

## PROSPECTUS

# LEGACY ONE HOLDING SAL US\$ 75,000,000 Priority Shares

This is the public offering of Legacy One Holding SAL.

Legacy One Holding SAL is offering to sell up to 7,500 newly issued Priority Shares, each at an issue price of US\$ 10,000 and a par value of US\$ 1.00. The minimum subscription to the Priority Shares is US\$ 750,000 (seven hundred and fifty thousand United States Dollars).

Legacy One Holding SAL has two classes of shares: the Common Shares and the Priority Shares. The rights of the holders of Common Shares and the Priority Shares are identical, except, *inter alia*, with respect to priority distributions accorded to the Priority Shares as set forth in this Prospectus. The holders of Common Shares will hold a minimum of two third of the voting power of the outstanding share capital following this offering.

**Before this offering, there has been no public or exempt offering of Priority Shares.**

*Legacy One Holding SAL is a newly incorporated company that has no operating history.*

*See Section entitled “RISK FACTORS” to read about factors which prospective Eligible Investors should consider before subscribing to the Priority Shares.*

**Lucid Investment Bank SAL**  
Lead Placement Agent and Financial Administrator

**Alem & Associates**  
Legal Counsel

Prospectus dated October 2018

## IMPORTANT NOTICE AND DISCLAIMERS

THIS PROSPECTUS INCLUDES INFORMATION PROVIDED IN COMPLIANCE WITH THE REGULATIONS OF THE CAPITAL MARKETS AUTHORITY (CMA) OF LEBANON. THE CMA DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE CONTENT OF THE INFORMATION IN THIS PROSPECTUS, INCLUDING THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THE LIABILITY FOR THE CONTENT OF THE PROSPECTUS LIES WITH THE ISSUER OF THE PROSPECTUS, ITS DIRECTORS AND OTHER PERSONS, SUCH AS EXPERTS, WHOSE OPINIONS ARE INCLUDED IN THE PROSPECTUS WITH THEIR CONSENT. THE CMA HAS ALSO NOT ASSESSED THE SUITABILITY OF THE SECURITIES COVERED BY THIS PROSPECTUS FOR ANY PARTICULAR INVESTOR OR TYPE OF INVESTOR.

This prospectus (the "**Prospectus**") contains information in connection with the offer (the "**Offer**" or "**Offering**") of up to 7,500 priority shares (the "**Priority Shares**") in Legacy One Holding SAL, a Lebanese joint stock holding company (the "**Company**"). The Company has been incorporated on 25 September 2018 with the Beirut Commercial Register under number 1903869, having its registered office located at 126, Foch Street, Beirut Central District, Beirut 2012-6609, Lebanon.

The Company will own 99.9% of the share capital of Legacy One Operations SAL a Lebanese joint stock company to be incorporated in Lebanon (the "**Operating Company**"). The Offering proceeds will be invested in the Operating Company to finance the investment to be made by the Operating Company in the Lebanese real estate sector as described hereunder. The Company may for purposes of carrying out its investment activities incorporate one or more Lebanese joint stock companies other than the Operating Company and whose purpose is similar to the purpose of the Operating Company.

Legacy Central SAL, a Lebanese joint stock company incorporated on 25 November 2016 with the Beirut Commercial Register under number 1021923 having its registered office located at 126, Foch Street, Beirut Central District, Beirut 2012-6609, Lebanon, is acting as sponsor for the structuring of the Company and the Offering (hereinafter referred to, in such capacity, as the "**Sponsor**"). Legacy Central SAL, will also be appointed as manager for the Company and/or the Operating Company (hereinafter referred to, in such capacity, as "**Legacy**", or the "**Manager**").

Lucid Investment Bank SAL, a Lebanese investment bank registered under N° 1014668 with the Beirut Commercial Register and listed under no. 142 on the list of banks maintained by the Central Bank of Lebanon, (hereinafter referred to as "**Lucid**") has been appointed as lead placement agent in relation to the Offering and as financial advisor in accordance with the Series 6000 "Offer of Securities" regulations dated August 7, 2017 issued by the Lebanese Capital Markets Authority (the "**CMA Regulation**") (Lucid, in such capacity, shall be referred to as the "**Lead Placement Agent**"). Other co-placement agents may be appointed, from time to time, to assist with the Offering subject to the prior approval of the Lead Placement Agent and the CMA.

Lucid will be engaged as financial administrator in relation to the operations of the Company (Lucid, in such capacity, shall be referred to as the "**Financial Administrator**").

This Prospectus was prepared by, and is the lawful property of, the Company.

This Prospectus is being furnished solely to Eligible Investors to consider an opportunity of investing in the Company and may not be used for any other purpose. This Prospectus may not be photocopied, reproduced or distributed to others without prior written consent of the Company and/or the Lead Placement Agent.

No regulatory action is being taken in any jurisdiction outside the Lebanese Republic to permit a public offering of the Priority Shares or possession or distribution of this Prospectus in any such jurisdiction.

The distribution of this Prospectus and the Offering of Priority Shares in certain jurisdictions may be restricted and accordingly persons (in jurisdictions outside the Lebanese Republic) into whose possession this Prospectus comes are required to inform themselves about and to observe such restrictions. Potential Eligible Investors should inform themselves as to the legal and other requirements within their own countries for the acquisition of Priority Shares in the Company described in this Prospectus, including any foreign exchange restrictions to which they may be subject, and the income and other tax consequences which may apply in their own countries relevant to the purchase, holding or disposal of the Priority Shares.

This Prospectus shall not constitute, and may not be used for the purpose of, an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of, Priority Shares, in any jurisdiction in which such offer, solicitation, or sale is not authorized or to any person to whom it is unlawful to make such an offer, solicitation or sale. Persons into whose possession this Prospectus comes are required to enquire about and to observe any such restriction, and the Lead Placement Agent and the co-placement agents (if any) will not accept liability to any person in relation thereto.

The Offering of Priority Shares will be made by the Lead Placement Agent and other co-placement agents.

The Priority Shares are subject to restrictions on transferability and resale and may not be transferred or resold except in accordance with the requirements and conditions set forth in this Prospectus and the by-laws of the Company (the "**By-laws**").

Eligible Investors should be aware that they will be required to bear the financial risks of this investment in Priority Shares for an extended period of time. No assurance can be given that the Company's investment objective will be achieved or that the Eligible Investors will receive a positive return on their capital or that there will not be a total loss of their capital.

Neither the Company, the Sponsor, nor the Lead Placement Agent has authorized anyone to provide prospective Eligible Investors with any information or to make any representations other than as contained in this Prospectus or in any other communications. Neither the Company, the Sponsor, nor the Lead Placement Agent takes responsibility for, and provide no assurance about the reliability of, any information that others may give you. This Prospectus is an offer to sell only the Priority Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or any sale of the Priority Shares. The situation of the Company, the Operating Company and the Lebanese economy and real estate market and prospects may have change since that date.

To the best of the knowledge and belief of the Sponsor, the Lead Placement Agent, the Company and their respective directors, the information contained in this Prospectus is in accordance with the facts and does not omit anything that would make any statement in the Prospectus materially inaccurate or misleading. While some of the information contained herein (in particular the information relating to the Lebanese real estate market) is based on various sources, reproduced from publicly available information, believed to be reliable, its accuracy, timeliness, continued availability or completeness cannot be guaranteed by the Sponsor, the Lead Placement Agent and the Company and may be subject to change. No facts have been omitted that would make such information inaccurate or misleading. Each prospective Eligible Investor is invited to meet with the representatives of the Sponsor, the Lead Placement Agent or the Company to discuss the terms and conditions of this Offering and to obtain any additional information to verify the information contained herein.

This Prospectus is provided solely for information purposes and is not intended to be and must not be taken alone as the basis for an investment decision. Prospective Eligible Investors should not construe the contents of this Prospectus as tax, accounting or legal advice. In addition, prospective Eligible Investors are strongly urged to consult their own legal counsel and accounting and tax advisors regarding the implications of them investing in the Company.

The Lead Placement Agent as well as other co-placement agents will do a proper suitability assessment to make sure that the prospective Eligible Investors fall within the category of Eligible Investors as defined under this Prospectus and have the duty to conduct such suitability assessment in accordance with the Business Conduct Regulation issued by the CMA, as may be amended from time to time.

Each prospective Eligible Investor, by accepting delivery of this Prospectus, agrees to return this Prospectus and all enclosed documents to the Company if such prospective Eligible Investor does not agree or is not qualified to purchase Priority Shares offered hereby. Any distribution or reproduction of all or any part of this Prospectus other than as specifically set forth herein is unauthorized.

The Prospectus has been prepared in accordance with the requirements Law N° 161 dated August 17, 2011, governing the financial markets and Capital Markets Authority ("**Law 161**") and the CMA Regulation and is believed to be in compliance with Law 161 and the CMA Regulation.

The Company and the Lead Placement Agent as well as their respective directors, are responsible for the content of the Prospectus and the Company and its Board of Directors are liable for damages if any material information is omitted from the Prospectus, or if it includes any information that is false or misleading in a material respect.

Pursuant to the CMA Regulation, the Prospectus must not be published or made available to the public in Lebanon unless it has been approved by the Capital Markets Authority. For that purpose, the Capital Markets Authority has approved the Prospectus on 21 May 2018 and consequently authorized the marketing, promotion, offering and sale of the Priority Shares in Lebanon. The Prospectus has been posted on the Lead Placement Agent website [www.lucidinvestbank.com](http://www.lucidinvestbank.com).

If, after consulting with the Lead Placement Agent, prospective Eligible Investors are in any doubt about the contents of the Prospectus, the Investors' Presentation (which shall be delivered to the prospective Eligible Investors together with the Prospectus) or the By-laws, then such Eligible Investors should seek relevant independent legal, tax, and accounting professional advice. Prospective Eligible Investors should remember that all investments carry varying levels of risk and that the value of their investment may go down as well as up.

## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Prospectus includes forward looking statements. The words “anticipate”, “believe”, “expect”, “plan”, “intend”, “target”, “aim”, “estimate”, “project”, “will”, “would”, “may”, “could”, “continue”, “shall”, and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Prospectus are forward-looking statements, including without limitation, (i) financial projections and estimates and their underlying assumptions, (ii) statements regarding strategy, plans, prospects, objectives and expectations, (iii) statements regarding general industry, market and macroeconomic growth rates and (iv) statements regarding future performance. Forward-looking statements are based on numerous assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those expressed or implied by these forward-looking statements. Important factors that could cause actual results, performance or achievements to differ materially from those in forward-looking statements include among other factors referenced in this Prospectus:

- The ability of the Company to realize the benefits they expect from strategic actions that they undertake;
- Changes in political, social, legal or economic conditions in the markets in which the Company, the Lead Placement Agent and the Manager operate;
- Changes in the competitive environment in which the Company, the Lead Placement Agent and the Manager operate;
- Exposure to acts of God, terrorism, war, natural disasters, fires, explosions or other disruptive events;
- The impact of regulations and regulatory, investigative and legal actions; and,
- The behavior of markets in which the Company will invest, including fluctuations in the interest and currency exchange rates and commodity and equity prices in the markets in which the Company will operate;

Prospective Eligible Investors should be aware that these forward-looking statements are estimates, reflecting only the judgment of the Company, and prospective Eligible Investors should not place reliance on any forward looking statements. Actual results and events could differ materially from those contemplated by these forward looking statements as a result of factors described in Section 16, "*Risk Factors*," or elsewhere in this Prospectus. The Lead Placement Agent and the Company do not undertake any obligation to publicly update or revise the forward-looking statements contained in this Prospectus to reflect events or circumstances occurring after the date of this Prospectus or to reflect the occurrence of unanticipated events.

**THE COMPANY**

**Legacy One Holding SAL**  
126, Foch Street  
Beirut Central District  
Beirut 2012-6609  
Lebanon

**THE MANAGER & SPONSOR**

**LEGACY CENTRAL SAL**  
126, Foch Street  
Beirut Central District  
Beirut 2012-6609  
Lebanon

**OPERATING COMPANY**

**Legacy One Operations SAL**  
126, Foch Street  
Beirut Central District  
Beirut 2012-6609  
Lebanon

**LEGAL COUNSEL TO THE COMPANY**

**Alem & Associates**  
126, Foch Street  
Beirut Central District  
Beirut 2012-6609  
Lebanon

**LEAD PLACEMENT AGENT & FINANCIAL ADMINISTRATOR**

**LUCID INVESTMENT BANK SAL**  
109 Allenby Street, first Floor  
Beirut Central District  
Lebanon

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## **1. PROSPECTUS SUMMARY**

*This summary highlights information presented in greater detail elsewhere in this Prospectus dated October, 2018. This summary is not complete and does not contain all the information prospective Eligible Investors should consider before investing in the Priority Shares. Prospective Eligible Investors should read the entire Prospectus carefully, including “Risk Factors,” “Conflict of Interest,” “Investment Objective,” “Investment Guidelines,” “Investment Highlights,” “Overview of the Lebanese Real Estate Market,” and “Tax Matters”. The Company shall be liable if the content of the Prospectus Summary is not true or misleading in a material respect when read in conjunction with other sections of this Prospectus or fails to provide key information relating to (i) risks associated with and essential characteristics of the Company and the Priority Shares and the rights attached thereto and (ii) the general terms of the Offering including the estimated fees and expenses relating thereto.*

### *The Company*

**Legacy One Holding SAL**, a Lebanese joint stock holding company, has been established to enable Eligible Investors (*as defined below*) to take advantage of opportunistic real estate investments in Lebanon.

The Company has been incorporated on 25 September 2018 with the Beirut Commercial Register under N°1903869. The registered office of the Company will be located at 126, Foch Street, Beirut Central District, Beirut 2012-6609, Lebanon. All inquiries related to the Offering should be communicated to the Lead Placement Agent at the address set forth on page 7 of this Prospectus.

The Company is a newly established company and does not have any (i) assets and liabilities other than those disclosed hereunder and (ii) activities other than those relating to the Offering. Neither the Company nor the Operating Company are required to obtain licenses from any regulatory authority in Lebanon to operate their business.

The Company will be governed by the provisions of the Lebanese Code of Commerce and Decree-Law N°45 dated June 24, 1983 governing Lebanese holding companies.

The Company will not be regulated by the Central Bank.

The Offering is subject to the prior approval of the CMA.

**THE CAPITAL MARKETS AUTHORITY IN LEBANON TAKES NO RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS OR FOR THE MERITS OF ANY OFFERING OF PRIORITY SHARES.**

### *Restriction on Ownership*

Subscription for, and ownership of, shares issued by the Company, irrespective of the class thereof is restricted to persons or entities that are considered Lebanese under Decree-Law 11614 dated January 4, 1969 governing the acquisition by non-Lebanese of real estate rights in Lebanon.

***Investment Objective and Focus***

The Company's investment objective is to maximize medium to long-term investment return to the holders of Priority Shares (*as defined below*) through the acquisition (through the Operating Company) of a diversified portfolio of properties with the following criteria:

- High End predominately residential units with some exposure to commercial properties in prime locations within Greater Beirut, Lebanon.
- Acquisitions will primarily consist of attractively price discounted properties at wholesale basis from developers or contractors due to the current oversupply within the market and the scaling down of new similar projects.
- The targeted properties will be newly completed or nearing completion properties.
- The objective is to sell these properties to the retail market throughout the Investment Term at a profit.

The return to holders of Priority Shares in the Company is primarily determined by the performance of the investments made by the Operating Company.

**THERE IS NO GUARANTEE THAT THE COMPANY WILL ACHIEVE THE ABOVE INVESTMENT OBJECTIVES. AN INVESTMENT IN THE COMPANY INVOLVES A SIGNIFICANT DEGREE OF RISK. ELIGIBLE INVESTORS SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED HEREIN, UNDER SECTION 16 "RISK FACTORS" AND ELSEWHERE THROUGHOUT THIS PROSPECTUS BEFORE MAKING AN INVESTMENT DECISION.**

### *The Investment Strategy*

- The Company intends to accumulate the required funds through sales of equity and bonds to the designated holders of Priority Shares and Bondholders. The scale of the offering proceeds will give the Company bargaining power to optimize purchasing terms with developers and other stakeholders on a wholesale basis.
- The Company will, through its Manager, follow a rigorous investment process with its major counterparties that include lenders, creditors and key contractors.
- The Company through its strategic and effective marketing tools plans to reach out to prospective buyers by targeting, among others, Lebanese residents, emigrants, and Diaspora.
- The Company will endeavor to acquire and sell the properties in a cost efficient manner while mitigating the risks involved in such a process.

### ***Investment Restrictions***

- The maximum investment in a single real estate development project (whether under development or completed) is capped at 30% of such project sellable area.
- Maximum investment in a single real estate project under development is capped at 20% of the total Contributed Funding.
- Maximum investment in a single completed real estate project is capped at 20% of the total Contributed Funding.
- Maximum investment in commercial properties is capped at 30% of the total Contributed Funding.
- Maximum investment with a single real estate developer is capped at 30% of the total Contributed Funding.
- Maximum investment in real estate projects located within a single cadastral zone of Greater Beirut will be capped at 35% of the total Contributed Funding.
- The Company will be investing and committing to invest a maximum of 85% of its Contributed Funding in properties.

The Company may change, amend or disregard any of the above restrictions subject to a Simple Majority Priority Shares Decision.

For the avoidance of doubt, the restrictions applied herein shall also capture any investment commitment in real estate projects made by the Company.

### ***The Company Board***

The Company will be governed by the Company Board. On or after the Initial Closing Date, the Company Board will be comprised of three (3) Directors of which one (1) representing the holders of Common Shares (*as defined below*) selected by the Manager, and two (2) Independent Directors.

The allocation of seats at the Company Board shall be maintained at all times during the term of the Company.

The Chairman of the Company Board shall at all times be a holder of Common Shares.

The appointment of the Independent Directors shall be subject to the approval of the Financial Administrator, such approval not to be unreasonably withheld.

The Independent Directors appointment shall be renewed on a yearly basis.

The Company Board will have the ultimate power to manage the Company. While the Company intends to delegate certain management functions to the Manager (*as defined below*), all investment and divestment decisions will remain with the Company (*See "Investment Committee" below*). The Company will procure that the Operating Company also delegates certain management functions to the Manager.

The Company Board will act by majority consent.

The Company Board will monitor and supervise the activities of the Company and the Operating Company, as well as the Manager's performances. The Board will review the Compliance Officer's reports which shall be submitted to it periodically. In addition, it will advise on and resolve conflict of interests' situations and compliance issues in accordance with the provisions set forth in this Prospectus and applicable laws and regulations.

The Financial Administrator shall have the right to designate one observer who shall be permitted to be present at and participate in all Company Board meetings and the Company shall provide such person with such notice and other information with respect to such meetings as are delivered to each of the members of the Company Board. The Financial Administrator and the observer shall maintain the confidentiality of the Company Board meetings.

### ***The Investment Committee***

The Company Board will, by a Directors' resolution, cause the establishment of the Investment Committee comprised of three (3) members. The Investment Committee will be constituted of a member selected from the Management Team in addition to two (2) Independent IC Members. The member from the Management Team shall initially be Mr. Massaad Fares. The Company Board may, at any time, remove or appoint new members to the Investment Committee provided that at all times the majority of the Investment Committee remains constituted of independent members (not affiliated with the Manager). The Investment Committee will be chaired by an independent member.

The Investment Committee will have, *inter alia*, the responsibility of approving all proposals relating investment/divestment in the Operating Company, which are in each case prepared by the Manager together with any reports submitted to it by the Compliance Officer.

Once the Investment Committee approves an investment/divestment proposal, it will be submitted to the Compliance Officer who shall prepare a report in relation thereto.

In the event the Investment Committee disregards the recommendations and/or findings of the Compliance Officer, such matter will be referred to the Company Board for final decision.

The Investment Committee will act by way of unanimous consent.

The Investment Committee will convene periodically, as required, to review and approve investment proposals, gauge progress and assess the Company's investment performance. The Compliance Officer shall have the right to attend the Investment Committee's meetings. The Investment Committee may invite members of the Management Team to its meetings in order to provide explanation and further inquiries on the proposals prepared by the Manager.

Any matter proposed to the Investment Committee, in which a member of the Investment Committee has an interest or conflict, shall be determined by a unanimous vote of the other Investment Committee members. The member who has an interest or conflict shall not take part in voting and shall be required to immediately disclose such conflict of interest to the Investment Committee.

The Financial Administrator shall have the right to

designate one observer who shall be permitted to be present at and participate in all Investment Committee meetings and the Company shall provide such person with such notice and other information with respect to such meetings as are delivered to each of the members of the Investment Committee. The Financial Administrator and the observer shall maintain the confidentiality of the Investment Committee meetings.

***The Compliance Officer***

The Company will, by a Directors' resolution, appoint the Compliance Officer in charge of reviewing the investment/divestment proposals approved by the Investment Committee to ensure their compliance with the investment objectives and guidelines of the Company as set forth in this Prospectus and to detect any conflict of interest situation.

The Compliance Officer shall communicate all reports he prepares to the Financial Administrator.

## *The Manager*

The Company will directly or through the Operating Company enter into the Management Agreement with the Manager, pursuant to which the Manager will, subject to the Company's stated investment objectives and under the supervision and control of the Company's Board, render management and administration services to the Company.

Legacy Central SAL is a management firm that manages and supports high impact entrepreneurs and financiers in building high growth ventures in the Real Estate industry. It is owned and controlled by the ultimate holders of the Common Shares.

The Manager's main responsibility will include, *inter alia*, the following:

- identifying investment opportunities in the targeted real estate development projects;
- undertaking initial screening, review and analysis of potential investments;
- carrying out all negotiations with the developers and other stakeholders involved in the targeted project;
- preparing recommendations to the Investment Committee for decisions relating to the Operating Company;
- carrying out the execution process of all investment, divestment decisions in accordance with the Investment Committee's decisions; and,
- overseeing the day-to-day management of investments in the Operating Company.

(See Section 8 "THE MANAGER" – *The Management Agreement* ).

Mr. Massaad Fares and Mr. Namir Cortas will be the Directors of the Manager and ultimate shareholders and will maintain control over the Manager during the Investment Term. For purposes hereof, Mr. Massaad Fares and/or Namir Cortas shall, at all times, maintain 75% ownership of the outstanding shares and voting rights of the Manager.

***Use of Leverage; Bonds Issuance*** Subject to applicable laws and regulations, the Company shall have the right to issue two different Bonds in one or more series in accordance with the Bonds' Prospectus as follows:

- The Series A Bonds which will bear a fixed annual coupon of 7.5% payable on an annual basis until the Series A Maturity Date (the "**Series A Fixed Coupon**"). The Series A Fixed Coupon will be determined on or before the Initial Closing Date; and
- The Series B Bonds which will bear a fixed annual coupon of 6% payable on an annual basis until the Series B Maturity Date (the "**Series B Fixed Coupon**"). In addition to the Series B Fixed Annual Coupon, the Series B Bonds will be entitled to a contingent return equal to 12 per hundred thousand (100,000) of the Net Cash for each Series B Bond (i.e. nominal value of US\$ 100,000) ("**Contingent Return**"). The Contingent Return (if any) will be paid to the Series B Bondholders in accordance with the Distributions Priorities.

The Bonds will be issued in registered form and in specific denominations of US\$ 100,000.

The Series B Fixed Coupon will be less than the Series A Fixed Coupon.

The Contingent Return will be paid as and when profits on the Priority Shares are being distributed in accordance with the Distributions Priorities. The Series B Bondholders will not be subject to any clawback or giveback obligation with respect to any Contingent Return they may receive from the Company on account of their Series B Bonds.

The Bonds will be offered by the Lead Placement Agent simultaneously to institutional investors and other investors.

The Bonds will be treated as senior unsecured obligations of the Company and will be fully and unconditionally guaranteed on a senior unsecured basis by the Operating Company. The Bonds will rank equally in right of payment to the Company's and the Operating Company's unsecured and unsubordinated indebtedness, if any, from time to time outstanding except for obligations which are mandatorily preferred by law, operational expenses and Permitted Secured Indebtedness.

The Series A Bonds and the Series B Bonds will rank *pari passu* among themselves, particularly in respect of:

- The right to receive the Series A Coupons and the Series B Coupons (other than as to the amounts thereof);
- The right to be repaid the principal amount; and
- Other privileges and guarantees including the Cash Reserve and the Operating Company Corporate Guarantee.

The Operating Company will issue the Operating Company Corporate Guarantee to the Financial Administrator acting for the benefit of the Bondholders.

Unless previously repaid by the Company, the Series A Bonds will be repaid at their outstanding principal amount, together with accrued but unpaid interest (if any) on a fixed date occurring not later than 5 years as of the issue date (the "**Series A Maturity Date**"). If the Company fails to repay the Series A Bonds in full on the Series A Maturity Date or within 2 business days thereafter, the Series A Maturity Date will be automatically extended by a maximum period of two years (the "**Extendable Maturity Date**") without constituting an event of default or giving the Bondholders any right to accelerate payments on the Bonds. The Extendable Maturity Date will be determined by the Company and communicated to the Series A Bondholders. In that event, the fixed annual coupon payable in respect of the Series A Bonds will change from the one applied up to the Series A Maturity Date (i.e. 7.5%) to become equal to the interest applicable to the 7 years USD denominated T-Bill of the Lebanese Government at the time of the extension.

The Company will be under the obligation to repay the full outstanding principal amount of the Series A Bonds, together with accrued but unpaid interest (if any) on the Extendable Maturity Date.

Unless previously repaid by the Company, the Series B Bonds will be repaid at their outstanding principal amount, together with accrued but unpaid interest (if any) on a fixed date occurring not later than 7 years as of the issue date (the "**Series B Maturity Date**"). The Company will be under the obligation to repay the full outstanding principal amount of the Series B Bonds, together with accrued but unpaid interest (if any) on the Series B Maturity Date.

The Company may at any time prepay all or part of the principal amount of the Bonds. Such prepayment shall not be subject to any prepayment penalty or break costs. Further and as and when the Company has Excess Cashflow, the Issuer is required to apply 85% of such Excess Cashflow for the prepayment of the principal amount of the Bonds.

The Company will have the right to issue additional Series A Bonds or Series B Bonds which may be consolidated and form a single series with the existing Series A Bonds or Series B Bonds, as the case may be.

The Company and/or the Operating Company may use from time to time short term facilities, at commercial terms, for an amount not exceeding US\$ [ ] and grant a corresponding security interest on the assets owned by the Company and/or the Operating Company (the "**Permitted Secured Indebtedness**").

During the Investment Term, the Bonds Financing (excluding interest accrued thereon) Permitted Secured Indebtedness shall not exceed four (4) times the Committed Capital of the Company on a consolidated basis.

The Bonds Financing shall be continuously monitored on a consolidated basis and reported to the Financial Administrator.

For the avoidance of doubt, intercompany financing arrangement between the Company and the Operating Company shall be permitted without any restrictions.

The Financial Administrator will monitor the compliance by the Company of its obligations under the Bonds terms and conditions as well as applicable laws and regulations, including supervision of timely and correct payment of principal or interest.

### ***Financial Administrator***

Lucid will act as Financial Administrator for the Company and/or the Operating Company pursuant to the Administration Agreement.

Under the Administration Agreement, the Financial Administrator will:

- Monitor the Operating Company's business in general and exercise direct involvement in monitoring the execution of the investment strategy, and assessing the overall financial performance of the Company;
- Monitor compliance of investments with the investment objectives and guidelines;
- Assess the performance of the investment in the Operating Company, on a periodical basis, and report performance to the Company and its Shareholders;
- Supervise administration, legal and audit functions of the Company;
- Run KYC checks and the required compliance procedures on all potential investors in the Priority Shares and Bonds;
- Carry out investors relations: attend all calls and requests of investors. To this effect, the Financial Administrator will keep itself informed, through regular contacts with the Manager and its team, of all matters that might be of interest to investors;
- Investor Reporting: Assist the Manager in the preparation of regular reports, send reports to investors;
- Act as the primary banking service provider to the Company and the Operating Company as instructed and within the policies set out by the Company Board, and to provide these services on a competitive basis with respect to the Lebanese market. The Financial Administrator may also choose to entertain banking relations for the Company and Operating Company with other banks to maximize the interest of the Company and the Operating Company
- Monitor all the Operating Accounts and hold, as a security agent for the Bondholders, a pledge over the Cash Reserve Account;
- Hold to the benefit of the Bondholders the Operating Company Corporate Guarantee; and
- KYC Services: Carry out credit, KYC and AML checks on all prospective sellers and buyers of properties.

In consideration for the services rendered under the Administration Agreement, the Financial Administrator will be entitled to the Administration Fees.

The Financial Administrator shall have access to all books, and records of the Operating Company and the Company.

***The Lead Placement Agent***

Lucid will act as Lead Placement Agent in connection with the Offering. The Company will be entitled to appoint one or more co-placement agents to offer and market the Priority Shares, subject to the prior approval of the Lead Placement Agent on any such appointment and its terms and to the approval of the CMA. The co-placement agents shall comply with applicable CMA regulations with respect to the services they would be offering to the prospective Eligible Investors.

## *Shares of the Company*

The share capital of the Company shall be constituted of Shares, each with a par value of US\$ 1.00. The Shares shall be divided into Common Shares to be exclusively held by certain persons designated by the Manager, and Priority Shares to be offered to, and held by, the Eligible Investors. The Priority Shares are being issued in accordance with Article 110 of the Lebanese Code of Commerce.

Prior to the Initial Closing Date (*as defined below*), the Company's share capital will consist of 20,000 Common Shares or more.

It is expected that the shareholders of the Company will authorize the increase in the Company's share capital through the issuance of Priority Shares, sufficient to permit the issuance of all Priority Shares for which subscriptions have been received and accepted during the Initial Offering Period (*as defined below*) and at Subsequent Closings (*as defined below*). The Priority Shares will be issued on the Initial Closing Date and at Subsequent Closings and later on through capital increases.

Following the Initial Offering and at all times, the majority of the share capital of the Company will be constituted of Common Shares which are held by certain persons designated by the Manager. The Common Shares will be issued only in such amounts and proportion so as to ensure that at least 66.67% of the issued Shares shall be constituted of Common Shares. The minimum majority of 66.67% of Common Shares is necessary to safeguard the control over the Company and carry out the investment objective of the Company. For a full description on the rights attached to the Shares *See Section 14 "DESCRIPTION OF THE SHARES CAPITAL OF THE COMPANY" mainly "Attendance and voting at Shareholders meetings"*.

LC Holding SAL will hold 99% of the issued and outstanding Common Shares. The Management Team will, directly or indirectly, hold at least 75% of capital of LC Holding SAL during the Investment Term.

The Common Shares and the Priority Shares shall be issued in registered form and the share registry will be held by the Company or by Midclear SAL.

The Company does not intend, currently, to list the Shares on the Beirut Stock Exchange or any other exchange.

***The Initial Offering; Committed Capital; Pledge of Priority Shares***

The Company is seeking to raise from Eligible Investors a minimum of US\$ 15,000,000 (fifteen million United States Dollars) and a maximum of US\$ 75,000,000 (seventy five million United States Dollars) through the offering of Priority Shares during the Initial Offering Period.

The Initial Offering is comprised of a maximum of 7,500 Priority Shares offered during the Initial Offering Period to be issued at the Issue Price of US\$ 10,000 constituted of a par value of US\$ 1.00 and an issue premium of US\$ 9,999 per Priority Share.

During the Initial Offering Period, Eligible Investors shall (i) subscribe to such number of Priority Shares and (ii) commit for the term of the Investment Period to pay the corresponding aggregate Issue Price for the Priority Shares they have subscribed to as and when called to do so by the Company Board (the "**Committed Capital**") and (iii) immediately fund two-third (i.e. 66.67%) of the Committed Capital representing the corresponding Issue Price for the Priority Shares to be issued and fully paid as of the Initial Closing Date upon its subscription.

During the Investment Period, holders of Priority Shares will be required to fund the unpaid portion of the Committed Capital representing the subscription amount for the remaining Priority Shares they have subscribed to subject to a minimum 15 calendar days prior Capital Call Request sent to the relevant holder of Priority Shares at the address indicated in the Application Form. Within a period of two months following the date of the relevant Capital Call Request, Priority Shares corresponding to the payments made by the holders of Priority Shares on account of their unpaid Committed Capital will be issued at the Issue Price to the benefit of such holders of Priority Shares. It is hereby understood that the Priority Shares to be issued as a result of each Capital Call Request shall be fully paid-up upon their issuance.

The holders of Priority Shares shall be released from their obligations to fund the Committed Capital after the expiry of the Investment Period (i.e. the period ending two (2) years from the Initial Closing Date, subject to a one (1) year extension as determined by the Company Board at the recommendation of the Manager) and concurrently the pledge established over the Priority Shares will be lifted.

The subscription to the Priority Shares shall be made in accordance with the terms set out under the Application Form. Prior to the Initial Closing Date, the subscription amount (that is equivalent to the immediately funded two-

third (i.e. 66.76%) of the Committed Capital) for the Priority Shares shall be held with the Escrow Agent (*as defined below*) until the final allotment of the Priority Shares is made by the Company Board.

In connection with its subscription for Priority Shares, each Eligible Investor will be required to sign a written undertaking, which shall be set forth in its Application Form, to fund the Committed Capital when and as called to do so. In addition, the Application Form will provide, *inter alia*, that, upon subscription, Eligible Investors will be required to pledge the Priority Shares owned by them to the Company to secure their obligation to fund any portion of uncalled and unpaid Committed Capital as and when called to do so.

An Eligible Investor may be relieved, by Company's decision, from pledging the Priority Shares it holds in accordance with the foregoing, if and to the extent that it can provide proof, acceptable to the Manager in its sole discretion, that it can fund its Committed Capital as and when called to do so. If the Company decides to relieve an Eligible Investor from pledging its Priority Shares, the Manager may, at its sole discretion, require the relevant Eligible Investor to provide alternative collateral, as a security for the payment of the Committed Capital, in form and substance acceptable to the Manager.

Any default by an Eligible Investor in its obligation to fund any portion of its Committed Capital as and when called to do so may result in certain specified remedies including interest accruing on the amount due automatically and without any formality whatsoever being necessary, calculated at the rate of nine (9%) percent annually for the period starting from the payment date as specified in the Capital Call Request up to the date on which full payment is actually received by the Company (the "**Accrued Interest**").

In addition, the Company shall have the right to determine at its sole discretion:

- that the defaulting Eligible Investor which has defaulted on its payment shall not be entitled to receive any distributions from the Company of any kind whatsoever (including from priority distributions arising out of issued Priority Shares or coupon payments on the Bonds, if any, held by such defaulting Eligible Investor). Such distribution shall be automatically assigned and applied towards the settlement of the unpaid

portion of the Committed Capital and Accrued Interest thereon. Such assignment shall remain until full payment of the unpaid portion of the Committed Capital and Accrued Interest thereon; and/or

- that whenever the vote, consent, or decision of an Eligible Investor is required or permitted pursuant to the Prospectus, the By-laws and/or applicable laws, the exercise of voting rights attached to all the Priority Shares held by the defaulting Eligible Investor shall be suspended and considered non-existing for voting purposes (this restriction to vote shall also be applied, if the defaulting Eligible Investor holds Bonds, whenever a vote from the Bondholders is required under the Bonds terms and conditions); and/or
- to sell and transfer any and all Priority Shares held by the defaulting Eligible Investors to other non-defaulting Eligible Investors or third parties; and/or
- to foreclose on the related Priority Shares (by enforcing the pledge or otherwise) or other collateral (if any); and/or
- to borrow money from other Eligible Investors, banking institutions or others to fund the unpaid called upon portion of the Committed Capital at the cost and expenses (including any interest due on such borrowing) of the defaulting Eligible Investor and assigning its Priority Shares (and Bonds to the extent needed) as security interest of such borrowing without the need to obtain any approval whatsoever from the defaulting Eligible Investors.

For the avoidance of doubt, (i) the Accrued Interest will continue to accrue on any unpaid amount, and (ii) such defaulting Eligible Investor shall remain liable for the payment of any and all capital calls made unless otherwise decided, at the Company's sole discretion.

In addition to the foregoing, no right, power or remedy conferred upon the Company herein shall be exclusive, and each such right, power or remedy shall be cumulative and in addition to every other right, power or remedy whether provided herein, available at law or in equity or by statute or otherwise.

For the avoidance of doubt, any person acquiring the Priority Shares of a defaulting holder of Priority Shares will

be required to assume all duties and obligations of the said defaulting holder of Priority Shares, including with respect to funding the remaining portion of its unpaid Committed Capital as and when called to do so by the Company.

In the event that subscriptions for Priority Shares of at least US\$ 15,000,000 (fifteen million United States Dollars) are not obtained prior to the expiry of the Initial Offering Period, the Offering may be terminated or extended by the Company at its sole discretion as described herein.

### ***Minimum Subscription***

Each Eligible Investor is required to subscribe to Priority Shares for a minimum of US\$ 750,000 (seven hundred and fifty thousand United States Dollars) (net of any bank charges). Subscriptions greater than the minimum amount are required to be in multiples of US\$ 10,000 (Ten Thousand United States Dollars). The Company may in its discretion accept lesser amounts but in no event less than US\$ 100,000 per Eligible Investor.

### ***Closings***

The Initial Offering Period will commence 5 days following the fulfilments of the conditions set out in the CMA decision approving the Offering (*tentative*) and will terminate six months thereafter on the Initial Closing Date, unless earlier terminated or extended by the Company for three (3) additional months. The Company reserves the right to terminate the Initial Offering Period earlier than its prescribed termination date and cause the Company to commence investment activities when valid subscriptions of at least US\$ 15,000,000 have been received and accepted.

Subsequent Closings may be held from time to time in the sole discretion of the Company Board, at the recommendation of the Manager, provided that the final Subsequent Closing will occur no later than twelve (12) months from the Initial Closing Date (subject to a one time extension by the Company Board at the recommendation of the Manager for an additional period not exceeding ninety (90) days) and the total issue size of Priority Shares subscribed for (including those subscribed for at the Initial Closing Date) does not exceed US\$ 75,000,000 (seventy five million United States Dollars).

***Participation in Subsequent Closings***

Eligible Investors admitted, or holders of Priority Shares increasing their shareholding in the Company, at Subsequent Closings generally will (i) commit for the remaining term of the Investment Period to pay their Committed Capital made at such Subsequent Closings; (ii) immediately fund a portion of the Committed Capital made at such Subsequent Closings as determined by the Company Board at the recommendation of the Manager. Existing holders of Priority Shares will have the priority to participate in Subsequent Closings.

The issue price for the Priority Shares subscribed for at any Subsequent Closings shall be determined based on the then Net Asset Value of the Company after taking into consideration the unpaid portion of the Committed Capital of all existing holders of Priority Shares. In the context of any Subsequent Closing, the Net Asset Value of the Company shall be determined by the Manager and confirmed by the Auditors.

The participation of Eligible Investors in Subsequent Closings and the subscription to the Priority Shares thereunder will be effected in accordance with the procedure set forth under this Prospectus.

***Investment Term***

The Investment Term will be ten (10) years from the Initial Closing Date or such earlier period if all investments have been duly offloaded. Should market conditions remain unfavorable for a period exceeding the Investment Term, the Company will, at the recommendation of the Manager, determine by a shareholders resolution (requiring an Absolute Majority Priority Shares Decision, the manner by which the Company will seek to liquidate its investments.

***Investment Period***

It is expected that the Company Board will make calls on Committed Capital (i.e. send Capital Call Requests to holders of Priority Shares) from time to time during the Investment Period being the first two (2) years starting from the Initial Closing Date, subject to a one (1) year extension as determined by the Company Board at the recommendation of the Manager. During the Investment Period the Company will make or commit to make investments.

The Company will be investing and/or committing to invest a maximum of 85% of its Contributed Funding in properties.

Contributed Funding, to the extent not yet applied to make investments in the Operating Company, will be held with the Escrow Agent and invested in permitted temporary investments (bank deposits held by commercial banks or money market instruments and similar investments earning interest) ("**Permitted Temporary Investments**") until otherwise invested by the Company in the Operating Company.

### *Cash Reserve*

The Company shall as of the Initial Closing Date at all times maintain out of the Contributed Funding a Cash Reserve of:

- an amount sufficient to cover 1.5 *times* the applicable fixed annual coupon of the outstanding Bonds until full repayment of the principal amount of the Bonds and accrued and unpaid interests thereon; and thereafter
- an amount equal to an agreed upon Projected Costs.

The Cash Reserve will be held in one or more interest bearing bank accounts opened with, or at the direction of, the Financial Administrator until full repayment of the principal amount of the Bonds and accrued and unpaid interests thereon.

The Cash Reserve Account will be pledged for the benefit of the Bondholders.

After full repayment of the principal amount of the Bonds and accrued and unpaid Series A Fixed Coupons and Series B Fixed Coupons thereon, the Cash Reserve shall be amended so as to become equal to an agreed upon Projected Costs.

For purposes hereof, "**Projected Costs**" shall be equal to the projected costs of the Company for a period of not less than two (2) years as proposed, on annual basis, by the Manager and approved by the Company Board.

In the event of any shortage in the Cash Reserve, the Manager shall immediately inform the Company Board of such occurrence and shall allocate all Excess Cashflow to reconstitute such shortage.

The Cash Reserve will be invested in Permitted Temporary Investments.

### *Placement of Priority Shares*

Subject to applicable laws and regulations, the Priority Shares are being offered by the Company through the Lead Placement Agent or other co-placement agents (subject to the prior approval of the Lead Placement Agent and the CMA), whether during the Initial Offering Period and at any Subsequent Closing, to Eligible Investors who meet the applicable suitability requirements.

## ***Ranking***

The Priority Shares shall rank senior to the Common Shares in respect of the right to receive distributions in accordance with the Distributions Priorities, and the right to receive payments otherwise out of the assets of the Company upon any voluntary or involuntary liquidation, dissolution or winding up of the Company in accordance with the Distributions Priorities.

All Priority Shares will rank “junior” to debt and other similar obligations of the Company such that, in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of debt instruments (including the Bonds) and other similar obligations of the Company would be entitled to be repaid prior to the payment of any amounts to holders of Priority Shares as provided under the Distributions Priorities.

The issuance by the Company of any equity instruments ranking senior or *parri passu* to the Priority Shares shall require an Absolute Majority Priority Shares Decision.

***Voting Rights of Shares; Matters Requiring the Approval of the holders of Priority Shares***

Holders of Common Shares and holders of Priority Shares ("**Holders**" or "**Shareholders**") will be entitled to vote on all matters properly submitted to a meeting of shareholders of the Company, subject to the rules set out in the By-laws and applicable laws.

The Company may not pass or take the following resolutions or actions without the approval of the holders of the Priority Shares:

- The decision to be adopted by the Holders of the Company to determine the manner by which the Company will seek to liquidate its investments if such investments were not entirely offloaded by the end of the Investment Term. Such decision shall require an Absolute Majority Priority Shares Decision;
- Any voluntary:
  - i. dissolution or liquidation of the Company prior to the sale or disposal of all its assets, or
  - ii. presentation or filing of a petition or application before any court for the declaration of bankruptcy, winding-up, administration or insolvency of the Company (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation,shall be subject to the adoption of a resolution by Holders of Shares requiring a Super Majority Priority Shares Decision;
- Any change, amendment or disregarding any of the investment restrictions shall be subject to a Simple Majority Priority Shares Decision;
- The transfer of Common Shares (except for transfer of Common Shares required for the appointment of new Directors in the Company) shall require the prior approval of 100% of the holders of Priority Shares during the Investment Period and 75% of the holders of Priority Shares thereafter provided they retain Control over the Manager;

- The issuance by the Company of any equity instruments ranking senior or parri passu to the Priority Shares shall require an Absolute Majority Priority Shares Decision.
- Any amendment to the material terms and conditions of the Priority Shares as provided under this Prospectus shall require (i) the Super Majority Priority Shares Decision in accordance with the By-laws and Article 111 of the Lebanese Commercial Code and (ii) the prior approval of the CMA.

### *Distributions Priorities*

Subject to applicable laws and the By-laws and the deduction of the Contingent Return (as and when applicable), the Excess Cashflow will be distributed or applied, in the following order of priorities:

- *First, Return of Contributed Capital and Bonds Financing:* (i) 85% of the Excess Cashflow will be used to prepay the outstanding principal amount of the Bonds; and (ii) 15% of the Excess Cashflow will be distributed to the holders of Priority Shares in repayment of their outstanding Contributed Capital. Upon full settlement of the outstanding principal amount of the Bonds, 100% of the Excess Cashflow will be distributed to the holders of Priority Shares in repayment of their outstanding Contributed Capital.
- *Second, Preferred Return:* 100% of the remaining Excess Cashflow pursuant to the paragraph "*First, Return of Contributed Capital and Bonds Financing*", less the corresponding deduction for the Contingent Return (as and when applicable) will be distributed to the holders of Priority Shares until the cumulative amount distributed to the holders of Priority Shares represents an 8% internal rate of return on the amounts distributed pursuant to the paragraph "*First, Return of Contributed Capital and Bonds Financing*"
- *Third, First Catch-Up:* pursuant to the paragraph "*Second, Preferred Return*", and after deduction of the Contingent Return (as and when applicable), (i) 50% of the remaining Excess Cashflow will be distributed to the holders of Priority Shares and (ii) 50% of the remaining Excess Cashflow will be distributed to the holders of Common Shares until the holders of Common Shares receive 20% of the total amount distributed to the holders of Priority Shares and holders of Common Shares (excluding amounts distributed as return of Contributed Capital as set forth in the paragraph "*First, Return of Contributed Capital and Bonds Financing*").
- *Fourth, First Carried Interest:* after deduction of the Contingent Return (as and when applicable) (i) 80% of the remaining Excess Cashflow pursuant to the paragraph "*Third, First Catch up*" to the holders of Priority

Shares and (ii) 20% of the remaining Excess Cashflow pursuant to the paragraph "*Third, First Catch up*" to the holders of Common Shares.

- *Fifth, Second Catch-Up*: as and when the holders of Priority Shares receive such total amounts that represent a 20% internal rate of return on the amounts distributed pursuant to the paragraph "*First, Return of Contributed Capital and Bonds Financing*", the remaining Excess Cashflow pursuant to the paragraph "*Fourth, First Carried Interest*" after deduction of the Contingent Return (as and when applicable), will be distributed as follows (i) 50% to the holders of Priority Shares and (ii) 50% to the holders of Common Shares until the holders of Common Shares receive 25% of the total amount distributed to the holders of Priority Shares and holders of Common Shares (excluding the return of Contributed Capital as set forth under "*First, Return of Contributed Capital and Bonds Financing*" above).
- *Sixth, Second Carried Interest*: after deduction of the Contingent Return (as and when applicable) the remaining Excess Cashflow pursuant to the paragraph "*Fifth, Second Catch Up*" will be distributed as follows (i) 75% to the holders of Priority Shares and (ii) 25% to the holders of Common Shares.

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The holders of Common Shares irrevocably agree to assign to the holders of Priority Shares all above stated distributions so as to ensure that Distributions are made in accordance with the priorities provided herein and the holders of Common Shares will irrevocably instruct the Company to implement the terms of this assignment with no further action required on the part of the holders of Common Shares.

Holders of Priority Shares hereby understand that Distributions will be made to them only from, and for the avoidance of doubt are limited to, distributions or any other amount received by the Company in respect of its investments in the Operating Company and proceeds arising from the sale or disposition of all or part of such investments.

The Distributions Priorities (mainly for the return of Contributed Capital) will still apply upon liquidation (whether voluntary or involuntary), dissolution or winding-

up of the Company.

The Excess Cashflow will be calculated and paid on a yearly basis following the issuance of the audited financial statements of the Company.

Following the issuance of the audited financial statements, the Contingent Return will be deducted - when applicable - from the Excess Cashflow. The remaining amount will be distributed to the holders of Priority Shares and holders of Common Shares according to the priorities listed herein

**There can be no assurance that the Company will achieve its objective and the Company's investment results may vary substantially over time.**

### *Net Asset Value*

The Net Asset Value will be calculated as the value of all of the Company's assets less all of the Company's liabilities, calculated in accordance with IFRS, except to the extent any provision herein has a contrary effect.

The valuation of the real estate properties owned by the Operating Company will be done by third party experts (i.e. real estate experts) on an annual basis. However, the auditors will determine annually at the end of each financial year the Net Asset Value of the Company based on the valuation of the assets as determined by the third party expert. The said Net Asset Value will be provided to each Holder.

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Net Asset Value will be determined in US Dollars.

The Company's (whether directly or through the Operating Company) liabilities will include the fees and expenses (where applicable) of the Manager and the Financial Administrator, including accrued but unpaid fees (including Management Fees, Marketing Fees and Administration Fees if any); an allowance for the Company's estimated annual audit and legal fees; administrative expenses; withholding taxes (if any are due and not yet paid to the taxing authority); transfer taxes and other governmental charges and duties (if any); any guaranty fees; any reserve determined to be required for contingencies; and any other liabilities or expenses to be borne by the Company.

***Lock-In Period; Transfer of Shares***

Holders of Priority Shares will be prohibited from transferring, selling, pledging or otherwise disposing of their Priority Shares during the Investment Period without the approval of the Company Board, which approval shall not be unreasonably withheld. The Company Board shall inform the holders of Priority Shares by emails or other means communication upon expiry of the Investment Period.

After the end of the Investment Period, the transfer of Priority Shares shall be freely effected provided that the intended transferee is an Eligible Investor. The Company will have the right to reject the registration of a transfer of Priority Shares made to a transferee who is not an Eligible Investor.

Except for transfer of Common Shares required for the appointment of new Directors in the Company, holders of Common Shares shall not have the right to sell or transfer their Common Shares without the prior approval of 100% of the holders of Priority Shares during the Investment Period and 75% of the holders of Priority Shares thereafter provided they retain Control over the Manager.

The transfer of Shares shall be subject to the transferee entering into a deed of adherence whereby it agrees to be bound by the provisions of this Prospectus.

***No Optional Redemptions; Compulsory Transfer***

The Priority Shares are not redeemable at the option of their Holders.

The Holder shall be under the obligation to transfer its Priority Shares in the event that the Company Board believes that the relevant Holder is not eligible to hold its Priority Shares or for any other circumstance contemplated herein (including, but not limited to, black listing by BDL, OFAC or other organization of international repute, money laundering, terrorism financing, etc.) or in the By-laws.

***Exit of Holders of Priority Shares***

The holders of Priority Shares may exit their investment in accordance with the following:

- The sale or transfer of their Priority Shares in accordance with the terms and conditions provided under this Prospectus; and
- The dissolution of the Company in accordance with the terms and conditions provided under this Prospectus.

The Priority Shares are not redeemable at the option of their Holders.

***Escrow Account***

Lucid will act as Escrow Agent in respect of the subscription amounts received by the Company during the Initial Offering Period and subsequent offerings of Priority Shares.

The Escrow Agent shall receive and hold in escrow in a non-interest bearing account opened by the Company with a Lebanese bank all subscription amounts paid to the Company by Eligible Investors during the Initial Offering Period. In the event that any Application Form (as defined below) is rejected, in whole or in part, the relevant subscription amount, or a corresponding portion thereof, shall be returned to the applicant promptly, excluding any interest earned thereon. Following the Initial Closing Date, the Escrow Agent shall transfer all escrowed funds then held by it to the Operating Accounts to be opened with, or at the direction of, the Financial Administrator.

***Eligible Investors***

Priority Shares may be offered, or transferred, only to or for the benefit of certain Eligible Investors who duly and properly complete an Application Form.

The Company (and/or the Lead Placement Agent regarding subscriptions made through it) may, in its sole discretion, decline to accept any subscription.

## *Fees and Expenses*

**Organizational Expenses.** The Company's Organizational Expenses, which are not expected to exceed US\$ 2,500,000, (Two Million Five Hundred United States Dollars) will be paid by the Company.

The Organizational Expenses will be mainly used to pay taxes and duties arising from the issuance of the Priority Shares as follows:

- stamp duty at the rate of 4 per mill of the total Issue Price of the Priority Shares, i.e. assuming an issue size of US\$ 75,000,000, the stamp duty due will be US\$ 300,000;
- Judge Retirement Fund duty at the rate of 2 per mill of the total Issue Price of the Priority Shares, i.e. assuming an issue size of US\$ 75,000,000, the Judge Retirement Fund duty due will be US\$ 150,000;
- Notary Publics' Retirement Fund duty at the rate of 1 per mill of the total Issue Price of the Priority Shares ,i.e. assuming an issue size of US\$ 75,000,000, the Notary Retirement Fund duty due will be US\$ 75,000; and
- Lawyers' Retirement Fund duty at the rate of 1 per mill of the total Issue Price of the Priority Shares, i.e. assuming an issue size of US\$ 75,000,000, the Lawyers' Retirement Fund duty due will be US\$ 75,000.

It is expected that virtually the investments to be made by the Company in the Operating Company amounting to approximately US\$ 300,000,000 will be effected through long term inter-company loans that will be subject to stamp duty at the rate of 4 per mill i.e. US\$ 1,200,000.

The Sponsor will not cause to Company to carry or bear any historical costs in relation to the set-up of the Company and the Offering except for legal, accounting and tax advisory fees as well as pre-closing marketing fees.

***Placement Fees.*** The fees due by the Company to the Lead Placement Agent (including other duly appointed placement and selling agents) upon the Initial Closing Date and Subsequent Closings in consideration of their placement efforts services in relation to the Offering shall be equal to three percent (3%) of the aggregate Committed Capital.

The above placement fees are in addition to the fees owed to the Lead Placement Agent in relation to the Bonds Financing, and which amount to one percent (1%) of the total Bonds Financing (or each series or tranches thereof).

***Structuring Fee to the Sponsor.*** The fees due by the Company to the Sponsor upon the Initial Closing Date and Subsequent Closings in consideration of their structuring services in relation to the Offering and the Bonds Financing shall be equal to 0.5% of the Contributed Funding.

***Licensing Fee to the Lead Placement Agent.*** The one-time fee equal to US\$ 250,000 (Two Hundred Fifty Thousand United States Dollars) due and payable by the Company to the Lead Placement Agent on the Initial Closing Date in consideration of their licensing services in relation to the Offering and the Bonds Financing.

**Management Fees** The Manager is entitled to receive an annual Management Fees in the amount of:

- One and half percent (1.5%) per annum of the Contributed Funding during the first year after the Initial Closing Date.
- Two percent (2%) per annum of the Assets Under Management during the second year after the Initial Closing Date until the sixth year *provided that* the amount of annual Management Fees during that period do not exceed US\$ 4,000,000 (Four Million United States Dollars) and not be less than US\$ 2,500,000 (Two Million Five Hundred Thousand United States Dollars), and thereafter (i.e. following the sixth anniversary of the Initial Closing Date),
- Two percent (2%) per annum of the Assets Under Management during the seventh year after the Initial Closing Date *provided that* the amount of annual Management Fees during that period do not exceed US\$ 3,000,000 (Three Million United States Dollars) and not be less than US\$ 2,000,000 (Two Million United States Dollars), and thereafter (i.e. following the seventh anniversary of the Initial Closing Date),
- Two percent (2%) per annum of the Assets Under Management.

The Management Fees will be payable semi-annually in advance.

**Marketing Fees** The Manager is entitled to receive an annual Marketing Fees in the amount of one percent (1%) per annum of the Assets Under Management.

For the first five years following the Initial Closing Date the total aggregate amount of the Marketing Fees cannot exceed 2.5% of the total amount invested or committed for investment in properties during the Investment Period. Starting the sixth year following the Initial Closing Date, the Marketing Fees will be capped at USD 700,000.

The Marketing Fees will be payable semi-annually in advance.

**Administration Fees** The Financial Administrator is entitled to receive an annual Administration Fees in the amount of:

- Quarter of a percent (0.25%) per annum of the Contributed Funding during the first year after the

- Initial Closing Date.
- Half a percent (0.5%) per annum of the Assets Under Management during the second year after the Initial Closing Date until the sixth year *provided that* the amount of annual Administration Fees during that period do not exceed US\$ 1,000,000 (One Million United States Dollars) and not be less than US\$ 625,000 (Six Hundred Twenty Five Thousand United States Dollars), and thereafter (i.e. following the sixth anniversary of the Initial Closing Date),
  - Half a percent (0.5%) per annum of the Assets Under Management during the seventh year after the Initial Closing Date *provided that* the amount of annual Administration Fees during that period do not exceed US\$ 750,000 (Seven Hundred Fifty Thousand United States Dollars) and not be less than US\$ 500,000 (Five Hundred Thousand United States Dollars), and thereafter (i.e. following the seventh anniversary of the Initial Closing Date),
  - Half a percent (0.5%) per annum of the Assets Under Management.

The Administration Fees will be payable annually in arrears.

***On-Going Expenses.*** The Company will pay for its ordinary, legal (recurring and one-off), auditing and operating expenses, expense reimbursement and insurance; any and all reasonable costs and expenses incurred in connection with any outsourcing of the administration of the Company; professional fees (excluding fees of the Financial Administrator or the Manager or any of its shareholders and board members whether directly or indirectly and including technical advisors fees and expenses of auditors, legal counsel and consultants); government filing and registration fees and taxes, as incurred, and for all extraordinary expenses, if any. Operating expenses also include all expenses associated with the execution of all investments (such as, but not limited to, costs directly related to the evaluation, acquisition, holding, management, placement and/or disposal of investments, whether or not such investments proceed to completion). The Company may, in accordance with commercial customs, be required in certain instances to pay commissions or finder's fees in consideration of certain services rendered in connection with the identification, negotiation or execution of an investment.

The costs and expenses incurred by the Manager in providing office facilities, equipment, travel and personnel in order to perform its obligations in such capacity will be borne by the Manager.

The costs and expenses incurred by the Financial Administrator in providing office facilities, equipment, travel and personnel in order to perform its obligations in such capacity will be borne by the Financial Administrator.

***Auditors***

Ernst & Young p.c.c or such other big 4 auditor as may be appointed by the Company

## ***Reports***

Quarterly, the Manager will through the Placement Agent communicate to each Holder a business report that will highlight the realized investments and divestments and other information deemed necessary by the Manager. This is expected to occur within 10 business days of the end of each quarter.

Annually, the Manager will through the Placement Agent provide audited financial statements of the Company and summary financial and other information, including information regarding the composition of the Company's investments and the Net Asset Value.

All reports will be mailed in hard copies and through electronic means to Holders at the last address and electronic mail address indicated in the register of shareholders maintained by the Company or by Midclear and will be made available to them at the address of the Manager and the Placement Agent.

### ***Taxation in Lebanon***

The Company Board intends to conduct the affairs of the Company and the Operating Company in such manner as is generally needed to optimize the applicable taxation.

#### ***The Company and the Shares***

The Company is exempt from corporate tax in Lebanon; however, it is required to pay a progressive lump sum tax on its capital up to LBP 5,000,000 per annum.

*Tax on Dividends.* Dividends paid by the Company to Holders are not subject to Lebanese withholding tax.

*Tax on Disposition of Shares.* Capital gains made in connection with the sale of shares held by Lebanese holding companies (such as the Company) are tax exempt if held for a minimum period of two years; otherwise, they are subject to capital gain tax at a rate of ten (10%) percent.

#### ***The Operating Company***

*Corporate Income Tax.* The Operating Company is subject to tax on its income currently at a rate of 17%. It is also required to pay a lump sum tax of LBP 2,000,000 per annum.

*Tax on Dividends.* Dividends paid by the Company to its shareholders (the Company will hold 99.9% of the share capital of the Operating Company) are subject to a 10% withholding tax.

### ***Allocation of Opportunities; Conflict of Interest***

Until the earlier of (i) the end of the Investment Period or (ii) such time as 70% of the aggregate Committed Capital has been called by the Company, the Manager shall be prohibited from participating in the formation of, or provision of services to, an investment vehicle intended for investors to pursue the same investment strategy in real estate of the Company (as described herein) in Greater Beirut.

***Dissolution of the Company***

The By-laws will provide for a maximum term of the Company of 99 years. It is expected, however, that the Company will have a term equal to the Investment Term (10 years).

Any voluntary:

- i. dissolution or liquidation of the Company prior to the sale or disposal of all its assets; or
- ii. presentation or filing of a petition or application before any court for the declaration of bankruptcy, winding-up, administration or insolvency of the Company (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation;

shall be subject to the adoption of a resolution by Holders of Shares requiring a Super Majority Priority Shares Decision.

Upon dissolution of the Company, it is intended that the investments in the Operating Company will be sold, disposed of, transferred or otherwise liquidated in an orderly manner and all investments or the proceeds from the sale, disposition, transfer or liquidation of the investments (after deduction of all related fees and expenses) will be distributed to the Holders in accordance with the distributions priorities provided under Section 11 "*DISTRIBUTION POLICY*" of this Prospectus.

***Changes to Terms and  
Conditions of the Priority Shares***

Any amendment to the material terms and conditions of the Priority Shares as provided under this Prospectus shall require (i) the Super Majority Priority Shares Decision in accordance with the By-laws and Article 111 of the Lebanese Commercial Code and (ii) the prior approval of the CMA.

### ***Risk Factors Summary***

The Company's business and structure are subject to numerous risks and uncertainties, including those highlighted in Section entitled "Risk Factors". These risks include:

- The absence of assurances that the Company will be able to achieve its investment objective;
- The risk of investing in companies operating in the real estate sector such as the Company and the Operating Company;
- The absence of identified targeted projects in which the Company will invest through the Operating Company;
- The absence of assurances that the Company will invest in suitable properties;
- The Company's failure to raise the targeted Committed Capital and Bonds Financing. Such failure may cause the investments of the Company in the targeted project to be less diversified and the types of investments available to the Company may be more limited than if a larger portion of the maximum proceeds is obtained. This may have an adverse impact on the ability of the Company to achieve its investment objective;
- There can be no assurance that the Company will be able to obtain or utilize additional financing arrangements in the future through the issuance of additional Priority Shares on subsequent closings or through issuance of Bonds;
- The Company and the Operating Company operate in a competitive market for the origination and acquisition of attractive investment opportunities and competition may limit their ability to originate or acquire attractive investments in the target assets, which could have a material adverse effect on the holders of Priority Shares;
- Interest rate fluctuations could significantly decrease the Company's ability to generate income on its investments, which could materially and adversely affect the holders of Priority Shares;
- It is expected that the Company's investments will generally be concentrated;

- The Company will have a significant amount of debt through the issuance of the Bonds, which subjects the Company to increased risk of loss;
- The Company will not be investing the entire Contributed Funding as there will be expenses to be deduct upfront and the Cash Reserve. This may cause the investments of the Company in the targeted project to be less diversified and the types of investments available to the Company may be more limited than if the entire, or a bigger portion, of the Contributed Funding is invested.
- The currency risk to which the Company may be exposed if investments or income received is denominated in a currency other than the US Dollars;
- The risk of litigation since investing in real estate development projects can be a contentious and adversarial process;
- The risk of contingent liabilities upon dispositions of investments;
- The risks associated with the Company's dependence on certain key individuals;
- Whether or not the Company is profitable, it is required (whether directly or through the Operating Company) to meet certain fixed costs, including start-up and organizational expenses and ongoing administrative and operating expenses, and to pay Management Fees, Marketing Fees and Administration Fees;
- The structure of the Company and related arrangements involve certain conflicts of interest;
- The regulatory risks to which the Company and the Operating Company could be exposed particularly in a country like Lebanon;
- Lebanon tax authorities may exercise more scrutiny on the activities of the Company or the Operating Company. Any adjustment or penalty imposed could lead to additional taxes and substantially reduce the Company's return on, or value of, its investments;

- Uncertainties regarding the interpretation and enforcement of the laws, rules and regulations of the Lebanese Republic;
- The reliance on the experts in order to determine the value of the Company's investments;
- The liquidity risk since the Company's underlying investments are in real estate;
- The risk of holders of Priority Shares not honoring their Committed Capital;
- The seniority of the Bonds and the other financial covenants (Cash Reserve, etc.) allocated to the Bonds subject the holders of Priority Shares to increased risk of loss;
- The political risk and security concerns in Lebanon and the surrounding region;
- The economic risks that may affect the Company's investments including the growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position;
- The absence of reliable data;
- The failure to implement economic reform in Lebanon;
- The high budget deficit of the Lebanese Republic;
- The foreign exchange risk and the monetary policy in the Lebanese Republic;
- The risks associated with the investments in real estate;
- The risks associated with the purchase of properties from developers/owners in particular the risks of (i) fraud committed by owners of the purchased properties or their respective developers, (ii) the owners' insolvency or bankruptcy as well as (iii) having the purchased properties seized by owners' creditors;
- The construction and environmental risks;

- The terms and conditions of the Priority Shares and the voting powers attached thereto will limit the ability of the holders of Priority Shares to elect or remove Directors or affect corporate resolutions adopted by the Company;
- The holders of Common Shares will continue to own more than two third of the Company's share capital;
- The absence of an active trading market for the Priority Shares and the expectation that such market will exist in the future;
- The limitations imposed on the transfer and sale of Priority Shares during the Investment Period; and
- The failure to liquidate all the Company's assets in an orderly and timely manner upon expiry of the Investment Term.
- The Company and /or the Operating Company will attempt, through negotiations and assessment conducted by the Manager, to have insurances coverage to mitigate certain risks as is customary for similarly situated businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks may be unavailable, available in amounts that are less than the market value of replacement costs of investments or underlying assets, or subject to a large deductible, or too costly relative to the benefit. Additionally, there can be no assurance that certain risks, which are currently insurable, will continue to be insurable on an economically feasible basis.

## 2. INVESTMENT OBJECTIVE

The Company's investment objective is to maximize medium to long-term investment return to the holders of Priority Shares (*as defined below*) through the acquisition (through the Operating Company) of a diversified portfolio of properties with the following criteria:

- High End predominately residential units with some exposure to commercial properties in prime locations within Greater Beirut, Lebanon.
- Acquisitions will primarily consist of attractively price discounted properties at wholesale basis from developers or contractors due to the current oversupply within the market and the scaling down of new similar projects.
- The targeted properties will be newly completed or nearing completion properties.
- The objective is to sell these properties to the retail market throughout the Investment Term at a profit.

The return to holders of Priority Shares in the Company is primarily determined by the performance of the investments made by the Operating Company.

**THERE IS NO GUARANTEE THAT THE COMPANY WILL ACHIEVE THE ABOVE INVESTMENT OBJECTIVES. AN INVESTMENT IN THE COMPANY INVOLVES A SIGNIFICANT DEGREE OF RISK. ELIGIBLE INVESTORS SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED HEREIN, UNDER SECTION 16 "RISK FACTORS" AND ELSEWHERE THROUGHOUT THIS PROSPECTUS BEFORE MAKING AN INVESTMENT DECISION.**

### 3. INVESTMENT GUIDELINES

#### *Investment Strategies*

- The Company intends to accumulate the required funds through sales of equity and bonds to the designated holders of Priority Shares and Bondholders. The scale of the offering proceeds will give the Company bargaining power to optimize purchasing terms with developers and other stakeholders on a whole sale basis.
- The Company will through its Manager will follow a rigorous investment process with its major counterparties that include lenders, creditors and key contractors.
- The Company through its strategic and effective marketing tools plans to reach out to prospective buyers by targeting, among others, Lebanese residents, emigrants, and Diaspora .
- The Company will endeavor to acquire and sell the properties in a cost efficient manner while mitigating the risks involved in such process.

#### *Investment Restrictions:*

- The maximum investment in a single real estate development project (whether under development or completed) is capped at 30% of such project sellable area.
- Maximum investment in a single real estate project under development is capped at 20% of the total Contributed Funding.
- Maximum investment in a single completed real estate project is capped at 20% of the total Contributed Funding.
- Maximum investment in commercial properties is capped at 30% of the total Contributed Funding.
- Maximum investment with a single real estate developer is capped at 30% of the total Contributed Funding.
- Maximum investment in real estate projects located within a single cadastral zone of Greater Beirut will be capped at 35% of the total Contributed Funding.
- The Company will be investing and committing to invest a maximum of 85% of its Contributed Funding in properties.

The Company may change, amend or disregard any of the above restrictions subject to a Simple Majority Priority Shares Decision.

For the avoidance of doubt, the restrictions applied herein shall also capture any investment commitment in real estate projects made by the Company.

#### 4. INVESTMENT HIGHLIGHTS

An investment in the Company involves a high degree of risk; see Section 16, "*Risk Factors*." However, an investment in the Company also offers the following advantages when competing for suitable investments, which might not be available to Eligible Investors seeking to engage directly in the transactions in which the Company will engage. An investment in the Company benefits from the following:

***Management Team Track Record:*** Investment strategy for the Company will be made based on recommendations by the Manager (subject to the approval of the Investment Committee) which is led by the Management Team. The members of the Management Team are believed to possess knowledge, expertise and resources in, *inter alia*, Lebanese real estate sector with an in-depth familiarity with the economic, political and social conditions prevailing in Lebanon as well as with the financial services industry that would ordinarily not be available to many investors. Although the Manager is a newly formed entity, the synergies created by combining the complementary experience and skills of its management with the track record of the members of the Management Team are expected to enable the Company to carry out its investment objective. The Company intends to benefit from the Management Team diversified expertise in the real estate industry and its relations with various stakeholders on the ground, particularly in the banking sector. The Manager believes that its ability to draw on these resources will give the Company a competitive advantage. The close collaboration the Manager will have with the banks will give it valuable insights and added negotiation powers to ensure risk minimization.

***Access to Deal Flow:*** The Sponsor believes that one of the key advantages the Management Team offers to the holders of Priority Shares is its access to deal flow. Individual members of the Management Team have spent a significant part of their professional lives engaging in business within the real estate sectors in Lebanon, and, as a result, have extensive and long-standing relationships of trust and access to various businesses. Due to the significant investment and Real Estate sector experience of the management team, the management team should be able to continually generate deal flow that fits the strategy and objectives of the Company.

***Outside Advisors:*** The Manager, at its sole discretion, may consult with outside analysts, market consultants, technical experts, legal and other advisors available to it in connection with investment proposal and strategies. Such advisors may not be available, or the cost of retaining such advisors may be prohibitive to many investors.

***Scale:*** The Sponsor believes that the Company can obtain considerable discounts on the targeted projects, allowing the satisfaction of the obligations imposed on the projects towards the lending banks and other creditors.

***Attractive Market Opportunities:*** The niche sector of large apartments in prime locations of Greater Beirut is facing a serious slowdown that has been dragging for more than four years. This situation is affecting developers, contractors, suppliers and banks. Thus, it creates opportunities to obtain prime properties at interesting discounts, especially when considering the scale and purchasing power of the Company. The shifting market trend towards small units, the scarcity of large lands in prime areas of Beirut and the slow reactivity of the development market will ensure the uniqueness of these products, which will provide for attractive sales opportunities.

***Diversified Offerings:*** The Manager will capitalize on the market knowledge and experience of the Management Team in endeavoring to constitute a largely diversified portfolio of real estate properties, within the investment objectives and constraints of the Company. The diversity, whether in terms of geography, typology or market positioning of the product portfolio constituted by the Company will enable an unprecedented range of choices that the Manager's sales teams will leverage to the Company's benefit. This diversity, associated with the scale of the Company, will enable the sales team to reach and pitch potential clients worldwide. The Lebanese Diaspora is indeed a vast and fragmented network that sometimes had lost touch with its origins. The Manager believes that the Company will be the only real estate entity able to approach this reservoir of potential clients

***Alignment of Interests:*** The interests of the holders of Priority Shares will be aligned with those of the Manager. The performance of the Company is directly linked to the compensation of the Manager.

