General Department of
Economic and Financial Affairs of Khuzestan

Preparation and Compilation of Investment Opportunities in The Province

Investment Opportunity Studies Report

"TARAZ Tourism Complex "

(Attachment Number 1)

Date: 2023/06/03

V2

In the name of God

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Tables and Figures

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

Figure (1): The Province location in Iran


Figure (2): Andika location in Khuzestan province

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 KHAJEH 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 people in 2015.

This city is one of the tourist areas in Khuzestan, which is adjacent to the CHAHARMAHAL and Bakhtiari, DEZFUL, Lali and MASJEDSOLEYMAN. 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 has a lot to say with its 40,000-year history and pristine and beautiful nature. Tourists can travel to the city in spring to enjoy this area. Tourist attractions of ANDIKA Baba Ahmad hot spring is one of these natural attractions which is a sulfur spring and is located near one of the IMAMZADEHS of the city. SOSAN SORKHAB is another attraction of ANDIKA and is located on the slopes of TARAZ mountains and its source is from the waters of KAZEROON. This area is one of the most important poles of the city for fishing and has ancient alleys and grape vineyards. Ancient mills, stone lion cemetery and reliefs are historical monuments. Dorab is one of the ancient villages of ANDIKA. Another historical area of KATAK is a valley between LALAR and KATAK, where the historical monuments left from these areas have attracted the attention of Zeya enthusiasts. The historical villages of this city are very diverse. Muri village has traditional architecture and attracts the attention of many tourists. CHALO district in ANDIKA city is a destination for tourists and nature lovers with its pristine nature, soaring mountains and roaring springs.

Figure (3): Political divisions of Khuzestan province

2) Project Status

This project is implemented on a land of 14,451 meters in the foothills of TARAZ mountains and at a distance of 67 km from QALE KHAJEH city (the center of ANDIKA city) and 255 km from Ahvaz city at the following coordinates.

Table (1): Coordinates of the project implementation location

Y	X	points
383855	3585970	A
383904	3585999	B
383975	3585999	C
383914	3585829	D
383847	3585837	E

Figure (4): Project location map

The place is located at a distance of 15 km from ZABUT village. In 2015, this village consisted of 201 households and 1031 people.

2-1- Access to infrastructures

Currently, the facilities of the construction site have access to the road. Due to the short distance of the project from MORAD Abad village and other neighboring places, there is a possibility of transferring infrastructure facilities to the place. The nearest port to this area is Imam Khomeini Port at a distance of 365 km, the nearest railway station (NEZAMIEH Station) is located at a distance of 271 km, and the nearest airport (Shahid ASIAI Airport) is located at a distance of 119 km.

Table (2): access to infrastructures

No.	Required Infrastructure	Distance From Project Status(km)	Location Of Infrastructure Provision
1	Water	0.245	MORAD Abad village
2	Electricity	0.245	electricity network
3	Gas	–	It is not predicted
4	Telecommunication	–	It is not predicted
5	Main road	116	MASJEDSOLEYMAN Road
6	Side road	0.0014	Khuzestan Road - CHAHAR Mahal and Bakhtiari
7	Airport	119	Shahid ASIABI MASJEDSOLEYMAN Airport
8	Port	365	Imam Khomeini seaport
9	Railway Station	271	NEZAMIEH railway station

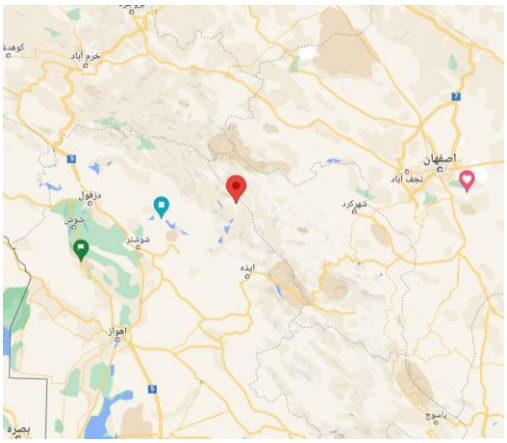


Figure (5): Access routes to the project

3) Technical specifications of the project

3-1- Project

The tourist area of TARAZ is located 40 km from the city of QALE KHAJEH, the center of ANDIKA city, in the CHALO district of this city. This tourist area is located on the road of ANDIKA SHAHREKORD and is accessible from the cities of MASJEDSOLEYMAN, Lali and IZEH. The air temperature of TARAZ region in the summer season is also about 20 degrees cooler than the center of the province.

