

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

July 1st 2013 to December 31st 2013



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The Fund Manager, Ithmaar Bank is pleased to release the seventeenth Dilmunia Development Fund I L.P. (the “Fund”) newsletter, on behalf of Ithmaar-Dilmunia General Partner Company, for the period ending December 31st, 2013.



Dear Investor,

Welcome to the 17th edition of the Dilmunia Development Fund I.L.P. Investors' Report, covering the period ending 31 December 2013.

On behalf of Ithmaar-Dilmunia General Partner Company, we are proud to share with you the successes and key achievements for the period, which would not have been possible without your involvement.

Interest in Dilmunia properties has continued to rise; a key event was the launch of property sales for Temara, a low density development of 22 sea facing and 15 coastal plots, in August last year, which witnessed strong demand from property buyers, with all seafront properties being sold on the first day, and the rest by the end of the year. Discussions also continue with investors interested in the medical cluster, and in what we expect is the first of several deals of its kind, an in-kind redemption right was exercised by one of our investors for two plots in Dilmunia.

Meanwhile, a contract for the construction of Dilmunia's first residential project, Seavilla, was awarded to Bahrain-based Mohammed

Jalal Contracting ("MJC"), with earthworks and leveling currently ongoing. Various infrastructure works, including roads, the sewage and water network, and others, are on schedule.

We have also continued to refine our working relationships with concerned government agencies, attaining swift approvals for various tasks, including for the retail plot subdivisions for Temara and access wayleave from the Dry Dock Highway in Hidd to the Dilmunia site.

The next few months will bring several more milestone events in the development of this landmark project, including the finalisation of landscaping and external designs for the canal, and the setting up of a Technical Interface Office to interact with sub-developers.

Thank you for your participation in this unique investment opportunity, and we look forward to continuing our journey together in the months and years ahead.

Best regards,
Fund Manager, Ithmaar Bank.

Dilmunia Key Developments

Master Plan:

- The Ministry of Municipalities approved the subdivision of the Temara development into retail plots in August 2013, paving the way for work on the project to begin in earnest.
- Communications with the Central Planning Office (“CPO”) and Roads Directorate with regards to approval of subdivisions and freehold status confirmation also took place in the second half of 2013.
- Ansari Engineering Services (“AES”) begun surveying the properties in September 2013 in order to issue the cadastral plan, and later, the survey certificates for individual plots.
- A three-day workshop by global Master Plan/Design specialists AECOM was held to finalise all Development Control Guidelines for each and every plot in the Dilmunia master development. This milestone event, which took place in December 2013, allowed the consultant to get IDC feedback, and provided a full review of the Urban Planning regulations.

Infrastructure:

- The access wayleave, via the Dry Dock Highway in Hidd into Dilmunia, was approved by all authorities, marking another major milestone for the project.
- Engineering, construction and technical services provider URS, appointed to conduct a two-stage Road Safety Audit study as per the Roads Directorate (“RD”) requirements, submitted its report in October 2013.
- Instructions to proceed with the final irrigation network and the sewage and water network were issued to Cebarco, with water pipes, sewage pipes and substations equipment expected to be delivered before the end of January 2014.

- Global engineering consultants, Mott McDonald (“MML”) were requested to design the internal utilities and infrastructure for the residential plots of the Seavilla and Temara developments, as well as the Southern Residential Development (“SRD”). The electrical network for the Seavilla area was redesigned in conjunction with Intec, a Bahrain-based architecture consultancy well known for its modern and quality designs. The layout concept plans for the SRD roads were finalised and approved by the Roads Directorate.

Cebarco’s Works:

- Cebarco’s pre-construction activities started in Q1 2013, upon receiving a Letter of Award for phase 1 of the infrastructure works in February 2013, with the contract date for commencement of works set for 9 April 2013. Pre-construction activities included preparation of site offices, on-site storage locations and submission of necessary work documents. Mobilisation activities commenced by Cebarco during the month of April 2013. Construction activities began with an excavation for the Distributor Road Bridge, followed by bridge piling works. Additionally, roads grading excavation started during the month of May 2013, and was completed for the Arterial Road and for the Distributor Road during the months of May and June 2013, respectively. Site blinding concrete work for all eight distribution substations was completed in preparation for the substations foundation works. Cebarco also started the material procurement approval process. Material approval was received from the Electricity Authority for the electrical distribution network and distribution cables (11KV), which were subsequently procured and delivered to the site. Cebarco also approached the Water Authority for approval of water distribution materials.