***Disciplined Investment Approach:*** The Manager will focus on constructing a diversified real estate portfolio and will pursue a disciplined value-added strategy. The Company will seek to capitalize on market opportunities that will be identified through the Management Team's extensive market knowledge and long-term relationships. A highly disciplined and methodic investment process will be implemented and followed through in all its steps, whether product identification, due diligence, investment structuring, asset management or divestment.

***Bonds Financing:*** The Company will through the Bonds Financing obtain debt at a fixed rate until the Bonds Maturity Date and will be also pay a percentage of the Net Cash to the Series B Bondholders. This comes at a time where banks have reached their limits in terms of financing real estate, thus it constitutes a rare opportunity in the current market conditions.

***Experienced Financial Administrator:*** Lucid has more than 15 years of experience in the set-up, management and administration of funds and fund like structures. It is currently acting as either the manager or the administrator of three funds. Lucid will provide the Company with its expertise in the field thanks to its impeccable reputation, highly advanced and efficient technological tools and quality and experience of its personnel.

## 5. INVESTMENT RATIONAL AND PROCESS

The Company foresees to profit from the current oversupply in high-end residential units and to a lesser extent the commercial real estate sector within the Greater Beirut Area, by constructing a diversified portfolio of undervalued properties with an emphasis on upscale residential developments.

The Company will follow a systematic assessment process when pursuing opportunistic investments or acquisitions.

### **Target Opportunities**

The Manager places the most lucrative opportunities in the mid to high-end properties located in upscale neighborhoods in the Greater Beirut area.

The Manager assumes the following rationale for targeting such properties:

- Properties that are most likely to be purchased under deep discounts due to the lack of demand during this period in time, while preserving the strongest recovery rate.
- The targeted properties lay inside projects that have shaped modern Beirut with their distinctive architecture, state-of-the-art construction and finishing.
- Developers have shifted away from this class of projects. Accordingly when demand picks up, the current oversupply will convert into a shortage.
- The prime locations of the targeted properties and units anchor their value going forward.

The Company intends to acquire ancillary properties in order to facilitate the sales process in the future.

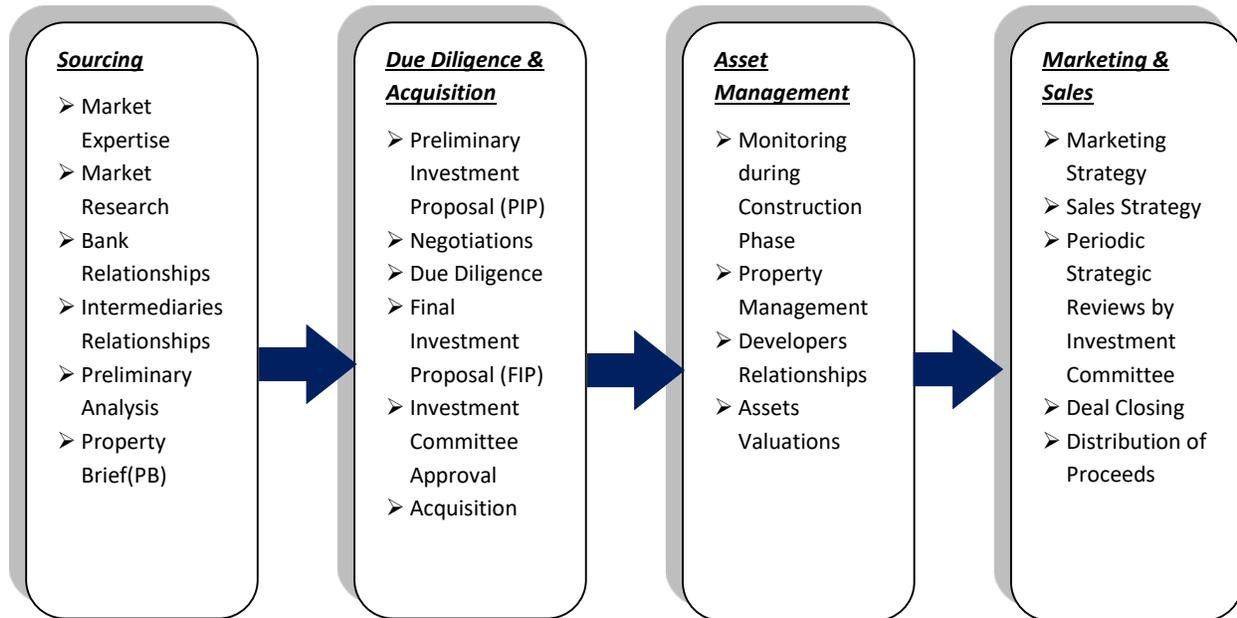
### **Investment Process**

The Management's team possesses an extensive expertise in the real estate sector spanning over 40 years, and furthermore through several industry cycles, in addition to its' long term affiliation with developers, contractors, financial institutions among other essential entities within the real estate industry.

Therefore the Company is ideally positioned to capitalize on market opportunities using the following investment process:

- Identify and source the undervalued properties.
- Accurate risk assessment of each target property.
- Acquisitions will be skillfully structured and financed.
- Effective portfolio management by means of meticulous timing of investment and divestment of the underlying properties.

The Investment Committee and the Company's Board, will undertake investment decisions using a disciplined approach. The Manager will initiate the process under the close supervision of the Investment Committee.



### **Deal Sourcing**

The Manager's deal sourcing and listing of projects will primarily entail:

- In-house deal sourcing of high quality, privately negotiated investment opportunities.
- Minimal reliance on intermediaries in order to eliminate unwanted transaction fees. Lest they bring resourceful opportunities that went unnoticed by The Manager.
- Conduct a thorough market research with the aim of finding less evident opportunities in the market.
- Banks will constitute the core of the targeted leads during the sourcing phase. Due to their vital interest among all the key players within the industry such as the developers, contractors, sub-contractors, suppliers and ultimately the buyers.

The Manager's preliminary assessment of individual projects/properties will be analyzed as follows:

- Availability and distinctive characteristics of the units within each project that will include location, amenities, design etc.
- Emphasize on the balance and design of the interior floor plans of each unit.
- Categorize and classify the project according to specifications and amenities.
- Aligned pricing with neighboring, comparable projects and units.

Projects and units that are identified as “Suitable for Investment” will have an individual detailed property brief (PB) henceforth will be brought to the attention of the Management Team for consideration of an investment in the project or unit.

### **Due Diligence and Acquisitions**

Following the approval of individual projects and units by the Management Team, a preliminary approach with the related lenders will take place for the financing process.

Negotiations regarding the developers’ debt obligations will aid in setting acceptable frameworks for each transaction.

When outcomes are acceptable, the Manager will draft a Preliminary Investment Proposal (PIP) and present it to the Investment Committee for review and initial approval. Following the approval of the PIP, the Manager will initiate the negotiations and conduct an in-depth due diligence.

Negotiations with developers will emphasize on the following:

- Selecting the units that were considered “Suitable for Investment” and that comply with the companies’ objectives.
- Obtaining the greatest discount possible compared to the publicly listed price.
- Payment schedules should be in line with the Company’s investment policies.
- Minimizing the standard common charges that accompany each acquisition.
- Negotiate the terms and conditions of each contract.

The Manager will conduct a thorough internal due diligence, in addition to the assistance of a third-party specialist when deemed necessary.

Due Diligence will cover the following subjects:

- **Strategic Investment:** The Manager will evaluate how each selected unit and project adds to the overall product mix of The Company’s portfolio. The Manager will also estimate the liquidity potential of the units and projects.
- **Marketing Materials & Finishing:** The Manager will review all existing marketing materials and issue new material when necessary at an estimated and predetermined budget. The Manager will also appraise the finishing and specifications of the units in relation to its marketability and thus assess the required modifications when necessary, along with the estimated budget for the job. The Manager will conduct these assessments unless the job requires external consultants and experts.
- **Technical Standards:** The Manager ensures that there are no flaws in design, installation, as well as the quality of construction and finishing of the units. The Manager will estimate the cost and set a time frame for completion and delivery of each unit. The Manager will conduct these assessments unless the job requires external consultants and experts.

- **Regulatory Positions:** The Manager will ensure and verify that there are no obstacles that may cause a delay or prevent the allotment process of each unit. The Manager will verify the absence of pending loopholes with different regularity bodies such as the Municipalities, Order of Engineers and Architects. The Manager will conduct these verifications unless the job requires external consultants and experts.
- **Legal:** The Company's Legal Counsel, will conduct the legal due diligence at both the project and developer level, insuring that there are no pending lawsuits or subpoenas. In addition to confirming the absence of any form of conflict with third parties such as, neighbors, contractors, sub-contractors or suppliers. The Company's Legal Counsel will conduct these verifications unless the job requires external consultants and experts.
- **Audit:** The Company's Auditor will focus on the project level, ensuring absolute compliance with all the fiscal bodies namely the Ministry of Finance and Social Security. The Company's Auditor will conduct these actions unless the job requires external consultants and experts.

Subsequent to both the negotiations and due diligence, and provided that the outcome is acceptable to the Management Team, the Manager will prepare a Final Investment Proposal and present it to the Investment Committee.

The Investment Committee will then undertake a thorough analysis of the due diligence report and decide whether to approve or disapprove the investment. Once the Investment Committee approves an investment proposal, it is then submitted to the Compliance Officer who will in turn prepare a relative report.

### **Asset Management**

The Manager will actively monitor the underlying assets in-house, ensuring that the strategy, standards and the progress of the properties are maintained and in constant improvement.

The main responsibilities of the asset management team during the construction phase are as follows:

- Ensure that the progress of construction are maintained according to a predetermined time frame.
- Ensure that the quality and finishing of the work is as per agreed standards.
- Ensure that that all related installations and systems are functioning flawlessly.
- Ensure that all complications and obstacles that may occur are resolved prior to the hand-over of each unit.

The main responsibilities of the asset management team upon completion of the construction phase are as follows:

- Consistent cleaning and upkeep of the properties.
- Regular examination of all installed systems to ensure flawless functionality.

- Liaising with designated property management companies for each project, or alternatively working with one property management company that will cover and maintain all the underlying properties within the portfolio.
- Regular Attendance to related co-property meetings.

Proper communication channels with the developers will be maintained at the Management Team level. This will ensure that the development and allotments processes are on track. An active monitoring of the underlying assets valuation will be diligently performed on a regular basis.

### **Marketing and Sales**

A flexible and effective marketing and sales strategy has been put in place by the Manager to contribute the success and profitability of the Company and ultimately the holders of Priority Shares. The Manager will adopt a multipronged approach to cater to the different products in the underlying portfolio as well as the changing market fundamentals such as demand/supply and pricing. The strategy will seek to create new demand through the access to unexploited markets in order to maintain the positive dynamics and provide liquidity and growth to holders of Priority Shares.

The skills and knowledge accumulated by The Management Team over a period of 40 years and numerous industry cycles will play a major role in anticipating market dynamics and acting swiftly upon a change in the market conditions.

The Manager's Marketing Strategy will be implemented as follows:

- Proficient coordination with advertising agencies on creating a brand identity.
- Creating strategic campaigns with marketing agencies periodically. While affirming that the content of the material is evolving in line with the marketing plan.
- Budgets will be set on an annual basis and followed up periodically.
- Screening and selection of sponsorship opportunities.
- Screening and selection of conferences and exhibitions including the direct coordination with all related parties (i.e. stand & furniture suppliers, audiovisual equipment and content, catering, hosting, giveaways & brochures etc.).
- Identifying potential buyers for each type of project by distinguishing the buyers of similar projects in the past.

The overall scale of the Company and its diversity in geography, underlying portfolio of assets and market positioning, will enable the sales team to reach a wide variety of potential clients worldwide, including a vast and fragmented network of the Lebanese Diaspora, making the Company the principal real estate company able to reach this reservoir of potential clients.

The Sales Strategy will be implemented as follows:

Due to the substantial number of underlying properties within the Company's portfolio, it would be impractical for the Investment Committee to mediate each sale.

Therefore the following approach has been set in its place:

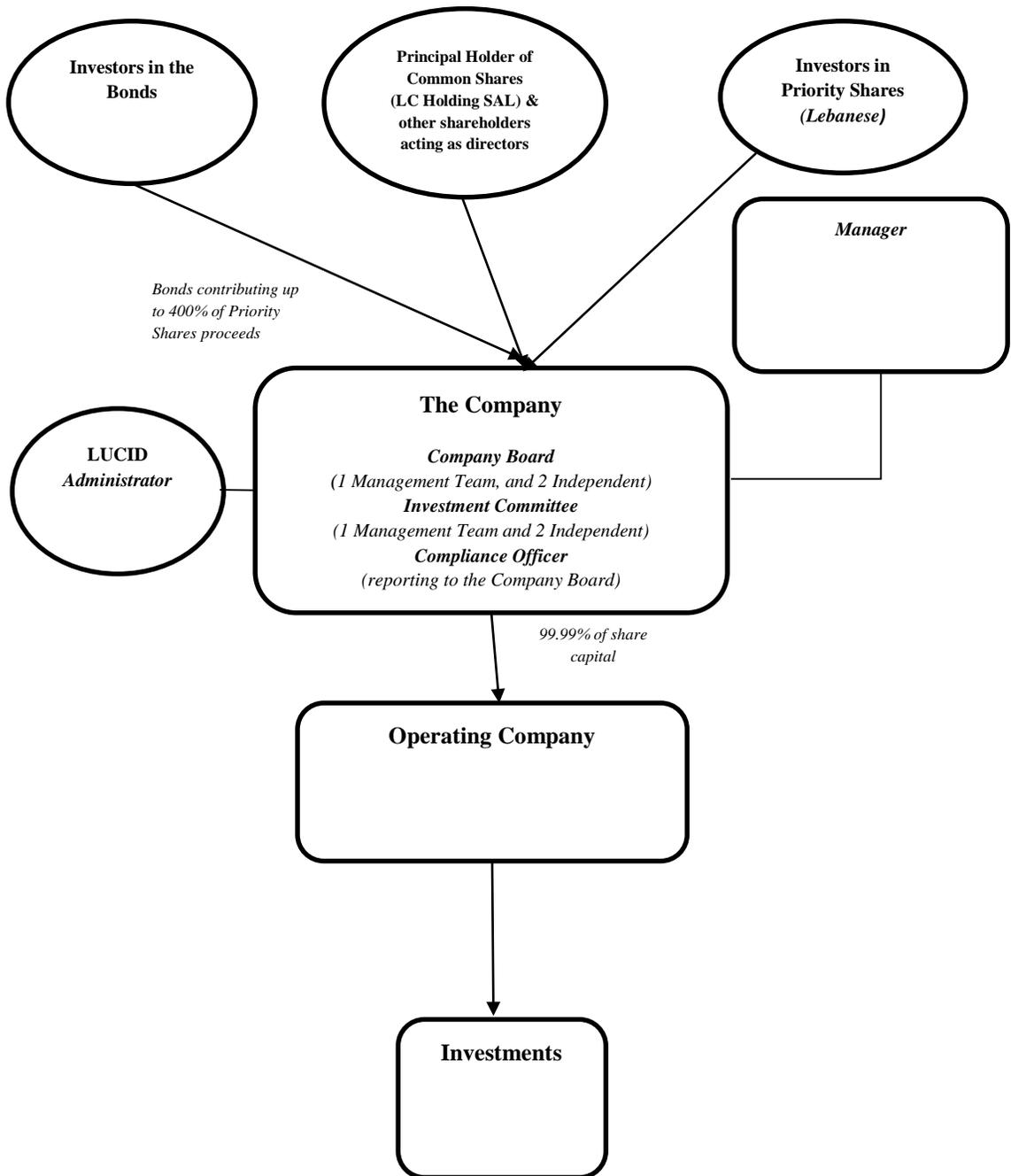
- A global sales strategy will be discussed and approved by the Investment Committee in order to achieve and facilitate the Company's objectives.
- Specific sales targets and pricing levels will be set on a yearly basis and updated quarterly with the Investment Committee. This will stipulate the guidelines that must be respected by the sales team when closing a sale.
- Should a sale be diverging from the criteria approved by the Investment Committee, the sales representative will present the case to the Investment Committee for review and finally approve or reject the request.
- It is anticipated that brokers will be conveying clients to the Company. Nevertheless, the strategy and sales efforts of the Manager will aim to minimize the extent of any reliance on intermediaries, in order to avoid additional fees.

The Investment Committee may, in exceptional circumstances when investment opportunity arise, meet and decide to make the investment decisions without going through the process outlined above.

## 6. THE STRUCTURE

As at the date of this Prospectus, the Company has not effected any offering of equity or debt (whether private, public or exempt).

The following chart summarizes the Company's organizational structure and equity ownership after giving effect to this Offering as well as the Bonds Financing. This chart is provided for illustrative purposes only:



## 7. THE COMPANY

### *General Information*

Legacy One Holding SAL is a Lebanese joint-stock holding company that has been incorporated on 25 September 2018 in Lebanon with the Beirut Commercial Register under N° 1903869 having its registered office located at 126, Foch Street, Beirut Central District, Beirut 2012-6609, Lebanon to enable Eligible Investors to take advantage of opportunistic real estate investments in Lebanon. The Company is governed by the laws of the Lebanese Republic in particular the Lebanese Commercial Code and Decree-Law N°45 dated June 24, 1983, both as amended from time to time.

The Company's email address is [info@legacyone.co](mailto:info@legacyone.co) and does not have a website. All inquiries related to the Offering should be communicated to the Lead Placement Agent or the Sponsor at their respective addresses as set forth in this Prospectus.

The details of the address principal place of business and telephone numbers of the Company are as follows:

126, Foch Street, Beirut Central District  
Beirut 2012-6609  
Lebanon  
01-332300

The Company is a newly established company and does not have any assets and liabilities other than those disclosed hereunder. Neither the Company nor the Operating Company are required to obtain licenses from any regulatory authority in Lebanon to operate their business.

The Company is not a member of any group of companies. The Company will substantially own the entire share capital of Legacy One Operations SAL.

Eligible Investors in the Company will have to subscribe to the Priority Shares and pay the corresponding Subscription Amount to the Priority Shares subscribed to. The Company does not have any activities other than those in relation to the Offering. The fiscal year of the Company will end on December 31 of each year. The books and records of the Company will be kept, and all valuations and payments by the Company will be made in US Dollars.

The principal bank with which the Company intends to carry out its banking activities is Lucid Investment Bank SAL whose address is located at Lebanon.

### *Restriction on Ownership*

Subscription for, and ownership of, shares issued by the Company, irrespective of the class thereof is restricted to persons or entities that are considered Lebanese under Decree-Law 11614 dated January 4, 1969 governing the acquisition by non-Lebanese of real estate rights in Lebanon.

### ***Share Capital of the Company***

The share capital of the Company shall be constituted of 20,000 Common Shares or more, each with a par value of US\$ 1.00. The Shares shall be divided into Common Shares to be exclusively held by certain persons designated by the Manager and Priority Shares to be offered to, and held by, the Eligible Investors. Prior to the Initial Closing Date, the Company's share capital will consist of 20,000 Common Shares or more.

The Company does not intend, currently, to list the Shares on the Beirut Stock Exchange or any other exchange

It is expected that the Shareholders of the Company will authorize the increase in the Company's share capital through the issuance of Priority Shares in accordance with Article 110 of the Lebanese Code of Commerce, sufficient to permit the issuance of all Priority Shares for which subscriptions have been received and accepted during the Initial Offering Period (and at Subsequent Closings). The Priority Shares will be issued on the Initial Closing Date and at Subsequent Closings and later on when calls are made on Committed Capital during the Investment Period through capital increases.

Following the Initial Closing Date and at all times, the majority of the share capital of the Company (at least 66.67%), will be constituted of Common Shares which are held by certain persons designated by the Manager. The Common Shares will be issued only in such amounts and proportion so as to ensure that the majority of the Shares, shall be constituted of Common Shares.

The minimum majority of 66.67% of Common Shares is necessary to safeguard the control over the Company and carry out the investment objective of the Company. For a full description on the rights attached to the Shares *See Section 14 "DESCRIPTION OF THE SHARES CAPITAL OF THE COMPANY" mainly "Attendance and voting at Shareholders meetings"*.

The Common Shares and the Priority Shares shall be issued in registered form and the share registry will be held by the Company or by Midclear SAL. Holders of Common Shares and holders of Priority Shares will be entitled to vote on all matters properly submitted to a meeting of shareholders of the Company, subject to the provisions set out in the By-laws and applicable laws.

### ***Principal Holder of Common Shares***

LC Holding SAL, Lebanese joint-stock holding company that has been incorporated on 24 September 2018 in Lebanon with the Beirut Commercial Register under number 1903868 having its registered office located at 126, Foch Street, Beirut Central District, Beirut 2012-6609, Lebanon to primary hold Common Shares in the Company LC Holding SAL will hold 99% of the issued and outstanding Common Shares. The Directors representing holders of Common Shares shall hold the minimum number of Common Shares, as may be legally required for them to assume their functions as Director. The Management Team will, directly or indirectly, hold at least 75% of capital of LC Holding SAL during the Investment Term.

### ***Board of Directors***

The Company will be governed by the Company Board. On or after the Initial Closing Date, the Company Board will be comprised of three (3) Directors of which one (1) representing the holders of Common Shares selected by the Manager, and two (2) Independent Directors.

This allocation of seats shall be maintained at all times during the term of the Company. The number of Directors may be increased provided that the allocation of seats is maintained. The holders of Common Shares shall have the right to cause the replacement of any Director. The Chairman of the Company Board shall at all times be a holder of Common Shares.

The appointment of the Independent Directors shall be subject to the approval of the Financial Administrator, such approval not to be unreasonably withheld.

The Company Board shall meet at least four times per year, or more often as necessary.

The Independent Directors shall have experience and expertise in real estate industry and/or banking and financial services industry and an in-depth familiarity with the economic, political and social conditions prevailing in Lebanon.

The Company Board will have the ultimate power to manage the Company. While the Company intends to delegate certain management functions to the Manager, all investment and divestment decisions will remain with the Company (See “Investment Committee” below). The Company will procure that the Operating Company also delegates certain management functions to the Manager.

The Financial Administrator shall have the right to designate one observer who shall be permitted to be present at and participate in all Company Board meetings and the Company shall provide such person with such notice and other information with respect to such meetings as are delivered to each of the members of the Company Board. The Financial Administrator and the observer shall maintain the confidentiality of the Company Board meetings

#### ***Composition of the Board of Directors***

*The Chairman-General Manager (representing holders of Common Shares) will be Mr. Namir Cortas. Mr. Cortas started his career in New York with Deloitte, where he qualified as a Certified Public Accountant. He then moved to the UK for 17 years, working in finance and consultancy in construction and real estate. In 1997, he returned to Lebanon and developed several projects in Beirut Central District. Recently, he oriented his development activities towards middle-income housing. Cortas is the president of the Real Estate Developers Association of Lebanon (REDAL). He holds a master’s degree in accounting from Long Island University and a bachelor’s degree in political studies from the American University of Beirut. Mr. Cortas has never been convicted of violating laws relating to fraud and financial services and never held a key position in a bankrupt company. Mr. Cortas never had public sanctions or findings of violations of any rules or regulations imposed by statutory, regulatory or professional bodies. During the past 5 years, he was not disqualified from acting as a director of any company.*

The address of Mr. Namir Cortas is situated at S. Dagher Center, 7<sup>th</sup> Floor, Pasteur Street, Gemmayze, Beirut 4514-11, Lebanon.

*Director (Independent Director) will be Mr. Pierre A. Gaspard.* Pierre Gaspard is an independent advisor with 36 years of progressive experience in the finance industry. He is Board Member and Chairman of the Risk Committee at Bank of Beirut sal, Board Member of Saradar Family Office, Board Member of MySay sal and Advisor to the Boulos Group in Nigeria. From 2012 to 2017, he was Advisor to the Chairman of Saradar Group where he led the teams in charge of identifying and negotiating strategic acquisitions as well as other investment opportunities. He was also Board Member of the various entities of the Group. Prior to joining Saradar, Mr. Gaspard spent nine years as an independent financial advisor specializing in the structuring of investment products for institutional clients. Until 2003, Mr. Gaspard held several senior executive positions in local and international institutions. Latter included Banque Saradar sal where he headed Treasury, Capital Markets and Private Banking and Bank of Montreal (Canada) where he was Associate Director in the Risk Management team. Mr. Gaspard holds an MBA from California State University (1983) and a BBA from the American University of Beirut (1981).

The address of Mr. Pierre Gaspard is situated at 24, Raymond Khalife Street, Achrafieh, Beirut, Lebanon.

*Director (Independent Director) will be H.E. Me. Walid Daouk.* H.E. Me. Walid Daouk is an accomplished lawyer in Lebanon specializing in commercial, civil, and property laws. In 1981, he started his practice as an associate in Takla & Trad law firm to become, thereafter, partner and vice-chair of the International Affairs Commission at the Beirut Bar Association in 2005, as well as a member of its arbitration commission in 2008. In 2011, he was appointed Minister of Information and per interim Minister of Justice until 2014. Today, Me. Daouk is a member of the Board of Directors of numerous local and international banking, real estate trading, and insurance corporations. He was appointed member of the board of Directors of the Council for Development and Reconstruction of Lebanon (CDR 2001-2004). In 1994, he was appointed the commissioner of the Lebanese Government at the Beirut Stock Exchange and continues in his functions until this day. Twenty years ago, he was one of the founders of Ajjalouna and has been a member of its Board of Trustees ever since, followed by joining the board of Dar Al Aytam in 2005. He is also a member of the Board of Trustees of three major education institutions in Lebanon – College Louise Wegman since 2005, International College since 2009 and Université Saint Joseph since 2012. He holds a bachelor’s degree in Lebanese law and a master’s degree in French law from Saint Joseph University and prepared a degree in business management from LAU (formerly BUC).

The address of H.E. Me. Walid Daouk is situated at Fransbank Center, Harma Street, Hamra, Beirut, Lebanon.

The term of the current Directors will expire on the date of Shareholders meeting held to approve the accounts of the 2021 fiscal year.

### ***Powers of the Company Board***

The Company Board will have the ultimate power to govern the Company. While the Company intends to delegate certain management functions to the Manager, all investment and divestment decisions will remain with the Company (*See “Investment Committee” below*).

The Company Board will act by majority consent.

The Company Board will approve and review periodically the marketing and sales strategies of the Company and the guidelines for the sale of investments made by the Company.

Through its oversight role, and indirectly through its Investment Committee and Compliance Officer, the Company Board will be performing a monitoring and supervisory function over the activities of the Company and the Operating Company, as well as the Manager's performances consisting of, among other things, the following activities: (i) regular and special Company Board meetings, and on an *ad hoc basis* as needed, receiving and reviewing reports related to the performance and operations of the Company, the Operating Company and the Manager; (ii) reviewing and approving, as applicable, compliance reports; (iii) meeting with members of the Management Team and Investment Committee to review investment strategies, techniques and the processes used to manage related risks; (iv) meeting with, or reviewing reports prepared by the representatives of key service providers, including the Financial Administrator, real estate appraisers, Auditors and Legal Advisors, to review and discuss the activities of the Company and the Operating Company and to provide direction with respect thereto; and (v) engaging the services of third party service providers to test the compliance procedures of the Company and the Operating Company. However, not all risks that may affect the Company and the Operating Company can be identified or processes and controls developed to eliminate or mitigate their occurrence or effects, and some risks are beyond the control of the Company, the Operating Company, the Manager and their respective service providers. The Board will review the Compliance Officer reports to be submitted to it periodically. In addition, it will advise on and resolve conflict of interests' situation and compliance issues.

#### ***Investment Committee***

The Company Board will cause the establishment of the Investment Committee comprised of a minimum of three (3) members. The Company Board shall appoint to the Investment Committee one (1) member from the Management Team and two (2) Independent IC Members. The Company Board may remove or appoint new members to the Investment Committee provided that all times the majority of the Investment Committee remains constituted of Independent IC Members. The Investment Committee will be chaired by an Independent IC Member.

The Investment Committee will have, *inter alia*, the responsibility of approving all proposals relating investment/divestment in the Operating Company, which are in each case prepared by the Manager together with any reports submitted to it by the Compliance Officer.

The Investment Committee will act by way of unanimous consent.

The Investment Committee will convene periodically, as required, to review and approve investment proposals, gauge progress and assess the Company's investment performance. The Compliance Officer shall have the right to attend the Investment Committee's meetings. The Investment Committee may invite members of the Management Team to its meetings in order to provide explanation and further inquiries on the proposals prepared by the Manager.

Any matter proposed to the Investment Committee, in which a member of the Investment Committee has an interest or conflict, shall be determined by a unanimous vote of the other Investment Committee members. The member who has an interest or conflict shall not take part in voting and shall be required to immediately disclose such conflict of interest to the Investment Committee.

The Financial Administrator shall have the right to designate one observer who shall be permitted to be present at and participate in all Investment Committee meetings and the Company shall provide such person with such notice and other information with respect to such meetings as are delivered to each of the members of the Investment Committee. The Financial Administrator and the observer shall maintain the confidentiality of the Investment Committee meetings.

### ***Composition of the Investment Committee***

#### ***Mr. Massaad Fares from the Management Team***

Mr. Fares brings more than 38 years of experience in real estate, covering several facets of the industry: development, marketing, sales and finance. He has worked in San Francisco, New York, Marbella, the Gulf and Beirut, where he returned in 1996 and founded Prime Consult. Fares has been on the forefront of the Lebanese real-estate industry and has relentlessly worked towards its increased regulation and institutionalization. He was the main founder of the Real Estate Syndicate of Lebanon (REAL) – which he presided from 2010 to 2017 and continues to be its Honorary President – and was instrumental in founding REDAL where he is the Board Secretary. Fares also sit on a variety of advisory boards for religious and social organization.

The address of Mr. Massaad Fares is situated at Park Tower, 1st Floor, Elias Sarkis Avenue, Achrafieh 2062 8306, Beirut, Lebanon.

The members of the Management Team and the Investment Committee are believed to possess knowledge, expertise and resources in the Real Estate and finance industries in Lebanon that would ordinarily not be available to many investors.

The Investment Committee may invite members of the Management Team to its meetings in order to provide explanation and further inquiries on the proposals prepared by the Manager.

### **Powers of the Investment Committee**

The Investment Committee will have the following responsibilities:

- reviewing and approving all investment proposals prepared by the Manager;
- reviewing all exit/divestment proposals submitted to it by the Manager;
- setting the marketing and sales strategies of the Company and the guidelines for the sale of investments made by the Company;
- reviewing all proposals prepared by the Manager relating to the Operating Company's businesses decisions, strategies and policies for further submission to the Company Board.

Once the Investment Committee approves an investment proposal, it will be submitted to the Compliance Officer who shall prepare a report in relation thereto.

In the event the Investment Committee disregards the recommendations and/or findings of the Compliance Officer, such matter will be referred to the Company Board for final decision.

Furthermore, the Investment Committee shall have the right to request further clarifications with respect to any matter relating to a proposal submitted to it by the Manager and to make any amendments its deems appropriate to such proposals subject to the Company's stated investment objectives and strategies.

### ***Compliance Officer***

The Company will appoint a compliance officer (the "**Compliance Officer**") in charge of reviewing the investment/divestment proposals approved by the Investment Committee to ensure their compliance with the investment objectives and guidelines of the Company and to detect any conflict of interest situation.

The Compliance Officer shall communicate all reports he prepares to the Financial Administrator.

### ***Investment Period and Calls on Committed Capital***

It is expected that the Company will make investments and/or commit to make investments during the Investment Period, being the first two (2) years starting from the Initial Closing Date, subject to a one (1) year extension as determined by the Company Board at the recommendation of the Manager. During the Investment Period, the Company will make or commit to make investments.

The Company will be investing and/or committing to invest a maximum of 85% of its Contributed Funding in properties.

### ***Early Termination of Investment Period***

If both MM. Massaad Fares and Namir Cortas are no longer actively involved in the management of the Manager and/or the Company (directly or indirectly) because of death, disability or any other reason, then the Investment Period will be terminated at the end of the first full calendar month after the date of such event unless the holders of Priority Shares elects otherwise by a Super Majority Priority Shares Decision based on a proposal made by the Financial Administrator. Notwithstanding the foregoing, the Company will be permitted to make investments after the Investment Period is terminated if such investments are made pursuant to commitments existing at the time the events described herein occurred.

### ***Use of Leverage; Bonds Issuance***

Subject to applicable laws and regulations, the Company shall have the right to issue two different Bonds in one or more series in accordance with the Bonds' Prospectus as follows:

- The Series A Bonds which will bear a fixed annual coupon payable on an annual basis until the Series A Maturity Date (the "**Series A Fixed Coupon**"). The Series A Fixed Coupon will be determined on or before the Initial Closing Date; and
- The Series B Bonds which will bear a fixed annual coupon payable on an annual basis until the Series B Maturity Date (the "**Series B Fixed Coupon**"). In addition to the Series B Fixed Annual Coupon, the Series B Bonds will be entitled to a contingent return equal to 12 per hundred thousand (100,000) of the Net Cash for each Series B Bond (i.e. nominal value of US\$ 10,000) ("**Contingent Return**"). The Contingent Return (if any) will be paid to the Series B Bondholders in accordance with the Distributions Priorities.

The Bonds will be issued in registered form and in specific denominations of US\$ 100,000.

The Series B Fixed Coupon will be less than the Series A Fixed Coupon.

The Contingent Return will be paid as and when profits on the Priority Shares are being distributed in accordance with the Distributions Priorities. The Series B Bondholders will not be subject to any clawback or giveback obligation with respect to any Contingent Return they may receive from the Company on account of their Series B Bonds.

The Bonds will be offered by the Lead Placement Agent simultaneously to institutional investors and other investors.

The Bonds will be treated as senior unsecured obligations of the Company and will be fully and unconditionally guaranteed on a senior unsecured basis by the Operating Company. The Bonds will rank equally in right of payment to the Company's and the Operating Company's unsecured and unsubordinated indebtedness, if any, from time to time outstanding except for obligations which are mandatorily preferred by law, operational expenses and Permitted Secured Indebtedness.

The Series A Bonds and the Series B Bonds will rank *pari passu* among themselves, particularly in respect of:

- The right to receive the Series A Coupons and the Series B Coupons (other than as to the amounts thereof);
- The right to be repaid the principal amount; and
- Other privileges and guarantees including the Cash Reserve and the Operating Company Corporate Guarantee.

The Operating Company will issue the Operating Company Corporate Guarantee to the Financial Administrator acting for the benefit of the Bondholders.

Unless previously repaid by the Company, the Series A Bonds will be repaid at their outstanding principal amount, together with accrued but unpaid interest (if any) on the Series A Maturity Date. If the Company fails to repay the Series A Bonds in full on the Series A Maturity Date or within 2 business days thereafter, the Series A Maturity Date will be automatically extended to the Extendable Maturity Date without constituting an event of default or giving the Bondholders any right to accelerate payments on the Bonds. The Extendable Maturity Date will be determined by the Company and communicated to the Series A Bondholders. In that event, the fixed annual coupon payable in respect of the Series A Bonds will change from the one applied up to the Series A Maturity Date to become equal to the interest applicable to the 7 years USD denominated T-Bill of the Lebanese Government at the time of the extension.

The Company will be under the obligation to repay the full outstanding principal amount of the Series A Bonds, together with accrued but unpaid interest (if any) on the Extendable Maturity Date.

Unless previously repaid by the Company, the Series B Bonds will be repaid at their outstanding principal amount, together with accrued but unpaid interest (if any) on the Series B Maturity Date. The Company will be under the obligation to repay the full outstanding principal amount of the Series B Bonds, together with accrued but unpaid interest (if any) on the Series B Maturity Date.

