General Department of
Economic and Financial Affairs of Khuzestan

Preparation and Compilation of Investment Opportunities in The Province

Investment Opportunity Studies Report

"Hydrotherapy Complex GOLGIR of MASJEDSOLEYMAN"

(Attachment Number 1)

V-2

Date: 2023/06/03

In the name of God

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Tables and Figures

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 63,238square 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). MASJEDSOLEYMAN is a city in Khuzestan province and the center of MASJEDSOLEYMAN 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. MASJEDSOLEYMAN 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 province and IZEH 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, MASJEDSOLEYMAN 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, SARMSAJD fire temple and Bard NESHANDEH shrine, which is the largest open-air Achaemenid temple in Iran and the world.

Figure (1): The Province location in Iran

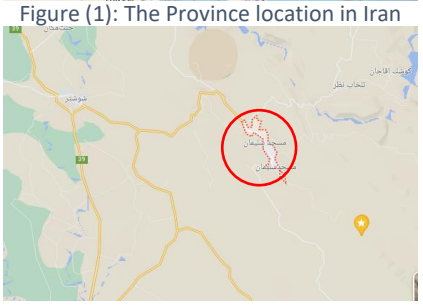


Figure (2): MASJEDSOLEYMAN location in Khuzestan province

Figure (3): Political divisions of Khuzestan province

1) Project Status

This project will be implemented on a land of 1.92 hectares, 38 km from the city of MASJEDSOLEYMAN and 163 km from the city of Ahvaz at the following coordinates.

Table (1): Coordinates of the project implementation location

Y	X	points
3517342.56	358712.91	**A**
3517264.47	358779.5	**B**
3517418.42	358912.1	**C**
3517340.39	358959.97	**D**

The place is located 3 kilometers away from GOLGIR city.

2-1- Access to infrastructures

If the project is established in GOLGIR, infrastructure facilities such as water and electricity, roads, etc. are available. The nearest port to this area is Imam Khomeini Port at a distance of 245 km, the nearest railway station (NEZAMIEH Station) is located at a distance of 171 km, and the nearest airport (Ahvaz Airport) is located at a distance of 149 km.

Table (2): access to infrastructures

No.	Required Infrastructure	Distance From Project Status(km)	Location Of Infrastructure Provision
1	Water	0	-
2	Electricity	0	electricity network
3	Gas	-	It is not predicted
4	Telecommunication	-	It is not predicted
5	Main road		
6	Side road		Dirt road
7	Airport	149	Ahvaz Airport
8	Port	245	Imam Khomeini seaport
9	Railway Station	171	NEZAMIEH railway station

Figure (4): Project location map

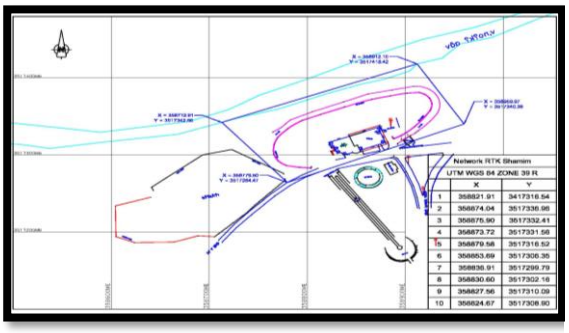


Figure (5): Access routes to the project

2) Technical specifications of the project

3-1- Product

One of the most beautiful areas of Iran is "Dashte GOLGIR", 38 kilometers northeast of MASJEDSOLEYMAN. This plain has a high potential for attracting tourists. GOLGIR spring has sulfur water that boils spontaneously from the depths of the earth. Its water is warm in winter and autumn and cool in summer and spring. Due to having sulfur, the water of this spring has many therapeutic properties and can treat joint pains.

GOLGIR pond is built in the direction of a spring with sulfur water. This pond is related to the period of the Kian dynasty. Now this spring has a medical use and is also used to treat heat stroke. From a medical point of view, spring water has many properties to improve skin diseases and joint pains.

In fact, the therapeutic nature of the water, being away from noise and environmental pollution, creates a natural enough attraction to attract tourists.

