

SPEECH FOR INDIAN SEZ CONFERENCE

Good morning, ladies, and gentlemen. I would like to take this opportunity to give you a brief explanation of our company and the role that infrastructure has played in our Special Economic Zones, Al Tajamouat Industrial City in Jordan.

We feel that the success that our special economic zone has had in attracting tenants is primarily due to the comprehensive infrastructure that we have been able to provide. Our definition of infrastructure is broader than the prevailing perception of infrastructure. In addition to telephone lines, power supply, water supply, roads, sewage connections and means of transportation, our definition of infrastructure includes the availability of industrial buildings, storage facilities, dormitory building, catering services in addition to a variety of other necessary services or infrastructure elements that are necessary in the successful development of any Special Economic Zone.

The more comprehensive infrastructure that a special economic zone provides, the more successful it will be in attracting tenants.

The following is a brief explanation about our company and Special Economic Zone:

We Build Buildings:

SIC is a real-estate development company that has served its clients from across the globe with both tailor and ready-made buildings. We take into account our clients needs and provide them with buildings and surroundings within their budget limitations and time constraints. By means of our in house engineering team we are able to fully plan and monitor construction at various levels of quality and quantities to ensure that our tenants are well served.

As to date, SIC has built up an approximate 2.3 million square feet (218,000 square meters) of industrial, storage and dormitory buildings with an occupancy rate of 98% in addition to a 100% renewal success rate with existing tenants.

The Al-Tajamouat Industrial City:

Our current flagship project is located in the greater municipality area of Amman, Jordan. In order of demand SIC constructed the Al-Tajamouat Industrial City (QIZ) in a period of 5 years. In an objective to jump start the Jordanian economy our mission was to attract as much foreign direct investment as possible and facilitate the process of setting up their industry in Jordan. As a result we currently hold 42% of the total Jordanian QIZ market share (manufacturers who export to the US market under the preferential QIZ agreement) with 32 foreign companies ranging from the USA, Taiwan, Korea, Hong Kong, UAE, India, China, Pakistan, and the Philippines. Currently our

clients export an annual total of \$150 million USD to the U.S market and employ an approximate 16,000 people with a total investment of over 250 million USD.

As per the demands of our clients we have provided them with large scale industrial factories ranging in size from 10,000 ft² to over 200,000 ft², dormitory housing, for their management and workers, warehouse/storage with a total constructed area of 2.3 million ft².

We Operate:

In light of the massive and rapid growth of our flagship project the Al-Tajamouat Industrial City, SIC was required to commence the operation of a wide array of services, which are managed and regulated by our full time staff of 350 highly qualified employees. As the zone currently employs an approximate 16,000 individuals with clients mostly foreign to the region we pursued our mission of attracting foreign investment further to satisfying their other needs as well.

In accordance to their needs the following services are offered and operated by SIC which are an integral part of our infrastructure on offer;

Catering:

We currently produce 15,000 meals per day feeding 4,500 people and our expansion is rapid. Our various cuisines are offered on a daily or meal plan basis at very competitive prices. We offer seven cuisines ranging from Arab, Western, Chinese, Indian and others. Our catering project employs over 100 people with chefs native to their cuisines.

Dormitory:

We currently house 4,500 people in our state of the art dormitory complex with a 100% occupancy rate. Our Dormitory buildings were designed to comply with U.S Buyer specifications and are fully furnished. Management Dormitories are also provided for middle and upper management for our foreign investors residing within the zone. Expansion of this project will bring the number of people housed to 7,000 by the end of 2004.

Security:

A full time staff of 70 security guards and patrol cars providing 24/7 service for the zone, we plan to expand this service to 150 guards by the end of the year 2004.

Maintenance:

In liaison with our in house engineering staff our Maintenance team is readily available on a 24 hour basis.

Waste Removal:

SIC's fleet of vehicles work on a daily basis on the removal of liquid and solid waste in order to ensure the cleanliness and efficiency of the zone.

Outlets:

SIC operates a variety of outlets that service tenants within our zone, these outlets range from a medical clinic, to internet communication centres in addition to snack shops and supermarkets.

Storage:

Due to the high demand for supplementary storage units from our tenants SIC provides storage facilities ranging from approx. 500 ft² to 80000 ft².

I.T:

SIC provides technical support for our tenants through our in house IT service department.

Water Distribution:

Due to the insufficient quantities and high costs of water, SIC provides our tenants with water distribution services through a fleet of various sized vehicles from nearby reservoirs.

Housekeeping:

Housekeeping services are provided mainly for our dormitory buildings and common areas throughout the zone.

Waste Water Treatment and Recycling:

SIC is embarking on a water treatment and recycling facility that will reduce the costs of water for our tenants and in turn attract industries which require large volumes of water for their production.

Labor Recruitment:

SIC works hand in hand with our clients to provide them a readily available labor pool. As to date it has played a large role in the recruitment of the current 16,000 employees of the zone.