The Company may at any time prepay all or part of the principal amount of the Bonds. Such prepayment shall not be subject to any prepayment penalty or break costs. Further and as and when the Company has Excess Cashflow, the Issuer is required to apply 85% of such Excess Cashflow for the prepayment of the principal amount of the Bonds.

The Company will have the right to issue additional Series A Bonds or Series B Bonds which may be consolidated and form a single series with the existing Series A Bonds or Series B Bonds, as the case may be.

The Company and/or the Operating Company may use from time to time the Permitted Secured Indebtedness.

During the Investment Term, the Bonds Financing (excluding interest accrued thereon) Permitted Secured Indebtedness shall not exceed four (4) times the Committed Capital of the Company on a consolidated basis.

The Bonds Financing shall be continuously monitored on a consolidated basis and reported to the Financial Administrator.

For the avoidance of doubt, intercompany financing arrangement between the Company and the Operating Company shall be permitted without any restrictions.

The Financial Administrator will monitor the compliance by the Company of its obligations under the Bonds terms and conditions as well as applicable laws and regulations, including supervision of timely and correct payment of principal or interest.

#### ***Investment Term***

The Investment Term of the Company will be ten (10) years from the Initial Closing Date or such earlier period if all investments have been duly offloaded. Should market conditions remain unfavorable for a period exceeding the Investment Term, the Company will, at the recommendation of the Manager, determine by a shareholders resolution (requiring Absolute Majority Priority Shares Decision), the manner by which the Company will seek to liquidate its investments.

#### ***Dissolution of the Company***

The By-laws will provide for a maximum term of the Company of 99 years. It is expected, however, that the Company will have a term equal to the Investment Term (10 years).

Any voluntary:

- i. dissolution or liquidation of the Company prior to the sale or disposal of all its assets; or
- ii. presentation or filing of a petition or application before any court for the declaration of bankruptcy, winding-up, administration or insolvency of the Company (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation,

shall be subject to the adoption of a resolution by Holders of Shares requiring a Super Majority Priority Shares Decision.

Upon the dissolution of the Company, it is intended that the investments in the Operating Company will be sold, disposed of, transferred or otherwise liquidated in an orderly manner and all investments or the proceeds from the sale, disposition, transfer or liquidation of the investments (after deduction of all related fees and expenses) will be distributed to the Holders in accordance with the distributions priorities provided under Section 11 "*DISTRIBUTION POLICY*" of this Prospectus. There is no guarantee as to the period of time during which the investments in the Operating Company will be liquidated.

### ***Net Asset Value***

The Net Asset Value will be calculated as the value of all of the Company's assets less all of the Company's liabilities, calculated in accordance with IFRS, except to the extent any provision herein has a contrary effect.

The valuation of the real estate properties owned by the Operating Company will be done by third party experts (i.e. real estate experts) on an annual basis. However, the auditors will determine annually at the end of each financial year the Net Asset Value of the Company based on the valuation of the assets as determined by the third party expert. The said Net Asset Value will be provided to each Holder.

The total assets of the Company, the liabilities of the Company and the Net Asset Value shall be calculated under the supervision of the Company's Board.

Net Asset Value will be determined in US Dollars.

The Company's (whether directly or through the Operating Company) liabilities will include the fees and expenses (where applicable) of the Manager and the Financial Administrator, including accrued but unpaid fees (including Management Fees and Marketing Fees); an allowance for the Company's estimated annual audit and legal fees; administration fees; withholding taxes (if any are due and not yet paid to the taxing authority); transfer taxes and other governmental charges and duties (if any); any guaranty fees; any reserve determined to be required for contingencies; and any other liabilities or expenses to be borne by the Company.

### ***Reports to holders of Priority Shares***

Quarterly, the Manager will through the Placement Agent communicate to each Holder a business report that will highlight the realized investments and divestments and other information deemed necessary by the Manager. This is expected to occur within 10 business days of the end of each quarter.

Annually, the Manager will through the Placement Agent provide audited financial statements of the Company and summary financial and other information, including information regarding the composition of the Company's investments and the Net Asset Value.

All reports will be mailed in hard copies and through electronic means to Holders at the last address indicated in the register of shareholders maintained by the Company or Midclear and will be made available to them at the address of the Manager and the Placement Agent.

### ***Auditors***

Ernst & Young p.c.c. having its registered address at Starco Building, South Block B- 9th Floor, Mina El Hosn, Omar Daouk Street, Beirut 1107 2090, Lebanon or such other big 4 auditor as may be appointed by the Company.

### ***Legal Counsel***

Alem & Associates shall act as legal counsel to the Company. The address of the Legal Counsel is located at 126, Foch Street, Beirut Central District, Beirut 2012-6609, Lebanon.

### ***Litigation***

Neither the Company nor the Operating Company is a party, as a plaintiff and as a defendant, to any legal proceedings

### ***Compliance with Policies and Regulations***

As at the date of this Prospectus, the Company is believed to be in compliance with all policies and regulations applicable to it.

## 8. THE MANAGER

### *The Manager*

The Company and/or the Operating Company will enter into Management Agreement with Legacy Central SAL (as Manager) pursuant to which the Manager will, subject to the Company's stated investment objectives and under the supervision and control of the Company's Board, render management and administration services to the Company.

Legacy Central SAL is a management firm that manages and supports high impact entrepreneurs and financiers in building high growth ventures in the Real Estate industry. It is owned and controlled by the holders of the Common Shares. Legacy Central SAL is a Lebanese joint stock company incorporated on 25 November 2016 with the Beirut Commercial Register under number 1021923 having its registered office located at 126, Foch Street, Beirut Central District, Beirut 2012-6609, Lebanon.

The Manager is an unregulated entity and as such it is not subject to the supervision of the CMA.

### *Director of the Manager and the Management Team*

Mr. Massaad Fares and Mr. Namir Cortas will be the Directors of the Manager. The presence of Mr. Fares and Mr. Cortas is essential to the business and development of the Company.

The management of the Manager shall be led by Messrs. Massaad Fares, Namir Cortas and Alain Bassoul (the "**Management Team**").

#### *Mr. Massaad Fares*

*Please see biography in Section 7, "THE COMPANY - Investment Committee"*

#### *Mr. Namir Cortas*

*Please see biography in Section 7, "THE COMPANY - Board of Directors"*

#### *Mr. Alain Bassoul*

With various experience in the fields of finance in France and Lebanon, Mr. Bassoul has specialized since 2010 in real-estate finance, when he joined Prime Consult. He has studied and analyzed since then more than 130 project of an aggregate value exceeding US\$ 11 Billion. He was also handling the financial management of assets worth US\$ 430 Million. He holds an MSc in Management (Diplôme HEC) from HEC Paris and a Bachelor in Mechanical Engineering from the American University of Beirut.

The address of Mr. Alain Bassoul is situated at Park Tower, 1st Floor, Elias Sarkis Avenue, Achrafieh 2062 8306, Beirut, Lebanon.

## *The Management Agreement*

### **THE MANAGEMENT AGREEMENT IS A RELATED PARTY TRANSACTION OF THE COMPANY.**

Pursuant to the Management Agreement the Manager shall not have the right to make any investment, divestment or strategic decisions in relation to the business, operations and investments of the Operating Company. The Manager's main responsibilities will include, *inter alia*, the following:

- identifying during the Investment Period investment opportunities in the targeted real estate development projects;
- undertaking initial screening, review and analysis of potential investments during the Investment Period;
- assuring a physical inspection and technical appraisal for potential investments;
- carrying out all negotiations with the developers and other stakeholders involved in the targeted project;
- manage the marketing and sales processes of the properties acquired by the Operating Company and keep the Operating Company and/or the Company informed of the marketing and sales activities;
- negotiate with the potential buyers the terms and conditions of the sales transactions subject to the instructions and directions set by the Operating Company.
- preparing recommendations to the Investment Committee for decisions relating to the Operating Company;
- carrying out the execution process of all investment, divestment decisions in accordance with the Investment Committee's decisions;
- assist the Compliance Officer with his duties and make available all documents and information that may be reasonably requested by the Compliance Officer;
- overseeing the day-to-day management of investments in the Operating Company;
- follow up on the investment program of the Operating Company and the Company, advise the Operating Company and/or the Company on the investment program and strategy and keep such investment program under continuous review;
- act from time to time in accordance with all instructions given and authorities delegated to it by the Operating Company pursuant to the performance of its duties under this Agreement;
- conduct relations with any agents, accountants, attorneys, underwriters, brokers and advisors, insurers or banks and such other persons in any such other capacity deemed to be necessary or desirable insofar as they relate to management and financial and investment counselling of the Operating Company and/or the Company;
- select third party service providers in relation to the business and operations of the Operating Company;
- submit all instructions or advice concerning any acquisition, disposal or other dealing in any property of the Operating Company in such form as the Operating Company and the Manager may from time to time agree upon;
- carry out reviews of real properties held by the Operating Company whenever the Manager shall deem appropriate or as the Operating Company shall reasonably require;
- liaise with real estate appraisers and auditors from time to time to determine the valuation of the Operating Company's investments;
- advise the Operating Company concerning all actions which, in the opinion of the Manager, the Operating Company should consider taking to carry into effect investment of the Operating Company's available capital and advise the Operating Company on the weighting necessary between different investments having regard to the Operating Company's liabilities;

- prepare material for inclusion in annual or other reports of the Operating Company and/or the Company whenever required by the Operating Company;
- together with the Operating Company, negotiate all arrangements and supervise the implementation of such arrangements;
- Manage the properties owned by the Operating Company until divestment;
- Relationship with the shareholders and Eligible Investors (regular reporting, answering specific queries, etc.) in coordination with the Financial Administrator;
- Provide administrative and financial management services to the Operating Company (paying developers, suppliers, advisors, etc...) subject to maintaining the money in the Operating Company's bank account subject to the oversight of the Financial Administrator; and
- day to day management operations of the Operating Company.

**The Manager is under the obligation to disclose all conflict of interest situation it becomes aware to the Operating Company and the Compliance Officer. The services of the Manager are not exclusive to the Operating Company and/or the Company. However, Until the earlier of (i) the end of the Investment Period or (ii) such time as 70% of the aggregate Committed Capital has been called by the Company, the Manager shall be prohibited from participating in the formation of, or provision of services to, an investment vehicle intended for investors to pursue the same investment strategy in real estate of the Company in Greater Beirut.**

**Under the Management Agreement, the Manager will commit to ensure that the sales team employed by the Manager will only be performing its sales activities for properties related to the Company, the Operating Company or such above-mentioned investment vehicles.**

Pursuant to the Management Agreement, the Company will agree to indemnify the Manager against any error of judgment or mistake of law or for any loss suffered by the Company or any holder of Priority Shares in connection with the matters to which the Management Agreement relates, or for any loss or liability incurred by the Manager in connection with its services rendered to the Company, except that the Manager shall be liable for any such loss or liability resulting from fraud, willful misconduct or gross negligence by the Manager in the performance of its obligations under the Management Agreement.

This Management Agreement shall become effective on the Initial Closing Date and shall have an initial term of ten years and, if not sooner terminated, will continue in effect for successive periods of one (1) year each thereafter.

The Manager may not terminate the Management Agreement for convenience. The Manager's right to terminate the Management Agreement is limited to the following instances:

- at any time by giving not less than 90 days' notice in writing (or such shorter notice as the Operating Company may accept) to the Operating Company for Cause provided that the Cause has been confirmed by a final decision issued by a court of competent jurisdiction. For purposes hereof, "Cause" shall mean bad faith, willful misconduct, fraud or any material breach of this Agreement which is not cured after notice; or
- at any time by notice in writing to the Operating Company if the Operating Company or the Company shall go into liquidation or if a receiver or provisional liquidator or administrator or similar officer is appointed over any of the assets of the Operating Company or the Company.

The holders of Priority Shares may cause the termination of the Management Agreement for Cause subject to an Absolute Majority Priority Shares Decision and the confirmation of the breach by a final decision issued by a court of competent jurisdiction.

The Company and the Operating Company shall be under the obligation to enforce the terms and conditions of the Management Agreement and take appropriate actions as and when a breach is committed by the Manager.

The Manager will be responsible for all of its day-to-day operating expenses, including:

- Employees' salaries and social charges;
- Outsourcing fees for certain specific functions;
- Sales team incentives;
- Travel and accommodation expenses; and
- Office rental, equipment, expenses and utilities.

The Management Agreement is governed by Lebanese Law and any stamp taxes on the Management Agreement shall be paid by the Operating Company.

***Allocation of Opportunities; Conflict of Interest***

Until the earlier of the end of the Investment Period or such time as 70% of aggregate Committed Capital has been called by the Company, the Manager shall be prohibited from participating in the formation of, or provision of services to, an investment vehicle intended for investors to pursue the same investment strategy in real estate of the Company (as described herein) in Greater Beirut.

## 9. USE OF PROCEEDS

It is expected that the net proceeds to be received from this Offering will range between:

- A minimum of approximately US\$ 15,000,000 subject to deducting the fees and expenses listed in Section 12 "FEES AND EXPENSES"; and
- A maximum of approximately US\$ 75,000,000 after deducting the fees and expenses listed in Section 12 "FEES AND EXPENSES".

The Company through the Operating Company intends to use the net proceeds from this Offering together with the Bonds Financing i.e. the Contributed Funding to originate and acquire our target assets in a manner consistent with its investment objectives and investment guidelines described in this Prospectus.

Until appropriate investments can be identified, the Company intends to invest the Contributed Funding in Permitted Temporary Investments. These investments are expected to provide a lower net return than what is intended to be achieved from the targeted investments.

The Contributed Funding (whether at the lower or higher end) is sufficient to cover its intended use. The Company will hold the Cash Reserve from its Contributed Funding. The Company will seek to raise more funds through the offering of additional Priority Shares on Subsequent Closing subject to a maximum of US\$ 75,000,000. The Company may issue additional series of Bonds in accordance with the Bonds' Prospectus.

## 10. FINANCIAL ADMINISTRATOR

The Company will enter into an Administration Agreement with Lucid (as Financial Administrator) pursuant to which the Financial Administrator will administer the Company. Under the Administration Agreement, the Financial Administrator will:

- Monitor the Operating Company's business in general and exercise direct involvement in monitoring the execution of the investment strategy, and assessing the overall financial performance of the Company;
- Monitor compliance of investments with the investment objectives and guidelines;
- Assess the performance of the investment in the Operation Company, on a periodical basis, and report performance to the Company and its Shareholders;
- Supervise administration, legal and audit functions of the Company;
- Run KYC checks and the required compliance procedures on all potential investors in the Priority Shares and Bonds;
- Carry out investors relations: attend all calls and requests of investors. To this effect, the Financial Administrator will keep itself informed, through regular contacts with the Manager and its team, of all matters that might be of interest to investors;
- Investor Reporting: Assist the Manager in the preparation of regular reports, send reports to investors;
- Act as the primary banking service provider to the Company and the Operating Company as instructed and within the policies set out by the Company Board, and to provide these services on a competitive basis with respect to the Lebanese market. The Financial Administrator may also choose to entertain banking relations for the Company and Operating Company with other banks to maximize the interest of the Company and the Operating Company
- Monitor all the Operating Accounts and hold, as a security agent for the Bondholders, a pledge over the Cash Reserve Account;
- Hold to the benefit of the Bondholders the Operating Company Corporate Guarantee; and
- KYC Services: Carry out credit, KYC and AML checks on all prospective sellers and buyers of properties.

The Administration Agreement provides, *inter alia*, that the agreement will be for the Investment Term and may not be terminated except for Cause.

The Financial Administrator shall not be liable to the Company or its Shareholders for any acts or omissions in the performance of its services except for its own negligence of its obligations under the Administration Agreement, and the Financial Administrator shall be indemnified in acting as financial administrator except in the case of its own negligence, willful misconduct or reckless disregard of its obligations under the Administration Agreement.

The Financial Administrator shall have access to all books, and records of the Operating Company and the Company.

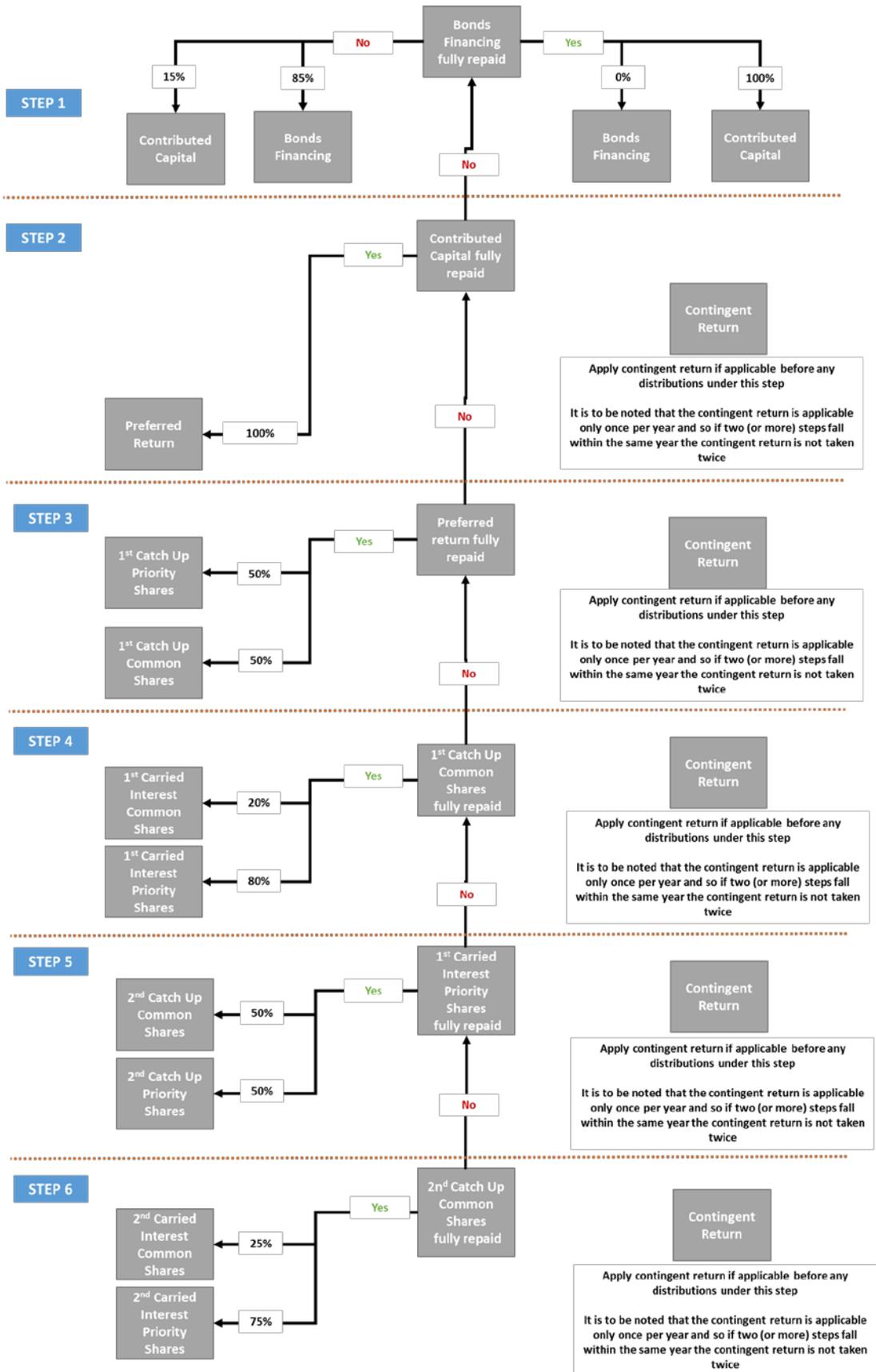
## 11. DISTRIBUTION POLICY

### *Distribution Priorities*

Subject to applicable laws and the By-laws and the subject to the deduction of the Contingent Return (as and when applicable), the Excess Cashflow will be distributed or applied, in the following order of priorities:

- *First, Return of Contributed Capital and Bonds Financing:* (i) 85% of the Excess Cashflow will be used to prepay the outstanding principal amount of the Bonds; and (ii) 15% of the Excess Cashflow will be distributed to the holders of Priority Shares in repayment of their outstanding Contributed Capital. Upon full settlement of the outstanding principal amount of the Bonds, 100% of the Excess Cashflow will be distributed to the holders of Priority Shares in repayment of their outstanding Contributed Capital.
- *Second, Preferred Return:* 100% of the remaining Excess Cashflow pursuant to the paragraph "*First, Return of Contributed Capital and Bonds Financing*", less the corresponding deduction for the Contingent Return (as and when applicable) will be distributed to the holders of Priority Shares until the cumulative amount distributed to the holders of Priority Shares represents an 8% internal rate of return on the amounts distributed pursuant to the paragraph "*First, Return of Contributed Capital and Bonds Financing*"
- *Third, First Catch-Up:* pursuant to the paragraph "*Second, Preferred Return*", and after deduction of the Contingent Return (as and when applicable), (i) 50% of the remaining Excess Cashflow will be distributed to the holders of Priority Shares and (ii) 50% of the remaining Excess Cashflow will be distributed to the holders of Common Shares until the holders of Common Shares receive 20% of the total amount distributed to the holders of Priority Shares and holders of Common Shares (excluding amounts distributed as return of Contributed Capital as set forth in the paragraph "*First, Return of Contributed Capital and Bonds Financing*").
- *Fourth, First Carried Interest:* after deduction of the Contingent Return (as and when applicable) (i) 80% of the remaining Excess Cashflow pursuant to the paragraph "*Third, First Catch up*" to the holders of Priority Shares and (ii) 20% of the remaining Excess Cashflow pursuant to the paragraph "*Third, First Catch up*" to the holders of Common Shares.
- *Fifth, Second Catch-Up:* as and when the holders of Priority Shares receive such total amounts that represent a 20% internal rate of return on the amounts distributed pursuant to the paragraph "*First, Return of Contributed Capital and Bonds Financing*", the remaining Excess Cashflow pursuant to the paragraph "*Fourth, First Carried Interest*" after deduction of the Contingent Return (as and when applicable), will be distributed as follows (i) 50% to the holders of Priority Shares and (ii) 50% to the holders of Common Shares until until the holders of Common Shares receive 25% of the total amount distributed to the holders of Priority Shares and holders of Common Shares (excluding the return of Contributed Capital as set forth under "*First, Return of Contributed Capital and Bonds Financing*" above).
- *Sixth, Second Carried Interest:* after deduction of the Contingent Return (as and when applicable) the remaining Excess Cashflow pursuant to the paragraph "*Fifth, Second Catch Up*" will be distributed as follows (i) 75% to the holders of Priority Shares and (ii) 25% to the holders of Common Shares.

Below an illustration of the Distribution Priorities



The holders of Common Shares irrevocably agree to assign to the holders of Priority Shares all above stated distributions so as to ensure that Distributions are made in accordance with the priorities provided herein and the holders of Common Shares will irrevocably instruct the Company to implement the terms of this assignment with no further action required on the part of the holders of Common Shares.

Holders of Priority Shares hereby understand that Distributions will be made to them only from, and for the avoidance of doubt are limited to, distributions or any other amount received by the Company in respect of its investments in the Operating Company and proceeds arising from the sale or disposition of all or part of such investments.

For purposes hereof, "**Excess Cashflow**" shall mean the excess cashflow of the Company, comprised of proceeds, net of taxes and Cash Reserve requirements, expenses, capital expenditures, interest coupon payments on the Bonds, interest and principal repayments of the Permitted Secured Indebtedness payments, fees and any required legal reserves, received from the Company's investments, on the basis of the audited financial statements.

Under Lebanese law, all Distributions to Holders are subject to the adoption of a resolution by Holders of Shares representing at least majority of all Shares present or represented and entitled to vote at a meeting of Holders, duly called and convened and at which the relevant quorum is present and acting throughout, approving such Distributions.

The Distributions Priorities (mainly for the return of Contributed Capital) will still apply upon liquidation (whether voluntary or involuntary), dissolution or winding-up of the Company.

The Excess Cashflow will be calculated and paid on a yearly basis following the issuance of the audited financial statements of the Company.

Following the issuance of the audited financial statements, the Contingent Return will be deducted - when applicable - from the Excess Cashflow. The remaining amount will be distributed to the holders of Priority Shares and holders of Common Shares according to the priorities listed herein

**There can be no assurance that the Company will achieve its objective and the Company's investment results may vary substantially over time.**

### ***Cash Reserve***

The Company shall as of the Initial Closing Date at all times maintain out of the Contributed Funding a Cash Reserve of:

- an amount sufficient to cover 1.5 *times* the applicable fixed annual coupon of the outstanding Bonds until full repayment of the principal amount of the Bonds and accrued and unpaid interests thereon; and thereafter,
- an amount equal to an agreed upon Projected Costs

The Cash Reserve will be held in the Cash Reserve Account.

The Cash Reserve Account will be pledged in favor of the Bondholders.

After full repayment of the principal amount of the Bonds and accrued and unpaid Series A Fixed Coupons and Series B Fixed Coupons thereon, the Cash Reserve shall be amended so as to become equal to an agreed upon Projected Costs.

For purposes hereof, "**Projected Costs**" shall be equal to the projected costs of the Company for a period of not exceeding two (2) years as proposed, on annual basis, by the Manager and approved by the Company Board.

In the event of any shortage in the Cash Reserve, the Company shall immediately inform the Company Board of such occurrence and shall allocate all Excess Cashflow to reconstitute such shortage.

The Cash Reserve will be invested in Permitted Temporary Investments.

## **12. FEES AND EXPENSES**

### ***Organizational Expenses***

The Company's Organizational Expenses, which are not expected to exceed US\$ 2,500,000 (Two Million Five Hundred Thousand United States Dollars) will be paid by the Company.

The Organizational Expenses will be mainly use to pay taxes and duties arising from the issuance of the Priority Shares as follows:

- stamp duty at the rate of 4 per mill of the total Issue Price of the Priority Shares, i.e. assuming an issue size of US\$ 75,000,000, the stamp duty due will be US\$ 300,000;
- Judge Retirement Fund duty at the rate of 2 per mill of the total Issue Price of the Priority Shares, i.e. assuming an issue size of US\$ 75,000,000, the Judge Retirement Fund duty due will be US\$ 150,000;
- Notary Publics' Retirement Fund duty at the rate of 1 per mill of the total Issue Price of the Priority Shares, i.e. assuming an issue size of US\$ 75,000,000, the Notary Retirement Fund duty due will be US\$ 75,000; and
- Lawyers' Retirement Fund duty at the rate of 1 per mill of the total Issue Price of the Priority Shares, i.e. assuming an issue size of US\$ 75,000,000, the Lawyers' Retirement Fund duty due will be US\$ 75,000.

It is expected that virtually the investments to be made by the Company in the Operating Company amounting to approximately US\$ 300,000,000 will be effected through long term inter-company loans that will be subject to stamp duty at the rate of 4 per mill. i.e. US\$ 1,200,000.

The Sponsor will not cause to Company to carry or bear any historical costs in relation to the set-up of the Company and the Offering except for legal, accounting and tax advisory fees as well as pre-closing marketing fees.

### ***Placement Fees***

The fees due by the Company to the Lead Placement Agent (including other duly appointed placement and selling agents) upon the Initial Closing Date and Subsequent Closings in consideration of their placement efforts services in relation to the Offering shall be equal to three percent (3%) of the aggregate Committed Capital.

The above placement fees are in addition to the fees owed to the Lead Placement Agent in relation to the Bonds Financing, and which amount to one percent (1%) of the total Bonds Financing (or each series or tranches thereof).

### ***Structuring Fee to the Sponsor***

The fees due by the Company to the Sponsor upon the Initial Closing Date and Subsequent Closings in consideration of their structuring services in relation to the Offering and the Bonds Financing shall be equal to 0.5% of the Contributed Funding.

***Licensing Fee to the Lead Placement Agent.*** The one-time fee equal to US\$ 250,000 (Two Hundred Fifty Thousand United States Dollars) due and payable by the Company to the Lead Placement Agent on the Initial Closing Date in consideration of their licensing services in relation to the Offering and the Bonds Financing.

### ***Management Fees***

The Manager is entitled to receive an annual Management Fees in the amount of:

- One and half percent (1.5%) per annum of the Contributed Funding during the first year after the Initial Closing Date.
- Two percent (2%) per annum of the Assets Under Management during the second year after the Initial Closing Date until the sixth year *provided that* the amount of annual Management Fees during that period do not exceed US\$ 4,000,000 (Four Million United States Dollars) and not be less than US\$ 2,500,000 (Two Million Five Hundred Thousand United States Dollars), and thereafter (i.e. following the sixth anniversary of the Initial Closing Date);
- Two percent (2%) per annum of the Assets Under Management during the seventh year after the Initial Closing Date *provided that* the amount of annual Management Fees during that period do not exceed US\$ 3,000,000 (Three Million United States Dollars) and not be less than US\$ 2,000,000 (Two Million United States Dollars), and thereafter (i.e. following the seventh anniversary of the Initial Closing Date); and
- Two percent (2%) per annum of the Assets Under Management.

The Management Fees will be payable semi-annually in advance.

### ***Marketing Fees***

The Manager is entitled to receive an annual Marketing Fees in the amount of one percent (1%) per annum of the Assets Under Management.

For the first five years following the Initial Closing Date the total aggregate amount of the Marketing Fees cannot exceed 2.5% of the total amount invested or committed for investment in properties during the Investment Period.

Starting the sixth year following the Initial Closing Date, the Marketing Fees will be capped at USD 700,000.

The Marketing Fees will be payable semi-annually in advance

### ***Administration Fees***

The Financial Administrator is entitled to receive an annual Administration Fees in the amount of:

- Quarter of a percent (0.25%) per annum of the Contributed Funding during the first year after the Initial Closing Date.
- Half a percent (0.5%) per annum of the Assets Under Management during the second year after the Initial Closing Date until the sixth year provided that the amount of annual Administration Fees during that period do not exceed US\$ 1,000,000 (One Million United States Dollars) and not be less than US\$ 625,000 (Six Hundred Twenty Five Thousand United States Dollars), and thereafter (i.e. following the sixth anniversary of the Initial Closing Date);

- Half a percent (0.5%) per annum of the Assets Under Management during the seventh year after the Initial Closing Date provided that the amount of annual Administration Fees during that period do not exceed US\$ 750,000 (Seven Hundred Fifty Thousand United States Dollars) and not be less than US\$ 500,000 (Five Hundred Thousand United States Dollars), and thereafter (i.e. following the seventh anniversary of the Initial Closing Date);
- Half percent (0.5%) per annum of the Assets Under Management.

The Administration Fees will be payable annually in arrears.

### ***On-Going Expenses***

The Company will pay for its ordinary, legal (recurring and one-off), auditing and operating expenses, expense reimbursement and insurance; any and all reasonable costs and expenses incurred in connection with any outsourcing of the administration of the Company; professional fees (excluding fees of the Financial Administrator, the Manager or any of its shareholders and board members whether directly or indirectly and including technical advisors fees and expenses of auditors, legal counsel and consultants); government filing and registration fees and taxes, as incurred, and for all extraordinary expenses, if any. Operating expenses also include all expenses associated with the execution of all investments (such as, but not limited to, costs directly related to the evaluation, acquisition, holding, management, placement and/or disposal of investments, whether or not such investments proceed to completion). The Company may, in accordance with commercial customs, be required in certain instances to pay commissions or finder's fees in consideration of certain services rendered in connection with the identification, negotiation or execution of an investment.

The costs and expenses incurred by the Manager in providing office facilities, equipment, travel and personnel in order to perform its obligations in such capacity will be borne by the Manager.

The costs and expenses incurred by the Financial Administrator in providing office facilities, equipment, travel and personnel in order to perform its obligations in such capacity will be borne by the Financial Administrator.

### 13. THE OFFERING

#### *Overview*

The Company is seeking to raise from Eligible Investors a minimum of US\$ 15,000,000 (fifteen million United States Dollars) and a maximum of US\$ 75,000,000 (seventy five million United States Dollars) through the offering of Priority Shares during the Initial Offering Period.

The Initial Offering is comprised of a maximum of 7,500 Priority Shares offered during the Initial Offering Period to be issued at the par value of US\$ 1.00 per Priority Share. All Priority Shares will be issued at a premium to par Issue Price of US\$ 10,000 per Priority Share.

#### *Committed Capital; Subscription; Pledge of the Priority Shares*

During the Initial Offering Period, Eligible Investors shall (i) subscribe to Priority Shares (ii) commit for the term of the Investment Period to pay the corresponding aggregate Issue Price for the Priority Shares they have subscribed to as and when called to do so by the Company Board and (iii) immediately fund two third (i.e. 66.67%) of the Committed Capital representing the corresponding Issue Price for the Priority Shares to be issued and fully paid as of the Initial Closing Date upon its subscription.

During the Investment Period, holders of Priority Shares will be required to fund the unpaid portion of the Committed Capital representing the subscription amount for the remaining Priority Shares they have subscribed to subject to a minimum 15 calendar days Capital Call Request sent to the relevant holder of Priority Shares at the address indicated in the Application Form. Within a period of two months following the date of the relevant Capital Call Request, Priority Shares corresponding to the payments made by the holders of Priority Shares on account of their unpaid Committed Capital will be issued at the Issue Price to the benefit of such holders of Priority Shares. It is hereby understood that the Priority Shares to be issued as a result of each Capital Call Request shall be fully paid-up upon their issuance.

The holders of Priority Shares shall be released from their obligations to fund the Committed Capital after the expiry of the Investment Period (i.e. the period ending two (2) years from the Initial Closing Date, subject to a one (1) year extension as determined by the Company Board at the recommendation of the Manager) and concurrently the pledge established over the Priority Shares will be lifted.

The subscription to the Priority Shares shall be made in accordance with the terms set out under the Application Form. Prior to the Initial Closing Date, the subscription amount (that is equivalent to the immediately funded two third (i.e. 66.67%) of the Committed Capital) for the Priority Shares shall be held with the Escrow Agent (*as defined below*) until the final allotment of the Priority Shares is made by the Company Board.

In connection with its subscription for Priority Shares, each Eligible Investor will be required to sign a written undertaking, which shall be set forth in its Application Form, to fund the Committed Capital when and as called to do so. In addition, the Application Form will provide, *inter alia*, that, upon subscription, Eligible Investors will be required to pledge the Priority Shares owned by them to the Company to secure their obligation to fund any portion of uncalled and unpaid Committed Capital when and as called to do so.

An Eligible Investor may be relieved, by Company's decision, from pledging the Priority Shares it holds in accordance with the foregoing, if and to the extent that it can provide proof, acceptable to the Manager in its sole discretion, that it can fund its Committed Capital as and when called to do so. If the Company decides to relieve an Eligible Investor from pledging its Priority Shares, the Manager may, at its sole discretion, require the relevant Eligible Investor to provide alternative collateral, as a security for the payment of the Committed Capital, in form and substance acceptable to the Manager.

### ***Default on the Committed Capital Obligation***

Any default by an Eligible Investor in its obligation to fund any portion of its Committed Capital as and when called to do so may result in certain specified remedies including the Accrued Interest.

