

- (c) Payments of principal, interest, Prepayment Premiums (if any) and Lookback Payments in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto but without prejudice to Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payment.
- (d) Upon the date upon which any Definitive Class A1 Note or any Definitive Class A3 Note becomes due and payable in full, unmatured Coupons appertaining thereto (whether or not attached to such Definitive Class A1 Note or such Definitive Class A3 Note, as the case may be) (the **Class A Coupons**) shall become void and no payment or, as the case may be, exchange shall be made in respect thereof. If the due date for redemption of any Definitive Class A1 Note or any Definitive Class A3 Note, as the case may be, is not an Interest Payment Date, accrued interest will be paid only against presentation and surrender of such Definitive Class A1 Note or such Definitive Class A3 Note, as the case may be. As used herein, “unmatured” Class A Coupons include any Talon insofar as it relates entirely to unmatured Class A Coupons.
- (e) The Paying Agents and the Registrar and their initial specified offices are listed at the end of these Conditions. The Issuer reserves the right at any time, subject to the prior written approval of the Issuer Note Trustee, to vary or terminate the appointment of the Paying Agents and/or the Registrar and to appoint additional or other Paying Agents. The Issuer will at all times during which the Unrestricted Notes are listed on the Irish Stock Exchange, maintain a Paying Agent with a specified office in Ireland. The Issuer will cause at least 30 days’ notice of any change in or addition to the Paying Agents and/or the Registrar or their specified offices to be given to the Noteholders in accordance with Condition 15 (*Notices to Noteholders*). The termination of the appointment of any Paying Agent and/or Registrar pursuant to the Agency Agreement will not be effective unless upon the expiry of the notice, there is a replacement Paying Agent or Registrar, as applicable.
- (f) If any Coupon or Note is presented for payment on a day which is not a Business Day in the place of presentation, payment shall not be made on such day but on the next succeeding Business Day and no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Coupon or, as the case may be, such Note.
- (g) On or after the Interest Payment Date specified on each final Coupon forming part of any Coupon sheet, a Talon may be surrendered at any specified office of any Paying Agent in exchange for a further Coupon sheet (including a further Talon, but excluding any Coupon which shall have become void).
- (h) So long as any of the Class A Notes remains outstanding, if interest is not paid in respect of a Class B Note on the date when due and payable (other than because the due date is not a Business Day or by reason of non-compliance with Condition 7(a)), then such unpaid interest shall itself bear interest at the Class B Interest Rate specified in Condition 5(e) until such interest and interest thereon is available for payment and notice thereof has been duly given in accordance with Condition 15 (*Notices to Noteholders*).
- (i) So long as any of the Class A Notes and/or the Class B Notes remains outstanding, if interest is not paid in respect of a Class C Note on the date when due and payable (other than because the due date is not a Business Day), then such unpaid interest shall itself bear interest at the Class C Interest Rate specified in Condition 5(e) until such interest and interest thereon is available for payment and notice thereof has been duly given in accordance with Condition 15 (*Notices to Noteholders*).
- (j) So long as any of the Class A Notes, the Class B Notes and/or the Class C Notes remains outstanding, if interest is not paid in respect of a Class D Note on the date when due and payable (other than because the due date is not a Business Day), then such unpaid interest shall itself bear interest at the Class D Interest Rate specified in Condition 5(e) until such interest and interest thereon is available for payment and notice thereof has been duly given in accordance with Condition 15 (*Notices to Noteholders*).
- (k) If a Definitive Class B1 Note is presented for redemption in full without all unmatured Coupons relating thereto (the **Class B1 Coupons**), then:
 - (1) if the aggregate amount of the missing Class B1 Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Class B1 Coupons will be deducted from the amount of principal due for payment; provided,

however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Class B1 Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

- (2) if the aggregate amount of the missing Class B1 Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Class B1 Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the **Relevant Class B1 Coupons**) being equal to the amount of principal due for payment; provided, however, that where this sub-paragraph would otherwise require a fraction of a missing Class B1 Coupon to become void, such missing Class B1 Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Class B1 Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided however that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Class B1 Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 7(a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Class B1 Coupons. No payments will be made in respect of void Class B1 Coupons.

- (l) If a Definitive Class C Note is presented for redemption in full without all unmatured Coupons relating thereto (the **Class C Coupons**), then:
 - (1) if the aggregate amount of the missing Class C Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Class C Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Class C Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (2) if the aggregate amount of the missing Class C Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Class C Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the **Relevant Class C Coupons**) being equal to the amount of principal due for payment; provided, however, that where this sub-paragraph would otherwise require a fraction of a missing Class C Coupon to become void, such missing Class C Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Class C Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided however that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Class C Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 7(a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Class C Coupons. No payments will be made in respect of void Class C Coupons.

- (m) If a Definitive Class D Note is presented for redemption in full without all unmatured Coupons relating thereto (the **Class D Coupons**), then:
 - (1) if the aggregate amount of the missing Class D Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Class D Coupons will be deducted from the amount of principal due for payment; provided,

however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Class D Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

- (2) if the aggregate amount of the missing Class D Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Class D Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the **Relevant Class D Coupons**) being equal to the amount of principal due for payment; provided, however, that where this sub-paragraph would otherwise require a fraction of a missing Class D Coupon to become void, such missing Class D Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Class D Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided however that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Class D Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 7(a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Class D Coupons. No payments will be made in respect of void Class D Coupons.

8. Taxation

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature unless such deduction is required by applicable law. In that event, the Issuer shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer, the Issuer Note Trustee, the Issuer Security Trustee, the Registrar, nor any Paying Agent nor any other person will be obliged to make any additional payments to Noteholders or Couponholders in respect of such withholding or reduction.

9. Prescription

Notes and Principal Coupons (which expression shall not in this Condition include Talons) shall become void in their entirety unless presented for payment or (in the case of Restricted Notes) claimed for payment within a period of 10 years from the relevant date in respect thereof. Interest Coupons (which expression shall not in this Condition include Talons) shall become void unless presented for payment within a period of five years from the relevant date in respect thereof. After the date on which a Note of the relevant Class or a Coupon becomes void in its entirety, no claim may be made in respect thereof. In this Condition, the **relevant date**, in respect of a Note or a Coupon, is the date on which a payment in respect thereof first becomes due or (if the full amount of the moneys payable in respect of all the Notes and/or Coupons due on or before that date has not been duly received by the Principal Paying Agent or the Issuer Note Trustee on or prior to such date) the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15 (*Notices to Noteholders*).

10. Note Events of Default

(a) Class A Noteholders

For so long as any Class A Notes are outstanding, the Issuer Note Trustee at its absolute discretion may and shall, if so requested in writing by the holders of not less than 25% in aggregate Principal Amount Outstanding of the Class A Notes then outstanding or if so directed by or pursuant to an Extraordinary Resolution of the Class A Noteholders (subject, in each case, to being indemnified and/or secured to its satisfaction), give either: (i) a notice of default to the Issuer (an **Issuer Class A Default Notice**); or (ii) a notice of acceleration (a **Class A Note Enforcement Notice**) to the Issuer declaring the Notes to be due and repayable, and in each case, at any time after the happening of any of the following events (each a **Class A Note Event of Default**):

- (i) default is made for a period of three Business Days in the payment of the principal of, or default being made for a period of ten Business Days in the payment of interest on, Class A Notes and/or any New Notes which have been issued and which rank *pari passu* with the Class A Notes when and as the same ought to be paid in accordance with these Conditions; or
- (ii) default is made by the Issuer in the performance or observance of any other obligation binding upon it under any of the Notes, the Note Trust Deed, the Issuer Deed of Charge or the other Issuer Transaction Documents and, in any such case (except where the Issuer Note Trustee certifies that, in its opinion, such default is incapable of remedy when no notice will be required) such default continues for a period of 15 Business Days following the service by the Issuer Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 10(a)(iv) below, ceases or, through an official action of the board of directors of the Issuer, threatens to cease to carry on business or a substantial part of its business or the Issuer is or is deemed unable to pay its debts as and when they fall due within the meaning of Section 95 of the Companies Law (as amended) of the Cayman Islands (as that section may be amended) or its equivalent under the laws of any other jurisdiction; or
- (iv) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Issuer Note Trustee in writing or by an Extraordinary Resolution of the Class A Noteholders; or
- (v) proceedings shall be initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order or the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) and such proceedings are not, in the opinion of the Issuer Note Trustee, being disputed in good faith with a reasonable prospect of success, or an administration order shall be granted or an administrative receiver or other receiver, liquidator or other similar official shall be appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer shall take possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) shall not be discharged or otherwise ceases to apply within 30 days, or the Issuer initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally,

provided that, in the case of each of the events described in Condition 10(a)(ii), (iii) or (v), the Issuer Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Class A Noteholders.

(b) Class B Noteholders

This Condition 10(b) shall not apply as long as any Class A Notes are outstanding. Subject thereto, for so long as any Class B Notes are outstanding, the Issuer Note Trustee at its absolute discretion may and shall, if so requested in writing by the holders of not less than 25% in aggregate Principal Amount Outstanding of the Class B Notes then outstanding or if so directed by or pursuant to an Extraordinary Resolution of the Class B Noteholders (subject, in each case, to being indemnified and/or secured to its satisfaction), give either: (i) a notice of default to the Issuer (an **Issuer Class B Default Notice**); or (ii) a notice of acceleration (a **Class B Note Enforcement Notice**) to the Issuer declaring the Notes to be due and repayable, and in each case, at any time after the happening of any of the following events (each a **Class B Note Event of Default**):

- (A) default being made in the payment of principal, Prepayment Premium, the Class B Lookback Payment or interest in respect of the Class B Notes and/or any New Notes which have been issued and which rank *pari passu* with or prior to the Class B Notes when and as the same ought to be paid in accordance with these Conditions and the default continues for a period of three Business Days in the case of principal or the Class B Lookback Payment and ten Business Days in the case of interest; or

- (B) the occurrence of any of the events in Condition 10(a)(ii), (iii), (iv) or (v) above provided that, in the case of each of the events described in Condition 10(a)(ii), (iii) or (v), the Issuer Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Class B Noteholders.

(c) **Class C Noteholders**

This Condition 10(c) shall not apply as long as any Class A Notes and/or any Class B Notes are outstanding. Subject thereto, for so long as any Class C Notes are outstanding, the Issuer Note Trustee at its absolute discretion may and shall, if so requested in writing by the holders of not less than 25% in aggregate Principal Amount Outstanding of the Class C Notes then outstanding or if so directed by or pursuant to an Extraordinary Resolution of the Class C Noteholders (subject, in each case, to being indemnified and/or secured to its satisfaction), give either: (i) a notice of default to the Issuer (an **Issuer Class C Default Notice**), or (ii) a notice of acceleration (a **Class C Note Enforcement Notice**) to the Issuer declaring the Notes to be due and repayable, and in each case, at any time after the happening of any of the following events (each a **Class C Note Event of Default**):

- (A) default being made in the payment of principal, Prepayment Premium, the Class C Lookback Payment or interest in respect of the Class C Notes and/or any New Notes which have been issued and which rank *pari passu* with or prior to the Class C Notes when and as the same ought to be paid in accordance with these Conditions and the default continues for a period of three Business Days in the case of principal or the Class C Lookback Payment and ten Business Days in the case of interest; or
- (B) the occurrence of any of the events in Condition 10(a)(ii), (iii), (iv) or (v) above provided that, in the case of each of the events described in Condition 10(a)(ii), (iii) or (v), the Issuer Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Class C Noteholders.

(d) **Class D Noteholders**

This Condition 10(d) shall not apply as long as any Class A Notes, any Class B Notes and/or any Class C Notes are outstanding. Subject thereto, for so long as any Class D Notes are outstanding, the Issuer Note Trustee at its absolute discretion may and shall, if so requested in writing by the holders of not less than 25% in aggregate Principal Amount Outstanding of the Class D Notes then outstanding or if so directed by or pursuant to an Extraordinary Resolution of the Class D Noteholders (subject, in each case, to being indemnified and/or secured to its satisfaction), give either: (i) a notice of default to the Issuer (an **Issuer Class D Default Notice** and an **Issuer Default Notice** shall mean an Issuer Class A Default Notice, an Issuer Class B Default Notice, an Issuer Class C Default Notice and/or an Issuer Class D Default Notice); or (ii) a notice of acceleration (a **Class D Note Enforcement Notice**) to the Issuer declaring the Notes to be due and repayable, and in each case, at any time after the happening of any of the following events (each a **Class D Note Event of Default** and a **Note Event of Default** will mean any Class A Note Event of Default, any Class B Event of Default, any Class C Event of Default and/or any Class D Note Event of Default, as applicable):

- (A) default being made in the payment of principal, the Class D Lookback Payment or interest in respect of the Class D Notes and/or any New Notes which have been issued and which rank *pari passu* with or prior to the Class D Notes when and as the same ought to be paid in accordance with these Conditions and the default continues for a period of three Business Days in the case of principal or the Class D Lookback Payment and ten Business Days in the case of interest; or
- (B) the occurrence of any of the events in Condition 10(a)(ii), (iii), (iv) or (v) above provided that, in the case of each of the events described in Condition 10(a)(ii), (iii) or (v), the Issuer Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Class D Noteholders.

(e) **General**

For the avoidance of doubt, upon any declaration being made by the Issuer Note Trustee in accordance with Conditions 10(a), 10(b), 10(c) or 10(d), as the case may be, that the Notes are due and repayable, all Classes of the Notes then outstanding shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest as provided in the Note Trust Deed and the Issuer

Security shall become enforceable. As used in these Conditions, **Issuer Security Enforcement Notice** shall mean a Class A Note Enforcement Notice, a Class B Note Enforcement Notice or a Class C Note Enforcement Notice or a Class D Note Enforcement Notice, as the case may be.

11. Enforcement of Issuer Security

Subject, in the case of the Class B Notes, the Class C Notes and the Class D Notes to the provisions of Condition 16 (*Subordination and Deferral of Interest and Principal*), each of the Issuer Note Trustee and the Issuer Security Trustee (as directed by the Issuer Note Trustee) may, at any time, at its discretion and without notice, take such proceedings against the Issuer or any other person as it may think fit to enforce the provisions of (in the case of the Issuer Note Trustee) these Conditions (other than requesting or directing the taking of proceedings for the winding-up or administration (or equivalent action in any other jurisdiction) of the Issuer) or (in either case) any of the Issuer Transaction Documents to which they are a party and the Issuer Note Trustee may at any time after the delivery of an Issuer Security Enforcement Notice, direct the Issuer Security Trustee to enforce the Issuer Security and the Issuer Security Trustee may, at any time after the delivery of an Issuer Security Enforcement Notice (as instructed by the Issuer Note Trustee), take such steps as directed by the Issuer Note Trustee (so long as any of the Notes remains outstanding) to enforce the Issuer Security, but neither the Issuer Note Trustee nor the Issuer Security Trustee shall be bound to take any such proceedings, actions or steps unless:

- (a) in the case of the Issuer Note Trustee only, directed or requested to do so:
 - (i) by an Extraordinary Resolution of the Class A Noteholders or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Class A Notes then outstanding;
 - (ii) in the event that no Class A Notes remain outstanding, by an Extraordinary Resolution of the Class B Noteholders or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Class B Notes then outstanding;
 - (iii) in the event that no Class A Notes and Class B Notes remain outstanding, by an Extraordinary Resolution of the Class C Noteholders or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Class C Notes then outstanding; or
 - (iv) in the event that no Class A Notes, Class B Notes and Class C Notes remain outstanding, by an Extraordinary Resolution of the Class D Noteholders or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Class D Notes then outstanding;
- (b) in the case of the Issuer Security Trustee only, requested or directed to do so by the Issuer Note Trustee, subject as provided in the Issuer Deed of Charge; and
- (c) it shall have been indemnified and/or secured to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or any other party to the Issuer Transaction Documents or to enforce the Issuer Security unless the Issuer Note Trustee or, as the case may be, the Issuer Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, provided that no holder of a Class of Notes shall be entitled to take or request or direct the taking of proceedings for the winding-up or administration of the Issuer whilst any More Senior Class of Notes remains outstanding. The Issuer Security Trustee cannot, while any of the Notes are outstanding, be required to enforce the Issuer Security at the request of any other Issuer Secured Creditor under the Issuer Deed of Charge.

Subject to the immediately preceding paragraph, any owner of any Restricted Note (a **Restricted Noteholder**) may, in proceedings against the Issuer (in accordance and subject to these Conditions and the Issuer Deed of Charge and all other Transaction Documents) to which the Restricted Noteholder and the Issuer are parties, protect and enforce in its own name its rights arising under its Restricted Notes on the basis of a certificate issued by Registrar (i) stating the full name and address of the Restricted Noteholder and (ii) specifying the aggregate principal amount of the Restricted Notes registered on the date of such statement in the name of such Restricted Noteholder in the Register.

12. Meetings of Noteholders, Modifications and Waivers

- (a) The Note Trust Deed contains provisions for convening meetings of the Noteholders of any Class to consider any matter affecting their interests including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Issuer Transaction Documents.

- (b)** Subject as provided below, the quorum at any meeting of the Noteholders of any Class for passing an Extraordinary Resolution shall be one or more persons holding or representing more than 50 per cent. in aggregate Principal Amount Outstanding of the Notes of such Class for the time being outstanding or, at any adjourned meeting, one or more persons being or representing Noteholders of such Class, whatever the principal amount of the Notes of such Class so held or represented. The quorum at any meeting of the Noteholders of any Class for passing an Extraordinary Resolution to sanction a Basic Terms Modification shall be one or more persons holding or representing not less than 75 per cent. or, at any adjourned such meeting, 33 $\frac{1}{3}$ per cent. in aggregate Principal Amount Outstanding of the Notes of such Class for the time being outstanding.
- (c)** The Note Trust Deed provides that in respect of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes only (but subject as provided in paragraph (e) below):
- (i)** without prejudice to sub-paragraph (ii) below, an Extraordinary Resolution passed at any meeting of holders of any Class of Notes shall not be effective for any purpose unless either:
- (A)** the Issuer Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of any More Senior Class of Notes; or
- (B)** it is sanctioned by an Extraordinary Resolution of the holders of each such More Senior Class of Notes; and
- (ii)** an Extraordinary Resolution passed at any meeting of holders of any Class of Notes shall be binding on the holders of any More Junior Class of Notes irrespective of the effect upon them, except in the case of an Extraordinary Resolution to sanction a Basic Terms Modification, which will not take effect unless either:
- (A)** the Issuer Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of any More Junior Class of Notes; or
- (B)** it is sanctioned by an Extraordinary Resolution of the holders of each such More Junior Class of Notes.
- (d)** An Extraordinary Resolution passed at any meeting of the holders of a More Junior Class of Notes which is effective in accordance with the provisions of Condition 12(c)(ii) above shall be binding on all Noteholders.
- (e)** The Note Trust Deed provides that:
- (i)** a resolution which, in the opinion of the Issuer Note Trustee, affects the interests of the holders of one Class only of the Class A Notes shall be deemed to have been duly passed if passed at a separate meeting of the holders of such affected Class of the Class A Notes;
- (ii)** a resolution which, in the opinion of the Issuer Note Trustee, affects the interests of the holders of more than one Class of the Class A Notes but does not give rise to a conflict of interest between the holders of any Classes of the Class A Notes shall be deemed to have been duly passed if passed at a single meeting of the holders of all such affected Classes of the Class A Notes;
- (iii)** a resolution which, in the opinion of the Issuer Note Trustee, affects the interests of the holders of more than one Class of the Class A Notes and gives or may give rise to a conflict of interest between the holders of one Class of the Class A Notes and the holders of another Class of the Class A Notes shall be deemed to have been duly passed only if in lieu of being passed at a single meeting of the holders of all such affected Classes of the Class A Notes, it shall be duly passed at separate meetings of the holders of each such affected Class of the Class A Notes;
- (iv)** a resolution which, in the opinion of the Issuer Note Trustee, affects the interests of the holders of one Class only of the Class B Notes shall be deemed to have been duly passed if passed at a separate meeting of the holders of such affected Class of the Class B Notes;
- (v)** a resolution which, in the opinion of the Issuer Note Trustee, affects the interests of the holders of the Class B1 Notes and the Class B2 Notes but does not give rise to a conflict of interest between the Class B1 Noteholders and the Class B2 Noteholders shall be deemed to have been duly passed if passed at a single meeting of the holders of the Class B1 Notes and the Class B2 Notes; and

- (vi) a resolution which, in the opinion of the Issuer Note Trustee, affects the interests of the holders of the Class B1 Notes and the Class B2 Notes and gives or may give rise to a conflict of interest between the Class B1 Noteholders and the Class B2 Noteholders shall be deemed to have been duly passed only if in lieu of being passed at a single meeting of the holders of the Class B1 Notes and the Class B2 Notes, it shall be duly passed at separate meetings of the Class B1 Noteholders and the Class B2 Noteholders.
- (f) The Issuer Note Trustee may agree, without the consent of the Noteholders or Couponholders, (i) to any modification of, or to any waiver or authorisation of any breach or proposed breach of, these Conditions or any of the Issuer Transaction Documents which, in the opinion of the Issuer Note Trustee is not materially prejudicial to the interests of the Noteholders (subject to Condition 3.1(f)) or (ii) to any modification of these Conditions or any of the Issuer Transaction Documents which, in the opinion of the Issuer Note Trustee is of a formal, minor or technical nature or is to correct a manifest error or an error which is (to the satisfaction of the Issuer Note Trustee) proven. The Issuer Note Trustee may also, without the consent of the Noteholders or the Couponholders, determine that a Note Event of Default shall not, or shall not subject to specified conditions, be treated as such. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and, unless the Issuer Note Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15 (*Notices to Noteholders*).
- (g) Where the Issuer Note Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions, to have regard to the interests of the Noteholders (or any Class thereof), it shall have regard to the interests of the Noteholders (or any such Class) as a class and, in particular but without prejudice to the generality of the foregoing, the Issuer Note Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Issuer Note Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.
- (h) The Issuer Note Trustee will be entitled, for the purposes of exercising any power, trust, authority, duty or discretion or the giving of any consent or waiver under or in relation to the Issuer Transaction Documents, to assume that such exercise will not be materially prejudicial to the interests of the Noteholders if each Rating Agency has confirmed that the then current ratings of the Rated Notes (other than the Class D Notes, if the Class D Notes are then rated) would not be adversely affected by such exercise.

13. Indemnification and Exoneration of the Issuer Note Trustee and the Issuer Security Trustee

The Note Trust Deed and the Issuer Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Issuer Note Trustee and/or the Issuer Security Trustee and for their indemnification in certain circumstances, including provisions relieving them from taking enforcement proceedings or enforcing the Issuer Security or any other action unless indemnified and/or secured to their satisfaction. The Issuer Note Trustee and/or the Issuer Security Trustee will not be responsible for any loss, expense or Liability which may be suffered as a result of any assets comprised in the Issuer Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of other parties to the Issuer Transaction Documents, clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other similar persons on behalf of the Issuer Note Trustee and/or the Issuer Security Trustee.

The Note Trust Deed and the Issuer Deed of Charge contain provisions pursuant to which each of the Issuer Note Trustee and the Issuer Security Trustee or any of its related companies is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any other person who is a party to the Issuer Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Issuer Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties, under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Note Trust Deed and the Issuer Deed of Charge relieve the Issuer Note Trustee and the Issuer Security Trustee of liability for not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Issuer Deed of Charge. Each of the Issuer Note Trustee and the Issuer Security Trustee has no responsibility in relation to the validity, sufficiency and enforceability of the Issuer Security. Each of the Issuer Note Trustee and the Issuer Security Trustee will not be obliged to take any action which might result in it incurring personal liabilities unless indemnified and/or secured to its satisfaction or to supervise the performance by the Issuer Cash Manager, the Class A Cap Provider, the Class A Cap Guarantor or any other person of their obligations under the Issuer Transaction Documents and each of the Issuer Note Trustee and the Issuer Security Trustee shall assume, until it has actual knowledge to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

14. Replacement of Notes and Coupons

(a) *Definitive Notes, Restricted Notes and Coupons*

If any Definitive Note, Restricted Note, Coupon or Talon is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Definitive Note, Restricted Note, Coupon or Talon will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Definitive Notes, Restricted Notes, Coupons or Talons must be surrendered before new ones will be issued.

(b) *Unrestricted Global Notes*

If an Unrestricted Global Note is lost, stolen, mutilated, defaced or destroyed, it shall, upon satisfactory evidence of such loss, theft, mutilation, defacement or destruction being given to the Issuer and the Issuer Note Trustee, become void and a duly executed and authenticated replacement Unrestricted Global Note will be delivered by the Issuer to the Common Depositary only upon surrender, in the case of mutilation or defacement, of the relevant Unrestricted Global Note. Replacement thereof will only be made upon payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Principal Paying Agent may reasonably require.

15. Notice to Noteholders

(a) *Valid Notices*

Any notice to the Noteholders shall be validly given (in respect of Notes represented by an Unrestricted Global Note) if sent to Clearstream, Luxembourg or Euroclear and shall be deemed to be given on the date on which it was so sent and (in respect of the Restricted Notes only) if sent by first class airmail to the respective address shown on the Register for each Restricted Noteholder and such notice shall be deemed to have been given on the fourth day after the notice is posted. Alternatively, any notice to the Noteholders shall be validly given if:

- (i)** published a leading daily newspaper printed in the English language and of general circulation in New York City (expected to be the *Wall Street Journal*) or, if such newspapers shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Issuer Note Trustee shall approve having a general circulation in New York City;
- (ii)** so long as the Unrestricted Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, published in the Official List or on the website of the Irish Stock Exchange; and
- (iii)** published on a page of Reuters service or of the Bloomberg service or of any other medium for the electronic display of data as may be previously approved in writing by the Issuer Note Trustee and as has been notified to the Noteholders in accordance with this Condition 15 (the **Relevant Screen**).

(b) *Date of Publication*

Any notices so published shall be deemed to have been given on the date on which it was so sent or, as the case may be, on the date of such publication or, if published more than once or on different dates, on

the first date on which publication shall have been made in the newspaper or newspapers in which publication is required or on the Relevant Screen.

A copy of each notice given in accordance with this Condition 15 shall be provided to Fitch and any other credit rating agency that rates the Notes (a **Rating Agency** which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer, with the prior written approval of the Issuer Note Trustee, to provide a credit rating in respect of the Rated Notes or any Class thereof) if they are then rating the Rated Notes and, for so long as the Rated Notes of any Class are admitted to the Official List and admitted to trading on the Irish Stock Exchange, to the Irish Stock Exchange. For the avoidance of doubt, and unless the context otherwise requires, all references to **rating** and **ratings** in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agencies to the Rated Notes.

(c) Other Methods

The Issuer Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Issuer Note Trustee shall require.

(d) Couponholders deemed to have notice

The Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 15.

(e) Section 3(c)(7) Notifications

At least once annually, the Issuer shall provide Restricted Noteholders with a notice reminding each such Restricted Noteholder of the IAI/QP status requirement for Restricted Noteholders that are U.S. persons (as defined in Regulation S) and of the redemption provisions described above under Condition 6(i) (*Redemption and Cancellation – Notes owned by Non-Permitted Holders*).

16. Subordination and Deferral of Interest and Principal

(a) Interest

(i) Class B Notes

In the event that, on any Interest Payment Date, the Issuer Pre-Enforcement Available Revenue after deducting the amounts referred to in items (a) to (f) of Clause 5.1 (*Application of Moneys Prior to an Issuer Security Enforcement Notice*) of the Issuer Deed of Charge and taking into account any amounts standing to the credit of the Junior Debt Service Reserve Account (and if the Class A Notes have been redeemed in full, any amounts standing to the credit of the Partial Credit Guarantee Reserve Account), is not sufficient (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis) to satisfy in full the aggregate amount of interest due, subject to this Condition 16(a)(i), on the Class B Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest on each Class B Note, only a *pro rata* share of the Class B Fixed Rate Interest Amount on such Interest Payment Date (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis).

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid in respect of the Class B Notes on any Interest Payment Date in accordance with this Condition 16(a)(i) falls short of the aggregate amount of interest payable in respect of the Class B Notes on that date pursuant to Condition 5 (*Interest*) (the **Class B Interest Residual Amount**). Such Class B Interest Residual Amount shall itself accrue interest at the Class B Interest Rate and shall be due and repayable together with such accrued interest on the Second Legal Final Maturity Date only if and to the extent that on the Second Legal Final Maturity Date, the Issuer Pre-Enforcement Available Revenue, after deducting the amounts referred to in items (a) to (f) of Clause 5.1 (*Application of Moneys Prior to an Issuer Security Enforcement Notice*) of the Issuer Deed of Charge together with any amounts standing to the credit of the Junior Debt Service Reserve Account (and if the Class A Notes have been redeemed in full, any amounts standing to the credit of the Partial Credit Guarantee Reserve Account) is sufficient to make such payment (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis).

(ii) Class C Notes

In the event that, on any Interest Payment Date, the Issuer Pre-Enforcement Available Revenue after deducting the amounts referred to in items (a) to (h) of Clause 5.1 (*Application of Moneys Prior to an Issuer Security Enforcement Notice*) of the Issuer Deed of Charge is not sufficient (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis) to satisfy in full the aggregate amount of interest due, subject to this Condition 16(a)(ii), on the Class C Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest on each Class C Note, only a *pro rata* share of the Class C Fixed Rate Interest Amount on such Interest Payment Date (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis).

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid in respect of the Class C Notes on any Interest Payment Date in accordance with this Condition 16(a)(ii) falls short of the aggregate amount of interest payable in respect of the Class C Notes on that date pursuant to Condition 5 (*Interest*) (the **Class C Interest Residual Amount**). Such Class C Interest Residual Amount shall itself accrue interest at the Class C Interest Rate and shall be due and repayable together with such accrued interest on the Second Legal Final Maturity Date only if and to the extent that on the Second Legal Final Maturity Date, the Issuer Pre-Enforcement Available Revenue, after deducting the amounts referred to in items (a) to (h) of Clause 5.1 (*Application of Moneys Prior to an Issuer Security Enforcement Notice*) of the Issuer Deed of Charge is sufficient to make such payment (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis).

