

## US\$3BN TOURIST PROJECT IN KURDISTAN

Emirates and Kurdistan developers Emaar Properties and Faruk Holdings are seeking to develop a casino mega resort

Emaar Properties and Kurdish Faruk Holding are currently negotiating with the Kurdistan Regional Government of Iraq (KRG) to start the development of Dukan tourist city in Kurdistan's Sulaymaniyah governorate within six months.

"The KRG has approved the project, which is expected to take five years to complete at a cost of US\$3bn. It is considered one of the largest tourist projects witnessed in the area, and is part of a master plan devised by the tourism authority for Dukan," said Farman Gharib Saeed, Director General of the investment authority in the Kurdistan region of Iraq.

Mr. Saeed added that the project would cover an area of 2.4 million sq.m. and is expected to comprise of a comprehensive tourist city; complete with hotels, restaurants and a theme park. The execution of the project is expected to commence within the coming six months.

Herish Muharam Muhamad, chairman of Kurdistan Investment Board (KIB), confirmed that the Dukan tourist city project will include hotels, restaurants, residential areas, cinemas and casinos on the site of the artificial lake in Dukan. Emaar last year signed an agreement with Iraq government officials to develop housing and tourism projects in the country.

### THE PROTAGONISTS

Emirates-based Emaar has been shaping landscapes since the company's inception in 1997. The company specialises in creating value-added, master-planned communities that meet the full spectrum of lifestyle needs. A highlight of Emaar's approach to developing integrated lifestyle destinations is Downtown Dubai, the 500-acre mega-project, home of Burj Khalifa – the world's tallest building, which features the world's first Armani Hotel Dubai and the world's highest restaurant, At.mosphere; The Dubai Mall – the world's largest shopping and entertainment destination; and The Dubai Fountain, the world's tallest performing fountain set in a 30 acre lake.

Emaar has a significant presence in several key global markets with established operations in the United Arab Emirates, Saudi Arabia, Syria, Jordan,



**Herish Muharam Muhamad,**  
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Kurdistan  
Investment Board  
(KIB)

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Lebanon, Egypt, Morocco, India, Pakistan, Turkey, US and Canada. Emaar has made extensive forays in the hospitality and leisure sector with the current portfolio of Emaar Hospitality Group LLC encompassing The Address Hotels - Resorts, the group's five star premium hotel brand, Armani Hotels & Resorts, among others. In addition, Emaar's flagship shopping mall development, The Dubai Mall, has become the world's largest shopping and entertainment destination, hosting 54 million visitors in 2011.

Emaar has diversified into related business lines to further build value for its shareholders, including the Government of Dubai. Emaar's focused expansion and diversification strategy sees it firmly positioned to take global centre-stage as a multinational and diversified business group. Emaar is also currently bidding for a \$5bn housing project in central Iraq. Mohammed Ameen, vice Chairman of Iraq's National Investment Commission, said in an April interview in Baghdad that Iraq has allocated more than US\$31bn to address a residential shortage estimated at more than 670,000 homes.

With 14,000 employees, Faruk Group Holding claims to be Iraq's largest private company. It

comprises 12 companies in businesses including construction, telecommunications, cement, hospitality and retail. Faruk Group Holding (FGH), one of the most active private businesses operating in South Kurdistan, Iraq, working in glass manufacturing, healthcare, hotels and insurance, is building Iraq's largest private hospital and is in the process of establishing its own bank in Iraq. Faurk built its business in the cement industry in Iraq and then diversified into mobile and telecomms. "There is a very good business environment in South Kurdistan," said Faruk Mustafa Rasool, Chairman of Faruk Group Holding. Faruk Group Holding is a major shareholder in Asiacell, the only mobile phone operator with nation-wide coverage in Iraq. It is also an investor in KurdTel Communications. The company operates in 12 sectors in Iraq. Mr. Rasool said that the company is soon to open three new hotels in Sulaymaniyah and plans to open the Faruk Medical Centre in the city. Work on the project is due to be completed this summer.

Mr. Rasool said that FGH had also submitted an application to set up an insurance company to the Central Bank of Iraq and that it had secured a licence set up a glass manufacturing plant.

### STABILITY AND INVESTMENT

The self-ruled region of Kurdistan has been witnessing a surge in the number of tourists visiting the area, according to official statistics published by the region's tourism authority. The semi-autonomous Kurdistan region has become a focal point for tourists and business visitors even as much of Iraq continues to face political and ethnic violence following the war that toppled Saddam Hussein. Emaar, which has the heaviest weighting on Dubai's benchmark stock index, last year signed an agreement with Iraq government officials to develop housing and tourism projects in the country. "We expect the total number of visitors to top 2.5 million by the year 2014," said Mawlawi Jabar, the Head of the Tourism Committee, Kurdistan Regional Government.

"There are some 60 new touristic projects currently under construction in the region, which are all expected to be completed by 2014. These

are being executed by 200 local and foreign contractors, with Lebanese and Austrian companies being assigned the handling of project designs," added Mr. Jabar.

"Tourism constitutes an "infinite oil" in the sense that developing the tourism sector contributes to economic growth and to availing foreign currency. It further constitutes a reliable source of national income and those working in the sector," said Dr. Salahuddin Kaku, Economist and President, of SABIS University in Erbil - Iraq.

The three provinces that officially form the autonomous region of Iraqi Kurdistan are designated as a location of refuge and safety. The Kurdistan region serves as a direct haven and a tourist attraction for many Iraqis who want to escape the perilous state in which the rest of the country currently remains. For the Iraqi people, natural beauty and historical sites are the hallmarks of the governorates of Erbil, Duhok, and Sulaymaniyah.

The proliferation and the burgeoning demand for tourism in the Kurdistan region can be viewed as an outcome of the stable security situation in Kurdistan and the Kurdistan Regional Government's (KRG) drive for commercial organisation. Huge investment has flooded into the tourism sector since 2006 and a total number of 40 licensed projects have been dedicated to the sector, mainly to handle greater increments in demands for new hotels and other services for foreign and national vacationers.

The city of Erbil, which is one of the most ancient and continuously inhabited cities in the world, appears to be at the forefront of the gentrification that is currently ongoing in the tourism market of northern Iraq. With the number of five star and International Hotels being established in the region there has never been a better time to invest in the tourism. The city of Erbil is home to the world oldest citadel, which is undergoing a facelift as part of the KRG's tourism drive in the region.



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Sites of Historical and Natural beauty make ideal places for tourism related investment, completed projects such as the Pank Tourism Complex in Rawanduz, is a clear example of how the investment law has enabled the establishment of a modern tourist complex with a rollercoaster and amusement rides placed on a Gorge near the town of Rawanduz. The scenery is breathtaking unlike anything else in the Middle East, taking in the snowy mountaintops in winter and the green plains in the spring.



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**TOURISM IN THE REGION**

Two years ago National Geographic placed Kurdistan in its top 20 best trips, and since then the autonomous region of Iraq has built on its growing reputation as a desirable tourism destination. "While the number of tourists to most Middle Eastern countries is dropping because of the security and political situations, in the Kurdistan region they have been increasing beyond imagination," said Sirwan Shafiq, Kurdistan Tourism Board Media Director.

KRG rules the three provinces of Arbil, Duhok and Sulaimaniyah. Both Arbil and Sulaimaniyah have international airports, while another is being constructed in Duhok.

Potential Tourism projects are in the pipeline in the town of Shaqlawa, about 50 kilometers from the capital Erbil, which lies at the base of Mount Safeen and is nearly 2,000 meters high at its peak. The Safeen Master Plan development is intended to become a tourist complex with hotels, chalets and other activities spotted around the mountain creating a hideaway for families and travellers looking for a tranquil break. Other proposed investment opportunities are the Dukan city master plan and the Erbil Green Belt master plan.

Travelling to the region has never been easier; to accommodate for the expansion of air travel in the region the KRG has just announced a US\$400m International Airport in Erbil to help cope with the high volume of human and cargo traffic entering and leaving the region. Last year alone 290,000 flew to Erbil International Airport. Airlines operating in the region have benefitted from this with Austrian Airlines calling their flights into Kurdistan - one of their most profitable routes.

Tourism has the potential to become a catalyst to economic development in the region; job opportunities have arisen from the tourism sector

in recent years with the emergence of new hotels and complexes.

These include the current breakdown of development in the region: In 2008 GDP per head amounted to around US\$4,500 compared to the rest of Iraq which is around \$3,600, with 1.5 per cent of GDP growth rate in 2007 to 4.3 per cent in 2009, it is estimated to reach over seven per cent this year and around eight per cent next year with the economy booming, tourism is gradually becoming the forefront of regional investment.



**Hawre Daro Noori**, CEO Faruk Group.

"Lake Dukan is creating a city, a downtown area, restaurants, clubs, shopping arcades, second homes and water and mountain activities - that is the path for Sulaymaniyah. I recommend to international companies to come to Kurdistan and to understand for themselves the political and security environment and opportunities."

According to Mahmoud Rashed, Spokesman of Kurdistan Union of Investors, South Kurdistan currently has 10,000 millionaires and 30 billionaires, which he believes is indicative of improving and increasing investment in Kurdistan Region economy. He also said that the Kurdistan Region has witnessed a very fast growing economy in the recent years, which has helped the entrepreneurs to increase their wealth. The Kurdistan Region is witnessing a dramatic reconstruction following the fall of Bath

Regime in Iraq. This seems to have helped the entrepreneurs to increase their capital.

**CONSTRUCTION IN THE REGION**

Developments in economic and trade relations between Arab states and the Kurdistan region of KRG have preceded the development of political ties. Statistics released by Kurdish institutions concerned with investment in the area show that Arab companies - particularly from the United Arab Emirates (UAE) and Lebanon - have invested billions of dollars in oil and construction in the region. This has led many Arab states to open consulates and representative commercial offices in Hewlêr.

Mufti Kamran Raqeeb, the General Manager in the Kurdistan Regional Government's (KRG) investment agency, said: "The KRG's investment law does not differentiate between national and foreign investors. They both have the same rights. This has led to the emergence of Arab and foreign investment in the region." Statistics provided by the KRG's Ministry of Trade and Industry reveal that there are 2,250 foreign companies operating in the region, including hundreds of Arab enterprises. Fathi Mohammed Ali, a counselor in the Ministry of Trade and Industry, said: "This includes 98 Emirati companies, 97 Lebanese companies, and 12 Egyptian companies, as well as companies from Jordan, Saudi Arabia, Kuwait and other Gulf states." He added, "These include very large companies, such as UAE's Dana Gas Company, which has invested more than a billion dollars in the field of gas, as well as the Lebanese Dar Engineering Company, which has a great tradition in reconstruction and building efforts."

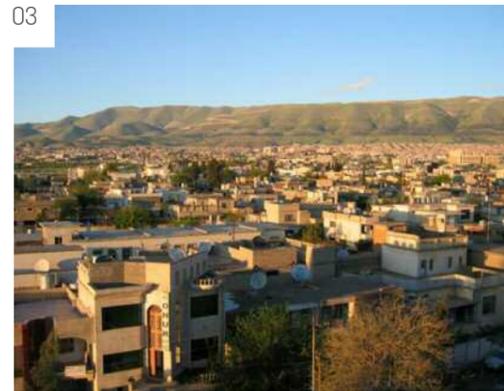
**GAMING'S LEGAL FRAMEWORK**

The legal position in Iraqi Kurdistan regarding gambling and the use of the Internet is relatively straightforward as set out by the KRG. Recognising that many of the region's visitors from the UK, Europe and US were keen to engage in recreational gambling as a part of their visit,



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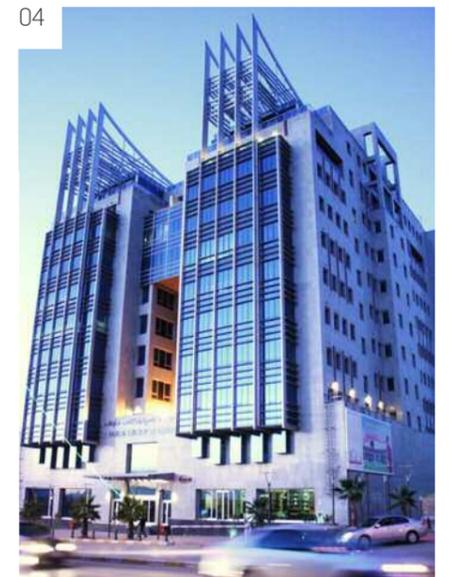
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The Iraqi Kurdistan Region is considered to be one of the most distinctive areas in the Middle East.

- 01 The city of Erbil.
- 02 The Tarin Hill property development in Erbil.
- 03 The city of Sulaymaniyah.
- 04 The Faruk medical centre in the city of Kirkuk.

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despite being a Muslim country, gambling in Iraq is legal. There is one (official) casino in Iraq, which remains open today. Previously, there were several casinos, however, many have been forced to close (or go underground) as a result of the years of unrest and conflict within the country.

Although condemned by many, sports such as dog fighting still exist and these also attract a great deal of betting money from attendees. Horse racing is also very popular and attracts a lot of interest each year. Betting on sports and horse racing is legal although not widespread among the locals. According to the KRG, it is the authority responsible for the issuance of 'all licenses in [the] Kurdistan Region of Iraq,' including land and gaming.

As gambling is legal, Internet betting is also permitted for international visitors, although again this is not a common pastime with permanent residents. If you are a visitor to Kurdistan, you are free to bet online if you wish and many online bookmakers will service

transactions originating from an Iraqi IP address. You can bet on sports and sign up for bookmaker free bets and bonuses at sites using either a traditional Internet connection or a mobile device.

**LIBERAL CITY AND WORKFORCE**

Sulaymaniyah is Iraq's most liberal city. China's influence in the city is obvious and a Chinese-owned shopping mall in town is bristling with Western goods. Chinese restaurants are ubiquitous, though many are little more than bars and 'massage' parlours. Casinos, such as they are, already exist in the city, but are slots parlours with a small number of slots and high numbers of security staff. Sulay's residents are famously politically active, and are quick to take to the streets when protesting about the Kurdish government.

Facts and aforementioned practical data clarify that Iraqi Kurdistan Region is deemed to be one of the most distinctive areas of the world regarding availability of investment opportunities of various types and sizes. The tourism board

believes this is because Kurdistan has preserved its natural resources and capabilities while others have exploited and bespoiled them in other countries around the world.

Computer systems and modern office technology in Kurdistan has become a normal process similar to the developed countries. In addition there is an availability of great human resources and cheap manpower which makes Kurdistan remarkable with its varied human resources due to the returning of a large number of its citizens back home after living for long time in the advanced Industrial countries, which have provided them with high level of knowledge, practice, experience and technological development. A large number, have returned home to contribute in the reconstruction of Kurdistan, and many others are waiting for a better chance to return. There is also a large number of local skilled manpower who have acquired experience, qualification and skills through working, for many years, with different international companies and agencies in different fields and specialisations.