In addition, the Company shall have the right to determine at its sole discretion:

- that the defaulting Eligible Investor which has defaulted on its payment shall not be entitled to receive any distributions from the Company of any kind whatsoever (including from priority distributions arising out of issued Priority Shares or coupon payments on the Bonds, if any, held by such defaulting Eligible Investor). Such distribution shall have automatically assignment and application towards the settlement of the unpaid portion of the Committed Capital and Accrued Interest thereon. Such assignment shall remain until full payment of the unpaid portion of the Committed Capital and Accrued Interest thereon; and/or
- that whenever the vote, consent, or decision of an Eligible Investor is required or permitted pursuant to the Prospectus, the By-laws and/or applicable laws, the exercise of voting rights attached to all the Priority Shares held by the defaulting Eligible Investor shall be suspended and considered non-existing for voting purposes (this restriction to vote shall also be applied, if the Eligible Investor holds Bonds, whenever a vote from the Bondholders is required under the Bonds terms and conditions); and/or
- to sell and transfer any and all Priority Shares held by the defaulting Eligible Investors to other non-defaulting Eligible Investor or third party; and/or
- to foreclose on the related Priority Shares (by enforcing the pledge or otherwise) or other collateral (if any); and/or
- to borrow money from other Eligible Investors, banking institutions or others to fund the unpaid called upon portion of the Committed Capital at the cost and expenses (including any interest due on such borrowing) of the defaulting Eligible Investor and assigning its Priority Shares (and Bonds to the extent needed) as security interest of such borrowing without the need to obtain any approval whatsoever from the defaulting Eligible Investors.

For the avoidance of doubt, (i) the Accrued Interest will continue to accrue on any unpaid amount, and (ii) such defaulting Eligible Investor shall remain liable for the payment of any and all capital calls made unless otherwise decided, at its sole discretion.

In addition to the foregoing, no right, power or remedy conferred upon the Company herein shall be exclusive, and each such right, power or remedy shall be cumulative and in addition to every other right, power or remedy whether provided herein, available at law or in equity or by statute or otherwise.

For the avoidance of doubt, any person acquiring the Priority Shares of a defaulting holder of Priority Shares will be required to assume all duties and obligations of the said defaulting holder of Priority Shares, including with respect to funding the remaining portion of its unpaid Committed Capital as and when called to do so by the Company.

### ***Minimum Subscription***

Each Eligible Investor is required to subscribe to Priority Shares for a minimum of US\$ 750,000 (seven hundred and fifty thousand United States Dollars) (net of any bank charges). Subscriptions greater than the minimum amount are required to be in multiples of US\$ 10,000 (Ten Thousand United States Dollars). The Company may in its discretion accept lesser amounts but in no event less than US\$ 100,000 per Eligible Investor.

### ***Initial Offering; Closings***

The Initial Offering Period will commence 5 days following the fulfilments of the conditions set out in the CMA decision approving the Offering (*tentative*) and will terminate six months thereafter on the Initial Closing Date, unless earlier terminated or extended by the Company for three (3) additional months. The Company reserves the right to terminate the Initial Offering Period earlier than its prescribed termination date and cause the Company to commence investment activities when valid subscriptions of at least US\$ 15,000,000 (fifteen million United States Dollars) have been received and accepted.

The First Issue Date is expected to occur within a period of two weeks after the Initial Closing Date.

Subsequent Closings may be held from time to time in the sole discretion of the Company Board, at the recommendation of the Manager, provided that the final Subsequent Closing will occur no later than twelve (12) months from the Initial Closing Date (subject to a one time extension by the Company Board at the recommendation of the Manager for an additional period not exceeding of ninety (90) days) and the total issue size of Priority Shares subscribed for (including those subscribed for at the Initial Closing Date) does not exceed US\$ 75,000,000 (seventy five million United States Dollars).

### ***Participation in Subsequent Closings***

Eligible Investors admitted, or holders of Priority Shares increasing their shareholding in the Company, at Subsequent Closings generally will (i) commit for the remaining term of the Investment Period to pay their Committed Capital made at such Subsequent Closings; (ii) immediately fund a portion of the Committed Capital made at such Subsequent Closings as determined by the Company Board at the recommendation of the Manager. Existing holders of Priority Shares will have the priority to participate in Subsequent Closings.

The issue price for the Priority Shares subscribed for at any Subsequent Closings shall be determined based on the then Net Asset Value of the Company after taking into consideration the unpaid portion of the Committed Capital of all existing holders of Priority Shares. In the context of any Subsequent Closing, the Net Asset Value of the Company shall be determined by the Manager and confirmed by the Auditors.

The participation of Eligible Investors in Subsequent Closings and the subscription to the Priority Shares thereunder will be effected in accordance with the procedure set forth under this Prospectus.

### ***Application form***

In order to purchase any Priority Shares, the prospective Eligible Investor shall have to execute and deliver an Application Form (in the form attached hereto as Annex B) on the basis of the information provided in this Prospectus. Prospective Eligible Investors are urged to read this Prospectus in its entirety and to discuss its contents with their legal, tax, accounting and other advisors (Please see Section 19 entitled "*SUBSCRIPTION PROCESS; INVESTORS SUITABILITY REQUIREMENTS*").

By executing and delivering the Application Form, each prospective Eligible Investor will be deemed to accept the terms provided for in this Prospectus and will be deemed to represent and warrant for the benefit of the Company the suitability requirements provided in Section 19 "Investors Suitability Requirements" set out in this Prospectus.

Each prospective Eligible Investor will also be required to represent that its subscription for Priority Shares meets applicable private placement or other exemption requirements in each jurisdiction applicable to it and to provide all information reasonably required by the Company in order to confirm such representation.

### ***Escrow Agent***

Lucid will act as Escrow Agent in respect of the subscription amounts received by the Company during the Initial Offering Period.

The Escrow Agent shall receive and hold in escrow in a non-interest bearing account opened by the Company with a Lebanese bank all subscription amounts paid to the Company by Eligible Investors during the Initial Offering Period. In the event that any Application Form (as defined below) is rejected, in whole or in part, the relevant subscription amount, or a corresponding portion thereof, shall be returned to the applicant promptly, excluding any interest earned thereon. Following the Initial Closing Date, the Escrow Agent shall transfer all escrowed funds then held by it to the Operating Accounts to be opened with, or at the direction of, the Financial Administrator.

### ***Lead Placement Agent***

Lucid will act as lead placement agent in connection with the offering of the Priority Shares. The Company will be entitled to appoint one or more co-placement agent to offer and market the Priority Shares, subject to the prior approval of Lead Placement Agent on such appointment and its terms and to the approval of the CMA. The co-placement agents shall comply with applicable CMA regulations with respect to the services they would be offering to the prospective Eligible Investors.

Subject to applicable laws and regulations, the Priority Shares are being offered by the Company through the Lead Placement Agent, whether during the Initial Offering Period and at any Subsequent Closing.

## **14. DESCRIPTION OF THE SHARE CAPITAL OF THE COMPANY**

### ***Shares in Issue***

Prior to the Offering, the Company's share capital shall be substantially owned LC Holding SAL and consists of only 20,000 Common Shares fully paid-up, with a par value of US\$ 1.00 per Share i.e. a share capital of US\$ 20,000. All shares issued by the Company are fully paid-up.

Pursuant to the By-laws the share capital of the Company is constituted of two classes of shares (being the Priority Shares and the Common Shares). It is expected that the founders of the Company will, by resolution adopted at a special meeting of shareholders of the Company to be held on or about the Initial Closing Date, authorize the creation of Priority Shares and increase in the Company's share capital to a number of shares sufficient to permit the issuance of all Priority Shares in respect of the portion of the Committed Capital that has been called in, received and accepted. The Company may issue up to 7,500 Priority Shares with an aggregate issue price of US\$ 75,000,000. Each Priority Shares will have a par value of US\$ 1.00, and will be issued at a premium to par at a subscription price of US\$ 10,000.

### ***Nature of the Priority Shares***

The Priority Shares will be equity shares of the Company and part of its share capital. The Priority Shares will be issued in accordance with Article 110 of the Lebanese Code of Commerce. All the Priority Shares will be issued directly to the Eligible Investors by the Company and will not be sold by a third party (including directors, officer, and controller) to the Eligible Investors.

The issue price (par value and issue premium) of the Priority Shares will be denominated in United States Dollars. The share capital of a Lebanese joint stock holding company such as the Company may be denominated in foreign currency provided the accounting of the issuer is made in the same currency.

The Priority Shares will be offered by the Lead Placement Agent and any other co-placement agents (to the extent appointed and subject to the prior approval of Lucid and the CMA on such appointment and its terms). Neither the Company nor the Sponsor will be offering directly the Priority Shares.

The Priority Shares will be issued in registered form. Issuance of the Priority Shares will be effected only by book-entry in the register of shareholders maintained by the Company or Midclear SAL. Certificates may be issued upon request and at the cost of the holders of the Priority Shares.

### ***Ranking***

The Priority Shares shall rank senior to the Common Shares in respect of the right to receive distributions in accordance with the Distributions Priorities, and the right to receive payments otherwise out of the assets of the Company upon any voluntary or involuntary liquidation, dissolution or winding up of the Company in accordance with the Distributions Priorities.

All Priority Shares will rank junior to debt and other similar obligations of the Company such that, in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of debt instruments (including the Bonds) and other similar obligations of the Company would be entitled to be repaid prior to the payment of any amounts to holders of Priority Shares as provided under the Distributions Priorities.

The issuance by the Company of any equity instruments ranking senior or *pari passu* to the Priority Shares shall require an Absolute Majority Priority Shares Decision.

### ***Shareholders***

Prior to the Initial Closing Date, the Company's share capital will consist of 20,000 Common Shares (or more) with a par value of US\$ 1.00 per Share and is substantially owned by LC Holding SAL.

### ***Directors' Interest***

The interests of the Directors of the Company in the share capital of the Company held directly as at prior to the Initial Closing Date will be as follows:

- He Walid Daouk: 0.005 %
- Mr. Namir Cortas: 0.005%
- Mr. Pierre Gaspard: 0.005%

### ***Changes to Terms and Conditions of the Priority Shares***

Any amendment to the material terms and conditions of the Priority Shares as provided under this Prospectus shall require the prior approval of (i) the majority of 66.67% (2/3) of the holders of the Priority Shares convened at a shareholders meeting in accordance with Article 111 of the Lebanese Commercial Code and the By-laws and (ii) the CMA.

### ***Attendance and voting at Shareholders meetings***

Pursuant to Article 105 of the Lebanese Code of Commerce all shares issued by a Lebanese joint stock company have voting rights. Each Common Share and Priority Share will be entitled to one vote. Priority Share or Common Share owned by the same shareholder for more than two years will grant their owner a double voting right in accordance with Article 117 of the Lebanese Code of Commerce.

In accordance with Lebanese law, there are two types of Shareholders' Meetings - ordinary and extraordinary.

Ordinary Meetings of Shareholders are required for matters such as the election and remuneration of directors, the appointment and remuneration of statutory auditors, the approval or modifications of the annual accounts, the declaration of dividends, if any, creation of reserves and the issue of debentures and bonds.

Extraordinary Meetings of Shareholders are required for approval of matters such as amendments to the By-laws, approval of mergers (including approval of the transfer of the Company's assets to the resulting company of such a merger), increases in share capital, the creation of a new class of shares, the authorization of the issue of bonds convertible into or exchangeable for shares, the extension or reduction of the duration of the Company and the liquidation of the Company prior to the end of its statutory term. Resolutions proposing a modification of the Company's form or object require a quorum of at least three-quarters of the Company's voting capital. Resolutions put forward at an Extraordinary General Meeting proposing other changes require a quorum of at least two-thirds of the Company's voting capital. If the requisite quorum is not satisfied at the first Meeting of Shareholders, holders of at least one-half of the Company's voting capital must be present or represented at the second Meeting of Shareholders and at least one-third at the third Meeting of Shareholders.

Resolutions proposed at Extraordinary Meetings of Shareholders are passed by at least a two-thirds majority vote of the Shareholders present or represented at a duly convened meeting.

The Company Board is required to convene an annual Ordinary Meeting of Shareholders, which, to the extent possible, must be held within six (6) months of the end of the Company's financial year for approval of the annual accounts and reports of the Company Board. The quorum required for the annual Ordinary Meeting of Shareholders is one-third (1/3) of the capital. If the quorum is not present, the Meeting is adjourned. Upon the recommencement of the adjourned Meeting, there is no quorum requirement and the resolutions of that Meeting will be valid regardless of the portion of capital represented. Resolutions are adopted by a simple majority vote of shareholders present or represented at a duly convened meeting. Other Ordinary or Extraordinary Meetings of Shareholders may be convened at any time during the year. Shareholders' Meetings may be convened by the Company Board, or, if the Company Board fails to call such a Meeting, by the Company's statutory auditors itself or upon the request of Shareholders representing one-fifth (1/5) of the share capital.

Notice of all Shareholders' Meetings shall at least fifteen (15) days before the date fixed for the Meeting, be personally delivered or sent by registered mail, or in the case of shareholders residing abroad by email or fax to the addresses of shareholders as shown in the Company's records.

The notice of any Shareholders' Meeting must state the date, time and venue of the Meeting and the agenda. The agenda for a Shareholders' Meeting must be drawn up by the Company Board or the person that has convened the Shareholders' Meeting (auditor, court-appointed agent or liquidator). Subject to certain exceptions, no action may be taken at any meeting on any matter not listed on the agenda for that Meeting.

Attendance and exercise of voting rights at Ordinary and Extraordinary Meetings of Shareholders are subject to certain conditions. Each shareholder has the right to vote at the Shareholders' Meetings. Voting occurs by a show of hands or by any other method agreed by Shareholders at a Shareholders' Meeting. Each share (Priority Share or Common Share) confers on the holder thereof the right to one vote, except that any fully paid share which has been registered in the name of the same shareholder for at least two years prior to the convening of any Shareholders' Meeting shall carry two (2) votes.

A shareholder may appoint a proxy to vote on his behalf. With the exception of legal representatives of incapacitated Shareholders, such proxies must themselves be Shareholders.

A shareholder may not vote in person, or by proxy, on any matter in which he has a vested interest, or in respect of a dispute between such shareholder and the Company.

At the request of a shareholder, voting shall be conducted secretly in matters of a personal character such as the removal of directors or the implication of liability for their acts.

A Shareholders' Meeting held in accordance with Lebanese law represents all Shareholders, whether present or not, and its resolutions shall be binding on all Shareholders, including absent or dissenting Shareholders.

Minutes of a Shareholders' Meeting must be signed by the Chairman of the Meeting, one scrutineer and one secretary (who may be a non-shareholder) and are recorded in a special register maintained by or on behalf of the Company. An attendance sheet evidencing the number of Shareholders present or represented, the numbers of their shares and their voting rights is attached to the Minutes and kept at the head office of the Company where every shareholder has the right to consult it.

Pursuant to Article 111 any decision diminishing the rights attached to a certain class of shares must be approved by an assembly formed of such class of shares held in accordance with the rules (i.e. quorum, majority requirements, etc.) of the Extraordinary Meetings of Shareholders.

#### ***Matters Requiring the Approval of the holders of Priority Shares***

The Company may not pass or take the following resolutions or actions without the approval of the holders of the Priority Shares:

- the decision to be adopted by the Holders of the Company to determine the manner by which the Company will seek to liquidate its investments if such investments were not entirely offloaded by the end of the Investment Term. Such decision shall require an Absolute Majority Priority Shares Decision;
- Any voluntary:
  - i. dissolution or liquidation of the Company prior to the sale or disposal of all its assets, or
  - ii. presentation or filing of a petition or application before any court for the declaration of bankruptcy, winding-up, administration or insolvency of the Company (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation,

shall be subject to the adoption of a resolution by Holders of Shares requiring a Super Majority Priority Shares Decision;

- Any change, amendment or disregarding any of the investment restrictions shall be subject to a Simple Majority Priority Shares Decision;
- The transfer of Common Shares (except for transfer of Common Shares required for the appointment of new Directors in the Company) shall require the prior approval of 100% of the holders of Priority Shares during the Investment Period and 75% of the holders of Priority Shares thereafter provided they retain Control over the Manager;

- The issuance by the Company of any equity instruments ranking senior or *parri passu* to the Priority Shares shall require an Absolute Majority Priority Shares Decision
- Any amendment to the material terms and conditions of the Priority Shares as provided under this Prospectus shall require (i) the Super Majority Priority Shares Decision in accordance with the By-laws and Article 111 of the Lebanese Commercial Code and (ii) the prior approval of the CMA.

### ***Lock-Up Transfer of Shares***

Holders of Priority Shares will be prohibited from transferring, selling, pledging or otherwise disposing of their Priority Shares during the Investment Period without the approval of the Company Board acting at its sole discretion, which approval shall not be unreasonably withheld. The Company Board shall inform the holders of Priority Shares by emails or other means communication upon expiry of the Investment Period.

After the end of the Investment Period, the transfer of Priority Shares shall be freely effected provided that the intended transferee is an Eligible Investor. The Company will have the right to reject the registration of a transfer of Priority Shares made to a transferee who is not an Eligible Investor.

Except for transfer of Common Shares required for the appointment of new Directors in the Company, holders of Common Shares shall not have the right to sell or transfer their Common Shares without the prior approval of 100% of the holders of Priority Shares during the Investment Period and 75% of the holders of Priority Shares thereafter provided they retain Control over the Manager.

The transfer of Shares shall be subject to the transferee entering into a deed of adherence whereby it agrees to be bound by the provisions of this Prospectus.

### ***No Optional Redemptions; Compulsory Transfer***

The Priority Shares are not redeemable at the option of their Holders.

The Holder shall be under the obligation to transfer its Priority Shares in the event that the Company Board believes that the relevant Holder is not eligible to hold its Priority Shares or for any other circumstance contemplated herein (including, but not limited to, black listing by BDL, OFAC or other organization of international repute, money laundering, terrorism financing, etc.) or in the By-laws.

The Manager and Company Board shall determine the value of such Priority Shares based on the latest Net Asset Value of the Company.

### ***Preferential Subscription Rights***

In the event of an increase in the share capital of the Company, the Lebanese Code of Commerce and the By-Laws confer on existing holders of Common Shares and Priority Shares a preferential right to subscribe for newly issued Shares, for cash on a pro rata basis.

Existing Shareholders may decide at an Extraordinary General Assembly to exclude the preferential right to subscribe for new shares, in whole or in part, or that new shares shall not be offered for subscription in proportion to shares already held. Any allotment of newly issued shares pursuant to an exclusion of preferential rights, whether to persons who are not existing Shareholders or preferentially to a particular class of existing Shareholders, is subject to a process of verification by an expert appointed by the court. In the case of an issue to persons who are not existing Shareholders, this verification process applies to the full amount of newly issued shares. In the case of an issue to existing Shareholders, only the amount of newly issued shares, which is not offered to existing Holders, is subject to the verification process (Article 113 of the Lebanese Code of Commerce). Failure to comply with this verification process will render a capital increase null and void (Article 113 of the Lebanese Code of Commerce).

Notwithstanding a collective decision of existing Shareholders at an Extraordinary General Assembly to exercise their preferential rights of subscription, Shareholders may elect individually to refrain from exercising their preferential right and take no further action, may assign their preferential right to a third party or may expressly waive their preferential right. In the event of a waiver, the newly issued shares may be offered for subscription to third parties.

#### ***Exit Options of the Holders of Priority Shares***

The holders of Priority Shares may exit their investment in accordance with the following:

- The sale or transfer of their Priority Shares in accordance with the terms and conditions provided under this Prospectus; and
- The dissolution of the Company in accordance with the terms and conditions provided under this Prospectus.

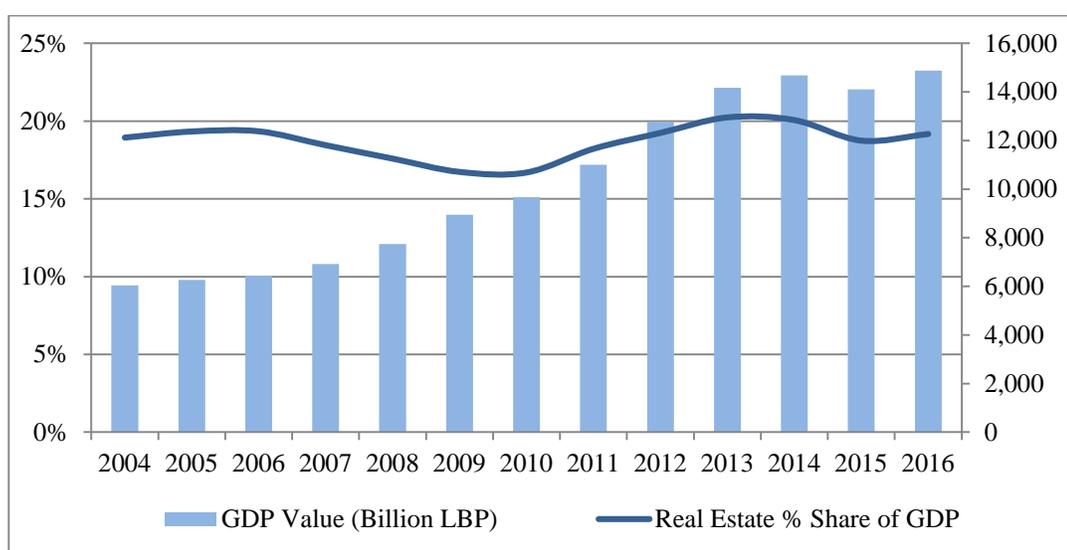
The Priority Shares are not redeemable at the option of their Holders.

## 15. OVERVIEW OF THE LEBANESE REAL ESTATE MARKET

The following provides an overview of the Lebanese real estate market.

### Property Market Overview

Real estate is a major segment of the Lebanese economy. Between 2004 and 2016, the real estate and construction sectors grew rapidly from 6,038 billion LBP (US\$ 4 billion) to 14,877 billion LBP (US\$ 9.9 billion). The real estate share as a percentage of the GDP increased from 18.94% in 2004 to a peak of 20.25% in 2013, declining back to 19.17% in 2016 (Source: Central Administration of Statistics- Lebanon National Accounts).

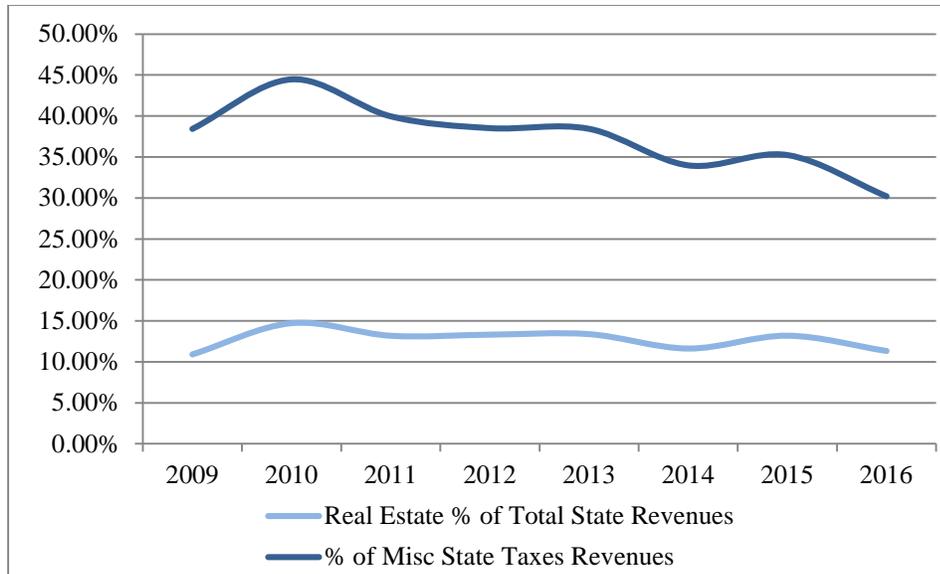


**Chart 1- Real Estate Share of Lebanese GDP**

(Source: Central Administration of Statistics- Lebanon National Accounts)

In Lebanon, the Governmental revenues are divided between tax and non-tax revenues. The tax revenues are sub divided into Value Added Tax, customs and other taxes that include taxes generated from the real estate sector, which amounts to 30% of the other taxes.

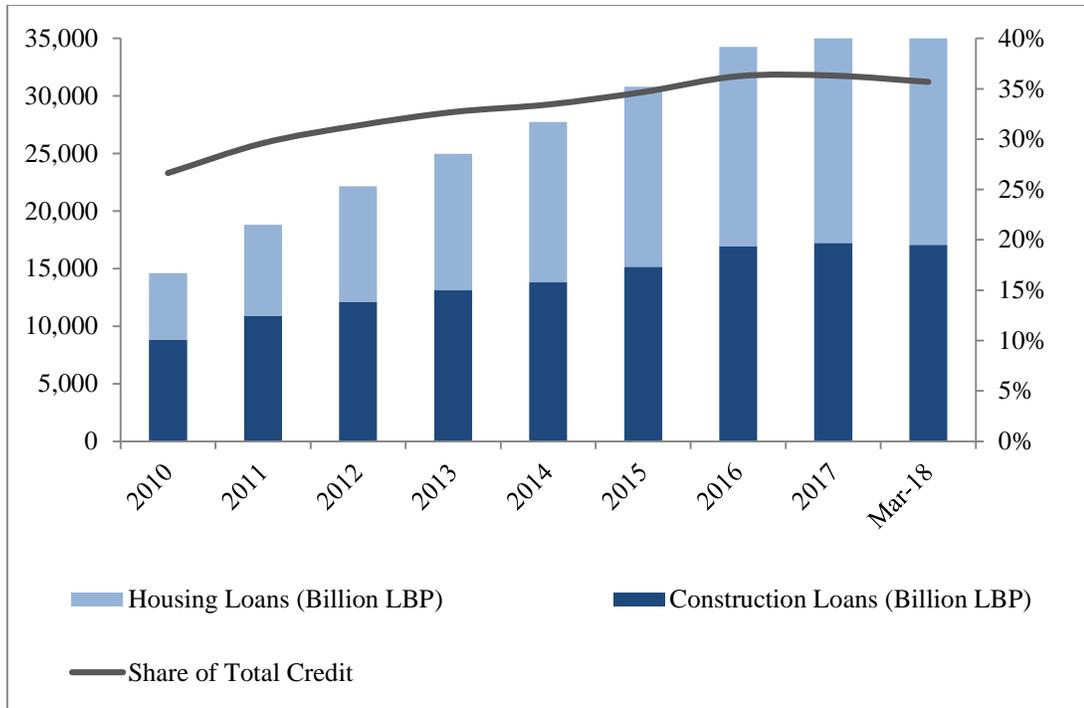
Between 2009 and 2016, real estate taxes increased by 20.74%, while the VAT and the Public Finance Revenues increased by 11.95% and 16.22% respectively. During the same period, the real estate taxes generated an average of 12.68% of the total Public Finance Revenues, reaching as high as 14.73% in 2010 compared to 23.12% for VAT in 2016 (Source: Central Administration of Statistics, Banque du Liban). These figures however, do not take into account the portion of VAT revenues generated by the real estate sector.



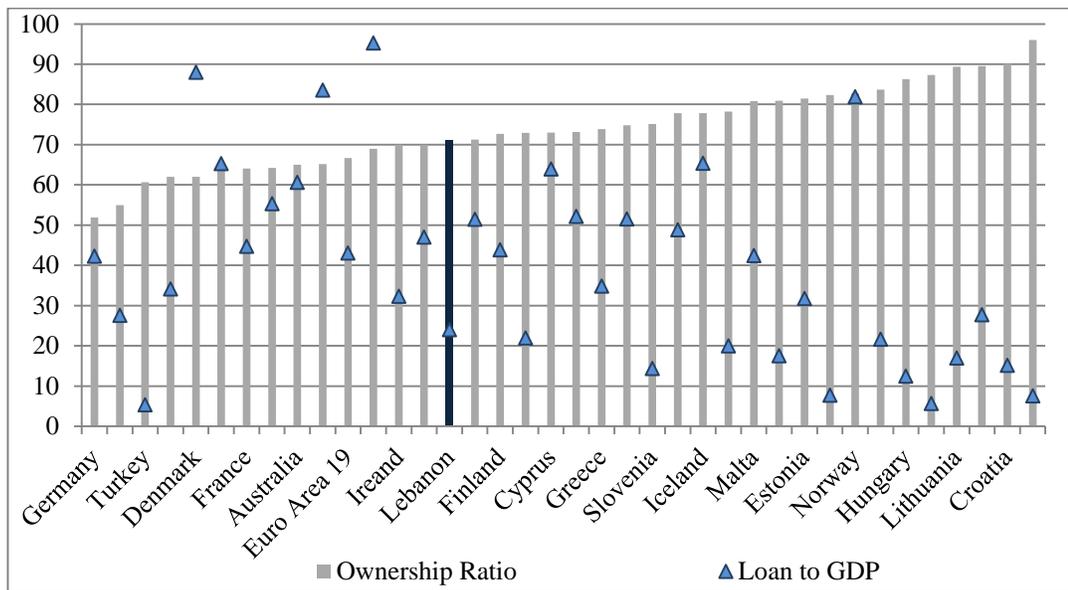
**Chart 2- Real Estate Share of State Revenues**  
(Source: Central Administration of Statistics)

In Lebanese culture and society, owning a home has a strong sentimental value. As of 2004, 71% of Lebanon’s population owned their homes (Source: *Population and housing characteristics in Lebanon, Statistics In Focus (SIF), Central Administration of Statistics, Lebanon, Issue number 2, April 2012*). This percentage has increased since then due to the real estate sector growth and the subsequent housing loans extended by Lebanese banks with preferential rates due to incentives offered by the Central Bank. This ratio is aligned with the EU Mediterranean countries, such as Cyprus 72.9%, Greece 74%, Italy 73.1% or Spain 78.8%. Countries with higher ratios are usually those of the former Eastern Bloc (e.g. Romania 96.1%, Hungary 86.3%, and Russia 83.5%) (Source: *European Mortgage Federation, Eurostat*).

With respect to the banking industry, real estate became the most significant income sector in terms of bank credits, representing 35.68% of the total credits as of March 2018 (Source: *Banque du Liban*). The Central Bank's initiatives and incentives towards the housing loans have fueled this growth. The housing loans to GDP ratio increased from 11.8% in 2010 to 24% in 2016 (Sources: *World Bank, Banque du Liban*). When compared to the European Union countries, the only country with similar housing loans to GDP ratio and percentage of ownership is Italy (22% and 72.9%). Other European countries have either a very high ownership ratio, mainly for the former Eastern Bloc (e.g. Lithuania 89.4%) or high loan to GDP ratio (e.g. The Netherlands, 95.3%) (Source: *European Mortgage Federation, Eurostat*).



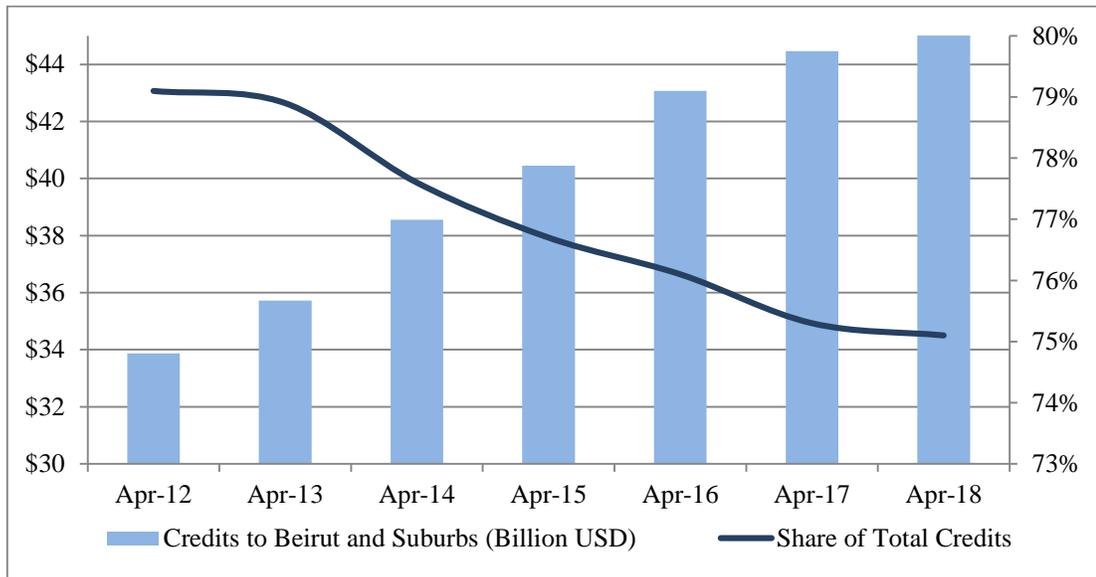
**Chart 3- Real Estate Share of Bank Credits (Source: Banque du Liban)**



**Chart 4- Ownership and Housing Loan to GDP Ratios**  
 (Sources: European Mortgage Federation, Eurostat, World Bank, Central Administration of Statistics)

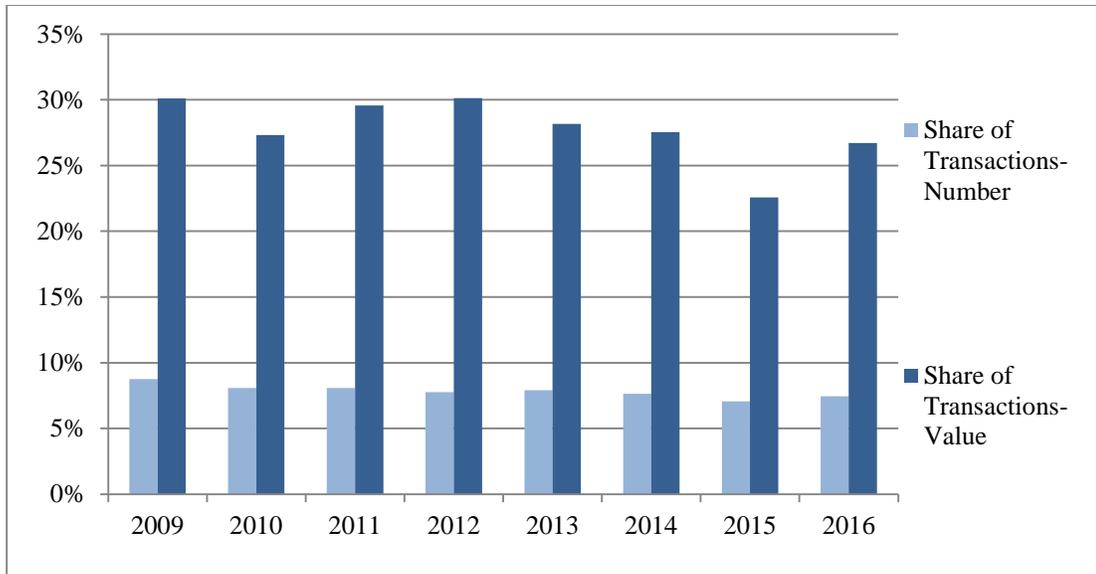
Lebanon is predominantly centered around the capital Beirut due to the demographic, cultural and economic factors. Prior to 1975, Beirut was an attractive tourist destination and a strong financial capital, nicknamed "the Paris of the Middle East" thanks to its French influences and vibrant cultural and intellectual life. By 1990, it was tragically torn and destroyed due to the long civil war.

Mythically renowned for rebuilding itself, Beirut rose again from its rubble and dramatically regained its luster. In April 2018, Beirut and its suburbs accounted for 75.1% of the total credits granted by commercial banks to the private sector. This is slightly lower than the 79.1% recorded in April 2012, but nevertheless still amounts to nearly three quarters of the country's credits, or US\$46.18 Billion (Source: Banque du Liban).