"(Current) Hydrotherapy complex of GOLGIR MASJEDSOLEYMAN " has been considered in order to create tourism infrastructure and provide hydrotherapy services in the region. This plan develops and creates new tourism infrastructures such as commercial places (markets, stores, restaurants, tea houses, coffee shops), sports and recreational places (small football field, volleyball field and children's play park, family park), public places. (Parking, toilet), temporary accommodation (rest platforms, pavilions) is 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): Infrastructure Specifications

Type Of Building/Use	Total Area
Sports grounds	810
Open space and green space	433
Car parking lots	1,090
Children's play park	1,000
Family Park	1,500
Traffic routes of people (tabulation and paving) Car traffic routes (streets) and so on	1,425
Total Landscaping	6,258

Table (4): Specifications of the infrastructure

Type Of Building/Use	Total Area
Accommodations Places	1,235
Hydrotherapy services	1,279
business premises supplementary	1,100
Management and support facilities and required public services	417
A Collection of Buildings	4,031

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

Types Of Town Services	Maximum Capacity	Average Capacity Utilization Percentage	Practical Capacity	Annual Income (Million Rials)
temporary accommodation (pergolas, platforms)	21,770	72%	15,682	13,444
overnight stay (suite)	4,043	72%	2,912	71,344
car parking	25,813	72%	18,592	7,840
Hydrotherapy services	111,960	72%	80,597	64,478
Monthly rent of user/infrastructure	336	100%	336	30,840
All kinds of entertainment services	373,200	72%	268,600	0
All kinds of group sports services	1,244	72%	896	0

3-2- Project Requirement

3-2-1- Land And Required Infrastructure

All the infrastructures of "**Hydrotherapy complex of GOLGIR MASJEDSOLEYMAN** " will be as follows after the implementation of the development plan.

Table (6): Amount of investment in land, landscaping and building

Floor.	Requirements	Number	Unit area	total area	Unit price	Total amount (million Rials)
Accommodations places	Large accommodation pavilions	10	15	150	20	3,000
	Small accommodation pavilions	10	12	120	15	1,800
	Car parking	35	20	700	3	2,100
	Rest platforms	15	8	120	3	360
	Car parking	13	30	390	1	390
Existing hydrotherapy building	Hydrotherapy building	1	1,280	1,280	70	89,579
	Suite	13	65	845	70	59,150
	Central management and support building	1	200	200	70	14,000
	Prayer room	1	50	50	70	3,500
	clinic	1	20	20	70	1,400
Required sports places	Small football field	1	450	450	10	4,500
	Volleyball field	1	360	360	10	3,600
	Children's play park	1	1,000	1,000	10	10,000
business premises supplementary	Store	3	60	180	100	18,000
	Local bazaar (handicrafts, handwoven carpets, etc.)	20	15	300	20	6,000
	Restaurant	1	300	300	100	30,000
	Restaurant reception area	1	200	200	10	2,000
	Coffee Shop	1	50	50	100	5,000
	Coffee shop reception area	1	50	50	10	500
	Food court	1	20	20	100	2,000
	Teahouse	1	50	50	100	5,000
	Traditional restaurant	1	200	200	80	16,000
Management and support facilities and required public services	Family Park	1	1,500	1,500	3	4,500
	Car parking	0	20	0	3	0
	Traffic routes of people (tabulation and paving)	1	275	275	10	2,750
	Car traffic routes (streets)	1	900	900	15	13,500
	W.C	1	85	85	60	5,100
	Guard room	1	20	20	100	2,000
	Complex janitor's room	1	30	30	100	3,000
	Police room	1	12	12	100	1,200
	Gas facility building	1	0	0	100	0
	Electrical installation building	1	0	0	100	0
	Open space and green space	1	433	433	2	866
Total			-	9,174	-	310,795

3-2-2- Plant Machinery and Equipment

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

Table (7): Plant Machinery and Equipment

No.	Equipment/Machinery	Required investment		Total cost (Million Rials)
		Amount	Purchase Price	
1	Set of hotel equipment and furniture	13	1,200	15,600
2	Billing and ticketing system	1	2,000	2,000
3	Hydrotherapy equipment	1	4,500	4,500
4	Sports field equipment including (net, net columns and bars, tennis tables, flags, etc.)	3	467	1,401
5	Metal playground equipment for children and adults (types of slides, swings, swings and other sports equipment for children and adults)	20	60	1,200
6	Clinic equipment	1	1,000	1,000
7	Other Park equipment (urban elements, chess table, trash cans, drinking fountains, concrete park benches, dishwashing equipment, park, etc.)	5	30	150
8	Other main equipment - domestic	1	1,149	1,149
Total				27,000

Table (8): Auxiliary and service plant 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	120	6	720
2	Electrical equipment of the lighting system	Amount	Facility	3	50	150
3	Water purification and transfer equipment	Amount	Facility	1	1,500	1,500
4	Firefighting, safety and health equipment and...	Capsule	Facility	10	30	300
5	pickup truck	Machine	Facility	1	3,000	3,000
6	car	Machine	vehicles	1	3,000	3,000
7	Workshop tools and equipment	Machine	Laboratory and workshop equipment and tools	1	2,000	2,000
8	Office equipment (computers, office desks and chairs, network and server equipment - according to the number of support personnel)	-	office Equipment	5	500	2,500
9	Other side facilities	Machine	Facility	1	830	830
Total				-	-	14,000

3-2-3- Raw Materials

Apart from the suites, most of the uses such as (restaurants, coffee shops, teahouses, stores) 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 following table.

Table (9): Management and Human Resource

Description / Title	Amount of consumption at maximum capacity	Cost of raw materials at maximum capacity (million Rials)
Food required for the suite	5,819	6,983

3-2-4- Management and human resource

The number of employments in the present plan is equal to 16 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	187,500,000
2	Mid-level	1	120,000,000
3	Junior	11	88,500,000

Number Of Direct Mid-Level Staff Required	1	Person
Number Of Direct Junior Staff Required	11	Person
Number Of Direct Senior Staff Required	4	Person
Total	**16**	person

3) Ownership and legal permissions

4-1- land ownership

The implementation of this project has been carried out on a land with an area of 9174.5 square meters and the construction of a building with an infrastructure equal to 4031.7 square meters. At present, more than 147 billion Rials have been spent on the project, and in order to exploit it, it is necessary for the investors to take action to resolve the legal problems, pay the project debts, and complete the construction and installation operations of the project. do Currently, exploitation and handover of the plan by the cultural heritage of the province in the form of BOLT is being pursued. Obviously; The ownership of the plan and the terms of its use will be in accordance with the general and specific terms of the relevant BOLT contract.

4-2- Intellectual Property and Concessions

Lifetime management, according to established standards and regulations, requires special conditions mentioned in the law (in addition to the need for knowledge and experience in this regard). Coastal tourism projects, like other projects, should have minimal environmental effects and reduce the quality of sea water. The classification and pricing criteria of tourism facilities is also the responsibility of the relevant commission, which is specified by the "Ministry of Cultural Heritage, General Directorate of Tourism and Handicrafts".

4-3- Legal permissions

Obtaining permits and tourism activities related to "coastal and marine tourism centers" and similar centers in accordance with the "Iran Tourism and World Tourism Industry Development Law" (approved in 1370 and its subsequent amendments) and the "Creation, Modification, Completion, Grading and Rate Regulations" Establishment of tourism facilities and their supervision" (approved 1373) and instructions for supervising the establishment and activity of tourist information centers (approved 1400). Currently, the General Directorate of Cultural Heritage, the 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 recognizing the creation and issuing of permits for all types of tourism facilities, as well as modification and completion, 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 needs of the applicant, and in fact, all interactions of the organization with the applicants from the time of registration of the application for obtaining a license to the issuance of the license and, if necessary, the extension of the issued licenses are done through this system. The set of supervisory operations of the organization is also applied in the same way.

4) 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%).

Meanwhile, Khuzestan is one of the important bases of incoming tourists. Similarly, due to the characteristics of water resources and the extent of the Karun River, the vast coast of the Persian Gulf and the pristine nature of the province, as well as the existence of many historical places, it is the destination of many domestic tourists. Therefore, considering the existing weaknesses in the tourism infrastructure as well as the significant volume of tourists, investing in the tourism infrastructure and facilities of this province is important due to the reception of local, national and foreign tourists.

5) Physical progress of the project

■ No ☐ Yes

This plan is defined in order to complete the tourism infrastructure of the "Hydrotherapy Complex GOLGIR of MASJEDSOLEYMAN". The building of the current plan has a physical progress of more than 90%. Currently, the form of ownership and operation of the project has been taken into consideration by the General Department of Cultural Heritage, Tourism and Handicrafts of the province in the form of transfer to the BOLT method and is being followed up. In the current plan, the development and creation of new infrastructures is foreseen. In addition, the purchase of furniture and equipment for current and development infrastructures is considered. No action has been taken in the mentioned cases yet.

