U.S. Development Opportunities Fund I Ltd.

11th Investors Report

December 2011

U.S. Development Opportunities Fund I Ltd ("Fund").

Fund Update – December 2011

In our last investor report, we had mentioned that we would revisit the projections with Overland Realty Capital LLC ("Overland") in to have their updated view on the sales momentum and in terms of the complete exit from Dadeland.

As you aware, Dadeland (http://toscanocondos.com/) is located in southeastern Florida, which encompasses all of Greater Miami. This region was spectacularly overbuilt during the latter half of the past decade (after Dadeland's construction had begun). This oversupply was based in part on developers' overly optimistic sales price projections, which assumed that residential real estate prices would continue an upward trajectory for a considerable time period. Prices had already begun to fall when we entered a global recession in late 2008. Prices plunged further as consumer confidence retreated. Many, if not most, developers who had not yet sold-off their condominium projects were foreclosed upon or otherwise lost all of the equity invested in their respective deals.

Although sales slowed in 2008-2009, Dadeland was never in danger of foreclosure. It has performed very well in light of the overall market. We believe its location in a densely developed residential and retail area, coupled with its affordable mid-range price points, has helped Dadeland succeed in the same market environment that has erased the equity in other condominium properties and Dadeland continues to sell at a comparatively decent pace today.

As of 5 December 2011, Dadeland has had 351 units close and settle, with 3 additional units under contract, together representing 89.4% of the 396-unit inventory of residential condominiums at Toscano (Dadeland). Presently, 42 units remain available. Recently, Dadeland enjoyed its most productive period in recent years, with two sales closings and three new sales contracts as of 5 December 2011.

A distribution to the investors is expected by the end of the first quarter of 2012.

As for the remaining available units, based on our recent discussions with Overland and keeping in mind the global economic slowdown, we believe that a realistic estimate would be 2 sales per month, with the whole project sell out expected by 4Q of 2013. However, it has to be kept in mind that due to recent tax changes, the final remittance from the SPV's in the USA can only be done once the SPV's are liquidated and all tax related obligations settled in the US. Hence while we are hopeful that the underlying assets of the Fund would be completely disposed during 2013, the actual remittance can only be done once all tax related matters relating to the US SPV's related to USDOF-1 are completed.

Based on the current market situation, Overland's projections and with the objective of protecting the interest of the investors, the Investment Manager is extending the Investment Term of the Fund to 31st December 2013. The only available alternative for an earlier exit is going for a fire sale of the remaining units, which is neither advisable nor necessary, as sales traffic at Dadeland remains strong and selling the units at a discounted price would only hurt the investors in the Fund. As the Fund has weathered the worse period of the US' economic downturn without making substantial capital losses, a forced exit now (when markets have just started to recover) would be counterproductive to the interests of the investors.

Dadeland is doing extremely well relative to its competitive set and Greater Miami housing conditions, considering that two of the factors which normally support a healthy housing industry - a strong job market and significant home equity - are painfully absent in South Florida. In a recent commentary, South Florida Real Estate News observed that in Miami-Dade County, unemployment sits at a record high 13.4 percent and that nearly half of all South Florida homeowners with mortgages owe more on their homes than the current value, one of the highest 'underwater' rates in the country. It further observed that stricter lending standards have made it difficult for many potential buyers to obtain a mortgage and that in recent months, 60% of home sales were completed without a mortgage, as all-cash investors made a disproportionate impact on the market.

According to a recent date release by the Florida Association of Realtor, October 2011 sales of existing homes in South Florida increased compared to last year, although the month-to-month trends indicated that 2011's record-high sales pace may be cooling off. According to the data, there were 1,202 condo sales in Miami-Dade County in October 2011, up 63 percent from the same month last year, but down about 8 percent compared to September 2011. Single-family homes sales reached 769 units, up 41 percent year-over-year but down 9 percent from September 2011 while Median condo prices in Miami-Dade rose 8 percent to $117,900 on a year over year basis.

