



THE BANK OF NEW YORK MELLON

Default Administration Group  
101 Barclay Street - 8W  
New York, NY 10286

January 20, 2009

The Directors  
Blue City Company 1 S.A.O.C.  
P.O. Box 3619  
112 Ruwi  
Sultanate of Oman

Dear Sirs,

We refer to:

- (i) 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, now known as The Bank of New York Mellon; and
- (ii) your waiver request letter addressed to The Bank of New York (in its separate capacities as ~~Phase 1~~ Offshore Security Trustee, Issuer Security Trustee and Issuer Note Trustee) and others dated 7 ~~January~~ 2009 (the "Waiver Request Letter").

Terms used herein and not otherwise defined shall have the meaning given to them in the ILA and the Waiver Request Letter.

We have considered the Waiver Request Letter and we write to inform you that we cannot 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 the next Interest Payment Date.

Notwithstanding any approach that may be made to the Noteholders over the next few days in connection with such waivers, of more immediate concern to us is disclosure to the Noteholders of the highly material information contained in the Waiver Request Letter. If, as you state in the Waiver Request Letter, there are insufficient funds available to the Borrower to make interest payments on the Facility C Loan and the Facility D Loan which, in turn, would lead to a deferral of interest on the Class C Notes and Class D Notes on the next Interest Payment Date, we believe that this information should be disclosed to the Noteholders as soon as possible. It should also be mentioned to Noteholders that proposals in relation to amendments to certain Project Documents will shortly be put to them as a result of the reconfiguration of the Master Plan. Please confirm by return that you will prepare a notice informing Noteholders accordingly.

Yours faithfully,



for and on behalf of The Bank of New York Mellon  
in its capacity as Issuer Note Trustee