



DILMUNIA FUND REPORT

DECEMBER 2011



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Ithmaar Development Company ("IDC") is pleased to release the eleventh Dilmunia Development Fund I L.P. (the "Fund") newsletter, on behalf of Ithmaar-Dilmunia General Partner Company, and the Fund Manager, Ithmaar Bank B.S.C. for the period ending December 31, 2011.

DILMUNIA KEY DEVELOPMENTS

- **Master Plan:**

- Key meetings took place in Q4 2011 for securing the Master Plan approval.
- Commented Planning permission approvals were received in December 2011.
- Land-uses approval was received in October 2011.
- During Q4 2011, further diversification of plot sizes took place, enabling the proposal of further diversity to sub-developers, (plots of 2500 m2).
- A meeting requested in Q4 2011 with the public authorities took place in early January in regard to the waterfront compliance strategy and Muharraq Municipal Council approval.

- **Development Phasing:**

- A major workshop was held on 10th October 2011 to detail the proposed project development phasing.
- A second workshop took place on 14th December 2011 to discuss the required infrastructure phasing against the proposed development phasing.

- **Canal and Landscaping Design:**

- The main element of Dilmunia, the final layout of the canal has been set and detailed design work is progressing, specifically regarding the soft elements of the canal.
- A workshop took place on December 15th and 16th where further fine-tuning to the canal was adopted. In addition, the progress on the implementation strategy and lead landscaping items i.e. implementation of a nursery on site were discussed.
- The landscaping designs were amended and IDC is expecting further submissions from AECOM in Q1 2012.

- **Infrastructure:**

- Pre-qualification of contractors to undertake the infrastructure works was completed in Q4 2011.

- **Services Consultations & Coordination:**

- CPO's final approval of the road reservations and Right of Way (RoWs) was received in October 2011. Comments on Planning Permits were received in November 2011.
- Final Traffic Assessment study of final master plan approval received on 13th October 2011 from Structural Planning Directorate.

- Road network and layout approval received on 18th October 2011 from the Central Planning Unit, Ministry of Works.
- Utility services corridors provision approval received on 18th October 2011 from the Central Planning Unit, Ministry of Works.
- Workshop on Dilmunia Urban Guidelines and Buildings Regulation was held on December 15th and 16th 2011 enabling issuance at the earliest.

- **Infrastructure Environmental Studies:**

- Mott MacDonald Limited (MML) produced the environmental scoping report for IDC's review prior to submission to Environmental Assessment & Planning Directorate (EAPD).

- **Electrical Substations:**

- AES was appointed in Q4 2011 to launch a RFP for the design and supervision of three electrical substations needed in different phases of Dilmunia Development. RFP was sent and responses from three companies were received by end of December 2011. The proposals are now being evaluated.

- **Dilmunia Interface Centre:**

- External works for the Dilmunia Interface Centre were completed in Q4 2011; the landscaping component is to be completed in January 2012.
- Interior design works that have been awarded to Cityneon were completed in Q4 2011.

- **Site Access:**

- Road to Dilmunia Interface Centre was completed by December 2011.
- Access bridge to Dilmunia; a report was transmitted to the Ministry of Works requesting cost sharing with the public sector.



DILMUNIA MASTER PLAN & INFRASTRUCTURE DESIGN

Mott MacDonald Limited (MML), having been appointed on 11th September 2011, and as a variation to their existing contract for the infrastructure design consultancy, undertook the environmental scoping assessment of the canal and the infrastructure elements of the project as per the requirements of the Environmental Assessment & Planning Directorate (EAPD). MML produced the environmental scoping report for IDC's review prior to submission to EAPD.

MML has progressed with the development of the detailed design, which is nearing completion. The drawings that MML submitted in March, followed by the drawings in May and August 2011 were reviewed and checked in line with the commented planning permissions.

DGJ prepared a third cost plan for the infrastructure works following receipt of the final detailed design drawings from MML. Cost figures in the cost plan are primarily based on quantities and take-offs from the detailed design drawings produced by MML. However, the cost plan also contains assumptions of per square metre rates for those parts of the infrastructure works which are not in the scope of MML (landscaping & architectural final finishing) and have no detailed designs executed to date.

