ANNUAL REPORT

AJMAN
RIYADH
JEDDAH
BEIRUT

SOLIDERE INTERNATIONAL

A city maker and place maker that builds and sustains urban destinations and mixed-use developments across the Middle East and in emerging markets. Places that hold long-term value for society as they respond to their context, culture, and climate – places where people want to be – ***Places for Life***.

2013

Solidere International Limited is a place maker and city maker, focused on creating urban destinations and mixed-use developments across the Middle East and in emerging markets worldwide.

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.

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

The Solidere International Annual Report 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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A LANDMARK YEAR OF ACHIEVEMENTS

The year 2013 was a milestone year for Solidere International.

Our development projects advanced from the planning and design phases to execution and sales. Nine land and real estate development ventures in Saudi Arabia and the United Arab Emirates were successfully tendered, with construction commencing on many of them. Our sales teams were mobilized in tandem with the construction activities and the results of their efforts are so far very promising. We refined, documented, and streamlined internal business and management strategies to allow us to achieve further regional growth. We believe that the Company is now well positioned to reinforce its market presence and to capitalize on its brand value internationally.

Looking at the consolidated results for the year 2013, Solidere International achieved a 51 percent increase in consolidated net income and profits reaching US$11.5 million compared to US$7.6 million in 2012. This increase indicates the initial success of the strategy we began implementing at the end of 2012. It is important to indicate that consolidated assets amounted to approximately US$900 million at year's end. As it is the Company's policy to carry its land bank at original cost, Solidere International's intrinsic value is well above its book value due to unrealized marked-to-market gains from its investment properties. The Company will realize these gains at exit or when delivery of these projects takes place.

The Company will strive to maintain a healthy cash position and a low debt-to-asset ratio while improving overall efficiency to propel regional and international growth. The Company has already lowered its administrative expenses for 2013 by 12 percent and will strive to maintain overheads at an optimal level in line with the size of its operations. This strategy is expected to further bear fruit as delivery of the projects commences in 2015. However, we expect that the Company will utilize a sizable portion of its cash in 2014 to finance commitments to ongoing project.

Solidere International achieved the following in 2013:

In *Egypt*, Solidere International and Solidere Egypt concluded a final amicable settlement with SODIC and SOREAL in connection with the Eastown and Westown projects in Cairo on the 25th of February 2014. As a result of the settlement, SODIC shall pay to Solidere Egypt the total of US$34,086,000 payable in Egyptian pounds over a period of twenty-four months plus interest with the first payment already received.

In *Saudi Arabia*, our commitments remain solid, and our ventures continue to develop smoothly. Solidere International has already launched the construction of two residential and two land development projects. The strong market fundamentals coupled with the unprecedented government spending will trigger further growth in Saudi Arabia, where we shall continue to seek new opportunities.

In *Jeddah*, Solidere International's iconic residential Golden Tower on the Corniche was successfully launched on April 28, 2014, and has elicited a favorable market response. The *Golden Tower* project remains on track. The contractor will hand over the project in June 2016, after which our property management team will take over responsibility for facility management. Golden Tower will offer its residents a new, unchartered level of apartment luxury in Jeddah. It currently holds a position as a top real estate product in Jeddah, and the prices it commands reflect this position. The initial market responses have been quite favorable, and the Company's efforts to meet sales targets are well under way.

In *Obhur*, north of Jeddah, Solidere International is engaged as a land developer for a one million square-meter site, strategically located within four kilometers from the landmark Kingdom Tower. Solidere International holds a 50 percent stake in a special-purpose fund that owns the land in

NASSER CHAMMAA
Chairman and Chief Executive Officer

two thousand thirteen was a landmark year, a year of achievements, as construction and sales launched for more than nine projects in saudi arabia and the united arab emirates

partnership with an influential local partner. The fund, with a SAR 600 million capitalisation, has been successfully established through a local bank, with the brand identity *Rayat Obhur*. The project has received all necessary official approvals. A contractor has already been assigned and is fully mobilized on site, with infrastructure expected to be delivered by the end of February 2015. Block sales have already begun, and the total sales are in line with initial projections to achieve 30 percent by end 2014.

In northeast Riyadh, our *Wadi Qortuba* high-end expatriate compound is also under construction. With the letter of intent awarded to the contractor on February 12, 2014, and the Notice to Commence issued to the contractor on March 25, 2014, the contractor is fully mobilized and active on site. The expected delivery date of this 605 villa and apartment compound is the last quarter of 2016. Solidere International's in-house team is currently developing the facility management business plan with the aim of providing high-end operations and leasing services for Wadi Qortuba.

In Riyadh, just three kilometers from the new, world-class King Abdullah Financial District, Solidere International has received official approvals for its planning concept for the *Al Malga* land development project. The company has prepared the detailed master plan and infrastructure drawings with the aim of launching construction in the fourth quarter of 2014. The project is financed by a SAR1.25 billion real estate fund that was successfully launched.

Solidere International is also acting as a development advisor to several government-backed entities in the restoration of the old city center of Riyadh, better known as the *Duhaira* district. The project covers more than 700,000 square meters of land, and the plan entails the preservation, restoration, and demolition of properties as well as the development of new ones.

In the *United Arab Emirates*, and more specifically in the Emirate of *Ajman*, Solidere International is aggressively pursuing the total repositioning of the *Al Zorah* project. Al Zorah is a flagship, mixed-use waterfront township envisioned as a premier hospitality destination for a refined lifestyle in the UAE. Al Zorah's development is moving quite fast to be in line with the market dynamics of the UAE.

Under construction are two world-class resorts, one operated by the famed *Oberoi Hotels and Resorts* and the other by *Lux* Resorts*. These two resorts are designed to offer unique seafront luxury and will be destinations in their own rights. The Al Zorah Oberoi Resort Hotel is already under construction, with a target soft opening date of end 2015. The construction of the Al Zorah Lux* Resort Hotel was launched in May 2014, with a similar target opening date of end 2015. Infrastructure works are also well ahead of schedule, with all principal roads and bridges under construction and ready for use in January 2015.

In addition to establishing Al Zorah as a premier hospitality destination, the Company is developing an 18-hole golf course designed by the world famous *Nicklaus Design*, and it will be operated by *Troon Golf EMEA*. The first nine holes will be operational in November 2014. To complement the spectacular golf experience and views of the mangroves, the first phase of golf villas will be offered for sale in the third quarter of 2014.

On the drawing board are many more concepts for phase one of Al Zorah, including waterfront residential apartments, branded and serviced apartments, a beach club, and a retail boardwalk. Al Zorah Development Company remains profitable. It handed over eleven plots of land to investors last year and has registered AED107 million in net profits. The company is still debt-free. Currently, it is negotiating some credit facilities to support its aggressive development strategy.

In *Lebanon*, we continue to monitor market conditions prior to launching the development of *Uptown Park* in Hazmieh, located on a hilly 90,921-square-

long-term master development initiatives will continue as priorities with the aim of increasing brand value and of generating mid-term opportunities for real estate development

meter site overlooking Beirut. The current design calls for the preservation of a heritage building and natural park around which the Company will develop a high-end residential community and an office complex with some retail offerings. In order to ensure construction readiness in the event we witness market improvements, Solidere International has secured all the necessary planning approvals from the Directorate General of Urban Planning. The current development strategy calls for developing the project in phases to cater to local demand.

Solidere International's long-term master development initiatives will continue as priorities with the aim of increasing brand value and of generating mid-term opportunities for real estate development. The Company will continue to prospect and identify real estate and land development projects in order to solidify its asset base and to generate cash profits within mid-term ranges. Solidere International is also investing in value-added real estate products and services in partnership with select operators to create poles of excellence in retail, an offering that fuels a continuous income stream for shareholders.

Solidere International's business offerings are now further aligned with its brand values. Its investment strategies are bearing fruit. Two thousand thirteen was a landmark year, a year of achievements, as construction and sales launched for more than nine projects in Saudi Arabia and the United Arab Emirates. Our prospects and ambitions for 2014 are even greater. Given the favorable market conditions, we aim to increase land and property sales revenues. We will also continue to evaluate expansion into one or more international destinations.

The projects, strategies, and financial results documented in this annual report are the best testament that Solidere International is on the right track and that shareholder value and revenues are on the upward trajectory.

NASSER CHAMMAA
Chairman and Chief Executive Officer
June 2014

COMPANY PROFILE

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

COMPANY OVERVIEW

Solidere International is a city maker, place maker, and developer focused on creating urban destinations and mixed-use real estate developments primarily in the Middle East and also in emerging markets internationally. Solidere International Limited was incorporated in and under the law of Dubai International Financial Centre (DIFC) as a company limited by shares, registered under number 0412 dated June 7, 2007, after it raised US$700 million of equity through a private placement.

The Company's objective is to identify, promote, purchase, master plan, invest in, develop, market, manage, and provide consulting services with respect to land development and real estate projects.

Solidere International is actively involved in projects in Ajman, United Arab Emirates; Riyadh and Jeddah, Kingdom of Saudi Arabia; and Hazmieh, Lebanon; and is prospecting new opportunities in promising markets.

RELATIONSHIP WITH SOLIDERE

The Lebanese Company for the Development and Reconstruction of Beirut Central District s.a.l. (La société libanaise pour le développement et la reconstruction du centre ville de Beyrouth, or Solidere) was established in 1994 for the purpose of finalizing and implementing an urban master plan for the revitalization of Beirut city center in the devastating aftermath of the Lebanese war (1975–1990) and to rekindle its legacy as a global destination. Solidere's activities have also included execution of infrastructure works and reclamation of land from the sea to turn a vast dumpsite on the northwest shoreline of the capital into a treated landfill and site of the new Waterfront District.

Solidere and its interdisciplinary team have established a successful track record in urban planning, real estate and land development, property marketing, financial feasibility studies, sales, and other key aspects of large-scale urban and waterfront regeneration projects.

In 2007, following its success in Beirut, Solidere resolved to create additional value for its shareholders by capitalizing on its brand and experience to launch international development operations. It thus incorporated Solidere International and is the Company's founding member and investor.

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 noncompete undertaking in relation to all projects outside Beirut city center, where Solidere conducts its activities.

As part of the establishment procedures in June 2007, the two companies signed the following agreements:

1. Trademark License agreement, which grants Solidere International usage of the Solidere trademark and associated logo and trademarks in developing projects outside Beirut city center; and

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

Currently, Solidere is the major shareholder of Solidere International, and the company and its subsidiaries own around 39 percent of Solidere International Limited's total capital.

COMPANY MISSION AND VISION

Solidere International is committed to identifying opportunities that offer potential for value generation and to developing the finest real estate products while maintaining the highest standards of service at all times. Our vision is to be positioned as a world-class real estate developer by creating a "Solidere quality and lifestyle" standard.

As a city maker and developer, Solidere International is focused on delivering inspiring places and real estate products that respond to their context, culture, and climate and on improving people's quality of life by developing sophisticated *Places for Life*.

CORPORATE PHILOSOPHY

Solidere International's business philosophy is based on the simple fact that "quality is timeless." With this value proposition in mind, the Company relentlessly aspires and commits to offering the best quality in all its undertakings to the benefit of its shareholders.

The Company aims to be recognized for the vision, quality, design, construction, and value creation behind every project it develops, service it offers, property it manages, and investment it undertakes. Its development philosophy is consistently applied and recognizable in all its projects. It is also the backbone that informs Solidere International's thought and decision-making process, a process the Company embraced from Solidere, in light of the success, experience, and strong brand recognition achieved in Beirut since 1994. It is a philosophy anchored in an unwavering dedication to quality and a persistent focus on detail while taking into consideration all the contextual elements influencing a project and aiming at achieving the right returns for the investors and building long-term brand value.

CORPORATE STRATEGY

Solidere International invests in properties either directly or through affiliates, subsidiaries, or special-purpose vehicles. Subsidiaries are encouraged to work with local partners who have substantial development expertise and experience in their local markets. Solidere International acts as a master developer and/or as a real estate or land developer, depending on the market it is active in, and in line with its development and investment objectives.

In all cases, the Company retains management control over all of its projects and conducts initial business and master planning internally. It only delegates the execution of a project, under its direct supervision and management control, to a subsidiary or partner company in order to protect its brand values. This ensures that the execution complies with its vision and the standards of quality associated with the brand position.

BUSINESS ACTIVITIES

covering a broad range of professional services and investment activities based on expertise in conceiving and building places that are timeless and of high quality

Solidere International's business activities cover a broad range of professional services and investment activities, all of which are based on its corporate core competency: expertise in conceiving and building places and spaces that are timeless and of high quality.

Solidere International's activities comprise master development, land development, real estate development, project management, property management, development management and advisory, and value-added services.

MASTER DEVELOPMENT

Solidere International has the experience and capability to play the role of the master developer of large-scale and mixed-use projects. As a master developer, the Company unlocks the intrinsic values of its strategically selected locations and transforms them into destinations. Through the collective expertise of its in-house multidisciplinary development team and based on the strategic directives of its business development unit, the Company formulates an initial vision and business study to test the highest and best use of its location with the aim of achieving short-, mid-, or long-term investment returns.

The preliminary development visions and high-level business cases are further tested and refined through a series of internal exercises to investigate the market in which the location is sited. These are supported by in-depth economic analyses, detailed master planning, accurate costing, feasibility studies, and branding exercises to transform what may have been a simple location into a unique destination by Solidere International.

As a master developer, the Company is responsible for establishing the overall development strategy for its destinations based on clear objectives and key performance indicators. It also assumes responsibility for leadership and development management, investment management, design and construction management, marketing and sales activities, as well as property and facility management. Furthermore, Solidere International creates and manages support activities needed to establish a convivial and unique destination, such as cultural, sports, and communal activities.

As a master developer benefiting from Solidere's experience in Beirut, Solidere International is among the first private development companies in the region to establish a culture of enforcing design guidelines on third-party developers to protect the urban and architectural qualities of its destinations. Solidere's experience in Beirut affirmed the success of such a practice, and Solidere International is expanding on it.

LAND DEVELOPMENT

Solidere International undertakes the role of land developer in countries that require such a service to be completed within a relatively short time frame. As land developer, the Company provides carefully conceived master plans with the end result being parceled lands supported by appropriate infrastructure and special landscape and design guidelines when possible.

To achieve this objective, the Company conducts in-house master planning and parceling exercises to create well-proportioned and balanced land subdivisions that result in a superior product upon its development by third parties. Depending on the legal structure in the country of operation, Solidere International strives to integrate as many controls as possible into parcel development briefs to guide individual developers and to raise the quality of its branded urban environment.

Key activities undertaken by the Company's land development team include the following:

- Authoring the project business plan
- Management of site topographic, bathymetric, and geotechnical surveys
- Master planning exercises leading to land subdivisions
- Management of Traffic Impact Studies
- Management of Environmental Impact Assessments, whether requested by local authorities or not, as well as water modeling and marine works planning, design, and implementation when needed
- Technical leadership on infrastructure planning, design, and implementation
- Management of public domain landscaping, street furniture, and wayfinding design
- Preparation and execution of land sales administration, including preparation of legal and administrative requirements
- Management of marketing, branding, and sales initiatives
- Preparation of project feasibility studies, budgets, and costing models

REAL ESTATE DEVELOPMENT

Solidere International acts as a real estate developer either on plots of land it owns directly or indirectly within its master development projects or on strategically located plots it acquires for specific real estate development investment.

In some instances, the Company considers the possibility of entering into a joint venture with landowners to develop their plots on the condition that Solidere International maintain full control of the development process. In others, the Company may invest in existing properties, mainly those with historical and architectural values, especially if they enjoy strategic locations.

As a real estate developer, Solidere International positions its products as market leaders and market makers and aspires to develop products that become a reference in terms of quality. The Company collaborates with the world's most renowned architects and interior designers to ensure that its products are of the highest standard. In-house project management teams oversee the construction of real estate products and procurement of superior finishes and services at the best price.

The Company is highly experienced in developing different types of real estate products, with special knowledge and experience in the residential, retail, and hospitality sectors.

PROJECT MANAGEMENT

The Company is highly experienced in providing management services for all the projects it develops. Such services are conducted in line with international standards of project management requirements and cover pre-construction, construction, and post construction duties. The company's in-house teams may sometimes conduct value engineering for certain projects to ensure that they meet pre-determined construction budgets.

PROPERTY MANAGEMENT

The Company provides property management services for its projects in order to ensure that customers enjoy any given destination or real estate project, upon completion of development, with no hassle. 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's property management team preserves asset value, secures rental income, and maximizes sale value.

As a property manager, Solidere International offers its tenants and investors these services against nominal market rate fees.

DEVELOPMENT MANAGEMENT AND ADVISORY SERVICES

Solidere International provides development management services to projects it considers will have a positive impact on the quality of life of its users. These services are similar to the ones that it provides for its own projects and products, but in this instance, the Company acts as an advisor or consultant for a fee. As an advisor, Solidere International carefully assesses client profiles and the projects it will accept with an eye toward positioning itself as a potential investor in the event such a project moves to an implementation phase. The Company has niche expertise in inner city and historic core regeneration processes.

As a development manager and advisor, Solidere International offers its clients a template of services agreed upon from the outset and for which the Company provides seconded staff in addition to corporate support to ensure quality of services, which include the following:

- Business development
- Financial management
- Development management systems and procedures
- Legal support
- Master planning
- Architectural design management
- Real estate and project management
- Marketing, public relations, and sales management
- Property and operations management

VALUE-ADDED SERVICES

In line with its strategy to become a more integrated developer and diversify its sources of revenue, Solidere International is venturing into new lines of business that complement its existing range of real estate development activities.

The Company recently entered the realm of retail operations through strategic joint ventures that create packaged concepts, focusing initially on established and upcoming retail products for which Solidere International acts as franchise incubator. The plan is to expand to other fields that create synergy with the Company's real estate expertise.

Solidere International is also weighing options, primarily in terms of structure, pertinent to the establishment of a property management arm that would extend its facility management, maintenance, and lease management services to third parties. In the same vein, the Company is soliciting business through the provision of other value-added services, including but not limited to development management, investment management, and advisory services. The client base comprises investors, strategic partners, and the public sector.

MANAGEMENT DISCUSSION AND ANALYSIS

it is our commitment to applying detailed criteria in urban design, master planning, and landscaping that distinguishes solidere international's iconic and visionary projects

FROM REGIONAL SUCCESS TO INTERNATIONAL PRESENCE

"Make no little plans. They have no magic to stir men's blood and probably will not be realized."
Daniel Burnham, City Planner and Architect, 1907

More than two decades since its establishment in Lebanon, and having attained strong brand recognition as a city maker and mixed-use developer, it was only natural for the Solidere brand to evolve and grow beyond its local boundaries and to aspire to secure a role in the international arena. This aspiration led to the creation of Solidere International back in 2007. Such a brand evolution does not come easily though. The managerial and operational challenges required to climb up the ladder internationally, and in diverse business cultures, are rather complex.

To address these challenges, Solidere International adopted a two-tiered strategy. On the one hand, the Company aimed at achieving regional success in markets closest to Lebanon as a prerequisite to expanding its operations to select markets internationally. On the other, the Company adopted a policy of securing local market presence and general know-how prior to launching sizable investments in new markets internationally.

The first tier of our strategy is already materializing. The years 2013 and 2014 are beginning to herald the success of Solidere International as a master developer and real estate developer in the Middle East region. With more than nine projects under construction in Riyadh, Jeddah, and Ajman in addition to a dozen more opportunities under evaluation or in the pipeline, Solidere International is rapidly becoming a recognized regional developer.

By 2016, Al Zorah, a new hospitality and exemplary lifestyle destination in Ajman, will open its doors to end users to experience Solidere International's *Places for Life*. Similarly, high-end residential and retail products in the Kingdom of Saudi Arabia and hopefully soon Lebanon will further enhance Solidere International's brand values by setting new benchmarks in quality residential developments that challenge the norm.

None of these accomplishments would have been possible were it not for having succeeded in strengthening our operational strategies and for having successfully carried on the culture of excellence inherited from the mother company.

Today, our challenges remain as great as our aspirations. We are pursuing the second tier of our growth strategy. To meet this challenge, we continue to work vigorously. Reinforcing our corporate core competencies and advancing our internal organizational and operational structures to meet best-practice levels are indispensable to a truly international Solidere. Such a mission, in addition to delivering value to shareholders and unique products to our clients, will remain the focus of senior management in the years to come.

To create *Places for Life* is what we promise. Developing these places internationally is what we are studiously engaged in and committed to. By all means this is not a little plan.

OUSSAMA KABBANI
Chief Operating Officer

DESIGN EXCELLENCE TO ENHANCE COMMERCIAL PERFORMANCE

As one of the leading real estate developers in the region, Solidere International differentiates itself with a unique and ambitious value proposition: design excellence as a tool to enhance our commercial performance.

The main and unique attribute of the Solidere brand is the refined and high quality design implemented throughout the development of our real estate projects. Our commitment to design excellence enables us to create unique value propositions offering iconic and timeless projects that are able to achieve new commercial standards.

This philosophy guides the way we formulate our developers' requirements and ensures consistency of the brand offering. It enables us to constantly deliver high value to our end users and investors and to meet the most exigent expectations of our customers. Our unwavering dedication to quality and our relentless focus on crucial details guide us as we seek the perfect design translation of our ambitious development visions.

We strive to create attractive products that are recognized for their unique identity and appropriate market positioning. We achieve this by exploring ideas and solutions, visionary concepts, and creative design methods. As a team, we are extremely experienced and capable of offering top-notch design expertise that is recognized internationally in the following areas:

- Delivering urban design, master planning, and landscaping schemes that take into consideration all the contextual elements influencing a project.
- Conceiving innovative, inspired, and creative architectural language and interior design that capture the imagination and guide the design processes.

We pride ourselves on being able to deliver the above while we remain mindful of the strict developer needs, real estate program parameters, and affordability requirements.

Our expertise lies in achieving outstanding quality in terms of program guidelines, space planning, functioning parameters, flexibility, efficiency, and technical specifications. Ultimately, we deliver innovative products that are distinguished by a high level of comfort, elegance, and creative lifestyle enhancement. Our projects are designed in collaboration with leading international architects and talented young designers.

In close alignment with a robust commercial strategy, design excellence is not just an abstract or superficial "artistic" approach; it serves as a catalyst for our projects, generating thoughtful and valuable results that meet our clients' commercial needs and quality expectations.

In conclusion, it is fair to say that iconic character and design excellence are major value drivers and key attributes of our brand positioning. With our focus on quality, we strive to develop successful projects in which the design is aligned with schedule and budget constraints and supports excellent commercial performance. This commitment to quality and design excellence is our permanent challenge and a key differentiator of the unique Solidere International brand.

FREDERIC NYST
General Manager for Development

EXPERTISE, COLLABORATION, AND IMPECCABLE QUALITY

At Solidere International we realize excellence because of the way we work as a team from the outset of our conception of projects to the completion of the built products, the management of the facilities, and beyond.

The involvement of our professionals shifts from phase to phase of a project life cycle as we engage our in-house team of architects, urban designers, design managers, development and project managers, procurement and materials sourcing specialists, commercial managers, engineers, and infrastructure and facility managers. We do not pass our development projects from one internal service to another; rather, we work collaboratively as a team from beginning to end. Involvement in development projects concludes only when our quality standards have been met.

We use light but robust processes that prioritize value, quality, and cost and that drive efficiency. All of our team members understand the intricacies of excellent design. They know about materials and about local, regional, and international benchmarks. We manage our service providers effectively and deliver development products with a keen eye to detail and tastefully selected and quality finishing.

We thrive on creative tension while working toward a common goal: delivering excellent quality, every time, everywhere. We do not fear making changes to enhance the value and quality of our property developments, but we are not wasteful because our project teams work together throughout the development process – that is our strength.

Solidere International is organized into simple, functional divisions and departments working largely as teams. Our ability to work efficiently internationally is due to an operational model that allows us to engage external service providers and resources when we need to, where we need to, without relinquishing control over what we want to create and how we want to achieve it.

We measure our resource requirements against local, regional, or international benchmarks. Our business partners require us to be efficient, and we demand it.

By deploying lean, efficient delivery teams of dedicated, skilled, and knowledgeable individuals, configured in an uncomplicated manner, we foster the Solidere International ethos that tightly configured teams create the right harmonies for the delivery of excellent quality.

SANJAY TRIVEDI
Director of Program Management Division

SOLIDERE INTERNATIONAL
Riyadh and Beirut Offices

SUSTAINABLE GROWTH, REGIONAL FOOTHOLD

CONSOLIDATING OUR REGIONAL PRESENCE

Solidere International has implemented a successful, short-term strategy to consolidate its regional presence in three core markets: the United Arab Emirates, Saudi Arabia, and Lebanon. As the Company's operations have attained economies of scale, Solidere International can sustain fully dedicated development management and construction management teams in Ajman, Riyadh, and Jeddah.

DIVERSIFYING REVENUE STREAMS ACROSS GEOGRAPHIC REGIONS

Innovation remains at the forefront of our growth strategy. In core markets, Solidere International is diversifying its sources of revenue through value-added services and strategic partnerships with local operators of retail, health care, and educational facilities, among others. In 2014, the Company aims to launch three destination retail projects in Saudi Arabia, with an offering of leisure and recreational services.

In addition to pursuing opportunities in our core markets, the Company's business development team continues to analyze growing urban trends in emerging markets with a focus on Turkey and Malaysia. The Company intends to access those markets by structuring local partnerships to invest in mid-scale projects with a five-year exit plan. This strategy will enable Solidere International to maintain an opportunistic approach to new markets and gradually increase its prominence as it develops market coverage.

BALANCING LOCAL MARKET NEEDS WITH INTERNATIONAL STANDARDS

At Solidere International, we understand that real estate development is a local business and have developed an operating model that is capable of leveraging socioeconomic developments while offering products tailored to the fundamentals of the local marketplace. As we continue to implement the highest industry standards, our interdisciplinary research and development process allows us to innovate real estate products in-house, integrating the input of experts engaged in every phase of the real estate value chain.

NURTURING YOUNG LEADERSHIP

Solidere International aims to stay young and dynamic. As the Company becomes increasingly multicultural, we are keen on fostering a spirit of accountability and entrepreneurship. The Company is currently implementing a managerial development program to support young leaders to fuel our growth strategy.

ELIAS ABOU SAMRA
Director of Business Development

REAL ESTATE FUNDS, THE NEW INVESTMENT APPROACH

In the past, Solidere International followed the strategy of entering into a joint venture with a developer renowned in the local market; the companies pooled their resources and expertise to fund and deliver a particular project. Although this approach is common practice in the industry, it has its limitations in terms of expansion. Given the growth trajectory that the Company has put itself on, it became essential to turn to nonconventional practices in project financing. With this in mind, Solidere International began adopting the more defined investment form of real estate development funds to secure financing for its different projects. This strategy allows the Company to maintain its control over the development, while the investors share a clear entry and exit time frame.

This approach has proved to be very fruitful. By the end of 2013, the Company had collaborated toward successfully launching and closing two real estate funds in the Kingdom of Saudi Arabia. The first is capitalized at SAR1.25 billion, and the second at SAR600 million. Given its reputation as a high-end developer, Solidere International contributed to closing the funds in a very short period of time. Although the offering period was open for a full year, in accordance with the regulations, the funds managers, in collaboration with Solidere International, completed the fund raising and closed the two funds in less than a month, with both being highly oversubscribed. This success is indeed a sign of market confidence in Solidere International's capabilities as a developer and in the products it will develop based on the inherent brand values of the mother company.

The fund strategy has helped the Company in several ways. It has substantially reduced the Company's capital requirements for projects, thus enabling it to seize several opportunities in the market simultaneously and to support its growth ambitions. Moreover, the Company benefits from the local expertise of the members of the fund board who have extensive knowledge of the local real estate market and its requirements.

Solidere International is planning to collaborate with fund managers on the launch of new funds in the near future to advance its expansion objectives in Saudi Arabia. The prospects look very promising, as most investors in the two funds have demonstrated interest in the Company's activities and in investing in the new funds. The ongoing interest of investors reflects the confidence and trust that markets have given to Solidere International as a leading real estate developer in the Kingdom of Saudi Arabia and soon in new markets.

ADIB NAKIB
Director of Real Estate Funds

DEDICATION TO PARTNERS AND STAKEHOLDERS

We at Solidere International give our utmost and undivided attention to our partners and stakeholders, and these relationships form the spine of our business development activities. It is the unbridled efforts of the professionals and various departments of our Company that carry business projects onward. Our partnerships pave the way for further productive collaborations. Partners, consultants, contractors, suppliers, and other service providers all liaise with Solidere International in a healthy environment to realize the Company's objectives.

In establishing common ground with stakeholders and a mutual understanding of our business perspective, we ensure that our partners become familiar with our business model and development activities. This approach to engaging stakeholders results in the superior outcomes of our business projects, considered to be benchmarks in the industry. All our partners, collaborators, and their businesses benefit and grow through this engagement.

We build and maintain sustainable relationships by establishing clear lines of communication between Solidere International and our numerous partners and stakeholders. Taking into consideration the perspectives of our partners while also addressing social, economic, environmental, and business factors is fundamental to the success and prosperity of our projects. In addition to cultivating mutual understanding and working toward cooperation between all parties, we examine and reflect on our own work experiences to glean lessons learned and to open up the doors to new ideas and designs for projects fit for the twenty-first century. By acknowledging and analyzing lapses in past projects and identifying how to enhance our operations in the present and future, we at Solidere International ensure the peace of mind of our investors and look after the wealth.

As a company emerging in the dawn of the digital era, Solidere International takes pride in maintaining and staying abreast of technological advancements in design, construction, and management. This attitude is evinced in the Company's superb performance as well as the wellbeing of our partners and stakeholders. We are also committed to fine-tuning our services to ensure the high quality of prospective real estate products.

Our partnerships are the cornerstones of new projects in development: our commitment to these relationships reflects our dedication to our customers as we strive to exceed their expectations and create some of the most astonishing products in the region.

HAIDAR AL HASSAN
Regional Projects Director, Jeddah

QUALITY DESIGN, EFFICIENT CONSTRUCTION

Through its agile and experienced team of multiskilled professionals, working together in harmony, Solidere International manages to deliver projects of the highest caliber time and again. Its successful performance stems from a commitment to quality and efficiency, and its dedication to such high standards has created a unique and much sought-after brand identity that stands for excellence.

At Solidere International, we foster an inclusive culture where designers, suppliers, and contractors are brought together as one team throughout the project development process in order to optimize the efficiency and quality of design and construction, all with the aim of delivering successful projects.

We believe that delivering products of superior standards requires that quality, among other factors, serves as a primary criterion driving the project cycle, from the design and procurement phases to construction and project closeout. Applying best-practice processes and procedures throughout the project cycle ensures that we meet Solidere International standards of quality, cost, program, and efficiency.

We advocate the use of standardized components in design that significantly improve cost and program. Furthermore, at Solidere International, to achieve required outcomes in complex situations, we encourage the exploration of innovative or unconventional strategies that utilize the skills and knowledge of our partner suppliers and contractors during the design and execution of projects.

With an eye to quality, we strive to prioritize value throughout the project cycle. We begin with a detailed and studied procurement strategy and appoint qualified consultants for the design and planning phase of each project. Throughout the design phase, in collaboration with our cost consultant and other consultants, we strive to achieve "value design" that meets our commercial interests and then to adopt procurement models that maximize the value we have built into the design. Finally, to secure the "value" of our products, we apply best-practice processes and procedures, ensuring that our contractors will execute the works in accordance with Solidere International's requirements.

Finally, Solidere International is committed to investing in its people by securing suitable working conditions and caring for our team. In that same vein, the Company also provides training and development for highly capable managers and cultivates a culture of respect for all participants in the process as well as an ethos of continuous improvement and learning.

AMER ARABI
Regional Projects Director, Riyadh

GROUP ACTIVITIES

seeking to increase profitability through strategic planning and risk diversification

REAL ESTATE INVESTMENT AND DEVELOPMENT ACTIVITIES

AL ZORAH DEVELOPMENT, AJMAN – UAE

Objective *Development of a tourist destination*
Ownership *39% joint venture with the government of Ajman and a local developer*
Location *Northern coast of Ajman*
Land area *5,430,885 sq m*

WADI QORTUBA, RIYADH – KSA

Objective *Development of a high-end, expatriate residential compound*
Ownership *100%*
Location *Qortuba*
Land area *270,350 sq m*
Gross BUA *153,000 sq m residential compound and 30,000 sq m retail*

TAKHASSUSI RESIDENCES, RIYADH – KSA

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

AL MALGA DEVELOPMENT, RIYADH – KSA

Objective *Investment and land development*
Ownership *51.8%*
Location *Northern Riyadh*
Land area *1,000,000 sq m*
Fund manager *Saudi Med Investment Company*

GOLDEN TOWER, JEDDAH – KSA

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

RAYAT OBHUR, JEDDAH – KSA

Objective *Investment and land development*
Ownership *50% of the fund*
Location *North of Obhur*
Land area *1,000,000 sq m, of which 50% has been acquired by the fund*
Fund manager *BLOMINVEST Saudi Arabia*

UPTOWN PARK, 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 19,521 sq m of land for sale)*

REAL ESTATE MANAGEMENT SERVICES

REBIRTH OF DUHAIRA, RIYADH – KSA

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

YASMINA PROJECT, RIYADH – KSA

Objective *Real estate management services*
Ownership *No ownership*
Location *Riyadh*
Land area *20,000 sq m*

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

AL ZORAH DEVELOPMENT
MASTER PLAN

AL ZORAH DEVELOPMENT
MASTER PLAN

Ajman, United Arab Emirates

AL ZORAH DEVELOPMENT

A REFINED LIFESTYLE TOURIST DESTINATION

DEVELOPING AL ZORAH

With a pristine beach and preserved ecosystem that are home to a myriad of marine creatures and migratory birds, Al Zorah in Ajman, United Arab Emirates (UAE), is sited on a natural peninsula flanked to the east by one of the region's most coveted natural mangrove forests. It is a vision to behold, a site that calms the soul and that embodies Solidere International's motto, Places for Life. We are well on the way to transform it to become just that.

Al Zorah is designed to become a premier hospitality and refined lifestyle destination in the UAE and a flagship, mixed-use development for the Emirate of Ajman. The project is the result of a visionary business collaboration between the Government of Ajman and Solidere International that led to the formation of a master development company: Al Zorah Development Company (AZDC).

In 2007, AZDC, managed by Solidere International, launched an ambitious planning and development initiative to transform this unique location into one of the most sought after destinations on the coastline of the UAE. Just twenty-five minutes from the Dubai International Airport, Al Zorah is planned to offer resort lifestyle and outdoor experiences, with a focus on encouraging walking, cycling, nature exploration, water sports, and refined culinary and wellness experiences.

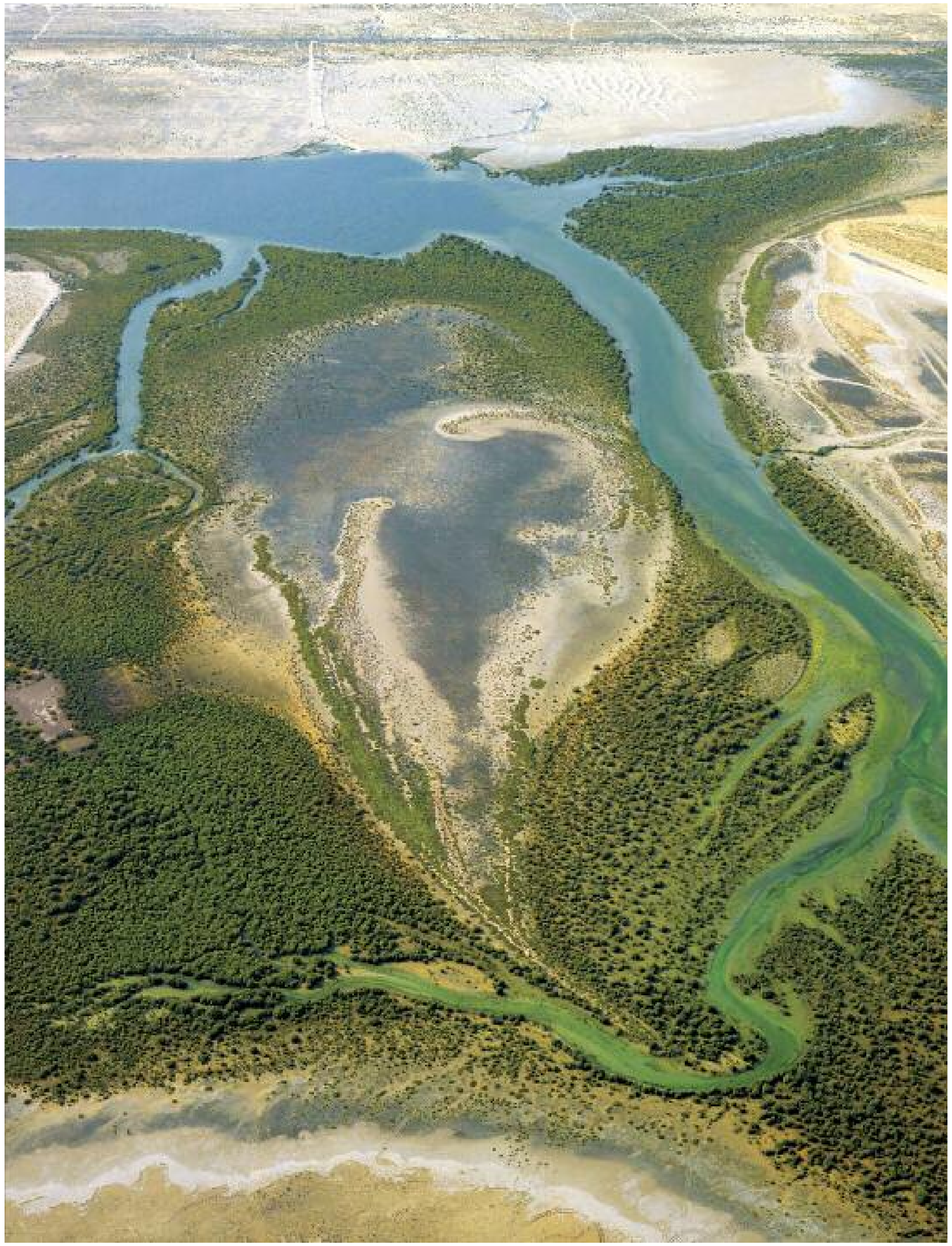
Today, that vision is becoming a reality that is starting to capture the attention of the UAE and the world. With investments on infrastructure that exceed 500 million dirhams, Al Zorah's master plan has benefited from Solidere International's expertise in city making to create a new destination out of this unique location. AZDC has already completed the implementation of major infrastructure elements, including the construction of four marinas and the expansion of the natural mangrove area, and is implementing a phased development process.

On this front, Al Zorah is in the process of implementing phase one, which includes the construction of two world-class resorts operated by the renowned Oberoi and Lux* hotels in addition to an 18-hole golf course by the world-famous Nicklaus Design and operated by Troon Golf EMEA. AZDC is also in the process of finalizing the design of high-end golf villas, beachfront serviced apartments, a retail boardwalk, a beach club, and a series of serviced apartments. These developments and activities will welcome users starting in 2015.

Our ambition will not stop there. As we are quite advanced in implementing the first phase of this project, we are devoting time and relentless effort to developing the support services and outdoor activities that will distinguish our offering. Indeed, we are also advanced in crystallizing the development strategy for the phases to follow.

Al Zorah, which connotes "a close yet faraway place" among other meanings in Arabic, is on track to become an escape to serenity, a place that offers tranquility on the one hand and accessibility to one of the world's busiest airports on the other. That is our promise, and that is what we will deliver.

IMAD DANA
Al Zorah Development Company
Chief Executive Officer



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

AL ZORAH DEVELOPMENT

Objective *Development of a tourist destination*
Ownership *39% joint venture with the government of Ajman and a local developer*
Location *Northern coast of Ajman*
Land area *5,430,885 sq m*

An emerging emirate in the United Arab Emirates, Ajman's geographic attributes, natural setting, and recently communicated vision have re-positioned 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 the Al Zorah project, which benefits from free zone and freehold status, giving foreigners the right to 100 percent 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 million square kilometers of coastal land, with a total waterfront of 12 kilometers.

Solidere International provides professional services for the project's development, strategy, and marketing and is itself engaged in developing real estate anchor projects.

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 are easily accessible to the region and the world. Located a 25-minute drive from Dubai International Airport and 20 minutes from Sharjah International Airport, the site is also reachable by water taxi from neighboring emirates and countries or by private boat.

From a gently curving scenic parkway along a turquoise lagoon, Al Zorah reveals its unblemished shoreline and natural wonders. A combination of charming panoramas covers this coastal land area, from rolling windblown dunes, scenic creeks, and conserved mangroves, to white sandy beaches, clear waters, natural habitats for birds, and undersea vistas.

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.

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

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

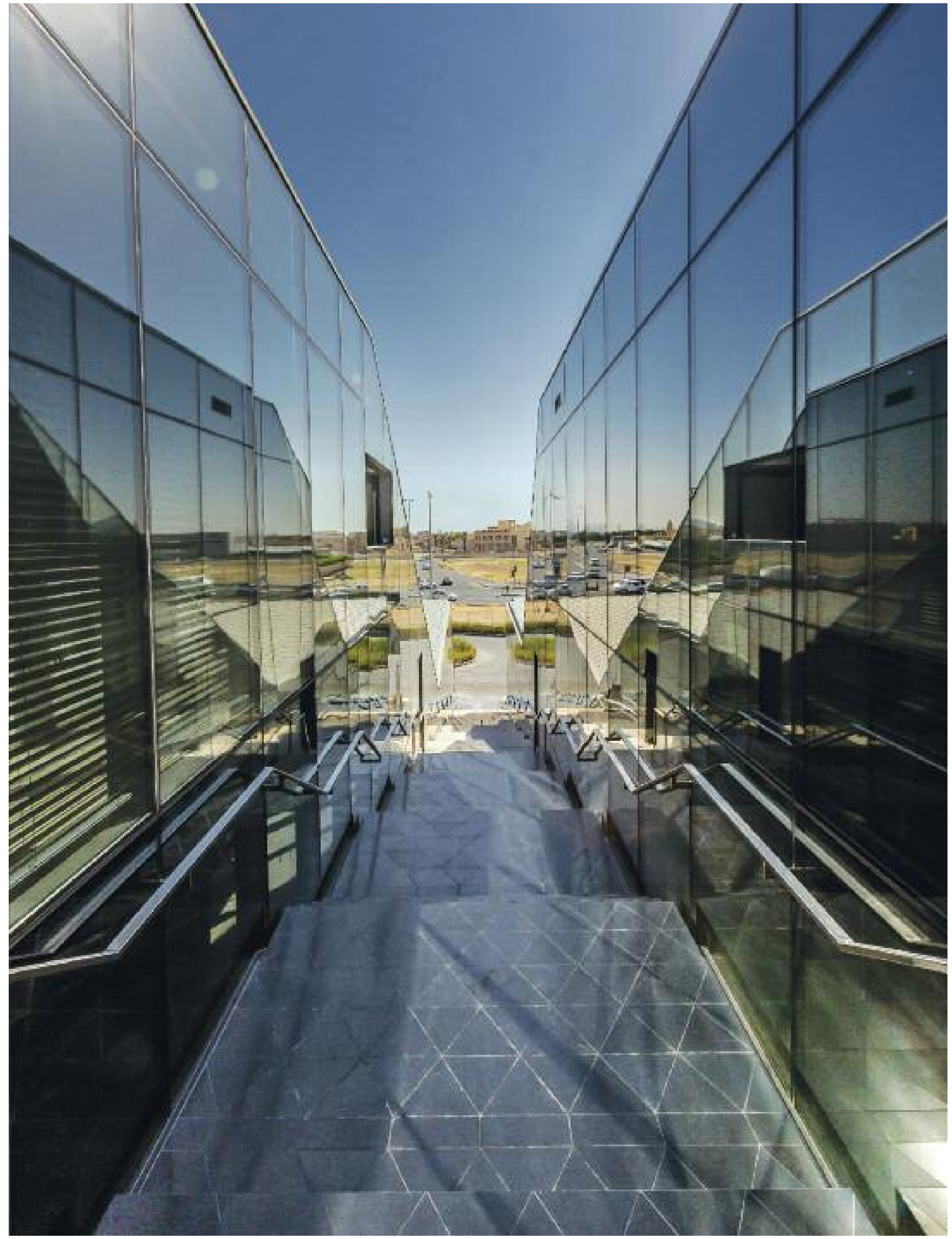
AL ZORAH PAVILION

With an auditorium exhibition focusing on bird migration, forestry, and sea life in the region, the Pavilion invites guests to interact with the biodiversity of the project

Sheltered under a folded canopy-like roof, reminiscent of the surrounding topographical strata that drift down to the water, Al Zorah Pavilion welcomes interested buyers and tourists and provides them with a foretaste of the destination and its offerings. From its highest point at the entrance, the 3,500-square-meter structure slopes down to terraces overlooking the sea with views of the mangrove forest.

Al Zorah Pavilion houses Al Zorah Company senior management's offices, sales and marketing activities, and an exhibition hall that invites guests to interact with the biodiversity of the mangroves. The Pavilion offers space for events and exhibitions and community-related activities.

Land area *31,200 sq m*
Status *Completed*



The 3,500-square-meter Pavilion welcomes interested buyers and tourists and provides them with a foretaste of the destination

THE PAVILION
The Pavilion's folded canopy-like roof is reminiscent of the surrounding topographical strata that drift down to the water

SITE WORKS

Roads, infrastructure, and marine works related to Phase One projects will be completed by the end of 2015

By the end of January 2014, marine works, construction of four marinas, and 80 percent of the earthworks for Phase One infrastructure were completed. Construction of the bridge across the two inner marinas began in the first quarter of 2014, as did other Phase One infrastructure works, including the wet utilities, power, and telecommunications networks, and paving of the roads. All Phase One infrastructure works will be completed by the end of 2015.

Providing solid infrastructural foundations across the board is fundamental to creating a landmark tourist destination

INNER MARINAS

Marine and concrete works for four marinas have been completed and a bridge linking the two inner marinas is under construction

ALZORAH OBEROI RESORT HOTEL

Construction of the first resort hotel, planned to welcome guests in 2015

AL ZORAH TROON GOLF COURSE

Set within a natural preserved environment of native sandy areas, the golf course offers variety and playability

Set within a natural preserved environment of native sandy areas and mangroves, the par-72, 18-hole landscaped green with extensive practice facilities is crafted with generous fairways and wide corridors around two large lakes that enrich the challenge of the course and enhance its variety and playability.

Al Zorah's 18-hole golf course, designed by American legendary champion Jack Nicklaus, is under construction over a land area of 700,000 square meters. The first nine holes are due to be ready by November 2014.

To ensure the highest operational standards, Al Zorah Company contracted the world-famous TROON Golf EMEA (Switzerland) to operate and manage this facility and place it on the world map of golf attractions, highlighting its design and natural mangrove setting.

Land area *700,000 sq m*
Status *Under construction*

The first course designed by legendary champion Jack Nicklaus in the United Arab Emirates

THE MASTER PLAN

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

The plan focuses on the site's natural resources and open spaces to distinguish Al Zorah as an all-inclusive tourist destination. Solidere International's in-house urban development team, 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 mixed-use development focused on leisure and tourism with 60 percent of the land area devoted to public space. The design preserves the site's natural beauty and establishes the foundations for an eco-friendly lifestyle. The 12-kilometer waterfront, conserved mangrove forest, and natural creek form the defining elements of the landscape, suitable for a wide range of recreation and beachside resort activities.

The mixed-use project will include a number of quality real estate products, including world-class beachfront resorts and hotels, residential developments, marinas, retail and entertainment areas, with most properties enjoying water, golf course, and mangrove views. The project also offers ample walking, cycling, and jogging routes that form an integral part of the planning requirements, and are considered as pillars of the lifestyle offering.

The master plan is being implemented based on an updated vision that focuses on strategic real estate objectives to create Al Zorah as a refined and active lifestyle destination in the region. The Phase One "magnets," which aim to position Al Zorah on the UAE's tourist map and will immediately affirm the project's identity, clarity, and vision and establish its success, are two five-star resort hotels; a golf course with clubhouse; golf view villas; a boardwalk, a beach club, and beachfront residences; a wellness center; three serviced residential apartment buildings; four marinas; and a visitors' pavilion.

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*
Land area *5,430,885 sq m*

WADI QORTUBA
MASTER PLAN

WADI QORTUBA
MASTER PLAN

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 *The Peninsula Zone*
02 *The Beachfront Zone*
03 *The Mangrove Zone*
04 *The Golf Course Zone*
05 *The Gateway Zone*

The Peninsula Zone This zone is defined as a clear, linear, 2-kilometer-long high-density development area. It comprises primary "magnets" and amenities to be realized in strategic phases, connected by a linear pedestrian leisure spine: an entertainment complex, a marina, Al Zorah souks, a mall, and a congress and exhibition center. **The Beachfront Zone** As it stretches along the beachfront of the peninsula, the Beachfront Zone accommodates Al Zorah's waterfront district, high-end resorts, a beach club and boardwalk, beachfront residential buildings, and other seaside leisure and hospitality attractions. The scheme provides prime flexible plots for the development of international standards resorts, with the possibility of applying a broad range of concepts and operations. These resorts benefit from 1.6 kilometers of linear beach frontage and may comprise around 1,000 keys. **The Mangrove Zone** Facing the mangrove forest and creek, is Mangrove West, an area 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 village 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. **The Golf Course Zone** Located on the northern edge of a mangrove reserve, the sector incorporates an 18-hole championship golf course, set partly within coastal dunes and mangrove wetlands, as well as a clubhouse, a wellness spa, a community of upscale residential villas and apartments, landscaped frontage to the mangrove conservation area, walkways, and community recreational facilities. **The Gateway Zone** This zone lies at the entrance of Al Zorah from the Emirates Road, where the highway takes on the aspect 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.

DEVELOPMENT

Al Zorah benefits from the expertise in master planning, land development, real estate, and hospitality, honed by Solidere through years of experience in Beirut and passed on to Solidere International

Al Zorah Company's short-term and primary objective is to position Al Zorah, through the development of its Phase One projects, as a refined and vibrant tourist destination capitalizing on the sites' natural attributes. The strategy is to distinguish Al Zorah from other developments in the region through flagship projects that position it as a prime tourist destination in the UAE.

The development of Al Zorah is planned over a 20-year period. Al Zorah Company is currently engaged in land development activities, including infrastructure and marine works that will immediately support the first phase of development.

AL ZORAH MASTER PLAN
A mixed-use development focused on leisure and tourism while preserving the site's natural beauty and establishing the foundations for an eco-friendly lifestyle

AL ZORAH OBEROI RESORT HOTEL

Land area *105,000 sq m*
Beachfront *290 m*
Status *Under construction*

Operated by Oberoi Hotels and Resorts, part of the Oberoi Group headquartered in Delhi, the project is planned to cater primarily to luxury-seeking and wellness-focused guests for whom exclusivity and privacy are paramount, with special provisions for family-focused guests. The Al Zorah Oberoi offers personalized service within elegant contemporary architecture and an intimate atmosphere.

The design divides the resort into three platforms that run parallel to the sea, each carefully positioned according to its function. As they rise from the waterfront, their height increases to guarantee sea views from all areas of the resort. The main hotel platform is composed of separate buildings connected by walkways, with shallow water pools that extend across an inner courtyard where the main restaurant and amenities are located. An outer cladding of wood panels creates a play of light and shade as day changes into night, while simple and pure concrete volumes protrude from the facade in one continuous movement.

The second platform encloses three-bedroom villas, composed of interconnected volumes clad in smooth white stucco with shaded terraces and large openings to the beachfront, and the spa, a private and secluded world composed of several small buildings placed closely together, inspired by the layout of an ancient medina. Each of the spa building hosts a specific amenity and is designed as a pure volume covered in smooth stucco.

The third platform comprises two-bedroom villas formed by deep cantilevering slabs that float over the ground floor to create a series of shaded internal and external living areas.

On the beachfront is a restaurant. Designed with a contemporary approach to traditional Arab architecture, it consists of several pavilions connected by walkways around a shallow pond.

MAIN LOBBY TERRACE
Expansive view toward the sea

MAIN RESTAURANT
At the center of the main hotel building, the restaurant floats amid shallow pools

VIEW TOWARD LOBBY TERRACE
Water pools extend across the inner courtyard

MAIN LOBBY
Contemporary architectural style and intimate atmosphere

MAIN LOBBY
Lounge cafe

MAIN LOBBY
Overlooking water features and the sea

HOTEL ROOMS
Penthouse (above) and suite (below)

HOTEL BAR
Meeting room

TWO-BEDROOM VILLA
Living and dining area

TWO-BEDROOM VILLA
Living area

AL ZORAH LUX RESORT HOTEL*

Land area *75,500 sq m*
Beachfront *260 m*
Status *Under construction*

With its distinctive design, the five-star Al Zorah Lux* Resort Hotel features a number of entertainment venues and caters to families and a young, energetic clientele.

A ceremonial arrival hall sets the tone for the contrasting architecture that makes up the collection of buildings housing a variety of hotel rooms. The resort also offers private two- or three-bedroom beachfront villas. The architectural language is informed by hallmarks of contemporary Arab culture and respects local customs, lifestyle, and expectations.

The carefully designed landscape and hardscape elements link each guest room and villa with the public areas. The interplay between internal and external spaces provides a balance between communal and private areas while guaranteeing safety and security, paramount values for this type of resort.

Careful landscaping ensures that each guest room and villa is directly linked with the public areas

AL ZORAH GOLF VILLAS

Land area *69,600 sq m*
Status *Tendering phase*

The Golf Villas is a distinctive gated community within the Al Zorah project that prioritizes enjoyment of the outdoors above all else.

With white architecture that contrasts with the surrounding green, the design of the villas features expansive openings to the exterior with views of the golf course. Semi-enclosed courtyards provide secondary open-air living spaces and a private swimming pool. Each villa incorporates an open and a blind elevation to ensure the right balance between openness to the exterior golf views and privacy from neighboring properties.

In their interiors, the two-level villas provide a sense of dynamism, with double-height ceilings in the entrance and lounge areas to accentuate the sense of internal luxury. In addition to the living areas and kitchen, the ground floor encompasses an interchangeable space that can be used as a formal *majlis* or as a guest bedroom suite. Accessed from within the villa, the rooftop may be used as an additional terrace for lounging and gathering.

Shaded off-street parking at the front of each villa accommodates two vehicles with a landscaped formal arrival court. A discreet service area ensures direct access to the parking area.

The site includes recreational space and visitor parking areas, and footpaths provide a continuous pedestrian route throughout.

AL ZORAH GOLF VILLAS
The two-level villas provide a sense of dynamism and space, with high ceilings in the entrance and lounge areas

Right on the water, the beach club offers a number of food and beverage outlets, nightclub, spa, fitness center, and outdoor pools and lounging areas

AL ZORAH BEACH CLUB, BOARDWALK, AND BEACHFRONT RESIDENCES

Land area *32,310 sq m*
Beachfront *150 m*
Status *Design phase*

The boardwalk is a pedestrian spine that links the main vehicular circulation of the inner marinas to the beachfront. It is envisioned as a daytime and nighttime destination that accommodates a mix of retail outlets, restaurants, nightclubs, and other leisure activities. The design introduces elements that break the generic details of the spine, such as a "bridge bar" that connects the rooftop gardens of the project.

Right on the water, the beach club offers 150 meters of sandy beach frontage, along which stand a number of food and beverage outlets, nightclub, spa, fitness center, and separate outdoor pools for adults and children with lounging areas.

At its southwestern edge, a barefoot-luxury residential complex elevated on a plateau blends into the landscape, composed of a large internal courtyard, private gardens, and courtyards overlooking the beach.

The designs of Al Zorah boardwalk, beach club, and residential complex are subtly interconnected, and the architecture of each reflects the symbiotic relationship between the various components.

AL ZORAH BEACH CLUB, BOARDWALK, AND BEACHFRONT RESIDENCES
The designs of the components are subtly interconnected, and the architecture of each reflects the symbiotic relationship between them

AL ZORAH LINEAR PARK SERVICED RESIDENCES

Land area *2,420 sq m*
Status *Design phase*

This innovative building offers luxury one- to four-bedroom serviced apartments with sea views and private amenities including a panoramic swimming pool and first-class gym. The penthouse level comprises four duplex units with direct sea views.

The curvilinear facade boasts generous balconies that form and enhance the undulating shape of the building. Small gardens that integrate elements of natural vegetation in double-height openings within the architecture interrupt the horizontal lines. Vertical panels protect the facade from direct sunlight and provide indoor privacy.

Al Zorah Linear Park serviced apartment building is located within a landscaped area with a short pedestrian path linking it directly to the lobby of the nearby Oberoi Resort Hotel, where residents are expected to have privileged access.

Small gardens interrupt the curvilinear horizontal lines of the facade with elements of natural greenery

Resembling a treelike structure, the building balances intimate interiors and infinite water vistas

AL ZORAH LUX MARINA SQUARE SERVICED RESIDENCES*

Land area *5,072 sq m*
Status *Design phase*

Conceived as a family-oriented waterfront serviced apartment building, Marina Square will be operated by Lux* Resorts and will benefit from access to all the amenities and facilities of the Al Zorah Lux* Resort Hotel.

The ground floor of the building encourages a flow of activity from the inner marina of the development to the sea. Six residential levels, elevated on seven-meter-high stilts, house apartments that are designed as small vertical villas with private gardens and terraces between floating white slabs. The project as a whole resembles a treelike structure that balances intimate interiors and infinite water vistas.

Riyadh, Kingdom of Saudi Arabia

WADI QORTUBA

A CONTEMPORARY LANDSCAPED COMPOUND

RIYADH AND JEDDAH PROPERTY PORTFOLIO

As the regional powerhouse, the Kingdom of Saudi Arabia is expected to maintain its expansionary economic policies over the foreseeable future, capitalizing on the stability and investor-friendly climate it has fostered since the early 2000s. In light of rising oil prices and record public spending budgets, the government continues its role as the main driver of private-sector growth with investments in key sectors, particularly housing, transport, health, and education.

With vested interests in major cities of the kingdom, Solidere International is making the most of a thriving real estate sector to add to its log of investments and build up its land bank. The Company has boosted its capacities in property development, targeting diverse ventures that range from basic land development schemes to full-fledged, mixed-use facilities. It has entered into joint ventures with market heavyweights and identified several opportunities that allow it to draw on the experience of Solidere, the Company responsible for the development and reconstruction of Beirut city center and which established Solidere International. With current investments and projects under management that hold a market value exceeding US$1 billion in both Riyadh and Jeddah, Solidere International continues to pursue new opportunities to further strengthen its portfolio.

In addition, and in line with the Company's strategy to diversify its sources of revenue, Solidere International is venturing into new lines of business to complement its existing range of development activities and help it achieve further vertical and horizontal integration. The Company targets sectors with high-growth potential such as retail, wellness, and healthcare in order to improve cash flows and maintain recurring revenue streams.

Solidere International has also embarked on an endeavor to solicit more business through the provision of value-added services to third parties, including but not limited to development management and advisory services and covering a client base of investors, strategic partners, and the public sector.

It is due to these circumstances, business approaches, and investment strategies that Solidere Saudi Arabia is earning a reputation as a seasoned and flexible developer, able to adapt to changing market conditions and sentiments. As the Company aims to live up to its mother company's motto, *Places for Life*, it also continues to prioritize innovation and to preserve its brand value, notwithstanding severe market competition.

FARID NEHME
Solidere Saudi Arabia
General Manager

A contemporary compound planned to accommodate a variety of expatriate lifestyles within a landscaped environment complemented by a range of facilities and services

WADI QORTUBA

Objective *Development of a high-end, expatriate residential compound*
Ownership *100%*
Location *Qortuba*
Land area *270,350 sq m*
Total BUA *153,000 sq m residential compound and 30,000 sq m retail*

Offering a comfortable and serene communal living environment in Riyadh, the booming capital city of Saudi Arabia

Situated in the northeastern part of Riyadh, Wadi Qortuba is a contemporary low-rise expatriate compound. A mix of villas and apartments is planned within a landscaped environment that comprises a central transversal park connected to smaller gardens and squares through internal walkways. The compound is complemented by a high-end clubhouse at its center and a frontage retail strip along its northern edge.

Wadi Qortuba features apartment buildings on its southern and western perimeters and a more permeable center comprised of villa clusters that interact with the landscaped environment. All units reflect architectural diversity, blending seamlessly with the shades of green along a sweeping boulevard stretch that extends from the southern main entrance to the retail strip.

In response to the booming profile of the city, the project is expected to attract a diverse mix of Arab and western executives who reside in Riyadh with their families. It will also address the growing demand for smaller apartments catering to young professionals.

THE SITE

A flourishing district of Riyadh with easy accessibility to vital landmarks and the city center

The site is strategically located in the upcoming Qortuba District along the southern frontage of Thumamah Road, 1.6 kilometers east of the Airport Road. It is situated in the vicinity of many of the city's expatriate compounds and is within short driving distance of major commercial hotspots (including the King Abdullah Financial District, Kingdom Tower, and Faisaliah Tower), the city center, and several high-end shopping destinations, taking advantage of an upgraded ring road network.

***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*

SITE WORKS

An ecologically sustainable environment based on first-class foundations

The contractors have been mobilized. Currently, an area has been set up to include prefabricated offices and facilities that cater to a staff of 150. Excavation and grading are under way for all the apartment blocks and villas to make way for laying the foundations. The main roadways have been set out and prepared for the subgrade material and base course.

Excavations and grading are under way for all apartment blocks and villas

THE MASTER PLAN

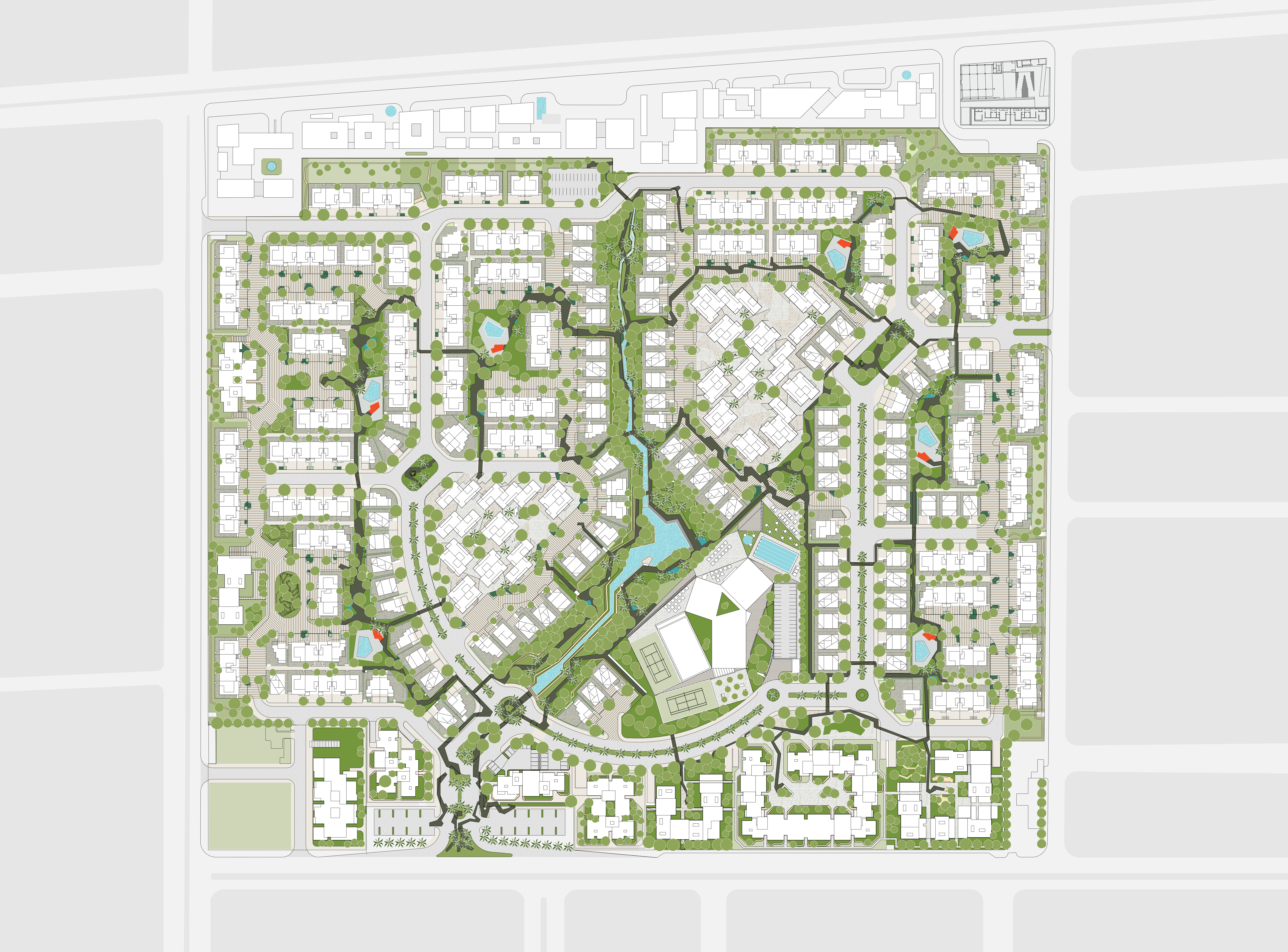
The compound is planned to offer expatriates a convivial way of living amid privacy and security with beautiful landscape

In creating this inviting and livable oasis, careful landscaping of all outdoor areas is prioritized. Accessed through a central sweeping boulevard, Wadi Qortuba highlights an expansive parkscape and connectivity across its residential clusters in an innovative and functional design, resulting in a green, convivial lifestyle.

Blending a variety of modern designs, apartment buildings stand on two sides of the development's perimeter and surround clusters of villas that are arranged in a woonerf concept, assuring each neighborhood a communal and safe environment. The density becomes lower and more permeable moving toward the center of the project to maintain view corridors to 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.

Company *Solidere Qortuba*
Developer *Solidere International*
Urban design *Solidere International*
Land area *270,350 sq m*
Completion *end 2016*



REBIRTH OF DUHAIRA
MASTER PLAN

REBIRTH OF DUHAIRA
MASTER PLAN

COMPONENTS

Apartments and villas in a variety of designs, layouts, and sizes to meet the varied needs of expatriates

Detached Villas Detached villas are the largest in terms of size, have individual back gardens, and overlook the Wadi or the green boulevard. **Townhouses and Semidetached Villas** Organized in convivial, pedestrian-friendly clusters, townhouses and semidetached 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 with one or two bedrooms 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.

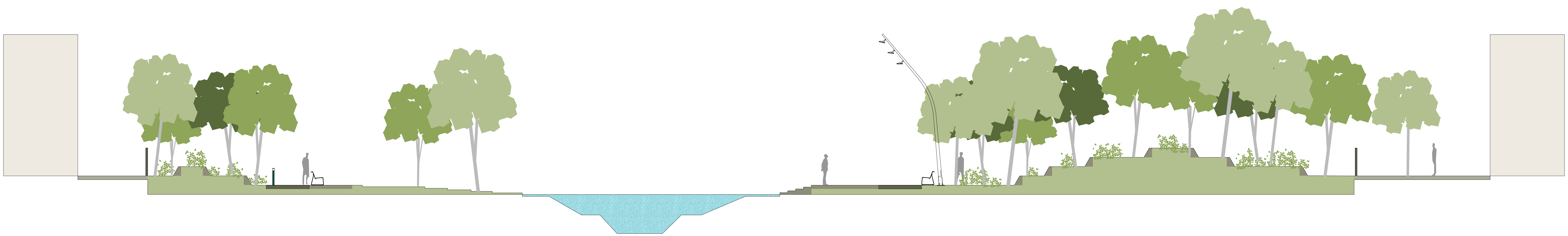
LANDSCAPE SCHEME

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

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

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 a distinctive topography surrounded by greenery. The Wadi Walk branches out to interconnect the different neighborhood parks.

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



AMENITIES

Setting new standards in community living that surpass expectations

At the center of the transversal park stands a first-class clubhouse with distinguished contemporary architecture that blends in with the surroundings. The clubhouse features several recreational sport facilities, including an outdoor swimming pool, indoor and outdoor tennis courts, squash courts, and a full-fledged gymnasium with sauna and steam rooms.

The clubhouse also accommodates a multipurpose room that can serve as an indoor volleyball, basketball, and tennis court or host special events for residents. The ground floor space includes a fine-dining restaurant along with a coffee shop and lounge with terrace seating. Finally, the facility contains special areas dedicated to children and teenagers in addition to a bowling alley and state-of-the-art screening room.

At the northern edge of the compound, a commercial strip further enhances the quality of life in Wadi Qortuba as it gives residents easy access to a retail area filled with lifestyle components.

The compound also features around-the-clock concierge, security, and property management services as well as ample parking.

THE WADI WALK
The central park branches out to interconnect the different neighborhood parks and offers changing scenery for walkers, joggers, and cyclists

THE WADI WALK
The careful treatment of all outdoor areas creates an oasis for living

NEIGHBORHOOD PARK
Organized in seven convivial, pedestrian-friendly clusters, townhouses and semidetached villas feature a communal park at the center of each neighborhood, adjacent to a children's playground and a community swimming pool

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

THE CLUBHOUSE
With its contemporary design, the clubhouse is the focal landmark at the center of the compound

COURTYARD HOUSES
Distinct in character, courtyard houses form clusters that are interconnected by pedestrian walkways

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

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

COURTYARD HOUSE INTERIOR
Courtyard houses feature an internal courtyard, which act as the heart of the home

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

DETACHED VILLAS
The architectural design upholds sensitivity to and awareness of the climate and the environment

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

Minimalist in design and featuring a flow of planes and ramp promenades, the Qortuba Mosque encompasses a courtyard and elevated, cubic prayer space in addition to a minaret

Abstract and timeless, the architecture of the mosque reflects the spirituality of the religious space

Riyadh, Kingdom of Saudi Arabia

REBIRTH OF DUHAIRA

REGENERATION OF THE HISTORIC CITY OF RIYADH

REBIRTH OF DUHAIRA

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

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

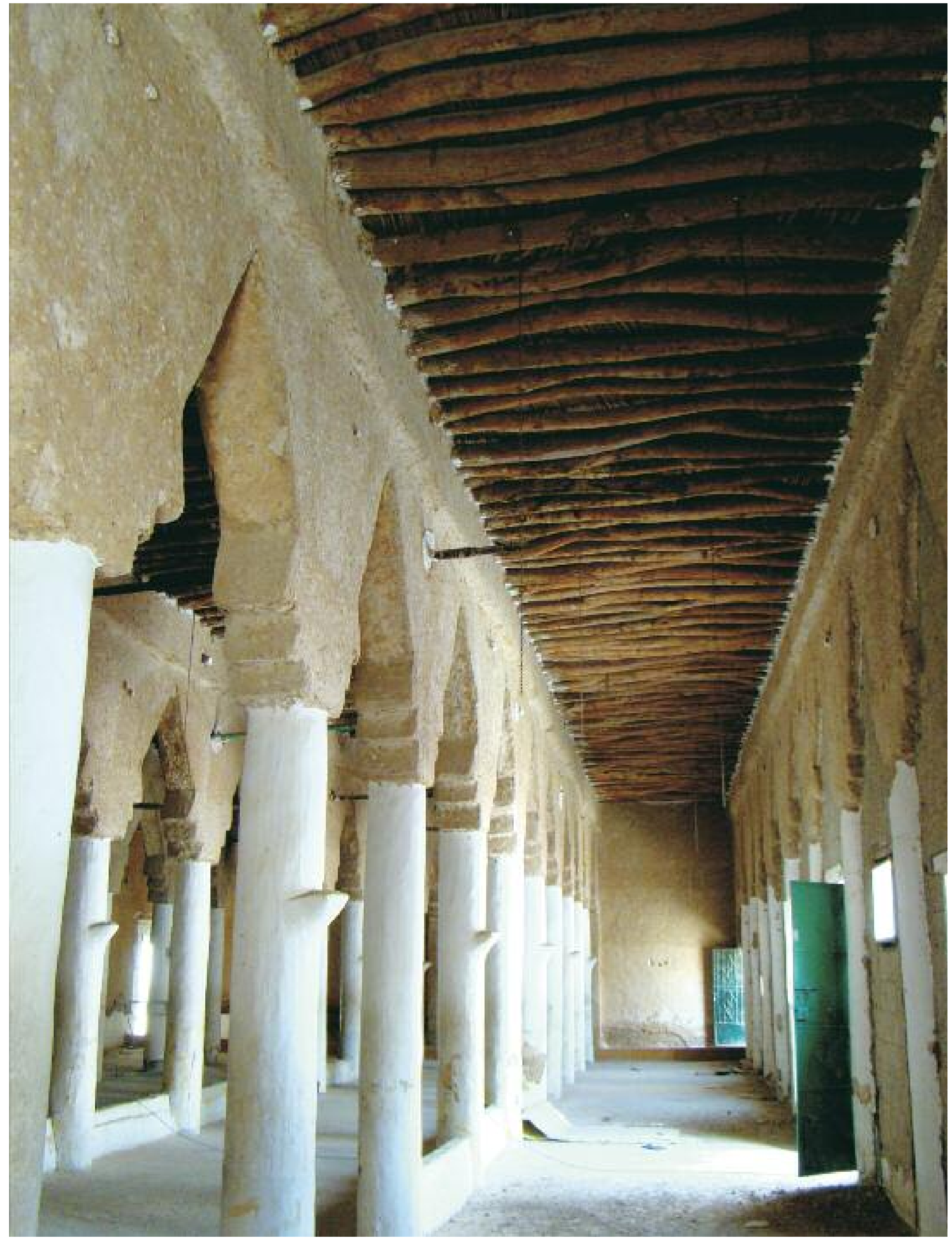
Within the three cornerstones of Riyadh's great urban triangle and along the path of the city's most significant cultural legacy

Duhaira, extending over 706,000 square meters 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 the Saudi capital'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. The area 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 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 new key 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*
Land area *706,000 sq m*

UPTOWN PARK
MASTER PLAN

UPTOWN PARK
MASTER PLAN

COMPONENTS

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

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

The 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-square-meter 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. **The 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. **The 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. **The 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. **The 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. **The 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 historic and cultural heritage while creating 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, which will maintain the traditional retail history of Duhaira, restoration of some of the historic 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.

Riyadh, Kingdom of Saudi Arabia

AL MALGA DEVELOPMENT

A DISTINCT RESIDENTIAL COMMUNITY IN A COHERENT URBAN FABRIC

AL MALGA DEVELOPMENT

Objective *Investment and land development*
Ownership *51.8%*
Location *Northern Riyadh*
Land area *1,000,000 sq m*
Fund manager *Saudi Med Investment Company*

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

In the northern part of Riyadh, Saudi Arabia's largest city and capital, lies 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 districts in the local residential market.

Solidere International, in partnership with a major Saudi conglomerate, has collaborated in the establishment of a real estate fund in which SI holds a 51.8 percent stake, to acquire this one-million-square-meter land. The SAR 1.25 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.

Solidere International has been assigned by the fund managers to develop the Al Malga project. The Company's scope of services consists of development management, urban design and master planning, project management and supervision, and operations and maintenance.

THE SITE

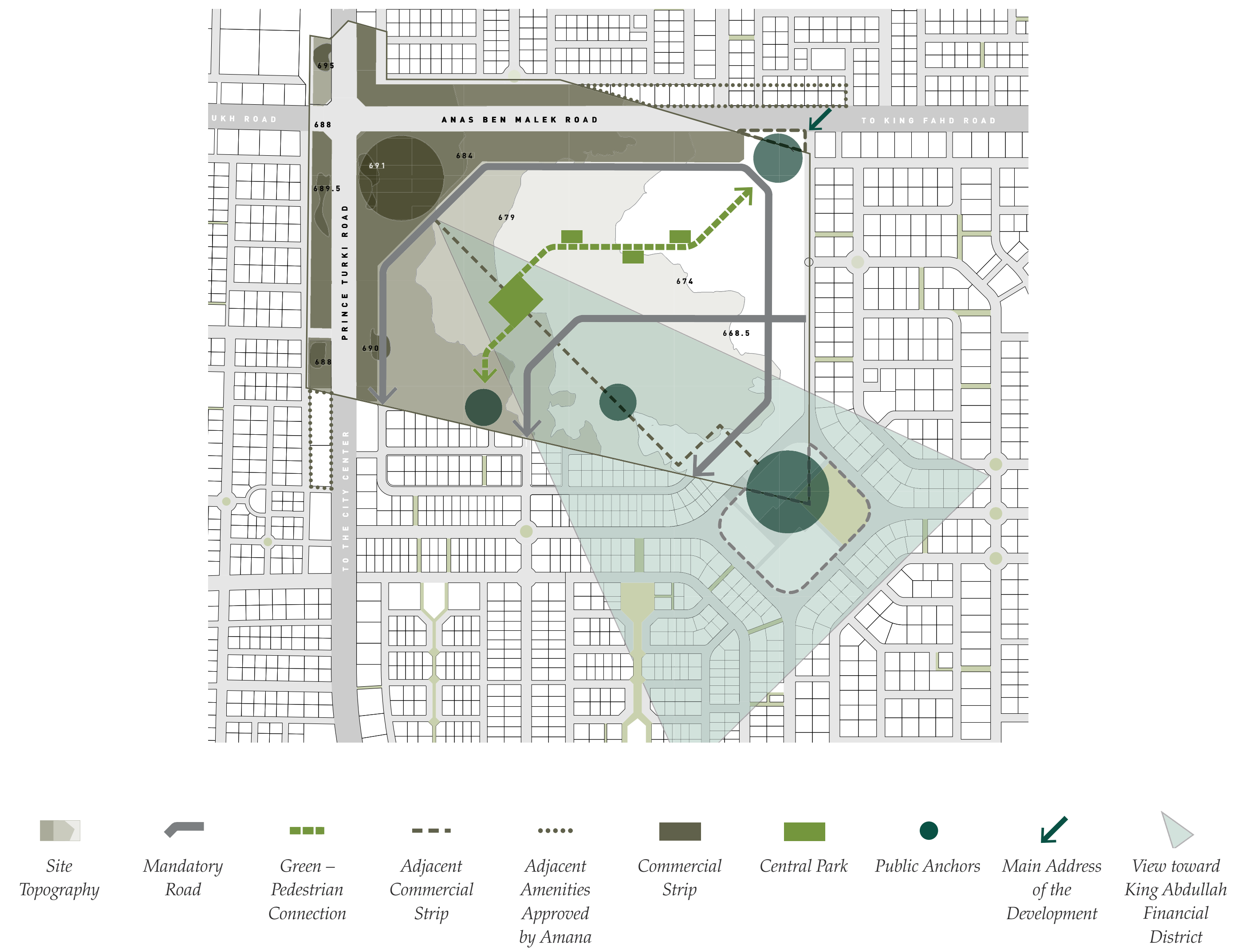
Located within an emerging suburb of Riyadh, the project has easy access to vital areas and landmarks, including the King Khaled International Airport and King Abdullah Financial District

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-meter 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 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*
Land area *1,000,000 sq m*
Completion of infrastructure works *end 2015*



THE CONCEPT

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

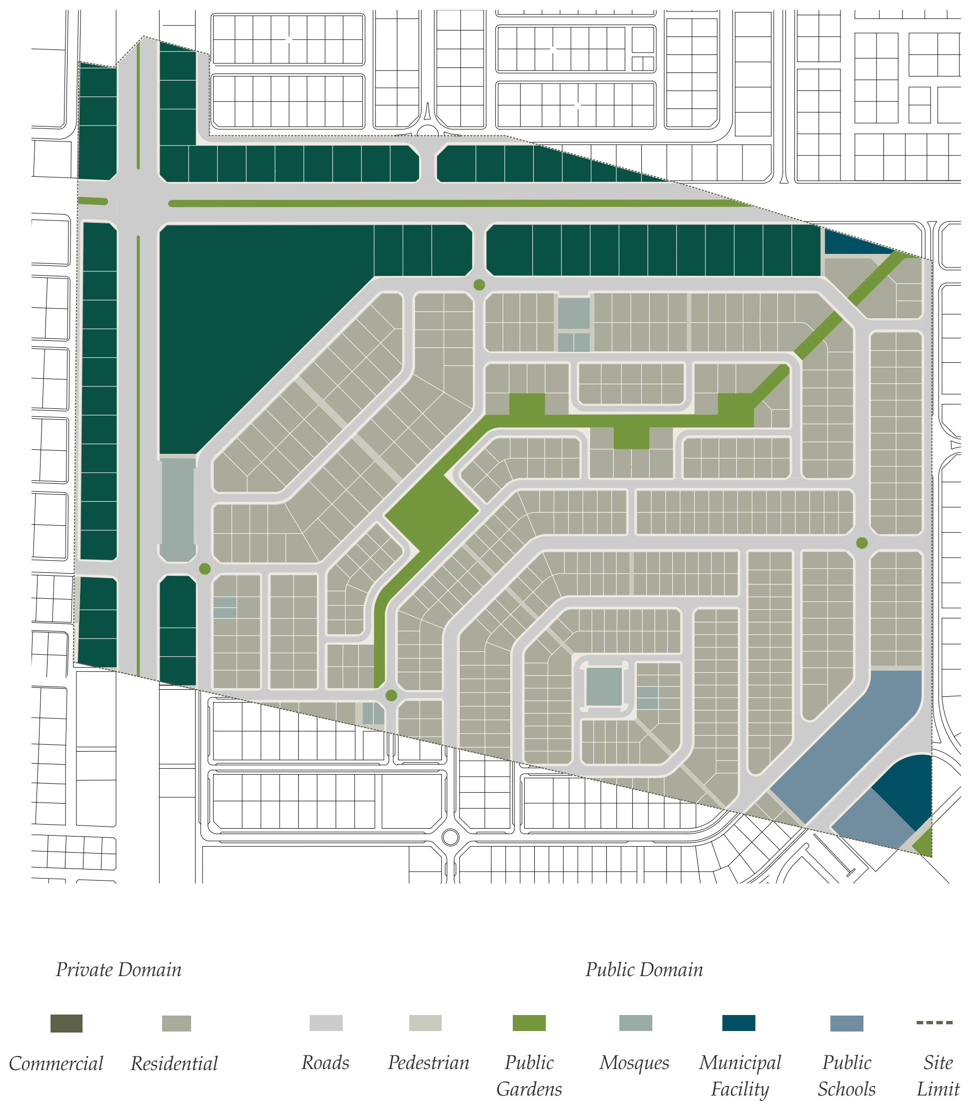
The concept leverages the site parameters and location on the intersection of Prince Turki and Anas Ben Malek roads in addition to other key assets that include view corridors and the sloping topography, which has inspired the design of tiered residential platforms.

The master plan takes into consideration modern lifestyle components while privileging the calm and tranquillity essential to a residential environment. A green spine, punctuated by quaint squares amid residential clusters and by a central public square, traverses the site. Wide pedestrian passages that run across the site intersect at the public square. A commercial strip, running along the northern and western edges of the site, creates a buffer zone between the residential community and the 60-meter arterial road.

Landscaped traffic islands introduce and punctuate the road network of Al Malga, which features well-finished sidewalks and extensive guest parking lanes divided by plantings. The pedestrian network includes a shaded rambla and alleyways, a central green spine and square with varied planted islands, and a fabric-shaded island equipped for children's play.

LANDSCAPE SCHEME

A tree-shaded rambla with public squares and planted islands enhances the area's quality of life



MASTER PLAN COMPONENTS

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

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

Of the private land, 30 percent is attributed for commercial use and 70 percent is allocated for residential use. After being equipped with best-in-class infrastructure, it will be parceled and sold to third parties who will construct their properties in accordance with recommended development guidelines prepared by Solidere International. 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 product of the 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 visitors from the city.

DEVELOPMENT STRATEGY

Integrating a number of diversified subprojects that capitalize on site parameters within a coherent urban context

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 subprojects 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 motto, *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.

Riyadh, Kingdom of Saudi Arabia

TAKHASSUSI RESIDENCES

A BENCHMARK FOR URBAN LIVING

TAKHASSUSI RESIDENCES

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

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

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

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

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 parking areas 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.

Developer *Solidere International*
Urban design *Solidere International*
Land area *40,000 sq m*

COMPONENTS

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

Family Zone Comprising about 50 percent 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 suitable for 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.

Jeddah, Kingdom of Saudi Arabia

GOLDEN TOWER

MODERN DESIGN ROOTED WITHIN LOCAL CULTURE

UNIQUE SIGNATURE PRODUCT

In response to the intense demand for high-end residential towers in the Kingdom of Saudi Arabia, Solidere International took the initiative to start the construction of an iconic landmark on the Jeddah seaside to position the Company as a top real estate developer.

As an industry trendsetter known for its attention to the lifestyle of end users, Solidere International addressed standards of privacy specific to Saudi Arabia while formulating the vision of Golden Tower. The Company commissioned a top-notch international architect to design a unique real estate product, one that lives up to the dreams and ambitions of the target clientele.

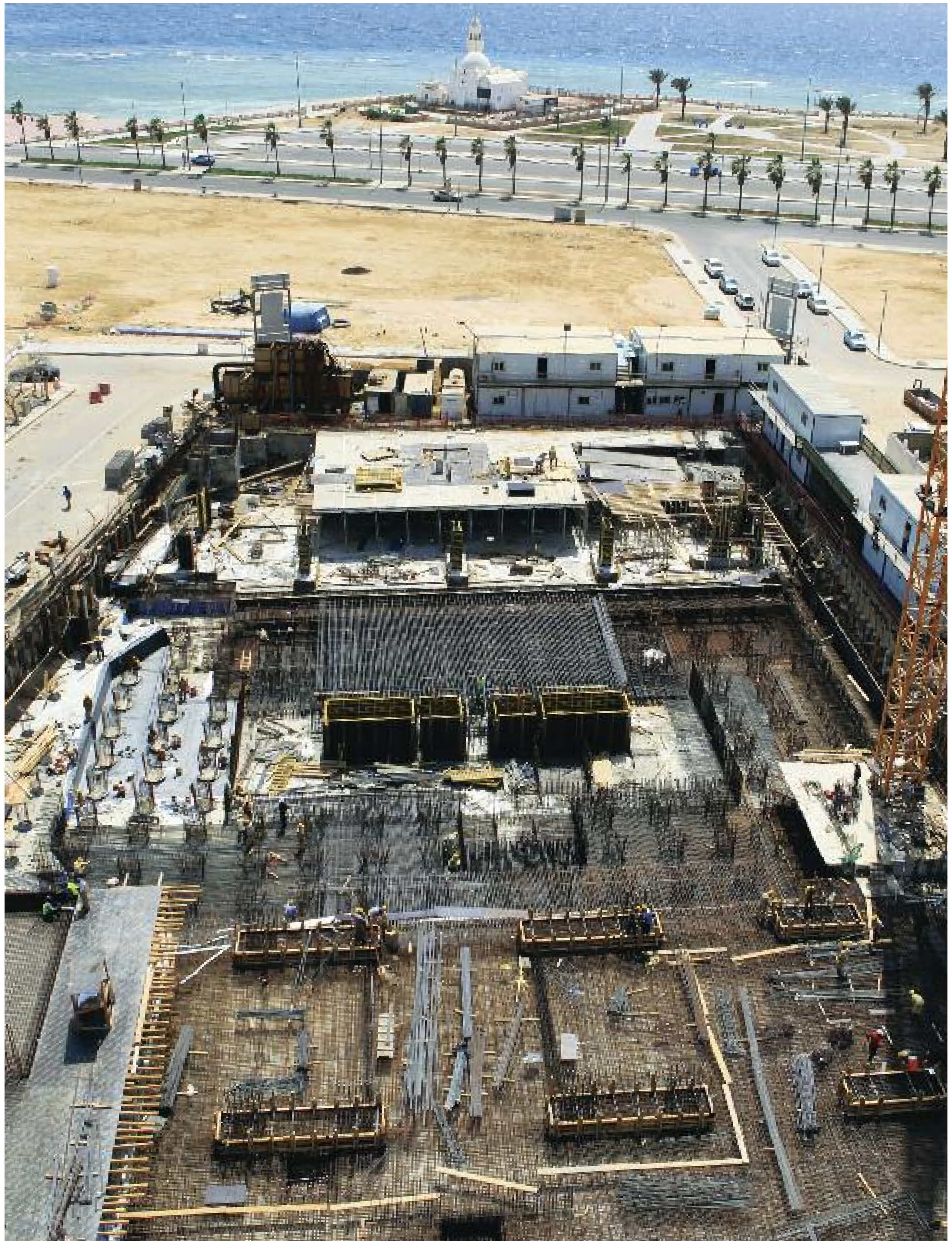
The glittering sculpture of the Jeddah skyline, Golden Tower integrates traditional architectural features reminiscent of Old Jeddah, with a combination of glass and stone facade.

The architecture and design maximize the sense of space and openness with uninterrupted panoramas of the sea. From each of the 48 floors, residents enjoy views of Jeddah's Corniche, expansive vistas of the Red Sea, and views of the local urban scene and the bustling heart of the city.

As with any Solidere International project, Golden Tower will be renowned for its flawless execution and superior quality, equipped with luxurious amenities, state-of-the-art technology, grand spaces, landscaped areas, children's playrooms, health clubs, and breathtaking lobbies and rooftop gardens.

Certain to set the highest standards in quality, Golden Tower will surpass customer expectations and become a landmark of Jeddah.

ABDULKADER CHAAR
Golden Tower General Manager



Following excavation and foundation works, construction of Golden Tower has started

GOLDEN TOWER

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

Solidere Saudi Arabia, a subsidiary of Solidere International, entered into an agreement with a Saudi partner to develop a landmark waterfront tower on the north side of Jeddah's Corniche and established the Golden Tower Company, which acquired the land that will serve as the site of the premier residential address. Once built, the tower will comprise luxurious apartments and duplexes with distinct amenities and services, introducing Solidere International's 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 seaport 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 megaprojects in tourism, industry, and real estate, the city has strong demand for high-end residences, both from the local and expatriate communities.

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

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.

Serviced by four roads, the tower offers ease of accessibility and convenient proximity to the city center and other vital amenities, such as the airport, the business districts, and other retail and recreational areas.

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

THE DESIGN

A sense of space and openness is maximized through uninterrupted views of the sea.

Embodying the highest modern living standards, Golden Tower's facade integrates traditional architectural features reminiscent of Old Jeddah, blending seamlessly with the buildings nearby. Irregular layers animate the tower, exposing loggias and evoking the sedimentary stripes of the watchtower, a main feature of Islamic architecture. This innovative layering system creates transparency where light is desired and shade where there is need for privacy.

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 facades. One minimal volume shift defines its slick silhouette, wrapping the tower with a sense of undeniable elegance.

Golden Tower offers residents a unique living experience in three-, four-, or five-bedroom apartments of various sizes with flexible space configuration and a wide variety of layouts, each designed to maximize floor area and provide privacy. The interiors are adorned with superior-quality finishes and are suitable for different tastes and lifestyles. All the units come with high ceilings and integrate ample living areas with uninterrupted sea views, sizable en suite bedrooms, and vast, discretely connected service quarters.

Several duplexes at various locations within the tower and trophy residences on the top floors set even higher standards in elegance, style, and comfort as they offer more expansive living spaces and flexible configurations, with private loggias and terraces overlooking the Jeddah Corniche.

Net BUA *34,000 sq m*
Completion *2016*

Highly distinguished modern and sleek design, rooted within traditional architectural features

With integrated facade lighting, the tower is a landmark animating the Jeddah skyline

AMENITIES

AMENITIES

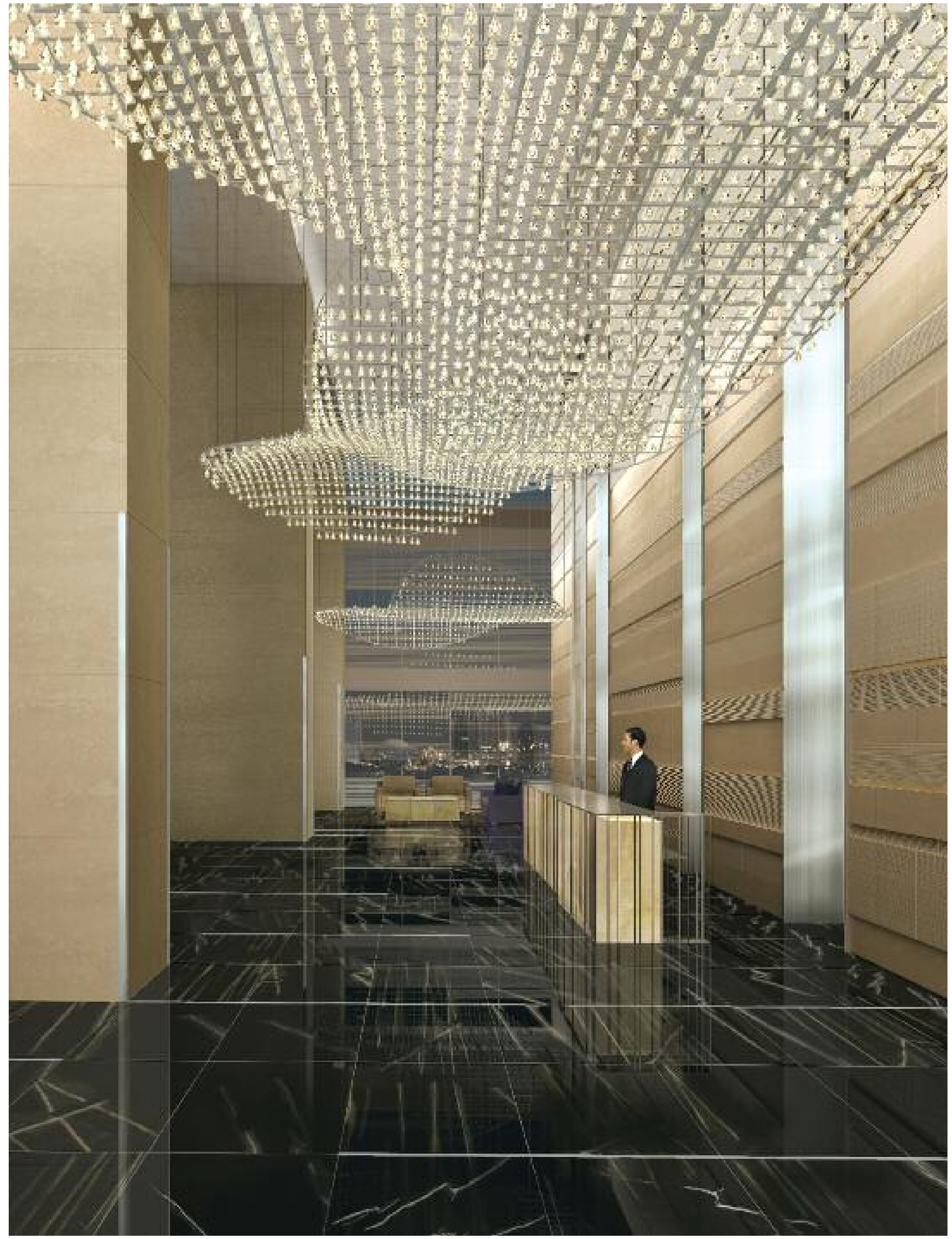
A wide array of facilities and amenities that offer a bespoke service for residents

The tower's main entrance leads from an exclusive drop-off area adorned with water features to an impressive lobby with nine-meter-high ceilings. Secondary access is provided at the rear through a three-floor ventilated parking and service podium structure.

The tower's exceptional interior layout divides the main lobby into two separate hallways with three elevators each to preserve a sense of complete privacy and provide a smooth and efficient trip to each apartment's exclusive lobby and private entrance.

Residents will enjoy a distinctive lifestyle with a multitude of amenities, including landscaped gardens, a full floor of wellness facilities featuring separate male/female gyms and separate indoor swimming pools, and multipurpose areas with a kids' playroom.

The tower's podium offers in its basement, first, and second levels ample parking spaces for residents and visitors as well as driver rooms with common utilities. Additional tower amenities include the highest levels of security, managed through state-of-the-art video surveillance systems that include around-the-clock CCTV cameras and advanced building management systems.



The tower's impressive lobby boasts nine-meter-high ceilings and generous proportions with comfortable relaxation areas

High-speed, state-of-the-art elevators ensure a smooth and efficient trip to each apartment's private lobby

An exclusive drop-off area adorned with water features leads to the tower's main entrance

DEVELOPMENT

An elegant and rational development introducing Solidere International standards to Jeddah, an important commercial hub and major urban center of western Saudi Arabia

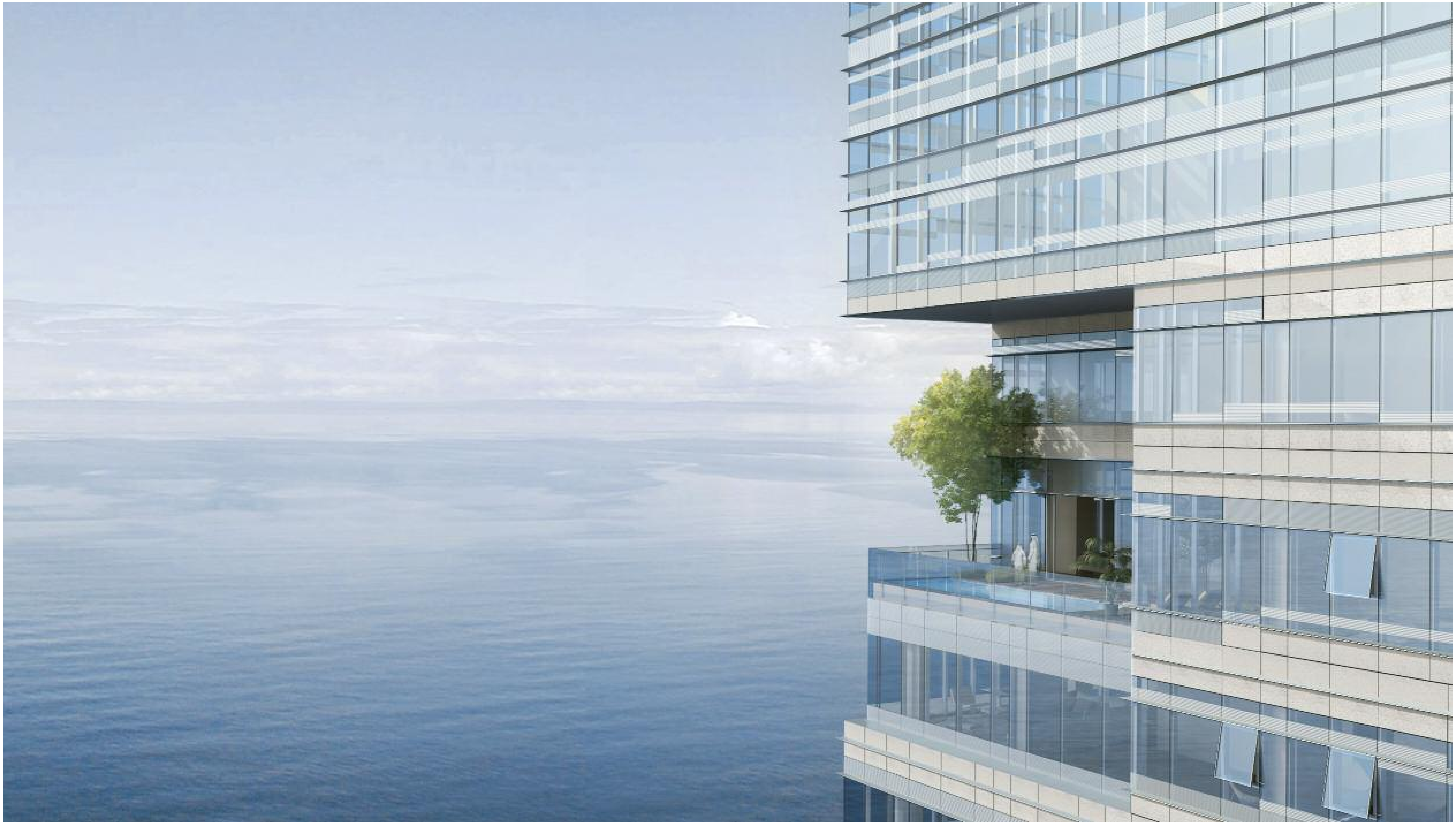
Solidere International's objective is to develop a residential landmark on the north side of Jeddah's Corniche, reflecting luxury and comfort and offering premium living and outstanding amenities for its tenants. The upscale development has set its sights on attracting Saudi Arabia's high-end market.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

MODERN INTERIOR
Duplex reception

MODERN INTERIOR
Apartment reception and dining room

MODERN INTERIOR
Reception and loggia

MODERN INTERIOR
Duplex reception



TROPHY RESIDENCE
Astounding 360-degree views of the sea, the Corniche, the city, and the Jeddah skyline

Jeddah, Kingdom of Saudi Arabia

RAYAT OBHUR

PRIME INVESTMENT IN AN EMERGING DISTRICT

RAYAT OBHUR

Objective *Investment and land development*
Ownership *50% of the fund*
Location *North of Obhur*
Land area *1,000,000 sq m, of which 50% has been acquired by the fund*
Fund manager *BLOMINVEST Saudi Arabia*

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

In partnership with an influential Saudi conglomerate, Solidere International collaborated toward the establishment of a real estate fund to acquire 50 percent of a one million square meter plot of land located in the emerging area of Obhur in Jeddah, known as Abdulmajeed Land. 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 percent 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. The project has been branded as Rayat Obhur.

Abdulmajeed Land holds an approved master plan that Solidere International, in its capacity as developer of the land, 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 six-kilometer drive to the main tourist destinations, coastal resorts, and King Abdulaziz Sports City

Rayat Obhur is located in the northern part of Obhur, a widely known tourist 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.

Situated within four kilometers of the landmark Kingdom Tower, Rayat Obhur is a 600-meter drive to Madinah Road, which connects it to the city center, and a six-kilometer drive on the commercial Abdulmajeed Road to reach Obhur Coastal Road, the primary tourist destination in Jeddah with a number of beach resorts. Furthermore, the site is surrounded by 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 appropriate infrastructure networks to support quality developments.

***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*

Contractors have been mobilized on site and work is progressing according to the set project program

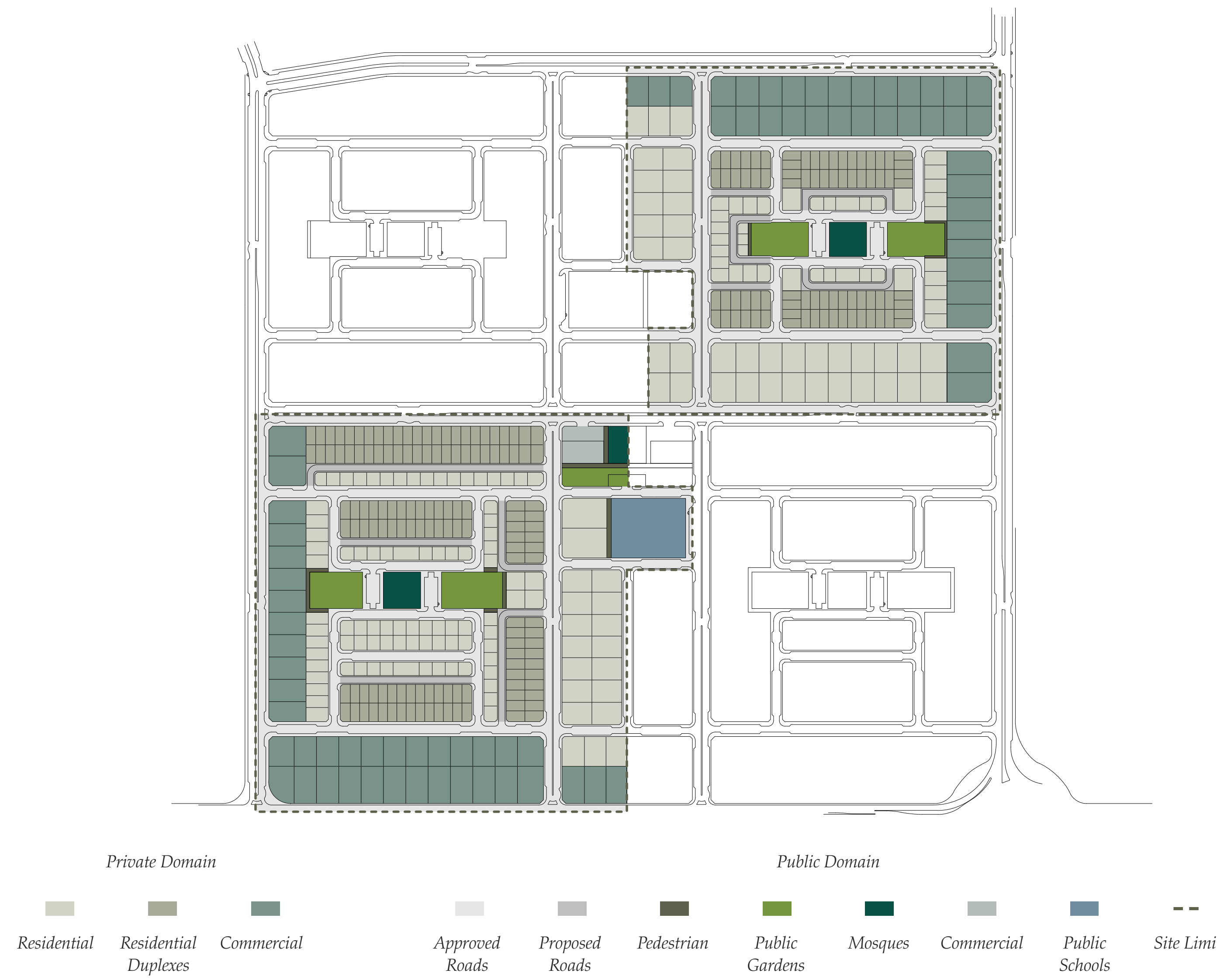
Infrastructure work is under way including roads, utilities, and water supply and drainage, and is expected to be completed by mid 2015

EXISTING MASTER PLAN

As a fund developer, Solidere International's role is to upgrade and enhance the existing master plan

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 in Rayat Obhur (the two quadrants owned by the fund), taking into account pre-determined roads, green areas, and public facilities that include commercial areas, schools, mosques, and parking lots.

***Land area** 1,000,000 sq m*
***Fund acquisition** 500,000 sq m*



DEVELOPMENT PARCELLATION

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

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. By subdividing large blocks as per the approved master plan, Solidere International's urban designers responded to current market needs by proposing smaller plots of land that are optimized for detached villas or duplexes (semidetached villas). The upgraded master plan thus offers a wider 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 square meter area. Infrastructure work has already started on site and is expected to be delivered before mid 2015. The plots of land will be sold by the fund to third-party developers. 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.

Beirut, Lebanon

UPTOWN PARK

SANCTUARY OF CALM PERCHED ABOVE THE CITY

AMBITIOUS ARCHITECTURE IN LEBANON AND BEYOND

Fundamental to the success of Solidere's experience in Lebanon have been the collaborative working relationships with renowned international and Lebanese architects in the development of real estate projects. These designers, carefully selected for their expertise and talent, have proven their ability to translate Solidere's ultimate goal to deliver high-quality products and environments as well as value to end users and investors.

Solidere International pursues the same ambitions.

We focus on differentiating our projects in the marketplace by relying on the quality of urban and architectural design. Selecting, guiding, and inspiring the right architects and urban designers are integral to achieving success in this domain.

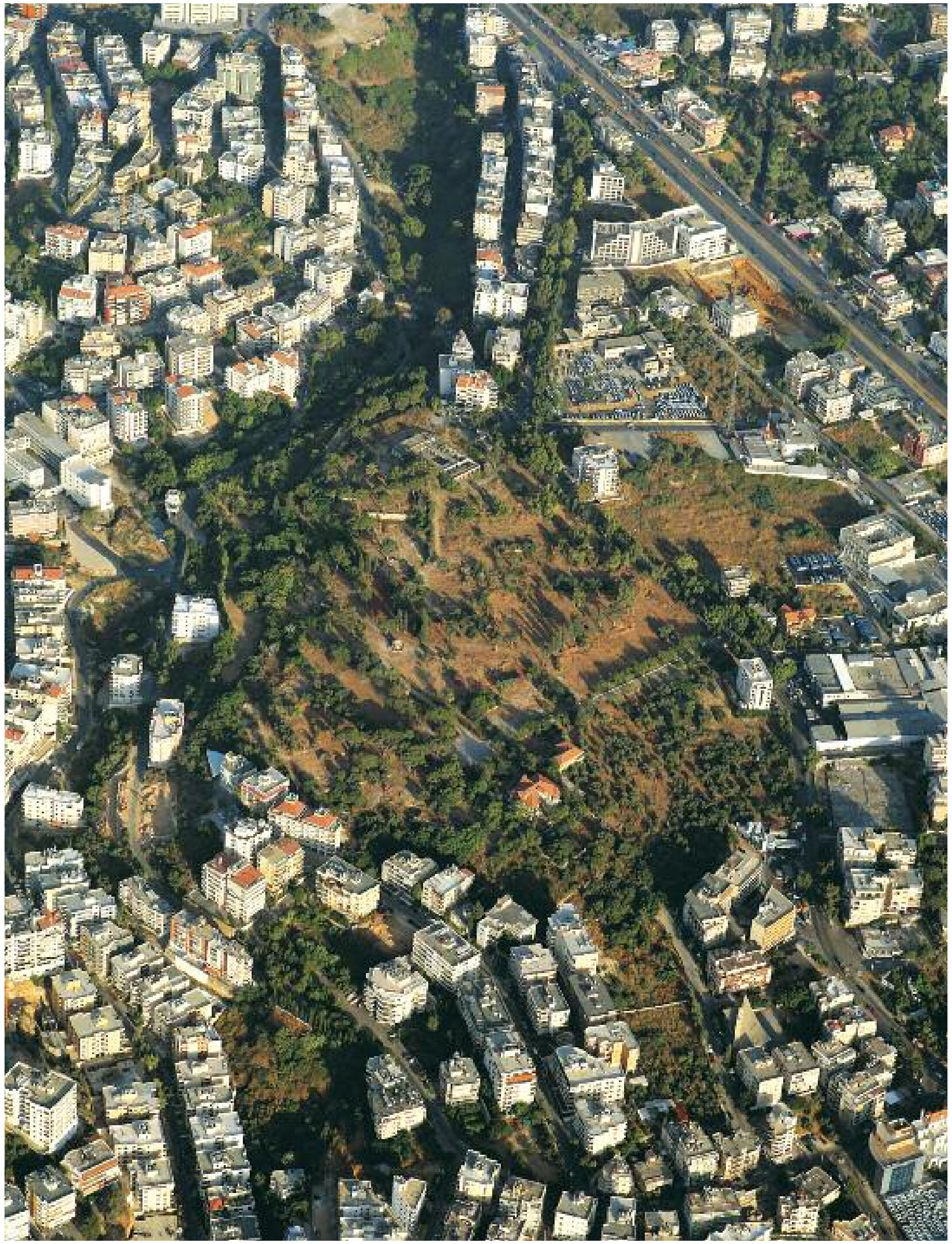
This delicate process requires Solidere International's in-house design team to immerse themselves in balanced relationships that would otherwise be a typical client-consultant dynamic. Such a collaborative process opens up avenues for design creativity and for new levels of value and quality for end users. Solidere International's in-house teams are experienced in identifying mechanisms to address high-end design and commercial requirements without compromising the quality of design. This unique expertise continues to solidify the Company's reputation as a high-end developer and creator of successful mixed-use destinations, or *Places for Life*.

Perhaps nowhere else is this expertise more evident than in Lebanon, where markets are often unpredictable and subsequent changes in the developer's risk appetite affect project positioning. The ambition and design of Uptown Park, a project by Solidere International in the hilly Hazmieh district, reflects the Company's commitment to high standards and design excellence. As a unique residential community surrounding one of the last remaining natural parks in the area, Uptown Park aspires to set new standards of living outside the central area in Beirut. Even though the current market conditions may be unfavorable, Solidere International stands firm in its belief that quality is timeless. Rather than reducing design quality and development aspirations to meet unfavorable current market conditions, the Company maintains a high level of development readiness to launch this project at the right moment without compromising on quality.

Uptown Park capitalizes on the natural beauty of the hilly site and the extensive views of the city of Beirut and the Mediterranean. With a refined master plan, the project preserves a unique and generous natural park and surrounds it with residential buildings to create a flagship, mixed-use development that will set new standards for the area.

The vision for Uptown Park entails timeless design and long-term value creation. It represents Solidere International's belief that quality is also timeless and that, with the right approach, we can reconcile design excellence with the demands of commercial realities.

RIMA ABOU RAHME
Architecture and Interior Design
Department Manager



Planned as a private residential community with distinctive residential buildings lining the periphery of a central park

UPTOWN PARK

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 19,521 sq m of land for sale)*

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-square-meter site on the outskirts of Beirut. The Hazmieh area is experiencing increasing housing demand, fueled by 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

The site enjoys the amenities of the Hazmieh district where it is located and ease of accessibility to Beirut's city center and other vital areas

One of the four regional metropolitan centers of Greater Beirut, Hazmieh is just seven kilometers 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 midrange and five-star hotels, three hospitals, one major mall, and many office complexes, embassies, clinics, and financial institutions.

Shielded from traffic and noise pollution, Uptown Park 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.

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

THE MASTER PLAN

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

Uptown Park 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.

Owner *NCREP*
Developer *Solidere International*
Urban design *Solidere International*
Infrastructure *Dar Al Handasah and Solidere International*
Land area *90,921 s qm*

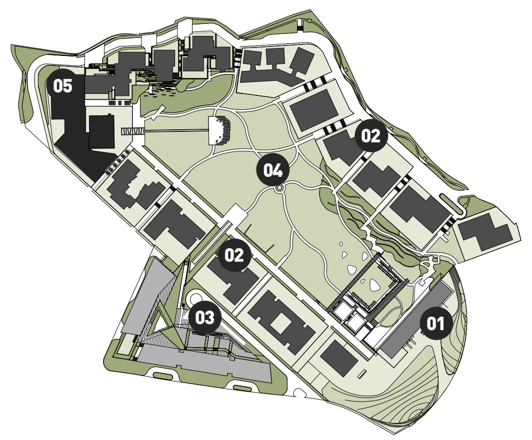
UPTOWN PARK
MASTER PLAN

UPTOWN PARK
MASTER PLAN

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 by many green spaces, walking and cycling trails, a large central park, a clubhouse, and children's playgrounds. A third tower within the project is planned in a strategic location to command stunning surround views without impacting 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

The development is divided into 15 blocks, each with its own identity, character, and boundaries, and will be constructed according to a phasing strategy. The first projects to be constructed have been earmarked: two mid-rise residential buildings, two office buildings and one retail building with an adjacent plaza, and part of the park adjacent to the residential buildings. This phase is intended as a flagship development and will serve to position Uptown Park as a unique, sought-after product that sets new standards for residential, office, and retail space.

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

OFFICE AND RETAIL PIAZZA
A piazza with outdoor seating serves as a buffer zone between the office and retail area and the residential quarter

RESIDENTIAL
The primary land use for the project is residential, planned around a central park with mature trees

SOUTHEAST VIEW
Where the lowest part of the green park extends onto building terraces

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

CORPORATE REPORT

LONG-TERM VALUE TO SHAREHOLDERS

Notwithstanding the challenging economic climate and regional instability of the last few years, which only recently witnessed some improvement, Solidere International has been working to reinforce its market position by building a strong portfolio of real estate projects and a robust land bank. The focus had been primarily on investing in projects in stable areas in the region that will drive long-term business growth. With total consolidated assets amounting to approximately US$900 million at year-end, including an unencumbered land bank with prime location properties, the Company is now well positioned for long-term business growth and sustainable shareholder value.

FINANCIAL STRENGTH

Solidere International is an asset-rich company with a healthy balance sheet. The Company's recent success in real estate fund raising and structuring in the region has allowed it to invest an additional US$248.7 million in development projects and funds. Solidere International also secured financial resources to fund fully ongoing projects through proper debt-to-equity structures. The Company's financial position remains strong, and liquidity is maintained at appropriate levels. As of year-end, the Company's accounts showed a cash position of some US$127 million with a low debt balance compared to enterprise value.

As the chairman has noted, "It is the Company's policy to carry its land bank at original cost." Consequently, "Solidere International's intrinsic value is well above its book value due to unrealized marked-to-market gains from its investment properties. The Company will realize these gains at exit or when delivery of these projects takes place."

FINANCIAL STRATEGY

The financial objective for the next three years is to deliver value to shareholders. Growing the Company's profits entails accelerating the development and delivery of the existing portfolio of real estate projects and maximizing and diversifying revenue. To further assist in driving profit, the Company will continue reinforcing a cost-conscious culture. A second objective is to maintain appropriate levels of liquidity to sustain the Company's financial flexibility. The operating cash flow and working capital will further improve in the coming years.

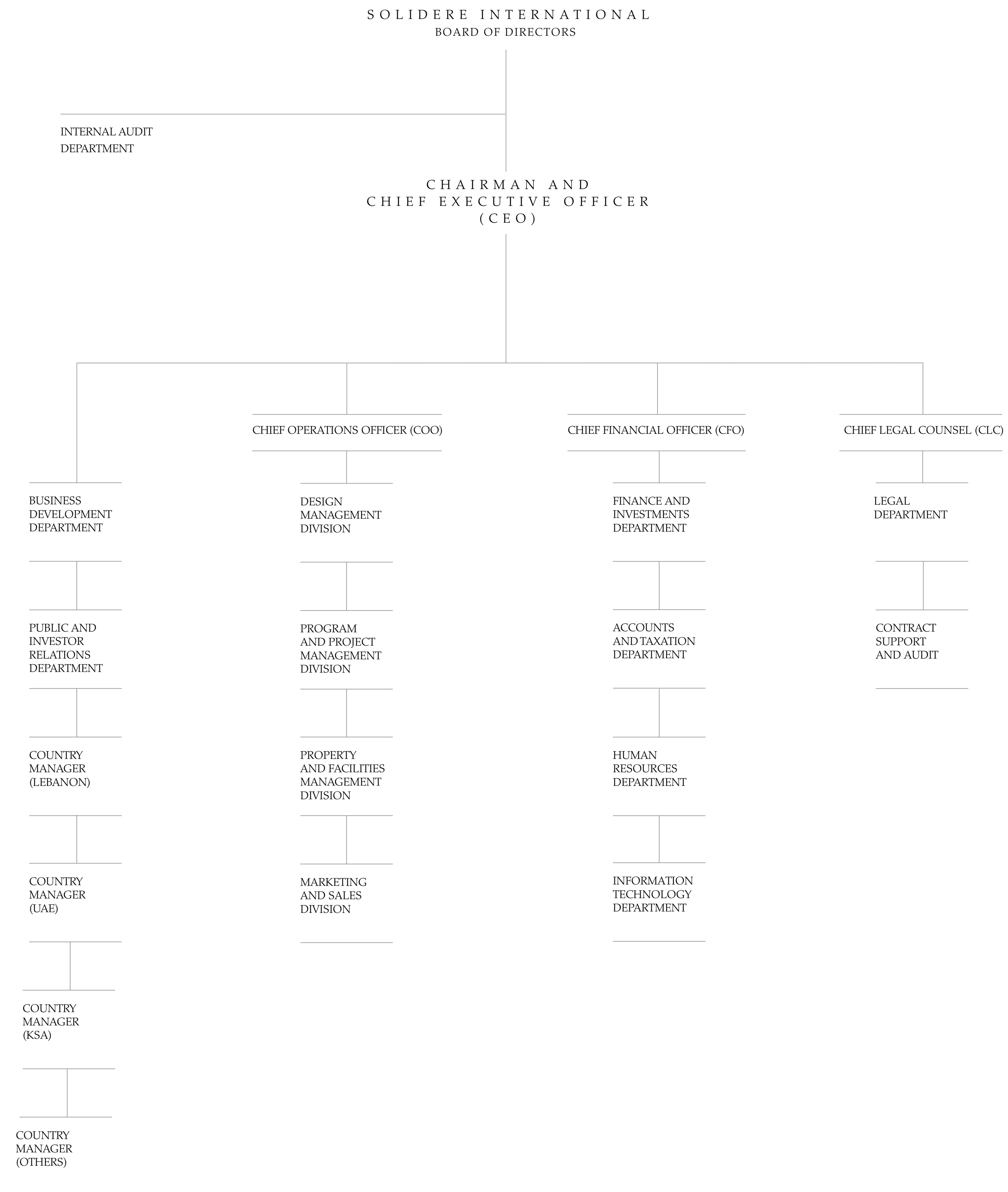
The Company's management remains prudent in its ongoing attention to achieve internal efficiency and operational excellence. The operating model and organizational capabilities have strengthened as of late to enhance the long-term prosperity of the business. The Company will continue in its efforts to improve its processes to match world-class standards. We will persist in implementing measures to achieve best practices in risk management and corporate governance.

As the region continues to face challenges, we look toward the future with confidence.

RANI KARIMEH
Chief Financial Officer

CORPORATE STRUCTURE

organizational chart



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
Member of the Board

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

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

March 20, 2014
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 2013 and the consolidated statement of profit or loss and other 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 2013 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

ERNST & YOUNG

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 US$	2012 US$
Revenue	4	11,422,462	6,397,073
Cost of revenue	4	(6,499,610)	(5,472,384)
Gross Profit		**4,922,852**	**924,689**
Administrative expenses	7	(16,687,226)	(19,019,363)
Other (expense) income – net	8	(718,255)	5,534,370
Finance income	9	8,237,708	15,210,793
Finance costs	9	(250,263)	(42,382)
Share of results of associates	14	15,803,458	5,224,981
Profit for the year before tax		**11,308,274**	**7,833,088**
Income tax benefit (expense)	10	4,597	(3,349)
Profit for the year		**11,312,871**	**7,829,739**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation		239,022	(172,317)
Total comprehensive income for the year		**11,551,893**	**7,657,422**
Attributable to:			
Equity holders of the parent		8,634,150	7,382,480
Non-controlling interests		2,917,743	274,942
		11,551,893	**7,657,422**

The attached notes 1 to 28 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

		Notes	2013 US$	2012 US$
ASSETS	NON-CURRENT ASSETS			
	Property, plant and equipment	11	8,983,849	8,798,872
	Intangible asset	12	-	225
	Development properties	13	103,071,118	100,170,326
	Investments in associates	14	360,273,617	387,082,493
	Investments in funds designated at fair value through profit or loss (FVTPL)	15	249,267,632	-
	Investments in securities designated at fair value through profit or loss (FVTPL)	16	-	5,882,000
	Loans to an associate	14	22,076,894	10,669,512
			743,673,110	**512,603,428**
	CURRENT ASSETS			
	Accounts receivable and other debit balances	17	27,681,241	38,447,962
	Inventory		102,760	49,920
	Bank term deposit	18	-	121,459,454
	Bank balances and cash	19	126,555,411	199,290,770
			154,339,412	359,248,106
	Total Assets		**898,012,522**	**871,851,534**
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	24	5,844,300	5,710,868
	Foreign currency translation reserve	20	(966,202)	(1,204,543)
	Retained earnings		121,193,506	112,797,697
			815,367,179	806,599,597
	Non-controlling interests		58,752,401	55,834,658
	Total equity		**874,119,580**	**862,434,255**
	NON-CURRENT LIABILITIES			
	Bank loan – non-current portion	22	15,000,000	-
	Employees' end-of-service benefits	23	1,269,769	1,042,409
			16,269,769	1,042,409
	CURRENT LIABILITY			
	Accounts payable and accruals	25	7,623,173	8,374,870
	Total liabilities		23,892,942	9,417,279
	Total Equity and Liabilities		**898,012,522**	**871,851,534**

The attached notes 1 to 28 form an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on 20 March 2014.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

		Notes	2013 US$	2012 US$
OPERATING ACTIVITIES	Profit for the year before tax		11,308,274	7,833,088
	ADJUSTMENTS FOR:			
	Depreciation and amortization	11&12	792,637	461,889
	Realised gain from transactions with an associate	14	(2,779,606)	-
	Share of results of associates	14	(15,803,458)	(5,224,981)
	Changes in fair value of investments in securities designated at FVTPL	16	(246,832)	(688,795)
	Change in fair value of investments in funds designated at FVTPL	15	(548,650)	-
	Accrued interest on exercise of put option	8	-	(1,792,489)
	Reimbursement of expenses incurred in prior years	8	-	(4,381,015)
	Provision for employees' end-of-service benefits	23	416,816	248,127
	Employees' stock option plan expense	24	133,432	556,407
	Finance income		(8,237,708)	(15,210,793)
	Finance costs		250,263	42,382
			(14,714,832)	(18,156,180)
	WORKING CAPITAL CHANGES:			
	Accounts receivable and other debit balances		9,345,057	10,936,241
	Inventory		(52,840)	(49,920)
	Accounts payable and accruals		(999,846)	8,859,993
	Settlement of employees' end-of-service benefits	23	(189,456)	(30,267)
	Income tax paid		-	(3,349)
	Net cash flows (used in) from operating activities		(6,611,917)	1,556,518
INVESTING ACTIVITIES	Purchase of property, plant and equipment	11	(979,586)	(7,309,535)
	Investments in funds designated at FVTPL		(248,718,982)	-
	Loans to an associate		(11,407,382)	(10,669,512)
	Proceeds from investments designated at FVTPL		6,128,832	2,793,795
	Changes in development properties		(2,900,792)	(270,611)
	Disposal of investment in an associate	14	44,713,859	(10,669,512)
	Dividends received from an associate		678,081	2,782,853
	Bank term deposit		121,459,454	(16,525,232)
	Interest received		9,663,969	12,924,306
	Net cash flows used in investing activities		(81,362,547)	(26,943,448)
FINANCING ACTIVITIES	Proceeds from (settlement of) bank loan		15,248,149	(3,178,034)
	Dividends paid to equity holders of the parent	21	-	(16,500,000)
	Interest paid		(250,263)	(42,382)
	Net cash flows from (used in) financing activities		14,997,886	(19,720,416)
	Decrease in Cash and Cash Equivalents		(72,976,578)	(45,107,346)
	Net foreign exchange differences		241,219	(169,217)
	Cash and cash equivalents at 1 January		199,290,770	244,567,333
	Cash and Cash Equivalents at 31 December	19	**126,555,411**	**199,290,770**

The attached notes 1 to 28 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
	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 INTERESTS US$	TOTAL EQUITY US$
2013									
Balance at 1 January 2013		550,000	688,745,575	5,710,868	(1,204,543)	112,797,697	806,599,597	55,834,658	862,434,255
Total comprehensive income for the year		-	-	-	238,341	8,395,809	8,634,150	2,917,743	11,551,893
Employees' stock option plan reserve	24	-	-	133,432	-	-	133,432	-	133,432
Balance at 31 December 2013		**550,000**	**688,745,575**	**5,844,300**	**(966,202)**	**121,193,506**	**815,367,179**	**58,752,401**	**874,119,580**
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 reserve	24	-	-	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**

The attached notes 1 to 28 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2013

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 (the "Parent Company"), a wholly owned subsidiary of the Lebanese Company for the Development and Reconstruction of Beirut Central District SAL (SOLIDERE) (the "Ultimate Holding Company") 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 (collectively 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 of Solidere International Limited incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights or an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Non-controlling interest represent the portion of profit or loss and net assets of subsidiaries not owned directly or indirectly by the Company. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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

		ACTIVITIES	COUNTRY OF INCORPORATION	OWNERSHIP 2013	OWNERSHIP 2012
SI Al Zorah Equity Investment, Inc. *(share capital 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%
Solidere Qortoba LLC *(share capital of SAR 0.5 million)*		Real estate development	Saudi Arabia	100%	100%
Solidere Industry KSA LLC *(share capital of SAR 2 million)*		Real estate development	Saudi Arabia	100%	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) INVESTMENT IN ASSOCIATES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the consolidated statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

B) CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in consolidated statement of financial position based on current/non-current classification. An asset as current when it is:
• Expected to be realised or intended to sold or consumed in normal operating cycle;
• Held primarily for the purpose of trading;
• Expected to be realised within twelve months after the reporting period; or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
• It is expected to be settled in normal operating cycle;
• It is held primarily for the purpose of trading;
• It is due to be settled within twelve months after the reporting period; or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

C) FOREIGN CURRENCY TRANSLATION

The Group's consolidated financial statements are presented in US Dollars, 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 profit or loss and other 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 of, 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 profit or loss and other 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.

Sale of land
Revenue on sale of plots of land is recognized on the basis of the full accrual method as and when all of the following conditions are met:

- A sale of consummated and contracts are signed;
- The buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
- The Group's receivable is not subject to future subordination;
- The Group has transferred to the buyer the usual risks and rewards of ownership in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property; and
- Infrastructure work to be completed is both easily measurable and accrued or is not significant in relation to the overall value of the contract.

When revenue is not recognized if one or more of the above conditions are not met, cash advances received from property buyers are recorded under liabilities as deferred revenues.

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 consolidated statement of profit or loss and other comprehensive income. Commission income is recognized when services are performed.

Dividends income
Dividends income 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:

- 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 consolidated statement of profit or loss and other 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:

Computer and office equipment	*4-5 years*
Motor vehicles	*5 years*
Furniture and fixtures	*3 years*
Factory plant and equipment	*20 years*
Buildings	*50 years*

Advance on purchase equipment has no depreciation.

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 consolidated statement of profit or loss and other 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 expense in the consolidated statement of profit or loss and other 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 consolidated statement of profit or loss and other 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 consolidated statement of profit or loss and other 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 consolidated statement of profit or loss and other 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 bank balances and cash, short-term deposits, accounts receivable and other debit balances, investment in funds and 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 includes 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 consolidated statement of financial position at fair value with net changes in fair value recognised in finance costs in the consolidated statement of profit or loss and other 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, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs. The amortisation is included in finance income in the consolidated statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the consolidated statement of profit or loss and other 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, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs. The amortisation is included in finance income in the consolidated statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the consolidated statement of profit or loss and other comprehensive income in finance costs. The Group did not have any held-to-maturity investments during the years ended 31 December 2013 and 2012.

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 2013 and 2012.

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 effective interest rate.

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 consolidated statement of profit or loss and other 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 consolidated statement of profit or loss and other 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 consolidated statement of profit or loss and other 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 consolidated statement of profit or loss and other comprehensive income - is removed from other comprehensive income and recognised in the consolidated statement of profit or loss and other comprehensive income. Impairment losses on equity investments are not reversed through the consolidated statement of profit or loss and other 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 consolidated statement of profit or loss and other 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 bank loan.

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 consolidated statement of profit or loss and other comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit and loss so designated at the initial date of recognition, and only if criteria of IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs. The amortisation is included in finance costs in the consolidated statement of profit or loss and other 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 consolidated statement of profit or loss and other 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 Group measures financial instruments at fair value at each consolidated statement of financial position date. Also, fair values of financial instruments measured at amortized cost are disclosed in the notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability, or
• In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to/by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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 consolidated statement of profit or loss and other 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 consolidated statement of profit or loss and other 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 consolidated 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 consolidated 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 Group 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 new and amended IFRS and IFRIC interpretations effective as of 1 January 2013:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
- IFRS 7 Disclosures – Offsetting financial Assets and Financial Liabilities
- IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements
- IFRS 11 Joint Arrangements, IAS 28 Investments in Associates and Joint Ventures
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement

The adoption of the standards or interpretations is described below:

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments require to Group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. Income tax on items of other comprehensive income is required to be allocated on the same basis.

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosures of Interests in Other Entities*, IAS 27 (as revised in 2011) *Separate Financial Statements* and IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single framework for measuring fair value, and requires disclosures about fair value measurement. The Standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement. IFRS 13 is applicable for both financial and non-financial items for which other IFRSs require or permit fair value measurement and disclosures about fair value measurements, except in specified circumstances. IFRS 13 requires prospective application from 1 January 2013.

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:

- IFRS 9 Financial Instruments
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
- IFRIC Interpretation 21 Levies (IFRIC 21)
- IAS 39 Novation of Derivative and Continuation of Hedge Accounting – Amendments to IAS 39
- IAS 36 Impairment of Assets

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, 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.

Revenue recognition
Management has considered the detailed criteria for the recognition of revenue from the sale of goods set out in International Accounting Standard (IAS) 18: *Revenue* and in particular whether the Group had transferred risks and rewards of ownership of the goods. Based on the acceptance by the customer of the liability for the goods sold, management is satisfied that the significant risks and rewards have been transferred and the recognition of the revenue is appropriate.

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.

Cost 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, plant and equipment
The Group's management determines the estimated useful lives of its property, plant 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 measurement
All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the management of the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

04

REVENUE / (COST OF REVENUE)

2013	REVENUE US$	COST US$	GROSS PROFIT US$
Rendering of services (note 6)	6,535,091	(6,279,221)	255,870
Sales	140,835	(220,389)	(79,554)
Commission income, net (note 5)	2,779,606	-	2,779,606
Management fees (note 26)	1,966,930	-	1,966,930
	11,422,462	**(6,499,610)**	**4,922,852**

2012	REVENUE US$	COST US$	GROSS PROFIT US$
Rendering of services (note 6)	6,288,435	(5,472,384)	816,051
Commission income (note 5)	48,638	-	48,638
Management fees (note 26)	60,000	-	60,000
	6,397,073	**(5,472,384)**	**924,689**

05

COMMISSION INCOME – NET

	2013 US$	2012 US$
Realized net commission income from an associate (note 4 & 14)	2,779,606	-
Other commission income (note 4)	-	48,638
	2,779,606	**48,638**

Commission income from an associate represents the commissions received 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 2013

	BILLINGS US$	CHARGES BY A RELATED PARTY US$	COSTS INCURRED US$	TOTAL COSTS US$	GROSS PROFIT US$
United Arab Emirates	3,248,255	(629,347)	(2,471,857)	(3,101,204)	147,051
Saudi Arabia	2,982,068	(453,195)	(2,528,873)	(2,982,068)	-
Lebanon	304,768	(195,949)	-	(195,949)	108,819
	6,535,091	**(1,278,491)**	**(5,000,730)**	**(6,279,221)**	**255,870**
For the year ended 31 December 2012					
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**

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 2013 amounted to US$ 3,248,255 (2012: US$ 3,857,315) (note 26).

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

	2013 US$	2012 US$
Salaries, allowances and related charges	3,997,348	3,630,239
Professional fees from a related party (note 26)	1,278,491	1,596,265
Travel and related charges	104,357	210,986
Consultancy and professional fees	899,025	34,894
	6,279,221	**5,472,384**

Charges by a related party amounting to US$ 1,278,491 (2012: US$ 1,596,265) 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

	2013 US$	2012 US$
Salaries, allowances and related charges	7,703,310	6,531,297
Consultancy, legal and professional fees	3,009,774	4,412,506
Travel and related charges	1,272,423	2,186,178
Professional fees charged by a related party (note 26)	1,117,459	1,651,969
Legal and Judicial fees	705,153	-
Advertising and film production	31,175	1,160,585
Rent – operating lease	888,705	878,560
Employees' share based payment (note 24)	133,432	556,407
Depreciation and amortization expense (notes 11 & 12)	792,637	461,889
Office and computer supplies	331,660	428,557
Telephone and communication	315,733	305,817
Other expenses	385,765	445,598
	16,687,226	**19,019,363**

Included under administrative expenses for the year ended 31 December 2013 and 2012 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, Algeria and other countries.

08

OTHER (EXPENSE) / INCOME – NET

	2013 US$	2012 US$
Reimbursement of expenses incurred in prior years	-	4,381,015
Accrued income on the exercise of a put option in an associate (note 14 (b) & 26)	-	1,792,489
Other provisions written back	73,071	-
Miscellaneous income, net	254,597	51,035
Changes in fair value of investments in securities designated at FVTPL (note 16)	246,832	688,795
Change in fair value of investments in funds designated at FVTPL (note 15)	548,650	-
Net foreign exchange losses	(1,841,405)	(1,378,964)
	(718,255)	**5,534,370**

09

FINANCE INCOME / (COSTS)

	2013 US$	2012 US$
FINANCE INCOME		
Interest income on short-term bank deposits	7,335,324	6,550,187
Interest income on bank deposits with original maturity exceeding 3 months	407,969	7,492,735
Interest income on investments in securities designated at FVTPL (note16)	86,757	920,071
Interest income on loans to an associate (notes 14(c) and 26)	407,658	247,800
Finance income	**8,237,708**	**15,210,793**
FINANCE COSTS		
Interest expense on borrowings related to investments in securities designated at FVTPL (note 16)	-	(34,440)
Interest expense on loan, overdrawn accounts and other interest expense	(250,263)	(7,942)
Finance costs	**(250,263)**	**(42,382)**

10

INCOME TAX EXPENSE

Income tax expense relate to the subsidiary in Egypt for the years ended 31 December 2013 and 2012:

	2013 US$	2012 US$
Current income tax:		
Current income tax benefit (expense)	**4,597**	**(3,349)**

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$
2013							
COST							
At 1 January 2013	572,242	480,976	4,526,475	1,075,659	3,549,244	3,356,095	13,560,691
Additions	138,326	24,533	324,933	58,371	395,236	38,187	979,586
Transfers	-	-	1,075,659	(1,075,659)	-	-	-
Exchange differences	(52)	(10,927)	(124)	-	-	-	(11,103)
At 31 December 2013	**710,516**	**494,582**	**5,926,943**	**58,371**	**3,944,480**	**3,394,282**	**14,529,174**
DEPRECIATION							
At 1 January 2013	435,402	256,727	4,069,690	-	-	-	4,761,819
Depreciation charge for the year	64,754	107,375	367,037	-	253,246	-	792,412
Exchange differences	(40)	(8,741)	(125)	-	-	-	(8,906)
At 31 December 2013	**500,116**	**355,361**	**4,436,602**	**-**	**253,246**	**-**	**5,545,325**
NET CARRYING AMOUNT							
At 31 December 2013	**210,400**	**139,221**	**1,490,341**	**58,371**	**3,691,234**	**3,394,282**	**8,983,849**
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 AMOUNT							
At 31 December 2012	**136,840**	**224,249**	**456,785**	**1,075,659**	**3,549,244**	**3,356,095**	**8,798,872**

During 2012, the Group purchased an office apartment on the 20th floor of Index Tower in Dubai for a total consideration of US$ 3,356,095.

During 2012, Solidere Industry LLC, a subsidiary, added 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 commenced when operations started in 2013.

12

INTANGIBLE ASSET

Intangible asset represents computer license fees.

	2013 US$	2012 US$
COST		
At 1 January	139,316	139,316
Additions	-	-
At 31 December	**139,316**	**139,316**
ACCUMULATED AMORTIZATION		
At 1 January	139,091	104,262
Charge for the year	225	34,829
At 31 December	**139,316**	**139,091**
NET CARRYING AMOUNT		
At 31 December	**-**	**225**

13

DEVELOPMENT PROPERTIES

	EGYPT US$	SAUDI ARABIA US$	TOTAL US$
2013			
Land	23,434,970	72,418,021	95,852,991
Architect fees	552,149	6,626,296	7,178,445
Taxes and government charges on the land	39,682	-	39,682
	24,026,801	**79,044,317**	**103,071,118**
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**

(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 installments			**237,500,000**

On 18 September 2012, Solidere International Limited and Solidere Egypt Real Estate Investment and Development Company SAE became parties to an arbitration against Sixth of October Development and Investment Company SAE (SODIC) filed with the Cairo Regional Centre for International Commercial Arbitration pursuant to the breach of contract between Solidere Real Estate Investment and Development Company SAE and SODIC. The outcome of the arbitration cannot be presently determined.

On 25 February 2014, Solidere International Limited, Solidere Egypt Real Estate Investment and Development Company SAE and Six of October Development and Investment Company SAE (SODIC) signed a termination and settlement agreement where SODIC made an amicable settlement to terminate the above arbitration. The settlement amount is US$ 34,086,000 payable in Egyptian Pounds, and calculated at the exchange rate declared by the Central Bank of Egypt a day before the date of payment, over a period of 24 months.

Solidere Egypt Real Estate Investment and Development Company SAE received an amount of US$ 5,112,900 in Egyptian Pounds and the remaining balance is receivable as follows:

	US$
25 August 2014	5,112,900
25 February 2015	5,112,900
25 August 2015	8,521,500
25 February 2016	10,225,800
	28,973,100

The above balance is subject to interest of 9% per year payable together with each instalment.

(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 carrying amount.

14

INVESTMENTS IN ASSOCIATES

	2013 US$	2012 US$
Al Zorah Development Private Co. Ltd (PSC)	283,011,516	265,909,233
Oger Solidere Alliance for Real Estate Development LLC	-	44,713,859
Development and Investment Company	67,178,209	65,937,869
Golden Tower LLC	10,083,892	10,521,532
	360,273,617	**387,082,493**

	2013 US$	2012 US$
As at 1 January	387,082,493	373,970,853
Additional investment	-	10,669,512
Realized gain from an associate (note 5)	2,779,606	-
Disposal of investment in an associate (b)	(44,713,859)	-
Dividend income from an associate (d)	(678,081)	(2,782,853)
Share of results for the year	15,803,458	5,224,981
As at 31 December	**360,273,617**	**387,082,493**

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$
2013								
Al Zorah Development Private Co. Ltd (PSC) (a) through SI Al Zorah Equity Investment Inc.	United Arab Emirates	828,364,329	241,750,306	586,614,023	29,229,952	49%	287,440,871	14,322,677
Oger Solidere Alliance for Real Estate Development LLC (b)	Saudi Arabia	-	-	-	-	-	-	-
Golden Tower LLC (c)	Saudi Arabia	44,771,114	46,002,846	(1,231,732)	(875,279)	50%	(615,866)	(437,640)
Development and Investment Company Limited (d)	Cayman Islands	83,300,052	166,509	83,133,543	4,384,961	43.75%	36,370,925	1,918,421
		956,435,495	**287,919,661**	**668,515,834**	**32,739,634**		**323,195,930**	**15,803,458**
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**

(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 Associate 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 drawdowns 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 in 2013 and represented the loan first drawdown amounting to SAR 167,540,000 (US$ 44,713,859) 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 and is included under accounts receivable and other debit balances (note17).

(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.

- Tranche 2 amounting to SAR 40,000,000 (equivalent to US$ 10,669,512) payable in yearly instalments of SAR 8,000,000 over 5 years and subject to an interest calculated at 5% + 3 month Libor p.a.

During 2013, the Company signed with its associate, Golden Tower LLC, a second loan agreement whereby the Company granted its associate a US$ 40 million loan facility. This loan is subject to an effective interest of 5% plus 3 months LIBOR and is payable over seven quarterly installments, six of which amount to US$ 5.7 million each starting 25 June 2015. The remaining balance is payable on 25 December 2016. As of 31 December 2013, Golden Tower LLC withdrew an amount of US$ 11,407,382.

Interest income on the loans to Golden Tower LLC amounted to US$ 407,658 during 2013 recorded in Finance income in the consolidated statement of profit or loss and other comprehensive income (2012: US$ 247,800) (note 9 & 26).

(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 (2012: US$ 65,937,869). The associate's objective is to develop real estate projects.

Dividends income from Development and Investment Company Limited amounted to US$ 678,081 during the year ended 31 December 2013 (2012: US$ 2,782,853).

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

	COUNTRY OF INCORPORATION	OWNERSHIP %	ACTIVITY	COST 2013 US$	FAIR VALUE 2013 US$
MED-SI Real Estate Development Fund II (a) *(Committed capital of AED 1,250 million)*	Saudi Arabia	51.80%	Real estate development	172,698,675	172,698,675
BLOM Solidere Real Estate Fund (b) *(Committed capital of SAR 600 million)*	Saudi Arabia	50%	Real estate development	76,020,307	76,568,957
				248,718,982	**249,267,632**

(a) MED-SI Real Estate Development Fund II

During the year ended 31 December 2013, the Group agreed with a Saudi Fund Manager to establish MED-SI Real Estate Development Fund II for a total capital commitment of SAR 1,250 million. The Group subscribed for SAR 647.5 million representing 51.8% of the total committed capital. The fund called for 100% of the capital commitment during 2013.

The fair value of the above investment in fund is not materially different from the cost of the investment as of 31 December 2013.

(b) BLOM Solidere Real Estate Fund

During the year ended 31 December 2013, the Group agreed with a Saudi Fund Manager to establish BLOM Solidere Real Estate Fund for a total capital commitment of SAR 600 million. The Group subscribed for SAR 300 million representing 50% of the total committed capital. As the fund called for 95% of the capital commitment, the Group's investment as of 31 December 2013 amounted to SAR 285 million.

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

			2013			2012
	COUPON RATE %	MATURITY DATE	BOOK VALUE US$	CHANGE IN FAIR VALUE US$	FAIR MARKET VALUE US$	FAIR MARKET VALUE US$
1-year US$ callable yield note on multi-indices	7.00	31 May 2013	-	-	-	2,763,000
1-year 6.82% US$ callable yield note on multi-indices	6.82	1 February 2013	-	-	-	3,119,000
			-	**-**	**-**	**5,882,000**

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. The products matured during 2013.

The Group classified 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 (expenses) income– net" in the consolidated statement of profit or loss and other comprehensive income (note 8).

The net gain resulting from investments in securities designated at fair value through profit or loss, excluding provision for impairment, is as follows:

For the year ended 31 December	**2013** US$	2012 US$
Changes in far value of investments designated at fair value through profit or loss (note 8)	246,832	688,795
Interest income on investments designated at FVTPL (note 9)	86,757	920,071
Interest expense on borrowings related to investments designated at FVTPL (note 9)	-	(34,440)
Net gain	**333,589**	**1,574,426**

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ACCOUNTS RECEIVABLE

	2013 US$	2012 US$
Advance made in connection with the purchase of land	20,916,913	20,916,913
Accrued interest on exercise of put option (note 14 (b))	-	6,637,804
Due from related parties (note 26)	2,574,320	5,476,184
Accrued interest income on bank term deposits	452,568	2,286,487
Accrued interest income from related parties (note 26)	655,458	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	393,021	496,164
Other advances	353,694	-
Rent deposits	73,898	73,898
Travel advances made to employees	53,894	63,773
Other receivables	73,573	115,037
	30,136,442	40,903,163
Less: provision for doubtful receivables and other debit balances	(2,455,201)	(2,455,201)
	27,681,241	**38,447,962**

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$ 12,914,780).

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$ 10,669,512). During 2012, the advance was transferred to Golden Tower LLC, an associate (note 14 (c)).

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.

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BANK TERM DEPOSIT

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 was matured on 3 February 2013.

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BANK BALANCES AND CASH

	2013 US$	2012 US$
Cash on hand	159,721	148,872
Current accounts	5,112,440	4,676,462
Short term deposits	121,283,250	194,465,436
	126,395,690	199,141,898
Cash and cash equivalents	**126,555,411**	**199,290,770**

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 3.75% and 4.5% per annum (2012: 3.5% and 4.5% per annum).

Bank balances are segregated between currencies as follows:

	2013 US$	2012 US$
US Dollars	125,220,338	198,020,026
Saudi Riyals	1,133,483	1,146,995
Egyptian Pounds	15,827	16,331
Lebanese Lira	3,253	(5,736)
United Arab Emirates Dirham	22,789	(35,718)
	126,395,690	**199,141,898**

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SHARE CAPITAL AND RESERVES

	AUTHORIZED US$	**ISSUED AND FULLY PAID** US$
11,000,000 shares of US$ 0.05 par value each (2012: 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 to the Group's functional currency.

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 2012 to 31 December 2013. Capital comprises share capital, share premium, retained earnings and other reserves, and is measured at US$ 815,367,179 as of 31 December 2013 (31 December 2012: US$ 806,599,597).

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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.

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BANK LOAN

During 2013, the Group obtained a US$ 40 million loan facility from one of the commercial banks. The loan is subject to an effective interest rate calculated at 5% plus 3-month Libor. This loan is unsecured and is repayable over 7 quarterly instalments, 6 of which amounting to US$ 5.7 million each starting on 25 June 2015 and ending on 25 June 2016 and the balance is payable on 25 December 2016. As of 31 December 2013, an amount of US$ 15 million was drawn down.

As of 31 December 2013, the accrued interest amounting to US$ 248,149 is repayable on 25 June 2014 and was recorded under "finance costs" in the consolidated statement of profit or loss and other comprehensive income.

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EMPLOYEES' END-OF-SERVICE BENEFITS

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

	2013 US$	2012 US$
Balance at 1 January	1,042,409	824,549
Provided for during the year	416,816	248,127
Paid during the year	(189,456)	(30,267)
Balance at 31 December	**1,269,769**	**1,042,409**

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EMPLOYEES' STOCK OPTION PLAN RESERVE

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 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 (until 5 May 2015). 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:

	2013		2012	
	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 2013 and 2012:

	2013	2012
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:

	2013 US$	2012 US$
Balance at 1 January	5,710,868	5,154,461
Provided during the year (note 7)	133,432	556,407
Balance at 31 December	**5,844,300**	**5,710,868**

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ACCOUNTS PAYABLE AND ACCRUALS

	2013 US$	2012 US$
Due to related parties (note 26)	2,946,094	3,319,205
Advance received	1,829,401	2,311,912
Accrued expenses	2,472,216	2,584,112
Provision for miscellaneous charges	75,000	75,000
Accrued interest payable (note 22)	248,149	-
Other payables	52,313	84,641
	7,623,173	**8,374,870**

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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:

	2013		2012	
	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	-	2,395,950	-	3,248,234
ASSOCIATES				
Al Zorah Development (Private) Company Ltd (note 6)	3,248,255	-	3,857,315	-
Golden Tower LLC	1,788,000	-	1,680,000	-
	5,036,255	**2,395,950**	**5,537,315**	**3,248,234**

	2013		2012	
	FINANCE INCOME US$	OTHER INCOME US$	FINANCE INCOME US$	OTHER INCOME US$
ASSOCIATES				
Golden Tower LLC (note 9)	407,658	-	247,800	-
Oger Solidere Alliance for Real Estate Development Co. LLC (note 9)	-	-	-	1,792,489
	407,658	**-**	**247,800**	**1,792,489**

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

	2013		2012	
	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	-	2,946,094	-	3,292,538
ASSOCIATE				
Al Zorah Development (Private) Company Ltd	2,564,463	-	388,304	-
Golden Tower LLC	9,857	-	5,087,880	-
Saudi Oger Limited	-	-	-	26,667
	2,574,320	**2,946,094**	**5,476,184**	**3,319,205**

The above balances are interest free.

As per the agreement signed with its associate Al Zorah, the Company receives management fees calculated at the rate of 5% of the associate's net profit. Management fees accrued as at 31 December 2013 amounted to US$ 1,716,649 (2012: US$ 60,000) (note 4).

As per the agreement signed with National Company for Real Estate Projects S.A.L., a related party, the Company receives management fees calculated at the rate of 5% of related party's net profit. Management fees as at 31 December 2013 amounted to US$ 250,281 (note 4).

Other transactions and balances with related parties are disclosed in note 14.

Compensation of key management personnel for the year ended 31 December 2013 amounted to US$ 3,975,000 (2012: US$ 3,450,000). The remuneration of the Board of Directors for the year ended 31 December 2013 amounted to US$ 450,000 (2012: 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$	2013 NUMBER OUTSTANDING	2012 NUMBER OUTSTANDING
2008	5 May 2015	70	**685,000**	**685,000**

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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 and bank balances, receivables and investments in securities and funds 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$ 128,360 (2012: US$ 326,594). 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:

	2013 US$	2012 US$
Investments in funds designated at FVTPL	249,267,632	-
Investments in securities designated at FVTPL	-	5,882,000
Accounts receivable and other debit balances	29,743,421	40,406,999
Loan to an associate	22,076,894	10,699,512
Bank term deposit	-	121,459,454
Bank balances and cash	126,555,411	199,290,770
	427,643,358	**377,738,735**

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 table below summarizes the maturities of the Group's undiscounted financial liabilities at 31 December based on contractual payment dates and current market interest rates:

	LESS THAN 3 MONTHS US$	3 TO 12 MONTHS US$	1 TO 5 YEARS US$	>5 YEARS US$	TOTAL US$
Year ended 31 December 2013					
Bank loan	-	-	15,745,260	-	15,745,260
Accounts payable	4,827,808	-	-	-	4,827,808
	4,827,808	**-**	**15,745,260**	**-**	**20,573,068**
Year ended 31 December 2012					
Accounts payable	5,715,758	-	-	-	5,715,758

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 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.

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FAIR VALUES

Financial instruments comprise of financial assets and financial liabilities.

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

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

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities as at 31 December:

	QUOTED MARKET PRICE LEVEL 1 US$	VALUATION TECHNIQUES OBSERVABLE INPUTS LEVEL 2 US$	VALUATION TECHNIQUES UNOBSERVABLE INPUTS LEVEL 3 US$	TOTAL US$
2013				
FINANCIAL ASSETS MEASURED AT FAIR VALUE				
Investments in funds designated at fair value through profit or loss (FVTPL)	-	249,267,632	-	249,267,632
FINANCIAL ASSETS MEASURED AT AMORTIZED COST FOR WHICH FAIR VALUES ARE DISCLOSED				
Loans to an associate	-	22,076,894	-	22,076,894
Accounts receivable and other debit balances	-	29,743,421	-	29,743,421
FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST FOR WHICH FAIR VALUES ARE DISCLOSED				
Bank loan		15,000,000	-	15,000,000
Accounts payable	-	4,827,808	-	4,827,808
2012				
FINANCIAL ASSETS MEASURED AT FAIR VALUE				
Investments in securities designated at fair value through profit or loss (FVTPL)	5,882,000	-	-	5,882,000
FINANCIAL ASSETS MEASURED AT AMORTIZED COST FOR WHICH FAIR VALUES ARE DISCLOSED				
Loans to an associate	-	10,669,512	-	10,669,512
Accounts receivable and other debit balances	-	40,406,999	-	40,406,999
FINANCIAL LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED				
Accounts payable	-	5,715,758	-	5,715,758

The directors of the Company consider that the carrying amounts of loans to an associate, accounts receivable, bank loan and accounts payable approximate their fair value due to the short-term maturities of these instruments.