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SOLIDERE
ANNUAL REPORT

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BEIRUT MARINA
AND SEA PROMENADE
PHOTO BY KLAVDIJ SLUBAN

MEDITERRANEAN **GATEWAY**

BEIRUT CITY CENTER IS AN URBAN AREA THOUSANDS OF YEARS OLD. TRADITIONALLY A FOCUS OF BUSINESS, FINANCE, GOVERNMENT, CULTURE AND LEISURE, IT HAS NOW BECOME A PREFERRED LOCATION FOR CITY LIVING, WITH EXTENSIVE HOSPITALITY FACILITIES.

As it continues to spearhead and oversee this project, Solidere has brought life to Beirut's central district, turning it into the finest city center in the Middle East.

The Lebanese Company for the Development and Reconstruction of the Beirut Central District s.a.l. (Solidere) is a joint-stock company established on May 5, 1994. It is based on Law 117 of 1991, which regulates Lebanese real estate companies aiming at the reconstruction of war-damaged areas, in accordance with an officially approved master plan. Its share capital is US$1.65 billion.

The Company issues annual reports to its shareholders. Solidere's activities throughout 2009 are summarized in its fifteenth Annual Report. This annual report includes consolidated financial statements, which consolidate the accounts of Solidere's subsidiaries depending on its shareholdings. Solidere's shareholdings in subsidiaries at end 2009 were as follows: Beirut Waterfront Development s.a.l. 50%; Beirut Real Estate Management and Services s.a.l. (BREMS) 45%; Solidere Management Services s.a.l. fully owned; Solidere Management Services s.a.l. (Offshore) fully owned; Beirut Hospitality Company s.a.l. (Holding) fully owned; Solidere International Holdings s.a.l. (Holding) fully owned; Solidere International Limited, DIFC, 1.79%.

Furthermore, Solidere International Holdings s.a.l. owns 37.19% of Solidere International Limited; and Solidere International Limited in turn owns shares in companies involved in several prime real estate projects, notably in the Emirate of Ajman (U.A.E), in Egypt, in the Kingdom of Saudi Arabia and in Lebanon. The consolidated financial statements are prepared and audited in accordance with international financial reporting standards.

SAIFI VILLAGE
PHOTO BY KLAVDIJ SLUBAN

CONSOLIDATED **FINANCIAL HIGHLIGHTS**

	09	08
SUMMARY OF OPERATIONS IN US$ MILLION		
Gross land sales	305.1	256.6
Gross rental income	27.3	21.7
General and administrative expenses	24.3	19.3
Net income	189.2	182.7
Sales backlog	428.5	605.5
STOCK DATA PER SHARE IN US$		
Earnings	1.2348	1.1781
Shareholders' equity	11.91	11.99
Stock price range		
A shares	27.91 - 14.51	39.80 - 16.50
B shares	27.66 – 14.38	39.68 - 16.15
GDRs	27.85 - 14.00	38.85 - 15.00
FINANCIAL DATA IN US$ MILLION		
Cash and securities	177.6	297.6
Accounts and notes receivable	346.5	296.4
Properties held for development and sale	1,124.6	1,274.5
Investment properties	311.4	216.8
Retained earnings	266.5	272.3
Legal reserves	112.3	94.0
Treasury stock	(230.7)	(168.5)
Total shareholders' equity	1,809.9	1,859.7
FINANCIAL RATIOS IN %		
Gross profit margin	73.80	71.70
Return (interest income) on liquid assets	4.60	4.60
Debt to equity	0.11	0.13

PHOTO BY DAVID PARTNER

SUCCESS IS DRIVEN BY FLEXIBILITY AND ADAPTABILITY

NASSER CHAMMAA

CHAIRMAN
AND GENERAL MANAGER

Dear Shareholders,

I am happy to report that Solidere and its group are standing on solid grounds, enjoying a position that may not be shared by many real estate companies in the region. Beirut city center has maintained its position as an investors' destination, despite the world financial and economic crisis with its serious repercussions on regional markets. The high rate of economic growth in Lebanon in 2009 had a favorable impact on Solidere's business. The country's economic indicators improved, domestic consumption resumed and tourism activity reached record highs. Construction accelerated and a number of completed developments were inaugurated during the year. The first indicators of 2010 seem to point to a continuation of these trends.

Beirut city center has maintained its position as an investors' destination

We are persisting in our policy to push forward for the development of Beirut city center, adding value to our land bank by targeting developers with serious plans, not speculators, and building up a portfolio of real estate assets to enhance our income statement and create a sustainable income stream in the medium and long term. The adverse circumstances prevailing in the world since mid-2008 have not hindered us from continuing to move forward and produce good results, which all boils down to what we have always said: strong fundamentals for the Company.

The strategies adopted by Solidere and its group, to maintain a high level of liquidity with a practically zero-debt situation, have helped them withstand the financial crisis. The group stands at an opposite end from many regional and global companies and competitors who are suffering from lack of liquidity and high levels of debt at a time when markets are experiencing a credit crunch and cash shortage. Solidere shares did initially fall to around the US$14 level, following the trend in the Lebanese stock market which saw share values decrease by up to 50%, still much less than some companies in the region. However, the strong fundamentals of the Company and its resilience helped the share price gradually improve to reach a level of around US$28.

The Company's financial statements illustrate its profitability and strength, represented by a solid land bank and active sales, a high value real estate property portfolio, quality receivables and efficient cash management, high liquidity and no long-term debt. These factors combine to give it resilience in the context of unfavorable political or economic circumstances.

During 2009, Solidere realized a consolidated net income of US$222 million (US$189.2 million after income tax amounting to US$32.8 million). Land and real estate sales amounted to US$305.1 million. Furthermore, a sales backlog of US$428.5 million at year end is expected to be translated in realized sales in the next three years.

As at end 2009, the inventory of land and projects in progress amounted to US$1,124.6 million, net investment properties to US$366.1 million, and investment in Solidere International to US$234.4 million as cash contribution. The latter figure is US$70 million less than the original issue price, representing goodwill for the use of Solidere brand name and identified projects. Solidere does not revalue its assets, which are still registered at their book value, in compliance with international accounting standards and best practice. This also proved to be a very safe and conservative policy, since the frequent revaluation of properties carried out by some regional real estate companies was disastrous in the crashing real estate markets.

Resulting mostly from development land sales, accounts and notes receivable reached US$346.5 million at year end. The cash position of the Company at year end was around US$177.7 million. Solidere has always maintained a high level of liquidity to ensure financing most of its development projects and other operations.

A primary source of reliable income is rentals from the Company's growing revenue-generating property portfolio. Solidere earned US$27.3 million in rental revenue in 2009, a figure expected to double at the full completion of Beirut Souks, an important element in our strategy to generate a sustainable income stream.

The creation and preservation of value extends to maximizing Company profits through the conception and implementation of innovative real estate projects, the provision of quality development and property management services, the introduction of new lines of business, all destined to ensure growing revenue streams.

The completion and full leasing of the South Souks constitutes an important turning point in the life of Solidere. Visitors now stroll along streets, some covered and some open, shop to their heart's content, stop and rest in landscaped squares, enjoy restaurants with special character, attend musical and other events or take part in street activities.

Beirut Souks are to constitute the heart of economic and tourist activity, contributing to put Beirut on the world map as a major regional center for shopping, work and entertainment. In addition to the financial gain they represent for the Company, the Souks are changing the nature of commercial activity in the city center and have become a major instigator to bring in more investors. This revival in commerce and retail activity is very promising. And there is more to come. In the North Souks, the entertainment center and cinema complex under construction and the department store will further offer retail, entertainment and hospitality, restaurants or food outlets.

Solidere is initiating hospitality projects that will contribute to bring in more shoppers and more visitors to the Souks and to the entire city center. This complementary activity will also become a new source of income to Solidere, to supplement other property- related income, income from land sales, rental income and income from a variety of other sources.

Solidere draws on the best planning and architectural talents

Beirut Waterfront Development, with 50% Solidere shareholding, has seen great progress in its main building east of Beirut Marina, accommodating furnished and serviced apartments together with a yacht club. Works started on the quayside restaurants and cafés along the marina, with roofs at corniche level forming a continuation to the corniche promenade. The project is expected to be inaugurated starting in spring 2011. Construction of the under-corniche parking to serve this area is underway.

Following our strategy to strengthen our revenue-generating portfolio in real estate properties, we have reactivated a number of real estate developments with the highest international standards: a residential complex, a serviced apartment building, an office building, and a boutique hotel. Some of the projects are subject to international design competitions.

Several landmark buildings and other developers' projects were completed this year. Further reinventing the city center, these and ongoing projects have been designed to form clusters around courtyards and gardens, or paint a modern skyline at the border with the Waterfront District.

Outside Beirut, Solidere has leveraged its brand name, unique expertise and tested business model by investing in, advising and managing urban projects in the Middle East and around the Mediterranean Basin through Solidere International.

In Solidere International as in Solidere, our financial strength is reflected in a highly liquid cash position, no debt, and a lean cost structure. Thanks to Solidere's management, the group has been able to weather the prevailing world economic crisis and adapt its flexible development strategy to the changed market circumstances. Our strategy and business model have been modified in line with new economic realities. Our reputation is intact, and SI was profitable in its third year of operation.

Al Zorah was profitable in 2009 and will continue to enjoy a solid balance sheet, with enough cash to fund phase one development, which includes infrastructure and marine works. In line with current market and economic developments, the company resolved in April 2010 to reduce its capital by 50%, from AED4 billion to AED2 billion, through returning half of the land bank to the Ajman Government and repaying AED1 billion to cash shareholders. The scaled down project retains two-thirds of the prime seafront and mangrove land, with the master plan revisited to reposition the project as a prime destination for tourists and tourist second home owners, while leveraging the site's natural attributes.

SI's net cash outflow for Al Zorah now stands at US$123 million for holding 39% of equity, down from the initial US$512 million for 50% equity holding at inception. This has been achieved as a result of selling equity to a third party, income earned for services rendered to the project since its inception, and the recent capital repatriation and reduction in project size and objectives. The above mentioned balance of US$123 million excludes income earned from professional services rendered to Al Zorah. Thus, SI's total current investment in Al Zorah constitutes 17.5% of the SI paid up capital of US$700 million.

SI and SI Al Zorah Equity Investments Inc. have received AED1 billion from Al Zorah's repatriated capital. Solidere International will receive US$212 million from this transaction, which will increase cash available for SI to US$422 million as of July 2010. This resulting cash balance takes into consideration recent deductions made to capitalize several upcoming SI projects: US$66 million was invested in Lebanon (Hazmieh), US$30 million in Cairo (Westown), and US$56 million in Saudi Arabia (US$45 million for SO-SI, and US$11 million for a newly purchased plot in Riyadh). We intend to carefully reinvest the available funds in future projects that will support SI growth and value.

In Egypt, progress on Westown and Eastown continues as infrastructure design efforts are underway. Two real estate projects were launched in Westown by Solidere International and SODIC, with others planned for launch in 2010, and we expect to achieve good returns in the coming year.

In Saudi Arabia, our focus is on the core business of land development and value creation. Solidere International recently purchased a sizeable plot of land in Riyadh, which has promising development potential. In addition, the company will be launching a state of the art high end residential tower on Jeddah's seafront later this year. Solidere International is assessing a number of other promising potential opportunities that match the country's local needs, including the introduction of a new middle income product.

Solidere's consolidated retained profits as at end 2009 amount to US$266.5 million, consisting of its share of profits from affiliated companies in the SI group and of distributable profits amounting to US$192 million from its activities in Beirut. In this regard, our board of directors is recommending to the annual general meeting of shareholders to distribute a dividend equivalent to US$1.15 per share.

To conclude, Solidere continues to be healthy in the middle of troubled regional and international economies, financial and real estate markets. We are confident that our sound strategies, policies and practices will allow our Company to pursue its strong performance and to achieve its objectives in building Beirut city center and enhancing its brand name.

Nasser Chammaa
Chairman and General Manager
July, 2010

VIEW OF THE SEA AND MOUNTAINS
FROM THE WATERFRONT DISTRICT
PHOTO BY KLAVDIJ SLUBAN

PHOTO BY DAVID XAVIER

REVIVAL OF A
WORLD-CLASS
DESTINATION

BEIRUT *CITY CENTER*

The eventual easing of some issues led to a revival of Beirut city center, as Solidere successfully pursued its efforts to make it a sought-after environment of the highest quality

The fruit of ambitious urban regeneration and waterfront development, a fine city center has emerged in Beirut, accommodating a broad, sustainable mix of facilities with a target floor space of 4.69 million sq m.

Beirut city center enjoys a prime location in the heart of Lebanon's capital. Sloping down towards the sea, the site commands fine views of the Mediterranean with a surrounding landscape of mountains and hills. It is easily accessible from all parts of Beirut, including port and airport. Major roads converge on it from its east, south and west, and line its 1.5 km seafront to the north.

Continuously inhabited for more than 5,000 years, the site bears the marks of eleven civilizations, ranging from the Canaanite to the Ottoman. Beirut's maritime and trading legacy dates back to the Phoenicians. Its Roman law school was the most prominent in the Empire. Its urban character and architectural style were formed during the Ottoman period and the French mandate, when it became the seat of public institutions.

Independent Lebanon grew into a booming service economy, thanks to its inherent assets, educated population and liberal political and economic system. Beirut was a lively, modern cosmopolitan city, its center a focus for regional trade, business, finance and tourism. Growth was thwarted at the onset of hostilities in 1975. With the return to peace and stability, Lebanon's economy re-emerged in the 1990's, sustained by a national recovery and development program. Massive public investment was coupled with macro-economic policies designed to stimulate private local and foreign investment. While Beirut city center benefited from this favorable environment, its entire regeneration is being achieved without recourse to public funds. In 2005, the country suffered a great loss with the assassination of former prime minister Rafic Hariri, who was the godfather of national recovery. To him were owed the vision and inspiration for the rebirth of Beirut. In 2006, the country suffered from war and invasion, followed by internal political problems. The eventual easing of some issues led to a revival of Beirut city center, as Solidere successfully pursued its efforts to make it a sought-after environment of the highest quality.

THE MASTER PLAN

Drawing on the site's natural assets and rich heritage, the Master Plan is a carefully formulated, detailed, coordinated and phased action plan for the traditional city center and its modern extension on the waterfront.

The plan subdivides Beirut city center into ten sectors, each with its own character. Some are previous city neighborhoods brought back to life; others are defined by topography or by new boundaries created within the urban fabric.

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site-related plan for a harmonious urban fabric

The plan involves the recovery and extension of the public domain, constituting almost half of the land area, with the installation of a complete infrastructure and the creation of some 60 parks, gardens, squares and pedestrian promenades. It also provides an urban design framework for restoration and new construction.

The plan reflects the site topography and natural features, protects views of the sea and mountains and creates public spaces, including gardens, squares, belvederes, promenades and trails.

Recognizing the city's heritage, it unearths layers of its history. It preserves surviving buildings and townscape features and re-establishes the urban fabric and neighborhood structures. It ensures the harmonious integration of old and new, combining tradition with innovation and control with creativity in architectural expression.

With the prime objective of creating a vibrant city center, it accommodates a broad mix of land uses, business, public, residential, hotel, leisure and cultural.

The project covers some 191 ha (472 acres) of land: 118 ha (292 acres) as the traditional city center and a 73-ha (180-acre) extension reclaimed from the sea. Close to 98 ha (242 acres) will consist of public space, of which 59 ha (146 acres) in roads and 39 ha (96 acres) in landscaped open spaces. Allocated for development are 93 ha (230 acres), including 22 ha (54 acres) of retained, public or religious property. Built-up area (BUA) guidelines are indicated on the opposite page.

PHASE ONE 1994 – 2004

This phase saw the completion of infrastructure in the traditional city center and part of the treated landfill, as well as marine works, defense structures, sea promenades and Beirut Marina, with major advances in land treatment and reclamation on the waterfront. It also saw completion of the detailed sector planning of existing and new development areas; landscaping and private underground parking design and execution; historic core restoration; renovation of the banking district, Starco and Lazariyeh commercial centers; northern Wadi Abou Jamil, Zokak El Blatt and Saifi neighborhoods redevelopment; Beirut Souks design and underground construction.

New construction included Solidere's UN House, Saifi Village, embassy compound and Rue de France multiuse complex; Bank Audi, Medgulf and Bankers' Association headquarters; Monroe Hotel, El-Bourj and Atrium office buildings; the Consulting Clinics, Block 24 and Park View Realty residential buildings.

Still ongoing real estate projects involved predominantly residential clusters in Saifi and Wadi Abou Jamil.

RESIDENTIAL
49.8%
OFFICES
27.7%
MIXED-USE
8.5%
HOTELS
6.3%
GOVERNMENT CULTURAL
3.8%
RETAIL
3.2%
RELIGIOUS
0.7%

PHASE TWO 2005 – 2030

This phase will consolidate the urban fabric in the traditional city center by completing Beirut Souks, finalizing the Saifi and Wadi Abou Jamil urban villages and establishing prime new areas in the Serail corridor, Hotel District, Ghalghoul sector and Martyrs' Square Axis. Its focus on high-density zones will intensify the thrust towards making Beirut city center a favored location for regional and global businesses, financial and other specialized services and institutions, as well as a prime residential area, tourist destination and cultural hub.

In the Waterfront District, this phase has seen the completion of land reclamation. It also involves finalizing master planning; infrastructure and landscaping design and implementation; developing the eastern marina; coordinating with the Port Authority over the development of the First Basin; and initiating real estate projects with a distinct architectural style. The Waterfront District is being launched as a model project of sustainable, low carbon urban development.

Completed real estate development includes Solidere's South Souks, with the North Souks underway; Marina Towers, Beirut Tower, Platinum Tower and others. Ongoing projects include Zaitunay Bay; The Landmark and other gateway towers on the southern edge of the city center; projects on the Martyrs' Square Axis; northeast gateway towers marking the point where the coastal highway terminates in the city center. Still under design are projects by Solidere for a high-end office building and furnished apartments as well as other real estate and hospitality developments.

SOLIDERE

Solidere was initially capitalized at US$1.82 billion: US$1.17 billion as contributions in kind of property right holders, and US$650 million as cash subscriptions following an oversubscribed initial offering. After the retirement in 1997 of 17,000,129 shares representing recuperated properties, its capital now stands at US$1.65 billion.

Solidere's duration was extended by decree 13909 of 2005 from 25 to 35 years, starting from May 10, 1994, the date of its registration at the Commercial Register.

The Company has established a solid base for central Beirut prosperity through high value-added land development action, competitive real estate projects and property management services. Real estate projects are implemented directly, in joint venture with partners, and through or in liaison with other developers. Solidere offers developers services ranging from real estate and architectural concepts to complete development packages.

As supervisory body and lead developer, the Company controls the pace, components and quality of development. Solidere outsources construction to focus on its core competencies: managing real estate project development, marketing development land, marketing and servicing rental properties. The Company provides management and operation services to public utilities, infrastructure, marinas, car parks and landscaped open areas.

In 2007, after amending its bylaws, Solidere expanded the scope of its activities beyond Beirut city center. For that purpose, the Company established Solidere International Limited, which was incorporated in DIFC, Dubai. Several urban and waterfront projects were identified in the Middle East and around the Mediterranean Basin, and subsidiary companies were established for their development. Services provided in 2009 to Solidere International, its projects and subsidiaries include: master planning, urban design, infrastructure, landscaping and real estate design; project development; legal and corporate structuring; financial engineering; implementation; marketing and sales.

FOCH STREET
PHOTO BY MOSBAH ASSI

WEYGAND STREET
PHOTO BY KLAVDIJ SLUBAN

A CHOICE SETTING FOR LIFE, WORK, CULTURE, TOURISM, SHOPPING AND LEISURE

EXISTING **CITY CENTER**

Sound urban planning and design, new infrastructure, fine landscaping


SALON D'AUTOMNE EXHIBITION

PHOTO BY DAVID XAVIER

FLEXIBLE PLANNING, HUMAN SCALE DEVELOPMENT

In reconstructing Beirut city center, Solidere has built on the intrinsic qualities of this exceptional geographic and historic site and greatly enhanced it through sound urban planning and design, new infrastructure and fine landscaped public spaces.

As per its agreement with the Council for Development and Reconstruction (CDR), ratified in Decree 5665 of 1994, Solidere finances and executes on behalf of the State pre-defined infrastructure works in the traditional city center, as well as treatment works and sea defense, in return for an allocation of 29 ha of development land in the Waterfront District.

Solidere prepares development sites for investors wishing to develop real estate properties in central Beirut. Its activities in this respect involve town planning, parceling and urban management, site preparation, archeological investigation, implementation of infrastructure, landscaping, hardscaping and street furniture. The reconstitution of the public domain and the laying of infrastructure and utility networks, completed in the existing city center, will extend to the Waterfront District.

MASTER PLANNING

The initial Master Plan was amended several times in the light of more detailed urban studies and sector plans. The latest Master Plan updates regarding the existing city center were issued in Council of Ministers' decrees in 2006.

The Master Plan regulates and controls project developments through policies and general regulations aiming at achieving the main objectives of the reconstruction and development of the city center. Several amendments to the Master Plan were approved in the past years, in response to more detailed urban and traffic studies, new archeological discoveries, necessities related to the distribution of areas between public and private domain, and other reasons related to specific developments and to land swaps between the State and Solidere.

Two other amendments to the Master Plan await Council of Ministers' approval after being approved by the Municipal Council and the Higher Council for Urbanism in 2007. The first amendment clarifies and confirms the interpretation of several issues mentioned in the earlier amendments and approved in decree 5714 of 2001, in the light of the new National Building Code of 2005, the progress of works and other archeological issues. The second amendment relates to sectors A and D of Beirut city center (See Waterfront District).

INFRASTRUCTURE

Solidere completed and delivered to the State the vast majority of works in the existing city center including infrastructure and roads. The Company also delivered secondary infrastructure, public spaces and gardens in various city center areas and is pursuing studies and implementation for other such works, along with the progress of real estate development.

Beirut city center has a 3.6-km ring road, 8.4 km of primary roads, 16.6 km of secondary, tertiary and pedestrian streets. Expansions to the prewar grid accommodate traffic and facilitate land parceling for real estate development.

Three major axes form the ring road system: George Haddad Street to the east; the widened Fakhreddine Street to the west; General Fouad Chehab Avenue to the south, with a bridge doubled in capacity and new interchanges and underpasses providing fast access to airport, port, east, west and central Beirut. The Martyrs' Square Axis links Damascus Road to four major east-west boulevards: Amir Bachir-Gouraud, Weygand, Adnan El Hakim and Port streets, the latter widened and extended towards Trieste Street. Maarad-Allenby, Foch and the new General François El Hajj Street, are north-south axes planned to be extended to the Waterfront District. The new east-west Professor Wafic Sinno and Mir Majid Arslan avenues form a grand boundary between the existing city center and the Waterfront District. With its western segment operational and connecting directly to the citywide system, the city center corniche is to skirt the District along a broad, terraced, pedestrian esplanade. New local streets were created in Wadi Abou Jamil.

Bechara Al Mouhandess, created as a pedestrian street east of Maarad, along restaurants and cafés that use half of its six-meter width for outside seating, was extended to the Amir Assaf mosque and along St George Greek-Orthodox and St Elie Greek-Catholic cathedrals, to form a promenade overlooking Hadiqat As-Samah (Garden of Forgiveness).

Two major road modifications proposed by Solidere have been approved and ratified in Decree 16163 of 2005. One is the road linking the north of Martyrs' Square to Trieste Street and aiming to preserve the Tell archeology site. Michel Macary (France), in coordination with Dar Al-Handasah and Solidere, completed the concept design for the crossing from Byblos Street, which includes bridging part of the ancient Tell area in order to preserve archeology. The other modification is an improvement of the George Haddad-Fouad Chehab junction, creating grade separation at the intersection. The two projects await committing funds from the State or from Beirut Municipality.

The city center water supply network consists of 30 km for drinking water and 38 km for irrigation. The water disposal system comprises a sewage pumping station, 28-km sewage piping and 26-km storm water drainage.

Solidere implemented civil works, including culverts, relating to power supply, and installed the 66 and 220 KV power cables, a 220 KV link between the Beirut Pine Forest station and the city center, and a 240 MW substation transforming high-tension power transmitted by Electricité du Liban (EDL) into medium voltage; local transformers in turn convert it to low voltage electricity for domestic use. Most areas of the existing city center were equipped with duct banks for low and medium voltage cables, with works now proceeding in north Saifi.

Public lighting was installed throughout, with necessary meters, low-voltage cabling, lighting fixtures and feeder pillars. Tunnels were equipped with lighting, and provided with stand-by generators, control and safety systems. Civil works were implemented for telecommunications networks, with duct banks for low current networks, cable TV and telephone services.

DESIGN AND BUILDING SPECIFICATIONS

Solidere's vision of a sustainable city is behind its continuous efforts to abide, in all the facets of its developments, by the highest standards in design, safety, construction, urban planning, environment, etc. These standards are mandated in all Development Briefs; and in that regard, the Company regularly restudies and updates its standards according to international best practices.

QUALITY CONTROL

Initially managed on a project-by-project basis, quality control is now centralized into a Solidere division with the goal to ensure that all Beirut city center developments meet, from inception to completion, the Company's mandated quality guidelines as well as international standards for fire, safety, seismic and accessibility for the disabled.

The most important decisions regarding the quality of a development are made during the design and planning stages, when component configurations, material specifications and functional performance are decided. Once construction is under way, quality control consists of carrying out inspections and coordinating between the various executors of a project to ensure compliance to the original design, planning decisions and standards of material and workmanship.

SEISMIC STANDARDS

From the onset, and after carrying out extensive land surveys and earthquake vulnerability assessments, Solidere's Beirut city center development guidelines spelled out high-standard seismic safety measures. These included earthquake-proof foundations for all new buildings and bridges, and when possible in restoration activity.

Given the recent seismic activity in the world, Solidere is currently investigating even higher standards, especially for future developments on reclaimed land, whereby the Company's goal is to establish a criterion of 0.3 g acceleration. A team of eminent seismic engineers has been assembled to develop the new basis for design standards, which will be communicated in all future Development Briefs.

SUSTAINABLE ENVIRONMENTAL STRATEGY

Solidere's present standards are in line with the concept of green technology, with emphasis on recycling, environmental remediation and energy conservation.

Solidere is extending its sustainability strategies to cover its real estate developments by incorporating internationally recognized green guidelines that have already been recommended and applied in credible rating systems. The main purpose of this initiative is to enhance environmental standards, reduce energy demand, reduce operation and maintenance costs, and improve return on investment of all Solidere developments. This program will be achieved by implementing effective strategies to improve the projects' performance in terms of, but not limited to, transportation aspects, vegetation schemes, rain water management, water management, heating/cooling systems, energy conservation, material use and different indoor environmental health and comfort aspects.

Solidere is actively working on new sustainability and energy conservation standards. While these will continue to be treated as 'advisory' for all developments in the existing city center, they will be issued as 'mandatory' standards and regulations for all developments in the Waterfront District.

By going 'Green', Solidere will be supporting the basic sustainability concept of meeting present needs without compromising the ability of future generations.

BROADBAND NETWORK

Solidere obtained in 1998 a build-and-operate license for broadband distribution of a converged IP network including high speed internet, internet protocol TV (IPTV), video on demand, video conferencing, data center facilities and virtual private networking (VPN) for corporate clients. In 2006, the Company signed an agreement with Orange, a member of the France Télécom group, for the building and operation of a fully IP network, using advanced telecom technology based on a fiber-optic backbone with dual connection to each building in Beirut city center. Solidere Broadband Network deployment was completed by end March 2007, allowing the provision of services to start in September of that year.

Solidere, under its unified communication network, is able to provide data (internet) and video (TV), operated and monitored from the network operation center (NOC) that is hosting its data center, call center (IPCC) and other equipment and servers for the different services. Beirut city center is thus being transformed into a 24-hour IT zone capable of attracting multinational companies and other residents who will benefit from the provision of multimedia and broadband communication services.

In addition to the internet and VPN services provided at the completion of the network, Solidere Broadband Network launched in March 2008 its IPTV service for Beirut city center residents. This project offers greater value to customers by providing seamless delivery of high-quality video, the most promising avenues for value-added services. Data center deployment was completed and the delivery of web hosting, application hosting, exchange, storage and back-up services will start in the third quarter of 2010.

HARDSCAPING AND STREET FURNITURE

Hardscaping and street furniture were upgraded at Solidere's expense beyond the agreement with the State. Street and sidewalk paving, as well as streetlights, were designed to match the character of each sector.

The gradual upgrading of sidewalks from concrete to granite paving and curbs will cover Mina El Hosn, Bachoura and Saifi.

Solidere undertook the integrated design of street furniture, signage and public area lighting, and commissioned public art for the city center. Plaques with new postal codes were installed on completed buildings. Development controls were generated in a public domain master plan established with the help of Jean-Michel Wilmotte (France) and Ziad Akl. Street furniture based on the new designs includes street name signage in stainless steel, benches, telephone booths, street kiosks, bus shelters, café seating enclosures and advertising billboards. As a pilot project, Beyhum Street was equipped with new benches, bollards and waste bins, with street furniture to be gradually renovated everywhere else according to the new designs. The signage manual prepared by Solidere received Municipality of Beirut approval. Street name plates were erected in the conservation area and Saifi. Pedestrian way-finding signage, 65 panels in total, was installed in all areas. Advertising billboards for the public domain were delivered to the Municipality, which leases them out for operation. Solidere installed large advertising billboards on private property.

A new family of street furniture is currently under design by Marc Aurel (France) for the Souks district. The Waterfront District will also have its own unique and marine-style vocabulary of street furniture.

PARKING FACILITIES

Among underground public parking facilities provided by Solidere, the Beirut Souks car park has a capacity of around 2,500 spaces. All four underground levels of the south part are operational with around 2,100 spaces for public use, while the north part services companies operating in Beirut city center. An additional car park with a capacity of around 400 spaces is planned under Khan Antoun Bey Square in the North Souks.

Serving the Foch-Allenby area are the four-level Weygand Street car park providing 108 spaces beneath a garden and the 320-space Solidere car park below Harbor Square on block 93.

Initially designed by Dar Al-Handasah (DAR) for the Council for Development and Reconstruction (CDR), and tendered out as BOT projects, two car parks under public property in Martyrs' Square and near the Grand Serail have not yet been implemented.

The winning team of the Martyrs' Square Axis international urban design competition, integrated a new concept for the first underground parking structure within the landscape scheme for the square. Requested adjustments of DAR's design to meet the Greek team's scheme requirements include incorporating the Petit Serail remains and preserving them with access from the parking entrance. Solidere submitted the Greek team's plans to CDR for re-launching the project. Beirut Municipality is reexamining modalities for executing the project, by funding it internally, negotiating a BOT contract with Solidere, or tendering it out on a BOT basis.

Beirut Municipality approved in principle The Landmark developer's proposal to execute the car park under Riad El Solh Square on a BOT basis.

Pending completion of sufficient space underground, several vacant lots were assigned for temporary surface parking. They provide up to 3,000 car parking spaces servicing tenants, residents and visitors of the city center. Surface car parks in the eastern section of the Waterfront District provide another 3,000 parking spaces with free shuttle service to the existing city center. Some temporary surface parking lots have ceased or will soon cease to exist to make room for development. Lot 1520 Bachoura parking near Riad El Solh Square closed off in April 2010 for the start of construction works in The Landmark project. Lot 1398 Mina El Hosn was handed over to the new landowners at the end of 2009. Lot 1523 Bachoura parking, near Lazarieh building on Amir Bachir Street, is still functioning, but the land will be handed over to the new owners upon their request. The same fate awaits the lot 1502 Marfaa parking on Trieste Street.

OPERATION AND MAINTENANCE

Solidere operates and maintains the completed infrastructure and reconstituted public domain until their delivery to the State. These services cover tunnels and underpasses, roads and sidewalks; street furniture, traffic lights and street lighting; utility ducts and manholes, sewage pumping station and network, storm water networks; irrigation station and network, trees and landscaped open spaces.

As per Law 117 of 1991 and the agreement with the State, ratified in decree 5665 of 1994, infrastructure and the public domain are to be delivered upon completion to CDR, representing the State. All the works have been delivered to the public authorities. They include infrastructure networks, roads, tunnels, sidewalks, street furniture, signage and lighting. Electricity networks were delivered everywhere except for north Saifi, Bachoura and Trablous Street. However, Solidere remains in charge of the irrigation network, street trees and open spaces.

Solidere documents damages occurring in Beirut city center, including those due to car accidents or vandalism acts. The Company sends reports to the Municipality to that effect, with lists of needed repairs, mentioning whether the damages result from accidents or from wear and tear, and offering to execute repairs at cost.

Since 2006, the Municipality has been subcontracting the operation and maintenance of handed over works, under Solidere's supervision. The storm water network is maintained by the Municipality, with Solidere performing quality control on the work done by the contractors and subcontractors. Solidere will continue operating the network and intervening to resolve sewage pumping station problems in the case of emergencies, until such time as the Beirut Administration (Mohafazat) assigns an operation and maintenance team of its own.

Solidere continually upgrades its site logistics services: cleaning, pest control, safety, security and traffic management.

In a city center image improvement program, undertaken in collaboration with participating property owners and users, Solidere is implementing the following services, to supplement those provided by the Municipality: surveillance security; door-to-door waste collection; street and sidewalk washing and street furniture cleaning; pest control; maintenance of open spaces, trees and planters; and street decorations during holidays.

Solidere is installing a traffic control system that, in addition to phasing traffic lights, monitors drivers violating speed limits. Control panels and cameras were installed at two intersections, with others to follow.

The Company is also installing a CCTV surveillance system to cover all sectors in the city center. The first and second phases of the system, covering the Foch-Allenby, Saifi, Zokak El Blatt, Bachoura, Wadi Abou Jamil, Beirut Souks and Beirut Marina areas, have been completed. An automatic number plate recognition system (ANPR), under study for installation at all access points in and out of Beirut city center, was put on hold pending the issuance of new traffic laws and regulations.

EVERY DISTRICT HAS ITS OWN VOCABULARY OF STREET FURNITURE

CITYSCAPE
PHOTO BY FOUAD EL KHOURY

SOUK AL BAZERKHAN SQUARE
PHOTO BY KLAVDIJ SLUBAN

60

parks, gardens, squares, pedestrian areas, quayside and waterfront promenades

LANDSCAPING

With green public spaces and pedestrian promenades covering 39 ha of land, the city center, representing 10% of municipal Beirut, will contain half of the capital's green areas. Solidere has been vindicated in its quest for quality and unique integration of public domain design accompanied by public art.

Fine public spaces have exerted a significant impact on development land sales. Encouraged by the Mediterranean climate and lifestyle, café society and social promenading within public spaces have made the city center a most active destination for Beirutis as well as for visitors from the rest of the country, from the entire Arab region and the wider world.

The public domain is designed to comprise around 60 parks, gardens, squares, pedestrian areas, quaysides and seafront promenades, the most important of which is the waterside city park. Pedestrianized areas, wide medians and streets lined with trees, shrubs and seasonal plants, contribute in the creation of the district's distinctive character. The various projects are in different phases of completion.

Among completed spaces: Gibran Khalil Gibran Garden facing UN House, featuring sculptures by Salwa Rawda and a bust of Gibran by Rudy Rahmé, Riad El Solh Square with a statue of the first prime minister of independent Lebanon, Debbas Square and Omar Daouk Square, with a bust of the statesman, all designed by Mohamad Halawi; the Roman Baths Garden and public space, and the landscaped space along the CDR stairs, both designed by InterScène (France) with Maurice Bonfils.

Also completed: Fouad Chehab Garden overlooking the city, by Didier Drummond (France); Wadi Abou Jamil Garden by Thibaud Urbanisme et Paysage (TUP, France) with Rafik Khoury and Partners; Saifi Square designed by Ilya Stevenson Consultants; a number of private-access spaces in Saifi, Zokak El Blatt and Mina El Hosn; Samir Kassir Square, featuring a Louis Debré (France) sculpture, designed by Vladimir Djurovic Landscape Architecture; the latter upgraded Amir Amin Square in Bachoura, with its Salwa Rawda sculptures, by adding a water feature.

Adjoining public and religious buildings are landscaped spaces: in and around Nejmeh Square; three gardens designed by Mohamad Halawi, one between the Evangelical church and National Music Conservatoire, one facing the Municipality and one cascading under the Grand Serail, below which, at street level, is Omar Onsi Garden by Semaan Kfoury with a sculpture of the artist by Nabil Helou; near St Elie church in Wadi Abou Jamil by TUP featuring a sculpture of Pope Jean-Paul II.

The year 2009 saw the completion of Mina El Hosn Square, the culmination of a series of south-to-north open spaces forming the Hotel District corridor. The square, falling between Platinum and Beirut towers, was designed by Vladimir Djurovic Landscape Architecture following Gustafson-Porter's (US-UK) concept design for the corridor.

Rafic Hariri Sculptural Garden, also designed by Vladimir Djurovic Landscape Architecture, was completed by Target in December 2009. The sloping garden with a water feature is being upgraded from its original design in basalt stone. A sculpture by Meguerditch Mazmanian (Russia) represents the late prime minister walking in the garden. Works will begin on the Rafic Hariri Memorial Plaza along Martyrs' Square, designed by HAR Etudes (France) with Oger Liban, following building permit issuance by Beirut Municipality.

The design offered by Vladimir Djurovic Landscape Architecture for the Gebran Tuéni Memorial Garden, along Weygand Street, was revised to safeguard future public transport alignments and provide access to Le Gray Hotel. The design includes text in paving from Gebran Tuéni's articles and a standing monument monolith. Following CDR approval, concrete works were completed; the project was delayed due to archeological finds, but is scheduled for completion by end August 2010.

In Wadi Abou Jamil, block 65, adjoining Royal Hotel and Resorts, is under design by the developer and will shortly go to tender. Block 63 designed by TUP should also shortly go to tender. Bab Idriss Square, designed by Olivier Vidal (France), space planner of Beirut Souks, is the site of the ancient arcaded street that led to the Roman Hippodrome. It incorporates 15 basalt stone sculptures by Xavier Corbero (Spain), evoking figures on their way to the hippodrome.

Other works in progress, while addressing damages suffered during the 2006-2007 sit-ins, also aim at improvements. Debbas Square is currently being redesigned by Jean-Marc Bonfils. The new concept, which focuses on blending the square with its surroundings and prioritizing pedestrian passages to and from the square, has been completed, and the detailed design is being developed. The square is conceived as a multi-use space to house events, with contemporary art pieces and a water feature reviving and promoting the cultural heritage of the site. The Roman Baths Garden and public space are being redesigned through a landscape competition, to complement the archeology and history of the site, enhance viewing of the remains and allow its use as a public performance venue. Gillespies (UK) was the winner among four international competitors, and their task will include a concept design for Omar Daouk Square. Gibran Khalil Gibran Garden and Amir Amin Square will be restored and refurbished according to the upgraded design.

Solidere dedicated a 2.3-ha site, on which it relinquished its development rights, to create Hadiqat As-Samah (Garden of Forgiveness). On an archeological site overlooked by several places of worship, the design by Gustafson-Porter evokes Beirut's numerous historical layers and Lebanon's varied landscape. Solidere has completed all streets and passages around the garden, between Al Amin mosque and St George Maronite cathedral, between St George Greek-Orthodox and St Elie Greek-Catholic cathedrals, leading to Amir Assaf mosque; the western terrace wall on Bechara Al Mouhandess Street; and

THE ANCIENT TELL
PHOTO BY FOUAD EL KHOURY

the belvedere south of St George Greek-Orthodox cathedral. Gustafson-Porter also completed the concept design of the garden on municipal land adjoining St Elie Greek-Catholic cathedral. The project is to be presented for Municipality approval before proceeding further with the design.

Harbor Square, located on block 93 over part of the ancient harbor, includes part of the reconstructed harbor wall, together with water features and extensive pergola shading. The detailed design was completed by Gustafson-Porter. Civil works are now in progress and are to be finished by end September 2010.

Gustafson-Porter also designed the Old Shoreline Walk, a sequence of connected spaces representing the submerged old shoreline. All Saints' Square, Shoreline Gardens (blocks 11 and 25), Zeitouneh Square and Santiyeh Promenade and Garden, respectively in the Hotel District, Serail corridor and Souks District, are the main components of the first phase of this project. A later phase, starting with Jean-Paul II Square, will prolong this walk into the Ottoman Wall Walk in the Waterfront District.

Zeitouneh Square hardscaping and civil works are in progress. Designs were received by mid December 2009 for All Saints' Square, Shoreline Gardens, the Santiyeh Promenade and Garden. The design for the Santiyeh Garden was approved by Solidere and the concerned religious authority at the end of March 2010. Construction works are planned to start in August 2010 and be completed after 18 months.

The design by Machado and Silvetti Associates (US) of Castle Square (block 94) integrates a promontory wall at the citadel level, with pedestrian passages offering fine views of the square and of the Port First Basin. Solidere completed the consolidation and restoration of the citadel. Tender documents were approved by the Company at the end of April 2009. Civil works were temporarily placed on hold due to archeological finds, the most important of which are being incorporated in the design of the square. The design features a water pool representing the sea, set below new massive stonewalls symbolizing the harbor wall and original belvedere.

The adjacent Belvedere Park (block 95), which overlooks the ancient Tell and includes a garden with historic remains, will allow open views to the sea. Machado & Silvetti are developing the design based on the Directorate General of Antiquities' approved concept.

The winning Greek team's presentation for the Martyrs' Square Axis competition included a concept design for the square's landscaping. The design will evolve in coordination with Solidere and consultants working on the design of surrounding building lots and open spaces. The winning team completed the

RAFIC HARIRI SCULPTURAL GARDEN
PHOTO BY FOUAD EL KHOURY

NATURE IN THE CITY
PHOTO BY KLAVDIJ SLUBAN

preliminary design of the square, together with the concept design of the underlying car park. The northern part of the Martyrs' Square Axis will be developed at a following stage.

Upcoming projects include the Bassel Fuleihan Memorial currently in design, lighting upgrade of the Samir Kassir Square, street furniture upgrade, festive and open space lighting and public art strategies.

CULTURAL STRATEGY

Since the mid 1990s, Solidere has been the primary instigator of the restoration of heritage buildings and the funding of archeological excavations in Beirut city center. The Company also initiated, more than a decade ago, the planning and concept development for several significant cultural projects, including the Beirut City History Museum and the Heritage Trail. In 2005, these efforts began to coalesce into a tangible Cultural Strategy, prepared with the assistance of Cultural Consultants Gaia Heritage, and focused around the Martyrs' Square Axis from the ring road gateway to the Port First Basin and beyond. The strategy is gradually bearing fruit, with financial sponsorship being made available to the Ministry of Culture by Oman for the House of Arts and Culture and by Kuwait for the City History Museum.

Quartier des Arts in Saifi Village has reached critical mass and is now destined to evolve into a creative industries quarter. By popular demand, the Dome will be retained as a landmark cultural venue. A site has been allocated on Martyrs' Square for the Hariri Library. The Company has initiated an extensive public art program and discussions are ongoing for a proposed National Theater and other potential museum projects in the city center.

In addition, the city center's archeological parks and many other public spaces incorporating performance venues and public art themes are all important components of the Cultural Strategy.

HERITAGE TRAIL

After a long period of gestation, halted by the 2006 summer war and subsequent events, the Heritage Trail will finally be implemented in 2010. Along with the proposed Beirut City History Museum on the Ancient Tell north of Martyrs' Square, it will be a central component in the cultural strategy for Beirut city center.

Marked out by bronze medallions grouted into the sidewalk, the trail will link archeological sites, historic public spaces and heritage buildings over a 2.5 km walking circuit in the historic core, revealing many layers of Beirut's history and development. Large general or district panels and smaller monument panels are made from glazed lava-stone tiles mounted on stainless steel stands. With texts prepared in three languages (Arabic, French and English) these panels are illustrated with historic maps, photographs and drawings.

The final Heritage Trail is planned to start and finish at the City History Museum. In an initial phase, pending completion of the museum, the circuit will start at the Beirut Souks, which retain the 2,500 year-old ancient street grid and Ottoman access gates, and incorporate several archeological remains including the Phoenico-Persian quarter, the city wall and moat, the restored Mamluk Zawiyat Ibn Iraq and Majidiya mosque. Many Byzantine period mosaics were salvaged during archeological excavations there. One has been reconstructed and laid in the modern souks close to its original alignment within the colonnade of the Roman street that once led through Bab Idriss, gateway to the Hippodrome in Wadi Abou Jamil.

Leaving Beirut Souks, the trail leads south past Amir Munzer mosque and onto the Roman Baths Garden and public space, through Riad El Solh Square to the Grand Theatre and the southern end of the colonnaded Maarad Street. Between this street and St George Maronite cathedral, there is an overlook to the Roman Cardo Maximus. The trail then leads to Nejmeh Square, the French Mandate Etoile, Parliament building as well as the St George Greek-Orthodox and St Elie Greek-Catholic adjacent cathedrals. Behind these lies the Nouriya chapel at a focal overlook to the planned Hadiqat As-Samah. The trail continues to the restored Al Omari mosque. It passes by the Beirut Municipality building of 1925 and the 16th century Amir Assaf mosque to Martyrs' Square, the Canaanite Tell and site of the Beirut City History Museum. By way of Castle Square, historic Foch Street and Harbor Square, site of Beirut's ancient port, the trail traverses the Foch-Allenby District to regain Beirut Souks on Trablous Street, at the site museum of the Phoenico-Persian Quarter.

ARCHEOLOGY

Extensive archeological excavation and research of sites throughout the city center has yielded evidence on civilizations spanning 5,000 years. Solidere has supported the rescuing and preservation of this heritage and financed the teams working under the supervision of the Directorate General of Antiquities (DGA).

Research proceeded in 2009 on eight archeological sites in public spaces, development lots or built lots under restoration. The documentation, digitizing and evaluation of the results provide data for a new synthesis of Beirut's urban history. The latest historical insights are integrated in the information panels of the Heritage Trail.

New discoveries have confirmed the location of Roman Beirut's Hippodrome, a large temple platform, a cemetery outside the city wall spanning the Omayyad to Ottoman period, as well as the southwestern tower of the Crusader castle.

Excavations in the Wadi Abou Jamil area yielded vestiges of the ancient Hippodrome where chariot races took place and large club buildings hosted the competing team members. The archeologists have uncovered the starting area of the horse-track in the

BEIRUT SOUKS SUNKEN COURTYARD OF THE MEDIEVAL WALL AND MOAT
PHOTO BY FOUAD EL KHOURY

5,000

year old city spanning eleven civilizations

eastern end of Wadi Abou Jamil. The starting gates were built in a convex alignment ensuring equal distance for all chariots to the beginning of the *spina* or central barrier. Parts of the *spina* and bases for seating terraces on either side of the track have been unearthed on lot 1370 Mina El Hosn east of Wadi Abou Jamil Garden. The site has been classified by the Ministry of Culture, and Solidere has offered to run an international landscape design competition for this hippodrome park, and to implement it on behalf of the Ministry.

In the vicinity of Riad El Solh Square, burials spanning the Omayyad to Ottoman period confirm that the site, first settled in the Roman period, was to become a cemetery after the city wall defined the open area just outside the city gates, Bab Dirke and Bab Yaqoub. Below the cemetery, the corner of a large temple platform was exposed. Subject to agreement with the DGA, some of these vestiges are to be incorporated within the various construction projects.

Solidere continues the integration of archeological sites within the city fabric. Elements of the ancient harbor walls are to be incorporated in Khan Antoun Bey Square and in Harbor Square (block 93). The landscaping of Castle Square (block 94) aims at integrating the remains of a moat between the city wall and the foundations of the southwestern tower of the castle. A second phase of this project, Belvedere Park, is ready for execution. The main focus remains Hadiqat As-Samah and the Heritage Trail. The City History Museum near the ancient Tell, to be the starting and ending point of the Trail, will bring to life Beirut's heritage and celebrate major finds.

Articles and lectures of the archeologists that worked in the Beirut city center continue to be published in scientific journals, and a number of young Lebanese and foreign archeologists have completed their dissertations attempting to synthesize part of the city's history.

BEIRUT WATERFRONT DISTRICT

PHOTO BY KLAVDIJ SLUBAN

THE CLIMAX OF
A CITYWIDE
SEASIDE
CORNICHE

WATER FRONT *DISTRICT*

When completed, it will contain a city waterside park, two marinas, corniche and quayside promenades, cycle and jogging trails and 29 ha of development land

WATERFRONT PROMENADE
PHOTO BY MAZEN JANNOUN

A MODEL PROJECT OF SUSTAINABLE URBAN DEVELOPMENT

The Waterfront District is taking shape as Solidere proceeds with its master planning and land development. The district has elicited strong investor interest, and land sales totaling to date 198,735 sq m BUA herald its real estate development planned to reach an aggregate 1.7 million sq m BUA.

Destined to be a prime, active, multiuse district with extensive green areas and distinctive architecture, the Waterfront District commands fine views of the sea, with hills and mountains across the bay to the northeast.

As an urban destination, the district comprises the termination and climax of Beirut's citywide seaside drive, the corniche. When completed, it will contain a city waterside park, two marinas, corniche and quayside promenades, cycle and jogging trails and 29 ha of development land.

Altogether some 73 ha of reclaimed land are enclosed within a terraced sea defense system designed to withstand centennial storms. Its unique caisson structure is limited in height to 5.5 m above sea level to protect sea views from deep within the city's historic core. The sea defenses provide harbor enclosures for Beirut Marina and the planned eastern marina.

MASTER PLANNING

The Waterfront District consists of sectors A and D of the BCD Master Plan. Sector A comprises the waterside park, corniche, land, quays and breakwater around Beirut Marina. Sector D comprises the development blocks and public domain extending north of the Souks District, to reach the corniche promenade; and east of the waterside park, to reach the Beirut Port First Basin and the planned eastern marina.

THE 2005 MASTER PLAN

In response to investors' early declarations of interest, Solidere has engaged since 2001 in an extensive planning exercise for sectors A and D, continually improving the urban planning of the Waterfront District and seeking approval from the public authorities for its proposals regarding the area, together with related general and special regulations of the BCD Master Plan.

The current Waterfront District master plan, ratified in Council of Ministers' decree 15803 of 2005, was based on the 2001 planning study by aconsortium of US firms: Skidmore Owings & Merrill (SOM) for urban design, Sasaki for landscaping, and Parsons Brinckerhoff for transport planning.

The plan recognizes Beirut as the premier visitor destination in the region and aims at turning the Waterfront District into a mixed leisure, residential and commercial district that is also the destination and climax of Beirut's citywide waterside attraction, its corniche drive and landscaped promenade.

Upon completion of the Beirut Marina town quays, corniche promenade, eastern marina quayside and Beirut Port First Basin promenade, the city center will provide a 3.5-km uninterrupted extension of the Beirut shoreline, more than four times the area of seafront public space currently available on the entire Beirut peninsula. The terraced corniche promenade, over 1.3-km long, with a width varying between 45 and 110 m, will be a socially active pedestrian arena, with views to the Mediterranean, St George's Bay and Mount Sannine beyond.

In sector A, leisure, sporting and tourist activities predominate. Decree 15803 of 2005 lists an outdoor amphitheater in the waterside park; infrastructure and installations for Formula One racing; buildings for the yacht club and related services, hotels, tourism, exhibition centers, sports courts, restaurants and cafés. The proposed Formula One in-city circuit has now been abandoned,

freeing both the waterside city park and the street network on the Waterfront District from many onerous constraints. The yacht club building was subject to a maximum height of 11 m above corniche level, later increased to 13 m by Council of Minister's decree 16546 of March 9, 2006. No permanent construction is allowed on the marina quays and breakwater, apart from infrastructure or buildings relating to port management, such as customs, immigration, petrol station or car parks. Restaurants and shops built as temporary structures along the town quay are not to exceed the height of the corniche promenade above.

Planned as an exemplar of modern sustainable, low-energy development, sector D is a multiuse district with a wide range of commercial and retail services, offices, tourism activities and hotels, a convention center, exhibition and cultural facilities, together with extensive residential development. Provisions relating to development on Beirut Marina are also applicable on the eastern marina.

Streetwall controls are applied to main street and boulevard frontages, and mandated view corridors are created to preserve sea and mountain views. Building heights and envelope controls ensure a careful distribution of floor space. The majority of development is at medium density, with some 16 high-rise sites (90, 120, 160 and 180 m height) planned for distinctive locations, with landmark buildings framing spectacular views to the sea and mountains. The road widening and addition of new roads in the sector plan result in larger areas dedicated to public domain. The total built-up area remains unchanged, with no increase in development areas allocated to Solidere.

POST-2005 URBAN PLANNING

In 2005, as the land reclamation process entered its final phase, substantial investment interest was expressed in the Waterfront District.

Solidere exercised its right to transfer in excess of 100,000 sq m of BUA to the Waterfront District, to compensate for reductions in the density of infill development in existing residential areas and around Martyrs' Square. The Company also developed a more optimistic outlook for the office market, with improved opportunities to attract international companies to Beirut. Together with other changing perceptions of the city's regional potential, these factors led to a proposed master plan amendment for the Waterfront District involving higher density, with more and higher towers, and the creation of a special purpose business district. The submitted proposal, approved by the Higher Council of Urbanism in January 2007, has not received governmental ratification in the form of a Council of Ministers' decree.

4

times more seafront public space for Beirut

A new urban design study has been underway in 2010, in response to increasing investment interest in the Waterfront District. The study essentially allows development to take place in some parts of the Waterfront District, while considering eventual amendments in other parts of the district. Building envelopes are to provide sufficient floor space to meet the overall BUA target for the Waterfront District, albeit with fewer towers and lower heights than in the previously proposed and un-ratified master plan amendment. A well-conceived phasing strategy includes dedicating a carefully planned zone for temporary uses while allowing perimeter development to take place, exploiting sea, mountain and city views to best advantage.

In line with its overall land use philosophy, Solidere aims to develop on the waterfront a comprehensive, sustainable and future-oriented mixed-use district, capable of gradually accommodating rising demand for first class office space. The Company's declared strategy in the Waterfront District is to market and reposition Beirut as an international investor destination. Extensive green spaces, 58% of the district area, comprise the eight-hectare waterside park, corniche and quayside promenades, squares and green corridors.

The waterfront development densities are marginally higher than in the existing city center. Predominating medium-density development on park and sea frontages is limited to 40 m height, with frontages on the Mount Sannine view corridor reaching 52 m height. Among high-rise development, a westerly cluster of towers offering all-round views to sea, mountain, city and park, is focused on the Foch Street extension and the central boulevard, with its convention center square. A second, easterly cluster of towers is centered on intersecting view corridors, towards Mount Sannine and from Martyrs' Square to the sea. The design will be carefully controlled to enhance the northerly view of the Mediterranean terminating the Martyrs' Square Axis and the easterly view of Mount Sannine across St George Bay.

The current planning exercise will integrate the architectural studies carried out by Renzo Piano Building Workshop, Genoa and Paris (RPBW), for the transition zone between the traditional city center and the Waterfront District, within the existing Master Plan. RPBW's proposal succeeds in establishing strong pedestrian, land use and building-scale links between the historic core and the waterfront, accommodating retail, hotel, residential and cultural uses. The design focuses on two linked, slender towers rising from a podium rooftop park.

BEIRUT WATERFRONT DISTRICT
PHOTO BY MAZEN JANNOUN

75%

of the mooring area accommodates boats of more than twenty five meters

BEIRUT MARINA

Beirut Marina provided moorings for 164 boats in the last year, having entered its eighth season in April 2009. Its capacity stands at 186 boats, ranging from 5 to 65 m, with 75% of the mooring area accommodating boats of more than 25 m length. By end 2009, Solidere had signed medium- or long-term leases (three, five or ten years) for 54 boats, and one-year leases for 110 boats.

Civil works for the marina were part of important marine works delivered in 2002, as per the 1994 agreement with the State, also comprising a breakwater and a two-line defense structure protecting the marina and the waterfront. The US$298 million project cost was partly financed with a 10-year US$107.3 million loan concluded in 1996 with BNP Paribas and Banque Indo-Suez, with US$7.3 million COFACE guarantee. The loan was entirely repaid.

Beirut Marina was put at the disposal of Solidere in 2002, as per a 1997 agreement with the State granting the Company the right to operate the marina and below-corniche car park for a 50-year period. Solidere undertook at its own expense, and with the relevant public authorities' supervision, the construction of necessary installations and equipment, including access and circulation roads, surface parking on the breakwater, below-corniche car park and on-site development: pontoons, utilities for the boats, harbormaster, customs and immigration facilities. It also issued marina by-laws addressing such matters as general services administration, operation, boat traffic, pedestrian and vehicular circulation, environmental protection and public safety.

Completed works include pontoons, mooring and service bollards, utilities and network ducting, designed by Groupe Camille Rayon (France) together with an additional quay providing improved shelter in times of northerly winds. The marina was connected to EDL power and temporary quayside offices were provided for harbormaster and public authority activities.

Solidere started in 2009 the works for the 400-space below-corniche car park, awarded to Geneco, which is expected to be completed by March 2011.

VIEWS FROM WATERFRONT CORNICHE PROMENADE
PHOTOS BY DAVID PARTNER

BEIRUT MARINA
PHOTO BY DAVID XAVIER

LAND RECLAMATION AND PREPARATION

Solidere has completed the land reclamation and preparation works for the Waterfront District in accordance with the tender documents agreed to with CDR. The environmental works of landfill treatment covered 18 ha of land, plus extensions below sea level. The US$56 million project, awarded to Radian International (US) in 1999, was financed by means of three bank loans: a locally syndicated loan for its local content; export credit financing, topped by local financing, for its US content in equipment, engineering and construction services. All three loans were fully repaid.

Solidere's arbitration case against Radian International and its mother Company URS was settled by way of an amicable settlement agreement in 2008. Radian and URS paid to Solidere a cash amount in compensation of the damages suffered by Solidere. This concluded a dispute, which in 2003 had gone before an international arbitration tribunal under the rules of the International Chamber of Commerce. A tribunal award issued in July 2004 had required Radian to remedy the defects in the works at no cost to Solidere, cover all arbitration legal costs, and provide Solidere with a plan showing how Radian proposed to continue the works to comply with the contract. The failure of negotiations had been coupled at the time with the contractor suspending works in February 2005, ignoring all instructions to return to work, and refusing to reimburse Solidere's legal costs. The Company had terminated the Radian contract in February 2006, and both Solidere and the contractor had filed counter arbitrations against each other.

In the meantime, Solidere had taken measures on the ground to expedite completion of the project. A fast track approach was adopted, with Hornagold & Hills International (UK) as construction manager. The project was split into four operations packages, to be executed by separate contractors. These include Société Contemporaine de Développement, Assaf & Coex, Alfarah Co, and Lechbenberg (Germany), which studied the possible options for dealing with the leftover stockpile of plastics. Delayed by the 2006 summer war added to the legal issues, all earthworks originally part of Radian's contract (excavation, sorting, processing, backfilling) were completed by end 2008.

MORES (Lebanon) was assigned as environmental consultant for remediation and treatment, in charge of monitoring the generation of landfill gas from 70 bore holes in the park area and proposing remedial measures. Longitudinal venting trenches were executed to help relieve gases generated in backfilled materials placed by Radian in the park area prior to their contract's termination.

INFRASTRUCTURE AND PUBLIC SPACE

The design of the Waterfront District infrastructure, hardscaping and landscaping, has been delayed pending the resolution of master planning issues. Land sales agreements already signed with developers tentatively schedule infrastructure delivery for 2011, with a clause providing for potential delay. Accordingly, Solidere is concentrating efforts on accelerating infrastructure design, and has signed an agreement with Laceco, with works expected to start in June 2010 and be completed by October 2011. The start of execution will allow the initial delivery of sites to concerned developers after six months. Completion of infrastructure works is expected by end 2013.

Phase one will witness infrastructure work carried out on both western and eastern sectors of the Waterfront District. In the meantime, Solidere will install temporary activities along a central axis leading from Khan Antoun Bey and Beirut Souks to the waterfront corniche promenades.

LANDSCAPING

A limited international competition engaging some of the world's leading landscape architects will be launched to design the 78,000 sq m waterside city park and the waterfont corniche promenades that are to constitute the city center's major contribution to Beirut's public domain. While forming separate projects, the park and corniche are to be envisioned together, as will be indicated in the briefs under preparation. Avenue landscaping and other green areas in the Waterfront District will be designed by separate consultants.

DESIGN AND BUILDING SPECIFICATIONS

SEISMIC STANDARDS

Solidere is working on implementing in the Waterfront District standards that may exceed those mandated in the traditional city center, specifically to accommodate high-rise construction on reclaimed land.

SUSTAINABLE ENVIRONMENTAL STRATEGY

Solidere is implementing a mandated low-carbon strategy on the Waterfront District, which will be planned, designed and built as a model project of sustainable urban development. The Company is in the process of selecting a consultant team to prepare sustainability strategy and guidelines for the design of infrastructure and buildings. The guidelines, which will be customized to suit Beirut's climate and environment, will be mandatory and will include application of renewable energy technologies, recycling of grey water and other sophisticated environmental regimes. They are intended to deliver a low-carbon output together with substantial reductions in energy demand.

BEIRUT WATERFRONT DISTRICT

PHOTOS BY KLAVDIJ SLUBAN

PROGRAM OF ACTIVITIES, DESIGNED TO CREATE A NEW DESTINATION

TEMPORARY ACTIVITIES

Solidere's temporary uses strategy is a major element within the Waterfront District development program. Structures and open spaces are being planned with a wide-ranging program of activities, designed to create a new destination with cultural, recreational and commercial attractions. This is destined to draw people and bring life to the district, pending the implementation of infrastructure and the start of real estate activity. It also serves as a testing ground for various land use concepts.

The strategy spatially focuses around a *rambla* pedestrian spine that will link the existing city center and Souks northwards to the terraced waterfront corniche promenades. This spine is now open for walking, jogging and cycling leading down to the waterfront. Other proposed temporary activities include: an exhibition center, a multi-use center to seat an audience of up to 6,000, an archeology workshop, a winter sky bar and a beach club alongside the future eastern marina.

An area in the eastern part of the district had earlier been leveled, equipped with temporary roads and parking areas, and leased to Beirut International Exhibition and Leisure Center (Biel) until 2013. Activities hosted in these temporary structures currently include exhibition halls, conference areas, a banquet pavilion and a seaside restaurant.


BEIRUT CITY CENTER PANORAMA
PHOTO BY KLAVDIJ SLUBAN

SAAD ZAGHLOUL STREET
TOWARDS BEIRUT SOUKS
PHOTO BY FOUAD EL KHOURY

MODERNITY
WITH
HISTORICITY

RESTORATION

The restoration of Beirut city center has confirmed the sustainability of traditional districts and heritage buildings and their great potential for creating value, once they are adapted to the needs of contemporary life and business

NEJMEH SQUARE
PHOTOS BY KLAVDIJ SLUBAN

Beirut historic core has a rich heritage of religious, public, institutional and commercial buildings. Widely recognized as a conservation showpiece, this *vieille ville*, with its modern amenities behind beautifully renovated façades, has witnessed a high demand for a broad range of office, retail, cultural and recreational uses. The peripheral neighborhoods of Saifi, Wadi Abou Jamil and Zokak El Blatt, have re-emerged as urban villages.

RESTORATION PROCESS

In the Master Plan, 265 buildings and 27 public or religious buildings were retained for preservation. These were carefully restored in accordance with a set of rules established by Solidere, in cooperation with urban planning authorities, and involving sector plans and restoration guidelines.

Restoration briefs established for the retained buildings were based on architectural and photogrammetric surveys, damage assessment and historical research on original designs and materials. The briefs provide guidelines for articulating the design and restoration strategy to be adopted in each individual case, and are stricter for those buildings deemed of heritage or architectural value. Projects go through preliminary design approval, restoration permit issuance, mobilization of site works, façade and material sample approval, site inspection and finally occupancy permit procedure. Solidere has a dedicated team to monitor implementation.

Stone repair was important in the Foch-Allenby and Nejmeh-Maarad areas, notable for its faithful reconstitution of elaborate façades and the high quality stone masonry. City center restoration combines authenticity with a progressive outlook. Buildings are rejuvenated through the use of skylight atria, roof gardens or glazed roofs. Interiors are fitted with modern equipment for functionality, comfort and efficiency.

In residential neighborhoods, this is allied with sensitivity to the Mediterranean typology. In office buildings, open plan design allows optimal and flexible use of floor area. Restored buildings are maintained on a regular basis. To that effect, owners provide the Beirut Municipality with a signed commitment to undertake general cleaning and façade maintenance every five years.

The final product of restoration is quality space with special character. Its success has confirmed that heritage buildings can survive and even create great value, provided they are adapted to the needs of contemporary life and business.

Solidere took the lead in the restoration process, undertaking showcase work in its properties and closely monitoring other parties' projects.

RECUPERATED AND SOLD BUILDINGS

Solidere successfully completed the recuperation process, giving former owners and tenants the opportunity to regain their rights in the buildings retained for preservation. Besides fulfilling the requirements that apply to all restoration projects, recuperation contracts outlined the financial rights and responsibilities of involved parties, be they returnee owners or tenants.

At the end of the recuperation process, 146 built lots had been recuperated. A total of 130 buildings have been fully restored. Of the 16 remaining buildings, six are under renovation. In Marfaa, lot 1144 is the site of El Patio Hotel, designed by Joe Chehwan with 2,958 sq m floor area; lot 243, the Municipality Annex designed by Nabil Azar, offers 5,478 sq m of office space; lot 1353, Islamic Wakfs building was designed by Michel Barmaki to offer 2,098 sq m of office space; lot 16, designed by Pierre Neema, offers 415 sq m of retail space in the Souks District. In Mina El Hosn, lot 771, a private residence designed by Pierre El Khoury Architect, covers 2,073 sq m of floor area. In Saifi, lot 735 was designed by Fadi Najem to offer 4,630 sq m of residential floor space.

Two buildings are under permitting at the Municipality of Beirut: Al Makassed building on lot 448 Marfaa, offering 3,682 sq m of office space, designed by Wissam Jabr; Al Karmah Real Estate on lot 808 Mina El Hosn, offering 1,464 sq m of residential space, is designed by R & K Consultants. In the Souks District, the former L'Orient-Le Jour building on lot 12 Marfaa with 4,364 sq m of retail and office space is under design by Rogers Stirk Harbour + Partners (UK).

Restoration was halted on three buildings due to legal issues (lot 990 Mina El Hosn and lots 1220, 1354 Marfaa), and one building (lot 803 Mina El Hosn) was demolished.

Solidere purchased two recuperated buildings. A Levantine house on lot 1135 Mina El Hosn, now regrouped with lot 1133, was later sold to investors for new development. The second building on lot 183 remains Solidere property.

The owners of lot 111 recuperated building, Grand Hyatt Hotel, purchased an adjacent land to increase the hotel's total built-up area. (See Developers' Projects)

Of the non-recuperated built lots whose ownership had devolved to Solidere, the Company sold 'as is' 37 original lots, regrouped into 31 lots, and leased 'as is' one building to be restored by its user. Restoration is proceeding on the part of the buyers/ users, with 29 built lots ready, lot 122 Zokak El Blatt under renovation and lot 749 Saifi under permitting at Beirut Municipality.

CONSERVATION AREA
AND NEW DEVELOPMENT DISTRICTS

PHOTOS BY FARES JAMMAL

RICH HERITAGE, CONSERVATION SHOWPIECE

SOLIDERE BUILDINGS

Of the 37 built lots retained in Solidere's portfolio, including five co-owned buildings, 34 buildings were the object of restoration by the Company, and three were restored by third parties, respectively co-owners and leaseholder, with lot 164 Saifi completed, 1042 Mina El Hosn under restoration and 996 Mina El Hosn on hold due to legal issues.

In addition, Solidere undertook the restoration of two lots on behalf of the Islamic Wakfs, with lot 141 Marfaa completed and lot 1353 Marfaa still under renovation (See Recuperated Buildings).

By year end, 27 buildings had been restored by Solidere: 14 residential buildings in Saifi, Wadi Abou Jamil and Zokak El Blatt, and 12 for office use, with retail at street level in the Maarad and Foch-Allenby areas, which include six buildings serving as Company premises; and one office building in Saifi. As at end 2009, the Company had 162 lease agreements for space in its restored buildings: 17 in office, 33 in commercial and 112 in residential properties, resulting in the occupation of around 9,154 sq m of office, 4,948 sq m of commercial and 20,540 sq m of residential space.

Restoration is proceeding in six Solidere built lots, with two at the construction stage, one under study and three on hold for legal problems. The existing structure on lot 745 Mina El Hosn was demolished.

Lot 670 Zokak El Blatt was completed. Designed by Fouad Menem, it offers 1,805 sq m of residential space over three floors, with an area that could be used for hospitality activities at street level. Parking spaces for the building residents are provided in adjacent lot 1144, a six-story infill building with 128 car spaces on six basement levels.

At construction stage: lot 1261 Mina El Hosn was designed by R & K Consultants to offer 1,858 sq m of serviced apartments. Tender documents are under preparation to select the contractor and proceed for construction. Lot 800 Mina El Hosn was designed by Ayman Sanioura to offer 4,222 sq m of residential space. It comprises two old Levantine houses with an infill building; the restored part was completed and the infill is under construction, with completion scheduled for the first quarter of 2011. Lot 891 Bachoura, Grand Theatre, the subject of real estate development involving restoration and an infill building, is under study as a luxury boutique hotel with around 11,800 sq m of floor space. Following an international design competition, the project is under design by the winner Rogers Stirk Harbour + Partners (UK) in partnership with Anouska Hempel for interior design (See Real Estate Strategy).

RELIGIOUS BUILDINGS

Nineteen places of worship attest to the spiritual value of central Beirut. Solidere has assisted in the gradual restoration of 18 of them, with 15 now in use and drawing increasing numbers of people. The new Mohamad Al Amin mosque took on a profound meaning when the late PM Rafic Hariri was laid to rest near it. With the assistance usually provided by Solidere for religious buildings, restoration of the Maghen Abraham synagogue in Wadi Abou Jamil is in progress, under the guidance of the appointed architect Pierre Rihane and the Lebanese Jewish community.

SOUK TAWILA
PHOTO BY KLAVDIJ SLUBAN

TRADITIONAL FABRIC IN A MODERN CITY

BEIRUT **SOUKS**

Consecrate Beirut and its center, as a regional and global business, shopping and leisure destination

global shopping and leisure meeting place

Beirut Souks crystallize Solidere's vision of Beirut city center as a complete, synergetic district. This signature shopping, hospitality, entertainment and cultural meeting place enhances the economic vitality and social vibrancy of the central district.

At the center of the center, the Souks link the parts together, shaping and defining the city. They are within short distance of the traditional Conservation Area, the Hotel and Waterfront districts, surrounded by up-market office, residential and hospitality venues, and enjoy easy car and pedestrian access. Beirut Souks are accessible from all regions in Lebanon, with direct links to the metropolitan transportation network, port and airport.

Acclaimed as one of the most important commercial centers in the region, Beirut Souks raise expectations and add impetus to the regeneration of the Lebanese capital and its center, as an attractive regional and global business, shopping and leisure destination.

The South Souks launch in the last quarter of 2009 has seen the gradual opening of shops, along with restaurants throughout 2010. In the North Souks, construction of the Entertainment Complex is proceeding, while the design of the Department Store is underway.

THE CONCEPT

Designed in five separate commissions by international and Lebanese architects, Beirut Souks offer 128,000 sq m of built-up area interspersed with landscaped pedestrian zones. The architects' brief was to restructure a city precinct, not to design a shopping center. While retail would be a major component of the project, it would not be the only feature.

Beirut Souks are geographically divided into two main parts. The South Souks consist of the Souks Core and Block M, designed by Rafael Moneo (Spain, Pritzker Prize 1996) and Samir Khairallah & Partners; the Gold Souk, designed by Kevin Dash (UK) and Rafik El Khoury and Partners; and the underlying streets and other public spaces for which Olivier Vidal (France) is space planner and landscape architect. The North Souks comprise an Entertainment Complex designed by Valode et Pistre (France) and Annabel Karim Kassar, and a Department Store. An underground car park serves both sections, with Liban Park as managing consultant on behalf of Solidere.

AJAMI SQUARE
PHOTO BY MAZEN JANNOUN

GOLD SOUK PASSAGE
PHOTO BY MAZEN JANNOUN

SOUK AL FRANJ
OPPOSITE/TOWARDS AJAMI SQUARE
PHOTOS BY MAZEN JANNOUN

SOUTH **SOUKS**

LOT 1479 MARFAA/SECTOR E/RETAIL/BUA 71,903 SQ M/SOUKS CORE (TAWILA, JAMIL, AYYAS, SAYYOUR, FAKHRY BEY, ARWAM, AJAMI, PATRIARCH HOYEK, BAB IDRISS, AL FRANJ, BUSTROS, ARWAD) AND BLOCK M/RAFAEL MONEO (SPAIN) AND SAMIR KHAIRALLAH AND PARTNERS/GOLD SOUK/KEVIN DASH (UK) AND RAFIK EL KHOURY AND PARTNERS/LANDSCAPE OLIVIER VIDAL (FRANCE)/COMPLETED

The development derives the name of its sections as well as its identity, urban plan and materials, from the legacy of the old Souks, drawing its inspiration from the urban relationships and historical layers of the site. Visiting the Souks today is a cultural voyage in time and space, as one sees and feels the historicity of the place incorporated in the contemporary design.

Internally, the South Souks, which retain the ancient street grid, are composed of a series of structures creating urban spaces in an intricate three-dimensional network providing surprising juxtapositions that create a rich labyrinthine experience fully integrated with the city fabric. One can stroll along internal streets and covered bazaars, wander along archeological sites, meet and linger on the various plazas reminiscent of Levantine heritage, and admire dramatic vistas.

SOUK AYYAS

INTABLI FOUNTAIN, AYYAS / BUSTROS SOUKS

SOUK JAMIL / SAYYOUR SQUARE

SAYYOUR SQUARE LEADING TO SOUK JAMIL

SAYYOUR SQUARE

SOUK SAYYOUR WITH ARWAM BRIDGE

SOUK JAMIL UPPER LEVEL

SOUK BAB IDRISS

BEIRUT SOUKS
URBAN EXPERIENCE
PHOTOS BY DAVID PARTNER

MOUTRAN STREET TOWARDS BEIRUT SOUKS FAKHRY BEY STAIRS
PHOTO BY MAZEN JANNOUN

a promenade architecturale that charms the spirit and enriches the mind

URBAN EXPERIENCE

The Souks open bazaar offers a high quality urban environment, as a shopping center and a people's place, affording a number of leisure and cultural opportunities for the district's active population, as well as city residents and tourists. Being there takes on deeper significance, as the Souks gradually become a daily experience.

A walk around Beirut Souks charms the spirit and enriches the mind. No two alleyways reverberate the same feeling; each has its own appeal and attraction. This *promenade architecturale* provides discovery and surprise that entice people to further explore new ambiences and delights.

As one accesses Beirut Souks from the corner of Weygand and Allenby streets, a ten-meter high arcade announces the Gold Souk. The four blocks are delineated at street level by covered alleys and deep arcades, which form a natural extension to Maarad Street, thus connecting the Souks to the restored heart of the city.

The Gold Souk enclave houses two-floor pavilions linked by a network of charming passages and squares. A shaded lane with glass shopfronts, reminiscent of the old gold souk, leads from Jewelers' Square, lined with tightly packed boutiques, to Souk Ayyas. On the pavilions' top level one or more restaurants will have terraces overlooking the surrounding souks and squares.

The integration of heritage and modernity is evident as one approaches the main Beirut Souks entrance at Imam Ouzai Square. A new prayer hall on the left, topped by a small dome, creates a virtual portal to the bazaar by mirroring the form and scale of the Mamluk Zawiyat Ibn Iraq on the right, adjacent to the Gold Souk.

Visitors can stroll from the square toward the Souks Core and discover the link to the Souks traditional names, following signage that also moves them along in a transversal way, as the main souks that run longitudinally are intersected by a number of secondary ones extending horizontally. This impressive experience is enhanced by several archeological sites that are integrated into the landscape, such as the sunken courtyard of the medieval wall and moat below Souk Jamil, the unearthed late Phoenico-Persian harbor side settlement under Souk Ayyas, and the restored mosaics from Byzantine shops in Souk Al Franj.

One can also linger on the various plazas, such as Ajami, Bab Idriss and Imam Ouzai squares, or near Intabli Fountain; enjoy an event or activity, maybe a concert; meet and sample any of the concept restaurants and cafés in inviting settings; or come face to face with contemporary art. On Souk Sayyour the 'Visitor' is, according to the artist Arne Quinze (Belgium), an embodiment of people's pursuit for uniqueness. On Bab Idriss Square, sculptures by Xavier Corbero (Spain) represent Roman figures on the way to the Hippodrome.

The splendor of Beirut Souks is not due to their great size and beautiful architecture alone. It is a result of all the diverse features that characterize and effectively animate the Souks, fill them with vibrancy and turn them into a favorite destination for families, and part of everyday life for many.

SOUK AYYAS
PHOTO BY MAZEN JANNOUN

225
OUTLETS

149
OPENED

140
RETAIL

008
FOOD & BEVERAGE

001
FOOD HALL

RETAIL MIX STRATEGY

The Souks follow the highest contemporary standards for retail space and leisure. As an open bazaar of the 21st century, they offer the convenience and comfort associated with commercial centers within an open air structure with shaded streets, dotted with pleasant open urban spaces. Retail units form shopping streets that offer a concentration of the finest local and international brands.

To ensure harmony and consistency, Solidere laid down shopfront design specifications and guidelines for the Souks tenants to direct interior construction works, and conducted regular site supervisory visits for quality control. Shop fitting was done in coordination with Solidere's architectural consultant Samir Khairallah & Partners.

With the help of a number of professionals, Solidere developed a specific tenant-mix approach for the Souks Core, which strategically places exclusive concept and stand-alone boutiques and restaurants among flagship and other traffic-generating stores, while the Gold Souk is made up primarily of jewerly, watches and leather goods, in addition to a major restaurant space with terraces overlooking and animating the trading level.

For food and beverage outlets, Solidere asked each tenant to offer a unique concept, with exclusivity for Beirut Souks. A short list of Lebanese, Arab and European architects was proposed for the restaurants' interior design. By June 2010, eight signature restaurants had opened in the Souks as well as a large food hall on the ground level.

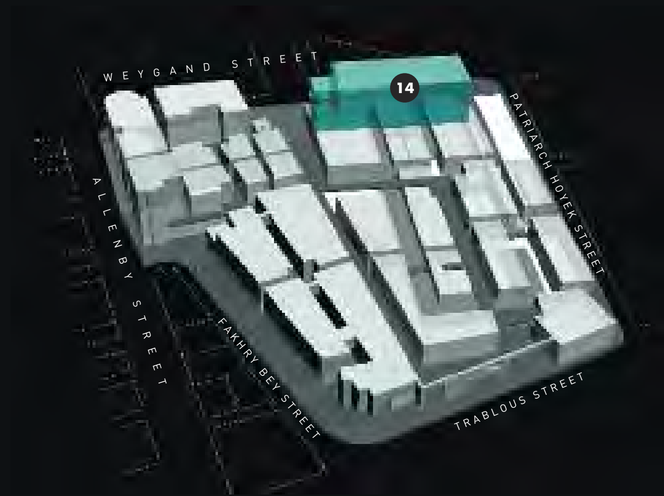
Additional signature projects are being developed and will further help realize Solidere's objective, reinforcing the notion of service to the people, strengthening Beirut Souks' role as a regional and global center, and maintaining constant human traffic and activity.

WAYFINDING

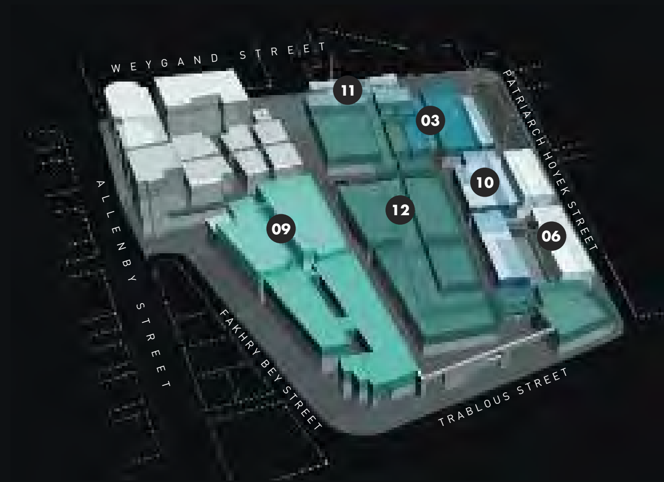
Wayfinding is based on the South Souks structure, which includes eight main sectors and five subsectors, and on the connecting walkways or surrounding streets. Each sector has its own identity and character, reflected in the design specifications provided by Solidere and its consultants. The sectors follow the names of the original souks and are: Fakhry Bey, Gold Souk, Tawila, Ayyas, Jamil, Patriarch Hoyek, Arwam and Ajami Square; the subsectors: Sayyour, Bustros, Arwad, Al Franj and Bab Idriss.

The sector and subsector labeling help in locating shops. The ground floor level covers the entire South Souks, accessible from the surrounding streets at ground level. In the Souks Core, the upper level links Souk Arwam, Souk Bab Idriss and part of Souk Jamil with Weygand Street.

The main street entrances to Beirut Souks are from Imam Ouzai and Bab Idriss squares on Weygand Street; by escalators and stairs from Fakhry Bey Square; via Ajami Square on Trablous Street; and by stairs on Patriarch Hoyek Street. Additionally, there are two main elevator and escalator access points in the Souks to the underground car park, located on Souk Sayyour between Arwam and Jamil souks, and on Ajami Square at the base of Souk Jamil.



UPPERMOST LEVEL
BLOCK M
14 block m office building



UPPER LEVEL
03 jamil / 06 patriarch hoyek
09 ayyas / 10 bab idriss / 11 al franj
12 arwam

GROUND LEVEL
01 ajami square / 02 arwad
03 jamil / 04 tawila / 05 bustros
06 patriarch hoyek / 07 sayyour
08 gold souk / 09 ayyas

LOWER GROUND LEVEL
13 fakhry bey

SOUTH SOUKS MASSING STUDY / THE MODEL SHOWS THE SOUTH SOUKS' GENERAL VOLUMES, AND INDICATES THEIR NAMES, LOCATIONS AND SURROUNDING STREETS.

2,500

parking spaces available with several access points

BEIRUT REAL ESTATE MANAGEMENT AND SERVICES

Solidere and Aswaq Management and Services s.a.l., subsidiary of Société des Centres Commerciaux (France), a leader in shopping mall management in Europe, established Beirut Real Estate Management and Services (BREMS).

BREMS signed an assistance agreement for Beirut Souks, whereby BREMS implements on Solidere's behalf leasing activities for the Souks. It is also in charge of property and facility management, as well as rental management.

PARKING

An underground parking facility accommodates around 2,500 cars. Several entry and exit lanes are distributed along Allenby Street, Patriarch Hoyek Street, Fakhry Bey Street and Mir Majid Arslan Avenue, and a number of pedestrian access points to the parking from the Souks, by elevators, stairs and escalators, are well marked. Another parking is planned under Khan Antoun Bey Square in the North Souks with a capacity for around 400 cars.

OTHER FACILITIES AND SERVICES

Souks tenants benefit from complete services (water, electricity, telecom, broadband, security, etc). In addition, miscellaneous support and convenience and information facilities are provided throughout the public areas of the Souks, such as telephone booths, ATM machines, information desks, information screens and public toilets.

NORTH **SOUKS**

LOT 2 MARFAA/SECTOR E/ENTERTAINMENT COMPLEX/BUA 19,225 SQ M/ VALODE ET PISTRE (FRANCE) AND ANNABEL KASSAR/UNDER CONSTRUCTION/DEPARTMENT STORE/BUA 26,370 SQ M/UNDER STUDY

The Entertainment Complex comprises 14 modern cinemas above ground with generous lounges and concession areas, an entertainment / retail zone, restaurants, a multimedia store, a games arcade and retail extending to Khan Antoun Bey Square. A mega entertainment destination and architecturally avant-garde structure, the project was redesigned by the architects in line with up-to-date norms and standards, featuring more commercial space and introducing a pedestrian link between Allenby and Trablous streets.

The final design for the Entertainment Complex was completed in December 2008 and construction started in February 2010, with Geneco as contractor. Completion is expected by the end of 2011.

Interior design concept for the Entertainment Complex was completed under Solidere's supervision, in coordination between the architects and the interior designer Nabil Dada.

The Department Store is under design and a landscaped square with a fountain will face the building and the restored Majidiya mosque.

TO CREATE A VIBRANT CITY CENTER

REAL ESTATE *STRATEGY*

Solidere continues to develop real estate projects within its strategy to create a vibrant city center and also with the objective to secure a regular income stream from this successful activity.

In addition to Beirut Souks, the Company is pursuing ongoing real estate projects, including Zaitunay Bay; reviving some that had been put on hold, and launching new projects that span a variety of land uses.

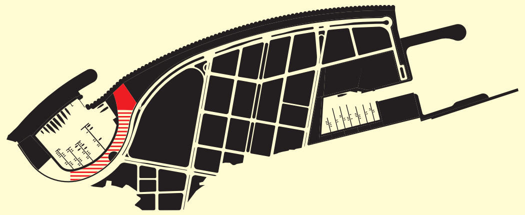
Starting with its Saifi Village, Wadi Abou Jamil and Zokak El Blatt projects, Solidere created a booming residential activity, which now extends to residential clusters, mid and high-rise buildings in all new development sectors of the city center. The Company is enhancing this activity by developing more residential projects.

Having successfully put on the market institutional and business office buildings, Solidere is launching important new office developments to cater for major international companies, which it considers Beirut is now able to attract.

Finally, with Beirut becoming a favorable visitor destination, Solidere is embarking on tourist and hospitality projects with special character.

VIEW FROM THE CITY CENTER
TOWARDS THE EAST
PHOTO BY MAZEN JANNOUN

LE DECK
UNDER CONSTRUCTION
PHOTO BY MOSBAH ASSI



ZAITUNAY **BAY**

LOTS 1455 AND 1456 MINA EL HOSN/50-50 JOINT VENTURE BETWEEN SOLIDERE AND STOW WATERFRONT DEVELOPMENT S.A.L./BEIRUT WATERFRONT DEVELOPMENT S.A.L./SECTOR A/FURNISHED APARTMENTS, YACHT CLUB, RESTAURANTS, OUTDOOR PUBLIC SPACES,SPECIALTY STORES/STEVEN HOLL ARCHITECTS (US), L.E.FT (US) AND NABIL GHOLAM ARCHITECTURE/BUA 20,000 SQ M/UNDER CONSTRUCTION

In sector A, immediately adjacent to the Beirut Marina, Zaitunay Bay is under construction. The development, together with the public space around the marina, was designed by Steven Holl Architects (US), with L.E.FT (US) and Nabil Gholam Architecture and Planning as associate architects.

The project is undertaken by Beirut Waterfront Development s.a.l., a 50-50 joint venture between Solidere and Stow Waterfront Development s.a.l. (Stow). BWD was capitalized with Solidere contributing in kind 20,000 sq m of BUA on 22,341 sq m of land, and Stow contributing US$31.6 million in cash.

The facilities include Le Deck apartment building and yacht club on the east quay; and waterside restaurants on the south quay. (A harbormaster, customs and immigration building will be separately erected on public domain.) The project is expected to be gradually inaugurated starting spring 2011.

CONCEPT

Located around Beirut Marina, the site for Zaitunay Bay extends the existing waterfront corniche promenades into a series of overlapping platforms. The corniche is inflated to create an 'urban beach', with levels subtly articulated to provide outdoor spaces and public areas for artwork.

The concept takes shape from strata and layers in forking vectors. Like the ancient beach that was once the site, the planar lapping waves of the sea inspire striated spaces in horizontal layers, as distinct from vertical objects. The horizontal and the planar become a geometric force shaping the new harbor spaces.

The form allows the separate levels to define the organization of public and private domains including apartments and yacht club, public facilities, restaurants, and specialty stores. The syncopated rhythm of platforms is achieved by constructing the overall curve of the corniche in five angles relating to five reflecting pools. Due to variations in height along the corniche, the platform levels and pools vary slightly in height allowing quiet, gravity-fed fountains to connect each pool level. In accordance with Master Plan requirement, the Beirut Marina and its waterside restaurants will be linked to the Hotel District corridor across the corniche.

QUAYSIDE RESTAURANT STRIP
UNDER CONSTRUCTION
PHOTO BY MAZEN JANNOUN

tourist and hospitality project with a special character

DESIGN

The design submitted by Steven Holl in August 2004 was gradually amended, following comments by Beirut Waterfront Development (BWD) and Solidere.

The project is integrated into the city center through direct access to the corniche promenade to the north, waterside city park to the east, and a pedestrian bridge over the corniche to the south, providing access to the town quay restaurants and shops. Landscape designs were developed for the entry plaza, the quayside and the extension of the corniche sidewalk above, creating open-air terraces in the form of a 'stone beach' over the restaurants and shops.

LE DECK

On the northeastern side of the development, on lot 1456, is the main building totaling 14,000 sq m of floor area, accommodating furnished and serviced apartments over four floors plus three basements, together with a yacht club.

The design-and-build tender for underground structural work and construction of the basement floors was won by the Hourié-Profond joint venture, based on the design endorsed by Solétanche Bachy group (France). Profond were in charge of the shoring diaphragm wall, piling and dewatering; Hourié of excavations and construction of slabs and columns.

The works were completed in March 2009. A fast track approach was adopted, using up down construction based on a technology specific to underground construction below sea level, which may be applied throughout the Waterfront District. As per their contract, Hourié - Profond continued the dewatering for the six months after underground structural work completion and until the beginning of superstructure construction.

BWD conducted negotiations with Hourié regarding upper floor construction. After obtaining the relevant building permits, construction started in May 2009 and the soft opening is expected to be completed by early 2011. Nabil Dada was entrusted with the interior design.

In addition to the yacht club, lot 1456 accommodates exclusive commercial shops at marina level, underneath 53 state-of-the-art, one, two and three-bedroom furnished and serviced apartments, of which nine apartments are to be retained and operated by BWD with managerial support from a third-party operator. The other apartments will be sold.

QUAYSIDE RESTAURANT STRIP

The quayside restaurant strip on the southern side of the development, on lot 1455, comprises 16 restaurants and five retail outlets totaling approximately 6,000 sq m of floor area. Stretching along Beirut Marina, from the site's western limit to the main building on the east, the one-floor construction remains below sea corniche level, with the roofs forming a continuation of the corniche.

DMR (US), with Geopier (Turkey), won the tender for enabling and ground stabilization works, which were completed in April 2009. Construction works on the restaurants and retail outlets started in October 2009 and are being executed by Société Mouawad-Eddé.

BWD had commissioned restaurant consultant Ulysses (France) to conduct a market study to select an optimal type and size mix for the quayside restaurants, as well as establish a typical rental agreement.

PHASING ISSUES

A critical issue is the completion by March 2011 of the underground public 400-car park currently being built by Solidere below the corniche to service the Beirut Marina.

LE DECK AND QUAYSIDE RESTAURANT STRIP UNDER CONSTRUCTION

PHOTOS BY KLAVDIJ SLUBAN

GRAND THEATRE *HOTEL*

LOT 891 BACHOURA/SECTOR G/HOTEL/BUA 11,800 SQ M/ROGERS STIRK HARBOUR + PARTNERS (UK) AND ZIAD AKL AND PARTNERS/ ANOUSKA HEMPEL DESIGN (UK) FOR INTERIOR DESIGN/UNDER DESIGN

Grand Theatre is a building of historical significance to the city of Beirut. Built in the 1930's, it consisted of a hotel and apartments in addition to the theater itself. The auditorium was a venue for performances of all kinds. Today, after several decades of neglect, it is proposed to revive both the theater and the adjacent building in the form of a hotel and ballroom, under the direction of Solidere.

The Company has given up the idea of restoring *Le Grand Théâtre des Mille et une Nuits* into a significant modern-day theater. This would not be possible without the practical demolition of the building and its reconstruction. Besides, site constraints would make it difficult to achieve a world-class performance stage. However, Solidere was concerned about preserving and honoring the memory of the Grand Theatre. The main façades were restored, with strengthening works to the footings.

The original concept design by Architecture Studio (France), which obtained approval from the Higher Council for Urbanism in April 2005, offered four floors and five basements: a boutique hotel enjoying a roof swimming pool, restaurants and bars offering artistic performances, and shops at street level below the arcades.

In spring 2009, Solidere envisaged a change in program for the Grand Theatre. Talks with a number of international boutique hotel operators led to the selection of Fuenso (Spain) to operate a Solidere brand luxury boutique hotel.

A limited design competition was launched in two stages, in May and August 2009, among four international architecture firms, Rogers Stirk Harbour + Partners (UK), Anouska Hempel Design (UK), Moatti et Rivière (France) and Architecture Studio (France). As per the Master Plan, a maximum BUA of 11,800 sq m was allowed, with a maximum height of 24 m (ground with mezzanine plus four upper floors).

OLD GRAND THEATRE INTERIOR
PHOTOS BY FOUAD EL KHOURY

contemporary intervention complementing extant building

In October 2009, the competition jury selected Rogers Stirk Harbour + Partners for architectural design, with runner up Anouska Hempel Design to collaborate on space planning and interior design, under advice from Fuenso (Spain). Solidere is reviewing with the winning firm the concept design received in March 2010. The design was also submitted to the Directorate General for Urbanism (DGU) for approval. Under best scenario conditions, the project should be delivered end 2013.

CONCEPT

The site occupies the boundary between Beirut historic core and the Ghalghoul sector, the location for several proposals of a more contemporary nature. The design aims to unify these different characters and scales of urban design through the considered use of faithful reconstruction and the introduction of a bold modern intervention.

The ability for the centerpiece of the scheme - the original auditorium - to be employed for public uses, while remaining integral to the hotel proposal, is maintained. This will ensure that the cultural significance of the building is not lost.

The new design allows the previous hotel use to colonize the whole of the site, forming a luxury hotel in a prime location within Beirut city center. The proposed accommodation comprises guestrooms and suites, a ballroom (housed within the auditorium), an intimate *hammam*, several restaurants and bars, a rooftop pool, integral gardens and other amenities expected of a luxury hotel.

The hotel proposal centers on dividing the site between historic buildings (north and east) and contemporary intervention (south and west). The hotel itself is accessed via the existing Grand Theatre entrance on the northeast, at the corner of Amir Bachir and Syria streets. All other uses are accessed from the southwest, via a new open space on Alexi Boutros Street. This reestablishes the historic passage between the two extant buildings and allows public access via Syria Street.

The historic arcaded street frontage is occupied by retail units, with the intention of animating and populating the site perimeter at its interface with the historic core.

Several massing options were investigated by the architects. The option of pods was selected as the one maximizing views and light to the guest rooms. Over-sailing the existing building, the pods form a modular system accommodating suites on lower floors, restaurants and terraces on higher floors. Gaps between them serve for circulation and provide pleasant views and natural light. The overall massing offers an interesting contrast with the historic core streetwall alignments, and addresses modern neighbors in Ghalghoul.

The plan envisages a series of balanced cantilevered structures in concrete, which minimize the number of locations where they penetrate the existing building, and ensure that they remain clear of the auditorium and lobby interiors. This approach creates drama in the form of large overhanging structures, which provide shading to the gardens below.

GRAND THEATRE PROPOSED DESIGN ON ALEXI BOUTROS STREET
OPPOSITE/AMIR BACHIR AND SYRIA STREETS ELEVATION
DESIGN BY ROGERS STIRK HARBOUR + PARTNERS

800 MINA EL HOSN
WADI ABOU JAMIL

LOT 800 MINA EL HOSN/SECTOR F/RESIDENTIAL/BUA 4,222 SQ M/ AYMAN SANIOURA/UNDER CONSTRUCTION

In Wadi Abou Jamil, Solidere initiated the design and implementation of predominantly residential clusters of various sizes, involving restoration and infill construction. The use of this typology on the city scale, in combination with detailed and individual residential buildings, is meant to reinforce urban integration. International and Lebanese architects, with experience in Mediterranean and Middle Eastern countries, contributed design concepts reflecting responsiveness to local context, culture and climate, and the market interest led to the sale of practically all the properties with cluster concepts.

Owned by Solidere, lot 800 Mina El Hosn is a triplet designed by Ayman Sanioura, combining restoration and new construction. The 4,234 sq m floor area comprises two twin restored Levantine houses plus an infill building, with four floors each, located between two streets, Rue de France and a lower entrance street . The infill building, designed in a similar style, has two basement floors linking the three buildings and providing parking space to serve the entire triplet. It has obtained a building permit, with earthworks completed in 2008. Civil works started in April 2009 and completion is scheduled for the first quarter of 2011.

178 SAIFI VILLAGE
SAIFI

LOT 178 SAIFI/SECTOR I/OFFICE RESIDENTIAL AND RETAIL/BUA 10,747 SQ M/NABIL GHOLAM ARCHITECTS/AWAITING PERMIT

The success of Saifi Village led Solidere to initiate concepts for its extension. 178 Saifi Village is a residential cluster designed by Nabil Gholam on 2,937 sq m of land to offer 8,003 sq m for residential, 1,850 sq m for offices, 179 sq m for retail, 176 sq m for a restaurant and 530 sq m for a cultural space.

The cluster is formed by five elegant buildings with clean modern façades along surrounding streets, set around a landscaped courtyard. The design offers a range of spacious apartments to include lofts with 5.75 m high ceilings, mini lofts with work/live space, ground floor *maisonettes* with private gardens, central hall apartments and a variety of penthouses with generous terraces.

The building opening on the ring road offers serviced office and exhibition or gallery space, designed for end users in the creative industries sector. On the ground level a 'link-gallery' (in the architect's words) connects the office building to an upper level cultural space above a streetfront café, opening onto Charles Debbas Street.

The scheme is geared to a contemporary lifestyle, bringing a blend of services and conveying a discreet sense of luxury. Space, light, calm and comfort characterize the townhouse-like residential units, combining the advantage of a great urban location with the pleasure of a quiet green haven in the heart of Beirut. At the same time the creative industries building and gallery will make the project an important innovative addition to the Saifi Quartier des Arts.

Excavation and piling works have started, with the superstructure awaiting building permit issuance by the Municipality.

OFFICE BUILDING
MINA EL HOSN

LOT 1493 MINA EL HOSN/ SECTOR B/OFFICE/ BUA 24,000 SQ M/UNDER COMPETITION/3XN (DENMARK)/ FUMIHIKO MAKI (JAPAN)/ROGERS STIRK HARBOUR + PARTNERS (UK)/WILKINSON EYRE (UK)

To promote Beirut city center as a major business hub, Solidere is developing a grade A building along high international standards, with the aim to produce a landmark, 'the best office development in the Middle East'. Located on Omar Daouk Street along the George Chehadeh Street axis, the project has a built-up area of 24,000 sq m that will hold a podium and an office tower with a maximum height of 90 meters.

The 17-story tower will be strictly for office use with the possibility of a cutting edge top floor restaurant. Because the site is slanted, the building will have a lower ground-floor. Five underground levels will provide ample parking spaces. The podium, on the other hand, will incorporate two floors of six m height each, and will consist of retail units, possibly hosting a progressive business center, restaurants and other up-to-date amenities for the adjacent office building. The site allows for a landscaped area around and between the buildings, and for distancing the development from surrounding towers, ensuring an effective integration of daylight, directed deeply and in adequate quantities into the tower.

Solidere launched on February 26, 2010 the competition between four renowned international architects for the design of this development. The contenders submitted their concepts by end April 2010.

MIXED USE DEVELOPMENT
MINA EL HOSN

LOT 1338 MINA EL HOSN/ SECTOR E/MIXED USE/ BUA 15,986 SQ M/UNDER COMPETITION/DAVID CHIPPERFIELD ARCHITECTS (UK)/PETER MARINO ARCHITECT (US)/SANAA (JAPAN)

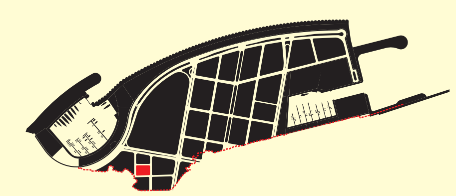
Solidere's program for lot 1338 Mina El Hosn, located on Patriarch Hoyek Street, is a mixed use combining hospitality, retail and entertainment (food and beverage), to complement the nearby Beirut Souks.

An initial retail strategy study was conducted by MXD Consultants (Canada) to guide configuration concepts relating to a boutique hotel. The program was later modified and currently envisages 7,000 - 7,500 sq m of luxury serviced apartments with a trendy outlook (one to three bedrooms, with 100 - 300 sq m area); a 5,000 - 5,500 sq m wellness, fitness and spa center, possibly a Beirut Bodyna Center operated by Fuenso (Spain); an international specialty mix of retail, quality restaurants and a special business services department with private access. The main retail anchor will be an electronic, beauty or home design store.

Solidere launched the design competition between three international architects on March 29, 2010. The candidates submitted their concepts beginning June 2010.

SERVICED APARTMENT BUILDING
MINA EL HOSN

LOT 1408 MINA EL HOSN/ SECTOR B/SERVICED APARTMENTS/BUA 18,672 SQ M/ UNDER COMPETITION/AXEL SCHULTES ARKITEKTEN (GERMANY)/CRUZ Y ORTIZ (SPAIN)/JOSEP LUIS MATEO (SPAIN)



In line with its objective to upgrade hospitality services in Beirut, Solidere is developing on lot 1408 a distinguished yet functional serviced apartment complex. The site is in the Hotel District, close to the newly opened Four Seasons Hotel, Marina Towers, Park View and Avenue du Parc developments.

The original market research carried out by Jones Lang LaSalle, engaged to assess comparable projects in Europe and the region, was rejected for lack of profundity. Hospitality Management, a subsidiary of Solidere, undertook a similar study and advanced valuable design and servicing recommendations.

The project is planned as an 11-floor block offering around 80 apartments of one, two or three bedrooms, to be built around a central atrium or garden that will provide a sense of space and light. Three underground levels will accommodate parking spaces as well as the back-of-house services, janitorial, laundry and other.

Solidere launched the design competition between the three international architects on March 26, 2010. The candidates submitted their concepts beginning of June 2010.

NEW REAL ESTATE CONCEPTS

FUTURE PROJECTS

CONCEPTS BY RENZO PIANO BUILDING WORKSHOP

As part of its objective to appoint internationally renowned architects for the development of Beirut city center, Solidere approached Renzo Piano Building Workshop, Genoa and Paris (RPBW) to study two major sites.

The first site, part of sector D in the Waterfront District is strategically located close to the Port First Basin, north of the historic Foch-Allenby area and its modern extension. The site is defined by four main arteries forming a pinwheel: east and west, Foch and Allenby streets that stretch from the traditional city center through the district; south, Port Street; and parallel to it, Amir Majid Arslan, the main east-west axis passing through the project. The project is intended by Solidere as a landmark, in direct visual relation with the sea, a link between the North Souks west and the Port First Basin east, forming altogether a gateway to the Waterfront District.

To RPBW, a main consideration is the site being a milestone in the completion of the Conservation Area as well as Beirut Souks, and opening up to the Waterfront District. In the architect's vision, the old and new worlds come together in this pinwheel, trapezoidal-shaped site. The gateway image guides the concept and gives the project its landmark identity, with an exclusive program that includes a hotel, serviced apartments, sky villas, retail with possibly a department store, and public landscaped gardens.

Since the surrounding roads are main traffic axes, the architect proposes to design and transform the adjacent Port Street into a pedestrian road that will tighten the connection between the site and the Conservation Area, and open up (as per the Master Plan recommendations) to the Waterfront District. Other ideas proposed by Piano are to introduce water features around the project site and along the Ottoman Wall Walk, to evoke the memory of the old Beirut seashore line and stress the historical importance of the location.

The architect has a number of concept ideas. One of them is the Suspended Gardens of Babylon, which to him reflect the Mediterranean spirit, creating a beautiful park at high level. Other characteristics of Piano's work are aerial passerelles to create linkage and fluidity in motion; and belvederes with 360 degree views atop tall slender buildings that are split into separate structures to provide a sense of lightness and transparency.

BEIRUT CITY HISTORY MUSEUM

Solidere has proposed the construction of a Beirut City History museum on a significant archeological site north of Martyrs' Square, where excavations in the mid-1990s unearthed such major finds as the Phoenician Tell, Bronze Age city gate and features from Persian, Hellenistic, Byzantine, Medieval and Ottoman periods.

In 1997, Solidere commissioned Michel Macary (France) to undertake a site planning study of the Tell and to explore the concept of a Site Museum. Macary was chosen for his expertise in cultural projects, in particular his design work for the Louvre extension with the creation underground galleries incorporating excavated elements of historic structures. In conjunction with Solidere, Macary completed the concept design of a 9,300 sq m museum due to incorporate the site's archeological findings and envisioned, with Directorate General of Antiquities (DGA) approval, as an outreach of the National Museum.

With a view to protect and safeguard the site while providing the necessary vehicle and pedestrian access in what is a heavy use environment, Solidere commissioned Dar Al-Handasah to study three route options, in coordination with the DGA, and to carry out the detailed design of the most appropriate option. The chosen one incorporates a two-way road and bridge structure on the east side of the Tell, with additional underpasses to be dug beneath the road to ensure pedestrian connections to the museum. It will be a complex underground structure, with its roof terrace serving as a viewing platform at the level of Martyrs' Square, overlooking the ancient Tell. The museum is closely integrated with the design of the Martyrs' Square parking structure, the Petit Serail remains, and the landscaping of Martyrs' Square and the Tell site.

The City History Museum, for which financial sponsorship has been offered by the Kuwaiti government, will be the point of origin of the Heritage Trail, a circuit connecting all main archaeological sites and heritage buildings and extending the museum out into the city itself. The full extent of Beirut's urbanized area, from its Bronze Age origins to the 1830's, lies within the boundary of the present-day city center. Evidence of past urban layers is there for all to see. It is the ideal place to tell the story of the history, growth and development of Beirut from ancient times to the recent past. The first phase of the Heritage Trail is being implemented by Solidere in coordination with DGA.

Two other site museums are located in the city center, both on Nejmeh Square. The recently restored Crypto Portico museum, beneath the Deputies' Office Building, features part of the site of the Roman Forum, at the original level of the ancient city. In this section of the principal street, an *omphalos* (round granite block representing the navel or exact center of the city from which all distances were measured) sits against a backdrop of a series of blind arches that once lined the street, complete with its original checkered black and white tiling pattern. The museum is not opened to the public. The Byzantine church site museum, in the crypt beneath St George Greek-Orthodox cathedral, is under restoration and should be opened to the public upon completion.

HOSPITALITY MANAGEMENT

Solidere aims at enhancing vibrancy in the city center. Now that Beirut has become once again an attractive destination for local, Arab and foreign visitors, the Company intends to create a sustainable level of activities and to upgrade hospitality facilities and services, by encouraging the establishment of unique concepts high-end restaurants, cafés, serviced apartments and boutique hotels with retail outlets.

Looking at this matter in all its aspects, Solidere has also decided to engage in Hospitality Management as a revenue-generating activity and is on course to incorporating a holding company with the object to develop hospitality projects, sometimes in partnership with third parties. Solidere intends to set a benchmark in hospitality services by drawing on the expertise of world renowned architects and interior decorators, and reaching agreements with leading hotel operators and starred chefs.

HIGH QUALITY PROJECTS AND SPACE

SALE AND RENTAL **STRATEGY**

The strategy is to stimulate real estate development and city center occupation

MINA EL HOSN VIEW
TOWARDS THE HOTEL DISTRICT
PHOTO BY FARES JAMMAL

Thanks to the reconstruction effort, much change has taken place in the past few years. A steady stream of new owners and tenants has moved into the city center. Hundreds of establishments have already settled there.

Solidere's strategy is to stimulate high quality real estate development in the city center. Its support to investors has expanded in the last years to cover project design and development. In addition to providing development briefs based on sector plans and adapted to project sites, the Company commissioned Lebanese and international architects to prepare concept designs for a number of lots, with obvious benefits for prospective buyers, to whom Solidere sometimes sells land with a real estate program, architectural design and even a development package.

Sales revenues rose, sustained by a substantial sales backlog. Many projects, some of important proportions, were pursued, regional investors continuing to give strong indications of interest in Beirut city center. This was evidenced by a strong pick-up of negotiating activity at the end of the year. Rental activity maintained its healthy pace due to continuing demand for quality space and services.

As land bank with a considerable property portfolio, Solidere markets a wide range of land and built space for residential, office, hotel, retail and other specialized uses. In the early years, sales mainly involved un-built lots and existing buildings sold 'as is' for renovation or development. The delivery of Solidere real estate projects led to a growing volume of sale and leasing operations involving finished products, new or preserved buildings or parts thereof.

Since 2005, the Company has been holding on to its portfolio of finished products, leasing space in it to generate income flows, and will continue to do so in the foreseeable future as part of its revenue diversification strategy. Solidere actively supports developers and monitors the demand and supply of real estate in the city center, to the benefit of all.

SALES

In any given year, the sales recognized in the income statement consist of closed deals negotiated in that year and in preceding ones. On the other hand, the deals negotiated up to that year and not closed during the year make up the sales backlog at year end. Aggregate sales of US$2.24 billion, were recognized from inception to end 2009 (1,735,847 sq m of floor space) of which US$305 million (158,391 sq m) in 2009.

SALES RESULTS

Gross land and real sales of US$305 million were recognized during the year 2009 (US$256.6 million in 2008). Solidere has stopped selling finished products in order to build a portfolio of income-generating properties. Deals closed in previous years and recognized in 2009 amount to US$967,320, representing 546 sq m of floor area.

At end 2009, the backlog of sales not recognized during the year amounted to US$428.5 million (163,000 sq m BUA).

Down payments received on signed deals as at end 2009 amounted to US$129.2 million on sales, and US$21.1 million on leases and rentals. Down payments are treated as deferred revenues, to be recognized as part of revenues only upon sales and rentals realization.

REAL ESTATE LEASING

Solidere's portfolio of income-generating properties includes UN House and lot 1 Zokak El Blatt, each leased to a single institutional tenant, and a compound dedicated for embassy use. The Company also leases space in its buildings, in car parks and mooring spaces in Beirut Marina. At end 2009, the value of leased properties was US$393.8 million (US$366.1 million after depreciation: US$24.1 million in buildings and US$3.6 million in other assets).

Gross rental income from leased space, including parking spaces and marina berths, was US$27.3 million, against US$7.5 million, US$10.2 million, US$14.1 million and US$15.4 million in 2000 to 2003; US$18.6 million, US$20.8 million and US$20.7 million in 2004 to 2006; US$20.8 million in 2007, and US$21.7 million in 2008.

Residential leases relate to new and restored flats in Saifi, Zokak El Blatt and Wadi Abou Jamil. Leased office space relates to UN House, lot 1 Zokak El Blatt and the embassy compound. Other commercial space relates to offices and shops in restored buildings, as well as shops in Saifi Village.

SALES PROCEDURE / PAYMENT SCHEMES

A sale agreement, which includes pre-development and construction standards and timetables, as well as payment conditions, is signed upfront. Sales are expressed in terms of floor or built-up area (net development rights).

Solidere pursued in 2009 its policy of offering buyers the possibility to either pay cash or defer part of the sale price payment. Financing up to 75% of the land sales value by Solidere from its own equity continued, following the standard formula on the basis of four equal maturities carrying interest at LIBOR plus a margin of 2.5% with a floor.

Property transfer is registered before the Real Estate Registrar upon signing the final sale deed, following fulfillment of technical and legal conditions, together with the mortgage contract in case of finance. Concomitant with the property transfer registration, the buyer/developer provides Solidere with a first-degree mortgage on the sold property as guarantee against any outstanding payments. A bank guarantee also provides security for proper and timely execution of all construction works.

successfully marketing residential, commercial and institutional space

PROPERTY MARKETING

The Company has been successful in marketing its residential, commercial and institutional space, new and restored. As alternatives to a simple lease, schemes such as lease with option to buy or outright sale were offered for residential space until 2002 and 2004 respectively. Buyers could also benefit from payment facilities. From 2005, property sales or options to buy were discontinued, with no outstanding options to buy since end 2007, and only leases continuing to generate income flows.

All the 136 Saifi Village apartments, totaling 30,326 sq m of floor area, had been marketed by end 2009, of which 40 (7,768 sq m) were leased and 96 (22,558 sq m) were sold, 61 (13,279 sq m) after exercising options to buy. Concurrently, agreements have been signed at year end for all 40 restored houses or flats in Saifi, totaling 9,145 sq m in floor space. They represent 4,461 sq m of leases and 4,684 sq m of sales, of which 4,024 sq m as a result of exercising options to buy. Lease agreements had also been signed for a nursery (240 sq m) and for 39 shops (3,952 sq m), as part of Quartier des Arts.

In Zokak El Blatt, 89 apartments with 21,649 sq m of floor space had been the subject of agreements at year end. They represent 18,795 sq m of leases and 2,854 sq m of sales, of which 979 sq m as a result of exercising options to buy, with one apartment available for rent (222 sq m). In Mina El Hosn, 20 agreements for 6,608 sq m of residential floor space had been signed including 3,638 sq m as leases and 3,698 sq m as sales, of which 1,971 sq m as a result of exercising options to buy.

Also at year end, the Company had five lease agreements totaling 35,078 sq m of floor space in new office buildings: UN House, lot 1 Zokak El Blatt and the embassy compound. In the Maarad and Foch-Allenby restored office buildings, 17 lease agreements for 9,154 sq m, as well as 18 lease agreements relating to 3,615 sq m of retail space, had been signed.

PROPERTY MANAGEMENT

Solidere provides complete full-time property management, operation and maintenance services for all its properties. These include the new and restored buildings, the Beirut Souks, Weygand Street and block 93 car parks.

In UN House, electro-mechanical and civil works are provided as per an operation agreement with ESCWA.

Extending its services to other property owners, Solidere signed agreements for the marketing of several third-party properties, prior to undertaking their management and maintenance.

The Company is currently offering such buildings the following services: technical maintenance, cleaning, safety, security and the maintenance of landscaped areas; marketing, lease management, including drawing up budgets, arranging insurance, collecting rents, preparing assets inventories, subscribing to utilities, tackling co-ownership issues and paying real estate and municipal taxes. Solidere expects to derive increasing revenues from property management services in the coming years.

FUTURE PROSPECTS

Solidere is firmly relying on growth in its rental income as it steps up the delivery of new and restored buildings. Rental revenues will be strongly boosted by the delivery of Beirut Souks, by far the most important Solidere real estate project and its flagship commercial development.

SITE UNDER CONSTRUCTION
PHOTO BY MOSBAH ASSI

DIVERSITY IN ARCHITECTURAL CONCEPTS, PROGRAMS AND LAND USE

DEVELOPERS' **PROJECTS**

A floor area of 2.50 million sq m has been so far the subject of development by third-party developers, in new construction and restoration. Of these developers' projects, 1,023,778 sq m were completed, 137,857 sq m are under finishing, 182,749 sq m are under construction or restoration, and the balance is in various stages of development

FOCH-ALLENBY

In Marfaa cadastral zone, two residential developments have been completed: Foch 94, designed by Vincent Van Duysen (Belgium) and Nabil Gholam on lot 1498, offering 7,320 sq m over nine floors, 29 flats; and Starway furnished apartments building, designed by Nachaat Owaida on lot 1440, offering 3,000 sq m over six floors, 26 flats.

Lot 108, developed by Banque du Crédit Libanais and designed by Erga Group, and offering 3,149 sq m over five floors, five flats, was completed.

Two restored buildings are under finishing: the Municipality Annex on lot 243, as per Nabil Azar design, with 5,478 sq m distributed over three floors; and Groupe du Moyen Orient Hotel on lot 1144, as per Joe Chehwan design, with 2,815 sq m distributed over five floors.

Two office buildings are under finishing. Bank of Kuwait and the Arab World, designed by Abdel Wahed Al Wakeel (Egypt-UK) and Arc Group on lot 1470, offers 8,300 sq m over eight floors. Radium office building, designed by R & K Consultants on lot 114, offers 2,600 sq m over five floors.

Beryt Lebanon residential building is under redesign by Nabil Gholam on lot 1468 to offer 7,384 sq m.

NEAR BEIRUT SOUKS

The Medawar-Merheb-Moughabghab building on lot 16 Marfaa, under restoration as per Pierre Neema design, has 415 sq m of retail space distributed over two floors. The Makassed Association building on lot 448 Marfaa, to be restored as per Wissam Jabr design, will offer 3,682 sq m of office space distributed over seven floors. The project is awaiting building permit from Beirut Municipality.

In Mina El Hosn cadastral zone, three residential buildings are under finishing. The Palladium mixed-use building, designed by Kevin Dash and R & K Consultant on lot 2, offers 14,000 sq m distributed over seven floors, 15 flats. 45 Park Avenue, designed by Laceco on lot 1337, offers 7,150 sq m distributed over 12 floors, 12 flats. Luna One, designed by Diyar Consultants on lot 1331, has 2,723 sq m distributed over seven floors, 10 flats.

Under construction is Park Palace residential building, designed by Fouad Meneem on lot 1339, with 12,790 sq m distributed over 10 floors, 24 flats.

2.5

million sq m subject to third party development to date

Three residential developments are under study. Media Fan, designed by Joe Geitani on lot 1347, with 6,351 sq m; Avenue Venture, designed by LAB Architecture and Associates (Australia) and Elie-Pierre Sabbagh on lot 1450, with 7,300 sq m; and Block 42 development, designed by Victor Legorreta (Mexico) and Fadlallah Dagher on lot 1495 Marfaa, with 13,493 sq m.

SAIFI

Two residential developments were completed. Saifi Village Two, designed by Nabil Gholam on lot 146, offers 22,350 sq m distributed over four buildings of 11 floors each, 74 flats. A part of Saifi Khan residential project on lot 752 restored as per Elias Issa's design, was completed to offer 3,467 sq m of floor area distributed three floors with retail on ground floors.

Lakis-Majesty residential building is being restored as per Fadi Najem design on lot 735 to offer 4,630 sq m distributed over six floors, 11 flats.

1079 Real Estate, designed by Youssef Haidar on lot 1079, is under construction to offer 3,358 sq m distributed over six floors, 10 flats.

Under permitting at Beirut Municipality are four residential developments and one office building. The Selwan building, designed by Nabil Azar on lot 1056, offers 2,350 sq m distributed over five floors, 14 flats. Saifi Square and Al Mada, designed by Nabil Gholam on lots 1059 and 1068, offer 5,115 sq m and 6,350 sq m distributed over seven floors, 16 flats and 17 flats respectively. The lot 749 part of Saifi Khan, designed by Elias Issa, has 783 sq m over three floors with retail on ground floor. Al Mashrek Insurance Company building designed by Nabil Azar on lot 1080, offers 2,300 sq m distributed over seven floors.

ZOKAK EL BLATT

The Pavilions residential complex, designed by R & K Consultants on lot 1128, offering 10,312 sq m of floor space, is completed. It combines a three-floor private villa on Rue de France with a nine-floor modern infill on Rue de l'Armée, 16 apartments, five duplexes and two triplexes.

Under finishing are two restored buildings. The Doghmosh private residence, designed by Zahi Cardahi on lot 122, with 1,336 sq m of floor space; and Diwan Al Mouhasabat office building, designed by Fares Hajj on lot 647, with 6,921 sq m of floor space.

Still under restoration, Les Gradins private residence, designed by Ziad Akl on lot 73, has 734 sq m of floor space.

City Hill residential project, designed by Youssef Haidar on lot 1137, with 3,090 sq m of floor space, is under permitting at Beirut Municipality.

Awaiting architect assignment is the Périmètre Rue de France residential development, on lot 59, planned to offer 4,200 sq m of floor space.

GENERAL FRANÇOIS EL HAJJ STREET
PHOTO BY FOUAD EL KHOURY

WADI ABOU JAMIL

In Wadi Abou Jamil, cadastral zone Mina El Hosn, one residential development, one private residence and one office complex are completed: Mina El Hosn 1466 residential development, designed by Fouad Meneem on lot 1466, with 1,788 sq m distributed over five floors, two duplexes and a penthouse; Villa Wadi private residence on lot 855, designed by Nabil Gholam with 1,250 sq m of floor space; Cedar House and Pine House on lot 1133, redesigned by Youssef Haidar to offer 2,000 sq m distributed over three floors.

Three residential buildings are under finishing. Phoenix Development, designed by Porphyrios Associates (UK-Greece) and Samir Khairallah & Partners on lot 1440, offers 4,117 sq m distributed over seven floors, six apartments and one duplex. Wadi Gardens, designed by Dar al Omran (Jordan) and Hani Murad on lot 1392, has 25,769 sq m distributed around an internal garden over six buildings of eight floors each, 68 flats. Designed by Maha Nasrallah on lot 1371, The Courtyard offers 5,280 sq m distributed around an internal courtyard over three buildings of seven floors each, 19 flats.

innovative concepts by international and Lebanese architects

Three residential developments, one private residence and one office building are under construction. Wadi Hills on lot 1388, designed by Agence d'Architecture Antoine Bechu (France) and Nabih Sinno, offers 22,000 sq m distributed around an internal garden over seven buildings of six floors each, 68 flats. Stow Wadi, designed by Porphyrios Associates and Nabih Sinno on lot 1407, offers seven apartments and two duplexes totaling 3,750 sq m over seven floors. Mira Immobilière, designed by Erga Group on lot 1478, offers 3,624 sq m distributed over six floors, three apartments and one duplex. Designed by Abdel Wahed Al Wakeel (UK-Egypt) and ARC Group, the private residence on lot 911, offers 1,595 sq m of floor space. Greenline Real Estate, Designed by Batimat Architects on lot 1393, offers 2,750 sq m distributed over seven floors: two for retail, three for offices and a duplex on the top two floors.

The Khaireddine private residence on lot 771, designed and restored by Pierre El Khoury Architect, has 2,073 sq m of floor space.

Under permitting at Beirut Municipality are a residential development, a private residence and a hotel. Al Karmah Real Estate on lot 808, designed by R & K Consultants offers 1,464 sq m distributed over five floors, seven flats. The private residence on lot 1375, designed by Charles Hadifé, offers 1,660 sq m of floor space. Designed by Ziad Akl in collaboration with Philippe Starck (France) on lots 834 and 1410, the Royal Hotel and Resorts boutique hotel with 77 rooms and 50 suites offers a floor space of 16,805 sq m, distributed over 12 buildings of two, three or four floors.

Still under study are a bank headquarters, an office building and a residential building. Al Mawared Bank headquarters is designed by Zaha Hadid (UK-Iraq) and Raed Abillama on lot 1383, to offer 8,080 sq m of floor space. Luna Company on lot 1394 is designed by A Practice to offer 4,084 sq m of floor space. Wadi Mansions, on lot 1442, designed by Porphyrios Associates and Nabih Sinno, offer 4,200 sq m of floor space.

CITY CENTER SOUTHERN GATEWAY

In Bachoura cadastral zome, The Landmark multiuse development, designed by Jean Nouvel (France) on lot 1520, is awaiting issuance of the building permit by the Muncipality. The project offers 74,412 sq m of floor space. A 42-floor tower comprises 27 floors for a five-star hotel, with 240 rooms and 48 suites, and 15 floors for residential apartments overlooking Riad El Solh Square. Two ten and twelve-floor buildings accommodate apartments, offices, retail outlets and a cinema entertainment complex at basement levels. Piling and excavation works started in March 2010.

The House of Arts and Culture (Dar Beirut) is being developed by the Ministry of Culture on lot 739 to offer 8,000 sq m of floor area devoted to education, culture, interactive and multidisciplinary exchange. Following an international design competition, it is under design by Alberto Catalano (Italy). The winner project was selected in March 2009 for its "modestly urban and human scale, invested with a modern functionality appropriate to Beirut's emerging new identity."

Funded by a US$20 million grant from the Sultanate of Oman, the project is under study to include a cinema, exhibition spaces, a large auditorium, a small performance hall, rehearsal and production studios, a multimedia library and office space, with completion scheduled for 2013.

MARTYRS' SQUARE AXIS

NORTHEAST SECTION

In Marfaa cadastral zone, Merit Corporation headquarters building, designed by Nabil Gholam, is under finishing on lot 1536, with 6,034 sq m of floor space over six floors.

Phoenician Village is a high-density, mixed-use landmark project under development. Spread over lots 1501 and 1502, it will offer 205,735 sq m of floor area, thus constituting the city center's largest real estate development to date. The urban design for the site is based on the Koetter Kim (US) planning study, updated according to the new envelope controls incorporated in the Master Plan amendment for sector H. The development contains four towers, stepping in height to a 160 m maximum, and comprises visitor attractions and cultural facilities, upscale residential, hotel and major corporate office opportunities around a central active plaza, with retail on ground level. A pedestrian bridge across Trieste Street will connect the towers to the waterfront component of the project on the Beirut Port First Basin quayside. The development is planned to create an important visitor destination.

Beirut Harbor, designed by Fouad Menem on lot 1504, will offer an office building covering 5,186 sq m of floor space.

NORTHWEST SECTION

In Marfaa cadastral zone, two residential developments overlooking the Tell archeological site are under study at Beirut Municipality. Marfaa 94, designed by Machado and Silvetti Associates (US) and Charles Hadifé on lot 1538, covers 12,700 sq m distributed over 10 floors, 22 flats. Marfaa 1474, designed by Axel Schultes (Germany) and Kamal Homsi Architects on lot 1474, offers 8,270 sq m of floor space distributed over nine floors, 28 flats. The sale agreement of Park Side mixed-use development on lot 1475 was cancelled and the site is once again available for sale.

MID SECTION

Le Gray Hotel was completed and opened to the public in October 2009. Designed by Kevin Dash (UK) and Hani Murad on lot 1489, with interior design by Fox Linton Associates Ltd (UK), the hotel offers 17,635 sq m over eight floors, 87 rooms and suites with areas ranging from 40 to 220 sq m; the building includes a commercial center of 5,400 sq m distributed over three floors.

teaming up with owners and developers

Beirut Gardens residential development, designed by Arata Isozaki (Japan) and Erga Group on lot 1524, is under permitting at Beirut Municipality. It offers 18,325 sq m over 12 floors, 59 flats and six duplexes. The façades overlooking the Garden of Forgiveness and Martyrs' Square are covered by a white marble skin treated as a screen with a computer-generated geometric pattern, giving a three-dimensional impression.

In Saifi cadastral zone, two developments are under study: the Ministry of Foreign Affairs on lot 1076, designed by Abdel Wahed Al Wakeel and ARC Group to offer 12,980 sq m of office space; and Saifi Modern development on lot 1075, designed by Allies & Morrison Architects (UK) with R & K Consultants to offer 42,000 sq m of residential space.

SOUTH SECTION

In Bachoura cadastral zone, four residential developments and a bank headquarters are under permitting at Beirut Municipality. Tower Plus One and Tower Plus Two, designed by Architectonica (US) and Erga Group on lots 1525 and 1542, offer 13,600 sq m and 14,200 sq m distributed respectively over 13 floors, 44 flats; and 14 floors, 49 flats with retail on street level. 1544 Bachoura Company building on lot 1544, designed by the same architects, offers 15,000 sq m distributed over 13 floors, 49 flats. 1523 Bachoura Company building, designed by Nabil Gholam on lot 1523, offers 37,000 sq m over 13 floors, 166 flats. Immediately to its north, the Canadian Bank headquarters building, designed by Axel Schultes (Germany) and Batimat Architects on lot 1524 Bachoura, offers 7,800 sq m of floor space over eight floors, with retail on the ground floor.

Lot 901 Saifi, designed by Erga Group, is under study to offer 11,200 sq m over 13 floors.

Architects are to be assigned for three residential developments: 987 Bachoura Company building, former Dome City Center site, with 39,000 sq m, planned to incorporate a contemporary cultural use within the preserved Dome; 1526 Bachoura Company building with 26,000 sq m; and 1477 Bachoura Company building with 22,400 sq m.

a broad scope of development related services

HOTEL DISTRICT

At the city center northwest gateway, Mina El Hosn cadastral zone, one international hotel and three towers overlooking Beirut Marina are now occupied. Opened in January 2010, the Four Seasons Hotel on lot 1418 was designed by Dar Al-Handasah, with Pierre-Yves Rochon (France) for interior design. It has 27,761 sq m distributed over 25 floors, 234 rooms and suites with areas ranging from 85 to 250 sq m. The Marina Tower complex, designed by Kohn Pedersen Fox Associates (US) and Dar Al-Handasah on lot 1354, includes Marina Tower, with 27,343 sq m over 26 floors; Marina Gardens, with 8,427 sq m over 10 floors; and Marina Courts, with 9,079 sq m over ten floors. Beirut Tower, designed by Wimberley Allison Tong & Goo (US) and Samir Khairallah & Partners on lot 1401, has 42,458 sq m over 27 floors, 63 apartments, four duplexes and two penthouses. Platinum Tower, designed by Ricardo Bofill (Spain) and Nabil Gholam on lot 1421, offers 53,887 sq m distributed over 34 floors, 70 flats.

Two high-rise residential developments are under finishing. The Dana of CCC, designed by Kevin Dash (UK) and Al Salam Architects on lot 1353, offers 13,856 sq m distributed over 10 floors, 15 flats. Capital Plaza residential building on lot 1464, designed by Machado & Silvetti Associates (US) and Nabil Azar, offers 14,102 sq m distributed over 12 floors, 36 flats.

A high-rise luxury residential development, an international hotel and an office building are under construction. Bay Tower on lot 1422, designed by Wimberley Allison Tong & Goo (US) and Samir Khairallah & Partners, offers 34,760 sq m distributed over 30 floors, 92 flats. The Grand Hyatt Hotel on lot 111, designed by Michael Graves (US) and Dar Al-Handasah, has 32,122 sq m distributed over 17 floors, 443 rooms and suites in total with retail on ground floor. Stratum office building, designed by R & K Consultants on lot 1364, offers 11,200 sq m over 10 floors.

Two office buildings and one residential development are under permitting at Beirut Municipality. Mika Real Estate office buildings, designed by Joe Geitani on lots 1363 and 1487, respectively offer 10,831 sq m and 8,866 sq m of floor space distributed over 10 floors. Cibico residential building, designed by Joe Geitani on lot 1488, offers 4,333 sq m distributed over 11 floors, 14 flats.

Under study are three residential high-rise developments, two residential buildings and a hotel. Venus Real Estate on lot 1398, designed by Rafael Moneo (Spain) and Samir Khairallah and Partners, offers 53,000 sq m. Beirut Terraces, two towers on lots 1399 and 1494, designed by Herzog & de Meuron (Switzerland) and Khatib & Alami, respectively offer 26,700 sq m and 26,500 sq m. Trust Construction on lot 1296, designed by Bolles and Wilson Freie Architekten (Germany) and Arc Group, offers 17,800 sq m. Les Résidences on lot 1396, designed by Valode et Pistre Architectes (France) and Erga Group, with Versace (Italy) for interior design, offers 26,000 sq m. Designed by Foster + Partners (UK) on lot 1397, 3 Beirut will offer 56,000 sq m. Rotana Hotel on lot 1369, designed by Architecture Studio (France) and Erga Group, offers 21,155 sq m and will include 150 rooms and suites with 50 furnished apartments.

WATERFRONT DISTRICT

The Mika Land residential development is the first project to be developed in the Waterfront District. The project, on lot 1493 Marfaa, is under design by Foster + Partners (UK) and R & K Consultants, and will offer 32,000 sq m of residential space.

HOTEL DISTRICT
PHOTO BY FOUAD EL KHOURY

VENUS REAL ESTATE
DESIGN BY RAFAEL MONEO / SAMIR KHAIRALLAH AND PARTNERS

BEIRUT TERRACES
DESIGN BY HERZOG & DE MEURON ARCHITECTS / KHATIB & ALAMI

HOUSE OF ARTS & CULTURE
(DAR BEIRUT) WINNING DESIGN
DESIGN BY ALBERTO CATALANO

SAIFI MODERN
DESIGN BY ALLIES AND MORRISON / R & K CONSULTANTS

SOLIDERE MANAGEMENT SERVICES

Solidere provides development management services to some developers' projects.

Solidere initiated the design and implementation of predominantly residential clusters in Wadi Abou Jamil and in some neighboring areas of Mina El Hosn. International and Lebanese architects contributed design concepts reflecting responsiveness to local context, culture and climate, and the market interest led to the sale of practically all the properties with cluster concepts.

Apart from the usual interactivity with owners-developers, Solidere has closely pursued the development of some of those projects, which are currently managed by Management Services (SMS), a subsidiary of Solidere. In addition to construction management, SMS provides a broad scope of services associated with real estate development: program definition, marketing, design control, client representation, financial management, sales and post-construction operation and maintenance.

Among projects managed by SMS, two residential developments are under finishing. Garden View on lot 1368, designed by Nabil Gholam, offers 13,778 sq m distributed over 11 floors, 34 flats, with delivery scheduled for mid 2010. Lot 1380, designed by Charles Hadifé and Tripod Architecture, offers four flats on five floors and commercial space on street level, totaling 2,300 sq m. The structure was completed in October 2009, with delivery scheduled for end 2010.

Three residential developments are under construction. Noor Gardens, a luxurious complex on lots 1365, 1395 and 1439, is expected to be completed at the beginning of 2011. It comprises three clusters designed by Porphyrios Associates (UK) and Malek Mahmassani Architectural Practice. Respective floor areas of 4,420 sq m, 3,601 sq m and 4,520 sq m are distributed over seven floors. Upper levels offering 22 flats and three penthouses, with street and first floor levels dedicated to retail or commercial use. Eden Gardens, designed by LAB Architecture and Associates (Australia) and Batimat Architects on lot 1333, offers 6,164 sq m of floor space distributed over six floors, 13 flats, with retail on street level. After excavations, construction works started in April 2010 and the project is scheduled for completion at the beginning of 2012. New Zone Real Estate, designed by Tripod Architecture and Nabih Sinno on lot 1477, offers 3,626 sq m distributed over seven floors, 12 flats and one penthouse, with retail on street level; works are expected to be completed by end 2010.

Shoring and excavation works started on two projects, both designed by Giancarlo De Carlo and Associates (Italy) and Rafic El Khoury. Beirut Square, on lot 1379, offers 15,260 sq m distributed over four buildings of six floors, 44 flats and five penthouses. The buildings are arranged along external streets, around an interior space divided into one common and several private gardens. As per the Ministry of Culture decision, the most valuable of the archaeological finds unearthed in the site during the excavations will be integrated within the development landscaping. Beirut Village, on lot 1370, was delayed and later cancelled as excavations unearthed the remnants of the Roman Hippodrome. The Ministry of Culture has placed the site on the list of archeological sites of Lebanon, and the Directorate General of Antiquities has expressed its interest to collaborate with Solidere on clearing and landscaping the site.

Property 709 Mina, designed by Antoine Skaf on lot 709, offers 2,263 sq m distributed over seven floors, seven apartments and one duplex. The project is under study at Beirut Municipality, with construction to start upon building permit issuance.

GRAND HYATT HOTEL CONSTRUCTION SITE
VIEW TOWARDS THE HOTEL DISTRICT
PHOTOS BY FOUAD EL KHOURY

CORPORATE FUNDING
TREASURY AND TREASURY STOCK

CORPORATE FUNDING

The strategy to reduce borrowing levels was again pursued in 2009, utilizing growing levels of liquidity generated from land sales. Consequently, the bank debt level was substantially reduced, from US$2.3 million in 2008, representing 0.13% in debt to equity ratio, to zero in 2009 excluding joint-venture activities.

In 2009, the Company pursued the practice of resorting to flexible short-term credit arrangements, mainly temporary overdrafts at competitive interest rates.

One new short-term bank facility was signed during 2009. Another similar facility, signed with the same bank in 2008, was renewed in 2009, in addition to two others signed with local banks in 2007 and renewed in 2008 and 2009.

In 2009, the Company repaid in full the three loans used to finance land reclamation works: the US$22 million locally syndicated loan and the two parallel facilities from Citibank N.A. totaling US$24.7 million (US$14.7 million in export credit financing with guarantee from the US Export-Import Bank, and US$10 million as local facility from Citibank Beirut).

TREASURY

The consolidated balance sheet at year end shows positions of US$177.6 million for cash and cash balances; US$253.7 million for bank overdrafts and short-term facilities.

The Company maintained its policy of investing its liquid funds in assets presenting minimum risk, and with top-ranking banking and financial institutions in the domestic and international markets, including some structured products that carry high returns with guaranteed capital. For efficient cash management, Solidere also arranged with local banks certain revolving current overdraft facilities, utilized and refunded according to cash needs and availability.

During 2009, Solidere made 522 cash placements totaling US$2,000 million. These figures include placements made in 2009, which matured in the same year or will mature in the following year.

The Company pursued again this year a strategy of short-term cash placements, with a weighted average holding period of about 40.71 days. Around 371 basis points were secured on average over the median 2009 three-month LIBOR rate. Interest income earned during the year on the aggregate cash placements was equivalent to an annualized interest rate of about 4.4%.

TREASURY STOCK

The share buyback program launched early in 2008, targeting to acquire A and B shares equivalent to up to 10% of the issued capital, with a view to retire these shares and reduce capital accordingly, was pursued in 2009.

SOLIDERE SHARES AND GDRS

EXCHANGE LISTINGS AND TICKER SYMBOLS

Beirut Stock Exchange
Solidere A shares: SOLA.BY
Solidere B shares: SOLB.BY
London Stock Exchange
GDRs: SOLAq.L

ANALYSIS OF SHARE PRICES

Throughout the first half of the year, sequels of the world financial crisis kept Solidere share prices hovering around their two-year low of US$15. By the beginning of June, news of strong upward reversals in world markets, started in March, uplifted the local mood with prices of both classes of shares jumping up on high volume. This occurred at the time of publication of Solidere's 2008 year-end financials, which showed robust results, as the Lebanese economy demonstrated strong resilience facing the world financial crisis. During the remainder of the year, both classes of shares fluctuated within a tight band around US$25, closing the year on an upbeat note.

Share A closed the year at US$23.98, representing a 45% year-on-year increase. Share B closed at US$23.78, a 42.39% year-on-year increase. The GDRs, which are traded on the London Stock Exchange, closed the year down at US$24.5, a 57% increase compared to the previous year.

Both classes of shares fluctuated during the year between a high of US$27.91 and a low of US$14.38. Trading was active, with a total of around 32.5 million shares changing hands, for a cumulative value of about US$726 million. This represents around 19.67% of the Company capital changing hands. The average daily volume was about 133,608 shares worth around US$3 million. The average price for the year consequently was about US$22.38, a 22% decrease compared to the previous year.

DIVIDEND DISTRIBUTION

The annual general shareholders meeting held on July 13, 2009, confirmed the Board of Directors' recommendation to distribute dividends of US$1.15 (US$1.09 after deducting the compulsory 5% tax on profit distributions) per share held, as per the shareholders' register at the general meeting date. The distribution took effect starting September 28, 2009. Of the dividends payable, in the amount of US$176.5 million, net of distribution tax in the amount of US$8.8 million, approximately US$153.6 million had been settled by December 31, 2009.

RESEARCH AND INVESTOR RELATIONS

The Company pursued its investor relations efforts in 2009, participating in several financial, investment, business and real estate conferences.

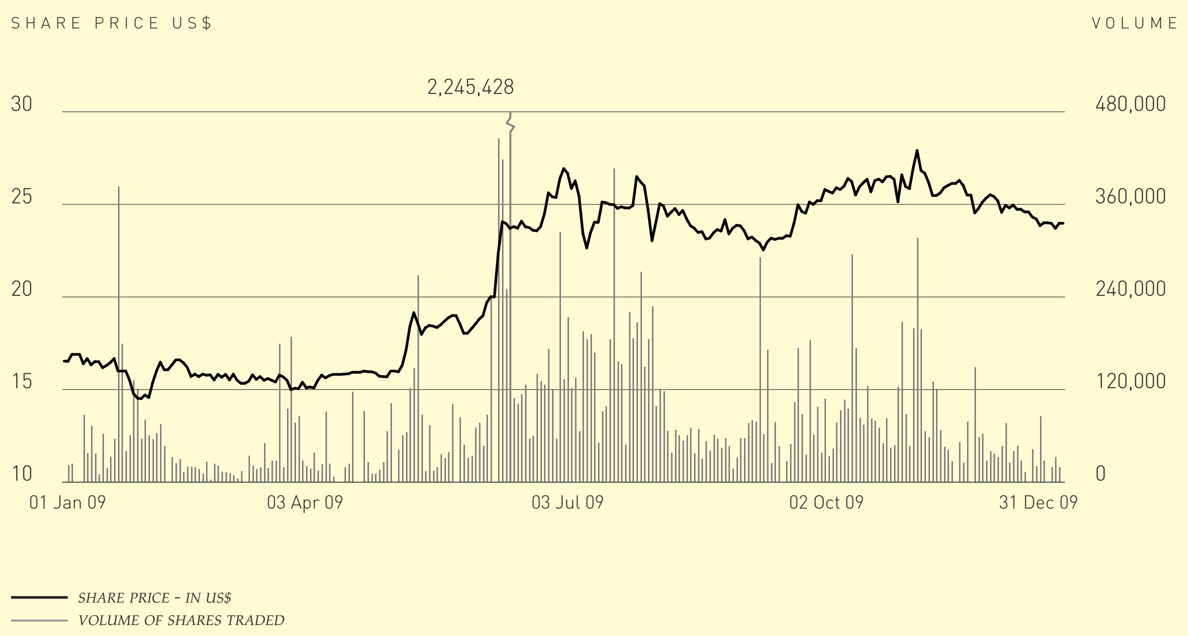
Solidere was invited to a series of international investor conferences. Presentations were made to a large number of international investors and investment funds, many of which are already Solidere shareholders.

Solidere attended the Lebanon Capital Market Day in New York on March 2, 2009, organized by Bank of New York Mellon and Auerbach Grayson, accompanied by the American-Lebanese Chamber of Commerce; the EFG Hermes and Auerbach Grayson Manhattan MENA conference, New York, October 19-20, 2009; and the Bank of America Merrill Lynch MENA and Frontiers conference, Dubai, November 9-11, 2009.

Presentations on Solidere's fundamentals and strategies that led to the success of Beirut city center, were made at the Arab Business Forum held in Beirut February 4-5, 2009 under the theme 'Innovative institutions and their capacities to weather the current crisis'; and the EFG Hermes 7th Annual One-on-One Conference held in Sharm El Sheikh, Egypt, March 8-12.

Financial research in 2009 was initiated by Citibank and FFA Private Bank at the beginning of 2009, and by EFG Hermes and Audi Bank at mid year. The Company continued to receive at its premises numerous visitors with diverse profiles.

A SHARES-DAILY TRADES



B SHARES-DAILY TRADES

MANAGEMENT SYSTEMS AND **STUDIES**

MANAGEMENT INFORMATION SYSTEMS

In 2009, the Solidere IT department finished upgrading its data center to meet the latest international specifications for server rooms. Work is progressing on the unified database destined to support the Company's business intelligence applications, which will function on top of the new integrated system. In application of the plan to gradually automate the workflow and document control functions within Solidere, the Document Management System continues to add new departments and divisions to the scope of its services.

A special software for Digital Asset Management is being introduced to track, archive and control the use of graphic documents and photographs within the concerned divisions.

GIS, Geographic Information System applications, have been developed to serve the needs of the newly opened Beirut Souks, in terms of intelligent maps and users experience applications to be installed in information kiosks.

The physical network of Solidere is continuously undertaking upgrades and updates in terms of new connectivity to new buildings as well as installing the latest switches to upgrade its core network functions.

URBAN AND STRATEGIC STUDIES

URBAN DESIGN STUDIES

With rising investment interest in the reclaimed area, and the contract for infrastructure design having been signed with Laceco, in-house urban design studies are in progress on building massing, land use, phasing and land sales strategies for the Waterfront District. These include a temporary use strategy through the early phases of development, creating a new waterside destination of retail, cultural, recreational and nightlife activity, as well as the origin of future permanent city center bicycle trails. The strategy focuses along a north-south axis or *rambla* pedestrian spine that will lead from Beirut Souks to the terraced esplanades of the waterfront.

Permanent development is planned to start around the periphery of the street grid along the Ottoman Wall Walk to the planned East Marina, with mountain and marina views to the east, city views to the south, waterside city park and Beirut Marina views to the west, and Mediterranean views to the north. The central blocks will then be developed, gradually replacing temporary uses, to house the Convention Center, offices, hotels, serviced apartments and mixed-use support facilities of the special business district. The total BUA for the Waterfront District will be 1,725,000 sq m, including 105,000 sq m transferred from the traditional BCD, with maximum BUA allocated for each parcel.

Of strategic importance to the completion of the traditional BCD, Italy's leading architectural firm, Renzo Piano Building Workshop, has been commissioned to undertake an urban design study of the Martyrs' Square axis, producing detailed guidelines for building massing and land use. A more human-scale vision is emerging that will soften its memorial and ceremonial character, encouraging Martyrs' Square, with its new green corridor open to the sea, to recover its role as Beirut's premier public space and center of the city life.

LAND USE STRATEGY

The Company has carried out market studies and concept designs for some eight new projects in the residential, serviced apartment, hotel and office sectors. Limited design competitions have been launched for four key projects in the sectors chosen for Solidere development. A high quality of international participation was achieved in these competitions.

Solidere's objective is to create the market and control the supply and quality of new development in specific key market sectors, including office, conference and exhibition, hotel, serviced apartments and certain categories of residential space. A new land use strategy is being put in place for that purpose. It will include detailed planning and a more direct control of temporary uses, likely to be the main activity in the Waterfront District for the next five to ten years, and serving as testing grounds and incubators for new uses that may emerge in time as permanent features of the city center.

TRANSPORTATION STRATEGY

The detailed design of the Martyrs' Square corridor highlighted the need for parking, public transport strategies, detailed traffic modeling and traffic management. The winning scheme design of the Greek consultant team features a dedicated public transport right-of-way on the west side of Martyrs' Square, continuing southwards through the Beirut Gate development. Impending growth in development density and employment uses in the Waterfront District confirm the necessity for bus rapid transit in the future.

A strategic transport planning project is under way with UK consultants Arup. A large-scale traffic model has been constructed for the city center, based on citywide data provided from existing Beirut traffic models checked against traffic counts taken on the city center periphery. The model illustrates peak hour traffic flow, traffic build-up and vehicle turning movements at all junctions in the network. Based on new land uses projections for sectors A and D, the traffic model has been extended to cover the Waterfront District and the output will enable Solidere to provide detailed briefing guidelines to the infrastructure consultants for the street network design.

A parking strategy for the city center, also to be developed by Arup, will include a more detailed application in the Waterfront District. Significant parking capacity, proposed beneath the corniche roads and the waterside city park, is likely to reduce parking requirement standards for individual block developments. The consultant will also propose pilot projects for consideration by Solidere, to encourage the gradual introduction of city-wide public transport. The strategy will further include pedestrianization measures and the implementation of bicycle lanes throughout the city center.

LIGHTING MASTER PLAN - PUBLIC AREA LIGHTING STRATEGY

Beirut city center enjoys a high quality and active use of its public spaces, which will comprise on completion some 60 parks, gardens, squares and promenade areas. Solidere intends to maximize the value of this asset by implementing a new public area lighting strategy, further enhancing the city center as the capital's main visitor attraction and meeting point.

Consultants are being shortlisted and a scope of work defined for a lighting master plan that will guide the overall strategy. There will be three main components: a festive lighting program for major calendar events, possibly including an annual Festival of Light; heritage lighting; and façade lighting guidelines for private owners.

A heritage building lighting project is already under way, with projection lighting of many façades in the historic core along the route and around important squares on the Heritage Trail. The program will be gradually expanded in future years to become one of the key attractions of the city center.

SUSTAINABLE ENVIRONMENTAL STRATEGY

The voluntary application of sustainability measures has been encouraged throughout Beirut city center for the past 10 years and several projects are now coming forward to the Leadership in Energy and Environmental Design (LEED) Gold Standard. While this trend continues to be encouraged, Solidere has specifically resolved to develop the Waterfront District as a model project of sustainable urban development, applying mandatory energy conservation standards and other wide-ranging sustainability guidelines.

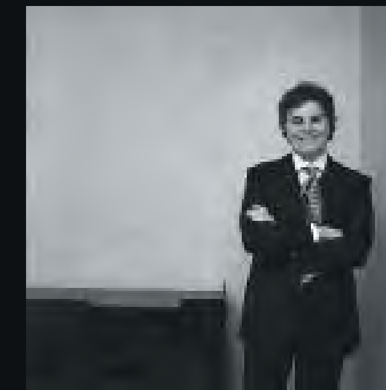
Consultants are to be appointed shortly, following scoping workshops and tender procedures. Aspects of the project will incorporate infrastructure and transportation guidelines as well as building design guidelines, which include issues related to building orientation, insulation values, building skin, building services, building management systems and the use of renewable resources. Some form of scoring system, such as LEED, BRE Environmental Assessment Method (BREEAM) or Estidama is likely to be applied. Training programs will follow, to enable Solidere staff to audit, approve and monitor the performance of development projects.

LAND DEVELOPMENT STRATEGY

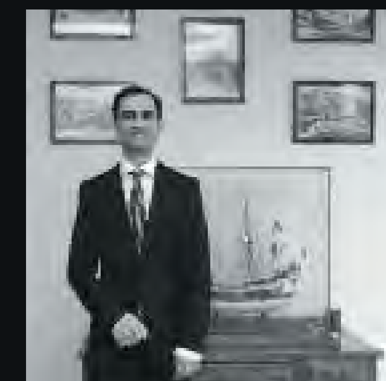
A phasing strategy is being developed for the Waterfront District, including infrastructure construction, temporary uses and phased sequence of land uses, sales and real estate development.

The consultancy agreement has been finalized and signed with Laceco to undertake the design of modern infrastructure networks for the Waterfront District, with work commencing in the early summer. The project includes the design of parking structures beneath the waterside corniche road and waterside city park. Infrastructure design will be coordinated with the transport planning consultant, ARUP, in relation to street network geometry, and with the sustainability consultant in relation to specific aspects of the design, of infrastructure systems and networks.

BOARD OF DIRECTORS
GENERAL MANAGEMENT



CHAIRMAN AND GENERAL MANAGER
NASSER CHAMMAA



VICE CHAIRMAN
FADI BOUSTANY

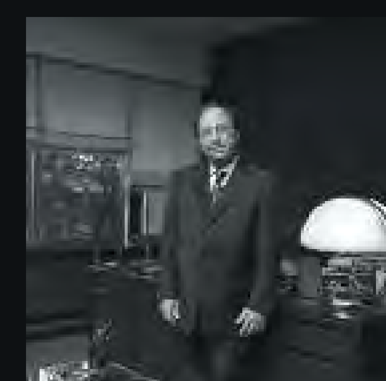
VICE CHAIRMAN
MAHER BEYDOUN

GENERAL MANAGER
MOUNIR DOUAIDY

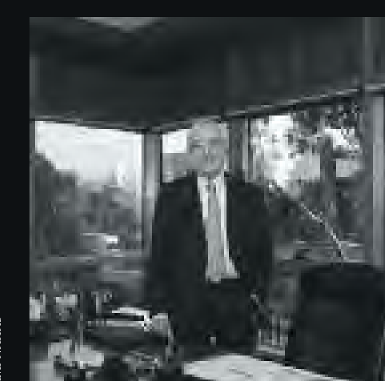
MEMBER OF THE BOARD
ABDULHAFIZ MANSOUR

MEMBER OF THE BOARD
RAPHAEL SABBAGHA

MEMBER OF THE BOARD
FOUAD EL KHAZEN

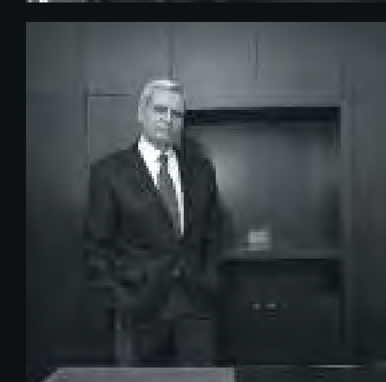


MEMBER OF THE BOARD
SAMI NAHAS



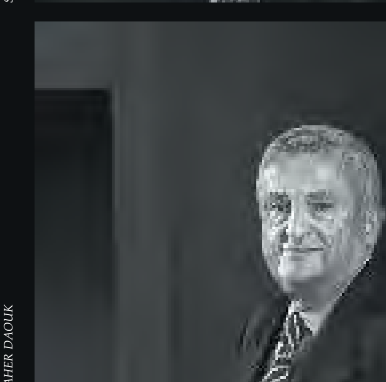
MEMBER OF THE BOARD
SARKIS DEMERJIAN

MEMBER OF THE BOARD
BASILE YARED



MEMBER OF THE BOARD
JOSEPH ASSEILY

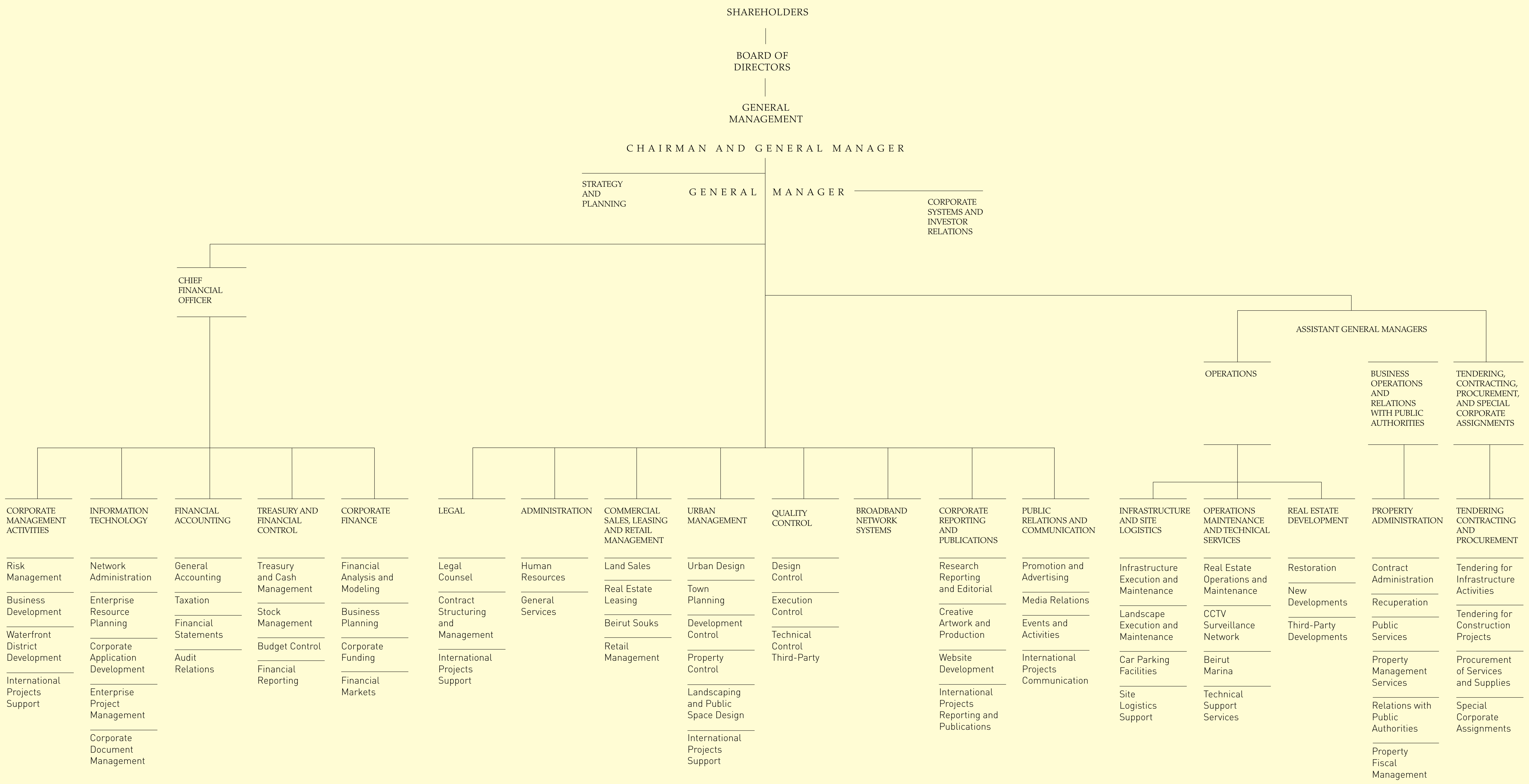
MEMBER OF THE BOARD
MAHER DAOUK



MEMBER OF THE BOARD
MOSBAH KANAFANI

SOLIDERE ORGANIZATIONAL **CHART**

2009 SOLIDERE ORGANIZATIONAL CHART



2009 SOLIDERE ORGANIZATIONAL CHART

FINANCIAL STATEMENTS *AND AUDITORS' REPORT*

INDEPENDENT AUDITORS' REPORT

To the shareholders
The Lebanese Company for the Development
and Reconstruction of Beirut Central District s.a.l.
Beirut - Lebanon

We have audited the accompanying consolidated financial statements of The Lebanese Company for the Development and Reconstruction of Beirut Central District s.a.l. and its Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2009, and the consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT AND DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management and Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Lebanese Company for the Development and Reconstruction of Beirut Central District s.a.l. and its Subsidiaries (the Group) as of December 31, 2009, and of its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, Lebanon,
April 9, 2010

Deloitte & Touche

Deloitte & Touche

Ernst & Young

Ernst & Young

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

December 31,	Notes	**2009** US$	2008 US$
ASSETS			
Cash and banks balances	7	177,622,687	291,703,019
Prepayments and other debit balances	8	36,585,843	34,803,021
Accounts and notes receivables, net	9	346,474,210	296,401,913
Investment securities	10	-	5,901,300
Inventory of land and projects in progress	11	1,124,616,666	1,274,486,606
Investment properties, net	12	366,099,244	216,787,077
Investment in an associate	13	311,384,302	296,444,933
Fixed assets, net	14	36,200,879	37,304,608
Total Assets		**2,398,983,831**	**2,453,832,477**
LIABILITIES			
Bank overdrafts and short term facilities	15	253,659,010	176,996,835
Accounts payable and other liabilities	16	112,554,605	95,310,680
Dividends payable	17	70,541,046	62,989,562
Deferred revenue and other credit balances	18	150,280,315	256,523,727
Loans from banks and financial institutions	19	1,987,023	2,347,054
Total Liabilities		589,021,999	594,167,858
SHAREHOLDERS' EQUITY			
Issued capital at par value US$10 per share:	20		
100,000,000 class (A) shares		1,000,000,000	1,000,000,000
65,000,000 class (B) shares		650,000,000	650,000,000
		1,650,000,000	1,650,000,000
Legal reserve	21	112,304,146	94,067,105
Retained earnings		266,525,826	272,280,032
Foreign currency translation reserve		81,009	-
Cumulative changes in fair value of available for sale securities	10	-	185,130
Surplus on sales of treasury shares		11,723,032	11,653,751
Less: Treasury shares	22	(230,672,181)	(168,521,399)
Total Equity		1,809,961,832	1,859,664,619
Total Liabilities and Shareholders' Equity		**2,398,983,831**	**2,453,832,477**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF
INCOME

December 31,	Notes	**2009** US$	2008 US$
Revenues from land sales		305,081,555	256,635,633
Revenues from rented properties		27,254,090	21,670,899
Revenues from rendered services	23	3,975,801	7,426,645
Provision for previously recognized sales	16 (e)	(7,007,910)	-
Cost of land sales		(80,646,511)	(62,422,633)
Charges on rented properties	24	(9,522,142)	(8,345,604)
Cost of rendered services	25	(4,670,872)	(6,712,741)
Loss on sale of investment properties		(376,453)	(2,108,123)
Net revenues from operations		234,087,558	206,144,076
Share result from an associate		7,861,360	(1,798,576)
General and administrative expenses	26	(24,338,674)	(19,351,682)
Depreciation of fixed assets	14	(5,057,481)	(4,512,679)
(Provision)/write-back of provision against land and real estate development cost	11	(2,562,760)	9,604,171
Write-off of land and real estate development cost	11	-	(8,036,672)
Provision for impairment on collectively assessed accounts receivable	9	(9,000,000)	-
Other expenses	30	(4,737,547)	(570)
Other income	27	352,120	832,602
Other taxes	16	(300,000)	(3,739,823)
Interest income	28	37,044,009	55,496,110
Interest expense	29	(11,382,997)	(20,309,559)
Profit before tax		221,965,588	214,327,398
Income tax expense	16	(32,754,575)	(31,608,453)
Profit for the year		**189,211,013**	**182,718,945**
Basic/diluted earnings per share	31	**1.2348**	**1.1781**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

December 31,	**2009** US$	2008 US$
Profit for the year	189,211,013	182,718,945
Other comprehensive income:		
Foreign currency translation reserve	81,009	-
Net gain on value of available-for-sale securities	-	37,638
Redemption of available-for-sale securities	(185,130)	-
Other comprehensive (loss) income for the year	(104,121)	37,638
Total comprehensive income	**189,106,892**	**182,756,583**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

	Share Capital US$	Legal Reserve US$	Retained Earnings US$	Foreign Currency Translation Reserve US$	Cumulative Changes in Fair Value of Available-for-sale Securities US$	Surplus on Sale of Treasury Shares US$	Treasury Shares US$	Total US$
Balance at December 31, 2007	1,650,000,000	75,543,036	263,175,988	-	147,492	11,653,751	(168,491,485)	1,832,028,782
Allocation to legal reserve from 2008 profit	-	18,524,069	(18,524,069)	-	-	-	-	-
Total comprehensive income	-	-	182,718,945	-	37,638	-	-	182,756,583
Treasury shares trade	-	-	-	-	-	-	(29,914)	(29,914)
Dividends - Note 17	-	-	(155,090,832)	-	-	-	-	(155,090,832)
Balance at December 31, 2008	1,650,000,000	94,067,105	272,280,032	-	185,130	11,653,751	(168,521,399)	1,859,664,619
Allocation to legal reserve from 2009 profit	-	18,237,041	(18,237,041)	-	-	-	-	-
Total comprehensive income	-	-	189,211,013	81,009	(185,130)	-	-	189,106,892
Surplus on sale of treasury shares	-	-	-	-	-	69,281	-	69,281
Treasury shares trade	-	-	-	-	-	-	(62,355,782)	(62,355,782)
Other	-	-	(248,221)	-	-	-	205,000	(43,221)
Dividends - Note 17	-	-	(176,479,957)	-	-	-	-	(176,479,957)
Balance at December 31, 2009	**1,650,000,000**	**112,304,146**	**266,525,826**	**81,009**	**-**	**11,723,032**	**(230,672,181)**	**1,809,961,832**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

December 31,	Notes	2009 US$	2008 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before income tax		221,965,588	214,327,398
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation	32	9,537,724	7,788,218
Loss on sale of investment properties	12	445,728	2,108,123
Gain on sale of securities		(316,500)	(645,911)
(Gain)/loss on sale of fixed assets		324,169	(14,651)
Provision for impairment on collectively assessed accounts receivable	9	9,000,000	-
Provision for previously recognized sales	16(e)	7,007,910	-
Provision for contingencies and other charges	16(d)	861,008	1,499,712
Share result from an associate	13	(7,861,360)	1,798,576
Interest income	28	(36,801,927)	(54,522,764)
Interest expense	32	11,382,602	20,506,797
Changes in working capital:			
Prepayments and other debit balances	8(b)	5,833,972	14,820,105
Accounts and notes receivable	32	(59,628,768)	21,292,223
Inventory of land and projects in progress	32	142,392	46,691,451
Accounts payable and other liabilities	32	20,730,270	(17,921,830)
Deferred revenues and other credit balances	8(b)	(106,243,412)	23,376,275
Interest received		29,178,257	45,018,642
Income tax paid		(46,496,652)	(33,403,422)
Net cash provided by operating activities		59,061,001	292,718,942
CASH FLOWS FROM INVESTING ACTIVITIES			
Short term deposit		(42,648,774)	-
Pledged term deposits with banks		5,022,870	2,105,602
Receivable from recuperated properties	32	556,469	1,068,588
Acquisition of fixed assets	14&32	(4,378,967)	(2,617,276)
Acquisition of investment properties	12	(4,388,522)	(340,604)
Proceeds from sale of fixed assets		11,658	53,100
Proceeds from sale of investment properties	12	967,320	8,454,923
Proceeds from sale of securities		6,000,000	4,851,911
Investment in an associate	13	(6,997,000)	(10,784,850)
Net cash (used in)/provided by investing activities		(45,854,946)	2,791,394
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank loans (settlement)		(2,347,054)	(4,694,109)
Bank loans (additions)		1,987,023	-
Dividends paid	17	(168,971,694)	(130,559,521)
Deferred credits under structured contracts		-	(170,280,000)
Treasury shares		(62,286,501)	(57,914)
Interest paid		(9,956,237)	(19,768,148)
Net cash used in financing activities		(241,574,463)	(325,359,692)
Net change in cash and cash equivalents		(228,368,408)	(29,849,356)
Cash and cash equivalents -- Beginning of the year		109,626,314	139,475,670
Cash and cash equivalents -- End of the year	32	**(118,742,097)**	**109,626,314**

The accompanying notes form an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2009

1 FORMATION AND OBJECTIVE OF THE COMPANY

The Lebanese Company for the Development and Reconstruction of Beirut Central District s.a.l. (Solidere) (the Company) was established as a Lebanese joint stock company on May 5, 1994 based on Law No. 117/91, and was registered on May 10, 1994 under Commercial Registration No. 67000. The articles of incorporation of the Company were approved by Decree No. 2537 dated July 22, 1992.

The objective of the Company, is to acquire real estate properties, to finance and ensure the execution of all infrastructure works in the Beirut Central District (BCD) area, to prepare and reconstruct the BCD area, to reconstruct or restore the existing buildings, to erect buildings and sell, lease or exploit such buildings and lots and to develop the landfill on the seaside.

The duration of the Company is 25 years, beginning from the date of establishment. An extraordinary general assembly dated June 29, 1998 resolved to amend the duration of the Company to be 75 years beginning from the date of establishment. During 2005, the Council of Ministers approved the extension of the duration of the Company for 10 years.

The Company, based on law No.117/91 mentioned above, was exempt from income tax for a period of ten years beginning on the date of formation. As such beginning May 10, 2004, the Company became subject to income tax.

An extraordinary general assembly dated November 13, 2006 resolved to amend the objective of the Company to include providing services and consultancy in real estate development for projects outside the BCD area and all over the world.

During 2007, the Company granted Solidere International Limited (an associate) the right to use the "Solidere" brand in the execution of real estate projects outside the Beirut Central District area of Lebanon.

The Company's shares are listed on the Beirut stock exchange and Global Depository Receipts (GDR) are listed on the London stock exchange (International Trading List).

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 STANDARDS AFFECTING PRESENTATION AND DISCLOSURE

The following new and revised Standards have been adopted in the current period in these financial statements. Details of other Standards and Interpretations adopted but that have had no effect on the financial statements are set out in section 2.2:

IAS 1 (as revised in 2007) Presentation of Financial Statements
IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

Improving disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)
The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Company has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

2.2 STANDARDS AND INTERPRETATIONS ADOPTED WITH NO EFFECT ON THE FINANCIAL STATEMENTS

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

Amendments to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations
The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.

IFRIC 13 Customer Loyalty Programmes
The Interpretation provides guidance on how entities should account for customer loyalty programmes by allocating revenue on sale to possible future award attached to the sale.

IFRIC 15 Agreements for the Construction of Real Estate
The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognized.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation
The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.

Improvements to IFRSs (2008)
Amendments to IFRS 5, IAS 1, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41 resulting from the May and October 2008 Annual Improvements to IFRSs majority of which are effective for annual periods beginning on or after January 1, 2009.

2.3 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

New Standards and amendments to Standards:

	Effective for annual periods beginning on or after
IFRS 1 (revised) First time Adoption of IFRS and IAS 27 (revised) Consolidated and Separate Financial Statements – Amendment relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	July 1, 2009
IFRS 3 (revised) Business Combinations – Comprehensive revision on applying the acquisition method and consequential amendments to IAS 27 (revised) Consolidated and Separate Financial Statements, IAS 28 (revised) Investments in Associates and IAS 31 (revised) interests in Joint Ventures	July 1, 2009
IAS 39 (revised) Financial Instruments: Recognition and Measurement – Amendments relating to eligible hedged Items (such as hedging inflation risk and hedging with options)	July 1, 2009
IFRS 2 (revised) Share-based payment – Amendment relating to Bank cash-settled Share-based payments	January 1, 2010
IAS 32 (revised) Financial Instruments: Presentation – Amendments relating to classification of rights Issue	February 1, 2010
IAS 24 Related Party Disclosures – Amendment on disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government	January 1, 2011
IFRS 9 Financial Instruments: Classification and Measurement (intended as complete replacement for IAS 39 and IFRS 7)	January 1, 2013
Amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38 and IAS 39 resulting from April 2009 Annual Improvements to IFRSs.	Majority effective for annual periods beginning on or after January 1, 2010

The directors anticipate that the adoption of all of the above Standards and Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements are presented in U.S. Dollars.

The consolidated financial statements are prepared under the historical cost convention as modified for the measurement at fair value of available-for-sale financial assets and derivatives, as applicable.

The consolidated financial statements incorporate the financial statements of The Lebanese Company for the Development and Reconstruction of Beirut Central District s.a.l. and its controlled subsidiaries drawn up to December 31 of each year. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-Group balances, transactions, income and expenses and profits and losses resulting from intra-Group transactions are eliminated in full.

Group entities comprise the following:

Company	Ownership Share	Date of Establishment
Beirut Water Front Development s.a.l. (Joint Venture) (Proportionate consolidation)	50	April 2004
Beirut Real Estate Management and Services s.a.l. (Joint Venture), (Proportionate consolidation)	45	September 2005
Solidere Management Services s.a.l.	100	June 2006
Solidere Management Services (Offshore) s.a.l.	100	March 2007
Solidere International Holding s.a.l.	100	May 2007

The significant accounting policies adopted are set here below:

A. BASIS OF PRESENTATION

In view of the long term nature and particulars of the Group's operations, the consolidated financial statements are presented on the basis that the operations have realization and liquidation periods spread over the duration of the Group and which are subject to market conditions and other factors commonly associated with development projects; as such, assets and liabilities are reflected in the statement of financial position without distinction between current and long-term classifications.

B. FOREIGN CURRENCIES

The functional and presentation currency is the U.S. Dollars, in accordance with the applicable law, which reflects the economic substance of the underlying events and circumstances of the Group. Transactions denominated in other currencies are translated into U.S. Dollars at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities stated in currencies other than the U.S. Dollar are translated at the rates of exchange prevailing at the end of the year. The resulting exchange gain or loss which is not material is reflected in the consolidated statement of income.

C. IMPAIRMENT AND UNCOLLECTIBILITY OF FINANCIAL ASSETS

An assessment is made at each consolidated statement of financial position date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset and any impairment loss are determined based on the present value of expected future cash flows. Impairment losses are recognized in the consolidated statement of income.

D. ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable which are originated by the Group are stated at amortized cost less any amount written off and provisions for impairment. An assessment is made at each consolidated statement of financial position date to determine whether there is objective evidence that accounts or notes receivable may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows discounted at original effective interest rates, is included in the consolidated statement of income.

The carrying amount of the asset is adjusted through the use of an allowance account.

E. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

When a financial instrument gives rise to a contractual obligation on the part of the Group to deliver cash or another financial asset or to exchange another financial instrument under conditions that are potentially unfavorable, it is classified as a financial liability. The instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met:

(a) The instrument includes no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer.

(b) If the instrument will or may be settled from the Group's own equity instruments; it is a non-derivative that includes no contractual obligation for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Held-to-Maturity Securities
Held-to-maturity securities, which have fixed or determinable payments and which are intended to be held to maturity, are subsequently measured at amortized cost, less provision for impairment in value. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount. Amortized cost is calculated by taking into account any discount or premium on acquisition.

Impairment loss on such investments is recognized in the consolidated statement of income.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit and or loss when the loans and receivables are derecognized or impaired as well as through the amortization process.

Available-for-Sale Securities
Available-for-sale securities are those non-derivative financial assets that are designated as available-for-sale or are not classified in any other category. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognized net of deferred tax in other comprehensive income ("OCI") and accumulated as a separate component under equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously accumulated in equity is included in the consolidated statement of income.

Fair Value
The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the consolidated statement of financial position date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same, discounted cash flow analysis and other pricing models.

Derecognition
Financial assets
A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

> The rights to receive cash flows from the asset have expired, or

> The Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flow in full without material delay to a third party under a 'pass through' arrangement, and

> Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is derecognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amount is recognized in statement of income.

Offsetting
Financial assets and financial liabilities are only offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and the liability simultaneously.

F. INVENTORY OF LAND AND PROJECTS IN PROGRESS

Inventory of land and projects in progress are stated at the lower of cost and estimated net realizable value. Costs include appraisal values of real estate plots constituting the contributions in kind to capital (A shares), in addition to capitalized costs. Capitalized costs comprise the following:

> Project direct costs and overheads related to the properties development, construction and project management as a whole, as well as acquisition, zoning, and eviction costs.

> Indirect costs, such as overheads, which were partially allocated to inventory of land and projects in progress.

G. INVESTMENT PROPERTIES

Investment properties which represent properties held to earn rent and/or for capital appreciation are measured initially at cost and subsequent to initial recognition are stated at their cost less accumulated depreciation and any impairment in value.

Depreciation is computed using the straight-line method over the estimated useful lives of the properties, excluding the cost of land, based on the following annual rates:

Buildings	*2%*
Furniture, fixtures, equipment and other assets	*4%-15%*

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of investment properties. All other expenditure is recognized in the consolidated statement of income as the expense is incurred.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell.

H. INTEREST IN JOINT VENTURES

The Group has interests in joint ventures. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Group recognizes its share in joint ventures by using the proportionate consolidation method. Investments in joint ventures are accounted for in the standalone financial statements using historical cost net of any impairment loss. Impairment loss is recognized in the statement of income.

The Group consolidates its share in assets, liabilities, revenues and expenses with related captions in the consolidated financial statements.

Financial statements of joint ventures are prepared for the same fiscal year, using the same accounting policies.

When the Group contributes or sells assets to the joint venture, any portion of gain or loss from the transaction is recognized based on the substance of the transaction. When the Group sells assets to the joint venture, the Group does not recognize its share of the profits from the transaction until the joint venture resells the assets to an independent party.

The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

I. INVESTMENTS IN ASSOCIATES

The Group's investments in associates are accounted for under the equity method of accounting. These are entities over which the Group exercises significant influence and which are neither subsidiaries nor joint ventures.

Under the equity method of accounting, the interest in the associate is carried in the consolidated statement of financial position at cost as adjusted for post acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the individual investment.

J. FIXED ASSETS

Fixed assets are stated at cost net of accumulated depreciation and any impairment in value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets based on the following annual rates:

Buildings	*2%*
Marina	*2%*
Furniture and fixtures	*9%*
Freehold improvements	*9%*
Plant	*10%*
Machines and equipment	*15%-20%*

Expenditure incurred to replace a component of an item of fixed assets that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of fixed assets. All other expenditure is recognized in the consolidated statement of income as the expense is incurred.

K. IMPAIRMENT OF TANGIBLE ASSETS

At each consolidated statement of financial position date, the carrying amounts of tangible assets (investment properties and fixed assets) are reviewed to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is defined as the higher of:

> Fair value that reflects market conditions at the balance sheet date less cost to sell, if any.

> Value in use assessed as the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life, only for applicable assets with cash generation units, as applicable.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in statement of income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

The impairment loss is recognized in the consolidated statement of income.

L.TREASURY SHARES

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Gains on sale of treasury shares are recorded under a reserve account in equity. Losses in excess of previously recognized gains are charged to retained earnings.

M. REVENUE RECOGNITION

Revenue on land and real estate sales transactions is recognized on the basis of the full accrual method as and when the following conditions are met:

> A sale is consummated and contracts are signed.

> The buyer's initial (in principle over 25% of sales price) and continuing investments are adequate to demonstrate a commitment to pay for the property.

> The Group's receivable is not subject to future subordination.

> The Group has transferred to the buyer the usual risks and rewards of ownership in a transaction that is in substance a sale and the Group does not have a substantial continuing involvement with the property.

If any of the above conditions is not met, the initial payments received from buyers are recorded under deferred revenues and other credit balances. Amounts are released to revenue as and when the above conditions are fulfilled.

Financial assets (including treasury shares) received in return for the sale of land and real estate are valued at fair market value.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Interest income is recognized as interest accrues using the effective interest method, by reference to the principal outstanding and the applicable interest rate.

Revenue from rendering of services is recognized when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the consolidated statement of financial position date.

N. COST OF SALES

Cost of properties sold is determined on the basis of the built up area (BUA) - permitted right to build in square meters - on the sold plots based on the terms of the sales agreements. The cost of one square meter of BUA is arrived at by dividing, total estimated cost of the land development project over total available BUA after deduction of the BUA relating to recuperated properties and those relating to the religious and public administrations.

O. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts and short-term facilities with an original maturity of three months or less.

P. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be ready for their intended use, are added to the cost of those assets, until such time that the assets are substantially ready for their intended use.

All other borrowing costs are reflected in the consolidated statement of income in the period in which they are incurred.

Q. BANK BORROWINGS

Interest-bearing bank loans and overdrafts are initially measured at the fair value of the consideration received, less directly attributable costs and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement

or redemption of borrowings is recognized in profit or loss over the term of the borrowings through the amortization process, using the effective interest rate method.

R. TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value. Due to their short-term nature, the carrying amount of trade and other payables approximates their fair values as of the date of the statement of financial position. Average maturity dates of trade payables range between 30-90 days. Short duration payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

S. TAXATION

Current Tax
Income tax is determined and provided for in accordance with the Lebanese tax laws. Income tax expense is calculated based on the taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of income because it excludes items of income or expense that are taxable or deductible in future years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates enacted at the consolidated statement of financial position date. Provision for income tax is reflected in the consolidated statement of financial position net of taxes previously settled in the form of withholding tax.

Tax on the holding subsidiary is provided for in accordance with Article 6 of Legislative Decree number 45 dated June 24, 1983 (as adjusted in decree number 89 dated September 7, 1991). The tax is capped at USD3,317 (LBP5million).

Tax on the offshore subsidiary is provided for in accordance by Legislative Decree number 46 dated June 24, 1983 amended by Decree number 85 dated September 7, 1991. The tax is set at a flat rate of USD663 (LBP1million).

Rental income is subject to the built property tax in accordance with the Lebanese tax law.

Deferred tax
Deferred income tax is provided, using the liability method, on all temporary differences at the consolidated statement of financial position date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted at the consolidated statement of financial position date.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Taxes payable on unrealized revenues are deferred until the revenue is realized.

Current tax and deferred tax relating to items that are credited or charged directly to other comprehensive income are recognized directly in other comprehensive income.

Value added tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT except:

> Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

> Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

U. PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.

V. EMPLOYEES' END-OF-SERVICE BENEFITS

The Group provides end-of-service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

4 CRITICAL ACCOUNTING JUDGMENTS AND USE OF ESTIMATES

In the application of the accounting policies described in Note 3 above, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant estimate made by the Group is the determination of the aggregate cost of the Beirut Central District Project.

IMPAIRMENT OF ACCOUNTS AND NOTES RECEIVABLE

An estimate of the collectible amount of accounts and notes receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is set up according to the length of time past due, based on historical recovery rates.

At the statement of financial position date, accounts and notes receivable amounted to US$3,210,555 and US$356,525,877 respectively, and the provision for doubtful debts amounted to US$451,320 and provision for impairment on collectively assessed accounts receivable amounted to US$9,000,000 as of the date of the statement of financial position. Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the consolidated statement of income.

USEFUL LIVES OF FIXED ASSETS AND INVESTMENT PROPERTIES

The Group's management determines the estimated useful lives of its fixed assets for calculating depreciation. The estimate is determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

IMPAIRMENT OF AVAILABLE FOR-SALE EQUITY INVESTMENTS

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination requires judgment. In making this judgment the Group evaluates among other factors, the normal volatility in share price. In addition, the Group considers impairment to be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

5 INTEREST IN JOINT VENTURES

The Group has interest in joint ventures as follows:

(a) The Group entered into a joint venture agreement on February 11, 2004, with Stow Waterfront s.a.l. (Holding) to establish Beirut Waterfront Development s.a.l. with a 50% stake in the joint venture's total capital amounting to US$19,900. During the year 2006, the capital of the joint venture was increased to US$12,819,900 without changing the Group's share. The main activity of the joint venture is to develop, operate, manage, exploit and sell real estate properties in the Marina area in Beirut Central District.

As per the terms of the agreement, on December 31, 2005, the Group sold properties with an aggregate cost of US$10,100,000 from properties held for development and sale, to the joint venture for a total consideration of US$31,600,000. The other venturer contributed in cash an amount of US$31,600,000 to the joint venture.

(b) The Group entered into a joint venture agreement on December 23, 2005, with Aswaq Management and Services L.L.C. to establish Beirut Real Estate Management and Services s.a.l., with a 45% stake in the joint venture's capital amounting to US$19,900. The main activity of the joint venture is to manage and market Aswaq Beirut Project which is owned by the Lebanese Company for the Development and Reconstruction of Beirut Central District s.a.l.

The Group's share of the assets, liabilities, income and expenses of the jointly controlled entities at December 31, 2009 and 2008, included in the consolidated financial statements, are as follows:

December 31,	**2009** US$	2008 US$
ASSETS		
Cash and bank balances	4,734,357	8,682,897
Prepayments and other debit balances	1,761,462	66,098
Inventory of land and projects in progress	18,893,699	14,046,207
Fixed assets, net	107,569	129,140
	25,497,087	**22,924,342**
LIABILITIES		
Accounts payable and other liabilities	9,413,277	6,541,328
	9,413,277	**6,541,328**

INCOME AND EXPENSES	**2009** US$	2008 US$
Revenues from consulting services	537,302	231,260
General and administrative expenses	(531,334)	(383,867)
Depreciation	(26,423)	(16,399)
Other income	3,100	-
Interest income	196,525	279,209
Interest expense	(16,510)	(19,875)
Profit for the year before income tax	162,660	90,328
Income tax	(47,099)	(35,737)
Profit for the year	**115,561**	**54,591**

6 OPERATING SEGMENT

The business segments' reporting is determined as the Group's risk and rates of return are affected predominantly by differences in the products and services. The geographical operating segment offers products and services through a specific economic environment and is subject to risks and returns that differ from other economic environments and is considered the primary segment. The Group has no secondary segment.

The Group operates in two geographic markets, the Lebanese market and the Middle East market consisting primarily of the United Arab Emirates (UAE), Egypt and the Kingdom of Saudi Arabia (KSA). The following table shows the distribution of the Group's revenues, profit for the year, total assets and total liabilities by geographical segment.

	Lebanon US$	Middle East US$	Total US$
2009			
Revenues	336,311,446	-	336,311,446
Profit for the year	181,349,653	7,861,360	189,211,013
Total assets	2,087,599,529	311,384,302	2,398,983,831
Total liabilities	589,021,999	-	589,021,999
2008			
Revenues	285,733,177	-	285,733,177
Profit for the year	184,517,521	(1,798,576)	182,718,945
Total assets	2,157,387,544	296,444,933	2,453,832,477
Total liabilities	594,167,858	-	594,167,858

7 CASH AND BANK BALANCES

December 31,	2009 US$	2008 US$
Cash on hand	119,731	88,252
Current accounts	11,978,956	7,921,544
Short term deposits	165,467,000	278,613,353
	177,565,687	286,623,149
Pledged term deposits	57,000	5,079,870
	177,622,687	291,703,019

Short term deposits mature between January and March 2010 (December 31, 2008: Short term deposits mature in January and April 2009). The average yield on the term deposits as of December 31, 2009 was approximately 4.59% (4.6% for the year ended December 31, 2008).

Pledged term deposits as of December 31, 2008 include deposits of US$5million pledged against a stand-by letter of credit to the extent of about US$3.35million and against a local bank's loan to the extent of US$3million as explained under Note 19 and Note 34(h).

8 PREPAYMENTS AND OTHER DEBIT BALANCES

December 31,	2009 US$	2008 US$
Advance payments to contractors	12,921,003	5,113,251
Advances to employees	2,826,155	2,485,084
Accrued interest income (a)	7,646,393	9,504,122
Prepaid expenses	2,609,408	2,365,089
Deferred tax assets (b)	2,712,165	2,455,798
Due from related parties (c)	1,710,214	5,864,520
Other debit balances	6,160,505	7,015,157
	36,585,843	34,803,021

(a) Accrued interest income consists of the following:

December 31,	2009 US$	2008 US$
Interest on bank deposits	1,054,049	1,502,022
Interest on notes and accounts receivables	6,592,344	8,002,100
	7,646,393	9,504,122

(b) Deferred tax assets caption consists of the following:

December 31,	2009 US$	2008 US$
Deferred tax assets on unrealized profits from sales to a joint venture – Note 5 (a)	1,612,500	1,612,500
Deferred tax assets on cost of land sold – Note 16 (c)	1,099,665	843,298
	2,712,165	2,455,798

(c) Due from related parties caption consists of the following:

December 31,	2009 US$	2008 US$
Solidere International Limited	1,703,464	5,857,770
Brems International s.a.l. (Offshore)	6,750	6,750
	1,710,214	5,864,520

The above balances are interest free.

9 ACCOUNTS AND NOTES RECEIVABLE, NET

December 31,	2009 US$	2008 US$
Notes receivable	356,525,877	292,850,322
Accounts receivable	3,210,555	29,581,896
Receivables from tenants	15,108,508	6,919,018
Less: Unearned interest	(18,919,410)	(32,498,003)
Less: Provision for problematic receivables	(451,320)	(451,320)
Less: Provision for impairment on collectively assessed accounts receivable	(9,000,000)	-
	346,474,210	296,401,913

The Group's credit risk exposure is spread mainly over 56 counter-parties; 6 customers constitute 80% of the total exposure and 50 customers constitute the remaining 20% as of December 31, 2009 (as of December 31, 2008, 93 counter-parties; 6 customers constitute 70% of the total exposure and 87 customers constitute the remaining 30%).

Notes receivable, which resulted mainly from sales carry the following maturities:

December 31,	2009 US$	2008 US$
Doubtful balances	470,605	470,605
Overdue	21,095,564	5,155,255
2009	-	121,950,534
2010	117,983,925	65,793,795
2011	66,342,915	48,386,473
2012	53,128,953	28,392,499
2013	45,961,936	1,621,258
2014 and above	51,541,979	21,079,903
	356,525,877	292,850,322

As at December 31, the aging analysis of notes receivable is as follows:

December 31,	2009 US$	2008 US$
Doubtful balances	470,605	470,605
Past due but not impaired:		
>120 days	21,095,564	5,155,255
	21,095,564	5,155,255
Neither past due nor impaired	334,959,708	287,224,462
	356,525,877	292,850,322

The average yield on accounts and notes receivable is mainly dependant on the Libor rate but subject to a floor which was 7% as of December 31, 2009 (7% as of December 31, 2008).

10 INVESTMENT SECURITIES

During prior years, the Group purchased several investments in capital guaranteed structured products, issued by foreign financial institutions, whereby a considerable part of the price was financed by a loan from the issuing foreign bank. Coupon rates depend on certain conditions being satisfied which vary depending on the instrument, but mainly are related to the Libor rate. The average yield on these investment securities amounted to 7.71% in 2008.

The details of the above investments are as follows:

	Maturity Date	Conditional Coupon Rate %	December 31, 2008 Book Value US$	Net Value US$	Fair Value US$
HELD-TO-MATURITY					
10-year USD "Momentum" Callable Range Accrual Note	16/03/2015	6.50	2,995,500	2,995,500	2,928,000
			2,995,500	2,995,500	2,928,000
AVAILABLE-FOR-SALE					
7-year Non-Call 3 months Knock-out Callable Range Note (1)	29/03/2012	5.60	-	-	-
7-year USD Callable Range Accrual Puttable Note 1	25/04/2016	6.20	2,688,000	2,688,000	2,905,000
			2,688,000	2,688,000	2,905,000
Total investments in securities at net book value			**5,683,500**	5,683,500	**5,833,000**
Add: Change in fair value of available-for-sale securities				217,800	
Investment securities				**5,901,300**	

(1) The Group had a put option to sell back the notes to the issuer at 100% provided certain conditions are met.

The change in fair market value of the available-for-sale securities is recorded under "Cumulative changes in fair value of available-for-sale securities" in equity net of deferred tax liability in the amount of US$32,670 as of December 31, 2008.

The above investments were redeemed during the year ended December 31, 2009.

11 INVENTORY OF LAND AND PROJECTS IN PROGRESS

December 31,	**2009** US$	2008 US$
Land and land development works, net (a)	1,007,443,319	1,101,672,564
Real estate development projects, net (b)	117,173,347	172,814,042
	1,124,616,666	**1,274,486,606**

(a) Land and land development works include the following cost items:

December 31,	**2009** US$	2008 US$
Acquired properties (a.1)	966,114,168	959,044,344
Pre-acquisition costs (a.2)	9,412,802	9,412,802
Infrastructure costs (a.3)	680,263,874	662,520,215
Eviction costs (a.4)	259,842,988	259,749,466
Capitalized costs (a.5)	60,439,543	63,276,868
Cumulative costs	1,976,073,375	1,954,003,695
Less: Cost of land sold, net	(830,063,056)	(750,075,601)
Less: Cost of land transferred to real estate development projects	(132,213,879)	(95,902,409)
Less: Cost of infrastructure transferred to real estate development projects	(6,353,121)	(6,353,121)
	1,007,443,319	**1,101,672,564**

a.1 Acquired properties consist mainly of the aggregate initial appraised value attributed to the plots included in the BCD area of US$1,170,001,290 net of the recuperated properties. The aggregate appraised value is determined in accordance with Decree No. 2236 (dated February 19, 1992 based on the decision of the Higher Appraisal Committee, which was established in accordance with Law No. 117/91). Acquired properties include the value of purchased and exchanged properties as well.

Law No. 117/91 stated the requirements for property recuperation and exemption. In this respect properties appraised at US$255million were recuperated by original owners and properties appraised at US$133million were not claimed for recuperation.

a.2 Pre-acquisition costs include technical and master plan studies incurred during the set up period of the Group.

a.3 Infrastructure costs consists of the following:

December 31,	**2009** US$	2008 US$
Sea front defense	276,083,472	280,595,361
Work executed in the traditional BCD area	149,856,118	147,315,715
Land reclamation and treatment	83,525,629	83,039,919
Electricity power station	41,874,265	41,832,902
Borrowing costs	41,087,847	41,067,251
Other costs	87,836,543	68,669,067
	680,263,874	**662,520,215**

During May 2008, the Group signed an agreement with a contractor whereby both parties agreed to cancel all the arbitrations raised against each other. In addition, the agreement stated that the Group receive an amount of US$43,094,872 of which US$8,494,875 was previously settled. As a result, provisions in the amount of US$12,604,171 were written back and recorded under "(Provision)/write-back of provision against land and real estate development cost" in the consolidated statement of income and the balance was offset against cost of inventory of land and projects in progress in the consolidated statement of financial position as at December 31, 2008. The deposit payable and retention payable in the amount of US$8,494,875 and US$2,831,625, respectively, previously recognized were offset against cost of inventory of land and projects in progress in the consolidated statement of financial position as at December 31, 2008.

a.4 Eviction costs represent the costs of relocating previous settlers out of the BCD area which were mainly paid through the Central Fund for the Displaced (a public authority). This caption is stated net of US$22.2million as of December 31, 2009 (US$22.2million as of December 31, 2008) representing a 10% charge on recuperated properties appraised values collected from original owners other than religious and governmental recuperated properties.

a.5 Capitalized costs represent allocation of direct overheads. Costs capitalized during the year ended December 31, 2009 amounted to US$5.5million (US$2.9million for the year ended December 31, 2008).

(b) Real estate development projects include the following:

December 31,	**2009** US$	2008 US$
Construction and rehabilitation of buildings	488,722,722	430,857,950
Cost of land	132,602,160	96,290,690
Cumulative costs	621,324,882	527,148,640
Less: Cost transferred to investment properties, net	(432,616,848)	(282,799,911)
Cost transferred to fixed assets	(27,370,432)	(27,370,432)
Cost of real estate sold	(44,164,255)	(44,164,255)
	117,173,347	**172,814,042**

During 2009, the Group transferred an amount of US$149,816,937 to investment properties representing the cost of land, building and other assets of the "Beirut Souks" project.

During 2009, a provision for impairment in the amount of US$2,562,760 (US$3,000,000 during year 2008) was setup against dormant real estate development projects. The above provision was recorded under "(Provision)/write-back of provision against land and real estate development cost" in the consolidated statement of income.

During 2008, the Group wrote-off costs in the aggregate amount of US$5,535,809 related to old real estate development projects, and recorded under "write-off of land and real estate development cost" in the consolidated statement of income. During 2008, the Group wrote-off costs in the aggregate amount of US$2,500,863 related to projects that were sold in previous years and recorded under "Write-off of land and real estate development cost" in the consolidated statement of income.

Based on all of the above, (Provision)/write-back of provision against land and real estate development cost in the consolidated statement of income consists of the following:

December 31,	**2009** US$	2008 US$
Write back of provision (a.3)	-	12,604,171
Provision for impairment (b)	(2,562,760)	(3,000,000)
	(2,562,760)	**9,604,171**

Write-off of land and real estate development cost in the statement of income consist of the following:

December 31,	**2009** US$	2008 US$
Provision for impairment (b)	-	5,535,809
Write-off of costs incurred (b)	-	2,500,863
	-	**8,036,672**

12 INVESTMENT PROPERTIES, NET

Balance as at December 31,	2008 US$	Additions US$	Transfers US$	Disposals and Sales US$	**2009** US$
COST					
Land	56,414,271	-	36,311,470	(275,730)	92,450,011
Buildings	179,657,312	5,092,790	85,740,467	(1,137,318)	269,353,253
Other assets	3,968,949	226,454	27,765,000	-	31,960,404
	240,040,532	**5,319,244**	**149,816,937**	**(1,413,048)**	393,763,668
ACCUMULATED DEPRECIATION					
Buildings	20,323,257	3,832,590	-	(69,275)	24,086,572
Other assets	2,930,198	647,654	-	-	3,577,852
	23,253,455	**4,480,244**	**-**	**(69,275)**	27,664,424
Net Book Value	**216,787,077**				**366,099,244**

Balance as at December 31,	2007 US$	Additions US$	Transfers US$	Disposals and Sales US$	**2008** US$
COST					
Land	42,090,628	-	16,759,535	(2,435,892)	56,414,271
Buildings	124,281,478	301,246	63,638,342	(8,563,754)	179,657,312
Other assets	4,585,459	39,358	(655,868)	-	3,968,949
	170,957,565	**340,604**	**79,742,009**	**(10,999,646)**	240,040,532
ACCUMULATED DEPRECIATION					
Buildings	17,644,192	3,110,665	5,000	(436,600)	20,323,257
Other assets	2,964,333	164,874	(199,009)	-	2,930,198
	20,608,525	**3,275,539**	**(194,009)**	**(436,600)**	23,253,455
Net Book Value	**150,349,040**				**216,787,077**

Investment properties include rented and available for rent properties. These represent mainly a property leased out to the Ministry of Foreign Affairs and Emigrants, for use by an international agency. It also includes residential complexes, an embassy complex, and other restored buildings.

During the year ended December 31, 2009, the Group sold property having an aggregate net book value of US$1,343,733 (US$9,262,563 during 2008) for total proceeds of US$967,320 (US$8,454,923 during 2008) which resulted in a loss of US$376,453 (US$807,640 during 2008) recorded under "Loss on sale of investment properties" in the statement of income. Also during 2008, the Group booked an impairment loss on investment properties due to additional costs incurred that will not be recovered in future periods amounting to US$1,300,483 recorded under "Loss on sale of investment properties".

During the year ended December 31, 2009, the Group transferred US$149,816,937 from real estate development projects to investment properties (US$80,754,285 for the year ended December 31, 2008) representing the cost allocated to the "Beirut Souks" project.

During the year ended December 31, 2008, the Group transferred US$527,335 from fixed assets to investment properties.
During the year ended December 31, 2008, the Group transferred cost in the amount of US$1,529,611 and related depreciation in the amount of US$194,009 from investment properties to fixed assets.

The fair value of the investment properties is estimated by management at approximately US$ 1,270,030,000 based on current market prices (US$605million as of December 31, 2008). There has been no valuation of these properties by an independent valuer.

Depreciation for investment properties in the amount of US$4,480,244 for the year 2009 (US$3,275,539 for the year 2008) is recorded under "Charges on rented properties" caption in the consolidated statement of income (Note 24).

13 INVESTMENT IN AN ASSOCIATE

Details of the Group's associate are as follows:

	Country of Incorporation	Ownership Interest %	2009 Cost US$	2009 Group's Share of Equity US$	2008 Cost US$	2008 Group's Share of Equity US$
Solidere International Limited	UAE	38.98	303,441,933	311,384,302	298,243,509	296,444,933

Summarized financial information in respect of the Group's associate is set out below:

December 31,	**2009** US$	2008 US$
Total assets	940,720,809	923,820,740
Total liabilities	(30,538,215)	(38,548,196)
Minority interest	(111,296,688)	(108,914,805)
Net assets	**798,885,906**	**776,357,739**
Group's share of net assets	**311,384,302**	**296,444,933**
Initial price of investment	**303,441,933**	**298,243,509**
Group's share of results	**7,861,360**	**(1,798,576)**
Group's share of comprehensive income	**81,009**	**-**
Carrying amount of the investment	**311,384,302**	**296,444,933**

During the first half of the year 2007, Solidere established Solidere International Holdings s.a.l. (SIH) which in turn established Solidere International Limited (SI) in the Dubai International Financial Center (DIFC) with an initial capital of US$50,000. The main activity of SI is to promote, invest in, develop, market and manage, as well as provide consulting services with respect to real estate projects outside the Beirut Central District area of Lebanon.

During the same year, SIH raised additional funds for SI through a private placement.

As a result of the private placement SI's share capital and share premium amounted to US$700,050,000 out of which SIH settled US$216million against an ownership percentage of 37.19%.

The private placement memorandum and other signed agreements between Solidere and SI stipulate that Solidere and Solidere Management Services s.a.l. will transfer to SI all the projects that they had outside the Lebanese territories. In addition, Solidere will grant SI the right to use the Solidere brand name through a license agreement and a none compete right.

On June 7, 2007, the Group further subscribed into the capital of Solidere International Limited for an amount of US$3,000,060 representing a 0.4286% equity stake.

During 2008, the Group increased its direct ownership in Solidere International Limited to 38.18% by acquiring 66,849 shares for an amount of US$10,784,850.

During 2009, the Group increased its direct ownership in Solidere International Limited to 38.98% by acquiring 86,900 shares for an amount of US$6,997,000.

14 FIXED ASSETS, NET

Fixed assets are composed of the following:

Balance as at December 31,	2008 US$	Additions US$	Transfers US$	Disposals and Sales US$	**2009** US$
COST					
Land	5,080,192	-	-	-	5,080,192
Buildings	12,477,419	1,021,144	-	(318,302)	13,180,261
Marina	7,866,724	-	-	-	7,866,724
Furniture and fixtures	2,686,073	744,639	-	-	3,430,712
Freehold improvements	3,923,972	612,847	-	-	4,536,819
Machines and equipment	29,415,543	2,004,338	593,175	(17,525)	31,995,531
Prefabricated office	40,425	-	-	-	40,425
	61,490,348	**4,382,968**	**593,175**	**(335,827)**	66,130,664
ACCUMULATED DEPRECIATION					
Buildings	2,219,346	371,096	-	-	2,590,442
Marina	665,123	39,333	-	-	704,456
Furniture and fixtures	2,389,096	245,911	-	-	2,635,007
Freehold improvements	2,770,591	380,030	-	-	3,150,621
Machines and equipment	16,138,214	4,699,590	-	-	20,837,804
Prefabricated office	3,370	8,085	-	-	11,455
	24,185,740	**5,744,045**	-	-	29,929,785
Net Book Value	**37,304,608**				**36,200,879**

Balance as at December 31,	2007 US$	Additions US$	Transfers US$	Disposals and Sales US$	**2008** US$
COST					
Land	5,080,192	-	-	-	5,080,192
Buildings	11,725,529	113,358	638,532	-	12,477,419
Marina	6,934,100	-	932,624	-	7,866,724
Furniture and fixtures	2,547,704	134,689	3,680	-	2,686,073
Freehold improvements	3,614,458	183,578	125,936	-	3,923,972
Machines and equipment	24,530,020	2,153,473	2,926,295	(194,245)	29,415,543
Prefabricated office	-	40,425	-	-	40,425
	54,432,003	**2,625,523**	**4,627,067**	**(194,245)**	61,490,348
ACCUMULATED DEPRECIATION					
Buildings	1,994,043	225,303	-	-	2,219,346
Marina	512,792	157,331	(5,000)	-	665,123
Furniture and fixtures	2,154,268	234,414	414	-	2,389,096
Freehold improvements	2,403,462	341,627	25,502	-	2,770,591
Machines and equipment	11,725,561	4,387,322	173,093	(147,762)	16,138,214
Prefabricated office	-	3,370	-	-	3,370
	18,790,126	**5,349,367**	**194,009**	**(147,762)**	24,185,740
Net Book Value	**35,641,877**				**37,304,608**

During the year ended December 31, 2009, the Group transferred computer equipment and installations (Broad Band Network) amounting to US$597,175 from real estate development projects to fixed assets (US$2,400,043 during the year ended December 31, 2008).

During the year ended December 31, 2008, the Group transferred US$1,224,748 from real estate development projects to fixed assets.

During the year ended December 31, 2008, the Group transferred US$1,529,611 and its related depreciation in the amount of US$194,009 from investment properties to fixed assets.

During the year ended December 31, 2008, the Group transferred US$527,335 from fixed assets to investment properties.

The depreciation for the year ended December 31, 2009 was split between an allocation to inventory of land and projects in progress, prepayment and other debit balances and a charge to the consolidated statement of income of US$376,553, US$310,012 and US$5,057,481 respectively (US$573,750, US$262,938 and US$4,512,679 respectively for the year ended December 31, 2008).

15 BANK OVERDRAFTS AND SHORT TERM FACILITIES

Bank overdrafts and short term facilities consist of the following:

December 31,	**2009** US$	2008 US$
Bank overdrafts	10,330,996	4,523,728
Short term facilities	243,328,014	172,473,107
	253,659,010	**176,996,835**

On August 5, 2009, the Group renewed two credit facility agreements, amounting US$75million and US$35million respectively, signed in 2007 with a local bank. These facilities are subject to a fixed interest rate of 5% per annum (2008:one year Libor plus 1.7% and one year Libor plus 1.5% respectively). The covenants of the agreements stipulated that the Group maintains a maximum debt to equity ratio of 1:4 and a minimum equity balance of US$1billion (2008: a maximum debt to equity ratio of 1:4 and a minimum equity balance of US$1billion). The maturity of these loans was extended to February 3, 2010.

On December 7, 2009, the Group renewed its US$40million credit facility with a local bank (2008: US$40million). The facility is subject to an interest rate of three-month Libor plus 1.5% but not less than 4.125% (2008: three-month Libor plus 1.5% but not less than 4.5%). The covenants of the agreements stipulate that the Group maintain a maximum debt to equity ratio and banks' loans, overdraft, and facilities to equity ratio of 2:1 and 4:1 respectively (2008:The same). During 2009, the Group signed, with same bank, a US$60million one year credit facility. The facility is subject to an interest rate of three-month Libor plus 1.5% but not less than 4.5% per annum.

The covenants of the agreements stipulate that the Group maintain a maximum debt to equity ratio and banks' loans, overdraft, and facilities to equity ratio of 2:1 and 4:1 respectively. In both facilities, the Group should maintain a minimum of US$75million in notes and accounts receivables, maintain a minimum of 750,000 squared meters of built properties and US$1billion in net tangible assets from liens free from any liens.

On July 31, 2009, the Group signed a US$50million credit facility with a local bank. As of 31 December 2009, the Group utilized US$ 19.9million of this facility, and is subject to an interest rate of three-month Libor plus 1.75% with a minimum of 5% per annum. This facility matures on July 31, 2010.

16 ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities consist of the following:

December 31,	**2009** US$	2008 US$
Accounts payable (a)	42,745,701	37,708,322
Accrued charges and other credit balances (b)	14,894,177	10,452,447
Taxes payable (c)	37,587,883	38,309,279
Provision for end-of-service indemnity and other charges (d)	8,752,141	8,039,259
Provision for previously recognized sales (e)	7,007,910	-
Due to related parties (f)	140,428	30,054
Deferred tax liability – Note 10	-	32,670
Accrued interest payable	1,426,365	738,649
	112,554,605	**95,310,680**

(a) Accounts payable as of December 31, 2009 and 2008 include balances in the aggregate amount of US$13.8million due to the Lebanese Government in consideration of the exchange of assets agreement explained in Note 34(f).

