

**Prospectus of Corporate Bond Issue (Thirteenth Issue)
Issued in Accordance with Securities Law No. (76) for 2002
(Public Subscription)**

**Jordan Mortgage Refinance Company Ltd.
(Unlimited Period)**

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

Type of Bonds	:	Nominal/Registered
Maturity	:	Five years
Number of Bonds	:	(5000) Bonds
Total nominal value	:	JD 5 million
Annual interest rate	:	Fixed (4.35%)
Nominal Bond Price	:	JD 1000
Selling Bond Price	:	JD 1000
Issue Manager and Underwriter of the Bonds	:	Jordan National bank
Paying Agent, Registrar and Custodian	:	Jordan National Bank
Listing of Bonds	:	These bonds will be listed at Amman Stock Exchange
Deposit Number at the Financial Securities' Commission	: Date.....
Prospectus Validity Date	: Upon the approval of the Board of Commissioners of the Financial Securities Commission

Prospectus of Corporate Bond Issue (Thirteenth Issue)
Issued in Accordance with the Provisional Securities Law No. (76) for 2002

(Public Subscription)

Jordan Mortgage Refinance Company
A Public Shareholding Company
(Unlimited Period)

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P.O.Box 940743 Amman 11194 Jordan
15 AlMahdi bin Baraka Street-Shmeisani

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Type of Bonds	:	Nominal/Registered
Number of Bonds	:	(5000) Bonds
Bond Denomination	:	JD 1000 and its multipliers
Total Value	:	A Maximum of JD 5,000,000
Maturity	:	5 years
Date of Issue	:	To be assigned later on
Date of redemption and maturity	:	To be assigned later on
Interest rate; method and dates of payment	:	Fixed at 4.35% annually; the interest shall be paid in four equal installments every three months during the issue period.
Nominal Price of Bond	:	JD 1000
Selling Price of Bond	:	JD 1000
Listing of Bonds	:	These bonds shall be listed at Amman Stock Exchange
Issue Manager and Underwriter of the Bond	:	Jordan National Bank
Paying Agent, Registrar and Custodian	:	Jordan National Bank
Deposit Number at the Financial Securities' Commission	: Date
Prospectus Validity Date	: Upon the approval of the Board of Commissioners of the Financial Securities Commission

Important Notice

DUE TO ITS IMPORTANCE, THIS STATEMENT MUST BE READ CAREFULLY BY ALL INVESTORS

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

The Company shall be fully responsible for the information in this Prospectus, and ascertains that it is free of any information the deletion of which renders it illusive or misleading.

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

The Financial 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 responsibility of the party preparing the Prospectus.

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Corporate Bond Prospectus Summary

a- Issuer: Jordan Mortgage Refinance Company Ltd.:

The establishment of the Jordan Mortgage Refinance Company (hereunder “JMRC” or the Company), upon a direction by the Government and in cooperation between the public and the private sectors, personifies one of the main housing sector restructuring elements in the Kingdom, which is considered one of the prominent national economy sectors. (JMRC) represents a new and important link connecting the monetary and capital markets through the company’s provision of medium and long-term financing for banks and financial companies which deliver housing loans from several financial resources, paramount of which is the proceeds of financial securities issued on the capital market. JRMC’s mechanism of operation, which includes refinancing the housing sector, provides banks and financial companies with the opportunity to increase their share in providing housing loans to their customers and, consequently, expanding the housing credit base in the Kingdom. This, in turn, provides an opportunity to solve one of the main obstacles facing the housing sector; namely, the scarcity of financial resources available from the banking system, in addition to enabling these financial institutions to manage their assets and liabilities efficiently through matching the terms of finances with their sources.

Since its establishment, the Company has focused its efforts on 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 and the number of banks extending it, (ii) developing housing loan programs offered by these banks, (iii) developing secondary markets by increasing the volume of housing loan refinancing offered by the Company to banks in several forms, and (v) developing the capital market by increasing the volume of the Company issues of several types of financial securities on this market in order to provide the required funds for the Company’s credit operations and increase trading in the bond secondary market.

The Company has contributed to the Government’s initiative 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.

In spite of the economic conditions prevailing in the Kingdom in 2002 and 2003, especially with the relatively high level of interest rates of housing loans despite the decreased interest rates of deposits and the availability of high liquidity at most banks, the Company succeeded in increasing the volume of its loans to banks to around JD 64 million as on 31.12.2003. These loans are distributed among (9) banks that have refinanced around eight thousand housing loans. The balance of the Company’s issues of corporate bonds has also increased to JD 51.59 on 31.12.2003, and the volume of housing loans delivered under the Housing Finance Subsidy Program reached about JD 41 million on 30.11.2003.

b- Purpose of the Issue and Method of Investing its Proceeds:

The Company's offering of this new bond guarantee issue in the capital market represents an emphasis of its continued role in developing housing financing activity in the Kingdom through the provision of medium and long term financing to Jordanian banks that extend housing loans, as well as activating their role in developing the primary and secondary bond market.

The Company's offering of this issue for a period of 5 years aims, in the first place, at providing longer term financing at fixed interest rates to banks that extend housing loans, to encourage them to offer housing loans at fixed interest rates for interest periods reaching 5 years, through the refinancing of these loans, which helps underwrite risks related to interest rate fluctuations faced by the borrowing and lending banks, and reducing lending-related risks over the longer term.

It is expected that net proceeds from this bond offering will be utilized in offering and refinancing housing loans according to standards and criteria adopted by the Board of Directors, reducing costs of Company borrowing, and investing in low-risk investment instruments available on the market, until this income is extended as refinancing loans to local banks.

c- Issue Description:

Offering this thirteenth issue of its corporate bonds with a maximum nominal value of JD 5 million for a period of 5 years through public subscription comes after the Company's success in (12) bonds issues through private subscription, in addition to the Company's desire to expand its investor base to include individuals, for the purpose of enhancing the Company's lending activities at better rates, and introducing the public to the Company, its objectives and activities that provide them with services and relevant investment instruments.

The Issue Manager undertakes to provide liquidity for this issue on the Secondary Market by pledging to purchase all bonds that are offered for sale on such market for the duration of the bond period, and for a maximum amount of JD 100,000 for any investor and on one working day, at prevailing market prices at the time, without prejudice to current legislation and laws, according to the calculation formula mentioned in this Prospectus.

Success of the Company in selling this issue will help it offer other issues for public subscription, which, in turn, will deepen the housing finance operation in the Kingdom through the provision of the financing needed for this activity.

d- Benefits and Risks of Investment in this Bond:

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

Following are the main risks to which an investor in this issue may be exposed:

- Liquidity:

The offered bonds will be listed on the Amman Stock Exchange, and their liquidity and trading ability will be dependent on the attributes of this Stock Exchange. Liquidity can be made available for bondholders 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 with these bonds as well as the conditions prevailing on the market, especially where interest rate fluctuations are concerned.

In order to reduce liquidity risks of this Issue, the Issue Manager will be ready to purchase bonds of this issue offered for sale on the Secondary Market, for the duration of the bond period for a maximum of JD 100,000 from any investor and on any working day at prevailing market prices, without prejudice to current legislation and laws according to the calculation formula mentioned in this Prospectus.

