additional Preference Shares exceed the number of Preference Shares available under the Oversubscription Facility, each application for Additional Preference Shares will be allocated as follows:

(a) firstly, Additional Preference Shares will be allocated to any applicants for Additional Preference Shares who would otherwise be allotted less than a minimum holding of Preference Shares (in accordance with the NZX Main Board Listing Rules) to the extent necessary to bring such applicants up to a minimum holding of Preference Shares;

(b) if there is any remaining Shortfall, applicants for Additional Preference Shares will be allocated the lesser of:

- the number of Additional Preference Shares they applied for; and
- the number of Additional Preference Shares they applied for, multiplied by the proportion that the number of Ordinary Shares they hold as at the Record Date bears to the number of Ordinary Shares held by all other applicants for Additional Preference Shares; and

(c) any remaining Shortfall following the allocations set out in paragraph (b) above will be allocated among the remaining unsatisfied applicants on the same basis, until all of the available Preference Shares under the Oversubscription Facility have been allocated.

If you are a beneficial owner of Ordinary Shares, a Custodian holds Ordinary Shares on your behalf, and you have instructed the Custodian to apply for Additional Preference Shares on your behalf, you will be allocated a number of Additional Preference Shares calculated in accordance with the above, on the basis that you and each other beneficial owner who applies for Additional Preference Shares is treated as a separate Shareholder.

If you hold Ordinary Shares as a Custodian, we request that you provide, in addition to and with your Entitlement and Acceptance Form, details of the underlying beneficial shareholders for which you are subscribing for Preference Shares

and the number of Preference Shares and, if applicable, any Additional Preference Shares for which each such holder is subscribing.

To the extent that your application for Additional Preference Shares has been rejected or not satisfied, the excess application monies received will be returned to you without interest by direct credit or cheque. Direct credit payments will be made, and cheques sent, within five Business Days of allotment of the Preference Shares.

Application

Instructions on how to apply for Preference Shares under the Offer are set out in section 6 of this Offer Document.

If you are an Eligible Shareholder you may take one of the following actions:

- take up all or some of your Rights;
- as the Rights will be quoted and traded on the NZX Main Board, endeavour to sell all or some of your Rights on market;
- take up some of your Rights and endeavour to sell all or some of the balance on market;
- do nothing with all or some of your Rights, in which event, such Rights for which no action has been taken will lapse; or
- take up all of your Rights and apply for Additional Preference Shares through the Oversubscription Facility.

You may also endeavour to purchase additional Rights on-market during the Rights trading period and subscribe for Preference Shares in respect of any such Rights you purchase.

IMPORTANT: If the Offer closes, and you do nothing, you will be deemed to have elected not to take up your Rights and your shareholding will be diluted accordingly. If you apply to take up some, but not all, of your Rights your Rights not taken up will lapse and your shareholding will be diluted accordingly.

A properly completed Entitlement and Acceptance Form, together with Application Monies for the amount required to be paid under the Offer, must be received by the Registrar no later than 5.00pm on 19 March 2014.

We reserve the right to accept late applications but have no obligation to do so. We further reserve the right to accept or reject (at our discretion) any Entitlement and Acceptance Form which is not completed correctly, and to correct any errors or omissions on any Entitlement and Acceptance Form.

Application Monies

Application Monies received will be held in a trust account until the corresponding Preference Shares are allotted. We will establish the trust account solely for the purpose of depositing Application Monies. Interest earned on the Application Monies will be for our benefit, will remain our property, and will be retained by us whether or not the issue and allotment of Preference Shares takes place.

We reserve the right to withdraw the Offer and/or the issue of Preference Shares at any time prior to allotment, in which case all Application Monies will be refunded (without interest) as soon as practicable and, in any event, within five business days.

If your application is not accepted for any reason, or is accepted in part only, you will receive a refund of the balance payment (without interest), by direct credit or cheque as soon as practicable and, in any event, within five business days after the date of allotment of the Preference Shares.

Allotment

The Preference Shares will be allotted and Securities Transaction Statements will be issued and mailed as soon as practicable after the Offer closes. Allotment will be no later than 5 business days after the Closing Date.

You should ascertain your allocation under the Offer before attempting to sell your Preference Shares. You can do so by contacting the Registrar at the address set out in the Directory shown on page 50 of this Offer Document.

If you sell Preference Shares prior to receiving a Securities Transaction Statement, you do so at your own risk. MCK and its respective directors, officers, Shareholders, employees and advisers do not accept any liability or responsibility should you attempt to sell or otherwise deal with Preference Shares before you receive the Securities Transaction Statement showing the number of Preference Shares allotted to you.

Relationship between Preference Shares and existing Ordinary Shares

The Preference Shares are a different class of shares from the Ordinary Shares in the capital of MCK. The terms of the Preference Shares, including their relationship with the Ordinary Shares on a liquidation of MCK and on the payment of dividends and the making of other

5. Details of the Offer (continued)

distributions, are set out under “Terms of the Preference Shares” above.

NZX Main Board quotation

An application has been made to NZX for permission to quote the Rights and the Preference Shares on the NZX Main Board and all requirements of NZX relating thereto that can be complied with on or before the date of this document have been duly complied with.

Trading of Rights is expected to commence on the NZX Main Board, under the code “MCKRA”, on 24 February 2014 and will cease at 5.00pm on 13 March 2014.

Initial quotation of the Preference Shares on the NZX Main Board is expected to occur on 25 March 2014 under the ticker code “MCKPA”.

NZX is a registered exchange regulated under the Securities Markets Act. The NZX Main Board is a registered market operated by NZX. NZX accepts no responsibility for any statements in this Offer Document.

Broker stamping fee

No investor will pay brokerage upon taking up their Rights or as a subscriber for Preference Shares under the Offer.

If you sell your Rights on the NZX Main Board during the Offer, and/or your Preference Shares on the NZX Main Board following the Offer, you may be liable for normal brokerage fees.

No guarantees

Neither we, our Directors or any of our other agents or any other person (including any Shareholder named in this Offer Document), guarantees:

- (a) the Preference Shares;
- (b) that any dividends will be paid to the holders of the Preference Shares following the issue of the Preference Shares;
- (c) that any of the Preference Shares will be redeemed;
- (d) that the Issue Price per Preference Share will be recovered by investors; or
- (e) that either of the Proposed FSGL IPO or the Proposed Capital Return will be successfully completed within the timeframe specified in this Offer Document, or at all.



Artist's impression of the Millennium Waterfront project near Chengdu City, Sichuan Province, China.



6. Action to be taken by you

Accompanying this Offer Document is an **Entitlement and Acceptance Form** showing the number of Preference Shares to which you are entitled.

You may take **one** of the following actions:

- take up all or some of your Rights;
- endeavour to sell all or some of your Rights;
- take up some of your Rights and endeavour to sell all or some of the balance;
- do nothing with all or some of your Rights, in which event, those Rights for which no action has been taken will lapse; or
- take up all of your Rights and apply for Additional Preference Shares via the Oversubscription Facility.

If the Offer closes, and you do nothing, you will be deemed to have elected not to take up your Rights and your shareholding will be diluted accordingly. If you apply to take up some but not all of your Rights you will be deemed to have not taken up your Rights to the balance of Preference Shares and your shareholding will be diluted accordingly.

To Apply for Preference Shares

To apply for all or part of the Preference Shares set out in your personalised Entitlement and Acceptance Form (and any Additional Preference Shares under the Oversubscription Facility), you must:

- complete and sign the enclosed Entitlement and Acceptance Form, following the instructions on the reverse of that form;

- make payment by direct credit or international payment (telegraphic transfer) or attach your cheque or bank draft in New Zealand dollars to the completed Entitlement and Acceptance Form for the amount required to be paid made payable to “The MCK Offer” and crossed “Not Transferable”;
- forward your completed Entitlement and Acceptance Form and, if applicable, your (New Zealand dollar) cheque or bank draft (including if applicable, the additional New Zealand dollar amount you are applying for under the Oversubscription Facility) in the reply-paid envelope to:

Millennium & Copthorne
Hotels New Zealand Limited
c/- Computershare Investor
Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland
Private Bag 92119
Auckland 1142
- your completed Entitlement and Acceptance Form, together with Application Monies, must be received by the Registrar no later than 5.00pm on 19 March 2014.

Alternatively, your completed Entitlement and Acceptance Form and, if applicable, your (New Zealand dollar) cheque or bank draft may be lodged with any NZX Primary Market Participant, the Organising Participant or any other channel approved by NZX provided that you must deliver your completed Entitlement and Acceptance Form in time to enable it to be forwarded to the Registrar before the Closing Date (5.00pm on 19 March 2014).

Payment of Application Monies

Payments in New Zealand dollars will only be accepted as follows:

- personal cheque drawn on and payable at any New Zealand bank;
- bank cheque issued by and payable at any New Zealand bank;
- bank draft drawn on and payable at any New Zealand bank; or
- direct credit or international payment (telegraphic transfer) to the New Zealand dollar trust account established by MCK (details of which are set out in the Entitlement and Acceptance Form). Applicants paying by direct credit or international payment must submit their payment instruction to their bank to make payment by no later than 4.00pm two business days before the Closing Date (i.e. by 4.00pm on 17 March 2014, or such other date as we may determine).

Processing of applications and the banking of cheques will take place on the day of receipt by the Registrar (or the first business day after that day if it is not a business day), with subscriptions received held in trust until the Preference Shares are allotted. Receipts for payment will not be issued. The banking of Application Monies will not constitute allotment of any Preference Shares. The Preference Shares are expected to be allotted on 24 March 2014 and Securities Transaction Statements issued within 5 business days after that.

General

For applications to be valid, an Entitlement and Acceptance Form, properly completed, together with Application Monies, must be received by the Registrar no later than 5.00pm on 19 March 2014.

We reserve the right to accept late applications but have no obligation to do so.

Applications for the issue of Preference Shares cannot be revoked or withdrawn.

Notwithstanding anything to the contrary in this Offer Document, an Entitlement and Acceptance Form submitted by you will constitute an irrevocable offer by you to subscribe for and acquire the number and (if applicable) bid for additional Shortfall, which you have specified on the Entitlement and Acceptance Form (or such lesser number as we may determine) on the terms and conditions set out in this Offer Document and on the Entitlement and Acceptance Form.

By submitting an Entitlement and Acceptance Form, you agree to be bound by these terms and conditions and our constitution.

Entitlement and Acceptance Forms must be completed in full and may be rejected if any details are not entered. If the Application Monies accompanying your Entitlement and Acceptance Form are incorrect, your Entitlement and Acceptance Form may still be treated as valid. You will not under any circumstances be treated as having offered to purchase a greater number of Preference Shares than the number for which payment is made.

If we receive on or before 5.00pm the Closing Date, both an acceptance and a renunciation (sale or transfer) by you in respect of the same Rights, the renunciation (sale or transfer) will take priority to the acceptance.

If Application Monies are paid by a cheque which does not clear or a direct credit or international

payment that is not processed by the Closing Date, that application may be rejected or an allotment made to you may be cancelled. Any Rights in respect of a rejected application or cancelled amount will be made available to Eligible Shareholders participating in the Oversubscription Facility.

Our decision on the number of Preference Shares to be allotted to you and as to whether to reject an Entitlement and Acceptance Form, or to treat it as valid (and then how to construe, amend or complete the Entitlement and Acceptance Form) will be final.

We reserve the right to reject any application that we believe comes from a person who does not meet the eligibility criteria for the Offer.

If you need any assistance you should contact an NZX Primary Market Participant, sharebroker, accountant or other professional adviser.

7. Additional information

This section includes, but is not limited to, information required by Schedule 11 to the Securities Regulations and by the NZX Main Board Listing Rules.

Statutory Index

For the purposes of Regulation 16 of the Securities Regulations, the matters required to be stated or contained in a registered prospectus are set out in the Offer Document as follows:

MATTER	SCHEDULE 11	PAGE(S)
Information at front of simplified disclosure prospectus	Clause 1	Front cover
Names, addresses, and other information	Clause 2	31, 41 and 46
Experts and underwriter	Clause 3	41
Main terms of offer	Clause 4	9-11, 31-36 and 41
Relationship with listed securities	Clause 5	31, 32 and 35
Preliminary and issue expenses	Clause 6	41
Returns	Clause 7	41
Consequences of insolvency	Clause 8	42
Alteration of securities	Clause 9	42
Early termination	Clause 10	42
Right to sell securities	Clause 11	42
Financing of projects	Clause 12	42 and 43
Other terms of offer and securities	Clause 13	41
Information available under issuer's disclosure obligation	Clause 14	43
Financial statements	Clause 15	44
Access to information and statements	Clause 17	44
Other material matters	Clause 18	44
Directors' statement	Clause 19	44

Promoter, expert and underwriter

There is no promoter of the Offer. No experts are named in this Offer Document.

