

02

- existing city center
- waterfront district
- real estate strategy
- restoration
- sale and rental strategy
- developers' projects
- corporate funding, treasury and treasury stock
- solidere shares and GDRs**
- management systems and studies

Exchange Listings and Ticker Symbols

Beirut Stock Exchange
Solidere A shares
Solidere B shares

Kuwait Stock Exchange
Solidere A
Solidere B

London Stock Exchange
GDRs SOLAq.L

Solidere Shares and GDRs

The Company was spared the destruction that touched many areas in the country. When the market reopened beginning August, after the cessation of hostilities, Solidere shares found a strong base around the US\$15.5 level, then recouped some of their lost territory, pushing up back to the US\$19 level by end August. Trading activity remained subdued during the last quarter, as political instability around year end, and the sit-in from mid December in some public spaces of the city center, affected investors' mood. Trading volumes retreated along with prices, erasing earlier gains in the year. Political turmoil continued to affect the country during the first quarter of 2007. But as far as Solidere, strong fundamentals and international expansion helped appease investor's fears, and the shares found a strong support around the US\$16 level.

Analysis of Share Prices

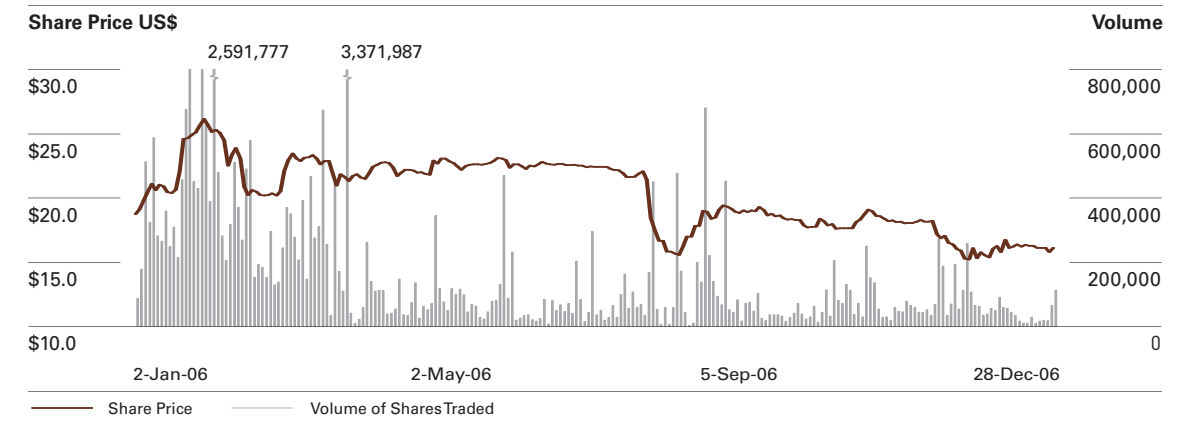
Solidere shares started the year on a positive note. News about major land sales early in 2006 triggered a buying spree that pushed both classes of shares to new highs on heavy volume. A period of relative stability followed, where the shares traded sideways around the low twenties level.

The year looked very promising for the country and the Company. The outbreak of hostilities against Lebanon in July, with resulting casualties and destruction of infrastructure and civilian houses, took everyone by surprise. Listed Lebanese shares were hammered in local and international markets, and local exchange authorities had to take drastic measures to calm the markets, including a full closure of the Beirut Stock Exchange for about two weeks.

