Dilmunia Development Fund I L.P. Enhancing Life, Restoring Balance

January 1st 2014 to June 30th 2014



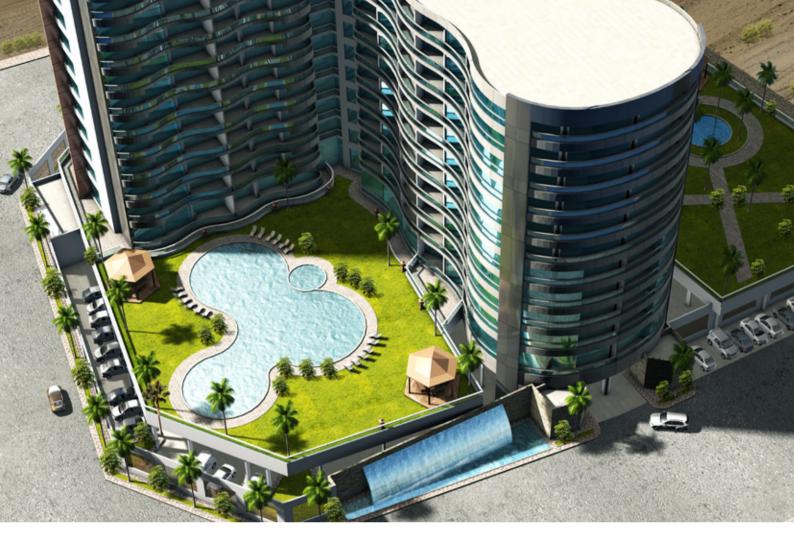




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The Fund Manager, Ithmaar Bank B.S.C. is pleased to release the eighteenth Dilmunia Development Fund I L.P. (the "Fund") Investor Report, on behalf of Ithmaar-Dilmunia General Partner Company limited, for the period ending June 30th, 2014.





Welcome to the 18th edition of the Dilmunia Development Fund I L.P. Investors' Report, covering the period 1 January 2014 to 30 June 2014.

We are pleased to report, on behalf of Ithmaar-Dilmunia General Partner Company Limited, milestones during this period, mainly with regards to the master development's infrastructure, but also covering some individual projects within Dilmunia.

In parallel to the ongoing infrastructure and utility networks construction, two key contracts related to the first 66kV Substation were awarded during this period, to Cebarco S.P.C. ("Cebarco") for the civil works contract as a variation to its ongoing infrastructure works contract, and to Fuji Electric Co., Ltd. ("FE") for the substation itself. Civil works are currently in progress by Cebarco, while FE has begun testing and other preliminary work on site. This will be one of Dilmunia's three main 66kV substations, with the other two substations to be built at a later stage.

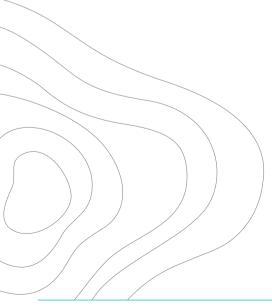
Bahrain-based Bin Faqeeh Real Estate Investment Company announced its "The Treasure" project, a USD45 million development in Dilmunia, marking another milestone in the Health Island's progress. Two other Dilmunia developments, Temara and SeaVilla also made steady progress, the latter having awarded a construction contract to Bahrain-based Mohammed Jalal Contracting Co. W.L.L. ("MJC") in December 2013.

Some major steps were taken during this period which will bear fruit in the coming months, including the near finalisation of a Memorandum of Understanding ("MoU") with the Electricity and Water Authority ("EWA"), and discussions with various government entities aiming at establishing a full Technical Interface Office ("TIO"), both of which will help speed up the development of projects in Dilmunia.

We thank you for your participation in this ongoing landmark project for the Kingdom of Bahrain.

Best regards,

Fund Manager, Ithmaar Bank B.S.C. ("Ithmaar")



Dilmunia Key Developments

Master Plan:

- The subdivision layout for Dilmunia's master plan has moved closer to approval.
 This project milestone, expected in Q4 2014, follows months of coordination with the Central Planning Office ("CPO") at the Ministry of Works, the Ministry of Municipalities Affairs and Urban Planning, and the Electricity and Water Authority ("EWA").
- Dilmunia took several major steps towards setting up a full Technical Interface Office ("TIO"), in line with government regulations, which will act as the first point of call for approvals for building permits and other approvals related to developments within Dilmunia.
- Auto-certification agreements were signed with the Civil Aviation Affairs, and with the Water Resources Directorate of the Ministry of Municipalities Affairs and Urban Planning, allowing the developer, Ithmaar Development Company ("IDC"), to precertify building permits for projects within Dilmunia.

Infrastructure:

- Close coordination is being maintained with the Ministry of Works in preparation for issuing a Request for Proposals ("RFP") for designing the Access Bridge.
- During the period, a pre-final version of a Memorandum of Understanding ("MoU") between IDC and EWA was in the review process prior to its execution. The MoU will help speed up approvals of new projects and other processes.
- Mott McDonald Limited ("MML") is designing the internal roads and utilities serving the Temara Development and Southern Residential Development ("SRD").

- The layout concept plans for the SRD roads, streetlights and storm water drainage were completed, and approval of the road concept layout has been received from the Roads Directorate. The remaining designs for other utilities are in progress.
- URS submitted the Final Road Safety Audit Stage 1 and 2 reports to the Roads Planning and Design Directorate ("RPDD") in January 2014. Response was received from the RPDD and was attended to by the design consultants.

Infrastructure Construction:

- After receiving a Letter of Award for Phase 1 of the infrastructure works in February 2013, Cebarco last year completed road formation base excavation for the Arterial Road, the Distributor Road, the Collector Road, and for some Access Roads.
- Work on the Distributor Road Bridge continued during this period, including the pre-casting and erection of all beams.
- Civil works on the electrical substations continued, including concreting of the substation buildings, and internal and external plastering and painting of the majority of the substations.
- In February 2014, Cebarco began excavating and constructing foul and surface water manholes throughout the project. During the period, approximately 85% of the manholes within the Phase 1 scope of works have been constructed.
- Cebarco commenced works on the first Terminal Sewer Pumping Station during May 2014. Excavation and works on other sewer pumping stations are ongoing.



Electrical substation, scaffolding placed for external plastering and painting



Road works, filling and land leveling works

Primary Electrical Substation:

- Following the completion of civil works designs and financial evaluations of the civil works for the first 66kV Substation, Dilmunia's primary substation, Cebarco was awarded the civil works contract in June 2014 as a variation to its ongoing infrastructure works contract, with work commencing during the same month. Civil works are expected to be completed in January 2015.
- This follows the earlier awarding of the contract for the substation plant works to global energy solutions provider Fuji Electric Co., Ltd. ("FE"). FE's work is expected to be complete by Q2 2015, with full energisation to be achieved by Q3 2015. This substation will provide energy to roughly 40% of the entire development.
- Substation site excavation and soil testing took place in June 2014 as part of the design of the substation earth grid.
- EWA approvals on the substation Structural, Mechanical, Electrical and Plumbing ("MEP") drawings were received.
- Dilmunia's Master Plan also calls for the construction of two additional primary electrical substations.

SeaVilla:

 SeaVilla is a unique development and Dilmunia's first residential project. Located on the north-western waterfront of the Island, with views overlooking the Muharraq coastline, SeaVilla consists of single-plot individual villas in a range of styles – all thoughtfully constructed with a low building density and integrated into a private area with 500m of shoreline.

- The SeaVilla construction contract was awarded to Bahrain-based Mohammed Jalal Contracting Co. W.L.L. ("MJC") in December 2013
- Consultations with buyers looking to register their villa type preferences closed at the end of October 2013. New and final individual sets of drawings per plot as per the buyers' requests were issued, enabling works to start in early 2014.
- Works have been in progress since January 2014 and ground floor slabs are being constructed gradually.

Temara:

- Launched in 2013, Temara, is a low density development of 22 sea facing and 15 coastal plots, which offers a range of plots from 596 square meters (sqm) to 1,488sqm. All plots are sized in depth and length, with a minimum 15m width and upwards of 40m in length, to accommodate both a large villa with a spacious garden and a large car park in front. Sea front plots can also benefit from jetties and access to the sea, if required. The neighbourhood will be accessible by two roads, with a road end roundabout allowing free flowing traffic in and out of the neighbourhood.
- MML is progressing with the detailed design of the internal roads and utilities serving Temara, enabling works to start in Q3 2014.
- Still in its early stages, SRD is available to investors, who can either purchase it outright and develop it on their own according to a pre-approved plan, or develop it in conjunction with Dilmunia.
- Business development opportunities for SRD continued to be explored during this period, with several meetings held with interested parties willing to fully develop SRD or enter into a joint venture.



Distributor bridge construction, placing pre-cast beams



Placing first wetwell precast ring for a pumping station

Project Development

Wellness:

- In Q4 2013 PricewaterhouseCoopers ("PwC") conducted a workshop to discuss the Dilmunia Health District Feasibility Study
 Phase II Report, currently in the process of finalisation.
- Business development opportunities in the project's medical cluster continued to be explored during this period, with several meetings held with interested parties.

Business Development:

- Plot details, sale agreements and offers were provided to investors interested in Dilmunia's various developments, including parties interested in SRD joint ventures.
- A major USD45 million development in Dilmunia was announced by Bahrain-based Bin Faqeeh Real Estate Investment Company S.P.C. Close coordination and regular meetings are being held with the developer, and conceptual designs have been submitted for approval. Land demarcation has been completed on site by AES.

