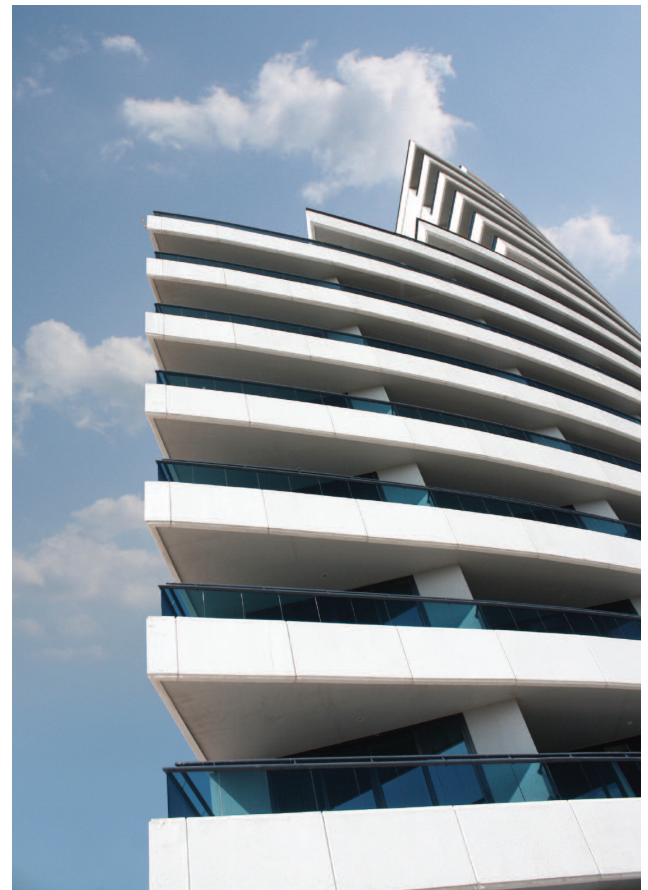


Investment Opportunity Hotels in Najaf



Market context

- Najaf is Iraq's first potential boom town. The city is witnessing a surge in economic activity based on the improving security situation and an active market economy.
- With a population of around one million, the city's huge potential hinges on the millions of pilgrims that travel to Najaf annually, mostly from Iran, the Gulf, Pakistan and India.
- Pilgrims flock to the city to visit the gold-domed Imam Ali shrine, sacred to the world's 120 million Shiites Muslims. Najaf is thought to be the third-most-popular destination for Muslim pilgrims after the Saudi Arabian cities of Mecca and Medina. It contains the tomb of Ali, the son-in-law of the prophet Muhammad. Shiites believe Ali to have been the prophet's heir. Pilgrims also come to bury their dead in the massive 'Valley of Peace' cemetery.
- The National Investment Commission says that the religious sites in Al-Najaf, Karbala and Kufa currently receive about three million religious pilgrims annually, from Iran, other Gulf states, Lebanon, India and Pakistan. This number is expected to increase, making it one of the biggest tourist destinations not only in the region, but in the world. However, Najaf only currently has approximately 4,000 hotel beds. There is currently no hotel accommodation that is recognised as meeting the best international standards. The existing hotel facilities are almost always fully occupied and many private citizens make income from the provision of rooms, food and other services.



Najaf needs hotels

The opportunity

The National Investment Commission (NIC) is seeking investor interest in developing a number of three to four-star and two five-star hotels, all with well in excess of 100 rooms. Investment costs could vary between £14-35 million or more depending on the investor, but the municipal authorities and the Investment Commission have agreed on several site options for prospective partners.

- These investment opportunities are already attracting strong interest globally. In October 2008, Najaf Investment Commission Chairman Fadhil Al-Fadhily, told

Al-Sabah newspaper that Kuwaiti, Lebanese, British, Korean, German and Swedish companies had all presented plans to establish hotels and apartment complexes in Najaf. He said that the commission had received 29 investment projects from domestic and international companies. A Korean delegation has also signed a MoU for the establishment of a tourist hotel at Najaf airport.

- Kuwaiti investors have also expressed interest. Local media reported that the major Kuwaiti company Bukhamseen Holding is

planning hotels both in Najaf, and in nearby Karbala, also a destination for pilgrims.

- At the end of 2008, a Lebanese company signed a deal to build six hotels in Najaf and Karbala at an estimated cost of £139 million. Reports said they would be completed by 2012.
- One recently opened property is a 150-room hotel, which has 24-hour room service, a 700-person capacity conference hall, restaurants coffee shops and several deluxe suites.

Additional investment data

In July 2008, Najaf's economy received a massive boost with the ceremonial opening of a redeveloped multi-million dollar international airport. It is estimated that the airport will earn over £348 million per year from visitors.

- The airport is part of a multi-billion dollar project led by the Kuwaiti investment firm Al-Aqeelah Holding, which plans to build hotels and thousands of new houses in the city. In June 2008 Al-Aqeelah signed a five year agreement with the Najaf

Investment Commission to manage the airport.

- Al-Aqeelah's subsidiary Aqeeq Aviation also said it planned to start direct flights into from:
 - Kuwait (14 per week)
 - Bahrain (12 per week)
 - Dubai (10 per week)
 - Cairo, Amman and Iran's Mashad airports.
- The new airport will make it easier for both Iraqi and international

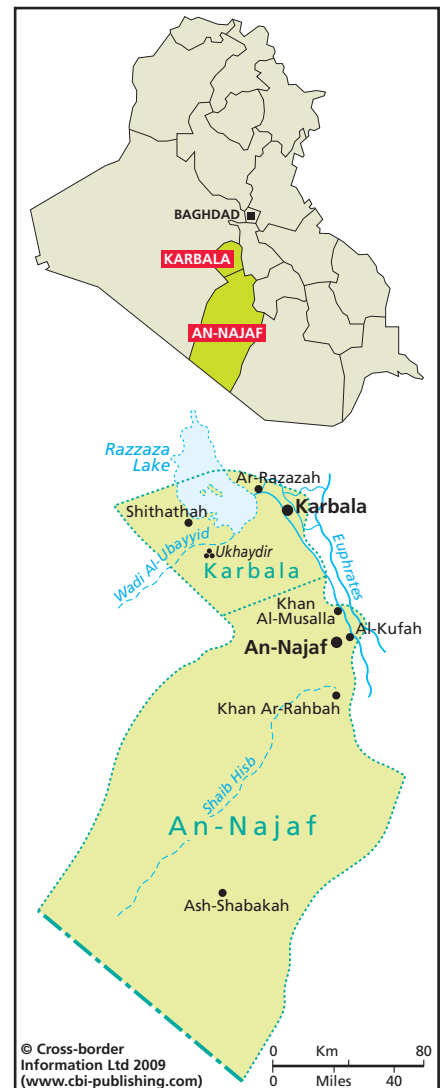
travellers to visit Najaf. Airport officials anticipate that the number of flights will increase rapidly. They hope to eventually bring in direct flights from Europe. Demand for higher quality hotel accommodation will increase, as these airport developments, attract higher net worth individuals, who current may be staying away for security issues related to overland travel in Iraq.

More opportunities countrywide

Hotel and tourism investment prospects are cropping up across Iraq, in major cities such as Basra, Mosul and Karbala as well as in less populous areas providing attractive natural backdrops for all kinds of developments.

- As Iraq's second largest city and main seaport, Basra, gears up to become a major commercial centre, so opportunities are emerging for hotels catering for business visitors. Leisure tourism opportunities could be based on the city's attractions, that include Basra Museum, which contains Sumerian, Babylonian and Islamic objects and the Ashar district, which is full of old houses with beautiful wooden facades in the old Arab architectural style and balconies overlooking narrow streets.

- Baghdad anticipates an increasing flow of local, regional and international business travellers as the market economy opens up. Iraq's capital also boasts notable attractions such as the Mustansiriyah School, the Abbasid Palace, Khan Murjan and the Al-Khadhimain Mosque as well as some good museums.
- Karbala in central Iraq is one of the holiest places of Shia Islam and major pilgrimage destination. The mosque, with its big golden dome and three minarets that can be seen from afar, is the main attraction for religious and non-religious visitors alike.



Contacts: For general information about investment opportunities in Iraq or the investment process, please visit the Iraqi National Investment Commission website at www.investpromo.gov.iq or email at info@investpromo.gov.iq.

For information about specific sectors and opportunities, or to arrange a visit, please contact the National Investment Commission through one of the contacts below.

Telephone (English): + 964 7901 970 107

Email (English): m-hussein@investpromo.gov.iq

Telephone (Arabic): + 964 7704 435 146

Email (Arabic): a.alwan@investpromo.gov.iq