

**Investment Opportunity to Build
Five Hundred Thousand (500,000)
Housing Units in Iraq**

Presented by,

National Investment Commission of Iraq
December 2009



Dear Investors,

The National Investment Commission (the "NIC") is committed to bringing opportunities to the investor community that are essential to the Iraqi citizens, provide growth and development for the country and offer significant returns on investment. In line with these goals, we at the National Investment Commission are proud to be presenting this opportunity for investment in Iraq's housing sector.

This investment announcement to interested investors, parties, developers, financiers and construction companies is intended to begin a large-scale program addressing Iraq's significant housing and infrastructure shortages.

This announcement provides interested parties an overview of the proposed housing initiative and the preliminary requirements for project submission. If you have any questions on the memorandum below, or would like further information on the program, please communicate with us by email at iraqhousing@investpromo.gov.iq. The NIC will be conducting this process under Iraq's Investment Law (Law No. 13 of 2006). Timetables for this program are set under Timeframe below.

In response to this announcement, we require information regarding your company and your proposed approach on how to best address the housing and infrastructure needs, maintenance programs and overall development strategy. The same information will be gathered from all companies and will be used in the process of awarding of a development project hereunder. We look forward to hearing from those parties who want to be part of this historic effort.

Sincerely,

Dr. Sami Al-Araji
Chariman
National Investment Commission
14 December 2009

Scope

The Iraqi National Investment Commission hereby announces the commencement of a housing program (the “Program”) to develop approximately five hundred thousand (500,000) housing units (“Housing Units”) throughout Iraq. The NIC hereby seeks inquiries from investors and developers (“Developers”) interested in participating in this program along with the terms explained below.

Overview of the Program

The NIC hereby announces the commencement of the housing program to develop approximately 500,000 housing units in total across Iraq’s 15 Governorates and the Kurdistan Region. The number of housing units in each Governorate would be approximately those laid out in the table below entitled “Figure 1. Number of Housing Units in Each Governorate and the Kurdistan Region”.

The basic aspects of the Program provide that the Iraqi National Investment Commission would grant a successful Developer of a project a plot of land and license – both on a conditional basis – to develop the requisite number of Housing Units allocated to a project, and potentially the required infrastructure as described further below.

The NIC will look favourably on Developers that seek to establish the developments using modern building technologies, which will allow them to complete the developments more efficiently in terms of cost and time. Upon completion of the development project, Investors/Developers would sell the housing units to individual purchasers, along the lines listed below under “Housing Purchase Program”.

The NIC will oversee the implementation of the Housing Program throughout Iraq by coordinating its development through its various phases, including the granting of land to the Developers. The NIC will also coordinate the relationships between the Investors/Developers and appropriate Ministries, particularly the Ministry of Housing and Construction and provincial authorities to ensure a smooth development process, and to facilitate the activities of the Developers. The Trade Bank of Iraq (“TBI”), as lead financial arranger of the Program, will coordinate the financial packages related to the various developments throughout Iraq. With respect to the developments in Kurdistan, the NIC will coordinate this effort with the Kurdistan Investment Commission.

Housing Purchase Program

The Program will have the following features:

1. The Program will consist of a series of developments (each a “Development”) across Iraq’s 15 Governorates and Kurdistan Region. The aggregate number of Housing Units to be built on all the Developments will be approximately 500,000 housing units.
2. The Housing Units would likely be required to comply with certain basic criteria in considering size, layout, energy efficiency, construction material et.al. We believe that, in light of the housing shortages and the available plots of land in urban environments, the likely requirements in such areas would be that the units be in apartment buildings (depending on relevant municipal requirements and regional market demands) with each apartment having an area between 100 to 120 square meters (containing, at a minimum, three bedrooms, living

room, bathroom, kitchen, and storage area). Accordingly, Investors/Developers should note the need for elevators in these apartment buildings when required.

With respect to locations in areas outside the major cities, we believe that the likely requirements in more rural areas would be for houses and smaller buildings, with the same size requirements for the apartments. The NIC would welcome creative design solutions that would amend these basic requirements with the goal of providing more optimal development arrangements.

3. We currently propose that the target sales price for each housing unit will not exceed fifty thousand US dollars (\$50,000USD), taking account that the price for the unit in many governorates of Iraq will be less than the above mentioned price.
4. Currently, the program is set up whereby each purchaser of a unit will have one of two mortgage options:
 - a. The purchaser will be required to make a down payment of 25% of purchase price upon signing a contract for a unit, which will be held in escrow with TBI. Each purchaser will in addition be required to make another payment of 10% of the purchase price upon delivery of the unit, with the remaining amount to be financed by a mortgage lender amortized over ten years.
 - b. The purchaser will be required to make a down payment of 20% of the purchase price upon signing a contract for a unit, which will be held in escrow with TBI. Each purchaser will in addition be required to make another payment of 7% of the purchase price upon delivery of the unit, with the remaining amount to be amortized over ten years. This option will contain a lower monthly payment to the mortgage lender and a balloon payment upon maturity of the mortgage term (which could be refinanced).
5. In connection with purchasing each property, each purchaser would be required to enter into a maintenance contract for the maintenance of the common areas of the Development (see "Maintenance Programs" below).

Infrastructure Costs

The Program will address the building of infrastructure in the following manner:

1. In each Development, further details will be provided regarding the existing infrastructure in the areas surrounding the subject Development location.
2. With respect to the infrastructure within the boundaries of the Development, each Investor/Developer will be required to build such infrastructure, the cost of which will be included in the sales price for the units on a pro-rata basis.
3. For purposes of each Development, it is anticipated that the infrastructure within the boundary will include among others: roads, water, sewage, electricity and telecommunications lines.

Mortgage Program

We understand that Investors/Developers will not want to become long-term mortgage lenders. Accordingly, the Program will include mortgage facilities, with TBI as lead financial arranger. The mortgage program will broadly include the following terms:

1. The mortgages to be offered to purchasers will be adjustable rate mortgages. NIC will also seek to make available in the mortgage program Sharia compliant housing finance.
2. TBI will establish appropriate credit criteria and monitoring systems with respect to the mortgagees. TBI, as administrative agent for the lending group, will obtain security in the form of a first priority lien on the title of each unit.
3. The Program intends to tap the significant liquidity available in the Iraqi banking sector. The Program also intends to tap other sources of liquidity both internal and external to Iraq.
4. The NIC and TBI will be coordinating their financing activities with multilateral financial agencies and institutions.

Maintenance Programs

The NIC understands that both purchasers and mortgage lenders would need to ensure that the value of the Housing Units would not deteriorate due to a lack of appropriate maintenance. The NIC envisages that, within each Development, all common areas and the outside of the units themselves would need to be well maintained. It is intended that specialized companies will be contracted to maintain these common areas. These companies would charge the owners of the housing units monthly management and maintenance charges.

Enticements for Investors/Developers and Certain Other Considerations

The Program will contain the following additional features:

1. In certain instances, the NIC will provide additional construction opportunities to the proposed Developments in order to supplement the Investors/Developers returns. Accordingly, the NIC would propose that particular Developments would contain certain commercial components, for which licenses would be conditional on agreeing to complete particular Housing Units. These commercial projects would include, but not limited to, Housing Units that do not have targeted sales prices, retail outlets (including shopping centers), hotels and office spaces. Input from Developers on the types of such associated commercial projects and on how their Development might be structured is welcome as part of Investors'/Developers' responses to this Announcement.
2. The NIC believes that each Development will contain requirements for the Developers to construct certain public services, such as schools, clinics and similar services.
3. In light of Iraq's housing shortage, the NIC will look favourably on Developers who intend to complete their proposed projects using modern building technologies, which would be anticipated to complete such Developments in a more timely and cost-efficient manner than the traditional building processes utilized in Iraq. Developers should note, however, that the

NIC will review such modern technologies to ensure that quality would not be affected and that the materials and designs will be specific to regional requirements and market demands.

Number of Housing Units in Each Governorate and the Kurdistan Region

We currently propose that the number of housing units, based on data available from the Ministry of Planning and Development Cooperation, in each Governorate would be approximately those laid out in the following table:

Figure 1. Number of Housing Units in Each Governorate and Kurdistan Region

Province/Region	No. of Housing Units	Notes
Anbar	22,500	
Babel	27,000	
Baghdad	112,000	
Basra	40,000	
Diwaniyah	17,500	
Diyala	21,500	
Karbala	15,500	
Kirkuk	20,000	
Kurdistan Region	70,000	According to field studies and estimates of KRG
Missan	15,500	
Muthana	11,000	
Najaf	18,500	
Ninewah	50,500	
Salah Al Din	19,500	
Thi Qar	29,000	
Wasit	18,000	



Response Process

The proposed program will be coordinated by the NIC under Iraq's Investment Law (Law No.13 of 2006). Accordingly, as this announcement has been delivered to interested parties, the NIC will establish additional procedures with respect to addressing specific Proposed Developments.

To respond to this announcement and register interest in participating in the program, it is required the attached form be completed and returned via email to the NIC no later than **1 March 2010**.

How to deliver your forms and documents

Send the attached form in word-format (format unchanged) by email to iraqhousing@investpromo.gov.iq

To the extent you intend to submit materials via surface mail, please contact us by email and the NIC will provide you with further detailed instructions.

Submittals must be in English and Arabic.

Contacts

For questions regarding this announcement, you are welcome to contact the NIC via email at iraqhousing@investpromo.gov.iq

Timeframe

The proposed timeframe for the development of projects is as follows:

14 December 2009	The housing announcement is published
1 March 2010	Last date for questions and submission by interested parties
1 Mar - 1 June 2010	Proposals reviewed and communications with interested parties completed by NIC. Respective Investors / Developers are notified of their awarded project.

Financial Information

For Developers and other financial parties, please provide condensed and consolidated financial statements (*Balance Sheet, Income Statement, and Statement of Cash Flow*) for the last three years of your company or group.

Please submit the following information along with appropriate financial information. (Use additional paper when necessary)

Question	Answer
Company name	
Company address	
Company web page	
Main services	
Main market/customers	
Ownership structure with ownership status in percentage	
Structure of mother corporation, joint ventures, subsidiaries, partnerships or other relevant relationships	
Number of years in operation?	
Experience in the Middle East? If so, which countries?	
Additional locations / offices	
Past Experience	
Project Names (list multiple if applicable)	
Size (in value and scope)	
Location	
Product types constructed	
Contact person and responsible for answering this announcement	
Telephone	
Email	
Technology to be Used Please include details of the building technology you intend to use in the building process. If new technology is to be introduced, please provide us with past applications of this technology, with details of advantages over traditional building processes.	
Additional information you deem necessary or important to share.	