

Articles of Incorporation

The Lebanese Company for the Development and Reconstruction of Beirut City Center s.a.l.

CHAPTER ONE

Formation, Name, Object, Duration and Head Office of the Company

Article 1 **Formation of the Company**

By and between the owners of the real estate properties and the sections of the real estate properties whose numbers are specified in the schedules annexed to Decree No. 2236 dated 19th February 1992, and the owners of rights therein and such persons that may subscribe in cash to the capital, a real estate company is hereby incorporated in the form of a Lebanese joint-stock company governed by the provisions of paragraph 9 of Article 5 of Legislative Decree No.5 promulgated on 31st January 1977 added by virtue of Law No. 117 dated 7th December 1991, the provisions of the present articles of incorporation and the non-contradicting provisions of the Lebanese Code of Commerce.

Article 2 **Name of the Company**

The name of the Company shall be:

In English:

The Lebanese Company for the Development and Reconstruction of Beirut Central District s.a.l.
(SOLIDERE)

In French:

Société Libanaise pour le Développement et la Reconstruction du Centre Ville de Beyrouth S.A.L
(SOLIDERE - CENTRE BEYROUTH)

Article 3 **Object of the Company**

1 - To acquire real estate properties and the sections of the real estate properties whose cadastral numbers are specified in the schedules annexed to Decree No. 2236 dated 19th February 1992 and all the rights recorded thereon or pertaining thereto.

2 - To finance and ensure the execution of the infrastructure works in the area where are located the real estate properties and the sections of the real estate properties referred to in paragraph 1 above for the account, and at the expense, of the State.

3 - To prepare and reconstruct the area where the Company's real estate properties are located in accordance with the provisions of a plan and a guiding layout duly approved; restore the existing buildings and sell them, and sell, as well, the replanned lands and the real estate properties; construct buildings thereon and sell, lease, exploit, manage and maintain them.

4 - To bank up part of the seaside in front of the Central District of Beirut at the locations which will be agreed upon with the Lebanese Government by virtue of an agreement to be drawn up by the Council of Development and Reconstruction and ratified by a decree adopted by the Council of Ministers pursuant to a proposal presented by the Minister of Finance and the Minister of Public Works and Transport in accordance with a plan and guiding layout duly approved; the said agreement shall indicate the preparation of the lands reclaimed by the banking up operation, the financing and execution of the infrastructure works pertaining to them, the acquisition by the Company of its share in these lands by virtue of the above mentioned agreement and their selling, as well as the

construction of buildings thereon, the selling, leasing, exploiting managing or maintaining these buildings, and generally exercising all proprietorship rights thereon.

5 - To carry out all operations and works necessary for the accomplishment of the Company's object.

Article 4 **Duration of the Company**
(As amended by virtue of Decree No. 15909 dated 09/12/2005)

The Company's duration shall be thirty five years starting from the date of final incorporation (i.e.: from the 10/05/1994, the date the Company was recorded at the Commercial Register).

Article 5 **Head Office of the Company**

The Company's head office shall be in Beirut.

By virtue of a resolution of the Board of Directors, branches, agencies or offices may be established inside or outside Lebanon.

CHAPTER TWO

Capital of the Company and Amendments Thereto

Article 6 **Capital of the Company**
(As amended by virtue of Decree No. 8964 dated 12/08/1996 and Decree No. 11401 dated 26/11/1997 and Decree No. 11659 dated 12/1/1998)

The capital of the Company shall be fixed in U.S. dollars.

The capital shall consist of the contributions in kind represented by the ownership of the real estate properties, the sections of the real estate properties and all the rights pertaining thereto subject of Decree No. 2236 dated 19th February 1992 and of the cash subscriptions, the value of which shall be determined by the Council of Development and Reconstruction and subscribed to by the persons specified in paragraph 5 of Article 3 of Law No. 117 dated 7th December 1991, provided that the cash subscriptions shall not exceed in value the contributions in kind.

The value of the contributions in kind shall be determined in U.S. dollars by the High Committee of Appraisal provided for in paragraph 4 of Clause IV of Article 3 of Law No. 117 referred to above. These contributions shall be exempted from the formality of verification provided for in Article 86 of the Code of Commerce.

The Capital of the Company was reduced from /1,820,001,290/ U.S. dollars to /1,650,000,000/ U.S. dollars through cancellation of /17,000,129/ Class (A) shares, and the Capital is since constituted as follows:

one hundred million Class (A) shares and 65 million Class (B) shares.

The value of the share shall be ten U.S. dollars.

Article 7 **Cash Subscription in the Capital of the Company**

Once opened, subscription to the cash capital when called, shall be made available to the largest number of shareholders.

The call of subscriptions to the cash capital shall be announced in the official gazette and in at least three local newspapers.

The right of the subscription in the cash capital shall be limited and priority shall be given, to the subscribers according to the following order:

- 1 - The owners of the real estate properties and the sections of real estate properties provided to the Company as contribution in kind, as well as the owners of rights therein;
- 2 - Lebanese nationals and purely Lebanese companies as specified by the Law on the Acquisition by Non-Lebanese Citizens of Real Estate Rights in Lebanon;
- 3- The State, public institutions and the Municipality of Beirut;
- 4- Persons of Lebanese origin, official and semi-official Arab institutions and nationals of Arab countries;

The value of the subscribed shares shall be fully paid upon subscription.

The amounts paid by the subscribers shall be deposited at the banks in a blocked account in the name of the Company (under formation). Such amounts shall represent the full value of the shares subscribed to.

The subscription in the cash capital shall be completed within a maximum period of six months from the date of the last decision of the high Appraisal Committee.

In the event that all shares are not subscribed to within the said period of six months, there shall be deleted, ipso facto, the entries of lien recorded at the Land Registry or the Commercial Registry on the folios of the real estate properties or in the files of the commercial firms concerned. The subscriptions will be returned to their owners, and the Company will be ipso facto annulled and all decrees, decisions, proceedings and measures which would have arisen therefrom shall be repealed.

Upon completion of subscription to the Company's shares, the ownership of the real estate properties, the sections of real estate properties, the Business Concerns (Fonds de Commerce), the rights of lease and all other rights shall be ipso facto transferred to the Company, at the value determined for them by the High Appraisal Committee.

The rights of mortgage, privilege and seizure on the property or Business Concerns (Fonds de Commerce) shall be deleted, and these rights shall be attached to the shares pertaining to the owner of the property or the business concerns, against the contributions of each of them in the same seniority assigned to them.

Article 8 **Cash Contributions**

Cash contributions shall at no time exceed the value of the contributions in kind.

CHAPTER THREE

The Shares

Article 9 **Type of Shares**
(As amended by virtue of Decree No. 11156 dated 15/10/1997)

All shares shall be and shall remain in registered form.

The Company's shares shall be divided into two categories:
Class (A) representing contributions in kind, and Class (B) representing contributions in cash.

Article 10 **Transfer of Shares**

With the exception of the guarantee shares, all the Company's shares are assignable, including those shares that represent contributions in kind, and will be immediately admitted to the Beirut Stock Exchange for negotiation.

The assignment of shares shall be made by a deed signed by the buyer and the seller or their representatives, which deed shall be entered in a special register at the Company. The assigned registered shares will be canceled and the transferee will be given new shares in his name bearing the entries, if any, recorded on the original shares.

The Company does not recognize transfers that are not duly entered in its register.

Article 11 **Subscription Receipt**

The shareholder shall receive upon his subscription, a receipt attesting and indicating the name of the subscriber, the number and class of the shares subscribed to and the price paid thereof.

The said receipt shall be replaced by a provisional certificate of registered shares. Until such replacement is made, the receipt shall be considered as a title that gives the holder the right to take part in the General Meetings.

The Company shall withhold the shares issued in representation of contributions in kind which have not been allocated between their owners by the competent committees or courts, provided that such shares shall be represented at all types of General Meetings by the persons appointed by the competent committees dealing with the subject of distribution pursuant to the request of any interested party.

Article 12 **Provisional Certificates of Registered Shares**

The provisional certificates of registered shares shall be detached from registers having counter-foils, bearing serial numbers, the corporate seal, and the signature of the Chairman of the Board of Directors and a Director specially designated for this purpose. The certificate shall mention the name, address and nationality of the shareholder, the number of shares subscribed to and the par value of the shares. The counter-foil shall reflect the data shown on the certificate.

The Company shall later replace the provisional certificates by share certificates detached from a register having counter foils with serial numbers, each share certificate being stamped by the corporate seal and signed by the Chairman of the Board of Directors and a director especially designated for this purpose.

Article 13 **Indivisibility of the Share**

The share is indivisible, and the Company shall recognize only one owner for a single share. Joint owners, usufructuaries or bare owners of a share shall be represented toward the company by one of them.

Article 14 **Rights Pertaining to the Share**

The share grants its owner:

- 1- The right to receive dividends in accordance with the resolutions of the General Meeting.
- 2- The right to take part and deliberate in the General Meetings and vote with a number of votes equal to the number of shares held.
- 3- The right to receive a part of the Company's assets, upon its liquidation, in proportion to the number of shares held by him, subject in all cases to the Law on the Acquisition by Non-Lebanese Citizens of Real Estate Rights in Lebanon.
- 4- The right to benefit from all resolutions passed by the General Meeting granting the owner of the share or any class thereof any special advantage in conformity with the provisions hereof.
- 5- The right to the owners of shares issued in representation of contributions in kind to use them by priority as partial or full settlement of the price of real estate properties or sections of real estate properties or other rights thereof purchased from the Company. Such settlement shall take place at the market value of the shares.

The shareholders, their heirs, representatives or creditors may not, for any reason whatsoever, apply for any attachment or the sealing of the Company's funds, chattels and documents, and may, in no manner interfere in the management of its business or apply for the division of its assets or the compulsory sale thereof. They shall be bound, in the exercise of the rights pertaining to them to rely on the financial and the balance sheets prepared by the Company and the resolutions of the General Meetings.

Article 15 **Liability of the Shareholder**

The liability of the shareholder for the Company's debts is limited to the shares owned by him. No General Meeting may increase such liability.

Article 16 **Transfer of the Rights and Obligations of the Share**

The rights and obligations pertaining to the share shall remain attached to it irrespective to whom it is transferred. The acquisition of a share shall automatically imply acceptance of the Company's Articles of Incorporation and of the resolutions passed by the General Meetings.

Articles 17 **Maximum Authorized Shareholding**

No shareholder, whether he be a natural person or body corporate, may directly or indirectly own more than 10% (ten percent) of the Company's capital.

The spouse and minor descendants of the shareholder are considered as one person.

Any contract or act, contrary to the provisions of the present article, shall be null, void and non-existing, even between the contracting parties. The contravener shall be subject to the provisions of Law No. 117/91.

Where the shareholding exceeds the proportion specified here above as result of succession or bequest, the excess must be divested within a maximum period of three months under pain of the application of the provisions set out in the preceding paragraph.

The present provisions shall also apply to any legal act concluded through a fictitious person in an attempt to elude these provisions.

No amendment may be made to the Company's Articles of Incorporation which is likely to cause any change in the maximum authorized shareholding herein above provided for. Any amendment if made, shall be considered null and void.

CHAPTER FOUR

Management of the Company

Article 18 The Board of Directors

The Company shall be managed by a Board consisting of twelve members.

In their capacity as owners of the real estate properties integrated in the domain of the Company, the State and the Municipality of Beirut shall be represented on the Board of Directors by one member to be appointed by a decree issued on the proposal of the Minister of Finance and the Minister of Public Works and Transport.

In all events, at least two thirds of the members of the Board of Directors shall be of Lebanese nationality.

No amendment may be made to the Company's Articles of Incorporation which may result in changing the proportion of the Lebanese nationals in the Board of Directors. Any violation in this respect shall be subject to the provisions of Law No. 117/91.

Companies and bodies corporate who are shareholders in the Company are eligible as members of the Board of Directors and may be represented thereat by a person appointed for this purpose, who need not be a shareholder and can be substituted at any time.

The shareholders of contributions in kind shall at all times be represented in the Board of Directors in prorata to their shareholding in the Company's capital.

Article 19 Shares of Guarantee (As amended by virtue of Decree No. 11156 dated 15/10/1997)

Every member of the Board of Directors must own, during all the term of his office as director, at least two thousand shares, with the exception of the representative of the State and the Municipality of Beirut.

