

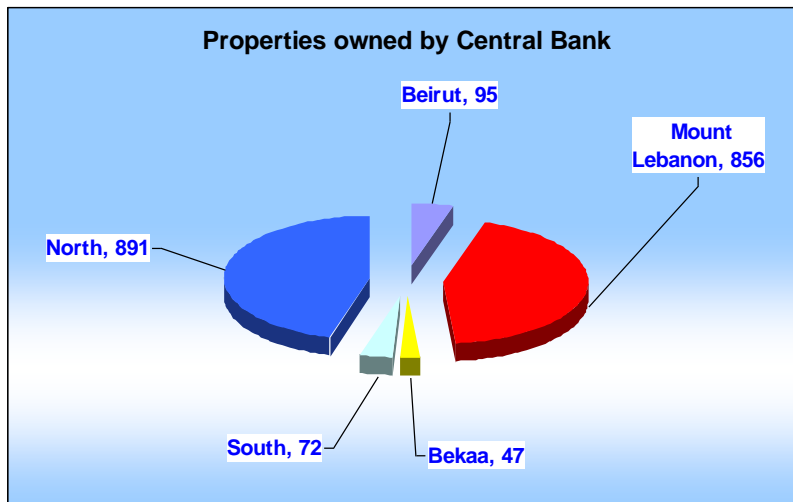
Sitting on a gold mine

“Why dig for oil when Lebanon is sitting on \$20 billion worth of unexploited properties”

Should a chicken incubate her eggs for forty years, it would expect to hatch no less than golden eggs. Accounting for 18% of Lebanon’s gold reserves, the Central Bank is sitting on \$1.2 billion worth of properties, some of which dating back to the sixties. In fact, private banks, religious organizations and local municipalities own an estimated \$20 billion worth of properties, all



cumulatively earning the country a big fat returns. The current financial crisis is stalemating lending institutions, making liquidity a precious commodity to have. Lebanon needs cash injection to not only avert an impending crisis that has threatened the very existence of major economies and even countries, but to also service a mounting national debt that has reached an alarming \$48 billion amid a global price meltdown in a country with \$25 billion GDP.



The proven skill and leadership of Central Bank Governor Riad Salameh is again called for to have some of these properties become the engines of development and growth instead of them remaining idle reminders of ineptitude and red tape. Salameh has demonstrated his masterful abilities as a financial wizard and

leader, building a financial firewall for the country's economic structure and engineering regulations that major governments are trying to emulate, even at the eleventh hour. Salameh might well again be the one throwing a new lifeline into Lebanon's economy.

What are we talking about? If we leave religious congregations (Awkaf) alone for a minute, the Central Bank and other private lending institutions have accumulated over the years properties they acquired as security against bad loans. Private Banks have established real estate departments to promote these properties to the private sector, but that effort has remained mired by inefficiency and an inability to move these properties in the proper cycle of dynamic reinvestment. Using announcements in local newspapers, the Central Bank occasionally auctions out select properties through a closed bidding process. Currently, no such bids are available as they await the appointment of the new Central Bank board which takes decisions on these matters.

The interesting thing is that the banking sector is not highly leveraged against these properties, i.e. it did not dish out loans exceeding 60% of the original value of the land. Today's real estate prices have risen significantly and the opportunity for high returns is more than likely. Yet, in order to move these properties, the Central Bank would direct private banking institutions to considerably discount these properties, sometimes up to 80% of their current market values. Banks would still turn a good profit and would simultaneously take a monkey off their backs, since these properties cost dollars to manage despite their sitting idle and returning no profits.

Governor Salameh is asked to extend his ingenuity in economics & finance by inviting the public sector, banking sector, private investors, NGOs and professionals over to a roundtable discussion around an applicable plan to promote such properties. The process needs to be transparent and make use of the latest global marketing tools while providing an easy roadmap for Lebanese expatriates to invest in their homeland.

Lebanese investors and expatriates are an excellent target for such mass properties. In order to be able to bid, a website must provide preliminary information about the area, plot number, location and available shares distribution. Some of these properties are located in remote areas such as valleys and rough terrains, but the market still needs such properties for special-purpose projects like farming, agriculture, and others.

The amount of cash liberated by this procedure could play a major role in Lebanon's national stability and economic prosperity if we just consider the numerous employment opportunities that this will create for thousands of families. We can literally dig ourselves out of this mess.

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