



Blue City Oman

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

Business Plan presentation to Class A Note holders of
Blue City Investments 1 Limited

17th September, 2009

blue city 1



المدينة الزرقاء

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- Disclaimer
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- Discussion Issues
- Key Assumptions of Business Plan
- Business Plan Summary
- Action Items





DISCLAIMER

This presentation is prepared for discussion in the informal meeting of Class A Note holders on 17th September, 2009. All attempts will be made that the information herein and business plan is uploaded on our website at the same time as making of this presentation. The purpose of this meeting is to hear the views of the anchor Class A Note holders on certain crucial decisions which will need to be made in the next few months by the Blue City Management. We would like to re-iterate that the Notes are listed on the Irish Stock Exchange and are primarily regulated by the Irish Financial Services Regulatory Authority. The holder of the Notes, and the issuer of the Notes, are subject to Irish, European and international securities laws regulating insider dealing and market abuse. Fundamental to such laws is the obligation on us to ensure uniformity of information in the marketplace, and thus avoid the risks of individuals in possession of insider information committing market abuse and insider dealing. Both we, and any person in possession of insider information who trades in the Notes, risk criminal and civil penalties for any breach of these laws. Accordingly, in order to enable us to accommodate requests for material information which is not provided by us through our website related to the Blue City project, while avoiding the potential risks of falling afoul of the prohibitions against insider trading and market abuse, we request that all queries and correspondence concerning the Notes or the Blue City project be directed to The Bank of New York. This presentation does not constitute an offer, recommendation or a solicitation to buy, sell or hold the Notes or other financial instrument. While this presentation is based on information believed to be reliable, no guarantee is given that it is accurate or complete and should not be relied upon by any person. Nothing herein should be construed as investment, legal, accounting or tax advice. Each person is urged to consult with its independent financial advisor, lawyer or accountant as to legal, tax and related matters to which matter herein may be subject. No representation or guarantee is being made herein as to the future investment performance. No representation is made that the Project will actually perform as described in any of the illustrative calculations which may be presented herein or otherwise to any person.





CURRENT PROBLEMS

- The project is facing difficult times on account of various factors apart from the recent negative publicity
 - excessive and expensive debt burden already borne by the project
 - inflexible construction contract
 - onerous debt covenants
 - global financial meltdown that has severely affected regional property market
- Master plan changes, design changes, delayed sales releases, etc. further aggravated the situation.
- Resulting in:
 - Delayed construction start.
 - Less than expected sales achievement.
 - Non payment of installments on sales already achieved.
 - Cash crunch that is affecting the operations now.
 - Reduced operating flexibility.
- All of the above are a threat to the survival of the project that will jeopardize the interest of various parties (note holders, operating company, credit insurance providers, contractors, etc.) involved in the project.





DISCUSSION ISSUES

- A revised business plan is being put forward by BCC1 for initial consideration and to hear the views of the top five Class A Note holders (holding significantly more than 90% of the Class A Notes) and thereafter from all other parties to the transaction on:
 - Business plan restructuring (projections provided separately).
 - Major contract renegotiations possible.
 - Revised development mix and deferred sales releases.
 - Consider views on restructuring to continue the project.





KEY ASSUMPTIONS OF BUSINESS PLAN

- Existing Phase 1 Development Plan reworked to include only those sections that are currently under progress or are at design stage.
- Revised number of units to 3281; increasing single family (villas) mix.
- Revised gross incremental revenues of USD 1.64 Bln (including three hotels to be built and sold).
- Unit sales extended to 50th Qtr ending May 2019.
- Civil infrastructure required to support Phase 1.
- Blue City management to renegotiate the existing cost-plus contract.
- Significant cost reduction (25%) is factored into the projections.
- Corresponding reduction in various PDM services.
- Significant CAPEX not included earlier considered now.





BUSINESS PLAN SUMMARY

- Project extended up to 52nd quarter ending in Nov. 2019.
- Period end project cash surplus (only development related without considering any debt service charges) - USD 51.37 MN.
- Maximum project related peak deficit during the above period – USD 229.62 MN.
- Proposed to be funded out of partial release of reserves.

The debt can be repaid/ restructured out of:

- Project cash flows.
- Project development could be combined with sale of land (throughout the project period) to third party developers or co-development opportunities.
- Asset swaps post development (like hotels).
- Debt-equity swaps.





ACTION ITEMS

Immediate consent requirements are (please refer to the consent letter for details):

- Removal of rating agencies to avoid negative publicity.
- Waiver of acceleration for a period of six months (until a complete business plan restructuring can be achieved).
- Release of \$20 Mln minimum balance required to be maintained in the Offshore Account for acquiring the Al Sawadi Hotel (not expected to be purchased in future) – to avoid bankruptcy of BCC1 and ASIT up to January, 2010 (payments to contractors).

Future key consent requirements

- Release of PCGRA, SDSRA, JDSRA and Insurance Premium Reserve to be utilised for construction and operations to meet the funding gap of about \$229.62 mln (excluding debt service)
- Partial write-off by various classes of Note holders
- Cancellation, reduction and/ or deferment of interest on different classes of Notes.





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