During a trip to this region, you can touch the three seasons of autumn, spring and winter; Because on the way to MASJEDSOLEYMAN, you can see green and spring nature, SHIMBAR autumn effects and winter landscapes in TARAZ; TARAZ is also known as the hidden paradise of Khuzestan and the land of four seasons of this province. The necessary grounds for the development and creation of winter sports infrastructure are available in this region.

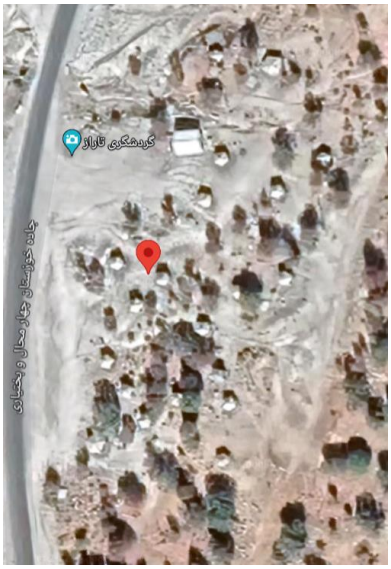


Figure (6): Pictures of the project location

"TARAZ Tourism Complex" has been considered in order to create tourism infrastructure and provide recreational services in the region. This plan develops and creates new tourism infrastructures such as commercial places (coffee shop, restaurant, store, car technical services (repair shop, apparatus and oil change)), children's play park, public places (parking, toilet), places 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): Characteristics of the infrastructure (landscaping operations) of the complex

Type of building/use	Total area (Square meters)	Cost amount (Million Rials)
Children's play park	1,000	8,000
Car parking lots	300	1,500
People's traffic routes (Tabulation and paving), car traffic routes (street paving), etc.	550	1,600
Open space and green space	10,696	5,348
Landscaping	12,546	16,448

Table (4): Specifications of the infrastructure (construction operations) of Lali coastal town

Type of building/use	Total area (Square meters)	Cost amount (Million Rials)
Overnight accommodation	390	46,800
Temporary accommodation	495	4,110
Management and support facilities and required public services	171	14,350
Commercial premises	919	97,200
A collection of buildings	1,975	162,460

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

Annual income (million Rials)	Practical capacity	Average capacity utilization percentage	Maximum capacity	Types of town services
32,348	9,242	74%	12,440	Temporary accommodation (pavilion, platform and beach)
56,600	1,415	76%	1,866	Overnight stay (suite/cottage)
0	2,310	74%	3,110	car parking
39,360	168	127%	132	Monthly rent of user/infrastructure
0	124,600	74%	167,940	All kinds of group sports services

3-2- Project Requirement

3-2-1- Land And Required Infrastructure

For the tourist town in the current plan, the necessary infrastructures are considered as follows in a land of 2.2 hectares.

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

Floor.	Requirements	Number	Unit area	total area	Unit price	Total amount (million Rials)
Accommodations	Large accommodation pavilions	5	15	75	10	750
	Small pavilions	25	12	300	10	3,000
	rest platform	10	12	120	3	360
	Car parking	10	30	300	5	1,500
Overnight accommodation	Residential villa	6	65	390	120	46,800
	Management and support and reservation building	1	35	35	120	4,200
	Prayer room	1	35	35	110	3,850
	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	5	49	245	100	24,500
	Car technical services (repair shop, apparatus and oil change)	3	48	144	100	14,400
	Restaurant reception area	1	50	50	2	100
sport places	Children's play park	1	1,000	1,000	8	8,000
Management and support facilities and public services	People's traffic routes (Tabulation and paving)	1	500	500	3	1,500
	W.C	1	65	65	60	3,900
	Information, security and ticket office	1	12	12	80	960
	Complex janitor's shed	1	12	12	80	960
	Electrical installation building	1	20	12	40	480
	Open space and green space	1	10,696	10,696	0.5	5,348
Total			-	14,451	-	178,908