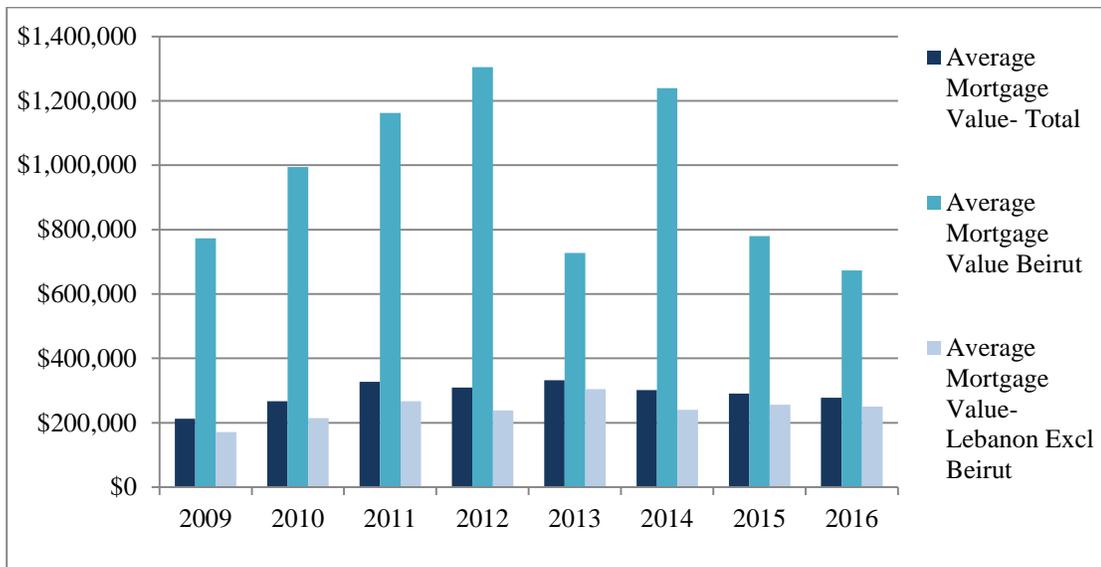
**Chart 5- Beirut Share of Bank Credits** (Source: Banque du Liban)

According to the last census of the Central Administration of Statistics in 2009 Beirut and its suburbs account for approximately 35.4% of the total Lebanese population, with 8.9% of the population living in Beirut. This percentage is in line with the number of real estate transactions in Beirut, which varied between 8.75% of the total transactions in 2009 to 7.44% for 2016. In terms of value, however, Beirut accounted for 26.72% of the total transactions for the same period. (Source: General Directorate of Land Registry and Cadastre).



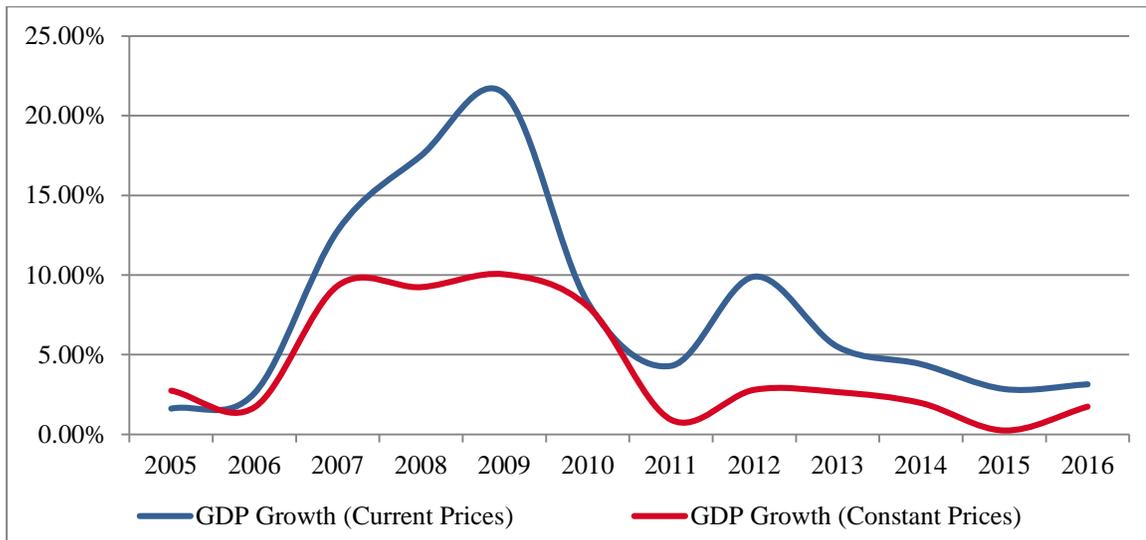
**Chart 6- Beirut Share of Real Estate Transactions**  
 (Source: General Directorate of Land Registry and Cadastre)

When comparing Beirut to other areas of Lebanon, Beirut had an average transaction value of up to 4.5 times higher than other areas between 2009 and 2016. The average value of mortgages offered in Beirut were similar. (Source: General Directorate of Land Registry and Cadastre).

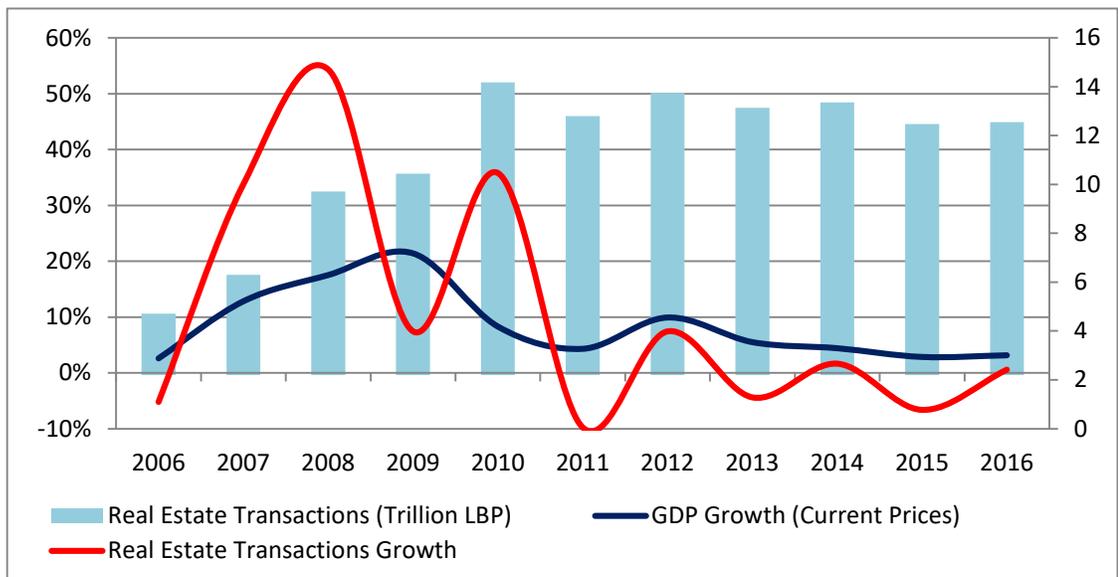


**Chart 7- Real Estate Mortgages** (Source: General Directorate of Land Registry and Cadastre)

Since 2011, the Lebanese economy witnessed a brutal slowdown that is prevailing until today. This weak economy has affected numerous sectors including real estate. (Source: Central Administration of Statistics).

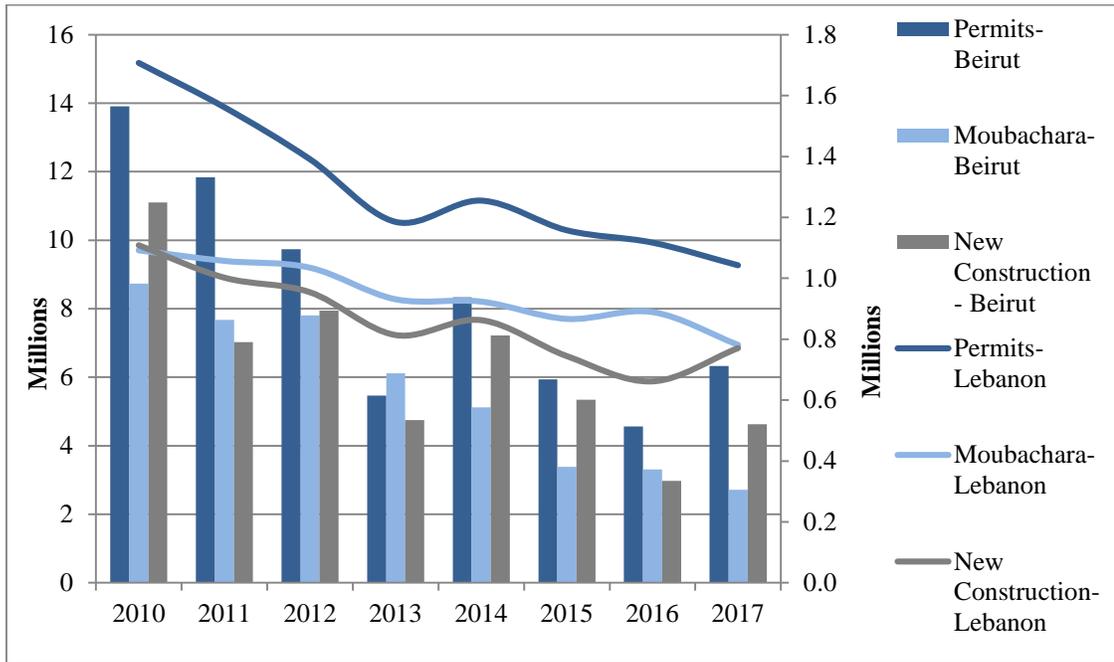


**Chart 8- Evolution of GDP Growth in Lebanon**  
 (Source: Central Administration of Statistics)

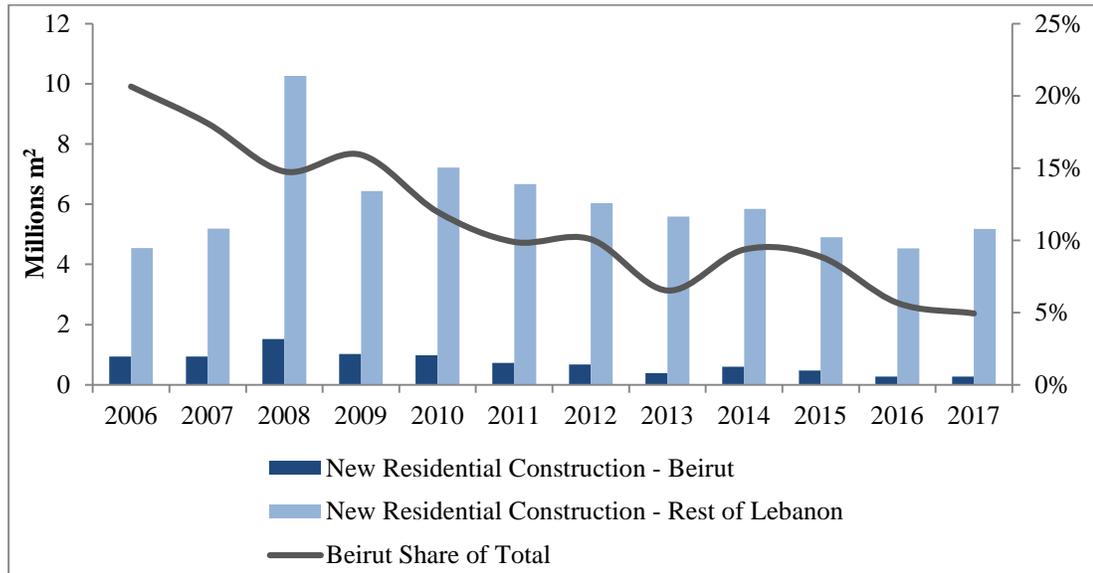


**Chart 9- Comparison GDP and Real Estate Transactions**  
 (Source: Central Administration of Statistics, General Directorate of Land Registry and Cadastre)

Between 2010 and 2016, applications for the different building permits declined by 34.53% in Lebanon. This decline was more evident in Beirut, which dropped by 67.16%. While new residential building permits declined 37.27% between 2010 and 2016 in Lebanon, with Beirut declining by more than 72% over the same period (Source: Order of Engineers and Architects).

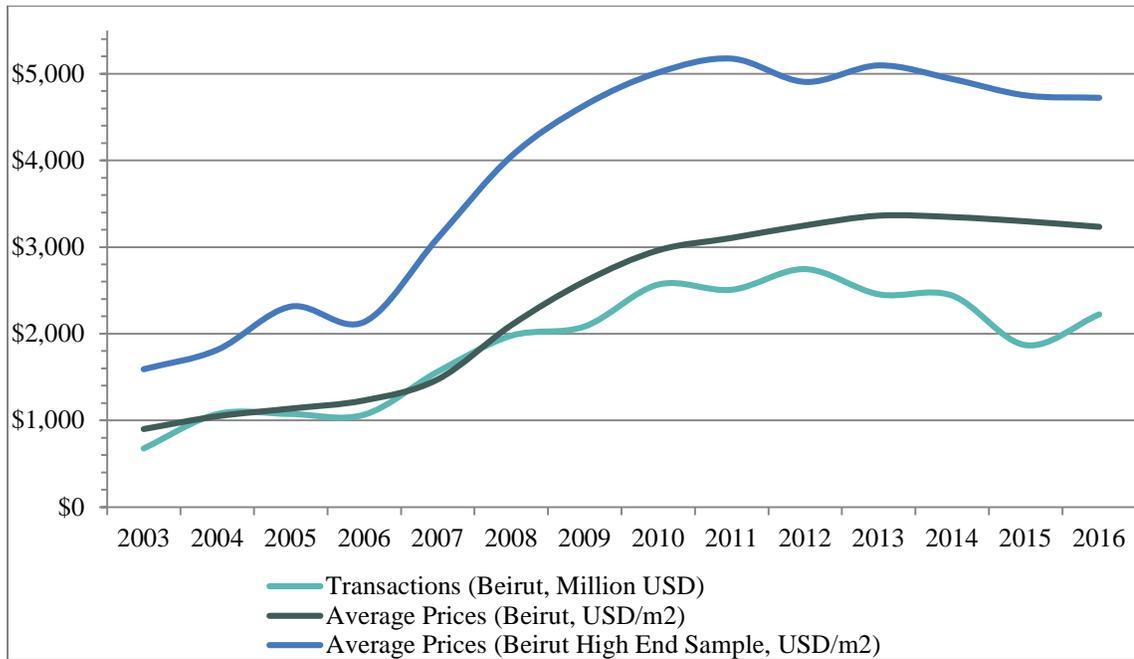


**Chart 10- Licensed Construction Areas in Lebanon and Beirut**  
 (Source: Order of Engineers and Architects)

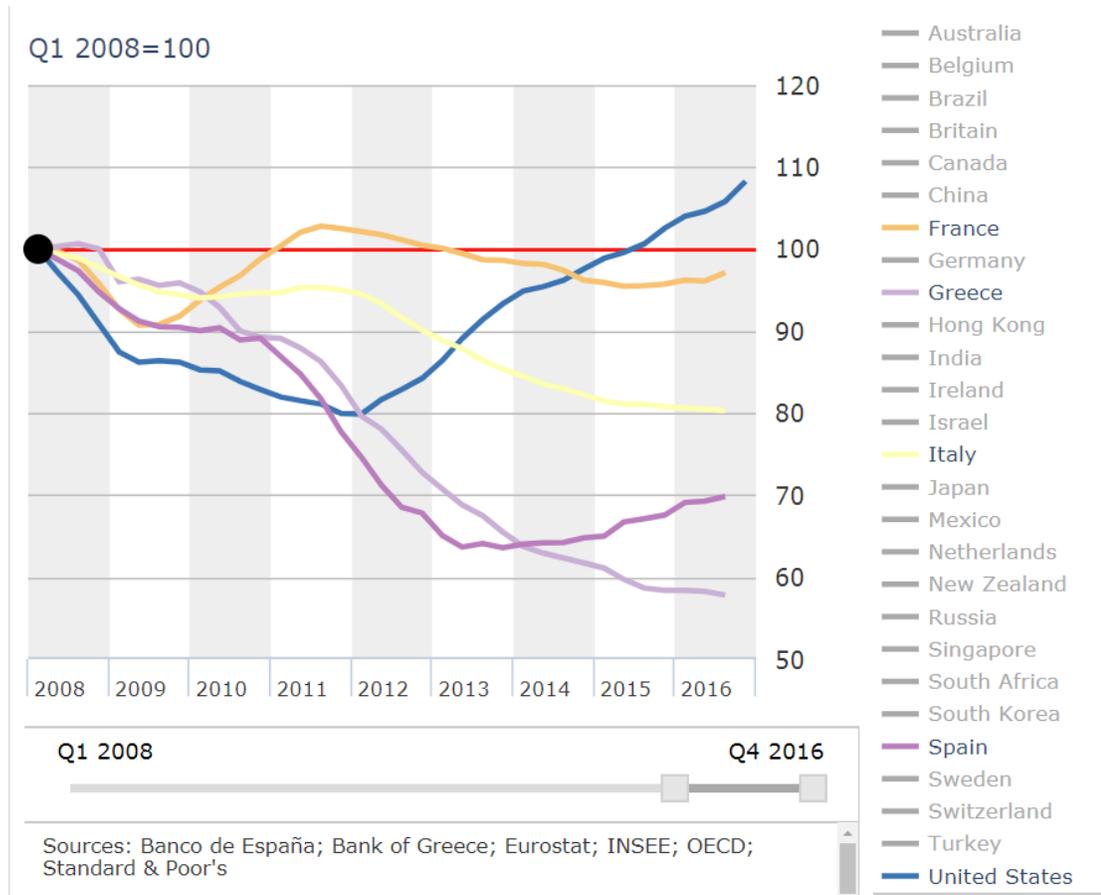


**Chart 11- New Residential Construction Areas in Lebanon and Beirut**  
 (Source: Order of Engineers and Architects)

Despite the stagnation in the real-estate sector, prices have held firm. In 2016, the prices of new units in Beirut declined by 7.62% compared to their peak prices that were reached in 2011. As for the old units, their prices declined by 3.08% compared to their peak in 2013. The high-end sector displayed a higher volatility, with average prices dropping 8.73% from the 2011 peak. . (Source: *InfroPro Research, General Directorate of Land Registry and Cadastre*).

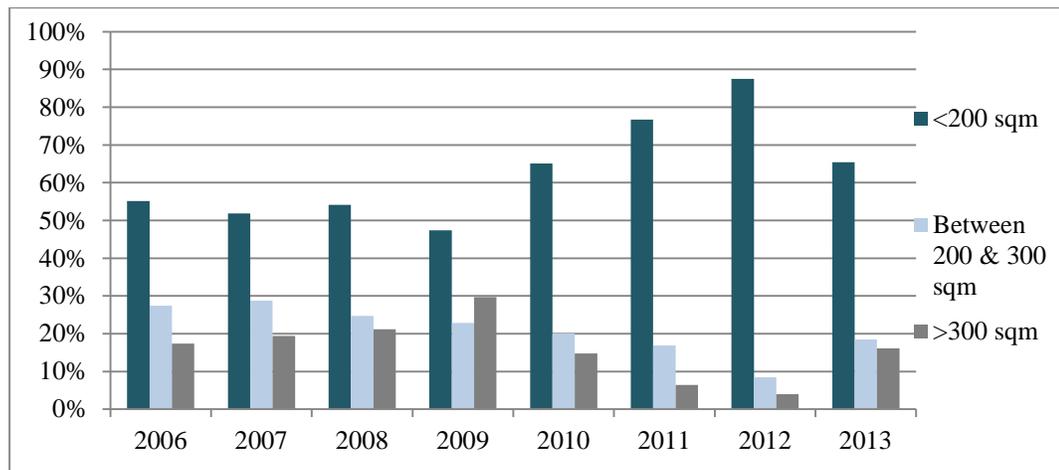


**Chart 12- Evolution of Real Estate Transactions and Average Price per Square Meter in Beirut**  
 (Source: *InfroPro Research, General Directorate of Land Registry and Cadastre*)



**Chart 13- Evolution of Real Estate Price Indexes in Selected Countries**  
 (Source: The Economist House Price Index)

The price resilience is understandable through adaptations made by the developers, by providing the market with smaller units (Source: Order of Engineers and Architects).



**Chart 14- Size of Residential Areas Applied at Order of Engineers and Architects**  
 (Source: Order of Engineers and Architects)

## Property Market Analysis-The Opportunity

Our analysis is specific to the residential sector of the property market in Beirut, which is strongly oriented towards end-users rather than investors:

- **Incentives on Housing Loans:** The notable success of the different housing loan programs offered in the market, demonstrates the high demand and desire for acquiring properties in Lebanon.
- **Low Rental Yields:** Residential rental yields in Beirut is approximately 4% per annum (source: Global Property Guide), which does not make it an attractive investment. The price increase along with the attractiveness of incentives on housing loans have further weakened the rental market against buying properties.
- **Fragmented, Individualized Ownership:** There are no major real-estate trusts or companies operating large property rental pools in Lebanon. The market is extremely fragmented, therefore it does not have prominent market leaders.

We have conducted a field research study on 57 large luxury developments in Beirut, that we believe have slow moving units, and concluded the following:

- 36 Projects, representing 23 developers, have bank financing with mortgages totaling US\$ 1.12 Billion.
- 21 out of the 36 projects have obtained at least one loan increase during their lifetime.
- Only 3 developers have launched new projects since 2014.

The market has experienced a shift in the typology of units developed, leaning towards smaller units. This shift has exerted high pressure on large luxury units.

- **Reduced demand from foreign buyers and expats.** The demand for luxury real estate, and specifically for larger units, came from foreigners (mainly GCC nationals) and Lebanese expats. (Sources: Bank Audi Sector Research Real Estate, October 2016 & Blominvest Bank in Depth Review of the Lebanese Real Estate Sector in 2015, February 2016).

This demand was greatly diminished due to many factors including the Syrian war, the political crisis in Lebanon, security issues and threats on GCC nationals, the drop in oil prices, economic slowdown in Europe, Middle East, Africa, Brazil etc.

- **Prominent Developers are engaged in their large luxury projects.** These projects are located on large plots of lands in prime areas of Beirut, and feature high standards of finishing and amenities, thus making it capital intensive. The slowdown in demand and sales of these projects is forcing the developers to mobilize all their resources for the completion of these large projects, and is preventing them from entering new developments.
- **A ripple effect on the Grade-A supply chain of the sector.** The weak demand for luxury real estate units and the tendency towards small functional units has a direct effect on the supply chain of the luxury projects including grade-A architects, consultants, contractors, sub-contractors and suppliers whom are having difficulties in finding new projects as well as facing payment delays from their existing backlog.

- **Banks are exposed to the full real-estate value chain.** The banks finance the real estate projects including the developers, contractors and suppliers. Therefore, the difficulties encountered by the real estate value chain had a direct impact on the banks, which have faced payment delays and rescheduling of their loans. The market stagnation impacts the classification of the loans, and forces the banks to take provisions as per accounting standards. The implementation of IFRS 9 norms in 2018 will limit the ability of the banks from seeking new real estate opportunities, due to the high sector exposure.

Accordingly there is an opportunity to purchase large units at favorable discounted prices

- **Developers need to ease the pressure** from banks and contractors and re-launch their activities. These prominent developers have been forced to forgo new development opportunities. Used to large-scale projects, they will actively seek to apply their knowledge and experience to new areas other than the large luxury sector, while bringing along the grade-A consultants, contractors and suppliers. We are convinced thus that developers will be inclined to offer a substantial number of properties at attractive discounts in order to finish their current projects and move-on to new ventures and growth opportunities.
- **Banks need to offload loans that were dragging and finance new opportunities** in real estate. Real estate is a safe investment sector in Lebanon, due to the vast end-user market. Most significantly, and under the guidance of the *Banque du Liban*, banks have always adopted a conservative approach and thorough analysis towards real estate project valuation. Thus, the loan-to-value ratios did not witness any distressed situations. Real estate financing is secured by mortgages on the properties, and this conservative approach makes it a safe sector for the banks. Deposits in banks keep growing while financing opportunities are getting scarce. There is a need for banks to open up new opportunities in real estate.

Nevertheless, large units will represent attractive opportunities in the near future:

- **Discrepancy between Land and Apartment Price Evolution:** Between 2011 and 2014, Legacy Central's team has witnessed a discrepancy between the land and property price changes. Prices of both assets were increasing in similar pattern until 2011, where property prices started to stagnate while the land prices kept rising and remaining a long-term valued investment. The consequence of this discrepancy is the difficulty of finding a land with a developmental potential.
- **Slow reactivity on the supply-side of the market:** The lack of detailed statistics in Lebanon about the real estate supply and demand, has led to slow response from the developers to market needs as well as the trend-following behavior that often leads to under or over supply. For example, there were no new developments for corporate offices, until mid-2011, while today, the market in Beirut is saturated with 140,000 square meters of office spaces.

## 16. RISK FACTORS

An investment in the Company carries with it a high degree of risk, given the nature of the investment and the investment strategies of the Company. All Company's investments risk the loss of capital. The Manager believes that the Company's investment program and research techniques are structured to moderate and capture (to the extent possible) this risk through a careful selection of projects. No guarantee or representation is made that the Company's program will be successful.

These risks include, but are not limited to, the risks summarized below, which prospective Eligible Investors are urged to carefully consider along with the other matters discussed elsewhere in this Prospectus. No assurance can be given that Eligible Investors will realize a profit on their investment. Moreover, investors may lose some or all of their investment and prospective Eligible Investors should not subscribe unless they can readily bear the consequence of such loss. Prior to making an investment decision, potential Eligible Investors should consider carefully all the information set forth herein and make such inquiries as they think appropriate regarding the Company and the real estate markets.

The following does not purport to be a comprehensive summary of all of the risks associated with an investment in the Company generally. The risks and uncertainties described below represent the risks the Lead Placement Agent believes to be material but these risks and uncertainties are not the only risks and uncertainties the Company, Operating Company and prospective Eligible Investors face. Additional risks and uncertainties not presently known to the Lead Placement Agent or the Company or that the Lead Placement Agent or the Company currently believe are immaterial could also impair the Company's business.

### **Considerations Relating to the Company**

***No Assurance of Investment Objective.*** There can be no assurance that the Company will achieve its investment objective, or that there will be any return on capital. The Company has no operating history upon which prospective Eligible Investors can evaluate its likely performance. The success of the Company is significantly dependent upon the expertise of the Manager and the Management Team (i.e. which are present in the management of the Manager, the members of the Investment Committee and the Directors). Previous success achieved by the Management Team or entities with which they have been associated are not necessarily indicative of future results of investments of the Company. There can be no assurance that the Company will achieve a cumulative profit during the period of its existence. A holder of Priority Shares may lose all or part of the amount it paid on subscription for the Priority Shares. Moreover, as a result of the nature of the Company's investment activities, the results of the Company's operations may fluctuate substantially from period to period and performance results of a particular period will not necessarily be indicative of results in future periods. The Company's ability to achieve its investment objective is subject to many factors over which the Company may have no or limited control. No assurance can be given that the Company's investment strategies will be successful under all or any market conditions. Market conditions and available investment opportunities may change significantly during the Investment Term. If the Company is unable to meet its investment objectives, its ability to pay distributions to holders of Priority Shares could be adversely affected.

***Investment Risk.*** There are several risks inherent in investments made in real estate projects and in companies operating in the real estate sector such as the Company and the Operating Company, some of which are specifically referenced below. Not only are such investments subject to investment-specific price fluctuations but also to macro-economic, market and industry-specific conditions. Those risks may be significantly enhanced by the concentration of investments, and its consequent lack of diversification. Unless the Company experiences substantial net capital appreciation and realized gains, the NAV of the Priority Shares will be at a lower price than the price paid by the Eligible Investors for the Priority Shares.

***Unspecified Investments.*** The Contributed Funding will be invested in the targeted projects which the Company has not yet identified. As such, the risk of investment in the Company will remain since prospective Eligible Investors are unable to evaluate the economic merit of any investment which may be made by the Company through the Operating Company. Holders of Priority Shares must depend on the investment judgment of the Company and the Manager.

***Inability to Invest the full Amount of the Contributed Funding.*** The Company will not be investing the entire Contributed Funding as there will be expenses to be deduct upfront and the Cash Reserve. This may cause the investments of the Company in the targeted project to be less diversified and the types of investments available to the Company may be more limited than if the entire, or a bigger portion, of the Contributed Funding is invested.

***Inability to Fully Invest Contributed Funding in Suitable Investments.*** There is no assurance that the Company will be able to invest fully all the Contributed Funding. The Company will invest the Contributed Funding only at such times and in such amounts when suitable investment opportunities are identified by the Manager and approved by the Investment Committee. If the Company is unable to invest the Contributed Funding fully, the potential return to the holders of Priority Shares could be adversely affected.

***Assessment of Potential Investments.*** If the Manager is unable to perform due diligence on potential investments in a timely manner, the Company may lose attractive investment opportunities. Assessing a potential investment opportunity involves extensive due diligence and the Company will not complete any investment until the successful completion of such diligence, which includes the satisfaction of all applicable elements of the investment. If the Manager is unable to perform its due diligence on potential investments in a timely manner, the Company may lose attractive investment opportunities.

***Failure to Raise the Targeted Committed Capital and Bonds Financing.*** If the Company fails to raise the targeted Committed Capital and Bonds Financing, the investments in the targeted projects may be less diversified and the types of investments available to the Company may be more limited than if a larger portion of the maximum proceeds is obtained. This may have an adverse impact on the ability of the Company to achieve its investment objective. Further, there can be no assurance that the Company will be able to obtain or utilize additional financing arrangements in the future through the issuance of additional Priority Shares on subsequent closings or through issuance of Bonds.

***Borrowings.*** The Company will have a significant amount of debt through the issuance of the Bonds, which subjects the Company to increased risk of loss. The Company's use of leverage is subject to risks and may cause the Company's NAV and distributions to be more volatile than if leverage was not used. If the Company pays interest payments on the Bonds from sources other than its cash flow from operations, it will have less cash available for investments and the overall return may be reduced. Furthermore, the seniority of the Bonds and the other financial covenants (Cash Reserve, etc.) allocated to the Bonds subjects the holders of Priority Shares to increased risk of loss.

***Concentrated Investments.*** It is expected that the Company's investments will generally be concentrated. Accordingly, it is likely that the Company's portfolio will not be diversified and, therefore, may be subject to a more rapid change in value than in the case of a wider diversification. In addition, losses incurred on any one or more particular investments could have a material adverse effect on the Company's overall financial condition.

***Currency Risks.*** The Net Asset Value will be denominated in US Dollars, whereas the underlying investments of the Company may be acquired, directly or indirectly, in a range of currencies and income or capital received by the Company may be denominated in the local currency of the Lebanese Republic. Prospective Eligible Investors whose assets and liabilities are primarily denominated in currencies other than the currency of investment should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the currency of investment and such other currency.

***Risks of Litigation.*** Investing in real estate development projects can be a contentious and adversarial process. Different stakeholders may have qualitatively different, and frequently conflicting, interests. The Company's investment activities may risk being involved in a project that is facing various litigations.

***Contingent Liabilities on Disposition of Investments.*** In connection with the disposition of a particular investment, the Company may be required to make representations and warranties in connection with such investment. The Company also may be required to indemnify the purchasers of such investment to the extent that any such representations or warranties are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the Company may be required to establish reserves or escrow accounts.

***Risks Related to the Relationship with the Manager and Dependence upon Key Individuals.*** The Company depends on the Manager and the Management Team for its success. The Company may not find a suitable replacement for the Manager if the Management Agreement is terminated, or if key personnel cease to be part of the Manager or otherwise become unavailable to the Company, which would materially and adversely affect the Company. Further, the termination of the Management Agreement would be costly.

Although key decisions of the Company including investment and divestment decisions are adopted by the Company, the Company is externally managed. The Company does not have employees and its executives are part of the Management Team. The Success of the Company depends entirely the ongoing efforts, experience, diligence, skill, and network of business contacts of the Management Team in particular MM. Fares and Cortas.

Although, MM. Fares and Cortas are committed to the Company and the Manager, there can be no assurance that such key individuals will remain with the Company or the Manager. Moreover, there can be no assurance that the Company or the Manager will be able to attract and retain sufficient, additional, qualified personnel to replace key individuals who may leave. In the event of the departure, withdrawal, insolvency, death or other incapacity of any one or more of these individuals, the performance of the Company may be adversely affected.

If the Company raises the maximum allowed Contributed Funding then its business will grow substantially, the Manager may need to make significant new investments in personnel and infrastructure to support that growth. The Manager may be unable to make significant investments on a timely basis or at reasonable costs and its failure in this regard could disrupt the Operating Company and the Company's business and operations.

***Fees and Expenses.*** Whether or not the Company (whether directly or through the Operating Company) is profitable, it is required to meet certain fixed costs, including start-up and organizational expenses and ongoing administrative and operating expenses, and to pay Management Fees, Marketing Fees and Administration Fees.

***Competition.*** The Company and the Operating Company operate in a competitive market for the origination and acquisition of attractive investment opportunities and competition may limit the ability of the Manager to originate or acquire attractive investments in the target assets, which could have a material adverse effect on the Company and its returns.

***Conflict of Interest.*** The structure of the Company and related arrangements involve certain conflicts of interest. *See Section 17 "CONFLICT OF INTEREST".*

***Limited Transfer and No Redemption Rights.*** Holders of Priority Shares will have no right to, directly or indirectly, cause the Company to redeem their Priority Shares at any time, and transfers of Shares are subject to a lock up during the Investment Period and to other limitations on transfer.

***Regulatory Risks.*** Legal, tax and regulatory changes could occur during the term of the Company that may adversely affect the investments and the Company. The effect on the Company and its investments, of any future regulatory or tax changes, or related actions of regulators, is impossible to predict.

***Liquidity Risk.*** The Company is a Lebanese holding company structured as a closed investment company designed primarily for medium-term investors and is not intended to be a trading vehicle. An Eligible Investor should not invest in the Company if the Eligible Investor is looking for a liquid investment. Holders of Priority Shares in the Company do not have the right to redeem their Priority Shares. Priority Shares in the Company will not be traded on any securities exchange or other market and are subject to substantial restrictions on transfer including a lock-up period. Furthermore, the Company will be targeting real estate properties and as a result an investment therein will be illiquid. The illiquidity of the investments may make it difficult to sell such investments if the need or desire arises.

***Foreclosure of Pledge.*** Upon their subscriptions for Priority Shares, Eligible Investors will be deemed to have pledged the Priority Shares owned by them to the Company (or its designee) to secure their obligations to fund their Committed Capital when and as called to do so by the Company. If an Eligible Investors defaults in its obligation to fund any portion of its Committed Capital when and as called to do so by the Company, the Company may, in its sole discretion, exercise various remedies which may not be efficient leading to cause a shortage in the Company's liquidity.

***Minority Shareholders.*** The holders of Common Shares will continue to own more than two third of the Company's share capital and as a result the holders of Priority Shares will be minority shareholders. The holders of Priority Shares will not be able to weigh in the corporate resolution adopted by the Company except for such matters requiring their consent. The holders of Priority Shares do not have the required majority (i.e. voting power) to appoint or remove Directors of the Company.

***No Listing; Absence of a trading market.*** As at the date of this Prospectus, Neither the Company nor the Lead Placement Agent intends to list the Priority Shares on the Beirut Stock Exchange or any stock exchange. There can be no assurance that a secondary market in the Priority Shares will develop, or, if one does develop, that it will provide liquidity of investment or will continue throughout the Investment Term. Accordingly, the purchase of Priority Shares is suitable only for, and should be made only by, Eligible Investors who are able to bear the risk of limited liquidity and the financial and other risks associated with an investment in the Priority Shares.

***Liquidation.*** There are no assurances that the Company's assets will be liquidated in an orderly and timely manner upon expiry of the Investment Term.

### **Considerations Relating to the Investment by the Company in the Lebanese Market**

***Political Risk.*** Usually the Lebanese market is subject to higher political and security concerns than other developed countries. Financial environment of the Lebanese market is related to the overall political, social and economic situation prevailing in Lebanon and its surrounding region, which mainly, in turn, is tied to the absence of military conflict and continued internal stability. Lebanon has experienced in the past, is experiencing currently, and may in the future experience, political and social instability and military operations that could adversely affect the Company's investments. Such instability could result from, among other things, popular unrest associated with demands for improved political, economic and social conditions. The government of Lebanon may exercise adverse influence, which may impact both the general economic conditions within the country and specific private sector companies.

