

**Achievement of Market-Friendly Initiatives and Results Program  
(AMIR 2.0 Program)**

**Funded By U.S. Agency for International Development**

**Jordan Mortgage Refinance Company Ltd.  
Design of Five-Year Public Bond Issue**

Final Report

**Deliverable for FMD Component, Work Plan Activity No. 636.01  
Consultancy Agreement No. 278-C-00-02-00210-00**

*September 30, 2003*

*This report was prepared by Stephen B. Strauss, in collaboration with Chemonics International Inc., prime contractor to the U.S. Agency for International Development for the AMIR Program in Jordan.*

## **Data Page**

Name of Component: Financial Markets Development Initiative

Author: Stephen B. Strauss

Practice Area: Financial Sector

Service Offering: Housing Finance

List of Key Words Contained in Report:

Jordan Mortgage Refinance Company (JMRC)

Mortgage Loan

Housing Loan

Bonds

Financial Markets

Commercial Banks

Investment Banks

Investors

Refinancing Facility

Secondary Market

World Bank

## **Abstract**

The Jordan Mortgage Refinance Company (JMRC), since its establishment in 1996, has successfully carried out its mandate to promote residential housing finance in Jordan by providing refinancing facilities to commercial banks, and has raised funds to support this activity by issuing and placing its bonds (typically with maturities of three years) privately with a small group of investors, namely a few banks and the Social Security Investment Unit.

In a Strategic Plan of July 27, 2003 prepared by AMIR and agreed with JMRC, AMIR recommended to JMRC to prepare a public bond issue, aimed at the general public, for longer periods of five and seven years. JMRC, with its strong ownership (the Central Bank, major commercial banks and the Social Security Fund) and its socially-desirable objectives, is well-positioned to provide an attractively priced and secure investment instrument for the small to medium private saver. AMIR recommended to JMRC that this bond issue, unlike JMRC's previous bonds, should benefit from the assistance of an Issue Manager/Underwriter, an institution which can not only assist in placing the new JMRC bond issue with the investing public, but who can also ensure that a secondary market is available at all times so that the investor in these JMRC bonds is assured that bonds can be sold on any given day and that the investment is liquid at all times. This is a new departure for Jordan's financial markets which are characterized by bonds which are typically held to maturity by the investor (typically a financial institution) with little or no secondary market activity.

JMRC management proposed to its Board in late August 2003 the adoption of the AMIR recommendation, and the Board approved new public issues of bonds for maturities of five and seven years, and the engagement of an investment intermediary (Issue Manager) to assist in preparing the issue, placing it with the public, and ensuring a secondary market.

AMIR is now engaged in assisting JMRC in preparing for these new public bond issues. To do so, AMIR has worked with JMRC management and staff in the following ways:

- Assistance in preparing the Terms of Reference for an Issue Manager to be engaged by JMRC to advise and help distribute the public bond issue and ensure a secondary market.
- Assistance in determining the criteria which JMRC should apply in requesting proposals from qualified institutions to serve as Issue Manager, and in making its selection;
- Design an Offering Prospectus aimed at the general public, and prepare a first draft in English of such Prospectus.

As a result of these efforts by AMIR, JMRC has issued a Request for Proposal for an investment intermediary, based on qualification criteria and Terms of Reference prepared with AMIR's assistance; and has prepared a complete draft Prospectus (in both Arabic and English) with AMIR assistance. The next steps in the process will be for JMRC, again with AMIR assistance together with the selected Issue Manager, to complete the terms of the new bond issue and the final Offering Prospectus, and file them with the Securities Commission; prepare a marketing plan to ensure effective distribution of the new issue to the investing public; and determine with the Issue Manager the mechanisms for ensuring a liquid secondary market for these JMRC bonds.

## **Table of Contents**

- I. ACTIONS TAKEN TO DESIGN THE JMCR FIVE-YEAR BOND TO BE ISSUED TO THE PUBLIC**
  
  - II. REQUEST FOR PROPOSAL TO BE SENT TO QUALIFIED FINANCIAL INTERMEDIARIES**
  
  - III. ESTIMATED TIMETABLE FOR THE PREPARATION AND COMPLETION OF THE JMRC BOND ISSUE**
  
  - IV. PREPARATION OF FIRST DRAFT OF THE OFFERING PROSPECTUS FOR THE BOND ISSUE**
- APPENDIX: FIRST DRAFT OF THE OFFERING PROSPECTUS (ENGLISH-LANGUAGE VERSION)**

## Executive Summary

The Jordan Mortgage Refinance Company (JMRC) has so far successfully carried out its mandate to promote residential housing finance in Jordan by providing refinancing facilities to commercial banks (primary mortgage loan lenders). JMRC has raised funds to support this activity by issuing and placing its bonds for periods of one, three and five years, with banks and a few other financial institutions having been the main investors in such bonds.

AMIR has prepared, in collaboration with JMRC, a Strategic Plan dated July 27, 2003, recommending that JMRC begin issuing bonds for longer periods and to offer these bonds to the investing public. This step will accomplish two objectives: (1) to permit JMRC to offer refinancing facilities to banks with fixed interest rates for longer periods, reducing the risk of fluctuating interest rates both for the banks and for the individuals receiving housing loans from these banks; and (2) to provide a new, attractive investment instrument to Jordan's capital market.

Accordingly, in late August JMRC's Board of Directors approved the concept of JMRC issuing bonds for periods of five and seven years, offered to the public and managed by an Issue Manager (investment bank) to be selected. It was decided to begin with a bond with a five-year maturity, for an amount between JD 2 and 5 million.

Following the JMRC Board decision, AMIR began working with JMRC management and staff to perform the following activities:

1. Develop the criteria for selection of a qualified Issue Manager/Underwriter to be engaged for the purpose of (a) assisting in preparing the bond issue and final Offering Prospectus; (b) plan to market the new issue and ensure its successful distribution to the investing public; and (c) ensure a liquid secondary market for this bond issue.
2. Prepare specific Terms of Reference for the Issue Manager, to serve as the basis for JMRC's Request for Proposal in which JMRC invites qualified institutions to bid for the role of Issue Manager of the planned new bond issue.
3. Begin the preparation of an Offering Prospectus aimed at the general investing public, to be prepared in both Arabic and English. Such Prospectus will have several features which are quite different from previous Prospectuses for JMRC bonds which have been aimed at a few institutional investors.

This Report summarizes the results of these AMIR efforts through September to assist JMRC to prepare for the planned new bond issue, to engage the Issue Manager, and to prepare a first draft of the Offering Prospectus.

## I. ACTIONS TAKEN TO DESIGN THE JMRC FIVE-YEAR BOND TO BE ISSUED TO THE PUBLIC

AMIR's recommendations in the Strategic Plan of July 27, 2003 laid the basis for the design of the new bond issue. Key features recommended by AMIR were:

- JMRC should prepare to issue longer-term, fixed-interest-rate bonds for periods of five, seven and (later) ten years.
- The bond issue should be a public issue and target individual savers, broadening the group of investors in JMRC bonds beyond the previous circle of a few financial institutions.
- JMRC should engage in Issue Manager to provide expertise and credibility to the task of distributing the bond to the investing public, and providing ensured liquidity to the secondary market by standing ready to purchase bonds from investors at any time at market prices.
- JMRC (with AMIR assistance), rather than the Issue Manager, will prepare the initial Offering Prospectus; however, the Issue Manager will participate in the preparation of the final Offering Prospectus to be filed with the Securities Commission.

AMIR's assistance to JMRC in late August and September started with the determination of the criteria which should apply in selecting institutions capable of serving as Issue Manager for a bond designed as above. AMIR and JMRC agreed that the qualification criteria for selecting an Issue Manager should include the following:

- Experience in managing bond issues, including their distribution to individual investors;
- Experience and capability in secondary market activity for bonds
- Financial strength (capital, assets, liquidity) permitting the bidder to guarantee secondary market activity for amounts up to JD 5 million.

AMIR then assisted JMRC by preparing the Terms of Reference for the Issue Manager, and agree on the process by which JMRC would invite qualified institutions to bid for the role of Issue Manager. The recommended Terms of Reference proposed by AMIR, and the final Request for Proposal letter sent by JMRC to selected institutions, are given below in Section II. The selection of institutions to be invited to bid, had it been based solely on the selection criteria given above, would have been limited to four, perhaps five, potentially qualified institutions. However, JMRC determined that it should request proposals from a larger group of institutions (nine were invited) in view of its relations with these institutions; however, the result was that bids were received from the four institutions which clearly meet the selection criteria agreed between AMIR and JMRC.

AMIR and JMRC, during the course of several meetings, discussed and agreed upon a timetable and action plan for the preparation of the new five-year public bond issue (set forth in Section III below). This timetable aims to have the new bonds issued and placed before year-end 2003. While realistic, this timetable depends in part on certain extraneous factors such as whether JMRC's Board can give its final approval for the issue and sign

the Offering Prospectus before the end of October, and whether the Securities Commission can complete its approval of the Offering Prospectus during November, permitting an early December subscription period. If there are delays in either of these two steps, then the subscription period would need to be delayed until early in the New Year. In any case, however, the successful issuance of these JMRC five-year bonds to the public would quickly be followed by a new seven-year bond issue also offered by JMRC and its Issue Manager to the public.

AMIR's assistance in designing the Offering Prospectus involved agreeing with JMRC on those features of an Offering Prospectus for a public issue which will of necessity differ from the standard Prospectus format used by JMRC in all its recent bond issues. Once those areas were agreed upon (see Section IV below), AMIR prepared the Introductory (Summary) section of the draft Prospectus; JMRC prepared a full draft Prospectus in Arabic; and AMIR prepared a complete English version of this first draft Prospectus.



## **II. REQUEST FOR PROPOSAL TO BE SENT TO FINANCIAL INTERMEDIARIES**

AMIR prepared the Terms of Reference and Request for Proposal for JMRC to send to a list of financial intermediaries. The draft below was prepared and sent to JMRC on September 2, after which it was discussed together with JMRC management:

.....

JMRC PUBLIC BOND ISSUE: TERMS OF REFERENCE FOR MANAGER OF BOND ISSUE

DRAFT PREPARED BY AMIR (FOLLOWING DISCUSSIONS WITH JMRC)

September 2, 2003

TO: FINANCIAL INSTITUTIONS DETERMINED TO BE QUALIFIED

RE: REQUEST FOR PROPOSALS TO MANAGE A NEW BOND ISSUE

The Jordan Mortgage Refinance Company (JMRC) intends to issue a long-term bond, to be offered to physical persons and legal persons and entities, under the current Laws and Instructions for Issuing and Registering Securities. The intended issue of bonds will be a public offering of bonds, for the value of not less than 2 million Jordan Dinars, and not more than 5 million Jordan Dinars. The Board of Directors of JMRC has approved in principle the issuance of this bond, subject to its final approval of the amount, terms and conditions, after which the issue will be submitted for the approval of the Securities Commission. It is expected that the bond issue will be for a period of five years, without amortization, and will bear a coupon interest rate which is fixed for the entire five-year period.

The objective of the bond issue will be the utilization of its proceeds for refinancing housing loans according to the principles approved by the JMRC Board of Directors. The bond issue will not be guaranteed by any government authority or specific housing property collateral in favor of the bond holders. However, the bond will be supported by the assets of JMRC, including loans extended by JMRC to financial institutions which are themselves guaranteed by property mortgages transferred in favor of JMRC.

JMRC is requesting proposals from qualified institutions who are capable of serving as Manager of the new bond issue described above. The Manager will:

1. Perform the following activities related to the registration and closing of the new bond issue:
  - a. Review the Offering Prospectus, which will have been prepared in complete draft form by JMRC, before it is submitted to the Securities Commission.
  - b. Advise JMRC on final terms and conditions to apply to the Bond issue, specifically the fixed rate of interest to be applied to the bond issue.
  - c. Together with JMRC, join in carrying out all steps required to obtain the approval of the Securities Commission and their registration with the Securities Depository Center.
  - d. Perform all activities relating to the subscription and closing of the bond issue, and serve as Paying Agent for this issue.
2. Promote and distribute the bond issue to the general public, with the objective of obtaining the maximum possible subscription of these bonds from physical persons subscribing to amounts of a minimum of JD 1,000.

- 3. Use its best efforts to ensure full subscription of the bond issue in the amounts desired by JMRC, with a minimum of JD 2 million and a maximum of JD 5 million, subscribed by physical persons.
- 4. The Manager shall agree to serve as a secondary market-maker, confirm and guaranteeing that it stands ready at any and all times to purchase bonds from any bond holder, without limit as to minimum amount and for a maximum amount of JD 100,000 from a single seller in any single business day, during the entire life of the Bond. The purchase price for such secondary market purchases shall be done at a market price based on a formula to be agreed upon between JMRC and the Manager.

JMRC wishes to receive proposals from institutions interested in serving as Manager and performing the above activities, to be received by JMRC not later than Monday September 22, 2003, at 16:00 hours. Any such proposal should include the following:

--Confirmation that the proposing institution is licensed by the Securities Commission to perform the activities of Broker, Dealer, Investment Manager, Financial Advisor and Underwriter according to the Securities Law.

--Confirmation that the proposing institution is willing and able to provide the guaranteed secondary market-making activity specified in paragraph no 4 above.

--Information about the proposing institution’s experience in managing bond issues, distributing bonds to private investors, and secondary market trading activity. Such information should include a description of the institution’s professional staff engaged in such activities currently.