There is no underwriter for the Offer. M&C plc, through its subsidiary CDL Hotels Holdings New Zealand Limited (holding 70.22% of our issued shares as at 14 February 2014) has advised the Directors that it intends to take up all of its Rights under the Offer. It has also advised the Directors that it may also apply for Additional Preference Shares under the Oversubscription Facility and purchase additional Rights on-market (but has given us no commitment to do so or as to how many Additional Preference Shares it may apply for or Rights it may purchase).

Terms of the Offer

All terms of the Offer, and all terms of the Preference Shares being offered, other than:

- (a) any terms implied by law; or
- (b) any terms set out in a document that is:
 - (i) registered with a public official; and
 - (ii) available for public inspection; and
 - (iii) referred to in this Offer Document,

are set out in sections 1, 5 and 7 of this Offer Document entitled 'Key Information', 'Details of the Offer' and 'Additional Information' on pages 9, 31 and 40 respectively.

Preliminary and issue expenses

The estimated amount of expenses of this Offer is \$500,000. This includes accounting, legal, organising participant, registrar and printing expenses, all of which are payable

by us. No commissions are payable for subscriptions for the Preference Shares.

Returns

If you subscribe for Preference Shares you will be entitled to receive or benefit from any dividends and other distributions paid by us in respect of those Preference Shares and to any other returns attaching to the Preference Shares.

Tax liability as prescribed by current enactments may affect returns (as described further below). Returns on the Preference Shares will not, however, be affected by duties, reserves or retentions.

If you subscribe for the Preference Shares you may also benefit from any increase in the market price of the Preference Shares if you sell them or they are redeemed. The market price of Preference Shares may also decline resulting in a loss on sale or you may not be able to sell your Preference Shares.

There is no assurance that there will be a market for Preference Shares. However, the Preference Shares will be quoted on the NZX Main Board. The return (if any) from selling your Preference Shares will depend on a number of factors, including whether there is a market for the Preference Shares.

The Preference Shares will rank equally with the Ordinary Shares with respect to all distributions made by us (including without limitation the payment of any dividend or the making of any distributions) save and except for any distributions made in the context of a liquidation of the Company (in respect of which the Preference Shares rank in priority to the Ordinary Shares as described below under "Consequences of

Insolvency"). There is, however, no assurance that dividends will be paid or distributions made by us on the Ordinary Shares and Preference Shares. In determining whether to pay dividends or make distributions, the Board must have regard to our solvency, operating performance, financial position and cash flows, and other factors it considers to be relevant at the time. A variety of other matters also bear upon whether dividends are paid, including those detailed under the "Risks" described in section 4 of this Offer Document.

The key factors that determine returns on the Preference Shares are:

- our financial performance;
- the market price for the Preference Shares;
- the Board's dividend/distribution policy;
- whether or not the Proposed FSGL IPO and Proposed Capital Return are able to be successfully implemented;
- market factors; and
- taxation.

It is not possible to quantify as at the date of this Offer Document the amount of returns you may receive and therefore no such amount can be promised in connection with an investment in the Preference Shares. You have no right to request payment of a dividend or the making of a distribution at any time as payment of dividends and the making of distributions are at the discretion of the Board. Accordingly there are no fixed dates or frequency upon which any returns will be paid on the Preference Shares. If you sell Preference Shares on market the purchaser of those Preference Shares

7. Additional information (continued)

will be legally responsible to pay the purchase price of those Preference Shares to you.

New Zealand tax consequences for New Zealand investors

The Preference Shares will be treated as equity for New Zealand tax purposes. This means that participating Eligible Shareholders in the Offer will be taxable on dividends (if any) payable by MCK on the Preference Shares.

Participating Eligible Shareholders may also be taxable on the disposal of the Preference Shares, including trading of the Preference Shares, if they are held on revenue account (e.g. if the Preference Shares are acquired for the purpose of sale). Investors should seek their own tax advice about whether any proceeds from the disposal of the Preference Shares will be taxable.

