

COMPANIES FORM No. 395**Particulars of a mortgage or charge****395**

Pursuant to section 395 of the Companies Act 1985

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this margin

CHA 116

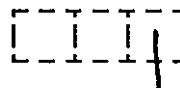
To the Registrar of Companies

For official use

Company number

Please complete
legibly, preferably
in black type, or
bold block lettering

Name of company



42000

*insert full name
of company

* Claridge's Hotel Limited (the "Company")

Date of creation of the charge

17th August, 1998

Description of the instrument (if any) creating or evidencing the charge (note 2)

Composite Debenture and Guarantee (the "Debenture")

Amount secured by the mortgage or charge

All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of the Chargors to any Finance Party under the Debenture and each Finance Document to which any Chargor is a party except for any obligation which, if it were so included, would result in the Debenture contravening Section 151 of the Companies Act 1985 (the "Secured Liabilities")

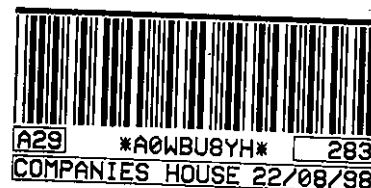
Names and addresses of the mortgagees or persons entitled to the charge

Bankers Trust Company as agent and trustee for the Finance Parties (the "Security Trustee")

Presentor's name address and
reference (if any):

Allen & Overy
One New Change
London
EC4M 9QQ

For official use
Mortgage Section



SEK/NJSC/B2:127955

Time critical reference

Short particulars of all the property mortgaged or charged

The Company, as continuing security for the payment of all the Secured Liabilities, charges in favour of the Security Trustee:-

(a) by way of first legal mortgage:

(i) the property specified next to its name in Schedule 2 of the Debenture of which it is the legal owner;

(ii) all estates or interests in any freehold or leasehold property (except any Security Assets specified in sub-paragraph (i) above) of which it is the legal owner; and

(iii) its interest in the Charged Shares and the Related Rights;

(b) by way of first equitable mortgage:

(i) the property specified next to its name in Schedule 2 of the Debenture of which it is only the beneficial owner; and

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Please complete legibly, preferably in black type, or bold block lettering

Particulars as to commission allowance or discount (note 3)

Nil

Signed

Allen + Overy

Date

20th August 1998

On behalf of [company] [mortgagee/chargee]†

† delete as appropriate

NOTES

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.

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Particulars of a mortgage or charge (continued)

Continuation sheet No 1
to Form No 395 and 410 (Scot)

CHA 116

Please complete
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Company Number

42000

Name of Company

Claridges Hotel Limited (the "Company")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

Please complete
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(ii) all estates or interests in any freehold or leasehold property (except any Security Assets specified in sub-paragraph (i) above) of which it is only the beneficial owner; and

(c) by way of first fixed charge:

(i) (to the extent that they are not the subject of a mortgage under paragraph (a) above) all estates or interests in any freehold or leasehold property belonging to it;

(ii) (to the extent that it is not the subject of a mortgage under paragraph (a) above) its interest in the Charged Shares and the Related Rights;

(iii) all plant and machinery owned by the Company and its interest in any plant or machinery in its possession;

(iv) all moneys standing to the credit of any account of the Company (including the Security Accounts) with any person and the debts represented by them;

(v) all benefits in respect of the Insurances and all claims and returns of premiums in respect of them;

(vi) all of the Company's book and other debts, the proceeds of the same and all other moneys due and owing to the Company and the benefit of all rights, securities and guarantees of any nature enjoyed or held by it in relation to any of the foregoing;

(vii) (to the extent that they do not fall within any other sub-paragraph of this paragraph (c)) all of the Company's rights and benefits under any distributorship or similar agreements entered into by it, any letters of credit issued in its favour and all bills of exchange and other negotiable instruments held by it;

(viii) any beneficial interest, claim or entitlement of the Company in any pension fund;

(ix) its goodwill;

(x) to the extent that they are capable of being the subject of security, the benefit of all authorisations (statutory or otherwise) held in connection with its business or the use of any Security Asset specified in any other sub-paragraph in this Clause and the right to recover and receive all compensation which may be payable to it in respect of them;

(xi) its uncalled capital; and

(xii) its Intellectual Property Rights (including any patents and trademarks specified in Schedule 3 of the Debenture).