- Payment:

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

- Interest Rate Fluctuations:

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

First: Procedures Followed to Obtain Approval of This Issue:

These bonds will be issued in accordance with the approval of the Board of Directors of the Jordan Mortgage Refinance Company as per its resolutions (19/2003), (29/2003), (30/2003) and (1/2004) of which copies are attached, and the approval of the Board of Commissioners of the Jordan Securities Commission of..... in accordance with the laws for the issue and registration of securities No. (2) for 1997 to issue financial securities and their registration passed in accordance with the Provisions of the Securities Law No. (76) for 2002.

Second: Purpose of the Issue and Method of Investing its Proceeds:

Offering this new issue of the corporate bonds on the Capital Market will help the Company continue developing housing finance operations in the Kingdom through the provision of medium and long-term financing to Jordanian banks that extend housing loans, activating their role in developing primary and secondary bond markets.

In first place, the aim of this 5-year issue is to provide long term funding against fixed interest rates for banks extending housing loans to encourage them to extend housing loans against fixed interest rates for periods up to 5 years. This will be achieved by utilizing refinance mechanisms to help underwrite risks resulting from interest rate fluctuations that the borrowing bank and the borrowing citizen face. This will help, in the longer term, reduce credit risks.

The net expected proceeds from issuing these bonds will be used in extending refinancing housing loans according to standards and terms approved by the Company Board of Directors. Until then, the proceeds shall be invested in low-risk investment instruments available on the market.

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 legal entities, referred to hereinafter as Investors.

Fourth: Terms and Procedures of Subscription:

a- Method of Issue Offering:

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

b- Applying for Subscription:

The subscription application will be submitted directly to the Issue Manager of the Issue or any other party to be declared in

due time according to the subscription form designated for this purpose.

c- Venue and Period of Subscription:

The subscription will be implemented before the Manager of the Issue or the Party to be declared, from 9:00 a.m. of(day).....(date) to 12:00 noon of(day)date. In agreement with the issuing company, the Issue Manager shall have the right to extend the subscription period after obtaining the approval of the Jordan Securities Commission.

d- Acceptance / Refusal of the Subscription Application:

The subscription application shall be accepted after fulfilling all of the following terms. It shall be refused if it fails to fulfill any of them:

1. The subscriber must fill in all the data required in the subscription form clearly and accurately.
2. The subscribed number of bonds must not be less than one bond. It shall not be permitted to subscribe to fractions of one Bond.
3. The Subscriber must pay all the nominal value to which he/she has subscribed.

e- Terms for Accepting the Subscription Application:

- 1- Subscription to the corporate bonds and payment of their value shall be considered an acknowledgment by the subscriber of reviewing the issue prospectus and accepting all the terms and conditions incorporated therein. However, subscription and payment of the full value shall not indicate that all the subscribed bonds will be allocated to the subscriber on the day of subscription. Allocation will, rather, be allocated to the subscriber after the close 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 Jordan Securities Law and regulations issued in accordance therewith.
- 2- Copies of the issue prospectus and subscription requirements may be obtained from the Issue Manager.
- 3- 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 the National Bank of Jordan, which is the Issue Manager.
- 4- The Issue Manager shall have the right to reject the subscription application that does not fulfill the terms mentioned in Clause (d) above. In this case, the

Subscriber shall have no right to claim any damages or losses from the Issue Manager or the issuing Company.

- 5- The issuing Company may give priority to individuals, and allocate a minimum of 30% of the issue value subscribed, to individual investors, in coordination with the Issue Manager.
- 6- The Paying Agent, Registrar and Custodian shall register the bonds allocated to subscribers on the issue date, and hand bond ownership deeds to subscribers upon request.
- 7- The Issue Manager shall notify the subscribers, in writing, of the number of bonds allocated thereof and their value.

f- Method and Date of Refunding Surplus Funds in Case of Allocation or Rejection of Application:

In case the total subscription amount exceeds the total nominal value of the issue, an allocation process will be implemented in accordance with the Companies' Law and Instructions for the Issue of Financial Securities and their Registration No. 2 for 1997. Accordingly, the bonds issued to subscribers will be allocated to each subscriber on pro-rata basis, after allocating a minimum of 30% of the issue to individual investors in coordination with the Issue Manager. Surplus amounts (if any) will then be refunded to their owners by issuing checks in the name of the first beneficiary (the original subscriber) with a value date not exceeding two weeks from the issue date. These checks shall be handed in person to beneficiaries within 30 days of the subscription date from the offices of the Paying Agent, Registrar and Custodian. Should the Issue Manager fail to refund the surplus money or any fraction thereof to those subscribers entitled thereto during the designated period, an interest rate shall be allocated to the account of the Subscriber at the highest interest rate available among Jordanian banks on time deposits in Jordanian Dinars. This interest shall be calculated as of the day following the elapsed thirty-day period mentioned above.

g-Procedures Applied in Case Subscription of Issued Bonds is not Covered:

The Issue Manager, in cooperation with the Issuer, shall have the right to extend the subscription period after the approval of the Financial Securities' Commission.

h-Supporting 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.

i-Minimal Amount of Subscription:

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

j- Payment Procedures:

- 1- The Issue Manager shall make the payments due on bonds through the Paying Agent, Registrar and Custodian according to an agreement of agency signed between them.
- 2- Upon receiving the payments due as explained in Clause (1) of this Article, the Paying Agent, Registrar and Custodian will deliver the amounts to the bond holders in accordance with the payment and transfer instructions indicated in the subscription application.
- 3- Interest due on bonds is paid to bond owners entered in the registry.
- 4- Bond owners shall hand their bond ownership certificate / certificates (in case they were issued) to the Paying Agent, Registrar and Custodian as a prior condition for paying the nominal value of the bond.
- 5- Any amounts or payments paid in relation with these bonds shall be subject, in all cases, to current laws, regulations and instructions.
- 6- When the Paying Agent, Registrar and Custodian remits any interest payment or the nominal value of bonds to the bond holder by means of transferring the payment to a Jordanian Dinar account, the payment instructions will be issued by setting the bond maturity date as the maturity date of that payment. Should the maturity date occur on an official holiday, that payment will be paid to the bondholders on the first working day following that maturity date. However, when forwarding any payment by check, the check shall be sent by registered mail to the bondholder on the working day preceding the date of that payment maturity, at the bond owner's responsibility.

- 7- Transfer commission assigned by the Central Bank of Jordan is to be deducted from the interest accrued to the bond owner in the event that there are instructions to transfer interest value and/or the nominal value of the bond on maturity date to a Jordan Dinar account at another bank in Jordan.
- 8- Bonds' holders shall not be entitled to any interest or other amounts that may result from a delay in receiving amounts due after their maturity date in the following cases:
 - a. If the delay is due to the occurrence of the maturity date on an official holiday, or
 - b. If the bond holder was late in delivering the individual bond ownership certificate issued upon his/her request, or
 - c. If the bondholder received the check sent to him/her by mail as stipulated in Paragraph (f) above on a date subsequent to the date of maturity.

