

## INDEMNIFICATION, PLEDGE AND SECURITY AGREEMENT

THIS INDEMNIFICATION, PLEDGE AND SECURITY AGREEMENT (this "Agreement"), dated as of July \_\_\_\_, 2017, is given by **David J. Mitchell** ("Pledgor"), in favor of **Jeffrey Epstein** ("Epstein").

### RECITALS:

A. Life Hotel One LLC ("Borrower") is borrowing a \$41,000,000.00 loan ("Loan") from Deutsche Bank AG, New York Branch ("Lender"), secured by one or more mortgages encumbering that certain hotel to be completed and located at 19 West 31<sup>st</sup> Street, New York, New York 10001 ("Hotel");

B. As a credit enhancement for the Loan, Pledgor and Stephen P. Hanson ("Hanson"), as beneficial owners of Borrower, are providing one or more personal guaranties, renewals or ratifications thereof, dated as of the date hereof ("Loan Guaranties"), to Lender;

C. In connection with the Loan and Loan Guaranties, Hanson and Mitchell agreed to be share liability under the Loan Guaranties; and Pledgor agreed to cause Epstein to agree to guaranty ("Epstein Guaranty"), payment to Hanson of up to \$1,000,000.00 towards Pledgor's obligations to Hanson under Loan Guaranties (the "Mitchell Hanson Obligations");

D. In order to induce Epstein to give the Epstein Guaranty, and as security for Pledgor's obligations to Epstein hereunder, Pledgor is hereby agreeing to indemnify Epstein and pledge the Collateral to Epstein, each as more particularly provided in this Agreement.

NOW THEREFORE, in consideration of the recitals, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, and intending to be bound hereby, Pledgor and Epstein agrees as follows:

### AGREEMENT

1. Pledge of Collateral. Pledgor does hereby convey, transfer, assign, set over and grant unto Epstein, as security for the performance of the Secured Obligations (as defined below), a continuing security interest in the artwork more particularly described in Exhibit A, annexed hereto (collectively, the "Collateral"). At all times, Epstein's lien on and security interest in the Collateral shall be a first priority security interest in the Collateral, securing the payment in full of the Secured Obligations.

2. Security for Obligations. This Agreement secures, and the Collateral is, collateral security for, (a) the prompt payment in full when due, of all amounts owing from Pledgor to Epstein under Section 3 of this Agreement, and (b) the expenses, if any, described in Section 7 (collectively, the "Secured Obligations").

3. Indemnification of Epstein. Pledgor hereby agrees to indemnify, defend with counsel reasonably acceptable to Epstein, and hold Epstein harmless from and against any liabilities, losses, costs or expenses incurred in connection with Epstein's performance under the

Epstein Guaranty arising out of Mitchell's failure, or alleged failure, to fulfill the Mitchell Hanson Obligations.

4. Delivery, Care and Return of Collateral:

4.1 Pledgor shall cause the Collateral to be delivered to Epstein at 9 East 71<sup>st</sup> Street, New York, New York 10021, by not later than July 31, 2017.

4.2 At Pledgor's expense (but with Epstein's cooperation as the same shall be necessary), Pledgor shall maintain [REDACTED] insurance covering the Collateral for not less than \$[REDACTED] (which insurance may be pursuant to a blanket policy). In the event of any loss, Pledgor shall have the sole and exclusive right to settle and claims with the carrier; provided, however, the proceeds not to exceed \$1,000,000 shall be placed in an escrow account until the earlier of: (a) the amendment of this Agreement to substitute the funds in the account for the Collateral; and (b) Pledgor obtaining a termination of the Epstein Guaranty from Hanson.

4.3 Pledgor shall have the right to cause a tag to be affixed to the Collateral identifying Pledgor as the owner of the Collateral. If Pledgor affixes a tag, Epstein shall not remove such tag at any time. Pledgor shall have the right to inspect the Collateral at reasonable times, upon reasonable notice.