If the Proposed FSGL IPO and Proposed Capital Return proceed, participating Eligible Shareholders in the Offer will hold shares in FSGL, following the Proposed Capital Return. As FSGL is a non-resident company, investors' shareholdings in FSGL will be subject to New Zealand's Foreign Investment Fund ("FIF") taxation regime. Depending on your personal circumstances, the Fair Dividend Rate ("FDR") method under the FIF regime may be applicable to the investment in FSGL. Again, investors should seek their own tax advice about the tax treatment of the shareholding in FSGL, if the Proposed Capital Return proceeds.

Consequences of insolvency

If we become insolvent, you will not become liable to pay any money to any person. All our creditors

(whether secured or unsecured) will rank ahead of claims by holders of Preference Shares if we are liquidated or wound up. On a liquidation, after all creditors have been paid, our surplus assets will be applied between the holders of Preference Shares and the holders of other classes of shares as follows:

- first, in paying to holders of Preference Shares an amount equal to the Issue Price of \$0.64 in respect of each Preference Share held;
- secondly, the balance will be distributed on a pro rata basis among the holders of Ordinary Shares and of any other classes of shares in our capital ranking behind the Preference Shares such that each shareholder will receive an amount up to the Issue Price of \$0.64 in respect of each share; and
- finally, all Preference Shareholders, Ordinary Shareholders and holders of any other classes of shares will rank equally on the distribution of any remaining surplus.

It is possible that if we are liquidated or wound up you will receive less than your original application monies.

Alteration of securities

In accordance with the NZX Main Board Listing Rules, our constitution and the Companies Act 1993, the rights of shareholders (including Preference Shares) may not be altered without the approval (by a 75% majority of votes of those entitled to vote and voting) of each "interest group". In broad terms, an "interest group" is a group of persons whose

rights are affected by the proposed alteration in the same way. For the Preference Shares, this is likely to be all other holders of Preference Shares. For those purposes, the issue of further securities which rank equally with, or in priority to, the Preference Shares, whether as to voting rights, distributions, dividends or otherwise, is deemed not to be an action affecting your rights as a Preference Shareholder. Board approval is also required for any amendment to the terms of the Preference Shares.

Early termination

Subject to certain conditions, we have the right to redeem some or all of the Preference Shares as further described under the heading "Redemption" in section 5 of this Offer Document.

Right to sell securities

The Preference Shares and Rights will be quoted on the NZX Main Board and, accordingly, holders may trade their Preference Shares and Rights on-market. In order to sell Preference Shares and/or Rights on the NZX Main Board you will need to contact a NZX Firm and supply your CSN (Common Shareholder Number) and FIN.

In our opinion there is currently no established market for the Rights or the Preference Shares, however as the Rights and Preference shares will be quoted on the NZX Main Board, a market may develop.

Financing of projects

One of the purposes of the Offer is to provide finance for particular capital projects (being the refurbishment works at Copthorne Hotel Auckland

Copthorne Hotel Auckland Harbourcity.



Harbourcity and Kingsgate Hotel Palmerston North). Section 3 of this Offer Document describes these capital projects generally and their expected financial benefits. In the unlikely event that these capital projects do not proceed or are delayed, the proceeds of the Offer which were to be allocated to these capital projects may be used for other purposes at the discretion of the Board.

Information available under our disclosure obligation

We are an NZX-listed issuer and are required to comply with the continuous disclosure provisions of the NZX Main Board Listing Rules and section 19D of the Securities Markets Act. We are therefore required to notify NZX of any information relating to us which may have a material effect on the price

of our quoted securities (subject to limited exceptions). Along with this Offer Document, we have disclosed the following information to NZX (on the following dates) that is material to the Offer since 14 February 2014, being the date on which our most recent financial information (being for the financial year ended 31 December 2013) was released to the NZX:

ANNOUNCEMENT	DATE
MCK: FY2013 Results Announcement	14 February 2014

7. Additional information (continued)

Financial statements

Our most recent financial statements for the financial year ended 31 December 2013 that comply with, and have been registered under, the Financial Reporting Act (together with the accompanying audit report) were notified to NZX on 14 February 2014 and registered at the Companies Office on that date, together with our Interim and Quarterly Results for the preceding financial periods, are also available on our website at <http://www.millenniumhotels.com/corporate/investors/new-zealand-annual-reports/result.html>.

Our financial statements are audited by KPMG.

Dividend/Distribution Policy

MCK does not have a prescriptive dividend / distribution policy.