--Specific plan regarding the marketing of the bond issue, including the following elements:

- a. The advertising plan and the proposed cost thereof;
- b. The proposing institution’s intended use of its own capabilities to market the bond issue to individual investors.

--Latest financial information (audited balance sheet and income statement) of the proposing institution.

--Description of the cost proposal, giving the following components separately:

- a. Professional fee for the proposing institution’s activities to be performed per Sections 1, 2 and 3 above.
- b. Detail of estimated costs to be incurred such as advertising the bond issue, publication and other closing costs.

--Expected transaction fee or other remuneration expected by the proposing institution for its secondary market activity per Section 4 above.

Sincerely,

JMRC

.....

After further discussion between the AMIR and JMRC management, JMRC prepared a final Request for Proposal, in Arabic, which was sent on September 8, 2003 to nine institutions potentially qualified to serve as Issue Manager. The deadline given for reply was September 25, 2003. As of that date, four of the target institutions had submitted bid

proposals to JMRC, which JMRC is considering. JMRC expects to make its decision on selection of the Issue Manager by October 5, 2003.

The final Request for Proposal letter, as translated by AMIR staff from the Arabic original, is as follows:

.....

### **Final translation of letter from JMRC to bond issue manager candidates**

#### **RE: REQUEST FOR PROPOSALS TO MANAGE A NEW BOND ISSUE**

The Jordan Mortgage Refinance Company (JMRC) intends to issue a long-term bond, to be offered to physical persons and legal persons and entities, under the current Laws and Instructions for Issuing and Registering Securities. The intended issue of bonds will be a public offering of bonds, for the value of not less than 2 million Jordan Dinars, and not more than 5 million Jordan Dinars. The Board of Directors of JMRC has approved in principle the issuance of this bond, subject to its final approval of the amount, terms and conditions, after which the issue will be submitted for the approval of the Securities Commission. It is expected that the bond issue will be for a period of five years, without amortization, and will bear a coupon interest rate which is fixed for the entire five-year period.

The objective of the bond issue will be the utilization of its proceeds for refinancing housing loans according to the principles approved by the JMRC Board of Directors. The bond issue will not be guaranteed by any government authority or specific housing property collateral in favor of the bond holders. However, the bond will be supported by the assets of JMRC, including loans extended by JMRC to financial institutions which are themselves guaranteed by property mortgages transferred in favor of JMRC.

JMRC is requesting proposals from qualified institutions who are capable of serving as Manager of the new bond issue on best efforts basis. The Manager will:

1. Perform the following activities related to the registration and closing of the new bond issue:
  - a. Review the Offering Prospectus, which will have been prepared in complete draft form by JMRC, before it is submitted to the Securities Commission.
  - b. Advise JMRC on final terms and conditions to apply to the Bond issue, specifically the fixed rate of interest to be applied to the bond issue.
  - c. Together with JMRC, join in carrying out all steps required to obtain the approval of the Securities Commission and their registration with the Securities Depository Center.
  - d. Perform all activities related to the bond issue such as they paying agent, registrar and custodian.
  - e. Promote and distribute the bond issue to the general public, with the objective of obtaining the maximum possible subscription of these bonds from physical persons.
  - f. The Manager shall agree to serve as a secondary market-maker, confirm and guaranteeing that it stands ready at any and all times to purchase bonds from any bond holder, without limit as to minimum amount and for a maximum amount of JD 100,000 from a single seller in any single business day, during the entire life of the Bond. The purchase price for such secondary market purchases shall be done at a market price based on a formula to be agreed upon between JMRC and the Manager.

JMRC wishes to receive proposals from institutions interested in serving as Manager and performing the above activities, to be received by JMRC including the following documents:

--Confirmation that the proposing institution is licensed by the Securities Commission and other related parties to perform the activities of Broker, Dealer, Investment Manager, Financial Advisor and Underwriter.

- Confirmation that the proposing institution is willing and able to provide the guaranteed secondary market-making activity specified in paragraph f above.
- Information about the proposing institution’s experience in managing bond issues, distributing bonds to private investors, and secondary market trading activity. Such information should include a description of the institution’s professional staff engaged in such activities currently.
  
- Specific plan regarding the marketing of the bond issue, including the following elements:
  - a. The advertising plan and the proposed cost thereof;
  - b. The proposing institution’s intended use of its own capabilities to market the bond issue to individual investors.
  
- Latest financial information (audited balance sheet and income statement) of the proposing institution.
  
- Description of the cost proposal, giving the following components separately:
  - a. Commission related to the services to be performed by the proposed manager institution in sections a to e above.
  - b. Detail of estimated costs to be incurred such as advertising the bond issue, publication and other closing costs.
  
- Expected transaction fee or other remuneration expected by the proposing institution for its secondary market activity per Section f above.

Offers shall be delivered sealed on Thursday 25 /9/200, 12 pm at the latest in the JMRC offices, taking into consideration that the JMRC has the right to decline any of the proposed offers submitted.

Thanks you for your interest and continuous support to the JMRC and its objectives to serve the mortgage industry in Jordan.

For further information please contact Mr. Saad Bishtawi /Director of Bonds Issuance Department – Jordan Mortgage Refinance Company on Tel No. : 56 01 417

Sincerely,  
(signed)  
JMRC

.....

### III. ESTIMATED TIMETABLE FOR THE ISSUANCE OF THE JMRC BONDS

Following discussion between AMIR and JMRC, on September 3, 2003 an initial timetable was prepared and agreed, modified subsequently to take into account the final deadline for receipt of bids from potential Issue Managers and JMRC's intention to select the Issue Manager on or about October 5:

- September 4: Completion of final text of the TOR letter requesting proposals from potential Investment bank (Issue Manager) Agree on qualification criteria.  
Review rough draft of the Prospectus, agree on the Index and on which sections will be newly drafted/expanded, including a Summary section prepared by AMIR.
- September 8: JMRC sends the TOR letter to the pre-qualified Investment Banks
- September 25: Date by which Investment Banks present proposals in response to JMRC's letter of Sept. 8.
- September 30: Estimated date for completion of a complete first draft of the Offering Prospectus in both Arabic and English.
- October 5: JMRC selects the Investment Bank, enters into an agreement with to serve as Issue Manager.
- October 6-16: Period during which JMRC and the Investment Bank review the Prospectus, decide on final terms and conditions of the bond issue (interest rate and targeted issue date in particular). Final draft of the Prospectus is prepared.
- October 16 (approx): JMRC informally consults Securities Commission staff regarding the Prospectus draft and receives any feedback. Then the final Prospectus document is prepared.
- October 20 (approx): JMRC Board approves the terms and conditions of the 5 Year Bond issue and the Prospectus. All Board members must sign the Prospectus.
- October 21 (approx): JMRC and the Investment Bank file the Prospectus with the Securities Commission.

Early November: The approval of the Securities Commission is received.

December 1 (approx): The bond subscription period opens. JMRC and the Investment Bank hold a public seminar on the bond issue (a combination of promotion and public education).

December 20 (approx): Closing date for the bond issue subscriptions.

## I. PREPARATION OF THE FIRST DRAFT OF THE OFFERING PROSPECTUS

The preparation of the first draft of the Offering Prospectus was done in three stages:

1. Discussion by AMIR with JMRC management of the enhancements which will be required for a Prospectus for a public offering, compared with the previous prospectus formats used by JMRC for issues limited to institutional investors.
2. Preparation by AMIR of a draft Prospectus outline and introduction (summary).
3. Preparation by JMRC of a full draft prospectus in Arabic.
4. Translation by AMIR of the Arabic prospectus into English.

Items 1 and 2 are presented below in this Section V of the Report. Item 3 (Arabic first draft), prepared by JMRC based on Items 1 and 2, has been completed but is not included with this Report. Item 4, the full English-language version of the full Arabic-language prospectus (item 3), is include with this Report as the Appendix. It was translated by AMIR translators, edited in English by AMIR, and sent to JMRC on September 30, 2003 for their review. This English-language draft prospectus, together with the Arabic-language version, now provide the basis for discussion with the Issue Manager (once that institution has been selected) who, together with JMRC and AMIR, will prepare the final Offering Prospectus in both its Arabic and English versions, to be presented to the Securities Commission for its approval.

Items 1 and 2 are as follows:

1. Enhancements to previous JMRC prospectus formats:

The following enhancements to the Prospectus were recommended by AMIR, discussed and agreed JMRC Management:

- A. An Introductory section (summary) will be prepared, to include the following:

- Presentation of JMRC as an institution and its contribution to the Jordanian housing sector;
- Description of the bond issue and of the collateral supporting the bonds;
- Description of the use of proceeds of the bond issue;
- Benefits to the investor of investing in these JMRC bonds;
- Description of secondary market.

- B. An enhanced description of JMRC's financial situation, financial ratios and analysis will be provided in the body of the Prospectus.

- C. A description of the Jordanian economy with emphasis on the housing sector will be added to the Prospectus.

2. First English draft of the Prospectus, including a Summary section with the enhancements as above. The Contents and Introductory (summary) sections of this first English draft, as prepared by AMIR and submitted to JMRC on September 3, are given below:

**Prospectus of 13<sup>th</sup> bond issue**  
**Issued under the Temporary Securities Law No. 23 of 1997**  
**Jordan Mortgage Refinance Company**

Public Shareholding Company with limited liability  
Registered under No. 314 on 5/6/1996  
15 Almahdi Bin Baraka Street ,Shmeisani West,  
P.O.Box 940743 Amman 11194 Jordan  
Tel: 5601417 Fax: 5601542

Bonds Type	:Registered in book entry form
Number of Bonds	Minimum 2,000, maximum 5,000 bonds
Denomination	:JD 1,000 nominal value each or multiples thereof.
Principal Amount	:Minimum JD 2,000,000, maximum JD 5,000,000.
Maturity	:Five (5) Years
Issue Date	:.....2003 (date to be determined)
Maturity Date	.....2008 (date to be determined, five years after issue)
Coupon Interest Rate	: 4.5 % percent per annum (to be determined)
Interest Payment Dates	:The interest on the bond will be payable semi-annually in arrears in each year (dates to be determined)
Nominal Bond Price	:JD 1,000
Bond Selling Price	:JD 1,000
Bond Issuing Manager/ Underwriter	:To be determined
Custodian	:To be determined
Paying Agent	:To be determined
Bond Deposit No. with Securities Commission	..... dated .....
Prospectus Validity Date	:Securities Commission approval on ..... 2003



## Important Information

This Circular should be read in its entirety

The main purpose of preparing this prospectus is to submit all information that helps Investors in making the right decision when investing in these bonds.

Jordan Mortgage Refinance Company Ltd.(the “Issuer”) accepts responsibility for the information contained in this document and has taken all reasonable care to insure that the information contained in the said document is in accordance with the facts and does not omit to state any material fact necessary to make such information not misleading.

Each investor should make his own investigation and he should study well the prospectus to determine if this issue is suitable for him, taking into consideration all facts in view of his special situation.

The Jordan Securities Commission does not make any representation or warranty for not including any important and necessary information and data in this prospectus or if it contains incorrect or inaccurate information and data, the responsibility will be on the party prepared the prospectus.

INDEX

[Summary section prepared by AMIR]  
 [Remainder of outline is that given by JMRC in Arabic]

Section		Page
<b>Summary</b>	A. Presentation of the Issuer JMRC B. Purpose of this bond issue and use of proceeds C. Description of this bond issue D. Benefits and risks to the investor	<b>1</b>
<b>I.</b>	The procedures followed to get approval for the issue	5
<b>II.</b>	Purpose of this issue and use of proceeds	5
<b>III.</b>	Potential Investors in the issue	5
<b>IV.</b>	Terms, conditions and procedures for subscription: --Method of announcing the issue --Submitting subscription applications --Venue and duration of subscription --Conditions for which subscription approval is subject --Method and date of reimbursement in case of allocation or rejection of subscription. --Procedures undertaken if the subscription does not cover value of the announced issue --Documents required for subscription --The minimum payment for subscription --Payment procedures	5 5 5 6 6 6
<b>V.</b>	Description of the long-term bond offering: a-Type of long-term bond offering b-Interest rate, method and dates of disbursement c-Trading in the long-term bond	7 7 7 7
<b>VI.</b>	Listing of Bonds	8

<b>VII.</b>	General Rules - Sequence rights of the owner of bonds compared to other creditors - Rights of bond-holders in case of breach of terms and conditions of the issue. - Pledges taken to protect the bond-holders' rights - Amortization, depreciation and settlement - Date of aging bond-holders' rights  - Issue Manager and Underwriter - Paying Agent and Registrar - Bond issuer - Notices and statements to be sent to bondholders --Taxes	8 8 9 9 9 9 9 10 10
<b>VIII.</b>	Benefits of Investing in this long-tem bond	11
<b>IX.</b>	Guarantees and main risks associated with the investment in long-term bonds issued by the Company	12
<b>X.</b>	Company's projected plan for the years 2003-2007	13
<b>XI.</b>	Company Information: --Company description --Shareholders' equity --Competitive position of the Company --Company Board of Directors members --Shareholders and distribution of Company share ownership --Shareholders owning more than 5 % of the Company shares --Company legal advisor --Senior management with executive authority in the Company, who prepared this Prospectus --Financial statements and data summary	15 15 17 17 18 19 20 21 21 22
<b>XII.</b>	--Financial analysis of JMRC for the year 2002	
<b>XIII.</b>	--Economic and housing mortgage activities in Jordan	
<b>XIV.</b>	--Financial Statements of JMRC	

## Prospectus of bond issue

SUMMARY (to be formatted in sections with heading on the left, text on the right)

### A. PRESENTATION OF THE ISSUER: JORDAN MORTGAGE FINANCE COMPANY (“JMRC”)

JMRC’s establishment in 1996 is considered one of the important steps toward the restructuring of one of the main sectors of the national economy, the housing sector. It also constitutes a new and important link between the local money and capital markets through the provision of medium and long term funds to local banks and financial institutions through the refinance of their housing loans, from the proceeds of its bonds and short-term financial paper issued in the local capital market. The proceeds of these issues constitute JMRC’s main source of funds. The refinance mechanism offered by JMRC helps to overcome the lack of suitable financial resources in the banking system available for the housing sector. Further, JMRC’s loans can help banks to manage their assets and liabilities more efficiently through matching the terms of their sources and uses of funds.

