

JORDAN

Seizing the moment



Perspective of SARAYA AQABA www.sarayaqaba.jo



Middle East gateway basks in the spotlight

Situated on the cusp of Asia and Africa, the forward-thinking Hashemite Kingdom of Jordan has attracted the attention of the world's business community with its increased productivity and boundless opportunities.

Whichever part of the Jordanian economy one analyzes, the theme of the 2005 World Economic Forum—"Seizing the Moment"—seems to echo. Ever since H.M. King Abdullah II succeeded the late King Hussein, a program of private sector-focused reform has been increasing the country's economic drive. Under the dynamic young monarch's proactive leadership, equally young ministers, such as Suhair Al-Ali, Minister of Planning and International Cooperation and Sharif Ali Zubi, Minister of Industry and Trade, are sharpening the Kingdom's competitive edge.

It is typical of the Jordanian Cabinet that both ministers come from the private sector. Suhair Al-Ali previously headed Citigroup Jordan, while Sharif Ali Zubi has the reputation of being one of the country's sharpest corporate lawyers.

Unlike its oil-rich neighbors, Jordan has had to rely on its young, skilled workforce and free trade agreements to boost its



Left: Ahmad Abdul Fattah, CEO
The Housing Bank for Trade and Finance
Right: Dr. Michel Marto, Chairman
The Housing Bank for Trade and Finance

GDP. The country invests highly in the empowerment and education of its workforce. As Prime Minister Dr. Adnan Badran explains: "We used to give people the fish—now we give them the fishing nets with which to catch them."

The ensuing increase in productive capacity has found an outlet through Jordan's integration into the world economy. Accession to the World Trade Organization, the signing of a free trade agreement with the USA and a Jordanian-European Partnership Agreement, have all seen trade volumes soar, while the establishment of an Arab Free Trade Zone has allowed Jordan to function as a regional trading hub.

Sharif Ali Zubi, Minister of Industry and Trade, sketches the economic impact. "In 1998, our exports to the United States were about U.S.\$13 million," he says. "In 2005, we were hoping to have reached over U.S.\$1.5 billion, which is enormous for a country like Jordan." One institution that has been instrumental in promoting such stunning export growth, the increase of cross-border joint ventures and the development of local businesses, is the Jordan Enterprise Development Corporation (JEDCO), led by Dr. Wael Akayleh.

Perhaps the most physically impressive examples of how the Hashemite Kingdom is seizing the moment can be found in the real estate sector. It is public-private sector partnerships like



The Art of living in Amman

Abdali Investment & Development PSC that are increasingly transforming Jordan's capital Amman into a modern metropolis. The company is named after the area of its current mega project—over one million square meters of built-up area urban regeneration of the Al-Abdali area of Amman—where a new "downtown", with vast residential, commercial and educational facilities is being created.

"We are confident that by 2009, Abdali shall be a source of pride for all Jordanians and a concept of aspiration for all visitors," says Abdali PSC's general manager, Jamal Itani. The company is a joint venture between the Saudi Oger-backed Oger Jordan and government-owned MAWARED.

Recently, Abdali PSC's chairman, Sheikh Baha Hariri, announced the signing of a Memorandum of Agreement, laying the foundations for the inclusion of the Kuwait Projects Company (KIPCO) in the cooperation: "We are pleased to welcome the Kuwait Projects Company as our new partners in the Abdali PSC and believe that this strategic partnership will reflect positively and add great value to our overall strategy."

The significance of Saudi Oger's or KIPCO's corporate commitments to the Jordanian economy go far beyond the expertise and capital brought into the country. The investments of such corporate giants are widely perceived as strong votes of confidence in the Jordanian marketplace and can certainly be expected to increase capital inflow.

Indeed, Sheikh Baha Hariri takes a proactive stance in marketing the Jordanian marketplace: "As a Jordanian organization, we aim to further enhance the ripe conditions for increased local economic development by attracting local and international investments."