Initial phase of the roads & utilities works and canal construction works are planned to start during Q2 of 2012. The first part, namely the western part, of the canal works is expected to be completed by 2013 as part of Phase 1 and 2 of the project development. The remaining eastern-northern part is to be completed during Phases 3 and 4 of the project.

A major workshop was held on 10th October to brainstorm and discuss the proposed project development phasing. Based on the outcome, a draft final development phasing proposal was issued constituting four phases of development each of three years, except the first phase, and with an overlap of one year between each. The development is proposed to start in 2011 and end in 2020.

A second workshop took place on 14th December to discuss the required infrastructure phasing in relation to the proposed development phasing. It was agreed that the phasing strategy would be periodically reviewed as and when needed.



DILMUNIA PROJECT DEVELOPMENT

Wellness:

Keeping with our aims of providing world-class health and wellness facilities at Dilmunia, the team that will be in charge of conducting the market survey and feasibility analysis as well as developing the preliminary master plan for the Dilmunia Health District (DHD) has been selected and finalised.

The team consists of the healthcare entity, consulting firm and architecture/hospital planning firm respectively. All three entities are well recognised globally for their expertise and bring a rich combination of experience and knowledge on board. A combined workshop has been scheduled for January 2012 where the three firms and IDC will discuss matters related to the engagement prior to finalising the relevant agreements.

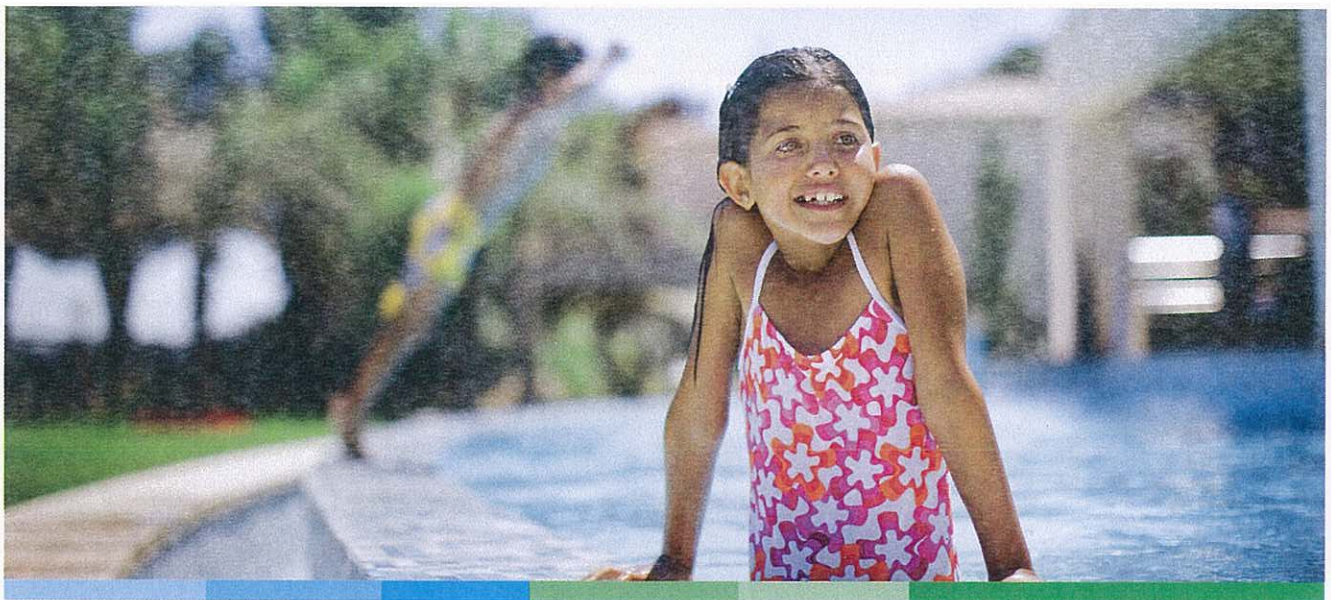
Hospitality:

Health Island B.S.C (c) (HIC) is in talks with a perspective investor to enter into a joint venture for the development of the southern hotel plot on Dilmunia. The Investor will provide the financing to construct the hotel, HIC to provide the land.