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 a book record in the name of its holder with the Custodian. Ownership may be transferred from one person to another according to current 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, Registrar and Custodian.

b- Interest Rate of Bonds and Dates of Payment:

- (i) These bonds shall be issued with a fixed interest rate of 4.35% per year.
- (ii) Interest shall be paid in four equal installments every three months of the year on (), (), () and () throughout 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 following that date.
- (iv) The Paying Agent, Registrar and Custodian shall collect the interest on bonds on maturity dates and pay them to the bondholder.
- (v) When trading the bonds, the interest shall be calculated on the basis of 365 days or 366 days in a year, as relevant.

c- Trading In the Bonds:

- Both natural and corporate persons (residents and non-residents in the Kingdom) can deal in these bonds, selling and purchasing them according to the valid legislation. Ownership transfer shall be implemented through the Paying Agent, Registrar and Custodian.
- The Company shall have the right to purchase bonds on the market at the prevailing market price and/or according to the stipulations of the Securities' Law and regulations issued in compliance therewith. However, bonds purchased by the Company shall be nullified and will not be issued again.
- If the bondholder, who wishes to sell, had received an 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 concluding the sale.
- Upon the written request of the buyer, the Paying Agent, Registrar and Custodian will issue a new bond certificate

in the name of the Purchaser. The certificate will be delivered either by hand to the Purchaser at the offices of the Paying Agent, Registrar and Custodian, within 3 working days from the date of receiving the transfer contract, or, in case the Purchaser did not show up to receive the certificate within five days, it will be sent thereto by registered mail (at the Purchaser's responsibility) to his/her address specified in the transfer contract.

- Registering the issues in the owners' name or entering the transfer of ownership in the record will be executed without charging any fees by the Issue Manager or the Paying Agent, Registrar and Custodian, with the exception of paying any taxes or governmental fees imposed on the Issue, or any fees or expenses stipulated in the regulations and procedures of Amman Stock Exchange, the Depository Center and other legal requirements.
- The bondholder may not abandon ownership in favor of others during the fifteen days preceding the date of the bond maturity. This transfer of ownership shall not be deemed valid against the Issuer or the Paying Agent, Registrar and Custodian.

Sixth: Listing of Bonds:

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

Seventh: General Provisions:

1- **Sequence Rights of Bond Holders Relative to other Creditors:**

Rights of bondholders relative to other creditor bondholders shall be equal to the rights of those holding the Company's corporate bonds. Rights of bonds holders who are creditors shall come first when settling Company obligations incurred by the Government's loan to the Company.

2- **Holders' Entitlements Against Bonds:**

- a- The right to receive interest on date of maturity throughout the bond period and until its maturity.
- b- The right to receive the nominal value of the bond on maturity date.
- c- Receive part of the Company assets in case it is liquidated, 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 Company employees relative to other creditors shall be governed 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 Companies Law, the Securities Commission Law, and other laws and regulations that must be followed in the Kingdom.
- f- By law, a commission, to be named "Loan Bond Owners Commission" is to be formed and to commence practicing its responsibilities and to appoint an Issue Custodian according to the applicable Companies Law.

3- **Rights of Bond Holders in Case of a Violation of the Issue Conditions:**

Bondholders shall have the right to implement the following procedures in case of a violation of the issue conditions:

- (a) Consider the nominal value of bonds and interest due, immediately payable.
- (b) Bondholders shall have the right to take all necessary legal measures in order to collect all their rights in full. Inter alia, this right shall be applied in the following cases:
 1. If the company fails to pay the interest due and the value of bonds on their maturity date.
 2. If the Company fails to fulfill any of its obligations incorporated in this Prospectus.
 3. If any events and/or assurances, and/or statements, and/or undertakings, and/or certificates have proved to be untrue according to this Prospectus.
 4. If an executive sequestration has been implemented on 50% of the Company capital, or if a liquidator or a Custodian has been assigned on all or part of its property, or if it has been announced bankrupt, or if it has ceased to make disbursements.

- 4- **Undertakings to Protect Rights of Bond Holders:**
- a- The Company borrows by issuing corporate bonds for the objective of extending loans for refinancing housing loans given by the financial institutions entitled to borrow from the Company after performing an analysis of revenue and risk factors. Until then, proceeds from the bond shall be invested in low risk investment instruments available on the market.
 - b- Priority in payment shall be given to settling the bond value and interest at maturity over the distribution of dividends to shareholders.
 - c- The Company accounts shall be prepared according to accounting standards and practices approved by the Commission (International Accounting Standards). The Company fiscal year shall end in December of each year.
- 5- **Redemption, Depreciation and Payment of Issue:**
- a. Bonds shall be redeemed in full on the date of maturity.
 - b. The Paying Agent, Registrar and Custodian shall collect the nominal value of bonds and pay the amount to the bond owner on date of its maturity and/or redemption.
 - c. If the maturity and/or redemption date of bonds occurred on an official holiday, the amount shall be paid on the first working day following that date.
- 6- **Prescription Period for Bond Holders:**
- a- If a year elapses without a claim made on due amounts such as value or interest of the registered bonds, those amounts shall be recorded into the trust account of the Company.
 - b- If an application was submitted requesting payment of an amount that had not been claimed and was recorded into the Company trust account, the Company must pay the amount to the person entitled, and the payment shall be recorded into the trust 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 (Jordan National bank):**
- The Jordan National Bank shall assume the tasks of the Issue Manager and Underwriter on the 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 this data and information shall be limited to the Issuer and the prejudiced person may claim damages from the Company only.

In cooperation with the Company, the Issue Manager will follow procedures related to issuing the bond and registering it at the Jordan Securities' Commission, including organization of the final form of the Prospectus and completing all the legal and technical requirements necessary to issue the bond.

The Issue Manager and Underwriter shall, according to the provisions of the agreement mentioned above, market and promote the issued bonds and undertake to purchase those bonds offered for sale on the secondary market throughout the bond period, for a maximum amount of (JD 100,000) one hundred thousand Jordanian Dinars for any investor in one working day at prevailing market prices, according to the following formula for calculating the bond market price:

Price = (Summation from t=1 to n) of Bond Nominal Value (JD) divided by n, plus Value of Quarterly Coupon (JD) divided by t

(1 + Proceeds % divided by 4)

where t is a variable number based on the coupon number , and n is the number of the last coupon payable on the bond until the end of the period.

8- **Paying Agent, Registrar and Custodian (Jordan National Bank):**

This is the party that undertakes paying interest and bond value on date of maturity after collecting them from the Company, by recording the value to the accounts of bond owners with it or with registered banks 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, to be called the (Bonds' Register). Names, nationalities, full mailing addresses, 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 the bank address as follows:

Jordan National Bank
General Administration – Shmeisani
Investment Banking Department
P. O. Box 3103 Postal Code 11181 Jordan

Telephone Number 5622621/3 and 5622282/5
Fax Number 5604515

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

This is the bond issuer, and its address is:

15 Al Mahdi Bin Baraka Street -Western Shmeisani
P.O.Box 940743 Amman 11194
Telephone: 5601417 Fax: 5601542

10- **Notifications and Statements to be Sent to Bondholders:**

- Upon request, the Paying Agent, Registrar and Custodian shall provide the holders with the ownership notifications.
- Upon request, the Company shall provide bondholders with the annual financial statements.
- In case any bond certificate was stolen, damaged or torn, it may 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 requesting replacement of the damaged, lost, destroyed or torn bond certificate. However, replacement must be according to conditions of proof, guarantee and compensation as well as other conditions required by the Issue Manager and/or the Paying Agent, Registrar and Custodian, while observing all laws in force and requirements of the Stock Exchange where these bonds are listed. Owner of the missing certificate must announce its loss in two daily local newspapers. In the announcement, the owner must quote the certificate number and the number of bonds fixed therein. If the missing certificate is not found within thirty days of the announcement, a new certificate will be issued. However, destroyed or damaged bonds must be delivered to the Paying Agent, Registrar and Custodian before issuing the new certificate to the bondholder. The applicant will be charged with all relevant expenses.