The banking sector is also witnessing an influx of foreign capital. The Housing Bank for Trade & Finance, Jordan's second largest bank, has experienced a U.S.\$603 million increase in total assets in the first half of 2005. According to the bank's CEO, Ahmad Abdul Fattah, one driver of this enormous growth has been an increase in Iraqi customers.

However, the main reason for the Housing Bank for Trade & Finance's success is its profitable investment strategy, demonstrated by the bank's own lucrative figures – its net income for the first half of 2005 equaled U.S.\$53 million, compared to a net income of U.S.\$23 million for 2004.



Feel the Hyatt touch

Bank Audi, one of Lebanon's three largest banks, was attracted by the growing potential of the Jordanian market, and in 2004 gained a Jordanian banking license. Bank Audi Jordan's general manager, Gaby Kassis, explains why the bank is focusing on both retail and corporate banking from the start: "You cannot do impressive retail without being reasonably close to the corporate market. We try to move closer to management as well as employees and are formulating retail partnerships. We are already associated with a number of institutions and groups with whom we have established strong partnerships."

The new entrant is quickly gaining customers by means of setting up a wide range of incentives that are new to the Jordanian banking market. "We are offering a new system now, whereby people gain points every time they use our service," Kassis says.

Bank Audi is pioneering several services and products new to the Jordanian market, such as cobranded credit cards, a host of consumer packages and bank insurance products.

Jordan can boast an untapped tourism potential like few other countries, offering a mixture of heritage and natural treasures that is second to none. With its ancient citadel of Amman, the salt-rich waters of the Dead Sea, the famous Nabataean city of Petra, the ancient Red Sea resort of Aqaba and the desert beauty of Wadi Rum, Jordan appears to have it all.

Luxurious Amman-based hotels, like the Grand Hyatt and Le Meridien, have long been providing business and tourist travelers with the highest standards of service. As Otto Steenbeek, general manager of the Grand Hyatt Amman says: "Jordan's deeply ingrained sense of Arabian hospitality is a great asset to the country's tourism industry."

At Le Meridien Amman, general manager Gerhard Mansbart has recently overseen a refurbishment of the hotel's exceptionally large rooms. The extensive banqueting and conference facilities have proved to be a major source of income. The hustle and bustle found within the hotel characterizes the eager spirit of commerce in Jordan today.

One entity that has realized the huge potential of the Jordanian tourism market is Saraya Jordan, 80% owned by Sheik Saad Hariri. Saraya Jordan's largest project to date is the development of a beach-front city, built around a man-made lagoon in the heart









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of the Red Sea town of Aqaba. "Aqaba is unique because of the locations that surround it: Wadi Rum, Petra and the Red Sea," says vice-chairman, Ali Kolaghassi.

Saraya Aqaba, however, will also be a destination in its own right. The U.S.\$610 million invested in the Saraya Aqaba Project will transform 610,000 square meters of land into a city, combining the splendor of an authentically styled ancient city with the modern luxuries of a world class destination. The development will feature five luxurious 5-star hotels, various residential opportunities, including beach-front villas, town houses and apartments, office space, a contemporary shopping district, an old souk, a water park, a convention center and a

wharf promenade, all set in the midst of a rich and textured environment of lush gardens and sparkling waterways.

The scope and spirit of the Saraya Aqaba Project are sometimes compared to the famous real estate developments of Dubai. There is in fact a direct connection, as Dubai-based Jumeirah, often referred to as the world's most luxurious hospitality group, will operate three of the hotels and the water park, while Starwoods will operate the two other hotels under its renowned "Luxury Collection" brand. Leading real estate specialist Asteco is the sole worldwide selling agent for the residential component of Saraya Aqaba.

Saraya Holdings is so convinced by the potential of the Jordanian marketplace that it is currently launching another similar development in the country—Saraya Dead Sea. Kolaghassi says: "Saraya is in the process of developing a real estate fund that will invest in Jordan and attract potential investors who would be interested in investing in the real estate sector in Jordan. The fund is being launched in partnership with the Arab Bank and is going to have a U.S.\$250 million volume."