Condominium sales in Miami have been brisk in 2011, slashing down the inventory even further, but overall prices have been steady to slightly declining. In Overland's opinion, the shrinking supply of homes hasn't led to price appreciation because while there is activity, there still is "hidden" pent-up supply, i.e., only those who must sell their homes are in fact listing them for sale. Any price appreciation is met with new supply from the next-most-desperate portion of all of those who are considering selling their homes (which mitigates any significant price appreciation). Yet the condominium marketplace is not as bad as the single-family detached home marketplace. Strong demand for condos from international investors has helped push prices up in the condo market even as single-family home prices continue to lag.

General Sales and Pricing Report

As of 5 December 2011, Dadeland has had 351 units close and settle, with 3 additional units under contract, together representing 89.4% of the 396-unit inventory of residential condominiums at Toscano (Dadeland). Presently, 42 units remain available.

Average pricing on the settled units has remained stable at USD 291 per square foot.

Dadeland Sales Update (as of 5th December 2011)

Total Units	Settled Units	Contracted Units	Available Units
396	351	3	42

Summary of Settled and Available Units (as of 5th December 2011)

	Number	Size	SF	Avg. Price (USD)	Price / SF
Settled Units	350	1,163	406,936	338,763	291
Contracted Units	3	1,121	3,362	264,633	236
Available Units	43	1,011	43,463	308,812	306
TOTAL	**396**				**292**

Net Settlement Cash (January 2007-16 November 2011)

Details	Amount (USD)
Inflows	
# of Settled Units (November 2011)	
Gross Unit Sale Proceeds	
Parking Proceeds	
Developer Fee	
Outflows	
Senior Debt Pay down	
Commissions	
Incentives	
Other Closing Costs	
Mezzanine Payoff	
Net Settlement Cash (as of 16th Nov. 2011)	

Application of Net Settlement Cash (16 November 2011)

Details	Amount (USD)
Net Settlement Cash	
Deductions	
Mezzanine Financing Pay down	
Carry Costs (Estimated)	
Asset Management Fees	
Disposal Fees	
Financing Expense	
Total Deductions	
Additions	
Forfeited Deposits	
Other income	
Total Additions	
Net Deductions	
Available Reserve	
Application of Reserve	
Cost Overrun Reimbursements to Fairfield	
Overland Funding Distribution	
Investor LP Distributions	
Total Book Balance (16th November 2011)	

**Important Note: Please note that this is an excerpt from an internal model and not part of an audited financial statement at either the partnership or investor level. The distribution to Fund investors would be net of costs and obligations due. Furthermore, it contains estimates for partnership-level and investor-level carry costs.*

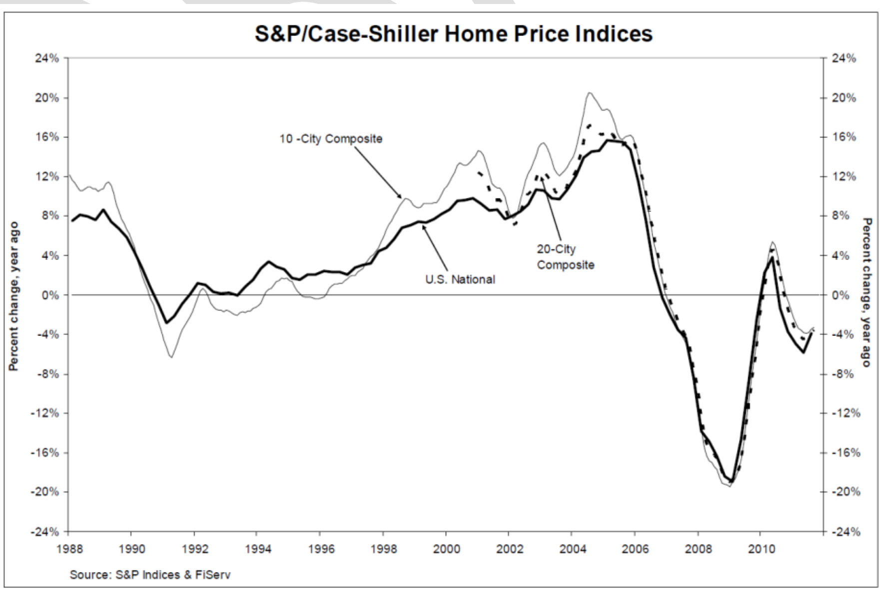
U.S. Housing Outlook – December 2011

According to Freddie Mac's U.S. Economic and Housing Market Outlook for November 2011, despite positive economic signs, consumers remain worried about their financial well-being – a major reason why home sales remain relatively lackluster, despite the most affordable home-buyer market in decades. It would be pertinent to point out that national prices are back to the 2003 level. However, due to the drain on resources owing to job losses and redundancies, consumer confidence still remains a major impediment.

According to the Mortgage Bankers Association, 12.6 percent of homeowners with mortgages (over 6 million homeowners) were either delinquent on their payments or in foreclosure at the end of the third quarter. According to CoreLogic, about 22 percent of residential properties with mortgages were under water at the end of the third quarter. This gives a good indication of how tight the times are for existing homeowners and for first time mortgage seekers.

Regardless, originations are projected to see a boost from the extension and enhancement of the Home Affordable Refinance Program (HARP) and the extremely low fixed-rate mortgage rates that currently prevail in the market. The effect of the extended and enhanced HARP on single-family originations, assuming about $200,000 loan amount on average, is likely to be around $200 billion to $300 billion over 2012 and 2013, with most of the additional volume falling in the first year. The Freddie Mac House Price Index for the U.S. has recorded a 25 percent cumulative decline since the peak in mid-2006 through September 2011

The recent S&P/Case-Shiller home price index released on November 29, 2011 fell more-than-expected in September 2011, declining for the fifteenth consecutive month. The S&P Case Shiller home price index shows a -3.9% decline from a year ago over 20 metropolitan housing markets and a -3.3% decline for the top 10 housing markets from September 2010. In a report, Standard & Poor with Case-Shiller said its house price index fell at an annualized rate of 3.6% in September, more than the expected 3.0% decline. U.S. home prices fell by an unrevised 3.8% in August 2011. Month-on-month, U.S. home prices fell by 0.6% in September 2011, compared to expectations for a 0.1% decline, after falling by 0.3% in August.



For September 2011, the S&P/Case-Shiller Home Price indexes shows that 18 of the 20 cities tracked are down for the year. Miami recorded a decline of 4 percent in September compared to a year ago, with Atlanta recording a 9.8 percent decrease, the largest drop of 20 cities.

The table below summarizes the results for September 2011.

	2011 Q3 Level	2011 Q3/2011 Q2 Change (%)	2011 Q2/2011 Q1 Change (%)	1-Year Change (%)
U.S. National Index	130.39	0.1%	3.8%	-3.9%
Metropolitan Area	**September 2011 Level**	**September/August Change (%)**	**August/July Change (%)**	**1-Year Change (%)**
Atlanta	95.99	-5.9%	-2.4%	-9.8%
Boston	154.39	-0.8%	-0.1%	-1.2%
Charlotte	112.43	-0.9%	-0.1%	-2.6%
Chicago	118.49	-0.8%	1.4%	-5.0%
Cleveland	100.58	-1.2%	0.3%	-3.1%
Dallas	116.54	-0.6%	0.2%	-0.8%
Denver	125.44	-0.8%	0.4%	-1.5%
Detroit	73.17	-0.5%	1.6%	3.7%
Las Vegas	93.80	-1.4%	-0.3%	-7.3%
Los Angeles	168.00	-0.8%	-0.4%	-4.2%
Miami	139.83	-0.7%	-0.3%	-4.0%
Minneapolis	114.65	-0.9%	0.3%	-7.4%
New York	169.92	0.1%	0.5%	-2.6%
Phoenix	100.22	-0.2%	-0.1%	-6.5%
Portland	136.10	0.1%	0.1%	-5.7%
San Diego	153.72	-0.8%	-0.2%	-5.4%
San Francisco	133.22	-1.5%	-0.1%	-5.9%
Seattle	135.59	-1.1%	-0.3%	-6.5%
Tampa	127.37	-1.5%	0.0%	-6.7%
Washington	188.07	1.2%	0.6%	1.0%
Composite-10	155.73	-0.4%	0.2%	-3.3%
Composite-20	141.97	-0.6%	0.1%	-3.6%

Source: S&P Indices and Fiserv
Data through September 2011

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