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

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

12- **Taxes:**

Subscribers to these bonds are advised to solicit legal and tax advice from independent sources regarding tax issues related to bonds and relevant expenses that might be approved by the Income Tax Department to define taxable income, including income generated from 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:

Interest and capital profits realized from investment in the corporate bonds are subject to the Law of Income Tax No. (57) for 1985 and its subsequent amendments as follows:

b- Interest from Bonds

According to the Income Tax Law mentioned above and its amendments, bondholders are classified into three groups in terms of tax processing of the bonds' interest received from the Issuer as follows:

- Banks and Financial Institutions:

25% of interest earned on Corporate Bonds and received by banks and financial institutions will be exempted from income tax, provided no amounts of expenses are rebated into profits of these banks and institutions for exempting this rate. 75% of income from interest is taxable.

- Other Companies:

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

- Natural Persons (Individuals):

Interest earned from bonds by natural persons receives full income tax exemption.

c- Capital Profits:

According to the Income Tax Law mentioned above and its amendments, bond owners are classified into three groups in terms of tax processing of the capital

profits realized from selling and purchasing the issued corporate bonds as follows:

- Banks and Financial Institutions:
25% of the capital profits realized from selling and purchasing the issued corporate bonds and received by banks and financial institutions are 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 this interest earned is taxable.

- Other Companies:
100% of capital profits realized 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 pro-rated 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 fees of revenue stamps required for the bonds' issue if applicable.

e- Other fees:

The Issuer will pay all fees required for the execution of the Prospectus if any. The Company will also pay all other fees required for listing these bonds on the Stock Exchange or registering them at the centers of depositing financial securities. However, ownership transfer fees of these bonds at the Securities Depository Center are not included here, as the seller and the purchaser of these bonds will be charged with such fees in accordance with the provisions of laws, regulations and instructions applicable at the Securities Depository Center.

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 characterized by a low weighted risk of 20% as approved by the Central Bank of Jordan, which supports the financial positions of licensed banks that own these bonds, and improves their capital solvency rate.
- 2- Corporate bonds issued by the Company have priority 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 purposes of calculating rates of legal liquidity that licensed banks must provide, as per the Central Bank of Jordan regulations in this respect.
- 4- Interest earned from these bonds and profits realized from investment in them are exempted from taxes according to the provisions of the current Income Tax Law.
- 5- Investors in these bonds realize a steady income every three months.
- 6- Subscription to these bonds is easy, and they can be traded on the local capital market, as the Issue Manager undertakes to purchase what is offered for sale on the Secondary Market throughout the bonds' period and for a maximum amount of JD 100,000 (one hundred thousand Jordanian Dinars) for any investor on a single working day and at prevailing market prices, according to the calculation formula mentioned in this Prospectus.

Purchasing these corporate bonds by investors will provide them with the opportunity to contribute to the development of housing finance in Jordan, which is considered one of the most prominent sectors in the National Economy. The Company will channel the proceeds of this issue selling to extend refinancing 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 by Company assets, including loans to refinance housing loans extended to financial institutions guaranteed by real estate first class bonds transferred to the Company and duly documented. The remaining value of these bonds is at least 120% of the Company's loan value at the end of each quarter in each case, throughout the duration of the loan period. 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 31.12.2003, 31.12.2002, and 31.12.2001:

Description	As on 2003%	In 2002%	In 2001%
Value of the real estate mortgage bonds against refinancing loans balances	199	205	205
Estimated Value of mortgaged real estate property against refinancing loans balances	257	262	271
Balances of refinanced housing loans against refinancing loans balances	142	131	155
Refinancing loans balances 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	244	227	190

b- Risks:

The main risks that could arise from investing in these bonds may be summarized as follows:

- **Interest Rates Fluctuations:**

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

- **Liquidity:**

The offered bonds will be listed on the Amman Stock Exchange. Thus, the liquidity of these bonds and their tradability will depend on the characteristics of this Exchange. These bonds will, by and large, be subject to legislation, laws and regulations governing the issue and trading processes thereof, as well as the conditions prevailing in the market, especially in terms of interest rate fluctuation.

In order to reduce liquidity risks of this Issue, the Issue Manager will be ready to purchase what is offered for sale of these bonds for selling on the Secondary Market throughout the whole period of the bonds for a maximum amount of JD 100,000 from any

investor on a single working day and at prevailing market prices, according to the calculation formula mentioned in this Prospectus.

- **Payment:**

The Company's ability to pay the interest 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 the housing loans they extend.

Tenth: Company Future Plan for the Period 2004-2008:

Following are the general guidelines for the Future Plan of Action that the Company aims to achieve during the period 2004-2008:

- First : Deepen the Company's lending activities 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 the volume of loans to refinance housing term-loans of different types as well as encouraging banks to increase their contribution to programs supporting governmental housing finance targeting low income groups among public sector employees, as well as providing housing loans at fixed interest rates throughout the housing loan period.
- Second: Deepen the Company activities in the area of issuing corporate bonds and short-term financial securities on the Capital market by increasing the volume of its issues for specific terms instruments of various types, in line with the Company's lending activities, in addition to attempting to expand the investor base in the Company's issues.
- Third : Review policies of lending and managing assets and liabilities approved by the Company for the purpose of developing them to accommodate developments in the housing finance market and the capital market in the Kingdom, in addition to proposing adequate amendments in these areas.
- Fourth: Increase the Company capital to accommodate its growing activities, and amend its Articles of Association and Statutes (Charter) to provide for expanding its lending activities to include refinancing real estate loans extended by banks and other financial institutions, for the purpose of purchasing office space and clinics in commercial complexes. This step aims, as well, at purchasing

- portfolios of loans extended by banks and other financial institutions that can be refinanced by the Company.
- Fifth : Adopt a relevant mechanism to deal with financial institutions that extend housing loans according to the principles and provisions of the Islamic Shari'a Law.
- Sixth: Provide a program to guarantee housing loans delivered as a credit collateral, especially for loans delivered to low-income and high-risk groups, with an adequate structure and cost.
- Seventh: Standardize the principles and rules of the conditions for extending housing loans by financial institutions, and standardizing forms used for proceedings of housing loans at all banks with the aim of reducing administrative costs and facilitating transition to more advanced phases of growth in housing finance. Accordingly, securitization must be observed and securities guaranteed by a portfolio of mortgaged-back loans must be issued.
- Eighth: Continue and develop Company marketing activities directed at banks and financial companies that extend housing loans, and at investment institutions operating on the local bond market, and market housing loans to citizens to enable them to access this type of financing at the best possible conditions. Investors in the Housing Sector must be urged to increase the volume of housing units constructed sites at adequate costs and quality, including studying the potential for establishing a specialized company to produce housing units on the local market in coordination with relevant parties.
- Ninth: Provide adequate training for Company employees and attract qualified personnel according to the requirements of the various stages of the Company development.
- Tenth: Coordinate with parties concerned to organize specialized seminars in housing finance in order to deepen and develop the housing financing system implemented in the Kingdom.

Eleventh: Company Profile

1- Description and Merits of the Company

The Jordan Mortgage Refinance Company Ltd. was established and registered as a public shareholding company at the Companies' Controller office under No. 314 on 5.6.1996. The Company obtained the right to commence operation on 22.7.1996 according to the provisions of the valid Companies' Law. The Company has sixteen shareholders from both the public and private sectors, including the Central Bank of Jordan, the Public Corporation of Housing and Urban Development, the Social Security Corporation, the Arab Bank, and the Housing Bank. The Company capital is JD 5 million, paid in full. The first Board of Directors was elected by the establishing General Assembly on 24.6.1996. The second Board of Directors of the Company was elected on 8.3.2000. The Governor of the Central Bank of Jordan chairs the Company Board of Directors.