3-2-2- Plant Machinery and Equipment

Based on the location conditions for the tourist town, the required equipment is as follows. All equipment can be supplied 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	6	1,300	7,800
2	Billing and ticketing system	1	1,000	1,000
3	Accommodation restaurant equipment	1	1,500	1,500
4	Metal playground equipment for children and adults (types of slides, swings, swings and other sports equipment for children and adults)	6	150	900
5	Other Park equipment (urban elements, chess table, trash cans, drinking fountains, concrete park benches, dish washing equipment, parks, etc.)	10	40	400
6	Other main equipment - domestic	1	300	300
Total				11,900

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	16	30	480
9	gas piping	m	Facility	700	5	3,500
10	Gas branching	-	Facility	1	3,000	3,000
11	Air conditioner	Set	Facility	16	800	12,800
12	Workshop tools and equipment	Machine	Workshop tools and equipment	1	3,000	3,000
13	Administrative tools	Set	office Equipment	4	500	2,000
14	Other side facilities	-	Facility	1	924	924
Total				-	-	44,300

3-2-3- Raw Materials

Apart from the suites, most of the uses such as (restaurants, coffee shops, stores, etc.) 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	Consumption at maximum capacity	Cost of raw materials at maximum capacity (million Rials)
1	Food needed for the villa	2,769	3,323

3-2-4- Management and human resource

The number of employments in the current plan is equal to 10 people. The specifications of the human resources required for the project are as described in the table below.

Table (10): Management and Human Resource

No	Level of skill	Number of staff	Average basic salary
1	Senior	4	187,500,000
2	Junior	6	88,500,000

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 in a land area of 14,451 square meters and the construction of a set of buildings (including overnight accommodation places, temporary accommodation places, management and support places, public services and commercial places) with infrastructure equal to 1,975 square meters is planned. The land in question is in the area of the main license plate number 169, part 2 of ANDIKA city, known as TARAZ, and it is part of the national lands subject to Article 1 of the nationalization law of the country's forests and belongs to the government. Obviously; Investors can take advantage of it by obtaining the following legal permits.

4-2- Intellectual Property and Concessions

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

4-3- Legal permissions

Obtaining permits and tourism activities related to "coastal and marine tourism centers" and similar centers in accordance with the "Iran Tourism and World Tourism Industry Development Law" (approved in 1370 and its subsequent amendments) and the "Creation, Modification, Completion, Grading and Rate Regulations" Establishment of tourism facilities and their supervision" (approved 1373) and instructions for supervising the establishment and activity of tourist information centers (approved 1400). Currently, the General Directorate of Cultural Heritage, the General Directorate of Tourism and Handicrafts of the provinces (under the management and supervision of the Ministry of Cultural Heritage, Tourism and Handicrafts), the only executive body and authority for recognizing the creation and issuing of permits for all types of tourism facilities, as well as modification and completion, equipping and operating these facilities.

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

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

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.

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.

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%).

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.

6) Physical progress of the project

■ No ☐ Yes

This project is defined in order to complete the tourism infrastructure of "Taraz Tourism Complex". Based on the announced cases, the rate of progress in the physics of basic facilities and infrastructures is 60% of the title. In the current plan, the development and creation of new infrastructures is foreseen. No action has been taken in the mentioned cases yet.

7) Operational plan and implementation scheduling

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

Table (11): Project Scheduling

year	1402				1403				1404				1405			
Operations/Season	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Pre investment studies																
Fundraising and starting																
Completion of necessary permits and action for financing																
Providing engineering services																
Selecting contractor																
Equipping site																
Excavation, embankment, platform and wharf construction operations on the shore of the lake																
Construction of sports, entertainment and accommodation facilities																
Equipping places																
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	264,921
2	Total Net Working Capital Requirements	2,023
3	Total Production Costs (Annual)	57,532
4	Depreciation of investment (Annual)	28,737
5	Total investment required	266,944

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

No.	Subject		Cost (Million Rials)
1	Purchasing land		0
2	Landscaping and land improvement		16,448
3	Civil operations and construction of buildings		162,460
4	Production machinery and equipment		11,900
5	Service equipment		44,300
6	Protection and environmental equipment		0
7	Overhead costs		0
8	Pre-Production Expenditure (As described in Table (15))	Pre-investment studies	370
		Project management and organization	17,250
		Technology education	380
9	Unexpected costs		11,813
Total			**264,921**

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	2,023
6	(Commercial Accounts Payable)	0
Total Net Working Capital Requirements		2,023

Table (15): Pre-Production Expenditure

No.	Subject		Description	Total (million Rials)
1	Incorporation		-	30
2	Obtaining Licenses / Production License		-	300
3	Studying, Consulting, Research and Development, Traveling, Visiting and Participating in Local Exhibitions, etc.		1.5 thousandth of the investment costs of the project	370
4	Property Insurance		2 thousandth of depreciable fixed assets	490
5	Survey Fee, Financing, Contract and So On		Bachelor's fee 0.5 per thousand, other cases 2.5 per thousand	590
6	Cartography, Supervising		2 thousandth of contract expenses	380
7	Other's	Staff Training	Equivalent to 0 days of personnel salary	0
		Wages And Salaries During the Construction	equivalent to the salary of 4 people in 24 months	14,918
		Other Expenses	٪5.4	922
Total			-	**18,000**

8-2- Sales Revenue

Based on the investigations and according to the plan of the operational period, the total amount of project revenues in 1405 at constant prices of 1402 is estimated to be equal to 106 billion Rials. This figure will increase in the following years and will increase to a maximum of 128 billion Rials.

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

No.	Subject	Q_1	Q_2	Q_3	Q_4	Total 1st Year	Total 2nd Year	Total 3rd Year	Total4 Th Year	Total 5th Year
1	Temporary accommodation (pavilion, platform and beach)	6.1	6.1	6.1	6.1	24.3	29.1	32.3	32.3	32.3
2	Overnight stay (suite/cottage)	10.6	11	11	11	42	51.0	56.6	56.6	56.6
3	Monthly rent of user/infrastructure	10	10	10	10	39	39.4	39.4	39.4	39.4
Total		**27**	**27**	**27**	**27**	**106**	**120**	**128**	**128**	**128**

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
Project identification	1	/	1402
Beginning of construction phase	1	/	1403
Beginning of production phase	1	/	1405
End of production phase	12	/	1409

Length of construction phase (months)	Start of phase (months)	Length of production phase (years)
24	12	5

8-4- Break-Even Analysis

From an economic point of view, break-even point analysis is an important technique that is used to study the relationship between costs, income and profit. The break-even point is the point at which total cost and total revenue are equal. In other words, it is used to analyze the effect of product volume change on the profit. The break-even point is calculated for 100% of practical capacity (year 1404 SH onwards) below.

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

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

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

$$\text{Break-even sales value} = \frac{32{,}388}{1 - \frac{17{,}732}{128{,}428}} = 37{,}576 \text{ (Million Rials)}$$

$$\text{Break-even ratio (\%)} = \frac{37{,}576}{128{,}428} = 29.3\%$$

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

Title	Production 1405	Production 1406	Production 1407	Production 1408	Production 1409	Production 1410
Sales revenue	106,153	119,542	128,428	128,428	128,428	187,946
Variable costs	15,052	16,660	17,732	17,732	17,732	34,918
Variable margin	91,101	102,882	110,696	110,696	110,696	153,028
Variable margin ratio (%)	86	86	86	86	86	81
Fixed costs	31,347	31,972	32,388	32,388	32,188	49,273
Break-even sales value	36,526	37,149	37,576	37,576	37,344	60,517
Break-even ratio (%)	34.4	31.1	29.3	29.3	29.1	32.2

- According to COMFAR Results

Based on the calculations of COMFAR software, the break-even point in Riyals, including operational and non-operational costs, is 37.57 billion Riyals, and 29.3% of practical capacity will be achieved.

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

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

8-5- Cost-Benefit Analysis

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

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

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

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

The net current value of the project at a discount rate of 20% is 40.68 billion Rials, which indicates the economic justification of the project.

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 25.2% 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	336,719	Million Rials
The Present Value of The Total Income of Construction Phase and Production Phase	377,399	Million Rials
NET PRESENT VALUE (NPV)	40,680	Million Rials
Cost-benefit RATIO (B/C)	1.12	-
INTERNAL RATE OF RETURN (IRR)	٪25.2	Percent
NPV RATIO (PI)	0.17	Rial per Rial of investment
NORMAL PAYBACK	2.94	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 2.94 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 25.2% to 33%. On the contrary, in case of a 20% decrease in sales revenue, the internal rate of return of the plan will decrease to 17%.

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

Variation (%)	Sales revenue	Increase in fixed assets	Operating costs
-20%	17%	33%	27%
-4%	24%	27%	25%
0%	25.2%	25.2%	25.2%
4%	27%	24%	25%
20%	32%	19%	23%

8-6-2- Fixed Assets

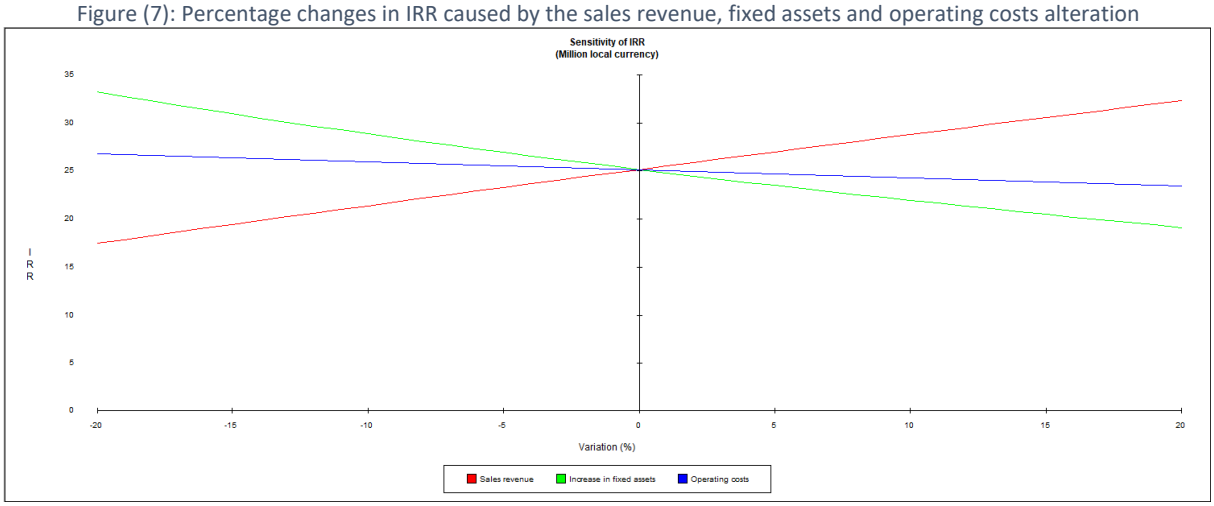
The change in the fixed assets of the plan is caused by the change in the fixed costs of the initial investment of the plan. The results of the analysis of the sensitivity of the plan to the changes of the fixed costs of the plan have been done and it shows; In case of an unexpected 20% increase in the fixed investment costs of the plan, the internal rate of return will decrease from 25.2% to 19%. 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 33%.

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 due to 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 23%. In the opposite case, if the total operational costs of the project are reduced by 20%, the internal rate of return of the project will increase to 27%. Finally, the results of the sensitivity analysis of the plan show; The current plan shows a very high sensitivity to changes in sales income (changes in sales amount or sales price) and more considerations should be made in this regard.

Figure (7): Percentage changes in IRR caused by the sales revenue, fixed assets and operating costs alteration



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

8-7- Conclusion

The current plan is on a land with an area of 14,451 square meters and with construction operations under construction with an area of 1,975 square meters including: 919 square meters of commercial premises (restaurants, coffee shops, traditional restaurants, shops, car technical services), 885 square meters of premises accommodation (pergolas), 171 square meters of support facilities, and landscaping operations totaling 12,546 square meters, including: 550 square meters of people's traffic routes (paving and paving), vehicle traffic routes (street paving), 1,000 square meters of playground, 10,696 square meters of grounds It is free and green. The total investment in land and building is estimated at 179 billion Rials and the total investment in main and auxiliary equipment is estimated at 68 billion Rials. The total pre-operational costs are estimated to be 18 billion Rials, including the total fixed capital required is 265 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 sources of the company's shareholders.

The project is expected to be sold in 1405 at fixed prices equal to 106 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 128 billion Rials. The net profit of the plan has been positive in all years. The profit figure in 1405 is equal to 60 billion. The profit will increase in the following years and will reach a maximum of 91 billion Rials. The average annual profit of the plan is 81 billion Rials and the average profit margin is expected to be 53.2%. The internal rate of return (IRR) of the plan is also estimated at 25.2 percent and the investment return period (PBP) is estimated at a maximum of 2.94 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 41 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 1,866 overnight stays (suites/villas), 12,440 temporary stays (pavilions, platforms), 132 monthly user/infrastructure rentals, 3,110 car parking services, 167,940 types of recreational services	Tourism Services (Accommodation, hospitality and entertainment, car technical services)	Tourism services (Accommodation, catering and entertainment, car technical services) (-)	TARAZ Tourism Complex
Required Human Resource (Person)	Equity Shares (Million Rials)	Total Fixed Capital (Million Rials)	Project Duration
10	2,023	264,921	24
B/C	Applicant Available Cash (Million Rials)	Net Present Value (NPV) (Million Rials)	IRR (%)
1.1	266,944	40,680	25.2%
ROI (%)	NPV Ratio / Profitability Index (Rial per Rial invested)	Dynamic Payback Period (Year)	Normal Payback Period (Year)
26	0.17	7.24	2.94
Average Assets Turnover Ratio	Average Net Profit Margin (%)	Average Annual Profit (Million Rials)	Maximum Annual Sales (Million Rials)
0.27	53.2%	78,194	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

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

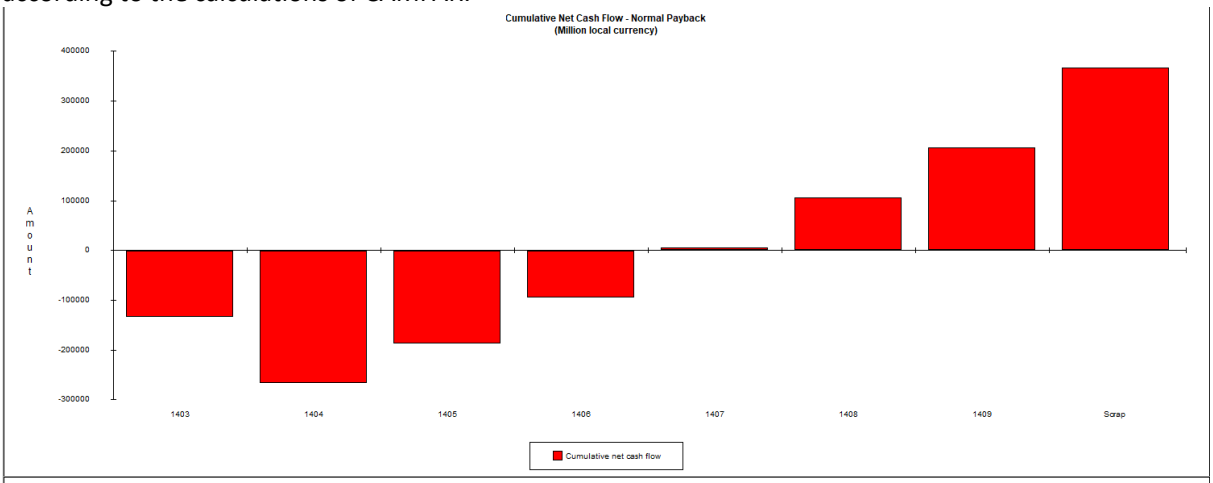
No.	Year	Required Investment
1	Year 1	0
2	Year 2	0
3	Year 3	0
4	Year 4	0
5	Year 5	0

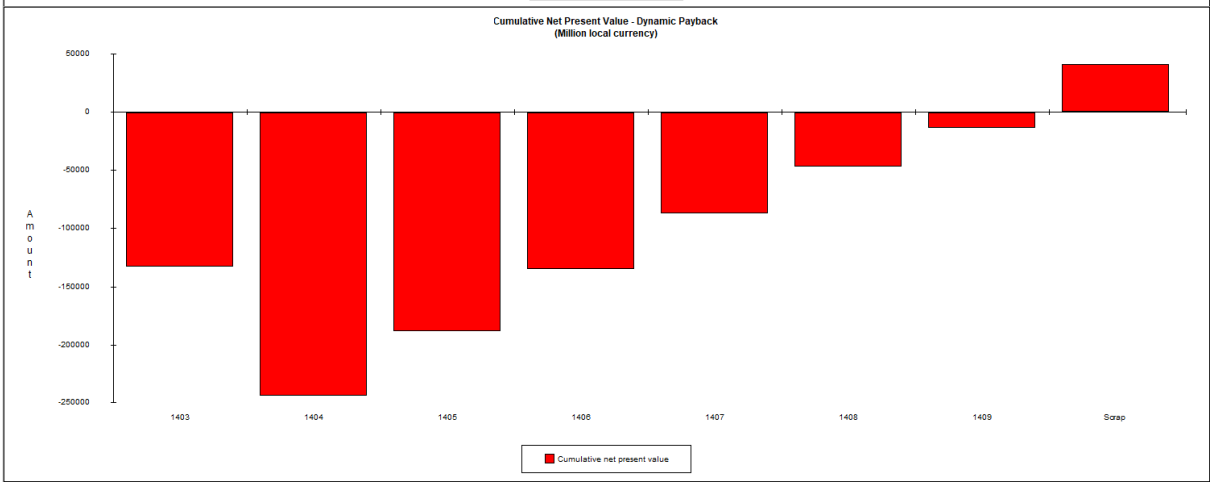
9-2- Model Of Partnership and Fundraising

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





Dynamic Payback Period of the plan is also estimated at 7.24 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: TARAZ Tourism Complex
2. Sector: Tourism **sub-sector:** Tourism services
3. Products/services: Tourism services (accommodation, catering and entertainment, car technical services)
4. Location: Khuzestan - ANDIKA County - the slopes of TARAZ Mountains
5. Project description: The current plan is on a land with an area of 14,451 square meters and with construction operations under construction with an area of 1,975 square meters including: 919 square meters of commercial premises (restaurants, coffee shops, traditional restaurants, shops, car technical services), 885 square meters of premises accommodation (pergolas), 171 square meters of support facilities, and landscaping operations totaling 12,546 square meters, including: 550 square meters of people's traffic routes (paving and paving), vehicle traffic routes (street paving), 1,000 square meters of playground, 10,696 square meters of grounds It is free and green. The total investment in land and building is estimated at 179 billion Rials and the total investment in main and auxiliary equipment is estimated at 68 billion Rials. The total pre-operational costs are estimated to be 18 billion Rials, including the total fixed capital required is 265 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 sources of the company's shareholders. The project is expected to be sold in 1405 at fixed prices equal to 106 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 128 billion Rials. The net profit of the plan has been positive in all years. The profit figure in 1405 is equal to 60 billion. The profit will increase in the following years and will reach a maximum of 91 billion Rials. The average annual profit of the plan is 81 billion Rials and the average profit margin is expected to be 53.2%. The internal rate of return (IRR) of the plan is also estimated at 25.2 percent and the investment return period (PBP) is estimated at a maximum of 2.94 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 41 billion Rials.
6. Annual Capacity: Equivalent to 1,866 overnight stays (suites/villas), 12,440 temporary stays (pergolas, platforms), 132 monthly user/infrastructure rentals, 3,110 car parking services, 167,940 types of entertainment services

Project Status
7. Local/internal raw material access: 100%
8. Sales: 128 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 the feasibility study are favorable in terms of market, engineering, financial and economic indicators. - Required land provided? Yes - currently there is a plot of land on the slopes of the TARAZ mountains, and based on the topography criteria of this area, it is a suitable place for the construction of the project. Of course, in order to settle in this area, it is necessary to obtain the necessary approvals. - Legal permission (establishment license, foreign currency quota, environment) taken? - For the purpose of tourism activity, it is necessary to obtain legal permits. - 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 purpose of manufacturing domestic and foreign machinery. - Infrastructural utilities procured? If the project is established on the slopes of TARAZ mountains, 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	264,921	451,531	586,717	0	586,717
Total Net Working Capital Requirements	2,023	451,531	4,479	0	4,479
Total Investment	266,944	-	591,197	0	591,197

- Value Of Foreign Equipment/Machinery:	0	Euro		
- Value Of Local Equipment/Machinery:	124,465	Euro		
- Value Of Foreign Technical Know-How:	0	Euro		
- Value Of Local Technical Know-How:	0	Euro		
- Net Present Value (NPV):	90,094	Euro	Net present values discounted to:	1403
- Internal Rate of Return (IRR):	36.3%	٪		
- Normal Payback:	4.46	year		
- Minimum Attractive Rate of Return:	20%	٪		

General information

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

Name / Company name:

Address: Khuzestan - ANDIKA County - the slopes of TARAZ Mountains

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.) ☐