

General Department of Economic and Financial Affairs of Khuzestan

Preparation and Compilation of Investment Opportunities in The Province
Investment Opportunity Studies Report

CHAM ASIYAB MASJID SULEIMAN tourism complex

(Attachment Number 1)

Date: 2023/06/23

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In the name of God

Table of content

(Attachment Number 1)	1
1) Location of the project	4
1-1- Province	4
1-2- County	4
2) roject Status.....	5
2-1- Access to infrastructures	5
3) Technical specifications of the project.....	6
3-1- Product	6
3-2- Project Requirement.....	7
3-2-1- Land And Required Infrastructure	7
3-2-2- Plant Machinery and Equipment	7
3-2-3- <i>Raw Materials</i>	8
3-2-4- Management and human resource	8
4) Ownership and legal permissions.....	9
4-1- land ownership	9
4-2- Intellectual Property and Concessions.....	9
4-3- Legal permissions.....	9
5) market research and competition	10
5-1- Target market introduction	10
6) Physical progress of the project	11
7) Operational plan and implementation scheduling.....	11
8) Financial Plan.....	12
8-1- Cost Estimation	12
8-2- Sales Revenue	13
8-3- Length of Production Phase.....	13
8-4- Break-Even Analysis	13
8-5- Cost-Benefit Analysis	14
8-6- Sensitive Analysis.....	15
8-7- Conclusion 16	
8-8- Estimation of currency rate fluctuation during the project implementation	16
9) Investment Required, method of fundraising and guarantees	17
9-1- Foreign Currency Required	17
9-2- Model Of Partnership and Fundraising.....	17
9-3- Payback Period.....	17
10) Incentives, features and benefits of the plan.....	18
(Attachment Number 2)	19

Tables and Figures

Table (1): Coordinates of the project implementation location	5
Table (2): access to infrastructures	5
Table (3): Characteristics of the infrastructure (landscaping operations) of the complex	6
Table (4): Specifications of the infrastructure (construction operations) of the complex	6
Table (5): Specifications of services that can be provided	6
Table (6): Investment plan in land, landscaping and building.....	7
Table (7): The main equipment required	7
Table (8): peripheral equipment	8
Table (9): Specifications of raw materials	8
Table (10): Management and Human Resource	8
Table (11): Project Scheduling.....	11
Table (12): Cost Estimations.....	12
Table (13): Fixed Capital Estimations (Capital Costs)	12
Table (14): Total Net Working Capital Requirements (Production Costs).....	12
Table (15): Pre-Production Expenditure.....	13
Table (16): Project Revenue in The First 5 Years of Production Phase (Billion Rials)	13
Table (17): Planning Horizon	13
Table (18) : Project break-even point estimation.....	14
Table (19): Project Return Index	14
Table (20): Sensitivity Analysis (Percentage of IRR changes caused by sales revenue, fixed assets and operating costs alteration)	15
Table (21): Currencies exchange Rate	16
Table (22): Foreign (Fixed) Currency Required	17
Figure (1): The Province location in Iran	4
Figure (2): MASJID SULEIMAN location in Khuzestan province.....	4
Figure (3): Political divisions of Khuzestan province	4
Figure (4): Project location map.....	5
Figure (5): Access routes to the project	5
Figure (6): Percentage changes in IRR caused by the sales revenue, fixed assets and operating costs alteration	15

1) Location of the project

1-1- Province

Khuzestan province is located in the southwest of Iran (in 47° 42' to 50° 39' east of the Greenwich meridian and 29° 58' to 32° 58' north of the equator). The area of Khuzestan province is 63,238 square kilometers. With a population of 4,994 thousand people in 1400SH, it is the fifth most populous province in Iran (after Tehran, Khorasan RAZAVI, Isfahan and Fars provinces). AHVAZ is the capital of Khuzestan province and is located in the 880km of Tehran. This province is bordered by ILAM province from the northwest, Lorestan province from the north, CHAHARMAHAL and BAKHTIARI, KOHGILUYEH and BOYERAHMAD provinces from the northeast and east, the Persian Gulf (330km long) from the south and Iraq (330km long) from the west. The location of Khuzestan is in the west of Zagros mountains. Due to the vastness of its plains, the border with Iraq and the Persian Gulf, and the distance from other provincial centers have placed this province in a strategic position.

1-2- County

According to the latest national divisions of 1401 of the Ministry of Interior, this province has 29 counties, 70 districts, 145 villages, 90 cities and 3 special governorates. The latest political divisions of the province are described in figure (3).

MASJID SULEIMAN is a city in Khuzestan province and the center of MASJID SULEIMAN city. After the industrial oil extraction operation that was carried out in 1908 by drilling well number one, this city was gradually formed around this oil field.

Most of the people of this city are from Bakhtiari tribe. MASJID SULEIMAN city is located in the northeast of Khuzestan province and 125 km away from AHVAZ city. This city had a population of 100,497 in 2015.

This city is bordered by DEZFUL from the north, CHAHARMAHAL Bakhtiari and IZEH provinces from the east, RAMHORMOZ from the south and SHUSHTAR from the west. Its area is about 6,986 square kilometers.

Like most cities in Khuzestan, MASJID SULEIMAN has a warm and relatively dry climate, with hot summers and Mediterranean winters.

The average annual rainfall is over 400 mm and the temperature ranges from -4°C in winter to over 50°C in summer. Its height is about 372 meters above sea level.

Among the sights of this city, we can mention the first oil well in the Middle East, the slopes of Mount ASMARI, TEMBI promenade, the fire temple of SARMAJED and the largest open-air Achaemenid temple in Iran and the world.



Figure (1): The Province location in Iran



Figure (2): MASJID SULEIMAN location in Khuzestan province

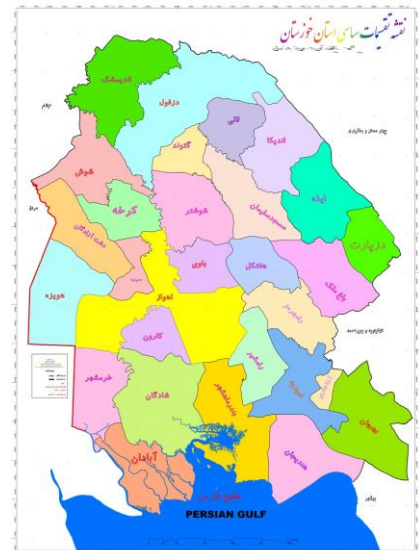


Figure (3): Political divisions of Khuzestan province

2) Project Status

This project is implemented in a land area of 490,807 meters, 38 km from the city of Suleiman Mosque and 125 km from the city of AHVAZ at the following coordinates.

Table (1): Coordinates of the project implementation location

Y	X	points
3547151.08	334362.34	A
3547101.83	324249.57	B

Other points as per schedule

The place is located at a distance of 700 meters from MORAD ABAD village.

2-1- Access to infrastructures

Currently, the facilities of the construction site have access to the road. Due to the short distance of the project from MORAD ABAD village and other neighboring places, there is a possibility of transferring infrastructure facilities to the place. The nearest port to this area is Imam Khomeini Port at a distance of 245 km, the nearest railway station (NIZAMIEH Station) is located at a distance of 168 km, and the nearest airport (SHAHID ASIA Airport) is

Table (2): access to infrastructures

No.	Required Infrastructure	Distance From Project Status(km)	Location Of Infrastructure Provision
1	Water	0.245	MORAD ABAD Village
2	Electricity	0.245	electricity network
3	Gas	-	It is not predicted
4	Telecommunication	-	It is not predicted
5	Main road	0.05	MORAD ABAD village Road
6	Side road	5	KHUZESTAN Road - CHAHAR MAHAL BAKHTIARI
7	Airport	7.5	SHAHID ASIABI MASJID SULAIMAN Airport
8	Port	215	Bandar IMAM KHOMEINI
9	Railway Station	168	NEZAMIEH Station



Figure (4): Project location map

Aerial image

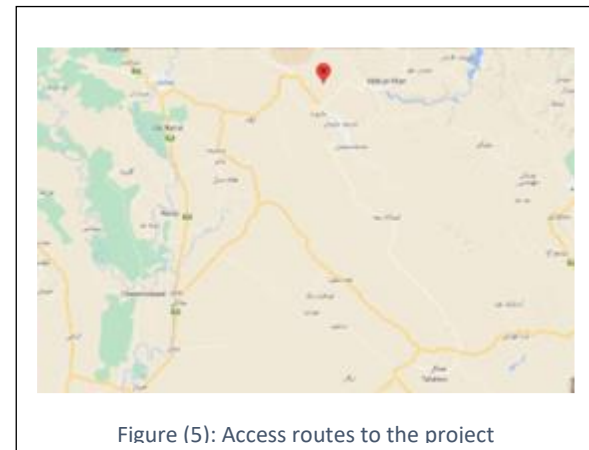
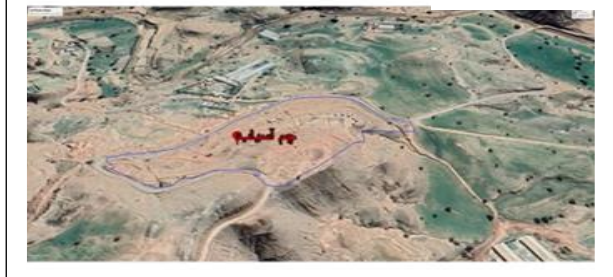


Figure (5): Access routes to the project

3) Technical specifications of the project

3-1- Project introduction

DASHT CHAM ASIYAB is located 5 kilometers away from the city of Masjid SULAIMAN and on the road of INDIKA. CHAM ASIYAB welcomes many guests from all over the province due to its many springs and gardens in the spring season. CHAM ASIYAB is located on the road connecting MASJID SUKAIMAN to SHAHID ABBASPOUR Dam and the new inter-provincial axis between KHUZESTAN-CHARMAHAL, which connects KHUZESTAN to the mountainous province of CHARMAHAL and BAKHTIARI from the Dela tunnel and DASHT SHIMBAR and BAZFAT. The arrival from CHAM ASIVAB region has also increased.

Due to the beauty of combining the natural elements of water, mountains, trees and favorable weather, along with artificial spaces, it can be a suitable platform for creating fun and lively environments in the society. This area has potential that can be realized. The existence of these unique elements leads us in the direction that we can transform all these natural facilities in the region with proper planning into a safe and impressive environment for recreation on a local and even regional scale.

"CHAM ASIYAB MASJID SULAIMAN Tourism Complex" has been taken into consideration in order to create tourism infrastructure and provide accommodation, hospitality, entertainment and sports services in the region. This project by creating tourism infrastructures such as commercial places (stores, restaurants, coffee shops, food courts), sports and recreational places (volleyball and basketball courts, handball and soccer courts) and children's playgrounds), public places (parking lots), administration building, ticket counter and restrooms), temporary accommodation places (rest platforms, pavilions, suites and villas) are defined. The total uses of the plan according to the existing and required infrastructures will be as follows.



Figure (6): Pictures of the construction site

Table (3): Characteristics of the infrastructure (landscaping operations) of the complex

Type of building/use	Total area	The amount of the fee
Sports grounds	1,450	14,500
Car parking lots	2,989	14,947
Entertainment space	1,862	24,464
People's traffic routes (planning and paving), car traffic routes (street paving), ...	1,600	4,700
Open space and green space	14,908	14,908
Total landscaping	22,809	73,518

Table (4): Specifications of the infrastructure (construction operations) of the complex

Type of building/use	Total area	The amount of the fee
Overnight accommodation	641	73,550
Temporary accommodation	246	2,292
Management and support facilities and required public services	125	10,140
Commercial premises	684	72,500
Buildings	1,696	158,482

Table (5): Specifications of services that can be provided

Types of town services	Maximum capacity (case)	The average percentage of capacity utilization	Practical capacity	Annual income ((million Rials)
temporary accommodation (pergolas, platforms)	5,909	81%	4,790	23,950
Overnight stay (suite/villa)	1,866	83%	1,541	77,050
Car parking/entrance	31,100	81%	25,200	25,200
Monthly rent of user/infrastructure	72	150%	108	23,760
All kinds of entertainment services	451,572	81%	366,505	0
All kinds of group sports services	1,244	63%	786	2,358

3-2- Project Requirement

3-2-1- Land And Required Infrastructure

All the infrastructures of "CHAM ASIYAB MASJID SULAIMAN Tourism Complex" will be as follows after the implementation of the present plan.

Table (6): Investment plan in land, landscaping and building

Floor.	Requirements	type	Number	Unit area	total area	Unit price	Total amount (million Rials)
Temporary accommodation	Large pavilions	Buildings	6	15	90	10	900
	Small pavilions	Buildings	11	12	132	10	1,320
	Beach pavilions (pool and pond)	Buildings	2	12	24	3	72
	Car parking lots	Landscaping	100	30	2,989	5	14,947
Overnight accommodation	Residential villa	Buildings	6	84	504	120	60,480
	Management and support and reservation building	Buildings	1	35	35	120	4,200
	Prayer room	Buildings	1	15	15	110	1,650
	clinic	Buildings	1	12	12	110	1,320
Commercial premises	Residence restaurant	Buildings	1	70	70	110	7,700
	Coffee Shop	Buildings	1	50	50	110	5,500
	Restaurant	Buildings	1	360	360	110	39,600
	Store	Buildings	2	49	98	100	9,800
	Food court	Buildings	1	176	176	100	17,600
sport places	Restaurant reception area	Landscaping	1	100	100	2	200
	Children's play park	Landscaping	1	1,000	1,000	8	8,000
	Fountain	Landscaping	1	522	522	12	6,264
	pond and lake	Landscaping	1	340	340	30	10,200
	Volleyball and basketball court	Landscaping	1	725	725	10	7,250
Management and support facilities and public services	Indian volleyball and football field	Landscaping	1	725	725	10	7,250
	People's traffic routes (scheduling and paving)	Landscaping	1	1,500	1,500	3	4,500
	W.C	Buildings	1	63	63	60	3,780
	Information, security and ticket office	Buildings	1	15	15	80	1,200
	Complex janitor's shed	Buildings	1	12	12	80	960
	Gas facility building	Buildings	1	20	20	60	1,200
	Electrical installation building	Buildings	1	20	20	60	1,200
Open space and green space	Landscaping	1	14,908	14,908	1.0	14,908	
Total			-	-	24,443	--	232,000

3-2-2- Plant Machinery and Equipment

Based on the existing infrastructures and the new infrastructures foreseen in the current plan, all the required equipment can be predicted as follows. All equipment can be provided in the country.

Table (7): The main equipment required

No.	Equipment/Machinery	Required investment		Total cost (Million Rials)
		Amount	Purchase Price	
1	Set of hotel equipment and furniture	6	1,170	7020
2	Billing and ticketing system	1	1,000	1000
3	Accommodation restaurant equipment	1	1,500	1500
4	Sports field equipment including (net, net columns and bars, tennis tables, flags, etc.)	4	467	1868
5	Metal playground equipment for children and adults (types of slides, swings, swings and other sports equipment for children and adults)	8	250	2000
6	Clinic equipment	1	900	900
7	Other Park equipment (urban elements, chess table, trash cans, drinking fountains, concrete park benches, dish washing equipment, parks, etc.)	10	80	800
8	Other main equipment - internal	1	312	312
Total				15400

Table (8): peripheral equipment

No.	Equipment/Machinery	Unit of measurement	Type of equipment	Required investment		Total cost (Million Rials)
				Amount	Unit Price (Million Rials)	
1	Distribution Of Electricity / Demand Price	Kw	Facility	100	3	300
2	Types of electrical cables	m	Facility	1,000	5	5,000
3	Electrical equipment of the lighting system	number	Facility	349	5.0	1,746
4	The cost of boards and related electrical equipment	number	Facility	15	500	7,500
5	Water pumping and transmission and purification equipment	number	Facility	1	2,500	2,500
6	Human sewage transfer route	m	Facility	100	5	500
7	human excrement well (three rings)	m	Facility	3	350	1,050
8	Security system, firefighting, and fire alarm	Capsule	Facility	14	30	420
9	gas piping	m	Facility	700	5	3,500
10	Gas branching	-	Facility	1	3,000	3,000
11	Air conditioner	set	Facility	14	800	11,200
12	Workshop tools and equipment	device	Laboratory and workshop equipment and tools	1	3,000	3,000
13	Administrative tools (computer, desk and office space, network and server equipment - according to the number of support personnel)	set	office Equipment	5	500	2,500
14	Other side facilities	-	Facility	1	884	884
Total				-	-	43,100

3-2-3- Raw Materials

Apart from the suites, most of the uses such as (restaurants, coffee shops, teahouses, stores and bazaar stalls) are leased to qualified people during the period of operation. The specifications of the materials (mainly food for the personnel admitted to the suites) are as described in the table below.

Table (9): Specifications of raw materials

No	Description / Title	the amount of Consumption at maximum capacity	Cost of raw materials at maximum capacity (million Rials)
1	Food required for the suite	3,029	3,635

3-2-4- Management and human resource

The number of jobs in this plan is equal to 11 people. The specifications of the human resources required for the project are as described in the table below.

Table (10): Management and Human Resource

No	Level of skill	Number of staff	Average basic salary
1	Senior	4	112,500,000
2	Mid-level	0	-
3	Junior	7	85,000,000

Number Of Direct Mid-Level Staff Required	0	Person
Number Of Direct Junior Staff Required	7	Person
Number Of Direct Senior Staff Required	4	Person
Total	11	person

4) Ownership and legal permissions

4-1- land ownership

The implementation of this project is planned on a land with an area of 24443 square meters and the construction of a building with an infrastructure equivalent to 1696 square meters. In order to build a coastal tourism town, a document is provided to the investor under the title of establishment license and activity license (in accordance with the terms and conditions listed in paragraph 3-4).

4-2- Intellectual Property and Concessions

The management of the operation period, according to the established standards and regulations, (with the need for the necessary knowledge and experience in this regard) is a special condition that has been established. This tourism project, like other projects, should be implemented with minimal environmental effects and water quality reduction. The criteria for classification and pricing of tourism facilities is also the responsibility of the relevant commission, which is determined by the "Ministry of Cultural Heritage, General Directorate of Tourism and Handicrafts".

4-3- Legal permissions

Obtaining licenses and tourism activities related to "coastal and marine tourism centers" and similar centers based on the "Iran Tourism and Tourism Development Law" (approved in 2013 and its subsequent amendments) and "creation, modification, completion, grading". and the rate regulation "Establishment of tourism facilities and their supervision" (approved 1373) and instructions for monitoring the establishment and activity of tourism information centers (approved 1400), currently the General Directorate of Cultural Heritage, General Directorate of Tourism. and handicrafts of the provinces (under the management and supervision of the Ministry of Cultural Heritage, Tourism and Handicrafts), the only executive body and authority for creating and issuing licenses for all types of tourism facilities and equipping and operating these facilities.

The applicant for investment in order to create, modify or complete tourism facilities must refer electronically to the system (the window of the Electronic Services Unit (SAMA)¹ related to the "Ministry of Cultural Heritage, Tourism and Handicrafts") and submit the relevant documents. Go to the General Administration of Cultural Heritage, Tourism and Handicrafts of the Provinces. Municipalities and other authorities that issue permits for the construction of tourism facilities are obliged to comply with the regulations announced by the organization in addition to complying with their own regulations.

These authorities are not allowed to issue permits for the construction of tourism facilities before announcing the agreement of the organization (General Administration).

The license holder is obliged to create, modify or complete tourism facilities; Finish the relevant plan based on the schedule approved by the organization and regularly inform the organization of the work progress.

The holder of the license to build tourism facilities is obliged; After the completion of the construction operation and equipping the relevant unit, inform the organization to obtain a temporary operating license. The organization must issue a temporary activity license (only for a one-year period and three years if the performance is approved). During this period, the license holder must take steps to obtain the tourism service quality standard certificate, and the organization (General Administration) must issue operating (activity) licenses for the units that have succeeded in obtaining the said certificate.

All applicants for tourism facilities are required to renew their license at least one month before the expiry of their operating license. The organization (general administration) is obliged to prevent the continuation of the unit's activity in the event of the expiration of the validity period of the operating (activity) license and the failure of the applicant to fulfill the relevant obligations. Operators of tourism facilities are obliged to comply with the notified rates, and in case of violation, they will be dealt with. The organization must, within six months after issuing the temporary operating license, regarding grading and issuing the license. Operate tourism facilities.

1. This system has been launched online with the aim of mechanizing the process of issuing permits of the Organization of Cultural Heritage, Handicrafts and Tourism. In this system, the process starts after the initial registration and according to the applicant's needs, and in fact, all the interactions of the organization with the applicants from the time of registration of the request for obtaining a license to the issuance of the license and, if necessary, the extension of the issued licenses are done through this system. At the same time, the set of supervisory operations of the organization is also applied in the same way.

5) market research and competition

5-1- Target market introduction

Iran is a vast country and has a number of cities with good tourist attractions. On the other hand, Iran is considered a cheap country in terms of tourism. The amount of incoming tourism in Iran between 2013 and 2018 was between 4.7 and 5.2 million tourists. There was hope for political openings in 2019 and 2020; The number of incoming tourists in Iran will reach 7.3 and 9.1 million at once. An experience that was greatly reduced after that due to the loss of hope for political opening and the Corona disease and reached 1.5 million entries.

However, compared to other countries of the world and even the countries of the region, it does not have a good position. On average, the number of tourists in Iran is between 4.7 and 9 million. This is despite the fact that countries in the region have higher arrival statistics, for example, Saudi Arabia has received between 17 and 23 million tourists in recent years and dreams of reaching 70 million tourists.

Examining the tourism situation in the geographical area of the country shows that Khuzestan's tourism position is inappropriate compared to other provinces of the country. According to the statistics of 2019, out of about 16,900 accommodation facilities in the country (hotels, motels, guesthouses, ecotourism, tourist complexes, guest houses, etc.), the share of Khuzestan province is only 119 accommodation centers (equivalent to 0.7%). Meanwhile, the share of the provinces of Mazandaran (4608 centers), RAZAVI Khorasan (2447 centers), Isfahan (1052 centers), GILAN (2665), Fars (864 centers), and Tehran (561 centers). Out of a total of 455,704 beds in residential centers, the share of Khuzestan province is only 7,413 (equivalent to 1.6%) of residential beds. This situation is more unfortunate regarding tourism facilities. The total number of tourism facilities (including roadside catering units, entertainment centers, traditional canteens) in the whole country is 20,080 units by 2019, and the share of Khuzestan province is only 117 units (equivalent to 0.6%).

While Khuzestan is one of the important bases of incoming tourists. Similarly, it is the destination of many domestic tourists due to the characteristics of water resources and the extent of the Karun River, the wide beaches of the Persian Gulf and the pristine nature of the province, as well as the presence of many historical places. Therefore, considering the weakness in tourism infrastructure and the significant volume of tourists, investing in tourism infrastructure and facilities of this province is important because of welcoming domestic, national and foreign tourists.

6) Physical progress of the project

No Yes

This project is defined in order to create tourism infrastructures in CHAM ASIYAB plain and has achieved 15% physical progress so far.

7) Operational plan and implementation scheduling

The construction of the project is planned for 24 months. The operation of the project is expected from the beginning of 1405. Table (11) shows the plan implementation schedule

Table (11): Project Scheduling

year	1402				1403				1404				1405			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Operations/Season																
Pre investment studies	■															
Fundraising and starting	■	■	■	■												
Completion of necessary permits and action for financing			■	■	■											
Providing engineering services				■	■											
Selecting contractor				■												
Equipping site				■	■											
Construction of required buildings				■	■	■	■	■	■	■	■	■				
Buying furniture and equipment for buildings									■	■	■	■				
Completion of landscaping operations							■	■	■	■	■	■				
Facilities							■	■	■	■	■	■				
Hiring and onboarding of staff												■				
production phase													■	■	■	■

8) Financial Plan

8-1- Cost Estimation

Generally, there are two ways to fundraise for this project, fixed capital and initial working capital. The required investment before utilization is provided through fixed capital. Initial working capital will be used during utilization. Fixed capital includes, purchasing land, construction and landscaping, machinery and equipment, facilities, office stuff and pre-production costs. These types of costs are incurred at the beginning and before operation and are consumed during the life of the project according to their service life. Working capital includes the capital required during the operation of the project. The working capital of a production unit is the set of facilities, inventories and work in progress, as well as the liquidity required for the exploitation of fixed capital in order to maintain the operation.

Determining the basic amount for inventories, work in progress and claims depends on the supply, production and sales capacity and business environment. In this section, the evaluation and estimation of the required investment (based on the price of the base year 1402 SH) is proposed.

Table (12): Cost Estimations

No.	Subject	Amount (Million Rials)
1	Total Fixed Investment Costs	323,121
2	Total Net Working Capital Requirements	7,546
3	Total Production Costs (Annual)	60,640
4	Depreciation of investment (Annual)	28,737
5	Total investment required	330,667

Table (13): Fixed Capital Estimations (Capital Costs)

No.	Subject	Cost (Million Rials)	
1	Purchasing land	0	
2	Landscaping and land improvement	73,518	
3	Civil operations and construction of buildings	158,482	
4	Production machinery and equipment	15,400	
5	Service equipment	43,100	
6	Protection and environmental equipment	0	
7	Overhead costs	0	
8	Pre-Production Expenditure (As described in Table (15))	Pre-investment studies	460
		Project management and organization	17,050
		Technology education	490
9	Unexpected costs	14,621	
Total		323,121	

The main items in determining working capital are:

Among the conventional working capital items, the cash balance (payroll) is that part of the working capital that is needed to pay the project's current expenses. Cash balance coverage period is also a period of time that is meant to cover operating expenses. In the present plan, this period is considered equivalent to 30 days.

Table (14): Total Net Working Capital Requirements (Production Costs)

No.	Subject	Amount (Million Rials)
1	Raw Materials Inventory	0
2	Work In Progress	0
3	Finished Product	0
4	Accounts Receivable	0
5	Cash-In-Hand	2,253
6	(Commercial Accounts Payable)	0
Total Net Working Capital Requirements		2,253

Table (15): Pre-Production Expenditure

No.	Subject	Description	Total (million Rials)
1	Company establishment, registration	-	30
2	The cost of obtaining licenses / production license	-	300
3	Costs of studies, consulting, research and development, travel and visits	1.5 thousandth of the investment costs of the project	460
4	Property Insurance	2 thousandth of depreciable fixed assets	610
5	The cost of a financing expert, concluding a finance contract and...	Bachelor's fee 0.5 per thousand, other cases 2.5 per thousand	730
6	Monitoring and mapping costs	2 thousandth of contract expenses	490
7	Other's	Personnel training costs	Equivalent to 0 days of Staff salary
		Wages and salaries during the construction period	Equivalent to the salary of 4 personnel in 24 months
		Other Expenses	2.6%
Total			18,000

8-2- Sales Revenue

According to the production plan, the total sales amount of the project in 1405 at the constant prices of 1402 is estimated to be equal to 120 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 152 billion Rials.

Table (16): Project Revenue in The First 5 Years of Production Phase (Billion Rials)

No.	Subject	Q ₁	Q ₂	Q ₃	Q ₄	Total 1 st Year	Total 2 nd Year	Total 3 rd Year	Total 4 th Year	Total 5 th Year
1	Temporary residence income	4.5	4.5	4.5	4.5	18.0	21.6	24.0	24.0	24.0
2	overnight stay (suite)	14.5	14	14	14	58	69.4	77.1	77.1	77.1
3	Car parking services	4.7	4.7	4.7	4.7	18.9	22.7	25.2	25.2	25.2
4	Monthly user/infrastructure rent	6	6	6	6	24	23.8	23.8	23.8	23.8
Total		30	30	30	30	120	139	152	152	152

8-3- Length of Production Phase

The start of the exploitation period of the plan is considered from 1405. The length of production phase is considered to be 5 years.

Table (17): Planning Horizon

Title	Month	-	year	Length of construction phase (months)	Start of phase (months)	Length of production phase (years)
Project identification	1	/	1402	24	12	5
Beginning of construction phase	1	/	1402			
Beginning of production phase	1	/	1405			
End of production phase	12	/	1409			

8-4- Break-Even Analysis

From an economic point of view, break-even point analysis is an important technique that is used to study the relationship between costs, income and profit. The break-even point is the point at which total cost and total revenue are equal. In other words, it is used to analyze the effect of product volume change on the profit. The break-even point is calculated for 100% of practical capacity (year 1407SH onwards) below.

$$\text{Break-even sales value (Rials)} = \frac{\text{Total fixed costs}}{1 - \frac{\text{Total variable costs}}{\text{Sales value}}}$$

$$\text{The number of sales at the break-even point} = \frac{F_C}{S - V_C}$$

FC = Total Costs VC= Average Variable Costs Q = Quantity of Sales S = Unit Price

$$\text{Break-even sales value} = \frac{37,402}{1 - \frac{20,103}{152,318}} = 43,089 \text{ (Million Rials)}$$

$$\text{Break-even ratio (\%)} = \frac{43,089}{152,318} = 28.3\%$$

Table (18) : Project break-even point estimation (Million Rials)

Title	Production 1404	Production 1405	Production 1406	Production 1407	Production 1408	Production 1409	Production 1410
Sales revenue	120,195	139,466	152,318	152,318	152,318	187,946	187,946
Variable costs	17,029	18,873	20,103	20,103	20,103	34,918	34,918
Variable margin	103,166	120,593	132,215	132,215	132,215	153,028	153,028
Variable margin ratio (%)	86	86	87	87	87	81	81
Fixed costs	36,255	36,943	37,402	37,402	37,152	49,273	49,273
Break-even sales value	42,240	42,725	43,089	43,089	42,801	60,517	60,517
Break-even ratio (%)	35.1	30.6	28.3	28.3	28.1	32.2	32.2

- According to COMFAR Results

Based on the calculations of COMFAR software, the break-even point including operating and non-operating costs, is 43,089 million Rials and it will be achieved in the 28.3% of the practical capacity.

In the mentioned formula, the break-even point is determined by the relationship between fixed costs and the difference between unit sales price and unit variable costs. Therefore, three practical results are obtained from it:

- The higher the fixed costs, the higher the break-even point.
- The greater the difference between unit sales price and variable operating costs, the lower the break-even point. In this case, fixed costs are absorbed faster through the difference between unit sales price and unit variable costs.
- One of the break-even points is disproportionate. Since it makes the company vulnerable to changes in production (sales) levels.

8-5- Cost-Benefit Analysis

In project analysis, one of the most common methods is the **Benefit-Cost Ratio**. In this method, the ratio of the current value of possible benefits to the current value of costs is obtained. If this ratio is greater than one, the plan has economic justification for implementation. In terms of this index, the plan has favorable conditions.

Net Present Value is one of the other evaluation methods which is calculated according to the following relationship:

NPV= The Present Value of The Total Cost of The Period of Construction Phase and Production Phase - The Present Value of The Total Income of Construction Phase and Production Phase

NPV= The Present Value of The Fixed Assets Depreciation + Initial Investment - The Present Value of The Future Cash Flows

The **net current value** of the project at a discount rate of 20% is over 38,852 billion Rials, which shows that the project is economically feasible.

One of the other methods of evaluating investment plans **internal rate of return**. In fact, the internal rate of return is the interest rate or the discount rate in which the current value of all the plan benefits is equal to the current value of its expenses.

According to the calculations, the internal rate of return of the project is estimated at 23.9% and compared to the Minimum Attractive Rate of Return, it is favorable.

Table (19): Project Return Index

Index	Amount	Unit of measurement
The Present Value of The Total Cost of The Period of Construction Phase and Production Phase	401,367	Million Rials
The Present Value of The Total Income of Construction Phase and Production Phase	440,219	Million Rials
NET PRESENT VALUE (NPV)	38,852	Million Rials
Cost-benefit RATIO (B/C)	1.10	-
INTERNAL RATE OF RETURN (IRR)	23.9%	Percent
NPV RATIO (PI)	0.13	Rial per Rial of investment
NORMAL PAYBACK	3.03	Year - equal to the year 1408

Profitability Index (PI) indicates how much economic profit will be obtained for each unit of money invested during the lifetime of the project.

Project Investment payback is the period of time required to recover the project investment from net income, measured in years. In other words, it shows the length of time taken for the initial investment to be returned. This index shows the speed of investment return and the amount of project risk coverage. The ROR (simple) of the plan is estimated to be 3.03 years (equal to the year 1408) according to the calculations.

8-6- Sensitive Analysis

In the sensitivity analysis of the plans, the percentage of changes in the internal rate of return (IRR) is measured in relation to the change in some basic parameters and variables. In this plan, the analysis has been carried out by major variables such as sales, fixed and operating costs. Table (20) shows the results of the sensitivity analysis regarding the variables of sales income, fixed assets and operating costs.

8-6-1- Sales Revenue

Changes in sales revenue are mainly caused by alteration in two variables: planned sales amount and product sales price. The results of the sensitivity analysis regarding sales income show; 20% increase in sales revenue of the plan, the internal rate of return will increase from 23.9% to 31%. On the contrary, in the case of a 20% decrease in sales revenue, the internal rate of return of the project will decrease to 17%.

Table (20): Sensitivity Analysis (Percentage of IRR changes caused by sales revenue, fixed assets and operating costs alteration)

Variation (%)	Sales revenue	Increase in fixed assets	Operating costs
-20%	17%	32%	25%
-4%	23%	25%	24%
0%	23.9%	23.9%	23.9%
4%	25%	23%	24%
20%	31%	18%	22%

8-6-2- Fixed Assets

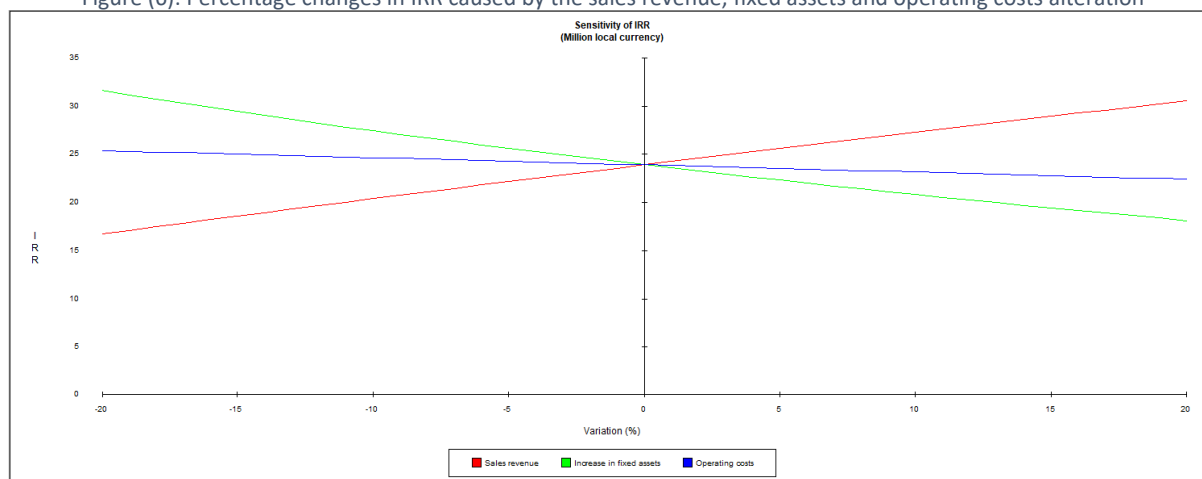
The change in the fixed assets is due to the fixed costs of the initial investment alterations. The results of the sensitivity analysis according to the fixed costs of the plan have been done and it shows that in case of an unexpected 20% increase in the fixed capital costs of the project, the internal rate of return will decrease from 23.9% to 18%. Conversely, if there is a 20% reduction in the fixed capital costs, the internal rate of return will increase and reach 32%.

8-6-3- Operating Costs

The operating costs of the plan is one of the crucial items in terms of sensitivity analysis regarding its changes. Therefore, unexpected and possible changes should be investigated.

The change in project operating costs is mainly caused by changes in raw material, supply, human resource and finally changes in other overhead costs of projects. If these parameters change, it can be as a result of the change in the technical coefficients of product production or the change in their purchase price. The sensitivity analysis indicates that in case of a 20% increase in the operating costs, the efficiency rate of the plan will decrease to 22%. On the contrary, if the total operating costs of the project are reduced by 20%, the internal rate of return will increase to 25%. Finally, the results of the sensitivity analysis show that the current project has a very high sensitivity to changes in sales revenue (changes in sales amount or sales price) and more considerations should be taken in this regard.

Figure (6): Percentage changes in IRR caused by the sales revenue, fixed assets and operating costs alteration



As you can see, the slope of the IRR change curve is higher relative to the changes in sales revenue compared to other items while the slope of the IRR change curve is lower relative to the changes in fixed assets, which indicates the greater sensitivity of the plan's internal rate of return to sales revenue and its lower sensitivity relative to operating costs and fixed assets.

8-7- Conclusion

The implementation of the project in a land area of 24,443 square meters and with the construction of a total of 1,696 square meters including: 684 square meters of commercial places (restaurants, coffee shops, traditional restaurants, stores and food courts), 125 square meters of management and support places and services General, 641 square meters of residences (overnight villas, pavilions), 246 square meters of temporary residences, and landscaping operations totaling 22,809 square meters, including: 2,989 square meters of parking lots, 1,450 square meters of sports fields, 1,600 square meters of people's traffic routes (tabulation and pavement) car traffic routes (streets), etc., 1,862 square meters of recreation and entertainment space, 14,908 square meters of open space and green space. The total investment in land and building is estimated at 232 billion Rials and the total investment in main and auxiliary equipment is estimated at 73 billion Rials. The total pre-operational costs are estimated at 18 billion Rials, including the total fixed capital required of 323 billion Rials and the total working capital required for the project is 7.5 billion Rials. The total investment of the project is expected to come from the resources of the company's shareholders.

The sale of the project in 1405 is expected at fixed prices equal to 120 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 152 billion Rials. The net profit of the plan has been positive in all years. The profit figure in 1405 is equivalent to 67 billion. The profit will increase in the following years and will reach a maximum of 95 billion Rials. The average annual profit of the plan is 88 billion Rials and the average profit margin is expected to be 54.0%. The internal rate of return (IRR) of the project is also estimated at 23.9% and the payback period (PBP) is estimated at a maximum of 3.03 years. Also, the net present value of the project's cash flows (NPV) is positive and, considering the expected interest rate of 20%, is equal to 39 billion Rials.

The liquidity status of the plan and the payment of dividends to the shareholders from the company's funds are also suitable. Therefore, if the assumptions and forecasts are fulfilled, the project under review has relatively good profitability and according to the financial results obtained, its implementation is recommended. The economic results of the project are summarized as follows.

Table (21): Summary of Economic Features

Nominal Capacity and Unit of Measurement	Product Name	Title Of the Project with ISIC Code	Title Of the Project
Equivalent to 1,866 overnight stays (suites/villas), 5,909 temporary stays (pergolas, platform), 1,244 types of group sports services, 72 monthly user/infrastructure rentals, 31,100 car parking services, 451,572 types of recreational services	Tourism services (accommodation, hospitality, entertainment and sports services)	Tourism services (-)	CHAM ASIYAB MASJID SULEIMAN tourism complex
Required Human Resource (Person)	Equity Shares (Million Rials)	Total Fixed Capital (Million Rials)	Project Duration
11	7,546	323,121	24
B/C	Applicant Available Cash (Million Rials)	Net Present Value (NPV) (Million Rials)	IRR (%)
1.1	330,667	38,852	23.9%
ROI (%)	NPV Ratio / Profitability Index (Rial per Rial invested)	Dynamic Payback Period (Year)	Normal Payback Period (Year)
26	0.13	5.41	3.03
Average Assets Turnover Ratio	Average Net Profit Margin (%)	Average Annual Profit (Million Rials)	Maximum Annual Sales (Million Rials)
0.27	54.0%	88,117	187,946

8-8- Estimation of currency rate fluctuation during the project implementation

The exchange rate at the time of evaluation is included as described in Table (21). The purchase and sale prices are under the energy exchange transactions and are adjusted to a large extent under the influence of the exchange rate increase. Therefore, exchange rate fluctuations regarding the purchase of foreign equipment will be compensated to some extent by the income from sales, and exchange rate fluctuations will have little effect on the evaluation results. Therefore, in the construction and implementation phase, if the financing of the project is through foreign currency sources of finance, the number of financial resources required will not change much.

Table (21): Currencies exchange Rate

Unit of Measurement	Unit Price	Currency
Rials	413,204	USD
Rials	451,531	EURO

Exchange rate of Central Bank, Exchange Trading System (ETS) dated 05/25/1402

9) Investment Required, method of fundraising and guarantees

9-1- Foreign Currency Required

The total fixed capital of the plan is in Rials.

Table (22): Foreign (Fixed) Currency Required

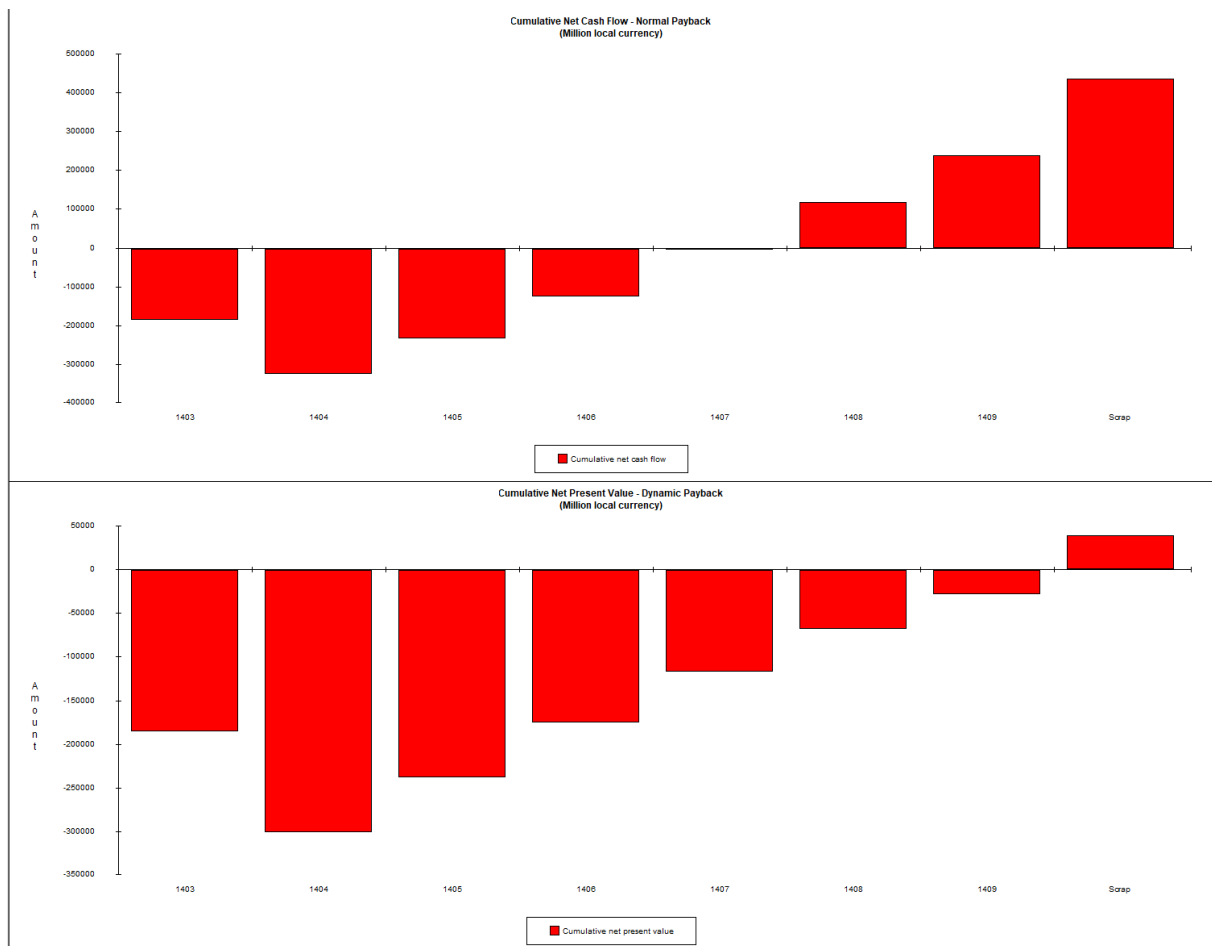
No.	Year	Required Investment
1	Year 1	0
2	Year 2	0
3	Year 3	0
4	Year 4	0
5	Year 5	0

9-2- Model Of Partnership and Fundraising

Participation in the present project and its financing is foreseen in the form of establishing a company inside the country. The total financial resources needed are predicted through the investor's contribution and have not been included in order to implement the facility plan of domestic banks.

9-3- Payback Period

The payback period is the period of time when the initial investment of the plan is compensated from the annual cash funds. The payback period (simple) of the plan is estimated to be 3.03 years (equal to 1408) according to the calculations of CAMFAR.



The moving return period of the plan is also estimated at 5.41 years.

10) Incentives, features and benefits of the plan

Some of the financial supports for production companies are loans and bank facilities and tax exemptions which can facilitate the project implementation and provide the favorable condition for investment. In the following, some of these supports will be discussed.

One of the important bank facilities for production units is the long-time repayment period loans up to 70% of fixed capital by the Iran's state banks. This amount can be increased up to 90% for deprived areas if foreign machinery is used. The interest rate of long-term facilities in the industry sector is 23%, which in case of financial prudence, only a part of the interest can be repaid. The repayment period of long-term bank facilities is up to 8 years according to the production plan, the type of technology and the possibility of product exportation.

Another important bank facility is short-term bank loans (6 to 12 months) to use as working capital needed to carry out production processes, which will be provided up to 70% by bank communities. Obtaining short-term facilities to this extent depends on gaining the trust of the operating banks and having an acceptable financial history.

In the tax section: According to Note 3, Article 132 of the Direct Taxes Law: "All Iran tourism and tourism facilities with operating licenses from the Cultural Heritage and Tourism Organization are exempt from paying 50% of the property tax every year." Also, in accordance with Article 8 of Iran Tourism Industry Development Law: "All Iran tourism and tourism facilities, travel service offices and other similar facilities in any respect, including fuel, water and electricity, tolls, taxes, bank loans, etc., are subject to tariffs." are the regulations and instructions of the industries department.

(Attachment Number 2)

Summary Sheet

Project introduction	
1. Project Title:	CHAM ASIYAB MASJID SULEIMAN tourism complex
2. Sector:	Tourism sub-sector: tourism services
3. Products/services:	Tourism services (accommodation, hospitality, entertainment and sports services)
4. Location:	Khuzestan - MASJED SULEIMAN County – MORAD ABAD village
5. Project description: (land, building, infrastructure, production methods, etc.):	<p>The implementation of the project in a land area of 24,443 square meters and with the construction of a total of 1,696 square meters including: 684 square meters of commercial places (restaurants, coffee shops, traditional restaurants, stores and food courts), 125 square meters of management and support places and services General, 641 square meters of residences (overnight villas, pavilions), 246 square meters of temporary residences, and landscaping operations totaling 22,809 square meters, including: 2,989 square meters of parking lots, 1,450 square meters of sports fields, 1,600 square meters of people's traffic routes (tabulation and pavement) car traffic routes (streets), etc., 1,862 square meters of recreation and entertainment space, 14,908 square meters of open space and green space. The total investment in land and building is estimated at 232 billion Rials and the total investment in main and auxiliary equipment is estimated at 73 billion Rials. The total pre-operational costs are estimated at 18 billion Rials, including the total fixed capital required of 323 billion Rials and the total working capital required for the project is 7.5 billion Rials. The total investment of the project is expected to come from the resources of the company's shareholders.</p> <p>The sale of the project in 1405 is expected at fixed prices equal to 120 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 152 billion Rials. The net profit of the plan has been positive in all years. The profit figure in 1405 is equivalent to 67 billion. The profit will increase in the following years and will reach a maximum of 95 billion Rials. The average annual profit of the plan is 88 billion Rials and the average profit margin is expected to be 54.0%. The internal rate of return (IRR) of the project is also estimated at 23.9% and the payback period (PBP) is estimated at a maximum of 3.03 years. Also, the net present value of the project's cash flows (NPV) is positive and, considering the expected interest rate of 20%, is equal to 39 billion Rials.</p>
6. Annual production capacity:	Equivalent to 1,866 overnight accommodations (suites/villas), 5,909 temporary accommodations (pavilions, platforms), 1,244 types of group sports services, 72 monthly user/infrastructure rentals, 31,100 car parking spaces, 451,572 types of recreational services

Project Status
7. Local/internal raw material access: 100%
8. Sales: 152 billion Rials Anticipated local market: 90% Anticipated export market: 10%
9. Total time required for the project (from the beginning to the start of commercial activities): 24 months
10. project status:
<ul style="list-style-type: none"> - Feasibility study available? Yes. The feasibility of the project has been evaluated from different aspects and the results of feasibility studies are favorable in terms of market, engineering, financial and economic indicators. - Is the required land prepared? - Yes. A suitable place for the implementation of the plan has been defined. - Legal permission (establishment license, foreign currency quota, environment) taken? - In order to carry out activities and provide tourism services, it is necessary to obtain legal permits from the "General Administration of Cultural Heritage, Tourism and Handicrafts of the Province". - Partnership agreement concluded with local/foreign investor? No - So far, no partnership agreement has been prepared for the implementation of the project. This plan has the necessary features to attract shareholders' financial resources. - Agreement with local/foreign contractor(s) concluded? No, so far, no agreement or contract has been concluded for the implementation of the project's construction operations. - Infrastructural utilities procured? - In the place of implementation of the project, the infrastructure facilities of electricity and access are accessible. - List of know-how, machinery and equipment concluded? In order to implement the current plan, the required equipment is supplied from the domestic market and its supply becomes important after the implementation of the construction operation. <p>Financing agreement for machinery, equipment and know-how concluded? No</p>

Financial structure

11. Financial table:

Description	Local Currency Required			Foreign Currency Required	Total Euro
	Million Rial	Exchange Rate	Euro		
Total Fixed Investment Costs	323,121	451,531	715,612	0	715,612
Total Net Working Capital Requirements	7,546	451,531	16,711	0	16,711
Total Investment	330,667	-	732,323	0	732,323

- Value Of Foreign Equipment/Machinery:	0	Euro		
- Value Of Local Equipment/Machinery:	129,559	Euro		
- Value Of Foreign Technical Know-How:	0	Euro		
- Value Of Local Technical Know-How:	0	Euro		
- Net Present Value (NPV):	86,045	Euro	Net present values discounted to:	1403
- Internal Rate of Return (IRR):	23.9%	%		
- Normal Payback:	3.03	year		
- Minimum Attractive Rate of Return:	20%	%		

General information

12. Project Type: new Project Explanation / Rehabilitation project
 Name / Company name:
 Address: Khuzestan- CHAM ASIYAB MASJID SULEIMAN tourism complex
 Tel: 0098916 313 4985 +98-6135541819 Fax:
 Email: gharib.t@gmail.com Website:
 Local entrepreneur: Private Sector government /public sector

Feasibility study of the plan
 Legal licenses (establishment license, foreign investment license, etc.)