

solidere quarterly

April-June 2012



BUSINESS & FINANCE

ANNUAL GENERAL MEETING

The Board of Directors invited Solidere Shareholders to attend the Ordinary General Meeting on June 28, 2012 at Biel. As the quorum was not present at this first meeting, the Shareholders were invited to a second Ordinary General Meeting to be held on July 30. If the quorum is not present at the second meeting, the Shareholders are invited to a third Ordinary General Meeting to be held on August 21.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31	2011	2010
	US\$	US\$
ASSETS		
Cash and bank balances	174,138,680	169,564,738
Prepayments and other debit balances	46,546,014	43,677,844
Accounts and notes receivable, net	551,341,792	486,815,229
Inventory of land and projects in progress	1,178,348,256	1,084,206,651
Investment properties, net	444,629,160	442,977,615
Investment in associates	317,731,762	313,904,171
Fixed assets, net	70,316,628	59,281,393
TOTAL ASSETS	2,783,052,292	2,600,427,641
LIABILITIES		
Bank overdrafts and short term facilities	520,049,200	472,487,000
Accounts payable and other liabilities	143,696,638	148,939,521
Dividends payable	84,195,863	86,327,877
Deferred revenues and other credit balances	29,058,568	46,210,145
Loans from banks and financial institutions	70,095,747	8,248,520
TOTAL LIABILITIES	847,096,016	762,213,063
SHAREHOLDERS' EQUITY		
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	148,210,183	131,952,540
Retained earnings	263,104,931	267,233,047
Cumulative foreign currency translation reserve	(295,169)	(150,786)
Surplus on sale of treasury shares	10,166,079	13,770,056
Less: Treasury shares	(134,915,772)	(224,507,599)
Total equity attributable to the owners of the parent	1,936,270,252	1,838,297,258
Non-controlling interest	(313,976)	(82,680)
Total equity attributable to the owners of the parent	1,935,956,276	1,838,214,578
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	2,783,052,292	2,600,427,641

CONSOLIDATED FINANCIAL HIGHLIGHTS

DECEMBER 31	2011	2010
SUMMARY OF OPERATIONS US\$ MILLION		
Gross land sales	241.7	337.2
Gross rental income	49.9	41.2
General and administrative expenses	38.2	42.7
Sales backlog	40.0	77.5
FINANCIAL RATIOS %		
Gross profit margin	77.2	71.2
LT Debt to equity	3.62	0.45

CONSOLIDATED STATEMENT OF INCOME

DECEMBER 31	2011	2010
	US\$	US\$
Revenues from land sales	241,722,548	337,229,705
Revenues from rented properties	49,862,775	41,249,180
Revenues from rendered services	5,280,128	3,955,044
Revenues from hospitality	6,681,294	44,110
Cost of land sales	(39,344,564)	(78,665,227)
Charges on rented properties	(21,166,871)	(26,980,226)
Cost of rendered services	(5,901,952)	(3,967,908)
Cost of hospitality	(9,896,404)	(354,909)
Gain on sale of investment properties	625,809	-
Net revenues from operations	227,862,763	272,509,769
Share result from an associate	3,967,997	2,670,655
General and administrative expenses	(38,196,142)	(42,714,820)
Depreciation of fixed assets	(6,422,073)	(3,934,143)
Other expenses	(5,066,404)	(2,486,661)
Other income	613,570	204,175
Taxes, fees and stamps	(2,874,543)	(4,455,159)
Interest income	24,687,011	21,603,900
Interest expense from banks	(21,081,965)	(12,607,974)
Profit before tax	183,490,214	230,789,742
Income tax expense	(24,691,842)	(35,288,373)
PROFIT FOR THE YEAR	158,798,372	195,501,369
Basic/diluted earnings per share	1.0285	1.2847
Attributable to:		
Equity owners of the parent	159,029,668	195,588,029
Non-Controlling interest	(231,296)	(86,660)
PROFIT FOR THE YEAR	158,798,372	195,501,369



DEVELOPMENT NEWS

A total 391 projects, representing close to 3 million sq m BUA, are in various stages of development.

STATUS	PROJECTS	BUA SQ M
Completed	272	1,375,455
Under restoration	6	12,543
Under construction	41	383,562
Awaiting permit	18	307,069
Under study	34	504,781
No activity	7	16,632
Awaiting submission	13	395,834
TOTAL	391	2,995,876

LANDUSE DISTRIBUTION

LANDUSE	%	BUA SQ M
Residential	45.46	1,362,037
Office	23.34	699,088
Commercial	4.87	146,122
Hotel & furnished apartments	8.88	266,080
Mixed-use	10.80	323,626
Governmental & public utilities	4.41	131,782
Religious & cultural institutions	2.24	67,141
TOTAL	100	2,995,876

CONFERENCES & REPORTS

Solidere participated to Goldman Sachs MENA One-on-One Conference (London), April 25-26 and HSBC's 6th MENA and Turkey Business Leaders Equity Forum (Istanbul), May 21-22.

Equity coverage on Solidere was provided during the quarter by Blominvest Bank s.a.l. and FFA Private Bank.

The Corporate Discourse: new planning mechanisms, design competitions, regional branding, by Angus Gavin, AUB City debates 2012, May 3-4.

Built and natural world... tension and balance, by Jose Rosa from Gustafson Porter, winner of Garden of Forgiveness competition, ALBA, May 30.

AWARDS

Leading international architect Rafael Moneo (Spain) who designed the Beirut Souks, received the Prince of Asturias Award for the Arts 2012.

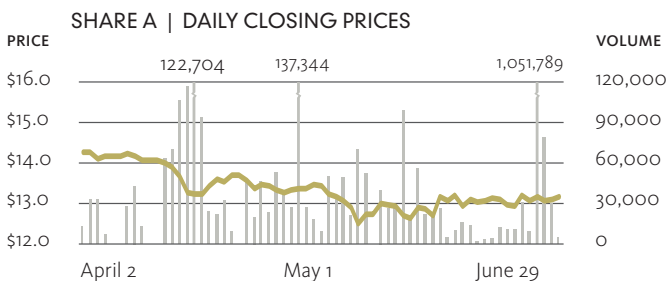
Lighting Beirut Architecture by Solidere, got the Award of Excellence at the 29th Annual Lighting Design Awards (Las Vegas), May 10.

City in Layers, Solidere Annual Report 2010, was among recipients of the red dot best of best communication design award for the year 2012.

Solidere and Khatib & Alami won the *GeoSpatial World Excellence Award*, in the category application of geospatial technology in facilities information system, for the design, development and implementation of the Beirut Souks Project (Amsterdam), April 24.

Les Rencontres d'Arles 2012 featured an exhibition of Klavdij Sluban, recipient of the Atelier des Ailleurs art residency in the Kerguelen Islands. Sluban was part of the Solidere Beirut Photographic Mission, 2009-2012.

SHARE PERFORMANCE - 2ND QUARTER 2012



Solidere shares continued their slow drift downwards, the geopolitical instability in the region and locally continuing to affect investor sentiment. Most financial institutions covering Solidere have issued a Buy recommendation on the shares after the Company published its year-end 2011 results in June.

Share A fluctuated between a low of US\$12.85 and a high of US\$13.25, closing the quarter at US\$13.17, a 7.77% decrease from the previous quarter. Share B traded between a low of US\$13.00 and a high of US\$13.18, closing at US\$13.01, a 6.43% decrease from the previous quarter.

Trading activity increased during the quarter, with around 4.6 million shares of both classes trading in the local market. GDRs traded on the London Stock Exchange closed at around US\$13.24, a 6.43% decrease from the previous quarter.

— Share price (US dollars)

— Trading volume

BOOKS AND MOVIES

Spring this year witnessed the return of Antoine iD at the Beirut Souks after 37 years. The cultural scene saw outdoor events such as book signings and movie projections, attracting a large number of persons.



CLOCKWISE FROM TOP LEFT

Antoine iD, book signing
 Boho Beirut, book signing
 Outbox award winner
 Antoine iD
 Outbox film projection

CULTURAL SCENE

ANTOINE ID

April 23 marked Antoine's return to Beirut city center.

Les très riches heures d'Antoine Naufal, book signing, Nada Anid

CERVANTES INSTITUTE

World Book Day, April 23

VIRGIN MEGASTORE

Time Versus Future, Aya Tiba, April 26

Momentary Lapse of Reason, Bassam Loucas, May 10

MOUAWAD PRIVATE MUSEUM

Rectoverso, talks and workshops, May 7 – June 29

ROMAN BATHS

Tania Kassis and NurSings choir, International Nurses Day, May 12

Outbox International short film festival second edition, Christelle Whaibe was awarded Best Lebanese Director for *His Name is a Long Story*, June 14-17

ZAITUNAY BAY

Tannoura Maxi, movie launching, April 18

Boho Beirut, book signing, Shirine Saad, Turning Point, June 19



Citycafe

marabout chef
100 recettes
invariables
cakes
et friandises

100
Casseroles
à l'ancienne

500
salades

200
Casseroles
200 Soups
Desserts
Low Fat
Family Meals



SHOPPING & LEISURE

Scrolling through the city center, you may enjoy a cine-concert at the Roman Baths, booksigning in Zaitunay Bay or some children's event in Souk Ayyas. You may also relax in Sweet Tea, Le Stay or Momo's shaded roofgardens, with their lavish vegetation.

BEIRUT SOUKS

NEWCOMERS

Al Intabli
Antoine iD
Emporio Armani
Lego Shop
Lufian
Lush

OPENING SOON

BRGR Co.
Gap
MAZ
Selamlique
Servane Gaxotte Zahar Kids
Zahar Lingerie

POP-UP SHOPS

Beirut Loves Paris
C by Cynthia
Galerie Vanlian
Inaash
Joanna Laura Constantine
Mishmaaoul
Nadine Zeni
Smartiz & co
Zayan

EVENTS

Max Mara fashion show, April 23
Avengers, Joué Club, May 4-20
Patchi Box, May 3 – June 3
Fair Trade day market, May 12-13
Lebanese Autism Society 12th
Fun Day, May 26
Yasmeen & Leen, fashion show,
May 27
Blood donation world day, June 15-16
Fashion Week-end, June 22-24

JEWELRY SOUKS

Tudor and Ducati Bikes, Chronora,
May 11-20
Ulysse Nardin, May 15
Nada G, Father's Day,
May 23 – June 22
Harley Davidson exhibition, June 27

THE PLATFORM

FreeStyleXtreme, four hours of
fitness with instructors Alain-Patrick
Elly (France) and Shadi Yammine
(Lebanon), May 24



CLOCKWISE FROM TOP

Sweet Tea rooftop terrace

Outbox film festival

Antoine iD inauguration

Antoine iD concert

Lego opening



CITY CENTER

NEWCOMERS

Basler
Cali cocktail bar
Carmen Steffens
Devernois
Djihhan Jewelry
Isabel Marant
List
Mouton Bleu
Plus Properties sales office
World of Holidays

OPENING SOON

Antoine Karam House Linen
Art Stone Boutique
Bhar
Bvlgari
Cavalli Café
Ecco
Fauchon
Givenchy
Jamil Khansa LH
Rakan
Robert Abi Nader

BIEL

Forward and Business, April 26-29
Itex, May 24-27
Project Lebanon, June 5-8
Made in Iran, June 13-17
Yakima National Little League,
June 19
Outdoor, June 20-24

OUTDOORS

NEJMEH SQUARE

The Big Dance, Connecting
Classrooms, British Council, May 19

MARTYRS' SQUARE

Beirut Rose planting, May 29

NEW WATERFRONT

I do not litter campaign, with the
Beirut Municipality and Al Ahlieh
students, May 6

International flag art exhibition,
under UNESCO patronage, curator
Lena Kelekian, May 21 – August 30

Pop-up skate park, Beirut New
Waterfront, May 1 - June 15

Charity race, Action Contre
la Faim NGO and Grand Lycée
Franco-Libanais students, June 8

ART & DESIGN

Landscaped open spaces are designed with water features to provide freshness, and are enhanced with public art. Anachar Basbous' *Shattered Sun* marked the inauguration of Zeitouneh Square and was the highlight of the season.



BEIRUT DESIGN WEEK

The first edition involved workshops and talks by Beirut city center based designers like Johny Farah, Nada Debs, Randa Tabbah, and by Solidere consultants Polypod and Tarek Atrissi, June 25-30

ZEITOUNEH SQUARE

Shattered Sun, Anachar Basbous, open air sculptures, May 24 – July 8

THE VENUE

Michel Zoghzoghi photography, January 19-22
Traits d'Union, Paris et l'art arabe, April 23 – May 28
Contemporary Art of Uruguay, June 20 – July 8

JEWELRY SOUKS

Spanish design, April 13-21
Symphony of Colors, Aramé Art Gallery, May 23 – June 6

ALWANE

Expo collective, through October 15
Printemps-été au Liban, regards d'artistes, May 5 – August 15

PIÈCE UNIQUE

Paris - Beyrouth, Roula Azrak, May 3-19
Lamsat Hilm, Malake Azar, May 22-26
Enchantment, Hania Husami, May 28 – June 12
Arab Spring, Ghada Jamal, June 14-26
Murs Porteurs, Maya Hage, June 28 – July 14

AIDA CHERFAN

Hussein Madi, Sculptures, April 21
Christoff Baron, May 4-25
Ali Chams, recent works, June 8-29

AYYAM

The Power of..., Mohamad Badr, April 19 – May 18
If Walls Could Talk, Lara Atallah, May 22 – June 20

MARK HACHEM

Fine Pixels, Ricardo Mbarkho, May 15-29
Auction Night for a Better Tomorrow, Toufoula charity auction, June 5
Edge of the Blade, Simin Keramati, June 12

Q CONTEMPORARY

Ruslan Vashkevich, through April 2
 PI @ Q, PI gallery (Istanbul), May 10 – June 2
Forward/ Vorwärts, group exhibition, Carbon 12 (Dubai), June 7-23

VILLA ZEIN

Confessions, the secret is out, House of Today, artisanal platform by Cherine Magrabi, May 29 – June 28

FFA PRIVATE BANK

Gravity, Joe Kesrouani, April 26 – May 31

MAQAM

X-Perimental X-hibition, with Anima gallery (Qatar), April 25 – May 2
Bons vœux du Liban, Astrid Honein, May 11-12



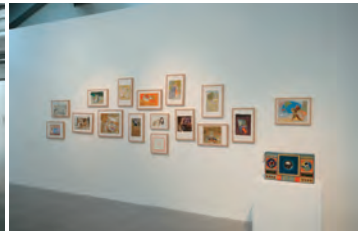
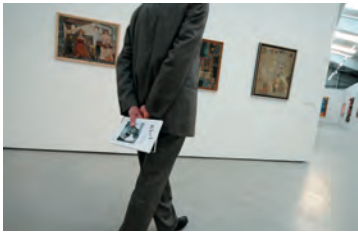
CLOCKWISE FROM TOP LEFT
National Unity Square
Wadi Abou Jamil Garden
Beirut Exhibition Center
Harbor Square
Zeitouneh Square

SHAFIC ABBOUD

1942-2001

A retrospective of the artist's works, 1942-2001, curated by Nadine Bekdache and Saleh Barakat, on the initiative of Claude Lemand. Scenography by Karim Bekdache. Beirut Exhibition Center, May 8 – July 8





MEDITERRANEAN CITY

As the city center develops and extends towards the sea, Beirut Waterfront, with spectacular views to the marina, sea and backdrop of mountains snowcapped through winter and spring, is providing major new destinations.





Sea and mountains define Beirut in landscape and lifestyle, particularly in good weather. Only meters from the buzzing city, Beirut Waterfront has become a popular pedestrian and leisure area, offering one of the nicest experiences in the city center. Breathing the clean, iodine-rich sea breeze, residents, users and visitors spend quality time enjoying gorgeous views, enhanced by magic sunsets and moonlights. They visit exhibitions, attend concerts or other open-air events, and stock up at the weekly health food market. They board their boats for short cruises, exercise in the jogging and cycling trails, take brisk or leisurely walks along the Corniche and waterside promenades. Beirut Marina quays are ideal places for gentle strolls, interspersed with stops at leisure and shopping outlets, in real Mediterranean *passaggiata* tradition.

This experience gives a foretaste of the new district as a whole. On 73 ha of reclaimed land, 29 ha of development land will offer 1.7 million sq m BUA to form a sustainable, prime, active, multiuse environment, with distinctive urban planning and architecture that optimize view corridors on sea and mountains. Balancing the dense development, two marinas and nearly 60 percent of land set aside for public space will contribute in establishing a contemporary waterside character and identity.

Beirut Waterfront public realm will make a major contribution to the environment of the city center. Landscape and streetscape strategies are based on a variety of public open spaces, with substantial access to the sea. Streetscapes will emphasize cafés and pedestrian areas, creating a vibrant sub-center of activity in the city as a whole. A rich network of parks, including the 78,000 sq m Wahat Rafic Hariri park, civic spaces, sea promenades, roadside green corridors and social nodes will create a diverse, generous, and extensive city landscape that will generate social gathering, intercourse and energy, and help provide a diversity of destinations.

MEDITERRANEAN CITY





FETE DE LA MUSIQUE

CLASSICAL
NATIONAL EVANGELICAL
Concert by L'Ecole de Musique
Ghassan Yammine

SAINT LOUIS CAPUCHIN
The Art of Music and Choir,
Lebanese Music School Choir

The Summer solstice marked the 12th edition of this awaited feast, with the introduction of two new venues: Beirut Waterfront and Zaitunay bay. A French initiative, the festival provides diversified musical genres ranging from classical to hip hop performed by local and international artists, professionals and amateurs. Music is free for all, with the aim to unite as many people as possible.





A RICH MUSICAL
PATH THROUGH
NINE CITY CENTER
KEY DESTINATIONS

POP/ROCK | ELECTRO

NEW WATERFRONT

- Alterra
- Tavarish
- Ryan K
- The Middle Beast
- Jade
- Dop
- Diamond Setter
- Trix

ZAITUNAY BAY

- Adel Harb
- Rojo del Libano
- Bruno Tabbal
- Beirut Vocal Point
- Band Audi
- Blue Band LB
- Aziza
- Maher Salamé

SOUKS PLATFORM

- Tania Kassis choir
- Nachaz
- Silverage
- Lifeline
- Beirut Blues Brothers
- Soul Sister
- Butterfly
- The Locals
- The Fan Dolls

SOUKS AJAMI SQUARE

- Elie Sawaya
- Tina Fish
- Nour Yammouni
- Blue Yeast
- The Missing Pixels
- Snowslash
- Ashekman
- Zeinedin
- Banely

MARTYRS' SQUARE

- Gabriel Abdel Nour
- The Coolcubers
- Lazzy Lung
- Anixa
- Epic
- The Rakans
- DJ André Rizzo

SAMIR KASSIR SQUARE

- IQEWS
- Point of View & Bob Arja
- 7ta2at
- What's your Story
- Mihr
- Srai
- Jammit the Band
- Bandage
- Wata el Lounge

ROMAN BATHS

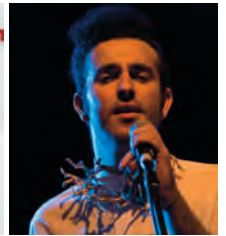
- Marc Nader
- Dida's
- Les Artistes
- Les Fils du Calvaire
- Segundo Bloco
- Poly
- The Passive Standouts



PERFORMING ARTS

INSTITUTO CERVANTES

International music day Spanish guitar
concert by prize winner Jad el Khechen,
June 26



BEIRUT NEW WATERFRONT

Jason Derulo and Tinie Tempah, June 15
Evanescence, June 23
Pitbull, June 28

MOMO AT THE SOUKS

Maurice Louca at Momo's
Let's play House
DJ's Don't Age
Yasmine Hamdan, Rosey Chan
Crooked Landings, CD launching
Severino

BEIRUT SOUKS THE PLATFORM

Engelbert, Bird Humperdinck, June 30

GRAND SERAIL

Guitarists Macias Echegaray (Uruguay)
and Edy Dorlian (Lebanon), May 10

MUSIC HALL

Night of the Black Tango, April 27
Erik Truffaz Quartet, June 5

SAMIR KASSIR SQUARE

Beirut Spring Festival, Mercan Dede
& The Secret Tribe (Turkey), June 7

MONROE HOTEL

Bassem Feghali in Monroe Avenue





VISITORS



CLOCKWISE

Ambassadors Fletcher and Paoli with
General Manager Mounir Douaidy

Ambassador Otsuka with AR Solh

Iraqi, and Skyteam, delegations
with Maher Beydoun



OFFICIALS

Papal delegation, French ambassador Patrice Paoli, British ambassador Tom Fletcher, Japanese ambassador Seiichi Otsuka, Austrian ambassador Ursula Fahringer, Basrah governorate council chairman Sabah Hasan Al-Bazoni with Yassin Jaber, Former Colombian president's wife Anne Marlène de Gaviria, member of the German Bundestag Birgit Homburger.

BUSINESS DELEGATIONS

Skyteam CEO Michael Wisbrun, MEA chairman Mohamed El Hout with captain Mohamed Aziz, Delta Airlines COO Antoine Asharaf, Pernod Ricard Europe deputy managing director Noël Adrian, Meilland International sales manager Philippe Manguy with Robinson general manager Nadine El Khoury Kadi (France), Blakeney Management board members, Synergy Asset Management Issam Kabbani, SLO image director Martha Fiennes, Gazprom gaz modelling analyst Lawrence Poole with Scottish Investment Trust investment analyst Julie Edde (UK), Eiffage Construction managing director Robert Eddé (Czech Republic), Rizzani De Eccher developer Claudio de Eccher, Goppion business development manager Peter Hohenstatt (Italy), Al Dar Properties manager Ali Onuk (Abu Dhabi), IO design managing partner David Pringle and design partner Adrian Boot (HK), Diageo Asia Pacific president Gilbert Ghostine with a delegation (Singapore), Hotel Metropole Japanese chef Takeo Yamazaki (Monte Carlo), eight Erbil Governorate engineers (Iraq), Nellson Associates consultant Lyndsay Neilson (Australia), AN Limited director Attila Hopka (Hungary), fashion designer Reem Acra, Global director audit Heineken Antoine Barcha.

PROFESSIONALS & ACADEMICS

St. Jude CEO Richard Shadyac with board members (US), designer Jürgen Dahlmans, Rug Star (Switzerland), architect Ian Goudie, pianist and composer Rosey Chan (UK), National Council for Culture, Arts and Letters director Abdulkareem al-Ghadban and public relations director Osama Abdulhameed Al Balhan (Kuwait), sculptor Liviv Mocan with Econ Robert Delhaas (Romania), seven international urban planners, five artists (Uruguay).

MEDIA

Seven MENASART journalists with Beirut Art Fair directors Laure de Hauteville and Pascal Odille, South-African photographer Vivian Van Blerk (France), journalist Jacqueline Meier (Switzerland).

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Reconstruction of Beirut Central District s.a.l.

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