Bridge piling works



Distributor bridge side structure

- Construction Works for the Distributor Road Bridge spanning the Dilmunia Canal commenced with the piling works and piling testing and commissioning.
- Work on the Distributor Road Bridge continued during this period, and included completion of the concreting on the beam in the bridge walls. Distribution substations civil works also commenced, with concreting reaching up to slab level in some of the substations. Trench works within the substations has also started.

Electrical Substations:

- Civil works designs for Substation 1, Dilmunia's main substation, has been completed, and also measured and financially evaluated, paving the way for the appointment of a contractor at a later stage. Dilmunia's master plan also calls for the construction of two other smaller electrical substations.
- Tendering, commercial and technical clarifications and negotiation meetings took place with bidders during 2013. The final evaluation report has also been completed.
- A Letter of Award was issued on 26th December 2013 to Fuji Electric for the supply and installation of the 66KV switchgears and transformers, and all associated works and accessories.
- A meeting took place with Electricity and Water Authority ("EWA") in December 2013 to discuss the final routing of the external 66KV cabling works and the latest EWA specifications.

Seavilla:

- The contract for the construction of Seavilla was awarded to Bahrain-based Mohammed Jalal Contracting ("MJC"). Meanwhile, earthworks and leveling are currently ongoing, with consultations with buyers looking to register their villa type preferences having also commenced.

Seavilla at Dilmunia 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 choice of styles – all thoughtfully constructed with a low building density and perfectly integrated into a private area complete with 500m of shoreline.

Temara:

- Property sales were launched on 4th August 2013, with all seafront plots and two back plots sold within the first day. All other plots were sold by December 2013. Design Control Guidelines were prepared for every plot, allowing execution of the sale agreements to commence.

Temara is a low density development of 22 sea facing and 15 coastal plots, all of which are south facing. Temara offers a range of plots from 596 square meters ("SQM") to 1,488 SQM. All plots are thoughtfully 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 neighborhood is accessible by two roads, for easy access with a road end roundabout, allowing free flowing traffic in and out of the neighborhood.



Dilmunia works



Backfilling works



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, with Ithmaar Development Company (“IDC”). In addition, several business development opportunities are being explored with parties interested in the project’s medical cluster.

Business Development:

- Meetings took place with several prospective investors for various projects in Dilmunia.
- Sale agreements and plot details were prepared for an offer to two clients.
- An in-kind redemption offer was executed for two plots on Dilmunia, with more expected to be finalised soon.
- The Fund Manager & Developer have continuously engaged reputed investors and developers to participate in the unique opportunity of Dilmunia, and have developed further concepts for future projects targeted for launch during the course of 2014.

Sales, Marketing & Communication

- One limited partner exercised their in-kind redemption right by exchanging their contribution in Dilmunia with a parcel of lands. Negotiations with several others are ongoing.
- Marketing for Temara was launched on 31st July 2013, with all plots sold by December 2013.

- The Dilmunia website launched on 28th July 2013, and was awarded Best Developer Website, Real-Estate Development at the Arabian Property Awards in October 2013.
- In October 2013, Dilmunia participated in Bahrain Marathon Relay for the sixth consecutive year.
- In October 2013, Dilmunia participated at the Invest in Bahrain Forum & Exhibition.

Key Targets

Development:

- Setting up of a Technical Interface Office, in line with the ministerial regulations, during Q3 2014, which will act as the first point of call for approvals for building permits, and all other kinds of permissions.
- Finalising detailed landscaping and external canal design in Q3 2014.
- Commencement of work on the Seavilla development during Q1 2014.
- Coordinate design and construction activities with sub-developers (continuous task).

Infrastructure:

- Delivery of a 66KV substation plant and equipment package for Substation 1 by Q4 2014.
- Substation 1 civil works completion by Q4 2014.
- Following up on progress of Phase I Infrastructure works (continuous task).

Wellness:

- Wellness Development Study, Phase 2 completion by Q2 2014.
- Wellness Development Study, Phase 3 to commence during Q3 2014.

Marketing & Business Development:

- Continuous update of the Dilmunia website.
- Participation in real estate exhibitions and events.
- Select Marketing and PR activities to support Dilmunia Brand and Business Development initiatives.
- Negotiation with a prominent real estate developer for the sale of strategically located plots for a proposed residential apartment project.

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



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