The Company was established upon a directive from the Government, and in cooperation with the International Bank for Reconstruction and Development, with the support of the Central Bank of Jordan, in order to help achieve the objectives set by the Government's policy in restructuring the Housing Sector, especially in terms of providing medium and long-term financing for this sector, considered to be of special importance in the local economy. Following are the main goals that the Company seeks to achieve:

- a- Develop and improve the housing finance market by enabling licensed banks and other financial companies to increase their contribution in extending medium 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 medium and long-term financing for banks and financial institutions that operate according to the Islamic Shari'a Law.

In order to help the Company achieve its above-mentioned objectives, the following benefits were extended to it:

- In mid-November 1997, the Company was exempted from bond ownership transfer fees and charges, 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 at 50% for the purpose of calculating capital solvency on housing loans refinanced by the Company at a level not exceeding amounts borrowed from the Company.
- The Central Bank of Jordan accepted not to have a general allowance for good housing loans refinanced by the Company.

- The Central Bank of Jordan approved to consider the values of the corporate bonds and the short-term financial securities (less than one year) issued by the Company as part of the liquid assets in the balance sheets of banks and financial institutions for the purpose of calculating the legal liquidity ratios to which licensed banks are subjected.
- The Central Bank of Jordan approved to consider the weighted risks of the corporate bonds and short term financial securities (less than one year) issued by the Company as 20% for the purpose of calculating capital solvency.
- Interest earned and profits realized from investing 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 current Tax Law.

Sources of the Company funds are:

- 1- Fully paid up capital amounting to 5 million Jordanian Dinars.
- 2- A loan in Jordanian Dinars, equivalent to 19 million US Dollars, raised by the Company from the Government for a period of 20 years according to a re-lending agreement that was signed with the Government on 23.4.1997. The loan is part of a loan raised by the Government from the International Bank for Reconstruction in US Dollars, to implement the Housing Finance and Reform of the Urban Sector project. The loan balance amounted to JD 12.2 million on 31.12.2003. Repayment of the Government's Loan is set at a lower priority for the company compared with other creditors who own Company bonds.
- 3- Corporate bonds successively issued by the Company according to loan requirements of banks and financial institutions, to refinance housing loans extended by these financial institutions according to principles and standards approved by the Board of Directors. The issued corporate bonds represent a general and direct liability on the Company assets that include loans for refinancing housing loans extended against real estate mortgage bonds of the first denomination, endorsed in favor of the Company and duly documented by the borrowing financial institutions. The amount of these mortgages at the end of each quarter year is 120% at the minimum, of the value of the Company loan in each case, throughout the period of the Company loan, while observing the following:
 - a- The borrowing financial institution must assure the Company's right to mortgages transferred thereto, and that they have been duly entered in the relevant 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 of the Gregorian calendar year, the borrowing financial institution must transfer additional real estate mortgages of the first class to the order of the Company, or otherwise submit additional guarantees accepted temporarily by the Company, in any of the following cases:
 - (i) Reduction of the loan principal through repayment or pre-payment of any housing loans guaranteed with

outstanding real estate mortgages transferred to the order of the Company.

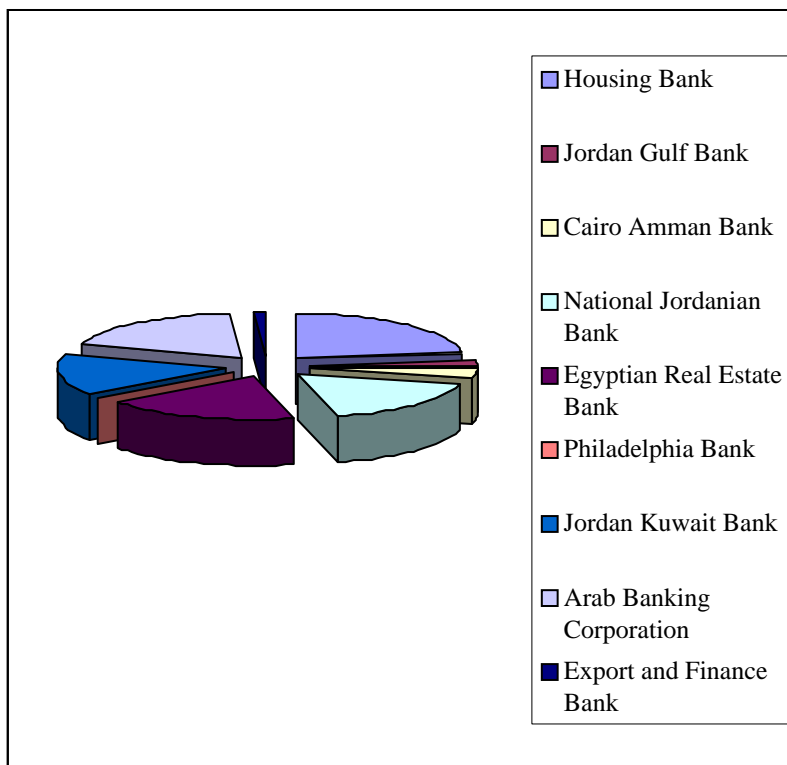
- (ii) Failure to repay any housing loan that has been refinanced and guaranteed with real estate mortgages, as a result of two unpaid installments, if repayment is on monthly basis; or if three months have elapsed since the date of the installment maturity, if repayment is non-monthly.
- (iii) If the financial institution requested the recollection of outstanding real estate mortgages.
- (iv) If changes in the interest rates market resulted in reducing the present financial value of the outstanding guarantees.

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

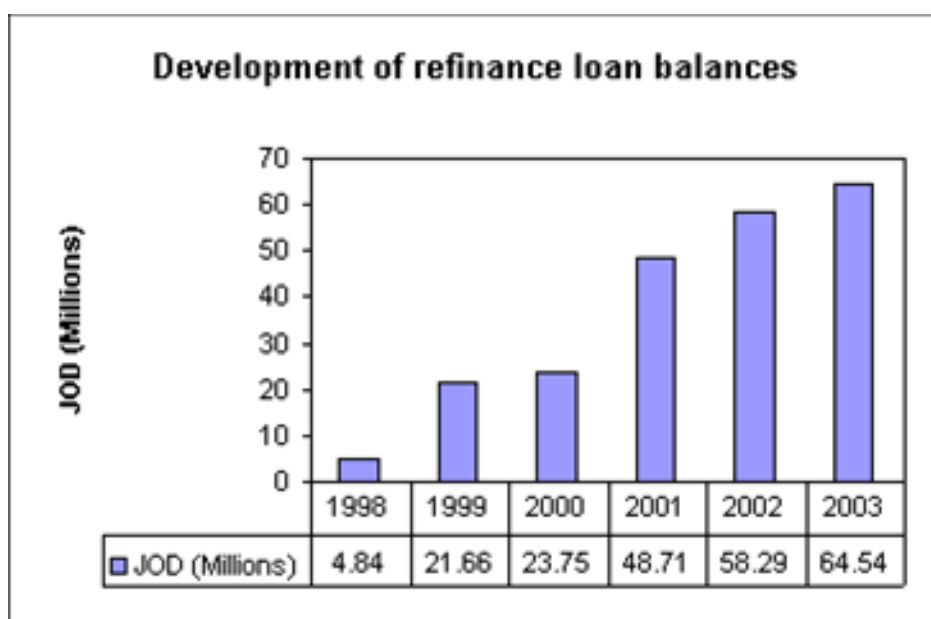
Agreements of refinancing loans signed at the end of December 2003 reached a total of 34 agreements, for a total amount of JD 64 million approximately, covering about eight thousand housing loans, with a principal value of JD 119 million.

