

URGENT AND CONFIDENTIAL



Bank of New York  
101 Barclay Street  
New York  
NY 10286

**Attention: Corporate Trust Admin - Global Structured Finance**

Copy to:

Blue City Investments 1 Limited  
Walker House  
PO Box 908GT  
Mary Street  
George Town  
Grand Cayman  
Cayman Islands

**Attention: The Directors**

Hill International (UK) Limited  
1 London Bridge  
London,  
SE1 9BG, UK

**Attention: Mr Renny Borhan**

15 January 2007

Dear Sirs

**Blue City Project Phase 1 - Reserved Discretion Matters Consent Request**

We refer to an intercompany loan agreement between, *inter alia*, ourselves and you dated 27 October 2006 (the "ILA"). We have signed an addendum to the Construction Contract with the Construction Contractor and Construction Contract Guarantors dated 14 January 2007 attached as Schedule 1 to this notice (the "Addendum"). The Addendum sets out the agreed effect on the Construction Contract that the changes detailed therein (the "Proposals") would, if implemented, have.

1. **Benefits**

- 1.1 The Proposals optimise the commercial potential and provide for scope and cost adjustments under the Construction Contract. The Proposals do not affect the gross building area or the total number of hotel keys. The benefits of the Proposals are as follows:



**Blue City Company 1 BADC**

P.O. Box 3619, Postal Code 118, Rowi, Sultanate of Oman

T: 968 2449 2499, 2449 2200, F: 968 2449 2200

E: [mail@bluecityoman.com](mailto:mail@bluecityoman.com) - [www.bluecityoman.com](http://www.bluecityoman.com), O.A. 1/8352777

- 1.1.1 projected revenue is increased in amount and accelerated in time, as illustrated by spreadsheets attached in Schedule 2 of this letter. These spreadsheets have been produced by Bovis Lendlease using a model based on the Computer Model and have been reviewed and validated by Hamptons International and Partners LLC (as Sales Agent). All relevant data has already been sent to PricewaterhouseCoopers (as Independent Modelling Consultant) who, in conjunction, with the Technical Adviser are studying the data independently.
    - 1.1.2 certain construction risks are mitigated or avoided, for example, by establishing a wider separation between structures and the creek or "Kwahr" which flows through the project site and also between structures and some coastal areas. Any issues that could arise from constructing close to these zones have been removed or reduced. Regardless of whether such risk mitigation and removal measures benefit the Borrower or the Contractor, they are all positive developments to reduce or eliminate project risks in fact.
  - 1.2 These benefits are secured without any negative impact on the area and quantities of Residential and Hotel components. There have been some minor adjustments in quantity of retail and some of the non-revenue generating elements. The key time and cost parameters have also not been negatively affected, since you will note that the Guaranteed Maximum Price under the Construction Contract is not increased and the relevant sectional completion dates are not delayed. Schedule 16 (*Cashflow Limits Calculation*) of the Construction Contract remains unchanged which coupled with a better revenue generation projection gives a combined improvement in net cash results.
2. **Notifications and Supporting Documents**
  - 2.1 The Technical Adviser has been fully informed of the negotiations and internal analysis leading to the signature of the Addendum. Regular consultations have also taken place with the Sales Agent and the Independent Modelling Consultant.
  - 2.2 A letter received from Hamptons International and Partners LLC is attached in Schedule 2 of this letter which highlights that the changes referred to in the Addendum are viewed as positive from a marketing and sales viewpoint.
  - 2.3 These Proposals have been notified to the insurers who have confirmed that their cover would not be affected if Proposals were implemented. (see letter from Al-Ahlia attached in Schedule 2 of this notice)



**Blue City Company 1 SADC**

P.O. Box 2699 - Postal Code 115 - New Balfour, St. Lucia

Tel: +1766 474 4100 - Email: [info@bluecityman.com](mailto:info@bluecityman.com)

F: +1766 474 4100 - Email: [bluecityman.com](mailto:bluecityman.com) - [www.bluecityman.com](http://www.bluecityman.com) - 011 7 6352777