Business Information Center (BIC):

Located in the heart of the capital city of Amman is SIC's business information center. This center provides our clients with insurance services and feasibility Studies:

The intent of our services is to provide our clients with quality and efficiency relieving them of what we can in order for them to focus on their core business activities.

We Build and Operate:

Over the years we have gained much experience in the construction and management of compounds in all parts that comprise its whole.

The leading measure of our capabilities can be demonstrated by the development of our flagship project the Al-Tajamouat Industrial City into the largest privately owned industrial zone in record time, enabling the creation of 16,000 jobs all in less than five years.

Expansion:

In order to cope with the rapid growth of the Al-Tajamouat City we are currently undergoing expansions in several parts of our offerings. We are continually undergoing further construction increasing quantities of ready made industrial buildings and the expansions of existing operating factories in addition to the expansion of our dormitory facilities. We are constructing several new buildings to reach a total constructed area by the end of 2004 of 2.9 million ft² (270,000 square meters). Moreover, our catering operation is currently in the midst of a complete renovation process that will lead to the increase in our capacity from 15,000 meals per day to 21,000 meals per day. Our Dormitory complex is also under expansion and will house approximately 7,000 people by the end of 2004.

Financial Stability:

SIC is a publicly listed company with a paid up capital of \$13 million and a balance sheet stipulating total assets of over \$60 million. The company exhibits solid financial standing through its acquisition of financing packages from highly reputable financial institutions such as the International Finance Corporation (World Bank) and the Islamic Development Bank in addition banking references from the Arab Bank, HSBC, Union Bank for Savings and Investment & the Export Finance Bank. In cooperation with our auditors Ernst & Young SIC ensures a display of transparent financial statements.

Our Contribution to our Economic Zone Infrastructure Requirements:

Private SEZ companies like ours assume the full responsibility of providing the entire required and necessary infrastructure within our (SEZ) in Jordan. The government did not contribute any money towards the construction cost of the infrastructure.

We constructed the necessary infrastructure Services that are needed to operate the estate which includes the following at our companies' expense:

-Road construction in accordance with the applicable specifications of ministry of public works highway construction. These works include, excavation,

embankment, placing of sub base, base course layers and placing of hot bituminous asphalt mix layer.

-Construction of sewage network system, all effluent is collected by a gravity sewer system in central septic tanks, and loaded via sewer tankers to the sewage dumping site to be treated at a governmental Sewage Treatment Plant.

SIC is embarking on a water treatment and recycling facility that will reduce the costs of water for our tenants and in turn attract industries which require large volumes of water for their production. The plant will treat the domestic influent and the influent from the laundries/Garment washers operating within the zone. The quality of the treated water will be high and be reused by laundries/garment washers.

-The execution of all civil works for the telephone network to serve our estate. Telecommunications department installed the cabling and wiring needed to serve our cliental.

-We are also constructing a fire water network with fire hydrants for fire fighting for the protection of the factories within the compound.

Key infrastructure constraints that have slowed the development of our SEZ in Jordan:

-Lack of sufficient public transportation methods for the workers of the SEZ. When discussing this problem with the government the primary obstacle seems to be a classic problem that SEZ's face in transportation and that is that public transportation buses are not financially feasible on a two trip per day.

-Lack of the existence of a legal framework for private industrial zones to operate under. This leads to different governmental departments dealing with us in different conflicting ways. Furthermore it leads to very high taxation and lack of incentives to for example construct buildings before a tenant comes due to customs laws. A tenant is customs exempt upon constructing a building whereby an SEZ operator is not and it is a well known fact that the prior availability of Industrial buildings encourages and speeds up the process of investment.

-Unfair competition between private and government zones in terms of taxation laws.

-Municipal constraints and licensing, building permit. Our tenant required a building to be delivered within six months from start and municipal licensing on its own takes 3 months.

-Municipality levies very high property taxes but does not provide any services in exchange.

The choice of the location of land for an SEZ:

SEZ should be developed within areas that have existing infrastructure provided that land cost is reasonable. Usually it is high in these areas, the alternative is to buy land in fairly remote areas and arrange to extend the infrastructure supply lines in order to serve the proposed development site. This trend poses a significant challenge to economic zone developers. The choice of the location of the land is a key to the success of the SEZ. Furthermore, one key element in the choice of land location is the close proximity of labor to that area. For an SEZ to be successful it must have an abundant supply of closely located labor.

Conclusion:

In closing, the more comprehensive infrastructure that a special economic zone provides, the more successful it will be in attracting tenants. In addition to telephone lines, power supply, water supply, roads, sewage connections and means of transportation, our definition of infrastructure includes the availability of industrial buildings, storage facilities, dormitory building, catering services in addition to a variety of other necessary services or infrastructure elements that are necessary in the successful development of any Special Economic Zone. These are necessary infrastructural elements in any SEZ. They also increase the long term earning capabilities of the SEZ operators and its ability to attract tenants.