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CHFP041

COMPANIES FORM No. 173

Declaration in relation to the redemption or purchase of shares out of capital

173

Please do not
write in this
marginPlease complete
legibly, preferably
in black type, or
bold block lettering*Insert full name
of companyNote
Please read the
notes on page 2
before completing
this formInsert name(s) and
address(es) of all
the directorsDelete as
appropriateDelete whichever
is inappropriate

Pursuant to section 173 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 4)

For official use Company number

☐☐☐

03462675

Name of company

* MORGANS HOTEL GROUP LONDON LIMITED

I/We ROBERT SAMUEL BLOOM of 2118 W MELROSE STREET, CHICAGO, ILLINOIS 60618;
FREDERICK JOHN KLEISLER of 4490 ROCKAWAY BEACH ROAD, N.E., FAIRBRIDGE ISLAND
WASHINGTON 98110,JEFFREY SCOTT QUICKSILVER, 189 E LAKE SHORE DRIVE, UNIT 11E, CHICAGO,
ILLINOIS 60611, andDAVID WINSTON SMAL, 155 W 21ST ST APT 15B, NEW YORK 10011~~I, the sole director,~~ [all the directors] of the above company do solemnly and sincerely declare that.

The business of the company is

~~(a) that of a recognised bank or institution within the meaning of the Banking Act 1979;~~~~(b) that of a person authorised under section 3 of the Insurance Companies Act 1982 to carry on
insurance business in the United Kingdom;~~

(c) that of something other than the above §

The company is proposing to make a payment out of capital for the redemption or purchase of its own
sharesThe amount of the permissible capital payment for the shares in question is £ 15,500,000
(note 1)

Continued overleaf

Presenter's name, address and
reference (if any)Hogan & Hartson
Juxon House
100 St Paul's Churchyard
London EC4M 8BU
DX 98940 Cheapside 2

For official Use (02/06)

General Section

Post room

TUESDAY



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COMPANIES HOUSE

X/We have made full enquiry into the affairs and prospects of the company, and X/we have formed the opinion

- (a) as regards its initial situation immediately following the date on which the payment out of capital is proposed to be made, that there will be no grounds on which the company could then be found unable to pay its debts (note 2), and
- (b) as regards its prospects for the year immediately following that date, that, having regard to X/our intentions with respect to the management of the company's business during that year and to the amount and character of the financial resources which will in my/our view be available during that year, the company will be able to continue to carry on business as a going concern (and will accordingly be able to pay its debts as they fall due) throughout that year (note 2)

Please do not
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this margin

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legibly, preferably
in black type, or
bold block lettering

And I/we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835

Declared at

Robert

Declarant(s) to sign below

Chicago, USA

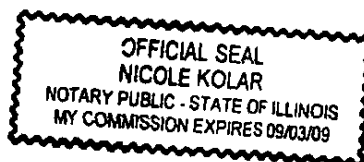
Day Month Year

on

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before me

[Signature]



A Commissioner for Oaths or Notary Public or Justice of the Peace or Solicitor having the powers conferred on a Commissioner for Oaths

NOTES

- 1 'Permissible capital payment' means an amount which, taken together with
- (i) any available profits of the company; and
- (ii) the proceeds of any fresh issue of shares made for the purposes of the redemption or purchase,
- is equal to the price of redemption or purchase
- 'Available profits' means the company's profits which are available for distribution (within the meaning of section 172 and 263 of the Companies Act 1985)
- The question whether the company has any profits so available and the amount of any such profits is to be determined in accordance with section 172 of the Companies Act 1985
- 2 Contingent and prospective liabilities of the company must be taken into account, see sections 173(4) & 517 of the Companies Act 1985

- 3 A copy of this declaration together with a copy of the auditor's report required by section 173 of the Companies Act 1985, must be delivered to the Registrar of Companies not later than the day on which the company publishes the notice required by section 175(1) of the Companies Act 1985, or first publishes or gives the notice required by section 175(2), whichever is the earlier

- 4 The address for companies registered in England and Wales or Wales is -

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

DX 33050 Cardiff

or, for companies registered in Scotland -

The Registrar of Companies
37 Casile Terrace
Edinburgh
EH1 2EB

DX 235 Edinburgh
or LP-4 Edinburgh 2



BDO Stoy Hayward LLP
Chartered Accountants
and Business Advisers

55 Baker Street London W1U 7EU
Telephone +44 (0)20 7486 5888
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DX 9025 West End W1
Web site www.bdo.co.uk

The Directors
Morgans Hotel Group London Limited
Sanderson Hotel
50 Berners Street
London
W1P 4AD

22 October 2008

Dear Sirs

Auditors' report to the directors of Morgans Hotel Group London Limited (the "Company") pursuant to Section 173(5) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of the Company (the "Directors") dated 22 October 2008 in connection with the Company's proposed purchase of 25 of its ordinary shares by a payment out of capital and reserves

Our report has been prepared pursuant to the requirements of section 173(5) of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of section 173(5) of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

In our opinion, the amount of £15.5m specified in the statutory declaration of the Directors as the permissible capital payment for the shares to be purchased is properly determined in accordance with Sections 171 and 172 of the Companies Act 1985.

We are not aware of anything to indicate that the opinion expressed by the Directors in their declaration as to any of the matters mentioned in Section 173(3) of the Companies Act 1985 is unreasonable in all the circumstances.

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors

