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Cook County Recorder

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This document prepared by and after recording return to:
Iris Webb, Esq.
Assistant Corporation Counsel
Department of Law
121 North LaSalle Street, Room 600
Chicago, IL 60602

SUBORDINATION AGREEMENT

This Subordination Agreement ("Agreement") is made and entered into as of the 25th day of October, 2001 between the City of Chicago by and through its Department of Planning and Development (the "City") and HRH Chicago, LLC, an Illinois limited liability company, (hereinafter referred to as "Tenant")

WITNESSETH:

WHEREAS, Firststar Bank, N. A., not personally but solely as Trustee under its Trust Agreement dated October 10, 2001 and known as Trust No. 7504, and St. George Hotel, L.L.C., an Illinois limited liability company (the "Developer"), of Loop Redevelopment Project Area at 222 North Michigan Avenue and 230 North Michigan Avenue and legally described on Exhibit A hereto (the "Property"), entered into that certain Lease Agreement dated October 25, 2001 (the "Lease") and that certain Mortgage dated October 25, 2001 (the "Mortgage") with respect to such Property;

WHEREAS, the Developer desires to enter into a Redevelopment Agreement with the City date October 25, 2001 (the "Redevelopment Agreement") in order to obtain additional financing for the Project (the Redevelopment Agreement being sometimes referred to herein along with various other agreements and documents related thereto as the "City Agreements");

WHEREAS, pursuant to the Redevelopment Agreement, the Developer will agree to be bound by certain covenants expressly running with the Property, as set forth in Sections 3.10, 8.01(j), (m) and (n), 8.02, 8.06(a) and (b) and 8.23 of the Redevelopment Agreement (the "City Encumbrances");

BOX 333-CT1

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WHEREAS, the City has agreed to enter into the Redevelopment Agreement with the Developer as of the date hereof, subject, among other things, to (a) the execution by the Developer of the Redevelopment Agreement and the recording thereof as an encumbrance against the Property; and (b) the agreement by the Tenant to subordinate its interests and its liens, if any, under the Lease to the Mortgage and the City Encumbrances; and

NOW, THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Manager and the City agree as hereinafter set forth:

1. Subordination. All rights, interests and claims of the Tenant in the Property pursuant to the Lease are and shall be subject and subordinate to the Mortgage and the City Encumbrances. Nothing herein, however, shall be deemed to limit the Tenant's right to receive, and the Developer's ability to make, or to exercise its rights pursuant to the Lease except as provided herein.

2. Notice of Default. The Tenant shall use reasonable efforts to give to the City, and the City shall use reasonable efforts to give to the Tenant, (a) copies of any notices of default which it may give to the Developer with respect to the Project pursuant to the Lease or the City Agreements, respectively, and (b) copies of waivers, if any, of the Developer's default in connection therewith. Under no circumstances shall the Developer or any third party be entitled to rely upon the agreement provided for herein.

3. Waivers. No waiver shall be deemed to be made by the City or the Tenant of any of their respective rights hereunder, unless the same shall be in writing, and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the City or the Tenant any other respect at any other time.

4. Governing Law; Binding Effect. This Agreement shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the internal laws and decisions of the State of Illinois, without regard to its conflict of laws principles, and shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Tenant.

5. Section Titles; Plurals. The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto. The singular form of any word used in this Agreement shall include the plural form.

6. Notices. Any notice required hereunder shall be in writing and addressed to the party to be notified as follows:

If to the City:

City of Chicago Department of
Planning and Development
121 North LaSalle Street, Room 1000
Chicago, Illinois 60602

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Attention: Commissioner

With a copy to:

City of Chicago Department of Law
121 North LaSalle Street, Room 600
Chicago, Illinois 60602
Attention: Finance and Economic
Development Division

If to the Tenant:

HRH Chicago LLC
c/o 230 N. Michigan, L.L.C.
233 N. Michigan Avenue
Chicago, IL 60601
Attention: John McDonald

or to such other address as either party may designate for itself by notice. Notice shall be deemed to have been duly given (i) if delivered personally or otherwise actually received, (ii) if sent by overnight delivery service, (iii) if mailed by first class United States mail, postage prepaid, registered or certified, with return receipt requested, or (iv) if sent by facsimile with facsimile confirmation of receipt (with duplicate notice sent by United States mail as provided above). Notice mailed as provided in clause (iii) above shall be effective upon the expiration of three (3) business days after its deposit in the United States mail. Notice given in any other manner described in this paragraph shall be effective upon receipt by the addressee thereof; provided, however, that if any notice is tendered to an addressee and delivery thereof is refused by such addressee, such notice shall be effective upon such tender.

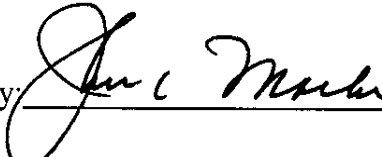
7. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

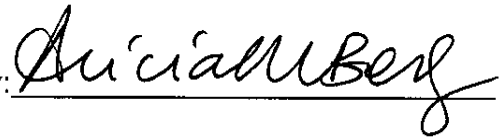
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IN WITNESS WHEREOF, this Subordination Agreement has been signed as of the date first written above.

HRH Chicago LLC, an Illinois limited liability company,

By: 
Its: _____

CITY OF CHICAGO

By: 
Its: _____ Commissioner, IT
Department of Planning and Development

ACKNOWLEDGED AND AGREED TO THIS

25th DAY OF October, 2001

St. George Hotel, L.L.C., an Illinois limited liability company

By: 

Its: Manager of Niki Development LLC,
a member

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

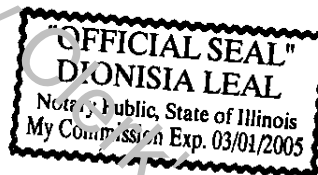
I, the undersigned, a notary public in and for the County and State aforesaid, DO
HEREBY CERTIFY THAT Alicia M. Berg, personally known to me to be the

Commissioner of the Department of Planning and Development of the
City of Chicago, Illinois (the "City") and personally known to me to be the same person whose
name is subscribed to the foregoing instrument, appeared before me this day in person and
acknowledged that as such _____ Commissioner, (s)he signed and delivered the
said instrument pursuant to authority, as his/her free and voluntary act, and as the free and
voluntary act and deed of said City, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 25th day of
October, 2001.

Dionisia Leal
Notary Public

(SEAL)

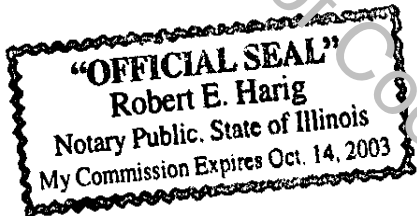


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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Robert E. Harig, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY THAT, Jan Marks personally known to me to be the Mgr of MGNG Menger of HRH Tenant Chicago LLC, an Illinois limited liability company, ("HRH Tenant") and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered said instrument, pursuant to the authority given to him/her by HRH Tenant, as his/her free and voluntary act and as the free and voluntary act of HRH Tenant, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 2nd day of October, 2001.



Robert E. Harig
Notary Public

My Commission Expires _____

(SEAL)

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EXHIBIT A

LEGAL DESCRIPTION

LOTS 10, 11, 12, 13, 14 AND 15 IN BLOCK 7 IN FORT DEARBORN ADDITION TO CHICAGO IN SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS.

PERMANENT INDEX NO.: 17-10-303-024-0000

COMMON ADDRESS: 222 and 230 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS