MILLENNIUM & COPTHORNE HOTELS plc

REMUNERATION COMMITTEE - TERMS OF REFERENCE

A. POLICY

The Board of Directors requires that any remuneration policy for the Executive Directors of the Company takes into account the relevant provisions of "The UK Corporate Governance Code", as well as considers both market and competitive conditions.

The Board of Directors has established a remuneration committee (the "Committee") to enable it, in conjunction with external advisors, to ensure that the Board's objectives are met. The Committee's responsibilities are more fully detailed below.

B. ORGANISATION

1. The Committee shall comprise of wholly independent non-executive directors of the Company, being not less than three in number, who are free from any business or other relationship, which could materially interfere with the exercise of their independent judgement, to be selected by the Board.

2. Appointment to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still remains independent.

3. The chairman of the Committee, who must be an independent non-executive director, shall be appointed by the Board. In the absence of the Committee's chairman, the remaining members of the Committee present shall elect one of themselves to chair the meeting.

4. If any member of the Committee is unable to act for any reason, the chairman of the Committee may appoint any other independent non-executive director of the Company to act as his alternate.

5. The Committee shall invite to Committee meetings the Chairman of the Board, Chief Executive, head of human resources and other advisers as it considers appropriate.

6. The Company Secretary, or his nominee, is the secretary of the Committee. The secretary must circulate the minutes of meetings of the Committee to all members of the Board.

7. Subject to article 113 of the Company's articles of association, the quorum for meetings of the Committee is any two of its members.

8. Meetings of the Committee are to be held not less than twice a year and at such additional times as required. Any Committee member may request a meeting via the secretary.

9. Notice of the meeting shall be forwarded to Committee members no less than five working days prior to the meeting together with supporting papers.

10. Each member of the Committee shall disclose to the Committee:-
   a. any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or
   b. any potential conflict of interest from a cross-directorship.

Any such member will abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) will resign from the Committee.

C. RESPONSIBILITIES AND OBJECTIVES

11. The Committee is authorised by the Board:

    11.1 to investigate remuneration paid to directors of other companies of a similar size in a comparable industry sector in the UK;

    11.2 to have access to sufficient resources in order to carry out its duties and be provided with appropriate and timely training, both in the form of any induction programme for new members and on an ongoing basis for all members

    11.3 to obtain information on the remuneration of any employee of the Company;

    11.4 to obtain legal or other independent professional advice; and

    11.5 to secure the attendance of any person with relevant experience and expertise at Committee meetings if it considers this appropriate.

12. The detailed objectives of the Committee are:

    12.1 determine and agree with the Board the broad policy for the remuneration of the Chairman, Chief Executive, executive directors, direct reports to the main board and such other members of executive management as it is designated to consider. The remuneration of the non-executive directors shall be a matter for the Chairman and executive directors of the Board. No director or manager shall be involved in any decisions as to their own remuneration;

    12.2 within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of the Chairman, each executive director, company secretary and other senior managers, including pension arrangements, bonuses, incentive arrangements, share options or other share awards;

    12.3 to administer the company’s share option schemes, including the granting of options, the exercise of the discretion of the Committee as permitted by the schemes’ rules and recommending to the Board appropriate changes to the schemes’ rules;

    12.4 oversee any major changes to employee benefit structures throughout the Group;

    12.5 to follow, in designing schemes of performance-related remuneration, the provisions in Schedule A to the UK Corporate Governance Code;

    12.6 to comply with the principles and provisions of the UK Corporate Governance Code on directors' remuneration, including Schedule A to the Code;

12.7 to ensure that performance-related elements of remuneration should form a significant proportion of the total remuneration package of executive directors and should be designed to align their interests with those of shareholders and to give such directors incentives to perform at the highest levels;

12.8 to consider whether the directors should be eligible for annual bonuses and, if so, to consider an upper limit for such bonuses;

12.9 to consider whether the directors should be eligible for benefits under long-term incentive schemes and to weigh traditional share option schemes against other kinds of long-term incentive scheme;

