

General Department of Economic and Financial Affairs of Khuzestan

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

SHIMBAR tourism complex



(Attachment Number 1)

In the name of God

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1) Location of the project

1-1- Province

KHUZESTAN province is located in the southwest of Iran (in 47° 42' to 50° 39' east of the Greenwich meridian and 29° 58' to 32° 58' north of the equator). The area of KHUZESTAN province is 63,238 square kilometers. With a population of 4,994 thousand people in 1400SH, it is the fifth most populous province in Iran (after TEHRAN, KHORASAN RAZAVI, ISFAHAN and FARS provinces). AHVAZ is the capital of KHUZESTAN province and is located in the 880km of TEHRAN. This province is bordered by ILAM province from the northwest, LORESTAN province from the north, CHAHARMAHAL and BAKHTIARI, KOHGILOUYEH and BOYER-AHMAD 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). ANDIKA is one of the cities of KHUZESTAN province and its center is QALE KHAJE city. ANDIKA city is located in the northeast of KHUZESTAN province and 255 km away from AHVAZ city. This city had a population of 47,629 in 1395. This city is one of the tourist areas in KHUZESTAN, which is adjacent to the CHAHARMAHAL Bakhtiari, DEZFUL, LALI and MASJID SULEIMAN. ANDIKA includes highlands, green foothills, deep valleys and small plains. Nomadic camps in ANDIKA attract the attention of tourists. There are burials in it that have high historical value. This region with a history of forty thousand years and a pristine nature has beautiful words to say. Tourists can travel to this city in spring to enjoy this area. ANDIKA tourist attractions BABA AHMED hot spring is one of these natural attractions which is a sulfur spring and is located near one of the IMAMZADEH of the city. SHIMBAR or SHIRIN BAHAR is a green plain in the north of KHUZESTAN, right on the border between KHUZESTAN province and CHAHARMAHAL Bakhtiari. The SHIMBAR plain of Khuzestan is the continuation of the rocky and high altitudes of the Zagros mountains in KHUZESTAN and is surrounded by 4 mountains: TARAZ, LELER, KINO and MANAR. SHIMBAR starts from SARHUNI village and reaches the slopes of DELA mountains. A large part of this area is covered with oak trees and plains full of anemones and has oak trees, mountain almonds, millet, pistachios.



Figure (1): The Province location in Iran



Figure (2): ANDIKA city location in Khuzestan province

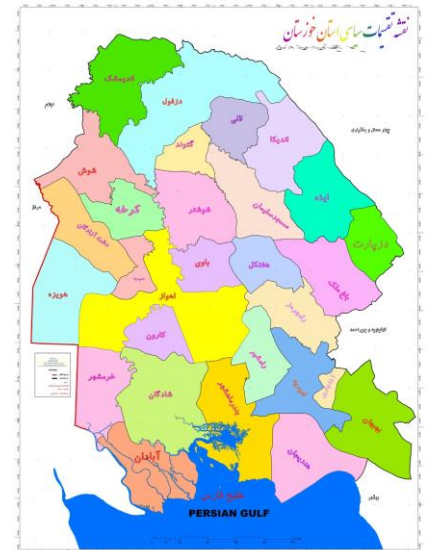


Figure (3): Political divisions of Khuzestan province

2) Project Status

SHIMBAR is a green plain in the northeast of KHUZESTAN province and on the road from ANDIKA to SHAHREKORD. SHIMBAR is on the main migration route of Bakhtiari nomads from the tropical regions of KHUZESTAN to KOHRANG and cold regions in CHAHARMAHAL and BAKHTIARI provinces. This plain is 30 km away from QALE KHAJE, 100 km from Suleiman Mosque and 225 km from AHVAZ. "SHIMBAR Tourism Complex" on a land of 37237 meters in the vicinity of SHIMBAR forests and at a distance of 8 km from the source of the Karun River and at a distance of 36 km from the center of ANDIKA city (QALE KHAJE) 85 km from Suleiman Mosque city and 219 km from AHVAZ city It is implemented in the following coordinates.

Table (1): Coordinates of the project implementation location

X	Y	points
3578685	370338	A
3578734	370562	B
3578658	370575	C
3578586	370554	D
3578530	370488	E
3578503	370359	F

The nearest village to this place is SHALAL village and it is 15 km away.