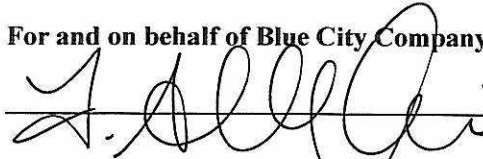
- 2.4 We have also sought the necessary consent from the Government of Oman pursuant to clause 12 of the Development Agreement to *inter alia* the detailed master plan changes inherent in these proposals and will notify you when such consent has been obtained. If that consent is not obtained by 26 January 2007, we confirm that we would be happy to receive from you a consent expressed to be conditional upon the above mentioned Government consent.
- 2.5 Each of the documents appended at Schedule 2 is provided in support of the Proposals.
3. **Consent**
- 3.1 We consider that the changes detailed in clause 1.1 of the Addendum may fall within the Reserved Discretions by virtue of at least paragraph 1 (c) of Schedule 9 to the ILA and hereby, for the sake of good order, seek your formal consent to those changes. We will not implement any change that is subject to the Reserved Discretions until we have received your consent to make the changes.
- 3.2 You will note that the grant of the abovementioned consent is time critical because the Addendum will not become effective if the consents are not in place by the final deadline of 4 February 2007 and because of the need (assuming the Addendum becomes effective) to submit notices of Commencement Dates (as defined in the Construction Contract) in respect to Sections 4,11 and 12 (as defined in the Construction Contract) by 3 February 2007 and in order to maintain progress and avoid time extension claims. If the Addendum does not become effective, the Borrower will be exposed to claims for delay because the un-amended deadlines for notices of commencement in respect of these early Sections has already passed.
- 3.3 Please confirm your consent to the Proposals and the relevant actions being taken for the purposes of effecting the Proposals by signing the enclosed acknowledgment and consent as soon as possible.
- 3.4 If you require any further details from us to assist you in considering this request for consent please do not hesitate to contact us.



4. **General**

- 4.1 Capitalised Terms used but not defined herein shall have meanings given to them in the ILA
- 4.2 This letter is governed by English law.
- 4.3 This letter may be signed in any number of counterparts each of which is an original and all of which together evidence the same letter.

**For and on behalf of Blue City Company 1 SAOC**



**Managing Director & CEO**

We acknowledge receipt of your Notice dated \_\_\_\_\_ January 2007 and confirm that our consent is hereby granted to the Proposals.

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for and on Behalf of Bank of New York.



**Blue City Company 1 SAOC**

100 Boulevard des Capucines, 1000 Brussels, Belgium

Tel: +32 (0) 2 479 8111 Fax: +32 (0) 2 479 8112

E-mail: [bluecity@bluecity.com](mailto:bluecity@bluecity.com) [www.bluecity.com](http://www.bluecity.com) 01/01/2007

**Schedule 1**

**Addendum**

## Addendum

This Deed is made on the 14<sup>th</sup> day of January 2007 between:

- (1) **Blue City Company 1 S.A.O.C.** (Company Number 1/83627/7) whose registered office is situated at PO Box 3619, Postal Code 112, Muscat, Sultanate of Oman (the "**Employer**" which expression shall include its successors in title, transferees and assigns);
- (2) **AECO Development LLC** whose registered seat in Oman is PO BOX 2991, PC 112 Muscat Oman (the "**Contractor**"); and
- (3) **Aktor ATE** (Company Number 8153/OIAT/B/86/355(OS)) whose registered office is situated at 19, Filellinon Street, Athens, Greece and **Enka Insaat ve Sanayi A.S.** (Company Number 2343/68194) whose registered office is situated at Enka Binasi 1, Bestekar, Turkey (together the "**Guarantors**");

### Whereas:

- (A) the Employer and the Contractor have entered into a construction contract dated 7<sup>th</sup> November 2006 (the "**Contract**") for the Works relating to Phase 1, Al Medina Al Zarqa (the "**Blue City**") Project;
- (B) the Guarantors have entered into a Parent Company Guarantee in favour of the Employer of the due performance of, and observance by the Contractor of each and all the duties, obligations, covenants, warranties and undertakings of the Contractor under and pursuant to the Contract; and
- (C) the Employer and the Contractor wish to document the positions agreed between themselves resulting from recent discussions.

### It is agreed as follows:

#### 1. EMPLOYER'S REQUIREMENTS

- 1.1 The plans, materials and drawings, appearing in Part 1 of Schedule 1 to this Addendum (the "**Part 1 Documents**") shall replace and supersede the original Employer's Requirements. The effect of the Part 1 Documents is agreed to be that the following adjustments to the Contract are required:
  - (a) the document appearing in Part 2 of Schedule 1 shall replace the existing Schedule 2 of the Contract;
  - (b) the document appearing in Part 3 of Schedule 1 shall replace the existing Schedule 5 of the Contract;
  - (c) the document appearing in Part 4 of Schedule 1 shall replace the existing Schedule 7 of the Contract; and

- (d) the timing of 60 days after the Contract Effective Date shown in clause 8.1 of the Contract for the first Commencement Date will be replaced with a deadline of 88 days after the Contract Effective Date.

**2. ERDD AND NOTICE OF COMMENCEMENT DATES**

2.1 Upon this Addendum becoming effective in accordance with clause 3.1 below:

2.1.1 the Employer shall be deemed to have confirmed, in accordance with paragraph 4.1.2 of Schedule 4 of the Contract, that there will be no ERDD in respect of the following Sections:

(i) Section 4 - City Beach Resort Hotel and Apartments;

(a) City Beach Resort Hotel 1.4.1;

(b) City Beach Apartments 1.4.2;

(ii) Section 11 - Common Area Landscaping;

(iii) Section 12 - Infrastructure;

2.1.2 the requirement that the Engineer give the Contractor 7 days notice of each Commencement Date in clause 8.1 of the Contract shall be waived in respect of the abovementioned Sections.