The said shares shall be non-transferable and shall bear a stamp to this effect. They shall be kept at the Company as guarantee for the liability of the Directors in respect of their acts of management, and may not be released except after the expiry of the director's term of office and his granting the quittance by the Ordinary Annual General Meeting.

Article 20 Term of Office of the Directors

The term of office of the Board of Directors shall be three years.

In this respect, a year is construed to consist of the period of time falling between two consecutive Ordinary Annual General Meetings.

Directors are re-eligible for more than one term.

Article 21 Meetings of the Board of Directors

The Board of Directors shall be convened by its Chairman whenever there is a need for a meeting or where a meeting is requested by three Directors. The notice of the meeting shall be sent to the directors at their address and shall contain the agenda of the meeting.

The Board of Directors meets at the head office of the Company or at any other place to be determined in the notice within Lebanon, or abroad in case of need. The resolutions of the Board shall be valid only when two thirds of its members are present or represented at the meeting.

An absentee may be represented by one of his colleagues by virtue of a written proxy to be given for that specific meeting. No Director may represent more than one other Director.

Resolutions shall be adopted by the absolute majority of the votes of the members present or represented, and in case of tie, the Chairman shall have a casting vote.

Article 22 **Minutes of the Meetings**

The deliberations and resolutions of the Board of Directors shall be recorded in minutes, entered in a special register and signed by all the members present. The said minutes shall have a probative force toward all parties.

The said minutes are the documents to be relied upon for proving the number of Directors present and represented who took part in the deliberations, the names of these Directors, the names of the Directors delegated on behalf of bodies corporate who are members of the Board of Directors and the names of absentees.

The said minutes shall comprise the names of the dissenting members and the grounds for their dissent where the resolution is adopted by majority vote.

The Chairman of the Board, or two Directors authorized by the Board, will certify extracts and copies of the minutes intended to be produced to the courts or any other authority in case of need.

Article 23 **Remuneration of the Chairman and Members of the Board of Directors**

The remuneration of the Chairman and Members of the Board of Directors shall be fixed in conformity with Article 145 of the Code of Commerce.

Article 24 **Powers of the Board of Directors**

The Board of Directors shall have the broadest powers for the implementation of the resolutions of the Shareholders' General Meeting and for carrying out all acts required for the proper conduct of the Company's business, except those acts which are expressly assigned to the General Meeting by virtue of the law or the present Articles of Incorporation.

The Board of Directors shall have, in particular, the following powers:

- 1 - To set the general policy for the conduct of the Company's business including the policy for the sale, construction, leasing and restoring of the Company's real estate properties;
- 2 - To set the general policy for the placement of excess liquidity;
- 3- To conclude agreements with any private or government agency at the terms which the Board deems suitable;
- 4- To establish or close down any branch, agency or office for the Company in Lebanon or abroad;
- 5- To approve the personnel statutes;
- 6- To effect security and real estate and commercial mortgage; cancel, transfer and release guarantees of any nature;
- 7- To compromise, enter into settlements, drop lawsuits and rights thereto, and approve agreements of compromise;
- 8- To carry out all the necessary formalities for subjecting the Company to the laws of the countries in which the Company operates;

The Board of Directors may delegate part of its powers to its Chairman or to the General Manager in conformity with the provisions of Article 157 of the Code of Commerce.

Article 25 **Duties of the Board of Directors**

The Board of Directors shall:

- 1- Implement the resolutions of the General Meeting;
- 2- Elect from among its members a Chairman, two Vice-Chairmen and a Secretary;
- 3- Prepare at the end of every six months a statement of the assets and liabilities of the Company;
- 4- Take the measures for constituting the statutory reserve by setting aside 10% of the net profits at the end of each year until such reserve becomes equal to one third of the capital. Where the said reserve falls short of this limit for any reason whatsoever, it shall be replenished in the same manner;
- 5- Allocate part of the Company's funds to assist in the solution of the problem of persons displaced before 1st January 1991 in the area of the Central District after ascertaining their conditions, within the policy adopted by the Board of Directors;
- 6- Call the shareholders to General Meetings whenever the need arises;
- 7- Prepare at the end of each fiscal year the inventory, the balance sheet, the profit and loss account, and to draw up its annual general report on the Company's activities and projects, and to put them at the disposal of the Auditors, fifty days before the annual General Meeting in conformity with the provisions of Article 174 of the Code of Commerce; to prepare as well its special report and submit all the suggestions which it deems suitable, especially with regard to the distribution of dividends and interests;
- 8- Carry out the publication formalities in accordance with the laws and regulations in force.

Article 26 **Responsibility of the Chairman and Members of the Board of Directors**

- 1 - The Chairman and Members of the Board of Directors shall carry out all acts required for the proper conduct of the Company's business and affairs, which acts shall be binding for the Company.
- 2 - The Chairman and Members of the Board of Directors are responsible even toward third parties for all acts of fraud, swindling and any violation of the law or the Company's Articles of Incorporation. They shall also be responsible toward the shareholders for acts of mismanagement. Every shareholder may, to the extent of his interest in the Company, proceed against the said Directors on behalf of the Company should the latter fail to do so. In this respect the provisions of Article 170 of the Code of Commerce shall apply.

Article 27 **Term of Office of the Chairman of the Board of Directors, of the Two Vice-Chairmen and the Secretary**

The term of office of the Chairman of the Board of Directors, of the two Vice-Chairmen and the Secretary shall not exceed their respective terms in the Board of Directors.

Article 28 **Powers of the Chairman of the Board of Directors**

The Chairman of the Board of Directors, and in his absence, the senior Vice-Chairman shall preside the meetings of the Board.

The Chairman of the Board of Directors shall conduct the general activities of the Company in his capacity as General Manager.

The Chairman may propose to the Board to appoint one or more Assistant General Managers. However, the Assistant General Manager shall carry out his duties for the account of the Chairman and at the latter's personal responsibility.

The Chairman of the Board of Directors may appoint one or more advisory committees either from among the members of the Board of Directors or from outside the Board. The members of such committee(s) shall study the issues referred to them by the Chairman. However, the opinion of such committee(s) shall not be binding on the Chairman or on the Board.

Where the Chairman of the Board of Directors is temporarily hindered from carrying out his duties, he may appoint one of the Directors to perform all or part of such duties. Such appointment shall be in all cases for a limited period of time. Such Director shall refer to his capacity by mentioning next to his signature the expression "Managing Director" .