During 2002 and 2003, JMRC has continued to focus its efforts on deepening and developing the housing finance system in the Kingdom. JMRC bond issued reached a total of JD 47.27 million, and its total refinancing of housing loans by banks reached JD 66 million,

See Section XIII of this Prospectus for a summary of the Jordanian economy and housing sector.

### B. THE PURPOSE OF THIS BOND ISSUE AND USE OF PROCEEDS

By issuing a new bond as set forth in this Offering Prospectus, JMRC is continuing its program of raising funds to promote the development of housing in the Kingdom by providing refinancing facilities to Jordanian banks who in turn provide housing mortgage loans to the general public.

JMRC is issuing a five-year bond at this time in order to raise funds at an interest rate fixed for five years, permitting JMRC to provide refinancing to banks for interest rates fixed for five years, which in turn permits the banks to fix the interest rate on mortgage loans for a five-year period, which is advantageous to the individuals and families who are borrowers of mortgage loans from banks. Another important benefit of this bond, and the five-year fixed-rate refinancing facilities to be financed by this bond, is that the banks receiving five-year fixed-rate refinancing from JMRC are thereby able to reduce their interest rate risks which they incur when making long-term mortgage loans.

The proceeds of this bond issue will be used primarily to extend new five-year refinancing facilities to Jordanian banks for the purpose of funding housing mortgage loans made by those banks to Jordanian households. All refinancing facilities extended to banks by JMRC include collateral (guarantees) pledged in JMRC's favor in the form of the property deed from a mortgage loan signed over to JMRC. JMRC's refinancing of banks is very well secured, because JMRC at least 120 % cover in the form of mortgage loans pledge to it as collateral for all its refinancing facilities to banks.

JMRC therefore has three forms of support for its refinancing facilities to banks:

(1) the obligation to pay by the bank itself; (2) the mortgage loan borrower to whom the bank has extended mortgage credit, whose obligation to pay the bank is assigned to JMRC to guarantee the refinancing facility; and (3) the mortgaged property pledged to the lending bank, and in turn pledged to JMRC.

### **C. DESCRIPTION OF THIS JMRC BOND ISSUE**

This bond issue is the 13<sup>th</sup> issue of bonds by JMRC, following 12 bond issues successfully placed with financial institutions. This 13<sup>th</sup> JMRC bond issue is the first of its issues to be specifically targeted to the individual investor, with a low minimum investment and a commitment on the part of the Issue Manager and JMRC to ensure an active and liquid secondary market in these bonds [wording to be agreed with Issue Manager]. JMRC's objective is not only to raise funds for its continuing mortgage refinancing program, but to give the Jordanian individual saver a new instrument in which to invest. This issue should be the first of a series of such JMRC bond issues aimed at the investing public, in an effort to broaden the sources of financing to Jordan's continually growing housing sector.

### **D. BENEFITS AND RISKS OF INVESTING IN THESE BONDS**

This bond issue by JMRC offers investors the opportunity to participate in the development of the housing sector, a major contributor to the country's economy. The fixed interest payable on these bonds reflects the shareholder group of State entities and major banks, and the investment by JMRC of proceeds in refinancing facilities to commercial banks secured by property mortgage loan receivables and real property collateral.

The liquidity of these bonds is a function of the secondary market. Major institutions, in particular the Issue Manager and JMRC itself, are expected to be able to provide liquidity to the secondary market at all times, so that an investor may be able to sell the bonds at any time. This liquidity depends on the continued existence of the Issue Manager and JMRC and their ability to purchase bonds on the secondary market.

[THE WORDING HERE TO BE DETERMINED TOGETHER WITH THE ISSUE MANAGER]

The risks of investing in these bonds consists of (a) JMRC's liquidity and ability to repay the bonds; (b) secondary market risk, and (c) price risk.

JMRC's ability to pay interest and bond principal at maturity is a function of its ability to collect amounts due from its refinancing facilities with banks. The liquidity of these refinancing facilities is based on three factors: (1) the ability of the banks to meet payments under the refinancing facility; (2) the ability of the borrowers under the mortgage loans to these banks to service their loans; and (3) the value of the mortgaged housing

The secondary market liquidity for these bonds is a function of the continued existence of the Issue Manager and JMRC, the institutions which have confirmed their willingness at all times to purchase these JMRC bonds on the secondary market at market prices.

The price risk in the event a bond holder wishes to sell bonds before maturity is a function of the level of market interest rates. The market rates for JMRC bonds are closely linked to the market rates for bonds issued by the Jordanian Government. The fluctuation of interest rates in the market will affect the bond price: the price of the bond will increase whenever interest rates decline, and the price of the bonds will decrease whenever interest rates rise. A bond holder who holds these JMRC bonds until their maturity is entitled to receive the full amount of the principal value of the bonds.

**Appendix**

**FIRST DRAFT OF THE OFFERING PROSPECTUS (ENGLISH  
VERSION)**

**JMRC FIVE-YEAR PUBLIC BOND ISSUE**

**Prospectus of Corporate Bond Issue (Thirteenth Issue)  
Issued under the Provisional Securities Law No. (23) of 1997**

**Jordan Mortgage Refinance Company  
A Public Shareholding Company  
(non-limited period)**

Telephone: 5601417 Fax 5601542  
P.O.Box 940743 Amman 11194 Jordan  
15 AlMahdi bin Baraka Street-Shmeisani  
Registered at the Ministry of Industry and Trade under No. (314) on 5.6.1996

<b>Type of Bonds</b>	:	Nominal/Registered
<b>Number of Bonds</b>	:	(2000-5000) bonds
<b>Bond Denomination</b>	:	JD 1000 and its multipliers
<b>Nominal Value of Bonds</b>	:	From JD 2,000,000 to JD5,000,000
<b>Total Value</b>	:	From JD 2,000,000 to JD 5,000,000
<b>Maturity</b>	:	5 years
<b>Date of Issue</b>	:	To be determined later
<b>Date of redemption and maturity</b>	:	To be determined later
<b>Interest rate; method and dates of payment</b>	:	Fixed at 4.5% annually; the interest shall be paid in two equal semi-annual installments every six during the issue period.
<b>Nominal Price of Bond</b>	:	JD 1000
<b>Selling Price of Bond</b>	:	JD 1000
<b>Listing of Bonds</b>	:	These bonds shall be listed at Amman Stock Exchange
<b>Issuing Agency</b>	:	Jordan Mortgage Refinance Company Ltd.
<b>Bond Issuing Manager and Underwriter</b>	:	To be determined later
<b>Paying Agent, Registrar and Custodian</b>	:	To be determined later
<b>Deposit Number at the Securities Commission</b>	:	..... Date .....
<b>Prospectus Validity Date</b>	:	..... Upon approval of the Board of Commissioners of the Securities Commission



### **Important Information**

Due to its importance, this statement must be carefully read by all investors

The main aim of this Prospectus is to provide all the information necessary for investors to make the right decision in relation with their investment in the issued bonds.

The Company shall be fully responsible for the information in this Prospectus and ascertains that it is free from other information the deletion of which can result in illusive or misleading understanding .

Each investor must scrutinize and study this Issuance Prospectus carefully in order to decide whether it is relevant to invest in it taking into consideration all the facts relating to his/her particular status and conditions.

The Securities Commission shall bear no responsibility for not including any essential information or data or for including inaccurate or wrong information in this Prospectus. This is, rather, the liability of the party preparing the Prospectus.

## INDEX

		page
	Summary <ul style="list-style-type: none"> <li>a- Issuer- Jordan Mortgage Refinance Company Ltd.</li> <li>b- Purpose of the Issue and method of investing its yield</li> <li>c- Issue Description</li> <li>d- Benefits and risks of investment in this Bond</li> </ul>	
First	Procedures followed to get approval of this Issuance	
Second	Purpose of the Issue and method of employing its yield	
Third	Investors in this Issue	
Fourth	Conditions and Procedures of Subscription <ul style="list-style-type: none"> <li>- Method of Issue Offering</li> <li>- Apply for subscription</li> <li>- Venue and period of Subscription</li> <li>- Acceptance/Refusal of Subscription Application</li> <li>- Conditions and Terms to accept subscription</li> <li>- Method and Date of Refunding the surplus amount in case of allocation or refusal of the subscription application</li> <li>- Procedures followed in case the subscription fails to cover the issued bonds</li> <li>- Credentials required for subscription</li> <li>- Minimal level of subscription</li> <li>- Procedures of Payment</li> </ul>	
Fifth	Description of the Offered Corporate Bonds <ul style="list-style-type: none"> <li>- Type of Offered bonds</li> <li>- Interest rate of bonds and dates of its payment</li> <li>- Trading with bond</li> </ul>	
Sixth	Listing of bonds	
Seventh	General Provisions: <ul style="list-style-type: none"> <li>- Sequence rights of bond holders in relation with other creditors</li> <li>- Holders' entitlements against bonds</li> <li>- Rights of bond holders in case of violating the issue conditions</li> <li>- Undertakings to protect rights of bond holders</li> <li>- Redemption, depreciation and payment of issue</li> <li>- Prescription period for bond holders</li> <li>- Issue Manager and Underwriter</li> <li>- Paying Agent, Registrar and Custodian</li> <li>- Issuer</li> <li>- Notifications and Statements to be sent to bond holders</li> <li>- Notifications and Statements to be sent to the Financial Securities' Commission</li> <li>- Taxes</li> </ul>	
Eighth	Investment Benefits of corporate bonds issued by the Company	
Ninth	Guarantees and main risks that may result from the investment in corporate bonds issued by the Company	

Tenth	Future plan of the Company for 2003-2007	
Eleventh	Company Profile: <ul style="list-style-type: none"><li>- Description and Merits of the Company</li><li>- Rights of Shareholders</li><li>- Competitive status of the Company</li><li>- Members of the Board of Directors</li><li>- Shareholders and distribution of the Company shares</li><li>- Shareholders with more than 5% of the Company's shares</li><li>- Attorney (Legal Advisor) of the Company</li><li>- Senior management with the executive authority in the Company preparing this prospectus</li></ul>	
Twelfth	Economic Developments and changes in the housing finance market in the Kingdom	
Thirteenth	Finance resources of the Company	
Fourteenth	Financial Analysis of the final statement of accounts for 2002	
Fifteenth	Financial Statements and Tables	

## Corporate Bond Prospectus

### SUMMARY

#### **a- Issuer: Jordan Mortgage Refinance Company Ltd.:**

Upon the direction of the Government and in cooperation between the public and the private sectors, the Jordan Mortgage Refinance Company (JMRC) was established to exemplify a main restructuring element of the Housing Sector in the Kingdom, one of the prominent sectors in the national economy. JMRC is a new and important link between the money market and the capital market, as it provides medium and long term finance for banks and financial companies which provide housing loans from several financing sources, namely the proceeds of the issuance of financial securities on the capital market. JMRC's operating mechanism, which includes refinancing of the housing sector, helps banks and financial companies to increase their share in the housing loans provided to their customers and, thus to expand the housing credit base in the Kingdom. Accordingly, a solution is provided for the main problem facing the housing sector, namely the scarcity of financial resources made available by the banking system. In addition, financial institutions will be capable of managing their assets and liabilities at a higher level of competence by means of matching the terms of finance with their sources.

Since its establishment, the Company has been persistent in deepening and developing the housing finance market in the Kingdom by (i) developing the primary market in terms of increasing the volume of housing finance by local banks, (ii) developing housing loan programs offered by these banks, (iii) increasing the number of banks delivering this type of loans, (iv) developing secondary markets by increasing the volume of housing loan refinancing offered by the Company to banks in several forms, (v) developing the capital market by increasing the volume of the Company's issues of several types of financial instruments on this market in order to provide the required funds for the Company's credit operation and to increase trading turnover on the market.

The Company has contributed to the initiative of the Government to adopt a special program to support housing finance in the Kingdom by partially charging the Government with the interest rate of the subsidized housing loan.

Despite the economic conditions prevailing in the Kingdom in 2002 and especially in 2003, with relatively high level of interest rates on housing loans despite the decreased interest rates on deposits and the availability of high liquidity at most banks, the Company was able to increase the volume of its loans to banks to around JD 65 million as of 30.6.2003. These loans are distributed among nine banks that have refinanced approximately eight thousand housing loans. The balance of the Company's issues of the corporate bonds has increased to JD 51.93 million as of 30.6.2003. The volume of housing loans delivered under the Housing Finance Subsidy Program totaled JD 26.2 million as of 30.6.2003.

**b- Purpose of the Issue and method of investing its proceeds:**

The net amount expected to be yielded from the issue of these corporate bonds will be invested in providing refinance loans for the housing loans according to standards and criteria adopted by the Board of Directors.

As the Company offers this new corporate bond issue on the capital market, it assures its persistent role in developing housing finance activity in the Kingdom through medium and long term finance to Jordanian banks that provide housing loans.