(iii) Class D Notes

In the event that, on any Interest Payment Date, the Issuer Pre-Enforcement Available Revenue after deducting the amounts referred to in items (a) to (j) of Clause 5.1 (*Application of Moneys Prior to an Issuer Security Enforcement Notice*) of the Issuer Deed of Charge is not sufficient (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis) to satisfy in full the aggregate amount of interest due, subject to this Condition 16(a)(iii), on the Class D Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest on each Class D Note, only a *pro rata* share of the Class D Fixed Rate Interest Amount on such Interest Payment Date (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis).

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid in respect of the Class D Notes on any Interest Payment Date in accordance with this Condition 16(a)(iii) falls short of the aggregate amount of interest payable in respect of the Class D Notes on that date pursuant to Condition 5 (*Interest*) (the **Class D Interest Residual Amount**). Such Class D Interest Residual Amount shall itself accrue interest at the Class D Interest Rate and shall be due and repayable together with such accrued interest on the Second Legal Final Maturity Date only if and to the extent that on the Second Legal Final Maturity Date, the Issuer Pre-Enforcement Available Revenue, after deducting the amounts referred to in items (a) to (j) of Clause 5.1 (*Application of Moneys Prior to an Issuer Security Enforcement Notice*) of the Issuer Deed of Charge is sufficient to make such payment (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis).

(b) Principal

(i) Class B Notes

In the event that, on any Interest Payment Date, the Issuer Pre-Enforcement Available Revenue, after deducting the amounts referred to in items (a) to (g) of Clause 5.1 (*Application of Moneys Prior to an Issuer Security Enforcement Notice*) of the Issuer Deed of Charge (the **Class B Principal Residual Amount**), are not sufficient (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis) to pay in full the aggregate amount of principal due, subject to this Condition 16(b)(i), on the Class B Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of principal on each Class B Note only a *pro rata* share of the Class B Principal Residual Amount on such Interest Payment Date (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis).

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of principal paid on the Class B Notes on any Interest Payment Date in

accordance with this Condition 16(b)(i) falls short of the aggregate amount of principal payable on the Class B Notes on that date pursuant to Condition 6 (*Redemption and Cancellation*). Such shortfall shall accrue interest at the Class B Interest Rate plus 2 per cent. per annum and such shortfall shall be due and payable (together with accrued interest) on the Second Legal Final Maturity Date.

(ii) Class C Notes

In the event that, on any Interest Payment Date, the Issuer Pre-Enforcement Available Revenue, after deducting the amounts referred to in items (a) to (i) of Clause 5.1 (*Application of Moneys Prior to an Issuer Security Enforcement Notice*) of the Issuer Deed of Charge (the **Class C Principal Residual Amount**), is not sufficient (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis) to pay in full the aggregate amount of principal due, subject to this Condition 16(b)(ii), on the Class C Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of principal on each Class C Note only a *pro rata* share of the Class C Principal Residual Amount on such Interest Payment Date (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis).

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of principal paid on the Class C Notes on any Interest Payment Date in accordance with this Condition 16(b)(ii) falls short of the aggregate amount of principal payable on the Class C Notes on that date pursuant to Condition 6 (*Redemption and Cancellation*). Such shortfall shall accrue interest at the Class C Interest Rate plus 2 per cent. per annum and such shortfall shall be due and payable (together with accrued interest) on the Second Legal Final Maturity Date.

(iii) Class D Notes

In the event that, on any Interest Payment Date, the Issuer Pre-Enforcement Available Revenue, after deducting the amounts referred to in items (a) to (k) of Clause 5.1 (*Application of Moneys Prior to an Issuer Security Enforcement Notice*) of the Issuer Deed of Charge (the **Class D Principal Residual Amount**), is not sufficient (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis) to pay in full the aggregate amount of principal due, subject to this Condition 16(b)(iii), on the Class D Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of principal on each Class D Note only a *pro rata* share of the Class D Principal Residual Amount on such Interest Payment Date (taking into account any other amounts ranking *pari passu* therewith and required to be paid on a *pro rata* basis).

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of principal paid on the Class D Notes on any Interest Payment Date in accordance with this Condition 16(b)(iii) falls short of the aggregate amount of principal payable on the Class D Notes on that date pursuant to Condition 6 (*Redemption and Cancellation*). Such shortfall shall accrue interest at the Class D Interest Rate plus 2 per cent. per annum and such shortfall shall be due and payable (together with accrued interest) on the Second Legal Final Maturity Date.

(c) General

Any amounts of principal or interest in respect of the Notes otherwise payable under these Conditions which are not paid by virtue of this Condition 16 together with accrued interest thereon shall become payable on the Interest Payment Date falling in November 2016 or on such earlier date as the Class B Notes, the Class C Notes and/or the Class D Notes become immediately due and payable under Condition 10 (*Note Events of Default*).

Subject to Condition 16(e), any non-payment on any Interest Payment Date of any amount which would otherwise be payable under these Conditions but for this Condition 16 shall not constitute a Note Event of Default pursuant to Condition 10 (*Note Events of Default*).

(d) Notification

As soon as practicable after becoming aware that any part of a payment of interest or principal on the Class B Notes, the Class C Notes and/or the Class D Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 16, the Issuer will give notice thereof to the Class B Noteholders, the Class C Noteholders, and/or the Class D Noteholders, as the case may be, in accordance with Condition 15 (*Notices to Noteholders*) and, so long as the Class B1 Notes, the Class C Notes and the Class D Notes are admitted to trading on the Irish Stock Exchange Limited and admitted to the Official List, to the Irish Stock Exchange.

(e) Application

This Condition 16 shall cease to apply in respect of: (i) the Class B Notes upon the redemption in full of all Class A Notes; (ii) the Class C Notes upon the redemption in full of all Class A Notes and Class B Notes; and (iii) the Class D Notes upon redemption in full of all Class A Notes, Class B Notes and Class C Notes.

17. Further Issues

(a) General

The Issuer may issue, without the consent of the Noteholders, but subject always to the Conditions and the provisions of the Note Trust Deed, Further Notes, New Notes or Replacement Notes (each as defined below) and apply the proceeds thereof in making a further loan or advance to the Borrower under the Intercompany Loan Agreement secured on the Phase 1 Secured Assets. The security for such Notes may include security over assets other than the Issuer Security as at the Closing Date.

(b) Further Notes

- (A)** The Issuer shall be at liberty, without the consent of the Noteholders, but provided it does not lead to a downgrade in the then current ratings of the Rated Notes (other than the Class D Notes, if the Class D Notes are then rated) or the Rated Notes (other than the Class D Notes, if the Class D Notes are then rated) being placed on “creditwatch” by any Rating Agency and provided further that, on issue, such Further Notes have an aggregate initial Principal Amount Outstanding of not less than \$5,000,000, to raise further funds, from time to time, on any date, by the creation and issue of (i) further Class A1 Notes (the **Further Class A1 Notes**), (ii) further Class A2 Notes (the **Further Class A2 Notes**), (iii) further Class A3 Notes (the **Further Class A3 Notes**), (iv) further Class A4 Notes (the **Further Class A4 Notes**), (v) further Class B1 Notes (the **Further Class B1 Notes**), (vi) further Class B2 Notes (the **Further Class B2 Notes**), (vii) further Class C Notes (the **Further Class C Notes**) and (viii) further Class D Notes (the **Further Class D Notes**). The Further Class A1 Notes, the Further Class A2 Notes, the Further Class A3 Notes, the Further Class A4 Notes, the Further Class B1 Notes, the Further Class B2 Notes, the Further Class C Notes and the Further Class D Notes (together, the **Further Notes**) will be issued in bearer or, if issued pursuant to Regulation D, registered form carrying the same terms and conditions in all respects (other than the Closing Date, the first Interest Period, the first Interest Payment Date, the amount of the first Interest Payment and the first Expected Amortisation Amount) and so that the same shall be consolidated and form a single series and rank *pari passu* with and share the same security as, the relevant Class of Notes.
- (B)** Application will be made to the Irish Stock Exchange for the Further Class A1 Notes, the Further Class A3 Notes, the Further Class B1 Notes, the Further Class C Notes and/or the Further Class D Notes to be admitted to the Official List and to be admitted to trading on its regulated market. It shall be a condition precedent to the issue of any Further Notes that:
- (i)** any Rated Further Notes will be supported by such arrangements as would enable such Rated Further Notes to be assigned the same ratings by the relevant Rating Agency as the then current ratings of the relevant class of Rated Notes and any previously issued Rated Further Notes, Rated Replacement Notes or Rated New Notes;
 - (ii)** any Rated Further Notes are assigned the same ratings by the relevant Rating Agency as are then applicable to the existing relevant class of Rated Notes;
 - (iii)** the ratings of the Rated Notes by the Rating Agencies and of any Rated New Notes will not be adversely affected by such issue of Further Notes; and
 - (iv)** the conditions precedent to the issue of New Notes in Condition 17(d) (*Further Issues – New Notes*) have been met as if references therein to New Notes were to Further Notes,

save that none of the items (i) to (iii) above shall apply to any Rated Further Notes which are Class D Notes.

Any such Further Notes will be constituted by a further deed or deeds supplemental to the Note Trust Deed and have the benefit of the Issuer Security pursuant to the Issuer Deed of Charge as described above in Condition 3 (*Status, Security and Priority*).

All references in these Conditions to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class A4 Notes, the Class B1 Notes, the Class B2 Notes, the Class C Notes and the Class D Notes shall include any Further Class A1 Notes, any Further Class A2 Notes, any Further Class A3 Notes, any Further Class A4 Notes, any Further Class B1 Notes, any Further Class B2 Notes, any Further Class C Notes or any Further Class D Notes, respectively in issue from time to time. All references in these Conditions to the Notes shall include any Further Notes in issue from time to time.

(c) Replacement Notes

If the Issuer exercises its option to redeem in whole one or more Classes of Notes pursuant to Condition 6(c), the Issuer shall at any time after the fifth anniversary of the Closing Date have the right to issue one or more Classes of replacement notes (**Replacement Notes**) which carry the same terms and conditions in all respects (except in relation to (i) the first Interest Period and (ii) the rate of interest applicable to the replacement notes (which must be lower than the rate of interest applicable to the equivalent Class of Notes being redeemed)) as the Class or Classes of Notes which are to be so redeemed, such replacement notes on issue to be in an amount which in aggregate does not exceed the then aggregate Principal Amount Outstanding of the Class or Classes of Notes to be so redeemed, provided always that the conditions to the issue of Further Notes as set out in Condition 17(b) are and will be met in respect of such Replacement Notes as if references therein to Further Notes were references to Replacement Notes.

(d) New Notes

The Issuer shall be at liberty, without the consent of the Noteholders, to raise further funds from time to time and on any date by the creation and issue of new notes (the **New Notes**) in bearer form (in the case of any new Unrestricted Notes) and in registered form (in the case of any new Restricted Notes) which may rank *pari passu* with the Class A Notes or after the Class A Notes but ahead of or *pari passu* with the Class B Notes or after the Class B Notes but ahead of or *pari passu* with the Class C Notes or after the Class C Notes but ahead of or *pari passu* with the Class D Notes or after the Class D Notes carrying terms which differ from those of any Class of Notes and which do not form a single series with any Class of Notes provided (i) that the conditions to the issue of Further Notes as set out in Condition 17(b)(B) (other than Condition 17(b)(B)(iv)) as applicable are met in respect of the issue of such New Notes as if reference therein to Further Notes were references to New Notes and (ii) that:

- (A)** the Rating Agencies then rating the Rated Notes (other than the Class D Notes, if the Class D Notes are then rated) each affirms that the then current ratings of each Class of the Rated Notes (and, if applicable, any Rated Replacement Notes or Rated New Notes then outstanding) would not be downgraded as a result of such issue;
- (B)** the net proceeds from the issue will be on-lent by the Issuer to the Borrower pursuant to the provisions of the Intercompany Loan Agreement;
- (C)** such security interests over any new or additional Issuer Security necessary to maintain the then current ratings referred to in (i) above or to obtain the necessary ratings for any Rated New Notes are given in favour of the Issuer Security Trustee by the Issuer at the date of issue of any Rated New Notes (if applicable);
- (D)** no Intercompany Loan Event of Default has occurred and is continuing or would occur as a result of such issue;
- (E)** the Issuer's interest and/or currency payment liabilities in respect of such New Notes as are floating rate notes and/or non-USD denominated notes are hedged to the satisfaction of the Rating Agencies then rating the Rated Notes; and
- (F)** no Note Event of Default has occurred and is continuing or would occur as a result.

(e) Supplemental Note Trust Deeds and Security

Any such Further Notes, Replacement Notes or New Notes will be constituted by a further deed or deeds supplemental to the Note Trust Deed and have the benefit of the security pursuant to the Issuer Deed of

Charge as described in Condition 3 (*Status, Security and Priority*). References in these Conditions to **Notes** shall, to the extent applicable, include references to any outstanding Replacement Notes, Further Notes and/or New Notes.

18. Privity of Contract

No Note, Coupon or Talon confers any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of such Note, Coupon or Talon but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

19. Governing Law and Submission to Jurisdiction

(a) Governing Law

The Note Trust Deed, the Issuer Deed of Charge, the Agency Agreement, the other Issuer Transaction Documents, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law. The Phase 1 Omani Security Documents are governed by, and shall be construed in accordance with, Omani law. The Phase 1 Cayman Islands Share Pledges are governed by the laws of the Cayman Islands.

(b) Jurisdiction of English Courts

The Issuer has, in the Note Trust Deed, irrevocably agreed for the benefit of the Issuer Note Trustee, the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Note Trust Deed, the Notes or the Coupons and accordingly has submitted to the exclusive jurisdiction of the English courts.

The Issuer has, in the Note Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Issuer Note Trustee, the Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Note Trust Deed, the Notes or the Coupons respectively (together referred to as **Proceedings**) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

(c) Appointment of Process Agent

The Issuer has irrevocably and unconditionally appointed Clifford Chance Secretaries Limited at 10 Upper Bank Street, London E14 5JJ, England as its agent for service of process in England in respect of any Proceedings and has undertaken in the Note Trust Deed that in the event of such agent ceasing so to act it will appoint such other person as the Issuer Note Trustee may approve as its agent for that purpose.

Schedule

Expected Amortisation Schedule

Interest Payment Date	Class A1 Notes and Class A2 Notes Expected Amortisation Amount	Class A3 Notes and Class A4 Notes Expected Amortisation Amount
7 November 2011	\$57,000,000	\$16,500,000
7 February 2012	\$57,000,000	\$16,500,000
7 May 2012	\$57,000,000	\$16,500,000
7 August 2012	\$57,000,000	\$16,500,000
7 November 2012	\$57,000,000	\$16,500,000
7 February 2013	\$57,000,000	\$16,500,000
7 May 2013	\$57,000,000	\$16,500,000
7 August 2013	\$ 0	\$73,500,000
7 November 2013	\$ 0	\$73,500,000
Interest Payment Date	Class B Notes Expected Amortisation Amount	
7 November 2013	\$143,000,000	
Interest Payment Date	Class C Notes Expected Amortisation Amount	
7 November 2013	\$50,500,000	
Interest Payment Date	Class D Notes Expected Amortisation Amount	
7 November 2013	\$70,000,000	

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretations thereof in effect as at the date of this Prospectus, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

Cayman Islands Taxation

Payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes or will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the Notes. The Notes themselves will be stampable if they are executed in or brought into the Cayman Islands.

The Issuer has obtained an undertaking from the Cayman Islands' authorities that, for a period of 20 years from 21 March 2006, no law which is enacted in the Cayman Islands imposing any tax or duty to be levied on profits, income, gains or appreciations shall apply to the Issuer or its operations, and no such tax or any tax in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations of the Issuer or by way of the withholding in whole or in part of any payment of dividend or principal or interest or other sums due under a debenture or other obligation of the Issuer.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

United States Taxation

This discussion is not intended or written to be used, and cannot be used by any person, for the purpose of avoiding United States federal tax penalties, and was written to support the promotion or marketing of the transaction. Each prospective investor should seek advice based on such person's particular circumstances from an independent tax adviser.

In General

The following summary describes the principal U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes to investors that acquire the Notes at original issuance for an amount equal to the "Issue Price" of the relevant Class of Notes (for purposes of this section, with respect to each Class of Notes, the first price at which a substantial amount of Notes of such Class are sold to investors is referred to herein as the **Issue Price**). In general, the summary assumes that a Holder of a Note holds such Note as a capital asset within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) and not as part of a hedge, straddle, or conversion transaction (as such terms are defined for U.S. federal income tax purposes).

This summary is based on the U.S. federal income tax laws, regulations (final, temporary and proposed), administrative rulings and practice and judicial decisions in effect or available on the date of this prospectus. All of the foregoing are subject to change or differing interpretation at any time, which change or interpretation may apply retroactively and could affect the continued validity of this summary.

As used in this section, the term **U.S. Holder** includes a beneficial owner of a Note that is, for U.S. federal income tax purposes, a citizen or individual resident of the United States of America, a corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States of America, any state thereof or the District of Columbia, an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or a trust if, in general, a court within the United States of America is able to exercise primary supervision over its administration and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of such trust, but excludes certain types of investors that are subject to special U.S. federal income tax rules which are not discussed herein, including but not limited to, dealers in securities or currencies, traders in securities, financial institutions, tax exempt investors, persons subject to alternative minimum tax, U.S. expatriates, insurance companies, persons that own (directly or indirectly) stock of the Issuer or equity interests in a beneficial owner of Notes, persons holding the Notes as part of a hedge, straddle, conversion or constructive sale transaction, Holders that purchase the Notes for a price other than the Notes' respective Issue Prices and subsequent purchasers of the Notes. In addition, if an entity or an arrangement is classified and treated for U.S. federal income tax as a partnership, the U.S. federal income tax treatment of the partners in the partnership generally will depend on the classification and treatment of the partners and the activities of the partnership. Prospective investors that are partnerships, and partners in such partnerships, should consult their own tax advisers to determine the U.S. federal income tax consequences to them of acquiring, owning and disposing of the Notes.

U.S. Taxation of the Issuer

The Issuer does not intend to operate so as to be subject to U.S. federal income taxes on its net income. However, if it were determined that the Issuer were conducting a trade or business within the United States (as defined in the Code), and the Issuer had taxable income that is effectively connected with such U.S. trade or business, the Issuer would be subject under the Code to the regular U.S. federal corporate income tax on such effectively connected taxable income (and possibly to the 30% branch profits tax as well). The imposition of such taxes would materially affect the Issuer's financial ability to make payments with respect to the Notes and could materially affect the yield of the Notes.

U.S. Taxation of the Noteholders

Status of the Class A Notes and the Class B Notes

The Issuer will treat the Class A Notes and the Class B Notes as debt for U.S. federal income tax purposes, and each Holder and beneficial owner of such Note, by acceptance of such Note or a beneficial interest therein, will agree to treat these Notes as debt for such purposes. If the Class A Notes or the Class B Notes were treated as equity in, rather than debt of, the Issuer for U.S. federal income tax purposes, the U.S. Holders thereof would be subject to the treatment described below for U.S. Holders of the Class C Notes and the Class D Notes and there might be adverse tax consequences for such U.S. Holders upon sale, redemption, retirement or other disposition of, or the receipt of certain types of distributions on, the Notes of such Class. The remainder of this discussion assumes that the Class A Notes and the Class B Notes are treated as debt for U.S. federal income tax purposes.

Interest and Discount on the Class A Notes

Subject to the discussion below, U.S. Holders of the Class A Notes generally will include in gross income payments of stated interest received on the Class A Notes, in accordance with their usual method of tax accounting, as ordinary interest income from sources outside the United States.

However, if the Issue Price of a Class A Note is less than such Note's "stated redemption price at maturity" by more than a de minimis amount, a U.S. Holder will be considered to have purchased such Note with original issue discount (**OID**). The stated redemption price at maturity of a Class A Note will be the sum of all payments to be received on such Note other than payments of "qualified stated interest" (in general, stated interest which is unconditionally payable in money at least annually). It is not anticipated that the Class A Notes will be issued with OID and the remainder of this discussion assumes this to be the case.

Sale and Retirement of the Class A Notes

In general, a U.S. Holder of a Class A Note will have a basis in such Note equal to the cost of such Note to such Holder reduced by any payments on such Note other than payments of stated interest on a Class A Note. Upon a sale, exchange, redemption or retirement of a Class A Note, as the case may be, a U.S. Holder will generally recognise gain or loss equal to the difference between the amount realised on the sale, exchange, redemption or retirement (other than amounts attributable to accrued interest on a Class A Note which will be taxable as described above) and the Holder's tax basis in such Note. Such gain or loss will be long-term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of disposition. In certain circumstances, U.S. Holders that are individuals may be entitled to preferential treatment for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

A U.S. Holder will also recognise gain upon receipt of a principal payment equal to the difference between the amount received and the portion of its basis that is considered to be allocable to such payment.

Gains recognised by a U.S. Holder on the sale, exchange, redemption or retirement of a Note generally will be treated as from sources within the United States, and loss so recognised generally will offset income from sources in the United States. The deductibility of capital losses is subject to significant limitations.

Interest and Discount on the Class B Notes

The Class B Notes likely will be treated as contingent payment debt obligations for United States federal income tax purposes, subject to the "noncontingent bond method" described in the applicable Treasury Regulations. Under this method, the Issuer will construct a projected payment schedule for the Class B Notes and U.S. Holders generally will recognise all interest income with respect to a Class B Note on a constant yield basis based on this projected payment schedule (without regard to the timing of cash payments denominated as interest), subject to certain adjustments if the actual contingent payments differ from those projected. Such interest income is treated as OID.

The projected payment schedule will include each noncontingent payment and a projection of the amount and timing of the Class B Lookback Payment as of the issue date. The projected payment schedule must produce a yield to maturity equal to the "comparable yield", which is generally the yield at which the Issuer could issue a fixed rate debt instrument with terms similar to those of the Class B Notes (taking into account for this purpose the level of subordination, term, timing of payments, and general market conditions, but ignoring any adjustments for liquidity or the riskiness of the contingencies with respect to the debt instrument). Where, as here, the Issuer has an unconditional option to redeem the notes, then, for purposes of determining the projected payment schedule, the Issuer is deemed to exercise or not exercise the option in the manner that minimises the yield on the note. If such option exercise does not actually occur, then, solely for the purposes of determining the amount and accrual of OID, the yield and maturity of the note are redetermined by treating the note as having been retired and reissued on the date of the change in circumstances for an amount equal to the note's adjusted issue price on that date.

The amount of OID that accrues during each accrual period is the product of the "comparable yield" (adjusted for the length of the accrual period) and the "adjusted issue price" of the Class B Notes at the beginning of each accrual period. The "adjusted issue price" of a Class B Note is equal to its issue price (i.e., the first price at which a substantial amount of the Class B Notes are sold to the public for cash), increased by OID previously accrued on the note (determined without adjustments), and decreased by the amount of noncontingent payments and the projected amount of any contingent payments previously made on the note. Except for adjustments made for differences between actual and projected payments, the amount of OID included in income by a U.S. Holder is the sum of the "daily portions" of OID with respect to the Class B Note for each day during the taxable year (or portion thereof) on which the holder held such note. The "daily portions" of OID are determined by allocating to each day in any accrual period a ratable portion of the OID attributable to that accrual period.

To the extent that a payment made in respect of the Class B Notes is consistent with the projected payment schedule, the receipt of any such payment will not be separately included in income. If the total actual payments exceed the total projected payments in a tax year (a "net positive adjustment"), U.S. Holders will generally be required to treat such excess as additional OID includible in gross income for such tax year. If the total actual payments are less than the total projected payments in a tax year (a "net negative adjustment"), U.S. Holders will be required to reduce the amount of OID that they would

otherwise account for by the amount of such difference. If the net negative adjustment exceeds the amount of OID for the taxable year that the U.S. Holder would otherwise account for, such excess will be treated as ordinary loss to the extent that the U.S. Holder's cumulative OID inclusions with respect to the Class B Note exceed the total net negative adjustments treated as ordinary loss on the note in prior taxable years. Any remaining excess will be a "negative adjustment carryforward" and treated as a negative adjustment in the succeeding tax year. If a Class B Note is sold, exchanged or retired, any negative adjustment carryforward from the prior year will reduce the U.S. Holder's amount realised on the sale, exchange or retirement.

The issue price, the amount of OID, the issue date, the yield to maturity, the comparable yield, and the projected payment schedule may be obtained by submitting a written request for such information to Blue City Investments 1 Limited, Walker House, P.O. Box 908 GT, Mary Street, George Town, Grand Cayman, Cayman Islands, Attention: The Directors (fax number: 1-345-945-4757). For U.S. federal income tax purposes, a U.S. holder must use the comparable yield and projected payment schedule to determine the amount and accrual of OID, unless such holder explicitly discloses, in accordance with applicable Treasury Regulations, its differing position. The IRS, however, is not bound by such schedule and will not respect the projected payment schedule if it determines such schedule to be unreasonable. **The payment amounts, timing thereof, and yield set forth on the projected payment schedule are for U.S. federal income tax purposes only and are not assurances with respect to any aspect of the Class B Notes.**

U.S. Holders are urged to consult their tax advisors with respect to the application of the contingent payment rules described above to the Class B Notes.

Sale and Retirement of the Class B Notes

A U.S. Holder will generally recognise gain or loss upon the sale or other taxable disposition of a Class B Note in an amount equal to the difference between (i) the amount of cash and the fair market value of any property received in exchange therefore, reduced by any negative adjustment carryforward (as described above), and (ii) the U.S. Holder's adjusted tax basis in such Class B Note. A U.S. Holder's adjusted tax basis in a Class B Note generally will be equal to the price paid for such note, increased by the amount of OID previously accrued on the note (determined without adjustments), and decreased by the amount of any noncontingent payments and the projected amount of any contingent payments previously made on the Class B Note. If, at the time of sale or other disposition of a Class B Note, there are remaining contingent payments under the projected payment schedule, then any gain recognised upon such sale or other disposition will be ordinary interest income, while any loss recognised will be ordinary loss to the extent the U.S. Holder's total interest inclusions on a Class B Note exceed the total net negative adjustments on the Class B Note that the U.S. Holder took into account as ordinary loss under the rules described above, and any additional loss will generally be a capital loss. If, however, at the time of sale or other disposition of a Class B Note, there are no remaining contingent payments due on the Class B Notes under the projected payment schedule, the resulting gain or loss will generally be capital gain or loss.

U.S. Taxation of Class C Notes and Class D Notes

Investment in a Passive Foreign Investment Company

Due to the thin level of subordination and other factors, a strong likelihood exists that the Class C Notes and the Class D Notes will be treated as equity of the Issuer for U.S. federal income tax purposes. The Issuer intends to treat the Class C Notes and a Class D Notes as equity in the Issuer for U.S. federal income tax purposes and each Holder and beneficial owner of a Class C Note and a Class D Note, by acceptance of such Note or a beneficial interest therein, will agree to treat such Note as equity for such purposes.

The Issuer will be a "passive foreign investment company" (**PFIC**) for U.S. federal income tax purposes. Accordingly, U.S. Holders of Class C Notes and Class D Notes, other than U.S. Holders that are treated as U.S. Shareholders of a CFC (as defined below), will be considered U.S. shareholders in a PFIC. U.S. shareholders in a PFIC, other than U.S. Holders that make the "qualified electing fund" (**QEF**) election described below and certain tax-exempt investors, are subject to certain punitive rules regarding the taxation of "excess distributions" (which include both certain distributions by a PFIC and any gain recognised on a disposition of PFIC stock). Accordingly, all U.S. Holders (other than certain tax-exempt investors) should consider making a QEF election. That election, if made, must be accompanied by filing

each year a form with the U.S. Holder's tax return, in the manner described below. Except as otherwise provided, the balance of this discussion assumes that each U.S. Holder (other than certain tax-exempt investors) makes the QEF election provided in Section 1295 of the Code.

The QEF election is effective only if certain required information is made available by the Issuer. The Issuer will undertake to comply with the IRS information requirements necessary to be a QEF and to provide to each U.S. Holder information needed for the determination of such holder's pro rata share of the Issuer's ordinary earnings and net capital gain. In general, a QEF election should be made by filing IRS Form 8621 on or before the due date for filing a U.S. Holder's U.S. federal income tax return for the first taxable year for which such U.S. Holder owns Class C Notes and Class D Notes. A U.S. Holder making the QEF election must also file Form 8621 annually with the IRS. Failure to comply with the annual reporting requirement described in the preceding sentence may result in the termination or invalidation of a U.S. Holder's QEF election.

If a timely QEF election is made for the Issuer, an electing U.S. Holder will be required in each taxable year to include in gross income (i) as ordinary income, such Holder's *pro rata* share of the Issuer's ordinary earnings and (ii) as capital gain, such U.S. Holder's *pro rata* share of the Issuer's net capital gain, whether or not distributed. A U.S. Holder will not be eligible for the dividends received deduction or the preferential 15% U.S. federal income tax rate in respect of such income or gain. In addition, any losses of the Issuer in a taxable year will not be available to such U.S. Holder and may not be carried back or forward in computing the Issuer's ordinary earnings and net capital gain in other taxable years. An amount included in an electing U.S. Holder's gross income should be treated as income from sources outside the United States for U.S. federal foreign tax credit purposes. If applicable to a U.S. Holder of Class C Notes or Class D Notes, the rules pertaining to a "controlled foreign corporation", discussed below, generally override those pertaining to a PFIC with respect to which a QEF election is in effect.

In certain cases in which a QEF does not distribute all of its earnings in a taxable year, U.S. Holders may also be permitted to elect to defer payment of some or all of the taxes on the QEF's income subject to an interest charge on the deferred amount. The Issuer may have in any given year substantial amounts of earnings for U.S. federal income tax purposes that are not distributed on the Class Notes C and the Class D Notes. Thus, absent an election to defer payment of taxes, U.S. Holders that make a QEF election with respect to the Issuer may owe tax on significant "phantom" income.