Should the Chairman become indefinitely incapable in carrying his duties, the Board shall consider that he has resigned and elect a replacement.

The Chairman represents the Company before the courts and toward third parties; he shall implement the Board's resolutions and transact the day-to-day business of the Company in accordance with the by-laws and commercial practice, under the supervision and control of the Board of Directors. He shall have the following powers:

1 - To receive the amounts due to the Company, collect its moneys in Lebanon and abroad and pay the amounts due by it; this shall be accomplished by the joint signatures of the Chairman with a member of the Board of Directors duly delegated by the Board for this purpose.

2 - To open and close accounts at banks; draw, endorse and receive payment of checks bearing the signature of the Chairman, with that of the member of the Board of Directors duly delegated for this purpose.

3 - To appoint and promote employees and workers, determine their duties, prerogatives and salaries, transfer them to other posts and dismiss them from service, within the frame of the employment policy set by the Board of Directors;

4 - File all court proceedings, and appoint to this effect solicitors and lawyers.

Article 29 **Signature on Behalf of the Company**

The signature of the Chairman, the Assistant General Manager or the Delegated Member within the scope of their respective powers, shall be binding for the Company.

The Chairman or the Assistant General Manager may delegate the authority to sign on behalf of the Company to each of the Managers and authorize personnel to conduct the day-to-day business of the Company.

CHAPTER FIVE

Auditors

Article 30 **Appointment of Auditors**

The Statutory Meeting and thereafter the Ordinary General Meetings shall appoint one or more auditors for a period of three years and shall fix their remuneration. The Company shall be exempted from the appointment of a complementary auditor.

Article 31 **Powers and Duties of the Auditors**

The Auditors shall exercise constant control over the conduct of the Company's activities, and shall have access to all deeds, documents, vouchers and financial statements. The Directors shall provide them with all requested information.

The Auditors shall submit to the annual General Meeting a report on the situation of the Company, its balance sheet and accounts submitted by the Board of Directors and on recommendations concerning the distribution of dividends on pain of avoidance of the resolution of the General Meeting concerning the approval of accounts.

The Board shall present to the Auditors the inventory, the balance sheet and the profit and loss statement at least fifty days before the convening of the General Meeting. The Auditors shall call the General Meeting to convene each time the Board of Directors fails to do so in the instances provided for by law or by the present articles.

They may call the shareholders to a General Meeting whenever they deem it necessary, and they are bound to do so whenever requested by a group of shareholders representing one fifth of the capital, provided that the notice of the meeting shall contain the agenda of the proposed meeting.

The Auditors shall be jointly or severally responsible even toward third parties for any fault in audit.

CHAPTER SIX

General Meetings

Article 32 Types of General Meetings

Shareholders' meetings are of three types:

1 - The Statutory Meeting which is the first meeting held by the shareholders following the subscription to the shares;

2 - Ordinary General Meetings which deal with the accounts submitted by the Board of Directors, the distribution of dividends proposed by the Board, to elect new Directors, to appoint the Auditors and deliberate on all matters of concern to the Company with the exception of amending the Company's Articles of Incorporation;

3 - The Extraordinary General Meeting which convenes to discuss the amendment of the Company's Articles of Incorporation.

Article 33 Constitution of General Meetings

Every shareholder shall have the right to take part in the different types of General Meetings, and those shareholders who are unable to attend a General Meeting are entitled to be represented thereat provided their representatives are themselves shareholders except for legal representatives of incapacitated persons.

As to legal entities shareholder of the Company, they shall take part in the Meetings through their legal representatives or the persons duly appointed to this effect.

Every shareholder is entitled to take part in voting with a number of votes equal to the number of shares he holds or represents without limitation.

In the event of any delay in passing a decision on the subject of distribution of shares to their owners, for any reason whatsoever, the Distribution Committee in charge of the matter shall, pursuant to the request of any interested party, appoint a representative on behalf of the undistributed shares which represent the contributions in kind, in all types of General Meetings.

Article 34 Notice of General Meetings

Ordinary and Extraordinary General Meetings are convened by the Board of Directors, and the Statutory Meeting by the Founders.

The Auditors shall assume the duty of the Board of Directors in calling the shareholders to a General Meeting in the instances provided for in article 31 hereof.

The notice of the Meeting shall specify the date, place and agenda of the Meeting, and shall be published in two daily local newspapers at least twenty days before the date fixed for the Meeting.

When a group of shareholders representing one fifth of the capital request the convening of the shareholders to a General Meeting, the notice shall be made within twenty days from the date of the deposit of the requisition.

Article 35 Shareholders' General Meetings

General Meetings convene at the Company's head office, and are presided by the Chairman of the Board of Directors, and in his absence, under the chairmanship of the senior Vice-Chairman.

Every General Meeting shall have a Secretariat composed of a Chairman, a Secretary and two scrutineers.

The duties of scrutineers shall be assumed by two of the shareholders present who own personally or represent by proxy the largest number of shares; should they decline, the shareholders following them in such capacity shall be appointed, and so on until the appointment is accepted.

There shall be prepared at every General Meeting an attendance list showing the names of the shareholders present and represented, their address for service, the number of shares held by each one and the number of votes pertaining to these shares.

The meeting may not consider matters other than those listed on the agenda, except unforeseen ones which are submitted by the Chairman of the Board of Directors or his deputy.

Article 36 **Minutes of Shareholders' General Meetings**

The Secretariat of the General Meeting shall cause minutes of all proceedings of meetings which shall include a summary of the deliberations and the full text of the resolutions adopted. These minutes shall be signed by the Chairman and the members of the Secretariat.

The Chairman or two members delegated by the Board of Directors shall certify the extract of minutes intended to be produced to the courts or to any other authority.

No shareholder may vote in his personal name or by proxy when the resolution under discussion concerns a matter involving him personally or a dispute between him and the Company.

Article 37 **Voting**

Voting shall be made by a show of hands unless the subject-matter of the vote has a personal character such as the removal of Directors or the implication of their responsibility, and one of the shareholders requests a secret poll.

Article 38 **Powers of the Resolutions of the General Meetings**

Resolutions duly adopted by General Meetings shall be binding on all shareholders including absentees, dissentient or incapacitated, provided that any concerned party shall have the right to challenge such resolutions on the grounds of irregularity, fraud or excess of authority.

The deliberations of General Meetings, whether ordinary or extraordinary, shall not be valid unless the number of shares present or represented owned by Lebanese nationals, amounts to or exceeds 51% of the total number of shares present or represented at the meeting.

Statutory Meeting

Article 39 **Notice of Meeting**

The Council of Development and Reconstruction shall call the Statutory General Meeting after the completion of the subscription and of all the formalities required for the formation of the Company.

The notice of the meeting shall be published twice in the official gazette, in an economic newspaper, and a local daily newspaper with an interval of at least one week between these two publications. The notice shall contain the agenda of the meeting.

Article 40 **Quorum**

The Statutory Meeting shall consist of all the shareholders of contributions in kind and in cash. The quorum required for the first meeting consists of the attendance of shareholders representing at least two thirds of the capital.

If this quorum is not present, a notice to a second meeting shall be made by publication, twice in the official gazette, in an economic newspaper and two daily local newspapers with an interval of at least one

week between one publication and the other. There shall be stated in the notice the agenda of the previous meeting and the results of its proceedings.

The proceedings of this second meeting shall be valid if the shareholders present thereat represent at least half of the capital.

If this latter quorum is not present, notice according to the same procedure may be made for the convening of a third Meeting which will be valid by the attendance of shareholders representing at least one third of the Company's capital.

Article 41 **Majority**

Resolutions shall be adopted by the majority vote of two thirds of the shareholders present or represented.

Article 42 **Role of the Statutory Meeting**

1 - The Statutory Meeting shall ascertain the fulfillment of the conditions of formation and the veracity of the statement concerning the subscription, and shall carry out all other verifications in accordance with the provisions of the present Articles of Incorporation.

2 - It shall elect the members of the first Board of Directors, ascertain their acceptance of their duties, and fix the remuneration of the Chairman and members of the Board of Directors and the Auditors.

Ordinary General Meeting

Article 43 **Meeting and Notice Thereof**

The Ordinary General Meeting shall convene once a year in the course of the first six months upon notice from the Board of Directors.

It may also convene:

- 1- When this is requested by a number of shareholders representing one fifth of the capital.
- 2- When this is requested by the Auditors in the instances provided for by the law and the present Articles of Incorporation.
- 3- In case of emergence of unusual or urgent events.

Article 44 **Constitution of the Meeting**

The Ordinary General Meeting consists of all the shareholders including those who hold a single share.

Article 45 **Conditions of Participation**

The Board of Directors shall give each shareholder an attendance card indicating the number of shares he holds in accordance with the Shareholders' Register of the Company.

Article 46 **Quorum**
(As amended by virtue of Decree No. 8964 dated 12/08/1996)

The quorum required for the Ordinary General Meeting consists of the attendance or representation of a number of shareholders representing at least half of the Company's capital.

If this quorum is not present at the first meeting, a notice for a second meeting will be made where the attendance of a number of shareholders representing at least one third of the Company's capital will constitute adequate quorum.

And if the quorum is not present at the second meeting, a notice for a third meeting will be made, whereby the legal quorum shall be whatever is the number of attending shareholders.

Article 47 **Majority**

Resolutions shall be adopted by the absolute majority of votes of the shares present and represented.

Article 48 **Powers of the Ordinary General Meeting**

The Ordinary General Meeting shall have the broadest powers:

1- It shall consider the report of the Board of Directors and the report of the auditors on the Company's situation, accounts and balance sheet. It shall discuss and adjust the accounts submitted to it, and either approve or reject them, and unless it finds an objection to do so, it shall grant *quitus* to the Chairman and members of the Board of Directors.

2- It shall fix the dividends to be distributed pursuant to the recommendation of the Board of Directors and after taking note of the Auditors' report.

3- It shall elect the members of the Board of Directors, accept their resignation, appoint the Auditors and fix the remuneration of the members of the Board of Directors and the Auditors.

4- It shall grant the authorization to the members of the Board of Directors in conformity with the provisions of Articles 158 and 159 of the Code of Commerce.

5- It shall grant the Board of Directors the necessary special powers to carry out acts that lie beyond its power according to the provisions of the present Articles of Incorporation.

6- It shall deal with all issues listed on the agenda, and generally with all that pertains to the Company's interests with the exception of amendments to the Company's Articles of Incorporation.

Extraordinary General Meeting

Article 49 **Constitution of the Meeting**

The Extraordinary General Meeting consists of all the shareholders including those who hold a single share and is convened in the same manner adopted with respect to the Ordinary General Meeting.

Article 50 **Powers of the Extraordinary General Meeting**

The Extraordinary General Meeting shall deal:

1 - With every draft amendment to the Company's Articles of Incorporation, provided that such amendment shall not entail change of the Company's nationality, or increase of the shareholders' liability, or any prejudice to third parties' interests or amendment of the proportion provided for in each of Articles 17 and 18 hereof.

2 - With the dissolution of the Company or the extension of its duration.

Any amendment to the present articles shall become effective after completion of the formalities provided for herein and in the Code of Commerce, and after its ratification by a decree to be passed by the Council of Ministers.

Article 51 **Quorum**

With regard to the resolutions providing for the amendment of the object or form of the Company, the quorum required shall always represent at least three quarters of the Company's capital irrespective of the number of sessions required in this respect.

As regards all other resolutions, the required quorum and periods of notice shall be in conformity with those provided for in Article 203 of the Code of Commerce.

Article 52 **Majority**

Resolutions shall be adopted by a two thirds majority vote of the shares present and represented.

CHAPTER SEVEN

Financial Year, Inventory, Accounts and Distribution of Profits

Article 53 **Fiscal Year**

The fiscal year shall begin on the first of January and end on the thirty first of December of each year. However, the first fiscal year shall begin on the date of incorporation of the Company and end on the thirty first of December of the same year.

Article 54 **Report of the Board of Directors**

The Board of Directors shall prepare at the end of the first six months of every year a concise statement of the Company's assets and liabilities. It shall prepare at the end of the year the inventory, the balance sheet, the profit and loss account and the annual report and place all these documents at the disposal of the auditors, at least fifty days before the date of the Meeting.

In its annual report, the Board shall put forward the propositions it considers appropriate, especially with regard to the distribution of dividend and the formation of capital reserves.

Article 55 **Auditors Report**

After review of the Company's records and accounts, the Auditors shall draw up their report in conformity with Article 31 hereof and submit it to the Company at least sixteen days before the date of the General Meeting.

Article 56 **Right of Access**

Every shareholder may have access at the Company's head office to the inventory, the balance sheet, the profit and loss account, the list of shareholders, the report of the Board of Directors, the report of the Auditors, the consolidated profit and loss account and the consolidated balance sheet, if any, and the Auditors' report thereof, during the fifteen days that precede the General Meeting.

The shareholder may secure, at his own expense, copies of these documents with the exception of the inventory.

Article 57 **Net Profit**

The net profit shall consist of the Company's revenues after deduction of the Company's costs, general expenses, operating costs, taxes, duties, charges and costs of whatever kind or nature, and after deduction of the amounts allocated for depreciation, emergencies, unforeseen events, Social Security contributions and other special reserves.

Article 58 **Distribution of Profits**

Ten percent of the net annual profits shall be set aside to constitute the statutory reserve fund as indicated in Article 25 hereof.

The balance of the net profit shall be distributed equally among the shares.

However, the General Meeting may, upon recommendation of the Board of Directors, decide not to distribute all or part of the profit, or to carry forward all or part of it to the next fiscal year, or to allocate it for additional depreciation, or for constituting a special reserve fund.

The General Meeting may also decide to distribute the special reserve fund to all the shareholders, or make up the shortage in the dividends left from a previous year.

Dividends shall be paid on the dates and at the places fixed by the Board of Directors.

CHAPTER EIGHT

General Provisions

Article 59 **Right of the Company to Purchase Its Shares**

The Company may purchase up to 10% of its shares notwithstanding the absence of reserve, provided that it shall resell these shares within a period not exceeding eighteen months.

Article 60 **Exclusions and Exemptions**

1 - The Company shall be exempted from the provisions of Article I of the Law on the Acquisition by Non-Lebanese of Real Estate Rights in Lebanon and relieved from the authorization to acquire real estate property.

2 - The Company shall be exempted from the duties of the Notary Public pertaining to the State, the duties of registration at the Commercial register and the stamp duty on the capital. Contributions in kind shall be exempted from all duties of transfer from their original owners to the Company.

3 - The Company shall be exempted from income tax for a period of ten years from the date of its incorporation well as its shares and shareholders only in their capacity as shareholders in the Company from the tax provided for in Section Three of the Income Tax Law for the same period.

Article 61 **Obligations of the Company**

1 - The Company shall earmark a certain percentage of the funds received from cash subscriptions for restoring the buildings that are not intended for demolition and for constructing new buildings in the area.

2 - The Company shall draw up, within six months from the date of its incorporation, a time schedule for the execution of the project specifying the amounts earmarked for restoration and reconstruction, and file such schedule with the government departments concerned.

3 - The Company shall finance and ensure the execution of the construction of roads, squares and public gardens at the expense of and for the account of the State by virtue of an agreement to be concluded with the Council of Development and Reconstruction in accordance with the laws and regulations in force and in compliance with the Master Plan and the detailed guiding layout prepared and duly approved for the area concerned. The areas developed in this manner shall become public domain and shall be the replacing counterpart of unbuilt public domain in the area concerned and which will be automatically excluded from the public domain.

The new areas shall not be less than the original ones, and they shall in no case be less than one fourth of the real estate properties falling within the boundaries of the Company's domain.

The Company shall acquire without counter-part those parts of the unbuilt public domain that do not fall within the new public domain which will be subject to development.

The built public domain which according to the Plan and the regulations is to be kept in the same location, shall remain the property of the Public Department concerned.

4 - The Council of Development and Reconstruction may, pursuant to a decision by the Council of Ministers, request the Company to finance the rehabilitation of the Government and Municipal buildings located in the area, or erect government buildings therein, and in case of approval by the Company, such projects shall be carried out in accordance with an agreement to be concluded between the Company and the Council of Development and Reconstruction in conformity with the laws and regulations in force.

5 - In accordance with an agreement concluded with the Council of Development and Reconstruction and in conformity with the laws and regulations in force, the Company may, for the account and at the expense of the State, finance and ensure the execution of the infrastructure works, such as the water system, the electricity, telecommunications network, sewage and drainage systems, roads, sidewalks, lighting poles, garages and all other public facilities and installations in the area falling within the boundaries of the Company's domain.

6 - By virtue of an agreement to be concluded between the Company and the Council of Development and Reconstruction and after approval of the Council of Ministers, the Company may be compensated for all or part of the works provided for in paragraphs 3, 4 and 5 above, as well as for the infrastructure of the lands reclaimed as a result of the banking up of the seaside in cash and/or a part of the said reclaimed lands and/or lands belonging to the State in the area concerned and/or the right to exploit certain services resulting from the infrastructure, and in this latter case such exploitation shall be made by virtue of laws to be promulgated in this respect.

CHAPTER NINE

Transitory Provisions

Article 62 **Board of Founders**

After promulgation of the decree approving the present Articles of Incorporation, the Council of Development and Reconstruction shall form a Board of Founders consisting of itself and eleven members from among the proprietors and right holders in the area of the Central District and the prospective financiers.

The financiers shall be selected following an invitation in the newspapers, from among persons whose solvency is established by bank guarantees acceptable to the Council of Development and Reconstruction.

The council shall appoint an international auditing firm which shall join the said Board.

Article 63 **Recuperation of Certain Real Estate Properties**

I. During the period of three months following the issuance of the decision of the High Appraisal Committee and the approval of the plan and guiding layout of the area of the Central District, the Board of Founders shall determine the real estate properties which may be returned to their owners on the bases of the conditions set out hereinafter.

II. The present provisions shall apply to the real estate properties which meet the following conditions:

1 - The buildings erected thereon should still be standing and in condition that does not preclude the use for which they were intended, or that the building be under construction;

2 - The real estate properties should not be covered by the reorganization according to the plan and guiding layout of the Central District.

III. The Board of Founders shall publish a list of the abovementioned real estate properties in the official gazette and in two local newspapers, the period of time given to the owners for exercising their right to recuperate the properties concerned shall commence from the date of the last publication.

IV. The right of recuperation shall be exercised according to the following terms and conditions:

1 - Priority for the exercise of the right of recuperation shall be given to the owners, in proportion of their original equity in the property and within a maximum period of three months from the date of publication made in conformity with the provisions of clause 3 above. In the event one or more of these owners fail to exercise such right, the said right shall revert to the other owner or owners, each in proportion of their equity in the property, provided that they shall have expressed their desire in the application for recuperation, where needed, to use whatever reverts to them out of the rights of the defaulting owner or owners. In this case, they may associate with them parties other than the previous owners.

2 - In order to exercise the right of recuperation of a specified real estate property, the recuperation should cover full ownership of the recuperated property, and the owners should submit a proof acceptable to the Board Founders of their capability to execute.

3 - The price of recuperation shall be determined at the value fixed for the whole property by the High Committee of Appraisal provided for in paragraph 4 of clause IV of Article 3 of Law N° 117/91 dated 7th December 1991 plus a percentage not exceeding 12% of the said amount to be determined by the Board of Founders and which shall be earmarked by the company for reconstructing the neighboring areas and participating in the solution of the problem of displaced persons living in the Central District before 1/1/1991, after ascertaining the authenticity of their conditions, within the framework of the policy adopted by the Company's Board of Directors.

4 - If the owner or owners recuperate their right of ownership of the property in conformity with the

foregoing conditions, then each holder of a right of occupation, based on legal ground, shall be given the opportunity to recuperate this right in the leased premises, provided he expresses his desire to recuperate the said right, within two months from the date of publication in the official gazette and in two local newspapers of the list of real estate properties recuperated by their owners.

In this case, and provided he transfers to the owner the shares belonging to him at their nominal value, free from any right in favor of third parties for returning them to the Company, and his paying to the owner the part due to him from the percentage mentioned in paragraph 3 above in respect of these shares, the holder of such a right shall recuperate the leased premises at the same previous conditions and at the same rental amount with the increases provided for in the laws in force.

The holder of a right of occupation who exercises the right to return to the leased premises, shall participate in the cost of rehabilitation of the building in agreement with the owner.

V. In the case the owners of a right to recuperate their property do not exercise their said right within the period of time provided for in paragraph I of clause 4 above, the right of recuperation of the property shall pass over to the other right holders in the property concerned at the same conditions set out here above, and for a period of three months following the expiry of the period of time provided for in the said paragraph.

VI. In case no owners of property or holders of rights therein fail to exercise their right to recuperate the property within the period of time prescribed here above, any holder of right to occupy the property concerned on legal grounds may apply to the Company to return to his leased premises, provided he expresses his desire to do so within one month from the date of the Company's final incorporation. In the event of there being more than one holder of right of occupation of the same premises, the application must be submitted by all of them. In this case, the senior occupant will be given priority to the lease on the bases of the rental amount and conditions determined by the Board of Directors.

VII. The price of recuperation by the owner of the property or the holder of right who recuperates it, shall be settled by offsetting the amount owed to him by the Company for his contribution in kind in the property and the amount owed by him to the Company in counter-part of the recuperation.

The settlement shall be made by the transfer of the shares to the Company at their nominal value, free from any right in favor of third parties, upon issue of the decision regarding the property concerned by the Distribution Committees of the appraised value among the owners and lessees in accordance with the provisions of paragraph 6 of Clause IV of Article 3 of Law No. 117 dated 7112/1991.

The balance of the price of the part of the category to which belongs the recuperator, whether owner of property or holder of right, shall be paid in shares at the nominal value, or in cash on the very said date.

As to the other amounts in cash (i.e. the price of share of the property pertaining to a category other than that of the recuperator and the percentage referred to in paragraph 3 above), the recuperator may pay them in installments and at market rate of interest against a mortgage on the property.

As to the amounts representing the price of the share pertaining to a category other than that of the recuperator, they may be settled in installments over a seven year period at market interest rates.

As to the amounts representing the percentage mentioned in paragraph 3 above, payment thereof shall be scheduled with their interest over a period of seven years. However, if the annual installment with the interest exceeds 50% of the total income from the recuperated property, the recuperator may have the period of scheduling extended so the annual single installment with the interest shall not exceed 50% of the total income from the property, provided that the period of scheduling into installments shall under no condition exceed the original duration of the Company.

In both of the above cases, the Company shall not object to that procedure.

VIII. The owner or owners of property or of holders of rights who have exercised the right of recuperation, must rehabilitate the building or complete its construction within a period of two years, and start the work within six months from the date of final incorporation of the Company in conformity with the plan and guiding lay-out of the Central District under pain of cancellation of the right of recuperation, while reserving the right of the Company to claim damages.

IX. The Board of Directors of the Company may apply the provisions set out in the present Chapter to the real estate properties originally unbuilt, located within the boundaries of the area concerned, which remain fit for construction in accordance with the laws and regulations in force.

In this case, the Board will ascertain the capability of the former owners to proceed with the construction in the recuperated real estate properties and its completion within the period of time prescribed by the Company.

X. The Board of Directors of the Company shall refrain from registering the real estate properties subject to recuperation in the name of the Company at the Land Registry until the expiration of the periods of time allowed for the exercise of the right of recuperation.

XI. The owner who recuperates his ownership rights in accordance with the provisions of the present chapter, shall be considered to have remained owner without interruption, and the lien entered on the folio of the property at the Land Registry and at the Commercial Registry in accordance with the provisions of paragraph 5 of Clause IV of Article 3 of Law No. 117 dated 7/12/1991 shall be removed.

CHAPTER TEN

Dissolution of the Company, Liquidation and Litigation

Article 64 **Dissolution of the Company and Extension of Its Duration**

The Company shall be dissolved at the end of its duration as fixed in the present Articles of Incorporation, or if the realization of the project for which it was formed proves to be impossible.

The Extraordinary General Meeting may decide at any time, pursuant to a request by the Board of Directors to dissolve the Company before term, as it may also decide to extend its duration beyond the time determined in the present Articles of Incorporation.

Such resolution shall only take effect after its approval by Decree adopted by the Council of Ministers.

Article 65 **Appointment of the Liquidators**

Upon expiration of the Company's duration, the Ordinary General Meeting shall appoint one or more liquidators and fix their remuneration, and in the case of dissolution before term, the appointment of liquidators shall be made by the Extraordinary General Meeting.

Where it is impossible to reach a resolution for the appointment of liquidators through the General meeting, the issue will be referred to the court.

All the powers of the Board of Directors shall cease upon the appointment of liquidators. However, the General Meeting shall retain its powers during the liquidation and may, at any time, revoke or change the liquidators and extend or restrict their powers, except where the liquidators are appointed by the court in which case the powers shall be given to the said court.

Article 66 **Powers and Duties of the Liquidators**

1 - Upon taking charge of their duties, the liquidators shall receive the Company's accounts as from the date of the last balance sheet approved by the last General Meeting. They shall either approve these accounts or call the shareholders to a General Meeting to approve them.

2 - The liquidators shall draw up with the Managers of the Company the inventory, collect the Company's moneys, pay its debts, dispose of its assets and, in general, carry out all the acts required for liquidation within the scope of their powers and in accordance with the terms set out in the resolution of their appointment.

3 - Where the period of liquidation exceeds one year, the liquidators shall draw up the annual balance sheet and publish it according to the normal procedure.

Article 67 **Duties of the Auditors During Liquidation**

The Auditors shall continue to exercise their duties during the liquidation and monitor the Company's operations; they shall draw up a report on the accounts submitted by the liquidators.

The Ordinary General Meeting shall approve the said accounts and release the liquidators from liability; in case of disapproval, the matter will be brought before the court.

Article 68 **Distribution of Assets**

Upon completion of the liquidation, and after settlement of all amounts due by the Company, there shall be returned the nominal value of the shares, and the surplus will be distributed to all the shareholders in accordance with the law.

However, real estate rights cannot be divided and distributed in kind to non-Lebanese shareholders except in accordance with the provisions of the Law on the Acquisition of Real Estate Rights by Non-Lebanese in Lebanon.

Article 69 **Litigation**

The competent Court of Beirut shall be the court having jurisdiction to deal with every dispute between the Company, the shareholders and the members of the Board of Directors.

The actions of liability filed against the Company are of two kinds:

1 - An individual action which the party who have suffered damages may file against the Company, and which the shareholders may not stop by a resolution from the General Meeting releasing the Chairman and members of the Board of Directors from liability.

2 - Disputes that concern the general interest of the Company, which cannot be directed against the Board of Directors or one of its members except in the name and for the account of all the shareholders, and in accordance with the resolution of the General Meeting. Every shareholder desiring to file an action of this kind shall notify its subject to the Chairman of the Board of Directors by registered letter to be sent at least one month before the convening of the General Meeting. The Chairman of the Board shall insert the proposition on the agenda of the said meeting.

Should the meeting decide to reject the proposition, this decision shall be final and conclusive for all shareholders and none of them may raise anew the dispute in question. Where the proposition is accepted, the General Meeting shall appoint one or more attorneys to handle the dispute. Under pain of annulment, all notifications regarding the said dispute shall be served on the attorneys concerned, and no notification may be served in any case on the shareholders personally. In case the Board of Directors does not insert the subject of the dispute on the agenda, or the Meeting cannot deal with it for absence of quorum, the shareholder may file the action after the lapse of six weeks on the dispatch of the registered letter unless the Board of Directors shall have proceeded to call the shareholders to a second General Meeting, in which case the shareholder shall wait for the resolution of this Meeting.

The shareholder can file no claim except within the limits of his share holding in the Company. In case of occurrence of disputes, the litigant parties shall elect domicile for notification within the jurisdiction of the Court of the Company's head office where they will be notified all papers and summons. Their notification at such address shall be valid irrespective of their actual place of residence.

Where no address for notification is given, any judicial or non-judicial notification shall be valid if served at the registry of the court of the Company's head office.

The explicit or implicit election of domicile for notification as plaintiff or defendant shall automatically give jurisprudence to the courts of the head office of the Company.

CHAPTER ELEVEN

Provisions Concerning the Establishment of the Company

Article 70 **The Founders**

The Board of Founders shall carry out the formation procedures and shall have the power to approve the disbursements required for these procedures as well as the costs of works which will be performed during the stage of establishment in preparation for their submission to the Statutory Meeting for approval.

The mission of this Board shall come to an end upon the convening of the Statutory Meeting and the election of the first Board of Directors.

Article 71 **First Duties of the Founders**

The Council of Development and Reconstruction shall secure the registration of the present Articles of Incorporation by a notary public established within the district of the Company's head office, and publish in the official gazette and three local newspapers the decree containing authorization for the formation of this Company and approval of its Articles of Incorporation. There shall be applied in the formation process the rules and procedures provided for in the Code of Commerce.

Article 72 **Studies and Execution**

The Council of Development and Reconstruction, pursuant to a request from the Council of Ministers, may start :

- 1 - Preparing the technical studies required for the reconstruction of the Commercial Center.
- 2 - Preparing the technical studies required for the following works, and starting to execute them if need be:
 - a) Infrastructure works,
 - b) Rehabilitation of the existing government or municipal buildings,
 - c) Construction of new government buildings in the area of the commercial center.

Article 73 **Final Incorporation of the Company**

The Statutory Meeting, after ascertaining the veracity of the subscription to the whole capital of the Company, and of depositing the entire value of the shares subscribed in cash at the banks in the form of an account opened in the name of the Company (under formation), and after electing the members of the Board of Directors, appointing the auditors and ascertaining their acceptance of their duties, shall declare the Company formed.

Thereafter, the Board of Directors shall carry out, within one month from the date of final registration of the Company, the publication formalities provided for by law, the formalities of filing with the Court Registry and the recording at the Commercial Register.

Article 74 **Establishment Expenses**

The Board of Founders shall open an account at one or more banks in Lebanon for the financing of the necessary expenses during the formation stage, with the guarantee of the financiers in the Board of Founders, whether jointly or severally, who will bear the amount of these expenses, should the incorporation of the Company fail to be formed for any reason whatsoever.

The Company shall bear all the expenses required for its formation, including the administrative and judicial expenses and the costs of preliminary studies. These expenses will be amortized over five years.

The Company shall also pay the costs of the technical studies and the works carried out by the Council of Development and Reconstruction with the approval of the Board of Founders during the formation stage and these costs shall be entered in the books of the Company.

The present Articles of Incorporation
have been drawn up in Arabic.
and henceforth, the said Arabic text shall control
and prevail any translation thereof