The Following graphic illustration shows the distribution of refinancing loan balances extended by the Company, drawn on banks operating in the Kingdom, as on 31.12.2003:

Loans Distribution Over Banks



The following graphic illustration shows the development of refinancing loan balances extended by the Company from 1.1.1998 to 31.12.2003:



The volume of corporate bonds issued by the Company by the end of December, 2003 reached JD 67.75 million for 3 and 5 year terms. The volume of short-term financial securities, issued by the Company (6 months and one year terms) till the end of December 2003, reached JD 35.5 million. The Company issues of the above-mentioned corporate bonds and short term financial securities have been sold-out through special subscription, and were sold to financial and investment institutions from both the public and private sectors.

Interest rates on financial securities issued by the Company have reflected the low risk factor associated with the Company issues of these securities.

Hence, the Company debt as on 31.12.2003 represents 11.5 times its ownership equity. However, this multiplier may reach 20 times, according to international standards.

[Another correction shows the figures in yellow as 8.73 on 30.6.2003]

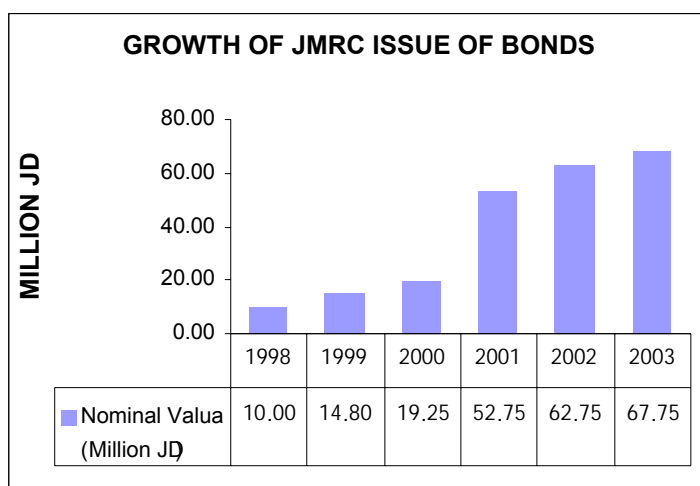
The following tables show details of the Company's outstanding bond issues and short-term securities as on 31.12.2003:

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

Issue No.	Nominal Value /JD Million	Interest Rate %	Date of Issue	Maturity Date	Dates of paying interest/redemption period	Underwriting rate %
1	10.00	8.25	16/7/1998	30/6/2001	Two equal installments every 6 months on 31/12 and 30/6 throughout the issue period	101
2	4.8	8.467	29/4/1999	29/4/2002	Two equal installments every 6 months of the year on 29/10 and 29/4 throughout the issue period	101
3	4.45	7.758	30/3/2000	30/3/2005	Two equal installments every 6 months of the year on 30/3 and 30/9 throughout the issue period	199
4	5.00	6.800	31/5/2001	31/5/2006	Four equal installments each 3 months of the year on 31/8 and 30/11 and 28/2 and 31/5 throughout the issue period	100
5	10.00	5.750	27/8/2001	27/8/2004	Two equal installments every 6 months of the year on 27/8 and 27/1 throughout the issue period	100
6	5.50	5.450	2/9/2001	2/9/2004	Two equal installment every 6 months of the year on 2/3 and 2/9 throughout 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, redemption of the remaining nominal value on date of maturity at a rate of 100%	100
7	3.00	5.750	19/9/2001	19/9/2006	Four equal installments every 3 months of the year on 2/12 and 2/3 and 2/6 and 2/8 throughout the issue period	100
8	10.00	5.200	10/12/2001	10/12/2004	Two equal installments every 6 months of the year on 10/6 and 10/12 throughout the issue period	100
9	5.00	5.200	20/5/2002	20/5/2005	In two equal installments every 6 months of the year on 20.11 and 20/5 throughout the issue period	100
10	1.50	4.900	1/7/2002	1/7/2005	In two equal installments every 6 months of the year on 1/1 and 1/7 throughout the issue period	100
11	2.50	4.25	16/10/2002	16/10/2005	In two equal installments every 6 months of the year	100

					on 16/4 and 16/10 throughout the issue period	
12	5.00	3.75	3/3/2003	3/3/2006	In two equal installments every 6 months of the year on 3/9 and 3/3 throughout the issue period	100
TOTAL	67.75					

The following graphic illustration shows the growth of Corporate bond issues by the Company during 1998-31/12/2003



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

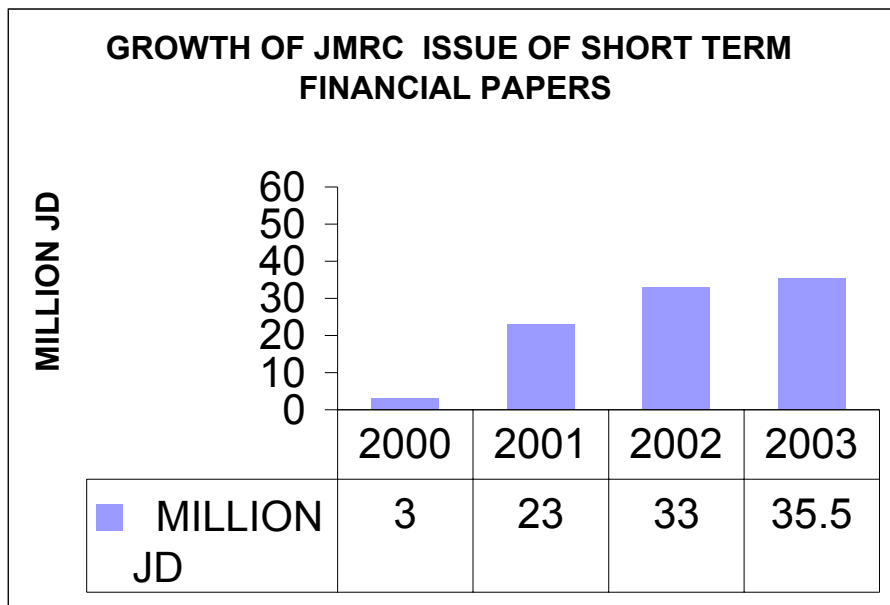
b- Outstanding Issues of the Company of Corporate Bonds on 31.12.2003:

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 throughout the issue period	199
4	5.00	6.800	31/5/2001	31/5/2006	Four equal installments every 3 months of the year on 31/8, 30/11, 28/2 and 31/5 throughout the issue period	100
5	10.00	5.750	27/8/2001	27/8/2004	Two equal installments every 6 months of the year on 27/8 and 27/2 throughout the issue period	100
8	4.14	5.450	2/9/2001	2/9/2004	Two equal installments every 6 months of the year on 2/3 and 2/9 throughout 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 installments every 3 months of the year on 2/12, 2/3, 2/6, and 2/9 throughout the issue period	100
6	10.00	5.200	10/12/2001	10/12/2004	Two equal installments every 6 months of the year on 10/6 and 10/12 throughout the issue period	100
9	5.00	5.200	20/5/2002	20/5/2005	Two equal installments every 6 months of the year on 20/11 and 20/5 throughout the issue period	100
10	1.50	4.900	1/7/2002	1/7/2005	Two equal installments every 6 months of the year on 1/1 and 1/7 throughout the issue period	100
11	3.50	4.25	16/10/2002	16/10/2005	In two equal installments every 6 months of the year on 16/4 and 16/10 throughout the issue period	100
12	5.00	3.75	3/3/2003	3/3/2006	In two equal installments every 6 months of the year on 3/9 and 3/3 throughout the issue period	100
TOTAL	51.59					

c- Company issues of short term papers (one year or less) on 31/12/2003

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

The following graphic illustration shows growth of the Company issues of short term financial securities (one year or less) during 2000 to 31/12/2003



d- Outstanding issues of short-term Securities (one year or less) by the Company on 31/12/2003:

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

The Board of Commissioners of the Jordan Securities' Commission approved, in its session held on 15/2/2000, to license the Company to practice refinancing of loans as one of the activities of financial services companies approved by the Board under Clause (35/a/7) of the Securities Law .

2- Shareholders Equity:

a- Subscribed Capital	JD 5,000,000
b- Paid up Capital	JD 5,000,000
c- Total shareholders Equity	JD 5,961,959 as at 31/12/2002

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

The Company is the first of its kind in the Kingdom, and so far there are no competing companies in its field.

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-Chairman of the Board	Representative of the Public Corporation for 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 of 1/4/2003)	Member	Representative of the Central Bank of Jordan
5-	Mr. Marwan Al Hmoud	Member	Representative of the Public Corporation of Social Security
6-	Mr. Mohammad 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 Jordan National Bank
9-	Mrs. Simona Bshouti	Member	Representative of Cairo Amman Bank
10-	Mr. Mohammadd Kamel Abu Arida (as of 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 Company Shares Ownership:**

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 for 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- Jordan National 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
TOTAL	5.000.000	100%

6- **Shareholders Owning 5% or more of the Company 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 for 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- Jordanian National 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 Law Office

Telephone Number: 5668112

Address: P.O.Box 926138 Amman 11110 Jordan

8- **Senior Management with Executive Power at the Company who Prepared this Prospectus in Cooperation with the Issue Manager:**

Name

Job

Dr. Zuhair Abdul Rahman Khalifa
memembr

Director

General/BOD

Sa'd Abdul Razzak Bishtawi
Department

Director/

Bond

Issue

Bassam Abu Sahab

Director of the Loans Department / Refinancing D

Twelfth: Economic Developments and Developments in the Housing Finance Market in the Kingdom During 2002 and 2003:

The Jordanian Economy continued its positive achievements and improvement of performance in general, in spite of a slow-down in the international economy. Growth in the real gross product reached 4.9% in 2002, against 4.2% in each of the previous two years. Communication, construction, finance, and export industries achieved the highest sectoral growth rates. The gradual improvement in the Jordanian economy performance can be attributed to balanced monetary and financial management, as well as tax reforms and the adoption of an economic openness policy. The Jordanian economy continued its good performance in 2003, with the implementation of the Government's plan of socio-economic transformation.

In terms of the monetary policy, the Central Bank of Jordan continued in 2002 with its policy of maintaining monetary stability and enhancing the strength of the banking system. It has succeeded in maintaining a comfortable level of foreign currency reserves 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 had 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 has maintained a low interest rates on its monetary instruments throughout 2003.

Amman Stock Exchange proved in 2003 its large capacity to absorb political developments and adapt to non-favorable circumstances prevailing in the region, as is evident from its assuming an advanced position among international capital markets, judging from the revenue achieved.

The application of the electronic trading system at the Amman Stock Exchange, as well as the Securities Depository Center's utilization the most advanced systems in securities' price settlement and ownership transfer, have enhanced investor trust in dealing at the Amman Stock Exchange.

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

Despite the activity witnessed by the bonds market in the Kingdom over the past three years, the role of this market still requires enhancement to enable it to mobilize savings and long-term financial resources, as well as the promotion of trading on this market.

It is noteworthy to mention, at this stage, that the development of the capital market is considered one of the vital issues for the activity of the Jordan Mortgage Refinance Company. It is also one of the main goals behind establishing the Company, since the revenue realized from securities' operations is one of the most important financial resources that provide medium and long-term financing for banks and financial institutions operating in the Kingdom.

In the real estate market, Jordan, like other countries, suffers from a housing problem where supply is less than demand, especially where demand for low-income housing is concerned. This problem became more evident over the past five decades as a result of the political and economic conditions prevailing in the region, and the ensuing recurrent migration into the Kingdom, in addition to a natural growth rate that is among the highest in the world.

The Housing Sector is one of the main sectors of the national economy, as it provides adequate housing units for citizens, and is closely linked to other economic activities. Consequently, activating this sector will, by necessity, result in activating the national economy, contributing to raising real growth rates in it.

Studies have revealed that there is a large demand for housing units that has not been fulfilled. This demand is concentrated among groups whose income is low or below average. This is because investment in the housing sector still focuses on providing housing units to medium and high-income groups in the main cities of the Kingdom.

Regarding developments in the primary market for housing loans, one can notice a growth in lending for housing purposes, and an improvement in its terms and conditions on one hand, and a reduction in interest rates on housing loans at a higher rate than the reduction in the interest rate structure in the market on bank facilities for other purposes, on the other. This is due to the benefits provided by the Company working mechanism to banks, especially where the cost of capital and aligning money uses and period of use are concerned.

It is noteworthy to mention here that the Company has contributed, through its operation mechanism, to encouraging other financial institutions that extend housing loans, to develop programs specialized in this type of lending to improve its conditions as a result of the competition taking place among these institutions over this kind of lending, whose risks are considered less than those associated with other types of lending.

The Company has also contributed to activating the Housing Sector through its pioneering role in crystallizing the housing credit support program for low-income groups, in cooperation with relevant parties. This comes as a response to His majesty King Abdullah II bin Al-Hussein's directive to allocate JD 50 million of revenues from privatization, as an endowment, the annual yield from which is to be used in subsidizing the annual interest rate mentioned above. The government will bear five percentage points annually from the current annual interest rate on the housing loan extended by participating banks in this program throughout its duration, reaching up to 20 years. This program aims at providing adequate housing to this segment of society, enhancing its feeling of stability and security, through obtaining housing loans from financial institutions participating in the program.

However, the Government has introduced some amendments to the housing finance subsidy program for the purpose of activating it and increasing the number of beneficiaries. Accordingly, the maximum amount of a housing loan has become JD 13,000, and the annual interest rate borne by the Government has been amended to 3.5% annually. . Monthly approved incomes have been increased to JD 1000 instead of

JD 500, and the price of a completed housing unit has been raised to JD 40,000 instead of JD 30,000. The standard area of these housing units has been raised to 200 square meters instead of 150.

Information available to the Company show that housing loans extended under this Program to beneficiaries reached about JD 41 million by 30.11.2003, benefiting about 3327 families, out of 9362 who obtaining beneficiary certificates.