If a U.S. Holder does not make the QEF election, and the PFIC rules are otherwise applicable to such U.S. Holder, it will be subject to special rules for the taxation of "excess distributions", which include both certain distributions by a PFIC and any gain recognised on a disposition of PFIC stock. For this purpose, a gift of Class C Notes or Class D Notes, an exchange of Class C Notes or Class D Notes pursuant to a corporate reorganisation, or the use of Class C Notes or Class D Notes as security for a loan (including pursuant to a margin account) generally will be treated as a disposition of such Notes.

In general, Section 1291 of the Code provides that the amount of any "excess distribution" will be treated as ordinary income and will be treated as earned *pro rata* over the holding period of the U.S. Holder's investment in Class C Notes or Class D Notes. The amount allocated to the current year will be included in the U.S. Holder's gross income for the current year as ordinary income. With respect to amounts allocated to prior years, tax will be imposed based upon the maximum ordinary income tax rate applicable in the year in which such income is deemed to be earned, and interest will be charged (based upon interest rates for underpayments of U.S. federal income taxes) with respect to such tax from the due date of the return for each such year. An "excess distribution" is the amount by which distributions for a taxable year exceed 125% of the average distribution in respect of the Class C Notes or the Class D Notes during the three preceding taxable years (or, if shorter, the investor's holding period for the Class C Notes or the Class D Notes). As indicated above, any gain recognised upon sale or redemption of the Class C Notes or the Class D Notes (and any final distribution) will be treated as an excess distribution and taxed under the rules described above. In addition, a stepped-up basis in the Class C Notes or the Class D Notes upon the death of an individual U.S. Holder may not be available. Accordingly, all U.S. Holders (other than certain tax-exempt investors) should consider making a QEF election.

Under certain circumstances, a "mark-to-market" election may be available to U.S. Holders of the Class C Notes and the Class D Notes. Such election, if available, would permit a U.S. holder to avoid some of the rules with respect to distributions and dispositions described above. U.S. Holders should consult their tax advisors regarding the availability and advisability of such election.

A U.S. holder that owns any equity interest in a PFIC in any year is required to file Internal Revenue Service (IRS) Form 8621 for that year.

Investment in a Controlled Foreign Corporation

The Issuer may be classified as a controlled foreign corporation (**CFC**). In general, a foreign corporation will be classified as a CFC if more than 50% of the shares of the corporation, measured by reference to combined voting power or value, is owned (actually or constructively) by “U.S. Shareholders”. A **U.S. Shareholder**, for this purpose, is any United States person that possesses (actually or constructively) 10% or more of the combined voting power of all classes of shares of the foreign corporation. It is possible that the IRS would assert that the Class C Notes and the Class D Notes are de facto voting securities and that U.S. Holders possessing (actually or constructively) 10% or more of the Outstanding Class C Notes and the Outstanding Class D Notes are U.S. Shareholders. If this argument were successful and more than 50% of the Class C Notes and the Class D Notes (determined with respect to aggregate value or aggregate amount of Outstanding Class C Notes and Outstanding Class D Notes) are owned (directly, indirectly or constructively) by such U.S. Shareholders, the Issuer would be treated as a CFC.

If the Issuer were treated as a CFC for an uninterrupted period of 30 days or more during any taxable year, a U.S. Shareholder of the Issuer would be treated, subject to certain exceptions, as receiving a deemed dividend (taxable as ordinary income) at the end of the taxable year of the Issuer in an amount equal to that person’s *pro rata* share of the “subpart F income” of the Issuer. Such dividend would be treated as income from sources within the United States for U.S. federal foreign tax credit purposes to the extent that it is attributable to income of the Issuer from sources within the United States. Among other items, and subject to certain exceptions, “subpart F income” includes dividends, interest, annuities, gains from the sale of shares and securities, certain gains from commodities transactions, certain types of insurance income and income from certain transactions with related parties. It is likely that, if the Issuer were to constitute a CFC, all or most of its income would be subpart F income. If more than 70% of the Issuer’s income is subpart F income, then 100% of its income will be so treated.

If the Issuer were treated as a CFC, a U.S. Shareholder of the Issuer that made a QEF election with respect to the Issuer would be taxable on the subpart F income of the Issuer under rules described in the preceding paragraph and not under the QEF rules previously described. As a result, to the extent subpart F income of the Issuer includes net capital gains, such gains will be treated as ordinary income of the U.S. Shareholder under the CFC rules, notwithstanding the fact that the character of such gains generally would otherwise be preserved under the QEF rules.

Furthermore, if the Issuer were treated as a CFC and a U.S. Holder were treated as a U.S. Shareholder therein, the Issuer would not be treated as a PFIC or a QEF with respect to such U.S. Holder for the period during which the Issuer remained a CFC and such U.S. Holder remained a U.S. Shareholder therein (the “qualified portion” of the U.S. Holder’s holding period for the Class C Notes or the Class D Notes). If the qualified portion of such U.S. Holder’s holding period for the Class C Notes or Class D Notes subsequently ceased (either because the Issuer ceased to be a CFC or the U.S. Holder ceased to be a U.S. Shareholder), then solely for purposes of the PFIC rules, such U.S. Holder’s holding period for the Class C Notes or the Class D Notes would be treated as beginning on the first (1st) day following the end of such qualified portion, unless the U.S. Holder had owned any Class C Notes or any Class D Notes for any period of time prior to such qualified portion and had not made a QEF election with respect to the Issuer. In that case, the Issuer would again be treated as a PFIC that is not a QEF with respect to such U.S. Holder, and the beginning of such U.S. Holder’s holding period for the Class C Notes or the Class D Notes would continue to be the date upon which such U.S. Holder acquired the Class C Notes or the Class D Notes, unless the U.S. Holder made an election to recognise gain with respect to the Class C Notes or the Class D Notes and a QEF election with respect to the Issuer.

U.S. Shareholders of a CFC are required to file IRS Form 5471 for each year in which they are U.S. Shareholders of the CFC.

Interest on Class C Notes and Class D Notes

The treatment of actual distributions of cash on the Class C Notes and the Class D Notes, in very general terms, will vary depending on whether a U.S. Holder has made a timely QEF election as described above and whether the U.S. Holder is a U.S. Shareholder of a CFC. If a timely QEF election has been made, distributions should be allocated first to amounts previously taxed pursuant to the QEF election (or pursuant to the CFC rules, if applicable) and to this extent will not be taxable to U.S. Holders. Distributions in excess of previously taxed amounts pursuant to a QEF election (or pursuant to the CFC rules, if applicable) and in excess of the Issuer’s earnings and profits will be treated first as a nontaxable reduction to the U.S. Holder’s tax basis for the Class C Notes or the Class D Notes to the extent thereof and then as capital gain.

In the event that a U.S. Holder does not make a timely QEF election, then except to the extent that distributions may be attributable to amounts previously taxed pursuant to the CFC rules, some or all of any distributions with respect to the Class C Notes or the Class D Notes may constitute “excess distributions”, taxable as previously described. See “—*Investment in a Passive Foreign Investment Company*”. In that event, except to the extent that distributions may be attributable to amounts previously taxed to the U.S. Holder pursuant to the CFC rules or are treated as “excess distributions”, distributions on the Class C and the Class D Notes generally would be treated as dividends to the extent paid out of the Issuer’s current or accumulated earnings and profits not allocated to any “excess distributions”, then as a nontaxable reduction to the U.S. Holder’s tax basis for the Class C Notes or the Class D Notes to the extent thereof and then as capital gain. Dividends received from a foreign corporation generally will be treated as income from sources outside the United States for U.S. federal foreign tax credit purposes.

Disposition of the Class C Notes and the Class D Notes

In general, a U.S. Holder of a Class C Note and a Class D Note will recognise gain or loss upon the sale, exchange, redemption or other taxable disposition of a Class C Note and a Class D Note equal to the difference between the amount realised and such U.S. Holder’s adjusted tax basis in the Class C Note and the Class D Note. Except as discussed below, such gain or loss will be long-term capital gain or loss if the U.S. Holder held the Class C Note and the Class D Note for more than one year at the time of the disposition. In certain circumstances, U.S. Holders who are individuals (or whose income is taxable to U.S. individuals) may be entitled to preferential treatment for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited. Gain recognised by a U.S. Holder on the sale or other disposition of a Class C Note and a Class D Note (other than, in the case of a U.S. Holder treated as a U.S. shareholder, any such gain characterised as a dividend, as discussed below) generally will be treated as from sources within the United States for U.S. federal foreign tax credit purposes and loss so recognised generally will offset income from sources within the United States.

Initially, a U.S. Holder’s tax basis for a Class C Note and a Class D Note will equal the amount paid for the Class C Note and the Class D Note. Such basis will be increased by amounts taxable to such U.S. Holder under the QEF or CFC regimes, as applicable, and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or are treated as a nontaxable reduction to the U.S. Holder’s tax basis for the Class C Note and the Class D Note (as described above).

If a U.S. Holder does not make a timely QEF election as described above, any gain realised on the sale, exchange, redemption or other taxable disposition of a Class C Note and a Class D Note constituting an interest in a PFIC with respect to a U.S. Holder, will be taxed as ordinary income and subject to an additional tax reflecting a deemed interest charge under the special tax rules applicable to an “excess distribution” from a PFIC described above. See “*U.S. Taxation of Class C Notes and Class D Notes – Investment in a Passive Foreign Investment Company*”.

If the Issuer were treated as a CFC and a U.S. Holder were treated as a U.S. Shareholder therein, then any gain realised by such U.S. Holder upon the disposition of Class C Notes and Class D Notes would be treated as ordinary income to the extent of the U.S. Holder’s share of the current or accumulated earnings and profits of the Issuer. In this regard, earnings and profits would not include any amounts previously taxed pursuant to the CFC rules or pursuant to a timely QEF election.

Tax Treatment of Tax-Exempt U.S. Holders

In general, a tax-exempt U.S. Holder of the Notes will not be subject to tax on unrelated business taxable income (**UBTI**) with respect to income and gains from the Notes regardless of whether they are treated as equity or debt of the Issuer for U.S. federal income tax purposes, except to the extent that the Notes are considered debt-financed property (as defined in the Code) of the tax-exempt U.S. Holder. A tax-exempt U.S. Holder that owns more than 50% of the Outstanding Class C Notes and the Outstanding Class D Notes and also owns Class A Notes and/or Class B Notes should consider the possible application of the special UBTI rules for amounts received from controlled entities. Tax-exempt U.S. Holders should consult their own tax advisers concerning an investment in the Notes.

Transfer Reporting Requirements

A United States person (including a tax-exempt entity) that purchases the Class C Notes and the Class D Notes (or any other Notes, if such Notes are treated as equity for U.S. federal income tax purposes)

for cash will be required to file a Form 926 or similar form with the IRS if (i) such person owned, directly or by attribution, immediately after the transfer at least 10% by vote or value of the Issuer or (ii) if the transfer, when aggregated with all transfers made by such person (or any related person) within the preceding 12 month period, exceeds \$100,000. In the event a U.S. Holder fails to file any such required form, the U.S. Holder could be required to pay a penalty equal to 10% of the gross amount paid for such Notes (subject to a maximum penalty of \$100,000, except in cases involving intentional disregard). United States persons should consult their tax advisers with respect to this or any other reporting requirement which may apply with respect to their acquisition of the Notes.

Tax Treatment of Non-U.S. Holders of Notes

In general, payments on the Notes to a Holder that is not, for U.S. federal income tax purposes, a U.S. Holder and is not classified and treated as a partnership for U.S. federal income tax purposes (a **non-U.S. Holder**) and gain realised on the sale, exchange or retirement of the Notes by a non-U.S. Holder, will not be subject to U.S. federal income or withholding tax, unless (i) such income is effectively connected with a trade or business conducted by such non-U.S. Holder in the United States, or (ii) in the case of gain, such non-U.S. Holder is a non-resident alien individual who holds the Notes as a capital asset and is present in the United States for at least 183 days in the taxable year of the sale and certain other conditions are satisfied. If an entity or an arrangement is classified and treated for U.S. federal income tax purposes as a partnership, the U.S. federal income tax treatment of the partners in the partnership generally will depend on the classification and treatment of the partners and the activities of the partnership.

Information Reporting and Backup Withholding

Information reporting to the IRS generally will be required with respect to payments of principal and interest (including accrual of any OID) on the Notes, payments on the Notes and proceeds of the sale of the Notes and the Notes to Holders other than corporations and other exempt recipients. A backup withholding tax will apply to those payments if such Holder fails to provide certain identifying information (such as such Holder's taxpayer identification number) to the relevant Agents. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not United States persons in order to avoid the application of such information reporting requirements and backup withholding tax. Backup withholding is not an additional tax, and a Holder can claim a credit against its U.S. federal income tax liability for the amount of any backup withholding tax and a refund of any excess amount.

NOTICE TO U.S. INVESTORS

Restricted Notes

The Restricted Notes have not been registered under the Securities Act and the Issuer is not, and does not intend to be, registered as an investment company under the Investment Company Act. Accordingly, the Restricted Notes may not be offered, sold or otherwise transferred (i) within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S) except to a limited number of institutional “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D) that are also “qualified purchasers” (as defined in Sections 2(a)(51)(A) of the Investment Company Act) in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation D that prior to their purchase of any of the Restricted Notes, deliver to the initial purchaser a letter containing certain representations and agreements substantially in the form of Appendix 3 (*Form of Institutional Accredited Investor/Qualified Purchaser Letter*) of this Prospectus, or (ii) persons in offshore transactions in reliance on Regulation S. The Restricted Notes are not being offered to the public in any jurisdiction.

By purchasing the Restricted Notes, you will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation D or Regulation S under the Securities Act and Section 2(a) of the Investment Company Act are used herein as defined therein):

1. You are not an “Affiliate” of the Issuer or acting on behalf of the Issuer and you are either:
 - (a) (i) an institutional “accredited investor” that is a “qualified purchaser”, (ii) aware that the sale to you is being made in reliance on Regulation D, (iii) acquiring the Restricted Notes for your own account or for the account of an institutional “accredited investor” that is a “qualified purchaser”, (iv) not a broker-dealer who owns and invests on a discretionary basis less than \$25 million in securities of unaffiliated issuers; (v) not a participant-directed employee plan, such as a 401(k) plan; (vi) not formed for the purpose of investing in the Restricted Notes; (vii) of the understanding that the Issuer may receive a list of investors holding positions in its securities from one or more book-entry depositaries; and (viii) willing to provide notice of the transfer restrictions set forth in this Prospectus to any subsequent transferees; or
 - (b) not a U.S. Person (and are not purchasing the Restricted Notes for the account or benefit of a U.S. Person) and are purchasing the Restricted Notes in an offshore transaction pursuant to Regulation S.
2. You understand that the Restricted Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Restricted Notes have not been and will not be registered under the Securities Act and that (A) if in the future you decide to offer, resell, pledge or otherwise transfer any of the Restricted Notes, such Restricted Notes may be offered, resold, pledged or otherwise transferred only (i) in the United States to a person whom you reasonably believe is an IAI/QP in a transaction meeting the requirements of Regulation D; (ii) outside the United States in a transaction complying with the provisions of Rule 904 under the Securities Act; or (iii) to the Issuer, in each case in accordance with any applicable securities laws, and that (B) you will, and each subsequent holder is required to, notify any subsequent purchaser of the Restricted Notes from it of the resale restrictions referred to the legend below. You understand that no public market exists with respect to any of the Restricted Notes and none is expected to develop in the foreseeable future.
3. You acknowledge that none of the Issuer, the Managers, the Regulation D Placement Agents or any person representing the Issuer, the Managers or the Regulation D Placement Agents has made any representation to you with respect to the Issuer or the offer or sale of any of the Restricted Notes, other than by the Issuer with respect to the information contained in this Prospectus, which Prospectus has been delivered to you and upon which you are relying in making your investment decision with respect to the Restricted Notes. You acknowledge that the Managers and the Regulation D Placement Agents make no representation or warranty as to the accuracy or completeness of this Prospectus. You acknowledge that you have carefully read this Prospectus and understand and have evaluated the types of risks involved with the Purchase of the Restricted Notes, including the risks set forth under the heading “*Risk Factors*” in this Prospectus.

4. You (i) have such knowledge and experience in financial and business matters as to be capable of evaluating information and data relating to the Issuer's industry and the merits and risks of your investment in the Restricted Notes and of protecting your own interests in connection with the transaction the subject of this Prospectus, (ii) are able to bear the economic risk of such investment and are able to sustain a complete loss of your investment in the Restricted Notes and (iii) are acquiring the Restricted Notes for investment only and not with a view toward transfer, resale or distribution thereof and will not do so immediately following the purchase of the Restricted Notes by you.
5. You have based your investment decision solely on your own independent due diligence review and examination of the Issuer, the Borrower and the Project, and the terms of the Restricted Notes including the merits and risks involved.
6. You have carefully considered and have, to the extent you believe such discussion necessary, discussed with your professional legal, financial, accounting and tax advisers the suitability of an investment in the Restricted Notes for your particular situation and have determined that the Restricted Notes are a suitable investment for you.
7. You confirm that at no time were you presented with or solicited through a general solicitation or general advertising in connection with the sale of the Restricted Notes, including, without limitation, any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.
8. You are acquiring the Restricted Notes for your own account, for investment only and not with a view toward the transfer, resale or distribution thereof and will not do so immediately following the issue of Restricted Notes to such investor.
9. You understand that the Restricted Notes will bear a legend substantially to the following effect:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), AND THE ISSUER HAS NOT BEEN, AND DOES NOT INTEND TO BE, REGISTERED AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **INVESTMENT COMPANY ACT**) ACCORDINGLY, THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED EXCEPT: (A) WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) TO (i) INSTITUTIONAL **ACCREDITED INVESTORS** (AS DEFINED IN RULE 501(a)(i), (2), (3) OR (7) OR REGULATION D UNDER THE SECURITIES ACT), (ii) A **QUALIFIED PURCHASER** (AS DEFINED IN SECTIONS 2(A)(51)(A) OF THE INVESTMENT COMPANY ACT), (iii) NOT A BROKER-DEALER WHO OWN AND INVEST ON A DISCRETIONARY BASIS LESS THAN \$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS; (iv) NOT PARTICIPANT-DIRECTED EMPLOYEE PLANS, SUCH AS A 401(k) PLAN; (v) NOT FORMED FOR THE PURPOSE OF INVESTING IN THE NOTES; (vi) OF THE UNDERSTANDING THAT THE ISSUER MAY RECEIVE A LIST OF INVESTORS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES; AND (vii) WILLING TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH IN THE PROSPECTUS TO ANY SUBSEQUENT TRANSFEREES (AN **IAI/QP**) IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY REGULATION D OR (B) TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY REGULATION D THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE ISSUER THAT FOR SO LONG AS THE ISSUER IS RELYING ON SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS AN IAI/QP IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION D; (II) OUTSIDE THE UNITED

STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT; OR (III) TO THE ISSUER, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN THIS LEGEND.

ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE NULL AND VOID *AB INITIO* AND ANY SUCH PURPORTED TRANSFER MAY BE DISREGARDED BY THE ISSUER, THE PAYING AGENTS, THE REGISTRAR, THE ISSUER SECURITY TRUSTEE AND THE ISSUER NOTE TRUSTEE FOR ALL PURPOSES. THE HOLDER OF THIS NOTE ACKNOWLEDGES AND AGREES THAT THE ISSUER HAS THE RIGHT TO COMPEL ANY BENEFICIAL OWNER THAT IS A **U.S. PERSON** (AS DEFINED IN REGULATIONS OF THE SECURITIES ACT) AND IS NOT A **QUALIFIED PURCHASER** (AS DEFINED IN THE INVESTMENT COMPANY ACT) TO EITHER (A) TRANSFER ITS INTEREST IN THE NOTE TO A **PERMITTED HOLDER** (AS DEFINED IN THE NOTE TRUST DEED) OR (B) HAVE THEIR NOTES REDEEMED AT A PRICE AND ON SUCH OTHER TERMS AS THE ISSUER MAY DETERMINE IN ITS SOLE DISCRETION, SELL ITS INTEREST IN THE NOTES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

[INSERT WITH RESPECT TO CLASS A2 NOTES AND THE CLASS A4 NOTES ONLY] EACH PURCHASER AND TRANSFEREE OF THIS NOTE OR ANY INTEREST THEREIN, BY ITS ACQUISITION OF SUCH NOTE OR ANY INTEREST THEREIN, SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER (A) THE HOLDER IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST THEREIN WILL NOT BE, AN “EMPLOYEE BENEFIT PLAN” WITHIN THE MEANING OF AND SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), A “PLAN” SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), ANY PERSON OR ENTITY WHOSE ASSETS INCLUDE THE ASSETS OF ANY SUCH “EMPLOYEE BENEFIT PLAN” OR “PLAN” BY REASON OF UNITED STATES DEPARTMENT OF LABOR REGULATION 29 C.F.R. SECTION 2510.3-101 OR OTHERWISE, OR ANY OTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, AND IS NOT PURCHASING THIS NOTE OR ANY INTEREST THEREIN ON BEHALF OF ANY SUCH PERSON, OR (B) THE PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THIS NOTE OR ANY INTEREST THEREIN WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF ANY SUCH OTHER EMPLOYEE BENEFIT PLAN, IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW).

[INSERT WITH RESPECT TO CLASS B2 NOTES:] THIS NOTE OR ANY INTEREST THEREIN MAY NOT BE PURCHASED BY OR OTHERWISE ACQUIRED BY ANY EMPLOYEE BENEFIT PLAN WITHIN THE MEANING OF AND SUBJECT TO SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), A PLAN SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), OR ANY PERSON OR ENTITY WHOSE ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN BY REASON OF UNITED STATES DEPARTMENT OF LABOR REGULATION 29 C.F.R. SECTION 2510.3 101 OR OTHERWISE. EACH HOLDER OF THIS NOTE OR ANY INTEREST THEREIN SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT (A) IT IS NOT (AND IS NOT DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO BE) AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST THEREIN WILL NOT BE (OR BE DEEMED FOR SUCH PURPOSES TO BE) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN AND SUBJECT TO ERISA OR A “PLAN” AS DEFINED IN SECTION 4975 OF THE CODE, AND (B)(i) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST THEREIN WILL NOT BE AN EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (ii) THE PURCHASE AND HOLDING OF THE

NOTES OR ANY INTEREST THEREIN DO NOT AND WILL NOT VIOLATE ANY SUCH SUBSTANTIALLY SIMILAR LAW.

THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD IN THE UNITED STATES EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM AS SET FORTH IN AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

If you purchase the Restricted Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Restricted Notes as well as to holders of these Restricted Notes.

1. You acknowledge that the Registrar will not be required to accept for registration of transfer any Restricted Notes acquired by you, except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth herein have been complied with.
2. You acknowledge that:
 - (i) the Issuer, the Regulation D Placement Agents and others will rely upon the truth and accuracy of your acknowledgments, representations and agreements set forth herein and you agree that, if any of your acknowledgments, representations or agreements herein cease to be accurate and complete, you will notify the Issuer and the Regulation D Placement Agents promptly in writing; and
 - (ii) if you are acquiring any Restricted Notes as a fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:
 - (A) you have sole investment discretion; and
 - (B) you have full power to make, and make, the foregoing acknowledgments, representations and agreements.
3. You agree that you will give to each person to whom you transfer these Restricted Notes notice of any restrictions on the transfer of the Restricted Notes.
4. If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S under the Securities Act, you acknowledge that until the expiration of the “distribution compliance period” (as defined below), you shall not make any offer or sale of these Restricted Notes to a U.S. Person or for the account or benefit of a U.S. Person within the meaning of Rule 902 under the Securities Act. The “distribution compliance period” means the 40-day period following the later of the commencement of the offering or the issue date for the Unrestricted Notes.
5. In the case of the purchase of Class A2 Notes or Class A4 Notes or any interest therein, each purchaser and subsequent transferee of an interest in such Class A2 Notes or Class A4 Notes, shall be deemed to represent, warrant and agree that either: (A) it is not, and for so long as it holds a Class A2 Note or a Class A4 Note or any interest therein will not be, an “employee benefit plan” within the meaning of and subject to ERISA, a plan subject to Section 4975 of the Code, any person or entity whose assets include the assets of any such “employee benefit plan” or “plan” by reason of United States Department of Labor Regulation 29 C.F.R. Section 2510.3-101 or otherwise, or any other employee benefit plan subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code, and is not purchasing the Note or any interest therein on behalf of any such person or (B) the purchase, holding and subsequent disposition of such a Class A2 Note or a Class A4 Note or any interest therein is and will be exempt from the prohibited transaction rules under Section 406 of ERISA and Section 4975 of the Code (or in the case of any such other employee benefit plan, is not in violation of any such substantially similar law). In the case of the purchase of Class B2 Notes or any interest therein, each purchaser and subsequent transferee of an interest in such Class B2 Notes shall be deemed to represent, warrant and agree that: (A) it is not (and is not deemed for the purposes of ERISA or Section 4975 of the Code to be) and for so long as it holds a Class B2 Note or any interest therein, will not be (or be deemed for such purposes to be) an “employee benefit plan” as defined in and subject to ERISA or a “plan” as defined in Section 4975 of the Code, and (B)(1) it is not

and for so long as it holds a Class B2 Note or any interest therein will not be an employee benefit plan which is subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code, or (2) the purchase and holding of the Class B2 Notes or any interest therein do not and will not violate any such substantially similar law.

6. You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer, the Managers or the Regulation D Placement Agents that would permit a public offering of the Restricted Notes or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the Restricted Notes in any jurisdiction where action for the purpose is required. Consequently, any transfer of the Restricted Notes will be subject to the selling restrictions described above.

Unrestricted Notes

The Unrestricted Notes have not been registered under the Securities Act and the Issuer is not, and does not intend to be, registered as an investment company under the Investment Company Act. Accordingly, the Unrestricted Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act).

Each purchaser of the Unrestricted Notes will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S under the Securities Act are used herein as defined therein):

1. The purchaser is not a U.S. person (and is not purchasing the Unrestricted Notes for the account or benefit of a U.S. person) and is purchasing the Unrestricted Notes in an offshore transaction pursuant to Regulation S.
2. The purchaser understands that the Unrestricted Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Unrestricted Notes have not been and will not be registered under the Securities Act and that (A) if in the future it decides to offer, resell, pledge or otherwise transfer any of the Unrestricted Notes such Unrestricted Notes may be offered, resold, pledged or otherwise transferred only (i) outside the United States in a transaction complying with the provisions of Rule 904 under the Securities Act, (ii) pursuant to any other available exemption from the registration requirements of the Securities Act, provided that in no event shall the Unrestricted Notes be transferred to a U.S. person (as defined in Regulation S under the Securities Act) that is not a “qualified purchaser” (as defined in the Investment Company Act), (iii) pursuant to an effective registration statement under the Securities Act, or (iv) to the Issuer or any subsidiary thereof, in each of cases (i) and (ii) in accordance with any applicable securities laws of any applicable jurisdiction (including any state of the United States), and that (B) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser of the Unrestricted Notes from it of the resale restrictions referred to in (A) above.
3. You acknowledge that none of the Issuer, the Managers, the Regulation D Placement Agents or any person representing the Issuer, the Managers or the Regulation D Placement Agents has made any representation to you with respect to the Issuer or the offer or sale of any of the Unrestricted Notes, other than by the Issuer with respect to the information contained in this Prospectus, which Prospectus has been delivered to you and upon which you are relying in making your investment decision with respect to the Unrestricted Notes. You acknowledge that the Managers and the Regulation D Placement Agents make no representation or warranty as to the accuracy or completeness of this Prospectus.
4. You (i) have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of your investment in the Unrestricted Notes, (ii) are able to bear the economic risk of such investment and are able to sustain a complete loss of your investment in the Unrestricted Notes and (iii) are acquiring the Unrestricted Notes for investment only and not with a view toward transfer, resale or distribution thereof and will not do so immediately following the purchase of the Unrestricted Notes by you.
5. In the case of the purchase of Class A1 Notes or Class A3 Notes or any interest therein, each purchaser and subsequent transferee of an interest in such Class A1 Notes or Class A3 Notes or any interest therein, shall be deemed to represent, warrant and agree that either: (A) it is not, and for so long as it holds a Class A1 Note or a Class A3 Note or any interest therein will not be, an

“employee benefit plan” within the meaning of and subject to ERISA, a plan subject to Section 4975 of the Code, any person or entity whose assets include the assets of any such “employee benefit plan” or “plan” by reason of United States Department of Labor Regulation 29 C.F.R. Section 2510.3-101 or otherwise, or any other employee benefit plan subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code, and is not purchasing the Class A1 Note or Class A3 Note or any interest therein on behalf of any such person or (B) the purchase, holding and subsequent disposition of such a Class A1 Note or a Class A3 Note or any interest therein is and will be exempt from the prohibited transaction rules under Section 406 of ERISA and Section 4975 of the Code (or in the case of any such other employee benefit plan, is not in violation of any such substantially similar law). In the case of the purchase of Class B1 Notes, Class C Notes and/or Class D Notes each purchaser and subsequent transferee of an interest in such Class B1 Notes, Class C Notes and/or Class D Notes, shall be deemed to represent, warrant and agree that: (A) it is not (and is not deemed for the purposes of ERISA or Section 4975 of the Code to be) and for so long as it holds a Class B1 Note, Class C Notes and/or Class D Notes or any interest therein, will not be (or be deemed for such purposes to be) an “employee benefit plan” as defined in and subject to ERISA or a “plan” as defined in Section 4975 of the Code, and (B)(1) it is not and for so long as it holds a Class B1 Note, a Class C Note or Class D Note or any interest therein will not be an employee benefit plan which is subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code, or (2) the purchase and holding of the Class B1 Notes, the Class C Notes or the Class D Notes or any interest therein do not and will not violate any such substantially similar law.