2. The Company, as continuing security for the payment of all of the Secured Liabilities, charges in favour of the Security Trustee by way of a first floating charge all its assets not otherwise effectively mortgaged, charged or assigned by way of fixed mortgage or charge by Clause 2 (Fixed Security) of the Debenture.

N.B. The Debenture provides that the Company shall not create or permit to subsist any Security Interest on any Security Asset other than any Security Interest created by the Debenture or as permitted by the Senior Credit Agreement and (after the Senior Discharge Date) the Junior Credit Agreement; nor sell, transfer, grant any rights relating to, or lease or otherwise dispose of, any Security Asset (or any interest in any Security Asset), except as permitted by the Senior Credit Agreement and (after the Senior Discharge Date) the Junior Credit Agreement.

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**Particulars of a mortgage or charge
(continued)**

Continuation sheet No 2
to Form No 395 and 410 (Scot)

CHA 116

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Company Number

42000

Name of Company

Claridges Hotel Limited (the "Company")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

**Please complete
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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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For a list of defined terms used in this Form 395, please see the attached schedule.

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IN THIS FORM 395, THE FOLLOWING WORDS HAVE THE FOLLOWING MEANINGS:

"Agent"

means Bankers Trust Company.

"Banks"

means those financial institutions listed in part II of Schedule 1 of the Senior Credit Agreement as banks.

"Borrower"

means Blackstone Hotel Acquisitions Company.

"Chargors"

means those companies listed in Schedule 1 of the Debenture, and includes the Company.

"Charged Shares"

means, in respect of a Chargor, the Group Shares and any other stocks, shares, debentures, bonds or other securities and investments owned by that Chargor.

"Commitment"

means, in respect of a Bank or Junior Lender, the amount in sterling set opposite the name of that Bank or Junior Lender in Schedule 1 of the Senior Credit Agreement or Junior Credit Agreement respectively or as determined in accordance with the provisions of Clause 27.2 thereof, in each case to the extent not cancelled or reduced under either agreement

"Finance Document"

means:

- (a) (i) the Senior Credit Agreement;
- (ii) each fees letter issued in connection with the Senior Credit Agreement
- (iii) each debenture executed or to be executed by the Borrower and/or the Guarantors in favour of the Security Trustee for the benefit of the Finance Parties and substantially in the agreed form;
- (iv) each Senior Share Mortgage;
- (v) each Hedging Agreement;
- (vi) the novation certificate dated 18th August, 1998 relating to the Senior Credit Agreement and any other novation certificates relating to the Senior Credit Agreement;

- (vii) the Subsidiary Guarantor Accession Agreements;
- (viii) the Intercreditor Agreement; and
- (ix) any other document designated as such in writing by the Agent and the Borrower pursuant to the Senior Credit Agreement.

(together, the "**Senior Finance Documents**")

and

- (b) the Junior Credit Agreement;
- (c) each fees letter issued in connection with the Junior Credit Agreement;
- (d) each Junior Share Mortgage;
- (e) each novation certificate relating to the Junior Credit Agreement;
- (f) any other document designated as such in writing by the Junior Agent and the Borrower pursuant to the Junior Credit Agreement
- (g) each Hedging Document; and
- (h) each document designated in writing as such by the Chargor and the Security Trustee.

"Finance Party"

means:

- (a) each of the arranger, each joint arranger, each Bank, each Hedging Bank under the Senior Credit Agreement, the Agent and the Security Trustee under the Senior Credit Agreement;
- (b) each Hedging Bank under the Intercreditor Agreement;
- (c) each of the arranger, each joint arranger, each Junior Lender, the Junior Agent and the Security Trustee under the Junior Credit Agreement;
- (d) any other party designated in writing as such by a Chargor and the Security Trustee.