DILMUNIA SALES, MARKETING AND COMMUNICATION

- With reference to Dilmunia positioning amid competing schemes, a marketing and sales strategy re-conception was initiated in 2011 to magnify the strengths of the project.
- Appointment in Q3 2011 of a marketing agency with a task of re-defining Dilmunia's marketing message in light of market changes, focusing activities on direct marketing methods.
 - This will target investors/developers through direct channels, road shows and include Public Relations alongside digital media to provide maximum cost efficiency.
- Since October 2011 Dilmunia participated in:
 - 15th Gulf Engineering Forum. 28th- 30th November 2011.
 - Bahrain Marathon Relay, for the fourth consecutive year – 9th December 2011.
 - International Roads Federation, MENA Congress & Exhibition – 9th January 2012.
- Dilmunia Interface Centre on site:
 - Marketing and communication on the project.
 - Sell and market end unit products on the Island.
 - Centre planned to be operational by February 2012.
- Going forward, the plan is to reach out to a larger pool of investors for sales in 2011/2012. The following international sales agents are currently in discussions with IDC to assist in plot sales.
 - DTZ / Cluttons / CB Richard Ellis
 Furthermore, contacts were made with a number of local agents within each of the GCC countries in order to assist with the sales outreach.
- Cityneon, was appointed to design and construct the interiors of the Dilmunia Interface Centre and completed the interior designs in Q4 2011, while the construction works are on-going on site.
- External works for the Dilmunia Interface Centre were completed in Q4 2011; the landscaping component is to be completed in January 2012.
- The Dilmunia Interface Centre is expected to be operational by end of February 2012.
- With a view to initiate sales momentum of Dilmunia, a number of strategies were considered.
- Seeking to offer a selected number of plots at competitive prices:
 - Increase the attractiveness of Dilmunia to investors and sub-developers.
 - Increase the momentum of sales if more sales/projects are announced.
 - This is being considered for 6 plots on a selective basis.
 - Plots with an attractive location.
 - Part of phase 1 or phase 2 of the Development.
 - Offering began in Q3 2011.
 - In Q4 2011, all plots received interest from potential sub-developers; Ithmaar Bank and IDC team are working closely following-up the subject.



DILMUNIA KEY TARGETS

Development

- Master plan final approval, Q1 2012.
- Land subdivision approvals and title deeds issuance , Q2 2012.
- Canal construction tender, Q2 2012.
- Canal construction commencement, Q3 2012.
- Setting up Technical Interface Office, in line with the ministerial regulations, Q1 2012.
- Finalising drafting of the development control guidelines for the island and individual plots, Q3 2012.
- Finalising detailed landscaping and external Canal designs, Q2 2012.
- Initiation of the Seavillas project, Q2 2012.

Infrastructure

- Detailed infrastructure design and costing completion, Q1 2012 (pending planning permission receipt and canal value engineering process).
- Tendering and contractors' appointment, Q1 2012. The tendering milestones is expected to be as follows:
 - Detailed infrastructure design and costing completion, Q1 2012.
 - Tendering & contractors' appointment, Q1 2012.
 - Commencement of infrastructure works (Phase 1), Q2 2012.

Wellness

- Final discussions are underway and it is anticipated that the agreements to conduct a detailed market study, feasibility analysis and develop a preliminary master plan for the health district will be finalised in Q1 2012

Marketing

- Finalisation of brand platform and 2012-14 marketing plan, Q1 2012.
- New website, Q2 2012.
- Completion of landscape component of Dilmunia Interface Centre, Q1 2012
- Launch of Dilmunia Interface Centre, Q1 2012.



An island that embraces
nature and respects our
culture and heritage

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