While the development strategy focuses on revenue-generating and added-value ventures to complete the Traditional City Center, the future development frontier is the Waterfront District, with gateway projects set to bridge the transition from historic to new.

After Saifi, Wadi Abbou Jamil is taking shape as a new calm, urban, residential neighborhood, while the construction of several high-rise and large-scale developments are launched in the Hotel District, Serafi Corridor, and Saifi, all evolving to complete the Traditional City Center cityscape.

Zaitunay Bay inaugurates its quayside restaurant strip and welcomes more than 3,000 visitors per day in the first six months. At the other end of town, the newly landscaped Uruguay Street vitalizes nightlife activity in the Conservation Area, where selected buildings are illuminated in the nightscape through an image projection system.

The city center is a culture and leisure destination, a strategic approach is taken to integrate archeological finds within the urban fabric. Meanwhile, a Quartier des Arts evolves against the backdrop of reconstructed and restored traditional buildings in Saifi Village.

In preparation for the development of the Waterfront District – the reclaimed expansion of the traditional city center – Beirut is promoted as an international corporate business center. Further detailed urban and traffic studies are carried out, resulting in amendments to the Master Plan.

The seafront Beirut Marina is fully operational, berthing a large number of vessels on annual and seasonal bases. The planning and construction of several real estate projects rush forward, especially in Wadi Abbou Jamil, the Hotel District, and the Serafi Corridor.

An international urban design competition solicits new visions for Martyrs’ Square and its surroundings. The objective is to open the axis toward the sea with respect to the urban grid and reposition the square as a national meeting point.

In establishing the city center as a culture and leisure destination, a strategic approach is taken to integrate archeological finds within the urban fabric. Meanwhile, a Quartier des Arts evolves against the backdrop of reconstructed and restored traditional buildings in Saifi Village.

Focusing on real estate developments that attract tenants and residents to the city center, and following the positive response to Saifi Village, the impetus to invest in other residential developments increases. This trend also underlines the importance of full-time property maintenance and operations services, which begin to be offered to third-party developers.

As businesses, commercial outlets, and landscaped open spaces multiply, a number of vacant lots provide temporary parking spaces to accommodate the mobility of the growing number of tenants and visitors, in anticipation of the completion of underground parking facilities prescribed in the city center’s Master Plan.

With archeological documentation and evaluation in full swing, and following extensive findings related to the Cardo Maximus, a large site between several places of worship is dedicated to be landscaped public space as the Hadiqat As-Samah (Garden of Forgiveness).

The city center is pulsing with life. Landmark buildings are being restored and cafes and restaurants are multiplying. Businesses and institutions relocating to the area are drawn by the amenities and services such as the state-of-the-art communication network, security, and maintenance.
An account of facts and events in the reconstruction and development of Beirut city center

The Chronicle presents a linear sequence of facts and events spanning eighteen years of reconstruction and development in Beirut city center. Like a timeline, it moves chronologically, without analysis or interpretation. Through the unique method of the chronicle, historiography extends through generations.
Dear Shareholders,

The Lebanese economy has endured the devastating consequences of geopolitical upheaval and domestic tension. The uncertainty, compounded by ongoing regional turmoil, has exacted a marked and heavy toll on the real estate, tourism, and hospitality sectors.

Our Company was not spared, and the number of transacted sale deals in 2012 was drastically low as a result of the growing fallout. The downturn in economic activity at the national level with its pronounced effects on the commercial and hospitality sectors has afflicted the Company’s related businesses, too. Net operating revenues dropped sharply by 66 percent, and net income fell 90 percent year over year.

Still, Solidere’s fundamentals remain strong: our valuable assets include a land bank estimated at around US$8 billion, a real estate portfolio valued at US$3.3 billion, and a balance in cash and receivables of about US$717 million.

We reevaluated and adapted our strategies to ensure the sustainability of resources. As we weather this tumultuous climate, we have streamlined operations and continued to decrease overhead expenses. Real estate activity proceeds, though at a much reduced pace. Certain real estate development projects have been postponed while the progress of others has slowed. These shifts will ensure cautious application of Company resources, and they will enable Solidere to maintain the track record of superior quality that the brand represents.

We will inaugurate the Souks’ Cinema and Entertainment Complex by end 2013 and will complete the Souks’ Department Store in 2015. Both projects generate revenue and will strengthen the vibrancy and value of the area, and more broadly of Beirut city center. In addition, other projects such as the Serviced Apartments and Wellness Center, due for delivery by end 2016, will increase the critical mass of the Souks area.

Land on the Waterfront District is ready for construction. The Eastern Marina and 80,000 sq m waterfront city park, now scheduled for a later delivery date, will complement the other real estate projects in the area and serve as additional magnets.

Further afield, Solidere International, of which Solidere owns 39 percent, remains financially solid with high liquidity and zero debt. Solidere International pursues the relentless effort to increase business in the region through investments in exclusive and high-value land and real estate development projects with the potential to deliver attractive return on investment. Moving forward, the objective is to capitalize decisively on market trends in the region, primarily in Saudi Arabia and the United Arab Emirates.

In 2012, Solidere International distributed a dividend of US$1.50 per share from 2011 profits. We trust that Solidere International’s progress will further catalyze potential value and revenue growth for Solidere and its shareholders.

Despite the dire circumstances, the Company stands fast as a market leader in the real estate and land development field. Indeed, Solidere is well positioned to meet its objectives by capitalizing on strong fundamentals and core competencies.

We remain unflinching in our commitment to uphold and pursue Solidere’s interest. Our focus is on implementing strategies that sustain value creation and result in better returns for the Company’s stakeholders. At the same time, we will remain vigilant. A flexible approach to business planning is the key to insulating the Company to the greatest extent possible from the negative consequences of local and regional instability.

Nasser Chammaa
Chairman and General Manager
July 2013
The new Waterfront District is envisioned to be an expansive site that has renewed the economic vitality and cultural smoothness of Beirut city center, and social vibrancy of its social fabric. From the onset, the Waterfront District is taken to be one of the largest of its kind in the world.

Building the Solidere Brand

A shopping destination and retail flagship project, the Master Plan of the new Waterfront District is implemented to redefine the identity of the city center. The project promotes a number of civilizations and eras including those of the growing number of historical enclaves, which are the heart of Beirut’s finds and heritage.

The new Waterfront is promoted as a national square as a national gathering point for the area. The esplanade is defined through the interplay of the old and new, which is the spirit of modern life.

With architectural and urban design strategies, the Waterfront District is redefined to attract the country’s tourism. The former dumpsite is housed a dumpsite that has been transformed into a recreation and public parking lot. All of these will be the waterfront city center as a cluster of operational territories, both under and above ground, in accordance with the urban master plan, urban master plan, urban master plan, urban master plan.

With the completion of three months after the Waterfront District, the project transforms the city center as a national square and marks the start of the renovation process. The project focuses on the city center.

The project focuses on the city center.

The new Waterfront District is envisioned to be an expansive site that has renewed the economic vitality and social vibrancy of its social fabric. From the onset, the Waterfront District is taken to be one of the largest of its kind in the world.

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The Chronicle
Solidere Annual Report 2012
An account of the reconstruction in the
reconstruction and development of
Beirut's city center.
During the Lebanese civil war, I was a photojournalist portraying the horrors and destruction of war in the hope of stopping it. I witnessed how it damaged the country and its people.

I started working for the would-be founders of Sortdore in May 1993. I had to take a 360-degree turn, wear a new hat, to show how what is destroyed can be rebuilt, how there was still beauty around us, how a city can revive from its ashes. It was not an easy task at first, but I had faith in the project, and it drove me to want to capture the reconstruction and development efforts.

In 1993, there were no visible roads in what we call the city center today, no visible landmarks. I knew the city center well before the war, but when I first came back, I had trouble pinpointing my whereabouts, and I kept on losing my bearings. Shrubs, even trees, were growing out of nearly every wall left standing and in the middle of what used to be streets. There were still many land mines in the area, and the Lebanese army was organizing special tours for photographers.

We started by photographing squatters, the people who were living in the destroyed buildings. They knew how to move about, how to avoid land mines, because they moved from building to building through the gaping holes, remnants of the war.

The areas that were the worst off were Allenby and Weygand streets, Martyrs’ Square, Bab-Idris, Wadi Abu Jamil, and the old Souks. In somewhat of a contrast, Maarrad and Fech streets, Lazareth Center, and the Riad El Solh Square area were better off. Actually, in 1993, there were small ill-kempt cafés and even a men’s salon, open for business near Riad El Solh Square.

By the end of 1994, all the land mines were cleared, roads or rather paths were opened, and rubble was removed. We needed to document everything that was going on in the city center, particularly the condition of every street and building. We had to capture details, document every single staircase, doorway, balcony, stonemasonry, and window – in case it would be needed later on in the reconstruction stage. The goal was to have a photographic record of the condition of the city center as a whole so that we could compare it to our reconstruction and development efforts in the future.

Once reconstruction works began and excavations started uncovering archeological remains, we photographed everything for our own records and for the Directorate General of Antiquities (DGA). One example is the cemetery between Murr Tower and the Phoenixia Hotel, a burial for the rich in pre-Ottoman times. The graves were filled with gold jewelry that have been transferred to the National Museum.

The Normandy dumpsite was a dangerous area. It was like a jungle, filled not with trees but with long grass growing out of the garbage. There were bubbling gases and horrible smells. Water that was once part of the city center’s shoreline was barely visible, and it would bubble as if boiling in some areas. There were unexploded bombs, carcasses, garbage, anything and everything you can and cannot imagine. We had to be very careful moving around. When the decision was taken to treat the area and reclaim land, we documented the works. Everything was separated into recyclable or non-recyclable material. The rubble and debris from the city center’s destruction were moved to the landfill area, separated into usable and non-usable material, treated, and then used in the landfill.

Once infrastructure works were on their way and salvagable buildings marked, I started getting direction on what needed to be photographed from the urban planning management, which sites, views, and angles to capture. At first, I did not understand why I had to photograph a large expanse of empty space or a straight line from the inner city center toward the sea. It took me a while to realize that they were looking at the city center through its Master Plan. Once I understood, it all made sense. I felt I was in sync, that the way I was approaching my photography was in line with how the planners envisioned the city center. I could finally capture the plan through my lens.

In the beginning, after having taken every single angle shot from within the city center, we were asked to take some from the sea. We would go out with fishermen and look back toward a cityscape that meant nothing, that showed nothing beyond a mountain made of garbage, a few derelict hotels and buildings, Murr Tower still in cement, and Starco Center. Nothing else.

As reconstruction progressed, the Master Plan limits became less visible from land and sea, so we started taking aerial pictures at six-month intervals to keep track of which land area was being developed and which wasn’t. Those were taken not only from airplanes but also from the multitude of cranes at construction sites around town.
The construction of a new project begins on one of the few remaining lots in the Conservation Area, at the intersection of the historic core and the new Waterfront District. Allenny Gate residential building, designed by Nabil Ghallam Architects, will create the scale and proportions of the contiguous historical streetscape and strike a harmony with the new, modern, reclaimed land area.

The Cinema and Entertainment complex (photo below) opens in the northern part of Beirut Souks. Envisioned as a mega entertainment destination, the main building comprises 14 movie theaters including two VIP halls with a private lounge area, as well as concession areas, a food court, and a special children's area. The volume of its outer skin is composed of four metal ribbons that wrap around the four large theaters in a north-south direction, generating a dynamic sculptural form. At Allenny street level, high-end boutiques form a continuation of the existing retail offerings.

An adjacent L-shaped building to the north of the complex hosts several restaurants while an annex facing Amani Square locates the entertainment facilities.

The movie theater's branding is finalized to reflect two identities: Beirut Souks and Cinema City. Beirut Souks Cinema City will offer the next generation of interior design and circulation for cinemas around the world. It will be managed and operated by BCD cinemas, a partnership between Cinema City and Saffi.

The Department Store (photo below) is the next development to round off the singular leisure experience of Beirut Souks is now under design by Zaha Hadid Architects (UK). It will open its doors to the three-story retail development covering 26,370 sq m of mixed-use space.

Designed by Nabil Ghallam Architects, the 128 Saffi development is envisioned as a natural extension to the popular Saffi Village and comprises a cluster of one office and four residential buildings. A courtyard landscaped by Vladimir Djurovic Landscape Architects runs through the five units and serves as a relaxation space for tenants. The courtyard design also integrates archeological finds unearthed during the excavation works.

The residential buildings are townhouse-like units characterized by space, light, and comfort. They incorporate a wide range of living options, including one- and two-bedroom apartments, and a variety of penthouses with generous terraces. Each residential building offers serviced offices and distinguishes itself from the living spaces through its outer appearance: an inner Corten facade covered in triangular fin louvers and urban windows, creating a suspended garden.

Excavation works begin on a new development at the southwest of Beirut city center in Saffi. Saffi Plaza is designed by Nabil Ghallam Architects and comprises two buildings, one residential and another office, with surroundings that reflect the dual character of the site: the dynamic Ring Road movement to one side and the calm Saffi setting to the other.

Peter Marino (US) is the winner of the design competition for the mixed-use project on Hoon Street in the Souleil District. The concept for the Furnished and Serviced Apartments, Spa, and Wellness Center presents a successful massing response to the local context, comprising two structures with a central courtyard.

Marino teams up with IdefConsult-Mount Sarofin for the detailed design phase.

One building houses the serviced, furnished apartment wing with a tranquil entrance from the southwest corner and a rooftop garden and sun terrace with spectacular views and access to the second structure. The second building houses the wellness center, which features top design, state-of-the-art equipment, and professionals to cater to its clientele. Both components will be operated by a well-known international firm with experience in this field. Residents and visitors enjoy easy access to an inner courtyard, where independent retail outlets, restaurants, and cafes maintain privacy and intimacy.

Fumihiko Maki and Associates (Japan) wins the design competition for the Triple-A Office Building in the Hotel District, which is drawing the interest of high-profile potential tenants. The proposal highlights the flexibility and efficiency of its internal space and embodies the spirit of Beirut as a crossroads where international businesses establish their headquarters. Foad Menem Consultants and Partners is selected as the local architecture firm.

The concept incorporates a large podium as a contemporary interpretation of the Middle Eastern souk, with its porous urbanism, unique character, and sheltered passageways. In response to the global trend toward multifunctional, loosely defined working environments, a series of linked green spaces runs through the tower. Referred to as elements of vertical urbanism, they connect the world spaces to the surrounding city and sea.

With a double-skin facade, the building concept has been optimized for Beirut's mild winters and hot summers. The outer skin consists of a ceramic frit in translucent and transparent glass, which protects against wind and solar radiation but still allows diffuse light to filter through. The inner skin is fully glazed and includes slits that allow fresh air to reach the interior. Since the building is located in a district mainly composed of residences and hotels, a number of air changes are offered on-site to fulfill tenants' daily needs. These include a cantilevered rooftop, restaurant, convenience store, and several other facilities that will make the building a one-stop destination.

The building's schematic design is under review while current market demand is assessed prior to launching the Construction Document phase.

The Zaitunay Bay yacht club, with 14,000 sq m of floor space, takes shape, emerging naturally out of the land and transcending the boundary between city and sea. It is set to accommodate a club for up to 400 members with a swimming pool, restaurant, bar, library, game room, and spa center at ground level, along with 53 serviced and furnished state-of-the-art apartments on the upper levels. The project realizes the richness of the urban shoreline.

As a transition zone between the Traditional City Center and the Waterfront District, Renzo Piano Building Workshop’s (Italy/ France) proposal for the Pinnacle Project creates a sense of continuity and urban unity. It establishes strong pedestrian land use and building-scale links between the historic core and the waterfront, accommodating retail, hotel, residential, and cultural use. It is a key development that balances four distinct urban dualistic concepts: unity and diversity, permeability and clarity, transparency and opacity, and construction and vegetation.

The first phase of development on the western lot comprises a number of buildings at podium height composed of residential, office, and retail components. The podiums include an active ground floor designed to be permeable and accessible to the public; they also feature several multiuse levels and suspended rooftop gardens.

The retail frontages are adorned with light, transparent canopies. Trees play an essential role as unifying elements that help unite the traditional part of the city and the new district throughout the Pinnacle Project. The presence of water, another unifying element, evokes the sea permeating into the city and provides a cooling effect in summer.

The suspended rooftop gardens, accessed via panoramic elevators, include both native and non-native Mediterranean plants, with a mixture of deciduous and evergreen species to maintain a green cover throughout seasonal changes. Also at the rooftop level, light constructions made of steel, glass, and fabric are used as cafes and restaurants. Light structural walkways connect the different plots together to create a continuous promenade.

In the Waterfront District, several plots of land have been sold to third parties and are in the planning phase of development, such as Mika Land, a residential project designed by Foster + Partners (UK) with R & K Consultants.

Located on the northern part of the Feich-Allenby Conservation Area, Harbour Square, designed by Goulston Porter (UK), is completed by Caufield. Cornering part of Beirut’s ancient harbor, the design repurposes part of the old harbor wall within the square and treats it as a sculpture. Fountains and pavements shape the square’s reinterpretation as a harbor. Also completed is the Basel Palumbo Memorial of the Cornelis Road between Beirut Maras and the Phoenix Hotel, designed by Jean Nouvel Architects and constructed by Anco.

Having realigned more than half of the gardens, squares, and outdoor spaces envisioned in the Beirut Central District Master Plan, Sondlev has several more sites in the works. Others, including the 80,000 sq m waterfront city park, will take shape further down the road.

Khan Antoun Bey Square is a large lot surrounded by the new Hotel Maronite, Surf & Turf (5,000 sq m), and the new Red Dot Boutique Hotel. The public space is planned to accommodate Art & Architecture Plaza (Portuguese design), adjacent to the newly inaugurated Entertainment District. The new cinema complex is designed by Zaha Hadid Architects.

All Saints Square, another shoreline Walk open space project, the office building offers mixed-use development.

Located at the intersection of the new waterfront, Montawak and the commercial area of Beirut Souks, Monte Carlo Square is a development project designed by Jean Nouvel Architects and the Architectural Design Office (ADP) of Brussels (Belgium), in collaboration with the architectural studio of Zaha Hadid Architects (Portugal). The design, adjacent to the newly inaugurated Entertainment District, is designed to accommodate the new cinema complex.

In conclusion, the design for the Waterfront District is advancing rapidly and the area is expected to see the completion of several projects in the near future.
The new Information Center in Beirut is inaugurated. Strong Corp Electronic Products Co. (UK) delivers the audiovisual design and installation, incorporating technology to provide video and audio distribution as well as system management control. The center features a room with a scale model of the city center and a large video wall, a boardroom with a poly-com video conference system to conduct global meetings at the highest professional level, and an auditorium and briefing room. The audiovisual distribution and control of the 32 screens throughout the center are fed from up to 32 sources, including Apple TV, touch panels, and IPads based on Crestron’s DigitalMedia (DM). The result is a flexible space for meetings and presentations.

In its effort to improve preventive and corrective efficiency, Sodoen’s facility operation and maintenance team introduces an environmentally friendly, mobile application that monitors and scorns barcodes on equipment and machinery to obtain maintenance requirements ahead of time. The team also undertakes studies with energy-saving objectives, carrying out energy audits (monitoring, measuring, and modeling electrical output of all utilities) at two locations: the UN House and Beirut Souks. In addition, the team has implemented trial adiabatic systems with positive results, saving energy and money while protecting the environment through lower CO2 emissions. These system trials are collaborative efforts with the system suppliers. Ultimately, all developments must be “green” from the design stage through to completion.

Lacroix Architects & Engineers submits a preliminary infrastructure design for the Waterfront District, which is then asked to finalize. In the meantime, temporary infrastructure is provided – electricity, water, and drainage – for developers wishing to begin construction on sold plots in the district.

The authorities approve the final design and layout for the Eastern Marina, and the Council for Development and Reconstruction (CDR) selects Baracoa Veritas (France) as technical controller. In preparation for construction, activities progress on marine works related to the eastern perimeter of the reclamed land area, the northern revetment. COWI (Denmark) has designed the northern revetment to protect the eastern perimeter of the reclamed land area from wave action and to demark the eastern edge of the area as per Master Plan requirements. It consists of a concrete crown wall founded on structural fill and protected by rocks and accropods. Dredging is required underneath the structural fill to rule out the possibility of liquefaction from seismic activity. The northern revetment extends from the end of the causeway line to the root of the breakwater for the marina.

Communication Design Awards: The 2019 Annual Report “Beirut City Center” receives the Governor Design Council Gold Award, and the 2020 Annual Report “City in Layers” receives the Red Dot Design Award Best of the Best. As a result, the 2020 report begins touring world museums and exhibition centers.

International Lighting Design Award: Lighting Beirut Architecture is one of the partners of the International Lighting Design Award, which awards two winners who earn an Award of Excellence during the 20th Annual award ceremony from the International Association of Lighting Designers held in Las Vegas, USA.

Gaspatial World Excellence Award: Sodldeo and Khalib & Adams win the Gaspatial World Excellence Award in the category of Application of Gaspatial Technology in Facilities Information Systems, for the design, development, and implementation of the Beirut Souks Project.

Best Digital Media Installation: At a trade-related exhibition in Amsterdam this year, Integrated Systems Europe, Strong Corp won the award for Best Digital Media Installation 2012 in its category for the integrated audiovisual system design and installation at Sodoen’s new Information Center.

Beirut Exhibition Center: A series of youth workshops for children between the ages of 7 and 12 to learn about art, time and style and explore their own creativity.

Portul: A portal of stories and critical writing about architecture and the city is launched in the effort to continuously support cultural platforms and interact with the intellectual and academic communities. Portul’s highly regarded Arabic and English journal blends creative writing, photography and personal essays with academic scholarship, prescriptive journalism, and cultural critique.

Planet Discovery: In collaboration with the French Institute of Lebanon and University Paris I Sorbonne, Planet Discovery inaugurates a new exhibition titled “The Human Puzzle,” based on an exhibition at the Palais de la Découverte in Paris.

Beirut Chants EFA: In its fifth season, Beirut Chants becomes a proud member of the European Festivals Association. The EFA is a prestigious association comprised of top international festivals. It is one of the oldest cultural networks in Europe, founded in Geneva, Switzerland in 1957 as a joint initiative of the eminent conductor figer Mathieu and the great philosopher Denis de Rougemont.

Fils de la Musique Award: Launched 12 years ago and regarded as a collaboration with the French Embassy and the Ministry of Culture, Fils de la Musique wins the Best Music Festival Nightlife Awards 2012. Rieder’s Chino, This One Beirut.

On the fifth floor of a building near Riad El Solh Square, a 500 sq. m space provides start-ups with a high-tech, relaxed, efficient work environment.

Cloud 5 can boast up to 60 entrepreneurs in the information, communication, and technology (ICT) sectors, each at an all-inclusive low cost per month that ensures around-the-clock security and unlimited high-speed internet through the city center’s fiber-optic Broadband Network.

Cloud 5 has already attracted a number of start-ups and ICT companies, such as Wamdu, Voute, and Procosmic. Company management is in talks with Oasis500, an Amman-based business accelerator, and FlatLabs, a Cairo-based accelerator, for the companies to establish operations in Cloud 5.

In the Hotel District, Damac Properties announces the completion of infrastructure and foundation works by MAN Enterprises and launches the construction of Damac Tower in collaboration with Versace Home for interior design.

Nearby, construction begins on Beirut Terraces. Designed by Herzog & de Meuron (Switzerland) with Khalib & Adams and an interior by Vincent Van Duyssen (Belgium), the building’s multilayered approach offers logistics spaces of lofty heights and diverse spatial configurations, orientations, and dimensions, creating a kind of vertical village.

Development

The Beirut Souks Core tenant mix grows stronger with the opening of new, world-famous franchise outlets such as the Gap clothing store and the return of leading Lebanese bookstore Librairie Antoine to its roots in the city center. On the food and beverage side, the famed fruit cocktail maker Al Fakher celebrates its return, accompanying the opening of Bgr Co and Grid coffee shop.

Bankmed and Solidere agree to undertake joint marketing and promotional efforts pertaining to the bank’s MedMio Program. Bankmed will offer cardholders additional rules for each purchase made at participating Beirut Souks outlets.

In the Hotel District, Damac Properties announces the completion of infrastructure and foundation works by MAN Enterprises and launches the construction of Damac Tower in collaboration with Versace Home for interior design.

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The Pinwheel Project, the hotel that the city of the Waterfront District and the Traditional City Center together, is in the detailed design phase. With slight changes to the original plan, phase one of the project comprises a retail building, a triple-A office building, and an office building with a world-class fitness club at ground, mezzanine, and first basement levels. The buildings are of podium height with bridges connecting their suspended rooftop gardens.
Basing its accomplishments to date, Solidere consolidates its financial and operational potential and embarks on a new development program that spans the coming five years. The program concentrates on the completion of infrastructure works and the development of major components intended as poles of attraction in the Waterfront District, such as the Eastern Marina, as well as the landscaping of the Corniche promenade and the seaside park. In terms of real estate development, the program spans the planning and design of several key projects of different land uses that complement existing ones, with particular focus on enhancing the social and cultural dimensions in the city center.

Lighting Beirut Architecture: Lighting Beirut Architecture is launched as a new architectural lighting concept using the principle of image projection. The aim is to illuminate selected heritage and contemporary buildings in Beirut city center’s historic core and permanently illuminate the city center’s architectural landscape. The project is developed with Light Ulices (France), DIAP (France), Marani Priml, and Lamps (Italy).

IF Communication Design Award: Solidere’s 2009 Annual Report “Beirut City Center” is declared an IF Communication Design Award winner.

World Architecture Festival: The Sheikra Walk design by Gustafson Porter (US/UK) is shortlisted at the World Architecture Festival in the category of Future Landscape Projects.
Solidere initiates its development strategy to focus on creating shareholder value by investing in its land bank, increasing recurring income, diversifying into complementary business lines, and expanding its presence outside Lebanon. The objective is to shape the market and control the supply and quality of new development in specific key sectors. This includes detailed planning, all more directly control of temporary uses, which will likely encompass most activities in the Waterfront District for the next five to ten years, serving as testing ground and incubators for new uses that may emerge in time as permanent features of the city center.

Beirut Hospitality Company Holding is established with the goal of creating restaurants that complement and support real estate development and enhance property value, and therefore enhance vibrancy in the city center.

Sodicre invites to join a network of urban operators and land developers to invest in its land bank, increasing recurring income, diversifying into complementary business lines, and expanding its presence outside Lebanon. The objective is to shape the market and control the supply and quality of new development in specific key sectors. This includes detailed planning, all more directly control of temporary uses, which will likely encompass most activities in the Waterfront District for the next five to ten years, serving as testing ground and incubators for new uses that may emerge in time as permanent features of the city center.

The concept for Martyn’s Square Axis is further developed in a detailed urban design study by Renzo Piano Building Workshop (Italy/France), supported by transport planning consultant Arup (UK). The preliminary plans are submitted to the City Council’s Development and Reconstruction, which is preparing the study for the site. The Central Market, located in the center of the city, is established with the importance of the city center as a natural space where the city expresses its civic life and urbanity mandates the convenience and ease of shared experiences.

It also recognizes the role of Martyn’s Square in particular meeting place where diversity becomes an opportunity rather than a problem, where a variety of functions merge into the enduring life and spirit of Beirut, bringing a sense of belonging to the city.

The scheme conceives of Martyn’s Square as a sequence of spaces that transition from the city to the sea. It starts at the “gateway” beneath the Ring Road, opening out at the southern end of the square and moving north past the famous martyrs’ monument, then down, at the northern end of the square to the Petit Serail and Hellenistic remains.

These afford a direct pedestrian link, beneath Cadmus Street, to the planned City History Museum site, Ancient Carthage Hill, and the waterfront beyond.

While studies are conducted on the Martyn’s Square area, a new development rises at the northwestern point of the area. The CMA-CGM Merit Corporation headquarters, designed by Nabil Gholam Architects, exemplifies a response to location and function, such as a ship anchored at port, it reflects the maritime world.

Within the Waterfront District development program, a temperate usage strategy is initiated to focus on a pedestrian spine linking the existing city center and Souks to the terraced waterfront Corniche promenades. This spine is now open for walking, jogging, and cycling leading north down to the waterfront promenade.

Renzo Piano Building Workshop is selected to study the “martyrs’ project,” strategically located site in the Waterfront District near Beirut Port’s first basin, north of the historic Foch-Alley area and its modern extension. The site is defined by four main arteries forming a pinwheel and is intended to be a landmark gateway to the new district.

Limited design competitions are held for the redesign of the Roman Baths Garden and Omar Daffour Square, as well as the initial design for Khan Antoun Bey Square in the northern part of Beirut Souks and the 90,000 sq m waterfront city park. Gillespies (UK) presents the winning design for the first two locations, while PROPAK (Portugal) wins the third. No winner is announced for the waterfront city park.

With the Beirut Souks newly opened, Ajami Square begins to boogie with activity, hosting a weekly farmers’ market, and several holiday festivities.
The Waterfront District exerts strong investor interest with land sales totaling 196,735 sq m of built-up area (BUA) to date. The real estate development is planned to reach an aggregate 37.7 million sq m. In-house urban studies are in progress on building massing, land use, phasing, and land sales strategies for the district. Permanent development is set to start around the periphery of the street grid for the intended Eastern Marina. The central blocks will be developed gradually, replacing temporary uses to house a convention center, offices, hotels, serviced apartments and mixed-use support facilities for the special business district.

A mandated low-carbon strategy is implemented throughout the Waterfront District, which will be planned, designed, and built as a model project of sustainable urban development. The guidelines, customized to suit Beirut’s climate and environment, include applying renewable energy technologies, recycling grey water, and adhering to other sophistication environmental regulations. These efforts are intended to deliver a combination of low-carbon output and substantial reductions in energy demand.

Beirut Municipality reexamines ways to build the Martyrs’ Square parking facility, either by funding it internally, negotiating a build-operate-transfer (BOT) contract with Sodicure, or tendering it out on a BOT basis. It also approves the landmark of Beirut project proposal to execute the parking lot under Riad El Souk on a BOT basis.

All four underground levels in the southern part of the central Beirut Souks parking facility are operational with about 2,100 spaces for public use; the northern part is reserved for companies working in the city center. Sodicure awards the works for a 400-space parking lot underneath the Corniche to Gecanco, and construction begins.

Beirut Souks Core is in a soft opening phase with about 149 (140 retail, 8 food and beverage, and 1 food hall) of the 225 outlets occupied or nearing completion. With the help of several professional advisors, a specific tenant-mix approach is developed to strategically place exclusive concept and stand-alone boutiques and restaurants among flagship and other traffic-generating stores.

Floorfront design specifications and guidelines are introduced to provide tenants with clear direction for interior construction works, leading to harmony and consistency. Site supervision visits are conducted on a regular basis for quality control. Shop fitting takes place in coordination with architectural consultant Sameh Kheirallah & Partners.

Even as it follows the ancient Roman street grid, the modern Beirut Souks is suitable to a contemporary lifestyle. The landscaping integrates a number of archeological features and historical squares and monuments, including the sundial courtyard of the medieval wall and the below Souk Al Jami, the un-earthed Late Phoenician-Persian harborside settlement under Souk Ayyas, the Zawiyat Ibn Arrag Shrine, and the restored mosaics from Byzantine shops in Souk Al Fran. These are further enhanced by commissioned contemporary public artwork such as the “Visitor” on Sayyour Square by Anisa Quinza (Belgium) and sculptures by Xavier Corberó (Spain) on Bab Ediss Square representing Roman figures on the way to the Hippodrome.

Following initial attempts to transform the 1930s Grand Théâtre des Mille Et Une Nuits into a significant, modern-day theatre, it is concluded that the endeavor will not be possible without a partial demolition followed by faithful reconstruction of the street facade. Several site constraints hamper the possibility of obtaining a quality performance space: the small size of the auditorium and stage, the shape and volume of the auditorium shell, the lack of backstage facilities, poor sight-lines and poor acoustics.

While the structure may never serve as a successful modern theatre, Sodicure is determined to restore it in order to preserve and honor the memory of the Grand Théâtre. Following a limited design competition among four international architecture firms – Rogers Stirk Harbour + Partners (UK), Aneeska Hempel Design (UK), Moatti et Rivière (France), and Architecture Studio (France) – Rogers Stirk Harbour + Partners emerges as winner and will collaborate with runner-up Aneaska Hempel Design on space planning and interior design.

The alignment of new developments is almost complete on the Serail Corridor’s main avenue, Francois El Haji Street, with developments like the Paladium mixed-use building designed by Dach Architects (UK) and R & K Consultants, 45 Park Avenue, designed by Laccoz; Luna One, designed by Dijar Consultants; and Park Palace, designed by Fouad Meniawy.

The rehabilitation of Martyrs’ Square Axis is a strategic importance for the completion of the Traditional City Center. Avoiding the construction of the parking facility underneath the square, the project is revived. A new urban design study is undertaken with leading architectural firm Renzo Piano Building Workshop (Italy/France) to incorporate detailed guidelines for building massing and land use around the square. A more human-scale vision emerges to soften the square’s monumental and ceremonial character and, with its new green corridor open to the sea, help restore its role as Beirut’s most important public space and the center of city life.

Meanwhile, Bab El Saray development is inaugurated in the square’s northeastern section as the Le Gray Hotel, exuding contemporary style while blending seamlessly with its historic surroundings.

The proposed Formula One inner-city circuit is abandoned for security reasons, freeing both the waterfront city park and the street network of the Waterfront District from many onerous constraints.

After a fast-track approach coordinates construction of the yacht club’s underground structure, works are completed in the development around Beirut Marina. Hourieh-Poulton continues the devastating process until the beginning of superstructure construction, negotiated with the firm to commence midyear, while enabling and guiding stabilization works on the quayside strip reach completion. The development is marketed and branded as Zaitunay Bay. And landscape concept and design is awarded to Vladimir Djurovic Landscape Architecture with detailing and supervision by CBA Group.

In the vicinity of Riad El Solh Square, burial-spanning the Mohammad and Ottoman periods confirm that the site became a cemetery after the city wall defined an open area just outside the Bab Dibeh and Bab Yaqoub city gates. The corner of a large temple platform is exposed below the cemetery. Subject to agreement with the Directorate General of Antiquities, some of these vestiges will be incorporated into the various construction projects.

Vladimir Djurovic Landscape Architecture delivers the first of the Shoreline Walk spaces, Mina El Hosn Square between Platinum and Beirut towers, following Gustafson Porter’s (US/UK) concept design for the corridor. The sloping Rafic Hariri Sculptural Garden near the Grand Serail, redesigned by Vladimir Djurovic Landscape Architecture, is executed by Tacit. A sculpture by Megaroich Maanarides depicts the late prime minister walking along the water feature.
Infrastructure

In addition to the internet and VPN services, Broadband Network launches 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 avenue for value-added services.

Moros (Lebanon) is appointed environmental consultant for remediation and treatment and tasked with monitoring the generation of landfill gas from back-filled materials through boreholes in the park area. Land treatment and reclamation are complete, and the Waterfront District is ready for infrastructure works to prepare the land for future development.

New developments inspired by the surrounding architectural styles complete the urban fabric of the Conservation Area, which is predominantly home to restored buildings. Among them are projects such as Fochville residential development, designed by R & K Consultants, and the Municipality Annex, designed by Nahid Azar. The Conservation Area represents the epitome of urban rejuvenation.

In developing the lot adjacent to the Souks in the Serail Corridor on Patriarch Hoyk Street, the initial vision of creating a fifth retail anchor has evolved in favor of combining hospitality, retail, and entertainment, thus complementing rather than competing with Beirut Souks. The program envisages a boutique hotel, an exclusive spa, and adjoining retail. International architects are preselected to participate in a design competition. A retail-strategy study is conducted by MDS Consultants (Canada) to guide configuration concepts related to the boutique hotel, the street, and Beirut Souks. Talks with international boutique hotel operators begin.

Beirut City Center

Larry McPherson's photographic documentary of the downtown reconstruction documents the transition from war-torn capital to refined city center. The book showcases archaeological sites transformed into public areas, meticulously restored Ottoman and French architecture, gardens, and seamlessly integrated new construction, conveying both the practical and symbolic importance of building again.

Development

The Ministry of Culture announces its intention to develop a House of Arts and Culture, a space devoted to education, performance, fine arts, culture, and interactive and multidisciplinary exchange. Located near the Ring Road, the site will become State property as part of a land swap with Sikkens. The ministry commissioned Gaia Heritage to develop a brief for the House, along with cultural and educational objectives, an architectural program, and a communications strategy. Following an open international architectural design competition, the project design is awarded to Alberto Calzado (Italy). The project receives funding from a grant by the Sultanate of Oman to the Ministry of Culture.

Starch Ralph Kaynez and Tala Hajar in collaboration with Sikkens found Starch, a non-profit organization that helps launch emerging Lebanese fashion designers. Four to six young designers are selected each year and guided through the process of developing and then promoting their collections (communication, marketing, branding, and press). These collections are then displayed for one year at the Starch boutique in Naill Village. Throughout the year, the designers also have the chance to participate in design-related workshops, seminars, and collaborations.

Beirut 1991 (2003) A photography book by Gabriele Basilico is published as part of a project dedicated to the memory of the Beirut war. The internationally renowned, award-winning Italian urban photographer reflects upon the destruction of a city and the blueprint of its future.
Rania Sassine holds a Master's in Urbanism from La Sapienza, Università di Roma, Italy, and a Masters in Architecture from the Académie Libanaise des Beaux-Arts. She joined Solidere International in 2008 soon after its inception and is currently the head of the Urban Design and Master Plan Unit.

In 2007, Solidere established Solidere International to respond to the demand from governments, municipalities, landowners, and investors seeking to emulate the accomplishments of the Company in Beirut city center in their own cities. What elements of the project elicited the greatest interest and demand?

In undertaking the reconstruction and development of the city center, Solidere has had the responsibility of understanding the area's history and geography and establishing its future position in the region—understanding its surroundings and integrating it within them. That is what the company has gained a large amount of experience in—this is the expertise that Solidere is exporting outside the city center today.

Solidere International leverages Solidere's experience in creating "Places for Life." These are urban environments, primarily mixed-use in nature, that are viable and sustainable over time. The success of any urban development depends on how it prioritizes basic human and social needs as core principles and adapts planning and architectural design to a particular context.

How do you as a planner conceive of the relationship that communities create with urban space?

An urban environment, in the words of Yona Friedman, a famous French architect of the 1950s and 1960s, is about living, working, recreation, education, and culture. Before you begin designing the details, you have to plan the greater scheme. You have to study the urban site's location and accessibility. Then, a development strategy is set: the type of development and who it caters to. So there is the question of lifestyle as well as the social and physical aspects of the urban environment. In that regard, urban planning must integrate daily, monthly, and yearly activities in its land use strategy. Solidere has an extensive multidisciplinary team and consults with experts when needed, and is thus able to cater to these complexities, to the layers of human interaction with the space.

Can you give us a personal example of how a relationship grows with an urban environment? How did your relationship with Beirut city center evolve?

I belong to the generation that was born at the start of the Lebanese war. I basically had no direct relationship with the city center before the mid-1990s other than knowing that it was destroyed and hearing the stories that my parents told about it. With the many chapters of the war behind me, I began building my own story with the place, forging new ties, first while I was pursuing my studies in architecture and later on when I started working. The way the city center was planned helped the familiarity grow. The variety of uses incorporated into its planning attracted me to the area.

How has Solidere translated the expertise it has gained in city center rejuvenation to the development of other real estate projects around the region?

There are certain principles that are implemented in all our projects, but they are not physically the same. For example, in all urban environments there must be a main street where you have certain activities, including an open space and cafes. In one environment, it could be made up of heritage buildings and arcaded frontages; in another, its materials are glass and steel.

In an urban project in Saudi Arabia, there must be a large retail component, but it cannot look and feel like Beirut Souks in Lebanon. Another example would be the interpretation of gathering places. In western societies, it usually is a large axial, open square because they have such wet winters, and the minute the sun comes out the people tend to go outside. In warmer climates, such as in the Gulf countries, people gather in inner courtyards with shaded galleries because the sun is harsh almost all year around. So climate, culture, and architecture are all intertwined.

How can cross-generational learning benefit urban planning and design? What does each generation bring to the project?

Cross-generational learning is quite important. It ensures that experience and ideas are transmitted between the generations just as it lessens the negative repercussions of competition between peers. One cannot invent the wheel every time. Learning is a process that accumulates through the generations.

The best mentors I’ve ever had are those who taught me not how to draw but to open my eyes to what is around me, who changed the way I perceive space, challenged me to conceive of master planning not as a job but as a vocation that you carry with you every time you step outside and walk through the city. Architectural and planning careers involve a long process of learning and practice. Although more in terms of experience than knowhow is transmitted from the older generations to the younger ones, the latter always brings in fresh ideas and new outlooks, which when intertwined with experience generate amazing results in the built environment.

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Following its success in Beirut, Solidere receives requests from governments, municipalities, landowners, and investors around the world to help them emulate the Company’s accomplishments in Beirut city center. After amending its bylaws, the Company establishes Solidere International (SO) as a limited company in shares under the law of Dubai International Financial Center (DIFC), with a paid capital of US$710 million. Solidere owns 39 percent of SI. The company begins to identify projects in the Middle East, Africa, and around the Mediterranean Basin where it can create urban destinations and real estate developments that form visible communities.

**Infrastructure**

The Beirut Municipality starts to subcontract the operation and maintenance of works handed over by Solidere, which continues to supervise and control the quality of work done by the contractors and subcontractors.

Implementation of the Broadband Network (BBN) is complete. The pilot project begins upon receipt of the bandwidth from the Ministry of Telecommunications for testing. Under a unified communication network, data (internet) and video (TV) is now provided, operated, and monitored through the Network Operation Center (NOC), which hosts a data center, call center (IPCOC), and other equipment and servers for the various services. Beirut city center thus transforms into an around-the-clock IT zone capable of attracting multinational companies and other residents who will benefit from the availability of multimedia and broadband communication services.

All land reclamation, including excavations, processing of the materials, and backfilling, reaches completion. The sorted plastic stockpile is successfully relocated to an abandoned quarry site outside Beirut in accordance with permits issued by the relevant public authorities and following specifications from the Ministry of the Environment, which fully supervises and monitors the backfilling of sorted plastics into the quarry.

**Development**

Construction begins on developments in the Foch-Allamby region of the Conservation Area, including Foch 126, designed by Nabih Gholam Architects; Foch residence, by Batmam Architects; Foch Villa, by R & K Consultants, and Starway, by Naoura Oswald.

More projects launch in Saifi, including both restoration and new developments. Among them are Saifi Khan, restored in accordance with Elias Issa’s design, Saifi Village Two, designed by Nabih Gholam Architects, the Seboun building, designed by Nabih Azar, and Al-Masreb Insurance Company, also by Nabih Azar.

Beryus Parks, designed by Pierre El Khoury Architects, is inaugurated in the Seraa Corridor on Francesco El Haj Street, along with Two Park Avenue, designed by Samir Khairella & Partners, and other new developments.

**Landscape**

Olivier Vidal (France) is commissioned to design the Bab Idriiss Square and incorporate sculptures by Xavier Corberon (Spain) evoking figures on their way to the Hippodrome. The site stands on the street that leads to the remains of the Roman racetrack.

**Corporate**

Beirut Chants A festival of sacred music that combines spirituality, culture, and history is launched as an annual end-of-year event. The music performed draws primarily on spiritual and ethnic musical traditions, mainly addressing the Nativity. The festival’s concerts are held in the churches of Beirut city center, presenting a communal activity in spaces of history and beauty.

Beirut Jazz Festival After its inaugural festival followed by a three-year intermission, the Beirut Jazz Festival makes its comeback in the public open space of Ajami Square in Beirut Souks, which is still under construction. The festival is planned as an annual three-day concert event hosting local and international artists.

GIS Award To acknowledge its outstanding use of GIS technology, Solidere receives the Special Achievement in GIS Award from ESRI, world leader in GIS software and applications.

Aga Khan Award Saïdi Kasap Square, designed by Vladimir Djurovic Landscape Architect, wins the Aga Khan Award for Architecture.
As part of property management, a high level of control is maintained over the implementation of safety rules and regulations as well as the approval of signage and storefront designs. Solidere continues to offer its knowhow and services to third-party owners, entering into agreements through its subsidiary Solidere Management Services for the marketing, management, and maintenance of their properties.

In preparation for the future development of the Waterfront District as a comprehensive mixed-use area, Beirut city center is marketed and promoted as a corporate international business center, based on the city’s lifestyle assets and skilled human resources. Indeed, Beirut’s competitive edge lies in the qualities of its people and services.
After an extraordinary Company General Assembly meeting in 1998 approved an amendment to Article 4 of the Articles of Incorporation to extend Solidere’s duration from 25 years to 75 years, the Council of Ministers now ratified a decision to cap the extension at 35 years starting from the date of inception.

Seeing a trend of increased seismic activity around the globe, Solidere raises its benchmark and establishes a criterion of 0.3 g acceleration for all new developments, especially those built on reclaimed land. This upgraded standard is incorporated into the Development Briefs.

A decree is ratified to regulate the use of the municipal public domain for commercial purposes in accordance with a plan prepared by Solidere. Areas adjoining Parliament and the deputy’s office building are kept free of possible obstacles for security reasons. Elsewhere in the Conservation Area, restaurants and cafés are allowed to use the adjacent sidewalk or pedestrian areas provided the seating arrangements do not block building entrances. A four-meter wide pedestrian passage will remain clear of outdoor furniture along the center of each street.

Outdoor furniture used in the public domain must conform to Solidere’s specifications.

The Foh-Allenby Street private parking, a joint undertaking of common works initiated by Solidere and owners of other lots nearby, is now operational.

With the implementation of broadband multimedia telecommunication infrastructure, the city center now has the potential to become a media and communications hub, stimulating Beirut’s rapid adaptation to the new economy and globalized world of the Information Age.

Beirut Marina is fully operational in time for the start of its fourth season. Pending completion of the buildings surrounding the marina, temporary cabins are used for barhostmaster and public authorities’ activities (catering, immigration, police, and army intelligence). The works as- signed to George Camille Raycan (France) are complete, with all utilities – water, electricity, fire hose, telecommunication, and cable TV – connected and functional.

All lots for which designs were commissioned in Wadi Abou Jamil are sold to third parties along with their respective residential concept designs. Solidere Management Services retains the development management of two properties: Nice Garden, designed by Polyphysis Associates (UK), and Beirut Square, designed by Giancarlo De Carlo (Italy). The remaining projects are Phoenix Development and Stow Wadi, designed by Polyphysis Associates (UK); Wadi Grand Residence, designed by Dar Al Omar, Bassem Badran (Jordan); Wadi Hills, designed by Agence d’Architecture Anthony Béchu (France); and the Courtyard, designed by Mahdi Nasifallah.

All of these residential designs call for aligned, cohesive facades along the streets of the sector, and most have central courtyards or gardens to offer a more intimate residential ambiance. The traditional Lebanese house finds its expression in some of the tripartite arched windows, loggias, and pitched roofs.

Solidere initiates a development of its own (lot 800 Mina El Hosn), designed by Ayman Sanisar, combining the restoration of two twin Levantine houses with an infill building in a similar style.

The Directorate General of Urban Planning approves the Grand Théâtre’s concept design by Architecture Studio (France). The architect’s concept envisions a boutique hotel with a rooftop swimming pool, restaurants, and bars with artistic performances.

Shops are located at street level before the arcades, as was the case before the building’s destruction.

In the Hotel District, work commences on two new luxury residential developments, two international hotels, and a mixed-use building: Capital Plaza, designed by Machado and Silveira Associates (US); Garden View, designed by Nabil Ghoham Architects; the Grand Hyatt Hotel, designed by Michael Graves (US) and Dar Al Hanadi; the Rotana Hotel, designed by Architectura Studio (France), selected among four competition entrants, and Berto House, designed by Lo Mauro and Riggieri Associates (Italy) and Raed Abdullabah.

On May 6, Martyrs’ Day, the winning concept for the Martyrs’ Square Grand Axis is announced. It comes from a team of four Greek associates: Agostichos, Balahou-Nouakhi, Iordanou, and Nouakhi, whose vision thrusts the Axis as a sequence of four differentiated sections. An exhibition in the Dome showcases the 137 designs submitted for competition and includes a public forum to discuss the top three designs with the public.

New, residential developments are initiated in the sector, including Beirut Gardens, designed by Arata Isozaki (Japan) and Ega Group; Tower Plus One and Two, designed by Architects (US), also with Ega Group; and Beb Beirut, designed by Architectonica (US) with Atelier des Architectes Anonymes.

The 2003 sector plan for the Waterfront District receives official approval through a decree by the Council of Ministers.

Beirut Waterfront Development s.a.l. commissions a market study from the restaurant consultation firm Ulysses (France) in order to achieve an optimal mixture of restaurant types and sizes, as well as to create a typical rental agreement for the development around Beirut Marina’s quayside establishments.

Two projects reach completion in Wadi Abou Jamil: the open space near St. Elias Church with a sculpture of Pope Jean-Paul II, designed by Thibaud Urbanisme et Paysage (France), and the Wadi Abou Jamil Garden, designed by Ralf El Khoury and Partners. Among several lands- caped areas now open to the public is Sarie Kasser Square, designed by Vladimir Djurovic Landscape Architects, with a life-sized sculpture of its name-sake journalist, writer, and teacher by Louis Debri (France).

Memorial The nearly complete Mohammad Al Amin Mosque takes on a much deeper significance for the Lebanese people when Prime Minister Rafik Hariri is laid to rest from following his assassination.

Skygale Under the authority of the civil aviation authorities, the Skygale helium balloon carries passengers to a height of 150 and 300 m for a 360-degree view of the city center and surroundings.

Middle Eastern City of the Future Beirut won the award for Best Human Revolution, as one of the five (Financial Times) Middle Eastern Cities of the Future 2005/2006.

Garden of Forgiveness Designed by Gustave Forest, Haladjieq Ab Soukah is one of 23 projects displayed at “Groundswell: Constructing the Contemporary Landscape,” an exhibition presented by the Museum of Modern Art (MOMA), New York.

In addition to the operation and maintenance of infrastructure and public spaces until their delivery to the State, the Company continually updates its site logistics services. In a program to improve the city center’s image, undertaken in collaboration with participating property owners and users, a number of services are implemented to supplement those provided by the Municipality: surveillance security; door-to-door waste collection; cleaning of the streets, sidewalks, and street furniture; post control; subterranean utilities; maintenance of open spaces, trees, and plants; and street decoration during holidays.

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The Conservation Area is almost complete with a few developments still underway. These include the Bank of Kuwait and the Arab World designed by ARC Group in association with Abdel Wahed El Halal (Egypt) and the Radium office building, designed by R & K Consultants.

The underground, 2,500-space Beirut Souks parking lot is fully operational, and the detailed design for the Souks Core is complete. After obtaining a building permit for the whole development, the tendering is finalized and Société d’Entreprises A. R. Houry receives the construction contract for the South Souks.

In the Sorial Corridor, the concept design for a new mixed-use project is commissioned to Jerde Partnership (US) with MO2 (Canada) as land use consultants. Located on Patriarch Hoyek Street facing Beirut Souks, the project is envisaged as an additional magnet to the area, offering pedestrian-accessible retail and leisure uses on the lower levels and a selection of restaurants, with a boutique hotel and nightclub on upper floors.

Martyrs’ Square, also known as the Beirut (tower) or Place des Cannons (Cannon Square), has existed at this location for centuries, evolving with the passage of civilizations, trauma of war, and impact of city growth and social change.

Through the International Union of Architects, Soldiere organizes the Martyrs’ Square Grand Axis of Beirut international urban design ideas competition to solicit a new vision for this prime public space and its surrounding development, now open to the sea in its extension from the Damasco Road gateway to the Beirut Port’s first basin.

The competition brief requires candidates to integrate important archeological sites to the north of the square into the design, including the Ancient Tell area and the Beirut City History Museum, for which the French architect Michel Macary has already undertaken a preliminary feasibility study. The competition incorporates urban design, transport planning, and landscape design components.

At the intersection of the Asia and Weygand Streets (Conservation Area) a new development is under construction, aptly named Bab El Sanayi after the medieval city gate that once stood nearby. The building is designed by Dash Architects (UK) and Hannan Murr.
The design proposal for two major road improvements receives approval from the Council of Reconstruction and Development. Their finalization requires a Master Plan amendment to be issued in a decree by the Council of Ministers. The first improvement is a detailed design for the road junction linking the northern edge of Martyrs’ Square to Tootse Street while fully integrating important archeological sites in the Ancient Tell area. The second is a conceptual design aimed at substantially improving the George Haddad-Fouad Chehab junction, implementing grade separation at the intersection.

Sidewalks in the Traditional City Center are progressively upgraded from concrete to durable granite in all areas where new development is complete.

The project to build and operate a pedestrian/broadband distribution and cable TV networks receives support from the International Telecommunications Vision following a presentation at the World Summit on Information Society in Geneva.

The Embassy Complex has now reached full occupancy. Joining the Japanese and the British embassies are the Australian, Norwegian, and Danish embassies. At the same time, an agreement is signed for the Council for Development and Reconstruction for the entire floor space of the office building, while the nine-apartment residential complex, decorated by Halim Harrouch, is completely leased or sold. Designed by FM Consultants with Dada & Associates as internal decorator, the health club opens under the operation of Nautilus (US).

At the heart of Safi Village evolves the Quartier des Arts. Designers and art galleries, antique and artisan shops, and beauty specialist boutiques are attracted by a favorable rental policy and proactive promotional campaign. They are also drawn to the backdrop of reconstructed and restored traditional buildings, winding cobblestone streets, and landscaped courtyards that all contribute to the ambiance of an artisanal village. Schildere inaugurates its own gallery in the sector, Piéce Unique, to provide a platform to local Lebanese artists for solo exhibitions.

The Grand Théâtre undergoes a technical study to evaluate the best approach to restoration. A distinctive feature of the building is the carving on each column capital depicting a fruit, vegetable, or grain native to Lebanon. The Grand Théâtre is of historical importance to the city of Beirut. Originally a small hotel with retail shops along its arced street-front facade, its main component was a theatre that hosted performances and events. The block is being developed as an integrated project that brings together the historic building and an adjacent building and vacant lot. Works are underway to strengthen the structure of the existing buildings and carry out repairs to some of the stone facades.

In the Hotel District, Ketterer, Kim and Associates (US) is commissioned to undertake a further urban design study to allow additional height to some towers. On completion and approval of a sector plan amendment, design and building permit procedures are registered for a number of large projects, among them four high-rise, luxury developments overlooking the Beirut Marina: Residential Platinum Tower, designed by Nahid Ghomeshi Architects in association with Ricardo Bofill (Spain), will add a serene silhouette to Beirut’s skyline, alongside the Beirut Tower, designed by Samir Khoury & Partners in association with Wimberly Allison Tong & Goo (US); Marina Towers complex, designed by Kohn Pedersen Fox Associates (US), and the Four Seasons Hotel, designed by Dar Al Handasah with Pierre-Yves Rochon (France) for interior design. Nearby, still in the planning stage, is the Dana of C.C.C., a medium-rise residential building designed by Daad Architects (UK) and Al Salam.

The Grand Théâtre is commissioned to integrate archeological finds into the urban fabric and landscaped spaces. These heritage city layers are a significant cultural asset; their display and celebration are an important visitor attraction and an opportunity to project the uniqueness of Beirut in comparison with competing cities in the region.

A strategic approach is developed to integrate archeological finds into the urban fabric and landscaped spaces. These heritage city layers are a significant cultural asset; their display and celebration are an important visitor attraction and an opportunity to project the uniqueness of Beirut in comparison with competing cities in the region.

Meanwhile, in-house design work starts on the Heritage Trail pedestrian circuit, which links archeological sites, historic public spaces, and heritage buildings over a 3.5 km walking trail that encircles Beirut’s historic core. Information panels are in preparation, together with a tourist map of archeological sites and historic buildings.
Corporate

Extending its services to other property owners, Solidere signs several agreements to market third-party properties prior to undertaking its full-time operation and maintenance management.

Infrastructure

As designs and development controls for the public domain are generated, plaques with newly assigned postal codes are mounted on building facades. Solidere creates a signage manual and submits it to Beirut Municipality.

Among the underground parking facilities planned for the Waterfront District is a garage beneath the Corniche Road near Beirut Marina. An agreement is signed with Dar Al Handasah for its design, to coordinate with the marina and its surrounding development. The 400-space parking is subject to a 50-year operation agreement with the State, according to which Solidere may build and operate the parking facility and retain a share of the revenue.

Development

Following the Japanese Embassy, the British Embassy moves into its new quarters in the Embassy Complex. More stringent security arrangements are imposed following the September 11, 2001 events, causing delays in the completion dates for the remaining space, for which other embassies have signed letters of intent. The two other buildings previously planned as administrative office buildings in the Conservation Area are redesigned by Fouad Menem Consultants as a multiuse complex comprising an office building, three residential buildings, and a health club. A decision is taken to first develop the southern part of Beirut Souks – the Souka Core and the Jewelry Souk – on its own, without recourse to investors. This should allow Solidere to maintain control of commercial areas and their management and secure good rental revenues.

A highly positive response to Saifi Village provides the impetus to further invest in residential developments and reinforce urban integration. Solidere commissions the design and implementation of clusters of various sizes for land plots in Wadi About Jamil, involving both restorations and infill. The architects are carefully selected for design approaches that are particularly responsive to local context, culture, and climate. The international firms include Polarman Associates (UK), Giancarlo De Carlo (Italy), Dar Al Omran-Rasoom Bakhun (Jordan), Abdel-Wahed El Wrest (Egypt), and Okbay Nayman (Turkey). Maha Naserallah, a local architect, wins the design competition for one of the lots.

In Saifi, Nabil Gholam Architects is commissioned to design two new extension projects to Saifi Village. The land for one of the projects, lot 146, is sold with its design concept. The other, 176 Saifi, remains in Solidere’s portfolio and is planned as five new buildings organized around an internal courtyard and a restored, three-story building from the 1940s. Third-party interest in these “special residential sectors” eases. Developers set in motion several new projects in Wadi About Jamil, for example an exclusive residential development designed by Ziad Alk, combining modern luxury and traditional architecture. An adjacent boutique hotel groups together a new infill building with restored and reconstructed buildings. In Saifi, new projects include Al Masrak Insurance Company, designed by Nabil Azar, and Saifi Village Tims, designed by Nabil Gholam Architects.

Prime Minister Rafic Hariri launches the construction of a grand mosque at the intersection of Martyrs’ Square Axis and Amir Bachir Street. Inspired by the Blue Mosque in Istanbul, the Mohammad Al Amín Mosque is designed by Anni Fakhouri with decorative painting and ornamentation (gilding, calligraphy, patina, stone, and wood imitation) by the artist Harout Bastaian. The higher council for Urban Planning and Beirut Municipalty approves the Waterfront District’s detailed sector plan. However, the issuance of a Council of Ministers’ decree to officially ratify the sector plan is a precondition for initiating the detailed infrastructure and landscaping design in the district.

Archaeology

Core drilling in a Feh–Allenby site reveals the location of the ancient harbor. The developers decide to incorporate a landscaped area into the development to feature the reconstructed remains under the name Harbor Square.

Charter Award

The Skidmore, Owings & Merrill (SOM) Waterfront District sector plan wins a Charter Award from the Congress for the New Urbanists.

Van Alen Institute in New York

An exhibition titled “Renewing, Rebuilding, Remembering” features seven cities, including Beirut, that have been rebuilt in the wake of disasters. The section on Beirut features the city center’s master plan, the concept design by Ganit Hersh for the Gardens of Forgottenness, and Nadim Karam’s Archiac Procession sculptures.

Solidere online

A new website for the Company, developed by the company by Imatra Inc (US), is online with fully animated features.
Control of the power substation is transferred to its ultimate operator, Electricité du Liban. The water supply and disposal networks, the Ring Road with its bridges, tunnels, and underpasses, the primary and secondary roads, and the utilities in the Traditional City Center are delivered to the Council for Development and Reconstruction (CDR). Sadikine continues to operate and maintain the infrastructure pending Beirut Municipality tendering out the provision of operation and maintenance services.

The number of temporary parking facilities increases to provide 3,000 spaces servicing about 6,000 customers per day. Sadikine pursues its requests to the CDR and the Municipality to proceed with the two parking lots underneath public property (Road BI Soft and Martyrs’ Square), which the CDR has already tendered out as build-operate-transfer projects.

On the private side, Beirut Souks’ parking garage is partially open, providing 750 parking spaces in its fourth basement. The four-level, 108-space underground public parking lot on Weygand Street is now open as well.

Development

The peaceful residential ambience in Saifi Village derives from a quiet environment and carefully designed and landscaped public realm. Brick paving and fountains, seasonal shrubs and flowers, wooden benches, and children’s playgrounds provide the narrow tree-lined streets, public squares, and gardens with an appealing communal character. The success of the development is apparent as it is completely sold or leased.

Among other new developments in the Saifi Corridor are Avenue du Parc and Park View, two low-rise residential developments that offer ground-level, high-end retail, prominently located at the border to the new Waterfront District.

In the Martyrs’ Square Axis, the first Virgin Megastore in the Middle East opens in a restored heritage building, the former Opera House, adjacent to another building under restoration, which will house the Union Franco Arabie d’Assurances et de Réassurances (UFA) regional headquarters.

Landscape

Green open spaces are multiplying across the city center. An area above the Weygand street underground parking lot now hosts a large water fountain and a variety of greenery, including vines, olive trees, and palm trees, providing a visual link to the Municipality building and the restored Al Omari and Ameen Asaad mosques. Another 2,000 sq.m public space opens near the Grand Saifi entrance. Triangular in shape with an elevation range of about 10 m, its landscape design incorporates five dominant stone terraces that help retain the soil. An S-shaped, dark green lawn covers about half of the space, the rest dotted with low-growing flowering shrubs such as yellow day lilies, rosemary, lavender verbenas, and purple and red salvias.

Across the street, near the National Evangelical Church, a new garden opens featuring a curvilinear path and stone benches. Hundred-year-old olive trees, along with cypress and palm trees, dominate the upper canopy while star jasmine, pink roses, and blue Ilies of the Nile cover the ground. A 15 m wall of random natural stone separates the garden from the restored National Music Conservatory. Embedded fossils dating back to the cretaceous period blend in to the rustic wall as if they had always been part of it. At the southeast corner of the city center, in Saifi Village, residential clusters and internal courtyards adorn a main square designed by Ilyas Stevenson Consultants, meshing together into a pleasant living environment.
Oussama Kabbani on Planning the Urban Regeneration of Beirut City Center

Oussama Kabbani holds a Master’s in Urban Design degree from the Graduate School of Design at Harvard University, USA. He is currently a member of the Board of Directors of Solidere and the Chairman and partner of Millennium Development International Holdings. Previously he held numerous positions in development and planning fields most notably as Executive Director of Saraya Development Group, head of the Town Planning and Urban Design program at the American University of Solidere, and Senior Planner with the Boston Redevelopment Authority.

Twenty years ago, while still in Boston, you were invited to a conference about the reconstruction of Beirut in Oxford, England. The war in Lebanon had come to an end, and the city center was in ruins. How and why did you return to Lebanon, your country of provenance, and end up at the helm of the urban planning effort?

In 1992, many intellectuals – urban planners, sociologists, and so on – were looking at alternative ways to reconstrue Beirut’s city center. You and your team were part of the debate. My dream was to work for the re-development of the Beirut city center. The opportunity was so vast that many were compelled to join, especially those who wanted to do something on a historical scale.

After 16 years of war, Beirut city center was a mess. I was young, I had studied urban planning, and my city was destroyed. I had an aspiration to do something about it. I was going to do what I had prepared myself to do.

How did your memories of the city center influence your perspective on the reconstruction effort?

I was born and raised in Beirut, but my relationship with the city center was not the same as that of someone born in the 1950s or earlier. My generation, the 1960s generation, had just started to get to know the city center when the war started; we were around 12 years old. We had not yet experienced the brutalities the older generations had. Our relationship with the memory of the place is different. The question of memory is fundamental in an undertaking such as the reconstruction of the city center.

The older generations, who had a more emotional relationship to the place, considered us harsh in our outlook. We believed we could not wait for the time-entrenched to come up from their required major surgery to be resuscitated. We realized that times had changed and that we had to let go of certain nostalgic emotions. The nature of youth is to have a margin of maneuverability between the old and the new without sacrificing the integrity of either. We had the ability to move forward, to make what others considered harsh decisions, yet while remaining true to the memory of the place without being hostage to it. We were also the link between the older generations and the younger ones, who had no memory of the place at all.

When you started working on this project, what models and historical precedents did you consider?

There was no real prototype. Of course, postwar reconstruction of European cities after World War II is well documented, but the European cities had been rebuilt exactly as they were, but some were completely demolished and rebuilt from scratch. In our research, we studied models both modern around the world because, disregarding cultural differences, they share certain values. Most practitioners in the urban planning field agree that it is the fundamentals that make a good reconstruction. In our case, we understood the constraints and the opportunities of the location. The master plan conceived an icon for the city center in a consistent 18th-century approach, the waterfront, and the pedestrian Corridor. We maintained the relationship between the city center and the waterfront. This meant preserving the Corridor (now the Corniche or promenade) as an integral part of the city center. It had to accommodate the pedestrian movement and provide a place for people to enjoy the waterfront.

Given that the capital had been scarred by civil war and that the society was severely fragmented, what then did you see as the “fundamentals” of the Beirut city center reconstruction plan?

I had the passion to help rebuild the city, but the passion was strengthened by the leadership because there was a “Vision,” with a capital V.

There was a destroyed country and a destroyed capital city center and no resources whatsoever. It was not a matter of rehabilitating utilities and roads, but starting from scratch. The city center in particular was important because of its social context. At the heart of the city, it was an amalgamation of the different communities that made up the Lebanese people. The result, completely reconstructed and developed city center, is still our all-time long run. But the pieces of the puzzle take time to integrate.

Before the plan was even prepared, it was the fundaments that mattered, not the initial physical plan. The fundamentals were simple. One, whatever was deemed historical value was to be preserved. We would make an effort to do so, but we had to decide what was important to keep. Two, the plan had to include as much public open space as possible. Four, the city center had to be a pedestrian-friendly area. Five, it had to have an identity. Six, public transportation had to be improved. Seven, mass densities had to be concentrated together to maintain a certain character across the area.

Planning begins at the city level. The fundamentals are the DNA of any city. Architecture, the physical aspect, is developed at a later stage, and it tends to change with time as trends change. Are you suggesting that the fundamentals of a city remain relatively constant but that architecture, the physical manifestation of so-called “urban DNA,” varies with time? Why is architectural form not a so-called fundamental in and of itself?

Because planning, over time, gets liberated from the past. At the beginning, you are somewhat apologetic, yet sensitive, really sensitive, that you are changing something. But as you go forward, you realize that the city center will never disappear. The square near Starco will never disappear. These are the fundamentals of the Beirut Central District Master Plan. The city center will always be a part of the city center. They will always be a part of the city center; they have become part in stone.

Before you joined Solidere, you gave a presentation at a conference in Beirut and Oxford in which you noted technical problems with the master plan under preparation at the time. What were those problems, and were you able to implement any changes?

Firstly, the initial master plan incorporated a sunken highway around the city center, like the Paris Périphérique, a byway around the city but below ground level. It would have turned the city center into an independent entity. It was agreed that the city center had to be a continuation of its surroundings, and the sunken highway was removed. Secondly, after World War II it was decided that the reclaimed land on the waterfront was to be planned as an island. From an urban design point of view, it was bril-

liant. It would have provided more waterfront areas. However, from a social point of view, being able to maintain the relationship between the city center and the waterfront is important.

Thirdly, the master plan conceived an icon for the city center in the form of twin towers. They were planned on the waterfront and had a great visibility. Beirut did not yet have such an iconography. In any case, the voices of the likes of Corin, Salam, and Beyrouth were heard through these two conferences, and some of their criticisms were taken into account. Some of these fundamentals were removed, and I believe the master plan became more humane without them.

How did you sequence real estate development after the major infrastructure works were completed in the city center? Given the scale of the reconstruction works, what were the priorities, and how were these priorities determined?

The sequence of real estate development indeed did have to do with the historical spirit of the city center. One of the master plan’s fundamen-
tal features was to preserve the memory of the city to the extent possible. Beirut Souks and the Conservation Area were areas that held a priority. In the Conservation Area, our main task was the restoration of the preserved heritage buildings, to turn them into office spaces with modern amenities, at least on the interior. The exterior was to be faithfully restored. We had no experience in the matter, so we went to seek advice from different authorities on the subject, such as the Museum of London. We learned on the job and realized that those who had the most experience were the Syrian masons, who were really artists and understood stone.

Another priority was to develop residential areas, the first of which was the former site where the capital of the Ottoman Empire was located. The city of Beirut was to be brought back to the city center, and you bring back life. The Old Souks were completely destroyed, and we decided to run an open architecture competition to design a residential area. Nine out of 350 or so entries, the jury shortlisted three schemes. Unable to take a consensus decision, we addressed the difficult moral and intellectual question of how to rebuild a place of such memory, left the final decision up to the contest winners, the custodian of Beirut city center.

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Demographics in Beirut have shifted over the decades, and there is a growing young population looking for opportunities to own property. How can the city center accommodate this type of demand?

Beirut city center’s real estate properties, like in most downtown urban areas in the world, are the most expensive in the city. They tend to be exclusive, accommodating only those who can afford them. This is the nature of any open market. So, the city center cannot solve the problem, which is a national issue. Furthermore, the company has investors, shareholders, who it answers to and whom it promises returns on their investment. What we have to do is to make sure that the community are quality and well designed public spaces that will last forever. These will cultivate in the coming years with the waterfront city park, the largest park in the city.

If you look at the greater scheme, you realize that Solidere has raised construction standards in Lebanon, introduced a cultural dimension to Beirut with restoration and the planned museums and gardens, and garnered international recognition for urbanism and design.”

Looking back in retrospect on 18 years of development and reconstruction, if you had had the benefit of impeccable foresight, what would you as an urban planner have done differently?

I look back, and I don’t see any major disasters in terms of develop-
ment. I don’t think we made any mistakes. The only thing I believe is that somehow being able to introduce a subway transit system, not only to the city center but to the whole city as a whole. It would not have made good city, where the tram line on such a small scale as the city center could not find a partner at the national level to support the idea.

Beirut is growing vertically and is succumbing to congestion at the street level. Public transportation on the streets and on the road network cannot solve the problem. The city needs a subway system. There is no other alternative.
Soldier’s development strategy focuses on real estate projects that elicit end users’ interest either as a place of residence or as a headquarters for their activities. At this time, the Company decides to delay the implementation of new projects in favor of pursuing existing ones, pending an improvement of market conditions.

Site logistics services are provided, including cleaning, safety, security, the operation and maintenance of electromechanical systems, traffic management, and temporary surface parking while the permanent parking facilities remain under construction. Management and operation services are also available to infrastructure, marinas, public utilities, parking facilities, and landscaped open areas even after those spaces have been handed over to the authorities.

Civil works for a secondary telecommunication network in the Fish-Allenby, Nejmeh-Mezraa, and Safi areas are implemented. The network design is under way for Wadi Abou Jamil, Ghalioune, the Seral Corridor, and the Hotel District, and its realization will soon follow, street after street.

Soldier operates the facilities.

Originally designed by Yousef Alhimo in Egyptian influence, neo-Mamluk style, the Beirut Municipality landmark building in the Fish-Allenby area has been restored by Walid Takeddine. The beauty of official business fills its offices once again. Other completed restorations and new developments in the Conservation Area also convey the importance of Beirut city center as a hub of business activity.

The development previously planned as an administrative office building for government institutions in the Conservation Area on Seral Hill has been redesigned by HdpConsult – Mount Sarafian and executed by Samir Moheil and Partners as the Embassy Complex. Initially delivered as empty shells, the development now includes electromechanical and other specifications geared to suit the requirements of the embassies that will occupy it. The Japanese Embassy is the first to move in to its new, leased premises within the complex. Negotiations continue with these other embassies that have shown interest and/or signed letters of intent.

Infrastructures

With approval from the Council for Development and Reconstruction, landscaping, street furniture, and landscaping are being upgraded beyond the scope of the agreement with the State, adding further value to city center properties. The policy of building high-standard streetscapes and public space is amply rewarded. The quality of the pedestrianized public realm and the integrated street furniture design in Beirut’s historic core are tangible and widely recognized assets of substantial value.

Ten temporary surface parking facilities on vacant lots provide 3,600 services per day. Meanwhile, the public administration decides to delay the Martyrs’ Square parking lot, citing several considerations. Soldier files a claim for compensation due to the ensuing major delays in the Martyrs’ Square Asia sector development.

Marketing launches for the residential development now called Sa’id Village. The apartments fulfill serious interest, and gradual deliveries begin.

Meanwhile, the development of a small residential cluster in the Zokak El Blat area of Wadi Abou Jamil reaches completion, a serene collection of low-rise 1960s buildings adjacent to a large communal garden with club facilities. The apartments are all leased.

The first third-party complexes to be restored in the Ghalioune sector are the landmark Lusail Center on Amir Bachir Street and the Markazia building, now the Movenpick Hotel. They join the area’s most recent development, the UN House.

Production

The Federation Internationale d’Automobile (FIA) approaches Soldier with a proposal to build a Formula One race track in Beirut city center. The Formula One track would utilize the coastal Corniche Road bordering the new Waterfront District, in addition to several internal streets in that district and the northern corner of the Tradi-

cional City Center. Meetings are held to explore this possibility, and the FIA requests some amendments to the road network to meet Formula One technical specifications.

The Council of Ministers instructs the Council for Development and Reconstruction to commission a study and accordingly propose an amendment to the Waterfront District sectors plan. A decree will be issued by the Council of Ministers to this extent, based on a study to be submitted by Dar Al Hardasah. The physical implementation of the changes depends on whether the FIA approves the amendment and commits itself to organizing the event.

Archeology

The documentation, digitization, and evaluation of the archeological finds near their completion. These sites include a tower and the Hellenistic city of the Roman Baths, a number of public and religious buildings and monuments, and the Cardo Maximus. Following the extensive findings related to the latter, the development rights on a 2.3 ha site between Najmeh Square and Martyrs’s Square are relinquished to create the Haddigat As-Samah (Garden of Forgiveness), located between several places of worship.

The British-American landscape architect Gustafson Porter (US/UK) wins the international landscape design competition for the garden. British archeologists Henry Hurst and Steve Rokas provide a consultancy report to the Directorate General of Antiquities in order to find an appropriate approach to integrate the archeological remains. A conservation plan includes the long-term burial of exposed archeology at the northern end of the site, along with on-site conservation and integration of features from different periods. These include the Roman Cardo Maximus and its rediscovered junction with the Decumanus Maximus; earlier Hellenistic remains; Roman houses and workshops; evidence of overlap-

pearing Hellenistic, Roman, and Phoenician urban grids; walls associated with the 17th-century Fakhreddine palace; and later Ottoman foundation arches and walls.

Landscape

Rudy Rahme’s bust of the writer and poet turns the landscaped area across from the UN House into the Gibran Khalil Gibran Garden. Around the Roman Baths, the northern terraced garden is complemented by the newly complete southern garden.

Meanwhile, the nursery is producing 25,000 flowering plants per month. An increasing number of streets are lined with trees, fitted with planters, or reorganized to accommodate wide medians covered in trees, shrubs, and colorful annual plantings.

Peace-building Seminar Soldier attends the seminar in Cartagena, Colombia, which was organized by the US Embassy. The conference presented private sector initiatives in Central and South America as well as in other parts of the world.

Expo2000 Hannover Medal A gold medal is awarded for a model role in urban reconstruction.
The flexibility of Seldene’s marketing policy is reflected in a healthy mix of sales and rental operations, geared toward meeting existing demand at any given time. Both strategies aim not only to generate revenue but also to infuse dynamism into the city center. To that end, and in light of a general economic slowdown that has had a negative impact on sales operations, the Company decides to focus on pursuing major works and projects that ensure occupancy.

Monitoring the progression of its own as well as third-party restoration projects, Seldene coordinates with Beirut Municipality to implement a quinquennial regulation requiring buildings to be maintained on a regular basis through general cleaning and facade maintenance every five years.

Restoration

Sidewalks are laid across the city center as developments come to completion. Foch-Alleyne features sidewalks of granite tile, while sidewalks in the rest of the city center are made of concrete tiles. All are specifically tailored to meet everyone’s needs, including the disabled. Throughout the city center, sidewalks are fitted with tree grates featuring decorative motifs.

Street furniture designs submitted by Wilmotte & Associés (France) for the areas beyond Foch-Alleyne gain approval. Additionally, the Dutch joint venture Baklegslo/BED Premsema Vanek delivers a way-finding system for cars and pedestrians, as well as location maps.

The second phase of land treatment begins, involving the excavation, sorting, processing, and treatment of five million cubic meters of construction debris and domestic solid waste. Radian International (US), a member of the Dames & Moore Group, is awarded the contract; Fairhurst International (UK) takes on the role of construction manager with Barrea/Vitain (France) as controller.

Sewers are laid across the city center and sidewalks are reconstructed, extending the network to cover all residential neighborhoods. Restoration goes hand in hand with great sensitivity to the Mediterranean typology. In office environments, all restored buildings are fitted with high-tech equipment for functionality, comfort, and efficiency, and open floor plans allow for optimal, flexible use of the area. The final product is quality space with a special sense of character. The rejuvenation process has shaped public awareness of heritage buildings while creating a demand for restored space.

Following the design phase and after construction begins on the developments near Seral Hill to house agencies affiliated with the Prime Minister’s office in the Conservation Area, the Council of Ministers decides to cancel its agreement with the Company. The project comes to a halt, and ensuing claims from the contractor are settled while Seldene seeks compensation from the government for damages and losses.

Options are studied to modify the use of the developments. The building to the west of the Seral is marketed to foreign embassies. After prospective occupants sign letters of intent, the internal layout is altered to reflect their requests. The other two buildings take different paths: having completed civil works on one as an office building, Seldene looks for interested parties; the third, it adapts into a residential building.

After the Ministry of Finance announces its intention to cancel its lease, works are placed on hold and the buildings pre-leased to the ministries of finance and the interior within the aforementioned agreement with the State. A settlement is reached with the contractor.

Development

The construction of the Saffi residential development’s parking facility is completed, and its electromechanical equipment is installed. The internal partitioning of the apartments follows an interior design by Michel and Hamid Harouch. The buildings will be equipped with modern amenities and professionally managed to reflect international service standards, including security and fire safety networks, access for the disabled, garbage collection, and central air conditioning for each unit. In Wadi Abu Hamid, the established Besancon and Athieh schools have been rehabilitated.

After standing alone for so long in the Hotel District, the Staros Center, restored by Adder & Juliard (Switzerland), is now witnessing the construction of several surrounding residential and hotel buildings. Major hotel chains such as The Four Seasons, Ramada, and Hilton are establishing a presence here, increasing the international profile of the district. Residential and tourist developments are increasingly drawn to the quality of the Beirut city center, evident in the completion of infrastructure and public space.

Right below Seral Hill at the beginning of the Seral Corridor, the Leading straight to the sea, a major private-sector development reaches completion. Bank Audi’s new headquarters and branch offices.

Designed by Dash Architects (UK), the project includes three contemporary buildings connected by a top-lit planted atrium together with a restored historic building adjourned by a public garden court.

The waterfront district is a privileged site with panoramic views of the Mediterranean and a picturesque landscape of hills and mountains across the bay. The proposal for its seaward face will introduce an uninterrupted, 2.2 km extension of the Beirut shoreline. Planned as a prime district, the new land will accommodate modern financial, business, and residential facilities. It will also include two marinas, a waterfront park, a seaside drive and promenade, and cultural, tourist, and entertainment facilities. The district will offer unparalleled investment opportunities.

The waterfront development densities are higher than those in the Traditional City Center, with envelope controls ensuring a carefully planned distribution of floor space and the clustering of high-rise development. The majority of development on park and sea frontages is of medium density, limited to 40 m in height. Frontages on the Mount Sannine View corridor reach 52 m in height. In total, 36 high-rise buildings have been planned at distinct locations. Streetwall controls are applied to main streets and boulevard frontages, and mandated view corridors are created to preserve sea and mountain views.

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Landscape

Excavations of the Cardo Maximus (Roman thoroughfare) continue, along with preparations to expand the site eastward. Additional excavations covering other portions of the Roman Byzantine city begin, following approval by the Directorate General of Antiquities and the Maretone Church Council as the custodian of the St. George Orthodox Cathedral near Nejmeh Square.

Sculptures by Salwa Rashed Choosari now adorn the garden across from the UN House, and sculpted.medlar benches are installed in the adjoining Amim Amin Square. The cascading green open space under the Seral preserves the collective urban memory of the area by planting new cypress trees, weeping willows, conifers, and eucalyptus alongside old ficus trees and a wall built in the 1950s to frame an ancient finse discovered on the site. At its own expense, Seldene maintains the trees and landscaped open spaces and operates and maintains the irrigation station and network until their transfer to the relevant public authorities.

Planet Discovery

In collaboration with the French Cité des Sciences et de l’Industrie de La Villette, the Planet Discovery children’s science museum opens. It offers hands-on learning and education opportunities to youth in an innovative, dynamic space. While temporarily located adjacent to Staros Center, the museum will later become a permanent feature in Beirut Souks.

Nejmeh Square

The pedestrianized Nejmeh Square with its restored clock tower and radical alterations streets gradually fills with cafes and restaurants and is beginning to attract crowds to the city center in search of outdoor spaces for family outings.
Marking a major milestone in its contract with the State, Solidour completes infrastructure works – power and water supply, sewage and rainwater drainage, and roads – throughout the Traditional City Center as well as in part of the original landfill area. Apart from the Ring Road and the George Haddad Street underpass, large avenues now cut east-west and north-south. Park Avenue (François-Alexis Street) constitutes an important axis linking Wadi Al-Absi Jail to the reclaimed land, Wüggard, Zaitoun, and Port streets have been widened and now extend toward Tleiss Street by the port. They form major boulevards cutting east-west across the city center, leading to the Souks, the Conservation Area, and the Martyrs’ Square Axis. In order to facilitate access from the Ring Road, streets are widened in Ghâlibi and the northern part of Wadi Al-Absi Jail, where new roads have been added.

The water supply system is also delivered, comprising 50 km for drinking water and 38 km for landscaping and irrigation, including a concrete water tank built under the Ring Road bridge. This goes hand in hand with a waste disposal system, consisting of 26 km of stormwater drainage and 28 km of sewage pipes.

Public lighting with low-voltage cables and fixtures is complete, together with leader pillars in the streets, a transformer substation with standby generators, and closed-circuit TV in the tunnels.

The selection of street furniture designs in the Traditional City Center is based on the character of each sector. A contract is awarded to the French company Générale d’Hydraulique et de Mécanique for cast-iron ornamental street lights in the Conservation Area. The models are cast from the original designs prepared for Beirut in the 1920s. In other parts of the city center, the option goes to modern street lighting designed by Wilmotte (France) and manufactured by Hoes (Germany) and Eléctra (France). Traffic lights and road signs, the latter based on a study by Dutch consultants Reklaap/IRS Promena Vervo are installed within the city center, as well as directional signage along the peripheral roads.

The Council for Development and Reconstruction awards the construction of the Martyrs’ Square parking lot to Al-Kharafi & Sons on a build-operate-transfer basis. The contract for the Souk Hill parking lot has not yet been awarded. Meanwhile, construction begins on the Fitch-Al-Khur and the Wüggard Street parking lots.

Solidour is granted a build-and-operate license for a broadband, fiber-optic network destined to ensure high-speed transmission of audio, image, data, and video, including a cable TV network. This multimedia platform enables any building in Beirut city center to connect directly to high-capacity broadband services.

In marine works, construction of the sea defense structure makes headway. With “acropodes” (man-made concrete blocks) gradually cast on-site and placed among rocks along the western breakwater, more than 70 percent of the breakwater is finished. The completion of the landfill dredging works makes way for the construction of the first defense line, the submerged reef.

Works for the second defense structure require a massive assembly line. A prefabrication yard is built on-site for the production of the caissons, working in parallel to the installation of the concrete reinforcement. A launching platform is installed to slide the caissons into the sea. The caissons are thus cast successively on land and then lowered via the launching platform to float on the water. Once towed to position, they are lowered to the sea floor in a controlled manner and filled with sand. Once the western breakwater is complete, the construction of the Beirut Marina and its mooring quays progresses rapidly.

While the sea defense structure is essential to the development of the reclaimed area, the above-water component consists of three levels of promenades, extending over 1.5 km between the Hotel District and the Beirut Port. It provides a natural extension to the existing Beirut Corniche and encourages public recreation and leisure activities. Upon completion of the Beirut Marina town quay, Corniche promenade, Eastern Marina quayside, and Beirut Port’s first basin promenade, the city center will provide an uninterrupted, 3.5 km extension to the Beirut shoreline, more than four times the area of public waterfront space currently available on the entire Beirut peninsula.

Development

The recovery of the Conserva- tion Area enhances its four original character areas, each presenting a unique sense of place. With its largely pedestrianized streets, the area is recognized as a substantial feat of heritage restoration on a global scale. Restored buildings line the streets with beautiful facades, while also complying to interna- tional safety standards and fea- turing modern amenities. The relocation of Solidour offices to seven of the buildings in the Fitch-Alkhur area heralds the return of activity to this sector. Riad El Solh Street comes back to life with six major banks operating again and others under restoration. With seven of the religious buildings restored and drawing an increasing number of worshippers, the city center is reaffirming its role as a meeting place for all Lebanese people.

The Grand Serail, originally built in the mid-19th century as an army barracks atop a hill during the Ottoman period, and now the Council for Development and Reconstruction, previously an army hospital, are restored to their original grandeur. As the Council of Ministers relocates to the Grand Serail, works advance on the three Serail Hill adminis- trative office buildings. Several hospitality initiatives in the sector are transforming Beirut city cen- ter into a nighttime destination.

In response to increasing market interest, further sector planning is carried out for Wadi Al-Absi Jail with consultant Nabil Ghosn Architects. For the sloping, Levantine part of town below Serail Hill, the plan is to develop a resi- dential neighborhood with a mix of preserved and new town- houses, low-rise apartment buildings, schools, community- related shops, and open spaces. Height controls are imposed on new developments to preserve view corridors.

The design and build tender for the Beirut Trade Center leads to negotiations with the most competitive contractor, the joint venture Binladin/Al Mahbobi, to reduce construction costs and completion time. Construction manager Turner/Steiner (US) teams up with the joint venture, contributing its expertise in high-rise buildings. Meanwhile, the legal and financial structure for the project is under development, and a shareholding company is formed. The project is then placed on hold for a number of reasons including the withdrawal of anchor tenants.

In the Hotel District, the finished 10,000 sq m Army Officers’ Club building, designed by Samir Khallalâ and Partners, opens as the Monce Hotel.

Martyrs’ Square Axis, ravaged by the effects of the war and its aftermath, is planned as a mixed-use sector with the symbolic civic space at its heart, now open to the sea. It aims to reconnect and reactivate the city center and enhance and intensify the city’s link to the waterfront. In the blocks forming the immediate eastern edge of Mar- tyr’s Square, the plan envisions a continuous colonnade facing the square. Its objective is to create a strong urban statement as a 21st-century expression of the 1920s Maadid Street colonnade, the signature feature of Beirut’s historic core.

A planning study is underway for the New Waterfront District, which includes the reclaimed land and the extension of the Corniche along the northern edge of Beirut city center (Sec- tors A and D). The study is awarded to American firms Skidmore Owings & Merill for urban design, Saeki for landscaping, and Parsons Brinckerhoff for traffic. Destined to evolve into a detailed sector plan, the study aims to ensure the acquisition of target develop- ment rights on the new land through proper urban design. It will provide a conceptual design as well as design and landscape- ing guidelines for the new seg- ment of the Corniche, completing its connection to the planned marinas at both ends

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Throughout the city center, archeology plays a key role in highlighting the area’s value and creating a cultural destination.

Michel Macary (France) is commissioned to undertake a design feasibility study initially for a Tell site museum. Since the present-day city center encompasses the whole of urbanized Beirut from ancient times to the 1800s, the project evolves into a “City History Museum” that can accommodate finds not only from the Canaanite Tell but also from sites throughout the downtown area. The museum will also be a key site within the Beirut Heritage Trail, now in the research and design phase by an in-house team, planned to link archeological sites and heritage buildings on a 3.5 km walking tour within the historic core.

**Landscape**

The first open space in the Conservation Area is completed around the restored archeological site of the Roman Bath, landscaped by Interlens (France) and Maurice Bonfils to feature two gardens, a cascading fountain, and a small amphitheater designed to host musical concerts. To recreate the sights and scents of an ancient Roman garden, the architects have planted Mediterranean trees and installed large clay pots filled with medicinal aromatic herbs used in Roman times, including oregano, basil, and thyme, and fragrant flowers such as violet, jasmine, and lavender. The northern part of the garden is open to the public, as is Rad El Sudh Square, now landscaped and housing the restored statue of its namesake, the first prime minister of independent Lebanon.

Other projects are set into motion this year, among them a 6,000 sq m garden facing the UN House, marking the central gateway into the downtown, designed by Mohamad Halawi. The garden features two circular spaces, a water fountain surrounded by trees, and a viewing platform. The same landscape architect has also designed Omar Drouk Square and a cascading garden below the Grand Serail.

Meanwhile, close to 1,500 trees are planted around different parts of the city center, ranging from the traditional olive, pine, and palm trees to revived local species such as magnolias and bougainvilleas, chosen for their efflorescence in the spring and summer.

To further enhance public space and instill culture in the city center, discussions are ongoing with the Ministry of Culture to commission sculptors to create pieces to adorn public areas. The Company provides space and logistics for the artwork and, in some cases, takes on a portion of the sponsorship.
In the sale and rental of its property, the Company targets three main categories of customers: local and foreign corporate, individual, and institutional clients. It sells “as is” some of the retained built lots whose ownership developed to it, others it retails and sells, keeps for office use, or rents out. Previous property owners and tenants are attracted back to the city center, including both Lebanese expatriates and foreign companies.

After awarding the contract for power supply to the consortium of the Matlec-Melec and GE-Hitachi, construction of a power substation is initiated to feed electricity in the city center. In the meantime, a temporary 20 MW substation provides power to buildings and operations currently functioning in the area. To link the Beirut city center with the national transmission network, a 5.5 km 220 kV cable is installed through a major culvert running from Port Street, north-east of the city center, to Falhmedine Street to the southwest, while a 4.5 km 220 kV cable connecting the substation to the main Electricité du Liban grid in Horsch Substation remains under construction.

Meanwhile, the landfill alters the shape of the shoreline and the topography of Beirut city center. Heavy engineering works are underway to understand, define structures to seal and protect the district’s outer limits as well as processes to deliver clean development sites. Once cleaned and protected, the reclaimed land should offer unparalleled development opportunities, planned to accommodate a modern financial and business district, retail and commercial services, tourist and hotel space, and an extensive residential area, enhanced by an 8 ha public park, 7.5 ha of water-side terraces and public promenades, and recreational facilities.

Concerning marine works, Maunsel (UK) is replaced by the British company Renold, Palmer & Tunton as engineering consultant, while the CDR retains So-Cotec as technical consultant. Christianis & Nielsen–COWI (UK/Doenmark) continues to serve as construction manager.

After following positive detailed hydrodynamic model tests on the marine works design model, conducted at Delft Hydraulics in the Netherlands, mobilization of the plant and manpower on the site begins.

An agreement with the State provides the rights to administer the planned Beirut (Western) Marina water surface and the Corniche underground parking lot outlined in the Beirut Central District Master Plan for a 50-year period. At its own expense and with official approval, Solidere will construct the installations needed for the marine operation that fall within the State’s private domain. The works include access and connection, breakwater surface parking, an underground parking lot, marina boardwalk and promontories, a bar/harborist’s capital, and all essential boat utilities.

Marina by-laws must be established and receive official approval in order to address issues such as administration and operation of the marina general services, boat traffic safety, environment protection, and vehicular and pedestrian circulation. Groupe Chantier Maritime (France) is appointed consultant for the Beirut Marina, and construction of the Eastern Marina facing the first basin of the Beirut Port is deferred to a later phase.

In the most innovative restoration concepts, preserved buildings are combined with new construction, often incorporating an inner landscaped courtyard as communal open space. These solutions strive to maintain the accurate restoration of preserved buildings to their original designs while providing modern, infill development controlled by design guidelines that respond sensitively to the historic context.

Damaged by the war, the Martyrs’ Square Monument undergoes restoration at the University of the Holy Ghost in Kaslik under the supervision of Dr. Issam Khalilah, director of the Restoration Center. British expert Rupert Harris joins the center as a consultant. The repair works include structuring the statue’s support base, widening its parts, treating rust and corrosion, and restoring its original color. Although the statue is reinforced to prevent further deterioration, bullet holes are retained as a reminder of the damage inflicted by the war. The monument is the work of Italian sculptor Marzio Mascagni, first unveiled on Martyrs’ Day, May 6, 1969.

A concept design is approved for some of the office space for the Ministry of Finance. Minister of the Interior, and other government agencies. Construction begins in accordance with a new contract providing timetables and broad building specifications. The Ministry of Finance project involves the reconstruction of the former City Center building southwest of Martyrs Square into administrative offices (part of a property swap with the government).

Designated by Makhl Mhammazni Architectural Practice, the complex includes a new office building and integrates the surviving adjacent “Dome” structure, to be restored as a 550-seat conference center. A bit further west, Conceputa (France) and Syrcovska represent a concept design for the Ministry of the Interior.

Following an initial master plan prepared by Jad Tabet in collaboration with Benjamin Thompson Architects (US), it is decided that the Beirut Souks project will be designed through five separate commissions to Lebanese and international architects. The 146,000 sq m floor space will be interspersed with 60,000 sq m of landscaped pedestrian areas.

Following the ancient, pre-Roman street grid and integrating archaeological features and gardens, Beirut Souks consecrate the historic value of the place while satisfying the state of the art-technology and modern commercial centers.

The team includes Rafael Moneo (Spain) with Samir Khairallah & Partners for the southern part’s Souks Core, Dash Architects (UK) with Rafik El Khoury and Partners for the southern part’s Jewels District and the office block, Valsede and Pieter (France) with Annabel Kurim Kavzar for the northern part’s Cinema and Entertainment complex, and Nabil Tabbakh for the Department Store. Oktest Vidal (France) is responsible for designing the Souks’ public spaces. Dimitri Alatass Associates (Spain) carries out the sub-basement parking design and management systems.

Information Center The Information Center moves with the Company offices to Building 149 in the Falhmedine area. It continues to welcome visitors interested in examining the Beirut city center model and the sea defense system designed to withstand coastal storms, currently under construction on the seawall of the reclaimed area.
The detailed design for the entire project is complete. It takes into account the needs of identified users as well as the results of marketing studies on the Souks’ retail and entertainment potential. Approval is obtained from the Directorate General of Urban Planning. Following shoring and excavation works in the south parking lot, an agreement is finalized with the Arabian Construction Company, and works get underway.

The findings of a marketing survey to assess housing demand and identify requirements help finalize the preliminary designs of the Saffi residential development. Excavation and shoring works are complete, and after a successful launch of the tender during the summer, the building contract is awarded to Société Mosawad-Eddé.

Recognizing the importance of the sectors in the extension of Beirut city center toward the new waterfront, the study lays out the principal planning objective of providing mixed-use development of primarily residential, office, hotel, and commercial buildings with special emphasis on retail use on the ground floor. The study also focuses on the relationship of parcels and their development to surrounding streets and public spaces, the formation of open spaces, and the general identity of development within the sectors.

The first area to be developed in the Seraï Corridor is adjacent to Beirut Souks, with projects such as the restored Babugha and Fatais building by Joseph Inega and Ahli Bank by Simone Konsermiller, as well as new construction such as the Semiramis mixed-use development by Adam Architecture (UK), Faouad Hanna, and Fadallah Dagher and the Medgulf building by Nachbat Ouaida.

Landscape

The tree nursery welcomes the first new trees of various species, selected for their Mediterranean origin and historical association with Beirut. Trees that have never grown in the city center before are tested for adaptability to the environment.

Archaic Procession Sculptures made by Lebanese artist Nadim Karam’s Archaic Procession, an ambitious urban art installation of metal statues. The procession’s movement across Beirut symbolizes the cycle of destruction and renewal: 20 monumental figures of man and beast advance across the city to the Mediterranean waterfront. The figures stand on demolition debris, dance along streets, and pass through residential districts. The exhibition closes, according to the artist, in “Believe in beauty and the future,” embodying the spirit of Beirut in the face of the many tribulations it has overcome throughout history.
Sodimes shares begin trading on the Beirut Stock Exchange. The number of shares listed totals 100,000,000 in Class A and 50,000,000 in Class B.

A Global Depository Receipts (GDRs) offering is initiated to broaden the investor base by allowing non-Lebanese entities to buy into the Company stock. The GDRs, issued against A Shares, were purchased by international investors, principally in the United States and the United Kingdom. Merrill Lynch International is the lead manager of the offering. The bank syndicate involved in underwriting the deal includes Robert Fleming & Co. Limited, ING Barings, Banque Paribas Capital Markets, and USB Limited. The funds raised are used to finance part of the infrastructure and real estate development program during the initial phase of operations.

Following extensive land surveys and earthquake vulnerability assessments, strict development guidelines regarding seismic safety measures are formulated.

As priority is placed on the delivery of infrastructure in the historic core and its surroundings, all utility works comprising water, sewerage, electricity, and sewage networks are completed in the Conservation Area, Saffi, Ghazirah, and Wad Abou Jamil. Works are also underway in other parts of the city, where a temporary water supply network facilitates reconstruction efforts.

In road works, the underpass below George Haddad Street leading to Port Street reaches completion, as does the Rod El Solf underpass leading to Selm Sallum Boulevard and connecting Beirut city center to the capital’s international airport.

Beyond the scope of Sodimen’s agreement with the State to install communication infrastructure, a decision is taken to provide value-added services. A strategic study is commissioned from Cooper and Lyttland (US) to determine the special infrastructure services necessary to meet and accommodate future demand in the city center. These include a fiber optic network for broadband telecommunications services used to promote and facilitate high-speed data transmission of text, image, audio, and video.

The first phase of land treatment in the reclaimed area includes several major works. While waste extraction and its subsequent bio-composting progress, land reclamation continues with backfilling into the sea on the northeast side of the landfill. This requires approximately two million cubic meters of debris, recycled through a process that cleans the concrete rubble of steel and iron and crushes it before use.

The contract for marine works, the sea defense structure and the Western Marina, is assured on a design-and-build basis to the French company Bouygues in joint venture with its subsidiary, Bouygues Offshore. The design offers a simplified engineering solution to that of Sreif, which appears in the master plan with its offshore, submerged caissons and narrow lagoon. The Bouygues scheme extends the reclamations out to the coastline, thereby providing additional public space to the new Waterfront District.

The sea defense structure will consist of an underwater platform (submerged reef) as a first defense, approximately 100-140 m wide with an upper surface at about 6 m below sea level. The structure will break the waves and absorb part of their energy. The second line of defense consists of a curved line of 80 caissons pre-distributed on shore and each weighing about 2,100 tons. These will be floated to their final positions before being submerged and stabilized with sand. The width of each caisson (approximately 22 m) as well as perforations on its seaward face will further help to dissipate wave energy.

In the Conservation Area, a large number of the buildings designated as architecturally significant are under restoration. Among the new, third-party developments begin to take shape, such as the An Nahar building at the interaction with Martyrs’ Square, designed by Pierre El Khoury Architects, and the Atイヤ across from Al Omari Mosque, designed by Nabil Azar.

Several major public institutions including the Council of Ministers and the Beirut Municipality announce their planned relocation to the city center, which, added to the presence of Parliament, deputies’ offices, and the Council for Development and Reconstruction, restaurates and consolidates Beirut city center as the administrative center of Lebanon.

The planned Saffi residential development consists of 16 buildings distributed into four clusters. The buildings have a maximum of seven floors, and the apartments vary in size to achieve the most efficient use of space. The development includes a commercial space at street level and underground facilities providing 420 parking spaces as well as storage units for the apartments.

The detailed design reinterprets traditional architectural features. Colorful facades with traditional arches, decorative cornices and balconies, red-tiled pitched roofs, courtyards, paths, and walkways will be faithful to the character of Saffi and add to the charm of the neighborhood. Bouygues (France) and Soltraco oversee the execution of site preparation works and construction of permanent diaphragm walls.

In Ghlaboul, construction is advancing rapidly on the major office development near Rod El Solf Square. The complex, now named UN House, will house several regional and local UN agencies, in particular the Economic and Social Commission for Western Asia (ESCAW), whose relocation to Beirut is scheduled for next year. The 16-story development has a total floor space of 43,000 sq m. Nine floors above ground comprise offices, a library, and language labs, with a lobby and retail services at ground level. Conceived by Pierre El Khoury Architects, the structure makes use of natural light and shade. It is an “intelligent building” with advanced technology including a computerized building management system that controls lighting, elevators, air handling units, and data cabling for voice and audiovisual relay.

Meanwhile, plans are in progress for the rehabilitation of the Murr Tower as the Beirut Trade Center, and various preparatory studies for the project are under way, including the completion of preliminary and detailed designs that take into account new market research on office demand. Negotiations are proceeding to lease the center in preparation for construction.

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Infrastructure projects placed on the delivery of infrastructure in the future core and its surroundings.
The Company establishes a
internal organizational structure,
with each division staffed by a
professional team of experts.
The changes aim to maximize effi-
ciency and goal fulfielment
through coordination and coop-
eration among the various units.

The strategy pursued in land
sales, as in all other activities, stems from basic principles of
the master plan and the Com-
pany’s stated policy and targets.
Within this framework, Solidere
retains enough flexibility in its
strategic planning to allow for
adjustment and revision accord-
ing to market developments and
other changes.

Sales comprising a variety of land
uses have started one year earlier
than planned in response to the
strong demand for Beirut city
center property, refl ecting the
public’s conﬁdence in the entire
project. These sales ensure a
quick revitalization of the Tradi-
tional City Center. The policy is
to offer buyers the possibility of
delivering part of the payment of
the sale price, thus enabling them
to better plan their invest-
ment financing.

In addition, the Company plans
to lease space it owns in reno-
vated or new properties to create
a rental market. Along with space
available in recuperated proper-
ties and new third-party projects,
the rental market is fueled by the
unique infrastructural advantages
that will be available in the city
center, as well as the opportunity
it affords to ﬁrst-time, short-term,
and/or small-scale users for
maximum ﬂexibility in selecting
places of residence or business.

To protect properties and the
public realm, a series of codes and
regulations for safety and security.
In Beirut city center is
authorised and implemented in
conjunction with public authori-
ties and other offi cial agencies.
Manuel details site security and
safety procedures are pre-
applied. These include a ﬁre code
in collaboration with the Direc-
torate General of Urban Planning,
the Council for Development
and Reconstruction (CDR), and
Libour (The Lebanese Standard
Institution), a manual concerning
facilities for the disabled, co-
authored by the Economic and
Social Commission for Western
Asia (ESCWA), and a standard
developer’s kit as general refer-
ence for sales, construction, de-
sign, development, and other
related tasks.

As an example of transforming
disaster into opportunity, the
new waterfront District is an
expansion of an original landﬁll
enclosing the Nourmandy dump-
site that has environmentally
scared the city center foreever
since the Lebanon war. The
Beirut Central District Master
Plan envisions the district cover-
ing more than 60 ha of reclaimed
land with spectacular views of
the sea and mountains. In fulﬁll-
ing its agreement with the State,
Solidere commissions Dames &
Moore (US) to conduct a study and
a geotechnical investigation of
the landﬁll. Based on its rec-
ommendations and speciﬁcations
for landﬁll treatment, Dames &
Moore is retained as supervising
engineer.

Three of the eight shortlisted
international contractors submit
bids for marine works involving
the design and construction of
seawall protection and the con-
struction of two marinas. Follow-
ing close evaluation and further
negotiations, the British com-
pany Maudsley Consultancy is
appointed as engineering con-
sultant, Sogunsch (Turay) as proj-
et advisor, the British-Danish
joint venture Christiansen &
Nishio-CPPI as construction man-
ger, and Wisnum & Strawn
(Switzerland) as legal advisor.

Solidere undertakes building
assessment surveys, development program prepara-
tions, and conceptual design
studies of the structures to be
protected in accordance with the
master plan. As part of the strat-
 egy to revitalize Beirut’s historic
core, restoration and rehabilita-
tion works begin on several of
the buildings that have not yet
been recuperated in the Foch-
Allenby area. As the recupera-
tion process nears completion,
Restoration Brieﬁngs are issued to
recovering parties, paving the
way for renovation works to
begin on a major scale.

Monitoring of the restoration
process takes place regularly to
avoid any delays in the work’s
progress. The projects advance
through successive phases of pre-
liminary design approval, restora-
tion permit issuance, mobilization
of site works, facade sample ap-
proval, site inspections, design
adjustments, and, ﬁnally, occu-
pancy permit procedures. Build-
ing facades determined ﬁt for
restoration to their original state
are preserved by using surviving
elements (old stone, wood, and
iron) and augmenting them
whenever needed with new
elements shaped to blend in
seamlessly. The result is authen-
tic restoration based on high-
quality craftsmanship, especially
in stonemasonry.

The Conservation Area con-
stitutes four character precincts
and is planned as the political,
ﬁnancial, and cultural heart of
the city. The Foch-Allenby dis-
trict presents a rich variety of ar-
diomatic expressions such as
French Mandate, Venetian- and
Genoese-inspired triple arch
windows, Ottoman arabesques,
and Islamic ﬁners and inscriptions.
Lebanese architects of the
1920s and 1930s also cre-
ated buildings in a variety of
Neo-Oriental styles to express a
regional identity in contrast to
the classical architecture of the
French Mandate.

The Maarat-Nejmeh district,
site of the Parliament and several
key religious structures, revolves
around a central axis, Maarat
Street, a conformed boulevard in
the French Mandate style. Saifi
Hill, overlooking the city
center, houses the Ottoman-
period Prime Minister’s ofﬁces
and the CDR, originally an
Ottoman military hospital. Riad
El Solh Street, in contrast, is
home to preserved early modern
buildings that have served as
headquarters for ﬁnancial and
government institutions since
the mid 20th century.

In Beirut Souks, architect Jad
Tahm is commissioned as lead
master planner for the Tavile,
Ayous, and Al Jalil Souks; to work
in collaboration with Ben-
jamin Thompson, an American
ﬁrm of architects and planners
with recognized skills in retail
and urban marketplace projects
in the United States and around
the world. Samit Khanifil &
Partners take charge of the struc-
tural and mechanical aspects of
the project. The Paris ofﬁce of
Larry Smith (US) acts as the
Souks’ ﬁrst economic consultant
Meanwhile, a detailed design is
prepared and excavation works
begin for the parking structure
below the souks.

An urban village in Saifi is in
planning with French architect
Francois Sporey and the archi-
tectural engineering ﬁrm Erga
Group. The project comprises 16
separate inﬁll projects in similar
scale to the existing preserved
buildings that date from the 1880s
to the 1950s. Each is designed as
a unique, individual building in
the vernacular tradition of the
late 19th century. Located at the
southwestern corner of the city
center, the Saifi residential
project falls within the objective
to restore and maintain continua-
tious life and activity in Beirut city
center. By providing 350 apart-
mments for rent and sale, the pro-
ject contributes to the creation of
a new rental market.

For the city center gateway sec-
tor of Chahibq and Murr
Tower, Koetter, Kim and Associ-
estates (US) and City Formation
International (Canada) are com-
misioned to prepare a detailed
master plan. The sector is con-
ceived as high-density, medium density
use area to include south and
southwest gateway towers that
mark two of the city center’s key
entity points.

The conceptual design for the
former Murr Tower by the
Canadian Webb Zerafa Markes
Houdsen Partnership transforms the
tower into the Beirut Trade
Center. Technical and ﬁnancial
feasibility studies are carried out
to complete the design, which
includes architectural, electro-
mechanical, and structural plans.
Saofe becomes technical con-
troller.

Construction launches on a
19,000 sq m major new ofﬁce
development near Riad El Solh
Square comprising ofﬁces, large
conference facilities, and support
services equipped with state-of-
the-art building technologies,
theater, and multimedia facilities.

Planned to preserve an unob-
structed view from the Grand
Serail plaza over the city center,
the waterfront city park, and the
Mediterranean Sea, the Serail
Corridor will be a mixed-use
sector of medium density that
bridges the city’s Conservation
Area and the Hotel District. The
latter is planned as a high-den-
sity sector.

The second new construction
project, the Army Ofﬁcers’ Club,
is part of a swap agreement with
the Lebanese Ministry of De-
fense. The Company undertakes
the design and construction at
its own expense, and the min-
istry relinquishes its rights to
another lot in the Hotel District
with a structure formerly used as
the Army Ofﬁcers’ Club. The
military will then acquire the
developed property in accor-
dance with speciﬁcations de-
fined at the time.

Temporary Activities With the addition of a Ra-
madan tent and Christmas fair, activities continue
on Martyr Square, attracting an increasing number
of visitors.

Surface Parking Lots Pending the construction of
the underground public parking lots mandated in the
master plan, temporary surface parking is provided on
vacant lots throughout the city center.

Infrastructure

Development

Restoration

Corporate
Corporate

The Lebanese Company for the Development and Reconstruction of Beirut Central District s.a.l. (La Société Libanaise pour le Développement et la Reconstruction du centre ville de Beyrouth, or Solideere) is created for the purpose of reconstructing the Beirut Central District (Beirut city center) in accordance with Law 117 of 1991. The Company comprises a shareholder majority of former owners and tenants in city center property, as well as some new shareholders. All former stakeholders are required by government decree to relinquish their property rights in exchange for shares in the company.

By virtue of Law 117/1991, the Company capital will consist of real estate properties in Beirut city center and the rights therein (contributions in kind), as well as cash subscriptions. The Company’s duration is set at 25 years starting from the date of incorporation.

Solideere is incorporated on May 5 with capital in the amount of US$820,001,290, following a statutory general meeting of shareholders. The assembled body ratifies the Articles of Incorporation and all pre-formation actions undertaken by the Board of Founders, including the share issue and pre-formation expenses. It then elects the first Board of Directors for a three-year period and appoints Company auditors.

The Company’s share capital consists of the following categories:
- "A" shares: Contributions in kind to the Company capital are valued at US$170,001,290. A maximum of 11,700,012 Class A stock holders at US$100 each will be issued at par to the property rights holders against their contributions in kind following the appraisal and distribution resolution by the Appraisal Committee, appointed by the Ministry of Justice. The Class A shares are issued upon receipt of the final distribution decisions by the Distribution Committee for the relevant property lots.
- "B" shares: Following an offering by the Board of Founders for a cash subscription of US$650 million, 6.5 million Class B shares of US$100 each are issued at par upon the Company’s establishment.

Temporary Activities

Temporary Activities (3) introduce a new social destination to the city’s residents (and later tourists) and to give life to Beirut city center prior to the availability of habitable real estate and empty lots for exhibitions and other purposes. An agreement is signed with the Municipality to use 11,000 sq m in the Martyrs’ Square area for social programs and cultural activities, including a monthly flea market (Soir El Bi’aroq) and an exhibition of children’s drawings from a competition organized by the Company on the reconstruction of the city center.

Information Centers

Beirut city center is a must-see for Lebanese and international visitors who want to witness the extent of destruction and observe development efforts. To provide these visitors with a vision of the master plan, Solideere sets up two information centers. One is located in the Company’s temporary offices on Rue El Fitih Street and houses a 25 sq m model of the project, directed primarily at rights holders, under a banner reading "Beirut is yours: ask about it." The second information center is in Martyrs’ Square to welcome visitors to the city center and explain the Company’s vision.

Fairuz Concert

Solideere launches its activities in the city center with a concert for Lebanese singer Fairuz. Held in Martyrs’ Square, the concert attracts over 40,000 fans and runs nightly on televised stations in the Arab world, with over 125 million viewers.

Infrastructure

An agreement is signed with the Council for Development and Reconstruction (CDR) to finance and execute infrastructure works in Beirut city center in accordance with the approved Master Plan, ratified by the Council of Ministers. The infrastructure works include a vast array of construction projects: primary and secondary roads, bridges and tunnels, a seaside boulevard, public squares and gardens, water distribution, sewage, and seawater disposal networks, a power substation and high-voltage line to the Hetch Substation, civil engineering works for electricity and telecommunications networks, road lighting and traffic signals, land-fill treatment and backfilling on the reclaimed area, marine works and two new marinas, and urban and street furniture. The agreement stipulates that Solideere undertake all works above on behalf and on account of the State, in return, the Company is granted ownership of 291,800 sq m of reclaimed land.

In a joint venture with the Italian Consorzio Cooperative Costantini, the Lebanese contracting firm Kiat and Masoud receives the contract to execute infrastructure works in the Traditional City Center. The French company Météóchs et Paltiakos is selected as construction manager, while Dar Al Handasah will handle detailed design and act as supervising engineer. The CDR hires Sogetom to oversee technical control on its behalf.

Regulations prepared for the city center require developers to incorporate parking spaces into building plans and provide adequate parking to serve the uses of each project. The standards ensure the gradual introduction of effective public transportation within the city. In addition to these designated parking facilities, the master plan envisions three major underground public parking lots in the Traditional City Center, under Martyrs’ Square and Riz El Sali Square and near the Grand Serail, with more to come in the reclaimed land area.

Within the reconstruction and development of the Beirut city center, marine works include: the design and construction of seawall front protection at the waterfront marking the area to be reclaimed from the sea, as well as the construction of two marinas, one to the west and one to the east of this reclaimed land. From the outset, the CDR commission a study (France) to design the seawall front protection structure. Sogreah’s preliminary design consists of a double defensive line made up of an outer set of large, submerged concrete blocks (caissons), a laggon, and a series of promenades adjacent to the inner set of small box caissons. Following hydraulic model testing of the design in Sogreah’s laboratories in France, as well as several studies including a geo-technical investigation of the sea bed, tendering documents are prepared for a design-and-build scheme. Solideere asks eight shortlisted companies to submit offers based on the Sogreah design and allows them to propose their own alternative designs.

Restoration

Based on studies carried out in 1993 by Dar Al Handasah for the subsequently approved master plan, the number of salable commercial and residential buildings in Beirut city center amount to 292, including 27 public and religious buildings. Public buildings include the Grand Serail, seat of the Council of Ministers, the Lebanese Parliament, the Beirut Municipality, the Central Post Office, and several religious buildings: 17 churches, mosques, and a synagogue representing all religious denominations in Lebanon.

The objective is to set up a joint venture for the renovation of these properties. Solideere insists on prequalifying local and international contractors and consultants with special expertise in the restoration of old buildings. It establishes clear and strict urban design and technical guidelines for restoration work in all preserved buildings, whether conducted internally or by outside parties who have recuperated or purchased the properties. Regulations include rehabilitating or reinstating the original external fabric and applying detailed specifications for all materials and workmanship. They also require that renovations adhere to fire and safety regulations and provide access for the disabled.

Approved by the Directorate General of Urban Planning, the specifications vary according to the sector involved and the historical or architectural importance of the building. They are described and illustrated in the Restoration Briefs prepared for every building set for preservation.

A recuperation policy is adopted to salvage material such as cobblestones and granite curb-stones, structural and decorative wooden and cast iron elements, terrazzo and decorative ceramic tiles, and wooden doors and windows with traditional value from buildings that are not preserved. These salvaged materials will be used in the restoration of preserved buildings and the pedestrian streets.
Early in the year, the Council of Ministers ratifies a decree approving the Beirut Central District Master Plan prepared by Dar Al Handasah, which has developed out of extensive studies and public debate involving local and foreign specialists. Solidere begins to chart out the implementation of the master plan.

The extent of destruction of Beirut city center produces a need and opportunity for comprehensive urban planning based on a carefully drawn, detailed, phased, and coordinated plan of action. On the one hand, Solidere’s primary role is to restore the city’s historic buildings and preserve its townscape features, on the other hand, it must prepare the land and infrastructure needed to attract and enable new property developments of its own or by third parties. A main goal is to enhance the city’s intrinsic qualities in order to attract investors, tourists, and residents.

In terms of urban planning, the master plan stresses the topography of Beirut city center, as well as the surviving and heritage buildings, townscapes, views, neighborhood fabric, and the many layers of historical memory forming the city’s heritage. Furthermore, it ensures an effective connection between the Traditional City Center and the Waterfront District (the reclaimed land) and between the whole project and its surrounding areas. The project includes the reconstruction and development of a maximum 4.69 million sq m of floor space, accommodating a broad, sustainable, and flexible land use mix.

The city center is conceived of not as a single, homogeneous central district but as a cluster of city quarters or sectors. Infomed by natural boundaries and landforms, street patterns and visual corridors, past neighborhood structure, and preserved fabrics, it comprises ten sectors, each with its own detailed plan and regulations, as well as its own unique character. The Traditional City Center includes eight sectors: Conservation Area, Beirut Souks, Wadi Abou Jamal, Saifi, Hotel District, Soura Corridor, Ghulghoul and Murr Tower, and Martyrs’ Square Axis. The Waterfront District is divided into sectors A and D.

In preparation for future construction and land sales, parcelation and massing studies are undertaken for all new development areas inside the Traditional City Center. The work entails transforming the master plan into development parcels, building footprints, and three-dimensional massing, with proposals for land use mix based on the planning objectives for each sector.

Beirut Souks, named after the Ottoman bazaar that once occupied its site, is perceived as the focal point of future retail and commerce. The total destruction of the Old Souks paves the way for their reconstruction. New sectors include the Ayas, Tawle, Al Jamal, and other former souks, whose names refer to specialty goods, an anchor retailer, or well-known family names in business. Following an international design competition with 357 entries from 42 countries, a detailed master plan for the Souks develops, synthesizing the traditional features of the old areas with the requirements of modern commercial activity.

Saifi and Wadi Abou Jamil are planned as “special residential policy districts. Consultant Habib Debs undertakes the detailed sector plan and guidelines for Saifi, while Francis Tibbals (UK) develops a similar urban village plan and guidelines for Wadi Abou Jamil. The aim is to produce the framework for high quality city housing areas where comparatively scaled infill development carefully complements a large number of preserved buildings and an attractive pedestrian environment of courts and squares, with special measures to calm traffic. The sector plans also introduce a detailed set of urban design and landscaping guidelines to ensure architectural quality and harmony in scale, massing, and facade detail, materials, and color.

After its design in the early 1970s as the tallest building in Beirut, construction on the Murr Tower, a landmark at the western edge of Wadi Abou Jamil, came to a halt with the advent of war. Concepts are developed for the tower’s rehabilitation with Foster & Partners (UK) following a limited design competition. The structural engineers request detailed testing of the existing building’s below-ground structure.

Archeology

Like many other ancient cities, Beirut is built on the remains of earlier settlements. In an effort to shed light on Beirut’s rich past and integrate this past into the city’s reconstruction, Solidere works with the Hariri Foundation and UNDP to help coordinate and finance archeological surveys and excavations in the Old City. The Lebanese Directorate General of Antiquities appoints site archeologists for each excavation.

All archeological excavations are to be carried out under a UNESCO protocol specifically devised for Beirut city center and approved by the Government. The protocol establishes a delicate balance between preserving high-value heritage and permitting the city to recover and develop.

Beirut city center turns into the largest urban archeology site in the world, with Lebanese and foreign teams of experts from many different countries leading field operations. Contributors to the project include the Lebanese University, the American University of Beirut, the Institut Français d’Archéologie du Proche-Orient, the City of Paris, the Museum of London, Amsterdam University, Leiden University, and the Levantine Foundation.

Extensive work takes place in the area of the Old Souks, in Martyrs’ Square, at the St George Maronite Cathedral, and behind the former Ricoli building, where remains are found of what experts believe to be a Canaanite–Phoenician Tell.

Landscape

Landscaping is a key part of the Beirut Central District Master Plan, destined to contribute significantly to creating a unique environment in the Lebanese capital. Beirut as a whole has a poor pedestrian environment and a very limited supply of green public spaces.

Providing an extensive framework of landscaped public spaces and pedestrian areas is foreseen as a magnet to attract citizens and visitors to the downtown, making it Beirut’s main meeting point. Quality public spaces are also perceived as having a major positive impact on land sales. With green public spaces and pedestrian promenades covering 39 ha of land, the city center, representing 10 percent of municipal Beirut, will contain half of the capital’s green areas.

These outdoor escapes play an integral role in the full experience of the city center and are interwoven with a greater urban vision. As an essential aspect of urban regeneration, each will enhance the beauty and environmental quality of the area and forge a special relationship with the growing community of residents, workers, and visitors. Following a consultancy tender, the InterScience (France) and Maurice Bordiffs consortium begin work on a landscape master plan to include street and avenue tree planting, promenades, public squares, open spaces, and gardens.
In 1991, a 16-year war had just ended. What can you tell us about the reality back then?

At the end of the Lebanese war, the state of destruction in many areas of Lebanon, but particularly in Beirut’s city center, needed to be addressed. There were several problems that needed to be resolved, and it was necessary to develop a framework to implement a comprehensive solution. In the city center, the problems were mainly related to town planning and architecture, to identifying sources to finance rehabilitation and reconstruction, to clarifying ownership of property and land and relationships between owners and tenants, and to attending to the displaced as well as to environmental hazards and challenges related to culture and heritage.

Why was the reconstruction of the city center of prime importance?

Beirut city center was considered of prime importance in repositioning Lebanon on the world map. The city center represented the economic heart of the country and the locus of coexistence and interaction between the various religious communities of the country. Lebanon and its people needed to move beyond its war and its inter-communal strife, and the city center was the best place to have that happen. The city center was, before the war, home to at least 17 places of worship, serving various religious communities. It has definitely regained that distinction.

It was that same year, 1991, that the Lebanese government passed Law 137 to lay the legal framework for the creation of Solidere. What was the reasoning behind such a law?

If the reconstruction of Beirut city center was to be left up to the right holders, it would most likely have been discontinued. At the end of the war, the majority of land and property owners and tenants in the city center did not have the finances to rebuild. Furthermore, without a proper plan and guidance, any reconstruction effort would have been haphazard. We set out for such a comprehensive solution, the historic core would have remained half rebuilt to this day, and probably with fewer retained heritage buildings.

In retrospect, the framework for the reconstruction of Beirut city center has introduced and familiarized the people of Lebanon with serious and extensive urban planning and has given birth to an effective system of construction and rehabilitation.

You mentioned landowners and rights holders. What is the difference between the two, and how do they relate to one another? What is the relationship between both groups and the Company? Who are the rights holders in the city center?

Rights holders are primarily the land or property owners. However, under the old Lebanese rental law, tenants are also rights holders, and they have the right to a certain percentage of a property that they occupy. In the wake of the war, questions of inheritance also emerged as, in some cases, there were also the owners’ heirs and other beneficiaries. It was not an easy process to evaluate and divide those rights. The idea was to place all rights holders — owners, tenants, and other public rights — into one large company. Judicial committees of reputable international experts were appointed to estimate

land and property values and evaluate the percentages that would be appropriated to the different rights holders. The results of these studies determined the current market value of land and properties at the time, to be transformed into shares in the private company that would be established to reconstruct and develop the city center. The capital of the company would consist of the value of land translated into shares for the rights holders (contributions in kind) and cash money raised through an initial public offering of shares (cash contributions), the latter part being the cash required for the company to begin operations.

This gave rise to controversies. There were many who questioned the legalities of such a valuation and challenged the whole idea, which they perceived as the takeover of the city center by one company. Can you explain?

There were some people who questioned the idea of one company taking control of the reconstruction and development of the city center. The owners in the city center who had the necessary financies to manage the restoration of their own properties were among the objects. Others questioned the valuation results. In their opinion, properties were underestimated. We questioned this issue ourselves, but our consultants informed us that land and property had to be valued at prevailing market value in their current condition, as in other cities around the world. Valuation experts could not predict what would happen to land and property in the long term. At the same time, it was normal for rights holders to be skeptical.

How could Solidere assure the rights holders’ fears?

Once the Company was formed and the shares distributed among the rights holders and cash shareholders, the shares were immediately placed on the Beirut Stock Exchange, which is not usually the case. Under normal circumstances, shares can only be floated three years after a company is established. In our case, it was to acknowledge our responsibilities to our shareholders. They could at any time pull out or buy into the Company as they followed its daily share activities.

What is the meaning of recuperation and how was it implemented? In this mind, there was a general consensus that recuperation was costly to rights holders. How do you explain that?

Recuperation was the act of taking back ownership of a property in the city center by an owner, tenant, or other rights holder. It was for some that owners or tenants could recuperate properties if they had the necessary funds to rehabilitate them. However, they had to take into account the other beneficiaries, according to the rental law still enacted at the time. So the owner, tenant, or associate who wanted to recuperate a property had to offer the other beneficiaries the right to come back against a participation in the recuperation costs, which amount to the value of the property as evaluated by the judicial committees plus a 10 percent premium. Additionally, recuperation was conditional upon restoration based on Solidere’s guidelines, which were put in place to ensure a harmoniously preserved and regenerated city center.

The issue of archaeology is one that keeps recurring. Layers of civilizations continue to be uncovered in the city center. Though important, it is also hindering the development process. What are the related legalities and responsibilities?

The archeological issue is complex. The law that prevails today pertaining to archeological findings in Lebanon dates back to 1953. In that regard, the Beirut Central District Master Plan development guidelines stipulate that every developer must inform the Directorate General of Antiquities and Ministry of Culture before beginning excavations on a plot of land. Beirut authorities send an emissary to oversee excavations and then give clearance for construction, usually within a six-month period.

Ghaleb Mahmassani
on Structuring the Legal Framework of Solidere

Dr. Ghaleb Mahmassani gained his Doctorate in Law from the University of Lyon, France. He established his law firm in Beirut in 1962 and currently holds a number of prominent positions including General Legal Counsel of Solidere since 1998, Vice-President and acting President of the Beirut Stock Exchange, and International Arbitrator and member of the Permanent Arbitration Court in The Hague.

Under normal circumstances, it would have been up to the Government to carry out a general impact study for land reclamation. In the case of the Beirut city center, the Government gave Solidere full rights over researching, studying, and commandeering such a project. The issue was not about reclaiming land; it was about turning an environmental hazard into an opportunity. The site in question was that of a 16-year-old dump, containing everything from carcasses to unexploded bombs. It was a costly venture, and the Company did an accomplished job of clearing all the waste, recycling what was usable and destroying what was not in an orderly manner. Thereafter, it reclaimed the land area under the guidance and in collaboration with the best international expertise available.

Eighteen years of reconstruction and development have passed. Eighteen years from the Company’s 30-year lifespan have passed. What happens after the 35 years are over?

Initially, the vision was for a rapid reconstruction and development of Beirut city center, and 25 years seemed like a good limit to set. As work progressed, we asked for a 50-year extension and received ten. Experience has demonstrated that unforeseen circumstances beyond the Company’s control may emerge, and that the project could take longer to be completed. If the need arises in the future, we will ask for another extension, if necessary, to complete the development of the city center into a viable, sustainable area.

However, in legal form, at the end of the Schilder’s life, a liquidator is appointed to sell off the land and properties that the Company owns. Once everything has been liquidated, the profits will be distributed among shareholders based on their percentage ownership.

If archaeology remains uncovered, two possible scenarios follow: If the findings are not deemed of high importance and can be removed, they are either sent to the National Museum or temporarily removed and then reinstated within the landscape of the development. If the remains are considered of high importance, the Government may place them on the national archeology inventory list. It then has to be decided whether to stop development on the plot of land in question. If development is stopped, the Government must repurchase this land at current market value.
Beirut city center bears the brunt of destruction from the Lebanese war, with the entire infrastruc-
ture and two-thirds of the urban fabric assessed in postwar sur-
veys as being beyond salvage. In addition, the Nommandy dump-
site occupies a vast area of the city center shoreline and creates 
a major environmental hazard to Beirut as a whole. Displaced per-
sons illegally populate unsafe structures.

Fifteen years of war have left an institutional vacuum; no public 
sector agency is capable of taking on such complex, large-scale 
urban restructuring. The Government’s resources are already 
stretched to their limit in an ambitious, nationwide postwar 
recovery program of physical and social infrastructure and 
institutional investment.

The metropolitan plan for Greater Beirut, completed in 1986 during 
the war, recognized the vital im-
portance of restoring and rede-
veloping the city center, both 
to symbolize postwar national 
renewal and to help recover 
Beirut’s lost regional preemi-
nence. It is clear that this cannot 
be achieved through small-scale, 
piecemeal redevelopment. What 
Beirut needs is a grand vision. 

Mindful of these factors and 
stepping up to the challenge, 
the country’s first postwar Gov-
ernment under Prime Minister 
Rafic Hariri is determined to 
turn Beirut’s downtown disaster 
into a rising phoenix through a 
unique form of public-private 
partnership. Lebanon’s modern 
economy has always been heav-
ily service oriented and private 
sector driven. Beirut’s postwar 
urban recovery is therefore best 
directed through neither con-
ventional public sector invest-
ment and management nor a 
reliance on funding from aid 
agencies, but rather through 
coordinated and rapid private 
sector investment in a carefully 
constructed institutional frame-
work, regulated by government 
decree.

The Lebanese Government 
passes Law 117, providing the 
legal framework to create real 
estate companies with the main 
objective of reconstructing areas 
damaged during the hostilities. 
Reconstruction can only take 
place in accordance with a mas-
ter plan, which must receive pre-
vious approval from the 
Government. The Government 
commissions Dar Al Handasah 
(Shair and Partners) to prepare 
a master plan for the Beirut Cen-
tral District.
Board of Directors and General management

Corporate Management

CHAIRMAN AND GENERAL MANAGER
Nasser Chamna

VICE CHAIRMAN
Maher Beydoun

MEMBER OF THE BOARD AND GENERAL MANAGER
Mounir Douaidy

VICE CHAIRMAN
Fadi Boustany

MEMBER OF THE BOARD
Raphael Sabbagha

MEMBER OF THE BOARD
Raja Salemeh

MEMBER OF THE BOARD
Makram Abboud

MEMBER OF THE BOARD
Usama Kabbani

MEMBER OF THE BOARD
Basile Yared

MEMBER OF THE BOARD
Joseph Assiely

MEMBER OF THE BOARD
Maher Daouk

MEMBER OF THE BOARD
Mosbah Kanafani
In 2012, Solidere pursued the practice of resorting to flexible short-term credit arrangements, mainly temporary overdrafts at competitive interest rates. All short-term bank facility signed in previous years were renewed.

LIQUIDITY

The consolidated balance sheet at year end shows positions of US$163.5 million for cash and cash balances and US$554.1 million for accounts and notes receivable, and US$646.9 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. For efficient cash management, Solidere also arranged with local banks certain revolving current overdraft facilities, utilized and refunded according to cash needs and availability.

An annualized interest rate of about 4.11% was earned on aggregate cash placements for the year.

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

The slow, downward drift in share prices continued over the year as regional turmoil worsened and local political bickering intensified. Solidere shares were under pressure as well, declining throughout the year and eventually reaching a seven-year low on relatively quiet market.

The share prices witnessed a mild rally during the month of May following the release of the Company’s performance results on the high end of market estimates. However, the share prices then decreased after a serious security event in the country that pulled back most market participants to the sidelines. This occurred in spite of many recommendations from reputable local and international financial institutions that estimated the value of the shares to be higher than current market prices. Toward the end of the year, another price rally succeeded in pushing the shares above their lows, helping to close the year on a positive note.

It is worth noting that the share price bounced back every time market prices reached the $12.00 level throughout the year. This represents the market’s recognition of the Company’s strong fundamentals, which allow it to weather this temporary period of instability in the region.

Class A shares closed the year at $13.00, representing a 9.59% decrease over the closing price of the previous year and Class B shares closed at $12.93, a 10.82% decrease from the 2011 closing level. Similarly, the GDRs traded on the London Stock Exchange closed the year down at $13.00, a 9.12% decrease compared to 2011.

Both classes of shares fluctuated between a high of $15.35 and a low of $12.04. Trading was relatively sluggish, with a total of around 10 million shares changing hands for a cumulative value of about $133 million. This represents about 6% of the Company’s capital. The average daily volume was about 41,000 shares, worth around $551,000 in total. Thus, the average price for the year was about $13.22, a 14.7% decrease compared to the previous year.

DIVIDEND DISTRIBUTION

Since inception, Solidere has distributed dividends in 11 out of its 19 years of operations for a total value of US$1.12 billion (out of an aggregate net income of US$1.52 billion). Solidere stands by its commitment to distribute dividends to shareholders depending on the level of profits and the available liquidity after providing capital expenditures for infrastructure and real estate development projects.

INVESTOR RELATIONS

As part of its ongoing efforts to achieve wider and more diversified exposure to the investment community, Solidere engaged with institutional investors and analysts in meetings in various local, regional, and international investor conferences, with the aim to inform and provide updates on the Company’s operational and financial developments. Attending investors were mainly from the United States, the United Kingdom, and the Middle East and North Africa region.

Solidere welcomed representatives from a number of investment funds, research houses and other financial institutions throughout the year. Citi, BlomInvest, and FITF published equity coverage on the Company.
Independent Auditors’ Report

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

To the shareholders

We have audited the accompanying consolidated financial statements of The Lebanese Company for the Development and Reconstruction of Beirut Central District s.a.l. (the Company) and its Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2012, 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 information.

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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, 2012, and of its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, Lebanon
May 27, 2013
Deloitte & Touche
Ernst & Young

Consolidated Financial Highlights

Summary of Results

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross land sales</td>
<td>49.6</td>
<td></td>
</tr>
<tr>
<td>Gross rental income</td>
<td>58.1</td>
<td>49.9</td>
</tr>
<tr>
<td>General and admin. expenses</td>
<td>38.0</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>17.5</td>
<td>15.8</td>
</tr>
</tbody>
</table>

STOCK DATA PER SHARE IN US$

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
<td>0.1104</td>
<td>1.0285</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>11.92</td>
<td>12.3</td>
</tr>
<tr>
<td>B shares</td>
<td>14.82 - 12.13</td>
<td>20.07 - 13.11</td>
</tr>
<tr>
<td>GDRs</td>
<td>15.00 - 12.00</td>
<td>20.24 - 13.35</td>
</tr>
</tbody>
</table>

FINANCIAL DATA IN US$ MILLION

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and securities</td>
<td>163.5</td>
<td>174.1</td>
</tr>
<tr>
<td>Accounts and notes receivable</td>
<td>534.1</td>
<td>551.3</td>
</tr>
<tr>
<td>Inventory of land and projects in progress</td>
<td>1,249.0</td>
<td>1,178.3</td>
</tr>
<tr>
<td>Investment properties, net</td>
<td>457.0</td>
<td>444.6</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>196.8</td>
<td>263.1</td>
</tr>
<tr>
<td>Legal reserves</td>
<td>150.4</td>
<td>148.2</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>(84.2)</td>
<td>(134.9)</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>1,909.3</td>
<td>1,935.9</td>
</tr>
</tbody>
</table>

FINANCIAL RATIOS IN %

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit margin - land sales</td>
<td>85.63</td>
<td>83.72</td>
</tr>
<tr>
<td>Return on liquid assets</td>
<td>4.11</td>
<td>4.16</td>
</tr>
<tr>
<td>Debt to equity</td>
<td>37.51</td>
<td>30.48</td>
</tr>
</tbody>
</table>
### Consolidated Statement of Financial Position

The accompanying notes form an integral part of these consolidated financial statements.

<table>
<thead>
<tr>
<th>DECEMBER 31,</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Notes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>US$</td>
<td>US$</td>
</tr>
</tbody>
</table>

#### ASSETS
- Cash and banks balances 7 163,463,816 174,138,680
- Prepayments and other debit balances 8 55,628,848 47,658,453
- Accounts and notes receivables, net 9 554,076,145 551,341,792
- Inventory of land and projects in progress 10 1,248,914,424 1,178,348,256
- Investment properties, net 11 457,015,039 444,629,160
- Investment in associates 12 314,965,852 317,731,762
- Fixed assets, net 13 72,181,096 70,316,628

**Total Assets** 2,866,294,120 2,784,165,131

#### LIABILITIES
- Bank overdrafts and short term facilities 14 646,886,436 520,049,200
- Accounts payable and other liabilities 15 121,132,130 144,809,477
- Dividends payable 16 78,776,194 84,195,863
- Deferred revenue and other credit balances 17 40,655,805 29,058,968
- Loans from banks and financial institutions 18 69,320,670 70,095,747

**Total Liabilities** 956,951,235 848,208,855

#### SHAREHOLDERS' EQUITY
- Issued capital at par value US$10 per share: 19 1,000,000,000 1,000,000,000
  - 100,000,000 class (A) shares 65,000,000 class (B) shares 1,000,000,000 1,000,000,000
- Legal reserve 20 190,417,796 149,210,183
- Retained earnings 196,797,915 263,109,431
- Cumulative foreign currency translation reserve 1,240,798 1,041,079
- (Deficit)/surplus on treasury shares’ activity 10,159,772 13,913,772
- Total equity attributable to the owners of the parent 1,910,072,271 1,936,270,252
- Non-controlling interest 21 (729,342,885) (313,956,276)

**Total Liabilities and Shareholders’ Equity** 2,866,294,120 2,784,165,131

### Consolidated Statement of Income

The accompanying notes form an integral part of these consolidated financial statements.

<table>
<thead>
<tr>
<th>YEAR ENDED DECEMBER 31,</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Notes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>US$</td>
<td>US$</td>
</tr>
</tbody>
</table>

- **Revenues from land sales** 49,580,377 241,722,548
- **Revenues from rented properties** 58,152,896 49,862,775
- **Revenues from rendered services** 23 6,141,662 5,280,128
- **Revenues from hospitality** 6,593,970 6,681,294
- **Cost of land sales** 7,122,763 (39,344,564)
- **Charges on rented properties** 24 (27,541,099) (21,166,871)
- **Cost of rendered services** 25 (6,855,684) (5,901,952)
- **Cost of hospitality** 15 (10,596,675) (9,896,404)
- **Gain on sale and disposal of investment properties** 4,374,528 625,809
- **Net revenues from operations** 72,715,212 227,862,763
- **Share result from associates** 12 3,266,683 3,967,997
- **General and administrative expenses** 26 37,986,183 (38,196,142)
- **Depreciation of fixed assets** 13 (8,160,418) (6,423,073)
- **Provision for contingencies** 15 (7,996,418) (6,574,543)
- **Other expenses** 28 (233,877) (5,988,904)
- **Other income** 587,656 613,570
- **Taxes, fees and stamps** 15 (c) (1,956,465) (2,974,543)
- **Interest income** 27 29,077,466 24,687,011
- **Interest expense** 28 (27,496,818) (21,081,964)
- **Profit before tax** 19,852,849 183,490,214
- **Income tax expense** 15 (2,322,812) (24,918,842)
- **Profit for the year** 17,530,037 158,571,372
- **Basic/diluted earnings per share** 29 0.1104 1.0285

**Attributable to:**
- **Equity owners of the parent** 17,945,447 159,029,668
- **Non-controlling interest** (415,410) (21,296)
- **Profit for the year** 17,530,037 158,798,372
### Consolidated Statement of Comprehensive Income

The accompanying notes form an integral part of these consolidated financial statements.

<table>
<thead>
<tr>
<th>Year</th>
<th>Notes USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>17,770,265</td>
<td>(413,183)</td>
<td>13,377,036</td>
<td>(224,907,991)</td>
<td>1,838,297,258</td>
<td>(82,680)</td>
<td>1,838,214,578</td>
</tr>
<tr>
<td>2011</td>
<td>17,580,007</td>
<td>(175,072)</td>
<td>15,886,935</td>
<td>(134,915,772)</td>
<td>1,936,270,252</td>
<td>(313,976)</td>
<td>1,935,956,276</td>
</tr>
<tr>
<td>2010</td>
<td>17,396,722</td>
<td>(60,912,246)</td>
<td>11,795,607</td>
<td>(224,507,599)</td>
<td>1,838,214,578</td>
<td>(313,976)</td>
<td>1,838,214,578</td>
</tr>
</tbody>
</table>

### Consolidated Statement of Changes In Equity

The accompanying notes form an integral part of these consolidated financial statements.

<table>
<thead>
<tr>
<th>Year</th>
<th>Notes USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,650,000,000</td>
<td>130,411,790</td>
<td>186,787,910</td>
<td>(470,350)</td>
<td>(2,446,798)</td>
<td>92,102,080</td>
<td>1,908,312,885</td>
</tr>
<tr>
<td>2011</td>
<td>1,650,000,000</td>
<td>150,411,796</td>
<td>196,787,910</td>
<td>(470,350)</td>
<td>(2,446,798)</td>
<td>92,102,080</td>
<td>1,908,312,885</td>
</tr>
<tr>
<td>2010</td>
<td>1,650,000,000</td>
<td>150,411,796</td>
<td>196,787,910</td>
<td>(470,350)</td>
<td>(2,446,798)</td>
<td>92,102,080</td>
<td>1,908,312,885</td>
</tr>
</tbody>
</table>
Consolidated Statement of Cash Flows

The accompanying notes form an integral part of these consolidated financial statements.

YEAR ENDED DECEMBER 31, 2012

CASH FLOWS USED IN OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Year ended December 31, 2012</th>
<th>US$</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year before income tax</td>
<td>19,852,849</td>
<td>183,490,214</td>
</tr>
<tr>
<td>Adjustments to reconcile profit to net cash used in operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>30</td>
<td>17,757,671</td>
</tr>
<tr>
<td>Gain on sale of investment properties</td>
<td>11</td>
<td>(4,376,528)</td>
</tr>
<tr>
<td>Loss on sale of fixed assets</td>
<td>-</td>
<td>526</td>
</tr>
<tr>
<td>Loss of ownership of investment properties</td>
<td>-</td>
<td>1,275,219</td>
</tr>
<tr>
<td>Provision for problematic receivables</td>
<td>15(d)</td>
<td>2,568,327</td>
</tr>
<tr>
<td>Provision for end-of-service indemnity and other charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for contingencies</td>
<td>-</td>
<td>7,984,410</td>
</tr>
<tr>
<td>Additional tax assessment</td>
<td>12</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Share result from an associate</td>
<td></td>
<td>(5,266,683)</td>
</tr>
<tr>
<td>Interest income</td>
<td>27</td>
<td>(29,057,466)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>30</td>
<td>30,777,795</td>
</tr>
<tr>
<td>Changes in working capital:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepayments and other debit balances</td>
<td></td>
<td>8,659,589</td>
</tr>
<tr>
<td>Accounts and notes receivable</td>
<td>30</td>
<td>(3,142,061)</td>
</tr>
<tr>
<td>Inventory of land and projects in progress</td>
<td>11</td>
<td>(94,407,625)</td>
</tr>
<tr>
<td>Accounts payable and other liabilities</td>
<td>13</td>
<td>(13,447,113)</td>
</tr>
<tr>
<td>Deferred revenues and other credit balances</td>
<td>17</td>
<td>11,777,327</td>
</tr>
<tr>
<td>Interest received</td>
<td>12</td>
<td>12,447,883</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(24,991,842)</td>
<td>(32,398,737)</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>(58,711,407)</td>
<td>(29,943,943)</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Year ended December 31, 2012</th>
<th>US$</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term deposit</td>
<td>3,553,808</td>
<td>(269,317)</td>
</tr>
<tr>
<td>Pledged term deposits with banks</td>
<td>-</td>
<td>(19)</td>
</tr>
<tr>
<td>Receivable from recuperated properties</td>
<td>-</td>
<td>191,773</td>
</tr>
<tr>
<td>Acquisition of fixed assets</td>
<td>13d9</td>
<td>(8,497,152)</td>
</tr>
<tr>
<td>Acquisition of investment properties</td>
<td>11d9</td>
<td>(2,542,737)</td>
</tr>
<tr>
<td>Proceeds from sale of investment properties</td>
<td>11</td>
<td>6,129,002</td>
</tr>
<tr>
<td>Proceeds from sale of fixed assets</td>
<td>11</td>
<td>3,155,359</td>
</tr>
<tr>
<td>Investment in associates</td>
<td>12</td>
<td>5,857,411</td>
</tr>
<tr>
<td>Net cash provided by/(used in) investing activities</td>
<td>3,453,861</td>
<td>(17,408,016)</td>
</tr>
</tbody>
</table>

CASH FLOWS USED IN FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Year ended December 31, 2012</th>
<th>US$</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank loans</td>
<td>(775,077)</td>
<td>61,847,227</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>16</td>
<td>(44,705,198)</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>-</td>
<td>(4,552,027)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>30</td>
<td>(20,777,755)</td>
</tr>
<tr>
<td>Short term facilities</td>
<td>-</td>
<td>29,360,846</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(43,580,103)</td>
<td>19,053,186</td>
</tr>
</tbody>
</table>

Net change in cash and cash equivalents | (96,777,647) | 1,346,227 |
Cash and cash equivalents — Beginning of the year | 82,980,898 | 81,634,671 |
Cash and cash equivalents — End of the year | (13,816,749) | 82,980,898 |

Notes to the Consolidated Financial Statements

Year ended December 31, 2012

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 (GDRs) are listed on the London stock exchange (International Trading List).

2 Adoption of New and Revised International Financial Reporting Standards (IFRS)

2.1 Standards and Interpretations Effective for the Current Period

The following revised standard has been applied in the current year with no material impact on the disclosures and amounts reported for the current and prior years, but may affect the accounting for future transactions or arrangements:

Amendments to IAS 12 Income Taxes provide an exception to the general principles of IAS 12 for investment property measured using the fair value model in IAS 40 Investment Property by the introduction of a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale.

2.2 New and Revised Standards in Issue but Not Yet Effective

The Group has not applied the following new standards, amendments and interpretations that have been issued but not yet effective:
IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt investments and equity investments are measured at their fair values. Financial assets representing equity securities designated at fair value through profit or loss or fair value through other comprehensive income cannot be reclassified after initial recognition. At initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. The gain or loss that is presented in other comprehensive income includes any related foreign exchange component. Dividends on such investments are recognized in profit or loss in accordance with IAS 18 Revenue unless the dividend clearly represents a recovery of part of the cost of the investment. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. However, the entity may transfer the cumulative gain or loss within equity.

IFRS 10 Consolidated Financial Statements* replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements, and SIC 12 Consolidated – Special Purpose Entities. IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investor and includes a new definition of control. IFRS 10 requires retrospective application subject to certain transitional provisions providing an alternative treatment in certain circumstances. IAS 27 Consolidated and Separate Financial Statements* and IAS 28 Investments in Associates and Joint Ventures* have been amended for the issuance of IFRS 10 and SIC – 12 consolidation Special Purpose Entities will be withdrawn upon the effective date of IFRS 10.

IFRS 11 Joint Arrangements* replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 establishes two types of joint arrangements: Joint operations and joint ventures. The two types of joint arrangements are distinguished by the rights and obligations of those parties to the joint arrangement. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate. IAS 28 Investments in Associates and Joint Ventures has been amended for the issuance of IFRS 11 and SIC – 13 Jointly Control Entities will be withdrawn upon the effective date of IFRS 11.

IFRS 12 Disclosure of Interests in Other Entities* is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

Amendment to IFRSs 10, 11 and 12 on transition guidance: These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

IFRS 13 Fair Value Measurement defines fair value, establishes a single framework for measuring fair value, and requires disclosures about fair value measurement. The scope of IFRS 13 is broad and applies to both financial and non-financial items for which other IFRSs require or permit fair value measurement and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards.
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 of fair value of available-for-sale financial assets and derivatives, as applicable.

The consolidation of 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 as of 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.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests in the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

The significant accounting policies adopted are set out below:

A. Basis of Presentation

In view of the long term nature and peculiarities of the Group’s operations, the consolidated financial statements are presented on the basis that the Group has made and kept in hand adequate reserves for any depreciation, depletion, impairment or estimated losses in the value of any assets of the Group. These reserves are used to write off the depreciation, depletion and impairment losses.

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

B. Financial Instruments

The functional and presentation currency is the U.S. Dollar, 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.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated into U.S. Dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rate fluctuations fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). Such exchange differences are not included in profit or loss.

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss. Any such financial assets are not de-amortized in their fair value.

IFRS 10, IFRS 11, IFRS 12, IA S 27 (as revised in 2011) and IAS 28 (as revised in 2013). These five standards are effective for annual periods beginning on or after 1 January 2013. In May 2011, a package of five Standards on reconstruction and reclassification of financial instruments, including IFRS 12, IA S 16 Property, Plant and Equipment and IFRS 13, Fair Value Measurement, were issued.

The functional and presentation currency is the U.S. Dollar at the exchange rates prevailing at the date of the financial statements. Financial assets and financial liabilities are recognized in the Group’s consolidated financial statements at initial recognition and are measured at fair value at the date of initial recognition. The fair value of financial instruments 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.

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

B. Foreign Currencies

The functional and presentation currency is the U.S. Dollar, 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.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated into U.S. Dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rate fluctuations fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). Such exchange differences are not included in profit or loss.

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

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 as the loans and receivables are derecognized or impaired as well as through the amortization process.

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 when:

- 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 in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, in which case, 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 financial liability for 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 simultane-ously.

P. INVENTORY OF LAND AND PROJECTS IN PROGRESS
Inventory of land and projects in progress is stated at the lower of cost and estimated net realizable value. Costs include appraisal values of real estate plots contributing the constitu- tions in kind to capital (A share), 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 ac- quisition, zoning, and exction costs.
- Indirect costs, such as overheads, which were partly allocated to inventory of land and projects in progress.

Q. INVESTMENT PROPERTIES
Investment properties which represent properties held to earn rent and/or for capital appreciation are measured initially at cost and subsequently 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:

<table>
<thead>
<tr>
<th>Item</th>
<th>Annual Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>2%</td>
</tr>
<tr>
<td>Furnish, fixture, equipment and other assets</td>
<td>4%-10%</td>
</tr>
</tbody>
</table>

The carrying amount includes the cost of replac- ing 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 eco- nomic benefits of the retained 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 evidence, evidenced by the end of owner occupa- tion, commencement of an operating lease to another party or completion of construction or development.

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:

<table>
<thead>
<tr>
<th>Item</th>
<th>Annual Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>2%</td>
</tr>
<tr>
<td>Marine</td>
<td>2%</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>9%</td>
</tr>
<tr>
<td>Toolset improvement</td>
<td>9%</td>
</tr>
<tr>
<td>Plant</td>
<td>10%</td>
</tr>
<tr>
<td>Machine and equipment</td>
<td>15%-20%</td>
</tr>
</tbody>
</table>

K. IMPAIRMENT OF TANGIBLE ASSETS
At each consolidated statement of financial position date, the carrying amounts of tangible assets (excluding investment properties) are reviewed to determine whether there is any indication that these assets have suf- fered an impairment loss. If any such indica- tion 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 be received from the continuing use of the asset and from its disposal at the end of its useful life, only if it does not exceed the depreciable costs and are subsequently measured at am or- tization units, as applicable.

Where an impairment loss subsequently re- versa the carrying amount of the asset is in- creased 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 impair- ment loss been recognized for the asset in pri- or years. A reversal of an impairment loss is recognized immediately in statement of income, unless the relevant reversal is carried at a reduced amount, in which case the reversal of the im- pairment loss is treated as a renunciation increase.

The impairment loss is recognized in the con- solidated statement of income.

Q. TREASURY SHARES
Own equity instruments which are reacquired (treasury shares) are deducted from equity. No revenue 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 trans- actions 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 fu- ture substitution.

The Group has transferred to the buyer the initial risks and rewards of ownership in a transaction that is in substance a sale and the Group does not have a substantial con- tinuing involvement with the property.

If any of the above conditions is not met, the ini- tial payments received from buyers are recorded under deferred receivables and other credit bal- ances. Amounts are released to revenue as and when the above conditions are fulfilled.

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

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

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

Revenue from rendering of services is recog- nized at the stage of completion of the transaction at the estimated consideration in the consolidated statement of financial position date.

Revenue from hospitality consist mainly of foods and beverage revenue, are recognized when the related services are provided.

N. COST OF SALES
Cost of properties sold is determined on the basis of the built up area (BUA) - permitted built up area in square meters - on the sold plots based on the terms of the sales agree- ments. The cost of one square meter of BUA is fixed by dividing total estimated cost of the land development project over total available BUA after deduction of the BUA relating to re- served area, and the remaining land to the religious and public administrations.

O. CASH AND CASH EQUIVALENTS
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank over- drafts and short-term facilities with an original maturity of three months or less.

P. BORROWING COSTS
Borrowing costs directly attributable to the ac- quisition, construction or production of qual- ifying 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 net carrying amount of the assets in the pe- riod in which they are incurred.

Q. BANK BORROWINGS
Interest-bearing bank loans and overdrafts are initially measured at the fair value of the con- sideration received, less directly attributable costs and are subsequently measured at amor- tized cost, using the effective interest rate method, and recognized between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized in profit or loss for the period over which the borrowings through the amortization process, using the ef- fective 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 is presented as a single amount in 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 in- voice amount unless the effect of imputing in- terest is significant.
5. Taxation

Current Tax

Tax on the holding subsidiary is provided for in accordance with Article 6 of Legislative Decree number 46 dated June 24, 1983 (as amended in decree number 89 dated September 7, 1991). The tax is capped at USD3,317 (LBP5 million).

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

Deferred 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.

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 those 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 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.

5. Interest in Joint Ventures

The Group has interest in joint ventures as follows:

- The Group entered into a joint venture agreement on February 11, 2004, with South Waterfront s.a.l. (Holding) to establish South Waterfront Development s.a.l. with a 50% stake in the joint venture’s total capital amounting to USD19,900. During the year 2006, the capital of the joint venture was increased to USD12,491,900 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 USD10,100,000 from properties held for development and sale, to the joint venture for a total consideration of USD51,600,000. The other vendor contributed in cash an amount of USD31,600,000 to the joint venture.

- The Group entered into a joint venture agreement on December 23, 2006, with Amco Management and Services L.L.C. to establish Beirut Real Estate Management and Services s.a.l. (BREMS), with a 65% stake in the joint venture’s capital amounting to USD19,900. The main activity of the joint venture is to manage and market the "Beirut Souks" which is owned by the BR EM S resolved to cease the operations of the company as of January 2012. The Group’s share of the assets, liabilities, income and expenses of the jointly controlled entities at December 31, 2012 and 2011, included in the consolidated financial statements, are as follows:

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank balances</td>
<td>1,894,468</td>
<td>1,467,201</td>
</tr>
<tr>
<td>Propayments and other debt balances</td>
<td>4,712,752</td>
<td>3,330,744</td>
</tr>
<tr>
<td>Accounts payable and other liabilities</td>
<td>13,770,050</td>
<td>9,098,683</td>
</tr>
<tr>
<td>Inventory of land and projects in progress</td>
<td>40,712,633</td>
<td>20,095,747</td>
</tr>
<tr>
<td>Fixed assets, net</td>
<td>103,773</td>
<td>97,835</td>
</tr>
<tr>
<td>Investment properties, net</td>
<td>54,247,218</td>
<td>32,132,467</td>
</tr>
</tbody>
</table>

LIABILITIES

- Bank overdrafts and short term facilities | 13,863,026 | 221,749 |
- Accounts payable and other liabilities | 11,770,050 | 9,098,683 |
- Deferred revenue and other credit balances | 9,236,529 | 2,715,288 |
- Loans from banks and financial institutions | 19,377,613 | 20,095,747 |

INCOME AND EXPENSES

- Revenues from rentals properties | 103,090 |
- Revenues from consulting services | (2,440,467) | (2,158,733) |
- Charges on rented properties | (31,913) | (25,825) |
- General and administrative expenses | (127,447) |
- Depreciation | (35,501) |
- Other expenses | (109,995) |
- Interest income | (4,245) |
- Interest expense | (549,239) | (15,872) |
- Loss for the year before income tax | (414,215) | (1,243,555) |
- Income tax | (36,586) |
- Loss for the year | (444,215) | (1,260,111) |
Operating Segment

For management purposes, the Group is organized into business units according to their operations and has three reportable segments as follows:

- Real estate sales
- Real estate rental
- Hospitality

No operating segments have been aggregated to form the above reportable operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit and loss and is measured consistently with operating profit or loss in the consolidated financial statements.

### Profit for the Year

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Profit/(Loss) before tax</th>
<th>Profit/(Loss) for the Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$154,830,375</td>
<td>$3,967,997</td>
<td>$158,798,372</td>
</tr>
<tr>
<td>2012</td>
<td>$247,002,676</td>
<td>$28,719,947</td>
<td>$26,236,169</td>
</tr>
</tbody>
</table>

### Cash and Bank Balances

<table>
<thead>
<tr>
<th>Account</th>
<th>December 31, 2011</th>
<th>December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>$176,840</td>
<td>$180,348</td>
</tr>
<tr>
<td>Current accounts</td>
<td>$20,347,300</td>
<td>$19,059,000</td>
</tr>
<tr>
<td>Checks for collection</td>
<td>$4,480,000</td>
<td>$4,480,000</td>
</tr>
<tr>
<td>Pledged term deposits</td>
<td>$57,000</td>
<td>$57,000</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$95,951,236</td>
<td>$95,951,236</td>
</tr>
</tbody>
</table>

### Prepayments and Other Debit Balances

<table>
<thead>
<tr>
<th>Account</th>
<th>December 31, 2011</th>
<th>December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance payments to contractors</td>
<td>$15,583,684</td>
<td>$17,161,217</td>
</tr>
<tr>
<td>Advances to employees</td>
<td>$3,749,425</td>
<td>$2,714,195</td>
</tr>
<tr>
<td>Accrued interest income (a)</td>
<td>$16,629,583</td>
<td>$11,583,120</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>$2,705,805</td>
<td>$6,677,283</td>
</tr>
<tr>
<td>Deferred tax assets (b)</td>
<td>$1,612,500</td>
<td>$1,612,500</td>
</tr>
<tr>
<td>Due from related parties (c)</td>
<td>$3,480,211</td>
<td>$1,488,505</td>
</tr>
<tr>
<td>Other debts</td>
<td>$6,867,640</td>
<td>$4,421,933</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$55,628,848</td>
<td>$47,658,853</td>
</tr>
</tbody>
</table>

(a) Accrued interest income consists of the following:

<table>
<thead>
<tr>
<th>Account</th>
<th>December 31, 2011</th>
<th>December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on notes and accounts receivable</td>
<td>$1,087,911</td>
<td>$1,099,991</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$16,629,583</td>
<td>$11,583,120</td>
</tr>
</tbody>
</table>
Due to related parties consists of the following:

**Year ended December 31, 2012**

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes receivable</td>
<td>487,366,725</td>
<td>494,877,861</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>115,990,246</td>
<td>119,889,346</td>
</tr>
<tr>
<td>Receivables from tenants</td>
<td>40,071,945</td>
<td>33,393,731</td>
</tr>
<tr>
<td>Less: Unrealized interest</td>
<td>(79,899,551)</td>
<td>(87,177,690)</td>
</tr>
<tr>
<td>Less: Provision for problematic receivables</td>
<td>(451,520)</td>
<td>(741,456)</td>
</tr>
<tr>
<td>Less: Provision for impairment on collectively assessed accounts receivable</td>
<td>(9,000,000)</td>
<td>(9,000,000)</td>
</tr>
<tr>
<td>Net receivables</td>
<td>554,076,045</td>
<td>551,341,792</td>
</tr>
</tbody>
</table>

The Group’s credit risk exposure is spread mainly over 44 counter-parties; 10 customers constitute 93% of the total exposure and 38 customers constitute the remaining 7%.

The average yield on accounts and notes receivable is mainly dependent on the Liberian dollar.

**Land and land development projects include the following cost items**

**Year ended December 31, 2012**

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquired properties (a)</td>
<td>967,201,064</td>
<td>943,122,402</td>
</tr>
<tr>
<td>Pre-acquisition costs (a,c)</td>
<td>796,223,411</td>
<td>777,365,720</td>
</tr>
<tr>
<td>Infrastructure costs (a,d)</td>
<td>260,242,988</td>
<td>260,242,988</td>
</tr>
<tr>
<td>Eviction costs (e)</td>
<td>79,147,542</td>
<td>69,553,153</td>
</tr>
<tr>
<td>Capitalized costs (e)</td>
<td>2,115,227,837</td>
<td>2,083,305,727</td>
</tr>
<tr>
<td>Cumulative costs</td>
<td>(953,984,812)</td>
<td>(946,936,702)</td>
</tr>
<tr>
<td>Less: Cost of land sold, net</td>
<td>(132,855,734)</td>
<td>(132,855,734)</td>
</tr>
<tr>
<td>Less: Cost of infrastructure transferred to real estate development projects</td>
<td>(6,353,121)</td>
<td>(6,353,121)</td>
</tr>
<tr>
<td>Net cost of real estate development projects</td>
<td>1,202,034,140</td>
<td>997,460,170</td>
</tr>
</tbody>
</table>

- #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.
- #2 Pre-acquisition costs include technical and master plan studies incurred during the set up period of the Group.
- #3 Infrastructure costs consists of the following:

**Year ended December 31, 2012**

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sea front defense</td>
<td>295,279,683</td>
<td>288,866,635</td>
</tr>
<tr>
<td>Work executed in the traditional BCD area</td>
<td>171,534,879</td>
<td>160,248,695</td>
</tr>
<tr>
<td>Electricity power station</td>
<td>100,182,203</td>
<td>98,314,581</td>
</tr>
<tr>
<td>Borrowing costs (Note 30)</td>
<td>42,753,906</td>
<td>42,270,889</td>
</tr>
<tr>
<td>Other costs</td>
<td>44,011,502</td>
<td>43,365,585</td>
</tr>
<tr>
<td>Other cost</td>
<td>145,461,238</td>
<td>144,369,315</td>
</tr>
<tr>
<td>Net cost of real estate development projects</td>
<td>799,223,411</td>
<td>779,399,720</td>
</tr>
</tbody>
</table>

- #4 Eviction costs represent the costs of relocating properties 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$22.2m as of December 31, 2012 (US$22.2m as of December 31, 2011) representing a 10% change on recuperated properties appraised values collected from original owners other than religious and governmental recuperated properties.
- #5 Capitalized costs represent allocation of direct overheads. Costs capitalized during the year ended December 31, 2012 amounted to US$9.4m (US$8.6m for the year ended December 31, 2011) (Note 26).
- #6 Real estate development projects include the following:

**Year ended December 31, 2012**

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction and rehabilitation of buildings</td>
<td>712,765,644</td>
<td>642,649,989</td>
</tr>
<tr>
<td>Cost of land</td>
<td>133,244,155</td>
<td>133,244,155</td>
</tr>
<tr>
<td>Cumulative costs</td>
<td>846,004,805</td>
<td>775,903,144</td>
</tr>
<tr>
<td>Less: Cost transferred to investment properties, net</td>
<td>(545,254,302)</td>
<td>(521,379,645)</td>
</tr>
<tr>
<td>Cost transferred to fixed assets</td>
<td>(29,659,106)</td>
<td>(29,659,106)</td>
</tr>
<tr>
<td>Cost of real estate sold</td>
<td>(44,164,255)</td>
<td>(44,164,255)</td>
</tr>
<tr>
<td>Net real estate development projects</td>
<td>224,927,284</td>
<td>180,688,086</td>
</tr>
</tbody>
</table>

During 2012, the Group transferred an amount of US$20,747,657 (US$19,548,449 during 2011) to investment properties representing the cost of land, building and other assets of the “Beirut Souks” and “Zaitunay Bay” projects (Note 11).

Disposal of land, building and other assets resulted in a gain of US$4,376,528 recorded under “Gain on sale and disposal of investment properties” in the consolidated statement of income for the year ended December 31, 2012 (US$825,809 for the year ended December 31, 2011).

During the year ended December 31, 2012, the Group transferred US$33,874,657 from real estate development projects to investment properties and “Zaitunay Bay” project.

During the year ended December 31, 2012, the Group transferred a total net book value of US$2,681,789 from investment properties to “Beirut Souks” and “Zaitunay Bay” projects (Note 10 (b)).

During the year ended December 31, 2012, the Group lost the ownership of a property having an aggregate net book value of US$1,693,234 for total proceeds of US$1,002,330 which resulted in a loss of US$690,944 recorded under “Loss of ownership of investment properties” under “Other expenses” (Note 28).

Depletion for investment properties in the amount of US$957,253 for the year 2012 (US$1,166,197 for the year 2011) is recorded under “Depreciation for investment properties” in the consolidated statement of income (Note 28).

The fair value of the investment properties is estimated by management at approximately US$1.25 billion based on current market prices (US$1.2 billion as of December 31, 2011). There has been no valuation of these properties by an independent valuer.

<table>
<thead>
<tr>
<th>Investments</th>
<th>December 31, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>COST</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>US$ 91,490,073</td>
<td>US$ 91,490,073</td>
</tr>
<tr>
<td>Buildings</td>
<td>US$ 359,132,751</td>
<td>US$ 359,132,751</td>
</tr>
<tr>
<td>Other assets</td>
<td>US$ 34,891,155</td>
<td>US$ 34,891,155</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>US$ 1,161,197</td>
<td>US$ 1,161,197</td>
</tr>
<tr>
<td>Other assets</td>
<td>US$ 1,238,001</td>
<td>US$ 1,238,001</td>
</tr>
</tbody>
</table>

Investment in Associates

<table>
<thead>
<tr>
<th>Year</th>
<th>US$</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>314,961,818</td>
<td>317,727,785</td>
</tr>
<tr>
<td>2011</td>
<td>4,034</td>
<td>5,977</td>
</tr>
</tbody>
</table>

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 non-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 4% equity stake in the associate’s capital of US$75,000,000.

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.

During 2012, the Group increased its percentage of ownership to 39.05% by acquiring 7,786 shares for an amount of US$89,322.

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 Dubia 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 period, 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$21million against an ownership percentage of 37.19%.

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$580,322.
## Fixed Assets, Net

Fixed assets are composed of the following:

<table>
<thead>
<tr>
<th>COST</th>
<th>2011</th>
<th>2012</th>
<th>ADDITIONS</th>
<th>TRANSFERS</th>
<th>ACUMULATED DEPRECIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$</td>
<td>US$</td>
<td>US$</td>
<td>US$</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>5,722,047</td>
<td>-</td>
<td>450,191</td>
<td>-</td>
<td>6,172,238</td>
</tr>
<tr>
<td>Buildings</td>
<td>23,678,118</td>
<td>3,717,682</td>
<td>2,577,105</td>
<td>(1,140,258)</td>
<td>28,832,447</td>
</tr>
<tr>
<td>Marina</td>
<td>7,866,624</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,866,624</td>
</tr>
<tr>
<td>Furniture and fixture</td>
<td>10,036,986</td>
<td>717,877</td>
<td>-</td>
<td>65</td>
<td>10,721,777</td>
</tr>
<tr>
<td>Freehold improvements</td>
<td>26,716,862</td>
<td>2,897,237</td>
<td>-</td>
<td>38,467</td>
<td>29,652,566</td>
</tr>
<tr>
<td>Machines and equipment</td>
<td>36,130,572</td>
<td>1,164,756</td>
<td>6,662</td>
<td>(83,985)</td>
<td>37,218,205</td>
</tr>
<tr>
<td>Advances on fixed assets</td>
<td>364,226</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>364,226</td>
</tr>
<tr>
<td>Work in progress</td>
<td>-</td>
<td>-</td>
<td>(102,291)</td>
<td>-</td>
<td>(102,291)</td>
</tr>
<tr>
<td>110,514,547</td>
<td>8,497,352</td>
<td>2,970,399</td>
<td>(1,257,507)</td>
<td>120,724,991</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COST</th>
<th>2011</th>
<th>2012</th>
<th>ADDITIONS</th>
<th>TRANSFERS</th>
<th>ACUMULATED DEPRECIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$</td>
<td>US$</td>
<td>US$</td>
<td>US$</td>
<td></td>
</tr>
<tr>
<td>Furniture and fixture</td>
<td>3,323,651</td>
<td>2,504,808</td>
<td>251,472</td>
<td>(40,684)</td>
<td>5,948,247</td>
</tr>
<tr>
<td>Marina</td>
<td>861,913</td>
<td>159,955</td>
<td>-</td>
<td>-</td>
<td>1,021,868</td>
</tr>
<tr>
<td>Furniture</td>
<td>3,414,708</td>
<td>247,261</td>
<td>17</td>
<td>(4,990)</td>
<td>3,656,996</td>
</tr>
<tr>
<td>Freehold improvements</td>
<td>4,701,801</td>
<td>884,902</td>
<td>30,259</td>
<td>-</td>
<td>5,616,962</td>
</tr>
<tr>
<td>Machines and equipment</td>
<td>27,986,646</td>
<td>4,363,492</td>
<td>6,662</td>
<td>(57,370)</td>
<td>32,299,922</td>
</tr>
<tr>
<td>40,197,915</td>
<td>8,160,418</td>
<td>280,010</td>
<td>(103,052)</td>
<td>48,543,895</td>
<td></td>
</tr>
</tbody>
</table>

### Net Book Value

<table>
<thead>
<tr>
<th>Balance as at December 31</th>
<th>Balance as at December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>US$</td>
<td>US$</td>
</tr>
<tr>
<td>70,316,628</td>
<td>72,181,086</td>
</tr>
</tbody>
</table>

### Accumulated Depreciation:

<table>
<thead>
<tr>
<th>COST</th>
<th>2011</th>
<th>2012</th>
<th>ADDITIONS</th>
<th>TRANSFERS</th>
<th>ACUMULATED DEPRECIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$</td>
<td>US$</td>
<td>US$</td>
<td>US$</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>5,722,047</td>
<td>-</td>
<td>-</td>
<td>5,722,047</td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>20,580,049</td>
<td>3,098,069</td>
<td>251,472</td>
<td>(40,684)</td>
<td>23,678,118</td>
</tr>
<tr>
<td>Marina</td>
<td>7,866,624</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,866,624</td>
</tr>
<tr>
<td>Furniture and fixture</td>
<td>3,565,204</td>
<td>4,470,894</td>
<td>-</td>
<td>-</td>
<td>10,036,986</td>
</tr>
<tr>
<td>Freehold improvements</td>
<td>12,685,396</td>
<td>7,770,200</td>
<td>6,261,266</td>
<td>-</td>
<td>26,716,862</td>
</tr>
<tr>
<td>Machines and equipment</td>
<td>33,969,107</td>
<td>2,161,465</td>
<td>-</td>
<td>-</td>
<td>36,130,572</td>
</tr>
<tr>
<td>Advances on fixed assets</td>
<td>4,180,894</td>
<td>2,847,918</td>
<td>(3,816,660)</td>
<td>-</td>
<td>364,226</td>
</tr>
<tr>
<td>Work in progress</td>
<td>2,487,918</td>
<td>(2,487,918)</td>
<td>-</td>
<td>-</td>
<td>364,226</td>
</tr>
<tr>
<td>93,087,239</td>
<td>17,500,628</td>
<td>(43,320)</td>
<td>-</td>
<td>110,514,547</td>
<td></td>
</tr>
</tbody>
</table>

### Accumulated Depreciation:

<table>
<thead>
<tr>
<th>COST</th>
<th>2011</th>
<th>2012</th>
<th>ADDITIONS</th>
<th>TRANSFERS</th>
<th>ACUMULATED DEPRECIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$</td>
<td>US$</td>
<td>US$</td>
<td>US$</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>5,722,047</td>
<td>-</td>
<td>-</td>
<td>5,722,047</td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>20,580,049</td>
<td>3,098,069</td>
<td>251,472</td>
<td>(40,684)</td>
<td>23,678,118</td>
</tr>
<tr>
<td>Marina</td>
<td>7,866,624</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,866,624</td>
</tr>
<tr>
<td>Furniture and fixture</td>
<td>3,565,204</td>
<td>4,470,894</td>
<td>-</td>
<td>-</td>
<td>10,036,986</td>
</tr>
<tr>
<td>Freehold improvements</td>
<td>12,685,396</td>
<td>7,770,200</td>
<td>6,261,266</td>
<td>-</td>
<td>26,716,862</td>
</tr>
<tr>
<td>Machines and equipment</td>
<td>33,969,107</td>
<td>2,161,465</td>
<td>-</td>
<td>-</td>
<td>36,130,572</td>
</tr>
<tr>
<td>Advances on fixed assets</td>
<td>4,180,894</td>
<td>2,847,918</td>
<td>(3,816,660)</td>
<td>-</td>
<td>364,226</td>
</tr>
<tr>
<td>Work in progress</td>
<td>2,487,918</td>
<td>(2,487,918)</td>
<td>-</td>
<td>-</td>
<td>364,226</td>
</tr>
<tr>
<td>93,087,239</td>
<td>17,500,628</td>
<td>(43,320)</td>
<td>-</td>
<td>110,514,547</td>
<td></td>
</tr>
</tbody>
</table>

### Net Book Value

<table>
<thead>
<tr>
<th>Balance as at December 31</th>
<th>Balance as at December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>US$</td>
<td>US$</td>
</tr>
<tr>
<td>59,281,393</td>
<td>62,422,073</td>
</tr>
</tbody>
</table>

The depreciation for the year ended December 31, 2012 and 2011 amounted to the consolidated statement of income.

During the year ended December 31, 2012, the Group transferred assets of total net book value of US$2,681,789 from investment properties to fixed assets.

## Bank Overdrafts and Short Term Facilities

Bank overdrafts and short term facilities consist of the following:

<table>
<thead>
<tr>
<th>Facility</th>
<th>OUTSTANDING BALANCE</th>
<th>DECEMBER 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2013</td>
<td>US$</td>
</tr>
<tr>
<td>100,000,000</td>
<td>August 4, 2013</td>
<td>4.05</td>
</tr>
<tr>
<td>75,000,000</td>
<td>August 3, 2013</td>
<td>5.00</td>
</tr>
<tr>
<td>35,000,000</td>
<td>August 3, 2013</td>
<td>5.00</td>
</tr>
<tr>
<td>100,000</td>
<td>October 11, 2013</td>
<td>4.50</td>
</tr>
<tr>
<td>50,000,000</td>
<td>July 31, 2013</td>
<td>5.50</td>
</tr>
<tr>
<td>50,000,000</td>
<td>July 10, 2013</td>
<td>5.00</td>
</tr>
</tbody>
</table>

Interest expense on bank overdrafts for the year ended December 31, 2012 amounted to US$5,915,816 and recorded under interest expense in the consolidated statement of income (US$5,089,450 for the year ended December 31, 2011).

## Accounts Payable and Other Liabilities

Accounts payable and other liabilities consist of the following:

<table>
<thead>
<tr>
<th>Balance as at December 31</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$</td>
<td>US$</td>
<td></td>
</tr>
<tr>
<td>57,081,716</td>
<td>68,969,445</td>
<td></td>
</tr>
<tr>
<td>18,615,340</td>
<td>18,820,774</td>
<td></td>
</tr>
<tr>
<td>13,691,324</td>
<td>34,533,002</td>
<td></td>
</tr>
<tr>
<td>13,154,077</td>
<td>12,608,683</td>
<td></td>
</tr>
<tr>
<td>7,007,910</td>
<td>7,007,910</td>
<td></td>
</tr>
<tr>
<td>7,986,410</td>
<td>311,123</td>
<td></td>
</tr>
<tr>
<td>482,155</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,384,230</td>
<td>1,367,508</td>
<td></td>
</tr>
<tr>
<td>121,132,130</td>
<td>144,809,477</td>
<td></td>
</tr>
</tbody>
</table>

Interest expense on short term facilities for the year ended December 31, 2012 amounted to US$21,573,031 (US$18,339,449 for the year ended December 31, 2011) and recorded under interest expense in the consolidated statement of income.
as Accounts payable as of December 31, 2012 and 2011 include balances in the aggregate amount of US$3.6 million due to the Lebanese Government in consideration of the exchange of assets agreement explained in Note 32(f).

60 Accrued charges and other credit balances consists of the following:

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits from tenants</td>
<td>3,081,220</td>
<td>3,101,497</td>
</tr>
<tr>
<td>Accrued municipality expenses</td>
<td>3,326,425</td>
<td>3,326,425</td>
</tr>
<tr>
<td>Other</td>
<td>12,206,695</td>
<td>12,392,852</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>18,615,540</strong></td>
<td><strong>18,820,774</strong></td>
</tr>
</tbody>
</table>

As Taxes payable consist of the following:

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued income tax</td>
<td>2,014,773</td>
<td>2,402,359</td>
</tr>
<tr>
<td>Additional tax assessment</td>
<td>2,500,000</td>
<td>-</td>
</tr>
<tr>
<td>Value added tax (VAT) payable</td>
<td>446,184</td>
<td>1,194,525</td>
</tr>
<tr>
<td>Taxes withheld</td>
<td>1,909,150</td>
<td>3,175,779</td>
</tr>
<tr>
<td>Property tax payable</td>
<td>6,734,013</td>
<td>5,792,035</td>
</tr>
<tr>
<td>Other accrued taxes</td>
<td>7,204</td>
<td>7,204</td>
</tr>
<tr>
<td><strong>Total Income Tax</strong></td>
<td><strong>13,691,324</strong></td>
<td><strong>34,533,002</strong></td>
</tr>
</tbody>
</table>

The applicable tax rate in Lebanon is 15% according to the Lebanese tax laws. The accrued income tax for the years 2012 and 2011 was estimated as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profits before tax</td>
<td>19,852,849</td>
<td>18,490,214</td>
</tr>
<tr>
<td>Less: Income of subsidiaries</td>
<td>(1,490,585)</td>
<td>(3,739,507)</td>
</tr>
<tr>
<td>Add: Non-deductible provisions and charges</td>
<td>26,393,401</td>
<td>5,748,285</td>
</tr>
<tr>
<td>Less: Non-taxable revenues</td>
<td>(29,270,259)</td>
<td>(26,622,069)</td>
</tr>
<tr>
<td>Taxable income</td>
<td>15,485,410</td>
<td>16,445,353</td>
</tr>
<tr>
<td>Applicable tax rate</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Accrued income tax</td>
<td>3,312,812</td>
<td>2,403,359</td>
</tr>
<tr>
<td>Add: Income tax provision for subsidiaries</td>
<td>-</td>
<td>38,556</td>
</tr>
<tr>
<td>Total accrued income tax</td>
<td>3,322,812</td>
<td>2,441,911</td>
</tr>
<tr>
<td>Less: Tax on interest previously settled</td>
<td>(296,039)</td>
<td>(289,283)</td>
</tr>
<tr>
<td>Accrued income tax payable</td>
<td>3,024,773</td>
<td>2,152,432</td>
</tr>
</tbody>
</table>

Additional tax assessment

During 2012, the Company’s accounts for the years 2007 to 2010 were reviewed by the tax authorities. The review for the year 2007 resulted in an additional tax liability in the amount of US$ 2,500,000 which was recorded under “taxes, fees and stamps” in the consolidated statement of income. The outcome of the review of the Company’s accounts for the years 2008 to 2010 is still pending. Any additional tax liability is subject to the results of this review. The Company’s tax returns for the years 2011 and 2012 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.

Value Added Tax (VAT)

The VAT declarations for the years 2005 until 2012 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.

60(a) During the year ended December 31, 2009, the Group booked a provision of US$1,007,000 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.

<table>
<thead>
<tr>
<th>Type</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends Payable</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Dividends Payable

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>June 29, 1996</td>
<td>0.20</td>
<td>30,918,413</td>
<td>29,404,342</td>
<td>1,514,071</td>
<td>1,538,654</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 1997</td>
<td>0.25</td>
<td>40,367,172</td>
<td>37,595,211</td>
<td>2,767,961</td>
<td>2,805,099</td>
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<td></td>
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<tr>
<td>June 29, 1998</td>
<td>0.25</td>
<td>39,351,753</td>
<td>36,013,256</td>
<td>3,338,497</td>
<td>3,577,746</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 23, 2003</td>
<td>1.00</td>
<td>155,090,822</td>
<td>129,598,339</td>
<td>15,492,493</td>
<td>18,101,474</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 12, 2006</td>
<td>0.60</td>
<td>94,831,106</td>
<td>90,803,339</td>
<td>4,747,767</td>
<td>4,976,531</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 22, 2007</td>
<td>1.00</td>
<td>155,093,702</td>
<td>147,164,618</td>
<td>7,929,084</td>
<td>10,478,193</td>
<td></td>
<td></td>
</tr>
<tr>
<td>July 15, 2008</td>
<td>1.00</td>
<td>155,090,822</td>
<td>129,598,339</td>
<td>15,492,493</td>
<td>18,101,474</td>
<td></td>
<td></td>
</tr>
<tr>
<td>July 13, 2009</td>
<td>1.15</td>
<td>176,479,956</td>
<td>161,658,694</td>
<td>14,821,262</td>
<td>15,711,241</td>
<td></td>
<td></td>
</tr>
<tr>
<td>July 19, 2010</td>
<td>1.15</td>
<td>175,228,434</td>
<td>158,800,100</td>
<td>16,428,334</td>
<td>18,000,473</td>
<td></td>
<td></td>
</tr>
<tr>
<td>August 1, 2011</td>
<td>0.40</td>
<td>60,912,291</td>
<td>55,582,248</td>
<td>5,330,043</td>
<td>9,187,138</td>
<td></td>
<td></td>
</tr>
<tr>
<td>August 1, 2011</td>
<td>Stock dividend</td>
<td>85,987,850</td>
<td>85,987,850</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>July 30, 2012</td>
<td>0.25</td>
<td>39,316,239</td>
<td>32,928,872</td>
<td>6,387,367</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>July 30, 2012</td>
<td>Stock dividend</td>
<td>42,744,616</td>
<td>42,744,616</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,113,947,914</strong></td>
<td><strong>1,057,171,720</strong></td>
<td><strong>78,776,194</strong></td>
<td><strong>84,185,863</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The General Assembly held on July 30, 2012 decided to distribute dividends on the basis of US$0.4 per share and to distribute class (B) shares from its treasury shares on the basis of 1 share for every 30 shares for a total consideration of US$4 million and issued the related share certificates. Accordingly, the Group recorded cash dividends payable in the amount of US$313 million net of distribution tax in the amount of US$4 million. An amount of approximately US$313 million was settled up to December 31, 2012. The General Assembly held on August 1, 2011 decided to distribute dividends on the basis of US$0.4 per share and to distribute class (A) shares from its treasury shares on the basis of 1 share for every 30 shares for a total consideration of US$6 million and issued the related share certificates. Accordingly, the Group recorded cash dividends payable in the amount of US$36 million net of distribution tax in the amount of US$3 million. An amount of approximately US$36 million was settled up to December 31, 2012 (US$3 million was settled up to December 31, 2011).

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

### Deferred Revenue and Other Credit Balances

<table>
<thead>
<tr>
<th>Type</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash down payments and commitments on sale contracts</td>
<td>12,252,587</td>
<td>5,841,989</td>
</tr>
<tr>
<td>Deferred rental revenue and related deposits</td>
<td>28,583,218</td>
<td>23,216,927</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40,835,805</strong></td>
<td><strong>29,088,516</strong></td>
</tr>
</tbody>
</table>
Cash down payments and commitments on sale contracts include balances aggregating to approximately US$1 million that relate to 5 sales contracts with an aggregate potential gross sales value of US$2,761 million as of December 31, 2012 (US$4.6 million relating to 4 sale contracts with an aggregate potential gross sales value of US$64 million as of December 31, 2011).

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

On November 5, 2012 the Group signed a loan agreement with a resident foreign bank for an amount of US$12.5 million. The two years loan bears an interest of 3-months Libor + 2.5% not exceeding 4.5% p.a. Interest is computed on a quarterly basis starting the date of the loan withdrawal. The loan was fully withdrawn during the year 2012. The repayment of the loan will be through 2 equal annual installments of US$2.5 million each, starting 1 year after the date of the first withdrawal. The covenants of the loan stipulate that the Company should maintain a maximum debt to equity ratio of 1.1 and a minimum current ratio of 1.2. Interest on the amount to be repaid in the year 2012 in the amount of US$484,438 was recorded under “Interest expense from banks” in the consolidated statement of income.

On October 12, 2012 the Group signed a loan agreement with a resident foreign bank for an amount of US$50.0 million. The two years loan bears an interest of 3-months Libor + 2.5% not exceeding 4% p.a. Interest is computed on a quarterly basis starting the date of the loan withdrawal. The loan was fully withdrawn during the year 2011. The repayment of the loan will be through 4 equal semi-annual installments of US$12.5 million each starting 6 months after the date of the first withdrawal. The Company settled an amount of US$25.0 million during 2012. The covenants of the loan stipulate that the Company should maintain a maximum debt to equity ratio of 1.1 and a minimum current ratio of 1.2. Interest on the amount to be repaid in the year 2012 in the amount of US$316,550.000 was capitalized under “interest expense from banks” in the consolidated statement of income.

During 2012, the Group signed a loan agreement with the same local bank in the amount of US$150.0 million. The loan bears an interest rate equivalent to cost of funds + 2%, not to exceed 3.5% annually. Interest is computed on a quarterly basis starting the date of the first withdrawal. The loan will be repaid on March 31, 2013 and divided in accordance with Law 117/91 and the Central Bank of Lebanon regarding the withdrawal decision of 2011.

During 2012, the joint venture entity of the Group signed a loan agreement with the same local bank in the amount of US$57.0 million. The loan bears an interest rate equivalent to cost of funds + 1% per annum. Interest is computed on quarterly basis starting the date of the first withdrawal. The loan will be repaid in three semi-annual payments of US$19.0 million each and one last installment of US$28.0 million on December 31, 2012 and ending on June 30, 2013. The loan was fully withdrawn during 2012. Interest for the year ended December 31, 2012 amounted to US$570,314 and was recorded under “interest expense” in the consolidated statement of income.

During 2012, a joint venture entity of the Group signed another loan agreement with a local bank in the amount of US$50.0 million. The loan bears an interest rate equivalent to cost of funds + 2.5% per annum. Interest is computed on quarterly basis starting the date of the first withdrawal. The loan will be repaid in two equal semi-annual installments of US$25.0 million each starting on September 30, 2013 and ending on June 30, 2014. Interest for the year ended December 31, 2012 amounted to US$357,415 and was recorded under “interest expense” in the consolidated statement of income.

During 2012, a joint venture entity of the Group signed a loan agreement with the same local bank in the amount of US$50.0 million. The loan bears an interest rate equivalent to cost of funds + 2.5% per annum. Interest is computed on quarterly basis starting the date of the first withdrawal. The loan will be repaid in two equal semi-annual installments of US$25.0 million each starting on September 30, 2013 and ending on June 30, 2014. Interest for the year ended December 31, 2012 amounted to US$357,415 and was recorded under “interest expense” in the consolidated statement of income.

The loan will be repaid on March and September of each year starting September 30, 2012 as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,600,000</td>
</tr>
<tr>
<td>2013</td>
<td>4,000,000</td>
</tr>
<tr>
<td>2014</td>
<td>5,200,000</td>
</tr>
<tr>
<td>2015</td>
<td>5,600,000</td>
</tr>
<tr>
<td>2016</td>
<td>5,800,000</td>
</tr>
<tr>
<td>2017</td>
<td>6,400,000</td>
</tr>
<tr>
<td>2018</td>
<td>6,800,000</td>
</tr>
<tr>
<td>2019</td>
<td>4,600,000</td>
</tr>
<tr>
<td>Total</td>
<td>40,000,000</td>
</tr>
</tbody>
</table>

Capital consists of 365,000,000 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 instructions 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, 2012, the Company had 12,462,906 “A” shares listed on the London Stock Exchange in the form of Global Depository Receipts (GDR) (6,543,249 shares out of which 396,344 shares represent Global Depository Receipts (GDR) as of December 31, 2011).

The treasury shares outstanding as of December 31, 2012 and 2011 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 hold these shares within a period not exceeding eighteen months.

As of December 31, 2012 and 2011, this capi-
tion includes 3,685,000 shares that were ac-
cquired from sale of properties.
During 2011, the Group settled an amount of US$ 3.4 million representing amicable settlements as a goodwill gesture for the withdrawal of claims concerning offers regarding the “Beirut Souks”.

27 Interest Income

<table>
<thead>
<tr>
<th>YEAR ENDED DECEMBER 31,</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income from notes and accounts receivable</td>
<td>24,473,575</td>
<td>19,186,689</td>
</tr>
<tr>
<td>Interest income from banks</td>
<td>4,403,891</td>
<td>5,560,322</td>
</tr>
<tr>
<td><strong>Total Interest Income</strong></td>
<td><strong>28,877,466</strong></td>
<td><strong>24,687,011</strong></td>
</tr>
</tbody>
</table>

28 Other Expenses

<table>
<thead>
<tr>
<th>YEAR ENDED DECEMBER 31,</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amicable settlements</td>
<td>-</td>
<td>3,414,155</td>
</tr>
<tr>
<td>Loss of ownership of investment properties (Note 11)</td>
<td>-</td>
<td>1,275,219</td>
</tr>
<tr>
<td>Other</td>
<td>233,877</td>
<td>5,066,404</td>
</tr>
<tr>
<td><strong>Total Other Expenses</strong></td>
<td><strong>233,877</strong></td>
<td><strong>5,066,404</strong></td>
</tr>
</tbody>
</table>

During 2011, the Group settled an amount of US$ 3 million representing amicable settlements as a goodwill gesture for the withdrawal of claims concerning offers regarding the “Beirut Souks”.

29 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 156,646,753 shares for the year 2012 (154,395,737 shares for the year 2011).
U S$ 23,874,657 for the year ended December
investment properties in the amount of
Bank overdrafts (177,223,565) (89,746,974)
YEAR ENDED DECEMBER 31, 2012
(c)
Total interest expense 30,737,755 24,353,558
and projects in progress – Note 10 3,240,937 3,271,593
(b)
Depreciation charge for the year 17,757,671 13,538,734
(a)
30
Short term deposits 135,916,347 152,803,252
Current accounts 27,390,085 19,307,100
Depreciation was applied as follows:
YEAR ENDED DECEMBER 31, 2012
US$ US$ 2012 2011
Depreciation of fixed assets - Note 13 8,160,418 6,422,073
Depreciation of investment properties - Note 11 & 24 9,597,253 7,116,661
17,757,671 13,538,734
(a)
Interest expense consists of the following:
YEAR ENDED DECEMBER 31, 2012
US$ US$ 2012 2011
Interest charged as period cost 27,496,838 21,081,965
Interest expense allocated to inventory of land and projects in progress – Note 30 3,240,937 3,271,593
Total interest expense 30,737,755 24,353,558
(a)
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$3,674,657 for the year ended December 31, 2012 (US$548,449 for the year ended December 31, 2011).
During the year ended December 31, 2012, the Group transferred a total of net book value of US$2,681,789 from investment properties to fixed assets (US$43,320 from fixed assets to investment properties for the year ended December 31, 2011).
Cash and equivalents comprise of the following:
YEAR ENDED DECEMBER 31, 2012
US$ US$ 2012 2011
Cash 157,385 617,520
Current accounts 27,390,085 19,307,100
Short term deposits 135,916,347 152,803,252
Bank overdrafts (177,223,565) (89,746,974)
(1,279,740) 82,061,498
General and administrative expenses include legal fees in the amount of US$20,000 for the year ended December 31, 2012 related to one of the firm’s legal counselors who was a member in the Company’s board of directors (US$125,000 for the year ended December 31, 2011).
The Group incurred various expenses on behalf of its related parties whose total net debit balance was US$269,086 as of December 31, 2012 (US$83,065,300 as of December 31, 2011) (Note 8 and 15).
During 2012, the Group changed Sodilare International Limited, an associate, administrative expenses amounting to US$2,062,072 (US$1,904,854 for the year 2011) (Note 20), in addition to an amount of US$288,158 (US$292,459 for the year 2011) representing payments on behalf of the Group.
During the year, the Group made payments to City Makers s.a.r.l., a related party, for an aggregate amount of US$645,923 (Note 23).
NOTE TO THE CASH FLOW STATEMENT
31 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$55,340,045 as of December 31, 2012 (US$59,908,080 as of December 31, 2011) 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$115,340,045 as of December 31, 2012 (US$155,629,936 as of December 31, 2011) representing short term facilities with a local bank who is a significant but minority shareholder of the Group.
Included under “Interest expense” in the consolidated statement of income as US$15,765 for the year ended December 31, 2012 (US$85,577,280 for the year ended December 31, 2011) representing interest expense on 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.
In the year ended December 31, 2012, the Group incurred a total of net book value of US$2,681,789 from investment properties to fixed assets (US$43,320 from fixed assets to investment properties for the year ended December 31, 2011).
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.
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.
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 356,340 Class A shares in exchange for approximately 15,000m² and the payment of US$38 million to restore governmental buildings. US$38 million has already been paid and accounted for and the balance of US$38 million 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.
In prior periods, the Group submitted to the Ministry of Culture and Higher Education claims totaling US$17 million 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.
For the purpose of enhancing and improving land value in Zokak Al Blat area and to settle the reacquisition of a lot in that area, the Group signed in 2002 an agreement with the Armenian Orthodox Prelacy to demolish the building on the reacquired 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$82,700,000) 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.
The Group has commitments and contingencies in the form of letters of guarantee in the amount of US$43,024,060 as at December 31, 2012 (as at December 31, 2011 commitments and contingencies in the form of letters of guarantee the amount of US$811,275,811).
33 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.