***Regional and International Considerations.*** Lebanon is located in a region which has been subject to ongoing political and security concerns, especially in recent years. Political instability in the Middle East has increased since the terrorist attacks of September 11, 2001, the US intervention in Iraq, Arab spring and the war in Syria. The tension between Lebanon and the gulf countries also have an impact on the economic and political situation in Lebanon.

The impact, if any, on Lebanon and, accordingly, the Company of the military actions and political uncertainties affecting Iraq, Iran, Syria and the surrounding region cannot be determined at this time.

**Fiscal Deficit.** Lebanon has been sustaining large fiscal deficits. Lebanon's fiscal deficit has increased in recent years from LBP 4,632 billion (US\$ 3.1 billion or 6.2% of GDP) in 2014 increasing to LL 5,958 billion (US\$ 4.0 billion or 7.8% of GDP) in 2015 and LBP 7,453 billion (US\$ 4.9 billion or 9.6% of GDP) in 2016. Lebanon's large fiscal deficits are primarily due to high debt service costs and transfers to *Electricité du Liban* ("EDL"), which is financed in part by the Treasury and is the state-owned supplier of virtually all electricity in Lebanon. EDL is a substantial contributor to the fiscal deficit in light of its large continuing losses. In addition, the Government has also implemented a new salary scale for public sector employees, as well as related revenue measures to finance such expenditure. Fixed expenditures, principally debt service (33.4% of total expenditures in 2016, as compared to 34.7% in 2015), personnel costs (32.7% of total expenditures in 2016, as compared to 34.7% in 2015) and treasury transfers to EDL (6.2% of total expenditures in 2016, as compared to 8.4% in 2015) make it challenging for the Government to reduce the fiscal deficit, in the absence of significant revenue measures, including an increase in EDL tariffs. In March 2017, the Government approved a budget proposal for the first time in 12 years, which has been transferred to Parliament for discussion and ratification. Lebanon's fiscal deficits have led to increased levels of Government borrowing, which has, in turn, increased the public debt. If Lebanon is unable to control or reduce the fiscal deficit and the resulting impact on the public debt, it could raise Lebanon's cost of funding of its debt, strain the general resources of the Government and the Government's finances, materially impair the Lebanon's capacity to service its debt and negatively affect the Lebanon's economy.

Any continuation or worsening of economic conditions in Lebanon, including any significant increases in the budget deficit, could materially adversely affect the stakeholders of the projects in which the Company invested and other contractual counterparties of the Company or the Operating Company. This, in turn, could materially and adversely affect the Company's business, liquidity, results of operations, financial condition and prospects.

The fiscal deficits that Lebanon has incurred have limited the Government's ability to incur capital expenditures and other expenditures for discretionary items. Infrastructure in Lebanon is in need of significant investment, especially in light of the influx of Syrian refugees. The Government's ability to finance capital projects is dependent on reducing the fiscal deficit in order that additional funds can be allocated to capital expenditures. Any failure to reduce the fiscal deficit will prevent the Government from financing such expenditures.

**Public Debt.** The Government has been incurring significant internal and external debt, principally for the purpose of financing the fiscal deficit. As at 31 December 2016, Lebanon's gross public debt was LBP 112,890 billion (US\$ 74.9 billion), consisting of LBP 70,528 billion (US\$ 46.8 billion) of gross domestic debt and LBP 42,362 billion (US\$ 28.1 billion) of public debt denominated in foreign currencies. Net outstanding public debt of Lebanon was LBP 98,622 billion (US\$ 65.4 billion) as at 31 December 2016. As at 31 December 2015, the Republic's gross public debt was LBP 106,015 billion (US\$ 70.3 billion), consisting of LBP 65,195 billion (US\$ 43.2 billion) of gross domestic debt and LBP 40,820 billion (US\$ 27.1 billion) of public debt denominated in foreign currencies. Net outstanding public debt of the Lebanese Republic was LBP 92,788 billion (US\$ 61.6 billion) as at 31 December 2015. The debt burden of Lebanon is significant and has been increasing. Net outstanding public debt as a percentage of estimated GDP increased from approximately 46% in 1992 to approximately 170% as at 31 December 2006 before decreasing to 111% as at 31 December 2012 and subsequently increasing to 113% as at 31 December 2013 and 116% as at 31 December 2014, 122% as at 31 December 2015 and an estimated 127% as at 31 December 2016. The IMF estimates that, unless significant fiscal reforms are urgently carried out, the public debt to GDP ratio is projected to increase to 160% in 2021. Although the Government intends to reduce Lebanon's net outstanding public debt, as well as Lebanon's net outstanding public debt as a percentage of GDP, there is no assurance that it will be able to do so. Any failure to reduce Lebanon's net outstanding public debt could materially impair Lebanon's capacity to service its debt, which may have a negative impact on the Lebanese economy and, in turn, materially adversely affect the Company's business, liquidity, results of operations, financial condition and prospects.

**Economic Risk.** General economic conditions may affect the Company's investments, interest rates, general level of economic activities, credit crunch etc. In particular, the economies of individual emerging market countries may differ favorably or unfavorably from other developed countries economies in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. The Lebanese government has exercised and continues to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest in the country. Accordingly, government actions could have a significant effect on economic conditions in the country and on investments held by the Company. Moreover, the economy of the Lebanese market may be heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which it trades. This economy also has been and may continue to be adversely affected by economic conditions in the countries with which they trade.

**Official Data.** The analysis of the economic situation and prospects in the Lebanese market are hampered by the lack of reliable data on the economy. Statistical weaknesses constitute a serious handicap to the analysis of the relevant market economy and available data should be viewed as best estimates by potential Eligible Investors.

***Failure to Implement Economic Reforms and Privatization Program.*** In May 2000, Parliament adopted a privatization law, which sets the framework for the privatization of state-owned enterprises. The privatization law established a Higher Council for Privatization and provides that the proceeds from privatization will be applied towards debt repayment. While the initial plans for privatization included, inter alia, the electricity, water and telecommunications sectors, due to political interference and disagreements within the executive branch of the Government, Lebanon's privatization program has not been successfully implemented and may continue to be delayed or otherwise adversely affected due to ongoing political disputes. There can be no assurances that the new Government will succeed in the implementation of the privatization program. As part of the Paris III Conference held in January 2007, the then-Government agreed to an economic reform program of which privatization is an essential component. Disagreements among political parties, the military conflict in July and August of 2006 and the current political situation have all contributed to delays in the implementation of the program. There is no assurance that some of these obstacles will not persist.

***Budget Deficit and Macroeconomic Instability.*** The Company's performance and the quality and growth of its assets are necessarily dependent on the health of the overall Lebanese economy.

Any continuation or worsening of economic conditions in Lebanon, including any significant increases in the budget deficit, could materially adversely affect the stakeholders of the projects in which the Company invested and other contractual counterparties of the Company or the Operating Company. This, in turn, could materially and adversely affect the Company's business, liquidity, results of operations, financial condition and prospects.

***Foreign Exchange Risk; Monetary Policy.*** The national currency, the Lebanese Pound, is convertible and its exchange rate is generally determined on the basis of demand and supply conditions in the exchange market. The Central Bank intervenes when necessary in order to maintain orderly conditions in the foreign exchange market.

The Central Bank's exchange rate policy since October 1992 has been to anchor the Lebanese Pound nominal exchange rate to the US Dollar. The Central Bank has been successful during the past several years (with no assurances in the future) in maintaining a stable rate of exchange, through the use of its foreign exchange reserves and its interest rate policy.

The possible depreciation of the Lebanese Pound against the US Dollar, or the decline of the level of foreign reserves as a result of the Central Bank's intervention in the currency markets, could materially impair the Lebanese economy and, in turn, materially adversely affect the Bank's business, liquidity, results of operations, financial condition and prospects.

***Lebanese Taxation and Regulatory Risk.*** Lebanon tax authorities may exercise more scrutiny on the activities of the Company or the Operating Company. Any adjustment or penalty imposed could lead to additional taxes and substantially reduce the Company's return on, or value of, its investments. There may be uncertainties regarding the interpretation and enforcement of the laws, rules and regulations of the Lebanese Republic;

***Reliance on Experts.*** The reliance on the experts in order to determine the value of the Company's investments.

## **General Real Estate Risks.**

Real estate investments generally will be subject to (i) risks associated with the general economic climate; (ii) local real estate conditions; (iii) risks due to dependence on cash flow; (iv) risks and operating problems arising out of the absence of certain construction materials; (v) changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); (vi) the financial condition of tenants, buyers and sellers of properties; (vii) changes in availability of debt financing; (viii) energy and supply shortages; (ix) changes in tax, real estate, environmental and zoning laws and regulations beyond the control of the Company; (x) various uninsured or uninsurable risks; (xi) natural disasters; and (xii) the ability of the developers to develop their projects in accordance with the stated plans. With respect to investments in the form of developed properties owned by the Operating Company, the Operating Company will incur the burdens of ownership of the properties, which include the paying of expenses, registration fees and taxes, maintaining such property and any improvements thereon and ultimately disposing of such property. With respect to investments in properties under development, the Operating Company will in large part be dependent on the ability of the developers to successfully develop and finalize the underlying real estate projects. The Company's investment strategy, which may frequently involve the acquisition of assets in a leveraged capital structure (resulting from the Bonds Financing), will involve a high degree of legal and financial risk, and there can be no assurance that the Company's rate of return objectives will be realized or that there will be any return of capital. There is no assurance that there will be a ready market for resale of investments because investments in real estate generally are not liquid. Illiquidity may result from the absence of an established market for the investments, as well as from legal or contractual restrictions on their resale by the Operating Company. The possibility of partial or total loss of capital will exist and Eligible Investors should not subscribe unless they can readily bear the consequences of such loss.

***Developers/Owners Risks.*** The purchase of real properties from developers/owners are subject to the general risks associated with such transactions in particular the risks of (i) fraud committed by owners of the purchased properties or their respective developers, (ii) the owners' insolvency or bankruptcy as well as (iii) having the purchased properties seized by owners' creditors.

***Construction Risks.*** The business of the Company may be adversely affected by many factors commonly associated with large construction and development projects, including, without limitation, shortages of equipment and materials, labor disputes, lack of public acceptance, governmental action, hostilities, delays by other developers of property, war or political conflict, adverse weather conditions, natural disasters, accidents, other risks referred to herein and unforeseen circumstances and difficulties. The occurrence of any of these or other events could cause delays in the implementation and completion of certain projects. In addition, the failure to meet timetables for various phases of construction could result in reduced earnings.

***Uninsured Losses.*** The Company and /or the Operating Company will attempt, through negotiations and assessment conducted by the Manager, to have insurances coverage to mitigate certain risks as is customary for similarly situated businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks may be unavailable, available in amounts that are less than the market value of replacement costs of investments or underlying assets, or subject to a large deductible, or too costly relative to the benefit. Additionally, there can be no assurance that certain risks, which are currently insurable, will continue to be insurable on an economically feasible basis.

***Environmental Risks.*** The Company may be exposed to risk of loss from environmental claims made against projects it has invested in and facing environmental problems, and the loss may exceed the Company's investment. Additionally, changes in environmental laws or in the environmental condition of an asset may create liabilities that did not exist at the time of acquisition of an investment and that could not have been foreseen.

INVESTMENT IN THE COMPANY INVOLVES SPECIAL CONSIDERATIONS AND RISKS. AN INVESTMENT IN THE COMPANY IS ONLY SUITABLE FOR ELIGIBLE INVESTORS WHO FULLY UNDERSTAND AND ARE CAPABLE OF ASSUMING THE RISKS OF AN INVESTMENT IN THE COMPANY. PROSPECTIVE ELIGIBLE INVESTORS SHOULD READ THIS ENTIRE DOCUMENT AND CONSULT THEIR TAX, LEGAL AND ACCOUNTING ADVISOR BEFORE DECIDING WHETHER TO INVEST IN THE COMPANY. BY ACQUIRING PRIORITY SHARES IN THE COMPANY, EACH HOLDER OF PRIORITY SHARES WILL BE DEEMED TO HAVE ACKNOWLEDGED THE EXISTENCE OF SUCH ACTUAL AND POTENTIAL RISKS AND TO HAVE WAIVED ANY CLAIM WITH RESPECT TO LIABILITY ARISING FROM THE EXISTENCE OF SUCH RISKS.

## 17. CONFLICTS OF INTEREST

Due to the widespread operations undertaken by the Company, the Lead Placement Agent, the Sponsor, the Manager, the Financial Administrator and the Escrow Agent and various individuals (the Management Team) who will serve on behalf of any of the above (collectively, with their respective Affiliates, the "**Associated Parties**"), and the nature of the investments to be made by the Company, conflicts of interest may arise, including, but not limited to, the following:

***Competition with the Company in the Purchase, Operation and Sale of Real Estate Investments.*** Various Associated Parties presently furnish advisory, asset management and consulting services to other clients. In carrying out its responsibilities, an Associated Party may be subject to various conflicts of interest in allocating opportunities concerning the purchase, operation, sale or financing of investments among the Company and such other clients. Since such clients may from time to time be seeking investments similar to those desired by the Company, situations may arise in which the interests of the Associated Parties conflict with those of the Company. In addition, properties owned by the Company may compete with other properties owned or managed by the Company or another Associated Party or client thereof.

The Manager shall, and shall procure from its Associated Parties (i.e. only those related to it) to, always give preference to the Company and the Operating Company with respect to a relevant opportunity when a conflict of interest situation arises.

**Under the Management Agreement, the Manager will commit to ensure that the sales team employed by the Manager will only be performing its sales activities for properties related to the Company, the Operating Company or such above-mentioned investment vehicles.**

***Competition for Time and Services of Employees.*** The Company will rely on the services of the Manager, the Management Team and other persons affiliated with the Company. The Manager and other Associated Parties may have conflicts in the allocation of management and staff time, services and functions among the Company and their other clients and interests. However, the Manager represents that it have sufficient resources and personnel to fully discharge its responsibilities to the Company and Operating Company.

***Lack of Separate Representation.*** Alem & Associates has acted as legal counsel to the Company in connection with this offering and is counsel to the Manager and the Operating Company in connection with this offering and may in the future act as counsel for each such company. Alem & Associates also currently and may in the future serve as counsel to certain affiliates of the Management Team and the Manager in matters unrelated to this offering. There is a possibility that in the future the interests of the various parties may become adverse. In the event that a dispute were to arise between the Company, the Operating Company and/or the Manager, or any of their respective affiliates, separate counsel for such parties would be retained as and when appropriate.

***Lack of Information Barriers.*** There are no information barriers amongst the Manager, the Company and the Operating Company. If the Manager or certain members of the Management Team were to receive material non-public information about a particular project or investment, or have an interest in investing in a particular project, the Manager may be prevented from using such information i.e. prohibited from investing or arranging an investment in such project. Conversely, if the Manager or certain members of the Management Team were to receive material non-public information about a particular company or a project, or have an interest in investing in a particular company or project, the Company and the Operating Company may be prevented from making an investment therein.

The risk may affect the Company more than it does other investment vehicles, as the Manager does not use information barriers that many firms implement to separate persons who make investment related decisions from others who might possess material, non-public information that could influence such decisions. The Manager's decision not to implement these barriers could prevent the Operating Company and the Company from undertaking certain transactions such as advantageous investments or dispositions that would be permissible for them otherwise.

***Interests of Associated Parties.*** The Manager has agreed that, until the earlier of the second anniversary of the end of the Investment Period or such time as 70% of aggregate Paid-In Capital has been invested by the Company, to not participate in the formation of, or provide services to, an investment vehicle intended for investors to pursue the same investment strategy in real estate of the Company (as described herein) in Greater Beirut. The Manager shall procure from its Associated Parties (i.e. only those related to it) to comply with the foregoing restriction.

**EACH ASSOCIATED PARTY IS UNDER THE OBLIGATION TO DISCLOSE ITS INTERESTS, AND THE INTEREST OF ANY OF ITS CLOSE LINKS AND CLOSELY RELATED PERSONS, IN ANY PROJECT IN WHICH THE COMPANY INTENDS TO INVEST (OR ALREADY HAS INVESTED) AND AGREE NOT TO PARTICIPATE (OR BE INVOLVED) IN ANY DECISION RELATING TO SUCH INVESTMENT AND THE OTHER ASSOCIATED PARTIES SHALL MAKE SURE THAT THE INVESTMENT IS MADE ON AN ARM'S LENGTH BASIS. THE COMPANY SHALL OBTAIN THE APPROVAL OF THE GENERAL ASSEMBLY OF SHAREHOLDERS OF THE COMPANY AS MANDATED BY THE LEBANESE CODE OF COMMERCE IN RESPECT OF RELATED PARTY TRANSACTIONS.**

***Non-Public Information.*** The Manager may have material non-public information or other information that would be of value to the Company, but which they have no obligation to use, or may be prohibited from using, for the benefit of the Company.

***Incentive-Based Fee Structure.*** Common Shares Distributions, if any, payable to the holders of the Common Shares (who controls the Manager) will be based on gains realized on investments in the Company. This may give the Manager an incentive to make investments that are more speculative than would be the case without such performance-based fees.

In addition to the above, the By-laws provides for the following under its Article 21:

- Any agreement between the Company and any of the Directors, whether direct, indirect or through a third party, shall be subject to the prior authorization of the Ordinary General Assembly, except for ordinary contracts having as subject matter transactions between the Company and its clients; and
- any agreement between the Company and any other firm owned by any Director, or in which he/she is a general partner, manager, or member of the board of directors, shall be subject to the prior authorization of the Ordinary General Assembly.

As at the date of this Prospectus, there is no conflict of interest between the Company and an Associated Party other than disclosed hereunder.

## 18. TAX MATTERS

The following is a general description of certain tax considerations relating to the Company. It does not purport to be a complete analysis of all tax considerations relating to the Company. Prospective Eligible Investors are advised to consult their professional advisors concerning possible taxation or other consequences, including potential exchange control and other legal and regulatory issues, of purchasing, holding, selling or otherwise disposing of Priority Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile and the tax laws of the Lebanon. The tax consequences for each shareholder of acquiring, holding, redeeming or disposing of the Priority Shares will depend upon the relevant laws of any jurisdiction to which the Eligible Investors is subject. Neither the Company representatives, nor the Lead Placement Agent nor any of their directors, offices, advisors or employees will take any responsibility in this regard.

The summary is general in nature and does not constitute legal or tax advice. As is the case with any investment, there can be no guarantees that the tax position or proposed tax position at the time of an investment in the Company will endure indefinitely.

Taxation law and practice and the levels and bases of and relief from taxation relating to the Company and/or to the holders of Priority Shares may change from time to time.

### *The Company & the Operating Company*

The Company Board intends to conduct the affairs of the Company in such manner as generally to minimize taxation of the Company. However, the anticipated returns from particular investment activities may be deemed to justify tax costs that the Company might otherwise avoid.

The Company is exempt from corporate tax in Lebanon; however, it is required to pay a progressive lump sum tax on its capital currently up to LBP 5,000,000 per annum.

The Operating Company is subject to tax on its income currently at a rate of 17% in addition to a lump sum annual tax of LBP 2,000,000. In addition, the Operating Company is required to pay transfer tax at rates of up to 6% currently of the purchase price paid for (or the assessed value of) properties it acquires and are also subject to tax on built property. Dividends paid by Operating Company to the Company are subject to tax at a rate of currently 10%.

*Interest Income from Long Term Loans.* Interests accrued on loans extended by the Company to the Operating Company having a minimum three-year maturity may benefit up to a certain interest rate cap from the tax exemption provided under Decree-Law N°45 dated June 24, 1983. The long term loan agreements are subject to a stamp duty equal to 4 per mill of the total amount of the loan.

### *Holders*

The following is a summary of the principal tax consequences to Holders who are not resident in Lebanon, whether or not of Lebanese origin ("**Non-Resident Investors**").

*Tax on Dividends.* Dividends paid by the Company to Holders are not subject to Lebanese withholding tax.

***Tax on Disposition of Shares.*** Capital gains made in connection with the sale of shares in Lebanese joint stock companies (including holding companies) are subject to the following:

- gains on sale of shares held by individuals(residents and non-residents) and foreign non-resident companies holding minority interests are subject to tax on moveable assets, currently at a rate of zero;
- gains on sale of shares held by Lebanese holding companies are tax exempt if held for a minimum period of two years; otherwise, they are subject to capital gain tax at a rate of 10 percent.;
- gains on sale of shares held by Lebanese companies, the object of which includes the trading of shares and securities, are subject to corporate tax at a rate of 15 percent.; and
- gains on the sale of shares held by Lebanese companies outside the normal course of their business (as non-current equity securities), or by foreign companies holding an amount beyond a threshold limit of ownership of the share capital of a Lebanese joint stock company, are subject to capital gains tax at the rate of 10 percent.

***Stamp Duty.*** The Law promulgated by Decree No. 5439 dated September 20, 1982 exempted all contracts of transfers of shares or bonds and treasury bonds from stamp duty imposed by Decree law No. 67 of August 5, 1967. Accordingly, there is no stamp duty upon the transfer of any Priority Shares.

It is the responsibility of all persons interested in purchasing Priority Shares to inform themselves as to any tax consequences from their investing in the Company and the Company's operations or management, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of Priority Shares. Eligible Investors should therefore seek their own separate tax advice in relation to their holding of Priority Shares and accordingly the Company does not accept any responsibility for the taxation consequences of any investment into the Company by an Eligible Investor.

## 19. SUBSCRIPTION PROCESS; INVESTOR SUITABILITY REQUIREMENTS

Below is an expected summary timetable of the Offering contemplated by this Prospectus that should be taken into consideration when subscribing to the Priority Shares.

|                          |   |
|--------------------------|---|
| <input type="checkbox"/> | Capital Markets Authority of Lebanon approval is granted for the Offering of the Priority Shares contemplated by this Prospectus. |
| <input type="checkbox"/> | Initial Offering Period start date  |
| <input type="checkbox"/> | Initial Closing Date/Initial Offering Period end date – Priority Shares to be issued  |

### *Subscription Process*

Eligible Investors who have expressed interest in subscribing for Priority Shares will be required to fill out and execute an Application Form. Each Eligible Investor must complete all the relevant sections in the Application Form. Applications to invest in Priority Shares shall then be made by sending the duly completed and signed Application Form to the Lead Placement Agent at its address as indicated under this Prospectus and funding the Committed Capital required to be funded upon their subscription to the Priority Shares. Prospective Eligible Investors must provide all documents related to their initial subscription and certification of such documents might be requested if need be.

The Lead Placement Agent reserves the right to reject any Application Form, in part or in whole, if any of the subscription terms and conditions is not met. The Application Form cannot be amended or withdrawn once submitted. Furthermore, the Application Form shall, upon submission, be considered to be a legally binding offer by the relevant subscriber to the Lead Placement Agent and/or the Company. The Eligible Investor is not entitled to rescind its Application Form once submitted, except solely in the event the final terms of the Priority Shares are materially different from the terms described in the Prospectus.

In addition to consultation made with the Lead Placement Agent, prospective Eligible Investors are urged to read the Application Form, this Prospectus, the Investors' Presentation and the By-laws in their entirety and to discuss their contents with their professional legal, tax and accounting advisors before subscribing to the Priority Shares.

Application Forms should be received by the Lead Placement Agent during the Offering Period and prior to the Initial Closing Date.

### *Eligible Investors*

The Priority Shares may be subscribed to only by Eligible Investors (i) who are aware of the risks associated with the investment activities to be undertaken by the Company, (ii) who do not require immediate liquidity from their investments and (iii) who are aware that there can be no assurance that the Company or the Priority Shares will be profitable or that the Company will be able to meet its investment objectives.

### ***Allocation of the Shares***

Regardless of whether the Offering has been oversubscribed or not, the Company Board shall have full and discretionary power to either scale down (even to zero) the number of Priority Shares applied for by any one or more subscribers and/or accept the Application of only a limited number of subscribers.

An allocation of subscriptions for Priority Shares is expected to be completed before the Initial Closing and the Subsequent Closing, as the case may be. Subscribers for Priority Shares will be advised in writing of their allocation.

Subscriptions for the Shares will be allocated to Eligible Investors who have duly completed an Application Form.

### ***Delivery of Priority Shares***

The Shares shall be issued in registered form. The Company or Midclear will maintain a register of the names and addresses of the Holders at its offices and an entry in such register is conclusive evidence of ownership of the Priority Shares.

### ***Suitability Requirements***

The Lead Placement Agent shall ensure that prior to accepting an Eligible Investor in the Company, such Eligible Investor will be urged to read this Prospectus, the By-laws and the Investors' Presentation in their entirety and will be afforded by the Lead Placement Agent the opportunity to discuss their contents and ask questions relating thereto, and such Eligible Investor is also advised to obtain any necessary professional legal, tax and accounting advice before subscribing to investing in the Shares.

The Lead Placement Agent as well as other co-placement agents will do a proper suitability assessment to make sure that the prospective Eligible Investors fall within the category of Eligible Investors as defined under this Prospectus and have the duty to conduct such suitability assessment in accordance with the Business Conduct Regulation issued by the CMA as may be amended from time to time.

The Eligible Investor represents and warrants to the benefit of the Company and the Lead Placement Agent as follows:

- (i) the CMA takes no responsibility for the accuracy of the statements and information contained in the Prospectus, nor shall the CMA have any liability to any person, an investor or otherwise, for any loss or damage resulting from reliance on any statement or information contained herein;
- (ii) the Eligible Investor certifies that the money representing its investment is not derived from money laundering connected to drug trafficking or other criminal offenses and agrees that it shall be personally liable to the Company, the Manager and the Lead Placement Agent for any misrepresentation in this respect;

- (iii) The Eligible Investor acknowledges that it is responsible for funding all amounts of its Committed Capital called by the Company Board, as and when called to do so; that, upon its subscription for Priority Shares, it will have to (except in limited circumstances that are determined at the Manager's sole discretion) create a pledge over the Priority Shares owned by it to secure its obligations to fund its Committed Capital when and as called to do so by the Company Board; and that any default by it in its obligations to fund Committed Capital when and as called to do so by the Company Board may result in certain specified penalties; and
- (iv) The Eligible Investors recognizes the lock-up and restrictions on the transferability and redemption of the Priority Shares (i.e. the lack of liquidity), and acknowledges that investment in the Priority Shares involves a high degree of risk.

### ***Further Restrictions***

The Company Board may impose such restrictions as it deems necessary for the purpose of ensuring that no Priority Shares are acquired or held by or for the benefit of:

- a. any person in breach of the law or requirements of any country or governmental authority;
- b. any person who has given representations in the Application Form which were not true when given or have ceased to be true;
- c. any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Company Board to be relevant) in which the Company Board determines the continuing ownership of the Priority Shares by such person or persons would cause an undue risk of adverse tax or other consequences to the Company or any of the Shareholders, including, but not limited to, black listing by BDL, OFAC, or other organization of international repute, money laundering, terrorism financing, etc. or as contemplated in the By-laws.

A holder of Priority Shares who becomes aware that he is holding or owning Priority Shares in breach of any restriction in this Prospectus shall promptly deliver to the Company a written request for the transfer his Priority Shares to another person.

An investment in the Priority Shares is speculative and involves a high degree of risk that potential Eligible Investors should consider before making an investment decision. Prospective Eligible Investors must be prepared to bear the economic risk of an investment for an indefinite period of time and be able to withstand a total loss of their investment.

### ***Additional Information***

The following is a list of documents material to the Company, including the material agreements which have been or (on or before the Initial Closing Date) will be entered into by the Company:

- the By-laws;
- the Management Agreement
- the Administration Agreement; and
- the Investors' Presentation.

Each Eligible Investor should inform itself as to (i) the legal requirements applicable to it in respect of its subscription for Shares; (ii) any foreign exchange restrictions which it may encounter; and (iii) the income and other tax consequences to it of a subscription for Priority Shares.

The Prospectus has been posted on the Lead Placement Agent website [www.lucidinvestbank.com](http://www.lucidinvestbank.com).

The Company will make available to any prospective Eligible Investor any information, including copies of the material documents listed above, deemed necessary or appropriate by such prospective Eligible Investor to the extent such information can be reasonably obtained by the Company. Information concerning the Offering may be obtained by writing or electronic transmission to the Lead Placement Agent, 109 Allenby Street First Floor, Beirut Central District, Lebanon, Attn: Mr. Wael Zein; Telephone: +961 1 999 533 and email: [wael.zein@lucidinvestbank.com](mailto:wael.zein@lucidinvestbank.com).

## ANNEX A: GLOSSARY OF DEFINED TERMS

In this Prospectus, in addition to words and phrases specifically defined elsewhere in this Prospectus, the following words and phrases have the meanings set forth below:

**"Absolute Majority Priority Shares Decision"** means a decision of the Company requiring the approval or consent of holders of Priority Shares representing more than 50% of the issued Priority Shares. For the avoidance of doubt, Priority Shares held by a defaulting holder of Priority Shares shall not be taken into consideration for purposes of adopting an Absolute Majority Priority Shares Decision.

**"Accrued Interest"** shall have the meaning given to it under Section 1 "PROSEPECTUS SUMMARY - *The Initial Offering; Committed Capital; Pledge Of Priority Shares*".

**"Financial Administrator"** means Lucid Investment Bank SAL acting in its capacity as financial administrator of the Company and/or the Operating Company pursuant to the Administration Agreement.

**"Administration Agreement"** means the administration agreement to be entered into between the Company and/or the Operating Company from one side and the Financial Administrator from the other side.

**"Administration Fees"** means the administration fees payable to the Financial Administrator as listed under Section 12 "*FEES AND EXPENSES*".

**"Application Form"** means the application form to be signed by Eligible Investors upon subscription to the Priority Shares, substantially in the form attached hereto under "**Annex B**".

**"Assets Under Management"** means the acquisition value of the assets owned by the Operating Company.

**"BDL", "Central Bank" or "Banque du Liban"** means *Banque du Liban*, the Central Bank of Lebanon.

**"Bonds"** means the Series A Bonds and the Series B Bonds.

**"Bonds Financing"** the financing of the Company through the Bonds issuance.

**"Bondholders"** means the holders of the Bonds.

**"Bonds' Prospectus"** means the prospectus relating to the offering of the Bonds.

**"By-laws"** means the bylaws of the Company.

**"Capital Call Request"** means the request made by the Company to the Eligible Investors to fund the unpaid portion of the Committed Capital representing the subscription amount for the remaining Priority Shares they have subscribed to subject to a minimum 15 calendar days prior written request.

**"Cash Reserve"** means the cash reserve to be established by the Company on the Initial Closing Date being:

- an amount sufficient to cover 1.5 times the applicable fixed annual coupon of the outstanding Bonds; and thereafter,
- equal to an agreed upon Projected Costs.

**"Cash Reserve Account"** means one or more interest bearing bank accounts into which the Cash Reserve will be deposited to be opened with, or at the direction of, the Financial Administrator until full repayment of the principal amount of the Bonds and accrued and unpaid interests thereon.

"**Close Links**" the relationship between a person, and any of the following persons: 1) a controller of such person (if such person is an entity), 2) a company controlled by such person 3) a company controlled by a controller of such person (if such person is an entity), or 4) a company controlled by any combination of the persons described in 1), 2) and 3) above.

"**Closely Related Person**" the direct ascendants, direct descendants and spouse of an insider who share the same home with an insider.

"**CMA**" means the Capital Markets Authority.

"**CMA Regulation**" means Series 6000 "Offer of Securities" regulations dated August 7, 2017 issued by the Lebanese Capital Markets Authority.

"**Committed Capital**" means as to any Eligible Investor, the commitment to pay the corresponding aggregate Issue Price for the Priority Shares it has subscribed to as and when called to do so by the Company Board during the Investment Period.

"**Common Shares**" means the common shares of the Company.

"**Company**" Legacy One Holding SAL.

"**Company Board**" the board of directors of the Company.

"**Compliance Officer**" means the compliance officer to be appointed by the Company Board.

"**Contingent Return**" means the contingent return payable on the Series B Bonds which is equal to 12 per hundred thousand (100,000) of the Net Cash per Series B Bond (i.e. nominal value of US\$ 100,000).

"**Contributed Capital**" means as to any Eligible Investor, the actual amount invested by each holder of Priority Shares in the Company on account of its Committed Capital.

"**Contributed Funding**" means the outstanding amount of Bonds Financing and Committed Capital.

"**Director**" means a board member in the Company Board and "**Directors**" shall be construed as accordingly.

"**Distributions**" shall have the meaning given to it under Section 11 "DISTRIBUTION POLICY - *Distributions Priorities*".

"**Eligible Investor**" means a person or entity who duly and properly complete an Application Form and who are either:

- A Lebanese Person with the meaning of the Lebanese Decree-Law 11614 dated January 4, 1969;
- NOT a Restricted Person; and
- NOT a U.S. Person, or any person or entity who is in breach of any restrictions or conditions imposed by the By-laws or by the Directors.

"**Escrow Agent**" means Lucid Investment Bank SAL acting in its capacity as Escrow Agent in respect of the subscription amounts received by the Company during the Initial Offering Period and subsequent offerings of Priority Shares.

"**Extendable Maturity Date**" has the meaning given to it under Section 7 "THE COMPANY - *Use of Leverage; Bonds Issuance*".

**"Excess Cashflow"** mean the excess cashflow of the Company, comprised of proceeds, net of taxes and Cash Reserve requirements, expenses, capital expenditures, interest coupon payments on the Bonds, interest and principal repayments of the Permitted Secured Indebtedness payments or provisions thereof, fees and any required legal reserves, received from the Company's investments, on the basis of the audited financial statements.

**"Financial Administrator"** means Lucid Investment Bank SAL acting in its capacity as financial administrator of the Company and/or the Operating Company pursuant to the Administration Agreement.

**"First Issue Date"** means the issue date of the Bonds scheduled to be on or about [] 2018

**"Holders"** or **"Shareholders"** means a holder of Shares in the Company.

**"Independent Director"** means a Director who meets the following cumulative conditions:

- Does not have any (i) administrative function in the Company, the Operating Company and the Manager, or (ii) consultative function for the Management Team;
- Is not a holder of Priority Shares;
- Is independent from the Management Team;
- Is not related by kinship, up to the fourth degree, to any of the Management Team, and
- has experience and expertise in real estate industry and/or banking and financial services industry and an in-depth familiarity with the economic, political and social conditions prevailing in Lebanon.

**"Independent IC Member"** means a member of the Investment Committee who meets the following cumulative conditions:

- Does not have any (i) administrative function in the Company, the Operating Company and the Manager, or (ii) consultative function for the Management Team;
- Is not a holder of Priority Shares;
- Is independent from the Management Team;
- Is not related by kinship, up to the fourth degree, to any of the Management Team, and
- has experience and expertise in real estate industry and/or banking and financial services industry and an in-depth familiarity with the economic, political and social conditions prevailing in Lebanon.

**"Initial Closing Date"** means the date on which the first Priority Shares will be issued occurring at the end of the Initial Offering Period.

**"Initial Offering Period"** means the initial offering period of the Priority Shares commencing 5 days following the fulfilments of the conditions set out in the CMA decision approving the Offering (*tentative*) and will terminate six months thereafter, unless earlier terminated or extended by the Company for three (3) additional months.

**"Investment Committee"** means the investment committee of the Company.

**"Investment Period"** means the period during which the Company Board will make calls on Committed Capital (i.e. send Capital Call Requests to holders of Priority Shares) from time to time during the first two (2) years starting from the Initial Closing Date, subject to a one (1) year extension as determined by the Company Board at the recommendation of the Manager.

**"Investment Term"** means the investment term of the Company being ten (10) years from the Initial Closing Date or such earlier period if all investments have been duly offloaded.