6) Operational plan and implementation scheduling

The construction of the project is planned for 12 months. The operation of the project is expected from the beginning of 1404. Table (11) shows the plan implementation schedule.

Table (11): Project Scheduling

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

7) 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	381,121
2	Total Net Working Capital Requirements	3,529
3	Total Production Costs (Annual)	85,376
4	Depreciation of investment (Annual)	29,938
5	Total investment required	384,650

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

No.	Subject		Cost (Million Rials)
1	Purchasing land		0
2	Landscaping and land improvement		44,706
3	Civil operations and construction of buildings		266,089
4	Production machinery and equipment		27,000
5	Service equipment		15,000
6	Protection and environmental equipment		0
7	Overhead costs		0
8	Pre-Production Expenditure (As described in Table (15)	Pre-investment studies	320
		Project management and organization	16,741
		Technology education	939
9	Unexpected costs		10,327
Total			**381,121**

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	39
2	Work In Progress	0
3	Finished Product	0
4	Accounts Receivable	0
5	Cash-In-Hand	3,490
6	(Commercial Accounts Payable)	0
Total Net Working Capital Requirements		**3,529**

Table (15): Pre-Production Expenditure

No.	Subject		Description	Total (million Rials)
1	Incorporation		-	30
2	Obtaining Licenses / Production License		-	3,000
3	Studying, Consulting, Research and Development, Traveling, Visiting and Participating in Local Exhibitions, etc.		1.5 thousandth of the investment costs of the project	320
4	Property Insurance		2 thousandth of depreciable fixed assets	730
5	Survey Fee, Financing, Contract and So On		Bachelor's fee 0.5 per thousand, other cases 2.5 per thousand	870
6	Cartography, Supervising		2 thousandth of contract expenses	380
7	Other's	Staff Training	Equivalent to 7 days of Staff salary	559
		Wages And Salaries During the Construction	Equivalent to the salary of 5 personnel in 12 months	11,011
		Other Expenses	٪6.5	1,099
Total			-	**18,000**

8-2- Sales Revenue

Based on the investigations and according to the plan of the operational period, the total amount of project revenues in 1404 at the constant prices of 1402 is estimated to be equal to 132 billion Rials. This figure will increase in the following years due to the increase in service capacity and will increase to a maximum of 188 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 1st Year	Total 2nd Year	Total 3rd Year	Total4 Th Year	Total 5th Year
1	temporary accommodation (pergolas, platforms)	2.4	2.4	2.4	2.4	9.4	12.1	13.4	13.4	13.4
2	overnight stay (suite)	12.5	12	12	12	50	64.2	71.3	71.3	71.3
3	car parking	1.4	1.4	1.4	1.4	5.5	7.1	7.8	7.8	7.8
4	Hydrotherapy Services	11.3	11.3	11.3	11.3	45.1	58.0	64.5	64.5	64.5
5	Monthly rent of user/infrastructure	5.4	5	5	5	22	27.7	30.8	30.8	30.8
Total		33	33	33	33	132	169	188	188	188

8-3- Length of Production Phase

The start of the exploitation period of the plan is considered from 1404. The length of production phase is considered to be 5 years.

Table (17): Planning Horizon

Title	Month	-	year
Project identification	1	/	1402
Beginning of construction phase	1	/	1403
Beginning of production phase	1	/	1404
End of production phase	12	/	1408

Length of construction phase (months)	Start of phase (months)	Length of production phase (years)
12	12	5

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 1404 SH 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

$$\text{Break-even sales value} = \frac{51{,}270}{1 - \frac{34{,}904}{187{,}946}} = 62{,}963 \text{ (Million Rials)}$$

$$\text{Break-even ratio (\%)} = \frac{62{,}963}{187{,}946} = 33.5\%$$

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

Title	Production 1405	Production 1406	Production 1407	Production 1408	Production 1409	Production 1410	Production 1411
Sales revenue	131,533	169,119	187,946	187,946	187,946	187,946	187,946
Variable costs	28,360	32,732	34,918	34,918	34,918	34,918	34,918
Variable margin	103,173	136,387	153,028	153,028	153,028	153,028	153,028
Variable margin ratio (%)	78	81	81	81	81	81	81
Fixed costs	48,881	50,476	51,273	50,673	49,523	49,273	49,273
Break-even sales value	62,317	62,590	62,973	62,236	60,824	60,517	60,517
Break-even ratio (%)	47.4	37.0	33.5	33.1	32.4	32.2	32.2

- According to COMFAR Results

Based on the calculations of COMFAR software, the break-even point in Riyals, including operational and non-operational costs, is 62.973 billion Riyals, and 33.5% of the practical capacity will be achieved.