6. The purchaser understands that the Unrestricted Notes will, unless otherwise agreed by us and the holder thereof, bear a legend substantially to the following effect:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), AND THE ISSUER IS NOT, AND DOES NOT INTEND TO BE, REGISTERED AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **INVESTMENT COMPANY ACT**). ACCORDINGLY, THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) OUTSIDE THE UNITED STATES IN A TRANSACTION COMPLYING WITH THE PROVISIONS OF REGULATIONS UNDER THE SECURITIES ACT, (II) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR (IV) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, IN EACH OF CASES (I) AND (II) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY APPLICABLE JURISDICTION (INCLUDING ANY STATE OF THE UNITED STATES), PROVIDED THAT IN NO EVENT SHALL THIS NOTE BE TRANSFERRED TO A “U.S. PERSON” (AS DEFINED IN REGULATIONS OF THE SECURITIES ACT) THAT IS NOT A “QUALIFIED PURCHASER” (AS DEFINED IN THE U.S. INVESTMENT COMPANY ACT) AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE NULL AND VOID *AB INITIO* AND ANY SUCH PURPORTED TRANSFER MAY BE DISREGARDED BY THE ISSUER, THE PAYING AGENTS, THE REGISTRAR, THE ISSUER SECURITY TRUSTEE AND THE ISSUER NOTE TRUSTEE FOR ALL PURPOSES. THE HOLDER OF THIS NOTE ACKNOWLEDGES AND AGREES THAT THE ISSUER HAS THE RIGHT TO COMPEL ANY BENEFICIAL OWNER THAT IS A “U.S. PERSON” (AS DEFINED IN REGULATIONS OF THE SECURITIES ACT) AND IS NOT A “QUALIFIED PURCHASER” (AS DEFINED IN THE U.S. INVESTMENT COMPANY ACT) TO EITHER (A) TRANSFER ITS INTEREST IN THE NOTE IN COMPLIANCE WITH THE REQUIREMENT SET

FORTH IN THE PRECEDING PARAGRAPH OR (B) HAVE THEIR NOTES REDEEMED AT A PRICE AND ON SUCH OTHER TERMS AS THE ISSUER MAY DETERMINE IN ITS SOLE DISCRETION, SELL ITS INTEREST IN THE NOTES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

[INSERT WITH RESPECT TO CLASS A1 NOTES AND CLASS A3 NOTES ONLY:] EACH PURCHASER AND TRANSFEREE OF THIS NOTE OR ANY INTEREST THEREIN, BY ITS ACQUISITION OF SUCH NOTE OR ANY INTEREST THEREIN, SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER (A) THE HOLDER IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST THEREIN WILL NOT BE, AN “EMPLOYEE BENEFIT PLAN” WITHIN THE MEANING OF AND SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), A “PLAN” WITHIN THE MEANING OF SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), ANY PERSON OR ENTITY WHOSE ASSETS INCLUDE THE ASSETS OF ANY SUCH “EMPLOYEE BENEFIT PLAN” OR “PLAN” BY REASON OF UNITED STATES DEPARTMENT OF LABOR REGULATIONS 29 C.F.R. SECTION 2510.3-101 OR OTHERWISE, OR ANY OTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, AND IS NOT PURCHASING THIS NOTE OR ANY INTEREST THEREIN ON BEHALF OF ANY SUCH PERSON, OR (B) THE PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THIS NOTE OR ANY INTEREST THEREIN WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF ANY SUCH OTHER EMPLOYEE BENEFIT PLAN, IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW).

[INSERT WITH RESPECT TO THE CLASS B1 NOTES, THE CLASS C NOTES AND THE CLASS D NOTES:] THIS NOTE OR ANY INTEREST THEREIN MAY NOT BE PURCHASED BY OR OTHERWISE ACQUIRED BY ANY EMPLOYEE BENEFIT PLAN WITHIN THE MEANING OF AND SUBJECT TO SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), A PLAN SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), OR ANY PERSON OR ENTITY WHOSE ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN BY REASON OF UNITED STATES DEPARTMENT OF LABOR REGULATIONS 29 C.F.R. SECTION 2510.3 101 OR OTHERWISE. EACH HOLDER OF THIS NOTE OR ANY INTEREST THEREIN SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT (A) IT IS NOT (AND IS NOT DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO BE) AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST THEREIN WILL NOT BE (OR BE DEEMED FOR SUCH PURPOSES TO BE) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN AND SUBJECT TO ERISA OR A “PLAN” AS DEFINED IN SECTION 4975 OF THE CODE, AND (B)(i) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST THEREIN WILL NOT BE AN EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (ii) THE PURCHASE AND HOLDING OF THE NOTES OR ANY INTEREST THEREIN DO NOT AND WILL NOT VIOLATE ANY SUCH SUBSTANTIALLY SIMILAR LAW.

7. If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, you acknowledge that until the expiration of the “distribution compliance period” (as defined below), you shall not make any offer or sale of these Unrestricted Notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the Securities Act and that such Unrestricted Note will bear a legend to this effect. The “distribution compliance period” means the 40-day period following the later of the commencement of the offering or the issue date for the Unrestricted Notes.

CERTAIN ERISA AND OTHER CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Notes by employee benefit plans, and persons who are fiduciaries of such employee benefit plans, that are subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (**ERISA**), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non-United States or other laws or regulations that are substantially similar to such provisions of ERISA or the Code (collectively, **Similar Laws**), and entities whose underlying assets are considered to include “plan assets” of such plans, accounts and arrangements (each, a **Plan**). Any Plan fiduciary which proposes to cause a Plan to acquire the Notes will be required to determine whether such an investment is permitted under the governing Plan instruments and is prudent and appropriate for the Plan in view of its overall investment policy and the composition and diversification of its portfolio.

Prohibited Transaction Laws

Section 406 of ERISA and Section 4975 of the Code prohibit a Plan subject to Title I of ERISA or Section 4975 of the Code (an **ERISA Plan**) from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of Notes by an ERISA Plan with respect to which the Issuer, the Managers, the Regulation D Placement Agents or the Credit Insurance Provider is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the United States Department of Labor has issued prohibited transaction class exemptions, or “PTCEs” that may apply to the acquisition and holding of the Notes. These class exemptions include without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers, although there can be no assurance that all of the conditions of any such exemptions will be satisfied.

Each purchaser and subsequent transferee of a Class A Note will be deemed to have represented, warranted and agreed that either:

- (1) it is not, and for so long as it holds a Class A Note or any interest therein will not be, an “employee benefit plan” within the meaning of and subject to ERISA, a plan subject to Section 4975 of the Code, a person or entity whose assets include the assets of any such “employee benefit plan” or “plan” by reason of United States Department of Labor Regulation 29 C.F.R. Sections 2510.3-101 or otherwise, or any other employee benefit plan subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code, and is not purchasing the Note or any interest therein on behalf of any such person; or
- (2) the purchase, holding and subsequent disposition of the Notes or any interest therein is and will be exempt from the prohibited transaction rules under Section 406 of ERISA and Section 4975 of the Code (or, in the case of any such other employee benefit plan, is not in violation of any such substantially similar law).

Plan Assets Regulation

An additional issue concerns the extent to which assets of the Issuer could themselves be treated as subject to ERISA. The United States Department of Labor has issued final regulations concerning the definition of what constitutes the assets of a Plan for purposes of ERISA and the prohibited transaction provisions of the Code (the **Plan Assets Regulation**). Under the Plan Assets Regulation, generally when a Plan invests in another entity, the Plan’s assets do not include, solely by reason of such investment, any of the underlying assets of the entity. The Plan Assets Regulation provides, however, that if a Plan acquires an “equity interest” (including for these purposes debt with substantial equity features) in an

entity that is neither a publicly offered security nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless equity participation in the entity by "benefit plan investors" is not significant. For this purpose, the term "benefit plan investors" includes not only Plans but also employee benefit plans that are not subject to ERISA (such as, for example, plans maintained by governmental agencies or non-U.S. companies). Under the Plan Assets Regulation, equity participation by benefit plan investors is considered "significant" on any date if, immediately after the most recent acquisition of a particular class of equity interests, benefit plan investors held 25% or more of the aggregate value of the interests in such class.

Consistently with the discussion above under "*Taxation*", the Issuer intends to take the position that for purposes of the Plan Assets Regulation, the Class A Notes will not be considered "equity interests". If any Class A Note is deemed to comprise equity interests in the Issuer, the Issuer may be considered to hold plan assets subject to ERISA. In particular, for purposes of the Plan Assets Regulation, the Class A Notes will not constitute publicly offered securities, and the Issuer will not be an investment company or an operating company. Further, there can be no assurance that benefit plan investors will hold less than 25% of the total value of the Class A Notes at the completion of the initial offering or thereafter, and no monitoring or other measures will be undertaken with respect to the level of such ownership. If the underlying assets of the Issuer are deemed to be plan assets, transactions involving the assets of the Issuer could be subject to the prohibited transaction provisions of ERISA and Section 4975 of the Code unless a statutory or administrative exemption is applicable to the transaction.

In order to attempt to prevent the assets of the Company from being considered plan assets for purposes of ERISA and Section 4975 of the Code, the Class B Notes, the Class C Notes and the Class D Notes or any interest therein are not intended for purchase or holding by certain employee benefit plans and certain other plans. Each purchaser of a Class B Note, a Class C Note or a Class D Note or any interest therein will be deemed to have represented, warranted and agreed that (i) it is not (and is not deemed for purposes of ERISA or Section 4975 of the Code to be) and for so long as it holds a Class B Note, a Class C Note and a Class D Note or any interest therein, will not be (or be deemed for such purposes to be), a Plan and (ii)(A) it is not, and for so long as it holds a Class B Note, a Class C Note or a Class D Note or any interest therein will not be, an employee benefit plan which is subject to any federal, state, local or foreign law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code or (B) the purchase and holding of the Class B Notes, the Class C Notes or the Class D Notes or any interest therein do not and will not violate any such substantially similar law.

General

The foregoing discussion is general in nature and is not intended to be comprehensive. Any fiduciary of a Plan considering the purchase of Notes should consult its legal advisers regarding the consequences of such purchase under ERISA and the Code. Plans that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), and certain non-U.S. and other plans, are not subject to the prohibited transaction rules under ERISA. Nevertheless, investments by such plans must be made in accordance with governing plan documents and any applicable federal, state, local or non-U.S. law.

The sale of any Notes to an employee benefit plan is in no respect a representation by the Issuer or the Initial Purchasers that such an investment meets all relevant legal requirements with respect to investments by such plans generally or any particular plan, or that such an investment is appropriate for such plans generally or any particular plan.

Any Plan and any employee benefit plan not subject to ERISA or Section 4975 of the Code proposing to invest in the Notes should consult with its counsel to confirm that such investment will not result in a prohibited transaction that is not subject to an exemption and will satisfy the other requirements of ERISA and the Code (and, in the case of any non-ERISA plans, any additional federal, state, local or non-U.S. requirements).

SUBSCRIPTION AND SALE

Bear, Stearns International Limited (**BSIL**) of One Canada Square, Canary Wharf, London E14 5AD, England (the **Arranger** and a **Joint Lead Manager**), Standard Chartered Bank (**SCB**) of 6 Battery Road, Singapore 049909 (a **Joint Lead Manager**), Credit Suisse Securities (Europe) Limited of One Cabot Square, London E14 4QJ, United Kingdom (a **Joint Lead Manager** and, together with BSIL and SCB, the **Joint Lead Managers** and each a **Joint Bookrunner**) and SHUAA Capital p.s.c. of P.O. Box 31045, Dubai, UAE (the **Co-Lead Manager** and together with the Joint Lead Managers, the **Managers**) have agreed jointly and severally, pursuant to a subscription agreement dated on or about 3 November 2006 (the **Subscription Agreement**), made between, amongst others, the Managers and the Issuer to subscribe and pay for the Unrestricted Notes representing \$925,000,000 in aggregate principal amount of (i) Class A1 Notes at 100.00 per cent. of the initial principal amount of such Class A1 Notes, (ii) Class A3 Notes at 99.041 per cent. of the initial principal amount of such Class A3 Notes, (iii) Class B1 Notes at 99.441 per cent. of the initial principal amount of such Class B1 Notes, (iv) Class C Notes at 99.441 per cent. of the initial principal amount of such Class C Notes and (v) Class D Notes at 100 per cent. of the initial principal amount of such Class D Notes. Bear, Stearns & Co. Inc. (**BSCI**) of 383 Madison Avenue, New York, NY 10179, USA (a **Regulation D Placement Agent**) and Credit Suisse Securities (USA) LLC of 11 Madison Avenue, New York, NY 10010, USA (a **Regulation D Placement Agent**, and together with BSCI, the **Regulation D Placement Agents**) have agreed, pursuant to the Subscription Agreement to arrange the placement of the Restricted Notes representing \$0.00 in aggregate principal amount of (i) Class A2 Notes at 100.00 per cent. of the initial principal amount of such Class A2 Notes, (ii) Class A4 Notes at 99.041 per cent. of the initial principal amount of such Class A4 Notes and (iii) Class B2 Notes at 99.441 per cent. of the initial principal amount of such Class B2 Notes.

The Subscription Agreement is subject to a number of conditions and may be terminated by the Managers and the Regulation D Placement Agents in certain circumstances prior to the issue of Notes by the Issuer. The Issuer has agreed to indemnify the Managers and the Regulation D Placement Agents against certain liabilities in connection with the offer and sale of the Notes.

United States

Each Manager and Regulation D Placement Agent has represented and agreed with the Issuer that the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or any state securities laws and the Issuer is not, and does not intend to be, registered as an Investment Company under the Investment Company Act. Accordingly, the Notes may not be offered or sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, applicable state laws and the Investment Company Act. The Notes are also subject to the limitations and requirements set forth under the heading “*Notice to U.S. Investors*”. In addition, each of the Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Unrestricted Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering of the Unrestricted Notes and the Closing Date (for the purposes only of this section “*Subscription and Sale*”, the **Distribution Compliance Period**) within the United States or to, or for the account or benefit of, U.S. Persons and that it will have sent to each distributor, dealer or other person to which it sells Unrestricted Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Unrestricted Notes within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

In addition, until 40 days after the later of the date of the commencement of the offering of the Unrestricted Notes and the Closing Date, an offer or sale of the Unrestricted Notes within the United States by a dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Unrestricted Notes are in bearer form and are subject to United States tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by the United States tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD IN THE UNITED STATES EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

Canada

Each Manager and Regulation D Placement Agent has represented and agreed that (i) it has not offered or sold, and will not offer or sell, any Notes, directly or indirectly, in any province or territory of Canada or to, or for the benefit of, any resident of any province or territory of Canada in contravention of the securities laws thereof and has represented that any offer or sale of Notes in Canada will be made only (a) in accordance with an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer or sale is made, and (b) by a dealer duly registered under the applicable securities laws of that province or territory or in circumstances where an exemption from the applicable registered dealer requirements is available; and (ii) it will send to any dealer who purchases from it any of the Notes a notice stating in substance that, by purchasing such Notes, such dealer represents and agrees that it has not offered or sold, and will not offer or sell, directly or indirectly, any of such Notes in any province or territory of Canada or to, or for the benefit of, any resident of any province or territory of Canada in contravention of the securities laws thereof and that any offer or sale of Notes in Canada will be made only (a) in accordance with an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer or sale is made, and (b) by a dealer duly registered under the applicable securities laws of that province or territory or in circumstances where an exemption from the applicable registered dealer requirements is available, and that such dealer will deliver to any other dealer to whom it sells any of such Notes a notice containing substantially the same statement as is contained in this sentence. Each Manager has also agreed to comply with all applicable laws and regulations, and make or obtain all necessary filings, consents or approvals, in each Canadian jurisdiction in which it purchases, offers, sells or delivers Notes (including, without limitation, any applicable requirements relating to the delivery of this prospectus), in each case, at its own expense. In connection with sales of and offers to sell Notes made by it, each Manager will either furnish to each Canadian Person to whom any such sale or offer is made a copy of the then current prospectus, or inform such person that such prospectus will be made available upon request, and will keep an accurate record of the names and addresses of all persons to whom it gives copies of this prospectus, or any amendment or supplement to this prospectus; and when furnished with any subsequent amendment to this prospectus, any subsequent prospectus or any medium outlining changes in this prospectus, such Manager will upon request of the representatives, promptly forward copies thereof to such persons or inform such persons that such amendment, subsequent prospectus or other medium will be made available upon request.

Canadian Person means any national or resident of Canada, (other than an individual resident in a Canadian province or territory where such individual is prohibited from purchasing securities under local provincial and territorial securities laws) or any corporation, person, profit-sharing or other trust or other entity organised under the laws of Canada or of any political subdivision thereof (other than a branch located outside Canada of any Canadian Person), and includes any Canadian branch of a person who is otherwise not a Canadian Person.

United Kingdom

Each Manager and Regulation D Placement Agent has represented and agreed that:

- (a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (**FSMA**), with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

Ireland

Each Manager and Regulation D Placement Agent has represented and agreed that (i) from the date on which the Prospectus Directive is implemented in Ireland, in respect of a local offer (within the meaning

of section 38(1) of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland) of Notes in Ireland, it has complied and will comply with section 49 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland and (ii) at all times:

- (a) it has complied and will comply with all applicable provisions of the Investment Intermediaries Acts, 1995 to 2000 of Ireland (as amended) with respect to anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and, in the case of a Manager acting under and within the terms of an authorisation to do so for the purposes of EURO Council Directive 93/22/EEC of 10 May 1993 (as amended or extended), it has complied with any codes of conduct made under the Investment Intermediaries Acts 1995 to 2000, of Ireland (as amended) and, in the case of a Manager acting within the terms of an authorisation granted to it for the purposes of EURO Council Directive 2000/12/EC of 20 March 2000 (as amended or extended), it has complied with any codes of conduct or practice made under section 117(1) of the Central Bank Act, 1989 of Ireland (as amended); and
- (b) it has only issued or passed on, and it will only issue or pass on, in Ireland or elsewhere, any document received by it in connection with the issue of the Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on.

The Netherlands

Each Manager and Regulation D Placement Agent has represented and agreed that this Prospectus may not be distributed and the Notes (including rights representing an interest in any Unrestricted Global Notes) may not be offered, sold, transferred or delivered as part of their initial distribution or at any time thereafter, directly or indirectly to individuals or legal entities who or which are established, domiciled or have their residence in The Netherlands (**Dutch Residents**) other than to the following entities (hereinafter referred to as **Professional Market Parties** or **PMPs**) provided they acquire the Notes for their own account and trade or invest in securities in the conduct of a business or profession:

- (a) banks, insurance companies, securities firms, collective investment institutions or pension funds that are supervised or licensed under Dutch law;
- (b) banks or securities firms licensed or supervised in a European Economic Area member state (other than The Netherlands) and registered with the Dutch Central Bank (*De Nederlandsche Bank N.V.:* **DNB**) or the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and acting through a branch office in The Netherlands;
- (c) Netherlands collective investment institutions which offer their shares or participations exclusively to professional investors and are not required to be supervised or licensed under Dutch law;
- (d) the Dutch government (*de Staat der Nederlanden*), **DNB**, Dutch regional, local or other decentralised governmental institutions, or any international treaty organisations and international organisations;
- (e) Netherlands enterprises or entities with total assets of at least €500,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes;
- (f) Netherlands enterprises, entities or individuals with net assets (*eigen vermogen*) of at least €10,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes and who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding such date;
- (g) Netherlands subsidiaries of the entities referred to under (a) above provided such subsidiaries are subject to prudential supervision;
- (h) Netherlands enterprises or entities that have a credit rating from an approved rating agency or whose securities have such a rating; and
- (i) such other entities designated by the competent Netherlands authorities after the date hereof by any amendment of the applicable regulations.

All Notes (whether or not offered to Dutch residents) shall bear the following legend:

“THIS NOTE (OR ANY INTEREST HEREIN) MAY NOT BE SOLD, TRANSFERRED OR DELIVERED TO INDIVIDUALS OR LEGAL ENTITIES WHO ARE ESTABLISHED,

DOMICILED OR HAVE THEIR RESIDENCE IN THE NETHERLANDS (**DUTCH RESIDENTS**) OTHER THAN TO PROFESSIONAL MARKET PARTIES (**PMPs**) WITHIN THE MEANING OF THE EXEMPTION REGULATION UNDER THE DUTCH ACT ON THE SUPERVISION OF CREDIT INSTITUTIONS 1992 (AS AMENDED). EACH DUTCH RESIDENT BY PURCHASING THIS NOTE (OR ANY INTEREST HEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT IT IS SUCH A PMP AND IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP.

EACH HOLDER OF THIS NOTE (OR ANY INTEREST HEREIN), BY PURCHASING SUCH NOTE (OR ANY SUCH INTEREST), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT (1) SUCH NOTE (OR ANY INTEREST HEREIN) MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO DUTCH RESIDENTS OTHER THAN TO A PMP AND THAT (2) THE HOLDER WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS DESCRIBED HEREIN TO ANY SUBSEQUENT TRANSFEREE.”

France

Each Manager and Regulation D Placement Agent has represented and agreed that it has not offered or sold, and will not offer or sell, directly, or indirectly, the Notes to the public in France and that, offers and sales of the Notes in France will be made only to qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in and in accordance with Article L.411.1 and L.411.2 of the *Code Monétaire et Financier* and decree no. 98-880 dated 1 October 1998.

In addition, each Manager has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France this Prospectus or any other offering material relating to the Notes other than to investors to whom offers and sales of the Notes in France may be made as described above and that this Prospectus has not been submitted for approval (visa) by the *Autorité des marchés financiers* and does not constitute a public offer for sale or subscription of securities in France. The Notes may only be issued or sold, directly or indirectly, to the public in France in accordance with Articles L. 412-1 and L. 621-8 of the *Code Monétaire et Financier*.

Cayman Islands

Each Manager and Regulation D Placement Agent has represented and agreed that it has not and will not circulate this Prospectus in the Cayman Islands and will not offer or sell, directly or indirectly, any of the Notes to the public in the Cayman Islands.

People’s Republic of China

Each Manager and Regulation D Placement Agent has represented and agreed that it has not and will not circulate or distribute this Prospectus in the People’s Republic of China (**PRC**) and it has not offered or sold, and will not offer or sell to any person for re-offering or resale, directly or indirectly, any Notes to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purpose of this paragraph, PRC does not include Hong Kong, Macau and Taiwan. Neither this Prospectus nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with applicable laws and regulations.

Taiwan

This Prospectus will not be filed with nor has it been approved by the Securities and Futures Bureau, part of the Financial Supervisory Commission in Taiwan, in respect of any offering of the Notes in Taiwan within the meaning of the Securities Exchange Act and relevant regulations promulgated thereunder. Accordingly, each Manager and Regulation D Placement Agent has represented and agreed that the Notes have not been and will not be offered, sold, or delivered, directly or indirectly, within Taiwan in a manner which constitutes a public offering, private placement, or an offer within the meaning of the Securities and Exchange Act that requires a registration or approval of the Securities and Futures Bureau of the Financial Supervisory Commission of Taiwan.

Hong Kong

Each Manager and Regulation D Placement Agent has represented and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to

”professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a ”prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Malaysia

No prospectus or other offering documents has been or will be registered with the Securities Commission under the Securities Commission Act 1993 in respect of the Notes. The Managers and the Regulation D Placement Agents have represented and agreed that the Notes will only be offered for sale to non-residents of Malaysia (being persons who are not citizens or permanent residents of Malaysia and who do not engage in a trade or business in Malaysia and includes any offshore company incorporated under the OCA 1990 and any foreign offshore company registered under the OCA 1990) and that this Prospectus or any other offering document or material relating to the Notes will not be distributed or circulated, whether directly or indirectly, to residents of Malaysia.

Japan

None of the Notes have been registered under the Securities and Exchange Law of Japan (Law No. 25 of 1948 as amended) (the **SEL**) and disclosure under the SEL has not been and will not be made with respect to the Notes. Accordingly, the Managers and the Regulation D Placement Agents have represented and agreed that they have not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or resell any Notes, directly or indirectly in Japan or to, or for the account or benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law of Japan and any other relevant laws and regulations of Japan.

Singapore

Each Manager and Regulation D Placement Agent has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager and Regulation D Placement Agent has represented, warranted and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each Manager and Regulation D Placement Agent has further represented and agreed to notify and hereby notifies each of the following relevant persons specified in Section 275 of the SFA which has subscribed or purchased the Notes from or through that Manager or that Regulation D Placement Agent, namely a person which is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

- (c) that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 except:
- (1) to an institutional investor or to a relevant person, or to any person pursuant to an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets;
 - (2) where no consideration is given for the transfer; or
 - (3) by operation of law.

Korea

The Notes have not been registered under the Securities and Exchange Law and the Managers and the Regulation D Placement Agents have represented and agreed that none of the Notes has been or will be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the Securities and Exchange Law, the Foreign Exchange Transaction Law and any other applicable laws, regulations and ministerial guidelines in Korea. Without prejudice to the foregoing, where the Notes are sold or re-sold to Korean residents, the Notes may only be sold or re-sold to those Korean residents that are qualified to purchase them under the relevant laws and regulations without having first to obtain prior governmental approvals under the relevant Korean laws/regulations, including the Foreign Exchange Transaction Law (or that have obtained the required prior governmental approvals do so).

Oman

The Managers and the Regulation D Placement Agents have represented and agreed that the Notes, this Prospectus or any other material relating to the Notes have not and will not be distributed to any person in Oman without the prior consent of the Capital Market Authority and then only in accordance with any terms and conditions of such consent.

United Arab Emirates

Each Manager and Regulation D Placement Agent has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes in the United Arab Emirates, except (a) in compliance with all applicable laws and regulations of the United Arab Emirates, and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the United Arab Emirates.

Qatar

Each Manager and Regulation D Placement Agent has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes in Qatar, except (a) in compliance with all applicable laws and regulations of Qatar and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in Qatar.

Bahrain

No approval has been sought or obtained from the Bahrain Monetary Agency for the Notes and the Bahrain Monetary Agency assumes no responsibility for any loss whatsoever arising from reliance upon the whole or any part of the contents of this Prospectus. This Prospectus does not constitute an offer to the public in the Kingdom of Bahrain to subscribe for the Notes.

No offer may be made to the public in the Kingdom of Bahrain to subscribe for the Notes and the offer materials may not be issued, passed to or made available to the public.

Each Manager and Regulation D Placement Agent has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes in the Kingdom of Bahrain, except (a) in compliance with all applicable laws and regulations of the Kingdom of Bahrain, and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the Kingdom of Bahrain.

Saudi Arabia

Each Manager and Regulation D Placement Agent has acknowledged that the Notes may only be offered and sold in the Kingdom of Saudi Arabia in accordance with “Part 5. Exempt Offers; Article 17: Conditions for an Exempt Offer” of the Offer of Securities Regulations 2004 (for the purpose of this selling restriction only the “Regulations”) and has represented and agreed to only offer and sell the Notes in compliance with the Regulations. Article 17.a.3 of Part 5 of the Regulations states that if securities are offered to no more than 60 offerees in the Kingdom of Saudi Arabia and the minimum consideration payable is not less than the USD equivalent of Saudi Riyals 1 million per offeree, such offer of securities shall be deemed to be an “Exempt Offer” for the purposes of the Regulations. Investors are informed that Article 20 of the Regulations places restrictions on secondary off-market sales of such securities.

General

Other than the approval by the IFSRA of this document as a prospectus in accordance with the requirements of the Prospectus Directive and relevant implementing measures in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each Manager and Regulation D Placement Agent has undertaken not to offer or sell any of the Notes, or to distribute this Prospectus or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 13 September 2006.
2. It is expected that listing of the Unrestricted Notes on the Official List of the Irish Stock Exchange will be granted on or about 3 November 2006, subject only to the issue of the Unrestricted Global Notes. The listing of the Unrestricted Notes will be cancelled if the Unrestricted Global Notes are not issued. Transactions will normally be effected for settlement in USD and for delivery on the third working day after the day of the transaction. The estimated cost of the applications for admission to the Official List and admission to trading on the Irish Stock Exchange's regulated market is €5,500.
3. The Unrestricted Global Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN and the common code number of the Unrestricted Global Notes are as follows:

	ISIN	Common Code
Class A1 Notes	XS0259691623	025969162
Class A3 Notes	XS0267260346	026726034
Class B1 Notes.....	XS0259701018	025970101
Class C Notes.....	XS0272445726	027244572
Class D Notes	XS0273296243	027329624

4. The CUSIP number of the Restricted Notes are as follows:

	CUSIP
Class A2 Notes	09534R AA 4
Class A4 Notes	09534R AC 0
Class B2 Notes.....	09534R AB 2

5. The Restricted Notes cannot be traded through the facilities of DTC, Euroclear and/or Clearstream, Luxembourg and have not been accepted for clearance through any clearing system.
6. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. The Issuer does not publish audited accounts.
7. Save as disclosed herein, the Issuer is not, and has not been, involved in any legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position or profitability.
8. Save as disclosed in this Prospectus, since 27 February 2006 (being the date of incorporation of the Issuer), the Issuer has not commenced operations and no accounts of the Issuer have been made up.
9. Each of the Issuer Deed of Charge and the Note Trust Deed will provide that the Issuer Security Trustee and the Issuer Note Trustee, respectively, may rely on reports or other information from professional advisers or other experts provided in accordance with the provisions of the Issuer Deed of Charge and the Note Trust Deed, respectively, whether or not such report or other information, engagement letter or other document entered into by the Issuer Security Trustee or the Issuer Note Trustee and the relevant professional adviser or expert in connection therewith contains any limit on the liability of that relevant professional adviser or expert.
10. CB Richard Ellis Limited, W.S. Atkins International and Hamptons International & Partners LLC have given and not withdrawn their written consent to the inclusion herein of references to, their reports and references to their respective names, as applicable, in the form and context in which they appear.
11. Save as disclosed in this Prospectus, the Borrower is not, and has not been, involved in any legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Borrower is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Borrower's financial position or profitability.
12. Save as disclosed in this Prospectus, since 29 March 2006 (being the date of incorporation of the Borrower), the Borrower has not commenced operations and no accounts of the Borrower have been made up.

13. Save as disclosed herein, the Transfer Company is not, and has not been, involved in any legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Transfer Company is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Transfer Company's financial position or profitability.
14. Save as disclosed in this Prospectus, since 29 March 2006 (being the date of incorporation of the Transfer Company), the Transfer Company has not commenced operations and no accounts of the Transfer Company have been made up.
15. The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.
16. No website referred to in this Prospectus forms part of this Prospectus for the purposes of the application for the Unrestricted Notes to be admitted to the Official List of the Irish Stock Exchange.
17. A copy of each quarterly investor report, the form of which is set out in Schedule 3 (*Form of Investor Report*) of the Issuer Deed of Charge (each, an **Investor Report**), may be physically inspected during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the offices of The Bank of New York at One Canada Square, London E14 5AL, England and at 101 Barclay Street, New York, NY 10286, USA.
18. Copies of the following documents may be physically inspected during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the offices of The Bank of New York at One Canada Square, London E14 5AL, England and at 101 Barclay Street, New York, NY 10286, USA and at the specified offices of the Irish Paying Agent in Dublin for so long as the Notes are listed on the Irish Stock Exchange from the date of this Prospectus:
 - (A) the Memorandum and Articles of Association of the Issuer;
 - (B) the Memorandum and Articles of Association of the Borrower;
 - (C) the Memorandum and Articles of Association of the Transfer Company;
 - (D) the Subscription Agreement;
 - (E) the Intercompany Loan Agreement;
 - (F) the Development Agreement;
 - (G) the Royal Decree;
 - (H) the CBRE Valuation Report;
 - (I) the Reports; and
 - (J) drafts of the following documents:
 - (i) the Master Definitions and Construction Schedule;
 - (ii) the Note Trust Deed;
 - (iii) the Issuer Deed of Charge;
 - (iv) the Credit Insurance Policy;
 - (v) the Corporate Services Agreement;
 - (vi) the Agency Agreement;
 - (vii) the Account Bank Agreement;
 - (viii) the Technical Adviser Fee and Appointment Letter;
 - (ix) the Noteholders' Insurance Adviser Fee and Appointment Letter;
 - (x) the Independent Modelling Consultant Appointment Letter;
 - (xi) the Subordinated Loan Agreement;
 - (xii) the Project Intercreditor Agreement;
 - (xiii) the Project Omani Share Pledge;

- (xiv)** the Project Omani Commercial Mortgage
- (xv)** the Phase 1 Master Debenture;
- (xvi)** the Phase 1 Intercreditor Agreement;
- (xvii)** the Phase 1 Omani Security Agreements;
- (xviii)** the Phase 1 Omani Share Pledges;
- (xix)** the Phase 1 Cayman Islands Share Pledges;
- (xx)** the Class A Cap Agreement;
- (xxi)** the Class A Cap Guarantee;
- (xxii)** the Development Direct Agreement;
- (xxiii)** the Construction Contract;
- (xxiv)** the Construction Contract Direct Agreement;
- (xxv)** the Hotel Agreement(s);
- (xxvi)** the Works Agreement;
- (xxvii)** the Consultancy Direct Agreements;
- (xxviii)** the Project Management Services Agreement;
- (xxix)** the Expenses Agreement; and
- (xxx)** the usufruct agreement of the Al Sawadi Beach Resort Hotel (if and when acquired).

APPENDIX 1

THE ORIGINAL OBLIGORS

Project Obligors

Ocean

ASIT

Phase 1 Obligors

ASIT

Blue City Company 1 S.A.O.C.

Blue City Company 2 S.A.O.C.

Blue City Company 3 S.A.O.C.*

Blue City Company 4 S.A.O.C.

Blue City Company 5 S.A.O.C.*

Blue City Company 6 S.A.O.C.*

Blue City Company 7 S.A.O.C.*

Blue City Phase One Investment Company Limited

Blue City Future Phases Investment Company Limited

Blue City Share Investments Limited

Blue City Phase One Land Company Limited

* (if and when incorporated and following accession to the relevant Finance Documents in accordance with the Intercompany Loan Agreement)

APPENDIX 2

THE CREDIT INSURANCE POLICY

AXIS SPECIALTY LIMITED

92 Pitts Bay Road
Pembroke HM 08
Bermuda

LENDERS INSURANCE POLICY FOR NON-HONOURING OF DEBT OBLIGATIONS DECLARATIONS

Policy No. 12345TBAG

Item 1.	Insured:	Blue City Investments 1 Limited, the lender under the Insured Loan (the Lender), which has assigned by way of security all of its rights under the Insured Loan to The Bank of New York, not in its individual capacity, but solely in its capacity as the issuer security trustee (and taken together with any successor issuer security trustee, the Issuer Security Trustee) under the issuer deed of charge, dated 7 November, 2006 (the Issuer Deed of Charge) between, <i>inter alios</i> , the Lender and the Issuer Security Trustee, held for the benefit of the holders of the Class A Notes issued by the Lender and the other Issuer Secured Creditors (as such terms are defined below).
	Address:	c/o Walkers SPV Limited Walker House PO Box 908GT Mary Street George Town Grand Cayman Cayman Islands.
Item 1a	Lender:	The Insured.
Item 2.	Borrower:	Blue City Company 1 S.A.O.C. (BCC1) and, following a Transfer Election, Blue City Company 2 S.A.O.C. (BCC2).

BCC1 and BCC2 are both affiliates of the Lender in that Blue City Phase One Investment Company Limited (**BCPOIC**) wholly owns the Lender and, through the 69.5% share ownership of Blue City Company 4 S.A.O.C. (**BCC4**) by BCPOIC, each of BCC1 and BCC2 are indirect subsidiaries of BCPOIC. Each of BCC1 and BCC2 are owned 99% by BCC4, 0.5% by Al Sawadi Investment & Tourism LLC (**ASIT**) and 0.5% by Blue City Share Investments Limited (**BSCI**). That portion of BCC4 that is not owned by BCPOIC is owned by ASIT with the exception of a 0.5% shareholding which is owned by BCSI.

Following a Transfer Election, the Phase 1 Offshore Security Trustee, on behalf of the Phase 1 Secured Creditors, shall effect a transfer and novation of all rights and obligations of BCC1 under the Finance Documents together with all of its rights and obligations (including all assets of whatsoever kind owned by BCC1) in respect of the Project (together, the **Transferred Assets**) to BCC2 and BCC1 and BCC2 shall take all actions required to give effect to such transfer. Following a Transfer Election, the Borrower shall become BCC2 and all references in the Insurance Policy to “the Borrower” thereafter shall refer to BCC2 rather than BCC1. For the avoidance of doubt the Lender will remain Blue City Investments 1 Limited following a Transfer Election.

Addresses:

Blue City Company 1 S.A.O.C.
P.O. Box 3619
Postal Code 112
Muscat
Sultanate of Oman.

Blue City Company 2 S.A.O.C.
P.O. Box 3619
Postal Code 112
Muscat
Sultanate of Oman.

Item 3.

Host Country:

The Sultanate of Oman (**Oman**).

- Item 4. Project: The borrowing through the Intercompany Loan Agreement by the Borrower shall be used by the Borrower for the purposes of (i) financing phase 1 (**Phase 1**) of the development of a mixed use real estate project located at Al Sawadi in Oman, known as *Al Madina Al Zarqa* or *The Blue City* (with Phase 1 and all future phases, the **Real Estate Project**), (ii) financing the purchase by the Borrower and/or its affiliates of 100% of the shares in the company that owns the Al Sawadi Beach Resort Hotel or the business of the Al Sawadi Beach Resort Hotel, in each case including the income rights and any usufruct rights relating thereto, for an amount of US\$ 20,000,000.00 or holding such amount in escrow until the earlier of (x) the date that such purchase can be effected and (y) the date that the Intercompany Loan is repaid in full, (iii) making the Mandatory Deposits under the Intercompany Loan Agreement in order to facilitate the Insured reserving against certain future debt service requirements through the funding of certain of the Reserve Accounts, (iv) making the Mandatory Deposits under the Intercompany Loan Agreement in order to facilitate the Insured paying the Underwriter the first premium instalment in accordance with Exhibit A, (v) making the Mandatory Deposits under the Intercompany Loan Agreement in order to facilitate the Insured funding the Insurance Premium Reserve Account and the Special Reserve Account, (vi) funding the Offshore Escrow Account and the Onshore Escrow Accounts, (vii) purchasing the Interest Rate Cap Agreement and (viii) paying fees and expenses associated with the Finance Documents (including but not limited to the Intercompany Loan Agreement) and the Note Trust Deed.
- Item 5. Principal Amount of the Intercompany Loan: US\$ 925,000,000.00. The Intercompany Loan shall be tranchéd into a senior tranche (**Facility A**), a senior subordinated tranche (**Facility B**), subordinated tranche (**Facility C**) and a junior subordinated tranche (**Facility D**), although this shall only be for administrative and cashflow management reasons.
- Item 6. Insured Loan: A US\$ 925,000,000.00 loan (the **Intercompany Loan**) documented as per the loan agreement (the **Intercompany Loan Agreement**) dated 27 October, 2006 between BCC1, BCC2, the Phase 1 Offshore Security Trustee, the Phase 1 Onshore Security Trustee, the Phase 1 Offshore Account Bank, the Phase 1 Onshore Account Bank, the Original Obligors and the Lender. Unless prepaid earlier, Facility A shall be repaid in nine equal quarterly instalments repayable from and including 7 November, 2011 up to and including 7 November, 2013 (the **Facility A Maturity Date**). Unless prepaid earlier, Facility B, Facility C and Facility D shall each be repaid in a single instalment repayable on 7 November, 2013 (the **Facility B, Facility C and Facility D Maturity Date**).

Under the terms of (and using part of the proceeds of) the Intercompany Loan Agreement, the Borrower will be required to make certain deposits with the Insured (the **Mandatory Deposits**). The Borrower will be required to make the initial Mandatory Deposits (the **Initial Mandatory Deposits**) in order to facilitate the Insured funding (i) all premium instalments to the Underwriter in accordance with Exhibit A from funds standing to the account of the Insurance Premium Reserve Account (as defined below) and (ii) the Reserve Accounts with an amount of US\$ 409,466,374 which the Insured shall use to fund (a) the **Special Reserve Account** with an amount of US\$ 250,000.00; (b) four separate debt service reserves: (i) the **Partial Credit Guarantee Reserve Account** with an amount of US\$ 200,000,000.00; (ii) the **Senior Debt Service Reserve Account** with an amount of US\$ 60,863,513.50; (iii) the **Second Senior Debt Service Reserve Account** with an amount of US\$ 83,092,861.03 and (iv) the **Junior Debt Service Reserve Account** with an amount of US\$ 39,325,000.00; and (c) the **Insurance Premium Reserve Account** with an amount of US\$ 25,935,000.00.

The Mandatory Deposits (irrespective of whether Initial Mandatory Deposits or Additional Mandatory Deposits) shall be excluded in the calculation of the Principal Amount of the Intercompany Loan outstanding and the Underwriter's liability in respect of claims by the Insured with respect to Facility A under the Intercompany Loan Agreement shall not be reduced by such amount.

Item 7:	Notes:	The Lender shall fund its loan to the Borrower under the Intercompany Loan Agreement through the issuance of senior secured notes (the Class A1 Notes , Class A2 Notes , Class A3 Notes and the Class A4 Notes and taken together the Class A Notes), senior subordinated secured notes (the Class B1 Notes and the Class B2 Notes and taken together the Class B Notes), subordinated secured notes (the Class C Notes) and junior subordinated secured notes (the Class D Notes and taken with the Class A Notes, the Class B Notes and the Class C Notes the Notes) to international banks and/or other institutional investors secured on amounts receivable under the Intercompany Loan, the Security for the Intercompany Loan, the Security for the Notes, this Insurance Policy and amounts held under various bank accounts, including but not limited to the Reserve Accounts.
Item 8.	Maximum Aggregate Limit of Liability:	US\$ 399,000,000.00.
Item 9.	Insured Percentage:	100%.
Item 10.	Facility A Financing Insured Percentage:	The Underwriter shall insure a maximum 60.317%, rounded to three decimal places, (the Initial Facility A Financing Insured Percentage) of the total principal payments under the Facility A set out under Exhibit B, which is calculated as the Maximum Aggregate Limit of Liability divided by the total principal payments of Facility A (the Facility A Loan Principal Amount).

The **Prevailing Facility A Financing Insured Percentage** shall on any date be calculated as (i) the then aggregate Limit of Liability divided by (ii) the then outstanding Facility A Loan Principal Amount, being initially 60.317%, rounded to three decimal places.

The Limit of Liability for a principal payment under Facility A shall be as set out in Exhibit A.

Partial cancellations of this Insurance Policy shall be calculated in accordance with Section 8.3(c) such that the adjusted Maximum Aggregate Limit of Liability for the remaining principal payments of Facility A adjusted for early principal redemptions of Facility A (each an **Adjusted Facility A Principal Repayment** and cumulatively the **Adjusted Facility A Principal Amount**) shall reduce by an amount equal to the principal amount of the Class A Notes prepaid multiplied by the Prevailing Facility A Financing Insured Percentage immediately prior to the reduction.

- Item 11. Policy Period: From: 7 November, 2006
To: 7 May, 2013
(12:01 a.m. Standard Time at the Address of the Insured above in Item 1.)
- Item 12. Policy Currency: United States Dollars (**US\$**).
- Item 13. Waiting Period: 180 days.
- Item 14. Total Net Premium and Fees for the Policy Period (See Exhibit A): US\$ 54,204,150.00.
- Item 15. Day References: All references in this Insurance Policy to a **day** shall mean a calendar day, unless a reference to a “Business Day” is specified.
- Item 16. Day Convention: The payment of Compensation by the Underwriter and the payment of the insurance premiums shall be payable in accordance with the Following Business Day Convention. Furthermore, the day convention for all actions and timings under Article VII shall also be in accordance with the Following Business Day Convention.
All payments due under the Intercompany Loan Agreement by the Borrower shall be payable in accordance with the Following Business Day Convention.

The premium shall be payable in fourteen (14) instalments in accordance with Exhibit A. The first payment (the **First Instalment**) corresponds to the premium due in respect of the first three (3) years of the Policy Period and is non-refundable in any circumstances. The remaining thirteen (13) instalments shall be paid quarterly in advance in accordance with Exhibit A beginning with month thirty six (36) of the Policy Period. The First Instalment shall be due within thirty (30) days of the inception of the Policy Period. All subsequent quarterly payments shall be due within thirty (30) days of billing. The Underwriter agrees that any premium instalment may be paid prior to the date such premium is required to be paid hereunder and that the Underwriter shall accept such payment but provided further that to the extent that should this Insurance Policy terminate, in whole or part, prior to 7 November, 2011 then the Underwriter shall be obliged to refund the amount of any such advance payment which has not been applied against premiums which have fallen due prior to such date, subject always that the First Instalment shall not be refundable in any circumstance. For the avoidance of doubt, no interest shall accrue or be payable by the Underwriter on amounts that are refunded to the Insured.

By acceptance of this Insurance Policy, the Insured represents to the Underwriter that the statements contained in the Declarations are, to the best of the Insured's knowledge and belief, the Insured's agreements and representations and that this Insurance Policy is the entire agreement between the Insured and the Underwriter or any of its agents relating to this insurance. At issuance, this Insurance Policy includes no Endorsements, Policy slips or side letters.

The Underwriter hereby acknowledges the existence of a corporate services agreement dated 7 November, 2006 between, *inter alia*, the Insured, the Issuer Security Trustee and ASIT, a copy of which has been delivered to the Underwriter prior to the date hereof.

The Underwriter hereby acknowledges that (i) the information contained in the Declarations has been provided to the Insured by the Borrower and other third parties and that the Insured has relied on such information in making any statements or representations contained herein or in the Declarations and (ii) incorrect information referenced as having been certified by the Borrower to the Insured as correct shall not constitute a misrepresentation by the Insured. Neither the Insured nor the Co-Insureds shall be liable to the Underwriter, either individually or personally, for any material breaches, misrepresentations, or fraudulent statements, made in respect of the Insurance Policy, provided however, it is acknowledged that the Underwriter shall not waive its remedies for such material breaches, misrepresentations, or fraudulent statements pursuant to Section 6.2 and Section 8.8 herein provided always that the Underwriters' rights shall be limited in accordance with Section 8.4(f).

IN WITNESS WHEREOF, the Underwriter has caused this Insurance Policy to be signed by its authorised officers, but this Insurance Policy shall not be valid unless countersigned by a duly authorised representative of the Insured.

Broker: Willis Limited
Address: One Camomile Street
London
EC3A 7LA
United Kingdom
Fax: +44 207 975 2354

Underwriter:

AXIS Speciality Limited

Date: _____

(print name and title)

(signature)

Insured: Blue City Investments 1 Limited, as Lender

Date: _____

(print name and title)

(signature)

ENDORSEMENTS

At issuance this Insurance Policy includes no Endorsements.

**AXIS SPECIALITY LIMITED
LENDERS INSURANCE POLICY**

CONTRACT

FOR

NON-HONOURING OF DEBT OBLIGATIONS

In consideration of the payment of premiums and in reliance upon information provided and statements made by the Insured to AXIS Speciality Limited (the **Underwriter**), and subject to the Declarations and Endorsements made a part hereof, and the terms, conditions and limitations set forth in this Contract (together the Declarations, Endorsements and Contract constitute the **Insurance Policy**), the Insured and the Underwriter agree as follows:

ARTICLE I. INSURING AGREEMENT

- 1.1** The Underwriter shall be liable and shall pay Compensation to the Insured and the Co-Insureds, subject to the exclusions and limitations set forth in this Insurance Policy, for the Insured Percentage of the Insured's Loss caused solely and directly by a Non-Honouring Event for which the Date of Loss occurs during the Policy Period.
- 1.2** Compensation shall be determined pursuant to Article IV herein.

ARTICLE II. DEFINITIONS

- 2.1** **Accelerated Payment** means payments of principal and interest payable under Facility A which have been accelerated by either the Insured or the Phase 1 Offshore Security Trustee or prepaid by the Borrower, in each case in accordance with the terms of the Intercompany Loan Agreement, including but not limited to the occurrence of a Mandatory Redemption, as a result of an uncured event of default, or due to a prepayment right of the Borrower.
- 2.2** **Act of God** means an extraordinary natural event (such as a flood or an earthquake) that cannot be reasonably foreseen or prevented, and in the plural **Acts of God**.
- 2.3** **Additional Mandatory Deposits** is as defined within the definition of Mandatory Deposits.
- 2.4** **Adjusted Facility A Principal Repayment** means from time to time a scheduled principal repayment set out in Exhibit B, adjusted in accordance with any prepayments of principal made in accordance with the terms of the Intercompany Loan Agreement.
- 2.5** **Adjusted Facility A Principal Amount** means from time to time the sum of all Adjusted Facility A Principal Repayments.
- 2.6** **Adjusted Liability Schedule** is as defined in Section 8.3(c) herein.
- 2.7** **Agent Bank** means The Bank of New York and its successors and assigns.
- 2.8** **Al Sawadi Beach Resort Hotel** means the existing hotel at Al Sawadi, Oman, which may be acquired on or after the Drawdown Date by BCC4 either (i) through the purchase of 100% of the shares of the company owning the hotel or (ii) through the acquisition of the hotel or the business of the hotel and in each case, the income rights and the associated usufruct with respect to the hotel. In the instance that the acquisition is through the purchase of the shares of the company owning the hotel, upon acquisition of the company, the company shall be renamed as Blue City Company 5 S.A.O.C. (**BCC5**).
- 2.9** **ASIT** is as defined in Item 2 of the Declarations. ASIT is a company incorporated in Oman and owned 99% by Ocean Developments S.A.O.C., 0.7% by AAJ Holdings Company B.S.C. (C) (**AAJ Holdings**) and 0.3% by Cyclone LLC (**Cyclone**).
- 2.10** **BCSI** is as defined in Item 2 of the Declarations. BCSI is a limited liability company incorporated in the Cayman Islands and held by a charitable trust for the specific purpose of owning 0.5% shareholding in each of BCC1, BCC2, BCC4 and, if and when incorporated, each of Blue City Company 3 S.A.O.C. ("**BCC3**"), BCC5, Blue City Company 6 S.A.O.C. ("**BCC6**") and Blue City Company 7 S.A.O.C. ("**BCC7**").

- 2.11 Blue City Future Phases Investment Company Limited (BCFPIC)** is a limited liability company incorporated in the Cayman Islands for the specific purpose of owning the land in the Project Area relating to the Secured Land other than the land relating to Phase 1.
- 2.12 Blue City Phase One Land Company Limited (BCPOLC)** is a limited liability company incorporated in the Cayman Islands for the specific purpose of owning the land in the Project Area relating to Phase 1.
- 2.13 Blue City Second Ranking Holding Company Limited** is a limited liability company incorporated in the Cayman Islands and held by a charitable trust for the specific purpose of holding on trust the rights of the Mortgage Providers and the Residential Unit Purchasers under the Phase 1 Intercreditor Agreement.
- 2.14 Borrower** means BCC1 or, following a Transfer Election, BCC2, as applicable, as the borrower of the Intercompany Loan.
- 2.15 Business Day** means a day (other than a Friday, Saturday or Sunday) on which banks are open for general business in each of New York City, the Cayman Islands, London and Muscat.
- 2.16 Call Options** means the Issuer's optional prepayment rights set out in Condition 5 of the Notes.
- 2.17 Claim** means the Insured's written request for Compensation submitted pursuant to Article VII herein.
- 2.18 Class A Notes** has the meaning set forth in Item 7 of the Declarations.
- 2.19 Class B Notes** has the meaning set forth in Item 7 of the Declarations.
- 2.20 Class C Notes** has the meaning set forth in Item 7 of the Declarations.
- 2.21 Class D Notes** has the meaning set forth in Item 7 of the Declarations.
- 2.22 Co-Insured** means each of the Phase 1 Offshore Security Trustee and the Issuer Security Trustee, in accordance with Section 8.2(b) herein.
- 2.23 Compensation** means the amount payable to the Insured for a Loss as defined in this Insurance Policy. The amount to be paid by the Underwriter shall be determined pursuant to Article IV herein and paid by the Underwriter in the Policy Currency.
- 2.24 Contractor** means AECO Developments LLC, an Omani entity jointly owned by Enka Insaat ve Sanayi A.Ş. (**Enka**) and Aktor Ate (**Aktor**) and guaranteed on a joint and several basis by Enka and Aktor, which has entered into a construction agreement (the **Construction Contract**) with the Borrower with respect to the design and construction of Phase 1.
- 2.25 Control Order** means the agreement contained in Clause 17.7 of the Phase 1 Intercreditor Agreement amongst the Phase 1 Offshore Security Trustee and the Phase 1 Onshore Security Trustee which provides for control of the Phase 1 Onshore Security Trustee by the Phase 1 Offshore Security Trustee with respect to the Intercompany Loan and the Security for the Intercompany Loan.
- 2.26 Corporate Services Agreement** means the corporate services agreement amongst, *inter alia*, the Insured, the Issuer Security Trustee and ASIT dated 7 November, 2006.
- 2.27 Date of Loss** means the due date of the Scheduled Payment that is in default under Section 3.1 hereof and occurring during the Policy Period.
- 2.28 Development Agreement** means the development agreement amongst The Government of The Sultanate of Oman, as represented by the Ministry of Tourism, and ASIT dated 26th July, 2005 as amended by the addendum thereto dated 23 April 2006 in respect of the Real Estate Project.
- 2.29 Drawdown Date** means the drawdown date of the Intercompany Loan, being 7 November, 2006.
- 2.30 Event of Default** has the meaning set forth in the Intercompany Loan Agreement.
- 2.31 Facility A Loan Principal Amount** means US\$ 661,500,000.00.
- 2.32 Facility A Maturity Date** means 7 November, 2013.
- 2.33 Facility B Loan Principal Amount** means US\$ 143,000,000.00.
- 2.34 Facility B, Facility C and Facility D Tranche Maturity Date** means 7 November, 2013.

- 2.35 Facility C Loan Principal Amount** means US\$ 50,500,000.00.
- 2.36 Facility D Loan Principal Amount** means US\$ 70,000,000.00.
- 2.37 Finance Documents** means the documents as defined in the Intercompany Loan Agreement.
- 2.38 First Instalment** has the meaning set forth in the Declarations.
- 2.39 Following Business Day Convention** means that if a day for a payment to be made or an action to be undertaken on or by is a day which is not a Business Day then instead the date for that payment to be made or for that action to be undertaken on or by shall be the next Business Day, irrespective of whether that next Business Day falls in the following calendar month.
- 2.40 Host Country** is identified in Item 3 of the Declarations.
- 2.41 Host Government** means the present or any succeeding governing authority (without regard to the method of its succession or as to whether it is internationally recognised) in effective control of the Host Country and in the first instance being The Government of The Sultanate of Oman.
- 2.42 Initial Facility A Financing Insured Percentage** is as defined as per Item 10 of the Declarations.
- 2.43 Initial Mandatory Deposits** is as defined within the definition of Mandatory Deposits.
- 2.44 Insurance Premium Reserve Account** means an account held outside of the Host Country funded by the Insured, from the Initial Mandatory Deposits received by the Insured from the Borrower in accordance with the terms and conditions of the Intercompany Loan Agreement, with an amount of US\$ 25,935,000.00.
- 2.45 Insured** is the entity identified in Item 1 of the Declarations.
- 2.46 Insured Percentage** means the percentage of the Loss insured under this Insurance Policy as set forth in Item 9 of the Declarations.
- 2.47 Intercompany Loan** means the loan described in Item 6 of the Declarations which is insured under this Insurance Policy and sets forth the obligations of the Borrower to the Lender under the Intercompany Loan pursuant to the Intercompany Loan Agreement. The Intercompany Loan and interest thereon is required to be paid by the Borrower in accordance with the terms of the Transaction Documents.
- 2.48 Intercompany Loan Agreement** means the loan agreement described in Item 6 of the Declarations dated 27 October, 2006, between the Borrower, the Original Obligors, the Phase 1 Offshore Security Trustee, the Phase 1 Onshore Security Trustee, the Phase 1 Offshore Account Bank, the Phase 1 Onshore Account Bank and the Lender.
- 2.49 Interest Coupon** means an interest coupon in respect of the Notes.
- 2.50 Interest Rate Cap Agreement** means the cap agreement amongst the Interest Rate Cap Provider as the seller of the cap and the Borrower as the buyer of the cap.
- 2.51 Interest Rate Cap Provider** means Bear Stearns Bank plc (under the unconditional and irrevocable guarantee of The Bear Stearns Companies Inc.) and its successors and assigns.
- 2.52 Irish Paying Agent** means AIB/BNY Fund Management (Ireland) Limited and its successors and assigns.
- 2.53 Issuer Account Bank** means The Bank of New York, its successors and assigns or any additional issuer account banks.
- 2.54 Issuer Cash Manager** means The Bank of New York, its successors and assigns or any additional issuer cash managers.
- 2.55 Issuer Deed of Charge** has the meaning set forth in Item 1 of the Declarations.
- 2.56 Issuer Dollar Transaction Account** means the account designated as such by the Issuer and maintained with the Issuer Account Bank.
- 2.57 Issuer Note Trustee** means The Bank of New York, not in its individual capacity, but solely in its capacity as the issuer note trustee under the Note Trust Deed, its successors and assigns or any additional issuer note trustees.
- 2.58 Issuer Post-Enforcement Priority of Payments** has the meaning set forth in the Issuer Deed of Charge.

- 2.59 Issuer Priority of Payments** has the meaning set forth in the Issuer Deed of Charge.
- 2.60 Issuer Secured Creditors** means BCC1, BCC2, the Issuer Security Trustee, the Issuer Note Trustee, the Noteholders, the Underwriter, the Principal Paying Agent, the Irish Paying Agent, the Agent Bank, the Registrar, the Issuer Cash Manager, the Lookback Calculation Agent and any other secured creditors of the Issuer under the Issuer Deed of Charge.
- 2.61 Issuer Security Trustee** has the meaning set forth in Item 1 of the Declarations.
- 2.62 Junior Debt Service Reserve Account** means an account held outside of the Host Country funded by the Insured, from the Initial Mandatory Deposits received by the Insured from the Borrower in accordance with the terms and conditions of the Intercompany Loan Agreement, with an amount equal to twenty four (24) months aggregate Interest Coupon due under the Class B Notes and shall, to the extent utilised, not be replenished. To the extent that balance of the Junior Debt Service Reserve Account exceeds the required balance, the excess funds shall be released to the cash account of the Borrower, unless an Event of Default has occurred and is continuing under the Intercompany Loan Agreement, by way of a reimbursement to the Borrower by the Insured of the respective amount of Mandatory Deposits. The Junior Debt Service Reserve Account shall be utilised only to meet debt service under Facility B, except that amounts may be released to the cash account of the Borrower, through a reimbursement of the respective amount of Mandatory Deposits, in the instance that there is a cashflow shortfall of the Borrower that cannot otherwise be cured.
- 2.63 Lender** means Blue City Investments 1 Limited as lender to the Borrower under the Intercompany Loan Agreement.
- 2.64 Limit of Liability** means at any time the maximum amount of Compensation that the Underwriter will pay for any Loss, subject to the Maximum Aggregate Limit of Liability. The Limit of Liability and the corresponding coverage periods are set forth in Exhibit A. The Limit of Liability in effect on the Date of Loss shall be reduced automatically by the amount of any Compensation paid by the Underwriter.
- 2.65 Lookback Calculation Agent** means The Bank of New York, acting through its London Branch.
- 2.66 Loss** means a loss sustained by the Insured in respect of an unpaid Scheduled Payment in respect of principal amounts only and caused by a Non-Honouring Event, and for which the Insured seeks Compensation under this Insurance Policy, but only to the extent that (i) the balance of the Partial Credit Guarantee Reserve Account shall be no higher than the Minimum Partial Credit Guarantee Reserve Account Balance and either (x) under the terms of the Finance Documents, shall not be required to be replenished or (y) shall have been utilised, whereby those amounts drawn from the Partial Credit Guarantee Reserve Account as a result of the occurrence of a PRI Event shall not have been replenished to the Partial Credit Guarantee Reserve Account from amounts held by the Phase 1 Onshore Security Trustee for this purpose because of the continuance of a PRI Event and, in the case of (x) and (y), amounts drawn from the Partial Credit Guarantee Reserve Account shall have been used to compensate, to the extent of the available balance of the Partial Credit Guarantee Reserve Account, the Insured for a failure for any reason, of the Borrower to pay, in whole or in part, to the Insured in the Policy Currency either a Scheduled Payment or an Accelerated Payment, (ii) the Junior Debt Service Reserve Account has been fully utilised to cure, to the extent of the balance of the Junior Debt Service Reserve Account, failure for any reason, of the Borrower to pay, in whole or in part, to the Insured in the Policy Currency regular scheduled payments of interest due under Facility B and (iii) any amounts released from the Senior Debt Service Reserve Account and/or the Second Senior Debt Service Reserve Account in accordance with the respective scheduled amortisation of the required balances of the Reserve Accounts set forth in Exhibit C hereto have been first utilised towards the payment of the principal portion of the Scheduled Payment that is due in accordance with Exhibit B hereto.
- 2.67 Mandatory Deposits** mean the deposits required to be made by the Borrower with the Insured under the terms and conditions of the Intercompany Loan Agreement. In the first instance, the Borrower will make these deposits as defined in Item 6 of the Declarations (the **Initial Mandatory Deposits**). The terms and conditions of the Intercompany Loan Agreement require the Borrower to make additional mandatory deposits (**Additional Mandatory Deposits** and taken with the Initial Mandatory Deposits, the **Mandatory Deposits**) in certain circumstances and also provide for the release of the Mandatory Deposits in other circumstances.

- 2.68 Mandatory Redemption** has the meaning set forth in the Intercompany Loan Agreement.
- 2.69 Maximum Aggregate Limit of Liability** means the amount set forth in Item 8 of the Declarations. The amount of Compensation paid by the Underwriter under this Insurance Policy shall not exceed the Maximum Aggregate Limit of Liability, regardless of the number of Losses incurred or the Policy Period.
- 2.70 Minimum Partial Credit Guarantee Reserve Account Balance** means from time to time the balance of the Partial Credit Guarantee Reserve Account such that the sum of (i) the minimum balance of the Partial Credit Guarantee Reserve Account, (ii) the balance of the Senior Debt Service Reserve Account and (iii) the balance of the Second Senior Debt Service Reserve Account equals the Worst Case Cumulative Remaining Interest Payments.
- 2.71 Mortgage Providers** means those financial institutions either (i) domiciled in the Host Country or (ii) domiciled outside of the Host Country which advance funds to Residential Unit Purchasers in OMR, US\$ and/or any other currency for the purpose of purchasing Residential Units and which take security over the Residential Units by way of a mortgage or otherwise.
- 2.72 Non-Honouring Event** is defined in Section 3.1 herein.
- 2.73 Noteholders** means the holders of the Notes.
- 2.74 Notes** has the meaning set forth in Item 7 of the Declarations.
- 2.75 Note Trust Deed** means the Trust Deed dated 7 November, 2006 between the Lender and the Issuer Note Trustee, as amended or supplemented from time to time.
- 2.76 Obligors** means each of the parties listed in Schedule 1 to the Intercompany Loan Agreement.
- 2.77 Ocean** means Ocean Developments S.A.O.C.. Ocean is a company incorporated in Oman and owned by the Sponsors and the shareholders of Cyclone. Ocean shall be as soon as allowable (i) the party designated by ASIT to be the owner of any Residual Land purchased from the Government and third parties and (ii) the party designated by ASIT to exercise any step-in rights with respect to the public infrastructure as set forth in the Development Agreement.
- 2.78 Officer of the Insured** means a responsible officer of the Insured.
- 2.79 Offshore Escrow Account** means a US\$ account of the Borrower held outside of the Host Country with the Phase 1 Offshore Security Trustee funded by the drawdown of funds under the Intercompany Loan on the Drawdown Date. The Offshore Escrow Account shall hold funds to be made available to the Borrower under a pre-agreed release schedule, subject to the terms of the Phase 1 Intercreditor Agreement, to fund its capital expenditure under the Construction Contract, its operating expenses and its repayment of amounts due under the Intercompany Loan.
- 2.80 OMR** means Omani Rial, the legal currency of the Host Country or any successor legal currency of the Host Country.
- 2.81 Onshore Escrow Accounts** means the accounts of the Borrower (one denominated in US\$ and one denominated in OMR) held in the Host Country with the Phase 1 Onshore Security Trustee funded by the drawdown of funds under the Intercompany Loan on the Drawdown Date. The Onshore Escrow Accounts shall hold funds to be made available to the Borrower, subject to the terms of the Phase 1 Intercreditor Agreement, to fund its capital expenditure under the Construction Contract and an amount of US\$ 20,000,000.00 to purchase either the shares of the company owning the Al Sawadi Beach Resort Hotel or the Al Sawadi Beach Resort Hotel (in both cases with the associated usufruct with respect to the hotel), should it not be purchased by BCC4 on the Drawdown Date.
- 2.82 Original Obligors** means each of the companies listed in Schedule A hereto.
- 2.83 Partial Credit Guarantee Reserve Account** means an account held outside of the Host Country funded by the Insured, from the Mandatory Deposits received by the Insured from the Borrower in accordance with the terms and conditions of the Intercompany Loan Agreement, with an amount of US\$ 200,000,000.00 and shall, to the extent utilised in respect of a failure of the Borrower, solely as a result of a PRI Event, to pay, in whole or in part, to the Insured in the Policy Currency outside of the Host Country either a Scheduled Payment or an Accelerated Payment, be replenished from amounts paid by the Borrower to the Phase 1 Onshore Security Trustee, which will be held by the Phase 1 Onshore Security Trustee for this purpose in a segregated account. The Partial Credit Guarantee Reserve Account shall be available to the Insured in respect of unpaid principal and interest payments under the Intercompany Loan Agreement.

- 2.84 Partial Release Mechanism** means the process, as set forth in the Intercompany Loan Agreement and the Phase 1 Master Debenture, pursuant to which parts of the Secured Land may be released from the Security for the Intercompany Loan.
- 2.85 Permitted Disposals** has the meaning set forth in the Intercompany Loan Agreement.
- 2.86 Phase 1** has the meaning set forth in Item 4 of the Declarations.
- 2.87 Phase 1 Account Banks** means each of the Phase 1 Onshore Account Bank and the Phase 1 Offshore Account Bank.
- 2.88 Phase 1 Intercreditor Agreement** means the deed amongst, *inter alios*, BCC1, BCC2, the Phase 1 Offshore Security Trustee and the Phase 1 Onshore Security Trustee dated 7 November, 2006.
- 2.89 Phase 1 Master Debenture** means the debenture amongst, *inter alios*, BCC1, BCC2, the Phase 1 Offshore Security Trustee and the Phase 1 Onshore Security Trustee dated 7 November, 2006.
- 2.90 Phase 1 Offshore Account Bank** means The Bank of New York, its successors and assigns or any additional Phase 1 offshore account bank.
- 2.91 Phase 1 Offshore Security Trustee** means The Bank of New York, not in its individual capacity, but solely in its capacity as the Phase 1 offshore security trustee under the Phase 1 Master Debenture, its successors and assigns or any additional Phase 1 offshore security trustee.
- 2.92 Phase 1 Onshore Account Bank** means Bank Muscat (S.A.O.G.), its successors and assigns or any additional Phase 1 onshore account bank.
- 2.93 Phase 1 Onshore Security Trustee** means Bank Muscat (S.A.O.G.), not in its individual capacity, but solely in its capacity as the Phase 1 onshore security trustee under the Phase 1 Intercreditor Agreement, its successors and assigns or any additional Phase 1 onshore security trustee.
- 2.94 Phase 1 Secured Creditors** means the Phase 1 Offshore Security Trustee, the Phase 1 Onshore Security Trustee, the Phase 1 Account Banks, the Underwriter, Blue City Second Ranking Holding Company Limited (for and on behalf of the Mortgage Providers and the Residential Unit Purchasers), the Contractor and the Contractor's guarantor and any other secured creditors of the Borrower under the Phase 1 Intercreditor Agreement, with the respective ranking of their secured claims set out in the Phase 1 Intercreditor Agreement.
- 2.95 Policy Currency** means the currency identified in Item 12 of the Declarations.
- 2.96 Policy Period** means the period set forth in Item 11 of the Declarations.
- 2.97 Potential Loss** means any circumstance or circumstances that which if remain unchanged or unremedied will, with the passage of time, the making of any determination or the giving of notice or any combination of the foregoing, give rise to a Loss.
- 2.98 Prevailing Facility A Financing Insured Percentage** is as defined as per Item 10 of the Declarations and shall initially be 60.317%, rounded to three decimal places, as of the Drawdown Date.
- 2.99 PRI Event** means (i) an event whereby the Host Government (or some other competent authority in the Host Country with the power to impose restrictions on currency convertibility) imposes restrictions on the ability of the Phase 1 Onshore Security Trustee, on behalf of the Borrower, to convert OMR amounts into US\$ and/or (ii) the event whereby the Host Government (or some other competent authority in the Host Country with the power to impose restrictions on currency transferability) imposes restrictions on the ability of the Phase 1 Onshore Security Trustee, on behalf of the Borrower, to transfer US\$ amounts outside of Oman.
- 2.100 Principal Paying Agent** means The Bank of New York and its successors and assigns.
- 2.101 Project** means the project described in Item 4 of the Declarations.
- 2.102 Project Area** has the meaning set forth in the Development Agreement.
- 2.103 Project Intercreditor Agreement** means the deed amongst, *inter alios*, the Lender, ASIT, Ocean, the Project Offshore Security Trustee and the Project Onshore Security Trustee dated 7 November, 2006.
- 2.104 Project Obligors** means ASIT and Ocean.
- 2.105 Project Offshore Security Trustee** means The Bank of New York, not in its individual capacity, but solely in its capacity as the project offshore security trustee under the Project Intercreditor Agreement, its successors and assigns or any additional project offshore security trustee.

- 2.106 Project Onshore Security Trustee** means Bank Muscat (S.A.O.G.), not in its individual capacity, but solely in its capacity as the project onshore security trustee under the Project Intercreditor Agreement, its successors and assigns or any additional project onshore security trustee.
- 2.107 Prospectus** means the prospectus issued by the Lender in respect of the offering of the Notes, dated 3 November, 2006.
- 2.108 Public Building** means any building developed under the Real Estate Project (i) over which either the Host Government or any public authority within the Host Country has the right of supervision and/or control and/or (ii) which is designated as a civil defence facility and which, in either case, shall not be available for sale by the Borrower and its affiliates.
- 2.109 Rating Agency** means Fitch Ratings Limited and which term shall include any additional or replacement rating agency appointed by the Issuer, with the prior written approval of the Issuer Note Trustee, to provide a credit rating in respect of any or all of the Notes, other than the Class D Notes.
- 2.110 Real Estate Project** has the meaning set forth in Item 4 of the Declarations.
- 2.111 Registrar** means The Bank of New York, its successors and assigns.
- 2.112 Reserve Accounts** means the Special Reserve Account, the Partial Credit Guarantee Account Reserve, the Senior Debt Service Reserve Account, the Second Senior Debt Service Reserve Account, the Junior Debt Service Reserve Account and the Insurance Premium Reserve Account established under the Issuer Deed of Charge.
- 2.113 Residential Sales Tests** means the covenants and associated undertakings set forth in Schedule 8 to the Intercompany Loan Agreement.
- 2.114 Residential Unit Purchasers** means the purchasers of Residential Units sold by the Borrower and/or its affiliates.
- 2.115 Residential Units** means residential property, including but not limited to villas, apartments and serviced apartments, in Phase 1 which are made available for sale by the Borrower and/or its affiliates.
- 2.116 Residual Land** means a 9km² area of land equating to the Project Area less the land constituting the Secured Land on the Drawdown Date.
- 2.117 Scheduled Payment** means all regular scheduled payments of principal and interest payable under Facility A to the Issuer Dollar Transaction Account (as such regular scheduled payments and dates of payment are set forth in Exhibit B hereto) without regard to any right of the Insured to accelerate, or the Borrower to prepay, such Scheduled Payments. In the event that a payment default on a Scheduled Payment occurs under the Intercompany Loan Agreement and funds from the Reserve Accounts are used to make one or more debt service payments under the Class A Notes, the Insured shall not release the Borrower from its obligations to make the Scheduled Payment under the Intercompany Loan Agreement.
- 2.118 Second Senior Debt Service Reserve Account** means an account held outside of the Host Country funded by the Insured, from the Initial Mandatory Deposits received by the Insured from the Borrower in accordance with the terms and conditions of the Intercompany Loan Agreement, with an amount such that the balance of the Second Senior Debt Service Reserve Account plus the balance of the Senior Debt Service Reserve Account plus the initial available amount under the Partial Credit Guarantee Reserve Account shall equal the Worst Case Cumulative Remaining Interest Payments and shall, to the extent utilised, be replenished from the funds of the Borrower in accordance with the Borrower's cashflow waterfall through making Additional Mandatory Deposits. To the extent that balance of the Second Senior Debt Service Reserve Account exceeds the required balance, the excess funds shall be released to the Borrower, unless an Event of Default has occurred and is continuing under the Intercompany Loan Agreement, by way of a reimbursement to the Borrower by the Insured of an equivalent amount of Mandatory Deposits, and in the first instance these released funds shall be utilised towards the repayment of principal amounts under Facility A, with any excess thereafter released to the cash account of the Borrower.
- 2.119 Secured Land** means that part of the Project Area comprising 25km² of land that shall be pledged initially as security for the Intercompany Loan Agreement, subject to (i) the Partial Release Mechanism in respect of phases of the Real Estate Project other than Phase 1, (ii) the Partial

Release Mechanism in respect of any land released as a result of the sale of a Residential Unit for which the title deeds have passed to the Residential Unit Purchaser or the Residential Unit Purchaser's Mortgage Provider), (iii) release of land as a result of allowable and mandatory asset sales in respect of any hotels, retail outlets and/or golf facilities associated with Phase 1 and (iv) release of land upon which civil defence facilities are constructed upon. For the avoidance of doubt, Secured Land shall not include any Residual Land, including, but not limited to, the land on which the Al Sawadi Beach Resort Hotel stands, unless the Sponsors and their affiliates transfer the Residual Land to BCFPIC.

2.120 Security for the Intercompany Loan means the following security granted:

- (a) by the Borrower and the other Phase 1 Obligors in favour of the Phase 1 Offshore Security Trustee and the Phase 1 Onshore Security Trustee, in each case for the benefit of the Lender and the Borrower's other secured creditors:
 - (i) the Secured Land and all buildings (other than Public Buildings) constructed thereon, subject to (a) the Partial Release Mechanism in respect of Residential Units that have been sold (and the title deeds has passed to the respective Residential Unit Purchasers), (b) the Partial Release Mechanism in respect of land released in respect of future phases of the Real Estate Project and (c) Permitted Disposals and mandatory asset sales, as required under the Residential Sales Tests, in respect of any hotels, retail outlets and/or golf facilities associated with Phase 1;
 - (ii) upon purchase by BCC4, the shares of BCC5 or the Al Sawadi Beach Resort Hotel, as applicable, any usufruct agreement amongst the Host Government and BCC4 or BCC5, as appropriate, in respect of the Al Sawadi Beach Resort Hotel and all monies received from the operation of the Al Sawadi Beach Resort Hotel during the usufruct period, subject to a Permitted Disposal;
 - (iii) the shares of BCC1;
 - (iv) the shares of BCC2;
 - (v) the shares in BCFPIC and BCPOIC;
 - (vi) the shares of BCSI;
 - (vii) the shares of the Lender;
 - (viii) upon incorporation, the shares of BCC3 and any or all of its subsidiaries;
 - (ix) the shares of BCC4;
 - (x) upon incorporation, the shares of each of BCC6 and BCC7;
 - (xi) the shares of BCPOIC;
 - (xii) the rights of BCFPIC and BCPOIC in and to the Development Agreement;
 - (xiii) a fixed and floating charge of each Phase 1 Obligor other than ASIT;
 - (xiv) all trademarks, logos and intellectual property relating to the Real Estate Project;
 - (xv) the Construction Contract together with all associated insurances and completion bonds / guarantees and all other insurances;
 - (xvi) all monies received from sales of Residential Units, whether from Residential Unit Purchasers or from the Mortgage Providers;
 - (xvii) all monies received from the hotel operators, retail outlet lessees and golf facility lessees and the associated contracts associated with Phase 1;
 - (xviii) all monies received from the sale of any hotels, retail outlets and/or golf facilities associated with Phase 1;
 - (xix) all amounts received from the Host Government in respect of the construction of the aquarium and convention centre facilities, pursuant to any agreement amongst the Host Government and ASIT and/or its affiliates entered into on or after the date of this Insurance Policy, and any associated operating agreements, management agreements and/or leases and the associated income thereon;

- (xx) all management contracts for management of the Phase 1 facilities;
- (xxi) direct agreements relating to the Development Agreement, the Construction Contract and certain consultancy agreements;
- (xxii) the Works Agreement;
- (xxiii) all amounts received by the Borrower (x) under the Interest Rate Cap Agreement and (y) terminating any portion of the Interest Rate Cap Agreement that is not required by the Borrower for hedging purposes as a result of amortisations or prepayments of Principal on Facility A (and consequently of the Class A Notes);
- (xxiv) a charge over the Offshore Escrow Account;
- (xxv) a charge over the Onshore Escrow Accounts and all other accounts of the relevant parties;
- (xxvi) a charge/assignment over any other amounts payable to the Phase 1 Obligors (other than ASIT), as appropriate, or any other assets that for any reason and under lawful circumstances, shall become the property of Phase 1 Obligors (other than ASIT), as appropriate; and,
- (xxvii) a floating charge over the assets of BCC1 and BCC2; and,
- (b) in favour of the Project Offshore Security Trustee and the Project Onshore Security Trustee, in each case for the benefit of the Lender and each of the other project secured creditors, under the Project Intercreditor Agreement:
 - (i) by Ocean over those shares of ASIT which are owned by Ocean; and,
 - (ii) a charge/assignment by ASIT over its rights under the Development Agreement.

For the avoidance of doubt, the Lender's share of the security detailed herein under Section 2.119 (b) (i) and (ii) shall be its pro rata share as set forth under the Project Intercreditor Agreement.

2.121 Security for the Notes means the following security granted by the Lender, as issuer of the Notes, in favour of the Issuer Security Trustee for the benefit of the Issuer Secured Creditors:

- (a) an assignment of its rights under the Intercompany Loan Agreement (and its other contractual rights);
- (b) an assignment of all of its rights under the Security for the Intercompany Loan;
- (c) a charge over the Partial Credit Guarantee Reserve Account;
- (d) a charge over the Senior Debt Service Reserve Account;
- (e) a charge over the Second Senior Debt Service Reserve Account;
- (f) a charge over the Junior Debt Service Reserve Account;
- (g) a charge over the Insurance Premium Reserve Account;
- (h) any compensation received by the Lender under this Insurance Policy;
- (i) this Insurance Policy;
- (j) a charge/assignment over any other amounts payable to the Lender or any other assets that for any reason and under lawful circumstances, shall become the property of the Lender; and,
- (k) a first floating charge over any assets not subject to the fixed security interests set out above, all as more fully set out in the Issuer Deed of Charge.

- 2.122 Senior Debt Service Reserve Account** means an account held outside of the Host Country funded by the Insured, from the Initial Mandatory Deposits received by the Insured from the Borrower in accordance with the terms and conditions of the Intercompany Loan Agreement, with an amount equal to three hundred and sixty six (366) days aggregate Interest Coupon due under the Class A Notes assuming a rate equal to US\$ 9.05% and shall, to the extent utilised, be replenished from the funds of the Borrower in accordance with the Borrower's cashflow waterfall through making Additional Mandatory Deposits. To the extent that balance of the Senior Debt Service Reserve Account exceeds the required balance, the excess funds shall be released to the Borrower, unless an Event of Default has occurred and is continuing under the Intercompany Loan Agreement, by way of a reimbursement to the Borrower by the Insured of an equivalent amount of Mandatory Deposits, and in the first instance these released funds shall be utilised towards the repayment of principal amounts under Facility A, with any excess thereafter released to the cash account of the Borrower.
- 2.123 Special Reserve Account** means an account held outside of the Host Country funded by the Insured from the Initial Mandatory Deposits received by it from the Borrower in accordance with the terms and conditions of the Intercompany Loan Agreement, with an amount of US\$ 250,000.00 and shall, to the extent utilised by the Insured, not be replenished.
- 2.124 Sponsors** means AAJ Holdings and Cyclone.
- 2.125 Transaction Documents** has the meaning set forth in the Intercompany Loan Agreement.
- 2.126 Transfer Election** has the meaning set forth in the Intercompany Loan Agreement.
- 2.127 Transfer Event** has the meaning set forth in the Intercompany Loan Agreement.
- 2.128 Transferred Assets** means all the assets, rights and obligations of BCC1 under the transaction and the Finance Documents.
- 2.129 Valuer** means CB Richard Ellis Limited and its successors and assigns.
- 2.130 Waiting Period** means the period set forth in Item 13 of the Declarations. The Waiting Period shall commence on the Date of Loss.
- 2.131 Works Agreement** means the works agreement relating to Phase 1 amongst, *inter alios*, the Borrower, BCPOLC and ASIT.
- 2.132 Worst Case Cumulative Remaining Interest Payments** means from time to time the remaining cumulative interest payable under the Facility A Loan assuming the amortisation of principal follows the Worst Case Principal Amortisation and that interest is calculated at the capped interest rate of 5.25% per annum plus a rate calculated on a weighted average basis in respect of the Principal Amount Outstanding of the Class A1 Notes and Class A2 Notes at 1.60% per annum and the Principal Amount Outstanding of Class A3 Notes and the Class A4 Notes at 3.80% per annum.
- 2.133 Worst Case Principal Amortisation** means the principal amortisation under Facility A assuming that the only principal repayments are equal to the amounts received by the Insured as compensation under this Policy taking into account the Waiting Period.
- 2.134** Any reference in this Insurance Policy to:
- administration, bankruptcy, liquidation, dissolution, receivership or winding-up** of a person shall each be construed so as to include any equivalent or analogous proceedings (including any suspension of payments) under the laws of the jurisdiction in which such person is incorporated (or, if not a company or corporation, domiciled) or any jurisdiction in which such person has its principal place of business;
- agreed form** means, in relation to any documents, the draft of the document which has been agreed between the relevant parties thereto and initialled on their behalf for the purpose of identification;
- Clause, Recital, Appendix or Schedule** in this Insurance Policy is, subject to any contrary indication, a reference to a clause of, or a recital or appendix or schedule to, this Insurance Policy;
- holding company** means, in relation to a company or corporation, any other company or corporation in respect of which it is a subsidiary;
- including** shall be construed as meaning including without limitation;
- indebtedness** shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a person shall be construed as being **insolvent** if such person goes into administration, bankruptcy, liquidation, dissolution, receivership, winding-up, judicial liquidation, composition with creditors, general settlement with creditors, reorganisation or similar laws affecting the rights of creditors generally or such person is unable to pay its debt as they fall due or such person's liabilities exceed its assets, actual, contingent or prospective;

month is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month (and references to "months" shall be construed accordingly);

person or **Person** shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;

stamp duty shall be construed as a reference to any stamp, registration or other documentary tax or other similar taxes or duties (including, without limitation, any penalty or interest payable in connection with any failure to pay or any delay in paying out any of the same);

subsidiary of a company or corporation shall be construed as a reference to any company or corporation (a) which is controlled, directly or indirectly, by the first-mentioned company or corporation; or (b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or (c) which is a subsidiary of another subsidiary of the first-mentioned company or corporation and for these purposes a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body; and

USD or **US\$** or **US Dollars** means the lawful currency from time to time of the United States of America.

- 2.135** Where a definition is stated to mean an amount (the **first amount**) which is the greater of zero and another amount (the **second amount**) if the second amount is also zero or is a negative amount, the first amount shall be deemed to mean zero.
- 2.136** Where a denominator in any fraction to be used in connection with any calculation in a definition is zero, the relevant fraction will be zero.
- 2.137** The headings in this Insurance Policy shall not affect its interpretation. References to Clauses, Schedules and Articles in this Insurance Policy shall, unless its context otherwise requires, be construed as references to the Clauses of, Schedules to, and Articles of this Policy.
- 2.138** Unless the context otherwise requires, words denoting the singular number only shall include the plural number also and vice versa, words denoting one gender only shall include the other genders and words denoting persons only shall include firms, corporations and other organised entities, whether separate legal entities or otherwise, and vice versa.
- 2.139** Unless the context otherwise requires, any reference in this Policy to:
- (a) any agreement or other document shall be construed as a reference to the relevant agreement or document as the same may have been, or may from time to time be, replaced, extended, amended, varied, novated, supplemented or superseded;
 - (b) any statutory provision or legislative enactment shall be deemed also to refer to any re-enactment, modification or replacement thereof and any statutory instrument, order or regulation made thereunder or under any such re-enactment;
 - (c) any party to this Insurance Policy shall include references to its successors, permitted assigns and any person deriving title under or through it; references to the address of any person shall, where relevant, be deemed to be a reference to its address as current from time to time;
 - (d) a person shall include a reference to an individual, a partnership, a corporation, a business trust, a joint stock company, a trust, an unincorporated association, a joint venture, a governmental authority and any other entity of whatever nature, as the context may require;
 - (e) unless stated otherwise, any provision setting forth an obligation to pay an amount in respect of remuneration or costs or charges or expenses shall be inclusive of any applicable amount in respect of VAT or similar tax charged or chargeable in respect thereof at any rate; and,

- (f) the provisions contained in any schedule or appendix to this Insurance Policy have effect as if they had been incorporated in this Policy.

All other terms that appear in this Insurance Policy, the Declarations and the Endorsements have the definitions assigned to them as they appear in those documents.

ARTICLE III. NON-HONOURING EVENT

- 3.1** A Non-Honouring Event means the failure for any reason of the Borrower to pay, in whole or in part, to the Insured in the Policy Currency a Scheduled Payment under the Intercompany Loan Agreement.

ARTICLE IV. COMPENSATION

4.1 Compensation

- (a) Compensation for a Loss shall be the lesser of (i) the Loss claimed by the Insured, (ii) the Limit of Liability in respect of the unpaid Scheduled Payment as set out in Exhibit A, or (iii) the Limit of Liability in respect of the unpaid Scheduled Payment as set forth under the Adjusted Liability Schedule in accordance with the adjustments described in Section 8.3(c).
- (b) Compensation for a Loss shall not be payable for any amount of Loss claimed by the Insured which is paid subsequent to the Date of Loss by the Borrower and on or before the expiry of the Waiting Period.

4.2 Adjustments

- (a) Compensation for any Loss shall be adjusted for any compensation received by the Insured from the Borrower or any other source on account of the Loss, excluding (i) compensation received by the Insured in any currency that is not freely convertible into the Policy Currency; (ii) compensation received by the Insured in the Policy Currency which is not transferable outside the Host Country; and, (iii) any amounts withdrawn from the Reserve Accounts and paid to the holders of the Class A Notes by the Lender in accordance with the provisions of the Transaction Documents. Compensation for any Loss shall not exceed the Limit of Liability on the applicable Date of Loss. In no event shall the total amount of Compensation paid by the Underwriter under this Insurance Policy exceed the Maximum Aggregate Limit of Liability.
- (b) No Compensation shall be paid for penalty interest or penalty fees for late payment by the Borrower arising from the Intercompany Loan Agreement.

4.3 Acceleration and Prepayment

- (a) The Underwriter shall pay Compensation for an unpaid Scheduled Payment in accordance with the original repayment schedule for the corresponding Scheduled Payment in the Transaction Documents as set forth in Exhibit B of this Insurance Policy. An acceleration or prepayment of a Scheduled Payment, if permitted under the Intercompany Loan Agreement, shall not give rise to a corresponding acceleration or prepayment of the Underwriter's obligation to pay Compensation hereunder.
 - (i) In the event that the Intercompany Loan is accelerated or either the Security for the Intercompany Loan and/or Security for the Notes is enforced in accordance with the terms of the Intercompany Loan Agreement, the Phase 1 Master Debenture and/or the Issuer Deed of Charge (as the case may be) and, if the Underwriter has provided its consent for these actions (as a result of the Phase 1 Secured Creditors (and indirectly the Noteholders) being asked to vote on such action), the Underwriter shall, as a condition precedent to such acceleration or enforcement, unconditionally and irrevocably agree to pay Compensation in full to the Insured in accordance with the payment schedule for the remaining Scheduled Payments on the Intercompany Loan as if no acceleration or enforcement had occurred, subject to the payment of premiums by the Insured in accordance with Exhibit A and without reference to the provisions of Article VII hereof.
 - (ii) If, in accordance with the Intercompany Loan Agreement, the Borrower declares its intention to prepay a Scheduled Payment and subsequently fails to make such prepayment

(such occurrence, a **Failed Prepayment**) and as a result the Insured files a Claim for such accelerated or attempted prepaid amount, the Underwriter shall have the option, at its sole discretion, to prepay, without premium or discount, any Compensation for the Claim. If the Underwriter elects to prepay the Compensation, the Insured shall be obliged to pay the Underwriter the unpaid portion of the total premium indicated in Exhibit A, which amount, if not otherwise paid, shall be credited against and shall reduce the amount of Compensation. If the Underwriter elects not to prepay the Compensation, then the Insured shall be obliged to continue paying the premium in accordance with Exhibit A.

Except as set forth above, neither the Insured nor the Underwriter shall be able to accelerate its rights and obligations under the Insurance Policy.

- (b) Notwithstanding Section 2.27 herein, in respect of Scheduled Payments that are accelerated, except in the instance of an acceleration that is consented to by the Underwriter as described in Section 4.3(a)(i), or a Failed Prepayment that occurs with respect to any Scheduled Payment, the Date of Loss shall be the date following a default by the Borrower of such Scheduled Payment, on which the Insured has submitted a formal written demand upon the Borrower to pay the amount of the Scheduled Payment, in accordance with the Intercompany Loan Agreement.

ARTICLE V. EXCLUSIONS

5.1 The Underwriter shall not pay Compensation for any Loss to the extent that the Non-Honouring Event giving rise to such Loss was caused by:

- (a) the Insured's material failure to comply with the laws of the Host Country applicable at the time of the Loss, but solely to the extent that the Insured is subject to such laws;
- (b) subject to Sections 6.2, 8.4(f) and 8.8 herein, the Insured's deliberate and intentional material breach of the terms of this Insurance Policy or a deliberate and intentional material misrepresentation by the Insured under this Insurance Policy;
- (c) the Insured engaging in any wilful act of misconduct or criminal activities in the Host Country;
- (d) nuclear reaction, nuclear radiation or radioactive contamination under any circumstance, including, but not limited to:
 - (i) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
 - (ii) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof; or
 - (iii) any weapon employing atomic or nuclear fission or fusion or other like reaction or radioactive force or matter, or pathogenic, toxic or poisonous biological or chemical elements; or
- (e) the material breach by the Insured of any contractual agreements with the Borrower related to the Intercompany Loan; for the avoidance of doubt the exclusion set forth in this Section 5.1(e) shall not apply to any material breach by the Insured of the terms of the indemnity provisions set forth in the Corporate Services Agreement.

Each of the circumstances arising from Section 5.1(a) to Section 5.1(e) shall be deemed an **Exclusion**, provided, however, that any actions taken by the Insured at the request of the Underwriter shall not constitute the basis of any Exclusion herein.

5.2 For the avoidance of doubt, the Underwriter's liability to pay Compensation shall not be excluded in respect of any Loss to the extent that the Non-Honouring Event giving rise to such Loss was caused by:

- (a) a natural disaster or catastrophe, such as an earthquake, flood, volcanic eruption, tsunami, cyclone or other Acts of God;
- (b) acts of terrorism, civil unrest, rebellion, invasion, military power or acts of the military, war or civil war, except to the extent that the Loss is solely caused by a weapon employing atomic or nuclear fission or fusion or other like reaction or radioactive force or matter, or pathogenic, toxic or poisonous biological or chemical elements.

The Underwriter hereby agrees and acknowledges that it shall have no claim against, nor the ability to enforce any of, the Security for the Intercompany Loan and/or the Security for the Notes, nor to unilaterally require the acceleration of the Intercompany Loan or to require enforcement of the Security for the Intercompany Loan in the event that any Claim is made under this Insurance Policy. The Underwriter acknowledges and agrees that only the Phase 1 Offshore Security Trustee or the Phase 1 Onshore Security Trustee on behalf of the Phase 1 Offshore Security Trustee shall have the right to enforce the Security for the Intercompany Loan and that only the Issuer Security Trustee shall have the right to enforce the Security for the Notes unless the Phase 1 Offshore Security Trustee, the Phase 1 Onshore Security Trustee or the Issuer Security Trustee, as applicable, having become obliged to do so, fails to do so within a reasonable time and such failure is continuing.

The Underwriter hereby agrees and acknowledges that the inability of the Borrower to cure any shortfall between budgeted sales and trigger amounts, in each case as referred to in the Residential Sales Tests, by way of (i) the sale of any hotel, retail business or golf facility or (ii) through obtaining equity injections or subordinated loans from Ocean, the Sponsors or any third party that gives rise to an Event of Default shall not give rise to an Exclusion under this Insurance Policy.

ARTICLE VI. REPRESENTATIONS AND COVENANTS BY THE INSURED

6.1 The Insured represents and/or covenants that:

- (a)** as of the date of its execution of this Insurance Policy, it had no knowledge of any relevant circumstance (without independently verifying), other than circumstances that (i) are of general public knowledge and/or (ii) that the Insured has informed the Underwriter of in writing (and has received an express written acknowledgement of receipt of this communication from the Underwriter), which would reasonably be expected to give rise to a Loss under this Insurance Policy, provided always that the Underwriter's rights hereunder shall be limited in accordance with Section 8.4(f); and
- (b)** it will, during the Waiting Period and after Compensation has been paid, subject to its rights and authority under the Intercompany Loan Agreement, after reasonable consultation with the Underwriter, provided that the outcome of such consultation shall be confirmed by the Underwriter in writing, (i) use all reasonable efforts to avoid or minimise the Loss, subject, for the avoidance of doubt, to the provisions of Section 5.2 herein stating that the Underwriter cannot enforce nor require enforcement of the Security for the Intercompany Loan and/or the Security for the Notes; (ii) use all reasonable efforts to cooperate fully with the Underwriter in the investigation of the Loss, the resolution of the Potential Loss situation and the pursuit of any Loss salvage; and (iii) not enter into any agreement concerning the Loss or Potential Loss without the Underwriter's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. Prior to any Compensation payment, subject to its rights and authority under the Intercompany Loan Agreement, and after reasonable consultation with the Underwriter, provided that the outcome of such consultation shall be confirmed by the Underwriter in writing, the Insured will use reasonable efforts to (x) pursue all reasonable legal, administrative, judicial and informal means which may be reasonably available to minimise or recover any Loss during the Waiting Period and (y) preserve any legal, judicial and administrative remedies applicable to any Claim and furnish reasonable assistance in maintaining any rights or property which the Insured may have transferred to the Underwriter in conjunction with the payment of Compensation.

For the avoidance of doubt, any actions required of the Insured by the Underwriter shall be limited to those actions specifically allowed or not specifically prohibited by the Note Trust Deed and the Insured shall not be required to take any action that would require an amendment of the Note Trust Deed, the Phase 1 Intercreditor Agreement, the Phase 1 Master Debenture and the Issuer Deed of Charge. The Insured shall only be required to undertake such actions required by the Underwriter to the extent that the Insured has sufficient available resources to undertake the requested action from amounts held in the Special Reserve Account, unless any costs incurred are fully indemnified by the Underwriter at the time of the request to the Insured. The Underwriter acknowledges that the Special Reserve Account shall not be replenished at any time and that once depleted the Insured shall be required to take no further action in respect of Section 6.1(b) unless the Insured's costs are fully indemnified by the Underwriter.

- 6.2** Subject to Section 8.8 and Section 8.4(f), if there is any material breach or material misrepresentation of Section 6.1(a) by the Insured and if such material breach or material misrepresentation is not cured to the sole satisfaction of the Underwriter following written notice from the Underwriter and a period of ninety (90) days has elapsed from the date of such notice to cure such material breach or material misrepresentation, the Underwriter may void this Insurance Policy, retain the premium paid and refuse to compensate the Insured for any Loss, provided always that the Underwriter's rights hereunder shall be limited in accordance with Section 8.4(f).
- 6.3** Any reference in Section 6.1 or any other provision of this Insurance Policy to "knowledge" of the Insured shall be deemed to mean the actual knowledge of an Officer of the Insured at the relevant time.
- 6.4** For the avoidance of doubt, the Insured shall not be liable to the Underwriter for any material breaches, misrepresentations, or fraudulent statements made in respect of the Insurance Policy, provided however, it is acknowledged that the Underwriter shall not waive its remedies for such material breaches, misrepresentations, or fraudulent statements pursuant to Section 6.2 and Section 8.8 herein, subject always to the waiver of Underwriters' rights set out in Section 8.4(f) below.

ARTICLE VII. CLAIMS

7.1 Submission of a Claim

- (a)** The Insured must provide the Underwriter of a written notice of a Loss promptly, and in no event after more than thirty (30) days following the Date of Loss. Furthermore, the Insured must notify the Underwriter promptly, and in no event after more than thirty (30) days following receipt, of the receipt by it of any written notice from the Borrower regarding a Potential Loss. The notification to the Underwriter of a Potential Loss shall be in writing and shall be in the form or substantially in the form set out in Exhibit E.

The Insured must file a written Claim within sixty (60) days after the Date of Loss, or if such day is not a Business Day (as defined in the Transaction Documents), the next succeeding Business Day, which Claim must demonstrate to the Underwriter that the Loss was caused by a Non-Honouring Event as defined in this Insurance Policy. Such Claim shall be accompanied by (i) a calculation related to the amount of the Loss, and (ii) a certified statement by an Officer of the Insured that the Claim to the best of its knowledge is true and correct in all material respects. The Claim shall be in the form or substantially in the form set out in Exhibit D;

- (b)** Notwithstanding any other provision of this Insurance Policy, if a Loss occurs, the Underwriter may notify the Insured that the Waiting Period requirement of Section 4.1(b) has been waived and request that the Insured file its Claim under Section 7.1(a) herein, within ten (10) Business Days, in exchange for contemporaneous Compensation; provided that any failure by the Insured to file its Claim within ten (10) Business Days shall not prevent the Insured from making a Claim hereunder, so long as such Claim otherwise complies with the terms of this Insurance Policy; and
- (c)** The Insured may withdraw a Claim up to the day on which Compensation is paid by the Underwriter. After the Insured has withdrawn a Claim submitted pursuant to this Section 7.1, the Insured may not submit another Claim based on the same Loss.

7.2 Validation of a Claim

The responsibility for proving a Claim under this Insurance Policy shall at all times rest with the Insured and shall be limited to the provision of information described in this Article VII. For the avoidance of doubt, the burden of proof that one or more of the exclusions in Article V applies shall lie with the Underwriter.

- (a)** Following the submission of a Claim, the Underwriter shall be entitled to request (within ninety (90) days of the Date of Loss) additional information concerning the Insured's Claim subject to the limitations as set forth in Section 7.2(b).

- (b) The Insured must use reasonable efforts to provide to the Underwriter such additional information, requested by the Underwriter pursuant to Section 7.2(a), within thirty (30) days of such request. The Insured shall provide such additional information in writing in the form or substantially in the form set out in Exhibit F and upon full submission of the additional information as set out in Exhibit F the Insured shall have no further obligation to provide to the Underwriter and the Underwriter shall have no additional right to request from the Insured any further information in respect of the Underwriter's determination regarding the Insured's Claim.
- (c) If such additional information is not provided by the Insured within thirty (30) days of such request and if the Underwriter reasonably determines the Insured has failed to use reasonable efforts to satisfy the Underwriter's request within thirty (30) days of such request, then within seven (7) days of the expiration of such thirty (30) day period, the Underwriter shall notify the Insured of its determination that the Insured has failed to use reasonable efforts to satisfy the Underwriter's request and any information deficiencies reasonably remaining. Following the date of such notice from the Underwriter, the Insured shall have an additional twenty-three (23) days in order to provide such additional information or to use reasonable efforts to obtain such information.
- (d) If the Insured provides such additional information or has made reasonable efforts to obtain such information after a period greater than sixty (60) days from the original date of the request by the Underwriter, then the Underwriter shall extend the Waiting Period by the number of days more than sixty (60) days that the Insured required in order to provide such additional information or used reasonable efforts to obtain such information.
- (e) If the Insured does not provide the additional information in the form set out in Exhibit F as requested by the Underwriter or has not used reasonable efforts to obtain such information within one hundred and eighty (180) days of the date on which it was requested, then the Underwriter may deem the Claim withdrawn and shall not pay Compensation and the Insured shall not submit another Claim based upon the same Non-Honouring Event; and
- (f) Subject to Section 7.2(e), the Underwriter shall make a determination regarding the Insured's Claim, and shall pay Compensation, no later than the later of (i) the expiration of the Waiting Period, including any extension of the expiration date thereof pursuant to Section 7.2(d), and (ii) the due date of the next Scheduled Payment subsequent to the Date of Loss, provided the Insured has submitted a Claim that meets the requirements of Section 7.1(a) and further provided that the Insured has provided any additional information requested by the Underwriter or has used reasonable efforts to obtain such information pursuant to this Section 7.2. The Underwriter shall notify the Insured no less than ten (10) days prior to the date on which it will pay Compensation.

7.3 Actions Arising from a Claim Determination

Any action arising out of this Insurance Policy from a Claim determination by the Underwriter must be commenced against the Underwriter within twelve (12) months from the date of the expiration of the applicable Waiting Period which gave rise to such Claim determination in accordance with Section 8.6.

7.4 Transfer

It is hereby agreed and acknowledged that upon a Transfer Event occurring pursuant to the Intercompany Loan Agreement, the Phase 1 Offshore Security Trustee is entitled to or shall on instructions from the Issuer Security Trustee request the transfer of the Transferred Assets to BCC2 pursuant to the terms of the Conditional Sale Agreement. The Underwriter hereby covenants in favour of the Phase 1 Offshore Security Trustee (who holds this covenant on behalf of the Phase 1 Secured Creditors) and the Issuer Security Trustee (who holds this covenant on behalf of the Issuer Secured Creditors) to procure that the benefit of this Insurance Policy be continued in favour of the Insured and the Co-Insureds notwithstanding the occurrence of such Transfer Event and acknowledges that the Insured and the Co-Insureds will continue to have the benefit of this Insurance Policy for all purposes subject to and in accordance with the terms of this Insurance Policy.

7.5 Rights of the Underwriter Following a Claim

- (a) To the extent that any Claim is paid by the Underwriter pursuant to the terms hereof, the Underwriter's rights in respect of Compensation in respect of any Loss shall be payable in accordance with the priorities of payment set forth in the Phase 1 Intercreditor Agreement and the Issuer Deed of Charge. Subject to the provisions of the Phase 1 Intercreditor Agreement and the Issuer Deed of Charge, the Underwriter shall not be entitled to terminate this Insurance Policy in such event, but the outstanding amount of Compensation shall reduce, pro rata, the Maximum Aggregate Limit of Liability pending repayment in full of such Compensation.
- (b) The Underwriter hereby waives any and all rights of subrogation that it may have at law or by statute in respect of any Claim or Loss hereunder and agrees that its rights of recovery against the Insured are limited to those expressed to be available under the Intercompany Loan Agreement, Phase 1 Intercreditor Agreement and the Issuer Deed of Charge.

7.6 Issuer Security Trustee's Rights to Claim

The Underwriter acknowledges that the Insured has created security over this Insurance Policy pursuant to the Issuer Deed of Charge in favour of the Issuer Security Trustee, for itself and the other Issuer Secured Creditors. Pursuant to the terms thereof the Issuer Security Trustee, as attorney of the Insured and, in its capacity as trustee for the Issuer Secured Creditors, is authorised to do any and all acts which the Insured is permitted to do pursuant to the terms of this Insurance Policy, including the making of any Claim hereunder.

The Underwriter hereby acknowledges and agrees that any document or notice served or given by the Issuer Security Trustee (including but not limited to the making of any Claim) shall have the same validity and effect as if it had been given or made by the Insured directly.

7.7 Phase 1 Offshore Security Trustee's Rights to Claim

The Phase 1 Offshore Security Trustee, in its capacity as Co-Insured, is authorised to do any and all acts which the Insured is permitted to do pursuant to the terms of this Insurance Policy, including the making of any Claim hereunder. The Phase 1 Offshore Security Trustee shall do so pursuant to the provisions of the Phase 1 Master Debenture.

The Underwriter hereby acknowledges and agrees that any document or notice served or given by the Phase 1 Offshore Security Trustee (including but not limited to the making of any Claim) as Co-Insured shall have the same validity and effect as if it had been given or made by the Insured directly.

ARTICLE VIII. GENERAL CONDITIONS

8.1 Accounting Principles

All financial statements and accounts of the Insured, as well as the calculation of any Loss and the amount of any Compensation payable hereunder, shall be in accordance with the principles of accounting generally accepted in the Insured's country, consistently applied and as used by the Insured in its certified financial statements.

8.2 Novation of Insurance Policy / Addition of Co-Insured

- (a) Subject as provided below, the Insured shall not assign, novate or transfer this Insurance Policy or the benefits or obligations hereof to any other party or person without the prior written consent of the Underwriter, which consent shall not be unreasonably withheld, conditioned or delayed provided, however, for the avoidance of doubt, that nothing herein is intended to limit the transferability and tradability of the Notes. The Underwriter shall within ten (10) Business Days of the Insured's request for its consent for any assignment, novation or transfer by the Insured either consent in writing to the Insured's request for its consent for any assignment, novation or transfer by the Insured or notify the Insured in writing in reasonable detail of the reasons for withholding such consent. Failure by the Underwriter to so respond within ten (10) Business Days of the Insured's request for its consent for any such assignment, novation or transfer by the Insured or any Insured shall be deemed to constitute the Underwriter's consent to such requested assignment, novation or transfer.

The Underwriter hereby acknowledges that it is both aware of the existence of the Notes and of the terms and conditions thereof and it agrees that the Insured may (i) assign its interests under this Insurance Policy to secure its payment obligations under the Class A Notes and (ii) use compensation payments received under this Insurance Policy from the Underwriter to satisfy its obligations under the Class A Notes without the Underwriter's prior written consent.

After any assignment or novation of this Insurance Policy, the assignee or novatee, as applicable, shall constitute the "Insured" (for all purposes in the case of a novation and with regard to only the rights but not the obligations of the assignor in the case of an assignment) under this Insurance Policy.

- (b) The Phase 1 Offshore Security Trustee and the Issuer Security Trustee shall each be a co-insured under this Insurance Policy. The Phase 1 Onshore Security Trustee, which has entered into the Control Order with the Phase 1 Offshore Security Trustee, shall not be a co-insured under this Insurance Policy.

Each of the Phase 1 Offshore Security Trustee and the Issuer Security Trustee has agreed to be a co-insured under this Insurance Policy only for the purposes of taking the benefit of this Insurance Policy and shall assume no obligations towards the Underwriter whatsoever by virtue of the provisions of this Insurance Policy or by being a co-insured hereunder.

8.3 Cancellation of this Insurance Policy

- (a) By the Insured: The Insured (acting at the written direction of the Issuer Security Trustee) may, but is not obliged to, cancel this Insurance Policy effective as of the beginning of next quarterly coverage period as set forth in Exhibit A, by giving not less than ten (10) Business Days' prior written notice to the Underwriter. However, in the event that the Insured cancels the Insurance Policy prior to the third anniversary date of the Insurance Policy no insurance premiums shall be refunded to the Insured for the initial three year coverage period. If the Insured cancels the Insurance Policy on or after the third anniversary date, the Underwriter shall reimburse the Insured for any insurance premiums prepaid by the Insured for future coverage periods as set forth in Exhibit A which have not yet commenced as of the date of cancellation.
- (b) By the Underwriter: The Underwriter may cancel this Insurance Policy only for the non-payment of premium. In this instance, the Underwriter shall provide the Insured prior written notice of any such cancellation, which cancellation shall be effective on the later of (i) the date of cancellation specified in such notice and (ii) the date which is fifteen (15) Business Days following the Insured's receipt of such notice, unless the premium in default has been paid in full by the Insured prior to such date.
- (c) Mandatory Cancellation: To the extent that the Class A Notes are prepaid in whole or part as a result of the Insured exercising any of the Call Options under the Class A Notes, this Insurance Policy shall be partially cancelled such that the outstanding Maximum Aggregate Limit of Liability of the Underwriter shall reduce by an amount equal to the principal amount of the Class A Notes prepaid multiplied by the Prevailing Facility A Financing Insured Percentage immediately prior to the reduction. In allocating partial cancellations in respect of this Section 8.3(c), reductions in the Underwriter's liability as set out in Exhibit A hereto shall be reduced pro rata across all remaining periods. The resulting schedule of the Underwriter's Limit of Liability shall be deemed the "**Adjusted Liability Schedule**".

Should further prepayments of the Class A Notes occur, the methodology above shall be applied to the Adjusted Liability Schedule and the resulting schedule of the Underwriter's Limit of Liability for these further amendments shall then be deemed to be the prevailing Adjusted Liability Schedule.

In the event of a mandatory cancellation as set out in this Section 8.3(c), the premiums in Exhibit A shall be adjusted pro rata to reflect the Adjusted Liability Schedule and the Underwriter shall reimburse the Insured for any insurance premiums prepaid by the Insured, with respect to that portion of the Insurance Policy which has been cancelled hereunder, for future coverage periods as set forth in Exhibit A which have not yet commenced as of the date of cancellation. However, in the event of a mandatory

cancellation as set out in this Section 8.3(c) prior to the third anniversary date of the Insurance Policy no insurance premiums shall be refunded to the Insured for the initial three year coverage period.

8.4 Complete Agreement of the Parties; Amendment and Waivers

- (a)** This Insurance Policy sets out the entire agreement and understanding between the parties, however the Underwriter, the Insured, the Co-Insured and the Borrower shall also be party to the Phase 1 Intercreditor Agreement and the Issuer Deed of Charge, in respect of the subject matter of the agreements contained herein and supersedes any previous agreement between the parties relating to the subject matter therein. It is agreed that:
 - (i)** neither party has entered into this Insurance Policy in reliance upon any representation, warranty or undertaking of any other party which is not expressly set out or referred to in this Insurance Policy;
 - (ii)** except for breach of an express representation under this Insurance Policy no party shall have any claim or remedy under this Insurance Policy in respect of misrepresentation (whether negligent or otherwise, and whether made prior to, at the time of or after the execution of this Insurance Policy) or untrue statement made by any other party; and,
 - (iii)** this Section 8.4 shall not exclude any liability for fraudulent misrepresentation.
- (b)** No provision of this Insurance Policy may be modified or supplemented except by a written agreement executed by authorised representatives of the parties and of the Issuer Security Trustee.
- (c)** No failure or delay by any party hereto in exercising any right, power or privilege under this Insurance Policy or available at law shall impair such right, power or remedy or operate as a waiver thereof. The single or partial exercise of any right, power or remedy under this Insurance Policy or at law shall not preclude any other or further exercise thereof or the exercise or any other right, power or remedy under this Insurance Policy or at law.
- (d)** The rights of the parties to this Insurance Policy shall not be capable of being waived otherwise than by an express waiver in writing or by a waiver in such other form as may be agreed by the parties to this Insurance Policy for the purposes of minimising or avoiding liability to stamp tax.
- (e)** The rights, powers and remedies provided in this Insurance Policy are cumulative and may be exercised as often as they are available and considered appropriate and are in addition to any rights and remedies provided by law.
- (f)** The Underwriter hereby irrevocably and unconditionally waives and compromises any and all rights, claims, demands whatsoever whether to damages, rescission, avoidance or termination for breach of any condition, warranty, term of this Insurance Policy or in respect of any non-disclosure or misrepresentation or relating in any way whatsoever (including without limitation in respect of Section 6.2) to this Insurance Policy and waives any duty on the Insured or the Insured's agent to ensure in relation to disclosure an accurate representation of material facts provided always that the Underwriter shall retain its normal remedies at law or equity in relation to any material non-disclosure, misrepresentation or breach of warranty where such non-disclosure, misrepresentation or breach of warranty was made fraudulently by the Insured.

8.5 Choice of Law

Any issue relating to the construction, validity or performance of this Insurance Policy is governed by, and shall be read and construed in accordance with, the laws of England and Wales. Each of the parties submits to English jurisdiction for all purposes in respect of this Insurance Policy.

8.6 Disputes and Arbitration

- (a)** Any dispute, controversy or claim arising out of, relating to, or in connection with this Insurance Policy, including any claim relating to rights, privileges, protections and immunities

of the Insured, shall be finally settled by arbitration. The arbitration shall be conducted in accordance with the rules of the International Chamber of Commerce in effect at the time of the arbitration. The seat of the arbitration shall be London, in the United Kingdom, and shall be conducted in English. The arbitrators, to the extent they choose to apply the law of any jurisdiction, shall apply the laws of England (but not the arbitration law of that jurisdiction).

- (b) Notice requesting arbitration must be in writing and sent by certified or registered mail, return receipt requested, or by overnight courier with signature of recipient required. The arbitration shall be conducted by three arbitrators. The claimant initiating the arbitration shall appoint an arbitrator in its written request for an arbitration. The respondent shall appoint an arbitrator and so notify the claimant in writing within forty-five (45) days of the date of its receipt of the request for arbitration. If either party fails to appoint its arbitrator within forty-five (45) days of the date of the request for arbitration, the latter may appoint the second arbitrator. The first two arbitrators appointed in accordance with this provision shall appoint a third arbitrator within forty-five (45) days after the respondent has notified the claimant of the appointment of its arbitrator. The third arbitrator shall serve as chairperson of the arbitration. If the two arbitrators fail to agree on the selection of the third arbitrator within forty-five (45) days after the respondent has notified the claimant of the appointment of its arbitrator, the third arbitrator shall be selected by lot from a list of two candidates, one candidate proposed by each of the arbitrators appointed by the respondent and the claimant.
- (c) Unless the parties mutually agree otherwise, in writing, the arbitration proceedings and the arbitration award shall be and remain confidential. The panel will endeavour to render its decision within sixty (60) days following the termination of hearings. The arbitral award shall be in writing, state the reasons for the award, and be final and binding on the parties. Judgment upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over the relevant party or asset. Each party will bear the expenses of its own arbitrator and will jointly and equally bear with the other party the costs of the third arbitrator, the court reporter, hearing room and other like joint expenses of the arbitration. However, in the case of the Insured, it will use funds in the Special Reserve Account to pay such expenses. To the extent that there are insufficient funds in the Special Reserve Account, the Insured shall use all reasonable efforts to procure indemnification for any shortfall from parties other than the Underwriter. Both the Insured and the Underwriter agree that in no event shall the total amount, excluding costs, of any award issued by the arbitration panel against the Underwriter exceed the Maximum Aggregate Limit of Liability in this Insurance Policy.

8.7 Disclosure of Existence of Insurance Policy

The Insured and the Co-Insureds shall not disclose the details of this Insurance Policy to any third party, with the exception of the Insured's affiliates, the Insured's insurance broker, the Insured's bankers, the Co-Insureds' affiliates and regulators, potential investors, the purchasers of the Notes, the Contractors, the National Association of Insurance Commissioners (NAIC), Fitch Ratings Limited, Moody's Investors Service Limited and their respective affiliates, the Irish Stock Exchange and other professional advisors on a confidential basis, and, except as may be required by law, regulation, legal process or bank or insurance company examiners or, in the case of the Co-Insureds, in order to discharge their duties to their beneficiaries, without the prior written consent of the Underwriter, which consent shall not be unreasonably withheld, conditioned or delayed.

The Underwriter hereby consents to the disclosure of this Insurance Policy in the Prospectus, including but not limited to reproduction of this Insurance Policy as a schedule thereto, and any related listing documentation in respect of the issuance of the Notes.

This Section 8.7 shall further not apply:

- (a) to the disclosure of any information which is expressly permitted or required by the Transaction Documents to any person who is a party to any of the Transaction Documents or is required in relation to the transactions envisaged by the Transaction Documents;
- (b) to the disclosure of any information already known to the recipient otherwise than as a result of entering into or negotiating any of the Transaction Documents;

- (c) to the disclosure of any information which is or becomes public knowledge otherwise than as a result of the conduct of the recipient;
- (d) to the extent that the recipient is required to disclose the same pursuant to any law or order of any court or pursuant to any direction, request or requirement (whether or not having the force of law) of any central bank or any governmental or other regulatory authority (including any official bank examiners or regulators) or stock exchanges;
- (e) to the extent that the recipient needs to disclose the same for the protection or enforcement of any of its rights under any of the Transaction Documents;
- (f) to the disclosure of any information to any provider of liquidity, credit enhancement, hedging or other facilities (subject to them being informed of the confidential nature of such information and being subject to confidentiality restrictions consistent with this Section 8.7);
- (g) to the disclosure of any information to professional advisers who receive the same under a duty of confidentiality;
- (h) to the disclosure of any information with the consent of the parties hereto; and,
- (i) to the disclosure of any information which any Rating Agency may require to be disclosed to it or its professional advisers on the basis that the recipient will hold such information under a duty of confidentiality;
- (j) to the disclosure of any information reasonably disclosed to a prospective provider of funding to the Insured (provided it is disclosed on the basis that the recipient will hold it confidential and will not use it in the course of its business).

8.8 False or Fraudulent Statement, Reports or Claims; Concealment

Subjection to Section 8.4(f), the Underwriter shall have the right but not the obligation to void this Insurance Policy, and if it so chooses to exercise this right all Claims hereunder shall be forfeited, if the Insured makes any material statement, report, application or Claim, where the Insured had knowledge that the statement, report, application or Claim was false or fraudulent, or if the Insured knowingly conceals any material fact, including, but not limited to, a material change in the Transaction Documents which adversely affects the rights of the Underwriter pursuant to this Insurance Policy.

8.9 Insured's Records

Upon reasonable notice to the Insured, the Underwriter may, at any time, examine or copy any records in the possession or control of the Insured relating to or connected with this Insurance Policy, the Borrower and the Project. The Insured shall maintain all records in its possession or control relating to or connected with this Insurance Policy for a period of four (4) years after the expiration of this Insurance Policy. The Insured shall, at the request of the Underwriter, take all reasonable steps to obtain for the Underwriter any and all of the aforesaid information in the possession of any third party relating to or connected with this Insurance Policy.

8.10 Modifications

The Insured shall not materially modify the Transaction Documents (including, but not limited to, modifying the repayment terms of the Intercompany Loan Agreement), without the prior written consent of the Underwriter (which consent shall not be unreasonably withheld, conditioned or delayed), except such modifications and amendments which (i) do not change materially the Underwriter's rights and obligations, (ii) do not change materially any rights and obligations to which the Underwriter may be subrogated to in the event of a Claim, or (iii) do not change materially the risk to which the Insured is exposed and that are covered under this Insurance Policy.

8.11 Notices

All notices under any provision of this Insurance Policy shall be in writing and given by prepaid express courier, certified mail or fax, for the Underwriter, to: Richard Bullen, AXIS Specialty Limited, 92 Pitts Bay Road, Pembroke HM 08, Bermuda; fax number +1 441 296 3140; and to the

Insured (with a copy to the Broker) at the place indicated in the Declarations and at the fax number provided by the Insured and the Broker to the Underwriter. In addition to giving notices to the Underwriter, notices specifically related to a Claim under this Insurance Policy shall be sent by prepaid express courier, certified mail or fax to: General Counsel, AXIS Specialty Limited, 92 Pitts Bay Road, Pembroke HM 08, Bermuda; fax number +1 441 296 3140. Notice given as described above shall be deemed to be received and effective upon actual receipt thereof by the addressee or one day following the date such notice is sent, whichever is earlier.

8.12 Other Insurance

If the Insured has any bond, indemnity or insurance (and for the avoidance of doubt, (i) any relief provided to the Borrower and its affiliates by the Host Government under the Development Agreement and (ii) the Security for the Intercompany Loan shall not be construed as either an indemnity or insurance for the purposes of this Section 8.12) which would cover a Loss in whole or in part in the absence of this Insurance Policy, then this Insurance Policy shall be null and void to the extent of the amount that could have been recovered or received under such other bond, indemnity, or insurance. However, this Insurance Policy shall cover such Loss, subject to its exclusions, conditions and other terms, only to the extent of the amount of such Loss in excess of the amount recoverable or received under such other bond, indemnity or insurance. For the avoidance of doubt, any funds held by the Insured in the Reserve Accounts or a similar account shall not be considered a bond, indemnity or insurance for the purposes of this Section 8.12. Furthermore, the Insured shall not be required to offset any amounts held by the Insured that were prepaid by the Borrower under the Intercompany Loan Agreement to the Insured, or any reserve funds, including Reserve Accounts, that the Insured may hold and any investment earnings thereupon in order to minimise any Loss as described under Section 6.1(b). The Insured shall only be required to utilise amounts in the Reserve Accounts in order to make payments in accordance with the respective terms for their utilisation as set forth in the Issuer Deed of Charge and shall not be required to utilise such amounts earlier than they would otherwise become available for payment in accordance with these schedules (i) by virtue of a claim for Compensation under this Insurance Policy nor (ii) at the request of the Underwriter.

8.13 Payment of Premium

The Insured shall pay the premium or cause the premium to be paid solely from funds obtained by it from the Borrower and standing to the credit of the Insurance Premium Reserve Account or, should the holders of the Class A Notes so elect, from payments made by them, to the Underwriter in accordance with the terms of this Insurance Policy. The premium shall be paid to the Underwriters in the Policy Currency. Should the holders of the Class A Notes elect to pay any premiums due to a default in payment of such amounts by the Borrower, the holders of the Class A Notes shall thus receive the right to recovery of such amounts from the Borrower, which shall rank as against the Underwriter's right to recovery from the Borrower in accordance with the priority of payments set forth in the Phase 1 Intercreditor Agreement.

8.14 Recoveries

Subject to Section 7.5 herein, after any Compensation payment hereunder, the Insured Percentage of any sums recovered from any other source in respect of the Loss for which Compensation was paid shall be paid to the Underwriter until it has completely recovered the following amounts: (i) the amount of the Compensation payment; (ii) the Underwriter's reasonable and documented expenses associated with the Claim; and (iii) the Underwriter's reasonable and documented expenses associated with recovery. Any excess amount remaining after the Underwriter is made whole shall be paid to the Insured.

8.15 Counterparts

This Insurance Policy may be executed in separate counterparts, each of which when so executed shall be an original, and shall together constitute one and the same Insurance Policy.

8.16 Concerning the Insured

- (a) Nothing herein contained shall be construed as creating any liability on the Insured to the Underwriter, individually or personally, to perform any covenant either expressed or implied herein, all such liability, if any, being expressly waived by the Underwriter and by any person claiming by, or through, or under the Underwriter.

- (b) Under no circumstances shall the Insured be personally liable to the Underwriter for the payment of any indebtedness or expenses of the Borrower or be personally liable to the Underwriter for the breach or failure of any obligation or covenant made or undertaken by the Insured hereunder.

8.17 Privity of Contract

With the exception of the Co-Insureds and the parties whom they are acting for and on behalf of, a person who is not party to this Agreement has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

8.18 Non-Petition by the Underwriter

The Underwriter hereby undertakes to the Insured that it shall not, nor shall any party on its behalf, at any time institute against, or join any person in instituting against, the Insured or any or all of the revenues and assets of the Insured any bankruptcy, winding up, reorganisation, examination, arrangements, insolvency or liquidation proceeding or other proceeding under any similar law nor petition for the appointment of a receiver administrator, examiner, administrative receiver, trustee, liquidator, sequestrator or similar officer of it nor participate in any ex parte proceedings.

8.19 Limited Recourse

Notwithstanding any other provision of this Insurance Policy and the other Transaction Documents, the Underwriter agrees and acknowledges with the Insured that, save as otherwise provided for in any Transaction Document:

- (a) it will only have recourse in respect of any amount, claim or obligation due or owing to it by the Insured only to the extent of available funds pursuant to and in accordance with the applicable Issuer Priority of Payments, which shall be applied by the Issuer Security Trustee, subject to and in accordance with the terms thereof and after all other prior ranking claims in respect thereof have been satisfied and discharged in full;
- (b) following the application of funds after enforcement of the security interests created under the Issuer Deed of Charge, subject to and in accordance with the applicable Issuer Post-Enforcement Priority of Payments, if the Insured no longer has assets available for payment of its obligations under the Issuer Deed of Charge and the other Transaction Documents other than as provided for pursuant to the Issuer Deed of Charge, any claims will accordingly be extinguished to the extent of any shortfall; and,
- (c) the obligations of the Issuer under the Issuer Deed of Charge and the other Transaction Documents will not be obligations or responsibilities of, or guaranteed by, any other person or entity.

8.20 Set-off

All payments required to be made hereunder shall be calculated without reference to any set-off or counterclaim and shall be made free and clear, and without any deduction for or on account, of any set-off or counterclaim save as provided by any mandatory provisions of law.

8.21 No liability

To the extent permitted by applicable laws, no recourse under any obligation, covenant, or agreement of any party (acting in any capacity whatsoever) contained in this Insurance Policy shall be had against any shareholder, officer or director of the Insured, as such, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise, it being expressly agreed and understood that this Insurance Policy is a corporate obligation of the Insured and no personal liability shall attach to or be incurred by the shareholders, officers, agents, employees or directors of Insured as such, or any of them, under or by reason of any of the obligations, covenants or agreements of the Insured contained herein, or implied therefore, and that any and all personal

liability for breaches by such party of any such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent, employee or director is hereby expressly waived by the other parties as a condition of and consideration for the execution of this Insurance Policy.

8.22 Further Assurances

Each of the parties agrees to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, deeds, agreements, consents, notices or authorisations as may be required by law or as may be necessary or desirable to implement and/or give effect to this Insurance Policy and the transactions contemplated thereby.

Exhibit A

Coverage Period			Limit of Liability (U.S.\$)	Stand-by Coverage (U.S.\$)	Maximum Aggregate Limit of Liability (U.S.\$)	Net Premium (U.S.\$)	Brokerage fee (U.S.\$)	Total Premium Payment (U.S.\$)
07-Nov-06	to	07-Feb-07	0.00	399,000,000.00	399,000,000.00	29,565,900.00	1,556,100.00	31,122,000.00
08-Feb-07	to	07-May-07	0.00	399,000,000.00	399,000,000.00	0.00	0.00	0.00
08-May-07	to	07-Aug-07	0.00	399,000,000.00	399,000,000.00	0.00	0.00	0.00
08-Aug-07	to	07-Nov-07	0.00	399,000,000.00	399,000,000.00	0.00	0.00	0.00
08-Nov-07	to	07-Feb-08	0.00	399,000,000.00	399,000,000.00	0.00	0.00	0.00
08-Feb-08	to	07-May-08	0.00	399,000,000.00	399,000,000.00	0.00	0.00	0.00
08-May-08	to	07-Aug-08	0.00	399,000,000.00	399,000,000.00	0.00	0.00	0.00
08-Aug-08	to	07-Nov-08	0.00	399,000,000.00	399,000,000.00	0.00	0.00	0.00
08-Nov-08	to	07-Feb-09	0.00	399,000,000.00	399,000,000.00	0.00	0.00	0.00
08-Feb-09	to	07-May-09	0.00	399,000,000.00	399,000,000.00	0.00	0.00	0.00
08-May-09	to	07-Aug-09	0.00	399,000,000.00	399,000,000.00	0.00	0.00	0.00
08-Aug-09	to	07-Nov-09	0.00	399,000,000.00	399,000,000.00	0.00	0.00	0.00
08-Nov-09	to	07-Feb-10	0.00	399,000,000.00	399,000,000.00	2,463,825.00	129,675.00	2,593,500.00
08-Feb-10	to	07-May-10	0.00	399,000,000.00	399,000,000.00	2,463,825.00	129,675.00	2,593,500.00
08-May-10	to	07-Aug-10	0.00	399,000,000.00	399,000,000.00	2,463,825.00	129,675.00	2,593,500.00
08-Aug-10	to	07-Nov-10	0.00	399,000,000.00	399,000,000.00	2,463,825.00	129,675.00	2,593,500.00
08-Nov-10	to	07-Feb-11	0.00	399,000,000.00	399,000,000.00	2,463,825.00	129,675.00	2,593,500.00
08-Feb-11	to	07-May-11	0.00	399,000,000.00	399,000,000.00	2,463,825.00	129,675.00	2,593,600.00
08-May-11	to	07-Aug-11	0.00	399,000,000.00	399,000,000.00	2,463,825.00	129,675.00	2,593,500.00
08-Aug-11	to	07-Nov-11	57,000,000.00	342,000,000.00	399,000,000.00	2,111,850.00	111,150.00	2,223,000.00
08-Nov-11	to	07-Feb-12	57,000,000.00	285,000,000.00	342,000,000.00	1,759,875.00	92,625.00	1,852,500.00
08-Feb-12	to	07-May-12	57,000,000.00	228,000,000.00	285,000,000.00	1,407,900.00	74,100.00	1,482,000.00
08-May-12	to	07-Aug-12	57,000,000.00	171,000,000.00	228,000,000.00	1,055,925.00	55,575.00	1,111,500.00
08-Aug-12	to	07-Nov-12	57,000,000.00	114,000,000.00	171,000,000.00	703,950.00	37,050.00	741,000.00
08-Nov-12	to	07-Feb-13	57,000,000.00	57,000,000.00	114,000,000.00	351,975.00	18,525.00	370,500.00
08-Feb-13	to	07-May-13	57,000,000.00	0.00	57,000,000.00	0.00	0.00	0.00

Exhibit B

<u>Payment Date</u>	<u>Principal Payment (U.S.\$)</u>	<u>Insured (Yes / No)</u>	<u>Balance (U.S.\$)</u>	<u>Maximum Interest Payment⁵ (U.S.\$)</u>
7 November, 2011	73,500,000.00	Yes	588,000,000.00	14,966,437.50
7 February, 2012	73,500,000.00	Yes	514,500,000.00	13,303,500.00
7 May, 2012	73,500,000.00	Yes	414,000,000.00	11,640,562.50
7 August, 2012	73,500,000.00	Yes	367,500,000.00	9,977,625.00
7 November, 2012	73,500,000.00	Yes	294,000,000.00	8,314,687.50
7 February, 2013	73,500,000.00	Yes	220,500,000.00	6,651,750.00
7 May, 2013	73,500,000.00	Yes	147,000,000.00	4,988,812.50
7 August, 2013	73,500,000.00	No	73,500,000.00	3,325,875.00
7 November, 2013	73,500,000.00	No	0.00	1,662,937.50

⁵ Calculated at the Cap Level and subject to adjustment for Business Days.

Exhibit C

<u>Payment Date</u>	<u>Required Balance of Senior Debt Service Reserve Account (U.S.\$)</u>	<u>Required Balance of Second Senior Debt Service Reserve Account (U.S.\$)</u>	<u>Cumulative Scheduled Release of Reserves (U.S.\$)</u>
7 February, 2007	60,863,512.50	70,143,535.51	12,949,325.52
7 May, 2007	60,863,512.50	57,194,209.99	12,949,325.52
7 August, 2007	60,863,512.50	44,244,884.99	12,949,325.52
7 November, 2007	60,863,512.50	31,295,558.95	12,949,325.52
7 February, 2008	60,863,512.50	18,346,233.43	12,949,325.52
7 May, 2008	60,863,512.50	5,361,430.30	12,984,803.13
7 August, 2008	60,863,512.50	0	5,361,430.30
7 November, 2008	60,863,512.50	0	0
7 February, 2009	60,863,512.50	0	0
7 May, 2009	60,863,512.50	0	0
7 August, 2009	60,863,512.50	0	0
7 November, 2009	60,863,512.50	0	0
7 February, 2010	60,863,512.50	0	0
7 May, 2010	60,863,512.50	0	0
7 August, 2010	60,863,512.50	0	0
7 November, 2010	60,863,512.50	0	0
7 February, 2011	60,863,512.50	0	0
7 May, 2011	60,863,512.50	0	0
7 August, 2011	60,863,512.50	0	0
7 November, 2011	60,863,512.50	0	0
7 February, 2012	60,863,512.50	0	0
7 May, 2012	60,863,512.50	0	0
7 August, 2012	60,863,512.50	0	0
7 November, 2012	60,863,512.50	0	0
7 February, 2013	45,647,634.38	0	15,215,878.12
7 May, 2013	30,431,756.25	0	15,215,878.13

Exhibit D

[Form of Written Submission of Claim under the Insurance Policy]

AXIS Specialty Limited
92 Pitts Bay Road
Pembroke HM 08
Bermuda

Attention: []
Reference: Policy Number 12345TBAG

To Whom It May Concern,

In accordance with Section 7.1(a) of the captioned policy (the "Policy"), the undersigned, in its capacity as the [Insured/Co-Insured] under the Policy, hereby provides notice to AXIS Specialty Limited as the underwriter of the Policy (the "Underwriter") of a Loss. As such, the undersigned hereby claims an amount of [US\$ xx,xxx,xxx.xx] as Compensation under the Policy.

Unless otherwise defined herein, all capitalised terms used in this Claim submission shall have the meanings set forth under the Policy.

The undersigned, as an Officer of the Insured, certifies that to the best of its knowledge this Claim (and the details of this Claim) is true and correct in all material respects.

Payment date for principal as per Exhibit B:	[],[].	
Expiration date of the applicable grace period:	[],[].	
Principal payment due:	[US\$ xx,xxx,xxx.xx].	(1)
Principal payment received:	[US\$ xx,xxx,xxx.xx].	(2)
Principal payment paid from the Partial Credit Guarantee Reserve Account:	[US\$ xx,xxx,xxx.xx].	(3)
Partial Credit Guarantee Reserve Account balance after any principal payment as per (3):	[US\$ xx,xxx,xxx.xx].	(4)
Minimum Partial Credit Guarantee Reserve Account Balance:	[US\$ xx,xxx,xxx.xx].	(5)
Net principal payment unpaid:	[US\$ xx,xxx,xxx.xx].	(1) - (2) - (3) = (6)
Limit of Liability as per Exhibit A:	[US\$ xx,xxx,xxx.xx].	(7)
Adjusted Limit of Liability as per the Adjusted Liability Schedule (if applicable):	[US\$ xx,xxx,xxx.xx].	(8)
Amount of Claim	[US\$ xx,xxx,xxx.xx].	If (4) > (5), then US\$0, else Min {(6), (7), (8)}.

The undersigned hereby certifies that the Lender under the Intercompany Loan Agreement has not received payment from the Borrower thereunder for the amount set out above and that to the best of its knowledge (i) the cause of the Loss was as a result of a Non-Honouring Event and (ii) the cause of the Loss was not a result of any Exclusion set forth in Article V of the Policy.

Yours faithfully,

Name:
Title: Officer of the Insured
Date:

Exhibit E

[Form of Notification of Potential Loss under the Insurance Policy]

AXIS Specialty Limited
92 Pitts Bay Road
Pembroke HM 08
Bermuda

Attention: []
Reference: Policy Number 12345TBAG

To Whom It May Concern,

In accordance with Section 7.1(a) of the captioned policy (the "Policy"), the undersigned, in its capacity as the [Insured/Co-Insured] under the Policy, hereby provides notice to AXIS Specialty Limited as the underwriter of the Policy (the "Underwriter") of a Potential Loss.

Unless otherwise defined herein, all capitalised terms used in this notice shall have the meanings set forth under the Policy.

The undersigned, as an Officer of the Insured, certifies that to the best of its knowledge that the information contained herein is true and correct in all material respects.

Event giving rise to a Potential Loss: [Non-payment of interest under Facility A of the Intercompany Loan Agreement/Non-payment of principal relating to a Mandatory Redemption under Facility A of the Intercompany Loan Agreement/Breach of a covenant under the Intercompany Loan Agreement/Transfer Event under the Intercompany Loan Agreement/Receipt of default notice under the Intercompany Loan Agreement/other (please specify)].

Date of event giving rise to a Potential Loss: [],[].

Date of next insured principal payment as per Exhibit A: [],[].

Principal payment due on this date: [US\$ xx,xxx,xxx.xx].

Limit of Liability as per Exhibit A with respect to this principal payment: [US\$ xx,xxx,xxx.xx].

Adjusted Limit of Liability as per the Adjusted Liability Schedule (if applicable): [US\$ xx,xxx,xxx.xx].

[A copy of the communication(s) received from the Borrower in respect of a Potential Loss is attached hereto].

Should the event giving rise to a Potential Loss as set out above (or any other event) give rise to a Loss then the undersigned hereby agrees to submit a Claim as set forth in Section 7.1 of the Policy.

Furthermore, the undersigned agrees to provide to the Underwriter any [further] communications received from the Borrower in respect of the event giving rise to a Potential Loss as set out above.

Yours faithfully,

Name:
Title: Officer of the Insured
Date:

Exhibit F

[Form of Written Submission of Additional Information under the Insurance Policy]

AXIS Specialty Limited
92 Pitts Bay Road
Pembroke HM 08
Bermuda

Attention: []
Reference: Policy Number 12345TBAG

To Whom It May Concern,

With reference to the submission of the Claim under the captioned policy (the "Policy") dated [], [] (the "Submission of Claim") and your correspondence dated [], [] requesting additional information in accordance with Section 7.2(a) of the Policy, the undersigned, in its capacity as the [Insured/Co-Insured] under the Policy, hereby provides the additional information to AXIS Specialty Limited as the underwriter of the Policy (the "Underwriter").

Unless otherwise defined herein, all capitalised terms used in this submission shall have the meanings set forth under the Policy.

As of the date hereof and since the date of the Submission of Claim, the Lender has received [an additional payment of principal of [US\$ xx,xxx,xxx.xx]/no further payment of principal] under the Intercompany Loan from the Borrower. As such, the amount of the Claim is hereby [reduced to [US\$ xx,xxx,xxx.xx] / confirmed as still being [US\$ xx,xxx,xxx.xx]] (the "Claim Amount").

The undersigned, as an Officer of the Insured, certifies that to the best of its knowledge this submission of additional information (and the [revised] details of the Claim) is true and correct in all material respects.

In respect of your request in accordance with Section 7.2(a) of the Policy, please find attached the additional information:

Partial Credit Guarantee Reserve Account details:	[The Bank of New York] [Address] Account Number: [] A copy of the account statement for the last 12 months is attached.
Minimum Partial Credit Guarantee Reserve Account Balance:	[US\$ xx,xxx,xxx.xx].
Date Minimum Partial Credit Guarantee Reserve Account reached:	[],[]
Senior Debt Service Reserve Account details:	[The Bank of New York] [Address] Account Number: [] A copy of the account statement for the last 12 months is attached.
Second Senior Debt Service Reserve Account details:	[The Bank of New York] [Address] Account Number: [] A copy of the account statement for the last 12 months is attached.
Junior Debt Service Reserve Account details:	[The Bank of New York] [Address] Account Number: [] A copy of the account statement for the last 12 months is attached.
Issuer Dollar Transaction Account details:	[The Bank of New York] [Address] Account Number: []

A copy of the account statement for the last 12 months is attached.

Issuer Dollar Transaction Account opening balance on the scheduled payment date for the principal: [US\$ xx,xxx,xxx.xx]. (1)

Issuer Dollar Transaction Account closing balance on the scheduled payment date for the principal: [US\$ xx,xxx,xxx.xx]. (2)

Difference: [US\$ xx,xxx,xxx.xx]. (2) – (1) = (3)

Interest received on the Intercompany Loan on the scheduled payment date for the principal: [US\$ xx,xxx,xxx.xx]. (4)

Account interest credited to the Issuer Dollar Transaction Account on the scheduled payment date for the principal (if any): [US\$ xx,xxx,xxx.xx]. (5)

Principal payment received: [US\$ xx,xxx,xxx.xx]. (3) – (4) – (5) = (6)

Principal payment received as per the Claim: [US\$ xx,xxx,xxx.xx]. (7)⁷

Principal payment due on the payment date: [US\$ xx,xxx,xxx.xx]. (8)⁸

Principal payment paid from the Partial Credit Guarantee Reserve Account: [US\$ xx,xxx,xxx.xx]. (9)⁹

Net principal payment unpaid: [US\$ xx,xxx,xxx.xx]. (8) – (6) – (9) = (10)

Was the Insured informed by the Borrower of the occurrence of a PRI Event: [Yes/No].

If Yes, please attach a copy of correspondence to this effect.

Was the Insured informed by the Borrower that non-payment or partial payment of the principal amount was as a result of a PRI Event: [Yes/No].

If Yes, please attach a copy of correspondence to this effect.

Prior to non-payment or partial payment had the Insured entered into any agreement with the Borrower with respect to rescheduling or reducing the amount of principal due on the payment date: [Yes/No].

If Yes, provide details and please attach a copy of any correspondence in this regard.

Prior to the non-payment or partial payment of principal by the Borrower had the Intercompany Loan been accelerated by the Lender: [Yes/No].

If Yes, provide details and please attach a copy of any correspondence in this regard.

Prior to the non-payment or partial payment of principal by the Borrower had the Intercompany Loan been subject to a Mandatory Redemption event: [Yes/No].

If Yes, provide details and please attach a copy of any correspondence in this regard.

As a result of the non-payment or partial payment of principal has the Intercompany Loan been accelerated: [Yes/No].

If Yes, provide details and please attach a copy of any correspondence in this regard.

The undersigned hereby certifies that the Lender under the Intercompany Loan Agreement has not received payment from the Borrower thereunder for the Claim Amount of [US\$ xx,xxx,xxx.xx]¹⁰ and that

⁷ Insert (2) from Exhibit D.

⁸ Insert (1) from Exhibit D.

⁹ Insert (3) from Exhibit D.

¹⁰ Insert amount from page 1.

to the best of its knowledge (i) the cause of the Loss was as a result of a Non-Honouring Event and (ii) the cause of the Loss was not a result of any Exclusion set forth in Article V of the Policy.

In accordance with Section 7.2(b) of the Policy, the undersigned believes to the best of its knowledge that it has hereby, by submission of this notice, provided the required information to the Underwriter and that it has complied in all material respects with the provisions of the Policy. In accordance with Section 7.2(b) of the Policy, the undersigned understands that it shall not be required to submit any additional information in respect of the Claim and the Claim Amount and that the Underwriter shall have no additional right to request any additional information in respect of the Claim and the Claim Amount in order to validate the Claim. The undersigned hereby agrees to inform the Underwriter should the Borrower pay any amount or amounts in respect of the unpaid principal payment (each a “**Curing Payment**”) on or prior to the date of payment of Compensation to the Insured by the Underwriter and understands that the Underwriter shall be entitled to reduce the amount of Compensation payable to the Insured in respect of all Curing Payments.

Yours faithfully,

Name:

Title: Officer of the Insured

Date:

Schedule A

Original Obligors

Project Obligors

Al Sawadi Investments & Tourism LLC
Ocean Developments S.A.O.C.

Phase 1 Obligors

Al Sawadi Investments & Tourism LLC
Blue City Company 1 S.A.O.C.
Blue City Company 2 S.A.O.C.
Blue City Company 3 S.A.O.C.*
Blue City Company 4 S.A.O.C.
Blue City Company 5 S.A.O.C.*
Blue City Company 6 S.A.O.C.*
Blue City Company 7 S.A.O.C.*
Blue City Future Phases Investment Company Limited
Blue City Phase One Investment Company Limited
Blue City Phase One Land Company Limited
Blue City Share Investments Limited

* (if and when incorporated and following accession to the relevant Finance Documents in accordance with the Intercompany Loan Agreement).

APPENDIX 3

**FORM OF INSTITUTIONAL ACCREDITED INVESTOR/QUALIFIED PURCHASER
LETTER**

Blue City Investments 1 Limited

Walkers SPV Limited
Walker House
PO Box 908GT
Mary Street
George Town
Grand Cayman
Cayman Islands

Bear, Stearns & Co. Inc.

as a Regulation D Placement Agent
383 Madison Avenue
New York
NY 10179
USA

Credit Suisse Securities (USA) LLC

as a Regulation D Placement Agent
11 Madison Avenue
New York,
NY 10010
USA

and

The Bank of New York

as the Registrar
One Canada Square
London E14 5AL
England

Date: _____

Re: \$0 Class A2 Floating Rate Senior Secured Restricted Notes due 2013

\$0 Class A4 Floating Rate Senior Secured Restricted Notes due 2016

\$0 Class B2 13.75 per cent. Senior Subordinated Secured Restricted Notes due 2016

Ladies and Gentlemen:

In connection with our proposed purchase of the notes described above (the **Restricted Notes**) issued by Blue City Investments 1 Limited (the **Company**) we confirm that:

1. We have received a copy of the prospectus (the **Prospectus**), dated 3 November 2006, relating to the Restricted Notes and such information as provided was sufficient in order to make our investment decision. We acknowledge that we have read and agree to the matters stated in the section entitled "*Notice to U.S. Investors*" of such Prospectus.
2. We understand that any subsequent transfer of the Restricted Notes is subject to certain restrictions and conditions set forth in the Terms and Conditions of the Restricted Notes and the subscription agreement dated 3 November 2006 (the **Subscription Agreement**) and that any subsequent transfer of the Restricted Notes is subject to certain restrictions and conditions set forth under "*Notice to U.S. Investors*" in the Prospectus and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Restricted Notes except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the **Securities Act**).

3. We understand that the offer and sale of the Restricted Notes have not been registered under the Securities Act and that the Restricted Notes may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell any Restricted Notes, we will do so only (A) to the Company or any subsidiary thereof, (B) in accordance with Rule 144A under the Securities Act to a “qualified institutional buyer” (as defined therein), (C) to an institutional “accredited investor” (as defined below) that, prior to such transfer, furnishes to the Registrar a signed letter containing certain representations and agreements relating to the restrictions on transfer of the Restricted Notes (the form of which letter may be obtained from the Registrar), (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) (E) outside the United States in an offshore transaction in accordance with Rule 904 under the Securities Act or (F) pursuant to an effective registration statement under the Securities Act, and in each case, in accordance with applicable state securities laws and securities laws of any other applicable jurisdictions. We further agree to provide to any person purchasing any of the Restricted Notes from us a notice advising such purchaser that resales of the Restricted Notes are restricted as stated herein.
4. We understand that, on any proposed resale of any Restricted Notes, we will be required to furnish to the Company and the Registrar such certifications, legal opinions and other information as the Company and the Registrar may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Restricted Notes purchased by us will bear a legend to the foregoing effect.
5. We are (i) an institutional “accredited investor” (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act), (ii) a “qualified purchaser” (as defined in Sections 2(a)(51)(A) of the Investment Company Act of 1940, as amended), (iii) not a broker-dealer who owns and invests on a discretionary basis less than \$25 million in securities of unaffiliated issuers; (iv) not a participant-directed employee plan, such as a 401(k) plan; (v) not formed for the purpose of investing in the Restricted Notes; (vi) of the understanding that the Issuer may receive a list of investors holding positions in its securities from one or more book-entry depositaries; and (vii) willing to provide notice of the transfer restrictions set forth in the Prospectus to any subsequent transferees and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Restricted Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or their investment.
6. We are acquiring the Restricted Notes purchased by us for our own account or for one or more accounts (each of which is an institutional “accredited investor” and a “qualified purchaser”) as to each of which we exercise sole investment discretion.
7. We are acquiring the Restricted Notes for our own account, for investment only and not, with a view toward the transfer, resale and distribution thereof and will not do so immediately following the issue of Restricted Notes.

The Registrar, the initial Purchasers and the Company are entitled to rely upon this letter and are irrevocably authorised to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Terms defined in the Subscription Agreement shall have the same meaning in this Letter unless otherwise defined in this Letter.

We agree that, to the extent permissible, the courts of England and Wales are to have exclusive jurisdiction to settle any disputes which may arise in connection with this Letter, including those relating to its validity, interpretation, performance and termination.

A person who is not a party to this Letter has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Letter.

We hereby appoint [●] as our agent for service of process at [*address in the United Kingdom*].

This Letter is governed by English law.

Very truly yours,

By: _____

Name:

Title:

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REGISTERED AND HEAD OFFICE OF THE ISSUER

Blue City Investments 1 Limited

Walker House
PO Box 908GT
Mary Street
George Town
Grand Cayman
Cayman Islands

THE ISSUER NOTE TRUSTEE, THE ISSUER SECURITY TRUSTEE, THE PHASE 1 OFFSHORE SECURITY TRUSTEE AND THE PROJECT OFFSHORE SECURITY TRUSTEE

The Bank of New York

101 Barclay Street
New York, NY 10286
USA

THE PHASE 1 ONSHORE SECURITY TRUSTEE AND THE PROJECT ONSHORE SECURITY TRUSTEE

Bank Muscat (S.A.O.G.)

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The Sultanate of Oman

THE ISSUER CASH MANAGER

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AIB/BNY Fund Management (Ireland) Limited

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THE IRISH LISTING AGENT

**McCann FitzGerald
Listing Services Limited**

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Dublin 2
Ireland

THE CREDIT INSURANCE PROVIDER

AXIS Specialty Limited

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Bermuda

THE CORPORATE SERVICES PROVIDER

Walkers SPV Limited

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THE VALUERS

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THE NOTEHOLDERS' INSURANCE ADVISOR

Willis Limited (acting through its FINEX Financial Solutions – Project Finance division)

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THE INDEPENDENT MODELLING CONSULTANT

The United Arab Emirates Firm of PricewaterhouseCoopers

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The CD of the Financial Model attached hereto does not form part of this Prospectus.

If you have received a copy of this Prospectus without a CD of the Financial Model attached hereto, please contact Brett Jeffries-Shaw at Bear, Stearns International Limited, One Canada Square, London E14 5AD, England on +44 20 7516 5254 for a copy.

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