

15th September 2009

To : Blue City Investment 1 Limited (in its capacity as the "Issuer")
Walker House
P.O. Box 908GT
Mary Street, George Town
Grand Cayman
Cayman Island

Attention : The Directors

To : The Bank of New York (in its capacity as Phase 1 Offshore Security Trustee)
101 Barclay Street
New York, NY 10286
United States of America

Attention : Corporate Trust Administration – Global Structured Finance

To : The Bank of New York (in its capacity as Issuer Note Trustee)
101 Barclay Street
New York, NY 10286
United States of America

Attention : Corporate Trust Administration – Global Structured Finance

To : The Bank of New York (in its capacity as Issuer Security Trustee)
101 Barclay Street
New York, NY 10286
United States of America

Attention : Corporate Trust Administration – Global Structured Finance

To : The Bank of New York (in its capacity as Project Offshore Security Trustee)
101 Barclay Street
New York, NY 10286
United States of America

Attention : Corporate Trust Administration – Global Structured Finance

To : Bank Muscat (in its capacity as Onshore Security Trustee)
PO Box 132
Postal Code 112
Ruwi
Sultanate of Oman

Attention : Mr. Rajashekhar Singh
Mr. S.R. Venkatesh

المدينة الزرقاء

AL MADINA A'ZARQA



www.bluecity1.aq.com

Blue City Company 1

117790, P.O. Box 908GT, Mary Street, George Town, Grand Cayman, Cayman Islands
Tel: +1 (345) 943-2113 Fax: +1 (345) 943-2114

شركة المدينة الزرقاء (الجزء الأول) من شركة
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To : Blue City Company 2 S.A.O.C
PO Box 3619
Postal Code 112, Ruwi
Sultanate of Oman

Attention : The Directors

Cc: Blue City Company 4 S.A.D.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
Al Sawadi Investment & Tourism Company LLC
Renny Borhan, Hill International (UK) Limited
Directors of BCC1

Ref. BC/A3/BoNY/RR/09/LTR0627

STRICTLY PRIVATE AND CONFIDENTIAL

Re: Blue City Company 1 S.A.O.C (Blue City) – Consent Request

Dear Sir/Madam

We refer to the terms and conditions of our financing arrangements with your bank.

1. Paragraph 2.3 h (i) of Schedule 6 of the ILA places an obligation upon Blue City to maintain a minimum balance of \$20,000,000 in its Escrow accounts until the date of acquisition of Al Sawadi Hotel or its shares by the borrower. However, there is no written obligation imposed to actually purchase the Hotel.

It is highly unlikely that BCC1 or any company affiliated to BCC1 will purchase the Hotel. In any event if it is bought, it will have to be sold in line with the cures provided in ILA to rectify the breach of Sales tests.

We therefore seek your consent to waive the requirements under para 2.3 (i) of Schedule 6 of the ILA to maintain a minimum balance of USD 20.00 MN in our offshore Escrow account with BoNY.

2. Failure to meet Sales Test 5 as laid down in Schedule 8 of the Intercompany Loan Agreement (ILA) requires borrower to prepay the loans in accordance with Clause 7.1 (Mandatory Prepayment). It is extremely likely that BCC1 will not be able to deposit minimum cumulative Net Sales proceed of at least US\$ 455 MN on or before 12th IPD falling on 6th Nov. 2009. The non-suspension of this provision requires BCC1 to mandatorily pre-pay all outstanding loan balances, thereby effectively leading to closure of the project and related development.

We therefore seek you consent to waive the provisions regarding the Mandatory Prepayment under Clause 7.1 of ILA.

3. Clause 24.24 of Intercompany Loan Agreement (ILA) place an obligation until termination date on Phase 1 obligors to maintain ratings for the Rated Notes from Fitch Ratings and for Class A1 from Moody's. This rating is required to be maintained among other till such time that notes remain outstanding.



This requirement is negatively affecting the project in so far as the recent downgrades have resulted in to potential buyers questioning the feasibility of the project. The periodic rating update is having a dampening impact on our potential buyers.

We therefore seek you consent to waive the obligation to maintain rating under Clause 24.24 of the ILA.

Yours faithfully,
For and on behalf of Blue City Company 1 SAOC

A handwritten signature in black ink, appearing to read "Richard P. Russell".

Richard P. Russell, P.E.
Managing Director & CEO



By countersigning and returning a copy of this letter the Phase 1 Offshore Security Trustees and issuer agree to the waiver contemplated as above.

Bank of New York (In its capacity as Phase 1 Offshore Security Trustee)
By

Bank of New York (In its capacity as Issuer Security Trustee)
By

Bank of New York (In its capacity as Issuer Note Trustee)
By

Bank of New York (in its capacity as Project Offshore Security Trustee)
By

Blue City Investments 1 Ltd (in its capacity as the Issuer)

