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NEWS RELEASE

FOR IMMEDIATE RELEASE

VANCOUVER ISLAND CONFERENCE CENTRE – HOTEL PROCEEDING

NANAIMO – The City of Nanaimo, Millennium Nanaimo Properties Ltd. and Suro Development Company wish to announce that Millennium and Suro are proceeding with the development and construction of a new hotel adjacent to the Vancouver Island Conference Centre.

The parties had previously agreed that on or before 2007-SEP-30 that Millennium and Suro would confirm the existence of adequate financing to complete the hotel. Millennium and Suro are now confirming that this required financing is in place, and that a construction contract with a general contractor will be signed by 2008-JAN-31.

To demonstrate its commitment to proceed to construction, Millennium and Suro have now placed a deposit of \$450,000. with the City which will be forfeited if construction does not start on schedule.

Financing for the hotel will come from a combination of Millennium and Suro's own funds and bank financing.

Millennium and Suro have requested some changes to the Partnering Agreement which Council believes to be acceptable and which will be formally documented in a further amendment agreement.

Specifically these changes are:

1. Deletion of Clause 7.4 so that Millennium and Suro will no longer be responsible for any cost overruns in the construction of the Vancouver Island Conference Centre. Construction of the Vancouver Island Conference Centre is now well past the half-way mark and the risk of cost overruns that are not exempt from exclusions outlined in the Clause is now considered very low.

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2. In return for items 1 above, Clause 7.5 will also be deleted. This clause committed the City to share with Millennium and Suro 50% of any savings realized during the construction period.
3. An amendment to the requirement for the hotel to be a minimum of 170 rooms to reflect the fact that the hotel may include a number of suites which will include more than one bedroom thus potentially reducing the number of separate rooms. Many new boutique hotels utilize this format and both parties believe it will provide a niche not currently available in the Nanaimo market. Suites provide more options for conference attendees and other guests and improve marketability.

The City and Millennium and Suro are very pleased that the hotel is proceeding. Mayor Korpan noted that the hotel is an integral part of the plan for revitalization of the downtown and a key component in the success of the Vancouver Island Conference Centre. The fact that it is proceeding will have a very positive impact on the Council's downtown revitalization efforts and the success of the VICC. Conference Centre Chair, Councillor Jeet Manhas, has been working diligently on Council's behalf and expressed his satisfaction that this represents a major step towards realization of Council's downtown vision. Shahram Malek, speaking on behalf of Millennium and Suro, stated that they are very excited to be proceeding with this project, have great confidence in the future of Nanaimo and intend to have a long and positive relationship with Nanaimo and its citizens.

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