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 14.14 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 20.8% 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	637,999	Million Rials
The Present Value of The Total Income of Construction Phase and Production Phase	652,143	Million Rials
NET PRESENT VALUE (NPV)	14,144	Million Rials
Cost-benefit RATIO (B/C)	1.02	-
INTERNAL RATE OF RETURN (IRR)	20.8%	Percent
NPV RATIO (PI)	0.04	Rial per Rial of investment
NORMAL PAYBACK	3.74	Year - equal to the year 1407

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 3.74 years (equal to the year 1407) 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 changes in two variables: planned sales amount and product sales price. The results of the sensitivity analysis of the plan regarding sales income show; 20% increase in sales revenue of the project, the internal rate of return of the project will increase from 20.8% to 26%. On the contrary, in case of a 20% decrease in sales revenue, the internal rate of return of the project will decrease to 14%.

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

Variation (%)	Sales revenue	fixed assets	Operating costs
-20%	14%	26%	23%
-4%	20%	22%	21%
0%	20.8%	20.8%	20.8%
4%	22%	20%	20%
20%	26%	17%	19%

8-6-2- Fixed Assets

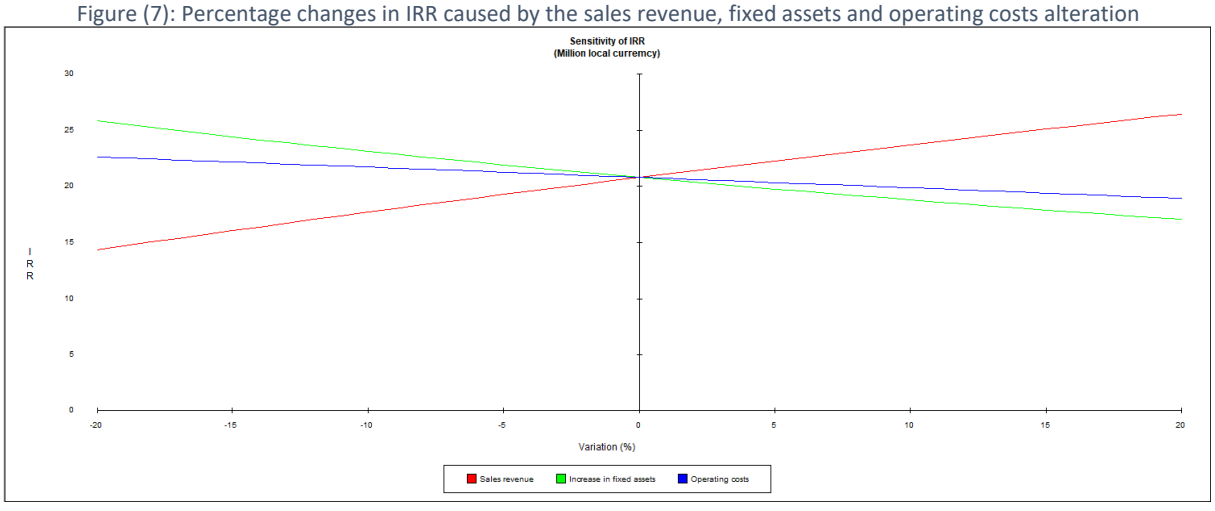
The change in the fixed assets of the plan is caused by the change in the fixed costs of the initial investment of the plan. The results of the analysis of the sensitivity of the plan to the changes of the fixed costs of the plan have been done and it shows; In case of an unexpected 20% increase in the fixed investment costs of the plan, the internal rate of return will decrease from 20.8% to 17%. On the contrary, in case of a 20% decrease in the fixed investment costs of the plan, the internal rate of return of the plan will increase and reach 26%.

8-6-3- Operating Costs

The operating costs of the plan is another case where the analysis of the sensitivity of the plan regarding its changes is very necessary and its unforeseen and possible changes should be investigated.

The change in project operating costs is mainly caused by changes in raw material costs, necessary costs, changes in manpower costs, and finally changes in other overhead costs of projects. The change of these parameters can happen as a result of the change in the technical coefficients of product production or the change in their purchase price. The sensitivity analysis carried out regarding the present plan indicates; In case of a 20% increase in the operating costs of the plan, the efficiency rate of the plan will decrease to 19%. In the opposite case, if the total operating costs of the project are reduced by 20%, the internal rate of return of the project will increase to 23%. Finally, the results of the sensitivity analysis of the plan show; The current plan shows a very high sensitivity to changes in sales income (changes in sales amount or sales price) and more considerations should be made in this regard.

Figure (7): 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 current plan has been implemented on a land with an area of 9174.5 square meters and with construction operations in the sub-structure with an area of 2971.7 square meters in the form of two floors at a cost of 300 billion Rials. The present plan has been defined in order to complete and equip the current tourism infrastructures and create other necessary infrastructures. The selected area will be increased to 4031.7 square meters for the purpose of developing and completing the infrastructure, and the infrastructure includes: 1,100 square meters of commercial places (restaurants, coffee shops, traditional restaurants, stores, craft markets), 417 square meters of support places and public services, 1,235 square meters of new accommodations (such as pavilions, huts, sitting and resting platforms) will be implemented. In addition to this, the improvement of the current area and the completion of new landscaping totaling 6,258 square meters, including: 810 square meters of sports fields, 1,090 square meters of parking lots, 1,000 square meters of children's play park, 1,500 square meters of family park, 1,425 square meters of people's traffic routes (table paving and paving) car traffic routes (street paving) and 433 square meters of free space and green space. The total new investment in the building is estimated at 144 billion Rials and the total investment in the main and auxiliary equipment is estimated at 52 billion Rials. The total costs before operation are estimated to be 18 billion Rials, including the total fixed capital required is 233 billion Rials and the total working capital required for the project is 4 billion Rials. The total new investor of the plan is expected from the resources brought by the company's shareholders.

The project is expected to be sold in 1404 at fixed prices equal to 132 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 188 billion Rials. The net profit of the plan has been positive in all years. The profit figure in 1404 is equivalent to 48 billion. The profit will increase in the following years and will reach a maximum of 91 billion Rials. The average annual profit of the plan is 88 billion Rials and the average profit margin is expected to be 47.1%. The internal rate of return (IRR) of the project is also estimated at 20.8% and the payback period (PBP) is estimated at a maximum of 3.74 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 14 billion Rials.

The liquidity status of the plan and the payment of dividends to the shareholders from the company's funds are also appropriate. Therefore, if the assumptions and predictions are fulfilled, the plan under consideration has favorable profitability and according to the financial results obtained, its implementation is recommended. The economic discussions of the plan 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 4,043 overnight stays (suites), 21,770 temporary stays (pavilions, platforms), 373,200 types of recreational services, 111,960 types of hydrotherapy services, 1,244 types of group sports services, 25,813 car parking spaces, 336 monthly user rentals	tourism services	Tourism services (hydrotherapy)	hydrotherapy complex of GOLGIR MASJEDSOLEYMAN
Required Human Resource (Person)	Equity Shares (Million Rials)	Total Fixed Capital (Million Rials)	Project Duration
16	3,529	381,121	6
B/C	Applicant Available Cash (Million Rials)	Net Present Value (NPV) (Million Rials)	IRR (%)
1.0	237,150	14,144	20.8%
ROI (%)	NPV Ratio / Profitability Index (Rial per Rial invested)	Dynamic Payback Period (Year)	Normal Payback Period (Year)
21	0.04	12	3.74
Average Assets Turnover Ratio	Average Net Profit Margin (%)	Average Annual Profit (Million Rials)	Maximum Annual Sales (Million Rials)
0.45	47.1%	81,915	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 (22). 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 (22): 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

8) Investment Required, method of fundraising and guarantees

9-1- Foreign Currency Required

The total fixed capital of the plan is in Rials. The currency equivalent of the required investment is estimated at a total of 522.27 thousand euros, which is planned to be paid within 1 years (according to the physical progress of the project).

Table (23): Foreign (Fixed) Currency Required

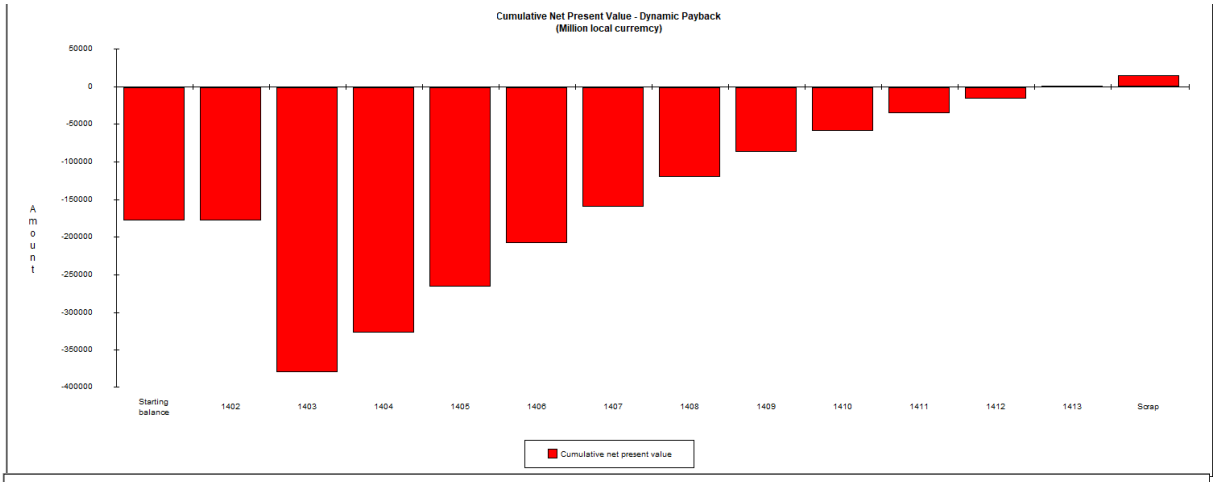
No.	Year	Required Investment
1	Year 1	0
2	Year 2	0
3	Year 3	0
4	Year 4	0
5	Year 5	0

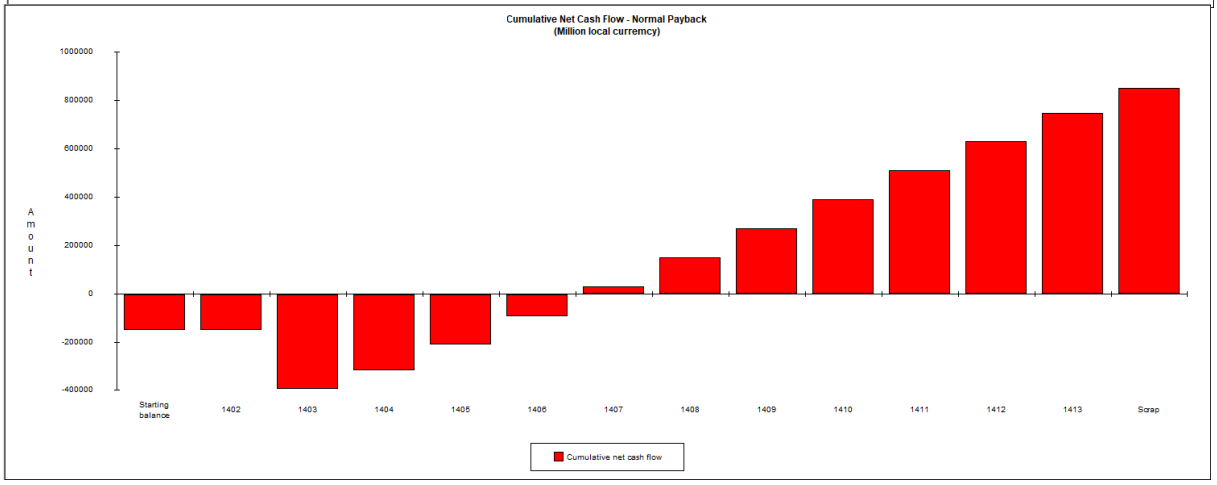
9-2- Model Of Partnership and Fundraising

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 3.74 years (equal to 1407) according to the calculations of CAMFAR.





Dynamic Payback Period of the plan is also estimated at 9.98 years.

9) 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)

Summery Sheet

Project introduction
1. Project Title: Hydrotherapy Complex of GOLGIR MASJEDSOLEYMAN
2. Sector: Tourism **sub-sector:** Hydrotherapy services
3. Products/services: Tourism services
4. Location: Khuzestan – MASJEDSOLEYMAN city- GOLGIR
5. Project description: The current plan has been implemented on a land with an area of 9174.5 square meters and with construction operations in the sub-structure with an area of 2971.7 square meters in the form of two floors at a cost of 300 billion Rials. The present plan has been defined in order to complete and equip the current tourism infrastructures and create other necessary infrastructures. The selected area will be increased to 4031.7 square meters for the purpose of developing and completing the infrastructure, and the infrastructure includes: 1,100 square meters of commercial places (restaurants, coffee shops, traditional restaurants, stores, craft markets), 417 square meters of support places and public services, 1,235 square meters of new accommodations (such as pavilions, huts, sitting and resting platforms) will be implemented. In addition to this, the improvement of the current area and the completion of new landscaping totaling 6,258 square meters, including: 810 square meters of sports fields, 1,090 square meters of parking lots, 1,000 square meters of children's play park, 1,500 square meters of family park, 1,425 square meters of people's traffic routes (table paving and paving) car traffic routes (street paving) and 433 square meters of free space and green space. The total new investment in the building is estimated at 144 billion Rials and the total investment in the main and auxiliary equipment is estimated at 52 billion Rials. The total costs before operation are estimated to be 18 billion Rials, including the total fixed capital required is 233 billion Rials and the total working capital required for the project is 4 billion Rials. The total new investor of the plan is expected from the resources brought by the company's shareholders. The project is expected to be sold in 1404 at fixed prices equal to 132 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 188 billion Rials. The net profit of the plan has been positive in all years. The profit figure in 1404 is equivalent to 48 billion. The profit will increase in the following years and will reach a maximum of 91 billion Rials. The average annual profit of the plan is 88 billion Rials and the average profit margin is expected to be 47.1%. The internal rate of return (IRR) of the project is also estimated at 20.8% and the payback period (PBP) is estimated at a maximum of 3.74 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 14 billion Rials.
6. Annual Capacity: Equivalent to 4,043 overnight accommodations (suites), 21,770 temporary accommodations (pavilions, platforms), 373,200 types of recreational services, 111,960 hydrotherapy services, 1,244 types of group sports services, 25,813 car parking spaces, 336 monthly user/infrastructure rentals

Project Status
7. Local/internal raw material access: 100%
8. Sales: 188 billion Rials **Anticipated local market:** 20% **Anticipated export market:** 80%
9. Total time required for the project (from the beginning to the start of commercial activities): 12 months
10. project status: - Feasibility study available? Yes - the feasibility of the project has been evaluated from different aspects and the results of the feasibility study in terms of market, engineering, financial and economic indicators are relatively favorable. - Required land provided? Yes - currently the project has been implemented in a land area of 9174.5 square meters. In order to develop and complete the infrastructure, the area of land has been expanded to 10,289. Of course, inter-organizational issues and matters related to land ownership are being followed up and resolved by the General Administration of Cultural Heritage, Tourism and Handicrafts of the province. - Legal permission (establishment license, foreign currency quota, environment) taken? In order to develop and complete the infrastructures, 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 construction of this hydrotherapy complex. - Infrastructural utilities procured? Currently, access to electricity and road infrastructure facilities is available. The investor can use the existing infrastructure after obtaining legal permits. - List of know-how, machinery and equipment concluded? In order to implement the present plan, the required equipment is provided from the domestic market. This equipment is mainly related to the equipment of accommodation suites and other systems and mechanical and electronic installations. - Financing agreement for machinery, equipment and know-how concluded? No, so far, in order to equip the place and complete the metro-mechanical infrastructure, no contract has been concluded.

Financial structure

11. Financial table:

Description	Local Currency Required			Foreign Currency Required	Total Euro
	Million Rial	Exchange Rate	Euro		
Total Fixed Investment Costs	232,294	451,531	514,459	0	514,459
Total Net Working Capital Requirements	3,529	451,531	7,815	0	7,815
Total Investment	**235,823**	–	**522,274**	**0**	**522,274**

- Value Of Foreign Equipment/Machinery: 0 Euro
- Value Of Local Equipment/Machinery: 90,802 Euro
- Value Of Foreign Technical Know-How: 0 Euro
- Value Of Local Technical Know-How: 842 Euro
- Net Present Value (NPV): 31,324 Euro — Net present values discounted to: 1403
- Internal Rate of Return (IRR): 20.8% ٪
- Normal Payback: 3.74 year
- Minimum Attractive Rate of Return: 20% ٪

General information

12. Project Type: new Project ☑ Explanation / Rehabilitation project ☐

Name / Company name:
Address: Khuzestan- MASJEDSOLEYMAN city- GOLGIR
Tel: 0098916 313 4985 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.) ☐