



**BNY MELLON
CORPORATE TRUST**

101 Barclay Street
New York, New York 10286

To: The Directors
Blue City Company 1 S.A.O.C.
P.O. Box 3619
112 Ruwi
Sultanate of Oman
(BCC1) ✓

Copy: Hill International (UK) Limited
1 London Bridge
London SE1 9GB
United Kingdom
(Technical Advisor)

1 October 2009

Dear Sirs,

Blue City – Consent Request and Outstanding Issues

We refer to the \$925,000,000 Intercompany Loan Agreement dated 27 October 2006 (the **ILA**) between, amongst others, Blue City Company 1 S.A.O.C. and The Bank of New York Mellon (under its then name The Bank of New York) and your letter dated 15 September 2009 (the **Consent Request Letter**). Terms used herein and not otherwise defined shall have the meaning given to them in the ILA and the Note Trust Deed (as defined in the ILA).

Consent Requests

Having carefully considered the content of the Consent Request Letter both internally and with our legal counsel we do not feel that we can use our discretionary powers to grant the waivers being requested. Accordingly, separate Noteholder consent will be required should there still be a desire to have these waivers granted before any general restructuring of the Project is put to the Noteholders for their approval.

You should note the procedures to be followed when seeking Noteholder consent. If any consent request or proposal is to be put to the Noteholders it will need to be done by way of Noteholder meeting. The meeting should be convened by the Issuer and requires 21 clear days' notice. We would need to review and settle the notice before it was sent out along with any amendment documents that may accompany it. If the original meeting is inquorate and adjourned, it shall stand adjourned for not less 13 clear days and will require 10 clear days' notice. If an Extraordinary Resolution to be put to a meeting is seeking to sanction a Basic Terms Modification it will need to be sanctioned by each Class of Noteholders in separate meetings. An Extraordinary Resolution may be in writing (and signed) but you would need to be confident that you could obtain the consent of holders of at least 75% in principal amount of the Notes.

With respect to the waiver request in paragraph 3, we note here that Clause 12(r) of the Note Trust Deed also contains a covenant to maintain the ratings of the Notes.

Outstanding Issues

Our letter of 20 July 2009 listed a number of issues affecting the Project. Of particular concern are the following:

1. Restructuring Proposals - as we understand it you have been considering a restructuring of the Project since the beginning of the year. In your letter dated 25 August 2009, you expressed your intention to submit detailed proposals of the consent package for the consideration of the Noteholders and Trustee on or before 21 September 2009. We have yet to receive these proposals. Please confirm as soon as possible the date on which we will receive them. We note in particular the mandatory repayment of the Loans that, at your own admission, is likely to occur on 6th November 2009 unless the relevant provisions are waived.
2. Reduction of the Advance Payment Security (APS) - in our letter dated 20 July 2009, we requested and required you to immediately withdraw the notice of reduction given pursuant to your letter to Bayerische Hypo- und Vereinsbank AG (HVB) dated 29 June 2009 (the **Bond Reduction Letter**) and, with the agreement of HVB, restore the Security Amount of the APS to the level it was at immediately prior to the date of the Bond Reduction Letter. However, your letter dated 25 August 2009 informed us that the APS had been reconciled with actual costs expended on the project and your letter dated 26 August further informed us that HVB had reduced the APS by USD 70,543,068 almost a month earlier.

We again request and require that you restore the Security Amount of the APS to the level it was at immediately prior to the date of the Bond Reduction Letter.

General

This letter is sent without prejudice to our rights under the ILA and the other Transaction Documents and we reserve all our rights in that regard. This letter is not a waiver of any breach or potential breach of the ILA or any other Transaction Document or of any Default.

Yours faithfully,



David M. Kerr
Vice President

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for and on behalf of **The Bank of New York Mellon**
in its capacity as Phase 1 Offshore Security Trustee



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