- Several submissions were received from international firms in response to an RFP for preliminary designs for 14 plots on the canal that was launched in June 2014.
- Final negotiations were reached in June 2014 with a Bahrain contractor/ developer with regard to the purchase and development of four plots in Dilmunia.
- The Fund Manager continues to discuss the unique Dilmunia investment opportunities with reputed investors and developers.
- During the period, one in kind redemption offer was executed for a plot in Dilmunia.

Key Targets

Development:

- Setting up of a TIO, in line with ministerial regulations, during Q4 2014, which will act as the first point of call for approvals for building permits, and all other kinds of permissions.
- Finalising detailed landscaping for Phase 1 and external canal designs in Q4 2014.
- Follow up with all the different sub-developers (continuous task).

Infrastructure:

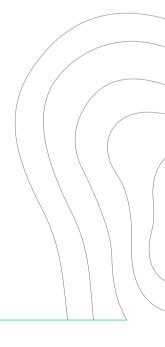
- Substation 1 civil works completion by Q1 2015, with full energisation of the 66KV substation itself by Q2 2015.
- Following up on progress of Phase I Infrastructure works (continuous task).
- Finalisation of the MoU with EWA.

Wellness:

- Wellness Development Study, Phase 2 completion by Q4 2014.
- Wellness Development Study, Phase 3 to commence early next year.

Marketing:

- Continuous update of the Dilmunia website.
- Participation in real estate exhibitions.
- Creating future business opportunities in Dilmunia with prominent real estate developers.



Appendix

Central Bank of Bahrain Disclosure Requirements:

- Bankers: Ithmaar Bank B.S.C.
- Management Fees: The Fund Manager has suspended its Management Fees since October 2010.

Placement Fees:

The Placement Fee was 3% of the respective Commitment.

- · Pledging or sale of assets of, or acquisition of additional debt by the investee company: None.
- · Litigation or disputes: None.

Utilisation of Proceeds¹

| Utilisation of Proceeds | Amount (USD) |
|-------------------------------------|---------------|
| Partners Capital Contribution | 185,000,000 |
| Purchase of Land | (180,371,353) |
| Proceeds from Sale of Land | 45,888,594 |
| Expenses and Other Development Cost | (15,759,752) |
| Net Advances Received from Customer | 265,251 |
| Net Payment to Related Parties | (13,296,650) |
| Income from Investment Activities | 1,102,178 |
| Cash as on 30 June 2013 | 22,828,268 |

b) Fund Net Asset Value ("NAV") as on 30 June 2013

All amounts in USD

| NAV \ Unit | Equity | Assets | Comprehensive Income (Loss) |
|------------|-------------|-------------|-----------------------------|
| 9,314.96 | 172,326,725 | 172,811,910 | (360,396) |

¹Source: available financials from December 2008 to June 2013. The table consists of actual amounts spent during the period; the breakdown of the Related Parties transaction is available in these financials.

Amount spent during the period

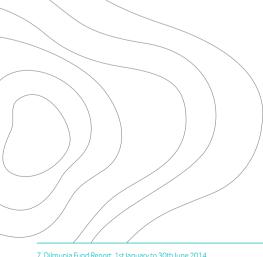
| Service Provider | Amount | Percentage |
|------------------------|---------------|------------|
| Cebarco Bahrain S.P.C | 1.385 million | 32.78% |
| Fuji Electric Co. Ltd. | 0.859 million | 20.33% |
| Mott McDonald | 0.427 million | 10.10% |
| Others | 1.554 million | 36.79% |
| Total | 4.225 million | 100.00% |

Board Members

| Name | Date Elected | Date Resigned |
|--------------------------|--------------|------------------|
| Khalid Abdulla Janahi | 5 Nov 2007 | 28 Nov 2011 |
| Michael P. Lee | 5 Nov 2007 | 10 Nov 2009 |
| Mohammed Khalil Al Sayed | 5 Nov 2007 | To date |
| Mohamed Hussain | 10 Nov 2009 | 28 Nov 2011 |
| Mohammed Bucheerei | 28 Nov 2011 | 17 Nov 2013 |
| Juma Abull | 28 Nov 2011 | 17 Nov 2013 |
| Maysan Al-Maskati | 18 Sep 2013 | 15 Apr 2014 |
| Abdulhakeem Al-Mutawa | 18 Sep 2013 | To date |
| Muhammed Wasif Ijlal | 15 Apr 2014 | To date |

There was no Board remuneration paid during 1 January 2014 to 30 June 2014.

- Summary of the Board Resolutions during 1 January 2014 to 30 June 2014:
 - a) Opening a new account with Ithmaar Bank B.S.C.
 - b) Approving the appointment of Cebarco for 66KV substation civil works at Dilmunia.
- c) Accepting the resignation of Mr. Maysan Al-Maskati as a Director and appointing Mr. Muhammed Wasif Ijlal as a Director.
- d) Removing Ms. Eman Bucheerei as a Board Secretary and appointing Mr. Ayoob Al-Awadhi as a Board Secretary.



Dilmunia, an island that embraces nature and respects our vibrant culture and natural heritage



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