Thirteenth: Company Financial Resources

Description	VALUE AS AT 30/6/2003 (before Issue)		Value in case of underwriting all offered bonds (Post issue)	
	Amount/JD	Percentage%	Amount/JD	Percentage%
<u>Short term debts</u>				
Corporate bonds and short term financial securities	3.180.000	4.30	3.180.000	4.02
Due Expenses	-	-	-	-
Remuneration Allocations	-	-	-	-
Payable Interest	915.921	1.24	915.921	1.16
Payable Commissions	-	-	-	-
Credit accounts and other credit balances	823.412	1.11	823.412	1.04
Sub-total (1)	4.919.333	6.65	4.919.333	6.22
<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
Sub-total (2)	63.174.804	85.33	68.174.804	86.26
<u>Shareholders' Equity</u>				
Capital	5.000.000	6.75	5.000.000	6.33
Compulsory 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
Sub-total (3)	5.941.238	8.02	5.941.238	7.52
Grand Total (1+2+3)	74.035.375	100	79.035.375	100
Ratio of shareholders' equity to creditors' equity		8.73%		8.13%

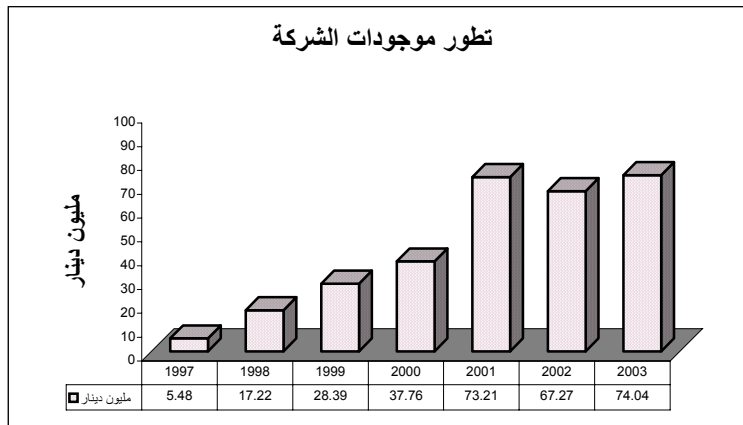
**** In case of selling the whole issue of the Company of corporate bonds of the 5-year terms for a nominal value of JD5 million.**

Fourteenth: Financial Analysis of the Final Accounts for 2002

Comparing Company financial statements at the end of 2002 with those at the end of 2001, one can notice the following:

- 1- Balances of refinancing loans increased by JD 9.6 million over last year; an increase of 19.7%, to reach JD 58.3 million. It is worth mentioning here that total refinancing loans extended during the year amounted to JD 16.5 million, of which JD 12.1 million are new loans, and JD 4.4 million are loans that have been renewed. Loans repaid during the year reached JD 2.5 million.
- 2- Total assets decreased by JD 5.9 million over last year, a decrease of 8.1%, reaching JD 67.3 million. This decrease resulted from the difference between the Company financial securities issues and payments due on them.
- 3- Balance of corporate bonds and financial securities issued by the Company has increased by JD 4.5 million over last year; an increase of 10.5%, reaching JD 47.3 million.
- 4- The balance of the loan extended by the Government to the Company decreased by JD 586,000 over last year; a decrease of 4.4%. The loan balance stands at JD 12.8 million.
- 5- Gross operating profit increased by JD 310,400 over last year; an increase of 70.6%, reaching JD 749,900.
- 6- Net profit before taxes and allocations increased by JD 221,100; an increase of 62.6%, reaching JD 574,500.
- 7- Total shareholders' equity increased by JD 68,000 over last year; an increase of 1.2%, to reach JD 5.96 million.

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



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

Description	2002 %	2001 %
Bond share of net profit	8.4	6.03
Cash at banks to total assets	10.22	30.62
Refinancing loans to total assets	86.65	66.54
Borrowed money to owners equity / one time	10.12	11.2
Return on shareholders' equity	7.01	5.14

Fifteenth: Financial Statements and Tables

First: Financial Statements for 2002 and 2001 (Enclosed):

- a- Balance sheet as at 31 December 2002 and 2001.
- b- Profit and Loss Statement
- c- Statement of changes of shareholders' equity
- d- Cash flow table

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

Third: Financial Statements as at December 31, 2003.

Auditor's Report

We, the undersigned auditors, confirm that the financial statements of the Jordan Mortgage Refinance Company Ltd. for the fiscal year ending 31 December 2002 and 2001 as shown in the Issue Prospectus of the corporate bonds for five-year terms with a nominal value of JD 5 million are true and accurate financial statements and reports. They have been produced in compliance with standards approved by the Financial 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 Jordan Securities Commission, as early as possible, of any information affecting prices of financial securities issued by the Company and listed 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 informing the Commission of all data and periodic reports.

The Company and the members of the Board, jointly and separately, re-confirm that the information incorporated in the Issue Prospectus is complete, correct and accurate. 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:

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

Signatures

We the undersigned, acknowledge full responsibility for the truth, accuracy and comprehensiveness of information in this Prospectus. We confirm that it is free of any data or information, the deletion of which will render it misleading or will influence the investor's decision whether or not to purchase the financial securities offered, or might affect the method in which the investor will price these securities.

We pledge to honor our commitment to provide the prospective investor with this Prospectus prior to admitting his/her subscription thereto, and to provide the Financial Securities Commission with any data or information that may come up after submitting this Prospectus to the Commission or after its ratification by the Board of Commissioners.

Head of the Financial Section

Mohammad Rasoul Bayazidi

Chairman

HE Dr. Ummaya Toukan

Director General

HE Dr. Zuhair Khalifa

Vice Chairman

Eng. Bashir Al Jaghbeer

Members of the Board:

Name : Mohammed Mousa

Marwan Al Hmoud

Signature :

Name : Tawfiq Mkahhal

Ibrahim Al Thaher

Zahi Fakhouri

Signature :

Name : Dr. Mohammad Abu Arida

Simona Bshouti

Fares Sharaf

Signature :

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.

Mohammad Mousa Marwan Al Hmoud Bashir Jaghbeer Dr. Ummaya Toukan

Tawfiq Mkahhal Ibrahim Nather Zahi Fakhouri Dr. Mohammad Abu Arida

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

Application No.:.....
Date:

Subscription Application

I hereby agree to subscribe to the thirteenth issue of the corporate bonds of the Jordan Mortgage Refinance Company Ltd. with () bonds for a five-year term against a fixed annual interest rate of (4.35%) and a bond-selling price of 100,000. I hereby acknowledge that I have received a copy of the Prospectus and the Company's Statute. I have read and carefully studied and fully understood their contents. Accordingly, my subscription to those bonds has been implemented. Kindly pay the interest and the nominal value on date of maturity to account No. Name of Bank.....

However, I reserve my right to refer to the Company and claim any damage and harm resulting from the inclusion of wrong or insufficient information in the Issue Prospectus, or from the deletion of information that may have influenced my subscription had it been included into the Prospectus.

Subscriber's Name and National Number: Identification Document/Register: Number of Identification Document/Register: Place and Date of Issue :
Subscriber's Signature / Proxy Signature as per.....

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

Pledge

I hereby pledge to pay the value of the bonds that have been allocated to me 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.

Subscriber's Name and National Number :
Identification Document/Register :
Number of Identification Document/Register :
Place and Date of Issue :
Address :
Number / Street :
P.O.Box :
City
Postal Code
Telephone No.
Fax No.
Subscriber's Signature/Proxy signature as per.....
Date