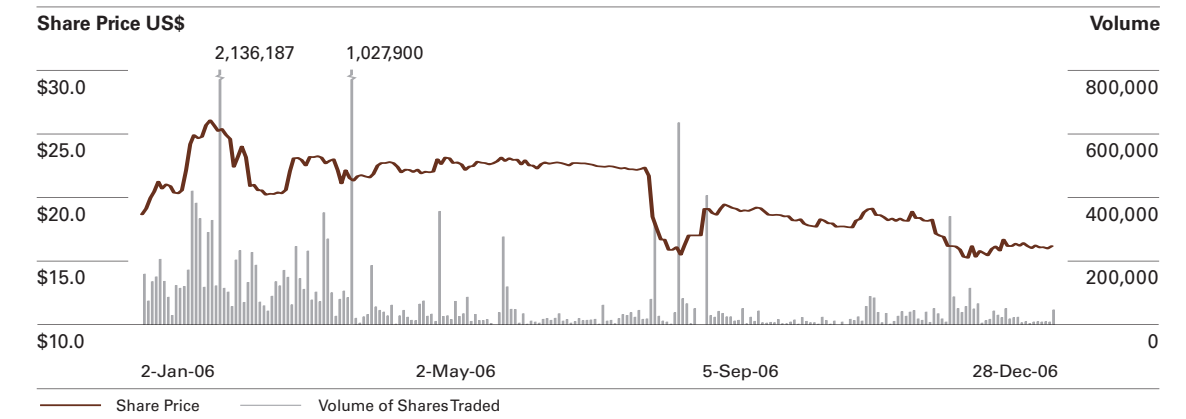
Shares A and B both closed the year at US\$16, representing an 11% decrease from the previous year closing. The GDRs, which are traded in the London Stock Exchange, also moved down, closing the year at US\$16.13, a 5.14% decrease from the previous year.

Both shares fluctuated during the year between a high of US\$26 and a low of US\$15. A total of around 56 million shares changed hands, for a cumulative value of US\$1.2 billion. This represents around 34% of the Company capital changing hands. The average daily trade was around 234,000 shares worth US\$5 million. The average price for the year was consequently about US\$21.47, representing a 45.69% increase from the previous year.

A Shares - Daily Trades



B Shares - Daily Trades



Dividend Distribution

The annual general meeting of shareholders held in June 2006 confirmed the recommendation of the Board of Directors to distribute almost all of the 2005 net profits. This was translated into a dividend of US\$0.60 (US\$0.57 after deducting the compulsory 5% tax on profit distributions) per share held, as per the shareholders' register at the general meeting date. The total dividends amounted to US\$99 million. The distribution to holders of less than 10,000 shares started on August 21, instead of August 15, the delay being due to the war disruption. The distribution to holders of 10,000 shares or more started on September 11. The payment was effected either by check at the Solidere headquarters, or by bank transfer upon request for foreign institutional shareholders or those established abroad. By year end, US\$73 million of these dividends had been distributed.

Research and Investor Relations

The Company pursued its investor relations efforts in 2006, participating in several financial, investment, business and real estate conferences.

An investor roadshow organized by EFG Hermes in the US, the UK and the Gulf on January 23-28, had as its purpose a secondary offering of Solidere shares contributed by existing shareholders, to enhance liquidity in the share on the Beirut stock market. Several one-on-one meetings were held to that effect with Arab investors and financial institutions, as well as international fund managers and analysts. The Company's progress, performance and future plans were presented at the roadshow. The secondary offering of 4,150,000 Solidere shares for a US\$94 million value was more than four times oversubscribed.

Solidere was also invited to a series of international investor conferences held in Los Angeles, New York, London and Egypt. Presentations were made to a large number of international investors and investment funds, many of which are already Solidere shareholders.

Solidere also attended the EFG Hermes conference held in Sharm Al Sheikh March 5-8. The conference gathered a large number of regional companies, fund managers, international, regional and Gulf investors.

Presentations on Solidere's fundamentals and strategies that led to the success of Beirut city center, were made at the Arab Economic Forum, held in Muscat May 12; the Business Opportunities conference in Lebanon Year IV, June 22; the Fleming Gulf conference on Real Estate Investments in the Middle East Forum, held in Beirut June 26; and the Lebanon Opportunities conference on Back-in-business, Success under duress, held on November 9.

Financial research in 2006 was maintained by EFG Hermes, Bank Audi and Merrill Lynch. The Company continued to receive at its premises numerous visitors with diverse profiles.