Access to information and statements

Copies of the Disclosed Information and our financial statements for the year ended 31 December 2013 are filed on a public register at the Companies Office of the Ministry of Economic Development and are available for public inspection (including at www.business.govt.nz/companies). Where relevant statutory filing documents are not available on the Companies Office website, copies may also be obtained (on payment of a fee) by telephoning the Companies Office Contact Centre on 0508 266 726.

Alternatively, the Disclosed Information, our most recent annual report and our financial statements for the year ended 31 December 2013 may be inspected, without charge, by making a request during normal

business hours at our registered office at Level 13, 280 Centre, 280 Queen Street, Auckland.

In addition to the Disclosed Information, further information about us is contained or referred to in our financial statements and the documents lodged with NZX pursuant to our obligations under the “continuous disclosure provisions” in section 19D of the Securities Markets Act. These documents are available free of charge, from our page on NZX’s website at www.nzx.com/companies/MCK/announcements.

Other material matters

As at the date of this Offer Document there are no other material matters relating to this Offer of Preference Shares, other than the matters set out elsewhere in this Offer Document, in the information referred to under “Information available under our disclosure obligation”, our most recent financial statements for the financial year ended 31 December 2013 and contracts entered into in the ordinary course of business of MCK and its subsidiaries.

NZX Waivers

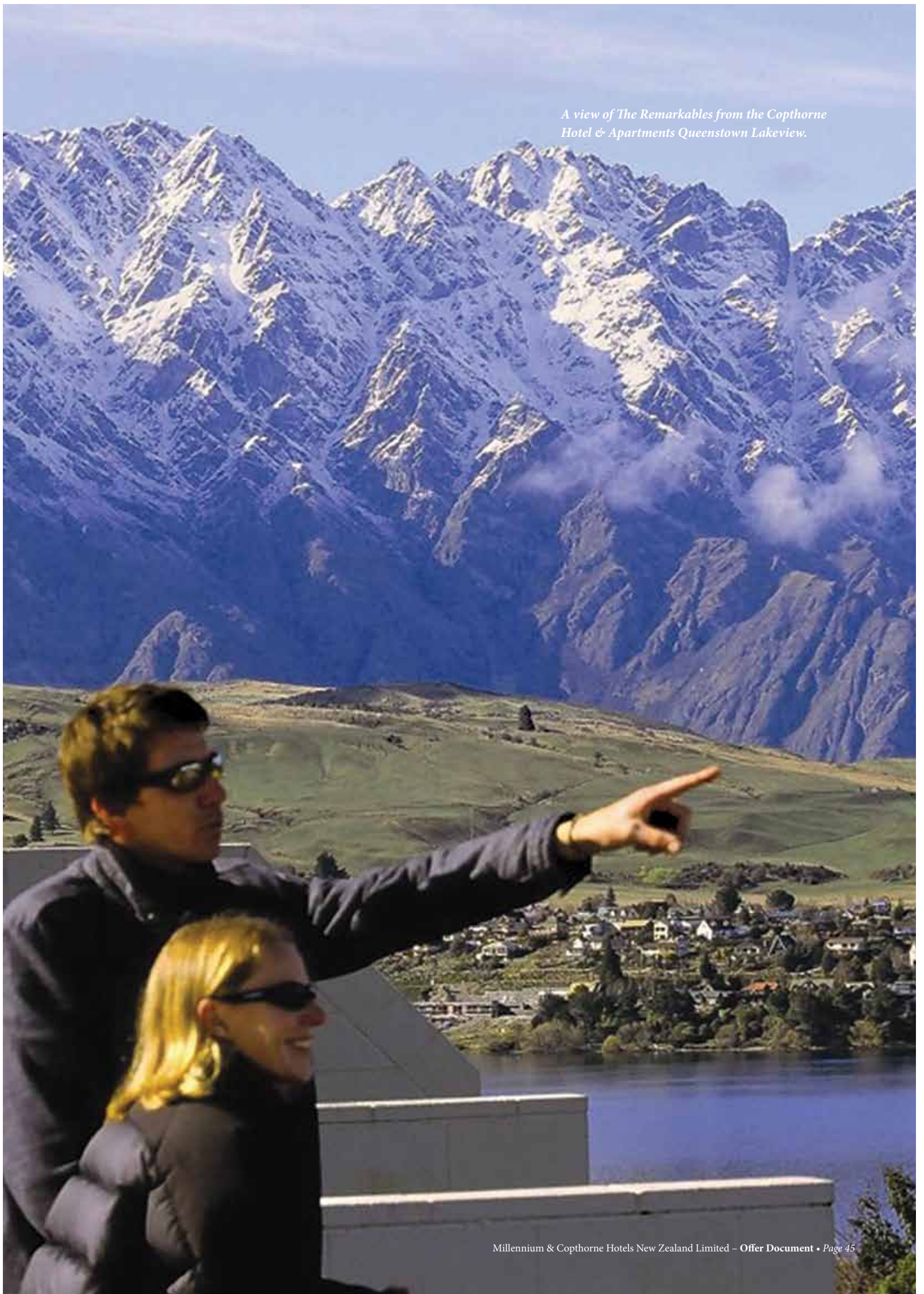
We have been granted a waiver by NZX from NZX Main Board Listing Rule 9.2.1 to enable us to participate (through our wholly owned subsidiary MCHNZ Investments Limited) in the First Sponsor Capital Call (as further described in section 3 of this Offer Document) without prior Shareholder approval. This waiver is consistent with previous waivers granted to us by NZX in connection with previous investments in First Sponsor, and has been granted subject to the following conditions:

