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COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

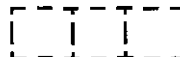
A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number



3203996

Name of company

* Morgans Hotel Group Europe Limited

Date of creation of the charge

30 June 2006

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

Supplemental charge over shares and securities dated 30 June 2006 between Morgans Hotel Group Europe Limited (the "**Chargor**") and Citibank International PLC (the "**Security Trustee**") ("**Supplemental Charge on Shares**").

Amount secured by the mortgage or charge

All monies debts obligations and liabilities whatsoever whether for principal, interest, default interest or otherwise now or in the future due from owing or incurred by the Chargor and/or the Borrower (as defined below) to any Finance Party (as defined below) under the Finance Documents (as defined below) whether present or future actual or contingent and whether alone or severally or jointly with any other person and whether as principal, guarantor, surety or otherwise and in whatever name or style and whether on any current or other account or in any manner whatever including interest to the date of payment at such rates and upon such terms as may be provided for in the Amended Facility Agreement (as defined) or otherwise from time to time agreed and all commission, fees, costs, expenses and other charges on a full indemnity basis (the "**Secured Liabilities**").

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

Citibank International PLC, Citigroup Centre, Canada Square, Canary Wharf, London

Postcode E14 5LB

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

Herbert Smith LLP
Exchange House
Primrose Street
London
EC2A 2HS

For official Use (06/2005)

Mortgage Section

Post room



Time critical reference

2123/30859019

Short particulars of all the property mortgaged or charged

Please see attached continuation sheet.

Please do not
write in
this margin

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

Particulars as to commission allowance or discount (note 3)

N/A

Signed **Herbert Smith LLP**

Date **30/6/06**

On behalf of ~~XXXXXXXXXXXXXXXXXX~~ (chargee) †

**A fee is payable
to Companies
House in
respect of each
register entry
for a mortgage
or charge.
(See Note 5)**

Notes

† delete as
appropriate

- 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.
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is: Companies House, Crown Way, Cardiff CF14 3UZ

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SCHEDULE 1

SHORT PARTICULARS OF ALL THE PROPERTY MORTGAGED OR CHARGED

1. CHARGE

- 1.1** The Chargor with full title guarantee (with the intent that the security so constituted shall extend to all beneficial interests of the Chargor in the Charged Property and to any proceeds of sale or other realisation of the Charged Property or any part of it) and as continuing security for the payment and discharge of the Secured Liabilities has charged the Shares and Securities and the Derivative Assets to the Security Trustee.
- 1.2** The security created by the Supplemental Charge on Shares applies by way of first fixed charge.

2. NEGATIVE PLEDGE

- 2.1** The Chargor has represented, warranted and undertaken to each of the Finance Parties that it is and will be the sole, absolute, legal and beneficial owner and the registered holder of all of the Charged Property free from Security and it will not create or attempt to create or permit to arise or subsist any Security (other than the Supplemental Charge on Shares) on or over the Charged Property.

3. FURTHER ASSURANCE

The Chargor has undertaken to execute and do all such assurances, acts and things as the Security Trustee in its absolute discretion may require for:

- 3.1** perfecting or protecting the security created by the Supplemental Charge on Shares (or intended to be created); or
- 3.2** preserving or protecting any of the rights of the Security Trustee under the Supplemental Charge on Shares; or
- 3.3** facilitating the appropriation or realisation of the Charged Property; or
- 3.4** the exercise of any power, authority or discretion vested in the Security Trustee under the Supplemental Charge on Shares,

in any such case, forthwith upon demand by the Security Trustee and at the expense of the Chargor, and pending such execution, assurances, acts and things the Chargor will hold the Charged Property following such demand on trust for the Security Trustee subject to the provisions of the Supplemental Charge on Shares.

4. DEFINITIONS AND INTERPRETATION

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4.1 Definitions

"**A Margin**" means the amount specified as the A Margin in the A Margin Letter.

"**A Margin Letter**" means the letter dated on or about the date of the Original Facility Agreement between the Chargor and the Agent setting out the A Margin.

"**Agent**" means Citibank International Plc.

"**Amended Facility Agreement**" means the Original Facility Agreement as amended and restated on [] June 2006.

"**Arranger**" means Citibank Global Markets Limited.

"**Assigned Assets**" means all or any of the property and assets which are the subject of the Revenue and Account Assignment.

"**B Margin**" means the amount specified as the B Margin in the B Margin Letter.

"**B Margin Letter**" means the letter dated on or about the date of the Original Facility Agreement between the Chargor and the Agent setting out the B Margin.

"**Borrower**" means Morgans Hotel Group London Limited (formerly known as Ian Schrager London Limited), company number 3462675, of 20 Thayer Street, London W1U 2DD.

"**Charged Property**" means the property and rights of the Chargor which are the subject of any security created or purported to be created by the Supplemental Charge on Shares.

"**Debenture**" means the debenture dated 24 November 2005 entered into between the Borrower and the Security Trustee.

"**Derivative Assets**" means all stocks shares warrants or other securities rights dividends interest proceeds of sale or other property whether of a capital or income nature accruing offered issued or deriving at any time by way of dividend bonus redemption exchange purchase substitution conversation consolidation subdivision preference option or otherwise attributable to any of the Shares and Securities;

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"Finance Documents" means the Amended Facility Agreement, the Security Documents, the A Margin Letter, the B Margin Letter and any other documents designated as such by the Agent and the Borrower, and **"Finance Document"** means any of them.

"Finance Parties" means the Agent, the Arranger, the Security Trustee and the Lenders, and **"Finance Party"** means any of them.

"Lenders" means the lenders for the time being under the Amended Facility Agreement.

"Original Charge Over Shares" means the charge over shares and securities between (1) the Borrower and (2) the Security Trustee dated 24 November 2005.

"Original Facility Agreement" means the £107,456,000 facility agreement dated 24 November 2005 made between, *inter alia*, the Chargor and the Security Trustee.

"Revenue and Account Assignment" means the Revenue and Account Assignment dated 24 November 2005 made between the Chargor and the Security Trustee.

"Securities" means all of the Chargor's right, title, benefit and interest in all stocks, shares (including the Shares), bonds, notes, warrants and other securities of any kind whatsoever whether in bearer or registered form, and all other interests in any person whether the same are held directly by or to the order of the Chargor or by any trustee, fiduciary, clearance system, custody system or custodian on its behalf or whether the same have been delivered to or to the order of the Security Trustee or its nominee and all rights against any such trustee, fiduciary, clearance system or other person holding such to the order of the Chargor.

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Security Documents" means the Debenture; the Revenue and Account Assignment; the Original Charge on Shares; any supplemental charge executed by the Chargor after the date of the Original Facility Agreement; and such other Security as the Agent may from time to time require in connection with the Facility as defined in the Amended Facility Agreement in accordance with a Finance Document.

"Shares" means all the issued shares of the Borrower legally and beneficially owned by the Chargor being the entire issued share capital of the Borrower.

4.2 Interpretation

A **"Finance Document"** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended or novated from time to time.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 03203996

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A SUPPLEMENTAL CHARGE OVER SHARES AND SECURITIES DATED THE 30th JUNE 2006 AND CREATED BY MORGANS HOTEL GROUP EUROPE LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY AND/OR THE BORROWER TO ANY FINANCE PARTY ON ANY ACCOUNT WHATSOEVER UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 1st JULY 2006.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 5th JULY 2006.



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES