PLACES FOR LIFE

AJMAN RIYADH JEDDAH BEIRUT

SOLIDERE INTERNATIONAL ANNUAL REPORT

This annual report discloses corporate information to its shareholders and other interested parties. It provides an overview of the company's strategy and approach, gives an insight into its main projects, and includes a corporate report with financial results.

2012

Solidere International Limited is a place maker and city maker, with an array of current projects across the Middle East, Africa, and the Mediterranean Basin.

This annual report discloses corporate information to its shareholders and other interested parties. It provides an overview of the company's strategy and approach, gives an insight into its main projects, and includes a corporate report with financial results.

Illustrations in this annual report show the evolution of the design development to date and are therefore only indicative of the final master plans.

This inaugural edition of the Solidere International Annual Report is a significant new addition to Solidere's rich library of publications. This document is intended to inform shareholders, investors, and readers at large of the company's background, performance, development philosophy, and current projects.

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TABLE OF CONTENTS

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a word from the chairman

the Company remains on the right track in its growth strategy with a strong portfolio of projects as it continues to follow a proactive approach to mitigate risks

Solidere International enjoys a solid financial standing, as reflected in a liquid cash position, no debt, and a lean cost structure

Dear Shareholders,

Solidere International's investment efforts are bearing fruit, which renders the business a favorable outlook as we move forward in the execution of several promising projects across the region. The Company's growth strategy and diversification plans remain on the right track, supported by a strong portfolio of real estate and urban projects that are in various stages of development. As delivery of these projects commences, return on our investments will be realized through recurring income, sales, and appreciation of assets; as a result we expect to further strengthen our brand and receive more interest in our products and services from investors, end users, and partners alike.

Solidere International enjoys a solid financial position as reflected in a liquid cash position, a lean cost structure, and no debt. The Company achieved an income of around US$ 7.6 million for the year ended December 31, 2012 according to audited consolidated accounts (2011: US$ 9.3 million). Our balance sheet and liquidity remained strong, with a consolidated cash position of US$ 320 million (2011: US$ 350 million) with no bank debt. To that effect, we are pleased to announce that the Company distributed a dividend of US$ 1.50 per share for 2011, keeping in mind consolidated retained earnings of US$ 112.8 million as of December 31, 2012 (2011: US$ 121.4 million).

It is worth mentioning that the company's policy is to hold its land bank at original cost, which we believe is well below its market value. We are confident that this policy will further boost our financial strength in the future.

The region's economic fundamentals and real estate demand drivers remain strong, and we are moving forward with plans to capitalize on current market trends and address significant regional housing needs. In this context, Saudi Arabia has proven to be a key market where a major part of our investment efforts are currently focused, driven by the government's fiscal expansion policy, a shortage of quality real estate products, and a strong economy.

The Company has made an entry into the residential compound segment in Riyadh, where significant potential for differentiated products that appeal to the expatriate community as lifestyle assets has been noted. We are confident in our ability to deliver high-quality products in this segment that will be widely seen as industry benchmarks; these will not only strengthen our brand, but also support demand for future projects under development.

Located in northeast Riyadh on a 270,350 sq m plot in an up-and-coming residential area within the vicinity of the new Princess Nora Bint Abdulrahman University, Wadi Qortuba is a high-end expatriate compound comprised of 600 villas and apartments of various sizes, with an attractive landscape, first-class lifestyle amenities, and a 500 m commercial strip along Thumamah road. Infrastructure works have commenced and construction is expected to begin in September 2013.

On a similar note, the Company is developing Takhassusi Residences, a contemporary compound in northern Riyadh within the vicinity of Al Imam Muhammad Ibn Saud Islamic University, targeted at single and young family expatriates seeking a quality but more affordable urban experience. The compound will offer 228 apartments within an amenity-rich environment that will promote a comfortable community and family-oriented lifestyle. The preliminary design for the compound has been completed and we are currently in the permitting phase.

NASSER CHAMMAA
Chairman and Chief Executive Officer

Solidere International is moving forward with plans to capitalize on current market trends and address significant regional housing needs

Solidere International is also engaged in a joint venture with an influential Saudi conglomerate to develop a 1,000,000 sq m residential district in one of the most promising and prime areas in northern Riyadh with exceptional access to infrastructure and adjacent to Riyadh's new financial district. In addition to being one km away from the second ring road, the site is strategically bisected by two major arteries. The project is conceived as an upscale, distinct, and carefully master-planned residential community for Saudi nationals and integrates a number of diversified sub-projects within a coherent urban context. Thirty percent of the land will be developed by the Company as an upscale secluded community, while the balance of the land bank will be sold to third party developers. Master planning for this flagship project has been completed and we are currently in the process of obtaining the permit for the proposed design. The project will be financed through a SAR 1.2 billion fund structure, of which Solidere International has a 75% share. The fund is targeting to start generating earnings by 2014.

The Company is also engaged in the development of a residential district located in Obhur, one of the prestigious up-and-coming areas in Jeddah. The site is 3 km away from the landmark one mile tower being developed by Kingdom Holding Company. In partnership with an influential Saudi conglomerate and other strategic investors, the 500,000 sq m project will be developed into two residential communities. Solidere International will develop 30% of the area while the balance will be sold to third parties. The project will be financed through a SAR 600 million fund structure, of which Solidere International has a 50% share. We will start to reap the fruits of this investment by 2014 as the infrastructure contractor has been selected and we commence plans to deliver sold plots.

Solidere International is also developing Golden Tower, a 48-story iconic residential building on the northern stretch of Jeddah's Corniche Boulevard, setting a new standard in luxury living targeted at affluent Saudi clients. Construction works have commenced on the site, and we expect that sales will start in January 2014.

After rejecting several plans submitted by different parties in the past, the Saudi government has retained Solidere International to participate in the redevelopment of the Duhaira area, Riyadh's original city center, which is home to the capital's most significant historical and cultural legacy. The project will reposition Duhaira as the heart of Riyadh and will transform the area into an attractive urban destination of national, regional, and international significance. The project is envisioned as the city's crown jewel, a symbol of a modern Riyadh that will improve the quality of life and the capital's touristic offering. The project bears significant resemblance to Beirut Central District, and will thus capitalize on our urban restoration capabilities and the substantial regeneration experience we have acquired in Beirut. The Saudi government and the Riyadh Development Authority have approved Solidere International's master plan for the project, which will consist of a rich mixed-use offering with around 1.2 million sq m built-up area (BUA). In this context, Duhaira also reflects further strength in our business model; our ability to provide services for clients in return for fees and success incentives.

As announced last year, Solidere International repositioned Al Zorah, located 25 minutes north of Dubai International Airport, from an urban center development into a unique tourist waterfront development to cater for the United Arab Emirates' growing popularity as an international leisure destination. Following the review of the master plan, the Company commenced execution of Phase One, which consists of two hotels and recreational facilities, including a beach club, theme park, golf course, and a vibrant boardwalk. Construction has started on the first hotel and will soon commence on the second one. We are also pushing through with infrastructure of which 90% has been completed including four marinas, the parkway, and the project's connection to Emirates Road. In this regard, it is important to note that the road infrastructure linking the project to Dubai International Airport is undergoing a major revamp funded by the Federal Government. Al Zorah Development Company remains profitable and has collected US$ 132 million in customer receivables since its inception. The Company carries no debt and currently has a cash position of US$ 256 million which is sufficient to finance development works for Phase One of the project.

In Lebanon, Solidere International is moving forward with the Hazmieh Development, for which we have obtained the authorities' approval regarding the master plan. The project, in which the Company has invested US$ 66 million, consists of a secluded, amenity-rich private community designed by several award-winning architects around a 37,000 sq m garden with breathtaking views of Beirut, the surrounding mountains, and the Mediterranean Sea. Concept designs by five leading architects have been completed. The Company has sold approximately 13,000 sq m of secondary plots bringing in revenues of US$ 28.7 million, with the balance of approximately 20,000 sq m to be sold in the coming period as the project progresses. We are optimistic about this project's prospects as the Hazmieh area further develops to assert itself as a sought-after quality residential destination with very good connectivity and access to amenities.

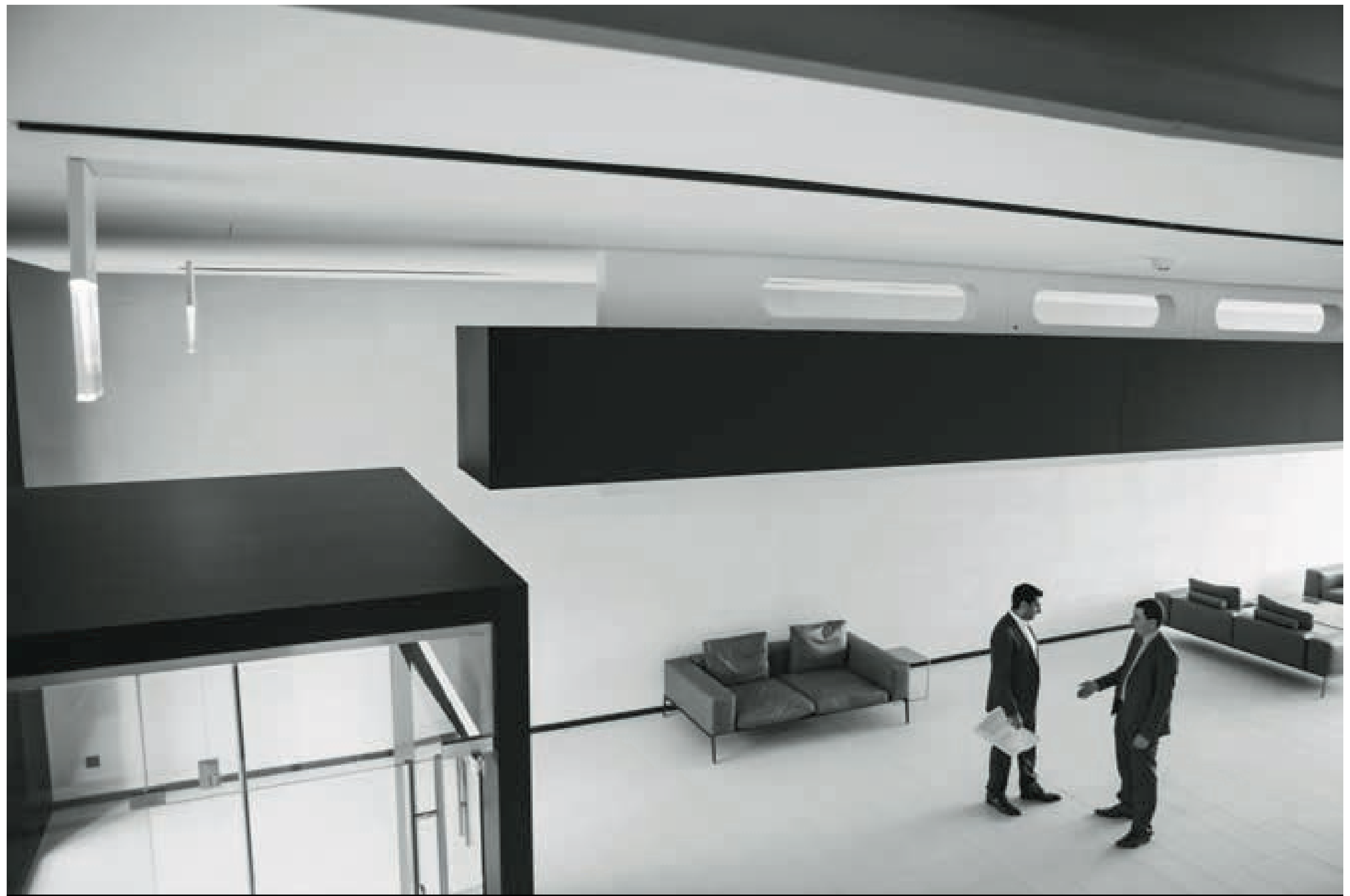
The Company is currently in arbitration proceedings in Egypt relating to the Eastown and Westown projects, and we continue to carefully address this matter to secure a favorable resolution for the Company.

Solidere International is on the right track to meet its objectives, and as we look ahead, we are encouraged by the progress of our current projects and the prospects of new opportunities the Company is pursuing in our target region. Our new investments will significantly increase our land bank and will generate significant cash for the business and value for shareholders as we convert these investments into earnings. We strongly believe that the Company is heading towards expansion, growth and future success. We are proud to introduce this inaugural edition of Solidere International's Annual Report, which provides more detail on the Company's plans, its projects, and the team driving this effort. In the meantime, we will remain diligent in steering the Company's strategy during these eventful times, with an eye to protecting and adding value to our shareholders' interests.

NASSER CHAMMAA
Chairman and Chief Executive Officer
June 2013

company overview

developing urban destinations in an identified target region, focused on creating value and delivering sustainable results



SOLIDERE SAUDI ARABIA
Riyadh Offices

URBAN DESIGN AND MASTER PLANNING DEPARTMENT
Beirut Offices

Solidere International is a real estate developer focused on creating urban destinations and mixed-use real estate developments across the Middle East, Africa, and the Mediterranean Basin. The Company was incorporated in and under the law of Dubai International Financial Centre (DIFC) as a company limited by shares, registered under the number 0412 on June 7, 2007, after raising US$700 million of equity through a private placement.

Solidere International focuses on the target region by identifying market opportunities and formulating development concepts; by creating value through master planning developments on undeveloped land and to a lesser extent on partially built-up land; and by investing in and managing multiple real estate projects.

The Company encompasses a large, multi-disciplinary team of professionals that draws on Solidere's city-making skills, gathered through years of experience rebuilding and developing the Beirut Central District, as well as on Solidere's internal expertise and procedures concerning detailed and technical aspects.

In identifying and developing projects, the Company may team up with private investors or governments and, when needed, it uses an extensive specialist consultant network, including architects, urban designers and planners, civil and infrastructure engineers, traffic planners and managers, property marketers and valuation experts, environmental specialists, landscape architects, and financial managers.

Solidere International delivers high-quality places, focusing on creating value and achieving sustainable results for stakeholders. Solidere International is actively involved in projects in Ajman, United Arab Emirates; Cairo, Egypt; Riyadh and Jeddah, Kingdom of Saudi Arabia; and Hazmieh, Lebanon. Its headquarters are in Dubai, with offices either directly or through subsidiaries in Beirut, Dubai, Ajman, Riyadh, Jeddah, and Cairo.

RELATIONSHIP WITH SOLIDERE

The Lebanese Company for the Development and Reconstruction of Beirut Central District s.a.l. (Solidere) is one of the leading land and real estate developers in the Middle East. Solidere was established in 1994 to rebuild and develop Beirut City Center and provide it with a new waterfront district. The reconstruction and development of this thousands of years old urban area stands as one of the most ambitious contemporary urban developments.

Following its success in Beirut, Solidere went international in 2007. Having assessed the investment opportunities, defined the target region, identified sites, and launched a number of projects, Solidere incorporated Solidere International after raising capital through a private placement.

Solidere granted and transferred certain rights and undertook commitments to Solidere International, including a lock-in of shares held by Solidere or its subsidiaries and a non-compete undertaking in relation to all projects outside Beirut City Center. The two companies signed the following agreements in June 2007:

- Trademark License agreement for use of the Solidere trademark and associated logo and trademarks in developing projects outside Beirut City Center.

- Professional Services agreement, whereby all necessary means (work team, facilities, systems, procedures, experience, and expertise) are offered at cost to Solidere International in order to allow it to fulfill its engagements.

BEIRUT CITY CENTER

Beirut City Center covers a land area of 1.9 million sq m on the Eastern Mediterranean, including a 730,000 sq m waterfront district reclaimed from the sea. With the prime objective of creating a vibrant city center, the Beirut Central District Master Plan developed by Solidere accommodates a broad mix of land use totaling 4.69 million sq m of floor space, including business, public, residential, hotel, leisure, and cultural facilities estimated to generate in excess of 100,000 jobs and contain a resident population of up to 30,000 over time.

Spearheading the development and reconstruction of Beirut City Center, Solidere has established an 18-year track record and unique interdisciplinary team with practical experience in urban planning, land and real estate development, property marketing and management, finance, sales, and other key aspects of large-scale, complex, urban and waterfront regeneration projects.

A vibrant, elegant, mixed-use city center has emerged as a result of quality urban planning, state-of-the-art infrastructure, public domain, integrated archaeology, preserved heritage, restoration, and sustainable real estate development. Solidere's success is reflected in the significant demand for residential, office, and commercial space in Beirut City Center and is further enhanced by the increasing presence of foreign institutions and world-class brands.

vision and strategy

creating successful, sustainable, urban and resort destinations designed on a human scale using a holistic, site-specific approach based on distinctive development concepts

concentrating activities on countries with positive growth and favorable legislation

As city maker and place maker, Solidere International's strategy is to identify appropriate medium- to large-scale real estate investment opportunities in the target region that offer the potential for value generation. The Company's philosophy is to create successful, sustainable, urban and resort destinations designed on a human scale using a holistic, site-specific approach based on distinctive development concepts, sophisticated urban planning, and high-quality public domain. It relies on tight quality control in building design, construction, property management, and maintenance in each of its projects.

DEVELOPMENT PROCESS

Solidere International invests in properties either directly or through affiliates, subsidiaries, or special-purpose vehicles. Subsidiaries may form alliances with local partners who have substantial development expertise and experience in their local markets.

The Company retains management control over all of its projects and conducts initial master planning internally. It only delegates the execution of a project, under its direct supervision and management control, to the subsidiary or partner company. Thus it ensures that the execution complies with the vision of the urban planning designed by its team and the quality standards associated with the Solidere brand name.

PROJECT IDENTIFICATION

Solidere International operates in countries with clear, enforceable legislative frameworks, favorable market and property regulations, and attractive yields. The Company concentrates its activities on countries with sustainable growth and positive investor sentiment. In each selected country, sites for urban, waterfront, and real estate development are identified based on visibility, location, and accessibility. In-house professional teams work with local advisors and real estate agents, international consultants and specialists, governmental bodies, business associates, and local partners where applicable to identify and assess potential projects. A strict valuation process determines those selected for implementation.

The Company then compiles detailed market data to determine the development concept and land use mix, understand permit requirements and fees, conduct necessary due diligence, and undertake master planning. Factors considered in this regard include the competitive landscape in the market; micro-economic factors such as rental yields, sales prices and construction costs; demand drivers by sector and property type; and local lifestyle, habits, and trends.

Solidere International uses the accumulated market data and project information to develop a business plan that includes physical planning with regard to square meters of building rights per land use and square meters designated for sale or internal development. The plan also

generating a vibrant and strong identity milieu with a functional and physical integration of the different components

comprises a development timeline and project phasing, forecasted bills of quantities and development cost estimates for infrastructure, development cost estimates for real estate projects to be developed by the Company, projected revenues from sale of land and from rental and sale of constructed units, and cash flow projections. Along with the business plan, a feasibility study and sensitivity analysis are also prepared.

MASTER PLANNING

As an output from the studies, a comprehensive master plan, state-of-the-art infrastructure, design guidelines, and marketing strategies to place the final product are implemented to create value. Individual plots are identified for sale to third-party developers, who have to abide by the quality standards adopted by Solidere International and by the development regulations set out in the master plan.

LAND DEVELOPMENT

Land development incorporates all stages of site preparation and execution of infrastructure necessary to deliver improved, subdivided land-parcels, up to the point of sale. Key aspects of land development include site topographic, bathymetric, and geotechnical surveys; environmental impact assessment, land reclamation, and decontamination planning, design and implementation; water modeling and marine works planning, design and implementation; infrastructure planning, design and implementation; public domain landscaping and street furniture, design and implementation; traffic impact studies; geographical information system mapping, installation and applications; and land sales procedures and documentation.

REAL ESTATE DEVELOPMENT

The Company considers all types of real estate opportunities. Stand-alone projects and projects on strategically located plots of land within the master plan of a larger land development undertaken by the Company may be identified. In some cases, the Company identifies and purchases existing properties, mainly those with historical and architectural value in strategic locations, for restoration and refurbishment. With the objective of renting or selling completed real estate products, the Company develops single-use projects to exploit certain market opportunities or mixed-use development models.

Mixed-use combinations work to create synergies and develop destinations that are fully integrated, so as to decrease dependence on cars for commuting within the area and to reflect the urban standards and way of life that meet the consumer profile in the target markets. Mixed-use developments comprise three or more significant revenue-producing uses, such as commercial, office, residential, cultural, tourist, hospitality, and leisure facilities, as well as iconic landmarks. The aim is to generate a vibrant, strong identity milieu with a functional and physical integration of the different components, focused on connectivity and pedestrian environments.

Residential land use includes apartments and individual houses of different types and sizes, as well as furnished apartments and gated compounds. The combination of increasing urbanization, favorable demographics, the development of a mortgage market, and fiscal incentives increases the demand for residential properties in the target region. Solidere International views all market segments as attractive investments, from high-end luxury to affordable housing, depending on economics, demographics, location, and other project specifics.

As part of its diversification strategy and due to changing demographics in the region, Solidere International established Solidere Homes, a division focused on building affordable housing units using a modern, efficient, safe, and economic construction system, to create sustainable communities .

Office developments are strategically located in areas where demand for quality and intelligent space continues to outpace supply for the foreseeable future. Buildings are conceived of as unique work environments with functional and flexible space, rounded off with the latest technologies, amenities, and services. In addition to the traditional, exclusive, and high value-added locations within city centers across the target region, the Company considers office properties in non-central locations that enjoy high visibility, easy access, and sufficient parking space.

Business parks can also be considered. The Company may develop projects for specific office, research and development, and compatible light industrial buildings set in a landscaped environment in locations where market demand for such complexes exists.

Hotels and resorts, as well as wellness centers and serviced apartments, are conceived of as innovative and lifestyle-focused developments that will nurture a loyal clientele, whether family oriented or business driven. Solidere International also develops fully integrated tourist destinations. Planned and executed by a dedicated team using dynamic sales and marketing systems and working with the right partners in the right places, hotel and resort developments are master planned as world-class destinations.

Quality retail space is developed in individual buildings, as part of retail clusters, or as stand-alone malls. Attractive and functional designs are implemented to create destinations that blend with the surrounding architecture and offer secure and easy access. Solidere International conducts market research to obtain primary data and trends to plan an appropriate tenant mix.

Hospitality projects are meant to complement developments and enhance property value while generating revenue. The Company provides a full cycle of services from design planning, training, supply chain management, and central catering through a team of local and international hospitality experts.

Leisure and entertainment are key aspects of most real estate developments. The Company aims to animate the public space through a rich program that includes exhibition, convention, and multi-use halls, which deliver recreational and professional landmarks strategically located within large-scale developments. Other leisure and entertainment aspects of a development include green and open spaces landscaped for a number of activities, as well as other cultural and social infrastructure.

PROPERTY MANAGEMENT AND MAINTENANCE

Solidere International provides property management services to projects as a key element of their success. These services include physical maintenance, leasing, sales, and administrative support. By maintaining high standards, enforcing interior and exterior guidelines adapted to the local environment, and attracting the right mix of local and international tenants, the Company intends to preserve asset value, secure rental income, and maximize sale value.

Solidere International develops and manages project branding, market positioning strategies, and advertising, launch, and sales campaigns. The Company's legal and financial services support transactional and investment activities that are relevant to every project, and its administrative services support the development and operations of all projects.

DEVELOPMENT APPROACH

Solidere International focuses on building value in real estate, whether developing a fully integrated mixed-use city, a residential community, or a specific project. The Company has the capabilities and innovative approaches necessary to seek opportunities and turn them into functional and profitable enterprises. It provides viable plans for developments through services that combine extensive feasibility research to determine market opportunities with a human-centered approach, creating places that deliver sustainable real estate solutions and outstanding experiences. Project inception and execution follow the Solidere technique – a phased and methodical approach from design to completion.

SITE-DRIVEN URBAN DESIGN

A thorough understanding of the natural, urban, and human dimensions, as well as the market potential of the site, ensures a comprehensive master plan that is site-driven and respectful of the project context. The attention given to the environmental, cultural, historical, social, and economic context of every site underlines the importance of combining form with substance and creating places that are genuinely livable.

HUMAN-SCALE DEVELOPMENT

Guided by a holistic strategy, master planning aims to achieve human-scale development by focusing on land use and regulating built volumes, using guidelines for streetwall controls, building envelopes, heights, and view corridors. Town planning procedures comply with aesthetic and technical requirements as well as building codes and standards.

PUBLIC SPACE, ACCESSIBILITY, AND CONNECTIVITY

A large percentage of the project area is dedicated to public space. High-quality streetscapes, green spaces, squares, piazzas, and other outdoor features increase land value and bring life to the projects. Accessibility and connectivity are core concerns of master planning, whereby a scientific and structured approach is applied to develop optimal transportation networks along with pedestrian zones that can help bring out the full potential of the urban space.

SUSTAINABILITY

In all its developments, the Company observes standards for environmental sustainability and green technology, with an emphasis on recycling, environmental remediation, and energy conservation. Solidere International adopts forward-looking sustainability practices that mandate stringent design principles and proven technologies to maintain energy-efficient developments.

QUALITY INFRASTRUCTURE

The viability of a development depends on the developer's ability to provide solid and sustainable infrastructural foundations across the board. Solidere International begins by preparing the land for development based on site context and development type, including civil works, road networks, parking, lighting, hardscaping, broadband, and information technology.

competitive strengths

adapting development methodology and project management systems and procedures that are the hallmarks of Solidere's success

turning opportunities into functional and profitable enterprises

SOLIDERE BRAND NAME AND SUPPORT

Solidere International successfully leverages Solidere's positive brand image and has access to its wide range of expertise across urban planning, real estate development, marketing and sales, and other key aspects of large-scale, complex, urban and waterfront regeneration projects. This ongoing support provides the Company with readily available access to resources and expertise, allowing it to respond promptly to real estate opportunities.

Solidere has capitalized on its extensive relationships with investors and co-developers, who have provided direct access to various markets and supply on-demand equity. Some have become property owners or anchor tenants. Solidere International is active in developing and capitalizing on such relationships.

DIVERSIFIED RISK AND SOURCES OF INCOME

With a target region that extends to all markets in the Middle East and the Mediterranean Basin, Solidere International is not over-exposed to any one market, which results in the diversification of its risk profile and offers the potential for enhanced returns to investors. In addition to the geographical diversity of its project base, it has a diversified revenue-generation base that includes income from investments, development management fees, arrangement fees, income from projects, profit sharing, and property management fees.

MANAGEMENT SYSTEMS AND PROCEDURES

A certain number of Solidere personnel and management have been instrumental in Solidere International's success since its inception. In addition to bringing extensive experience in urban planning and real estate, as well as knowledge of the regional markets, they have infused the Company with Solidere's business model and established development methodology and project management systems and control procedures. These systems and procedures are written into construction contracts and contracts of sale for land and buildings, and are in large part responsible for the high quality of design, material finishes, workmanship, and ongoing development maintenance.

SALES AND MARKETING

Solidere has experience in marketing both land for development and finished real estate products. It has developed and implemented market-sensitive pricing mechanisms as part of the sales and rental terms, which has allowed it to remain profitable despite changes in the economic environment. In addition to marketing land to developers, Solidere markets to investors land plots with development concepts established by its in-house team. In certain cases, Solidere may take up the development process on the investor's behalf.

FARID NEHME
Deputy General Manager, Solidere Saudi Arabia

LEGAL AND FINANCIAL TEAMS
Riyadh Offices

BUSINESS DEVELOPMENT TEAM
Riyadh Offices

LEGAL AND FINANCIAL TEAMS
Riyadh Offices

BUSINESS DEVELOPMENT TEAM
Riyadh Offices

development strategy

ambition and creativity form the core of our value proposition, delivering exceptional products that are recognized as timeless benchmarks

highly sought-after properties and urban environments that deliver high value to end users and investors

Solidere International is a developer with a unique value proposition. We are in the business of delivering exceptional products that are recognized as timeless benchmarks; these are highly sought-after properties and urban environments characterized by their excellence and value for both end users and investors alike.

We meet this promise by intelligently weaving together our creative vision, development approach, and integrated capabilities. Our vision is the platform upon which each project is built, and this is not an abstract or virtual notion. It is an accurate definition of the parameters that differentiate the property, combined with the development standards that bring to life the high level of comfort, elegance, and lifestyle enhancement our customers expect from us. It is through these standards that we seek to maximize each property's potential through a balanced and interlocking mix of architectural, functional, and program design principles that ultimately help deliver an innovative product that captures the imagination. Hence, each project's identity and value proposition are determined early on by crafting this vision around carefully selected locations that have significant room for value creation. Naturally, this process is conducted in close alignment with a robust commercial strategy that is driven by creative financial structuring and the careful selection of local partners with whom we go to market.

Our development approach is a pervasive philosophy that drives consistency throughout all our projects. It is the backbone that informs our thought process, which we embraced from the success, experience, and strong brand recognition that Solidere achieved in Beirut City Center. It is a philosophy anchored in unwavering dedication to quality and a relentless focus on detail while taking into consideration all the contextual elements influencing a project. Ultimately it is an approach that ensures that the human element serves as the cornerstone of our thinking, while adopting forward-looking best practices and technologies to serve that purpose.

The Company executes its vision and philosophy through a very capable, integrated development team whose skill set covers the entire real estate value chain, which we believe is a unique competitive advantage. We hire the best talent and, as a result, have substantial in-house capability in master planning, development, construction management, business development, marketing, and financial structuring. The Company does not only excell in each of these functions, it also succeeds in integrating them all together through the Solidere brand to deliver a holistic product.

You can see all of this coming to fruition through our current projects in Lebanon, Saudi Arabia, and the UAE, where we have been able to achieve significant progress despite volatile economic conditions. And in this context, we have to keep in mind that a major source of the company's growth potential lies in its ability as a private developer to remain agile and flexible in response to the change that greets us every day. For all these reasons, we believe Solidere International will build on Solidere's success in Beirut to become one of the leading real estate developers in the region. This is what maintains our enthusiasm and continually drives us forward.

FREDERIC NYST
General Manager for Development

URBAN DESIGN AND MASTER PLANNING, REAL ESTATE DEVELOPMENT,
ARCHITECTURE AND INTERIOR DESIGN, LANDSCAPING AND PUBLIC SPACE DESIGN,
AND URBAN PLANNING TEAMS
Beirut Offices

project management

expertise in planning, organizing, securing, and managing resources that ensures the successful completion of real estate projects

roles and responsibilities are well defined and a disciplined mindset is rooted in the fabric of our culture

At Solidere International, we fully understand the challenges of delivering complex, capital-intensive projects on an international scale and are aware of the wide range of technical and commercial disparities that exist in the different markets we operate in.

We have enhanced our existing capacity for project management with international expertise and have successfully blended these skills with our existing development and financial capabilities. The result is an effective team that has the necessary skills to manage inherent risks and deliver with the high caliber of excellence that is expected on an international scale.

We have worked hard to institutionalize our project control practices, which are a major value driver for our projects. It is through these controls and procedures that we ensure planning and execution are aligned, while financial forecasts and quality expectations are kept in check. These controls ensure that we remain consistent across all our projects by standardizing procedures, while remaining mindful of the local commercial and operational context predicated by each market. From an organizational perspective, this means that roles and responsibilities are well defined and that a disciplined mindset for strong delivery is rooted in the fabric of our culture. For Solidere International, this operational framework maintains our focus on efficiency, effectiveness, and keeping priorities consistent across all teams.

The benefits of this culture are beginning to show as we now move forward into the construction phase for several of the projects under development, which we are focused on executing within specific parameters set by our development and business plans. It is through this mindset that we bring the Solidere signature to life by remaining rigorous in selecting the best materials and most capable service providers while carefully managing the overall construction effort.

The significant investment in capacity building was seen as a main requirement by the Board of Directors for the company to deliver on its commitments and remain adaptable to the changing environment we see across our target markets. We look forward to maintaining the momentum we have established by delivering projects that are aligned with time, budget, and quality expectations, but more importantly we are keen to see them as vibrant, valuable, and highly sought-after ‘places for life.’

JOSEPH SUMMERHILL
Project Management Division Director

PROJECT MANAGEMENT TEAM
Beirut Offices

PROCUREMENT TEAM
Beirut Offices

PROJECT MANAGEMENT TEAM
Beirut Offices

PROCUREMENT TEAM
Beirut Offices

industrial activities

taking advantage of the demand for affordable housing within sustainable communities in countries facing high demographic growth

SOLIDERE INDUSTRY - FACTORY
Riyadh

SOLIDERE INDUSTRY - FACTORY
Riyadh

adopting innovation and speed to yield modern and economic homes while remaining environmentally friendly and contextually relevant

SOLIDERE HOMES

Solidere Homes is a new division of Solidere International, which was created in response to the demand for affordable housing within sustainable communities in countries that are facing high demographic growth and a dearth of affordable homes and communities. The division draws on the Company's proven track record in master planning, urban development, marketing, and delivering large, complex real estate projects.

Along with unique funding solutions for these large capital projects, Solidere International has invested over three years in researching modern methods of construction to bring innovation and speed that will yield modern and economic homes to meet the significant shortage in affordable housing. The result is an investment in a modern, efficient, solid, safe, and environmentally friendly construction method that is based on factory-produced modular elements capable of achieving all the economies of scale and cost benefits of offsite factory production. It also maximizes the use of local unskilled labor and supply chain to leave a lasting legacy of community employment.

The construction system was independently verified by Arup (UK) and Thornton Tomasetti (US), consultants who specialize in design and engineering analysis services. The Company has now established its first manufacturing facility in Riyadh, Saudi Arabia, which has been operational since December 2012 under the name Solidere Industry-KSA.

Solidere Industry works with governments, financial institutions, and developers to identify, fund, and create cohesive and viable developments. These are designed to offer residents a range of facilities and amenities, including educational, health, entertainment, and leisure components to ensure a comfortable, sustainable, and affordable lifestyle. It currently has several potential projects in the pipeline in the Middle East and Africa.

flagship development

a joint strategic development with the government of Ajman to spur growth in the emirate

delivering an amalgamation of carefully crafted experiences

At Al Zorah we are developing a highly distinguished regional leisure destination, a must-see experience for any visitor planning a trip to or within the Middle East. The region offers a diversity of waterfront options that tourists have always been drawn to. Al Zorah will be an addition to this list of landmark attractions, albeit with a fresh spirit and redefined standards of hospitality excellence designed to deliver the precious, profound, and enduring memories that our diverse target audience is looking for.

We are seeking to deliver an amalgamation of carefully crafted experiences that continuously engage the senses, dispel the parameters of time, and positively alter mind, body, and soul. If you are a family, couple, or group of friends of any age, the project will cater to diverse tastes regardless of the length of stay. Relax, have fun, sunbathe, party, exercise, play golf, discover, rejuvenate, celebrate, reflect, connect, disconnect, shop, or perhaps do business, all within a spectacular, well-preserved natural environment serviced by the most discerning brands and world class operators. Al Zorah is synonymous with all these quality choices, and this is what makes it so unique.
This is a project that has come a long way since its inception; it has gone through a very rigorous process of development and positioning that will deliver significant value not only to the end user, but also to our investors and the emirate of Ajman. This is driven by several factors: firstly the differentiated offering; secondly the project's proximity to Dubai which is now an undisputed international tourist destination with promising growth prospects; and thirdly the presence of Solidere, a leading place maker widely known for delivering great products and sustainable financial results.

In this context it is important to mention the strong position of Al Zorah Development Company, a joint venture with the Government of Ajman with a capital of AED 2 billion. The company, profitable since its inception, carries no debt and has sufficient resources to complete Phase One of the project.

Due for completion by the third quarter of 2015, the first phase will include an 18-hole golf course, theme park, boardwalk, beach club, and two hotels offering around 350 units, designed by renowned architects Lissoni Associati and Denniston International Architects & Planners.

In addition to the completion of four marinas with a capacity for 200 yachts, construction works have commenced for the first hotel and will soon begin for the second hotel. The road infrastructure will be delivered during this period, and we are pleased to see that the connection with Emirates Road has been completed.

Phase One will form the critical mass that will drive the project's future development and uncover Al Zorah's potential; one that is rooted in careful development, pragmatic management, and award-winning parameters of comfort, elegance, serenity, and recreation cohesively embedded within the wide water frontage and a rich thriving mangrove. These will all serve to create a unique destination which the company will continuously strive to maintain.

IMAD DANA
Chief Executive Officer of Al Zorah Development (Private) Company Ltd P.S.C. Ajman

group activities

seeking to increase profitability through strategic planning and risk diversification

REAL ESTATE INVESTMENT AND DEVELOPMENT ACTIVITIES

GOLDEN TOWER, JEDDAH - KSA

Objective *Development of a 48-story, high-end residential tower*
Ownership *50% JV with local partner*
Location *North of Jeddah*
Land area *5,295.22 sq m*
Gross BUA *60,737 sq m*
Management fee *5% of total development cost*

WADI QORTUBA, RIYADH – KSA

Objective *Development of a high-end, expatriate residential compound*
Ownership *100%*
Location *Riyadh*
Land area *270,350 sq m*
Total BUA *135,500 sq m compound 30,000 sq m retail*
Total units *600 villas and apartments*

TAKHASSUSI RESIDENCES, RIYADH - KSA

Objective *Development of an expatriate residential compound*
Ownership *50% JV with local partner*
Location *Northeast of Riyadh*
Land area *40,000 sq m*

AL ZORAH DEVELOPMENT, AJMAN - UAE

Objective *Tourist destination*
Ownership *39% JV with the government of Ajman and a local developer*
Location *Northern coast of the emirate*
Land area *5,430,885 sq m*
Equity *US$ 557 million*
Management fee *5% of net income*

HAZMIEH DEVELOPMENT, BEIRUT - LEB

Objective *Development of a high-end residential gated community*
Ownership *Interests and rights totaling 35% of the project*
Location *Hazmieh*
Land area *90,921 sq m (in addition to 33,483 sq m of land for sale)*
Number of units *600 apartments*
Management fee *(Success and royalty) 10% EBITDA*

AL MALGA DEVELOPMENT, RIYADH - KSA

Objective *Investor and developer*
Ownership *75%*
Location *Riyadh*
Land area *1,000,000 sq m*
Legal structure *Real estate fund*
Fund capitalization *SAR 1,200,000,000*
Fund manager *Saudi Med Investment Company*

ABDULMAJEED LAND, JEDDAH - KSA

Objective *Investor and developer*
Ownership *50% of the fund*
Location *North Obhur, Jeddah*
Land area *1,000,000 sq m, of which 50% has been acquired by the fund*
Legal structure *Real estate fund*
Fund capitalization *SAR 600,000,000*
Fund manager *BLOMINVEST Saudi Arabia*

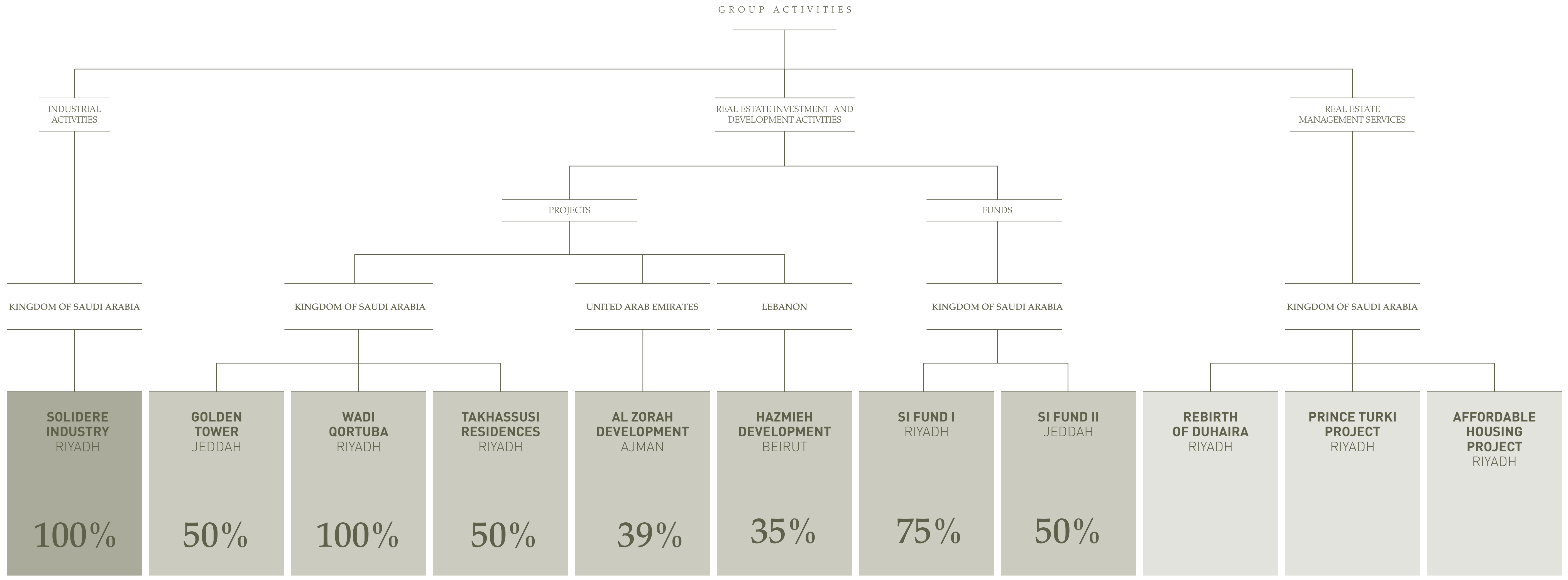
REAL ESTATE MANAGEMENT SERVICES

REBIRTH OF DUHAIRA, RIYADH - KSA

Objective *Real estate management services and lead developer*
Ownership *No ownership*
Location *Central area of Riyadh*
Land area *706,000 sq m*

PRINCE TURKI LAND, RIYADH - KSA

Objective *Development services*
Ownership *No ownership,*
Location *Riyadh*
Land area *22,000 sq m*



Numbers represent Solidere International's percent ownership in each activity.

AL ZORAH DEVELOPMENT

PRIME TOURIST DESTINATION IN THE MAKING

Al Zorah, located on the Emirate of Ajman's coastline, is planned as a world-class tourist destination with a dynamic and vibrant lifestyle that expands the horizon of the getaway experience. The site features sandy beaches, turquoise lagoons, and mangrove forest reserves, all within a short drive from the Dubai and Sharjah airports.

Al Zorah Development, Ajman, United Arab Emirates

Objective *Tourist destination*
Ownership *39% JV with the government of Ajman and a local developer*
Location *Northern coast of the emirate*
Land area *5,430,885 sq m*
Equity *US$ 557 million*
Management fee *5% of net income*

AL ZORAH DEVELOPMENT

A liberal emirate in the United Arab Emirates (UAE), Ajman's geographic attributes, its natural setting, and recent communication campaigns have repositioned it as a differentiated niche market where there is substantial potential for tourism project development.

In line with its strategic objective to spur growth in the emirate, the Government of Ajman entered into a joint venture partnership with Solidere International to plan and build Al Zorah Development, which benefits from free zone and freehold status, giving foreigners the right to 100% ownership and tax-free development. The project is being developed by Al Zorah Development (Private) Company Limited P.S.C. based on a master plan prepared by Solidere International. It encompasses the development of 5.43 sq km of coastal land with a total waterfront of 12 km. The master plan builds on the site's natural resources and open spaces to distinguish the project as an all-inclusive tourist destination.

Solidere International's role in Al Zorah Development is manifold. In addition to master planning and related studies, the Company has raised the capital for development. This was achieved by preparing the investors' document for the private placement of shares, together with a business plan and the creation and structuring of the Investment Vehicle, SI Al Zorah Equity Investment Inc. (Cayman Islands). The Company also provides professional services for the project's development, strategy, and marketing, and is itself engaged in developing real estate anchor projects.

Solidere International's debut in the Gulf region is a distinct tourist destination with a master plan that builds on the site's location and natural attributes

THE SITE

A serene landscape defined by sandy beaches, turquoise lagoons, and mangrove forests

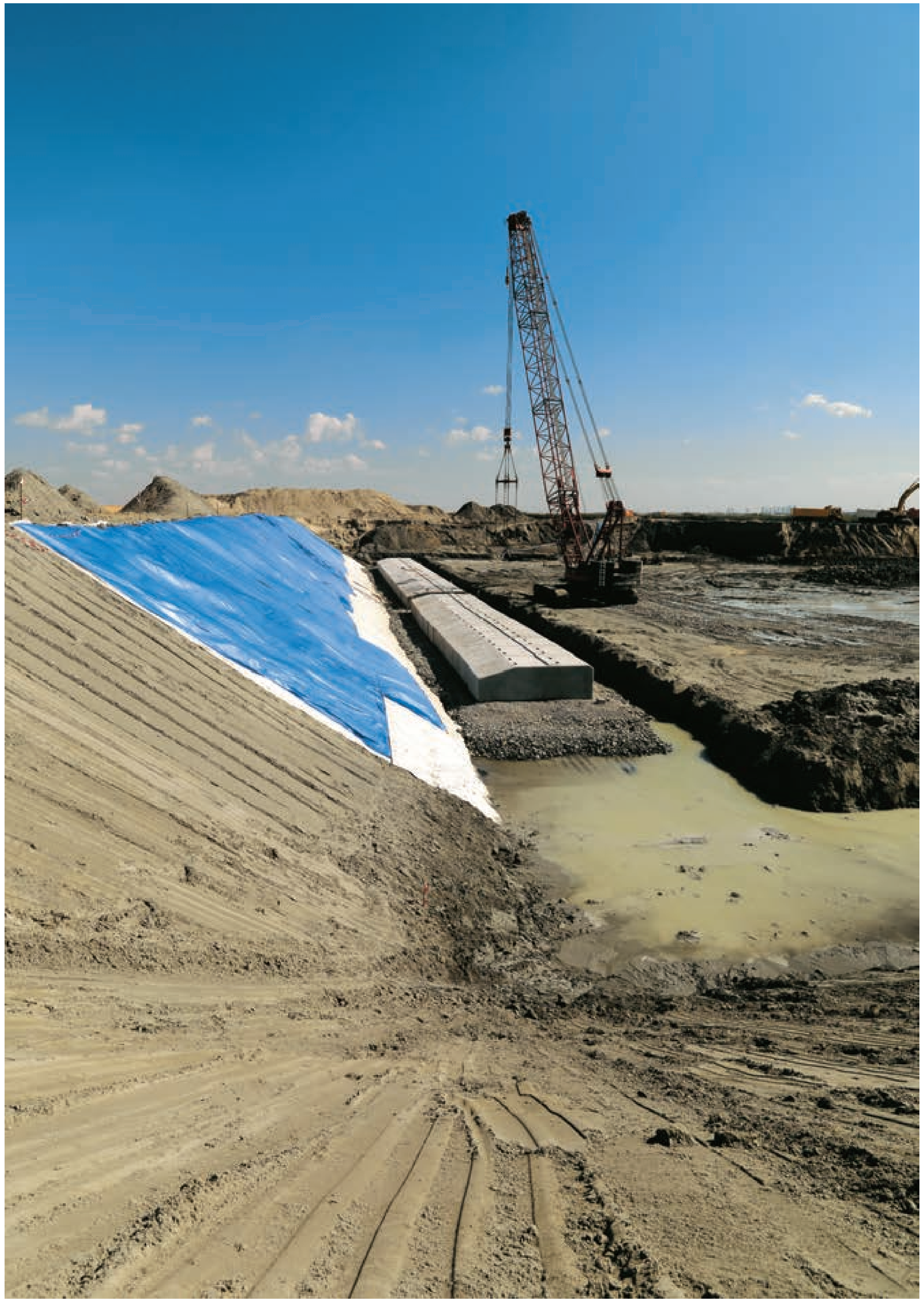
The fine stretch of white beach and pure coastal waters of Al Zorah Development are easily accessible to the region and the world. Located a 30-minute drive from Dubai Airport and 20 minutes from Sharjah Airport, the site is also reachable by water taxi from neighboring emirates and countries or by private boat.

The lagoons and mangrove forests in and around the creek are designated as a conservation area, and the project allocates high priority to the formalization of this designation and to the dedication of appropriate resources to its management and protection. The rich flora and fauna include offshore coral and 58 species of birds.

Al Zorah Development allocates high priority to the mangrove forests in and around the creek, which are designated as a conservation area

The vibrant flora and fauna of the mangrove serve as major draws for those seeking the eco-friendly lifestyle

Sustainable planning preserves the integrity of the surrounding environment, retaining the lush ambiance of the development



Infrastructure works and excavations for Al Zorah Phase One development projects

After completing infrastructure design, implementation is underway with completion of four marinas, a parkway, and a road connecting to Emirates Road

Providing solid infrastructural foundations across the board in preparation for land development

A 3,500 sq m pavilion sales center for Al Zorah is under construction, to be sheltered under a magnificent canopy illuminated and decorated as an ornamental tent

THE MASTER PLAN

Preserving the natural beauty of Al Zorah, destined to become a coveted tourism and leisure destination

With a master plan inspired by the *genius loci*, Al Zorah Development prioritizes an eco-friendly lifestyle. Solidere International's General Management for Development and Visionnaire Development Consulting, along with a number of international consultants, contributed to the completion of the master plan and feasibility studies. The detailed master plan has received official approval.

The project encompasses a multi-use development focused on leisure and tourism. A conserved mangrove forest and natural creek form the defining elements of the landscape, suitable for a wide range of recreation and beachside resort activities, such as golf and marine sports.

The mixed-use project will include a number of quality real estate products including world-class beachfront resorts and hotels, several tourist residential zones, and retail, office, and entertainment areas, with most properties enjoying water, golf course, and mangrove views.

The master plan is being implemented based on an updated vision that focuses on strategic real estate objectives to position Al Zorah Development as a major landmark destination in the region.

The Phase One 'magnets', which will immediately establish the project's identity, clarity, and vision and lay the foundations for its success, are two five-star resort hotels along with a theme park, beach club, boardwalk, golf course, and visitors' pavilion. The master plan therefore includes a ceremonial landscaped entrance that leads to the resort destinations.

Company *Al Zorah Development Private Company Limited P.S.C., Ajman*
Partners *Government of Ajman, SI Al Zorah Equity Investment Inc., Cayman Islands*
Developer *Solidere International*
Master planning *Solidere International and Visionnaire Development Consulting*
Infrastructure *Dar Al Handasah*
Landscape *ILEX, France, for the two resort hotels*
Phase One Architects
Lissoni Associati, Italy
Denniston, Malaysia
Bernard Khoury / DW5, Lebanon

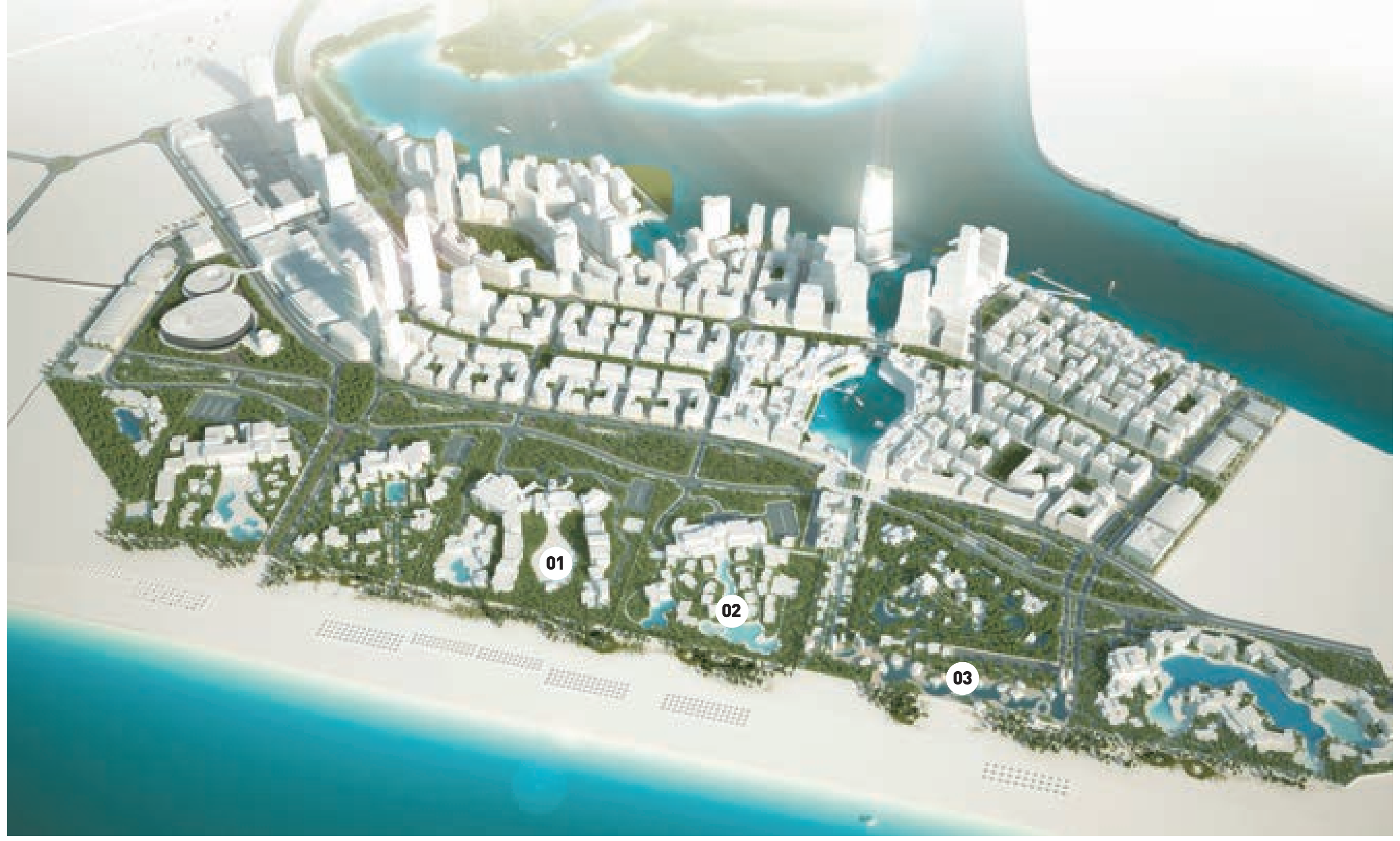
ZONES

Beachfront resorts and hotels aim to establish the identity and success of Al Zorah Development by placing it on the region's map

01 *Peninsula Zone*
02 *Beachfront Zone*
03 *Mangrove Zone*
04 *Golf Course*
05 *Gateway*
06 *Corniche Marina*

Land area *5,430,885 sq m*
Green and open spaces *60%*
BUA *10,710,000 sq m*
Resort, tourist, residential, and other vacation facilities *70% with an 18-hole golf course and marinas*
Mixed-use residential *14%,*
Offices *7%*
Retail *6%*
Community facilities *2%*
Other *1 %*
Phase One completion *2015*

Peninsula Zone This zone is defined as a clear, linear, 2-km-long high-density development area. It comprises primary 'magnets' and amenities to be realized in strategic phases, connected by a linear pedestrian spine, including a congress and exhibition center, a mall, a pedestrian leisure spine, Al Zorah Souks, and a marina development. **Beachfront Zone** As it stretches along the beachfront of the peninsula, the Beachfront Zone accommodates resorts, a beach club, a theme park and other seaside attractions. The scheme provides five prime plots available for development of resorts to international standards , with the possibility of applying a broad range of concepts and operations. These resorts benefit from 1.6 km of linear beach frontage and comprise around 1,200 keys. **Mangrove Zone** Mangrove West, facing the mangrove forest and creek, is composed of a sequence of marinas and 'magnets', each associated with a distinct waterfront development. The scheme comprises a low-density waterfront quarter and a vibrant urban setting surrounded by low-rise waterfront neighborhoods. Mangrove East comprises two high-density developments facing the creek and mangrove areas, each anchored around its own marina. **Golf Course** Located on the northern edge of a mangrove reserve, the zone incorporates an 18-hole championship golf course, set partly within coastal dunes and mangrove wetlands, as well as a clubhouse, golf hotels, an upscale residential neighborhood, landscaped frontage to the mangrove conservation area, walkways, and recreational facilities. **Gateway** This zone lies at the entrance of Al Zorah Development from the Emirates Road, where the highway takes on the character of a landscaped boulevard, flanked by green open spaces and views of the golf course and mangrove creek. Major retail facilities and high-rise towers characterize this mixed-use and dense district. **Corniche Marina** An enclosed boat mooring area and small, dense center form the core of Corniche Marina, a reclamation area northeast of the waterfront, which integrates rocky headlands and sheltered beaches. Adjacent to the village core are mid-rise villas and townhouses with semi-private gardens, walkways, and underground parking. High-rises and mixed-use towers on the periphery of the district enjoy unobstructed sea views.



DEVELOPMENT

Al Zorah leverages Solidere's years of master planning, land development, real estate, and hospitality know-how

Implementation of Al Zorah Development is planned in four phases over a 15-year period. Al Zorah Company is currently engaged in land development activities including infrastructure and marine works. The company is also engaged in Phase One real estate development projects, which comprise two resort hotels, beach club and boardwalk, theme park, golf course, and visitors' pavilion, covering around 1.5 million sq m of land area over three years. Marine works were completed in 2012, while roads and infrastructure are expected to be completed in 2013.

The company's primary objective is to market Phase One of Al Zorah Development as a vibrant international tourist destination that capitalizes on the sites' attributes. The strategy is to distinguish the project from other developments in the region through flagship projects that position Ajman as a prime tourist destination for Gulf residents as well as for regional and European visitors.

In the Al Zorah Development, Solidere International combines Solidere's years of master planning, land development, real estate, and hospitality know-how with the additional experience of a team of renowned international architects. Solidere International professional services span the entire process from concept development of anchor projects to implementation and marketing strategies.

***01** Resort Hotel One*
***02** Resort Hotel Two*
***03** Beach Club and Boardwalk*

Peninsula resorts and hotels aim to establish the identity and success of Al Zorah by placing it on the region's map

RESORT HOTEL ONE

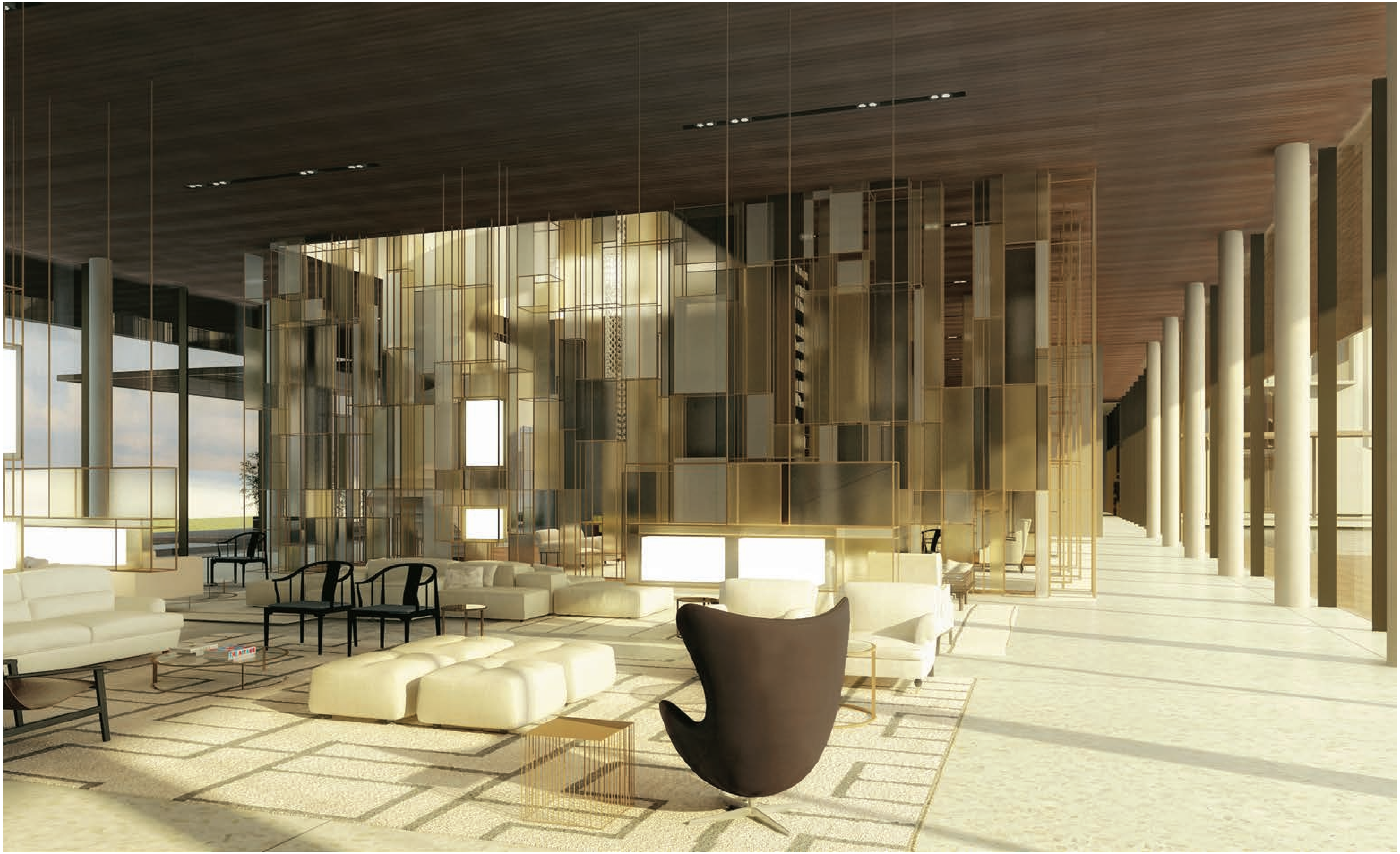
Land area *85,000 sq m*
BUA *36,215 sq m*
Rooms *160*

This project is planned to cater primarily to wellness-focused guests, for whom exclusivity and privacy are paramount, with special provisions for family-focused guests. The concept offers personalized service within an elegant contemporary architectural style and intimate atmosphere.

The two articulated buildings that comprise the resort have a delicately shaded outer skin made out of wooden beams, creating an effect of light and shade as day changes into night. Simple and pure concrete forms protrude from the façade, evoking a continuous movement on the outside. All rooms have large windows that maximize ocean views, while sun protection is provided by the balconies and wood screens. The design proposal blends harmoniously with the natural environment, the water pools, and the vegetation through the knowledgeable use of a mix of materials such as concrete, smooth stucco, stone, wood, and glass.

The design proposal blends harmoniously with the natural environment as simple and pure concrete forms protrude from the façade to evoke a continuous movement

A delicately shaded outer skin creates and effect of light and shade as day changes into night



In a contemporary architectural style and intimate atmosphere, the hotel offers personalized concierge service

Careful use of forms and materials convey exclusivity and privacy

RESORT HOTEL TWO

Land area *75,500 sq m*
BUA *38,205 sq m*
Rooms *230*

Resort Hotel Two is a five-star, family-oriented destination comprising 230 keys ranging from standard rooms to suites with private pools, to two- and three-bedroom beachfront villas. This variety is achieved through various buildings strategically dispersed across the site, breaking the high number of keys into smaller buildings with distinct character. Level splits and elevated blocks create a scheme that offers both generous sea vistas as well as inward-looking views that give onto a landscaped water feature at the heart of the resort.

The result is a unique and distinctive design, beginning at the ceremonial arrival area, which sets the scene for contrasting dramatic architectural forms with comfortable human-scale spaces. The interplay between internal and external spaces is important as it provides a balance between communal and private areas. Special attention to detail is paid with respect to the landscape and hardscape design, allowing each guest room a link to the public outdoor spaces. The architectural language is structured according to a contemporary vision of signature Arab cultural elements, respecting local customs, lifestyle, and expectations.

Buildings are strategically dispersed across the site with level splits and elevated blocks to offer generous sea vistas and inward-looking views over landscaped areas

Defined by its shading structure, the perforated façade resembles a continuous white cape along the whole site

BEACH CLUB AND BOARDWALK

Land area *15,000 sq m*

Located within the Beachfront Zone, the Boardwalk connects Marina Square to the waterfront and the Beach Club. Along the seafront of the site, retail and entertainment pavilions are planned around landscaped gardens. The perforated façade of the project is defined by a shading structure that extends horizontally above the various functions, folds around the built masses, and wraps the pavilions with oblique planes; it resembles a continuous white cape along the whole site.

WADI QORTUBA

A CONTEMPORARY LANDSCAPED COMPOUND

Wadi Qortuba is a contemporary, low-rise compound offering a mix of villas, townhouses, and apartments, planned within a landscaped environment around a green, central transversal park connected to smaller gardens and squares through internal walkways.

Wadi Qortuba, Riyadh, Kingdom of Saudi Arabia

Objective *Development of a high-end, expatriate residential compound*
Ownership *100%*
Location *Riyadh*
Land area *270,350 sq m*
Total BUA *135,500 sq m compound*
30,000 sq m retail
Total units *600 villas and apartments*

WADI QORTUBA

An 'open feel' compound to serve the expatriate community in Riyadh, the booming capital city of Saudi Arabia

Wadi Qortuba is a contemporary, low-rise compound comprising a mix of villas and apartments that are planned within a landscaped environment around a green, central transversal park, the Wadi, connected to neighborhood parks and smaller gardens through internal walkways.

The compound, accessed through a central sweeping boulevard, is further supported by a high-end clubhouse with a large number of facilities, as well as a frontage retail strip along the northern edge.

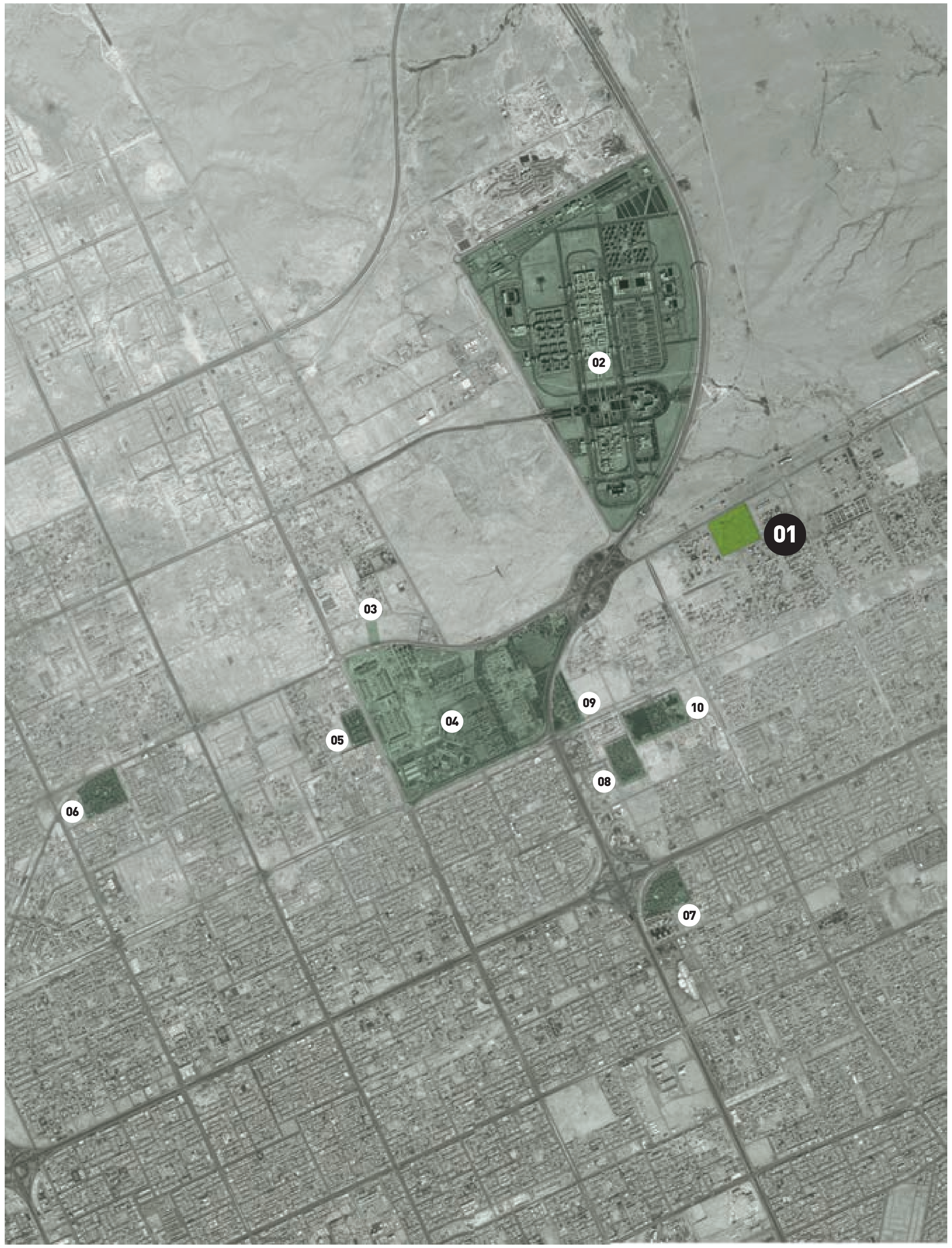
The development is located at the northeast of Riyadh, the capital and largest city of Saudi Arabia. In response to the booming profile of the city, the project is expected to attract a diverse mix of Arab and Western expatriates, from executives looking for stand-alone villas to young professionals seeking smaller apartments.

THE SITE

Strategically located in an up-and-coming, commercially valuable area of Riyadh with easy accessibility

The project is conveniently located in the Qortuba district of Riyadh along the southern frontage of Thumamah Road, 1.6 km east of the Airport Road. It is situated across from Princess Nora Bint Abdulrahman University, in the vicinity of several proposed governmental facilities. The immediate surroundings comprise a flourishing area of Riyadh, enhanced by an upgraded ring road network.

The site enjoys easy accessibility and high commercial value. Due to the rapid growth of the eastern suburb into a middle-class residential district, the project caters to a large catchment area that connects to the northern and eastern ring roads in addition to a network of internal roads leading to the Dammam Road and other eastern suburbs.



***01** Wadi Qortuba **02** Princess Nora Bint Abdulrahman University **03** Takhassusi Residences **04** Al Imam Muhammad Ibn Saud Islamic University **05** Romaizan Compound **06** Kingdom Compound **07** Hamra Compound **08** Cordoba Compound **09** Fal Compound **10** Arizona Compound*

THE MASTER PLAN

A low-density community offering a diverse mix of expats a convivial and ecologically sustainable way of living

Wadi Qortuba highlights expansive spaces and connectivity for its housing clusters to offer a green, convivial lifestyle. In contrast to the monotonous gridded layout of city blocks, views from the entrance of the compound give onto parks and a sweeping, landscaped boulevard.

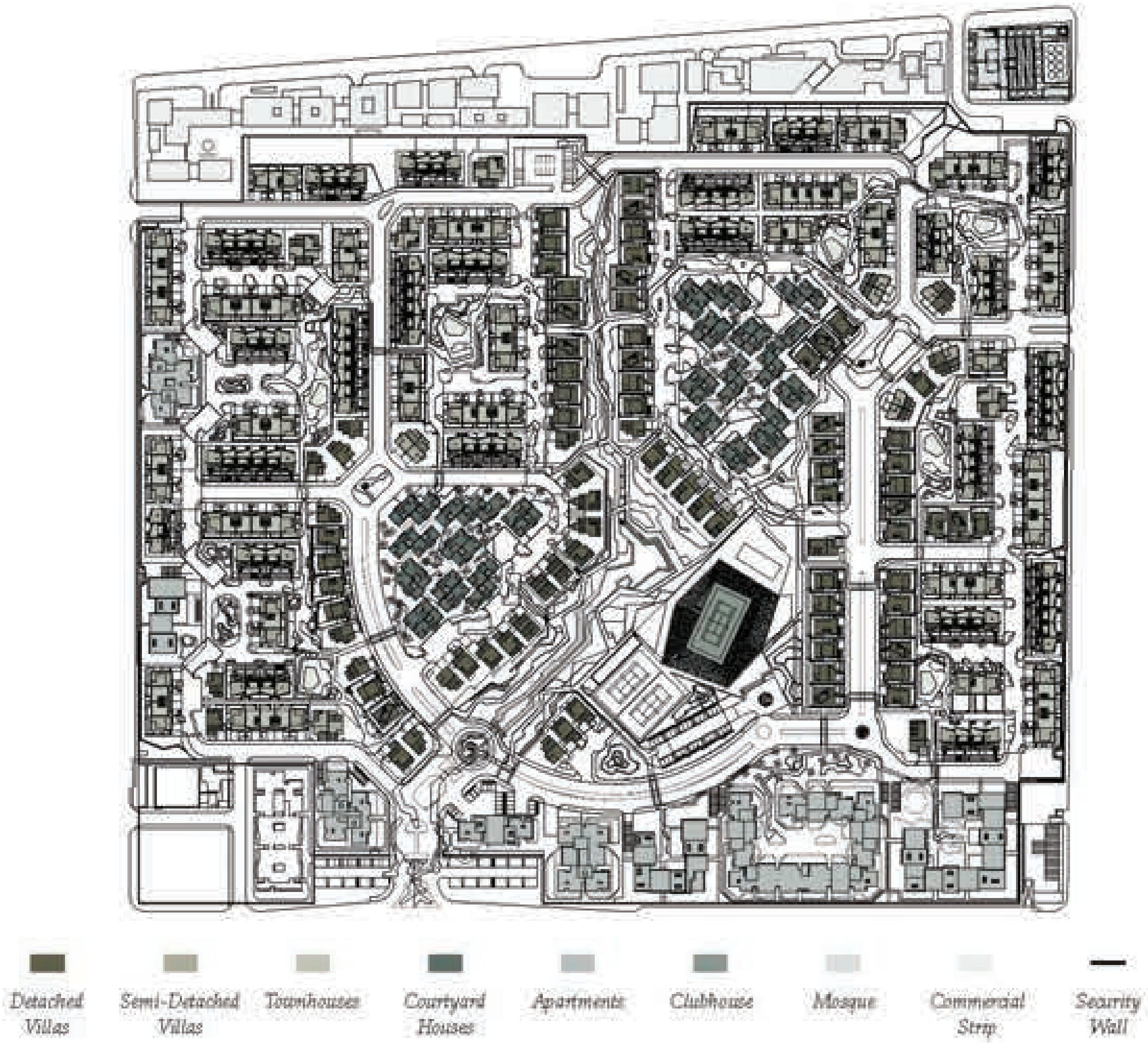
A cluster of apartment buildings line two sides of the development's perimeter and surrounds clusters of villas and townhouses. The density becomes lower and more permeable moving toward the center of the project to maintain view corridors giving onto a transversal water feature running through the compound. Known as the Wadi, this feature is flanked by a green boulevard that provides access for compound residents from the main entrance to the different communal clusters.

The master plan prioritizes sensitivity and awareness of the climate and the environment in everything from infrastructure to architectural design, thus ensuring the sustainability of the project. Furthermore, it achieves diversity through the introduction of different layouts for the units, complemented by a central clubhouse.

A commercial strip is planned to enhance quality of life and allow residents easy access to a retail area filled with lifestyle components. Facing it on Thumamah Road is a mosque. Parking is available individually for all residential units, as well as at main communal points inside and outside the compound.

Company *Solidere Qortuba*
Developer *Solidere International*
Urban design *Solidere International*
Infrastructure *Khatib & Alami, Lebanon and KSA*
Landscape *Bodeker Partners, Germany*
Architects
Nabil Gholam Architects, Lebanon and Spain
L.E.FT, US and Lebanon
Maria Group, Lebanon
Abdel Wahed El-Wakil, Egypt
Architect of record
Saudi Diyar Consultants, KSA

A contemporary spirit characterizes the compound in everything from the main entrance to the Wadi Walk, the central clubhouse, and neighborhood parks

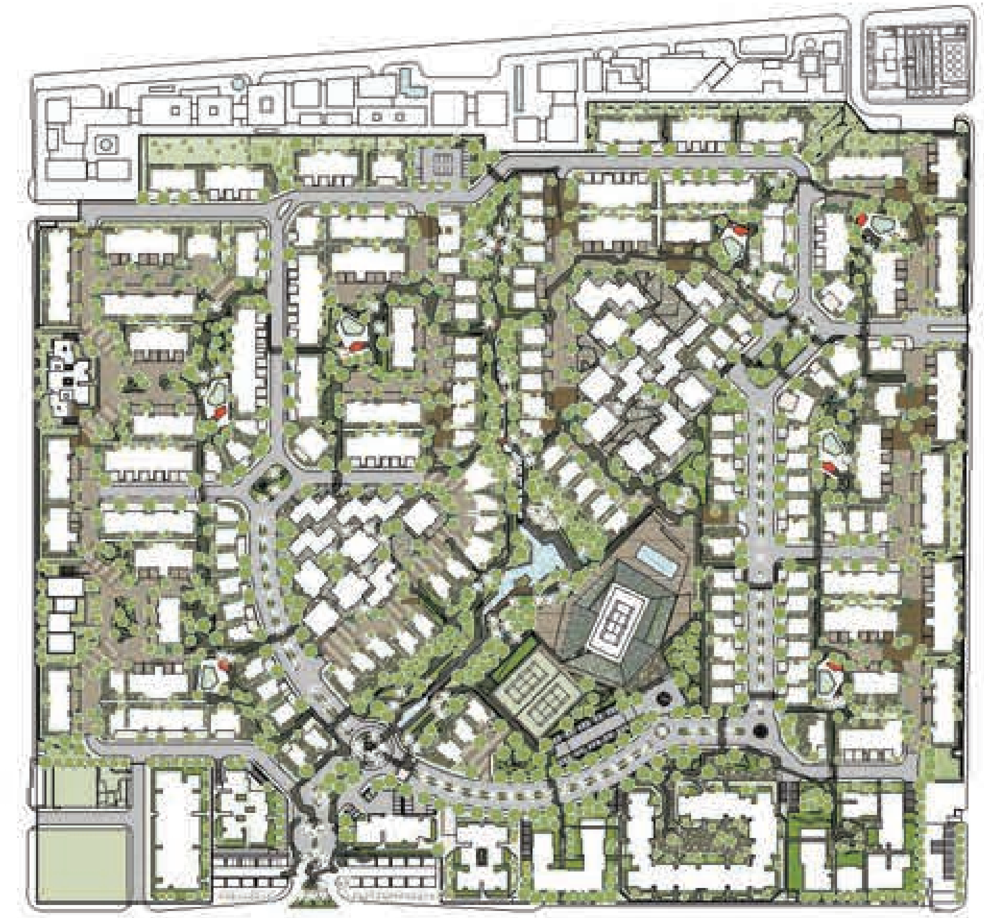


COMPONENTS

Contemporary sustainable architecture and landscaping adapted to the local climate

Land area *270,350 sq m*
Green and open spaces *76%*
Public / private space 40% to 60%
BUA *135,500 sq m compound 30,000 retail*
Residential *with a commercial strip at the northwestern edge*
Residential units *600 Villas 375*
Appartments 225
Apartment sizes *80 to 120 sq m*
Villa sizes *180 to 365 sq m*
Completion *2015*

Detached Villas With access from the green boulevard and individual back gardens, these large villas overlook the Wadi. **Townhouses and Semi-Detached Villas** Organized in a convivial, pedestrian-friendly clusters, Townhouses and Semi-Detached Villas feature a communal park at the center, adjacent to a children's playground and community pool. Clusters are connected to the Wadi and clubhouse by the Wadi Walk. **Courtyard Houses** This typology features an internal courtyard, which acts as the heart of home. Courtyard houses benefit from a distinct indoor setting coupled with natural lighting, offering a feel of intimacy and privacy. **Apartments** Low-rise apartment buildings are located at the southern and southwestern edges of the compound and are grouped around small-scale courtyards that open up and connect to the main landscaped areas. The buildings are conceived of as groups of smaller, vertical villas that have terraces and park views. **Clubhouse** With a distinguished contemporary architecture that blends in with the central transversal park where it is located, the clubhouse features a pool, men's and women's gymnasiums, squash and tennis courts, a sauna, a Jacuzzi and steam room, bowling, children's and teenager's zones, a kindergarten, a multipurpose room, a coffee shop and lounge, and two retail areas. **Open Space** Landscaped areas include a transversal central park, neighborhood parks, and individual gardens.



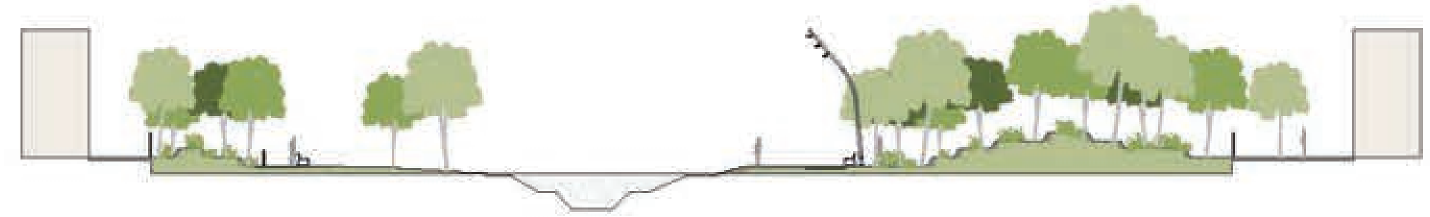
LANDSCAPE SCHEME

Careful treatment of all open and outdoor areas to create an oasis for living

The master plan relies heavily on landscaping as a critical element in creating an oasis for living with careful treatment of all open and outdoor areas, including private and public gardens, alleyways, service pathways, and public lighting.

One of the main attributes of the compound is the Wadi. A contemporary interpretation of an oasis, the Wadi is a water feature that runs through the center of the compound to the main entrance, creating an interesting topography surrounded by lush greenery. The Wadi Walk branches out to interconnect the different neighborhood parks. The Woonerf concept gives each neighborhood the feel of a communal and safe environment, an inviting and livable oasis.

A transversal section on the main central park, the Wadi, showing the water depth and surrounding topography and greenery



A contemporary interpretation of an oasis, the Wadi, surrounded by lush greenery, runs transversally through the compound

Neighborhood parks, at the center of each residential cluster, connect to the Wadi and the Wadi Walk

Courtyard Houses enjoy internal patios and form clusters with distinct character

Located at the edge of the compound, low-rise apartment buildings are grouped around courtyards connected to the main landscaped areas

Low-rise apartment buildings are conceived of as vertical villas with terraces and serene views

Courtyard Houses' warm indoor setting coupled with natural lighting offers a feel of intimacy and privacy

Townhouses and Semi-Detached Villas are organized in convivial, pedestrian-friendly clusters

All residences enjoy modern interiors with flexible space configurations

Large windows create an open and airy feeling indoors while providing easy access to the outdoor landscape areas

The contemporary low-rise apartment buildings embrace a landscaped environment connected by bicycle- and pedestrian-friendly roads and alleyways

Upholding sensitivity and awareness to the climate and the environment from infrastructure to architectural design

Achieving diversity through the introduction of different layouts that all provide the same high level of quality and comfort

The Clubhouse, a statement of contemporary architecture, is the focal landmark at the center of the compound

REBIRTH OF DUHAIRA

REGENERATION OF THE HISTORIC CITY OF RIYADH

Located at the heart of Riyadh, Duhaira is the capital city's most strategic site and strongest embodiment of the kingdom's culture and heritage. The Rebirth of Duhaira plans to bring life back to the area through a well-planned urban renewal program conceived according to the highest standards.

Objective *Real estate management services and lead developer*
Ownership *No ownership*
Location *Central area of Riyadh*
Land area *706,000 sq m*

REBIRTH OF DUHAIRA

Complementing the area's historical character with a modern and inspiring program

Once known as the heart of the nation's capital, the Duhaira area in Riyadh has experienced urban deterioration over recent decades and has been overtaken by the development of nearby districts.

The Rebirth of Duhaira endeavors to regenerate Riyadh's most strategic site and strongest embodiment of the Kingdom's culture and heritage and turn it into a modern symbol of the Saudi capital. The vision consists of bringing Duhaira back to life by repositioning it once again as the center of Riyadh with economic and social objectives and turning it into an attractive urban destination on a national, regional, and international level.

THE SITE

Within the three cornerstones of Riyadh's great urban triangle and along the path of the city's most significant cultural legacy

Duhaira, extending over 706,000 sq m of land, is located at the heart of Riyadh's Central Area, which, along with the Diplomatic Quarter and the site of the old airport, form the three cornerstones of Riyadh's great urban triangle. The site is further enhanced by its proximity to King Fahd Road's greenest landscape and by being situated within the city's planned extensive public transportation network.

Today, Duhaira partially overlaps with the footprint of the Old City of Riyadh, where the origins and traditional history of the region lie. It initiated the expansion of modern Riyadh outside the Old City walls along the cultural spine, bringing about vital north-south urban connections linking King Abdul Aziz Historical Center to Qasr Al-Huqm, seat of the Governor of the capital city.

***01** Duhaira **02** Al Futah **03** Thalim **04** Al Marqib **05** Ad Dirah **06** Al Chimaysi **07** Imm Salim **08** Al Wicham **09** Al Murabba' **10** Al Amal **11** Al Oud **12** Jabra **13** Batiha **14** Qora **15** Al Wasita **16** Maaqal **17** Al Duwaybiya **18** Salam **19** Salihiya **20** Ghbayre*

Semi-demolished mud-brick houses within clusters of quiet neighborhoods will be completed with modern infills

The plan is to revitalize the conservation area's historical character with a modern and inspiring program. Retained mosques, schools, and mud-brick buildings will be restored according to the highest standards

THE MASTER PLAN

A forward-looking master plan that envisions an immersive cultural experience

In an attempt to initiate a process of urban renewal that would transform the deteriorating parts into an emerging modern symbol of the capital, Solidere International was commissioned to develop a preliminary master plan that restores Duhaira's historic and cultural heritage. Through this, a unique opportunity to initiate a modern living hub designed to draw people back to the traditional part of the city has been created.

The challenge is to turn Duhaira into an attractive urban destination of national, regional, and international significance. More specifically, a destination that would serve as a catalyst for creating a vibrant and popular meeting place. By repositioning Duhaira as the heart of Riyadh, the project will improve the quality of life, while simultaneously serving economic and social objectives. The vision was inspired by leading examples of successful cultural 'magnets' of urban renewal, such as the Pompidou Center in Paris, France, and the Guggenheim Museum in Bilbao, Spain, both of which transformed the cities they reside in.

The preliminary master plan reflects and builds upon this vision. The old street pattern is essentially maintained, with substantial upgrades in the road network to improve accessibility and movement. Existing mosques, schools, park, cemetery, and heritage mud-brick buildings are retained and restored according to the highest standards. The master plan preserves most of the traditional urban fabric while proposing six key new components to reshape Duhaira's identity. In addition to these, the project includes a residential cluster around the Khalidiyah Tower, a creative industries strip for small businesses, a residential and cultural district within the conservation area, a retail cluster, and public amenities.

Developer *Solidere International*
Urban design *Solidere International*

COMPONENTS

Inspired by leading examples around the world, the master plan focuses on cultural magnets as beacons of urban renewal

Land area *706,000 sq m*
Public domain *44%*
BUA *1,186,000 sq m*
Residential *36%*
Commercial *23%*
Cultural, leisure, and entertainment *13%*
Hospitality *10%*
Offices *10%*
Public amenities *8%*

01 *Cultural Spine*
02 *Landmark Building*
03 *Urban Park*
04 *Retail Strip*
05 *Multi-modal Station*
06 *Conservation Area*

Cultural Spine An important feature of the master plan, the spine is a catalyst for the Rebirth of Duhaira, creating a cultural destination and ensuring connectivity with the existing Qasr Al-Huqm to the south and Al-Fouta Garden to the north, a 40,000 sq m landscaped park. It consists of three major components that reflect a natural progression from the old town in the south to a more modern urban vision in the north: the Urban Cultural Complex, the National Architecture and Design Museum, and the National Archeology Museum. **Landmark Building** A family-oriented hotel, the Landmark Building aims to complement Duhaira's overall cultural and recreational offerings. The structure provides high visibility of the site from King Fahd Road, Riyadh's busiest urban artery, and acts as a western anchor that balances the presence of the existing Khalidiyah Tower to the east. **Urban Park** The proposed park is landscaped to adapt to the local climate and comprises a business district and residential clusters. As an upgrade to the existing green strip on King Fahd Road, it is an ideal environment for high-quality urban living. **Retail Strip** This component preserves, reorganizes, and relocates Duhaira's existing wholesale economy into specialized clusters, such as a house for perfume, a house for textile, a house for toys, and a house for stationary. These businesses are supported by adequate office and warehousing facilities. **Multi-modal Station** Located at the eastern tip of the site, the multi-modal station aims to improve accessibility to the region. It houses a bus station and connects the project with the future Light Rail Transit station on King Faysal Road. **Conservation Area** An important component, the conservation area revitalizes the traditional urban fabric of the site, its narrow streets and mud brick houses, by complementing the historical character with a modern and inspiring program. Heritage mud-brick buildings classified by Al Riyadh Development Authority are retained and renovated with high-quality techniques to strengthen the traditional fabric of the city.

The master plan restores Duhaira's historical and cultural heritage while initiating a modern living hub and an attractive urban destination

DEVELOPMENT STRATEGY

The project's strategy focuses on the development of primary magnets and encourages public sector involvement and contribution

The Rebirth of Duhaira is planned in a two-phase strategy. Phase One aims to establish Duhaira as a destination by focusing on the development of the main magnets of the project. These comprise the Cultural Spine and the Landmark Building with its surrounding area, which will bring immediate renown to the district. It will also include the development of the Retail Spine that will maintain the traditional retail history of Duhaira, restoration of part of the historical buildings, as well as development of residential and office buildings surrounding the Urban Park.

The development strategy plans to encourage public sector involvement and contribution by declaring the Rebirth of Duhaira to be a project of great public interest, improving accessibility through important off-site infrastructure enhancement, implementing a strong public transportation policy, and developing public amenities that include cultural real estate developments.

The historic core is a lively destination, animated by a mix of cultural attractions with traditional artisan outlets, cafes, and restaurants

A pervasive pedestrian and landscaped network provides high-quality public space and enhances connectivity between the districts and the integrated leisure and cultural 'magnets'

AL MALGA DEVELOPMENT

A DISTINCT RESIDENTIAL COMMUNITY IN A COHERENT URBAN FABRIC

Located in a newly developed area in northern Riyadh, the Al Malga Development is envisioned as an upscale, distinct, and carefully master planned residential community for Saudi nationals. The project integrates a number of diversified sub-projects within a coherent urban context.

Al Malga Development, Riyadh, Kingdom of Saudi Arabia

Objective *Investor and developer*
Ownership *75%*
Location *Riyadh*
Land area *1,000,000 sq m*
Legal structure *Real estate fund*
Fund capitalization *SAR 1,200,000,000*
Fund manager *Saudi Med Investment Company*

AL MALGA DEVELOPMENT

In the northern part of Riyadh, Saudi Arabia's largest city and capital, lies the Al Malga district, an emerging residential neighborhood. Its high-quality infrastructure and exceptional accessibility to vital areas, urban landmarks, and King Khaled International Airport, make it one of the most sought after in the local residential market.

Solidere International, in partnership with a major Saudi conglomerate, has established a real estate fund in which SI holds a 75% share, to acquire this one million sq m land. The SAR 1.2 billion fund is regulated by the Saudi Capital Market Authority and will operate under the Investment Fund Regulations.

The Company envisages the development as a distinct residential community in Al Malga district, with a strong value proposition designed around well planned amenities and exceptional design that will offer residents a comfortable and contemporary lifestyle.

An upscale and distinctive residential community with all the amenities of contemporary lifestyle in an area of increasing real estate demand in northern Riyadh

Solidere International's scope of services consists of development management, urban design and master planning, project management and supervision, and operations and maintenance.

THE SITE

Located within an emerging suburb of Riyadh, the project has easy access to vital areas and landmarks, including the King Khaled International Airport and King Abdullah Financial District

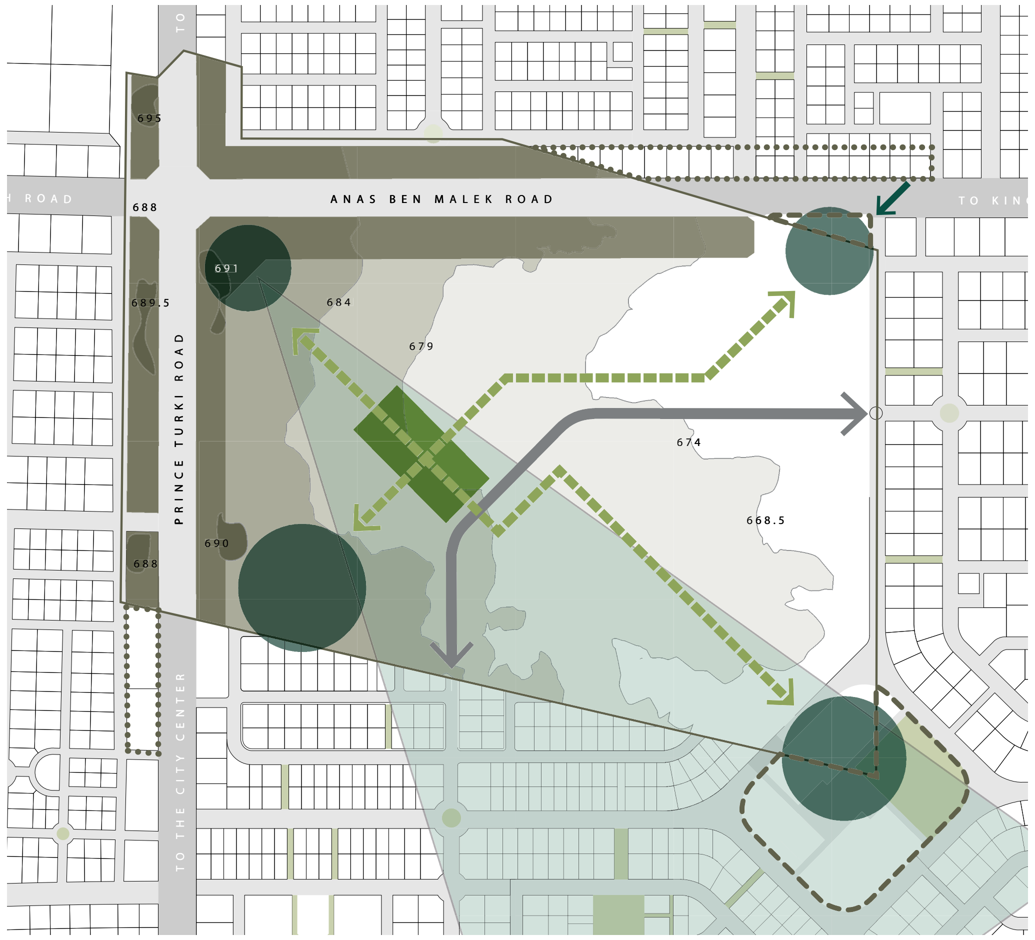
The project is located in Al Malga district of Al Shemal municipality in northern Riyadh. It is situated within the 'golden rectangle,' one of the most dynamic emerging areas of the capital, spread between the first and second ring roads, to the west of King Fahd Road which provides direct access to the site through Anas Ben Malek Road. The second ring road connects Al Malga to King Khaled International Airport while Prince Turki Road links it to the Diplomatic Quarter and the city center.

The project sits on a 25 m elevation providing beautiful sunset views to the west while overlooking the King Abdullah Financial District to the southeast, which is destined to become Riyadh's main commercial hub. Due to the relatively recent evolution of Al Malga district, its utilities infrastructure, including sewage, piping, drainage, and road networks are of the highest standard.

Al Malga district has witnessed high demand for land development reflected in the significant number of new real estate projects that have been launched in the area in recent years. The area is also seeing demand from several renowned business and academic landmarks such as the widely recognized Najd school, which is relocating to the district in close proximity to the project.

Developer *Solidere International*
Urban Design *Solidere International*

01 *Al Malga Development* ***02*** *King Abdullah Financial District* ***03*** *Riyadh Old Airport* ***04*** *Al Imam Muhammad Ibn Saud Islamic University* ***05*** *Takhassusi Residences* ***06*** *Wadi Qortuba* ***07*** *Princess Nora Bint Abdulrahman University* ***08*** *King Khaled International Airport*

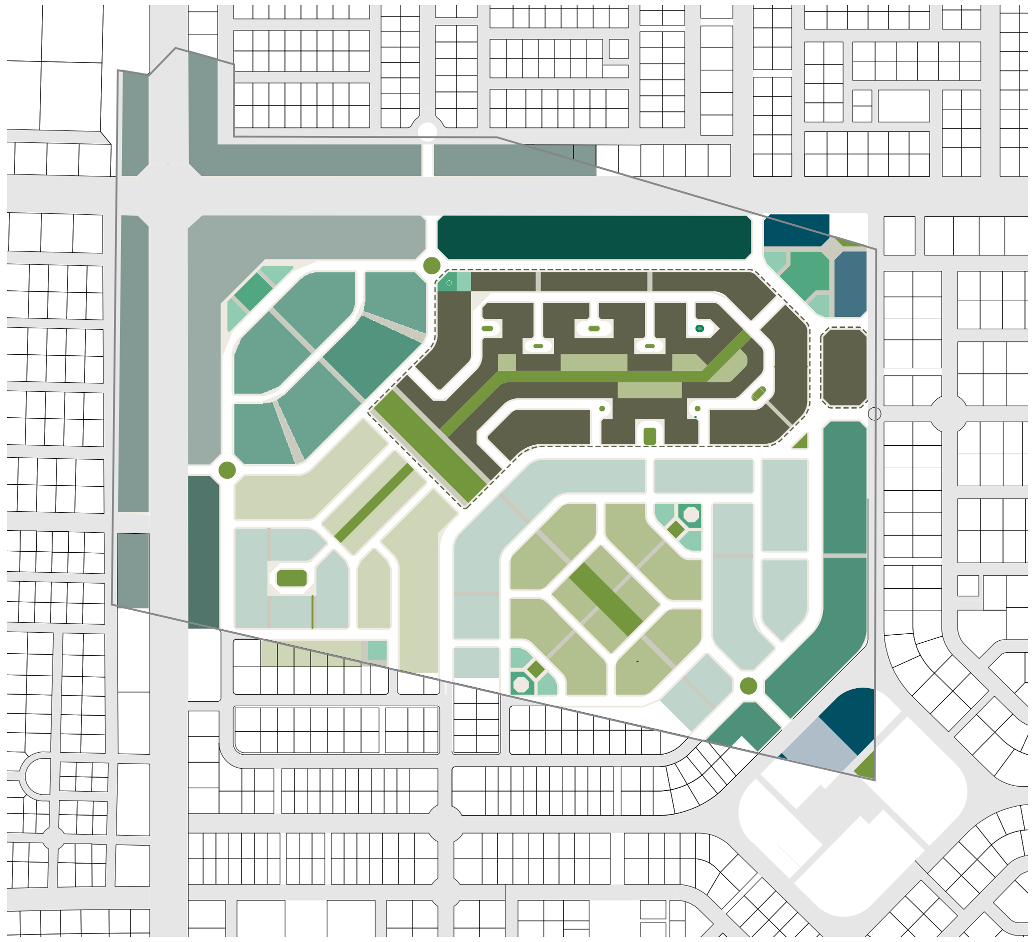


THE CONCEPT

A site-driven development, planned around key site assets as an upscale residential community for Saudi nationals

The concept leverages the site parameters and location on the intersection of Prince Turki Road and Anas Ben Malek Road, in addition to other key assets that include the sloping topography and view corridors, which allow the design to provide tiered residential platforms.

The master plan is designed taking into consideration modern lifestyle components while giving due attention to the need for calm and tranquility within a residential environment. In addition to neighborhood public spaces, the site is interlinked by two linear green spines that meet to form a central park at their intersection. A commercial strip forms a continuation of the existing commercial land use and creates a buffer zone between the residential community and the 60 m arterial road.



MASTER PLAN COMPONENTS

Al Malga offers extensive third-party development opportunities within several land sectors, each with its own urban identity

Land area *1,000,000 sq m*
Green and open spaces *46,000 sq m*

Public domain 42% *roads, schools, mosques, gardens, and municipal facilities*

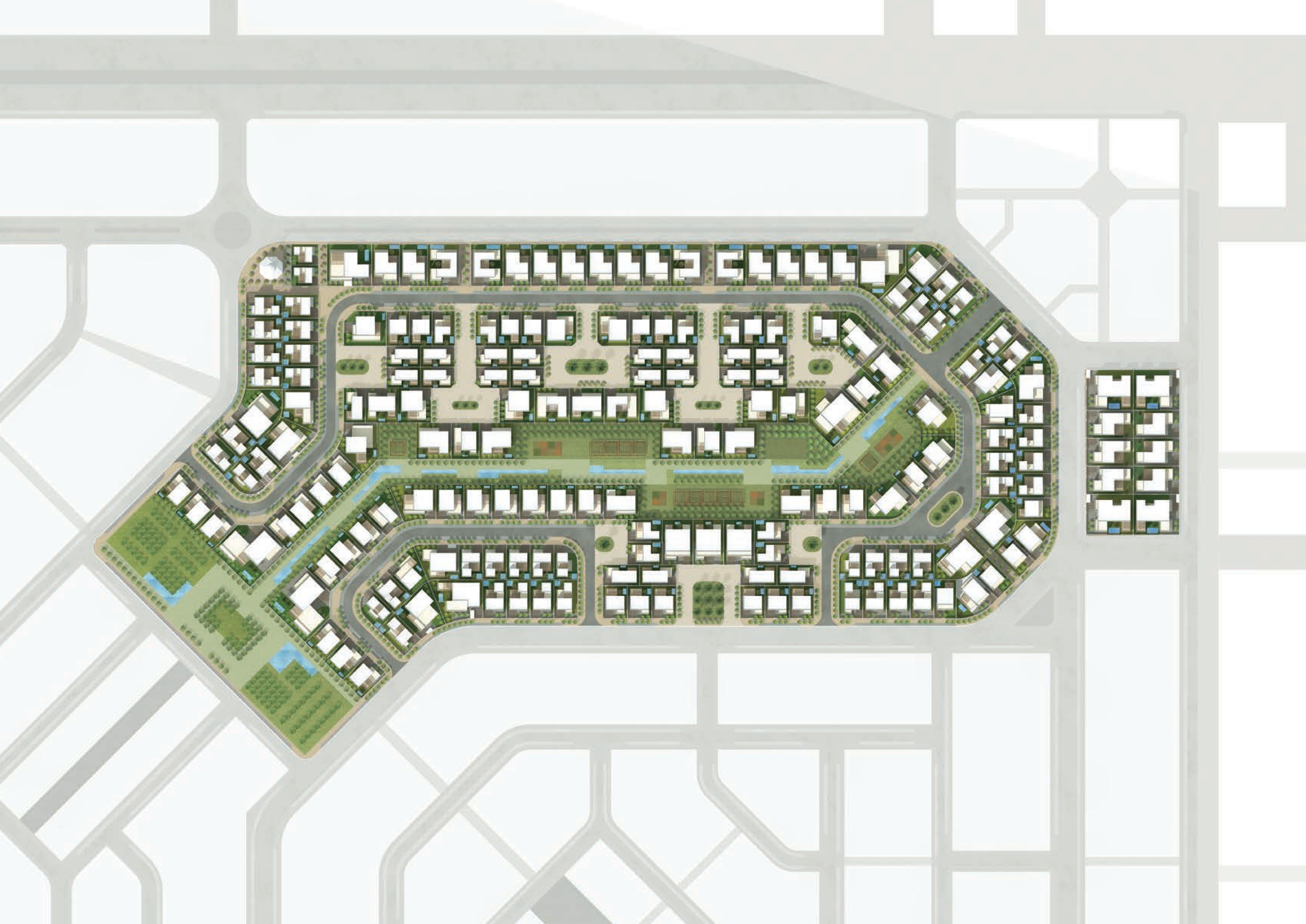
Private land 58%
Commercial 30%
Residential 70%
Residential for sale 70% BUA 455,000 sq m
Residential for development 30 % BUA 195,000 sq m

Completion of infrastructure works *2014*

Solidere International has attributed 42% of the land area to the public domain, 2% more than the 40% decreed by Saudi law. This includes roads, walkways, schools, mosques, gardens, and municipal facilities.

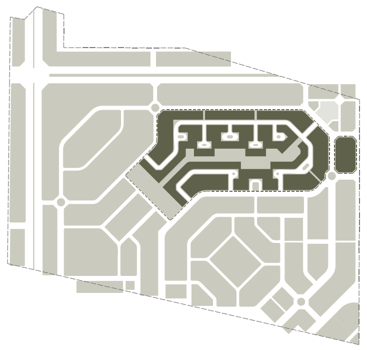
Of the private land, 30% is attributed for commercial use and 70% is designated as land for residential use, of which 70% is designated as land for sale; it will be parceled and sold to third parties after being equipped with best in class infrastructure. The land sale area will benefit from a unique urban environment, an extensive pedestrian network, as well as spacious landscaped sidewalks that enhance the atmosphere of the public domain. A Solidere International trademark is introduced within one of the most prestigious suburbs of Riyadh.

Commercial strips provisioned for sale are appropriately separated from residential areas by green buffer zones. They will be carefully master planned by Solidere International to offer high-end lifestyle components. The retail space will comprise several open areas, piazzas, and urban promenades, serving the local community as well as other visitors from the city.



RESIDENTIAL REAL ESTATE DEVELOPMENT

An upscale, secluded residential community emphasizing privacy within cul-de-sac clusters



The master plan outlines the remaining 30% of the residential area for development by Solidere International as an upscale, secluded community composed of unique urban clusters and cul-de-sac neighborhoods.

Most villas in this sector overlook the common pedestrian spine that acts as a recreational area for the neighborhood and is linked to the main central park and the rest of the development.

The distribution of villas within each cluster takes into account residents' privacy, avoiding disturbances vis-à-vis one another. Each plot has private access, a service entrance, a private courtyard, and a pool. The floor plans further emphasize the resident's privacy through forward looking design that distinguishes between public and private areas.

DEVELOPMENT STRATEGY

Integrating a number of diversified sub-projects that capitalize on site parameters within a coherent urban context

Arial view showing the cul-de-sac layout where secluded clusters, overlooking the park, are organized around semi-private squares

Al Malga district has seen increasing demand for residential communities and carries strong development potential for alternative retail solutions that offer open piazzas, pedestrian walkways with integrated entertainment, and high-end lifestyle activities in a unique urban environment. It enjoys the calmness of a secluded neighborhood, yet with the proximity and accessibility to major destinations.

The constituent sub-projects also capitalize upon on-site parameters while remaining sensitive to the respective district zoning. As they develop gradually, they will emerge to be different in nature yet in harmony with one another, reflecting Solidere's 'places for life.'

The project offers a value creation cycle that allows for land sales, development activities, and long-term revenue generation through managed facilities.

House clusters tailored to large families are organized around open piazzas, offering a pedestrian-friendly environment that encourages outdoor activities

TAKHASSUSI RESIDENCES

A BENCHMARK FOR URBAN LIVING

Smaller than most of the surrounding compounds, Takhassusi Residences stands out as an attractive and unique contemporary residential community, where every apartment is a villa.

Takhassusi Residences, Riyadh, Kingdom of Saudi Arabia

Objective *Development of an expatriate residential compound*
Ownership *50% JV with local partner*
Location *Northeast of Riyadh*
Land area *40,000 sq m*

TAKHASSUSI RESIDENCES

Solidere International is developing a new residential product that sets a new industry benchmark by meeting the rising demand for urban living for expatriate young families and single professionals living in Riyadh.

As the capital and largest city of Saudi Arabia, Riyadh is the commercial hub and therefore the center of travel and trade in the kingdom. The city has experienced a growing expatriate population, most of whom prefer the comfort of living in secure and fully integrated compounds.

The ideal living environment for expatriate young families and single professionals

Takhassusi Residences offers a range of apartments in different sizes. Each has a private garden, enclosed amid a green gated environment that provides the backdrop for a friendly community with a range of amenities.

THE SITE

Prime location in proximity to vital city destinations and major compounds

Takhassusi Residences is situated in a prime location on the 60 m Takhassusi Road in northern Riyadh. Also served by a 30 m secondary street, the development is just 18 km from the King Khalid International Airport, 7 km from King Fahd Road, and 8 km from King Abdullah Financial District. It is surrounded by two major universities, Princess Nora Bint Abdulrahman and Al Imam Muhammad Ibn Saud, and close to major expatriate compounds in the city.

***01** Takhassusi **02** Romaizan Compound **03** Al Imam Muhammad Ibn Saud Islamic University **04** Fal Compound **05** Arizona Compound **06** Cordoba Compound **07** Hamra Compound **08** Wadi Qortuba **09** Princess Nora Bint Abdulrahman University*

THE MASTER PLAN

Reflecting the orientation of Riyadh's urban grid, clustered neighborhoods form a green and car-free environment

The master planning starts around an efficient module and sets up a system based on a rational structure and a compact volume. The module sets out seven typologies of livable and flexible space that offer a wide range of apartments in simplex or duplex form. The residential units are set alongside and on top of one another to form clustered neighborhoods, creating a unique residential product that merges villa and apartment for a new, healthy way of living, with plenty of sunshine, water features, greenery, and wind corridors.

Each villa-apartment features a private garden that acts as an outdoor extension of the living space. Designed to incorporate greenery and a vegetable patch, this essential home component is the perfect setting for hosting all types of gatherings. The compound is further enhanced with a variety of green and open spaces with a network of shaded courtyards, playgrounds, and jogging trails. At the center of them all is a clubhouse with gym, sports, and swimming pool facilities.

Shaded car parks serve the peripheral houses, while underground parking serves the central clusters to ensure a car-free, child-friendly environment. Takhassusi Residences is further complemented by comprehensive property maintenance, round-the-clock security, and a retail strip frontage for comfort and convenience.

Land area *40,000 sq m*
BUA *29,454 sq m*
Private gardens *5,000 sq m*
Communal outdoor spaces *25,000 sq m*
Residential *5,500 sq m*
Residential unit sizes *46 sq m, 69 sq m, 92 sq m, 115 sq m, and 138 sq m*
Retail and clubhouse *3,200 sq m*
Residential parking spaces *240*
Retail parking spaces *110*

COMPONENTS

01 *Family Zone*
02 *Single Zone*
03 *Clubhouse*
04 *Retail Frontage*

Family Zone Comprising about 50% of the land area north of the site, the Family Zone offers housing units for families around green squares and playgrounds. **Single Zone** South of the site, the Single Zone comprises smaller units with green walkways more suitable to young, single professionals. **Clubhouse** At the center of the development, separating the two zones, the Clubhouse is the focal point of a communal living environment with gym, sports, leisure, and entertainment facilities for all residents. **Retail Frontage** Residents enjoy the convenience of a close shopping district located along the main road.

Developer *Solidere International*
Urban Design *Solidere International*

GOLDEN TOWER

MODERN DESIGN ROOTED WITHIN LOCAL CULTURE

Golden Tower is an elegant and rational solution that provides an exclusive, modern, luxurious lifestyle on the north of Jeddah's Corniche in Saudi Arabia, while remaining rooted in the local culture through its form, sense of privacy, and function.

Golden Tower, Jeddah, Kingdom of Saudi Arabia

Objective *Development of a 48-story, high-end residential tower*
Ownership *50% JV with local partner*
Location *North of Jeddah*
Land area *5,295.22 sq m*
Gross BUA *60,737 sq m*
Management fee *5% of total development cost*

GOLDEN TOWER

Solidere Saudi Arabia, a subsidiary of Solidere International, entered into an agreement with Saudi partners to develop a landmark waterfront tower on the north of Jeddah's Corniche. They established the Golden Tower Company, which acquired the land that will serve as the site of the premier residential address. Once built, it will be comprised of luxurious apartments and duplexes with distinct amenities and services, set to introduce Solidere standards to Jeddah.

Located on the eastern coast of the Red Sea, Jeddah is an important commercial hub and a major urban center of western Saudi Arabia, with a growing population of high-income professionals. It is the largest city in the Makkah Province, the largest sea port on the Red Sea, and the second largest city in Saudi Arabia after the capital, Riyadh.

As one of the most cosmopolitan and diverse of all Saudi Arabian cities, currently witnessing major infrastructure upgrades and mega-projects in tourism, industry, and real estate, the city has strong demand for high-end residences, both from the local and expatriate communities.

Reflecting Solidere International standards, Golden Tower offers exclusive living within a luxurious environment

Golden Tower is an elegant and rational solution that caters for an exclusive, modern, luxurious lifestyle while remaining rooted in the local culture through its form, sense of privacy, and function.

The Northern Corniche is made up of three routes — each one traveling in both directions — that create artificial lakes along the roads and stretch toward the sea

An architectural landmark to the north of Jeddah's Corniche on the eastern coast of the Red Sea

THE SITE

A strategic location on the northern coastal stretch gives the tower expansive sea vistas and an impressive view of the Jeddah skyline

This upscale development is located on a privileged site on the northern part of the Jeddah Corniche promenade, an active area of the city where a high-rise zone runs along the Red Sea coastline. Golden Tower addresses the Corniche and benefits from maximum sea exposure.

The tower enjoys a high level of accessibility from different parts of Jeddah via four roads around the site. It is bordered by the Corniche Road (Naaman Bin Malik Street) to the west, two low-rise residential buildings (Sarah Towers) to the north, an empty plot to the east, and a private villa to the south.

With integrated LED façade lighting, the tower resembles a crystal chandelier in the Jeddah skyline

Facing Jeddah's Corniche, the tower benefits from maximum sea exposure

Located on a privileged site on the Corniche in an active area of the city, Golden Tower enjoys a high level of accessibility from different parts of Jeddah

THE DESIGN

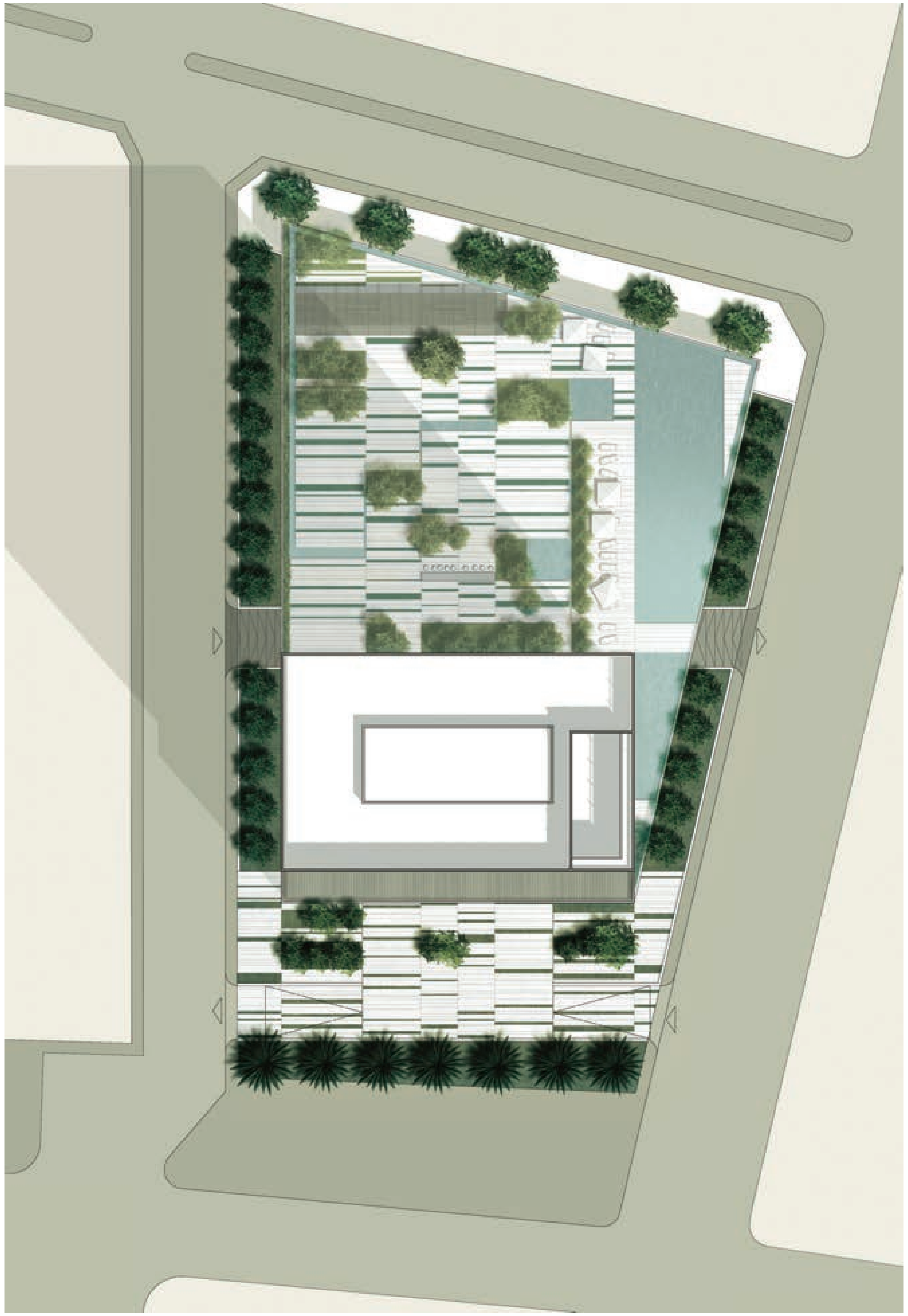
Iconic yet subtly sculptural, designed to meet environmental standards for sustainable development utilizing energy efficient material

Architect *Nabil Gholam Architects, Lebanon and Spain*
Architect of record *Saudi Diyar Consultants, KSA*
Interior design
Dada & Associates, Lebanon
Landscape *Craft Pegg, UK*

Net BUA *34,000 sq m*
Green and open spaces *2,000 sq m*
Residential *100%*
Height *205 m*
Floors *Ground + 48 including 2 refuge floors, plus one basement level*
Residential units *72*
Unit sizes *300 to 800 sq m; 3 to 5 bedrooms*
Parking, services, and technical areas *13,000 sq m*
Parking spaces *227*
Completion *2015*

The tower is conceived in poetic yet understated modern and sleek architecture, with stratification, layering of texture, and glass and stone cut slices marking its façades. The design ensures that the project meets environmental standards for sustainable development, utilizing energy efficient materials. The integrated LED façade lighting ensures that the building is highly recognizable at night, appearing like a crystal chandelier on the Jeddah skyline, with its simple lines conveying silence rather than noise.

The apartments' space configurations are flexible and cater to modern living while providing a complete sense of privacy for residents. All the units come with a high ceiling of 3.2 m and integrate ample living areas with uninterrupted sea view, sizable en-suite bedrooms, and vast, discretely connected service quarters.

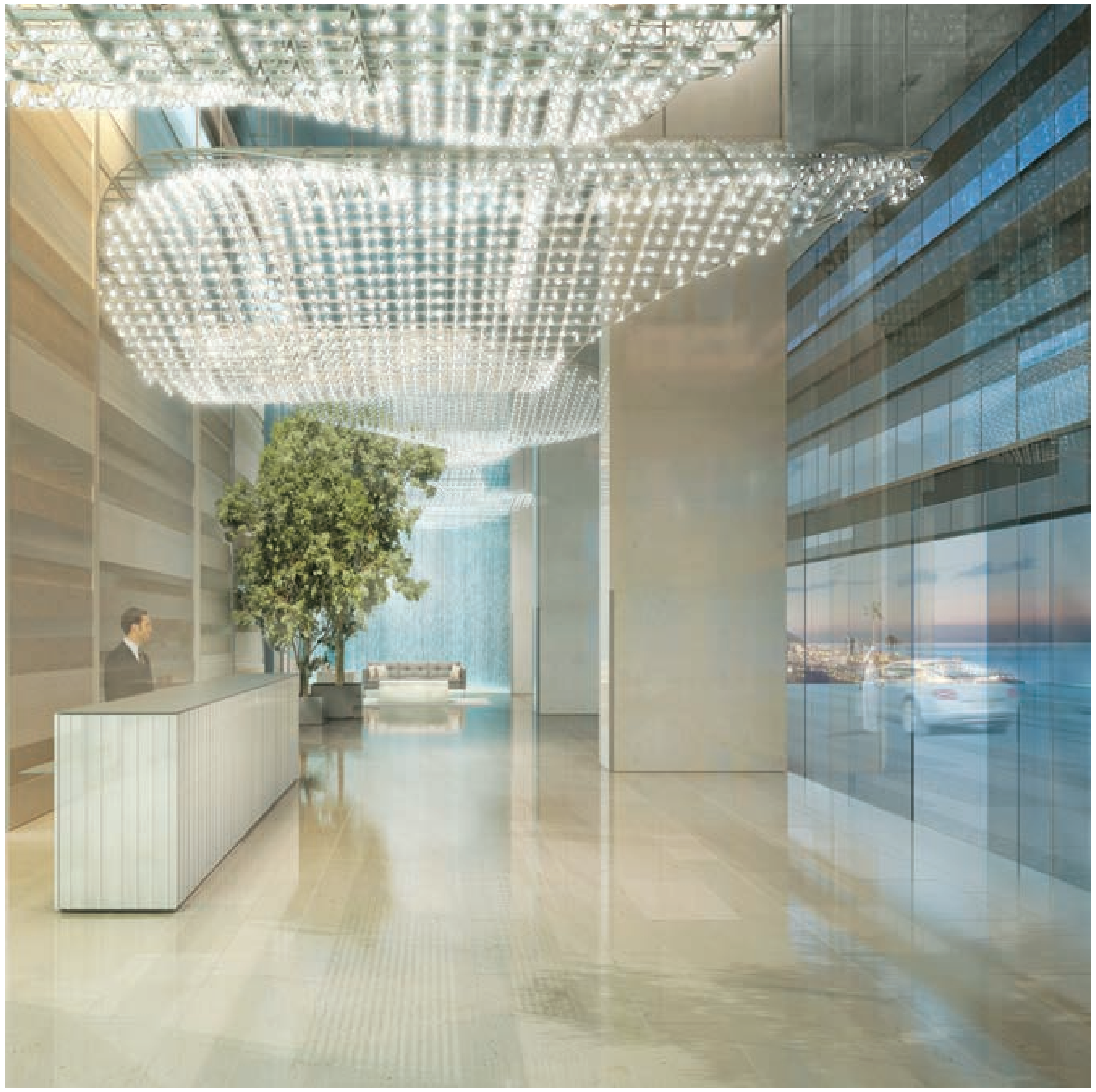


AMENITIES

A wide array of facilities and amenities that offer a bespoke service for residents

A winter garden provides a relaxing spot with plenty of natural light and sea view in the welcoming 10 m high ceiling lobby

The main approach to the tower is through a generous drop-off area, protected under the building's skin and leading to an impressive lobby with 10 m high ceilings. Secondary access is provided at the rear through a three-floor ventilated parking and service podium structure. All of the building's tenants enjoy spectacular views of the city and sea, as well as an array of facilities and amenities, including 2,000 sq m of lush ground-level and podium rooftop gardens; separate men's and women's health clubs with private access, each with a gym and indoor swimming pool overlooking the sea; high-tech CCTV monitoring system; and one large service elevator, one health club elevator, and six smart elevators that optimize waiting time.



DEVELOPMENT

An elegant and rational solution set to introduce Solidere standards to Jeddah, an important commercial hub and major urban center of western Saudi Arabia

Solidere International's objective is to develop a residential landmark on the north of Jeddah's Corniche, reflecting luxury and comfort and offering premium living and outstanding amenities for its tenants. Designed by the award-winning firm Nabil Gholam Architects, the upscale development has set its sights on attracting Saudi Arabia's the high-end market, and will be built over a period not exceeding 36 months.

Understated sleek and modern comfort

High ceilings, ample living areas, and uninterrupted sea views

Sweeping views from within the privacy of first-class, separate men's and women's spa facilities for ultimate wellbeing and relaxation

The layered façade textures reflect the flow of light and allow panoramic views from all residential units while retaining their privacy

ABDULMAJEED LAND

PRIME INVESTMENT IN AN EMERGING DISTRICT

A strategic land asset in North Obhur, Jeddah's prestigious, emerging district where there is high demand for residential developments, complemented by a high concentration of private and public investment in healthcare, education, and mixed-use projects.

Objective *Investor and developer*
Ownership *50% of the fund*
Location *North Obhur, Jeddah*
Land area *1,000,000 sq m of which 50% has been acquired by the fund*
Legal structure *Real estate fund*
Fund capitalization *SAR 600,000,000*
Fund manager *BLOMINVEST Saudi Arabia*

ABDULMAJEED LAND

In partnership with an influential Saudi conglomerate, Solidere International has established a real estate fund to acquire 50% of Abdulmajeed Land, a one million sq m plot of land located in the emerging area of Obhur in Jeddah. The SAR 600 million fund is regulated by the Saudi Capital Markets Authority and will operate under the Investment Fund Regulations. The fund owns 50% of Abdulmajeed Land in co-ownership with another party whereby a partition agreement has been executed between the co-owners in order to subdivide the land after completing infrastructure works and issuing new title deeds to the parcels.

Planning to offer two residential communities with mixed-use commercial strips for middle-class residents

Abdulmajeed Land holds an approved master plan that Solidere International plans to upgrade and enhance, in order to offer two residential communities surrounded by a number of commercial strips, targeting middle-class residents.

THE SITE

Located in the emerging North Obhur district, Abdulmajeed Land is a mere 6 km drive to the main tourist destinations, coastal resorts, and King Abdulaziz Sports City

Abdulmajeed Land is located in the northern part of Obhur, a widely known touristic area and emerging residential destination, situated around Jeddah's creek on the Red Sea. The land's location on Obhur's main roundabout makes it well connected to all parts of the district and to the rest of Jeddah.

It is a 600 m drive to Madinah Road, which connects it to the city center, and a 6 km drive on the commercial Abdulmajeed Road to reach Obhur Coastal Road, the primary tourist destination with a number of beach resorts. Furthermore, the site is surrounded by several major universities and health facilities, including Baterjee University, Thuraya College, and the General Hospital of North Jeddah. As an emerging district, Obhur is being outfitted with new world class infrastructure that will contribute to the project's uniqueness.

***01** Abdulmajeed Land **02** Thuraya College for Engineering and Applied Sciences **03** Batterjee Medical College **04** General Hospital of North Jeddah **05** King Abdulaziz International Airport **06** Jeddah Raceway **07** Obhur Creek **08** Abdulmajeed Road **09** North Obhur Coastal Road **10** Madinah Road*

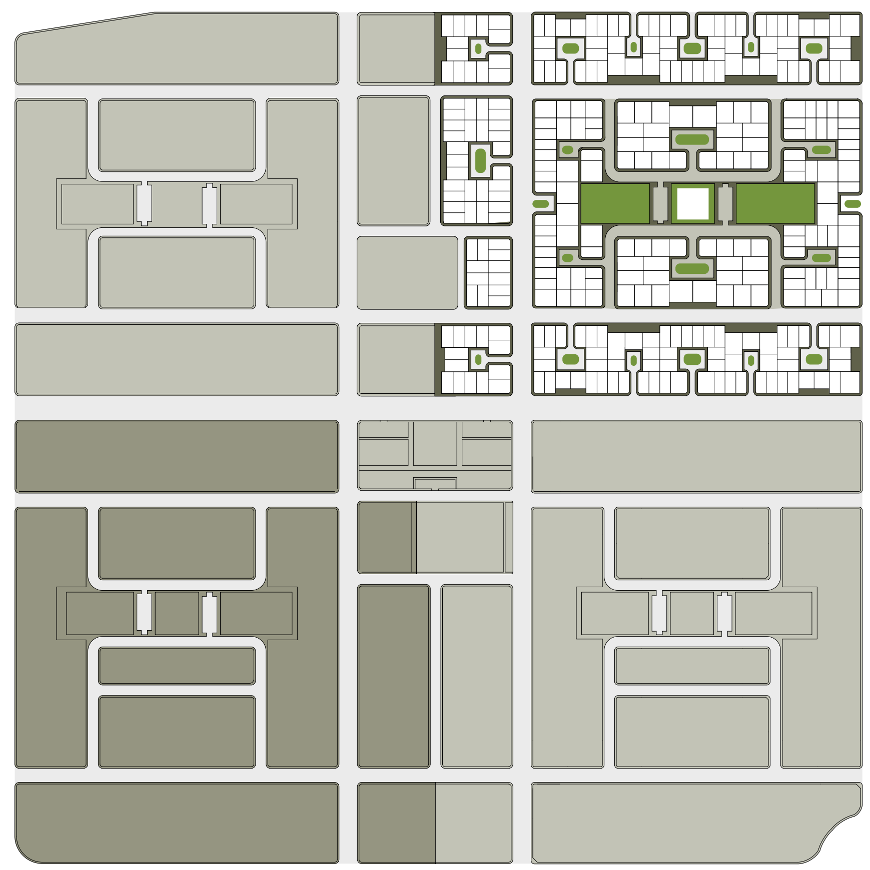
EXISTING MASTER PLAN

Creating new typologies for a variety of residential clusters that add value to the land and potential real estate development

An existing master plan for Abdulmajeed Land, approved by the authorities in 1994, divides the land area into four quadrants. Solidere International's role as Fund Developer, in compliance with the terms of the Development Agreement with the fund, is to upgrade and enhance this master plan, taking into account pre-determined roads, green areas and public facilities that include commercial areas, schools, mosques, and parking lots.

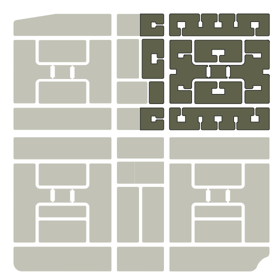
Developer *Solidere International*

Land area *1,000,000 sq m*
Public domain *33%*
Private domain *67%*
Fund acquisition *500,000 sq m*
Fund development *335,000 sq m*



DEVELOPMENT PARCELATION

Aiming to achieve short- to medium-term capital growth through investment in strategic land assets



Within the perimeters of existing large blocks, the challenge is to create new typologies of residential clusters that cater to an increasing demand in the market for modern communities. Solidere International's urban designers have achieved smaller partitioning of the blocks through the introduction of cul-de-sacs and pocket parks. The upgraded master plan thus offers a wide range of plot typologies, creating intrinsic added value for the project.

As the developer of the project, Solidere International intends to install infrastructure on the entire master-planned one million sq m area. The plots of land will be sold by the fund to third-party developers based on pre-approved development briefs. Moreover, Solidere International will reach out to a select number of commercial operators to develop healthcare, educational, and retail facilities on the peripheral roads of the project. The target termination date of the fund is three years from its inception.

HAZMIEH DEVELOPMENT

SANCTUARY OF CALM PERCHED ABOVE THE CITY

Nestled in the wooded hills above Beirut, Lebanon, Hazmieh Development is a private residential community with open views of the mountains, city, and sea. Distinctive residential buildings line the periphery of a central park. A unique natural landscape with amenities and facilities, as well as a separate office and retail plaza, contribute to ensuring that the project becomes a benchmark in mixed-use developments in the area.

Hazmieh Development, Beirut, Lebanon

Objective *Development of a high-end residential gated community*
Ownership *Interests and rights totaling 35% of the project*
Location *Hazmieh*
Land area *90,921 sq m in addition to 33,483 sq m of land for sale*
Number of units *600 apartments*
Management fee *Success and royalty 10% EBITDA*

HAZMIEH DEVELOPMENT

A prime residential community strategically located in one of the regional metropolitan centers of Greater Beirut

Solidere International has embarked on the development of a primarily residential project on a 90,521 sq m site on the outskirts of Beirut. The Hazmieh area is attracting increasing housing demand, fueled by the upgrades to the road network around the area.

The relationship between SI and the landowner NCREP is governed through a Professional Services Agreement (PSA) dated January 7, 2010. The PSA covers the delivery of services pertaining in particular to real estate development and management, corporate reporting and publications, marketing and sales, and property and retail management, as well as corporate finance, treasury, cash management, insurance, and claims.

THE SITE

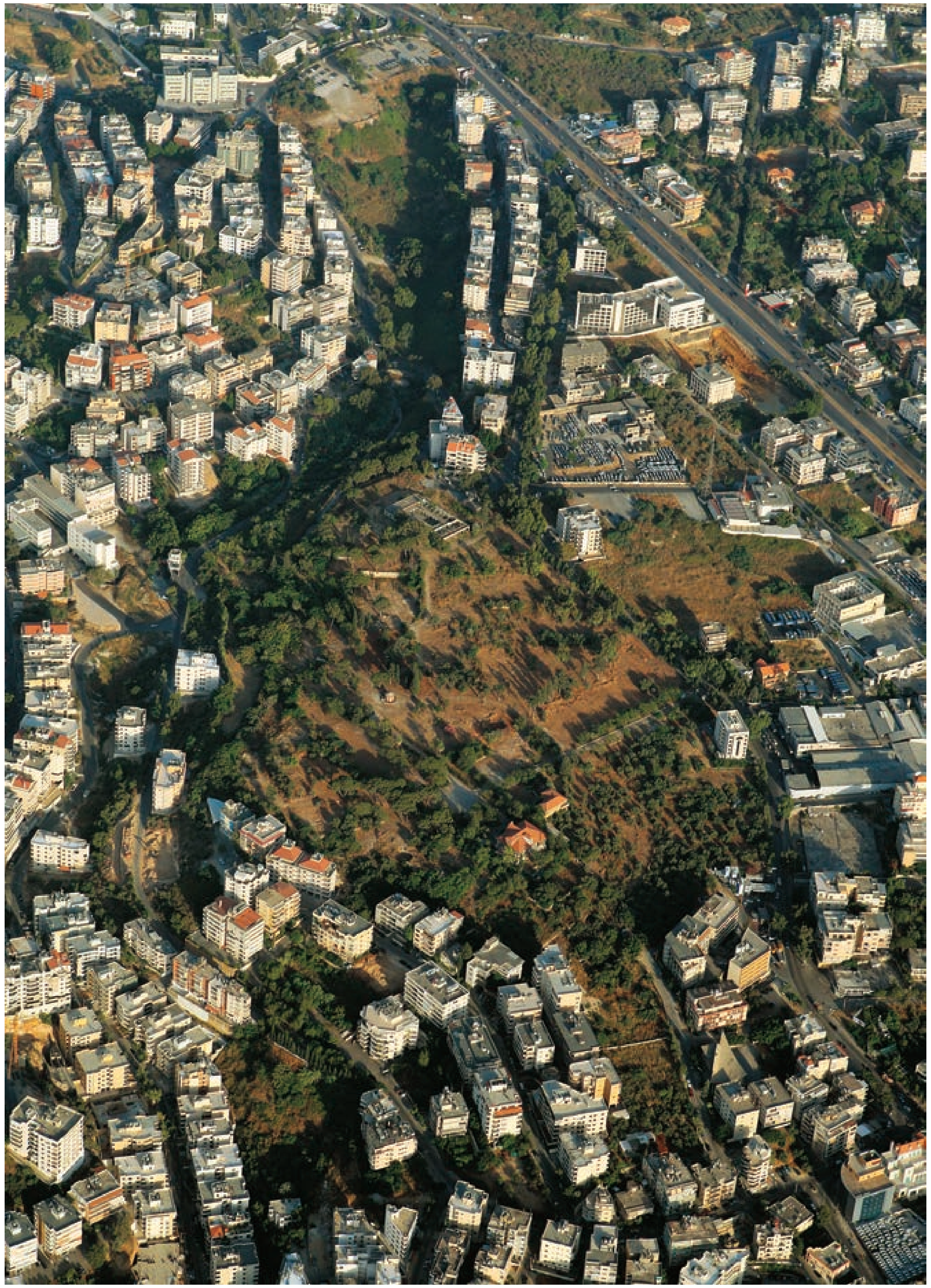
Situated at the top of a green hill, the site enjoys unobstructed panoramic views of the capital, mountains, and sea

One of the four regional metropolitan centers of Greater Beirut, Hazmieh is just 7 km from Beirut-Rafic Hariri International Airport and a 15 minute drive from Beirut City Center. The area lies at the Al Sayyad intersection of regional highways; the east-west Beirut-Damascus highway and the north-south highway that connects Dora, Hazmieh, and the airport.

Hazmieh hosts a dozen educational institutions, eight mid-range and five-star hotels, three hospitals, one major mall, and many office complexes, embassies, clinics, and financial institutions.

Shielded from traffic and noise pollution, the Hazmieh Development is situated on a high plateau. The site, bordered to the south by the Hazmieh main road, enjoys the amenities of the district, the capital, and nearby areas, such as Mar Takla and Baabda.

The project capitalizes on Hazmieh's prime geographic and topographic position, accessibility, and natural beauty to create a high-value environment. The site commands 360-degree open views of the mountain, the valley, Beirut, and the sea and encloses a large natural park with a mature treescape.



A prime residential community strategically located in one of the regional metropolitan centers of Greater Beirut

Situated at the top of a green hill, the site enjoys unobstructed panoramic views of the capital, mountains, and sea

An existing heritage structure, the Doctor's House, will accommodate a clubhouse with sports and related activities exclusively for the project's residential community

The concept design strategy ensures an enclave of calm and beauty around a central park, with mature trees

THE MASTER PLAN

A design strategy that preserves the serenity of the wooded central park and provides a unique address for the project

Owner *NCREP*
Developer *Solidere International*
Urban Design *Solidere International*
Infrastructure *Dar Al Handasah and Solidere International*
Landscape *Frederic Francis Landscapes, Lebanon*
Design consultants *Laceco*
Architects
David Chipperfield Architects, UK
Nabil Gholam Architects, Lebanon and Spain
Bernard Khoury / DW5, Lebanon
Youssef Haidar Architect, Lebanon
Ziad Akl & Partners, Lebanon

Hazmieh Development offers distinctive, high-quality residential buildings and addresses the growing demand for smaller apartments. The mixed-use development has a clear identity and unique character that conform to Solidere International's world standards and signature brand.

By planning developments on the periphery of the site, the concept design strategy ensures an enclave of calm and beauty around a central park that is home to preserved mature Eucalyptus and Pine trees. The buildings offer high standards of comfort, facilities, and services within a carefully landscaped environment. They are planned with carefully considered alignment and generous frontage in relation to the park, as well as the city, sea, and mountain views beyond.

COMPONENTS

By locating the office and retail components around a piazza, a buffer zone is created to enhance the quality of the residential product

***01** Ceremonial Gateway*
***02** Residential*
***03** Office and Retail*
***04** Park*
***05** Clubhouse*

Ceremonial Gateway Two high-rise signature towers form a ceremonial gateway with a landscaped entrance that identifies the project's address. The towers overlook the central park, the main asset of the project. **Residential** The primary land use for the project is residential, complemented with many green spaces, walking and cycling trails, a large central park, clubhouse, and children's playgrounds. A third tower within the project is planned in a strategic location to command stunning surround views without impacting on the existing environment. **Office and Retail** Located along the main street with a separate, clear entrance and drop-off area, the office and retail component surrounds a piazza that serves as a buffer zone to the residential quarter. The master plan ensures that flexible international standard grade-A office floor plate may be achieved. **Park** At the center of the development, a large natural park with mature Eucalyptus and Pine trees is preserved. The existing tree population is to be augmented with native trees and shrubs to form an arboretum at its northern edge while the remaining space comprises jogging and biking trails, as well as play and seating areas, making it the ideal outdoor relaxation place for all the family. **Clubhouse** An existing heritage structure, the Doctor's House accommodates a clubhouse, which offers sports and related facilities exclusively for the residential community.

DEVELOPMENT

Maximizing value and setting development standards within a secure community

***Land area** 90,921 sq m*
***Green and open spaces** 81 %*
***Footprint** 19%*
***BUA** 134,424 sq m*
***Residential** with a retail and commercial district at the southern edge*
***Phase One completion** 2017*

The development is divided into 15 blocks, each with its own identity, character and boundaries, and will be constructed according to a two-phase strategy.

Phase One projects have been earmarked: three high-rise, four mid-rise, and two low-rise apartment buildings, two office buildings and one retail building with an adjacent plaza, the park, and clubhouse. This phase is intended as a flagship project and will serve in positioning the development as a sought after, unique product that sets new standards for residential, office and retail space.

Distinctive residential buildings are planned on the periphery of the site around a preserved central park

The residential buildings address the growing demand in the market for smaller units of high-quality design

High standards of comfort, facilities, and services instill a privileged sense of belonging

Skin façades and orientation provide natural light and aeration, as well as privacy

Located along the main street, the office and retail area provides flexible floor space to meet different needs

Apartments with lush terraced gardens blur the visual distinction between private landscaped areas and the development's central park

View at the southeast edge of the development, where the lowest part of the green park extends onto building terraces

Annexed to the renovated heritage structure that accommodates the clubhouse is a modern structure hosting a number of sports facilities

CORPORATE REPORT

The corporate report presents Solidere International's board of directors, as well as its financial report comprising the independent auditors' report, consolidated financial statements, and accompanying notes that comply with generally accepted accounting principles

board of
directors

Solidere International is directed and controlled by a nine-member board of directors that establishes management related policies and makes decisions on major company issues

NASSER CHAMMAA
Chairman and Chief Executive Officer

MOUNIB HAMMOUD
Director and Chief Operating Officer

MOHAMMAD AL HAMMAD
Member of the Board

SALMAN AL FARES
Member of the Board

WALID ABANUMAY
Member of the Board

NASSER AL NOWAIS
Member of the Board

BASILE YARED
Member of the Board

ZIAD AL TUNISI
Member of the Board

ABDEL RAHMAN SOLH
Member of the Board

independent auditors' report
and financial statements

The information presented in Solidere International's financial statements is a true and fair presentation in accordance with the financial reporting framework used for their preparation and presentation

INDEPENDENT AUDITORS' REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2013
Dubai, United Arab Emirates

To the Shareholders of Solidere International Limited

We have audited the accompanying consolidated financial statements of Solidere International Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of 31 December 2012 and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Shareholders of the Company as a body, for our audit work, for this report, or for the opinion we have formed. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We also confirm that, in our opinion, the consolidated financial statements include, in all material respects, the applicable requirements of the Companies Law pursuant to DIFC Law no. 2 of 2009. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the Companies Law pursuant to DIFC Law no. 2 of 2009 have occurred during the year which would have had material effect on the business of the Company or on its financial position.

AUDITORS

Deloitte & Touche

DELOITTE & TOUCHE

Ernst & Young

ERNST & YOUNG

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	2012 US$	2011 US$
Revenue	4	6,397,073	4,410,563
Cost of revenue	4	(5,472,384)	(3,205,507)
Gross Profit		**924,689**	**1,205,056**
Administrative expenses	7	(19,019,363)	(17,207,678)
Other income – net	8	5,534,370	5,481,614
Finance income	9	15,210,793	19,127,470
Finance costs	9	(42,382)	(45,998)
Share of results of associates	14	5,224,981	1,052,996
Profit for the year before tax		**7,833,088**	**9,613,460**
Income tax expense	10	(3,349)	(1,617)
Profit for the year		**7,829,739**	**9,611,843**
OTHER COMPREHENSIVE INCOME			
Foreign currency translation		(172,317)	(356,658)
Total comprehensive income for the year		**7,657,422**	**9,255,185**
Attributable to:			
Equity holders of the parent		7,382,480	8,710,811
Non-controlling interest		274,942	544,374
		7,657,422	**9,255,185**

The attached notes 1 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

		Notes	2012 US$	2011 US$
ASSETS	NON-CURRENT ASSETS			
	Property, plant and equipment	11	8,798,872	1,919,498
	Intangible asset	12	225	35,054
	Development properties	13	100,170,326	99,899,715
	Investments in associates	14	387,082,493	373,970,853
	Investments in securities designated at fair value through profit or loss	16	5,882,000	4,808,966
	Loan to an associate	14	10,669,512	-
			512,603,428	480,634,086
	CURRENT ASSETS			
	Accounts receivable and other debit balances	17	38,447,962	45,305,226
	Inventory		49,920	-
	Bank term deposit - more than 3 months but less than 1 year	18	121,459,454	104,934,222
	Cash and bank balances	19	199,290,770	244,567,333
			359,248,106	394,806,781
	Total Assets		**871,851,534**	**875,440,867**
EQUITY AND LIABILITIES	EQUITY			
	Share capital	20	550,000	550,000
	Share premium	20	688,745,575	688,745,575
	Employees' stock option plan reserve	23	5,710,868	5,154,461
	Foreign currency translation reserve	20	(1,204,543)	(757,284)
	Retained earnings		112,797,697	121,467,958
			806,599,597	815,160,710
	Non-controlling interest		55,834,658	55,559,716
	Total equity		862,434,255	870,720,426
	NON-CURRENT LIABILITIES			
	Employees' end-of-service benefits	22	1,042,409	824,549
	CURRENT LIABILITIES			
	Accounts payable and accruals	24	8,374,870	3,895,892
	Total liabilities		9,417,279	4,720,441
	Total Equity and Liabilities		**871,851,534**	**875,440,867**

The attached notes 1 to 27 form an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on 30 April 2013.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

		Notes	2012 US$	2011 US$
OPERATING ACTIVITIES	Profit before tax		7,833,088	9,613,460
	ADJUSTMENTS FOR			
	Depreciation and amortization	11&12	461,889	1,078,460
	Gain on sale of property, plant and equipment		-	(395,575)
	Write back of other provisions	8	-	(382,039)
	Realised gain from transactions with an associate	14	-	(449,899)
	Share of results of associates	14	(5,224,981)	(1,052,996)
	Changes in fair value of investments designated at fair value through profit or loss	16	(688,795)	2,388,500
	Accrued interest on exercise of put option	8	(1,792,489)	(4,845,315)
	Reimbursement of expenses incurred in prior years	8	(4,381,015)	(2,706,883)
	Provision for employees' end-of-service benefits	22	248,127	258,006
	Employees' stock option plan expense	23	556,407	1,099,032
	Finance income		(15,210,793)	(19,127,470)
	Finance costs		42,382	45,998
			(18,156,180)	(14,476,721)
	WORKING CAPITAL CHANGES			
	Accounts receivable and other debit balances		10,936,241	(9,302,418)
	Inventory		(49,920)	-
	Accounts payable and accruals		8,859,993	87,925
	Settlement of employees' end-of-service benefits	22	(30,267)	(105,819)
	Income tax paid		(3,349)	-
	Net cash flows from (used in) operating activities		1,556,518	(23,797,033)
INVESTING ACTIVITIES	Purchase of property, plant and equipment	11	(7,309,535)	(1,244,759)
	Loan from a related party		(10,669,512)	-
	Proceeds from investments designated at fair value through profit or loss		2,793,795	-
	Proceeds from sale of property and equipment		-	395,575
	Changes in development properties		(270,611)	(71,346,699)
	Investment in an associate	14	(10,669,512)	(133,333)
	Dividends received from an associate		2,782,853	-
	Capital repurchase by a minority shareholder		-	(2,821,340)
	Bank term deposit		(16,525,232)	160,061,956
	Interest received		12,924,306	20,075,214
	Net cash flows (used in) from investing activities		(26,943,448)	104,986,614
FINANCING ACTIVITIES	Settlement of interest bearing loans		(3,178,034)	(1,013,343)
	Dividends paid to equity holders of the parent	21	(16,500,000)	-
	Interest paid		(42,382)	(45,998)
	Net cash flows used in financing activities		(19,720,416)	(1,059,341)
	(Decrease) Increase in Cash and Cash Equivalents		(45,107,346)	80,130,240
	Net foreign exchange differences		(169,217)	(324,087)
	Cash and cash equivalents at 1 January		244,567,333	164,761,180
	Cash and Cash Equivalents at 31 December	**19**	**199,290,770**	**244,567,333**

The attached notes 1 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	NOTE	SHARE CAPITAL US$	SHARE PREMIUM US$	EMPLOYEES' STOCK OPTION PLAN RESERVE US$	FOREIGN CURRENCY TRANSLATION RESERVE US$	RETAINED EARNINGS US$	TOTAL US$	NON-CONTROLLING INTEREST US$	TOTAL EQUITY US$
		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
2012									
Balance at 1 January 2012		550,000	688,745,575	5,154,461	(757,284)	121,467,958	815,160,710	55,559,716	870,720,426
Total comprehensive income for the year		-	-	-	(447,259)	7,829,739	7,382,480	274,942	7,657,422
Dividends paid	21	-	-	-	-	(16,500,000)	(16,500,000)	-	(16,500,000)
Employees' stock option plan expense recognised during the year	23	-	-	556,407	-	-	556,407	-	556,407
Balance at 31 December 2012		**550,000**	**688,745,575**	**5,710,868**	**(1,204,543)**	**112,797,697**	**806,599,597**	**55,834,658**	**862,434,255**
2011									
Balance at 1 January 2011		550,000	688,745,575	4,055,429	(386,856)	112,386,719	805,350,867	57,836,682	863,187,549
Total comprehensive income for the year		-	-	-	(370,428)	9,081,239	8,710,811	544,374	9,255,185
Capital repurchase of a subsidiary		-	-	-	-	-	-	(2,821,340)	(2,821,340)
Employees' stock option plan expense recognised during the year	23	-	-	1,099,032	-	-	1,099,032	-	1,099,032
Balance at 31 December 2011		**550,000**	**688,745,575**	**5,154,461**	**(757,284)**	**121,467,958**	**815,160,710**	**55,559,716**	**870,720,426**

The attached notes 1 to 27 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2012

01

CORPORATE INFORMATION

Solidere International Limited (the "Company") is a company registered and incorporated under the Registrar of Companies of the Dubai International Financial Centre (DIFC) under registration number 412 dated 7 June 2007. The objective of the Company is to identify, promote, purchase, invest in, develop, market and manage, as well as to provide consulting services with respect to real estate projects (including but not limited to hotel leisure projects) outside the Beirut Central District area of Lebanon; and to engage in any lawful act or activity for which companies may be organized under the law. The registered office of the Company is Level 41, Emirates Towers, Office tower, Sheikh Zayed Road, PO BOX: 31103, Dubai, United Arab Emirates.

The Company is 37.19% owned by Solidere International Holdings SAL, a wholly owned subsidiary of the Lebanese Company for the Development and Reconstruction of Beirut Central District SAL (SOLIDERE) whose registered office is at Bldg 149, Saad Zaghloul St., Beirut, Lebanon.

During the Company's establishment phase, it was granted by the ultimate holding company the right to use the "Solidere" brand outside Lebanon and to execute real estate projects outside the Beirut Central District area of Lebanon.

The Company and its subsidiaries (the "Group") operate in United Arab Emirates, Egypt, Saudi Arabia and Jordan under one operating segment.

2.1

BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the applicable provisions of the DIFC laws.The consolidated financial statements have been prepared on a historical cost basis, except for investments held at fair value through profit or loss that have been measured at fair value.

The consolidated financial statements are presented in US Dollars (US$) as this is the functional currency of the Company.

2.2

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2012.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

The consolidated financial statements include the financial statements of Solidere International Limited and its subsidiaries and a joint venture (the "Group") listed below:

		ACTIVITIES	COUNTRY OF INCORPORATION	OWNERSHIP 2012	OWNERSHIP 2011
SI Al Zorah Equity Investment, Inc. *(share capital US$ 260 million) (2011: US$ 260 million)*	*(owns 44% of Al Zorah Development Private Co. ltd) (note 14)*	Real estate Holding	Cayman Islands	77.27%	77.27%
Solidere Egypt Real Estate Investment and Development SAE *(share capital of LE 5 million)*		Real estate Development	Egypt	100%	100%
BREMS International sal (Offshore) joint venture *(share capital of US$ 75 thousand)*		Real estate Management	Lebanon	45%	45%
Solidere Qortoba LLC *(share capital of SAR 0.5 million)*		Real estate development	Saudi Arabia	100%	-
Solidere Industry KSA LLC *(share capital of SAR 2 million)*		Real estate development	Saudi Arabia	100%	-
International Advisory Services Ltd *(share capital of US$1)*		Real estate management	Cayman Islands	100%	100%
Solidere Saudi Arabia (a Saudi joint stock Company) *(share capital of SAR 30 million)*		Real estate development	Saudi Arabia	100%	100%
SI Garden City Limited *(share capital of US$ 1)*		Real estate development	Cayman Islands	100%	100%
City Makers Services SARL *(share capital of LL 75 million)*		Real estate development	Lebanon	100%	100%
SI Real Estate Development Co. *(share capital US$ 1)*		Real estate Holding	Cayman Islands	100%	100%

2.3

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) INTEREST IN A JOINT VENTURE

The Company has an interest in a joint venture which is a jointly controlled entity, whereby the ventures have a contractual arrangement that establishes joint control over the economic activities of the entity. The Company recognises its interest in the joint venture using the proportionate consolidation method in the consolidated financial statements and at cost in the separate financial statements.

B) INVESTMENTS IN ASSOCIATES

The Company's investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and at cost in the separate financial statements. These are entities over which the Company exercises significant influence and which are neither subsidiaries nor joint ventures.

C) FOREIGN CURRENCY TRANSLATION

The Group's consolidated financial statements are presented in US Dollars (US$), which is the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

i. Transactions and balances
Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

ii. Group companies
On consolidation the assets and liabilities of foreign operations are translated into US Dollars at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at average exchange rates for the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

D) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

Rendering of services income
Revenue from fixed-price contracts for delivering support and management services is recognised under the percentage-of-completion method. Revenue is generally recognised based on the services performed to date as a percentage of the total services to be performed.

Interest and commission income
Revenue is recognised as interest accrues (using the effective interest method "EIR"). Interest income is included in finance income in the statement of comprehensive income. Commission income is recognized when services are performed.

Dividends
Dividends are recognised when the Group's right to receive the payment is established.

E) TAXES

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income summarized as follows:

- As required by the Legislative Decree Number 46 dated 24 June 1983, Lebanese offshore companies are exempted from income tax on profits. Alternatively offshore companies are subject to an annual lump sum tax of US$ 663.
- Operations in Egypt are subject to tax at an effective rate of 20% on yearly profits.
- Operations in Saudi Arabia are subject to Zakat at a rate of 2.5% on yearly profits.

Current income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in the statement of comprehensive income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

F) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value; if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Building	*50 years*
Computer and office equipment	*4-5 years*
Motor vehicles	*5 years*
Furniture and fixtures	*3 years*

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

G) DEVELOPMENT PROPERTIES

Properties acquired, constructed or in the course of construction for sale are classified as development properties. Unsold properties are stated at the lower of cost or net realisable value. The cost of development properties includes the cost of land and other related expenditure which are capitalised as and when activities that are necessary to get the properties ready for sale are in progress. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The property is considered to be completed when all related activities, including the infrastructure and facilities for the entire project, have been completed. At that stage, costs are eliminated from development properties and transferred to properties held for sale. The Management reviews the carrying values of the development properties on an annual basis.

H) LEASES

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

I) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

J) INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

K) FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

i. Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables and investment in securities designated at fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value recognised in finance costs in the statement of comprehensive income.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method "EIR", less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs. The Group did not have any held-to-maturity investments during the years ended 31 December 2012 and 2011.

Available-for-sale financial investments
Available-for-sale financial investments includes equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve in equity until the investment is derecognised or determined to be impaired, at which time cumulative gain or loss recorded in equity is recognised in profit or loss. The Group did not have any available-for-sale investments during the years ended 31 December 2012 and 2011.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:
• The rights to receive cash flows from the asset have expired.
• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  (a) The Group has transferred substantially all the risks and rewards of the asset, or
  (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii Impairment of financial assets
The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Available-for-sale financial investments
For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income - is removed from other comprehensive income and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income.

iii. Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include accounts payable and accruals.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

iv. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts, and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

v Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same.
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 16.

L) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in the expense categories consistent with the function of the impaired asset, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

M) CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts (if any).

N) SHARE-BASED PAYMENT TRANSACTIONS

The Group operates a share-based compensation plan under which the entity receives from employees services as consideration for equity instruments (options) of the parent company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest.

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The provision for share-based payment is calculated from the grant date and provided for during the year of notification to employees.

O) ACCOUNTS PAYABLE AND ACCRUALS

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

P) PROVISIONS

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Q) EMPLOYEES' END-OF-SERVICE BENEFITS

The Company provides end of service benefits to its expatriate employees determined in accordance with the DIFC labour law based upon the employees' length of service and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

2.4

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012:

• IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets
• IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters IFRS 7 Financial Instruments: Disclosures (Amendments)
• IFRS 7 Financial Instruments : Disclosures – Enhanced Derecognition Disclosure Requirements

The adoption of the standards or interpretations is described below:

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets
The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012. The amendment had no effect on the financial position or performance of the Group because the Group does not have this type of deferred taxes.

IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no effect on the financial position or performance of the Group because the Group is already preparing the financial statement in accordance with International Financial Reporting Standards.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no effect on the financial position or performance of the Group because the Group does not have this type of instruments.

2.5

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective and include:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
IAS 19 Employee Benefits (Revised)
IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32
IFRS 1 Government Loans – Amendments to IFRS 1
IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7
IFRS 9 Financial Instruments: Classification and Measurement
IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurement

2.6

ANNUAL IMPROVEMENTS MAY 2012

These improvements will not have a material impact on the Group, but include:

IFRS 1 First-time Adoption of International Financial Reporting Standards
This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements
This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment
This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation
This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting
The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013.

03

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

JUDGMENTS

In the process of applying the Group's accounting policies, management makes judgments, apart from those involving estimation, which might impact the amounts recognized in the consolidated financial statements.

Classification of investment securities

Management decides on acquisition of an investment security whether it should be classified as held to maturity, held for trading, carried at fair value through profit or loss or available for sale and loans and receivables.

For those investments deemed to be held to maturity, management ensures that the requirements of IAS 39 are met and, in particular that the Group has the intention and ability to hold these to maturity.

Classification of investments as fair value through profit or loss depends on how management monitors the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of profit or loss in the management accounts, these are classified as fair value through profit or loss. All other investments are classified as available for sale.

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of time past due.

Costs to complete development properties

The Group estimates the cost to complete development properties in order to determine the commitments at the year end. These estimates include the cost of providing infrastructure activities, construction and related activities, potential claims by subcontractors and the cost of meeting other contractual obligations to customers.

Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted when the management believes that the useful lives differ from previous estimates.

Fair Value of Financial Instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

04

REVENUE / COST OF REVENUE

2012	**REVENUE** US$	**COST** US$	**GROSS PROFIT** US$
Rendering of services (note 6)	6,288,435	(5,472,384)	816,051
Commission income, net (note 5)	48,638	-	48,638
Management fees (note 25)	60,000	-	60,000
	6,397,073	**(5,472,384)**	**924,689**

2011	**REVENUE** US$	**COST** US$	**GROSS PROFIT** US$
Rendering of services (note 6)	3,453,608	(3,205,507)	248,101
Commission income (note 5)	942,673	-	942,673
Management fees (note 25)	14,282	-	14,282
	4,410,563	**(3,205,507)**	**1,205,056**

05

COMMISSION INCOME – NET

	2012 US$	2011 US$
Realized net commission income from an associate (note 14)	-	449,899
Other commission income	48,638	492,774
	48,638	**942,673**

Commission income from an associate represents the commissions earned from Al Zorah Development (Private) Co. Ltd, in connection with the sales activities undertaken by the Company to sell certain baskets of plots of land as well as individual land sales calculated as a percentage of the selling price.

06

RENDERING OF SERVICES – NET
For the year ended 31 December 2012

	BILLINGS US$	**CHARGES BY A RELATED PARTY** US$	**COSTS INCURRED** US$	**TOTAL COSTS** US$	**GROSS PROFIT** US$
United Arab Emirates	3,857,315	(1,050,826)	(2,455,622)	(3,506,448)	350,867
Saudi Arabia	1,680,000	(259,503)	(1,420,497)	(1,680,000)	-
Lebanon	751,120	(285,936)	-	(285,936)	465,184
	6,288,435	**(1,596,265)**	**(3,876,119)**	**(5,472,384)**	**816,051**
For the year ended 31 December 2011					
United Arab Emirates	3,006,698	(77,955)	(2,928,743)	(3,006,698)	-
Egypt	121,682	-	-	-	121,682
Lebanon	325,228	(180,008)	(18,801)	(198,809)	126,419
	3,453,608	**(257,963)**	**(2,947,544)**	**(3,205,507)**	**248,101**

The Group signed a Professional Services Agreement (PSA) with Al Zorah Development (Private) Co. Ltd whereby Solidere International Limited provides urban and infrastructure planning as well as sales and marketing support to Al Zorah Development (Private) Co. Ltd. Total billings for the year ended 31 December 2012 amounted to US$ 3,857,315 (2011: US$ 3,006,698) (note 25).

The costs incurred in connection with the services rendered are detailed as follows:

	2012 US$	2011 US$
Salaries, allowances and related charges	3,630,239	2,845,218
Professional fees from a related party	1,596,265	257,963
Travel and related charges	210,986	83,525
Consultancy and professional fees	34,894	18,801
	5,472,384	**3,205,507**

Charges by a related party amounting to US$1,596,265 (2011 US$257,963) represent progress billings made by The Lebanese Company for the Development and Reconstruction of Beirut Central District SAL (Solidere SAL), to the Group in connection with the PSA signed with Solidere SAL whereby the latter provides support services to the Group.

07

ADMINISTRATIVE EXPENSES

	2012 US$	2011 US$
Salaries, allowances and related charges	6,531,297	5,886,589
Consultancy and professional fees	4,412,506	3,821,435
Travel and related charges	2,186,178	1,619,328
Professional fees charged by a related party	1,651,969	1,172,045
Advertising and film production	1,160,585	1,188,062
Rent expense	878,560	521,935
Employees' share option plan expense (note 23)	556,407	1,099,032
Depreciation and amortization expense (notes 11 & 12)	461,889	1,078,460
Office and computer supplies	428,557	221,156
Telephone and communication	305,817	230,835
Taxes and fiscal stamps	-	542
Other expenses	445,598	368,259
	19,019,363	**17,207,678**

Included under administrative expenses are business development expenses which represent expenses incurred in connection with projects under evaluation mainly in Saudi Arabia, in addition to other projects in Turkey, Montenegro, Algeria and other places.

08

OTHER INCOME - NET

	2012 US$	2011 US$
Reimbursement of expenses incurred in prior years	4,381,015	-
Accrued income on the exercise of put option in an associate (note 14 (b))	1,792,489	4,845,315
Reimbursement of expenses incurred in prior years recovered from an associate (note 25)	-	2,706,883
Gain on disposal of property, plant and equipment	-	395,575
Other provisions written back	-	382,039
Miscellaneous income	128,000	537,436
Changes in fair value of investments designated at fair value through profit or loss (note 16)	688,795	(2,388,500)
Net foreign exchange losses	(1,378,964)	(997,134)
Miscellaneous expenses	(76,965)	-
	5,534,370	**5,481,614**

09

FINANCE INCOME/ (COSTS)

	2012 US$	2011 US$
FINANCE INCOME		
-Interest income on short-term bank deposits	6,550,187	6,775,675
-Interest income on bank deposits with original maturity exceeding 3 months	7,492,735	11,249,422
-Interest income on investments designated at FVTPL (note 16)	920,071	1,102,373
-Interest income on loans to associates companies (note 25)	247,800	-
Finance income	15,210,793	19,127,470
FINANCE COSTS		
-Borrowings related to investments designated at FVTPL (note 16)	(34,440)	(45,391)
-Overdrawn accounts and other interest expense	(7,942)	(607)
Finance costs	(42,382)	(45,998)
Net finance income	**15,168,411**	**19,081,472**

10

INCOME TAX EXPENSE

The major components of income tax expense of a subsidiary for the years ended 31 December 2012 and 2011 are:

	2012 US$	2011 US$
CURRENT INCOME TAX		
Current income tax charge	3,349	1,617
Income tax expense reported in the consolidated statement of comprehensive income	**3,349**	**1,617**

11

PROPERTY, PLANT AND EQUIPMENT

	COMPUTER AND OFFICE EQUIPMENT US$	MOTOR VEHICLES US$	FURNITURE AND FIXTURES US$	ADVANCE ON PURCHASE OF EQUIPMENT US$	FACTORY PLANT AND EQUIPMENT US$	BUILDINGS US$	TOTAL US$
2012							
COST							
At 1 January 2012	511,980	394,243	4,423,294	929,431	-	-	6,258,948
Additions	60,299	94,400	103,269	1,075,659	2,619,813	3,356,095	7,309,535
Transfers	-	-	-	(929,431)	929,431		-
Exchange differences	(37)	(7,667)	(88)	-	-	-	(7,792)
At 31 December 2012	**572,242**	**480,976**	**4,526,475**	**1,075,659**	**3,549,244**	**3,356,095**	**13,560,691**
DEPRECIATION							
At 1 January 2012	336,907	162,769	3,839,774	-	-	-	4,339,450
Depreciation charge for the year	98,516	98,559	229,985	-	-	-	427,060
Exchange differences	(21)	(4,601)	(69)	-	-	-	(4,691)
At 31 December 2012	**435,402**	**256,727**	**4,069,690**	**-**	**-**	**-**	**4,761,819**
NET CARRYING BOOK VALUE							
At 31 December 2012	**136,840**	**224,249**	**456,785**	**1,075,659**	**3,549,244**	**3,356,095**	**8,798,872**
2011							
COST							
At 1 January 2011	467,710	221,721	4,762,495	-	-	-	5,451,926
Additions	44,299	178,298	92,731	929,431	-	-	1,244,759
Disposals	-	-	(431,866)	-	-	-	(431,866)
Exchange differences	(29)	(5,776)	(66)	-	-	-	(5,871)
At 31 December 2011	**511,980**	**394,243**	**4,423,294**	**929,431**	**-**	**-**	**6,258,948**
DEPRECIATION							
At 1 January 2011	223,975	91,345	3,414,714	-	-	-	3,730,034
Depreciation charge for the year	112,942	73,734	856,955	-	-	-	1,043,631
Relating to disposals	-	-	(431,866)	-	-	-	(431,866)
Exchange differences	(10)	(2,310)	(29)	-	-	-	(2,349)
At 31 December 2011	**336,907**	**162,769**	**3,839,774**	**-**	**-**	**-**	**4,339,450**
NET CARRYING BOOK VALUE							
At 31 December 2011	**175,073**	**231,474**	**583,520**	**929,431**	**-**	**-**	**1,919,498**

During 2012, the Group purchased an office apartment on the 20th floor of Index Tower in Dubai for a total consideration of US$ 3,356,096.

During 2012, Solidere Industry LLC, a subsidiary, purchased industrial equipment and technical installation amounting to US$ 3,549,244 to establish and operate the factory in Riyadh, Saudi Arabia. Depreciation of the factory will commence when operations start in 2013.

12

INTANGIBLE ASSET

Intangible asset represents computer license fees.

	2012 US$	2011 US$
COST		
At 1 January	139,316	139,316
Additions	-	-
At 31 December	**139,316**	**139,316**
ACCUMULATED AMORTIZATION		
At 1 January	104,262	69,433
Amortization expense	34,829	34,829
At 31 December	**139,091**	**104,262**
NET CARRYING BOOK VALUE		
At 31 December	**225**	**35,054**

13

DEVELOPMENT PROPERTIES

	EGYPT US$ (a)	SAUDI ARABIA US$ (b)	TOTAL US$
2012			
Land	25,450,414	72,418,021	97,868,435
Architect fees	599,635	1,659,161	2,258,796
Taxes and Government charges on the land	43,095	-	43,095
	26,093,144	**74,077,182**	**100,170,326**
2011			
Land	26,864,326	72,418,021	99,282,347
Architect fees	632,948	-	632,948
Taxes and Government charges on the land	45,489	-	45,489
Borrowing costs capitalized net of interest income	(61,069)	-	(61,069)
	27,481,694	**72,418,021**	**99,899,715**

(a) Six October Development and Investment Company, SAE (SODIC) purchased the Sheikh Zayed Project land by virtue of the preliminary purchase and sale agreement dated 19 November 1995 entered into between SODIC and the new Urban Communities Authority. On 26 April 2007, SODIC and Solidere Management Services SAL (SMS), a related party, signed a Real Estate Development Agreement for the Sheikh Zayed Project. Pursuant to the Development Agreement, SODIC granted Solidere Management Services SAL (SMS) Option Rights to buy directly or through any party designated by SMS a land surface area of up to a maximum of 250,000 squared meters in the Sheikh Zayed Project.

On 19 June 2007, SMS transferred its rights and obligations under the Development Agreement to Solidere International Limited (SI) as per the transfer agreement entered into between SMS, SI and SODIC, whereby SI became an assignee and successor to SMS in all its rights and obligations under the Development Agreement.

On 15 June 2008, in accordance with the Board of Directors' resolution dated 6 March 2008, SI transferred its rights and obligations related to the Option Rights under the Development Agreement to a subsidiary, Solidere Egypt Real Estate Investment and Development SAE (SE).

SE exercised all the Option Rights in respect of the Development Agreement on 15 June 2008 for a total consideration of LE 237,500,000 (US$ 43,181,818) whereby land was recorded at present value of US$ 32,075,343 after deducting deferred interest of US$ 11,106,475.

The payment terms as of 31 December 2008 were as follows:

	% OF SALE PRICE	DUE DATE	AMOUNT LE
First instalment (paid)	10%	15 June 2008	23,750,000
Second instalment	15%	15 June 2010	35,625,000
Third instalment	15%	15 June 2011	35,625,000
Fourth instalment	20%	15 June 2012	47,500,000
Fifth instalment	20%	15 June 2013	47,500,000
Sixth instalment	20%	15 June 2014	47,500,000
			213,750,000
Outstanding instalments			**237,500,000**

The Company signed on 19 December 2009 with SODIC an amendment of the above payment schedule to bring forward the remaining instalments against a cash discount of 18% calculated on 31 October 2009 at US$ 25,187,737 (LE 138,241,888). The balance is subject to an interest rate of 5.3% for the period from 31 October 2009 until 19 January 2010 which is the date of SODIC Board of Directors ratification of the agreement. The accrued interest on 31 December 2010 amounted to US$ 226,389 (LE 1,245,140). The amount of US$ 25,187,737 plus accrued interest was fully settled during 2010.

During 2012, and pursuant to the breach of contract between the Company and SODIC, the Company entered into two lawsuits with SODIC of which the outcome cannot be presently determined. The Company incurred legal and judicial fees amounting to LE 2,688,827 (US$ 422,439) recorded in administrative expenses in the statement of comprehensive income for the year ended 31 December 2012.

b)On 28 September 2011, Solidere Saudi Arabia (SSA), a subsidiary, purchased plot number 2 located in Qortoba, Riyadh for a total consideration of SAR 271,567,580 (equivalent to US$ 72,418,021).

On 30 December 2011, the board of directors of SSA decided to sell the land to Solidere Qortoba LLC, a subsidiary of SSA, at book value.

14

INVESTMENTS IN ASSOCIATES

	2012 US$	2011 US$
Al Zorah Development Private Co Ltd (PSC)	265,909,233	264,539,234
Oger Solidere Alliance for Real Estate Development LLC	44,713,859	44,713,859
Development and Investment Company Limited	65,937,869	65,937,869
Golden Tower LLC	10,521,532	(1,220,109)
	387,082,493	**373,970,853**

The movement in investments in associates recognized in the statement of financial position is as follows:

	2012 US$	2011 US$
As at 1 January	373,970,853	372,362,731
Additional investment	10,669,512	-
Dividend income from an associate (d)	(2,782,853)	-
Acquisition of an associate	-	133,333
Realized loss from transactions with an associate (note 5)	-	449,899
Foreign currency translation	-	(28,106)
Share of results for the year	5,224,981	1,052,996
As at 31 December	**387,082,493**	**373,970,853**

The following table illustrates summarized financial information of the Group's investments in associates:

NAME	COUNTRY OF INCORPORATION	TOTAL ASSETS US$	TOTAL LIABILITIES US$	NET ASSETS US$	PROFIT/ (LOSS) US$	INTEREST HELD %	GROUP'S SHARE OF NET ASSETS US$	GROUP'S SHARE OF PROFITS (LOSS) US$
2012								
Al Zorah Development Private Co. Ltd (PSC) (a) through SI Al Zorah Equity Investment Inc.	United Arab Emirates	695,216,882	137,832,811	557,384,071	2,795,916	49%	273,118,195	1,369,999
Oger Solidere Alliance for Real Estate Development LLC (b)	Saudi Arabia	133,333	-	133,333	-	20%	26,667	-
Golden Tower LLC (c)	Saudi Arabia	37,429,507	37,725,465	(295,958)	(562,625)	50%	(147,979)	1,072,129
Development and Investment Company Limited (d)	Cayman Islands	80,459,215	160,633	80,298,582	6,289,623	43.75%	35,130,629	2,782,853
		813,238,937	**175,718,909**	**637,520,028**	**8,522,914**		**308,127,512**	**5,224,981**
2011								
Al Zorah Development Private Co. Ltd (PSC) (a) through SI Al Zorah Equity Investment Inc.	United Arab Emirates	691,680,599	137,099,523	554,581,076	4,904,016	49%	271,744,727	2,406,438
Oger Solidere Alliance for Real Estate Development LLC (b)	Saudi Arabia	133,333	-	133,333	-	20%	26,667	-
Golden Tower LLC (c)	Saudi Arabia	266,667	2,706,883	(2,440,216)	(2,706,883)	50%	(1,224,391)	(1,353,442)
Development and Investment Company Limited (d)	Cayman Islands	80,519,926	410,967	80,108,959	(33,044)	43.75%	35,047,669	-
		772,600,525	**140,217,373**	**632,383,152**	**2,164,089**		**305,594,672**	**1,052,996**

(a) Al Zorah Development (Private) Company Limited (PSC)

According to the shareholders' constitution agreement of Al Zorah Development (Private) Company Limited (PSC) dated 30 October 2007, it was agreed between the Government of Ajman, SI Al Zorah Equity Investment Inc. and the Company to establish Al Zorah Development (Private) Company Limited with a capital of AED 4,000,000,000 divided into 40,000,000 shares with a par value of AED 100 each owned as follows:

	%
The Government of Ajman	*50*
SI Al Zorah Equity Investments, Inc.	*44*
Solidere International Limited	*6*

According to the Board of Directors meeting dated 1 October 2007 and based on a previously executed agreement, it was resolved to assign 1% of the Company's investment in Al Zorah Development (Private) Company Limited (PSC) to a private investor as an arrangement fee.

According to the agreement, the ownership of the Ajman Government is to be executed in kind through a piece of land valued at AED 2,120,000,000. In a separate agreement, between the government of Ajman and Solidere International Limited it was agreed that AED 120,000,000 out of the above amount representing 3% of the capital would be considered as being contributed by Solidere International Limited.

According to another agreement between Solidere International Limited and SI Al Zorah Equity Investment, Inc, SI Al Zorah Equity Investment, Inc settled in cash the remaining 3% ownership of Solidere International Limited. SI Al Zorah Equity Investments, settled an amount of AED 1,880,000,000 representing the 44% ownership of SI Al Zorah Equity Investments Inc and the 3% ownership of the Company.

Directly and indirectly, through consolidation of a subsidiary, the Company owns 49% of Al Zorah Development (Private) Company Limited (PSC).

During the meetings of the Board of Directors of Al Zorah Development (Private) Company Limited (PSC) held on 22 April 2010 and 2 May 2010, the board decided to change the master plan of the project to meet the new market requirements and develop the project into a touristic destination. As a result, the Board of Directors resolved to propose to the Extraordinary General Assembly to reduce the capital of the company from AED 4 billion to AED 2 billion by returning land worth AED 1 billion to the Government of Ajman and returning AED 1 billion in cash to the remaining shareholders. The extraordinary General Assembly held on 31 May 2010 approved the above resolution. An amount of AED 120 million (equivalent to US$ 32,675,289) has been transferred to the Company representing its 6% free equity of the returned capital. A net of AED 112 million (equivalent to US$30,517,711) has been retained by the Company after all deductions.

(b) Oger Solidere Alliance for Real Estate Development Co. LLC

During 2008, the Group incorporated, together with Saudi Oger Limited and other partners, a limited liability company, Oger Solidere Alliance for Real Estate Development Co. LLC. The associate which is 20% owned by Solidere International Limited has a capital of SAR 500,000 divided into 500 shares of SAR 1,000 each. The associate's objective is to develop a real estate project in the city of Riyadh.

On 6 March 2009, the Group signed a shareholder loan with its 20% owned associate Oger Solidere Alliance for Real Estate Development Co. LLC whereby the Company granted its associate a 3-year non-interest bearing loan to partially finance the acquisition of a land purchased from Saudi Oger Limited for a total commitment of SAR 226,940,000 (US$ 60,527,192). The loan will be made available in two separate draw downs as follows:

- A first draw down of SAR 167,540,000 (equivalent to US$ 44,687,192)
- A second drawdown of SAR 59,400,000 (equivalent to US$ 15,840,000)

The repayment of the loan shall be made by way of conversion of the loan into shares of SAR 1,000 par value each. According to the Memorandum of Understanding signed on 18 March 2008 between the shareholders of the associate, the Company is granted a 3-month put option to sell all of its shares at a determined price within a specified period and, if not exercised, the Company grants the other shareholder a 3-month call option at a determined price within a specified period. As at 31 December 2010, the first drawdown of SAR 167,540,000 was requested and fully paid.

On 6 October 2011, the Group exercised the put option right in compliance with the terms of the shareholders' agreement executed on 6 March 2009 between the Group and its associate. The settlement took place subsequently in 2013 and represented the loan first drawdown amounting to SAR 167,540,000 (US$ 44,687,192) along with total accrued interest calculated at an interest rate of 4% per annum up to the date of settlement. Accrued interest amounted to SAR 24,889,892 (US$ 6,637,804) at 31 December 2012 (2011: SAR 18,169,931) (US$ 4,845,315) and is included under accounts receivable and other debit balances (note 17).

(c) Golden Tower LLC

During 2011, the Group incorporated, together with another partner, a limited liability company, Golden Tower LLC. The associate which is 50% owned by Solidere International Limited has a capital of SAR 1,000,000 divided into 1,000 shares of SAR 1,000 each. The associate's objective is to develop a real estate project in the city of Jeddah.

On 27 November 2011, the Company signed with its associate Golden Tower LLC a loan agreement whereby the Company granted a loan of SAR 80,000,000 split into two tranches as follows:

- Tranche 1 amounting to SAR 40,000,000 (equivalent to US$ 10,669,512) payable after 6 years from the date of the loan agreement and not subject to any interest rate and recorded as an investment in Golden Tower LLC (note 14).
- Tranche 2 amounting to SAR 40,000,000 (equivalent to US$ 10,669,512) payable in yearly installments of SAR 8,000,000 over 5 years and subject to an interest calculated at 5% + 3 month Libor p.a.

Interest income on the loan to Golden Tower LLC amounted to US$ 247,800 during 2012 recorded in finance income in the consolidated statement of comprehensive income (note 25).

(d) Development and Investment Company Limited

During 2010, the Group acquired 43.75% of the shares of a limited liability company, Development and Investment Company Limited, through its wholly owned subsidiary, SI Garden City Limited. The Group's investment in the associate amounted to US$ 65,937,869 (2011: US$ 65,937,869). The associate's objective is to develop real estate projects.

Dividends income from Development and Investment Company amounted to US$ 2,782,853 during the year ended 31 December 2012 (2011: nil).

15

INVESTMENT IN A JOINT VENTURE

The Group has a 45% interest in Brems International SAL (Offshore) a Lebanese shareholding company registered and incorporated under registration number 1801713 dated 4 January 2007. The objective of the company is to negotiate and sign contracts and agreements concerning activities and transactions that will be executed outside the Lebanese territory and related to goods and products located abroad or in the free zone, as well as to use available facilities in the duty free zone for storing goods to be re-exported, and lease offices in Lebanon and acquire real estate properties; and to draft studies and consultations upon the request of institutions residing that will be used outside Lebanon.

In its meeting held on 7 December 2011, the board of directors of Brems International SAL (Offshore) resolved to cease the business of the Company as of 1 January 2012.

The share of assets, liabilities , income and expenses of the jointly controlled entity at 31 December 2011 and for the year then ended, which are included in the consolidated financial statements, are as follows:

	2012 US$	2011 US$
Current assets	-	5,780
Non-current assets	-	-
Total assets	-	5,780
Current liabilities	-	(86,705)
Total liabilities	-	(86,705)
Net equity	**-**	**(80,925)**
Loss for the year	**-**	**(2,911)**

16

INVESTMENTS IN SECURITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	COUPON RATE %	MATURITY DATE	2012 BOOK VALUE US$	2012 CHANGE IN FAIR VALUE US$	2012 FAIR MARKET VALUE US$	2011 FAIR MARKET VALUE US$
1-year US$ callable yield note on multi-indices	6.05	31 May 2013	5,000,000	(2,237,000)	2,763,000	-
1-year 6.82% US$ callable yield note on multi-indices	6.82	1 Feb 2013	5,000,000	(1,881,000)	3,119,000	-
1-year 7.20% US$ callable yield note on multi-indices	7.20	5 Dec 2012	-	-	-	2,528,500
1-year 7.05% US$ callable yield note on multi-indices	7.05	31 May 2012	-	-	-	2,692,500
1-year 7% US$ callable yield note on multi-indices	7.00	1 Feb 2012	-	-	-	2,766,000
			10,000,000	(4,118,000)	5,882,000	7,987,000
Less: loans advanced against investments					-	(3,178,034)
					5,882,000	**4,808,966**

The Group invested in "conditional" capital guaranteed structured products, issued by a foreign financial institution. Coupon rates on the products depend on certain conditions being satisfied which vary depending on the underlying instrument, but mainly is related to the Libor rate. The fair value of all equity securities is based on their current bid prices in an active market. These investments are stated at fair value as at 31 December 2012 and 31 December 2011.

The details relating to roll-over loans advanced against investments are as follows:

	EFFECTIVE INTEREST RATE %	2012 US$	2011 US$
US $ loan I	1.27144%	-	880,837
US $ loan II	1.27144%	-	2,297,197
		-	**3,178,034**

The Group classifies the above instruments within level 1 in the fair value hierarchy of financial instruments. Changes in fair values of investments in securities designated at fair value through profit or loss are recorded in "Other income-net" in the statement of comprehensive income (note 8).

The net (loss) gain resulting from investments in securities designated at fair value through profit or loss:

	2012 US$	2011 US$
Changes in fair value of investments designated at fair value through profit or loss (note 8)	688,795	(2,388,500)
Interest income on investments designated at FVTPL (note 9)	920,071	1,102,373
Interest expense on borrowings related to investments designated at FVTPL (note 9)	(34,440)	(45,391)
Net gain (loss)	**1,574,426**	**(1,331,518)**

17

ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	2012 US$	2011 US$
Advance made in connection with the purchase of land	20,916,914	31,586,430
Accrued interest on exercise of put option (note 14 (b))	6,637,804	4,845,315
Due from related parties (note 25)	5,476,184	3,410,418
Accrued interest income on bank term deposits	2,286,487	2,820,582
Accrued interest income from related parties (note 25)	247,800	-
Advance in connection with the purchase of shares in a Saudi Company	2,133,902	2,133,902
Advance made to City Center Development Co. LLC (under establishment) in connection with JCD project	1,867,594	1,867,594
Advance made to Al Riyadh Development Company in connection with Al Zahira project	587,607	587,607
Prepaid expenses	496,164	335,323
Rent deposits	73,898	73,898
Travel advances made to employees	63,772	66,634
Other receivables	115,037	32,724
	40,903,163	47,760,427
Less: provision for doubtful receivables and other debit balances	(2,455,201)	(2,455,201)
	38,447,962	**45,305,226**

During 2010, the Group signed an agreement to purchase a plot of land in north of Riyadh for a total consideration of SAR 88,000,000 (US$ 23,481,418). During 2010, the Group paid an advance amounting to SAR 48,400,000 (US$ 12,914,781).

During 2010, the Group signed an agreement to purchase a plot of land in Corniche Street, Jeddah for a total consideration of SAR 80,000,000 (US$ 21,339,034). During 2011, the Group paid an advance amounting to SAR 40,000,000 (US$ 10,669,517). During 2012, the advance was transferred to Golden Tower LLC, as a loan to an associate.

During 2011, the Group paid an advance amounting to SAR 30,000,000 (US$ 8,002,133) to purchase a plot of land in Al Takhassusi, Riyadh.

18

BANK TERM DEPOSIT

At 31 December 2011, "Bank term deposit" represented an eighteen months' deposit in US$ with a foreign bank bearing a 4.75% interest rate per annum and which matured on 31 May 2012.

At 31 December 2012, "Bank term deposit" represents a six months deposit in US$ with a foreign bank bearing a 4% interest rate per annum which will mature on 3 February 2013.

19

CASH AND CASH EQUIVALENT

	2012 US$	2011 US$
Cash on hand	148,872	96,046
Current accounts	4,676,462	2,633,042
Short term deposits	194,465,436	241,838,245
	199,141,898	244,471,287
	199,290,770	**244,567,333**

Current accounts with banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The average interest rate ranges between 3.5% and 4.5% per annum (2011: 3.5% and 5% per annum).

Bank balances are segregated between currencies as follows:

	2012 US$	2011 US$
US Dollars	198,020,026	242,853,722
Saudi Riyals	1,146,995	993,427
Egyptian Pounds	16,331	29,287
Lebanese Pounds	(5,736)	-
Euros	-	541,161
United Arab Emirates Dirham	(35,718)	53,690
	199,141,898	**244,471,287**

20

SHARE CAPITAL AND RESERVES

	AUTHORIZED US$	ISSUED AND FULLY PAID US$
11,000,000 shares of US$ 0.05 par value each (2011:the same)	**550,000**	**550,000**

During the period from 7 June 2007 to 31 December 2007, the Company increased its capital from US$ 50,000 to US$ 550,000 by issuing additional 10,000,000 shares of $0.05 each. This capital increase was made through a private placement in Dubai International Financial Centre resulting in a share premium of US$ 688,745,575.

FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes for the period from 1 January 2011 to 31 December 2012. Capital comprises share capital, share premium, retained earnings and other reserves, and is measured at US$ 806,599,597 as of 31 December 2012 (31 December 2011: US$ 815,160,710).

21

DIVIDEND PAID

The general assembly of shareholders on 14 June 2012 resolved to distribute dividends in the amount of US$ 16,500,000 on the basis of US$ 1.5 per share deducted from retained earnings as of 31 December 2012.

22

EMPLOYEES' END-OF-SERVICE BENEFITS

Movement in the provision recognized in the consolidated statement of financial position is as follows:

	2012 US$	2011 US$
Balance at 1 January	824,549	672,362
Provided for during the year	248,127	258,006
Paid during the year	(30,267)	(105,819)
Balance at 31 December	**1,042,409**	**824,549**

23

EMPLOYEES' STOCK OPTION PLAN (ESOP)

The Board of Directors (BOD) in their meeting held on 18 June 2008 adopted the Employee Stock Option Plan (ESOP) scheme at the grant levels adopted by the compensation committee in their meeting held on 5 May 2008. The Board resolved that the aggregate number of such shares shall not exceed 10% of the then issued share capital of the company and such shares are not issued for less than US$ 70 per share. On 15 September 2008 the BOD authorized the Compensation Committee to issue the ESOP shares option.

Share options are granted to directors and selected employees. The vesting of the share options is as follows:
- 1/3 of the plan shares in 3 years from the grant date
- 1/3 of the plan shares in 4 years from the grant date
- 1/3 of the plan shares in 5 years from the grant date

The options are exercisable starting three years from the date of grant at the agreed option price per share. The contractual term of the share options is seven years from the date of the grant. The Group has no legal or constructive obligation to repurchase or settle the options in cash. Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2012		2011	
	EXERCISE PRICE PER SHARE US$	NUMBER OF OPTIONS	EXERCISE PRICE PER SHARE US$	NUMBER OF OPTIONS
At 1 January	70	754,500	70	754,500
Granted	-	-		
Exercised	-	-	-	-
Expired	-	-	-	-
At 31 December	**70**	**754,500**	**70**	**754,500**

The award was given to employees during November 2009. The provision for share-based payment was calculated effective the grant date and provided for during the year of notification to employees against the share-based payment reserve which is used to recognize the value of equity-settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration. The fair value of the share options is estimated at the grant date using the black-scholes option-pricing model, taking into account the terms and conditions upon which the share options were granted.

The following table lists the inputs to the model used for the plan for the years ended 31 December 2012 and 2011:

	2012	2011
Dividend yield (%)	0%	0%
Expected volatility (%)	5%	5%
Risk-free interest rate (%)	4%	4%
Expected life of share options (years)	3	3
Exercise price (US $)	70	70

Movement in the reserve recognized in the consolidated statement of financial position is as follows:

	2012 US$	2011 US$
Balance at 1 January	5,154,461	4,055,429
Provided for during the year (note 7)	556,407	1,099,032
Balance at 31 December	**5,710,868**	**5,154,461**

24

ACCOUNTS PAYABLE AND ACCRUALS

	2012 US$	2011 US$
Due to related parties (note 25)	3,319,205	1,463,425
Advance received	2,311,912	-
Accrued expenses	2,584,112	2,246,253
Provision for miscellaneous charges	75,000	75,000
Other payables	84,641	111,214
	8,374,870	**3,895,892**

25

RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year:

	2012		2011	
	SERVICES RENDERED TO RELATED PARTIES US$	SERVICES PROVIDED BY RELATED PARTIES US$	SERVICES RENDERED TO RELATED PARTIES US$	SERVICES PROVIDED BY RELATED PARTIES US$
SHAREHOLDER				
The Lebanese Company for the Development and Reconstruction of Beirut Central District (Solidere) SAL	-	3,248,234	-	1,430,008
ASSOCIATE:				
Al Zorah Development (Private) Company Ltd	3,857,315	-	3,006,698	-
Golden Tower LLC	1,680,000	-	-	-
	5,537,315	**3,248,234**	**3,006,698**	**1,430,008**

	2012		2011
	FINANCE INCOME US$	OTHER INCOME US$	OTHER INCOME US$
OTHER RELATED PARTIES			
Golden Tower LLC	247,800	-	2,706,883
Oger Solidere Alliance for Real Estate Development Co. LLC	-	1,791,989	4,845,315
	247,800	**1,791,989**	**7,552,198**

The following table provides the total amount of balances with related parties for the relevant financial year:

	2012		2011	
	DUE FROM RELATED PARTIES US$	DUE TO RELATED PARTIES US$	DUE FROM RELATED PARTIES US$	DUE TO RELATED PARTIES US$
Current				
SHAREHOLDER				
The Lebanese Company for the Development and Reconstruction of Beirut Central District (Solidere) SAL	-	3,292,538	7,433	1,430,008
ASSOCIATE				
Al Zorah Development (Private) Company Ltd	388,304	-	683,518	-
Brems International offshore SAL	-	-	12,584	-
Golden Tower LLC	5,087,880	-	2,706,883	-
OTHER RELATED PARTIES				
Beirut Real Estate Management and Services SAL	-	-	-	6,750
Saudi Oger Limited	-	26,667	-	26,667
	5,476,184	**3,319,205**	**3,410,418**	**1,463,425**

The above balances are interest free.

As per the agreement signed with its associate Al Zorah Development (Private) Company Ltd, the Company receives management fees calculated at the rate of 5% of the associate's net profit. Management fees accrued as at 31 December 2012 amounted to US$ 60,000 (2011: US$ 14,282) (note 4).

Compensation of key management personnel for the year ended 31 December 2012 amounted to US$ 3,450,000 (2011: US$ 3,450,000). The remuneration of the board of directors for the year ended 31 December 2012 amounted to US$ 450,000 (2011: US$ 450,000).

Directors' interests in the stock option plan

Share options held by executive members of the Board of Directors under the stock option plan to purchase ordinary shares have the following expiry dates and exercise prices:

Issue date	Expiry date	Exercise Price US$	2012 & 2011 Number outstanding
2008	**5 May 2015**	**70**	**685,000**

26

RISK MANAGEMENT

The Group in the normal course of its operations is exposed to interest rate risk, credit risk, liquidity risk and currency risk arising from its cash balances, receivables and securities designated at fair value through profit or loss. In addition, the Group has equity exposure arising from its investment portfolio.

INTEREST RATE RISK

The Group is exposed to interest rate risk on its interest bearing assets (bank deposits, investments and long term debt).

An increase of 0.1% in interest rates, with all other variables held constant, would increase profits by US$ 315,925 (2011: US$ 346,772). A decrease would have the opposite effect.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, its accounts receivables and certain other asset as follows:

	2012 US$	2011 US$
Investment in securities designated at fair value through profit or loss	5,882,000	4,808,966
Accounts receivable and other debit balances	38,447,961	45,305,226
Loan to an associate	10,699,512	-
Bank term deposit - more than 3 months but less than 1 year	121,459,454	104,934,222
Cash and bank balances	199,290,801	244,567,333
	375,779,728	**399,615,747**

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks.

The amounts reflected in the consolidated statement of financial position are stated at net realizable value, estimated by the Group's management based on prior experience and the current economic environment.

LIQUIDITY RISK

The Group limits its liquidity risk by ensuring bank facilities are available.

The maturities of the Group's undiscounted financial liabilities at 31 December based on contractual payment dates and current market interest rates are less than 3 months.

CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is not significantly exposed to currency risk as its currency exposure is mostly in US Dollars, and Saudi Riyal which is pegged to the US Dollar. The Group's exposure to Euro does not also constitute a significant currency risk. The Group manages its exposure to Egyptian Pounds by monitoring exchange rates.

EQUITY PRICE RISK

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

27

FAIR VALUES

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, investments in securities and receivables. Financial liabilities consist of accounts payable and certain other liabilities.

The fair values of financial instruments are not materially different from their carrying values.

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