"Group"

means the Borrower and its Subsidiaries.

"Group Shares"

means, in respect of a Chargor, any stocks, shares, debentures, bonds or other securities and investments in any member of the Group other than that Chargor in which that Chargor has any interest.

"Guarantor"

means each company listed in Schedule 1 of the Intercreditor Agreement or any Subsidiary Guarantor.

"Hedging Agreements"

has the meaning given to it in Clause 17.9 (Hedging Agreements) of the Senior Credit Agreement.

"Hedging Bank"

means:

- (a) in relation to the Intercreditor Agreement, each bank and financial institution named in Schedule 4 of the Intercreditor Agreement (if any) and any other bank or financial institution which becomes party hereto as a Hedging Bank under Clause 5.1 (Accession of Hedging Banks) thereof in each case in its capacity as provider of interest rate hedging facilities to the Borrower, and includes any person to whom any Hedging Liabilities may be payable or owing (whether or not matured) from time to time; and
- (b) in relation to the Senior Credit Agreement, the Banks and other financial institutions party to the Hedging Agreements.

"Hedging Document"

means each master agreement or other document specified against the name of a Hedging Bank in Schedule 4 (if any) of the Intercreditor Agreement and each master agreement or other document delivered by a Hedging Bank to the Security Trustee under Clause 5.1 (Accession of Hedging Banks) or Clause 19.5 (Limits on Hedging Liabilities) thereof and approved by the Agent and the Junior Agent for the purposes of such Clause 5.1, in each case providing for interest rate and/or other hedging facilities to be made available to the Borrower (including any contract entered into or confirmation given thereunder), and in each case as, and including, any instrument pursuant to which the same is novated, varied, supplemented, or amended from time to time (collectively, the **"Hedging Documents"**).

"Hedging Liabilities"

means all present and future liabilities (actual or contingent) payable or owing by the Borrower to the Hedging Banks or any of them under or in connection with the Hedging Documents, whether or not matured and whether or not liquidated, together in each case with:

- (a) any novation, deferral or extension of any of those liabilities permitted by the terms of the Intercreditor Agreement and the Hedging Documents;
- (b) any claim for damages or restitution arising out of, by reference to or in connection with any of the Hedging Documents;
- (c) any claim flowing from any recovery by the Borrower or a receiver or liquidator of the Borrower or any other person of a payment or discharge in respect of any of those liabilities on grounds of preference or otherwise; and

- (d) any amounts (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings,

PROVIDED THAT, for the purposes of the Intercreditor Agreement only and without prejudice to the liabilities secured by the Security Documents, the term Hedging Liabilities excludes (as against the Junior Creditors):

- (i) any amount outstanding in excess of the limits specified in Clause 19.5 (Limits on Hedging Liabilities) thereof;
- (ii) any amount outstanding and owed to a Hedging Bank which would not have been outstanding but for a breach of the Intercreditor Agreement by that Hedging Bank; and
- (iii) any amount attributable to a transaction which is not under a Hedging Document details of which are specified in Schedule 4 thereof or for which consent has been given under Clause 5.1 (Accession of Hedging Banks) thereof.

"Insurances"

means, in respect of a Chargor, all contracts and policies of insurance taken out by or on behalf of that Chargor or (to the extent of its interest) in which that Chargor has an interest.

"Intellectual Property Rights"

means all know-how, patents, trade marks, service marks, designs, business names, topographical or similar rights, copyrights and other intellectual property monopoly rights and any interests (including by way of licence) in any of the foregoing (in each case whether registered or not and including all applications for the same).