2-1- Access to infrastructures

Currently, there is access to water, electricity and gas facilities. The nearest port to this area is Imam Khomeini Port at a distance of 313 km and the nearest railway station (Ahvaz railway station) at a distance of 217 km and the nearest airport (Shahid ASIAI Airport) is located at a distance of 86 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	-	-
4	Telecommunication	-	-
5	Main road	93	SHUSHTAR Road, Masjid Suleiman
6	Side road	-	Khuzestan Road, Char Mahal Bakhtiari
7	Airport	86	SHAHID ASIAI airport of MASJED SULEIMAN
8	Port	313	Bandar IMAM KHOMEINI
9	Railway Station	217	AHVAZ railway station



Figure (4): Project location map

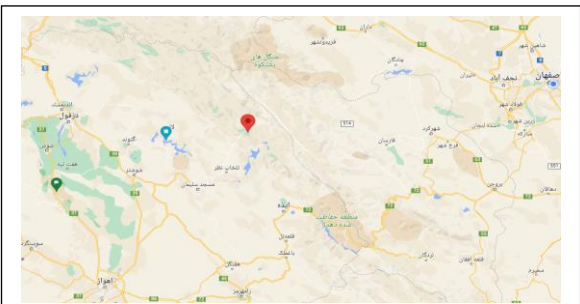
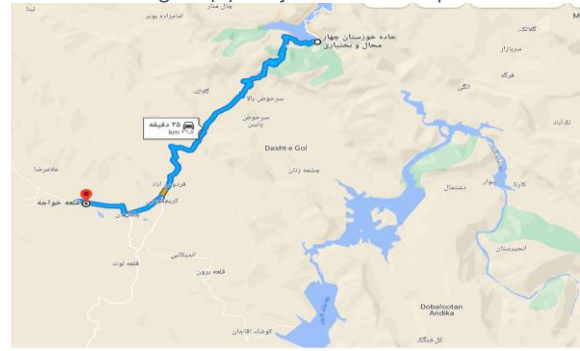


Figure (5): Access routes to the project

3) Technical specifications of the project

3-1- Product

SHIMBAR Plain is one of the tourist attractions of Khuzestan, which combines forest, waterfall, spring, wetland and mountain. The tourist area of SHIMBAR is located in the middle of the mountains and a river flow through it, so it is very attractive for nature and mountaineers. This area is a function of ANDIKA city. The size of this area is more than 50000 hectares and it is located on the path of Bakhtiari nomads. The nomads who go to KOHRANG in CHAHARMAHAL and Bakhtiari from Khuzestan with the onset of heat, the vegetation is very diverse, from mulberry trees, raspberries, oaks, grapes and KALKHONG to maples and mountain almonds.

The SHIMBAR wetland, which is protected in the SHIMBAR protected area by the environmental organization, is home to birds such as CHANGAR, pelicans, seagulls, and CHELCELE, which live in this two-thousand-hectare wetland.

DELLA, QALANDRON, DEME and CHALMENAR mountains cover this green plain; For this reason, many climbers visit here and climb the slopes of the mountain.

GENDIKAL Wetland, SHIMBAR River, Pool NEGIN Waterfall, SHIMBAR JOLGE Forest Plain, NEGIN Bridge, TANG SENAN Water Mill Remains, DOKHTAR Castle, QALANDRON Mountain, KALE GHANDI Castle, AHANGARI Castle, Stone Lions, IMAMZADEH SALEH IBRAHIM, IMAMZADEH BABA ZAHID, IMAMZADEH MOHAMMAD BIN HAMMAM, is one of the must-see places in SHIMBAR.

"SHIMBAR Tourism Complex" has been taken into consideration in order to create tourism infrastructure and provide services and entertainment in the vicinity of SHIMBAR's protected forests. This plan develops and creates tourism infrastructure such as commercial and recreational places (coffee shops, restaurants, shops, car technical services, sports) and recreational places (children's playground, automatic camping and nature tourism services), public places (prayer room, parking, service sanitary), temporary accommodation (rest platforms, pavilions) is defined.

The total uses of the plan according to the existing and required infrastructures will be as follows

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

Type of building/use	Total area (square meters)	Cost amount (million Rials)
Children's play park	1,000	2,000
Car parking lots	1,800	9,000
People's traffic routes (scheduling and paving) Car traffic routes (streets) and so on	1,250	3,700
Open space and green space	30,767	15,384
Landscaping	34,649	30,000

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

Type of building/use	Total area (square meters)	Cost amount (million Rials)
Overnight accommodation	780	93,600
Temporary accommodation	594	4,932
Management and support facilities and required public services	489	28,620
Commercial premises	725	77,800
Buildings	2,588	204,952

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

Types of town services	Maximum (capacity case)	The average percentage of capacity utilization	Practical capacity	Annual income ((million Rials
temporary accommodation (pavilions, platforms)	14,617	74%	10,859	24,030
Overnight stay (suite/villa)	3,732	75%	2,801	112,040
Car parking/entrance	18,660	74%	13,860	0
Monthly user/infrastructure rent	84	143%	120	27,360
All kinds of entertainment services	167,940	74%	124,600	0
Camping and nature tourism services	467	74%	346	124,605

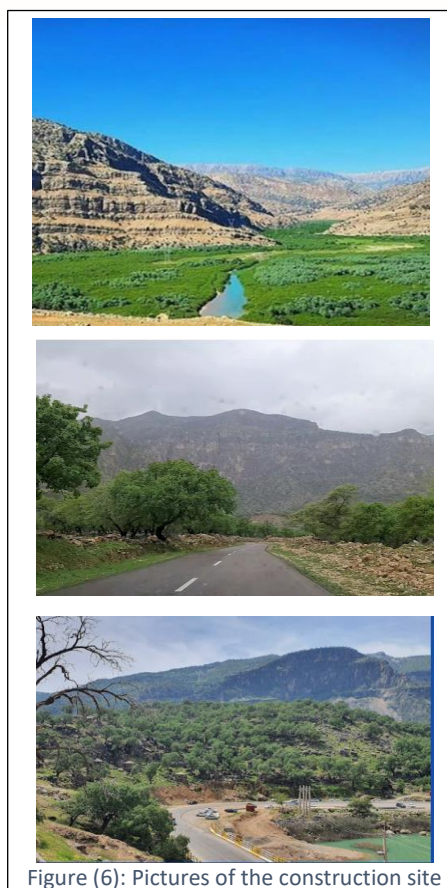


Figure (6): Pictures of the construction site

3-2- Project Requirement

3-2-1- Land and Required Infrastructure

All the infrastructures of "SHIMBAR Tourism Complex" will be as follows after the implementation of the plan.

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

Floor.	Requirements	Number	Unit area	total area	Unit price	Total amount (million Rials)
Temporary accommodation	Large pavilions	10	15	150	10	1,500
	Small pavilions	25	12	300	10	3,000
	rest platform	12	12	144	3	432
	Car parking lots	60	30	1,800	5	9,000
Overnight accommodation	Residential villa	12	65	780	120	93,600
	Central management and support building	1	120	120	120	14,400
	Prayer room	1	48	48	110	5,280
	Residence restaurant	1	120	120	110	13,200
Commercial premises	Coffee Shop	1	50	50	110	5,500
	Restaurant	1	360	360	110	39,600
	Store	3	49	147	100	14,700
	Car technical services (repair shop, apparatus and oil change)	1	48	48	100	4,800
	Restaurant reception area	1	50	50	2	100
Sports and entertainment facilities	Children's play park	1	1,000	1,000	2	2,000
	camping and nature tourism services	1	220	220	12	2,640
Management and support facilities and public services	People's traffic routes (scheduling and paving)	1	1,200	1,200	3	3,600
	W.C	1	65	65	60	3,900
	Information and arrangements	1	12	12	80	960
	Complex janitor's shed	1	12	12	80	960
	Gas facility building	0	20	0	60	0
	Electrical installation building	0	20	12	40	480
	Open space and green space	1	30,767	30,767	0.5	15,384
Total		-	-	32,237	-	234,952

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	A collection of hotel equipment and furniture	12	1,300	15,600
2	Billing and ticketing system	1	1,000	1,000
3	Accommodation restaurant equipment	1	1,500	1,500
4	Camper	6	42,000	252,000
5	Metal playground equipment for children and adults (types of slides, swings and other sports equipment for children and adults)	6	150	900
6	Other Park equipment (urban elements, chess table, trash cans, drinking fountains, stone and concrete park benches, drinking and dish washing equipment, lawn and park lights, signs and warnings, and guide signs, park pots and...)	10	40	400
7	Other main equipment - internal	1	5,500	5,500
	Total			276,900

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	100	3	300
2	Types of electrical cables	m	Facility	1,000	5	5,000
3	Electrical equipment of the lighting system	Amount	Facility	349	5.0	1,746
4	The cost of boards and related electrical equipment...	Amount	Facility	15	500	7,500
5	Water pumping and transmission and purification equipment	Amount	Facility	1	2,500	2,500
6	Human sewage transfer route	m	Facility	100	5	500
7	human sewage disposal well (three rings)	m	Facility	3	350	1,050
8	Security system, firefighting, and fire alarm	capsule	Facility	20	30	600
9	gas piping	m	Facility	700	5	3,500
10	Gas branching	-	Facility	1	3,000	3,000
11	Air conditioner	set	Facility	20	800	16,000
12	Workshop tools and equipment	device	Laboratory and workshop equipment and tools	1	3,000	3,000
13	Office equipment (computers, office desks and chairs, network and server equipment - according to the number of support personnel)	set	office Equipment	4	500	2,000
14	Other side facilities	-	Facility	1	1,004	1,004
	Total			-	-	47,700