This five-year issue aims primarily to provide funding for longer terms at fixed interest rates to banks providing housing loans, to encourage them to provide housing loans at fixed interest rates for interest periods of five years. This is done by refinancing these loans to help offset the risks related to fluctuating interest rates the lending and the borrowing banks face; in the longer term, lending risks will be reduced accordingly.

**c- Issue Description:**

Building on its success in selling twelve of its corporate bond issues using the private subscription method, the Company desires to expand its investor base by offering, for public subscription, the thirteenth issue of its corporate bonds for a nominal value of JD 2-5 million and a maturity of 5 years. Accordingly, the investor base will expand to include individuals with the aim of enhancing the credit activities of the Company at better conditions, and of introducing the Company and its operations to the public whom the Company seeks to serve and provide them with a relevant investment instrument.

The Issue Manager undertakes to provide liquidity for this issue on the Secondary Market by pledging to purchase bonds offered for sale, during the entire life of the bond issue, for an amount of up to JD 100,000 from any investor on a single business day at prices prevailing on the market.

The success of the Company in selling this Issue means the ability to offer other issues for public subscription in order to deepen the housing finance operation in the Kingdom.

**d- Benefits and Risks of Investment in this Bond:**

This is low risk investment instrument and helps develop housing finance in Jordan; which in turn leads to the development of the housing sector which is one of the main sectors in the national Economy. The Company will channel the proceeds of the sale of this bond issue into housing refinance loans to Jordanian banks.

The following are the main risks that an investor in this issue may undertake:

- Liquidity:

The offered bonds will be listed on Amman Stock Exchange; which means that the liquidity of bonds and their ability to be traded are dependent on the attributes of this Stock Exchange. Liquidity can be provided for the bonds' holders through trading on the Stock Exchange.

Liquidity of corporate bonds is widely affected by legislation, laws and regulations governing the processes of issuing and trading these bonds, as well as the conditions prevailing on the market especially in terms of interest rate fluctuation.

With the aim of reducing the liquidity risks of this Issue, the Issue Manager will be ready to purchase bonds of this issue offered for sale on the Secondary Market during the entire period of the bonds for a maximum of JD 100,000 from any investor and on any single business day at prices prevailing on the market.

- Payment:

The Company's ability to pay interest and principal value on maturity dates depends on the amounts that the Company collects on maturity dates from banks receiving refinance loans from the Company for their housing loans.

- Fluctuation of Interest Rates:

Fluctuation of interest rates on the market affects the prices of corporate bonds as the increase of the interest rates is accompanied by a decrease in the bond's price, whereas the decrease of interest rates is accompanied by an increase in the bond's price.

**First: Procedures Followed to obtain approval of this issue:**

These bonds will be issued upon an approval by the Board of Directors of the Jordan Mortgage Refinance Company as per resolution No..... of..... (a copy is attached) and the approval of the Board of Commissioners of the Securities Commission of..... in accordance with valid laws and in practice of the regulation No. (2) of 1997 to issue financial securities and their registration passed in compliance with Article (73/c) of the Provisional Securities Law No. (23) of 1997.

**Second: Purpose of the Issue and Method of investing its yield (proceeds):**

The expected net amount of the proceeds from issuing these bonds will be used to provide refinancing of housing loans according to terms and conditions established by the Board of Directors of the Company.

Offering this new issue of corporate bonds on the Capital Market will help the Company continue to develop housing finance operations in the Kingdom by providing Jordanian banks making housing loans with medium and long term finance.

In first place, the aim of this 5-year term issue is to provide funding for longer terms at fixed interest rates for banks making housing loans in order to encourage them make housing loans at fixed interest for a period of 5 years. This will be achieved by utilizing the refinance mechanism to help offset risks relating to changes in interest rates that the borrowing bank and their individual borrowers face. In the shorter term, this will help reduce credit risks relating to housing loans.

**Third: Investors in this Issue:**

Investment in this issue of bonds targets natural and corporate persons including banks, institutions, financial companies, public corporations, insurance companies, saving funds, pension funds, housing funds, and other corporate persons; referred to hereinafter as investors.

**Fourth: Terms and Procedures of Subscription:**

Terms and procedures of subscription include the following:

**a- Method of Issue Offering:**

This issue will be offered through public subscription, and it will be announced in two daily newspapers at least twice after obtaining approval of the Offering Prospectus from the Securities Commission.

**b- Submitting applications of Subscription:**

The subscription application will be submitted directly to the Issue Manager or any other party to be declared in due course, in compliance with the subscription form designated for this purpose.

c- Venue and Period of Subscription:

The subscription will be implemented before the Issue Manager or the Party to be declared and during the period from nine a.m. of .....(day).....(date) to 12:00 noon of .....(day) .....date. In agreement with the Issuer, the Issue Manager shall have the right to extend the subscription period after obtaining approval from the Securities Commission.

d- Admission/Rejection of the Subscription Application:

The subscription application shall be admitted when fulfilling all of the following terms; should it fail to fulfill any of them, it would be rejected:

1. The subscriber must fill in all the data required in the subscription form clearly and precisely.
2. The subscribed amount must not be less than JD 1000 (one thousand Jordanian Dinars) being the nominal value of one bond at least. It shall not be permitted to subscribe to fractions of the Bond.
3. The Subscriber must pay all the nominal value to which he/she has subscribed.

e- Terms to admit the subscription application:

- 1- Subscription to the corporate bonds and payment of their value shall be considered as an acknowledgment by the subscriber to the effect of reviewing the issue prospectus and accepting all the terms and conditions incorporated therein. However, subscription and payment of the whole value shall not mean that all the subscribed bonds will be allocated to the subscriber on day of subscription. Allocation will, rather, be allocated to the subscriber after the close up of subscription and implementation of the allocation process if the subscription volume exceeds the value of the offered bonds. This shall be in compliance with the provisions of the Companies' Law, the Financial Securities' Law and regulations issued in accordance therewith. In cooperation with the issue manager, the Issuer will be implementing the allocation process.
- 2- The value of the corporate bonds allocated for the subscriber must be covered in full on the date of issue by paying the value of bonds allocated to the subscriber at the account of the Company at.....
- 3- The Issue Manager shall have the right to reject the subscription application that fulfills terms in Clause (d) above. In this case, the Subscriber shall have the right to claim any damage or harm to the Issue Manager or the issuing Company.
- 4- The Issue Manager shall notify the subscribers, in writing, of the number of bonds allocated therefore and their value.



5- **Method and Date of Refunding surplus money in case of Allocation or Rejection of Application:**

In case the total subscription amount has exceeded the total nominal value of the issue, the allocation process will be implemented according to the Companies' Law and regulations to issue financial securities and their registration No. 2 of 1997. Accordingly, the bonds issued to subscribers will be allocated to each subscriber per se after equal distribution of the minimal subscription amount among them. Then, the surplus amounts (if any) will be refunded to their owners by issuing checks in name of the first beneficiary (the original subscriber). However, the maturity date of such checks must not exceed two weeks as from the date of issuance. Within a period of (30) days maximum as from the date of subscription expiry, these checks will be delivered in hand to those entitled thereto at the offices of the Custodian's/Payment Agent. Should the Issuer fail to refund the surplus money or any fraction thereof to those subscribers entitled thereto during the designated period, an interest rate shall be imposed to the account of the Subscriber. This rate shall be fixed at the highest interest rate prevailing among the Jordanian banks for the term deposits in Jordanian Dinar. This interest rate shall be calculated as from the date succeeding the aforementioned thirty-day period.

6- **Procedures Applied in case of not covering subscription of issued bonds:**

In cooperation with the Issuer, the Issue Manager shall have the right to extend the subscription period upon approval by the Securities Commission.

7- **Documents required for Subscription:**

The Subscriber must provide a photocopy of his/her official Identity Card (Civil Status ID) with the subscription application. This document must show the Subscriber's national number. In case of a corporate body subscriber, the registration certificate must be presented along with the authorization given to the person who will sign the subscription application on behalf thereof. However, this authorization must be newly and duly issued.

8- **Minimal amount of subscription:**

The minimal amount of subscription is JD 1000 representing the nominal value of one bond.

9- **Procedures of Payment:**

a- The Issuer shall pay the due payments of bonds through the Paying Agent, Registrar and Custodian according to agency agreement signed between them. However, violation by the Issuer of the agreed payment will not be considered as a violation of the conditions and terms of the

issue or the undertakings of the Issuer unless this violation results in a delay of payment to the bondholders beyond the date fixed in this Prospectus. In all cases, there should be no prejudice caused to the rights of the Paying Agent, Registrar and Custodian as stipulated in the afore mentioned agency agreement.

- b- Upon receiving the due payments as explained in Clause (a) of this Article, the Paying Agent, Registrar and Custodian will deliver the due payments to the bondholders in one of the following methods:
  - (i) Against a check in Jordanian Dinar drawn at a bank in Amman. The check will be sent by mail to the bondholder (in case of joint possession of the bond, the check will be forwarded to the first name to appear in the register) at the address registered at the Paying Agent, Registrar and Custodian.
  - (ii) Against a bank draft for an account in Jordanian Dinar in name of the bondholder at a bank in Amman and upon a written request submitted by the bondholder and 15 days prior to the date of maturity of any amount.
- c- Due interest of the bonds shall be paid to the bondholders registered in the Register.
- d- In case of issuing individual certificate/certificates to the bondholder, he/she must deliver the certificate/certificates of bonds he/she holds to the Paying Agent, Registrar and Custodian as a prerequisite to pay the nominal value of the bonds.
- e- Any amounts or payments paid in relation with these bonds shall be subject, in all cases, to valid laws, by-laws and regulations.
- f- When the Paying Agent, Registrar and Custodian remits any interest payment or the nominal value of bonds to the bondholder by means of transferring the payment to a Jordanian Dinar account, the payment instructions will be issued to the effect of setting the maturity date at the maturity date of that payment. Should the maturity date occur on an official holiday, that payment will be paid to the bonds' holders on the first working day succeeding that maturity date. However, when forwarding any payment against a check, the check will be sent by mail to the bondholder on the working day occurring prior to the date of that payment maturity.

- g- Bondholders shall not be entitled to any interests or other amounts that might be incurred due to a delay in receiving the due amounts after their maturity date in the following cases:
  - (i) if the delay is due to the occurrence of the maturity date on an official holiday, or
  - (ii) if the bondholder has been late in delivering the certificate of individual bond possession issued upon his/her request, or
  - (iii) if the bondholder receives the check sent to him/her by mail as stipulated in Paragraph (f) above on a date subsequent to the date of maturity.

10- The Custodian shall register the bonds that have been allocated to the subscriber on the date of issuance and he shall deliver the notifications of the bonds' possession to the subscriber upon his/her request.

11- Copies of the Prospectus and the subscription requirements will be provided by the Issue Manager.

**Fifth: Description of the Offered Corporate Bonds:****a- Type of Offered Bonds:**

- (i) The Company's corporate bonds shall be entered in the form of book record in name of the holder at the Custodian's and their ownership will be transferred from one person to another according to the valid laws and regulations in the Kingdom.
- (ii) The period of these bonds shall be (5) years and shall be issued on ..... and mature on.....The Company shall pay the nominal value and its interests on the dates of maturity to bonds' holders through the Paying Agent and Registrar.

**b- Interest rate of bonds and dates of payment:**

- (i) These bonds shall be issued with a fixed interest rate of 4.25% per year.
- (ii) The interest shall be paid in two equal installments every six months of the year on ( ) and ( ) during all the years of the issue period.
- (iii) Should the interest maturity date occur on an official holiday in the Kingdom, the interest shall be paid on the first working day subsequent to that date.
- (iv) The Custodian shall collect the interests of bonds on maturity dates and pay them to the bondholder.
- (v) When circulating the bonds, the interest shall be calculated on the basis that the days of the year are 365 days or 366 days as relevant.

**c- Trading with the bonds:**

- Both natural and corporate persons (residents and non-residents in the Kingdom) can trade in these bonds by selling and purchasing them according to the valid legislation. Ownership transfer process shall be implemented through the Paying Agent, Registrar and Custodian. The Company shall also have the right to purchase bonds on the market for the market prevailing price and/or according to the stipulations of the Securities' Law and regulations issued in compliance therewith. However, the bonds purchased by the Company shall be nullified and will not be issued again.
- If the bondholder who wishes to sell has received individual bond certificates for the bonds he/she wishes to sell, he/she must submit this certificate to the Paying Agent, Registrar and Custodian before attempting to sell.
- Upon request, the Paying Agent, Registrar and Custodian will issue, in written, a new individual bonds' certificate in name of the Purchaser. The certificate will be delivered, in hand to the Purchaser at the offices of the Paying Agent, Registrar and Custodian, within 3 working days as from the date of receiving the transfer contract. In case the Purchaser does not come to receive the certificate within five days, it will be send to the Purchaser

by registered mail (with the Purchaser Liability) at his/her address set in the transfer contract.

- Registering the issues in name of their owners or entering transfer of their possession in the record will be executed without having the Issuer or the Paying Agent, Registrar and Custodian charge any fees. The only payments that must be executed in this respect are taxes, or governmental fees imposed in relation with the Issue; otherwise they might be any fees or expenses stipulated in the regulations and procedures of Amman Stock Exchange, the Depository Center and any other legal requirements.
- The bond holder shall not have the right to waive them to others during the fifteen days preceding the date of bonds' maturity. This waiver shall not be deemed as valid in confrontation with the Issuer or the Paying Agent, Registrar and Custodian.

