

**INVESTMENT DEVELOPMENT AUTHORITY OF LEBANON**  
 Presidency of the Council of Ministers

**IDAL**

# INVESTOR NEWSLINE

Spring - Summer 08

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### IDAL Contact Info

Investment Development  
 Authority of Lebanon

Azariyeh tower, 4th floor  
 Amir Bechir street, Riad El  
 Solh  
 PO. Box 113- 7251  
 Beirut - Lebanon  
 Tel: 961.1.983306/7/8  
 Fax: 961.1.983302/3  
 Email: invest@idal.com.lb  
 Web page: www.idal.com.lb



Dear reader,

This special edition is dedicated to the real estate sector that is witnessing a booming era, riding the upward trend since the beginning of 2008. The sector continued to move forward namely after the Doha Agreement, the election of the President and the nomination of the new government. This favorable environment, backed up by the simple real estate transactions and procedures soared the demand on lands and apartments. Moreover, the neighboring countries and the Arab world in general contributed greatly to this boom. This is due to the close ties between the Lebanese property sector and the Arab market that witnessed high growth levels.

The momentum of the real estate sector in Lebanon is a healthy indicator reflecting the promising investment opportunities and mirroring the upsurge in the national economy. This upward trend documented by the raising number and volume of real estate transactions reached a peak in 2007 and continued during the beginning of 2008. Buoyed by the extraordinary characteristics of the country, the Lebanese property market creates exceptional investment opportunities for project developers thanks to competent engineers and specialists. It is expected that the real estate sector will witness increased investment flow in the mid and short term. This is supposed to enhance a capital movement inflow according to the expectations of 2008.

The property gained in importance for investors since it became a pillar and a cornerstone in any investment project. While experts expect a great boom, efforts should be exerted to sustain the progress in this field by adopting new legislations to frame the anarchy, avoid unmeasured competitiveness and protect developers, landlords, tenants or consumers.

This edition will also showcase: the activities in which IDAL has participated during the first two quarters of 2008, news pertaining to the projects it is supervising, an overview on the investment in Arab countries based on the report of the Arab Investment and Export Credit Guarantee Corporation as well as a regional overview on the Real Estate sector in Lebanon.

Hoping that this edition will retain your attention,

Mr. Nabil Itani  
 Chairman – General Manager

## Testimonial

"The incentives secured by IDAL such as tax exemption constituted a main factor in hastening the implementation of our project. We address a special note of thanks to the authority which - despite the crisis - didn't refrain from supporting us. We hope that more investors place their funds in Lebanon in order to experience the effectiveness of IDAL's assistance"

Mr. Antoine Kfoury – GM - Kfoury Metals SAL.

### Inside this Season's Issue

- The Arab Economic Forum.
- The 12th conference of Arab investors and businessmen.
- IDAL meets the Syndicate of Lebanese Food Industries (SLFI) to discuss the outcomes of Agromap 2007.





# Latest Events and News @ IDAL

## Meeting of the preparatory commission of the Arab Investment Forum

The preparatory commission of the Arab Investment Forum held its 2nd meeting on June 18th, at the premises of IDAL-Beirut. Representatives from Lebanon, Kuwait, Jordan and Egypt were present. The meeting deliberated the bylaws of the Forum, its timing and place as well as its agenda. The first meeting of the commission was held in Amman - Jordan in January 2007.

## The Arab Economic Forum



The Investment Development Authority of Lebanon - IDAL took part in the "Arab Economic Forum" held on May 2-3, 2008 at Phoenicia hotel. The forum was under the auspices and sponsorship of H.E.M. Fouad Siniora - Prime Minister. Concurrently with the conference, IDAL arranged a special pavilion at the exhibition that attracted scores of investors and businessmen. During the session "Developments and horizons of the Lebanese economy" Mr. Nabil Itani, Chairman, highlighted the positive economic indicators of 2007 and the promising results in the first trimester of 2008. He also noted the major increase in the profits of the Lebanese Banks and in the transportation activity. Finally, he pointed the major boost in the foreign trade exchange as well as in real estate transactions and building areas.



## 6th International Investment Conference – La Baule

Represented by its Board Member Mourched El Hajj Chahine, IDAL participated in the 6th international investment conference organized by the ANIMA Investment Network held from June 3-7, 2008 in La Baule - France.

# OSS Updates

## Follow Up of Investment Projects

In the context of the follow up of investment projects, IDAL resorted to international companies to supervise a number of implemented operational projects. It is noteworthy that many investment projects benefited from the incentives granted by virtue of the law 360 on investment development and the supervision of investors' compliance with the required standards.

The projects are: Lefico, Diamond Segments & Tools, Home Appliances, Cornflakes, Benta Pharmaceutical and Medical Industry Project, Secure Telecom and Banking Cards Project, Broadband Wireless Internet, Ericsson, VTR, Metropolitan Park and Metropolitan City Center. The inspection reports provided to IDAL noted that all projects complied with the required standards.

The conference constituted a great opportunity to tackle the experience of European countries in terms of attracting direct foreign investments, exchanging expertise and opinions and negotiating collaboration schemes in many sectors.

## Rebuild Lebanon 2008

IDAL took part in the exhibition Rebuild Lebanon 2008 inaugurated under the auspices of H.E.M. Fouad Siniora - Prime Minister from June 3-7, 2008 at BIEL exhibition center. In its special pavilion, the Authority showcased the main projects that benefited from the amenities and incentives stipulated by the Investment Development Law. This exhibition attracted a great number of foreign countries namely France, Belgium, Russia and the Czech Republic.

## The 12th conference of Arab investors and businessmen



As "strategic partner", IDAL supported the 12th conference of Arab investors and businessmen held from June 19-20, 2008 at Adnan Al Kassar Arab Economy Center-Beirut.

During the "Lebanese investment conference", Mr. Nabil Itani focused on the investment climate. A documentary, shedding the light on the unique characteristics of Lebanon, was exposed during the session.

Mr. Bernard Tannoury - Chairman of "Benta" pharmaceutical and medical industry and Mr. Bjoro - Manager of the Integral services center in Ericsson voiced their successful experience with IDAL and the incentives they acquired.

IDAL took part in the exhibition held concurrently with the event. It also managed a conference room to receive investors, hold bilateral meetings with them and negotiate the promising investments opportunities in Lebanon and IDAL's role in supporting such projects.





# Program Updates

## IDAL meets the Syndicate of Lebanese Food Industries (SLFI) to discuss the outcomes of AGROMAP 2007



IDAL discussed with a delegation of the syndicate of Lebanese Food Industries the outcomes of the Agro market Access program (Agromap) in 2007. The discussion tackled IDAL's participation in Anuga exhibition held in Koln- Germany.

IDAL endeavors to support these industries through the program launched in early 2004. The main objective is to promote them, contribute to their globalization in the international markets and increase their imports. The program achieved its forecast results with the expansion of the Lebanese products in foreign markets.

The delegation also discussed the development of Lebanese products' specifications in order to: comply with international norms, extend to new markets and promote agro-alimentary products. This is supposed to create international demand as in the conventional market (the Arab countries) giving the Lebanese products a global renown. It is significant that imports registered an increase of 80.5%, as figures showed a cyclical rise from 113 million in 2002 to 204 million in 2006.

It is worth mentioning that 21 Lebanese companies specialized in the production of canned food, juice, oil, cereals, and condiments participated in Anuga exhibition held in October 2007. As direct outcome, exhibitors were able to sign sales agreements with foreign traders and conclude partnerships with European professionals.

The most outstanding outcome was reflected by the exports of the industrial companies who took part in the former edition of Anuga (2005) witnessing an increase of 20 to 30% according to the syndicates' statistics.