"Intercreditor Agreement"

means the intercreditor agreement dated 30th April, 1998 (as amended) between the Borrower (1), the Guarantors (2), the Subordinated Investors (3), the Junior Creditors (4), the Senior Creditors (5), the Hedging Banks (6), the Subordinated Investors' Agent (7), the Junior Agent (8), the Senior Agent (9) and the Security Trustee (10) (each capitalised term, for the purpose of this definition only, as defined therein).

"Junior Agent"

means Bankers Trust Company as agent under the Junior Credit Agreement.

"Junior Creditor"

means each of:

- (a) the banks and financial institutions named in Schedule 2 of the Intercreditor Agreement in their capacity as Junior Lenders under and as defined in the Junior Credit Agreement; and

- (b) the arranger and the joint arrangers party to (and as defined in) the Junior Credit Agreement and the Junior Agent,

and in each case any successor thereto and any assigns, transferees or substitutes thereof or therefor (whether pursuant to any Novation Certificate, as defined in the Junior Credit Agreement, or otherwise), and includes any person to whom any Junior Debt may be payable or owing (whether or not matured) from time to time.

"Junior Credit Agreement"

means the £100,600,000 Junior Mortgage Loan Facility Agreement dated 30th April, 1998 (as amended) between (among others) the Borrower, the Agent and the Security Trustee.

"Junior Lender"

means those financial institutions listed in part II of Schedule 1 of the Junior Credit Agreement as banks.

"Junior Share Mortgage"

means each share mortgage given pursuant to Clause 17.22(e)(ii) of the Junior Credit Agreement.

"New Obligor"

has the meaning given to it in Clause 26.3 (New Obligors) of the Intercreditor Agreement.

"Obligor"

means the Borrower, each Guarantor and each New Obligor.

"Related Rights"

means any dividend or interest paid or payable in relation to any Charged Share and any rights, moneys or property accruing or offered at any time in relation to any Charged Shares by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise.

"Security Account"

means, in respect of a Chargor, any account in the name of that Chargor established pursuant to Clause 17.24(e) (Accounts) of the Senior Credit Agreement or the Junior Credit Agreement and any other account established under Clause 8 (Security Accounts) of the Debenture.

"Security Assets"

means, in respect of a Chargor, all assets of that Chargor the subject of any security created by the Debenture.

"Security Interest"

means any mortgage, pledge, lien, charge, assignment for the purpose of providing security, hypothecation or other security interest or arrangement having the effect of conferring security.

"Senior Credit Agreement"

means the £275,000,000 senior mortgage loan facility agreement dated 7th April, 1998 (as amended) between (among others) the Borrower, the Agent and the Security Trustee.

"Senior Creditor"

means each of:

- (a) the banks and financial institutions named in Schedule 3 of the Intercreditor Agreement in their capacity as Banks under and in each case as defined in the Senior Credit Agreement; and
- (b) the arranger and the joint arrangers party to (and as defined in) the Senior Credit Agreement, the Agent and the Security Trustee,

and in each case any successor thereto and any assigns, transferees or substitutes thereof or therefor (whether pursuant to any Novation Certificate, as defined in the Senior Credit Agreement, or otherwise).

"Senior Debt"

means all present and future liabilities (actual or contingent) payable or owing by the Obligor or any of them to the Senior Creditors or any of them pursuant to or in respect of (or calculated by reference to) the Senior Finance Documents, whether or not matured and whether or not liquidated together in each case with:

- (a) any refinancing, novation, refunding, deferral or extension of any of those liabilities by any of the Senior Creditors permitted by the terms of the Intercreditor Agreement and the Senior Finance Documents;
- (b) any further advances which may be made by a Senior Creditor to any Obligor under any agreement expressed to be supplemental to any of the Senior Finance Documents plus all interest, fees and costs in connection therewith;
- (c) any claim for damages or restitution arising out of, by reference to, or in connection with, any of the Senior Finance Documents;
- (d) any claim flowing from any recovery by an Obligor or a receiver or liquidator thereof or any other person of a payment or discharge in respect of those liabilities on grounds of preference or otherwise; and