4.4 Upon the earlier to occur of: (a) termination of this Agreement; (b) termination of the Epstein Guaranty; (c) Epstein's payment of the maximum amount owing under the Epstein Guaranty and Pledgor's repayment, in full, of such sums to Epstein; and (d) substitution of the Collateral as provided in Section 4.2, Pledgor shall be entitled to the immediate return of the Collateral. Epstein shall provide reasonable access, during business hours, to accommodate Pledgor's collection of the Collateral.

5. Representations, Warranties and Covenants of Pledgor. Pledgor makes the following representations and warranties:

5.1 Pledgor is the sole legal, record and beneficial owner of the Collateral free and clear of all liens and encumbrances, except for the security interest created by this Agreement.

5.2 There are no judgments outstanding against or affecting Pledgor or any property of Pledgor, nor is there any action, charge, claim, demand, suit, proceeding, petition, governmental investigation or arbitration now pending or, to the knowledge of Pledgor, threatened against Pledgor or affecting any property of Pledgor which would adversely affect the Collateral.

5.3 So long as the Collateral remains pledged to Epstein under this Agreement, Pledgor shall not transfer, hypothecate or further pledge or encumber the Collateral or any interest therein.

6. Event of Default. It shall constitute an event of default ("Event of Default") hereunder if, within ten (10) days after receipt of written demand therefor, Pledgor shall fail to: (a) timely perform or pay any of the Secured Obligations; (b) deliver the Collateral to Epstein as

required under Section 4.1; or (c) cure Pledgor's breach of any covenant, representation or warranty of Pledgor contained in Section 5.

7. Remedies. Upon the occurrence of an Event of Default hereunder, Epstein may, at its option, exercise in respect of the Collateral, all the rights and remedies of a Secured Party on default under the Uniform Commercial Code of New York at that time, including, without limitation, the right to sell the Collateral and Epstein shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at public sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price of any Collateral payable by Epstein at such sale.

8. Financing Statements. Pledgor and Epstein agree that: (a) Epstein shall have the right to file one or more financing statements, naming Pledgor as debtor, to perfect Epstein's security interest in the Collateral; and (b) Pledgor shall have the right to file one or more financing statements, naming Epstein as debtor, solely for the purpose of protecting Pledgor's right to the return of the Collateral as provided herein and to put the public on notice of Pledgor's ownership of the Collateral subject only to Epstein's security interest granted hereunder.

9. Covenant of Epstein. Epstein agrees and covenants that notwithstanding any possession or control of the Collateral granted to Epstein hereunder Epstein shall not relocate, transfer, hypothecate, pledge or encumber the Collateral or any interest therein. Furthermore, except as expressly permitted in accordance with Section 7 herein, Epstein shall not sell the Collateral.

10. Termination. This Agreement and the security interest created by this Agreement shall terminate upon the earliest to occur of: (a) payment in full of all amounts owed from Pledgor to Epstein under this Agreement; (b) termination of the Epstein Guaranty prior to Epstein becoming obligated to make any payments thereunder; and (c) termination of the Contribution Agreement prior to Pledgor becoming obligated to make any payments thereunder.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

12. Binding Nature; No Assignment; Counterparts. All agreements, covenants, conditions and provisions of this Agreement shall inure to the benefit of and be binding upon the respective estates of the parties hereto. This Agreement may not be assigned by either party. This Agreement may be executed and delivered in counterparts and by facsimile or electronically in portable document format.

13. Amendment. This Agreement may be modified or amended only by a writing expressly relating to this Agreement and signed by the party to be charged.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

PLEDGOR:

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**DAVID J. MITCHELL**

EPSTEIN:

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**JEFFREY EPSTEIN**

Exhibit A

592352: Roman carved sculpture of couple, 79 x 34 x 19 crated

592353: Roman carved sculpture of man with fruit, 39 x 27 x 23, marble, crated

Photos attached.