34 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 other liabilities. The main purpose of these financial liabilities is to raise finance for the Group’s operations. 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, 2012 and 2011.

35 Fair Value of Financial Instruments

The fair values of financial instruments are not materially different from their carrying values.

36 Approval of Financial Statements

The Board of Directors approved the financial statements for the year ended December 31, 2012 on May 27, 2013.
While the development strategy focuses on revenue-generating and added-value ventures to complete the Traditional City Center, the future development frontier is the Waterfront District, with gateway projects set to bridge the transition from historic to new.

After Saifi, Wadi Abou Jamil is taking shape as a new calm, urban, residential neighborhood, while the construction of several high-rise and large-scale developments are launched in the Hotel District, Serail Corridor, and Saifi, all evolving to complete the Traditional City Center cityscape.

Zaitunay Bay inaugurates its quayside restaurant strip and welcomes more than 3,000 visitors per day in the first six months. At the other end of town, the newly landscaped Uruguay Street vitalizes nightlife activity in the Conservation Area, where selected buildings are illuminated in the nightscape through an image projection system.

Hospitality ventures come to complement and support real estate development and enhance property value. Hotels, cafes, and restaurants blossom alongside office and residential neighborhoods, promoting the city center as a welcoming and friendly, mixed-use space.

Beirut Souks, a flagship retail project, opens its doors. This signature shopping, hospitality, entertainment, and cultural meeting point boosts the economic vitality and social vibrancy of the city center. The expansive site is a prime example of how layers of the city can be incorporated into a contemporary design.

With the Conservation Area’s urban fabric almost complete and the remaining parts of the Traditional City Center more than halfway developed, a cultural strategy is implemented to promote culture, arts, and heritage as tremendous resources for the local and international communities.

With the completion of land reclamation and the visible demarcation of the new Waterfront District, along with a continuous rise in developers’ and investors’ interest in real estate development, requests come in to emulate the success of Beirut city center’s regeneration enterprise in other parts of the world.

In preparation for the development of the Waterfront District – the reclaimed expansion of the traditional city center – Beirut is promoted as an international corporate business center. Further detailed urban and traffic studies are carried out, resulting in amendments to the Master Plan.

The seafront Beirut Marina is fully operational, berthing a large number of vessels on annual and seasonal bases. The planning and construction of several real estate projects rush forward, especially in Wadi Abou Jamil, the Hotel District, and the Serail Corridor.

An international urban design competition solicits new visions for Martyrs’ Square and its surroundings. The objective is to open the axis toward the sea with respect to the urban grid and reposition the square as a national meeting point.

In establishing the city center as a culture and leisure destination, a strategic approach is taken to integrate archeological finds within the urban fabric. Meanwhile, a Quartier des Arts evolves against the backdrop of reconstructed and restored traditional buildings in Saifi Village.

Focusing on real estate developments that attract tenants and residents to the city center, and following the positive response to Saifi Village, the impetus to invest in other residential developments increases. This trend also underlines the importance of full-time property maintenance and operations services, which begin to be offered to third-party developers.

As businesses, commercial outlets, and landscaped open spaces multiply, a number of vacant lots provide temporary parking spaces to accommodate the mobility of the growing number of tenants and visitors, in anticipation of the completion of underground parking facilities prescribed in the city center’s Master Plan.

With archeological documentation and evaluation in full swing, and following extensive findings related to the Cardo Maximus, a large site between several places of worship is dedicated to be landscaped public space as the Hadidaj As-Samah (Garden of Forgiveness).

The city center is pulsing with life. Landmark buildings are being restored and cafes and restaurants are multiplying. Businesses and institutions relocating to the area are drawn by the amenities and services such as the state-of-the-art communication network, security, and maintenance.

All infrastructure works in the Traditional City Center are complete including the expansion of the Ring Road and the creation of primary east-west and north-south avenues, which organize accessibility and conserve air and view corridors.

Restoration is carried out based on clear urban design, technical guidelines, and architectural briefs, preserving facades and adapting interiors to the needs of contemporary life and business. Meanwhile, following a fast-track approach, the first major new development reaches completion.

Beirut city center becomes a large archeological site, with excavations uncovering major discoveries dating back to several past civilizations. These excavations are carried out following a UNESCO protocol specifically devised for the area in coordination with a number of agencies and teams of experts from several different countries.

Informed by natural boundaries and landforms, street patterns, visual corridors, past neighborhood structures, and preserved fabrics, the city center is envisioned as a cluster of sectors, each with its own detailed master plan.

Comprehensive urban planning stresses the topography of Beirut city center and ensures a connection between the project and its surrounding areas, accommodating a broad, sustainable, flexible land-use mix.

Beirut’s postwar urban recovery is to be directed through concerted private sector investment into a carefully constructed institutional framework, regulated by government decree. It is set to become one of the largest inner-city and waterfront renewal projects in the world.
A series of photographs documenting the reconstruction and development of Beirut city center

The photo book documents the regeneration of Beirut city center over twenty years. It is a testimony to the resurgence of the Lebanese capital, a precious archive of urban history.
While revenue-generating and added-value ventures come to complete the Traditional City Center, the future development frontier is the Waterfront District, with gateway projects set to bridge the transition from historic to new.
The yacht club structure seems to emerge naturally out of the land and transcends the boundary between city and sea. The project exemplifies the richness of the urban shoreline.
Zaitunay Bay’s rich culinary scene consists of 17 restaurants and cafes, offering a new entertainment scene and creating a number of employment opportunities. Retail outlets, a water sport center, and an art workshop complement the food experience and turn the promenade into a family-friendly place.
In its twelfth season, Beirut Marina provided mooring for over 250 boats. The port’s total berth capacity currently stands at 222 berths with a size of 5 to 65 m, with 60 percent of the mooring area reserved for boats over 25 m in length.
The Corniche promenade provides a natural extension to the existing Beirut Corniche and encourages public recreation and leisure activities.
To date, temporary uses on the northeastern part of the Waterfront District include the Beirut International Exhibition and Leisure Center (BIEL), Beirut Exhibition Center, and a walking, jogging, and cycling track. Kidzmondo, an entertainment center for children, opened recently.
In the Hotel District, 3 Beirut, Damac Tower, and Beirut Terraces are among several developer projects under construction.
The Cinema and Entertainment Complex will soon open in the northern part of Beirut Souks. The volume of its outer skin is composed of four metal ribbons that generate a dynamic sculptural form.
With its contemporary design and semi-open character, Beirut Souks are an architectural marvel that re-define and revitalize the traditional oriental bazaar. Situated at the city’s core, they serve as a meeting point that merges the capital’s many different parts into one organic whole.
Beirut Souks (left) and the restored facades of preserved buildings (right) are an example of the harmonious combination of modernity with historicity on Fakhry Bey Street.
Martyrs' Square is planned as a sequence of spaces that move from the city to the sea. It starts at the southern end of the square and moves north past the famous Martyrs' Monument and northward through the archeological site – the Petit Serail and the Canaanite Tell – to the water.
The District 15 project is planned as a 16-building, open-gated, pedestrian-friendly community that draws people to its outdoor plazas, terraces, and arched retail stretch through meandering alleyways. The project will provide a northern extension to Saifi Village, following the same design guidelines but in a contemporary architectural expression.
The Gebran Touma Memorial (right) faces the Samir Kassir Square (right) on Weygand Street, where two large ficus trees shade a water feature.
On Uruguay Street, a U-shaped pedestrian area surrounding a restored building is dedicated to open-air seating and pedestrian activity as extensions of the ground level commercial spaces leased to pubs and restaurants. Uruguay Street and the plaza have become a hub of after-work activity and nightlife.
With the recovery of the Conservation Area and Beirut Souks, the city center is reaffirming its role as the focal point of economic, social, and cultural activities.
The Rafic Hariri Sculptural Garden facing the National Evangelical Church, with a life-size sculpture of the late Prime Minister, is officially named National Unity Square.
The near-completed fabric of the Conservation Area showcases streetwall control and alignment on main street and boulevard frontages, with street level dedicated to retail units.
Wadi Al Horm takes shape as a new calm, urban, hillside neighborhood, while the construction of several high-rise and large-scale developments are launched in the Hotel District, Serail Corridor, and Saifi, all evolving to complete the Traditional City Center cityscape.
Zaitunay Bay inaugurates its quayside restaurant strip and welcomes more than 3,000 visitors per day in the first six months after opening while the yacht club is planned to open its doors in 2013.
New developments are initiated in the Martyrs' Square Axis, including Beirut Gardens, Tower Plus One and Two, and Beirut.
Saifi Village reinterprets traditional architectural features. Colorful facades with triple arches, decorative cornices and balconies, red-tiled pitched roofs, courtyards, paths, and walkways stay faithful to the character of Saifi and add to the charm of the neighborhood.
In Wadi Abo Jemil, several developments reach completion, some are in their finishing stages, and others are just commencing execution. Together they give shape to the fronds of the urban neighborhood.
Zaitunay Bay inaugurates its quayside restaurant strip and welcomes more than 3,000 visitors per day in six months. At the other end of town, the newly landscaped Uruguay Street becomes another hub of nightlife activity in the Conservation Area, where selected buildings are illuminated in the night-scape through an image projection system.
Zaitunay Bay’s yacht club, with a total of 14,000 sq m of floor space, nears completion. It consists of four stories and three basements, accommodating commercial space at ground level, 53 serviced and furnished apartments, and a yacht club on upper levels.
Facing the Wadi Abou Jamil is the upcoming residential district known as the Hotel District, where many of the previously available land plots are now under construction or planning by developers for a variety of land uses.
The Maghen Abraham Synagogue joins 17 other places of worship – mosques, churches, and shrines – that have been restored to exhibit their architectural beauty and historical significance.
The Jewellery Souk is inaugurated. Two-floor pavilions are linked by a network of charming passages and squares. Shops are tightly packed along shaded lanes with glass shop fronts that are reminiscent of the old gold souk.
Hospitality ventures come to complement and support real estate development and enhance property value. Hotels, cafes, and restaurants blossom alongside office and residential neighborhoods, transforming the city center as a welcoming and friendly, mixed-use space.
Moving toward developing the reclaimed land, an agreement is signed for the detailed design of underground infrastructure and road asphalting, street furniture, and other hardscaping in the Waterfront District. A study on multimodal transportation requirements for the district is undertaken to deliver an area-wide transportation strategy.
Following the commencement of business for several food and beverage outlets on the famed Amin Square, as well as numerous openings for world-famous boutiques, Beirut Souks Core celebrates its official inauguration with four days of spectacular performances and events. The Souks Core reaches near maximum tenancy, and the newly opened Jewelry Souk is more than 50 percent occupied.
Amir Bachir Street with the landmark Lazarieh Commercial Center (right) facing the pedestrian Bechara Al Mtouhanded Street, created along restaurants and cafes to form a promenade overlooking Hadqati An-Samah (Garden of Forgiveness).
Beirut Souks, a flagship project, opens its doors. This signature shopping, hospitality, entertainment, and cultural meeting point enhances the economic vitality and social vibrancy of the city center. The expansive site is a prime example of how historical layers of the city can be incorporated into a contemporary design.

Completed and Ongoing Developments
The real estate development of the Waterfront District, now fully reclaimed, is planned to reach an aggregate 1.7 million sq m. Permanent development is set to start around the periphery of the street grid while the central blocks will be developed gradually.
Designed as a rectangle with a landscaped open atrium, the UN House (right) represents a southeastern “gateway” into the city center.
Wadi Al-Riwa’ is witnessing a wave of construction activity on lots for which designs were commissioned and then sold to third parties along with their respective residential concept proposals.
Storefront design specifications and guidelines are introduced to provide tenants with clear direction for interior construction works, leading to harmony and consistency.
With the Conservation Area’s urban fabric almost complete and the remaining parts of the Traditional City Center more than halfway developed, a strategy is implemented to preserve, create, and promote culture, arts, and heritage as tremendous resources for the local and international communities.
Serail Corridor and Hotel District from left to right:
24 Avenue du Parc, Park View, the Four Seasons Hotel, Marina Tower, Beirut Tower, Platinum Tower, and Monroe Hotel.
A new prayer hall on the left, topped by a small dome, creates a virtual portal to Beirut Souks by mirroring the form and scale of the Mamluk Zawiyat Ibn Arraq Shrine on the right.
Olivier Vidal (France) is commissioned to design the Bab Idriss Square (near right) and incorporate sculptures by Xavier Corberó (Spain) evoking figures on their way to the Hippodrome. The site stands on the street that leads to the remains of the Roman racecourse gates.
Early modern buildings on Road El Solh have served as headquarters for financial institutions since the mid-twentieth century.
Land reclamation is complete and the demarcation of the new Waterfront District is visible. Among a continuous rise in interest by third parties in land for real estate development, requests come in to emulate the success of Beirut city center’s regeneration program in other parts of the world.
All land reclamation, including excavations, processing of the materials, and backfilling, reaches completion, including the monitoring the generation of landfill gas from backfilled materials through boreholes. The new Waterfront District is ready for infrastructure works to prepare the land for future development.
The integration of heritage and modernity is evident as one approaches the main Beirut Souks entrance at Imam Hussein Square.
In preparation for the development of the Waterfront District, Beirut city center is promoted as an international corporate business center. Further detailed urban and traffic studies are carried out, resulting in amendments to the master plan.
The construction of the south part of Beirut Souks (center) is progressing rapidly. Internally, it retains the ancient street grid and is composed of a series of structures creating urban spaces in an intricate three-dimensional network fully integrated with the city fabric.
With several residential, office, and hotel high-rise developments under construction across from Beirut Marina, the skyline of the Hotel District is gradually changing.
In its fourth season, Beirut Marina becomes fully operational, berthing a large number of vessels on annual and seasonal bases. The planning and construction of several real estate projects rush forward, especially in Wadi Abu Jamil, the Hotel District, and the Serail Corridor.
Construction of the Beirut Souks south part (Souks Core and Jewellery Souk) advances. With the help of professional advisors, a specific tenant mix approach is being developed to strategically place exclusive concept and mixed-shares boutiques and restaurants among flagship and other traffic-generating stores.
The Conservation Area is almost complete with a few developments still underway. These include the Bank of Kuwait and the Arab World (Fenicia Bank), across from the Municipality building on Foch Street and the Radium office building.
Inspired by the Blue Mosque in Istanbul, the nearly complete Mohammad Al-Amin Mosque takes on a deep national significance when Prime Minister Rafic Hariri is laid to rest there following his assassination.
An international urban design competition solicits new visions for the Martyrs’ Square Axis and its surroundings. The objective is to open the axis toward the sea and reposition the square as a national meeting point.
In the Hotel District, further urban design study is undertaken to allow additional height to some towers. On completion and approval of a sector plan amendment, design and building permit procedures are registered for a number of large projects.
The Martyrs' Square Grand Axis of Beirut international urban design ideas competition is organized to solicit a new vision for the prime public space and its surrounding development, now open to the sea in its extension from the Damascus Road gateway to the Beirut Port’s first basin.
In establishing the city center as a culture and leisure destination, a strategic approach is taken to integrate archaeological finds within the urban fabric. At the same time, a Quaiart des Arts evolves against the backdrop of reconstructed and restored traditional buildings in Saifi Village.
A highly positive response to Saifi Village provides the impetus to further invest in residential developments and reinforce urban integration. The design and implementation of clusters of various sizes for land plots in Wadi Abu Jamil is commissioned, involving both restoration and infill.
The peaceful residential ambience in Saifi Village derives from a quiet environment and carefully designed and landscaped public realm. The success of the development is apparent as it is completely sold or leased.
Prime Minister Rafic Hariri launches the construction of a grand mosque at the intersection of Martyrs Square and Amir Bachir Street, adjacent to the restored St. George Maronite Cathedral and the planned Hadqat As Surrak (Garden of Forgiveness).
The pedestrianized Nijmeh Square with its restored clock tower and radial cobblestone streets gradually fills with cafes and restaurants and attracts visitors in search of outdoor recreational spaces.
Focusing on real estate developments that attract tenants and residents to the city center, and following the positive response to Saifi Village, the impetus to invest in other residential developments increases. This trend also underlines the importance of full-time property operation and maintenance services, which begin to be offered to third-party developers.
Developments take shape in the Serail Corridor adjacent to the Beirut Souks, such as the Medgulf and Semiramis developments, while lots along the main Francois El Hajj Street (right) are still bare of construction activity.
Further sector planning for the sloping Wadi Al-Husayn and Aouil sectors contemplates the development of a residential neighborhood with a mix of preserved and new townhouses, low-rise apartment buildings, schools, shops, and open spaces. Height controls are imposed on new developments to preserve view corridors.

The number of temporary parking facilities increases to provide 3,000 spaces servicing about 6,000 customers per day.
As businesses, commercial outlets, and landscaped open spaces multiply, an increasing number of vacant lots provide temporary parking spaces for the growing number of tenants and visitors, awaiting the completion of underground parking facilities prescribed in the city center’s Master Plan.
The restored Scotsi Center (right) continues to overlook the sea as the planned, high-density Hotel District is still undeveloped.
Harmonious alignment of restored and new developments on Omar Darrak Street.
Parallel to Riad El Solh Street, Bank Street shows the back facades of the restored financial institutions, overlooking the Roman Baths and the cascading gardens below the Grand Serail on Capuchin Church Street.
Landscaping is a key part of the Beirut Central District Master Plan, destined to contribute significantly to creating a quality environment in the Lebanese capital. A garden above the Wegand Street underground parking lot now boasts a large water fountain and a variety of greenery, including vines, olive trees, and palm trees.
With archaeological documentation and evaluation in full swing, and following extensive findings related to the Carbo Maxima, a large site between several places of worship is dedicated to be landscaped as the Hadqat Al-Samah (Garden of Forgiveness), conceived as part of the generative framework for the city center’s comprehensive redevelopment.
With the completion of marine and most civic works including a breakwater, a two-line defense structure, and quays, Beirut Marina is able to berth boats (though not at full capacity).
The second phase of land treatment begins, involving the excavation, sorting, processing, and treatment of five million cubic meters of construction debris and domestic solid waste.
The city center is pulsing with life. Landmark buildings are being restored and cafes and restaurants are multiplying, giving the people of Beirut and the country as a whole a new destination filled with landscaped, pedestrian-friendly spaces.
Construction of the large underground parking facilities of Beirut Souks continues while the art deco façades on Fakhry Bey Street (right) are fully restored.
In the blocks forming the immediate eastern edge of Martyrs' Square, the plan envisions a continuous colonnade facing the square. Its objective is to create a strong urban statement as a 21st-century expression of the 1920s Maarad Street colonnade.
The construction of Bank Audi’s headquarters and branch offices nears completion. The project includes three contemporary buildings connected by a top-lit planted atrium together with a restored historic building adjoined by a public garden court.
An increasing number of streets are lined with trees, fitted with planters, or reorganized to accommodate wide medians crowded in trees, shrubs, and colorful annual plantings.
All infrastructure works in the Traditional City Center are complete including the expansion of the Ring Road and the creation of primary east–west and north–south avenues, which organize accessibility and conserve air and view corridors.
Construction of the sea defense structure makes headway. Man-made concrete blocks, "acropoles," are gradually cast on-site and placed among rocks along the western breakwater to form the breakwater. A prefabrication yard is built on-site for the production of the caissons, which will form the second defense line.
The underground parking structure is under construction and the design of Beirut Souks is underway, planned to follow the ancient, pre-Roman street grid and integrate archaeological features and open landscaped gathering spaces.
At the beginning of the Serail Corridor, Bank Audi’s new headquarters and branch offices are under construction.
In the most innovative restoration concepts, such as the BankMed building on Foch Street, the facade of heritage buildings is preserved while the interior is totally revamped to accommodate underground car parks and flexible office space.
Restoration is being carried out based on clear urban design and technical guidelines, preserving facades and adapting interiors to the needs of contemporary life and business. Meanwhile, following a fast-track approach, the first major new development nears completion.
While waste extraction and its subsequent bio-composting progress, land reclamation continues with backfilling into the sea on the northeast side of the landfill.
Ongoing works on the expansion of the Ring Road and addition of tunnels to ensure its opening to traffic by the end of the year.
While infrastructure works accelerate on the Ring Road, a fast-track approach is adopted to the construction of the UN House building (center left) in the Ghalehoul sector.
Excavations uncover a city wall and moat and a Phoenico-Persian quarter, to be incorporated into the design of the Beirut Souks, with the aim to highlight the archeology and create a multisensory experience that is educational and interactive.
Excavations around Martyrs' Square reveal Hellenistic and Roman remains. The latter are found within the preserved foundation arches of the Ottoman Petit Serail. Along with the Canaanite Tell and other finds, they will be incorporated in the planned Beirut City History Museum.
Infrastructure works on Weygand Street with the preserved Abu Assaf Mosque in front of the Al Omari Mosque (left) and Beirut Municipality (right).
Beirut city center becomes a large archaeological site, with excavations uncovering major discoveries dating back to several past civilizations. These excavations are carried out following a UNESCO protocol specifically devised for the area in coordination with a number of agencies and teams of experts from several countries.
The Grand Serail, originally built in the mid-19th century as an army barracks atop a hill during the Ottoman period, is under restoration to become the seat of the Council of Ministers.
Construction of the tunnel linking the Fouad Chehab Avenue Bridge to the Corniche Road near the Phoenicia Hotel.
One of the most important road works in the city center is the expansion of the Fouad Chehab Avenue Bridge. The 3.6 km Ring Road, as it is called, connects to the western end of Fakhreddine Street by tunnel and links through a longer tunnel to the Corniche Road near the Phoenicia Hotel.
At the western edge of the Conservation Area bordering Madi Abyad, St Louis Capuchin Church (center) stands across from the Ottoman structure that houses the Council for Development and Reconstruction, both restored.
Excavation is complete for the major office development near Riad El Solh Square. The complex, named UN House, will house several regional and local UN agencies, in particular the Economic and Social Commission for Western Asia (ESCWA).
The buildings on Fakhry Bey Street are being restored while the Beirut Souks project is under design through five separate commissions to Lebanese and international architects.
Priority is placed on the delivery of infrastructure in the historic core and its surroundings, including utility works comprised of water supply and stormwater and sewage networks, here underway on Weygand Street in front of the Beirut Municipality building.
Informed by natural boundaries and landforms, street patterns, visual corridors, past neighborhood structures, and preserved fabrics, the city center is envisioned as a cluster of sectors, each with its own detailed master plan.
In terms of the road network, works undertaken on behalf and on account of the State include rehabilitation of existing and construction of new primary and secondary roads as well as bridges and tunnels to alleviate congestion at the main entrances to the city center. Above, work progresses on the underpass linking the old Hotel District to its new extension.
Underground utility works prepare the way to the widening of the George Hadid Street in Saifi, de-limiting the city center to the east.
The state of devastation after the war in Wadi Al-Abu Jamil before its reconstruction and development.
Infrastructure works on the underpass and interchange leading to Selim Salam Boulevard and connecting Beirut city center to the airport.
For the Beirut Souks, an initial master plan is commissioned for the Tawila, Ayas, and Al Jamil Souks. Meanwhile, excavation works begin for the related underground parking structure.
Ongoing infrastructure works in the Conservation Area on Foch Street and its surroundings.
Comprehensive urban planning stresses the topography of Beirut city center and ensures a connection between the project and its surrounding areas, accommodating a broad, sustainable, flexible land-use mix.
As an example of transforming disaster into opportunity, the new Waterfront District is planned as an expansion of an original landfill enclosing the Normandy dumpsite (left) that has environmentally scarred the city center foreshore since the Lebanese war.
Following an international design competition with 357 entries from 42 countries, a detailed master plan for the Beirut Souks develops, synthesizing the traditional features of the old area with the requirements of modern commercial activity.
As the war ended and clearing works begin, an agreement is signed with the Beirut Municipality to use 11,000 sq m in the Martyrs’ Square area for social programs and cultural activities. In the meantime, the area welcomes informal cafes.
Most retained heritage buildings such as the Amir Assad Mosque (left) and Beirut Municipality (right) will be restored in accordance with the guidelines set in cooperation with the concerned national authorities. Buildings considered of heritage value must be faithfully restored to match their original external fabric. Other buildings are allowed a certain flexibility, although they are subject to the prevailing height and massing control criteria applicable in the sector.
Saifi, with a large number of retained buildings, is planned as a "special residential policy" district of medium density, with a network of pedestrian links, small squares, landscaped streets, and gardens to recreate a traditional urban neighborhood.
Riad El Solh Square, named after the first Prime Minister of independent Lebanon, here without the statue, removed during the war years.
Beirut’s postwar urban recovery is to be directed through concerted private sector investment into a carefully constructed institutional framework, regulated by government decree. It is set to become one of the largest inner-city and waterfront renewal projects in the world.
The Beirut Central District Master Plan stresses the topography of the city center, as well as the surviving and heritage buildings, townscape views, neighborhood fabric, and the many layers of historical memory forming the city's heritage. Furthermore, it ensures an effective connection between the Traditional City Center, such as Port Street above, and the Waterfront District (the reclaimed land) and between the whole project and its surrounding areas.
The Beirut Central District Master Plan provides an urban design framework for both the restoration of old buildings and the construction of new ones. It recognizes Beirut’s rich heritage and aims to preserve the city’s historical buildings and townscape features. Allenby Street (right) is one of the maintained view and air corridors leading from the Traditional City Center to the new Waterfront District.
The state of destruction of the Old Souks after the war.
Martyrs’ Square and its surroundings before being opened to the Mediterranean Sea with the aim to reactivate the city center and enhance its link to the waterfront.
The site of the planned Hadjat As Samah (Garden of Forgiveness), between Martyrs’ Square (far right behind the preserved Opera House) and Najmeh Square (left, outside picture frame).
The souks that formed the traditional Levantine marketplace in Beirut’s city center, had each a distinctive identity and were mostly named after the goods they specialized in, an anchor retailer, or known family names in business.