- (e) any amounts (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, invalidity, unenforceability or non-allowability of the same in any insolvency or other proceedings,

PROVIDED THAT any Hedging Liabilities are excluded, and also, for the purposes of the Intercreditor Agreement only and without prejudice to the liabilities secured by the Security Documents, the term Senior Debt excludes (as against the Junior Creditors, but not any Subordinated Investors):

- (i) any amount outstanding in excess of the limits specified in Clause 19.4 (Limits on Senior Debt); and
- (ii) any amount outstanding and owed to any Senior Creditor which would not have been outstanding and owed but for a breach by that Senior Creditor of the provisions of the Intercreditor Agreement.

"Senior Discharge Date"

means the date on which all Senior Debt and Hedging Liabilities have been full paid and discharged and all Commitments of the Senior Creditors and commitments or obligations of the Hedging Banks have been terminated to the satisfaction of the Senior Agent acting reasonably (in the case of the Senior Debt) and the Hedging Banks acting reasonably (in the case of the Hedging Liabilities), whether or not as the result of an enforcement, PROVIDED THAT the Agent and each Hedging Bank will disregard contingent risks and liabilities (such as the risk of clawback flowing from a preference or similar claim) for the purposes of determining whether the Senior Debt and Hedging Liabilities (as the case may be) have been so paid or discharged except to the extent that the Senior Agent or a Hedging Bank (as the case may be) reasonably believes (after taking such legal advice as it considers appropriate) that there is a reasonable likelihood that those contingent risks and liabilities will become actual liabilities.

"Senior Share Mortgages"

means each share mortgage given pursuant to Clause 17.22(e)(iii) of the Senior Credit Agreement.

"Subordinated Investors"

means the person(s) named in Schedule 5 of the Intercreditor Agreement and any person who becomes a party hereto as a Subordinated Investor in accordance with Clause 26.9(b) (Subordinated Investors) thereof.

"Subsidiary"

means:

- (a) a subsidiary within the meaning of Section 736 of the Companies Act 1985 as amended by Section 144 of the Companies Act 1989; and
- (b) with respect to the preparation of the financial information specified in Clause 17.2 (Financial Information) of the Senior Credit Agreement or the Junior Credit Agreement and the calculation of the financial covenants in Clause 18 (Financial and Minimum Value Covenants)

of the Senior Credit Agreement or the Junior Credit Agreement, a subsidiary undertaking within the meaning of Section 21 of the Companies Act 1989.

"Subsidiary Guarantor"

means a Subsidiary of the Borrower which becomes a Subsidiary Guarantor in accordance with Clause 27.4 (Subsidiary Guarantors) of the Senior Credit Agreement or the Junior Credit Agreement.

"Subsidiary Guarantor Accession Agreement"

means a deed substantially in the form of Part II of Schedule 5 of the Senior Credit Agreement or Junior Credit Agreement with such amendments as the Agent or Junior Agent, acting reasonably, may require.

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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 00042000

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT COMPOSITE GUARANTEE AND DEBENTURE DATED THE 17th AUGUST 1998 AND CREATED BY CLARIDGE'S HOTEL LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE CHARGERS (AS THEREIN DEFINED) TO BANKERS TRUST COMPANY AS AGENT AND TRUSTEE FOR THE FINANCE PARTIES (AS THEREIN DEFINED) ON ANY ACCOUNT WHATSOEVER UNDER THE DEBENTURE AND EACH FINANCE DOCUMENT (AS THEREIN DEFINED) TO WHICH ANY CHARGOR IS A PARTY EXCEPT FOR ANY OBLIGATION WHICH, IF IT WERE SO INCLUDED, WOULD RESULT IN THE DEBENTURE CONTRAVENING SECTION 151 OF THE COMPANIES ACT 1985 WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 22nd AUGUST 1998.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 26th AUGUST 1998.

W. Grandon
W. GRANDON

for the Registrar of Companies



C O M P A N I E S H O U S E