

# SOLIDERE QUARTERLY

april-june 2009



Solidere published its financial statements for the year ending December 31, 2008. The Company realized a net profit amounting to US\$214.3 million (US\$182.7 million after tax).

The result is mostly due to US\$256.6 million in gross land sales recognized during the year, with an additional US\$21.7 million in gross rental revenues. Sales backlog as at year end amounted to US\$605.5 million, part of which are expected to be recognized during 2009. New land sales deals worth US\$294 million have been signed by Solidere since the end of 2008, of which US\$126 million in June 2009.

The balance sheet shows high liquidity amounting to US\$291.7 million, with a debt-equity ratio of 0.13%.

Consolidated Balance Sheet	Dec. 31, 2008 US\$	Dec. 31, 2007 US\$
<b>Assets</b>		
Cash and bank balances	291,703,019	327,847,633
Prepayments and other debit balances	34,803,021	34,449,004
Accounts and notes receivable, net	296,401,913	318,734,724
Investment securities	5,901,300	10,063,020
Inventory of land and projects in progress	1,274,486,606	1,404,710,655
Investment properties, net	216,787,077	150,349,040
Investment in an associate	296,444,933	287,458,659
Fixed assets, net	37,304,608	35,641,877
<b>Total Assets</b>	<b>2,453,832,477</b>	<b>2,569,254,612</b>
<b>Liabilities</b>		
Bank overdrafts and short term facilities	176,996,835	181,186,491
Accounts payable and other liabilities	95,310,680	99,357,927
Dividends payable	62,989,562	46,212,797
Deferred revenues and other credit balances	256,523,727	233,147,452
Deferred credits under structured contracts	-	170,280,000
Loans from banks and financial institutions	2,347,054	7,041,163
<b>Total Liabilities</b>	<b>594,167,858</b>	<b>737,225,830</b>
<b>Shareholders' Equity</b>		
Issued capital at par value US\$10 per share:		
100,000,000 class (A) shares	1,000,000,000	1,000,000,000
65,000,000 class (B) shares	650,000,000	650,000,000
	1,650,000,000	1,650,000,000
Legal reserve	94,067,105	75,543,036
Retained earnings	107,832,981	54,591,342
Cumulative changes in fair value of available-for-sale securities	185,130	147,492
Surplus on sale of treasury shares	11,653,751	11,653,751
Profit for the year less legal reserve	164,447,051	208,584,646
Less: Treasury shares	(168,521,399)	(168,491,485)
<b>Total Equity</b>	<b>1,859,664,619</b>	<b>1,832,028,782</b>
<b>Total Liabilities and Equity</b>	<b>2,453,832,477</b>	<b>2,569,254,612</b>

## Solidere International

Solidere International Limited held its annual shareholders general meeting at the Company headquarters in Dubai on Thursday May 28, 2009 in the presence of its Board of Directors and the Company auditors. During the meeting, the audited annual accounts and financial statements for the year 2008 were approved, the Company Directors were granted a release for their management duties in 2008, and Deloitte and Ernst & Young were re-appointed as auditors.

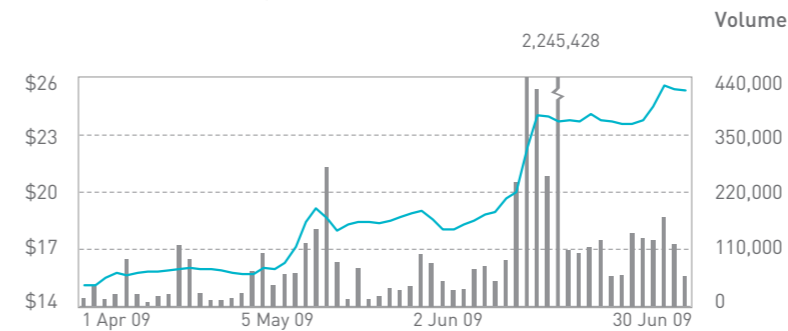
Financial Highlights	June 30, 2008 US\$ million	June 30, 2007 US\$ million
Net Income	12	67
Liquidity	356	330
Investment in subsidiaries/associates	522	532
Total Assets	924	878
Bank Debt	-	-
Liabilities	39	6
Shareholders' Equity	885	873

Consolidated Income Statement	Dec. 31, 2008 US\$	Dec. 31, 2007 US\$
Revenues from land and real estate sales	256,635,633	288,467,975
Revenues from rented properties	21,670,899	20,775,368
Revenues from rendered services	7,426,645	2,953,325
Cost of land and real estate sales	(62,422,633)	(114,089,596)
Charges on rented properties	(8,345,604)	(7,070,296)
Cost of rendered services	(6,712,741)	(4,405,412)
(Loss) on sale of investment properties	(2,108,123)	(824,099)
<b>Net revenues from operations</b>	<b>206,144,076</b>	<b>185,807,265</b>
Share result from an associate	(1,798,576)	68,030,929
General and administrative expenses	(19,351,682)	(18,086,723)
Depreciation of fixed assets	(4,512,679)	(1,494,267)
Write-back of provision/(provision) against land and real estate development cost	9,604,171	(7,882,327)
Write-off of land and real estate development cost	(8,036,672)	-
Other taxes	(3,739,823)	(670,059)
Provision for doubtful receivables	-	(314,962)
Other income	832,032	202,516
Interest income	55,496,110	40,151,525
Interest expense	(20,309,559)	(15,885,954)
Profit before tax	214,327,398	249,857,943
Income tax expense	(31,608,453)	(25,666,091)
<b>Profit for the year</b>	<b>182,718,945</b>	<b>224,191,852</b>

Consolidated Financial Highlights	Dec. 31, 2008 US\$	Dec. 31, 2007 US\$
<b>Summary of Operations</b> in US\$ million		
Net revenues from land sale & rentals	204.9	185.8
Gross rental income	21.7	20.8
General and administrative expenses	19.3	18.1
<b>Sale Agreements</b> in US\$ million		
Gross land sales	256.6	288.8
Sales backlog	605.5	914.1
<b>Financial Ratios</b> in %		
Return (interest income) on liquid assets	4.60	5.50
Debt to equity	0.13	0.38

## Share performance during the 2nd quarter 2009

### Share A - Daily Closing Prices



### Share B - Daily Closing Prices



— Share price (US dollars) — Trading volume

Lebanese capital markets turned upwards along with the global markets, as the world financial crisis showed strong signs of easing. Having bottomed around the US\$15 level, the Solidere shares followed the trend, drifting upwards throughout the quarter.

After the success of the parliamentary elections and the resulting sense of relief in the local political scene, the shares witnessed a strong push towards the end of the quarter. This came along with research update from Citibank that increased the Solidere short term target price to US\$34, as "greater political stability and prospects of liquidity improvement" warrant higher unit prices in Beirut city center.

Share A fluctuated between a low of US\$15.09 and a high of US\$25.62, closing at US\$25.37, a 68.57% increase over the previous quarter. Share B traded between a low of US\$15.04 and a high of US\$25.32, closing at US\$25.04, a 67% increase over the previous quarter.

Trading activity tripled during the quarter, with around 11.6 million shares of both classes traded in the local market. The GDRs traded in the London Stock Exchange followed the locally traded shares, closing the quarter at around US\$23.95, a 68% increase over the previous quarter closing level.



# BEIRUT

## SOUKS

As they get ready for their opening, Beirut Souks received the visit of Rafael Moneo, the Pritzker prize architect who has designed the Souks Core.

Moneo inspected the latest progress of the project, accompanied by Solidere Souks project manager Habib Ghaziri, Dima Khairallah, from Samir Khairallah & Partners, associate architects for the project.





# DEVELOPMENT NEWS



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## Development land sales

Among the latest Solidere land sales, Saifi Modern purchased in the last quarter a land parcel within lot 1075 Saifi (block 104, plots 10-11).

The land, covering an area of 13,178 sq m, will be developed into a residential project, with retail on street level, totaling 42,000 sq m of built-up area.



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## Developer news

A total of 387 projects, representing more than 2.9 million sq m of built-up area, are in various stages of development in Beirut city center.

Projects	BUA sq m	Status
244	1,015,873	Completed
41	511,145	Under construction
10	27,648	Under restoration
32	330,368	Under permitting
32	486,598	Under study
15	505,564	Sold plots
3	29,480	Reserved plots
10	23,994	On hold
<b>387</b>	<b>2,930,670</b>	<b>Total</b>

1. Le Gray hotel, lot 1489 Marfaa, Kevin Dash (UK) with Hani Mourad
2. The Dana of C.C.C. residential building, lot 1353 Mina El Hosn, Kevin Dash with Al Salam Architects
3. Saifi Village Two residential development, lot 146 Saifi, Nabil Gholam



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4. Wadi Abou Jamil panorama with Zokak El Blatt in the background
5. Mina El Hosn panorama, Omar Daouk Street with Wadi Abou Jamil to the right
6. Saifi Village panorama with lot 1075 Saifi (former tennis court)



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# SHOPPING & OUTDOOR LIFE

## Newcomers

**Business**  
ISN Technologies

## Restaurants

Diego  
Layali Café  
Le Capitole

## Shops

Albohsali sweets  
bref fashion  
Canali boutique  
Colette boutique  
Corneliani menswear  
El Puro Cubano tobaccos  
Front Row boutique  
Hari Foch menswear  
Lime clothing  
Maktabi At The Park carpets  
Max & Co  
Posh boutique  
Pou Peé gift shop  
R with love gift shop  
Sarya jewelry  
Taten boutique  
The Luxury outlet accessories  
Thierry's friends gift shop  
Valencia fashion  
Vivienne Westwood menswear  
Vivienne Westwood womenswear  
Zayat accessories

## Opening soon

Cremeria Vienna coffee shop  
Delta airlines  
Gemy boutique  
Envy  
Les Amis  
McDonald's restaurant  
Rodeo Drive boutique



## Other activities

Basketball Saifi, April 5  
*Zakirat el Moustakbal*,  
celebration for placing a  
memorial, Martyrs' square,  
April 13.  
*Fiona's exhibition*, Saifi Village,  
June 21.

## Souk el Tayeb

Baby Cake, homemade  
delicacies, April 25

Weekly organic farmers'  
market, Saturdays.

## Childrens' activities

Painting and egg hunting  
organized by Moutrane Street  
shops, April 11-13 and 18-20.

## EarthRace

More than 6,000 participated  
in the HSBC EarthRace '09  
organized by Beirut Marathon  
Association, April 26. The  
three half-marathon races  
were held under the banner  
*The earth is turning on us*, to  
highlight the negative human  
impact on climate change.  
Winners were awarded seeds  
instead of medals; and trees  
will be planted in the names of  
Lebanon's men and women  
race winners, Daoud Mustafa  
and Elga Trad.





# MUSIC & SHOWS



## Beirut Spring Festival

A series of commemorative events organized by the Samir Kassir Foundation:

*La Bulle*, performance with Raja Ben Ammar and Phou Theater group, City Center Dome, June 18

*The assassination of Omar Rajeh*, lecture-performance by the choreographer, Roman Baths, June 20.

## Classical music

### St Elie Church

*The Passion of the Christ*, interpreted by Elia Francis, a fund raising concert for Cenacle, drug rehab center, April 8.

### Evangelical Church

Concert by Karma Tohmé, Marc Raidy and Teddy Nasr, April 26.

## BIEL

Julio Iglesias, April 11

*Beirut Stand Up Comedy Festival*, April 11-13

*Carte Blanche*, Pietragalla ballet, May 1

DJ Armin Van Buuren, May 9

*Peter Pan* musical, May 9-10.

## Instituto Cervantes

Spanish language day, street performances on Maarad: *Li Beirut*, live flamenco *Dj Pla*, from Spain, June 19.

## Music Hall

*Kalashnik Love*, Speed Caravan trio, electro-oriental, April 28

Thomas Fersen, May 3

Bugge Wesseltoft, electro-jazz, May 10.

## Theater

*Triptease*, Arabic comedy by Marc Kodeih, Monroe Hotel, Thursday to Saturday

*Serial Plaideur*, performance by Maître Jacques Vergès, Music Hall, May 11.

## Fête de la Musique

Beirut city center marked the beginning of summer with *Fête de la Musique*, a tradition which started in 2000. Lebanon was among more than 100 countries celebrating the music festival on June 21. Over 50 international and local artists or groups performed in several venues of the city center. Music genres ranged from Oriental music to hip hop to rock and roll.



## Roman Baths

Bayat, Oriental Champlain, French songs Elias Diez, French rock Karimbo Mixity, rap Bernard Lavilliers The New Government, rock Mashrou'Leila, pop rock

## Evangelical Church

Classical singing by Ghassan Yammine Musical School featuring Galina Khaldeeva, Ernie Chammas accompanied by Olga Bolun at the piano

## Samir Kassir Garden

The Narcycyst, Dubai, hip hop Sandmoon, folk Sylvain Nassar, rock The Incompetents, folk rock Katibe 5, Arabic hip hop

## City Center Dome

DJ sets, tech-house, deep house, minimal, electro: Trix, Charlie Shawlporn, Stephanie Merchak, Trash Inc. Aspro, France, Jade & Diamond Setter, Alex Azzi, Jay K, Fady Assouad, Eli & Rabih

**VJ sets:** Kama (Italy), La Mirza, Mosig, Labo & Strongsky





# EXHIBITIONS & FAIRS



## Art exhibitions

**Pièce Unique**  
*Illusions de Paysages*, Cuban art, with Cuban Ambassador & Mrs Dario de Urra Torriente, May 6-20.

**Ceramic Lounge**  
Canadian Tiffany Frederick, ceramic painting classes, April 30 – May 12.

**Maqam art gallery**  
*The Responsive Hand: drawings 1*, May 19 – July 19.

**Instituto Cervantes**  
*La Maleta*, the luggage, Sean Mackaoui, until April 3.

**Samir Kassir Garden**  
*Painted during seventy-two hours*, Kiki Bokassa, May 7.

**Aida Cherfan**  
*Traces of Values*, Taline Kechichian, April 17 – May 8  
*Collective exhibition*, with Lebanese and international artists, May 26 – Sept 30.

**Mouawad Museum**  
*Claude Moufarege peintures 2003-2009*, June 25 – July 1  
*Artisanat Uruguayen Moderne*, Hecho Aca, Jun 24 – July 15.



## Fairs

**BIEL**  
*Inegma*, April 20-22  
*Horeca*, April 27-30  
*Deco Folies*, May 20-24  
*Project Lebanon*, construction material exhibitions and conferences, including First Annual Sustainability Week and Italian Marble Show, June 16-19.







Events in or by the city center to mark Beirut being named World Book Capital included:

*Hakawati* story telling, children's plays, Nejme Square, April 25-26

*Reading week*, organized by El Bourj Bookstore, Linda Sursock Palace, May 1 -3

*Words and Fashion*, celebrating women's role in artistic creation and poetry, BIEL, May 16-19.



**Books, etc...**

**El Bourj bookstore**

*La Dégénérescence du Liban ou la Réforme Orpheline*, booksigning by Ahmad Beydoun, April 7

*Entre le Monde et Soi*, essay, *Dans les villes que je traverse, je cherche des terrains vagues*, short film projection by Jean-François Pirson, April 9

*Mariage & Identités Nationales au Liban*, booksigning by Daniel Meier, in collaboration with the Swiss Embassy, May 4

*Mosaics and Oriental rugs*, booksigning by calligrapher Bashar Hadi Haidar, followed by an exhibition, May 21-23

*Le Jour Dernier, Confessions d'un Imam*, booksigning by Racha al-Ameer, May 28

*About this Man Called Ali*, booksigning by Amal Ghandour, June 15.

*Le Quartier de Sanayeh à Beyrouth*, book & dvd signing by Pascale Féghali with IFPO (Institut Français du Proche Orient), June 29.

**Instituto Cervantes**  
*L'Image de la Méditerranée orientale dans la littérature hispanique contemporaine*, conference by Tomas Alcoverro, April 23

*Dialogues: book design between Spain and Lebanon*, April 24

Spanish language courses including classes for children, April 22 - July 14.

**Virgin Megastore**  
*Me, After Suffering Hardship*, by Jad Bou Saleh, April 15

*Advertised to Death* by Paula Schmitt, May 29

*La Tuerie d'Ehden, Majzarat Ehden*, booksigning in French and Arabic by French journalist Richard Labeviere, June 12.

**Monroe Hotel**  
*Architecture and Landscapes*, conference by Dominique Perrault, May 29.

**Ceramic Lounge**  
*Mimi in Srilanka, Mimi in Ethiopia and Mimi in Philippines* by Laila Zahed, illustrated by Maya Tawil, April 29-30.

**Rochane**  
*Beyrouth les Mystères du Levant*, booksigning by photographer Ghassan Kitmitto, June 30.

**Martyrs' Square**  
*100 Hours of Astronomy*, organized by the National Council for Scientific research.





# IN & ABOUT

## THE CITY CENTER

1. Ambassador and Mrs. Oumlil with N. Rached
- 2, 3. Ambassador Kawakami and Mr. Cazalet with AR Solh



### Visitors

#### Official

Moroccan ambassador Ali Oumlil and Mrs. Oumlil, with Samir Chammah, president director general of SMAP; Turkish ambassador Serdar Kiliç; Japanese ambassador Koichi Kawakami; deputy head of mission, British embassy, Piers Cazalet; Ebrahim Saeidi, Iranian embassy economic counselor, with Ahmad Norouzy, managing director Omran VaMaskansavanSharh Co; European Economic and Social Committee president An Le Nouail Marlière, with Edgardo de Maria Lozia and Samir Noaimé from the National Economic and Social Council; Chinese embassy economic and commercial counsellor Ge Hua with attaché Zhang Ni; British Embassy UK Trade and Investment senior country manager for Lebanon Carl Jayasekera with Marie-Louise Archer and Paul Khawaja.

#### Business and delegations

Antonio Perez Navarro, Hospes CEO, with Antonio Gonzalez; Fuenso regional managing director ME and Asia; Rabih Modad, director real estate investment banking, UBS Investment Bank, Switzerland; Elias El Murr, Europtima executive manager, with Ghassan Tayoun, firm partner, Robert Ridgewell, business development representative and Masatoshi Shibata, general manager Giken

Engineering Group; Walid Sh'hadeh, CEO Giant Stores group; Hartmut Beutler, CFO Bauer Aktiengesellschaft; Nadim Jaroudi, EIC group chief marketing officer; Naji Boulos, managing director Memac Ogilvy & Mather, with regional account director Rima Rizkallah, business director Richard El Hachem, PR director Rouba Zeidan and creative director Rami Traboulsi; Arnaud Gestin, Boucheron vice-president global sales, with Bernard Fattal; Toni Kazal leading a delegation of six Libyan investors and architects; Stellent project and media managers Vijay and Prachi Arora; Olivier Epp, deputy manager, heading a delegation from the Strasbourg Chamber of Industry and Commerce; Deyaar CEO Markus Giebel and Wassef Serhan, vice-president for international business development; Sebastian Henin, senior vice-president Invest AD; Ashraf Zaki and Ahmed Soliman, managing partners Deraya; Capital Lovejoy London director David Murray, with associate director Edward Freeman and Walid Choucair, principal of JC United; Sadek Ouaninati of Emirates Green Building Council; Tunisian architect Mohamad Trigui; Sami Marrouk from the

Tunisian Ministry of Industry; Leed AP president Suzanne Mondello and sustainability consultant Karin Giefer; PR representative for Rolf Disch Solar Architecture and Settlement Tobias Bube.

#### Professionals / Academics

Architect Christian de Portzamparc with his studio director André Terzibachian and photographer Alessandro Spittili; Architecture Studio partner Roueida Ayache; Sylvie Le Bihan, representative of French chef Pierre Gagnaire; Emile Nasr, head of L'Agenda Culturel, with Raghida Tawilé; BBC reporter Jeremy Howell; British creative consultant Louise Cantrell; US attorney David Moretti; Swiss journalist Aude Marcovitch; Peter Marzio, director of Houston Museum of Fine Arts; Fadi Fawaz, vice-president of Harvard Business School Club in Lebanon and Habib Zoghbi, Harvard Alumni president in Lebanon, leading a delegation of 25 graduates of the Harvard Business School; Dutch architect Wiel Arets with six of his students; architects Gregory Gatsereia and Raymond Nawar of Gatsereia Design; American architect Christopher Woodfin; German photographer Hubertus Prinz von Hohenlohe; Lebanese University professor Samar Makki with 35 architecture students.

### Conferences

In his address at the Arab Economic Forum held in Beirut in April 2009, Solidere general manager Mounir Douaidy spoke about the current state of real estate companies in the region. He highlighted the central characteristics that differentiate Solidere, its business model and environment.

Mr. Douaidy underlined the solid fundamentals, financial and operational, that have allowed Solidere to weather the global crisis: liquidity, lack of leverage, nature and quality of assets, as well as the ability to press ahead in the current environment. These are some of the decisive factors that position Solidere among the few companies likely to come out prosperous after the current crisis, Mr. Douaidy related to the addressees.

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