

Al Madina A'Zarqa announces project firmly on course

Al Madina A'Zarqa Phase One Backed By Robust and Secure Financial and Legal Structure

Muscat, Oman: 16 April 2008. Al Madina A'Zarqa, the most significant infrastructure development in Oman and one of the biggest developments in the Middle East, is firmly on course and progressing without delay on phase one of the city. The 32 square kilometre project, located 60 minutes north-west of Muscat, is divided into a number of phases, the first phase being 2.6 square kilometres. The development will create a tourism platform for the country and will help to position Oman as an international destination. It will also become a vehicle for thousands of job opportunities directly in the new city and thousands of other jobs created through satellite services to the city.

“Al Madina A'Zarqa is not only significant in the region due to its sheer size and scope, but also due to the independent legal and financial structures under which the project is secured and managed,” said Professor Fari Akhlaghi, Managing Director and CEO of Blue City Company 1 (BCC1) S.A.O.C., the special purpose vehicle incorporated to oversee the management of phase one of Al Madina A'Zarqa project.

“BCC1 S.A.O.C. is an independently financed legal entity established to develop Al Madina A'Zarqa, operating independently of the shareholders. In other words, when one purchases a property in Al Madina A'Zarqa, payments are directed to bank accounts held in the name of Blue City Company One and supervised by the bondholder's representative bank, and not to the shareholders of the company”, added Prof. Akhlaghi.

The funding of Al Madina A'Zarqa's first phase differs greatly from other developments in the Middle East. Unlike most other real estate projects in the region, Al Madina A'Zarqa does not



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AL MADINA A'ZARQA

rely solely on the pre-sale of off-plan property to finance the development. This provides investors and purchasers with the highest levels of confidence that the project is protected from all manner of challenge during its life time.

Phase one of the project used a unique and pioneering funding vehicle through issue of bonds on the Irish Stock Exchange that raised initial funds of US\$925 million. Depending on their category, the bond issue has already been formally rated at investment grade by major international rating agencies such as Fitch and Moody's. The bonds, which are traded instruments on the financial markets, have been purchased by major international institutions that are regularly updated on the progress of the project and regard them as sound investment.

According to a strict loan agreement under which funds are made available to BCC1, all funds must be held in specific bank accounts. The monitoring and supervision of the funds is overseen by the Bank of New York, as the appointed representative (Trustees) of the Bond Holders (Note Holders). A technical adviser, Hill International (UK) Ltd, also participates in the monitoring and supervision of the project to ensure compliance with the conditions on which funds have been made available to BCC1. Prof. Akhlaghi commented that the strict supervision of fund releases has not affected progress of the project.

“Phase one of Al Madina A'Zarqa is on schedule and progressing without delay.” said Prof. Akhlaghi. “The main contractor's direct work force deployed on site is expanding rapidly.”

Various enabling and preparation work has advanced, including the construction of a major facility on site to provide accommodation for more than 7,000 workers, engineers and staff. The facilities for delivery of the project are now complete and include living accommodation and all amenities for single status and married personnel. The project has passed more than one million man hours of site activity without any accidents and with significant construction activity about to start, this figure will escalate rapidly.

Sales of units in the first phase of Al Madina A'Zarqa are underway following the initial launch in 2007 and current plans aim to release more products, including both apartments and villas over the next 3 months.

“Al Madina A'Zarqa entered the real estate market with a highly successful sales launch in December 2007 when the first 400 apartments were sold in record time,” said Prof. Akhlaghi. “Investors buying property in phase one can rest assured and feel confident that their money, investment and hopes are backed by a robust and secure financial legal structure as the project enters and completes its various stages over the next few years.”

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About Al Madina A'Zarqa

Located on a natural peninsula 45 minutes from Muscat, Al Madina A'Zarqa is a 32 square kilometre (12.36 square mile) waterfront city being built along 16 kilometres (9.95 miles) of shoreline adjacent to the Gulf of Oman. Al Madina A'Zarqa is more than just a resort real estate development; the city is being designed and built to include all the elements needed for a thriving metropolitan community. When complete, the city will be home to 200,000 people who will live, learn, work, relax and play in surroundings that are harmonious with the existing Omani landscape, architecture and culture.

Al Madina A'Zarqa will serve as a growth engine for the Omani economy and will radically expand the tourism facilities in Oman. The city will generate large scale employment opportunities for Omani nationals, promote freehold property ownership for nationals and expatriates alike and serve as a hub for leisure activities in the sultanate.

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