- (a) our directors, other than Mr Hong Ren Wong, certify to NZX Regulation before entering the transaction to acquire the First Sponsor shares that:
 - (i) the negotiations in relation to the transaction have been conducted on an arm’s length basis;
 - (ii) the transaction has been considered independently of First Sponsor; and
 - (iii) the transaction is in the interests of, and fair to, our Shareholders; and
- (b) our directors, other than Mr Hong Ren Wong, certify to NZX Regulation after completion of the transaction to acquire the First Sponsor shares, that the transaction:
 - (i) has been completed on an arm’s length basis;
 - (ii) has been considered independently of First Sponsor; and
 - (iii) is in the interests of, and fair to, our Shareholders.

Directors’ statement

In the opinion of our Directors, after due enquiry by them, we are in compliance with the requirements of the continuous disclosure provisions that apply to us.

A view of The Remarkables from the Copthorne Hotel & Apartments Queenstown Lakeview.

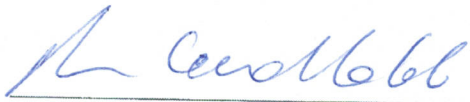


Directors' signatures

This Offer Document has been signed by each of our directors (or by their authorised agents) on 17 February 2014.

SIGNED by the directors of

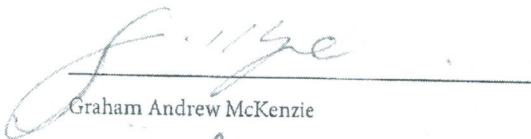
MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED



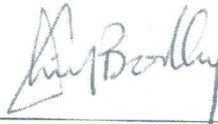
Richard Bobb



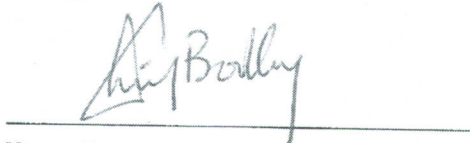
Boo Keng Chiu



Graham Andrew McKenzie



Hong Ren Wong



Vincent Yeo

8. Glossary

A reference in this Offer Document to “we”, “us” or “our” is a reference to Millennium & Copthorne Hotels New Zealand Limited, or to the MCK Group, as the context requires.

The following definitions apply throughout this Offer Document unless the context requires otherwise:

Additional Preference Shares	Preference Shares applied for by an Eligible Shareholder in excess of their entitlement pursuant to the Oversubscription Facility.
Application Monies	money received by us from investors whose application for Preference Shares has been received by the Registrar prior to the Closing Date (5.00pm on 19 March 2014).
A\$	Australian dollars, being the lawful currency of Australia.
Board or Directors	the board of directors of MCK.
CDI	CDL Investments New Zealand Limited.
CDLHHNZL	CDL Hotels Holdings New Zealand Limited.
China	The People’s Republic of China.
Closing Date	the date by which Entitlement and Acceptance Forms, together with Application Monies for Preference Shares under the Offer, must be received by the Registrar, being 5.00pm on 19 March 2014.
Custodian	an offeree under this Offer which is: (a) a trustee corporation or nominee company that holds Ordinary Shares by reason of acting, directly or indirectly, on behalf of a client in the ordinary course of the trustee corporation’s or nominee company’s business; or (b) a person who holds Ordinary Shares as the bare trustee of a trust to which those shares are subject.
Disclosed Information	the information that has been notified by MCK to NZX that is material to the Offer pursuant to MCK’s continuous disclosure obligations, as further described at page 43 of this Offer Document.
Eligible Shareholders	Shareholders who are registered as Shareholders at the Record Date (5.00 pm on 26 February 2014) and who: (a) have a registered address in: (i) New Zealand; (ii) Australia; (iii) Singapore; (iv) the United Kingdom; or (v) the Isle of Man; or (b) are otherwise persons to whom MCK considers it is not unduly onerous for an offer of the Preference Shares to be made as a result of the legal requirements of their jurisdiction.
Entitlement and Acceptance Form	the entitlement and acceptance form to be completed by Eligible Shareholders when applying for Preference Shares which accompanies this Offer Document.
First Sponsor	First Sponsor Capital Limited.
First Sponsor Capital Call	the proposed capital raising by First Sponsor to be conducted in March 2014.
FSGL	First Sponsor Group Limited.
IPO	initial public offering.

8. Glossary (continued)

Issue Price	\$0.64 per Preference Share.
MCK or the Company	Millennium & Copthorne Hotels New Zealand Limited.
MCK Group	MCK and its subsidiaries from time to time.
M&C plc	Millennium & Copthorne plc.
NZX Main Board	the main board equity security market operated by NZX.
NZX Main Board Listing Rules	the listing rules of the NZX Main Board.
NZX	NZX Limited.
Offer	the offer of Preference Shares to Eligible Shareholders, including the Oversubscription Facility, outlined in this Offer Document.
Offer Document	this simplified disclosure prospectus for the Offer, dated 17 February 2014.
Ordinary Shares	the fully paid ordinary shares in MCK of the class quoted on the NZX Main Board on issue immediately prior to the Offer.
Oversubscription Facility	means the facility that entitles an Eligible Shareholder that takes up its Rights in full to apply for Additional Preference Shares at the Issue Price.
Preference Shares	the fully paid, non-voting, redeemable preference shares in MCK to be issued pursuant to the Offer, as described in this Offer Document.
Proposed Capital Return	the proposed return of capital whereby MCK's investment in First Sponsor would be distributed to MCK's shareholders (including holders of Preference Shares).
Proposed First Sponsor Share Exchange	the proposed capital reduction under which shares in the capital of First Sponsor (including those held by MCK) would be exchanged for the shares in FSGL held by First Sponsor.
Proposed FSGL IPO	the proposed IPO and listing of FSGL on the Singapore Exchange.
Record Date	the date fixed for determining the Rights of Eligible Shareholders in relation to the Offer, being 5:00 p.m. on 26 February 2014.
Redemption Amount	the amount payable by us on each Preference Share upon a redemption, being the higher of: <ul style="list-style-type: none">• the 20 day volume weighted average price of the Preference Shares; and• the Issue Price.
Registrar	Computershare Investor Services Limited.
Rights	the pro rata renounceable rights of each Eligible Shareholder to subscribe for 1 Preference Share for every 2 Ordinary Shares held on the Record Date, as described in this Offer Document.
Securities Act	the Securities Act 1978.
Securities Markets Act	the Securities Markets Act 1988.
Securities Regulations	the Securities Regulations 2009 made pursuant to the Securities Act.
Shareholder	a holder of ordinary shares in MCK.
Shortfall	Preference Shares for which valid applications are not received by the Closing Date (ignoring any applications for Additional Preference Shares).
Singapore Exchange	Singapore Exchange Securities Trading Limited.
\$	New Zealand dollars, being the lawful currency of New Zealand.

Artist's impression of the Millennium Waterfront project near Chengdu City, Sichuan Province, China.



Construction of the initial residential stages of the Millennium Waterfront project, near Chengdu City, Sichuan Province, China



Directory

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Facsimile: 64 9 309 3244

Directors of Millennium & Copthorne Hotels New Zealand Limited

Richard Bobb
Boo Keng Chiu
Graham Andrew McKenzie
Hong Ren Wong
Vincent Yeo

Registrar

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KPMG

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Organising Participant

Woodward Partners

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MILLENNIUM
HOTELS AND RESORTS

MILLENNIUM • COPTHORNE • KINGSGATE