It is not only the classic sectors of the Jordanian economy that are thriving in the new Jordan, however. Rubicon, founded and managed by Randa Ayoubi, is a regional leader in multimedia and educational products, which range from animation films to training software. In cooperation with the likes of Cisco, Rubicon has been instrumental in creating state-of-the-art solutions to train and entertain young Jordanians. With over 70% of the Jordanian population under the age of 30, Rubicon is vastly successful in its business. At the same time, it is helping young Jordanians to seize the moment.

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The Potash Refinery complex in Safi



*Issa Ayyoub
Arab Potash Company*



The unique harvester of Potash from under the Ponds

A 4.2% increase in potash demand – mainly from South East Asia – has led Arab Potash Company (APC) to implement new expansion and production maximization plans.

The company, which has an annual revenue of US\$300 million, has been successfully producing fertilizer of various grades – including Standard, Fine, Granular, Industrial, Fine 98% and other special grades – for more than three decades. It has become a key supplier in the Asian and Mediterranean regions, and has diversified its sales to sell in 30 countries.

The main markets of India, China and Malaysia contribute to around 60% of the company's exports and APC continues to update its sales approach to provide a flexible service. Indonesia, Korea, Spain and Taiwan are serviced through active local representatives and APC is now actively extending its direct involvement in all markets to be able to supply potash at short notice and in any quantity.

Last year, the company produced 1.929 million tons of potash, in four grades, with sales reaching 1.937 million tons. Issa Ayyoub, chairman of the board since February 2003, who has served as chairman for a number of high profile Jordanian corporations and companies, says: "Through plant efficiency improvements, solar pond modifications and the construction of an additional processing plant, we will increase production capacity to 2.5 million tons annually by 2007/2008."

Now in the process of an organizational

restructuring and extensive IT modifications, APC is set to increase profits even more. An interim statement for the first half of 2005 showed a profit of 53,746 Jordan Dinars (US\$78,860) and this is set to rise by the end of year, especially as demand – and the price of potash – grows. An unprecedented leap in prices, driven mainly by sea freight rates that increased by more than 150%, is not expected to abate before the end of 2007, although APC has covered this increase and still plans to achieve a viable profit margin.

The company employs more than 2000 people and owns shares in several companies that rely on the minerals of the Dead Sea. Besides reinforcing the fertilizer industry in Jordan, the company has diversified into fine chemicals. Its affiliates and subsidiaries include: Jordan Magnesia Company (JORMAG), Numeira Mixed Salts and Mud Company, Kemira Arab Potash Company (KEMAPCO), Jordan Bromine Company (JBC), Jordan Safi Salt Company (JOSSCO), Nippon Jordan Fertilizers Company.

APC also has an equity interest in Jordan-based shipping companies and ship brokers with an international outlook, who provide the company and its customers with the high quality shipping service necessary to add value to its product. A new plant producing Chemical grade Potassium Chloride is now in operation for this grade of 99.2% KCl purity.

As agriculture heads towards a second revolution, the fertilizer industry must be ready to help produce more food of better quality for millions of people. APC therefore plans to be present in Africa, the Middle East, the Americas and Asia for many years to come.



ARAB POTASH COMPANY Tel: 962 6 569 4381/2 Fax: 962 6 567 3105
E-mail: sales@arabpotash.com www.arabpotash.com

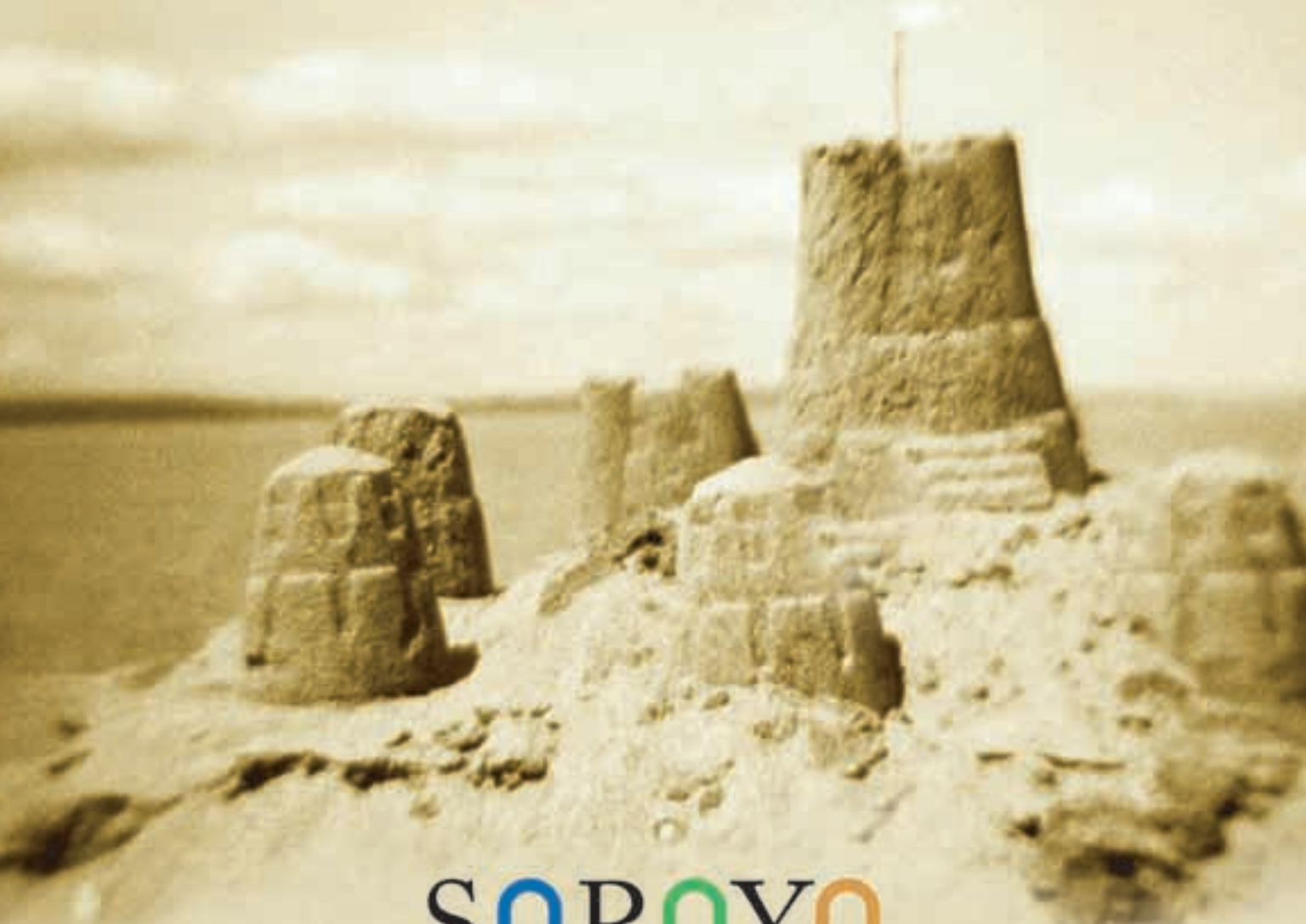
A Tangible Art

From the seeds of our imagination, the concept of a sand castle is born.

At Saraya Holdings we create luxurious world class destinations that will provide tourists, business travelers and home owners with a multitude of services and activities tailored for their leisure and comfort.

Our investment and development expertise ensures that our "sand castles" will yield profitability for all investors. The Saraya vision is currently being transformed into breathtaking realities in Jordan in Aqaba and at the Dead Sea and in the United Arab Emirates in Ras Al Khaimah.

If the sand castle can be cemented, so too can the resort. It is a tangible art.



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