**3. CONSENTS**

3.1 The Parties acknowledge that, save for clause 3.2, this Addendum shall become effective on the obtaining of the necessary consents from the Phase One Offshore Security Trustee (as defined in the Funding Documents) and from the Government (as defined in the Development Agreement), including (without limitation) to the revised master plan.

3.2 The Contractor will provide such assistance as the Employer may reasonably request, in order to secure the consents referred to in clause 3.1.

3.3 If such consent has not been secured by the date falling 21 calendar days after the date of this Addendum, this Addendum shall become null and void.

3.4 The Employer shall provide copies to the Contractor of the requests for consent (without attachments) submitted by the Employer as referred to in clause 3.1 and any consents obtained pursuant thereto. The Employer will co-operate with the Contractor (by joint signature if required) in relation to any consent or other submission made by the Contractor in relation to this Addendum pursuant to the Funding Documents. The Contractor will provide copies of any requests (without attachments) and consents to the Employer.

**4. WAIVER**

4.1 The Contractor acknowledges that:

4.1.1 Save for its right to enforce (when effective) the terms of this Addendum, it shall not have (and hereby waives) any claim for time or additional payment to

the extent arising solely and directly in consequence of the changes to the Contract effected by clauses 1 and 2.1.2. above.

- 4.1.2 the changes envisaged by this Addendum are in full and final satisfaction of changes that the Employer and Contractor undertook to investigate to identify cost savings as set out in a side letter to the Construction Contract dated 31 August 2006 (the "**Side Agreement**") and neither the Employer or the Contractor shall be under any further obligation under the Side Agreement to work towards identifying any more cost savings.

**5. PRESERVATION OF RIGHTS**

- 5.1 The Guarantors consent to the changes contemplated by this Addendum and agree that they shall not be exonerated from their liabilities under the Parent Company Guarantee, nor shall such liabilities nor the rights powers and remedies conferred upon the Employer under the Guarantee be lessened, impaired, discharged or otherwise affected by anything contained in this Addendum and the Guarantors confirm that the Parent Company Guarantee extends to the Contract as varied by this Addendum

**6. SITE ELEVATION QUANTITIES**

- 6.1 Clause 14.1(c) of the Conditions shall be expressly subject to paragraph 1.7.1 (c) of part 1.7 (General Scope of Works) of the replacement Employer's Requirements appearing as Part 1 of Schedule 1 to this Addendum so that the quantity of 800,000 cubic metres referred to shall be binding in accordance with the said paragraph 1.7.1 (c).

**7. INTERPRETATION**

- 7.1 Capitalised terms used but not defined in this Addendum shall have the same meanings as are respectively assigned to them in the Contract.
- 7.2 The Parties agree that, subject to clause 3.1 of this Addendum, the Contract is amended in accordance with this Addendum. Save as so amended, the provisions contained in the Contract shall remain in full force and effect.

**8. COUNTERPARTS**

- 8.1 This Addendum may be executed in any number of counterparts, each of which when executed shall be an original, but all the counterparts together shall constitute one document. Such execution may be made by fax.

**In Witness** whereof the Parties hereto have caused this Addendum to be executed as a deed the day and year first before written in accordance with their respective laws.



### The Contractor

Executed as a deed by )  
AECO DEVELOPMENT LLC )

  
\_\_\_\_\_  
Signature of director

D. KALLITSANTIS Name of director

  
\_\_\_\_\_  
Signature of director/secretary

ÖCAL ÖZPINAR Name of director/secretary

### The Employer

Executed as a deed by )  
BLUE CITY COMPANY I S.A.O.C.)

  
\_\_\_\_\_  
Signature of director

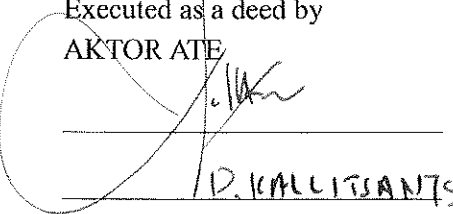
ANES İSSA Name of director

  
\_\_\_\_\_  
Signature of director/secretary

FARI AKHLAGHI Name of director/secretary

### The Guarantors

Executed as a deed by )  
AKTOR ATE )

  
\_\_\_\_\_  
Signature of director

D. KALLITSANTIS Name of director

Executed as a deed by )  
ENKA İNSAAT VE SANAYİ A.Ş

  
\_\_\_\_\_  
Signature of director

HALUK BERCEK Name of director

  
\_\_\_\_\_  
Signature of director/secretary

ÖCAL ÖZPINAR Name of director/secretary

**Schedule 1**

**Part 1**

**New Employer's Requirements**

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