(b) Accrued charges and other credit balances consists of the following:

December 31,	**2009** US$	2008 US$
Deposits from tenants	3,249,032	2,810,666
Accrued municipality expenses	3,326,425	2,326,425
Other	8,318,720	5,315,356
	14,894,177	**10,452,447**

(c) Taxes payable consist of the following:

December 31,	**2009** US$	2008 US$
Accrued income tax	32,514,984	30,997,135
Other accrued taxes	3,887	3,887
VAT payable	27,816	21,369
Taxes withheld	1,798,770	752,984
Property tax payable	3,242,426	2,112,855
VAT additional tax assessment	-	670,059
Tax review assessment	-	3,750,990
	37,587,883	**38,309,279**

INCOME TAX

The applicable tax rate in Lebanon is 15% according to the Lebanese tax laws.

The accrued income tax for the years 2009 and 2008 was estimated as follows:

	2009 US$	2008 US$
Profit before tax	221,965,588	214,327,398
Less: Income/(losses) of subsidiaries	(7,048,843)	796,923
Add: Non deductible provisions and charges	22,168,563	9,228,266
Less: Non taxable revenues	(17,469,828)	(13,193,954)
Taxable income	219,615,480	211,158,633
Applicable tax rate	15%	15%
Accrued income tax	32,942,322	31,673,795
Add: Income tax provision subsidiaries	68,620	113,336
Total accrued income tax	33,010,942	31,787,131
Less: Tax on interest previously settled	(495,958)	(789,996)
Accrued income tax payable	**32,514,984**	**30,997,135**
Total accrued income tax	33,010,942	31,787,131
Less: Deferred tax assets – Note 8(c)	(256,367)	(178,678)
Income tax expense	**32,754,575**	**31,608,453**

During 2008, the Company's accounts for the years 2004 to 2006 were reviewed by the tax authorities which resulted in additional tax liability in the amount of US$3.7million. An amount of US$1.4million was charged to the statement of income for the year ended December 31, 2008 and recorded under "Other taxes", and the balance was transferred from provisions setup in previous years. The Group settled these taxes in 2009.

The tax returns for the years 2007 till 2009 are still subject to examination and final tax assessment by the tax authorities. Any additional tax liability is subject to the results of this review.

VAT

The Company's VAT declarations for the years 2003 and 2004 were subject to review and final assessment by the tax authorities which resulted in additional tax liability in the amount of US$2.9million . As a result of this review, an additional tax liability in the amount of US$670,059 was accrued for and charged to the statement of income for the year ended December 31, 2008 under "Other taxes". The Group settled these taxes in 2009.

(d) The movement of provision for end-of-service indemnity and other charges is as follows:

	2009 US$	2008 US$
Balance at the beginning of the year	8,039,259	6,890,576
Additions	861,008	1,499,712
Settlements	(148,126)	(351,029)
Balance at the end of the year	**8,752,141**	**8,039,259**

(e) During the year ended December 31, 2009, the Group booked a provision of US$7,007,910 to account for the effect of an expected loss relating to a previously recognized sale where certain legal and regulatory conditions might lead to the cancellation of this sale agreement.

(f) Due to related parties consists of the following:

December 31,	2009 US$	2008 US$
Beirut Real Estate Management and Services s.a.l.	132,089	-
Mounib Hammoud	8,057	8,057
Selim El Zyr	282	282
Aswaq Management and Services LLC	-	21,715
	140,428	**30,054**

The above balances are interest free.

17 DIVIDENDS PAYABLE

General Assembly Date	Dividend per Share US$	Declared US$	Settled up to December 31, 2009 US$	December 31, 2009 Payable US$	December 31, 2008 Payable US$
June 29, 1996	0.20	30,918,413	29,257,046	1,661,367	1,729,664
June 30, 1997	0.25	40,367,172	37,410,377	2,956,795	3,057,516
June 29, 1998	0.25	39,351,753	35,801,313	3,550,440	3,657,988
June 23, 2003	Stock dividend	-	245,718	20,547	21,861
June 12, 2006	0.6	94,831,106	88,850,695	5,980,411	6,847,853
June 22, 2007	1.00	155,093,702	142,541,305	12,552,397	14,656,974
July 15, 2008	1.00	155,090,832	134,141,915	20,948,917	33,017,706
July 13, 2009	1.15	176,479,957	153,609,785	22,870,172	-
				70,541,046	**62,989,562**

The General Assembly held on July 13, 2009 decided to distribute dividends on the basis of US$1.15 per share. Accordingly the Group recorded dividends payable in the amount of US$167.6million net of distribution tax in the amount of US$8.8million. An amount of approximately US$154million was settled up to December 31, 2009.

The General Assembly held on July 15, 2008 decided to distribute dividends on the basis of US$1 per share. Accordingly, the Group recorded dividends payable in the amount of US$147.3million net of distribution tax in the amount of US$7.75million. An amount of approximately US$134million was settled up to December 31, 2009 (US$122million up to December 31, 2008).

The General Assembly held on June 22, 2007 decided to distribute dividends on the basis of US$1 per share. Accordingly, the Group recorded dividends payable in the amount of US$147.3million net of distribution tax in the amount of US$7.75million. An amount of approximately US$142million was settled up to December 31, 2009 (US$140million up to December 31, 2008).

The outstanding balance of unpaid dividends relates mostly to unclaimed dividends and dividends pertaining to undelivered class (A) shares.

18 DEFERRED REVENUES AND OTHER CREDIT BALANCES

December 31,	2009 US$	2008 US$
Cash down payments and commitments on sale contracts	129,216,688	229,656,877
Deferred rental revenue and related deposits	21,063,627	26,866,850
	150,280,315	**256,523,727**

Cash down payments and commitments on sale contracts include balances aggregating to approximately US$127million that relate to 6 sale contracts with an aggregate potential gross sales value of US$428.5million as of December 31, 2009 (US$226million relating to 10 sale contracts with an aggregate potential gross sale value of US$579million as of December 31, 2008).

Deferred rental revenue and related deposits represent down payments on lease and rental agreements and reservation deposits for the rental of real estate properties.

19 LOANS FROM BANKS AND FINANCIAL INSTITUTIONS

December 31,	2009 US$	2008 US$
Local bank loan I	-	1,000,000
Local bank loan II	1,987,023	-
Loan guaranteed by Export - Import Bank of the United States	-	1,347,054
	1,987,023	**2,347,054**

LOCAL BANK LOAN I

In July 2001, a complementary loan agreement in the amount of US$10million was signed with a resident foreign bank and the total loan amount was withdrawn up to December 31, 2004. This loan shall be paid in 10 equal semi-annual installments starting October 25, 2004 and ending April 27, 2009. The loan was subject to an annual interest rate of 3 months Libor plus 1%.

LOCAL BANK LOAN II

During 2009, a joint venture entity of the Group signed a subsidized loan agreement with a local bank in the amount of USD9,950,249. Total withdrawals as of December 31, 2009 amounted to USD3,974,046 of which 50% was reflected in the consolidated financial statements (50% proportionate consolidation). The term of the loan is seven years with 2 years, grace period, and bears an interest of 3 months Libor + 2.5% before the subsidy, not exceeding 6.5%. Interest is computed on a quarterly basis starting the date of first withdrawal. Interest for the year 2009 in the amount of US$6 thousand was capitalized under inventory of land and project in progress (Note 11). The repayment of the entire loan will be through 19 equal quarterly installments of USD500,000 each and one last installment of USD450,249 beginning on December 31, 2011 and ending September 30, 2016.

During 2009, the Group signed another loan agreement with the same local bank in the amount of USD30,000,000. No withdrawals had been made up to December 31, 2009. The term of the loan is four years with two years, grace period, and bearing an interest rate equivalent to cost of funds + 2%, not exceeding 3.9%. Interest is computed on a quarterly basis starting the date of first withdrawal. The entire loan will be repaid through semi-annual payments starting on December 31, 2011 and ending June 30, 2013.

LOAN GUARANTEED BY EXPORT - IMPORT BANK OF THE UNITED STATES

In July 2001, the Group signed an "Export Financing Credit Agreement" for the amount of US$14.71million to support the purchase of engineering and construction services and equipment from the United States for the waste treatment project. This loan was guaranteed by the Export-Import Bank of the United States and financed by a resident foreign bank. An amount of US$13.47million was drawn from the loan. This loan was required by 10 equal successive semi-annual installments, starting on October 25, 2004. The loan was fully settled in 2009. This loan was subject to an interest rate of 0.25% per annum above Libor. According to the contract terms, an irrevocable stand-by letter of credit in the amount of US$3.35million was submitted to the Export - Import Bank of the United States.

20 CAPITAL

Capital consists of 165,000,000 shares of US$10 par value, authorized and fully paid and divided in accordance with Law 117/91 into the following:

> Class "A", amounting to 100,000,000 shares represented contribution in kind of properties in the BCD, based on the resolutions of the High Appraisal Committee. All Class A shares were deemed to have been issued and outstanding since the establishment of the Group.

> Class "B", amounting to 65,000,000 shares represented capital subscription in cash and are all issued and fully paid at the establishment of the Group.

Class "A" and Class "B" shares have the same rights and obligations.

As of December 31, 2009, the Group had 10,810,278 "A" shares listed on the London Stock Exchange in the form of Global Depository Receipts (GDR) (14,445,252 "A" shares as of December 31, 2008).

21 LEGAL RESERVE

In conformity with the Company's articles of incorporation and the Lebanese Code of Commerce, 10 % of the annual net income is required to be transferred to legal reserve until this reserve equals one third of capital. This reserve is not available for dividend distribution.

22 TREASURY SHARES

This caption includes 13,074,512 shares class (A) and (B) as of December 31, 2009 out of which 500,072 shares represent Global Depository Receipts (GDR) (9,909,098 shares as of December 31, 2008).

The treasury shares outstanding as of December 31, 2009 and December 31, 2008 were stated at the weighted average cost.

According to its articles of incorporation, the Group may purchase up to 10% of its share capital without the existence of free reserves, provided that it shall resell these shares within a period not exceeding eighteen months.

As of December 31, 2009 and 2008, this caption includes 3,685,000 shares that were acquired from sale of properties.

23 REVENUES FROM RENDERED SERVICES

December 31,	2009 US$	2008 US$
Services rendered to a related party (Note 33)	1,668,464	5,863,908
Services rendered to clients	836,636	742,814
Broadband Network revenues	1,470,701	819,923
	3,975,801	**7,426,645**

24 CHARGES ON RENTED PROPERTIES

December 31,	2009 US$	2008 US$
Depreciation expense (Note 12)	4,480,244	3,275,539
Property taxes	2,281,075	2,617,131
Maintenance and other related expenses, net	2,760,823	2,452,934
	9,522,142	**8,345,604**

25 COST OF SERVICES RENDERED

December 31,	2009 US$	2008 US$
Cost of services rendered to a related party (Note 33)	2,014,242	5,210,812
Cost of services rendered to clients	941,862	1,925
Broad band Network cost of services rendered	1,714,768	1,500,004
	4,670,872	**6,712,741**

26 GENERAL AND ADMINISTRATIVE EXPENSES

December 31,	2009 US$	2008 US$
Salaries, benefits and related charges	17,711,736	13,879,041
Board of directors' remuneration	222,000	144,000
Administrative expenses	6,404,938	5,328,641
	24,338,674	**19,351,682**

The Group reallocated salaries, benefits and related charges and administrative expenses amounting to US$5.5million to construction cost during the year ended December 31, 2009 (US$3.3million during the year ended December 31, 2008).

27 OTHER INCOME

December 31,	2009 US$	2008 US$
Gain on sale of investment securities	316,500	645,911
Other	35,620	186,691
	352,120	**832,602**

28 INTEREST INCOME

December 31,	2009 US$	2008 US$
Interest income from notes and accounts receivable	27,381,607	38,902,736
Interest income from banks	9,662,402	16,593,374
	37,044,009	**55,496,110**

29 INTEREST EXPENSE

December 31,	2009 US$	2008 US$
Interest expense from banks	11,382,997	12,133,674
Interest expense on deferred credits	-	8,175,885
	11,382,997	**20,309,559**

30 OTHER EXPENSES

December 31,	2009 US$	2008 US$
Amicable settlements	3,953,792	-
Loss on sales of fixed assets	324,169	570
Other	459,586	-
	4,737,547	**570**

During 2009, the Group settled an amount of US$3.9million representing amicable settlements as a goodwill gesture for the withdrawal of claims concerning offers regarding the Beirut Souks.

31 BASIC/DILUTED EARNINGS PER SHARE

The computation of earnings per share is based on net income for the period and the weighted average number of outstanding class (A) and (B) shares during each period net of treasury shares held by the Group.

The weighted average number of shares to compute basic and diluted earnings per share is 153,227,172 shares for the year 2009 (155,092,069 shares for the year 2008).

32 NOTES TO THE CASH FLOW STATEMENT

(a) Depreciation was applied as follows:

December 31,	2009 US$	2008 US$
Depreciation of fixed assets - Note 14	5,744,045	5,349,366
Depreciation of investment properties - Note 12	4,480,244	3,275,539
Less: Depreciation allocated to inventory of land and projects in progress and other debit balances – Note 14	(686,565)	(836,687)
Depreciation charge for the year	**9,537,724**	**7,788,218**

(b) Interest expense consists of the following:

December 31,	2009 US$	2008 US$
Interest charged as period cost	11,362,006	20,309,559
Interest expense allocated to inventory of land and projects in progress – Note 11	20,596	197,238
Total interest expense	**11,382,602**	**20,506,797**

(c) Non-cash transactions in operating and investing activities include transfers from inventory of land and projects in progress to investment properties in the amount of US$149,816,937 for the year ended December 31, 2009 (US$80,754,285 for the year ended December 31, 2008).

(d) Non-cash transactions in operating and investing activities include transfers from inventory of land and projects in progress to fixed assets in the amount of US$2,400,043 for the year ended December 31, 2008.

(e) Non-cash transactions in investing activities include the effect of change in fair value of available-for-sale securities in the amount of US$217,800 offset against "Cumulative change in fair value of available-for-sale securities" and "Accounts payable and other liabilities" in the amount of US$185,130 and US$32,670, respectively, for the year ended December 31, 2008.

(f) During the year ended December 31, 2008, the Group transferred US$1,224,748 from real estate development projects to fixed assets.

(g) During the year ended December 31, 2008, the Group transferred US$1,529,611 and its related depreciation in the amount of US$194,009 from investment properties to fixed assets.

(h) During the year ended December 31, 2009, the Group transferred US$597,175 from fixed assets to investment properties (US$527,335 for the year ended December 31, 2008).

(i) Cash and cash equivalents comprise of the following:

December 31,	2009 US$	2008 US$
Cash	119,731	88,252
Current accounts	11,978,956	7,921,544
Short term deposits	122,818,226	278,613,353
Bank overdrafts	(253,659,010)	(176,996,835)
	(118,742,097)	**109,626,314**

33 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. significant shareholders, directors and senior management of the Group, and companies of which they are principal owners and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Cash and bank balances include US$53,920,710 as of December 31, 2009 (US$54,009,732 as of December 31, 2008) representing current bank accounts with a local bank who is a significant but minority shareholder of the Group.

Bank overdraft and short term facilities include US$114,285,501 as of December 31, 2009 (US$110,453,023 as of December 31, 2008) representing short term facilities with a local bank who is a significant but minority shareholder of the Group.

Certain directors are members of the boards of directors of banks with whom the Group has various banking activities.

General and administrative expenses include legal fees in the amount of US$120,000 for the year ended December 31, 2009 related to one of the firm's legal counselors who is also a member in the Company's board of directors (US$120,000 for the year ended December 31, 2008).

The Group incurred various expenses on behalf of its related parties whose total balances due amounted to US$1,710,214 as of December 31, 2009 (US$5,864,520 as of December 31, 2008).

Aswaq Management and Services LLC provided consultancy services to Beirut Real Estate Management and Services s.a.l. (BREMS) for the amount of US$24,188 for the year ended December 31, 2009.

During 2009, the Group charged Solidere International Limited, an associate, administrative expenses amounting to US$1,668,464 (US$5,863,908 for the year 2008), in addition to an amount of US$35,000 (US$81,319 for the year 2008) representing payments on its behalf.

During 2009, the Group performed services charges, for Solidere International Limited, an associate, in the aggregate amount of US$2,014,242 (US$5,210,812 for year 2008).

Total benefits paid to executives and members of the Board of Directors (including salary, bonus and others), included within "General and administrative expenses", for the year ended December 31, 2009 amounted to US$4,161,268 (US$2,924,476 for the year ended December 31, 2008).

Income arising and expenses incurred from the Group's transactions with other related parties, other than those disclosed in the financial statements, do not form a significant portion of the Group's operations.

34 COMMITMENTS AND CONTINGENCIES

(a) An agreement between the Company and the Council for Development and Reconstruction ("CDR") was promulgated through Decree No. 5665 dated September 21, 1994, duly approved by the Council of Ministers. By virtue of this agreement, the Company was granted 291,800m² of the reclaimed land surface (totaling 608,000 sqm) against the execution by the Company of the sea landfill and infrastructure works.

(b) The total projected cost for completion of the BCD project has been estimated by management to be approximately US$2billion. This amount is used as a base for the determination of cost of sales.

(c) Commitments for contracted works not executed as of December 31, 2009 amounted to approximately US$93.9million (US46.5million as of December 31, 2008).

(d) A lawsuit was raised in 1999 against the Group by the "CDR" claiming reimbursement of an amount of LL5.4billion (US$3.6million) plus interest. This balance represents payments previously made by the "CDR" in connection with the appraisal of the properties in the BCD area and other tender documents. No provision was set up against this claim since, on the basis of the advice received from the Group's legal advisor, the directors are of the opinion that this claim is not based on sound legal grounds.

The Group has submitted to the "CDR" claims aggregating US$13.6million representing mainly change orders to infrastructure works in the traditional BCD which were incurred by the Group on behalf of the Government. These claims were neither approved nor confirmed by the concerned party nor recorded as receivables in the accompanying financial statements.

(e) The Group is a defendant in various legal proceedings and has litigations pending before the courts and faces several claims raised by contractors. On the basis of advice received from the external legal counsel and the Group's technical department, the directors are of the opinion that any negative outcome thereof, if any, would not have a material adverse effect on the financial condition of the Group.

(f) On June 7, 1997, the Group signed an exchange agreement with the Lebanese Government. By virtue of this agreement, the Group acquired additional built up area of approximately 58,000m² and 556,340 Class A shares in exchange for approximately 15,000m² and the payment of US$38.7million to restore governmental buildings. US$25million has already been paid and accounted for and the balance of US$13.8million continues to be included under accounts payable. According to the terms of the agreement, the Group undertook to build a governmental building and to conclude ten finance leases over seven years for certain buildings belonging to the Lebanese Government. In 1999, the government canceled the exchange and finance lease agreement. The implementation and the effect of cancellation is not yet determined and has not been reflected in the accompanying financial statements.

(g) In prior periods, the Group submitted to the Ministry of Culture and Higher Education claims totaling US$17.7millions representing compensation for delays that resulted from excavation works. These claims were not yet approved nor confirmed by the concerned authorities nor recorded as receivables in the accompanying financial statements.

(h) The Group has as a stand-by letter of credit in the amount of US$3,566,993 to be gradually decreased starting June 2007 to reach US$3,035,622 in June 2011. This instrument is issued in guarantee of the US$14.7million US Export Import Bank of the United States facility whose outstanding balance amounted to US$1.35million as of December 31, 2008. Throughout its life, this stand-by letter of credit shall be fully covered by a cash collateral (Note 7).

(i) For the purpose of enhancing and improving land value in Zokak Al Blatt area and to settle the recuperation of a lot in that area, the Group signed in 2002 an agreement with the Armenian Orthodox prelacy to demolish the building on the recuperated lot and to transfer corresponding building rights to another adjacent lot with minimum building rights of 4,900m² against ceding of owners' shares from both lots. Additionally, a built up area of 5,335m² (US$2,700,000) remains as a contingent loss to the Group in case the prelacy decides to build this area within the next 10 years following this agreement.

(j) The Group has commitments and contingencies in the form of letter of guarantee and letters of credits in the amount of US$2,689,067 and US$476,862 respectively as at December 31, 2009.

35 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended December 31, 2009 and 2008.

The capital structure of the company consists of debt and equity. Debt consists of total liabilities less cash and bank balances. Equity comprises capital, reserves, retained earnings, cumulative change in fair value and surplus on sale of treasury shares less treasury shares.

The Group monitors capital on the basis of the debt-to-capital ratio (gearing ratio). The gearing ratio as at December 31, 2009 and 2008 was as follows:

December 31,	2009 US$	2008 US$
Total consolidated liabilities	589,021,999	594,167,858
Less: Cash and bank balances	(177,622,687)	(291,703,019)
Total debt	411,399,312	302,464,839
Total equity	1,809,961,832	1,859,664,619
Gearing ratio	**23%**	**16%**

36 RISK MANAGEMENT

The Group's principal financial liabilities, other than derivatives, comprise bank loans and overdrafts, deferred revenues and other credit balances, dividends payable and accounts payable and other liabilities. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various assets such as accounts and notes receivable and cash and bank balances, which arise directly from its operations. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and approves policies for managing each of these risks which are summarized bellow:

(A) INTEREST RATE RISK

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other conditions held constant, of the Group's profit before tax.

	Increase/decrease in basis points	Effect on profit before tax US$
2009		
US Dollars	+20	555,565
US Dollars	-15	416,674
2008		
US Dollars	+20	829,148
US Dollars	-15	621,861

(B) FOREIGN CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is not materially exposed to currency risk since the majority of its financial assets and liabilities are denominated in U.S. Dollars or in currencies pegged to the U.S. Dollar.

(C) CREDIT RISK

The Group's credit risk is primarily attributable to its liquid funds receivables, other debit balances and investments in securities. The amounts presented in the balance sheet are stated at net realizable value, estimated by the Group's management based on prior experience and the current economic conditions.

The Group's liquid funds are placed with prime banks. Investments in securities are not covered by collaterals. Other debit balances consist mainly of amounts due from related parties.

The Group trades mostly with recognized, credit worthy third parties and monitors receivable balances and collection on an ongoing basis.

The Group's credit risk exposure is spread over 56 counter-parties; 6 customers constitute 80% of the total exposure and 50 customers constitute the remaining 20%. The maximum exposure is the carrying amount as disclosed in Note 9.

The Group's assets and liabilities are segregated by geographical area as follows:

Lebanon	Middle East	Europe	Total	
	US$	US$	US$	US$
December 31, 2009				
Total assets	2,151,095,838	238,782,556	9,105,437	2,398,983,831
Total liabilities	589,021,999	-	-	589,021,999
Net assets	**1,562,073,839**	**238,782,556**	**9,105,437**	**1,809,961,832**
December 31, 2008				
Total assets	2,142,380,808	296,444,933	15,006,736	2,453,832,477
Total liabilities	594,167,858	-	-	594,167,858
Net assets	**1,548,212,950**	**296,444,933**	**15,006,736**	**1,859,664,619**

(D) LIQUIDITY RISK

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The table below summarizes the maturity profile of the Group's financial liabilities as of December 31, based on contractual undiscounted liabilities:

	No Maturity US$	Less than 3 Months US$	3-12 Months US$	1 to 5 Years US$	Total US$
December 31, 2009					
Bank overdrafts and short term facilities	-	-	253,659,010	-	253,659,010
Accounts payable and other liabilities	8,171,926	33,684,825	34,607,765	28,237,556	104,702,072
Dividends payable	70,541,046	-	-	-	70,541,046
Deferred revenues and other credit balances	-	-	21,063,627	129,216,688	150,280,315
Loans from banks and financial institutions	-	-	-	1,987,023	1,987,023
Non-financial liabilities	7,852,533	-	-	-	7,852,533
	86,565,505	**33,684,825**	**309,330,402**	**159,441,267**	**589,021,999**
December 31, 2008					
Bank overdrafts and short term facilities	-	-	176,996,835	-	176,996,835
Accounts payable and other liabilities	1,171,616	11,624,934	58,516,731	16,858,140	88,171,421
Dividends payable	62,989,562	-	-	-	62,989,562
Deferred revenues and other credit balances	-	-	26,866,850	229,656,877	256,523,727
Loans from banks and financial institutions	-	-	2,347,054	-	2,347,054
Non-financial liabilities	7,139,259	-	-	-	7,139,259
	71,300,437	**11,624,934**	**264,727,470**	**246,515,017**	**594,167,858**

37 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial instruments are not materially different from their carrying values. Market value has been used to determine the fair value of listed available-for-sale assets. The fair values of loans, notes and other financial assets, and borrowings and other financial liabilities have been calculated by discounting the expected future cash flows at prevailing market interest rates.

38 APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the financial statements for the year ended December 31, 2009, on April 9, 2010.

MEDITERRANEAN SEA

PEDESTRIAN STREETS

OPEN SPACES

FUTURE DEVELOPMENTS

NEW DEVELOPMENTS

RETAINED BUILDINGS

BEIRUT CITY CENTER LANDMARKS

PUBLIC BUILDINGS

01 HOUSE OF PARLIAMENT / G5
02 HOUSE OF PARLIAMENT ANNEX / H5
03 GRAND SERAIL / H4
04 SERAIL CLOCK TOWER / H4
05 MUNICIPALITY OF BEIRUT / G6
06 COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION (CDR) / G5
07 CENTRAL POST OFFICE / H5

RELIGIOUS BUILDINGS

08 AL DABBAGHA MOSQUE / F7
09 ALL SAINTS ANGLICAN CHURCH / E3
10 AL MAJIDIYA MOSQUE / E6
11 AL OMARI MOSQUE / G6
12 AMIR ASSAF MOSQUE / G6
13 AMIR MUNZER MOSQUE / G5
14 MAGHEN ABRAHAM SYNAGOGUE / G4
15 MOHAMAD AL AMIN MOSQUE / H6
16 NATIONAL EVANGELICAL CHURCH OF BEIRUT / I4
17 NOURIA CHAPEL / H6
18 ST ELIE ARMENIAN CATHOLIC CATHEDRAL / J7
19 ST ELIE CATHOLIC CATHEDRAL / H6
20 ST ELIE MARONITE CHURCH / G2
21 ST GEORGE MARONITE CATHEDRAL / H6
22 ST GEORGE ORTHODOX CATHEDRAL / H6
23 ST LOUIS CAPUCHIN CHURCH / G5
24 ST NICHAN ARMENIAN ORTHODOX CHURCH / H4
25 ST VINCENT DE PAUL CHURCH / J6
26 ZAWIYAT IBN IRAQ SHRINE / G6

OTHER BUILDINGS

27 AHLIAH SCHOOL / G3
28 AUDI SARADAR HEADQUARTERS / G5
29 BEIRUT SOUKS / EF5 / EF6
30 BESANÇON SCHOOL / G3
31 BEIRUT TRADE CENTER / H2
32 CITY CENTER DOME / I6
33 EL-BOURJ / G7
34 GRAND THEATRE / I6
35 LAZARIEH COMMERCIAL CENTER / I6
36 MARINA TOWERS / E3

37 MERIT CORPORATION HEADQUARTERS / G9
38 MOAWAD MUSEUM / H3
39 OTTOMAN LIGHTHOUSE / D9
40 PLATINUM TOWER / E2
41 SEMIRAMIS BUILDING / G5
42 STARCO COMMERCIAL CENTER / F3
43 TANIOS BUILDING / F5
44 THE LANDMARK / I5
45 UN HOUSE / I5
46 VIRGIN MEGASTORE / H7
47 ZAITUNAY BAY / E2 / CD3

THE CITY'S ANCHOR POINTS

ARCHEOLOGICAL SITES

48 BELVEDERE SQUARE / F7
49 CASTLE SQUARE / F7
50 HADIQAT AS-SAMAH (GARDEN OF FORGIVENESS) / H6
51 MEDIEVAL WALL AND MOAT / F5
52 OTTOMAN WALL WALK / E6 - D9
53 PETIT SERAIL / G7
54 PHOENICIAN GLACIS / G8
55 PHOENICO-PERSIAN QUARTER / F6
56 ROMAN BATHS GARDEN / G5
57 ROMAN HIPPODROME / G4

MAIN GARDENS AND OPEN SPACES

58 AJAMI SQUARE / F6
59 AMIR AMIN GARDEN / I5
60 BAB IDRISS SQUARE / F5
61 BASSEL FULEIHAN SQUARE / E2
62 DEBBAS SQUARE / I7
63 GENERAL FOUAD CHEHAB GARDEN / I3
64 GIBRAN KHALIL GIBRAN GARDEN / I4
65 GIBRAN TUENI MEMORIAL / G7
66 HARBOR SQUARE / F6
67 IMAM OUZAI SQUARE / G5
68 JEAN-PAUL II SQUARE / E5
69 KHAN ANTOUN BEY SQUARE / E6
70 MARTYRS' SQUARE / H7
71 MINA EL HOSN SQUARE / E2
72 MUNICIPALITY GARDEN / G6
73 NEJMEH SQUARE WITH ITS CLOCK TOWER / H6
74 OMAR DAOUK SQUARE / F4
75 OMAR ONSI GARDEN / H5
76 RAFIC HARIRI MEMORIAL / H7
77 RAFIC HARIRI SCULPTURAL GARDEN / H4
78 RIAD EL SOLH SQUARE / H5
79 SAIFI SQUARE / I8
80 SAMIR KASSIR GARDEN / G7
81 SANTIYA GARDEN AND PROMENADE / E5
82 SEASIDE PROMENADE / C4 - A9
83 SHORELINE GARDENS / E4
84 WADI ABOU JAMIL GARDEN / G3
85 WATERSIDE PARK / CD4
86 ZEITOUNEH SQUARE / F3