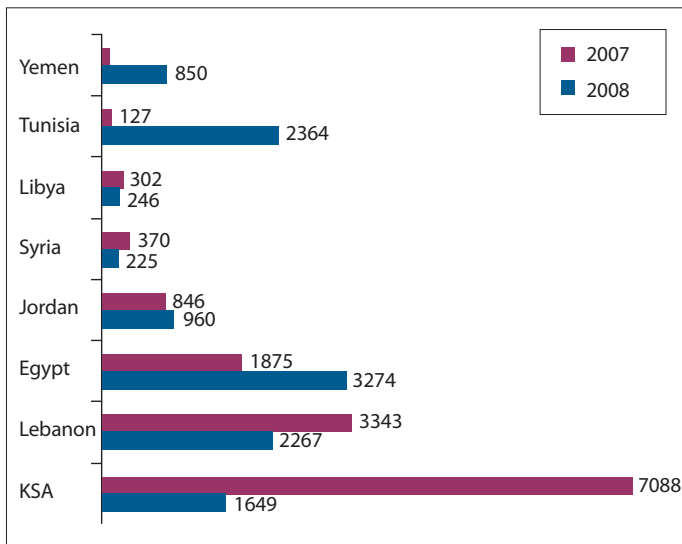


## Report: Arab Investment and Export Credit Guarantee Corporation (IAECGC)

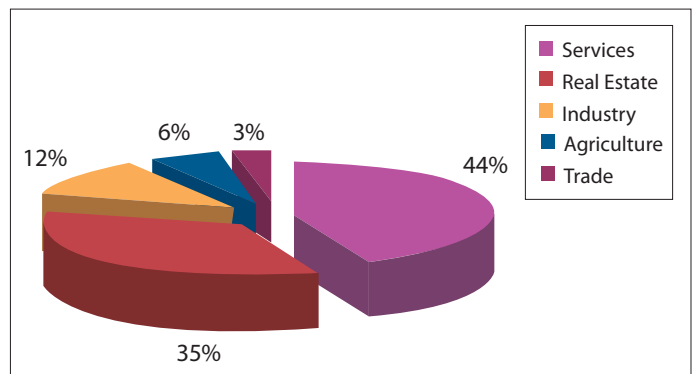
IAECGC published its 2007 annual report about "investment environment in Arab countries". The report showed that the global investment budget for authorized projects in 2007 in 8 Arab countries reached 14 billion \$ with an increase of 18.6 % from 2006. KSA topped the list with 7.88 billion \$ (50% of global Arab investments), Lebanon came 2nd with 3.3 billion \$ (23% of the total amount), Egypt 3rd with 1.8 billion \$, Jordan 4th with 846 million \$, Syria with 5th 370 million \$, Libya 6th with 302 million \$, Tunisia 7th with 127 million \$, Yemen last on the list with 89 million \$.

According to the report, these investments were repartitioned mostly in the services sector with 44% of the total Arab investments (16% tourism, 1% telecom, 27% other services), followed by the real estate sector with 35%, industry 12%, agriculture 6% and trade 3%.

### Arab investments during 2006, 2007 (M.\$)



### Arab investments – sector distribution – 2007



The report also indicates that Gulf investments in other Arab countries were buoyed with the oil prices surge. Bahrain headed the list of the Gulf countries with 5500m\$ (39% of the global imported Arab investments), KSA came 2nd with 2659m\$ (19%), followed by Kuwait 1930m\$ and the UAE 1060m\$.

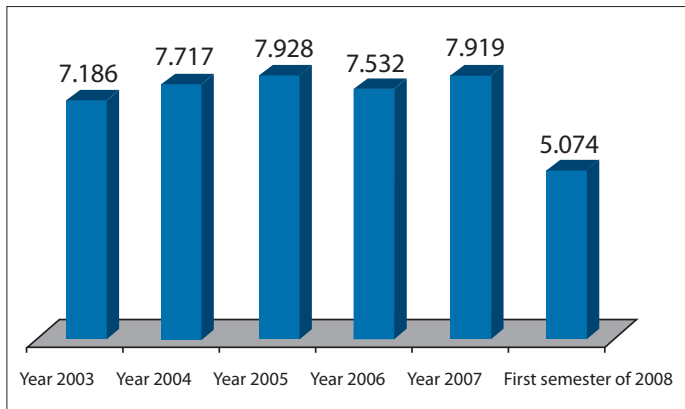
The flow of investments from the Gulf countries represents the lion's share of investments recorded in Lebanon with 95%, Egypt 92%, Jordan 80%, and Tunisia 51%. It is worth mentioning that KSA received 77.4% from GCC countries in terms of the global Arab flows.