#### **Sixth: Listing of Bonds:**

These bonds will be listed at Amman Stock Exchange (Financial Market) according to the Securities Law and by-laws and regulations issued in compliance therewith.

#### **Seventh: General Provisions:**

##### **1- Sequence Rights of Bond Holders in relation with other Creditors :**

Sequence rights of bonds' holders in relation with other creditors shall be equal to rights of those holding the Company's corporate bonds. Rights of bonds' holders shall be set in first place in terms of paying the Company's obligations incurred upon the Government's loan to the Company.

##### **2- Holders' entitlements against bonds**

- a- The right to receive interest on date of maturity along the whole period of time of the bond and till the date of its maturity.
- b- The right to receive the nominal value of the bond on maturity date.
- c- Receive a part of the Company's assets in case of liquidating it and this part shall be equal to the nominal value of the owned bonds. In all cases, this will be subject to the laws and regulations observed in the Kingdom.
- d- Rights of those working for the company in relation with other creditors shall be ruled by the Civil Law, the Labor Law and the Companies' Law in addition to any other relevant legal provisions incorporated in any other legislation.
- e- In terms of issues that have not been covered in a special text in this Prospectus, these bonds shall be subject to the provisions of the Deed of Association and the Statute (Charter) of the Company in addition to the Law of Companies and other laws and regulations that must be followed in the Kingdom.

- 3- **Rights of bond holders in case of violating the issue conditions:**
- a- By law, a body of the bond holders shall be formed under the name “Commission of the Corporate Bond Holders”. The Commission shall exercise its powers and assign a custodian of the Issue according to the valid Companies’ Law.
  - b- The bond holders shall have the right to implement the following procedures in case of violating the issue conditions:
    - (i) Consider the nominal value of bonds and accrued interest as immediately payable.
    - (ii) The Bond Holders shall have the right to take all the legal procedures in order to receive all their rights in full. Inter alia, this right shall be applied in the following cases:
      - (a) If the company fails to pay the accrued interest and the value of bonds on their maturity date.
      - (b) If the Company fails to fulfill any of its obligations incorporated in this Prospectus.
      - (c) If any events and/or assurances, and/or statements, and/or undertakings, and/or certificates have proved to be untrue according to this Prospectus.
      - (d) If a sequestration has been implemented on an important part of the Company’s properties; or if a liquidator or a Custodian has been assigned on all its properties or a part thereof; or if it has been announced bankrupted; or if it has ceased to pay.
- 4- **Undertakings to Protect Rights of Bonds’ Holders:**
- a- The Company shall borrow by issuing the corporate bonds to deliver loans for refinancing housing loans given by the financial institutions entitled to borrow from the Company after analyzing factors of return (revenue) and risks.
  - b- Priority of payment shall be given to the values and interests of bonds on maturity dates rather than to distribute dividends to shareholders.
  - c- The Company’s accounts will be set according to the duly followed accounting standards and practices as adopted by the Commission (International Accounting Standards). The fiscal year of the Company, however, shall end in December of each year.
- 5- **Redemption, depreciation and payment of issue:**
- a. Bonds shall be redeemed at once on the date of maturity.
  - b. The Paying Agent, Registrar and Custodian will collect the nominal value of bonds on date of maturity and/or redeem and pay them to the bonds’ holder.
  - c. If the maturity date and/or redemption of bonds shall occur on an official holiday, the amount shall be paid on the first working day succeeding (following) that date.

**6- Prescription Period for Bond Holders:**

- a- If a year passes and nobody claims due amounts as value or interest of the registered bonds, those amounts will be entered into the trusts' account of the Company.
- b- If an application is submitted to be refunded an amount that has not been claimed yet and has been entered into the trusts' account of the Company, the Company must pay the amount to the entitled person. The payment shall be entered into the trusts' account.
- c- The prescription provisions stipulated in the valid laws in the Kingdom shall be applied.

**7- Issue Manager and Underwriter on Best Effort Basis:**

The Issue Manager and Underwriter shall assume the task, on a best effort basis, to sell the issue according to an agreement to manage the Corporate Bond Issue mutually signed with the Issuer on..... The Issue Manager shall review the Prospectus as received from the Issuing Company. Responsibility for these data and information shall be limited to the Issuer and the damaged party will claim damage exclusively to the Company.

In cooperation with the Company, the Issue Manager will follow procedures related to the issuance of bonds and their registration at the Securities Commission including organization of the final form of the Prospectus and completing all the legal and technical requirements necessary to issue these bonds.

Upon the above mentioned agreement, the Issue Manager and the Underwriter will market and promote the issued bonds and shall undertake to purchase those bonds set for selling on the secondary market along the period of the bonds and for a maximum amount of (JD 100,000) one hundred Jordanian Dinars for any investor on the one working day. This purchase shall be against prices prevailing on the market and according to a calculation equation agreed upon as a "Secondary Market Maker Role". The Issue Manager will also assume the role of the Custodian and Paying Agent and Registrar for this Issue.

For implementing tasks stipulated in the agreement signed with him, the Issue Manager and Underwriter shall be entitled to a total amount of JD..... Deducted from the Issue yield.

**8- Paying Agent, Registrar and Custodian (to be determined later):**

This is the party paying interests and the bonds' value on date of maturity after collecting them of the Company by registering the value to the account of holders at this party or at licensed banks operating in the Kingdom. Upon accepting the subscription and allocation of bonds, this agent will be responsible for preparing an organized register to issue corporate bonds. The register will be called the (Bonds' Register). Names, nationalities, full mail addresses, and legal status of holders, and date of registration will be

entered in this Register along with the number of bonds they hold and their value and address as follows:

.....  
.....  
.....  
.....

9- **Issuer: Jordan Mortgage Refinance Company Ltd.**

It is the Issuer of bonds and its address is:

15 Mahdi bin Baraka Str./Western Shmeisani  
P.O.Box 940743 Amman 11194  
Telephone: 5601417 Fax: 5601542

10- **Notifications and Statements to be sent to Bonds' Holders:**

- Upon request, the Paying Agent, Registrar and Custodian shall provide the holders with the possession notifications
- Upon request, the Company will provide the bonds' holders with the annual financial statements.
- In case any bond certificate has been stolen, distorted or torn, it can be replaced through the Paying Agent, Registrar and Custodian. Accordingly, the bond's holder submits a written application to the Paying Agent, Registrar and Custodian to the effect of replacing the damaged, missing, distorted or torn bond certificate. However, replacement must be according to conditions of proof, guarantee and compensation in addition to other conditions required by the Issuer and/or the Paying Agent, Registrar and Custodian while observing all laws in force and the requirements of the Stock Exchange where these bonds are listed. Holder of the missing certificate must announce it in a two daily papers. In the announcement, he/she must show the certificate number and the number of bonds fixed therein. If the missing certificate is not found within thirty days as from the date of announcing it, a new certificate will be issued. However, distorted or damaged bonds must be delivered to the Paying Agent, Registrar and Custodian before issuing the new certificate to the bond's holder. The applicant will be charged with all the incurring expenses.

11- **Notifications and Statements to be Sent to the Securities Commission:**

The Company shall provide the Securities Commission with semi-annual financial statements. After being ratified by the General Assembly, the Company will announce its annual financial statements in the media according to the provisions of the Companies' Law No. (22) of the year 1997 and the regulations issued thereupon.



**12- Taxes:**

Subscribers of these bonds should solicit legal and tax advice from separate sources in terms of tax issues related to bonds and relevant expenses that might be approved by the Income Tax Department to define taxable income including income returned on the investment in these bonds. Subscribers, however, should not be solely satisfied with the content of the brief in Clause (a) of this Article (12).

**a- Income Tax:**

Interests and capital profits yielded from the investment in the corporate bonds will be subject to the Law of Income Tax No. (57) of 1985 and its subsequent amendments as follows:

**b- Interests of Bonds**

According to the above mentioned Law of Income Tax and its amendments, the bonds' holders shall be categorized in three groups in terms of tax processing of the bonds' interest received from the Issuer as follows:

**- Banks and Financial Institutions:**

Interest rates incurred by the Corporate Bonds and received by banks and financial institutions will be exempted from 25% of payable income tax. However, no amounts of expenses can be incorporated into profits of these banks and institutions for exempting this rate; and 75% of these interests will be taxable.

**- Other Companies:**

100% of the interest rates incurred from the corporate bonds and received by companies other than banks and financial companies will be exempted from the income tax. In return, expenses and expenditures of these exempted interests will be defined against the interests received from the issued bonds prorated with total revenues and multiplying the result by the total accepted expenses. However, the rate of these expenses and expenditures must not exceed 50% of received interest.

**- Natural Persons (Individuals):**

Interests of bonds received by natural persons (individuals) will be fully exempted from the income tax.

**c- Capital Profits:**

According to the above mentioned Law of Income Tax and its amendments, bonds' holders will be categorized into three groups in terms of tax processing of the capital profits yielded from selling and purchasing the issued corporate bonds as follows:

- Banks and Financial Institutions:  
25% of the capital profits yielded from selling and purchasing the issued corporate bonds and received by banks and financial institutions will be exempted from income tax. However, no amounts of expenses can be incorporated into the profits of these banks and companies for exempting this rate (25%); and 75% of these interests will be taxable.
  - Other Companies:  
100% of the capital profits yielded from selling and purchasing the issued corporate bonds and received by companies other than banks and financial institutions will be exempted from income tax. In return, expenses and expenditures of these capital profits will be prorated in 25% of those profits yielded from the investment of money accrued from the shareholders' rights while deducting fixed net assets as they appear in the balance sheets of those companies.
  - Natural Persons:  
Capital profits yielded from selling and purchasing bonds and received by natural persons (individuals) will be fully exempted from income tax.
- d- Revenue Stamps:  
The Issuer will pay all the fees of revenue stamps required for the bonds' issue if any.
- e- Other fees:  
The Issuer will pay all fees required for the execution of the Prospectus if any. The Company will also pay any other fees required for listing these bonds on the Stock Exchange or registering them at the centers of depositing financial securities. However, fees of possession transfer of these bonds at the center of depositing financial securities are not included in this Clause as the seller and the purchaser of these bonds will be charged with such fees according to laws, by-laws and regulations applied at centers of depositing financial securities.

**Eighth: Benefits of Investment in the Corporate Bonds Issued by the Company:**

Following are the main benefits of investment in the Corporate Bonds of the Company:

- 1- These bonds are of a low weighted risks of 20% upon approval of the Central Bank of Jordan; which supports financial positions of licensed banks that possess these bonds and improves the rate of the Capital solvency.

- 2- Corporate bonds issued by the Company are prioritized in terms of payment against the Company's obligations incurred by the Government's loan to the Company.
- 3- Values of these bonds are considered part of the liquid assets in the balance sheets of banks and financial institutions for the purposes of calculating rate of legal liquidity that licensed banks must provide upon regulations of the Central Bank of Jordan in this respect.
- 4- Interest accrued from these bonds and profits yielded from investment therein are exempted from taxes according to provisions of the valid Law of Income Tax.
- 5- A steady income is yielded for investors every six months.
- 6- Subscription to these bonds is easy and can be traded with on the local capital market. For, the Issue Manager undertakes to purchase what is set for selling on the Secondary Market along the bonds' period and for a maximum amount of JD 100,000 (one hundred thousand Jordanian Dinars) for any investor on the single working day and against the prices prevailing on the market. Purchasing these corporate bonds by the investors will enable them to contribute to the development of the housing finance domain in Jordan; which is one of the main sectors in the National Economy. For, the Company will channel the yield of this issue selling to deliver refinance loans for the housing loans rendered by the Jordanian Banks against a guarantee of the real estate mortgage bonds duly transferred to the order of the Company.

**Ninth: Guarantees and Main Risks that may result from Investment in Corporate Bonds Issued by the Company:**

**a- Guarantees:**

These bonds are not guaranteed by any governmental party or any other specific housing real estate mortgages to the account of their holders. However, the bonds are guaranteed with the Company's assets including loans to refinance housing loans delivered to financial institutions qualified to borrow from the Company against the guarantee of real estate bonds of first class transferred to the Company and duly documented. Remaining value of these bonds is 120% at least of the Company's loan value at the end of each quarter of the year in each case and along the whole period of the loan. However, the Company does not pledge to add more obligations to these bonds and does not undertake to abstain from distributing profits to shareholders.

Following are the rates of guarantees related to the Company's activities as on 30.6.2003, 31.12.2002, and 31.12.2001:

Statement	As on 30.6.2003	In 2002%	In 2001%
Value of the real estate mortgage bonds against refinance loans	200	205	205
Estimated Value of mortgaged real estate properties against balances of refinance loans	255	262	271

Balances of refinanced housing loans against balances of refinancing loans	136	131	155
Balances of refinancing loans against total nominal value of corporate bonds issued by the Company	124	122	114
Value of real estate mortgage bonds at the Company against nominal value of the corporate bonds and financial securities issued by the Company	237	227	190

**b- Risks:**

Main risks of investment in these bonds are as follows:

- **Fluctuation of Interest Rates:**

Fluctuating interest rates on the market affect prices of the corporate bonds; an increasing interest rate means a decreasing bond's price and a decreasing interest rate means an increasing bond's price.

- **Liquidity:**

The offered bonds will be listed on Amman Stock Exchange. Thus, the liquidity of these bonds and their tradability will depend on the attributes of this Exchange. To a great extent, these bonds will be subject to legislation, laws and regulations ruling over the issue and trading processes thereof as well as the conditions prevailing on the market especially in terms of interest rates' fluctuation.

In order to reduce liquidity risks of this Issue, the Issue Manager will be ready to purchase what is set of these bonds for selling on the Secondary Market and for the whole period of the bonds for a maximum amount of JD 100,000 from any investor on the single working day and against prices prevailing on the Market.

- **Payment:**

The Company's ability to pay interests and nominal value on dates of maturity depends on the amounts yielded on dates of maturity from the banks that have already raised loans to refinance housing loans they deliver.

**Tenth: Future Plan of the Company for 2003-2007:**

Following are the guidelines of Future Plan of Action for the Company for 2003-2007:

First : Deepen lending activities of the Company on the Secondary Market of real estate mortgage by offering new lending programs in line with developments in the primary housing finance market and the capital market in the Kingdom. This will be implemented by increasing volume of loans to refinance term housing loans of different types as well as encouraging banks to increase their contribution to programs of

- supporting governmental housing finance targeting low income groups among the public sector employees.
- Second: Deepen activities of the Company in the domain of issuing corporate bonds and short term financial securities on the Capital market by increasing volume of the Company's issues for terms and of several types in line with lending activities of the Company in addition to the attempt to expand the investors' base in the Company's issues.
- Third : Review the lending policy and policy of managing assets and liabilities approved by the Company in order to be elaborated in line with developments in the housing finance market and the capital market in the Kingdom. In addition, propose adequate amendments to the program of supporting housing finance in order to increase its efficiency and sustain it.
- Fourth: Increase the Company's capital to be in line with the growing activities of the Company and amend its Deed of Association and Statute (Charter) to provide for expanding its lending activities to include refinance of real estate loans delivered by banks and other financial institutions with the aim of purchasing offices and clinics in commercial complexes. This steps aims, as well, to purchase loan portfolios delivered by banks and other financial institutions and can be refinanced by the Company.
- Fifth : Adopt a relevant mechanism to deal with financial institutions delivering housing loans according to principles and provisions of the Islamic Shari'a (Law).
- Sixth: Provide a program to guarantee housing loans delivered as a credit support especially for loans delivered to people with low income and those with high risks. This program must be of a relevant structure and cost.
- Seventh: Standardize bases and criteria of conditions to deliver housing loans by financial institutions. Standardized forms must be used for proceedings of housing loans at all banks with the aim of decreasing administrative costs and facilitating transition to more advanced phases of growth in housing finance. Accordingly, securitization must be observed and mortgaged backed securities must be issued.
- Eighth: Persist in and develop marketing activities of the Company directed to banks and financial companies that deliver housing loans also targeting investment institutions operating on the local bonds' market as well as marketing housing loans to citizens. This aims at enabling them to have access to this finance against the best terms and conditions. Investors in the Housing Sector must be urged to increase the volume of productive housing units on sites against relevant costs and quality including studying the potential of establishing a specialized company to produce housing units on the local market in coordination with concerned parties.

- Ninth: Provide tailored training for employees at the Company according to the requirements of its different operation phases while backing up the technical (functional) cadre of the Company.
- Tenth: Coordinate with the concerned parties to organize a specialized seminar in housing finance in order to deepen and develop the housing finance system operated in the Kingdom.

### **Eleventh: Company Profile**

#### **1- Description and Merits of the Company**

The Jordan Mortgage Refinance Company Ltd. Was established and registered in the Register of public shareholding companies at the Companies' Controller under No. 314 on 5.6.1996. The Company obtained the right to assume operation on 22.7.1996 in compliance with the provisions of the valid Companies' Law. There are sixteen shareholders in the Company from both the public and the private sectors; mainly, the Central Bank of Jordan, the Public Corporation of Housing and Urban Development, the Public Corporation of Social Security, the Arab Bank, and the Housing Bank. Capital of the Company is JD 5 million paid in full. The first Board of Directors of the Company was elected by the Constitutional General Assembly on 24.6. 1996. The second Board of Directors of the Company was elected on 8.3.2000. Governor of the Central Bank of Jordan chairs the Board of Directors of the Company

The Company was established upon the Government's directives and in cooperation with the International Bank for Construction and Building with the support of the Central Bank of Jordan in order to help achieve the objectives set by the Government's policy related to the restructuring of the Housing Sector especially in terms of providing mid and long-term financing for this sector that is an important sphere of the local economy. Following are the main goals that the Company seeks to achieve:

- a- Develop and improve the housing finance market by enabling license banks and other financial companies to increase their contribution to delivery of mid and long term housing loans.
- b- Encourage and develop the capital market in the Kingdom by offering loan bonds to help create a new investment tool in the market.
- c- Open an Islamic niche to provide mid and long-term finance for banks and financial institutions that operate according to the Islamic Sharia.

With the aim of assisting the Company to achieve its above mentioned objectives, following are the concessions provided for the Company:

- In mid November 1997, the Company was exempted from transferring the mortgage bonds whether to the account of the Company or to other parties holding contracts with the Company on an ad hoc basis.

- The Central Bank of Jordan agreed to calculate the weighted risks of housing loans in 50% for the purpose of calculating the capital solvency to the housing loans delivered by the Company. However, the calculated amount must not exceed the amount borrowed by the Bank from the Company.
- The Central Bank of Jordan approved of not have a general allocation of the good housing loans that were financed by the Company.
- The Central Bank of Jordan approved of considering the values of the corporate bonds and the short term financial securities (less than one year) issued by the Company within the liquid assets at the balance sheets of banks and financial institutions for the purpose of calculating the legal liquidity portion that must be provided by the licensed banks.
- The Central Bank of Jordan approved of considering the weighted risks of the corporate bonds and short term financial securities (less than one year) issued by the Company at 20% for the purpose of calculating the capital solvency.
- The yielded interests and profits resulting from investment in the corporate bonds and the short term financial securities (less than one year) issued by the Company will be exempted from taxes according to the valid Tax Law.

Following are the sources of finances of the Company:

- 1- The paid up capital (fully paid) and totals JD 5 million.
- 2- A loan in Jordanian Dinar equaling USD19.6 million. This loan was raised by the Company from the Government for 20 years upon a re-lending agreement that was signed with the Government on 23.4.1997. The loan is a part of a loan raised by the Government from the International Bank for Construction for USD 20 million designated to implement the project of housing funding and reforming the urban sector. Value of the loan was reduced to the equivalence of USD 19 million as the Company does not desire to invest the amount set for consultation and training. Repayment of the Government's Loan is set in a lower priority for the company compared with the other creditors who hold the bonds of the Company.
- 3- Corporate bonds successively issued by the Company according to requirements of banks and financial institutions of loans to refinance housing loans delivered by these financial institutions according to bases and standards adopted by the Board of Directors. The issued corporate bonds are a general and direct liability for the Company's assets that include the loans of refinancing housing loans delivered against real estate mortgage bonds of the first denomination. These are transferred to the Company's order and duly documented by the borrowing financial institutions. The amount of these mortgages at the end of each quarter year is 120% at least of the value of the Company's loan in each case and along the period of the Company's loan while observing the following:

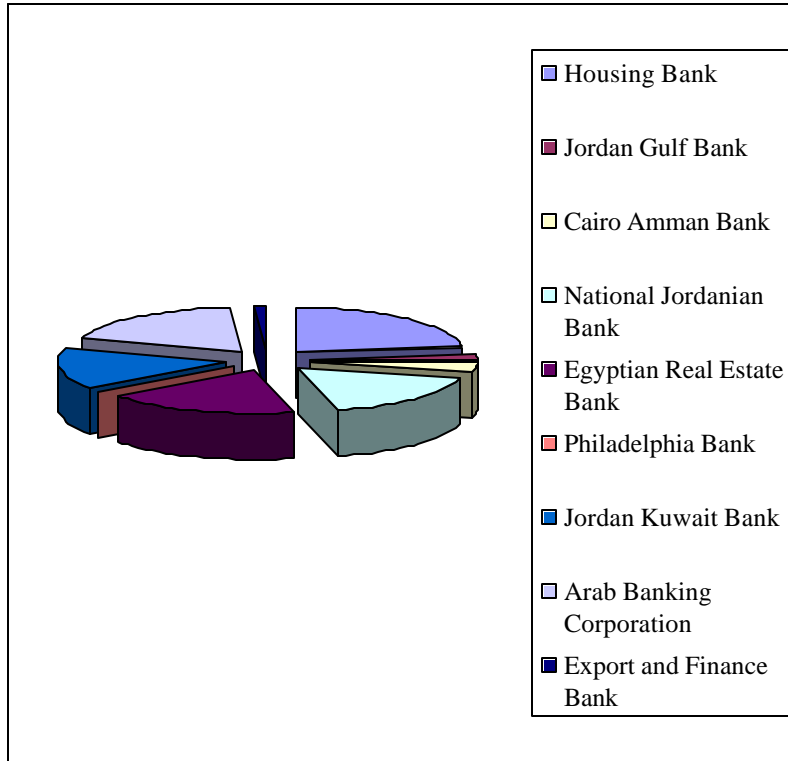
- a- The borrowing financial institution must assure the Company's right to the mortgages transferred thereto and that they have been duly entered in the adequate register so that the Company will be fully entitled to these guarantees.
- b- In order to keep the percentage stated in this Clause at the end of each quarter calendar year, the borrowing financial institution must transfer additional real estate mortgages of the first class to the order of the Company. Otherwise, it must submit additional guarantees accepted temporarily by the Company and in any of the following cases:
  - (i) Reduce the loan principal by repayment or advanced repayment of any housing loans guaranteed with outstanding real estate mortgages transferred to the Company's order.
  - (ii) Failure to repay any housing loan that has been refinanced and guaranteed with real estate mortgages due to maturity of two installments that have not been repaid yet if the repayment is on a monthly basis; or at the lapse of three months as from the date of the installment maturity if repayment is a non-monthly.
  - (iii) If the financial institution requests a recollection of the outstanding real estate mortgages.
  - (iv) If the changes in the market of the interest rates result in reducing the financial value of the outstanding guarantees.

Additional guarantees include only bonds of the Jordanian Government, the Treasury bonds, or deposit certificates issued by the Central Bank of Jordan and the corporate bonds issued by the Company.

Agreements of refinance loans signed by the end of June 2003 counted for a total of 34 agreements for a total amount of JD 65 million approximately. These agreements covered about eight thousand housing loans the original amount of which totals JD 119 million.



The following graphic shows distribution of refinance loan balances delivered by the Company drawn at banks operating in the Kingdom, as on 30.6.2003:



**THE FOLLOWING GRAPHIC SHOWS THE DEVELOPMENT OF REFINANCE LOAN BALANCES DELIVERED BY THE COMPANY FROM 1.1.1998 TO 30.6.2003:**

**(TO BE INPUT BY JMRC)**

Volume of corporate bonds issued by the Company by the end of June, 2003 reached an amount of JD 67.75 million for 3 and 5 year terms. Volume of short term financial securities, issued by the Company 6 months and one year till the end of June 2003, reached an amount of JD 35.5 million. The Company's issues of the afore-mentioned corporate bonds and short term financial securities have been all consumed by means of private subscription and selling to financial and investment institutions from both the public and private sectors.

Interest rates of financial securities issued by the Company have reflected the low risk factor related to the issues of the Company of these securities.

Hence, the indebtedness of the Company as on 30.6.2003 represents as 11.5 times the possession rights at the Company. However, this multiplier can reach as 20 times as the internationally observed multiplier.

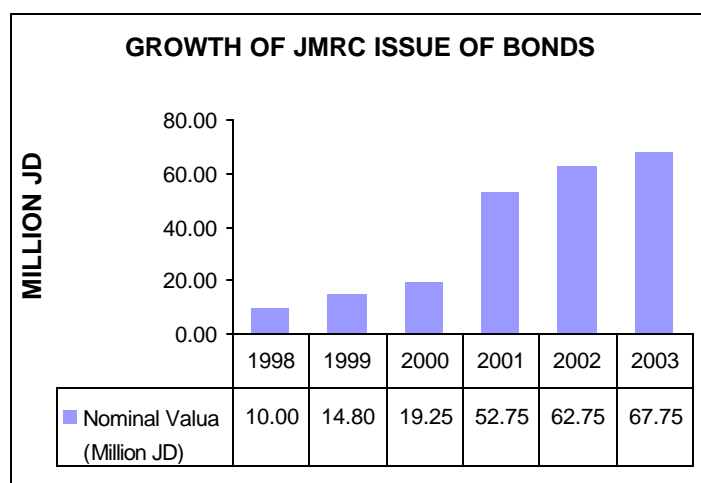
The following table shows details of the Company's outstanding issues as on 30.6.2003.

## a- Issues of the Company's Corporate Bonds as on 30.6.2003:

No.	Nominal Value /JD Million	Interest Rate %	Date of Issue	Maturity Date	Dates of paying interest/exemption period	Underwriting rate %
1	10.00	8.25	16/7/1998	30/6/2001	Two equal instalments every 6 months on 31/12 and 30/6 all years of the issue period	101
2	4.8	8.467	29/4/1999	29/4/2002	Two equal instalments every 6 months of the year on 29/10 and 29/4 all years of the issue period	101
3	4.45	7.758	30/3/2000	30/3/2005	Two equal instalments every 6 months of the year on 30/3 and 30/9 all years of the issue period	199
4	5.00	6.800	31/5/2001	31/5/2006	Four equal instalments each 3 months of the year on 31/8 and 30/11 and 28/2 and 31/5 all years of the issue period	100
5	10.00	5.750	27/8/2001	27/8/2004	Two equal instalments every 6 months of the year on 27/8 and 27/1 all years of the issue period	100
6	5.50	5.450	2/9/2001	2/9/2004	Two equal instalment every 6 months of the year on 2/3 and 2/9 all years of the issue period 6.25% of the issue value will be redeemed at the rate of 1.0% of its nominal value at the end of every 6 months after the issue date and redemption of the remaining nominal value on date of maturity for a rate of 100%	100
7	3.00	5.750	19/9/2001	19/9/2006	Four equal instalments every 3 months of the year on 2/12 and 2/3 and 2/6 and 2/8 all years of the issue period	100
8	10.00	5.200	10/12/2001	10/12/2004	Two equal instalments every 6 months of the year on 10/6 and 10/12 all years of the issue period	100
9	5.00	5.200	20/5/2002	20/5/2005	In two equal instalments every 6 months of the year	100

					on 20.11 and 20/5 all years of the issue period	
10	1.50	4.900	1/7/2002	1/7/2005	In two equal instalments every 6 months of the year on 1/1 and 1/7 all years of the issue period	100
11	2.50	4.25	16/10/2002	16/10/2005	In two equal instalments every 6 months of the year on 16/4 and 16/10 all years of the issue period	100
12	5.00	3.75	3/3/2003	3/3/2006	In two equal instalments every 6 months of the year on 3/9 and 3/3 all years of the issue period	100
<b>TOTAL</b>	<b>67.75</b>					

The following graphic shows growth of Corporate bond issues by the Company during 1998-30/6/2003



Following is a statement of details of the outstanding issues of the Company:

**(TO BE INPUT BY JMRC)**

## b- Outstanding Issues of the Company of Corporate Bonds on 30.6.2003:

No.	Nominal Value/JD Million	Interest Rate %	Date of Issue	Maturity Date	Dates of paying interest/Redemption Option	Underwriting rate %
3	4.45	7.758	30/3/2000	30/3/2005	Two equal instalments every 6 months on 30/3 and 30/9 all years of the issue period	199
4	5.00	6.800	31/5/2001	31/5/2006	Four equal instalments every 3 months of the year on 31/8, 30/11, 28/2 and 31/5 all years of the issue period	100
5	10.00	5.750	27/8/2001	27/8/2004	Two equal instalments every 6 months of the year on 27/8 and 27/2 all years of the issue period	100
8	4.48	5.450	2/9/2001	2/9/2004	Two equal instalments every 6 months of the year on 2/3 and 2/9 all years of the issue period. 6.25% will be redeemed of the issue value in 100% rate of the total value at the end of every 6 months after the date of the issue and the redemption of the remaining nominal value on date of maturity in 100% rate.	100
7	3.00	5.750	19/9/2001	19/9/2006	Four equal instalments every 3 months of the year on 2/12, 2/3, 2/6, and 2/9 all years of the issue period	100
6	10.00	5.200	10/12/2001	10/12/2004	Two equal instalments every 6 months of the year on 10/6 and 10/12 all years of the issue period	100
9	5.00	5.200	20/5/2002	20/5/2005	Two equal instalments every 6 months of the year on 20/11 and 20/5 all years of the issue period	100
10	1.50	4.900	1/7/2002	1/7/2005	Two equal instalments every 6 months of the year on 1/1 and 1/7 all years of the issue period	100
11	3.50	4.25	16/10/2002	16/10/2005	In two equal instalments every 6 months of the year on 16/4 and 16/10 all years of the issue period	100
12	5.00	3.75	3/3/2003	3/3/2006	In two equal instalments every 6 months of the year on 3/9 and 3/3 all years of	100

					the issue period	
<b>TOTAL</b>	<b>51.93</b>					

c- Company's issues of short term papers (one year or less) on 30/6/2003

No.	Nominal Value/JD Million	Interest Rate %	Date of Issue	Maturity Date	Dates of paying interest/Redemption Option	Underwriting rate %
<b>1</b>	3.00	6	5/10/2000	4/4/2001	Interests and nominal value are paid on date of maturity	170
<b>2</b>	5.00	5	9/4/2001	8/10/2001	Interests and nominal value are paid on date of maturity	365
<b>3</b>	5.00	4.7	27/6/2001	27/12/2001	Interests and nominal value are paid on date of maturity	180
<b>4</b>	4.00	4.138	18/10/2001	18/4/2002	Interests and nominal value are paid on date of maturity	80
<b>4(a)</b>	4.80	4.189	29/11/2001	29/5/2002	Interests and nominal value are paid on date of maturity	103
<b>4(b)</b>	1.200	4.189	24/12/2001	24/6/2002	Interests and nominal value are paid on date of maturity	100
<b>5</b>	10.00	4.10	24/4/2002	24/10/2002	Interests and nominal value are paid on date of maturity	260
<b>6</b>	2.00	2.975	15/4/2003	15/10/2003	Interests and nominal value are paid on date of maturity	130
<b>6(a)</b>	5.00	3.05	15/4/2001	15/4/2004	Interests and nominal value are paid on date of maturity	130
<b>Total</b>	<b>35.50</b>					

The following graphic shows growth of the Company's issues of short term financial securities (one year or less) during 2000 to 30/6/2003

.....  
 .....  
 .....  
 .....

d- Outstanding issues of short term papers (one year or less) by the Company on date of 30/6/2003:

No.	Nominal Value/JD Million	Interest Rate %	Date of Issue	Maturity Date	Dates of paying interest/Redemption Option	Underwriting rate %
<b>6</b>	2.00	2.975	15/4/2003	15/10/2003	Nominal value is paid on maturity date	130
<b>6(a)</b>	0.50	3.05	15/4/2003	15/4/2004	Nominal value is paid on maturity date	130
<b>Total</b>	<b>2.50</b>					

Board of Commissioners of the Securities Commission approved in their session held on 15/2/2000 of giving a license to the company to practice refinance of loans being one of

the operations to be assumed by financial services' companies as approved by the Board under Clause (35/a/7) of the Securities' Law .

2- Rights of Shareholders:

a- Subscribed Capital	JD 5,000,000
b- Paid up Capital	JD 5,000,000
c- Total rights of shareholders	JD 5,961,959 as at 31/12/1002

3- **Competitive Status of the Company:**

The Company is the first in the Kingdom and so far there are no competitive companies thereof.

4- **Members of the Board of Directors of the Jordan Mortgage Refinance Company Ltd.**

1-	HE Dr. Ummaya Toukan	Chairman of the Board	Representative of the Central Bank of Jordan
2-	Eng. Bashir Jaghbeer	Vice-Chairmanof the Board	Representative of the Public Corporation of Housing and Urban Development
3-	Dr. Zuhair Khalifa (Director General of the Company)	Member	Representative of the Central Bank of Jordan
4-	Mr. Faris Sharaf as from 1/4/2003	Member	Representative of the Central Bank of Jordan
5-	Mr. Marwan Hmoud	Member	Representative of the Public Corporation of Social Security
6-	Mr. Moh'd Musa Daoud	Member	Representative of the Arab Bank
7-	Mr. Ibrahim Thaher	Member	Representative of the Housing Bank for Trade and Finance
8-	Mr. Zahi Fakhouri	Member	Representative of the National Jordanian Bank
9-	Mrs. Simona Bshouti	Member	Representative of Cairo Amman Bank
10-	Mr. Moh'd Kamel Abu Arida as from 1/4/2003	Member	Representative of the Jordan Gulf Bank
11-	Mr. Tawfiq Mukahhal	Member	Representative of the Jordan Kuwait Bank

### 5- Shareholders and Distribution of Possession of the Company's Shares:

List of Shareholders	Value/number of shares	Percentage %
1- Central Bank of Jordan	900.000	18
2- Social Security Corporation	500.000	10
3- Public Corporation of Housing and Urban Development	500.000	10
4- Housing Bank of Trade and Finance	500.000	10
5- Arab Bank	500.000	10
6- Jordanian Company for Loan Guarantee	300.000	6
7- National Jordanian Bank	250.000	5
8- Cairo Amman Bank	250.000	5
9- Jordan Gulf Bank	250.000	5
10- Jordan Bank	200.000	4
11- Jordan Kuwait Bank	200.000	4
12- Jordanian Bank for Investment and Finance	150.000	3
13- Arab Egyptian Real Estate Bank	150.000	3
14- Arab Investment Bank	150.000	3
15- Arab Banking Corporation	100.000	2
16- Middle East Bank for Investment	100.000	2
<b>TOTAL</b>	<b>5.000.000</b>	<b>100%<sup>2</sup></b>

### 6- Shareholders Possessing 5% or more of the Companies' Shares:

List of Shareholders	Value/number of shares	Percentage %
1- Central Bank of Jordan	900.000	18
2- Social Security Corporation	500.000	10
3- Public Corporation of Housing and Urban Development	500.000	10
4- Housing Bank of Trade and Finance	500.000	10
5- Arab Bank	500.000	10
6- Jordanian Company for Loan Guarantee	300.000	6
7- National Jordanian Bank	250.000	5
8- Cairo Amman Bank	250.000	5
9- Jordan Gulf Bank	250.000	5



**7- Legal Advisor of the Company:**

Mr. Tareq Nabil/Nabil Bureau for Law

Telephone: 5668112

Address: P.O.Box 926138 Amman 11110 Jordan

**8- Senior Management with executive power at the Company who Produced this Prospectus:****Name**

Dr. Zuhair AbdulRahman Khalifa

Sa'd Abdul Razzak Bishtawi

**Job**

Director General/BOD memembr

Director/ Bond Issue Department

**Twelfth: Economic Developments and Developments in the Housing Finance Market in the Kingdom during 2002:**

**JORDANIAN ECONOMY HAS PERSISTED IN RECORDING POSITIVE ACHIEVEMENTS AND IMPROVEMENT OF PERFORMANCE ON THE MACRO LEVEL. ALTHOUGH THE INTERNATIONAL ECONOMY HAS BEEN SLOW, THE REAL GROSS PRODUCT REACHED 4.9% IN 2002; AGAINST 4.2% IN EACH OF THE PAST TWO YEARS. SECTORS OF COMMUNICATION, CONSTRUCTION, FINANCE, AND EXPORT MANUFACTURES RECORDED THE BEST GROWTH SECTORAL RATES. THE PERSISTENT IMPROVEMENT IN THE JORDANIAN ECONOMY CAN BE ATTRIBUTED TO THE BALANCED MONETARY AND FINANCIAL ADMINISTRATION AS WELL AS DELIVER OF TAX REFORMS AND THE ADOPTION OF AN ECONOMIC OPENNESS POLICY. IT IS EXPECTED FOR THE JORDANIAN ECONOMY TO GO ON WITH ITS GOOD PERFORMANCE IN 2003 WHILE CARRYING ON THE GOVERNMENT'S PLAN OF SOCIO-ECONOMIC TRANSFORMATION.**

In terms of the monetary policy, the Central Bank of Jordan persisted, in 2002, with its policy aiming at maintaining monetary stability as well as enhancing the strength of the banking system. The Central Bank of Jordan has been able of maintaining a good level of foreign currency that reached about USD 3.45 billion by the end of October of 2002. This amount is sufficient to cover the Kingdom's imports for a period of more than 8 months. This achievement, in addition to the stable exchange rate of the Jordanian Dinar, has been of an obvious role in enhancing trust and confidence in the investment environment in the Kingdom.

In light of decreasing interest rates on the international market, the Central Bank of Jordan maintained, in 2002, the low interest rates in relation with its monetary tools.

Amman Stock Exchange proved in 2002 a real and high capacity to adjust to all political developments and non-favorable conditions prevailing in the region.

The application of the electronic trading system at Amman Stock Exchange as well as the establishment of the depository center of the financial securities have both helped introducing and enforcing latest principles to settle prices of financial securities and transfer their possession by enhancing the confidence factor for investors at Amman Stock Exchange.

In cooperation with the Private Sector, the Government seeks to deepen and revive the local capital market as its development comprises one of the pillars of the economic reform process and restructuring of the national economy.

Despite of its active movement during the past three years, the bonds' market in the Kingdom is still in need for enhancing and deepen its role to mobilize savings and finance resources of the long term uses including promotion of trading on that market.

However, development of the capital market is one of the vital issues for the activity of the Jordan Mortgage Refinance Company Ltd. It is also one of the main goals the Company was established to achieve. For, the yield of financial securities issued by the Company are one of its main finance resources in order to provide mid and long term finance for banks and other financial institutions operating in the Kingdom.

As other countries, Jordan faces a problem of housing as the supply is less than demand especially in terms of demand by low income citizens. This problem, however, has become clear and obvious during the past five decades due to the political and economic status of the region and which resulted in recurrent migrations to the Kingdom to add to the natural population increase- one of the highest world wide.

The Housing Sector is one of the main sectors of the National Economy as it provides the required and relevant housing units for citizens and its linkages with other economic domains. A corollary of this Sector's revival is a movement of the national economy; which will contribute to increasing rates of real growth of national economy.

Studies have revealed that a large deal of demand for housing units has not been supplied yet. This demand is that of citizens with low income as investments in the Housing Sector are still targeting people with high and middle incomes especially in large cities of the Kingdom.

The Primary Market of housing loans has witnessed a growth of the housing credit volume and improved terms and conditions on one hand and a decrease in the housing loans, on the other hand. This decrease exceeds the decrease of the interest rate structure on the market for other purpose bank facilities; this is attributed to the advantages secured through the mechanism of operation provided by the Company for banks especially in terms of money cost and alignment of terms of money with its use.

Noteworthy here is that the Company contributed, through its mode operation, to having other financial institutions that deliver housing loans develop their own programs to operate this type of lending with an eye on improving its conditions to face competition by other institutions considering it the least risky lending (credit) type.

The Company has also contributed to the revival of the Housing Sector through its pioneer role in developing the program of housing support for those with a low income in cooperation with the concerned parties. This program fulfills the decree of His Majesty King Abdullah II bin Al-Hussein to allocate JD 50 million of the privatization revenues. This amount is to be invested in subsidizing the mentioned interest rate. Accordingly, the Government will be in charge of 5% of the interest rate/year for the housing loan delivered by banks participating in this Program. This subsidy is provided along the term of the loan which can reach 20 years. By this Program, adequate housing is being provided for this group of people who feel better secured and satisfied as they raise their housing loans from institutions participating in this Program.

However, the Government has introduced some amendments to the program of subsidizing housing finance in order to revive the Program and increase number of beneficiaries there from. Accordingly, the maximum amount of a housing loan has become JD 13.000 with an amended annual interest rate of 3.5% born by the Government. Monthly approved incomes have been increased to become JD 1000 instead of JD 500 with an increased price of the ready housing unit of JD 40000 instead of JD 30000. Space of the housing units has become 200m<sup>2</sup> instead of 150m<sup>2</sup>.

Information available at the Company reveal that housing loans delivered under this Program to beneficiaries do not exceed JD 14.2 million as at 31/12/2002 with 1434 beneficiaries out of 7012 holding beneficiary certificates.

### Thirteenth: Finance Sources of the Company

Statement	Value as at 30/6/2003 (before Issue)		Value in case of underwriting all offered bonds (Post issue)	
	Amount/JD	Percentage%	Amount/JD	Percentage%
Short term debts				
<b>Corporate bonds and short term financial securities</b>	3.180.000	4.30	3.180.000	4.02
Due Expenses	-	-	-	-
Remuneration Allocations	-	-	-	-
Payable Interests	915.921	1.24	915.921	1.16
Payable Commissions	-	-	-	-
Credit accounts and other credit balances	823.412	1.11	823.412	1.04
<b>Sub-total (1)</b>	<b>4.919.333</b>	<b>6.65</b>	<b>4.919.333</b>	<b>6.22</b>
<u>Long Term Debts</u>				
Government's Loan	11.924.804	16.11	11.924.804	15.09
Corporate Bonds	51.250.000	69.27	**56.250.000	71.17
<b>Sub-total (2)</b>	<b>63.174.804</b>	<b>85.33</b>	<b>68.174.804</b>	<b>86.26</b>
<u>Shareholders' Rights</u>				
Capital	5.000.000	6.75	5.000.000	6.33
Obligatory Reserve	183.421	0.25	183.421	0.23
Optional Reserve	366.842	0.50	366.842	0.46
Profits brought forward	61.696	0.08	61.696	0.08
Profits of the period (interim profits)	329.279	0.44	329.279	0.42
<b>Sub-total (3)</b>	<b>5.941.238</b>	<b>8.02</b>	<b>5.941.238</b>	<b>7.52</b>
<b>Grand Total (1+2+3)</b>	<b>74.035.375</b>	<b>100</b>	<b>79.035.375</b>	<b>100</b>
Rate of shareholders' rights to creditors' rights		10.89%		8.13%

\*\* In case of selling the whole issue of the Company of corporate bonds of the 5-year terms for a nominal value of JD5 million.

**Fourteenth: Financial Analysis of Final Accounts for 2002**

Comparing financial statements of the Company as at 2002 against those of 2001, one can notice the following points:

- 1- Refinance loans raised in JD 9.6 million against the past year- an increase of 19.7% to reach JD 58.3 million. However, total refinance loans delivered during the year mounted to JD 16.5 million out of which JD 12.1 million are new loans, and JD 4.4 million that have been renewed. However, repaid loans reached JD 2.5million during the year.
- 2- Total assets decreased in JD 5.9 million against the previous year- a rate of 8.1%; this total, which has become JD 67.3 million, resulted from the balance between the Company’s issues of financial securities and their duel repayments.
- 3- Balance of corporate bonds and financial securities issued by the Company has increased in JD 4.5 million against the previous year- an increase of 10.5%. This balance has become JD 47.3 million.
- 4- Balance of loan delivered by the Government to the Company decreased in JD 586 against the previous year- a decrease of 4.4%. The Balance has become JD 12.8 million.
- 5- Total profit of transactions increased in JD 310.4 thousand against the previous year- an increase of 70.6%. The profit has become JD 749.9 thousand.
- 6- Net profit before tax deduction increased in JD 221.1 thousand- an increase of 62.6%. This profit has become JD 574.5 thousand.
- 7- Total rights of shareholders increased in JD 68 thousand against the previous year- an increase of 1.2% to reach JD 5.96 million.

The following graphic shows growth of the Company’s assets during 1997-30/6/2003.

.....  
 .....  
 .....  
 (TO BE INPUT BY JMRC)

Following are the main financial rates for 2002 compared with 2001:

Statement	2002%	2001%
Bond share of net profit	8.4	6.03
Cash at banks to total assets	10.22	30.62
Refinance loans to total assets	86.65	66.54
Borrowed money to ownership rights/ one time	10.12	11.2
Return on shareholders’ rights	7.01	5.14

**Fifteenth: Financial Statements and Tables**

First: Enclosed Financial Statements for 2002 and 2001 including:

- a- Balance sheet as at 31 December 2002 and 2001.
- b- Loss and Profit Statement

- c- Statement of changes of shareholders' rights
- d- Cash flow table

Second: Semi-annual interim financial statements as at 30 June 2003.

**Certificate of Auditors**

We, the undersigned auditors, confirm that the financial statements of the Jordan Mortgage Refinance Company Ltd. For the fiscal year ending at 31 December 2002 and 2001 as shown in the Prospectus of the corporate bonds for 5-year terms with a nominal value of JD 2-5 million are true and accurate financial statements and reports. They have been produced in compliance with standards approved by the Securities Commission. We also acknowledge content and truth of financial reports in this Prospectus.

Sincerely,

**NAME&SIGNATURE**

Date: ...../...../2003

### Signatures

The Jordan Mortgage Refinance Company Ltd. agrees to advise the Securities Commission as early as possible of any information affecting prices of financial securities issued by the Company and put on the market. The Company is ready and willing to publish such information in the local papers in cooperation and coordination with the Commission clearly and accurately. In future, the Company will be committed to inform the Commission of all data and periodical reports.

The Company and the members of the Board in joint and in several re-confirm that the information incorporated in the Prospectus are full, true and accurate information. There are no facts the deletion of which would turn any sentence in this statement into a misleading text.

**Name of Company:** Jordan Mortgage Refinance Company Ltd.

Organized by the informed: Name:  
Occupation:

Official Seal of the Company

Members of the Board authorized to sign this Prospectus:

<b>NAME</b>	<b>SIGNATURE</b>
<b>HE Dr. Ummaya Toukan</b>	<b>Chairman/Board of Directors</b>
<b>HE Dr. Zuhair Khalifa</b>	<b>Director General</b>

### Signatures

We the undersigned, acknowledge full responsibility for the truth and accuracy and completion of information in this Prospectus. We confirm that it is free of any data or other information the deletion of which will turn it into a misleading information or it will affect the Investor's resolution whether or not to purchase the financial securities offered or might affect the method of pricing these securities by the Investor.

We assure our obligation to provide the prospective investor with this prospectus before admitting his/her subscription thereto. We shall also provide the Securities Commission with any data or information that may arise after submitting this Prospectus to the Commission or after executing it by the Board of Commissioners.

Head of the Financial Section

Moh'd Rasoul Bayazidi

Director of Bond Issue

Sa'd Bishtawi

Director General

HE Dr. Zuhair Khalifa

Chairman

HE Dr. Ummaya Toukan

Members of the Board:

<b>Name</b> : Mohammed Mousa	Marwan Hmoud	Bashir Jaghbeer
<b>Signature</b> :		
<b>Name</b> : Tawfiq Mkahhal	Ibrahim Nather	Zahi Fakhouri
<b>Signature</b> :		
<b>Name</b> : Dr. Moh'd Abu Arida	Simona Bshouti	Fares Sharaf
<b>Signature</b> :		



**Jordan Mortgage Refinance Company Ltd**  
Public Shareholding Company

Resolution No: 19/2003

Session No.: 4/2003  
Date: 21/8/2003

The Company has issued corporate bonds for the term 5 and/or 7 years against fixed interest rates in cooperation with AMIR Program through public subscription and the Board will decide the nominal value of the issue and its other conditions in light of relevant developments.

**Moh'd Mousa**  
**Toukan**

**Marwan Hmoud**

**Bashir Jaghbeer**

**Dr. Ummaya**

**Tawfiq Mkahhal**  
**Abu Arida**

**Ibrahim Nather**

**Zahi Fakhouri**

**Dr. Moh'd**

**Legal Advisor Certificate of Issuing Financial Securities**

**Subject: Offer Corporate Bonds for Private Subscription**

The Jordan Mortgage Refinance Company Ltd. offering of its issue of corporate bonds the nominal value of which is JD 2-5 million for private subscription for a 5 year term is in compliance with the provisions of the Companies' Law, and the Securities' Law ' Commission, the Statute of the Company. All procedures taken in this context are in line and accordance with the Law.

To the best of my knowledge, there are no outstanding judicial claims by or against the Company on date of issuing this certificate that would incur a substantial effect on the Company's rights or obligations.

**Legal Advisor/Attorney**

Jordan Mortgage Refinance Company Ltd.  
 P.O.Box 940743  
 Amman 11194-Jordan

No. of Applicant:.....  
 Date: .....

**A Subscription Application**

I agree to subscribe to the thirteenth issue of the corporate bonds of the Jordan Mortgage Refinance Company Ltd. with corporate bonds of ( ) bonds for a 5-year term against a fixed annual interest rate of (4.5%) and a selling price of the one bond of JD 10,000. I, hereby, acknowledge that I have received a copy of the Prospectus and the Company's Statute. I have read and carefully considered their contents which I have fully understood. Accordingly, my subscription to those bonds has been implemented. Kindly pay the interest and the nominal value on date of maturity to the account No. .... Name of Bank.....

However, I keep my right to claim the Company and report to it for each damage and harm resulting from adding untrue or insufficient information in the Issue Prospectus or due to deleting information that may affect my acceptance of the subscription in case they are added to the Prospectus.

<p><b>Name and National Number of Subscriber:</b>  <u>ID Document/Register</u> :  <u>Number of ID Document/Register</u> :  <u>Place and Date of Issuance</u> :</p>
<p>Signature of Subscriber/Proxy Signature upon.....</p>

<p>* for use of Issue Manager</p>	<p>Number of Bonds: <input type="text"/></p>
<p>Value of corporate bonds allocated for subscriber</p>	
<p>(only.....Jordanian Dinars)</p>	

### A Pledge

I pledge to pay the value of the corporate bonds that have been allocated according to the offer I submit in case it has been accepted to the account of the Jordan Mortgage Refinance Company Ltd No..... at ..... on date of issue maturity.

<b>Name and National Number of Subscriber :</b>	
ID Document/Register	:
<b>Number of ID Document/Register :</b>	
Place and Date of Issuance	:
<b>Address :</b>	
Number/Name of Street	:
P.O.Box	:
<b>City</b>	
<b>Postal Code</b>	
<b>Telephone</b>	
<b>Fax</b>	
<b>Subscriber's Signature/Proxy signature upon.....</b>	
<b>Date</b>	

Date: ...../...../2003
<b>A Subscription Application</b>
Messrs, I..... and my nationality is....., wish to subscribe to the corporate bonds issued by the Jordan Mortgage Refinance Company Ltd. for (number of bonds) with a nominal value of JD.....I, hereby, acknowledge that I have received a copy of the Prospectus and the Statute. I reviewed their contents and studied them carefully. I understood their content. Accordingly, my subscription has been executed to those bonds. However, I do not waive my right to claim against the Company and refer to it with every damage and harm that may arise from adding inaccurate or insufficient information in the Prospectus or due to the deletion of any information that might affect my acceptance of the subscription in case such information have been added to the Prospectus.
Method of Payment:..... In cash:                                  Check No:..... drawn at..... Draft:.....
To the account of :..... Number                                  :.....

<b>Name and full address of Subscriber:</b>
<b>Name of Subscriber:</b> .....
<b>National Number:</b> .....
<u>ID Document/Trade Register</u> :.....
<u>Number of ID Document/Trade Register</u> :.....
<u>Place and Date of Issuance</u> :.....
<b>P.O.Box:</b> ..... <b>Postal Code:</b> .....
<b>City:</b> ..... <b>Country:</b> ..... <b>Quarter and Street:</b> .....
<b>Telephone:</b> ..... <b>Fax:</b> .....
Signature of Subscriber/Proxy Signature upon.....
<b>Important Notes:</b> <ul style="list-style-type: none"> <li>- Minimal level of subscription is JD 1000 and its multipliers for each bond.</li> <li>- Submitting this application duly filled and paying the whole subscription amount shall not mean that these bonds are fully allocated for the subscriber. This will be executed after closing down the subscription and implementing the allocation process.</li> <li>- The Issue Manager will not be responsible for any missing or wrong information that must be filled in the subscription application by the Subscriber.</li> <li>- The full application which is signed shall be deemed as a fixed and final agreement.</li> <li>- You are kindly requested to transfer the surplus amounts (if any) and/or accrued interests to my account No..... at .....Bank- Branch of.....</li> </ul>

- Kindly issue the check of the surplus amount (if any) and/or accrued interests.