3-2-3- Raw Materials

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

Table (9): Specifications of raw materials

No	Description / Title	the amount of Consumption at maximum capacity	Cost of raw materials at maximum capacity (million Rials)
1	Food required for the suite	5,538	6,646

3-2-4- Management and human resource

Due to the high variety of services of tourist complexes and in order to provide specialized services in each infrastructure, many uses (such as restaurants, coffee shops, and stores) are expected to be handed over to the private sector. The amount of employment of these uses is expected to exceed 7 people. The number of jobs related to the support and management of the entire SHIMBAR tourism complex is more than 10 people and the total employment of the project is expected to be 17 people. The specifications of the human resources required for the project are as described in the table below.

Table (10): Management and Human Resource

No	Level of skill	Number of staff	Average basic salary
1	Senior	4	112,500,000
2	Mid-level	0	90,000,000
3	Junior	6	85,000,000

Number Of Direct Mid-Level Staff Required	0	Person
Number Of Direct Junior Staff Required	6	Person
Number Of Direct Senior Staff Required	4	Person
Total	10	person

4) Ownership and legal permissions

4-1- land ownership

The implementation of this project has been carried out on a land with an area of 37,237 square meters and the construction of a building with an infrastructure equal to 2,588 square meters. At present, more than 100 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. A part of the inquired land is located in the vicinity of the main number 145, part 2 of ANDIKA city, named BARDGAPI, and according to the surveys, it has an area of 37,237 square meters and is part of the national lands subject to Article 1 of the nationalization law of the country's forests and belongs to the government. Another part of the plot is located in the area of the main license plate number 122, sector 2 of ANDIKA city, called SHIMBAR, and according to the survey, it has an area of 1763 square meters and is part of the national lands subject to Article 1 of the nationalization law of the country's forests and belongs to the government. Therefore, any action regarding the inquired lands is required to obtain permission.

4-2- Intellectual Property and Concessions

The management of the exploitation period, according to the established standards and regulations, (along with the need for knowledge and experience in this regard) is a special condition announced by the "Ministry of Cultural Heritage, Tourism and Handicrafts". 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 tourism services is defined every year by the Ministry of Cultural Heritage, 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 applicant's needs, and in fact, all the interactions of the organization with the applicants from the time of registration of the request for obtaining a license to the issuance of the license and, if necessary, the extension of the issued licenses are done through this system. At the same time, the set of supervisory operations of the organization is also applied in the same way.

5) market research and competition

5-1- Target market introduction

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

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

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

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

6) Physical progress of the project

No Yes

This project is defined in order to complete the tourism infrastructure of the tourist complex. The building of the current design has a physical improvement of more than 15%. Currently, the form of ownership and operation of the project is being followed up by the General Administration of Cultural Heritage, Tourism and Handicrafts of the province. 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.

7) 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 1405. Table (11) shows the plan implementation schedule.

Table (11): Project Scheduling

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

8) Financial Plan

8-1- Cost Estimation

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

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

Table (12): Cost Estimations

No.	Subject	Amount (Million Rials)
1	Total Fixed Investment Costs	608,721
2	Total Net Working Capital Requirements	2,648
3	Total Production Costs (Annual)	93,866
4	Depreciation of investment (Annual)	54,021
5	Total investment required	611,369

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

No.	Subject	Cost (Million Rials)	
1	Purchasing land	0	
2	Landscaping and land improvement	30,084	
3	Civil operations and construction of buildings	204,952	
4	Production machinery and equipment	276,900	
5	Service equipment	47,700	
6	Protection and environmental equipment	0	
7	Overhead costs	0	
8	Pre-Production Expenditure (As described in Table (15))	Pre-investment studies	880
		Project management and organization	19100
		Technology education	1020
9	Unexpected costs	28,086	
Total		608,721	

The main items in determining working capital are:

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

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

No.	Subject	Amount (Million Rials)
1	Raw Materials Inventory	0
2	Work In Progress	0
3	Finished Product	0
4	Accounts Receivable	0
5	Cash-In-Hand	2,648
6	(Commercial Accounts Payable)	0
Total Net Working Capital Requirements		2,648

Table (15): Pre-Production Expenditure

No.	Subject	Description	Total (million Rials)
1	Company establishment, registration	-	30
2	The cost of obtaining licenses / production license	-	300
3	Costs of studies, consulting, research and development, travel and visits	1.5 thousandth of the investment costs of the project	880
4	Property Insurance	2 thousandth of depreciable fixed assets	1,180
5	The cost of a financing expert, concluding a finance contract and...	Bachelor's fee 0.5 per thousand, other cases 2.5 per thousand	1,410
6	Monitoring and mapping costs	2 thousandth of contract expenses	1,020
7	Other's	Personnel training costs	Equivalent to 7 days of Staff salary
		Wages and salaries during the construction period	Equivalent to the salary of 12 personnel in 26 months
		Other Expenses	%6.4
Total			21,000

8-2- Sales Revenue

According to the production plan, the total sales of the project in 1405 at the fixed prices of 1402 are estimated to be equal to 223 billion Rials. This figure will increase in the following years due to the increase in production capacity and will reach a maximum of 288 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 (pavilions, platform)	4.5	4.5	4.5	4.5	18.0	21.6	24.0	24.0	24.0
2	Overnight stay (suite/villa)	21.0	21	21	21	84	100.8	112.0	112.0	112.0
3	Monthly rent of user/infrastructure	6.8	6.8	6.8	6.8	27.4	27.4	27.4	27.4	27.4
4	Camping and nature tourism services	23.4	23	23	23	94	112.3	124.6	124.6	124.6
Total		56	56	56	56	223	262	288	288	288

8-3- Length of Production Phase

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

Table (17): Planning Horizon

Title	Month	-	year	Length of construction phase (months)	Start of phase (months)	Length of production phase (years)
Project identification	1	/	1402	24	12	5
Beginning of construction phase	1	/	1403			
Beginning of production phase	1	/	1405			
End of production phase	12	/	1409			

8-4- Break-Even Analysis

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

$$\text{Break-even sales value} = \frac{66,807}{1 - \frac{27,059}{287,990}} = 73,735 \text{ (Million Rials)}$$

$$\text{Break-even ratio (\%)} = \frac{73,735}{287,990} = 25.6\%$$

Table (18): Predicting the break-even point of project activity

Title	Production 1405	Production 1406	Production 1407	Production 1408	Production 1409
Sales revenue	223,022	262,147	287,990	287,990	187,946
Variable costs	22,271	25,145	27,059	27,059	34,918
Variable margin	200,751	237,001	260,931	260,931	153,028
Variable margin ratio (%)	90	90	91	91	81
Fixed costs	65,389	66,240	66,807	66,807	49,523
Break-even sales value	72,643	73,268	73,735	73,735	60,824
Break-even ratio (%)	32.6	27.9	25.6	25.6	32.4

- According to COMFAR Results

Based on the calculations of COMFAR software, the break-even point including operating and non-operating costs, is 73.735 million Rials and it will be achieved in the %25.6 of the practical capacity.

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

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

8-5- Cost-Benefit Analysis

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

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

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

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

The **net current value** of the project at a discount rate of 20% is over 123.74 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 22.8% 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	672,350	Million Rials
The Present Value of The Total Income of Construction Phase and Production Phase	796,094	Million Rials
NET PRESENT VALUE (NPV)	123,744	Million Rials
Cost-benefit RATIO (B/C)	1.18	-
INTERNAL RATE OF RETURN (IRR)	26.9%	Percent
NPV RATIO (PI)	0.22	Rial per Rial of investment
NORMAL PAYBACK	2.79	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 2.79 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 alteration in two variables: planned sales amount and product sales price. The results of the sensitivity analysis regarding sales income show; 20% increase in sales revenue of the plan, the internal rate of return will increase from 26.9% to 34%. On the contrary, in the case of a 20% decrease in sales revenue, the internal rate of return of the project will decrease to 20%.

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

Variation (%)	Sales revenue	Increase in fixed assets	Operating costs
-20%	20%	35%	28%
-4%	26%	28%	27%
0%	26.9%	26.9%	26.9%
4%	28%	26%	27%
20%	34%	21%	26%

8-6-2- Fixed Assets

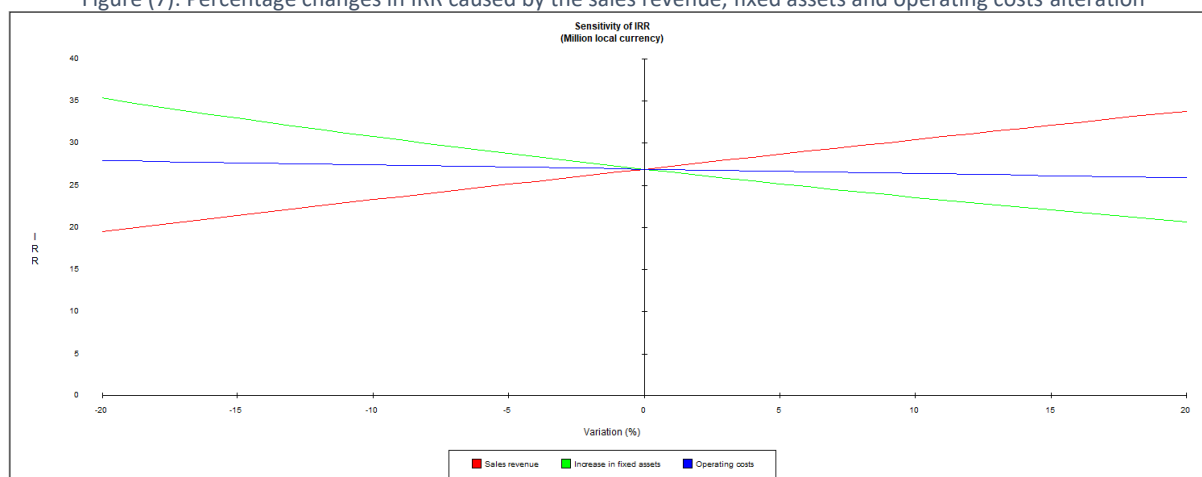
The change in the fixed assets is due to the fixed costs of the initial investment alterations. The results of the sensitivity analysis according to the fixed costs of the plan have been done and it shows that in case of an unexpected 20% increase in the fixed capital costs of the project, the internal rate of return will decrease from 26.9% to 21%. Conversely, if there is a 20% reduction in the fixed capital costs, the internal rate of return will increase and reach 35%.

8-6-3- Operating Costs

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

The change in project operating costs is mainly caused by changes in raw material, supply, human resource and finally changes in other overhead costs of projects. If these parameters change, it can be as a result of the change in the technical coefficients of product production or the change in their purchase price. The sensitivity analysis indicates that in case of a 20% increase in the operating costs, the efficiency rate of the plan will decrease to 26%. On the contrary, if the total operating costs of the project are reduced by 20%, the internal rate of return will increase to 28%. Finally, the results of the sensitivity analysis show that the current project has a very high sensitivity to changes in sales revenue (changes in sales amount or sales price) and more considerations should be taken in this regard.

Figure (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

Implementation of the project in a land area of 37,237 square meters and with construction operations totaling 2,588 square meters including: 725 square meters of commercial places (restaurants, coffee shops and stores), 489 square meters of management and support places and public services, 780 square meters of residential places (pergolas), sitting and resting platform), 594 square meters of temporary residences (villas) and landscaping operations totaling 34,817 square meters including: 1,800 square meters of car parking, 1,000 square meters of children's play park, 30,767 square meters of open space and green space, 1,250 square meter is the traffic routes of people (table paving and paving), car traffic routes (street paving), etc. The total investment in land and building is estimated at 235 billion Rials and the total investment in main and auxiliary equipment is estimated at 353 billion Rials. The total pre-operational costs are estimated at 21 billion Rials, including the total fixed capital required is 609 billion Rials and the total working capital required by the project is 3 billion Rials. The total investment of the project is expected to come from the resources of the company's shareholders.

The sale of the plan in 1405 is predicted at fixed prices equal to 223 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 288 billion Rials. The net profit of the plan has been positive in all years. The profit figure in 1405 is equivalent to 135 billion. The profit will increase in the following years and will reach a maximum of 194 billion Rials. The average annual profit of the mature plan is 156 billion Rials and the average profit margin is expected to be 58.9%. The internal rate of return (IRR) of the plan is also estimated at 26.9% and the payback period (PBP) is estimated at a maximum of 2.79 years. Also, the net present value of the project's cash flows (NPV) is positive and, taking into account the expected interest rate of 20%, is equal to 124 billion Rials.

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

Table (21): Summary of Economic Features

Nominal Capacity and Unit of Measurement	Product Name	Title Of the Project with ISIC Code	Title of the Project
Equivalent to 3,732 overnight stays (suites/villas), 14,617 temporary stays (pavilions, platforms), 467 auto camping and nature tourism services, 84 monthly user rentals, 18,660 car parking spaces, 167,940 types of recreational services	Tourism services (accommodation, camping, nature tourism, hospitality and entertainment)	Tourism services (-)	SHIMBAR tourism complex
Required Human Resource (Person)	Equity Shares (Million Rials)	Total Fixed Capital (Million Rials)	Project Duration
10	2,648	608,721	24
B/C	Applicant Available Cash (Million Rials)	Net Present Value (NPV) (Million Rials)	IRR (%)
1.2	611,369	123,744	26.9%
ROI (%)	NPV Ratio / Profitability Index (Rial per Rial invested)	Dynamic Payback Period (Year)	Normal Payback Period (Year)
27	0.22	4.89	2.79
Average Assets Turnover Ratio	Average Net Profit Margin (%)	Average Annual Profit (Million Rials)	Maximum Annual Sales (Million Rials)
0.27	58.9%	152,895	287,990

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

9) Investment Required, method of fundraising and guarantees

9-1- Foreign Currency Required

The total fixed capital of the plan is in Rials.

Table (23): Foreign (Fixed) Currency Required

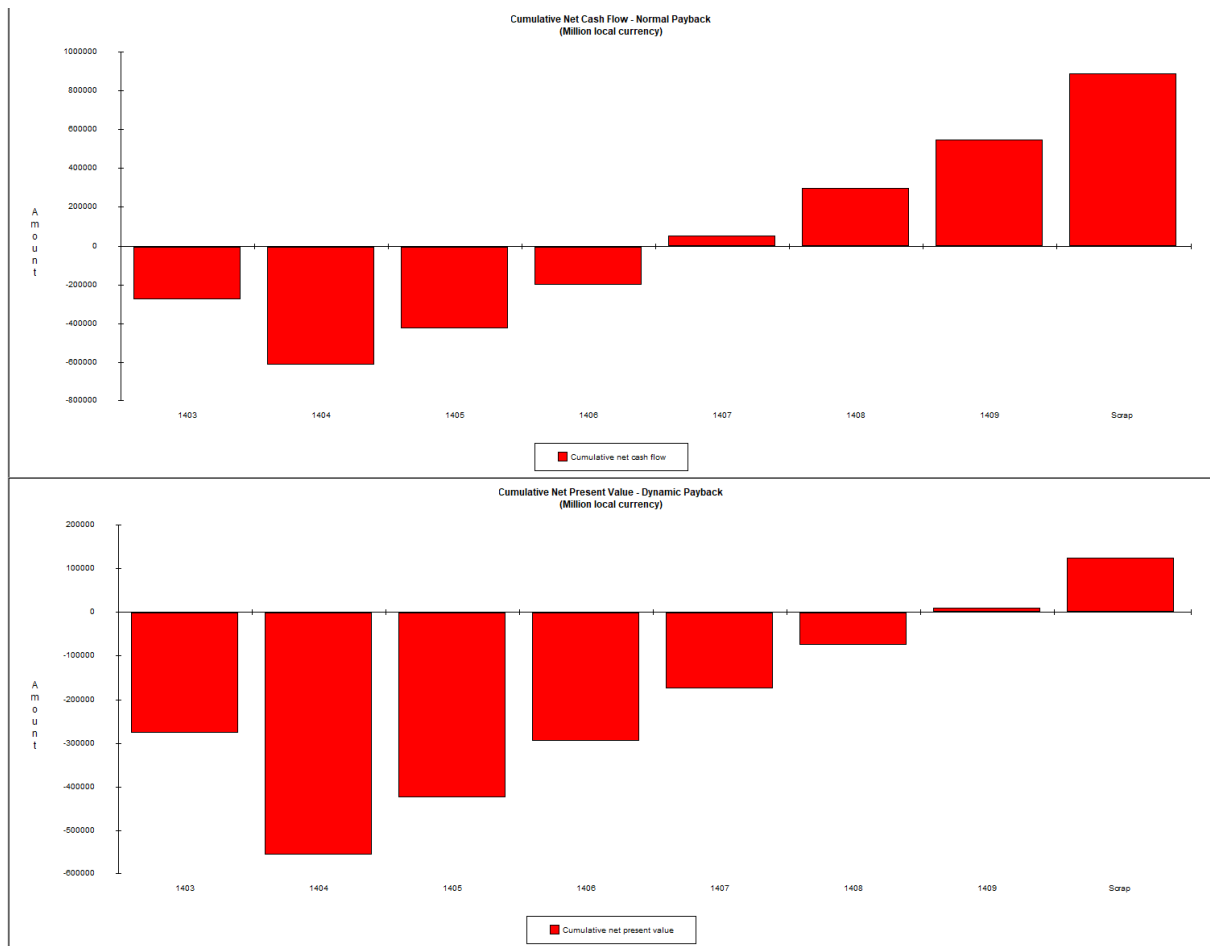
No.	Year	Required Investment
1	Year 1	0
2	Year 2	0
3	Year 3	0
4	Year 4	0
5	Year 5	0

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



The moving return period of the plan is also estimated at 4.89 years.

10) Incentives, features and benefits of the plan

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

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

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

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

(Attachment Number 2)*Summery Sheet*

Project introduction	
1. Project Title:	SHIMBAR tourism complex
2. Sector:	Tourism sub-sector: tourism services
3. Products/services:	Tourism services (accommodation, nature tourism, catering and entertainment)
4. Location:	KHUZESTAN - ANDIKA County - SHIMBAR
5. Project description:	<p>Implementation of the project in a land area of 37,237 square meters and with construction operations totaling 2,588 square meters including: 725 square meters of commercial places (restaurants, coffee shops and stores), 489 square meters of management and support places and public services, 780 square meters of residential places (pavilions , sitting and resting platform), 594 square meters of temporary residences (villas) and landscaping operations totaling 34,817 square meters including: 1,800 square meters of car parking, 1,000 square meters of children's play park, 30,767 square meters of open space and green spaces, 1,250 square meter is the traffic routes of people (table paving and paving), car traffic routes (street paving), etc. The total investment in land and building is estimated at 235 billion Rials and the total investment in main and auxiliary equipment is estimated at 353 billion Rials. The total pre-operation costs are estimated at 21 billion Rials, including the total fixed capital required is 609 billion Rials and the total working capital required by the project is 3 billion Rials. The total investment of the project is expected to come from the resources of the company's shareholders.</p> <p>The sale of the plan in 1405 is predicted at fixed prices equal to 223 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 288 billion Rials. The net profit of the plan has been positive in all years. The profit figure in 1405 is equivalent to 135 billion. The profit will increase in the following years and will reach a maximum of 194 billion Rials. The average annual profit of the mature plan is 156 billion Rials and the average profit margin is expected to be 58.9%. The net profit of the plan has been positive in all years. The profit figure in 1405 is equivalent to 135 billion. The profit will increase in the following years and will reach a maximum of 194 billion Rials. The average annual profit of the mature plan is 156 billion Rials and the average profit margin is expected to be 58.9%. The internal rate of return (IRR) of the project is also estimated at 26.9% and the payback period (PBP) is estimated at a maximum of 2.79 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 124 billion Rials.</p>
6. Annual production capacity:	Equivalent to 3,732 overnight stays (suites/villas), 14,617 temporary stays (pavilions, platforms), 467 auto camping and nature tourism services, 84 monthly user/infrastructure rentals, 0, 18,660 car/entrance parking, 167,940 types of recreational services

Project Status

7. Local/internal raw material access: 100%

8. Sales: 288 billion Rials

Anticipated local market: 90%

Anticipated export market: 10%

9. Total time required for the project (from the beginning to the start of commercial activities): 24 months

10. project status:

- **Feasibility study available?**

Yes. The feasibility of the project has been evaluated from different aspects and the results of feasibility studies are favorable in terms of market, engineering, financial and economic indicators.

- **Is the required land prepared?**

- Yes - a suitable place for the implementation of the plan has been defined.

- **Legal permission (establishment license, foreign currency quota, environment) taken?**

In order to 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 implementation of the project's construction operations.

- **Are the infrastructure facilities (electricity, water supply, telecommunication, fuel, road, etc.) provided?**

At the site of the implementation of the project, infrastructure facilities are available to access the road.

- **Is there a list of technical know-how, machinery, equipment, as well as companies that sell or manufacture the product?**

- 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	608,621	451,531	1,347,905	0	1,347,905
Total Net Working Capital Requirements	2,648	451,531	5,865	0	5,865
Total Investment	611,269	-	1,353,770	0	1,353,770

- Value Of Foreign Equipment/Machinery:	0	Euro		
- Value Of Local Equipment/Machinery:	718,888	Euro		
- Value Of Foreign Technical Know-How:	0	Euro		
- Value Of Local Technical Know-How:	0	Euro		
- Net Present Value (NPV):	274,053	Euro	Net present values discounted to:	1403
- Internal Rate of Return (IRR):	26.9%	%		
- Normal Payback:	2.79	year	Equivalent to 33.48 months	
- Minimum Attractive Rate of Return:	20%	%		

General information

12. Project Type: new Project Explanation / Rehabilitation project
 Name / Company name:
 Address: Khuzestan- ANDIKA County - SHIMBAR
 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.)