12.10 to consider the pension consequences and associated costs to the Company of basic salary increases and other changes in remuneration, especially for directors close to retirement;

12.11 to provide the packages needed to attract, retain and motivate executive directors of the quality required (but avoid paying more than is necessary for this purpose);

12.12 to consider where to position the Company relative to other companies and to be aware what comparable companies are paying, taking account of relative performance and using such comparisons with caution;

12.13 to be sensitive to the wider scene, including pay and employment conditions elsewhere in the Group, especially when determining annual salary increases;

12.14 to approve the terms and duration of any service agreement to be entered into with any executive director, bearing in mind that notice periods or contract periods should be set at one year or less and that the performance related elements comply with paragraph 12.8 above;

12.15 to consider what compensation commitments (including pension contributions) the directors' service agreements, if any, would entail in the event of early termination. Particular consideration should be given to the advantages of providing explicitly in the initial contract for such compensation commitments except in the case of removal for misconduct;

12.16 in early termination cases where the initial contract does not explicitly provide for compensation commitments, to tailor its approach (within legal constraints) to the circumstances. The aim should be to avoid rewarding poor performance, while dealing fairly with cases where departure is not due to poor performance and to take a robust line on reducing compensation to reflect a departing director's obligation to mitigate loss;

12.17 to ensure that the relevant regulations and legislation regarding the disclosure of executive remuneration are complied with and in particular, that the disclosure requirements of the Directors' Remuneration Report and the UK Corporate Governance Code, are fulfilled;

12.18 to ensure that executive share options are not offered at a discount, save as permitted by paragraphs 13.30 and 13.31 of the Listing Rules of the UKLA;

12.19 to be exclusively responsible for the selection criteria, selection, appointment, determining the terms of reference and remuneration of any consultants engaged to advise the Committee and to obtain reliable up to date information in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations;

12.20 to seek any information it requires from any employee of the Company in the performance of its duties and may call any employee to be questioned at a Committee meeting;

12.21 to keep the Chairman of the Board fully informed of its actions; and

12.22 to consider other matters as referred to the Committee by the Board.

13. The Committee’s chairman shall report formally to the Board on its proceedings after each meeting.

14. The Committee's chairman should attend the Company's Annual General Meeting to be available to answer shareholders' questions arising from the Committee’s remit.

September 2011

SCHEDULE A: THE DESIGN OF PERFORMANCE-RELATED REMUNERATION FOR EXECUTIVE DIRECTORS

The remuneration committee should consider whether the directors should be eligible for annual bonuses. If so, performance conditions should be relevant, stretching and designed to promote the long-term success of the company. Upper limits should be set and disclosed. There may be a case for part payment in shares to be held for a significant period.

The remuneration committee should consider whether the directors should be eligible for benefits under long-term incentive schemes. Traditional share option schemes should be weighed against other kinds of long-term incentive scheme. Executive share options should not be offered at a discount save as permitted by the relevant provisions of the Listing Rules.

In normal circumstances, shares granted or other forms of deferred remuneration should not vest, and options should not be exercisable, in less than three years. Directors should be encouraged to hold their shares for a further period after vesting or exercise, subject to the need to finance any costs of acquisition and associated tax liabilities.

Any new long-term incentive schemes which are proposed should be approved by shareholders and should preferably replace any existing schemes or, at least, form part of a well considered overall plan incorporating existing schemes. The total potentially available rewards should not be excessive.

Payouts or grants under all incentive schemes, including new grants under existing share option schemes, should be subject to challenging performance criteria reflecting the company's objectives, including non-financial performance metrics where appropriate. Remuneration incentives should be compatible with risk policies and systems.

Grants under executive share option and other long-term incentive schemes should normally be phased rather than awarded in one large block.

Consideration should be given to the use of provisions that permit the company to reclaim variable components in exceptional circumstances of misstatement or misconduct.

In general, only basic salary should be pensionable. The remuneration committee should consider the pension consequences and associated costs to the company of basic salary increases and any other changes in pensionable remuneration, especially for directors close to retirement.