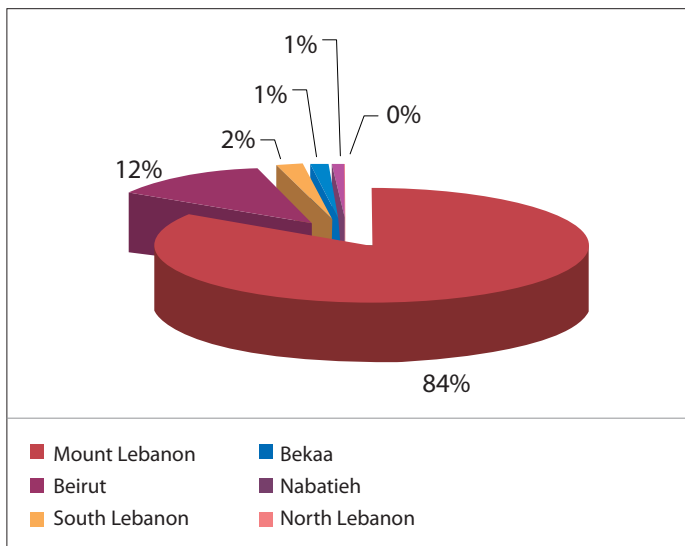
# The Real Estate sector in Lebanon

## Key Indicators

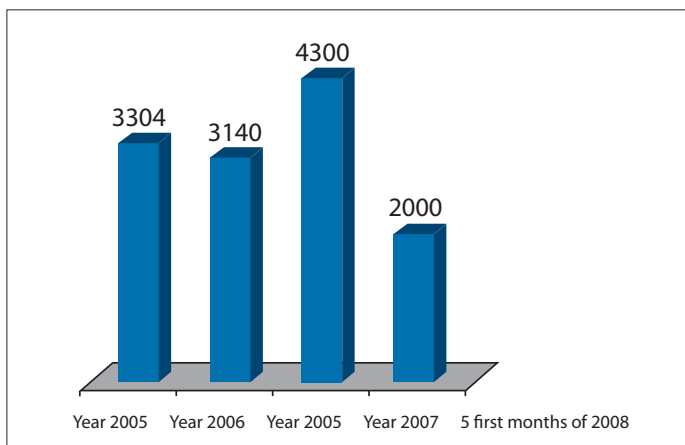
Permits according to the architects syndicate  
Million sq. m



## Built areas by Mohafazat - 2007



## Value of real estate transactions (m\$)



Source: Ministry of Finance

## Sector Highlights



The real estate sector in Lebanon is one of the most attracting sectors for investments, especially during the last period, when it witnessed a boom enhanced by the Lebanese and Gulf demand. Despite the cyclical high cost of sq.m in various areas, the development rate reached 25 to 30% in 2007. Experts forecast a surge in the property prices reaching the levels registered in neighboring countries like Jordan and Syria.

During 2007, permits were granted to 5 Million 174 thousand sq m and were repartitioned as follows: Mount Lebanon 4 millions 349 thousand sq m (84% global surface), Beirut 610 thousand sq m (12%), the South 93 thousand sq m (2%), the Bekaa 73 thousand, Nabatieh 42 thousand and only 5.5 thousands for the North.

The built areas increased during the first 6 months of 2008 and reached 5 millions 74 thousand 893 sq m registering an increase of 25% compared to the figures of the same period of 2007. Permits concentration reached highest records in Mount Lebanon 49% followed in order by the North 16.3%, the South 15.9%, Beirut 13.6% and the Bekaa with only 5.2%.

Real estate transactions increased by 37% with 3.2 billion dollars in 2006 compared to 4.3 billion \$ in 2007. Transactions performed by Lebanese immigrants reached 50%, the ones of locals 40 to 45% and Arab investors 5 to 10%. They were concentrated mostly in Hamra, Koreitem, Sioufi and Furn el Hayek.

According to experts, the real estate sector is a worth value promising investment offering opportunities in skiing, maritime and trade resorts and entertainment centers. More than 250 residential and commercial centers are in pipeline in Beirut.