**"Issue Price"** means the issue price per Priority Share being US\$ 10,000 constituted of US\$ 1 par value and US\$ 9,999 issue premium.

**"Law 161"** means Law N° 161 dated August 17, 2011, governing the financial markets and Capital Markets Authority.

**"Lead Placement Agent"** Lucid Investment Bank SAL acting as in its capacity as lead placement agent for the Offering.

**"Legacy"**, or the **"Manager"** means Legacy Central SAL acting in its capacity as manager of the Company and/or the Operating Company pursuant to the Management Agreement.

**"Lucid"** means Lucid Investment Bank SAL.

**"Management Agreement"** means the management agreement to be entered into between the Company and/or the Operating Company from one side and the Manager from the other side.

**"Management Fees"** means the management fees payable to the Manager as listed under Section 12 "FEES AND EXPENSES".

**"Marketing Fees"** means the marketing fees payable to the Manager as listed under Section 12 "FEES AND EXPENSES".

**"Management Team"** the team of the Manager led as the date hereof by Messrs. Namir Cortas, Massaad Fares and Alain Bassoul.

**"Net Cash"** means the net profits of the Company, comprised of proceeds, net of taxes, expenses, capital expenditures, Bonds interest and principal repayments, Contributed Capital repayment, fees and any required legal reserves, received from the Company's investments, on the basis of the audited financial statements.

**"Non-Resident Investors"** means holders of Priority Shares who are not resident of Lebanon.

**"Offer"** or **"Offering"** the offering of up to 7,500 Priority Shares as contemplated by the Prospectus.

**"Operating Accounts"** means the banks accounts of the Company and the Operating Company.

**"Operating Company"** means Legacy One Operations SAL.

**"Operating Company Corporate Guarantee"** the corporate guarantee to be issued by the Operating Company for the benefit of the Bondholders.

**"Permitted Secured Indebtedness"** has the meaning given to it under Section 7 "THE COMPANY - Use of Leverage; Bonds Issuance".

**"Permitted Temporary Investments"** means bank deposits held by commercial banks or money market instruments and similar investments earning interest.

**"Placement Agent"** means the Lead Placement Agent or other duly appointed co-placement agent.

**"Priority Shares"** means the priority shares of the Company.

**"Projected Costs"** means the projected costs of the Company for a period of not less than two (2) years as proposed, on annual basis, by the Manager and approved by the Company Board.

**"Prospectus"** means this Prospectus for the Priority Shares in the Company.

**"Restricted Person"** means any person holding Shares:

- (a) in breach of the law or requirements of any country of governmental authority; or
- (b) in circumstances (whether directly or indirectly affecting such person and whether taken alone or in conjunction with any other person, connected or not, or any other circumstances) which, in the opinion of the Directors, might result in the Company incurring any liability to taxation or suffering any other pecuniary, legal or administrative disadvantage which the Company might not otherwise have incurred or suffered.

"**Series A Bondholders**" means the holders of the Series A Bonds.

"**Series A Bonds**" means the 7.5% senior unsecured extendable bonds bearing a fixed coupon to be issued by the Company from time to time in accordance with the terms and conditions of the Bonds' Prospectus.

"**Series A Fixed Coupon**" means the fixed annual coupon payable on an annual basis on the Series A Bonds.

"**Series A Maturity Date**" means the date on which the Series A Bonds will be repaid at their outstanding principal amount, together with accrued but unpaid interest (if any) on a fixed date occurring not later than 5 years as of the issue date subject to extension until the Extendable Maturity Date.

"**Series B Bondholders**" means the holders of the Series B Bonds.

"**Series B Bonds**" means the 6% senior unsecured profit participating bonds bearing a fixed coupon and a contingent return to be issued by the Company from time to time in accordance with the terms and conditions of the Bonds' Prospectus.

"**Series B Fixed Coupon**" means the fixed annual coupon payable on an annual basis on the Series B Bonds.

"**Series B Maturity Date**" means the date on which the Series B Bonds will be repaid at their outstanding principal amount, together with accrued but unpaid interest (if any) on a fixed date occurring not later than 7 years as of the issue date.

"**Simple Majority Priority Shares Decision**" means a decision of the Company requiring the approval or consent of the simple majority of holders of Priority Shares. For the avoidance of doubt, Priority Shares held by a defaulting holder of Priority Shares shall not be taken into consideration for purposes of adopting a Simple Majority Priority Shares Decision.

"**Shares**" means the Priority Shares and the Common Shares.

"**Sponsor**" means Legacy Central SAL acting in its capacity as the sponsor of the Company and the Offering.

"**Subsequent Closings**" means the subsequent issuances of Priority Shares subscribed to following the Initial Offering Period.

"**Super Majority Priority Shares Decision**" means a decision of the Company requiring the approval or consent of holders of Priority Shares representing more than two third (66.67%) of the issued Priority Shares in addition to any quorum requirement that may be required under the Lebanese Code of Commerce. For the avoidance of doubt, Priority Shares held by a defaulting holder of Priority Shares shall not be taken into consideration for purposes of adopting a Super Majority Priority Shares Decision.

**"U.S. Person"** means any citizen or resident of the United States of America, any corporation, partnership or other entity created or organized in or under the laws of the United States of America or any person falling within the definition of the term **"U.S. Person"** under Regulation S adopted by the Securities and Exchange Commission of the United States of America, as amended from time to time.

**ANNEX B: FORM OF APPLICATION FORM**

**APPLICATION FORM**  
**Legacy One Holding SAL**

**Subscriber Information**

Subscriber Name: .....  
(*Subscriber*)

Address:  
(Street): .....

(City): .....

(Country): .....

Telephone Number: .....

Telecopy Number: .....

Email Address: .....

Nationality/Jurisdiction of Organization:

Authorized Signatory: .....  
(Name) (Title)

\_\_\_\_\_ has acted as co-placement agent (the "**Co-Placement Agent**") in connection with this Application Form. (*please apply Co-Placement Agent's stamp next to this statement*)

**1. Acknowledgment.**

The Subscriber acknowledges that Legacy One Holding SAL (the "**Company**"), a Lebanese Joint-Stock Holding company incorporated under the laws of the Lebanese Republic with an issued capital of US\$ 20,000 divided into 20,000 common shares, each with a par value of US\$ 1.00 (the "**Common Shares**") solely held by certain persons designated by the Manager, is seeking to raise on or about [•] (the "**Initial Offering**") (unless the Initial Offering is earlier terminated or extended by the Manager as per the Prospectus) (the "**Initial Closing Date**"), a minimum of US\$ 15,000,000 and a maximum of US\$ 75,000,000 through the offering of priority shares, each with a par value of US\$ 1.00 (the "**Priority Shares**"), which will be issued at a premium to par at a subscription price of US\$ 10,000 (the "**Issue Price**"). In the event that subscriptions for Priority Shares of at least US\$ 15,000,000 (fifteen million United States Dollars) are not obtained prior to the expiry of the Initial Offering Period, the Offering may be terminated or extended by the Manager at its sole discretion as described herein.

The Manager reserves the right to terminate the Initial Offering earlier than its prescribed termination date and cause the Company to commence investment activities when valid subscriptions of at least US\$ 15,000,000 (fifteen Million Dollars) have been received and accepted or such other amounts as determined by the Manager.

The Subscriber further acknowledges that Lucid Investment Bank SAL has acted as lead placement agent (the "**Lead Placement Agent**") in connection with the issue, offer and sale of the Priority Shares. The Subscribers also acknowledges that Legacy Central SAL is acting as the sponsor (in such capacity the "**Sponsor**") and will also act following the Initial Closing as the manager of the Company and/or the Operating Company (in such capacity the "**Manager**").

The Subscriber acknowledges that neither the Company nor the Lead Placement Agent, (nor the Co-Placement Agent, if applicable) nor any other person, is acting as an advisor to the Subscriber in connection with its application to invest in the Priority Shares or has made any recommendation, representation or warranty, express or implied, regarding the Priority Shares or the advisability of an investment therein.

The terms of the Initial Offering are more fully set forth in the Prospectus, dated October (the "**Prospectus**"). The Subscriber acknowledges having received the Prospectus, the Investors' Presentation and the By-laws and hereby represents that it has carefully reviewed it and fully understands the contents thereof.

The Subscriber further acknowledges that subscription for, and investment in, the Priority Shares is restricted to certain qualifying investors who duly and properly complete this Application Form and who meet the requirements set out in the Prospectus (each an "**Eligible Investor**").

Capitalized terms used herein without otherwise being defined shall have the meanings set forth in the Prospectus.

## 2. **Subscription.**

A. Subject to Sections 2-F and 2-G, and subject to all other terms and conditions set forth herein, the Subscriber hereby irrevocably offers to purchase the number of Priority Shares as specified below ("**Committed Capital**"); provided that the minimum amount each Subscriber shall subscribe for shall be no less than US\$ 750,000 (seven hundred and fifty thousand United States Dollars) and integral multiples of US\$ 10,000 in excess thereof. The Subscriber acknowledges that the Committed Capital does not include governmental and bank charges (if any) due from the Subscriber, which shall be assessed and payable by the Subscriber separately. The Company may in its discretion accept lesser amounts but in no event less than US\$ 100,000 per Eligible Investor.

\_\_\_\_\_ **Priority Shares** [*insert total of Priority Shares*]

\_\_\_\_\_ **Committed Capital** [*insert amount equal to a number of Priority Shares applied for times the Issue Price for the Initial Closing Date*]

- B.** The Subscriber represents that it has transferred in clear funds an amount of US\$ \_\_\_\_\_ representing two third (i.e. 66.67%) of the Committed Capital, which is payable upon the first call by the Company on the Initial Closing Date, and together with any applicable governmental and bank charges, to the account designated by Lucid Investment Bank SAL as escrow agent (the "**Escrow Agent**"), having the below bank account details (the "**Escrow Account**"):

Account Name:  
Account Number:  
IBAN:  
Bank Details:  
Swift Code:

- C.** Subject to Section 2-B above, and the other terms and conditions set forth herein, the Subscriber hereby authorizes the Company to apply an amount equal to the Committed Capital received by the Escrow Agent, on behalf of the Subscriber, to subscribe for the corresponding number of Priority Shares in respect of which this Application Form has been accepted on or about the Initial Closing Date.
- D.** In the event that the Initial Offering is terminated for any reason, or if this Application Form is rejected, in whole or in part, the Company will instruct the Escrow Agent to refund promptly to the Subscriber to the account identified below any monies (or corresponding portion thereof) paid by the Subscriber, excluding any interest earned thereon into the Escrow Account, and which will not be applied to purchase Priority Shares in accordance with the terms of this Application Form.

Correspondent Bank:  
Correspondent Bank Address:  
SWIFT Code:  
Beneficiary Bank:  
Beneficiary Bank Address:  
SWIFT Code or IBAN:  
Beneficiary Name (Account Name):  
Beneficiary Account No.:

- E.** Subscriber acknowledges and agrees that this Application Form shall be deemed accepted only upon (i) execution by the Subscriber, (ii) confirmation by the Escrow Agent that the amounts set forth under Section 2-B herein has been transferred to the Escrow Account plus, governmental and banking charges, if any, payable by the Subscriber, such acceptance to be evidenced by delivery to the Subscriber of a letter executed by the Lead Placement Agent and/or Manager indicating such acceptance. The Subscriber acknowledges, however, that the allocation of Priority Shares will ultimately be made by the Company, and that, accordingly, the acceptance by the Lead Placement Agent of this Application Form shall not entitle the Subscriber to an allocation of all or part of the Priority Shares and the Subscriber hereby accepts that it might be allocated only part or none of the Priority Shares for which it has applied and waives any right of discussion or challenge or contest in this respect.

- F. Subscriber acknowledges and agrees that the Lead Placement Agent and/or the Company may, in its sole discretion, reject this Application Form in whole or in part and/or terminate the Initial Offering at any time and for any reason whatsoever. In either such event, the Subscriber shall have no right under this Application Form or otherwise against the Company, the Lead Placement Agent, and/or the Sponsor or any other person, to invest in the Company at any time. In addition, if this Application Form has been accepted, the Company retains the right to reduce, in its sole discretion, the number of Priority Shares allocated to the Subscriber (even to zero).
- G. Whether or not this Application Form has been accepted, the Subscriber may not rescind its agreement to invest in the Company, except solely in the event the final terms of the Priority Shares are materially different from the terms described in the PROSPECTUS. The Company will notify each Subscriber of such material difference in writing in order to obtain his/her written approval thereon; and if the Company does not receive such approval within a time frame specified by the Company, the subscriptions of such Subscriber will be deemed rescinded and the Company will be under the obligation to refund to the Subscriber an amount equal to the Committed Capital, excluding any interest earned thereon received by the Escrow Agent.

**3. *Undertaking to Fund the Committed Capital; Pledge of Priority Shares.***

- A. The Subscriber hereby commits and undertakes to fund any unpaid portion of the Committed Capital representing the subscription amount for the remaining Priority Shares subscribed to as when and as called to do so by the Company and subject to a minimum fifteen (15) calendar days prior written request (the "**Capital Call Request**") sent to the Subscriber to the address specified in this Application Form. Within a period of two months following the date of the relevant Capital Call Request, Priority Shares corresponding to the payment made by the Subscriber on account of the Subscriber's unpaid Committed Capital will be issued at the Issue Price to the benefit of the Subscriber. The Subscriber understands that it is a condition precedent to the Company's obligation to deliver the Priority Shares hereby subscribed on the Initial Closing Date or on any subsequent date upon which Priority Shares are issued to the Subscriber further to a Capital Call Request, that the Subscriber effects a pledge ("**Subscriber's Pledge**") of such Priority Shares to the Company (or its designee) to secure its obligations to fund any uncalled portion of its Committed Capital when and as called to do so by the Company. Accordingly, Subscriber hereby pledges such Priority Shares in favor of, and grants a security interest in such Priority Shares, together with any and all rights attached thereto and/or resulting therefrom, to the Company for so long as and to the extent that Subscriber has an obligation to fund any portion of uncalled Committed Capital as contemplated by and in accordance with the Prospectus. Subscriber acknowledges and agrees that (i) Subscriber's Pledge shall be binding on the Subscriber, its successors and assigns; (ii) Subscriber's Pledge shall inure to the benefit of the Company and its successors, transferees and assigns; and (iii) Subscriber's Pledge and this Section 3-A constitute the legal, valid and binding obligation of the Subscriber, which is enforceable against it in accordance with its terms. Subscriber authorizes the Company to register Subscriber's Pledge in the register maintained by the Company or Midclear with respect to the Priority Shares and agrees to take all reasonable actions that may be necessary or desirable to enable the Manager to exercise and enforce its rights and remedies under or relating to Subscriber's Pledge or otherwise at law or in equity in respect of the Priority Shares. The Subscriber shall abstain from creating any security interest or encumbrance, other than Subscriber's Pledge, on or affecting the Priority Shares.

- B. The Subscriber hereby understand that the Company may, in its sole discretion, relieve the Subscriber from effecting a pledge on the Priority Shares in accordance with Section 3-A if the Subscriber provides proof, acceptable to the Manager, in its sole discretion, that it can fund its Committed Capital as and when called to do so, and may require the Subscriber to provide alternative collateral, as a security for the payment of the Committed Capital, in form and substance acceptable to the Manager. In this respect, if required by the Manager, at its sole discretion, the Subscriber hereby commits and undertakes to provide alternative collateral, as a security for the payment of the Committed Capital, in form and substance acceptable to the Manager.
- C. The Manager may assign all its rights and obligations under or arising out of the Subscriber's Pledge to any third party without the prior written consent of Subscriber and Subscriber authorizes the Company to effect any necessary amendments in the register maintained by the Company or Midclear with respect to the Shares to reflect any such assignment.

#### 4. *Representations and Warranties.*

Subscriber represents and warrants to the Company as follows:

- A. All information disclosed by the Subscriber to allow the Lead Placement Agent (and/or the Co-Placement Agent, if applicable) to determine the qualifications of the Subscriber to be an Eligible Investor in the Company as more fully set out in the Prospectus, is true and complete.
- B. Subscriber hereby makes the representations and warranties set forth in this Section 4 and in *Appendix A* hereto, and for the benefit of, the Company, the Sponsor and the Lead Placement Agent (and the Co-Placement Agent, if applicable) on the date hereof and on and as of the Initial Closing Date and each subsequent date on which Priority Shares are issued to the Subscriber further to a Capital Call Request. Subscriber understands that Priority Shares (if any) will be sold to, and its investment in the Company made by, the Subscriber in reliance on such representations and warranties.
- C. Subscriber hereby agrees and undertakes, as promptly as possible after request by the Company, the Manager, or the Lead Placement Agent (or the Co-Placement Agent, if applicable), to complete and furnish to the Company, the Manager or the Lead Placement Agent or the Co-Placement Agent (or the Co-Placement Agent, if applicable) all information so requested in connection with the acceptance of the Subscriber's subscription for Priority Shares and investment in the Company; and the Subscriber represents to, and for the benefit of the Company, the Manager and the Lead Placement Agent (or the Co-Placement Agent, if applicable) that all such information will be true, accurate and complete.
- D. Concurrently with the execution of this Application Form, the Subscriber undertakes to execute the special power of attorney (the "**Power of Attorney**") in the form attached hereto as *Appendix B* pursuant to which the Subscriber appoints the Attorney(s) (*as defined therein*) to, *inter alia*, to represent the Subscriber and to take any and all actions and execute any and all documents for the acceptance and the registration of the Subscriber as a shareholder of the Company with such number of Priority Shares as resulting from the allotment made and communicated by the Lead Placement Agent, (or through the Co-Placement Agent, if applicable), on or about the Initial Closing Date and to attend and vote on behalf of the Subscriber at any extraordinary general assembly meeting of the shareholders of the Company in favor of the issuance of Priority Shares including, but without limitation, in relation to the issuance of additional Priority Shares in connection with any Subsequent Closings.

- E.** The Subscriber hereby certifies that the money representing the subscription price of the Subscriber's Priority Shares is not derived from money laundering connected to drug trafficking, bribery, criminal offenses or other illegal activities and agrees that it shall be personally liable vis-a-vis the Company, the Manager and the Lead Placement Agent (and the Co-Placement Agent, if applicable) for any misrepresentation in this respect.
- F.** The Subscriber hereby waives banking secrecy and authorizes the Lead Placement Agent or the Co-Placement Agent (in the event this Application Form is submitted to the Co-Placement Agent) to provide, to the extent needed or requested:
- the Company, and any and all parties and correspondents connected to the Priority Shares or relevant thereto or to the Offering contemplated herein including without limitation parties who are related to the issuance, management, placing or administration; and,
  - any supervisory, regulatory, or other authorities to the extent needed, requested or required;

with any and all information regarding the Subscriber including without limitation its identity as being the holder of the Priority Shares, the Subscriber's holdings acquired pursuant to this subscription and in general such other information, to the extent needed or requested for any purpose, notably without limitation (i) for tax purposes or for implementation of tax laws and regulations (ii) to satisfy any applicable anti-money laundering laws and regulations, anti-terrorism financing, Know Your Customer policies and regulations (iii) for compliance with any relevant law or regulation and (iv) for any other concern.

## **5. Indemnification**

Subscriber hereby agrees to indemnify and hold harmless the Company, the Lead Placement Agent, (the Co-Placement Agent, if applicable) and the Sponsor, each director and officer of the Company, the Lead Placement Agent, (the Co-Placement Agent, if applicable) and the Sponsor, each of their affiliates, agents and each other person, if any, who controls, is controlled by, or is under common control with, any of the foregoing, against any and all loss, liability, claim, damage and expense whatsoever (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) arising out of or based upon any false representation or warranty made by the Subscriber, or breach or failure by the Subscriber to comply with any covenant or agreement made by the Subscriber, in this Application Form or in any other document furnished by the Subscriber to any of the foregoing in connection with this transaction. Subscriber also agrees to indemnify the Lead Placement Agent, (the Co-Placement Agent, if applicable), the Company and the Sponsor and their affiliates, agents and control persons (as described above) for any and all costs, fees and expenses (including legal fees and disbursements) in connection with any damages resulting from the Subscriber's assertion of lack of proper authorization to enter into this Application Form or perform the obligations hereof.

## **6. General**

- A. Modification.** This Application Form may not be modified, discharged or terminated verbally, but only by an instrument in writing, signed by or on behalf of both the Subscriber, the Lead Placement Agent and the Company and, in the event this Application Form is submitted to the Co-Placement Agent, then its approval shall be required.

- B. *Defined Terms.*** Capitalized terms used herein without otherwise being defined shall have the meanings set forth in the Prospectus.
- C. *Counterparts.*** This Application Form may be executed in multiple counterpart copies, each of which shall be considered an original and all of which shall constitute one and the same instrument, binding on all parties hereto, notwithstanding that all the parties are not signatories to the same counterpart.
- D. *Successors and Assigns.*** Except as otherwise provided herein, this Application Form shall be enforceable by and against the successors and assigns of the parties hereto, and shall inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns. This Application form is not transferable or assignable by the Subscriber.
- E. *Applicable Law.*** This Application Form shall be governed by and construed in accordance with the laws of the Republic of Lebanon.

The Subscriber acknowledges that the Lead Placement Agent (or the Co-Placement Agent, if applicable) has emphasized and the Subscriber fully understands that financial investments such as the Offering contemplated herein, particularly if for speculation purposes, are very risky and could entail important losses.

The Lebanese Capital Market Authority (CMA) has not passed upon and takes no responsibility for the information contained herein and the Prospectus.

We hereby confirm that we fully comprehend the English language and we have read this Application Form, the Prospectus, the Investor Presentation, the Management Agreement and the Administration Agreement which are drafted in English and we have fully understood their content. Furthermore, we confirm that we were granted the opportunity to ask questions and receive answers thereto from the Issuer and/or the Lead Placement Agent (or the Co-Placement Agent, if applicable), and have been informed of all information needed to understand and assess the merits and risks the acquisition of shares subject of this Application form and the Prospectus.

يقر المکتتب أنه يتقن اللغة الإنكليزية وأنه اطلع على مضمون هذا المستند وكتيب التعريف المتعلق بها و *Investor Presentation* و *Administration Agreement* و *Management Agreement* وهو بالتالي يؤكد بأنه فهم محتواها كلياً وأنه تم إعطائه الفرصة لطرح الأسئلة وتلقي الإجابات عنها من قبل المصدر و/أو وكيل الإصدار واستحصل على المعلومات الضرورية لفهم وتقييم مزايا ومخاطر شراء وامتلاك الأسهم موضوع هذا المستند و كتيب التعريف .

The undersigned has executed this Application Form on this \_\_\_\_\_ day of \_\_\_\_\_,

[This form must be signed in one copy]

.....

Insert Name & Title of Subscriber or the Person Signing on Behalf of Subscriber:

.....

## **APPENDIX A: REPRESENTATIONS AND WARRANTIES OF THE SUBSCRIBER**

The Subscriber represents that all information disclosed by it with respect to its investment in the Priority Shares is true and complete.

1. The Subscriber represents that it has received a copy of the Prospectus, Investors' Presentation and the By-laws, has read the Prospectus, Investors' Presentation and the By-laws and understands their content, and acknowledges and accepts the Prospectus, Investors' Presentation and the By-laws and the objective, prospects and risks of an investment in the Company. The Subscriber has carefully reviewed and considered all such information and matters included therein, including those described under the headings "RISK FACTORS" and "CONFLICT OF INTEREST" in the Prospectus. The Subscriber further represents that it has been made well aware that the performance of its investment in the Company depends on the performance of the Company and its underlying investments which involves a high degree of risk and that there can be no assurance or guarantee that the Company's investment objective will be achieved or that it will receive a return of its capital. The Subscriber further understands that it may not request the redemption of its Priority Shares, in whole or in part, at any time. Further, the Subscriber should be aware that they will be required to bear the financial risks of this investment in Priority Shares for an extended period of time
2. The Subscriber understands that the financial condition and results of operations of the Company are greatly affected by the economic and monetary conditions of the Lebanese Republic. As a result, the investment made in the Company is an investment reflecting the general risk of the Lebanese Republic as well as the particular risk of the Company and the risks associated with investing in the Real Estate industry.
3. The Subscriber understands that subject to applicable laws and the By-laws, it is expected that the Excess Cashflow of the Company will be distributed to the holders of Shares in accordance with the Distributions Priorities set out in the Prospectus.
4. The Subscriber understands that the Priority Shares will be allocated at the sole discretion of the Manager on or about the Initial Closing Date and that accordingly, it may be allocated none of or less than the full number of Priority Shares for which it has applied.
5. The Subscriber acknowledges and recognizes the lock-up and restrictions on the transfer of Priority Shares and understands that any transfer of Priority Shares will be subject to any restriction that may be set out in the Prospectus, the By-laws, or applicable law. The Company shall not be required to register any transfer of Priority Shares if applicable transfer restrictions have not been complied with.
6. All of the representations and warranties of the Subscriber contained herein and all other information furnished by the Subscriber to the Lead Placement Agent, (or the Co-Placement Agent, if applicable), and/or Company are true, accurate, complete and correct in all respects and, if there shall be any change such as to cause these representations and warranties to no longer be true, accurate, complete and correct in all respects, the Subscriber will notify the Company, the Manager and/or the Lead Placement Agent (or the Co-Placement Agent, if applicable) within thirty (30) days of such event.
7. The Subscriber is not a US Person, as defined in Regulation S under the Securities Act; was outside the United States when it made this Application Form; and will be outside the United States when it purchases the Priority Shares.

8. (If the Subscriber is not an individual) the Subscriber represents and warrants that it is duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is organized and has the power and authority and legal capacity to enter into, and perform its obligations under this Application Form. The Subscriber further represents and warrants that the person signing this Application Form has all requisite power and authority to sign and deliver such documents on behalf of the Subscriber. The Subscriber acknowledges that it has fully observed the legal requirements of all jurisdictions to which it is subject, including obtaining any government or other consents which may be required for it to invest in Priority Shares or completing any other necessary formalities in connection therewith.
9. The Subscriber acknowledges that although the holders of the Priority Shares will be extending the majority of the equity financing made to the Company, the Common Shares will hold the majority of the share capital of the Company.
10. The Subscriber acknowledges that the Company does not intend, currently, to list the Shares on the Beirut Stock Exchange or any other exchange and that the Shares are illiquid.
11. The Subscriber agrees that an investment in the Company carries with it a high degree of risk, given the nature of its investment. These risks include, but are not limited to, the risks summarized in the Prospectus under “RISK FACTORS”, which prospective Eligible Investors are urged to carefully consider along with the other matters discussed elsewhere in the Prospectus. No assurance can be given that Eligible Investors will realize a profit on their investment. Moreover, Eligible Investors may lose some or all of their investment and prospective Eligible Investors should not subscribe unless they can readily bear the consequence of such loss. The “RISK FACTORS” section included in the Prospectus does not purport to be a comprehensive summary of all of the risks associated with an investment in the Company generally. Rather, these risks and uncertainties described therein, which potential Eligible Investors should carefully consider, represent the risks the Lead Placement Agent (or the Co-Placement Agent, if applicable) believes to be material but these risks and uncertainties are not the only risks and uncertainties the Company, the Operating Company and prospective Eligible Investors face. Additional risks and uncertainties not presently known to the Lead Placement Agent (or the Co-Placement Agent, if applicable) or the Company or that the Lead Placement Agent (or the Co-Placement Agent, if applicable) or the Company currently believe are immaterial could also impair the Company’s business. Potential Eligible Investors should review the Prospectus in its entirety before deciding whether to make an application for subscription for the Priority Shares.
12. The making of this application and the subscription for Priority Shares is not in breach of any regulatory or legal requirements of the jurisdiction in which the Subscriber is a resident, citizen, domiciled or national or which are applicable to the Subscriber in any manner.
13. The Subscriber has been urged to discuss the content of the Prospectus, this Application Form, the Investor Presentation and any other marketing material with its legal, tax, financial and other advisors before subscribing to Priority Shares.
14. The Subscriber agrees that Capital Markets Authority takes no responsibility for the accuracy of the statements and information contained in the Prospectus, nor shall the Capital Markets Authority have any liability to any person, an investor or otherwise, for any loss or damage resulting from reliance on any statement or information contained herein.

- 15.** The Subscriber meets all qualifications to hold investments similar to the Priority Shares. All of the representations and warranties of the Subscriber contained herein and all other information furnished by the Subscriber to the Lead Placement Agent (or the Co-Placement Agent, if applicable) and/or Company are true, accurate, complete and correct in all respects and, if there shall be any change such as to cause these representations and warranties to no longer be true, accurate, complete and correct in all respects, the Subscriber will notify the Lead Placement Agent (or the Co-Placement Agent, if applicable) and/or Company within 30 days of such event.
- 16.** The Subscriber assures that the funds representing its Committed Capital are not derived from money laundering, connected to drug smuggling or other criminal offenses and agrees that it shall be personally liable to the Lead Placement Agent (or the Co-Placement Agent, if applicable) and/or Company for any misrepresentation in this respect.
- 17.** (If the Subscriber is a legal entity) the Subscriber represents and warrants that it is duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is organized and have the power and authority and legal capacity to enter into, and perform our obligations under this Application Form. The Subscriber further represents and warrants that the person signing this Application Form has all requisite power and authority to sign and deliver such documents on behalf of the Subscriber. The Subscriber acknowledges that it has fully observed the legal requirements of all jurisdictions to which it is subject, including the obtaining of any government or other consents which may be required or the compliance with other necessary formalities.
- 18.** The Subscriber acknowledges that, due to increased regulatory concerns with respect to anti money laundering, anti-terrorism financing or due to tax requirements (particularly in connection with the application of Foreign Account Tax Compliance Act (FATCA)), the Lead Placement Agent (or the Co-Placement Agent, if applicable), or any person or entity connected with the issuance or placement of the Priority Shares or any correspondent bank or financial institution may require further documentation verifying, among other things, such Subscriber's identity and source of funds used to purchase the Priority Shares. The Lead Placement Agent (or the Co-Placement Agent, if applicable) shall be held harmless and indemnified against any claim or loss if such information has been required and has not been provided by the Subscriber. Requests for documentation and additional information may be made at any time during which a Subscriber holds an interest in the Priority Shares. The Lead Placement Agent (or the Co-Placement Agent, if applicable) may be required to provide this information, or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the Eligible Investors that the information has been provided. The Lead Placement Agent (or the Co-Placement Agent, if applicable) will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures. Governmental authorities are continuing to consider appropriate measures to implement and at this point it is unclear what steps the Lead Placement Agent (or the Co-Placement Agent, if applicable) may be required to take in this respect.
- 19.** The Subscriber also warrants and declares that the monies being invested in the Priority Shares are bona fide and do not represent directly or indirectly the proceeds of any criminal activity or tax evasion and that the investment is not designed to conceal such proceeds so as to avoid prosecution for an offence or otherwise.

- 20.** The Subscriber hereby agrees to indemnify and keep indemnified the Lead Placement Agent (and the Co-Placement Agent, if applicable) against any loss arising to it as a result of any breach of any representation, warranty, covenant or confirmation by the Subscriber in this Application Form or from the Subscriber's failure to provide any relevant information or details. The Subscriber understands that in the case of delay or failure to provide satisfactory information, the Lead Placement Agent, (the Co-Placement Agent, if applicable), and any other relevant party or correspondent may take such action as they deem fit.
- 21.** The Subscriber agrees to notify the Lead Placement Agent (or the Co-Placement Agent, if applicable) immediately if the Subscriber becomes aware that any of these declarations and representations and warranties is no longer accurate and to take and complete in all respects any action that may be required in respect thereof or a consequence thereof.
- 22.** In the event that the banking regulatory or supervisory authorities express reservation or objection on the Subscriber for any reason whatsoever, or in case the Subscriber is or becomes listed in any local or international sanction lists (including without limitation the sanction lists (including without limitation the sanction lists of the UN, EU or USA), or is or becomes involved in any terrorism financing or money laundering activity, its subscription in the Priority Shares will be rejected by the Lead Placement Agent (or the Co-Placement Agent, if applicable), even following its acceptance, and will be considered as null and void, and the Subscriber undertakes, if necessary, to transfer the Priority Shares to another Eligible Investor as soon as required by the Lead Placement Agent (or the Co-Placement Agent, if applicable).
- 23.** The Subscriber acknowledges that the Priority Shares are not listed on the Beirut Stock Exchange or any other exchange and that the Priority Shares may be illiquid.
- 24.** The Subscriber represents that it is not located in the United States and is not participating in the Offering from the United States and is not a U.S. person or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Offering from the United States and is not a U.S. person. For the purposes of this Application Form, "United States" means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia. The Subscriber confirms that it has executed this Application Form outside of the United States and that any related buy order occurred outside of the United States and not using U.S. jurisdictional means.
- 25.** The Subscriber has the ability to bear all the risks associated with the Priority Shares and is able to sustain a complete loss of the investment.
- 26.** The Subscriber hereby represents and warrants to the Lead Placement Agent (and the Co-Placement Agent, if applicable) that the Subscriber is not subject to any investment restriction in the Priority Shares and that the Subscriber is not acting on behalf of or for the benefit of nor does the Subscriber intend transferring any Priority Shares which the Subscriber purchases to any person subject to any investment restriction. The Subscriber further confirms that the Subscriber will promptly notify the Lead Placement Agent (or the Co-Placement Agent, if applicable) in the event that the Subscriber becomes subject to any investment restriction in the Priority Shares.
- 27.** The Subscriber is fully empowered and has the authority to make this investment whether the investment is its own or is made on behalf of another person or institution.

- 28.** Where the Subscriber is an individual, the Subscriber confirms that the Subscriber is 18 years of age or over (or of legal age in its jurisdiction of residence, if such is over 18 years).
- 29.** The Subscriber understands that the Offering or purchase of Priority Shares may be restricted in certain jurisdictions and the Subscriber is advised to consult professional legal, tax and accounting experts for matters related to applicable laws and regulations of any relevant jurisdiction and any other restrictions including without limitation those specified in the Offering documents. The Subscriber further acknowledges to be a person to whom the Offering documents, this Application Form and any other information, letters or agreements relating to the Priority Shares may be circulated without contravention of any laws and/or regulations applicable to the Subscriber, and the interest in the Priority Shares has not been offered or promoted to the Subscriber in violation of any securities laws applicable to the Subscriber.
- 30.** The Subscriber acknowledges and understands that: (i) Subscriber shall not benefit from any redemption rights nor have the benefit of any put option or other right to require the redemption thereof. As a result, the Subscriber must be willing and able to maintain its investment in the long term indefinitely; and (ii) the Offering documents may set restrictions regarding the selling or transfer by a Subscriber of the Priority Shares, and as such the Priority Shares may be illiquid. The Subscriber acknowledges and is aware that it may have to bear the economic risk of its investment in the Priority Shares.

[This form must be signed in one copy]

.....

Insert Name & Title of Subscriber or the Person Signing on Behalf of Subscriber:

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## **APPENDIX B: POWER OF ATTORNEY**

I have delegated each of \_\_\_\_\_ and \_\_\_\_\_ (both the "**Attorneys in Fact**" and each the "**Attorney in Fact**"), acting jointly or each singly, the power to take any and all actions required, and complete, execute and deliver, on my behalf and in my name, any and all applications, subscription forms and other documents necessary or appropriate for my acceptance and registration as a shareholder of Legacy One Holding SAL (the "**Company**") and completion of any subsequent capital increase, and to attend on my behalf any ordinary or extraordinary general meeting of shareholders of the Company held in this respect, to waive notifications requirements, to vote on my behalf and in my name and to take all the required actions in connection therewith including but not limited to, executing the minutes of the above meetings and all required documents, ascertaining the capital increase of the Company and the registration of the above minutes with the Beirut's Commercial Register.

IN WITNESS WHEREOF I have caused this Power of Attorney to be signed this day of

### **The Constituent**

Name:

Signature: