

General Department of Economic and Financial Affairs of Khuzestan

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

"GARAB BEHBAHAN Hydrotherapy Complex "



(Attachment Number 1)

Date: 2023/06/03

V2

In the name of God

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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 BOYERAHMAAD 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). BEHBAHAN city is located in the southeast of Khuzestan province. Its center is the city of BEHBAHAN. BEHBAHAN is famous for its underground gas layers and oil-rich areas, vast agricultural lands and high-quality dairy products. BEHBAHAN city is bordered by KOHGILUYEH and Boyer Ahmad provinces from the north and northeast and Bushehr province from the south. According to the census of 2016, the population of BEHBAHAN city was 180 thousand people.

BEHBAHAN is located in the plain and in the vicinity of the Zagros Mountain range and has the MARUN, KHAIRABAD and Zahra rivers with abundant water. It has a special ecological position and special areas.

This city has provided favorable facilities for the expansion of the agricultural sector due to the special and suitable weather conditions and the existence of the Maroon and KHAIRABAD rivers, as well as having arable and fertile soil. All kinds of agricultural products, food and industrial agricultural products are produced in this region, and the most important of them are: wheat, barley, rice, cotton, sugar beet, sesame, linseed, all kinds of summer crops and dates.

The industries of BEHBAHAN city are divided into two categories: machine and manual industries. Machine industries also include light industries (food industries, wood, and means of transportation) and heavy industries (oil-related industries and all kinds of mines and construction stones). BID Boland Gas Refinery (phases 1 and 2), PAZANAN 2 and Rag SEFID 2 oil units in ZEYDON sector, cement factory, melamine machine brick, aluminum containers, cabinet making, sugar making, date packing, etc. are among the most important factories in this region. The underground resources and mines of this city include oil, gas, limestone, gypsum, clay, sand, and raw materials for cement production. BEHBAHAN combined cycle power plant is also one of the sources of energy supply in this city.

The existence of fertile lands for agriculture, the full potential of the region for livestock, the richness of mines and underground resources, and the prosperity of industries, including handicrafts and light and heavy machinery, have greatly boosted the commerce of this region, and some of the people of this city have commercial jobs.

Due to its special geographical and natural location, BEHBAHAN has many dams, all of which are built in the north of the city and are one of the tourist and natural attractions of this city. Such as: ARIOBARZAN Regulatory Dam, Shahada Diversion Dam, Maroon Grand Dam



Figure (1): The Province location in Iran

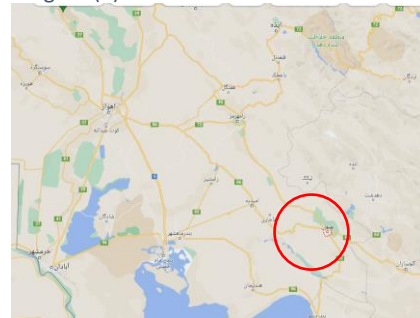


Figure (2): Behbahan location in Khuzestan province

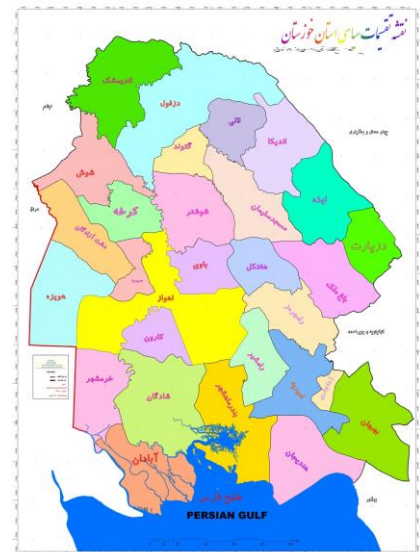


Figure (3): Political divisions of Khuzestan province

1) Project Status

This project is implemented in a land of 4.6 hectares at a distance of 1350 meters from GARAB spring and 20 km from BEHBAHAN city and 177 km from Ahvaz city at the following coordinates.

Table (1): Coordinates of the project implementation location

Y	X	points
3403300	422786	A
3403303	422988	B
3402983	422850	C
3402986	422764	D

The place is located at a distance of 1 km from the village of GARAB. The population of this village in 2015 was equal to 224 people and the number of 63 households.

2-1- Access to infrastructures

So far, 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.



Figure (4): Project location map

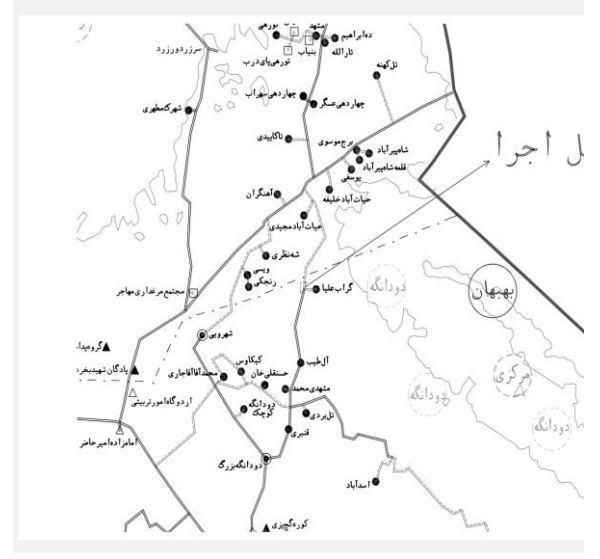


Table (2): access to infrastructures

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	9	BEHBAHAN-RAMHORMOZ road
6	Side road	0.08	GARAB road to Hayat Abad
7	Airport	149	Ahvaz Airport
8	Port	82	DEYLAM port
9	Railway Station	-	-

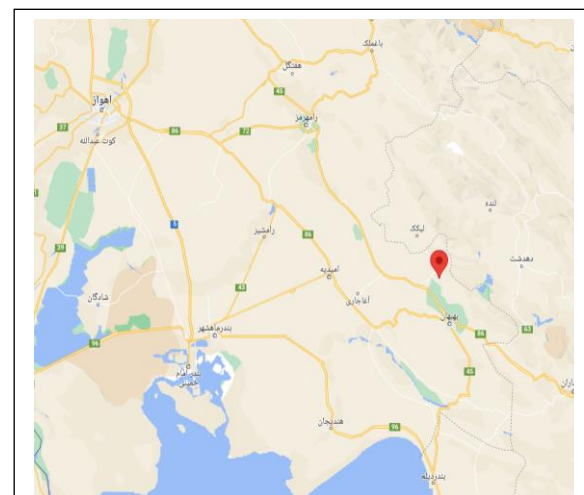


Figure (5): Access routes to the project

2) Technical specifications of the project

3-1- Project

GARAB Spa area is located in BEHBAHAN city of Khuzestan province. As a natural spa spring, this spa has many features such as ecotourism richness due to the therapeutic effects of the spring, high volume of water, wonderful visual view due to the continuous flow of natural water. This spring is based on criteria such as water yield, temperature, healing properties, local accessibility, the possibility of land acquisition, the possibility of domestic and foreign investment, the existence of natural-historical-cultural tourism attractions, the possibility of attracting foreign tourists, regional fame and Provincial facilities have been identified, the selection of this spring has been selected in the process of prioritizing 90 springs, and in 2017, 40 springs from the collection of water treatment springs in the country were analyzed, and in that year it was decided that there should be one water treatment spring in each province. If a province does not have a water treatment spring, use the nearest spring in its neighboring province.

This tourism area can be considered as the most important tourist center and has the necessary infrastructure to receive tourists, including transportation, hotels and accommodation centers, etc., considering its proximity to the center of the city, namely BEHBAHAN city, and its proximity to the KHAEIZ mountain range as A natural tourism attraction has created a unique opportunity for the growth and development of this natural attraction. The mentioned area is pristine and lacks the necessary infrastructures, and at the same time, it has been safe from environmental pollutants.

The mineral spa of this spring has therapeutic properties. It is worth mentioning that GARAB Spring comes out of the ground from the gap of marl and chalk rocks belonging to the Miocene on the slope of the mountain. The water of this spring is in the category of sodium chloride and calcium sulfate waters (hypothermal). According to the experiments, this spring is one of the premium hydrotherapy springs. There are two old mills downstream of the spring, groves, mountains, agricultural fields, traditions. and folk customs and... is one of the natural attractions of the south of the country, which is unique to this region with its beautiful nature and ecosystem. In the past, those suffering from skin fungus or baldness were treated by bathing in this water. The sulfur compounds of the spring water can be absorbed by the skin. Bathing in sulfur waters is recommended for rheumatic pains and skin infections.

And if the necessary infrastructure facilities are created, it can be a public resort and a place to spend leisure time and can attract many local, national and foreign tourists.

"GARAB BEHBAHAN (Current) Hydrotherapy Complex" has been considered in order to create tourism infrastructure and provide hydrotherapy services in the region. This project is completed by completing half-finished (water treatment) infrastructures and creating new tourism infrastructures such as commercial places (markets, stores, restaurants, teahouses, coffee shops), sports and recreational places (small football field, volleyball field and park). children's play, family park), public places (parking, restrooms), temporary accommodation (rest platforms, pavilions) 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



Figure (7): Distance to the Garab spring

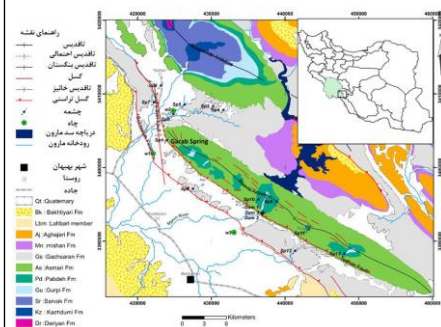


Figure (8): Geographical location of Khaiz anticline in Iran and Khuzestan province, as well as the location of the spring

Table (3): Infrastructure specifications (landscaping operations) of the hydrotherapy complex

Type Of Building/Use	Total Area
Sports grounds	810
Open space and green space	28,239
Car parking	1,000
Children's play park	1,000
Family Park	1,500
Traffic routes of people (tabulation and paving) Car traffic routes (streets) and so on	1,325
Total Landscaping	34,024

Table (4): Specifications of the infrastructure

Type Of Building/Use	Total Area
Accommodations Places	755
Hydrotherapy services	1,000
business premises supplementary	441
Management and support facilities and required public services	355
A Collection of Buildings	2,551

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)	12,440	78%	9,642	13,259
overnight stay (suite)	1,555	77%	1,205	30,125
car parking	17,105	77%	13,255	1,808
Hydrotherapy services	55,980	78%	43,445	65,168
Monthly rent of user/infrastructure	204	100%	204	13,560
All kinds of entertainment services	373,200	78%	289,400	0
All kinds of group sports services	1,244	77%	964	0

3-2- Project Requirement

3-2-1- Land And Required Infrastructure

All the infrastructures of "GARAB BEHBAHAN Water Treatment Complex" 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	10	1,500
	Small accommodation pavilions	10	12	120	10	1,200
	Car parking	50	20	1,000	2	2,000
	Rest platforms	20	8	160	3	480
	Car parking	5	30	150	3	450
Existing hydrotherapy building	Hydrotherapy building	1	1,000	1,000	110	110,000
	Suite	5	65	325	110	35,750
	Central management and support building	1	200	200	110	22,000
	Prayer room	1	30	30	110	3,300
	clinic	1	20	20	110	2,200
	Restaurant	1	175	175	110	19,250
	Coffee Shop	1	50	50	110	5,500
Additional business premises	Store shed	2	12	24	100	2,400
	Canopy/ fast food stall	1	12	12	100	1,200
	Coffee shop reception area	1	50	50	10	500
	Restaurant reception area	1	100	100	10	1,000
	Weekly bazaar (handicraft booths, etc.)	12	15	180	20	3,600
Required sports places	Small football field	1	450	450	10	4,500
	Volleyball court	1	360	360	10	3,600
	Children's play park	1	1,000	1,000	10	10,000
Management and support facilities and required public services	Family Park	1	1,500	1,500	3	4,500
	Traffic routes of people (tabulation and paving)	1	275	275	5	1,375
	Car traffic routes (streets)	1	900	900	10	9,000
	W.C	1	85	85	60	5,100
	Guard room	1	20	20	100	2,000
	Open space and green space	1	28,239	28,239	1	14,120
Total			-	36,000	-	266,525

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	5	1,170	5,850
2	Billing and ticketing system	1	400	400
3	Hydrotherapy equipment	1	3,500	3,500
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.)	12	30	360
8	Other main equipment - domestic	1	189	189
Total				14,000

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	0	3	300
2	Electrical equipment of the lighting system	Amount	Facility	12	10	120
3	Water purification and transfer equipment	Amount	Facility	1	1,500	1,500
4	Firefighting, safety and health equipment and...	Capsule	Facility	5	30	150
5	Workshop tools and equipment	Machine	Laboratory and workshop equipment and tools	1	2,000	2,000
6	Office equipment (computers, office desks and chairs, network and server equipment - according to the number of support personnel)	set	office Equipment	3	500	1,500
7	Other side facilities	-	Facility	1	330	330
Total				-	-	5,900

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	2,412	2,894

3-2-4- Management and human resource

Due to the high variety of services required in tourism complexes and in order to provide specialized services in each infrastructure, many uses (such as restaurants, coffee shops, shopping malls and bazaar stalls) are expected to be assigned to the private sector. has been the amount of employment of these uses is expected to exceed 25 people. The number of employments related to the support and management department of the entire GARAB water treatment complex is more than 10 people and the total employment of the plan is expected to be 35 people. The specifications of the human resources of the project management and support department 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	2	75,000,000
2	Mid-level	1	90,000,000
3	Junior	7	85,714,286

Number Of Direct Mid-Level Staff Required	1	Person
Number Of Direct Junior Staff Required	7	Person
Number Of Direct Senior Staff Required	2	Person
Total	10	person

3) Ownership and legal permissions

4-1- land ownership

Due to its favorable effects and consequences on the social and economic environment of the region, the GARAB hydrotherapy project is one of the priorities of the General Administration of Cultural Heritage. The implementation of this project has been carried out on a land with an area of 36000 square meters and the construction of a building with infrastructure equivalent to 2551 square meters. Currently, more than 78 billion rials have been spent on the project. At present, the cultural heritage of the province is following up the operation and transfer of the plan. Obviously; The ownership of the plan and the terms of its use will be in accordance with the conditions that will be announced. It is worth noting; In line with outsourcing, the General Administration of Cultural Heritage has obtained the initial approval for handing over this project to the private sector through the application of Article 27, and after the preparation of the tender documents by the consulting company and their approval by the commission, through public announcement and other conditions will be auctioned as permitted by law.

4-2- Intellectual Property and Concessions

Lifetime management, according to established standards and regulations, requires special conditions mentioned in the contract (in addition to the need for knowledge and experience in this regard). This tourism project, like other projects, should be implemented with minimal environmental effects and water quality reduction. It is worth noting; The pricing criteria for hydrotherapy services are determined by the "Ministry of Cultural Heritage, General Administration 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 (SAMA¹) 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.

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	308,626
2	Total Net Working Capital Requirements	1,846
3	Total Production Costs (Annual)	49,087
4	Depreciation of investment (Annual)	23,017
5	Total investment required	310,472

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

No.	Subject	Cost (Million Rials)	
1	Purchasing land	0	
2	Landscaping and land improvement	51,045	
3	Civil operations and construction of buildings	215,480	
4	Production machinery and equipment	14,000	
5	Service equipment	6,600	
6	Protection and environmental equipment	0	
7	Overhead costs	0	
8	Pre-Production Expenditure (As described in Table (15))	Pre-investment studies	330
		Project management and organization	9,997
		Technology education	673
9	Unexpected costs	10,502	
Total		308,626	

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	16
2	Work In Progress	0
3	Finished Product	0
4	Accounts Receivable	0
5	Cash-In-Hand	1,830
6	(Commercial Accounts Payable)	0
Total Net Working Capital Requirements		1,846

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	330	
4	Property Insurance	2 thousandth of depreciable fixed assets	600	
5	Survey Fee, Financing, Contract and So On	Bachelor's fee 0.5 per thousand, other cases 2.5 per thousand	710	
6	Cartography, Supervising	2 thousandth of contract expenses	410	
7	Other's	Staff Training	Equivalent to 7 days of Staff salary	263
		Wages And Salaries During the Construction	Equivalent to the salary of 3 personnel in 12 months	5,062
		Other Expenses	5.7	595
Total		-	11,000	

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 98 billion Rials. This figure will increase in the following years due to the increase in service capacity and will increase to a maximum of 124 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 accommodation (pergolas, platforms)	2.5	2.5	2.5	2.5	9.9	11.9	13.3	13.3	13.3
2	overnight stay (suite)	5.7	6	6	6	23	27.1	30.1	30.1	30.1
3	car parking	0.3	0.3	0.3	0.3	1.4	1.6	1.8	1.8	1.8
4	Hydrotherapy Services	12.2	12.2	12.2	12.2	48.9	58.7	65.2	65.2	65.2
5	Monthly rent of user/infrastructure	2.5	3	3	3	10	12.2	13.6	13.6	13.6
Total		23	23	23	23	93	112	124	124	124

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	Length of construction phase (months)	Start of phase (months)	Length of production phase (years)
Project identification	1	/	1402	12	12	5
Beginning of construction phase	1	/	1403			
Beginning of production phase	1	/	1404			
End of production phase	12	/	1408			

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 1406 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

$$\text{Break-even sales value} = \frac{33,573}{1 - \frac{15,514}{123,919}} = 38,378 \text{ (Million Rials)}$$

$$\text{Break-even ratio (\%)} = \frac{38,378}{123,919} = 31\%$$

Table (18) : Project break-even point estimation

(Million Rials)

Title	Production 1404	Production 1405	Production 1406	Production 1407	Production 1408
Sales revenue	92,947	111,567	123,919	123,919	123,919
Variable costs	13,016	14,515	15,514	15,514	15,514
Variable margin	79,930	97,052	108,405	108,405	108,405
Variable margin ratio (%)	86	87	87	87	87
Fixed costs	32,544	33,162	33,573	33,573	33,423
Break-even sales value	37,844	38,121	38,378	38,378	38,206
Break-even ratio (%)	40.7	34.2	31.0	31.0	30.8

- According to COMFAR Results

Based on the calculations of COMFAR software, the break-even point in Riyals, including operational and non-operational costs, is 38,37 billion Riyals, and 31% 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:

$NPV = \text{The Present Value of The Total Cost of The Period of Construction Phase and Production Phase} - \text{The Present Value of The Total Income of Construction Phase and Production Phase}$

$NPV = \text{The Present Value of The Fixed Assets Depreciation} + \text{Initial Investment} - \text{The Present Value of The Future Cash Flows}$

The **net current value** of the project at a discount rate of 20% is over 6,439 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	526,561	Million Rials
The Present Value of The Total Income of Construction Phase and Production Phase	533,000	Million Rials
NET PRESENT VALUE (NPV)	6,439	Million Rials
Cost-benefit RATIO (B/C)	1.01	-
INTERNAL RATE OF RETURN (IRR)	20.7	Percent
NPV RATIO (PI)	0.02	Rial per Rial of investment
NORMAL PAYBACK	3.89	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 3.89 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 20.7% to 27%. 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%	29%	22%
-4%	19%	22%	21%
0%	20.7%	20.7%	20.7%
4%	22%	19%	20%
20%	27%	15%	19%

8-6-2- Fixed Assets

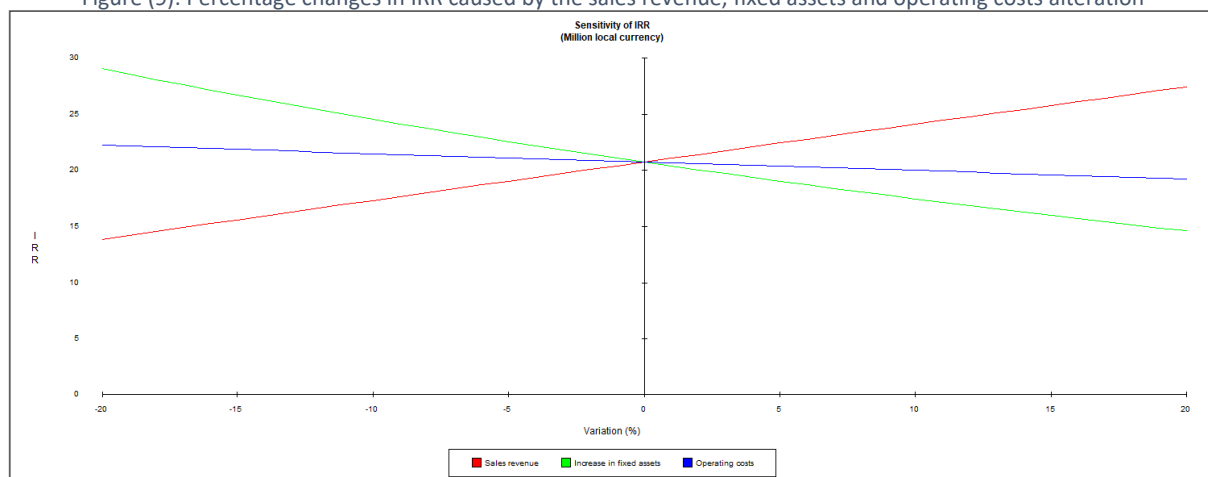
The change in the fixed assets of the plan is caused by the change in the fixed costs of the initial investment of the plan. The results of the analysis of the sensitivity of the plan to the changes of the fixed costs of the plan have been done and it shows; In case of an unexpected 20% increase in the fixed investment costs of the plan, the internal rate of return will decrease from 20.7% to 15%. 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 29%.

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 22%. 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 (9): 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 is on a land of 3.6 hectares and with construction operations in the basement of 2,551 square meters, including: 441 square meters of commercial premises (restaurant, coffee shop, traditional restaurant, shops, craft market and meeting hall), 355 square meters of premises. Management and support and public services, 755 square meters of residences (pavilions, huts, sitting and resting platforms), 1,000 square meters of indoor sports facilities, as well as landscaping operations totaling 34,024 square meters, including: 28,239 square meters of open space and green space, 810 square meters of land sports facilities, 1,500 square meters of family park, 1,325 square meters of people's traffic routes (tables and pavements), vehicle traffic routes (street paving), etc. The total investment in land and building is estimated at 267 billion Rials and the total investment in main and auxiliary equipment is estimated at 31 billion Rials. The total pre-operational costs are estimated at 11 billion Rials, including the total fixed capital required of 309 billion Rials and the total working capital required for the project is 2 billion Rials. The total investment of the project is expected to come from the resources of the company's shareholders.

The project is expected to be sold in 1404 at fixed prices equal to 93 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 124 billion Rials. The net profit of the plan has been positive in all years. The profit figure in 1404 is equivalent to 41 billion. The profit will increase in the following years and will reach a maximum of 91 billion Rials. The average annual profit of the mature plan is 72 billion Rials and the average profit margin is expected to be 49.6%. The internal rate of return (IRR) of the plan is also estimated at 20.7% and the investment return period (PBP) is estimated at a maximum of 3.89 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 6 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 1,555 overnight accommodations (suites), 12,440 temporary accommodations (pavilions, platforms), 373,200 types of recreational services, 55,980 hydrotherapy services, 1,244 types of group sports services, 17,105 car parking spaces, 204 monthly user/infrastructure rentals	tourism services	Tourism services (hydrotherapy)	GARAB BEHBAHAN Hydrotherapy Complex
Required Human Resource (Person)	Equity Shares (Million Rials)	Total Fixed Capital (Million Rials)	Project Duration
10	1,846	308,626	12
B/C	Applicant Available Cash (Million Rials)	Net Present Value (NPV) (Million Rials)	IRR (%)
1.0	232,767	6,439	20.7%
ROI (%)	NPV Ratio / Profitability Index (Rial per Rial invested)	Dynamic Payback Period (Year)	Normal Payback Period (Year)
20	0.02	5.92	3.89
Average Assets Turnover Ratio	Average Net Profit Margin (%)	Average Annual Profit (Million Rials)	Maximum Annual Sales (Million Rials)
0.30	49.6%	67,929	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). In the tourism sector, the main investment costs are in infrastructure and facilities, and these items are mainly provided from domestic sources in the country. Therefore, exchange rate changes do not directly increase construction costs. During the exploitation period, the costs are mainly related to human power, and therefore, it does not have much currency costs. Current income from tourism can be divided into two parts: national and foreign. In the domestic tourism sector, the rates are subject to regulatory regulations determined by the Ministry of Cultural Heritage and Tourism. In the field of foreign tourists, the income is in some form of foreign currency and it is considered as the export of tourism services. Obviously; The decrease in the value of the national currency somehow makes the rates cheaper and increases the reception of such tourists.

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 plan does not need currency and the total fixed capital of the plan is Rial.

Table (23): Foreign (Fixed) Currency Required

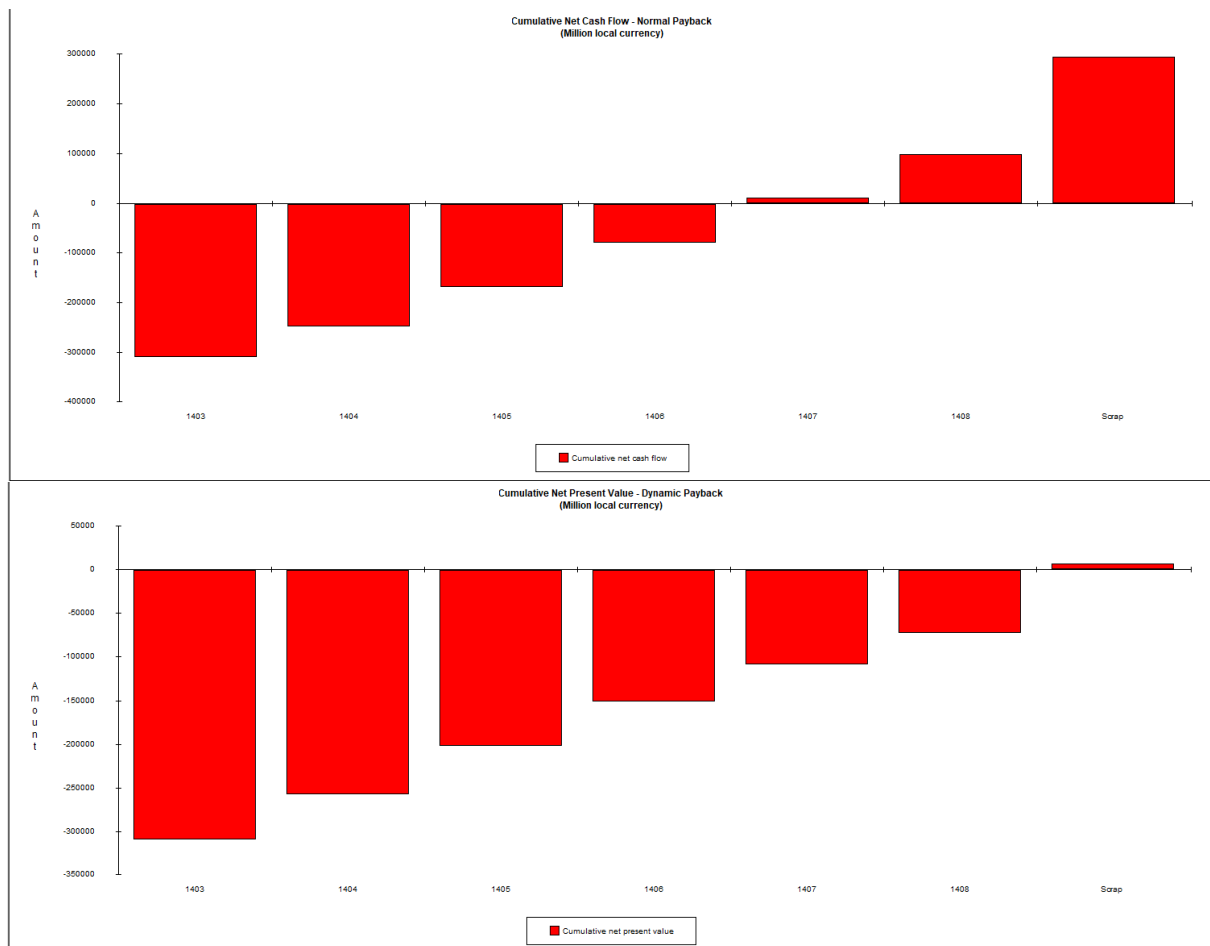
No.	Year	Required Investment
1	Year 1	0
2	Year 2	0
3	Year 3	0
4	Year 4	0
5	Year 5	0

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



Dynamic Payback Period of the plan is also estimated at 5.96 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)

Summary Sheet

Project introduction	
1. Project Title:	GARAB BEHBAHAN Hydrotherapy Complex
2. Sector:	Tourism sub-sector: Hydrotherapy services
3. Products/services:	Tourism services
4. Location:	Khuzestan – BEHBAHAN City – GARAB
5. Project description:	<p>The current plan is on a land of 3.6 hectares and with construction operations in the basement of 2,551 square meters, including: 441 square meters of commercial premises (restaurant, coffee shop, traditional restaurant, shops, craft market and meeting hall), 355 square meters of premises. Management and support and public services, 755 square meters of residences (pavilions, huts, sitting and resting platforms), 1,000 square meters of indoor sports facilities, as well as landscaping operations totaling 34,024 square meters, including: 28,239 square meters of open space and green space, 810 square meters of land sports facilities, 1,500 square meters of family park, 1,325 square meters of people's traffic routes (tables and pavements), vehicle traffic routes (street paving), etc. The total investment in land and building is estimated at 267 billion Rials and the total investment in main and auxiliary equipment is estimated at 31 billion Rials. The total pre-operational costs are estimated at 11 billion Rials, including the total fixed capital required of 309 billion Rials and the total working capital required for the project is 2 billion Rials. The total investment of the project is expected to come from the resources of the company's shareholders.</p> <p>The project is expected to be sold in 1404 at fixed prices equal to 93 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 124 billion Rials. The net profit of the plan has been positive in all years. The profit figure in 1404 is equivalent to 41 billion. The profit will increase in the following years and will reach a maximum of 91 billion Rials. The average annual profit of the mature plan is 72 billion Rials and the average profit margin is expected to be 49.6%. The internal rate of return (IRR) of the plan is also estimated at 20.7% and the investment return period (PBP) is estimated at a maximum of 3.89 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 6 billion Rials.</p>
6. Annual Capacity:	Equivalent to 1,555 overnight accommodations (suites), 12,440 temporary accommodations (pavilions, platforms), 373,200 types of recreational services, 55,980 hydrotherapy services, 1,244 types of group sports services, 17,105 car parking spaces, 204 monthly user/infrastructure rentals

Project Status
7. Local/internal raw material access: 100%
8. Sales: 124 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): 12 months
<p>10. project status:</p> <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 the feasibility study in terms of market, engineering, financial and economic indicators are relatively favorable. - Required land provided? Yes - currently the plot of the project has been selected in the desired location. This place has the geospatial criteria for the construction of the plan. - Legal permission (establishment license, foreign currency quota, environment) taken? In order to implement the hydrotherapy complex project in GARAB, it is necessary to obtain legal permits from the General Directorate of Cultural Heritage of the province. Of course, so far, the initial approvals of some organizations such as the environment have been obtained. - 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? If the project is established in GARAB, infrastructure facilities such as water and electricity, roads, etc. are available. - 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. - Financing agreement for machinery, equipment and know-how concluded? No

Financial structure

11. Financial table:

Description	Local Currency Required			Foreign Currency Required	Total Euro
	Million Rial	Exchange Rate	Euro		
Total Fixed Investment Costs	229,626	451,531	508,550	0	508,550
Total Net Working Capital Requirements	1,846	451,531	4,089	0	4,089
Total Investment	231,472	-	512,639	0	512,639

- Value Of Foreign Equipment/Machinery: 0 Euro
- Value Of Local Equipment/Machinery: 44,072 Euro
- Value Of Foreign Technical Know-How: 0 Euro
- Value Of Local Technical Know-How: 0 Euro
- Net Present Value (NPV): 14,261 Euro Net present values discounted to: 1403
- Internal Rate of Return (IRR): 20.7% %
- Normal Payback: 3.89 year
- Minimum Attractive Rate of Return: %20 %

General information

12. Project Type: new Project Explanation / Rehabilitation project
 Name / Company name:
 Address: Khuzestan – BEHBAHAN City – GARAB
 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.)