

REAL ESTATE DEVELOPMENT

Modern architecture that is harmonious with its surroundings characterizes UN House, the embassy compound and the recently delivered multiuse complex near the Serail hill, offering office and residential facilities together with a health club. Following the success scored by Saifi Village, new residential developments are underway in Saifi and Wadi Abou Jamil. The Souks of Beirut are an important magnet still going through the final stages of the building permit and tendering processes.

Solidere's real estate strategy reflects an accurate assessment of the pent-up demand for quality residential, institutional and commercial space and a painstaking ability to meet the requirements and standards specific to each niche market.

The Company has also proven its capacity to adapt to unexpected market and institutional circumstances, changing the nature of some of its real estate schemes and postponing others to better times.

This applies particularly to projects that were part of a 1997 property agreement with the State. The agreement involved the development of 70,000 sq m of floor space, pre-leased as administrative buildings for seven years with an option to buy at an agreed price.

The Company engaged in substantial works at the time, adapting building designs to the end-users' needs. Following a 1999 Council of Ministers' notice canceling the agreement, Solidere filed an action to reverse this unilateral decision. In addition to contractors' claims, the Company's damages include US\$25 million paid to the State in exchange for various lots as part of a property swap falling within the agreement. The litigation and its arbitration are still pending.

The Company stopped implementation of the buildings dedicated to the ministries of Finance and Internal Affairs, completing in the latter case the skeleton for the substructure in order to stabilize the surrounds.

On the other hand, two developments near the Serail hill, initially destined for agencies affiliated to the Prime Minister's office, were pursued on the basis of new land use, design and identified end-users' specifications.



Embassy Compound

One of the two planned developments near the Serail hill is block 58-27 (lot 89 Zokak El Blatt, currently under parceling and regrouping).

Located in Rue de l'Armée, west of the Serail, it was redesigned by Idepconsult - Mounir Saroufim into a 9,300-sq m embassy compound. Its construction was completed in 2001, with infrastructure and landscaping works around the compound implemented in 2002.

After the Japanese Embassy, the British Embassy started moving into its new premises early in 2002. The final handover took place in March, the particularly stringent post-September 11 security requirements having caused the delay.

Works were completed in the remaining space, except for internal partitioning and fittings, which are designed and implemented in conformity with prospective users' demands. Of this remaining space, one section is already reserved by a third embassy, with final agreement pending the fulfillment of some additional requirements. The last section is the object of interest on the part of some other embassies.





Blocks 66-70 Multiuse Complex

The other development initially destined for agencies affiliated to the Prime Minister's office is on blocks 66-70, located in Rue de France on the lower part of the Serail hill.

It was redesigned by Fouad Menem Consultants as a multiuse complex comprising an office building, three residential buildings and a health club. The project was executed by Bureau d'Etudes et Travaux Hydrauliques et Electriques - Elie Selwan.

An agreement was signed with the Council of Development and Reconstruction for the entire 2,900-sq m floor space of the block 70-1 (Lot 1 Zokak El Blatt) office building.

Block 66-1 (Lot 1131 Zokak El Blatt) is a nine-flat residential complex with a 3,200-sq m total floor space. Halim Harmouch was the internal decorator. The entire space has been let or sold.

Designed by FM Consultants with Dada & Associates as internal decorator, the 3,400-sq m health club, operated by Nautilus (US), started operating in April 2003.



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Saifi Village

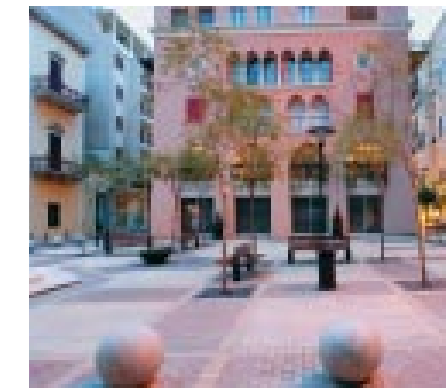
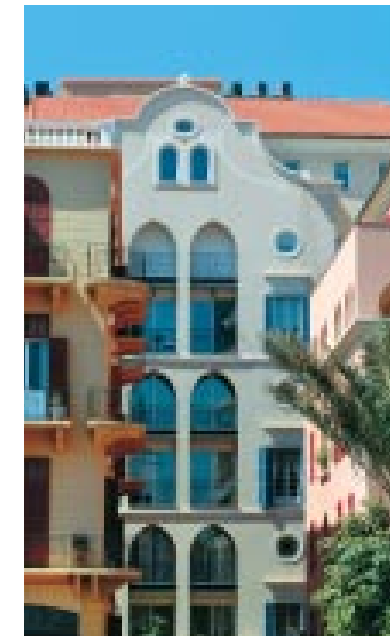
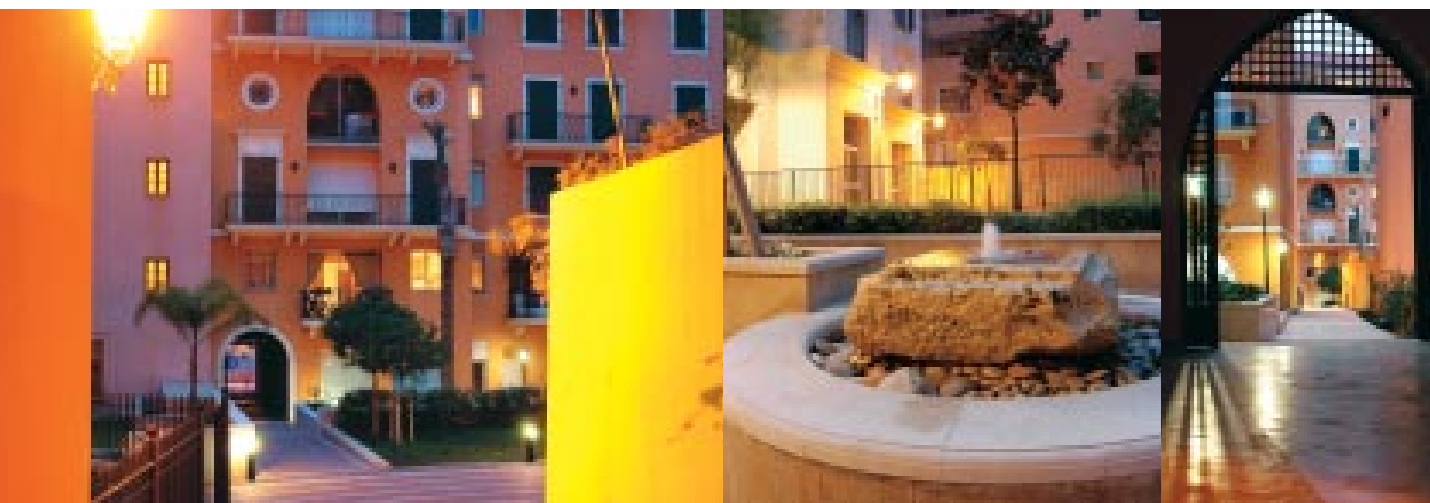
A traditional neighborhood with a preserved urban fabric has emerged at the southeastern periphery of the city center. A success story, Saifi Village offers 34,000 sq m of floor space in 16 low-rise new buildings forming four clusters over 7,400 sq m of land and along six streets.

Designed according to Lebanese tradition, the new buildings blend with existing buildings restored to their original glory.

The residential ambience is enhanced by a quiet environment and a carefully designed and landscaped public realm. Brick paving, fountains, seasonal shrubs and flowers, wooden benches and children's playgrounds convey an appealing and communal character.

The apartments offer comfort and security, elegant interiors and quality finishes. They are equipped with underground parking facilities and are serviced by a nursery school and local shops.

The very favorable market response to Saifi Village gave Solidere the impetus to invest in residential developments expanding the Village and to apply similar 'urban village' principles to other neighborhoods.



Block 93 Car Park

An underground car park is jointly developed by Solidere and owners of six surrounding properties in blocks 93 and 87. It will provide 700 car spaces distributed over four underground levels totalling 31,200 sq m in built-up area, with two main access ramps on Foch and Allenby streets. A landscaped open space will be created atop the car park section owned by Solidere and providing 280 car spaces.

Construction resumed on May 5, 2002, with piling and excavation works underway. Despite efforts to secure building permits for all involved parties, the permits for blocks 93-3, 87-08, 87-27 and 87-28 are still awaiting the finalization by administrative authorities of related parcel subdivision and regrouping procedures.

Tendering is in progress for structural works, with execution expected to start by July 2003 and to be completed in eight months.



The Souks of Beirut

Replacing the traditional markets, the Souks of Beirut are a modern shopping district offering some 100,000 sq m of floor area which are destined to bring to critical mass the supply of retail space in the city center.

While being innovative in meeting contemporary shopping and entertainment needs, the project draws on the site's heritage. Several unearthed archeological finds are integrated within the project design. They include the late Phoenician-Persian harborside settlement and remnants of the medieval city wall and moat, together with other artifacts and mosaics found on the site. The new Souks will also incorporate the Mamluk Zawayat Ibn Iraq shrine and the Ottoman Majidiya mosque.

The gold souk or jewelers' market represents one of the high value-added industries in the country. Expected to create a major focus of attraction successfully adapting a modern shopping concept to local tradition, it is already entirely pre-sold.

The department store is inspired by the architecture of the Khan Antoun Bey Ottoman caravanserai previously on its site. A landscaped square featuring a fountain will face the store and the restored Majidiya mosque. The khan's courtyard has been turned into a central atrium with a glazed roof, another successful adaptation of traditional building form to modern retailing function.

Design contributors include prestigious names: for the Souks proper, which include around 200 shops, Rafael Moneo (Spain) and Samir Khairallah & Partners; for the gold souk, Kevin Dash (UK) and Rafik El Khoury & Partners; for the entertainment complex, Valode & Pistre (France) and Annabel Karim Kassar; for the department store and multi-use building, Nabil Tabbarah; for space planning and landscaping, Olivier Vidal (France); and for car park design and management systems consultancy, Dimitri Alatzas Asociados (Spain).

Solidere finalized the project detailed design and constructed the 2550-space underground car park. The development of the superstructure was delayed as the Company went through various stages of the regulatory permission process. These included Council of Ministers' decree 4246 of 2000, sanctioning the project master plan and approving its impact on Sector E of the master plan; and decree 5714 of 2001.

The Company gave the priority to the building permit for the south Souks, which the board of directors resolved to develop in a first phase, without recourse to investors. This should allow Solidere to keep control of commercial areas and their management, and to secure good revenues. The north Souks, to be implemented in a second phase, may start before completion of the first. The building permit for the south Souks is still not finalized despite approval of the file by the Directorate General of Urbanism and several meetings with the Beirut Mohafez (administrator).

The first phase tendering was organized in two packages: one for the Souk core, including the supermarket; and one for the gold souk. Bids were submitted on October 21 by seven of the 10 contractors invited. The tendering of the second package followed the finalization of drawings reflecting changes in the gold souk design destined to accommodate the requirements of pre-sold units' users. The building permit application took into account these design changes.

The facilities should be completed within 18 to 24 months from the permit approval date. This will allow finalizing the gold souks pre-sales, the leasing of the Souk core retail units, as well as the leasing and management agreements with anchor tenants and international operators. The medium-term funding needed for the project is facilitated by the inherent revenue elements involved receivables against promissory notes from the gold Souks, plus expected rental revenues.

The North Souks permit is still under review in the Municipality.

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New Residential Schemes



Saifi Village

Debbas Square garden

Martyrs' Square axis

Saifi

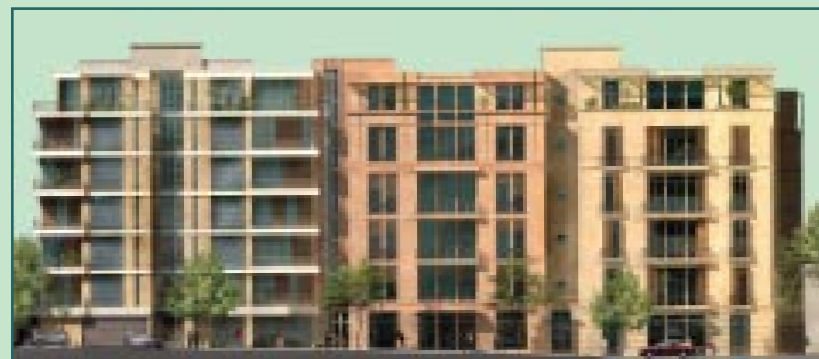
Following the success of Saifi Village, the architect Nabil Gholam was commissioned to design two new projects providing extensions to the Saifi neighborhood. The preliminary design on both has been completed; tenders for excavations have been received and are under review by Solidere.

The extension on lot 146 Saifi addressing the corner of Martyrs' Square covers 3,153 sq m of land. While overlooking the tiled roofs of Saifi Village, the new buildings differ from it in vocabulary and scale, their modern architecture and 40-meter height relating more to the planned scale and character of the Martyrs' Square axis.

The scale of the development is broken down horizontally through the use of upper-level setbacks, and vertically by its subdivision into four separate buildings of different materials and colors.

The second extension on lot 178 Saifi covers a 2,427-sq m land area next to the St Elie Armenian-Catholic church. Since the project integrates a Solidere restored building together with five new buildings, a parcel regrouping procedure was necessary. The scheme also involves slightly cutting back and reconstructing the northern projecting bay of the restored building in order to better accommodate it within the overall design. The amendment was approved by the relevant authorities, as part of the building permit procedure for the superstructure.

Above: 146 Saifi; below: 178 Saifi.



Right and below: Maha Nasrallah design for block 57-34.

Wadi Abou Jamil

Solidere has initiated the design of several residential schemes in the Wadi Abou Jamil neighborhood.

Winner of a competition among new generation Lebanese architects, Maha Nasrallah, presented a conceptual design for a 5,000-sq m floor area development on block 57-34, comprising three apartment blocks with a garden.

On block 65, plots 22 and 23, a development with 3,600-sq m floor area is under design by Ziad Akl. Combining modern luxury with traditional architectural features, it will offer exclusive residential accommodation with private gardens.

The project continues the vernacular architectural expression of the adjacent scheme, also by Ziad Akl, for a boutique hotel grouping a new infill with restored and reconstructed buildings.

Five international architects were commissioned for the preparation of concept designs for block 52-51, with a 21,835-sq m floor area; block 52-52, with a 20,240-sq m floor area; block 53-5, with a 14,000-sq m floor area; and block 57-54, with a 13,304-sq m floor area.

They were carefully selected for their design approaches, which are in particular responsive to local context, culture and climate. All have worked successfully in Mediterranean and in Middle Eastern countries.

The architects are:

- Abdel Wahed el-Wakeel (Egypt)
- Demetri Porphyrios (Greece)
- Rassem Badran (Jordan)
- Giancarlo de Carlo (Italy)
- Oktay Nayman (Turkey).

