

General Department of Economic and Financial Affairs of Khuzestan

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

The plan of the coastal tourism town of BAHRKAN HANDIJAN region

(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, KOHGILUYEH and BOYERAHMAD provinces from the northeast and east, the Persian Gulf (330km long) from the south and Iraq (330km long) from the west. The location of Khuzestan is in the west of Zagros mountains. Due to the vastness of its plains, the border with Iraq and the Persian Gulf, and the distance from other provincial centers have placed this province in a strategic position.

1-2- County

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

Handijan city is located in the south of Khuzestan province. The center of this city is the city of Handijan. This city had a population of 38.7 thousand in 2015. The city of Handijan is one of the historical cities of Iran with an age of more than 3000 years, located in the southeast of Khuzestan province, 70 km southeast of Mahshahr port and in the north of the Persian Gulf. A river called Handijan or Venus divides this city into two halves, the north and the south. BAHRKAN Wharf, Bandar SEJAFI and MEHROVIAN Wharf are among the places that connect this city with the sea. Handijan has a 90 km water border with the Persian Gulf. From the economic point of view, Handijan River (Venus) divides this city into two halves, northern and southern. This river plays a decisive role in the lives of the people of the neighboring cities. An important part of handicrafts is made from palm leaves and sent to other regions inside and outside the country. Fishing industry is one of the oldest industries in India. BAHRKAN region, which is located south of Handijan, is also one of the important areas for tourism and catching pink shrimp and other types of high-quality shrimp in the Persian Gulf region. The old and historical port of MEHROVIAN is located in the current village of IMAMZADEH Abdallah and is a part of Handijan city



Figure (1): The Province location in Iran

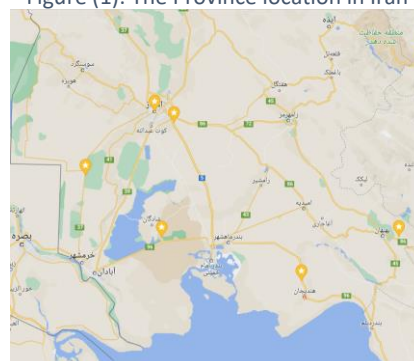


Figure (2): HANDIJAN location in Khuzestan province

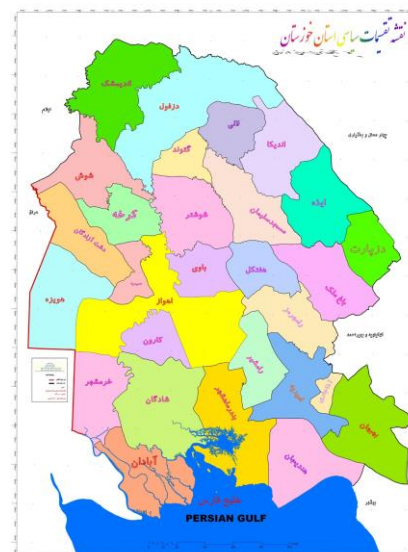


Figure (3): Political divisions of Khuzestan

2) Project Status

This project will be implemented on a land of 56 hectares, 13 kilometers from HANDIJAN city, at the following coordinates.

Table (1): Coordinates of the project implementation location

latitude	Longitude	points
3331756.3455	379980.7144	A
3331749.9339	380674.1674	B
380687.3111	3331677.3933	C
380693.4717	3331173.3834	D
379983.16	3330752.4100	E

The location of BAHRKAN HANDIJAN coastal tourist resort is located on the coast of the Persian Gulf and in the vicinity of BAHRKAN fishing pier. Proximity to HANDIJAN city, suitable size, low land slope, beautiful view of the Persian Gulf, access to the road, absence of conflicts and villages in the area, and the presence of electricity are among the advantages of the plan.

2-1- Access to infrastructures

Currently, there is electricity infrastructure at the project site. After BAHRKAN fishing wharf, the nearest port to this area is Bandar SAJAFI at a distance of 33 km, the nearest railway station (Bander Imam Railway) is located at a distance of 106 km, and the nearest airport (MAHSHAHR Airport) is located at a distance of 97 km.

Table (2): access to infrastructures

No.	Required Infrastructure	Distance From Project Status(km)	Location Of Infrastructure Provision
1	Water	0	Persian Gulf
2	Electricity	0	electricity network
3	Gas	-	It is not predicted
4	Telecommunication	-	It is not predicted
5	Main road	14	DILAM - HANDIJAN road
6	Side road	0	BEHRKAN dock road
7	Airport	97	MAHSHAHR Airport
8	Port	33	Bandar SAJAFI
9	Railway Station	106	and BAHRKAN fishing pier (0)

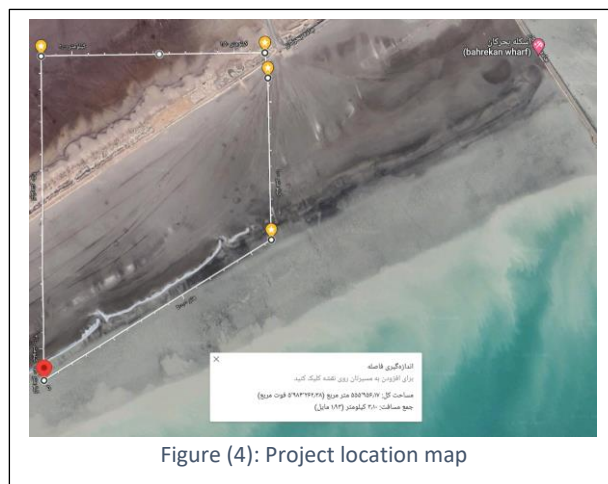


Figure (4): Project location map

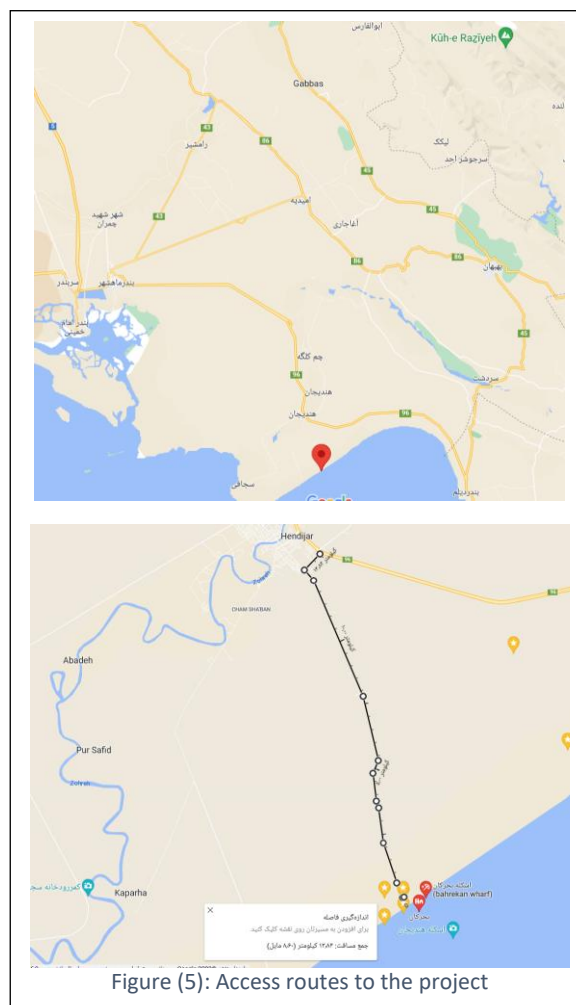


Figure (5): Access routes to the project

3) Technical specifications of the project

3-1- Product

Considering the conditions of the region in terms of its proximity to the fishing pier of BAHRKAN, the uses of BAHRKAN HANDIJAN coastal tourism town should be carefully defined. Also, defined users must be implemented in several vars. Of course, in each phase, in order to have sufficient economic justification, all possible uses must be examined in such a way that the town has the necessary attraction to attract national and local tourists. The most important advantage of the selected location is convenient access (short distance to the main city), the existence of basic electricity infrastructure, beautiful landscape and high frequency of shopping tourism in HANDIJAN city.

In fact, the coastal nature of the area in question, the purity of the air and being away from noise and environmental pollution, make it possible for people and travelers to visit it in different seasons of the year, especially spring and summer (in order to relax and spend leisure time). It is possible to create enough natural attraction to attract tourists.

The implementation of the "BAHRKAN HANDIJAN Coastal Tourism Town Plan" in the first phase has been considered in order to create tourism infrastructure in the region. In the first phase of this plan, by creating tourism infrastructures such as commercial places (markets, shops, restaurants, teahouses, coffee shops), sports and recreational places (sandy beach, beach sports field, skating rink and cycling), places public (parking, toilet), accommodation (rest platforms, gazebos, wooden huts). The implementation of the mentioned items in a land of 56 hectares has been considered. In this phase, the amount of investment is relatively lower and the plan will have a lower yield.

The uses of the plan can be defined and exploited according to the following infrastructures.

Table (3): Specifications of the infrastructure (landscaping operations) of BAHRKAN coastal tourism town

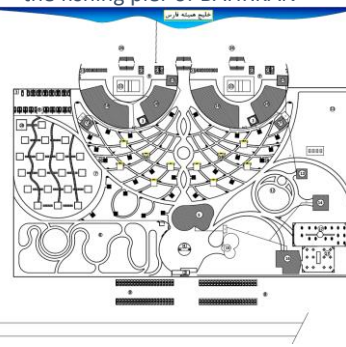
Type of building/use	Total area
Sports fields	15,120
Open space and green space	234,950
Sandy beach recreation	138,000
Car parking lots	5,240
ski resort	7,850
cottoning track	7,000
Children's play park	15,000
Family Park	70,650
Beach pool/lake	8,600
People's traffic routes (planning and paving), car traffic routes (street paving), etc.	26,608
Cycling Road	10,000
Swimming beaches for women and men	7,850
Total landscaping	546,868

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

Type of building/use	Total area
Accommodations	1,889
Places of entertainment and entertainment	700
sport places	2,000
Commercial premises	6,446
Management and support facilities and public services	2,097
A collection of buildings	13,132



Figure (6): Pictures of the Persian Gulf from the fishing pier of BAHRKAN



3-2- Project Requirement

3-2-1- Land And Required Infrastructure

For the tourism town in the current plan, the necessary infrastructures are considered as follows in a land of 56 hectares.

Table (5): Amount of investment in land, landscaping and building

Floor.	Requirements	Number	Unit area	total area	Unit price	Total amount (million Rials)	
Accommodations	Large pavilions	22	12	264	40	10,560	
	Small pavilions	10	8	80	40	3,200	
	Car parking lots	32	30	960	10	9,600	
	Rest platforms	15	8	120	20	2,400	
	Accommodation beaches	20	6	125	15	1,875	
	Car parking lots	34	20	680	10	6,800	
	Overnight cottages	20	65	1,300	150	195,000	
	Car parking lots	20	30	600	10	6,000	
sport places	Indoor gym	1	2,000	2,000	100	200,000	
	Beach soccer field	2	1,036	2,072	30	62,160	
	Beach volleyball court	2	360	720	30	21,600	
	Grass sports field	1	12,000	12,000	2.3	27,600	
	Multi-purpose sports field	2	82	164	30	4,920	
	Tennis and badminton court	2	82	164	30	4,920	
Places of entertainment and entertainment	Swimming pools for women and men	2	3,925	7,850	20	157,000	
	ski resort	1	7,850	7,850	20	157,000	
	cottoning track	1	7,000	7,000	20	140,000	
	Children's play park	1	15,000	15,000	10	150,000	
	pool/ Coastal Lake	Lake beaches	1	8,600	8,600	50	430,000
		Paracel umbrella	2	300	300	100	30,000
	jet ski	5					
	shuttle	5					
	fly board	2					
	Marine entertainment venues and platforms	banana	5	100	100	100	10,000
		Water Park	1				
		Cruise	5				
		Fixed float fishing	2	300	300	100	30,000
		Cruise by yacht	5				
		other services	10				
		Ski cable	1				
		Cycling Road	1	10,000	10,000	20	200,000
	Sandy beach recreation	1	138,000	138,000	1	138,000	
	Commercial premises	Store	36	30	1,080	200	216,000
local market		72	50	3,600	40	144,000	
Restaurant		1	700	700	250	175,000	
Restaurant reception area		1	1,000	1,000	70	70,000	
Coffee Shop		1	150	150	150	22,500	
Coffee shop reception area		1	300	300	70	21,000	
Food court		3	60	180	150	27,000	
Teahouse		2	60	120	150	18,000	
Traditional restaurant		1	200	200	150	30,000	
conference hall		2	208	416	200	83,200	
Public places	Family Park	1	70,650	70,650	3	211,950	
	Car parking lots	100	30	3,000	10	30,000	
	traffic routes (scheduling and paving)	1	6,908	6,908	20	138,160	
	Car traffic routes (streets)	1	18,400	18,400	15	276,000	
	W.C	3	80	240	100	24,000	
	Open space and green space	1	234,950	234,950	1	234,950	
Management and support facilities and public services	Central management and support building	1	392	392	200	78,400	
	Guard shed	5	12	60	100	6,000	
	Town janitor building	2	100	200	100	20,000	
	Facilities and support warehouses	1	200	200	80	16,000	
	Prayer room	1	200	200	100	20,000	
	Beach clinic	1	700	700	150	105,000	
	Police shed	1	25	25	120	3,000	
	Gas facility building	1	40	40	80	3,200	
	Electrical installation building	1	40	40	80	3,200	
Total			-	560,000	-	3,975,195	

3-2-2- Plant Machinery and Equipment

The complex equipment in the three sections of greenhouse, cold storage and sorting and packing line is as follows:

Table (6): Plant Machinery and Equipment

No.	Equipment/Machinery	Required investment		Total cost (Million Rials)
		Amount	Purchase Price	
1	Set of equipment and furniture for residential cottages	20	4,000	80,000
2	Control and security systems, monitoring and information recording, security gates, and parking equipment sets and traffic signs	3	3,500	10,500
3	Bill and ticket issuing system	1	10,000	10,000
4	Equipment for coastal beaches and coastal lakes (beaches, water slides, fountains, beach beds)	50	1,500	75,000
5	Fitness equipment and gym sports equipment	1	80,000	80,000
6	Other gym equipment (flooring, spectator benches, scoreboard, hydraulic lift, gym floor, vacuum cleaner, mats, etc.)	1	8,480	8,480
7	Sports field equipment including (net, net columns and bars, floodlights, tennis tables, flags, scoreboards, reserve benches, spectators' jackets, etc.)	9	3,915	35,235
8	Artificial grass sports field	12,000	1.5	18,000
9	Metal playground equipment for children and adults (types of slides, swings, swings and other sports equipment for children and adults)	40	80	3,200
10	Polyethylene playground equipment for children	5	2,200	11,000
11	Children's playground flooring	2,500	2	4,250
12	Skating rink equipment	1	2,600	2,600
13	Trampoline	10	600	6,000
14	Sports gates and nets (handball, volleyball, tennis, football, etc.)	9	10	90
15	Cottoning machines for children and adults	10	1,350	13,500
16	Paracel umbrella	2	1,500	3,000
17	jet ski	5	6,000	30,000
18	shuttle	5	6,000	30,000
19	fly board	2	2,000	4,000
20	banana	5	600	3,000
21	Water Park	3	2,000	6,000
22	Inflatable boats	2	240	480
23	Track bike	20	240	4,800
24	The car was delayed by the trike	5	550	2,750
25	Pedal kart for two	5	100	500
26	Coastal town clinic equipment	1	6,000	6,000
27	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...)	500	4	2,000
28	Other main equipment - domestic	1	9,615	9,615
Total				460,000

Table (7): 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	1,500	6	9,000
2	Types of electrical cables	m	Facility	3,200	4.0	12,800
3	Electrical equipment of the lighting system	Amount	Facility	80	40	3,200
4	The cost of boards and related electrical equipment	Amount	Facility	80	320	25,600
5	Water purification and transfer equipment	Amount	Facility	1	35,000	35,000
6	Firefighting, safety and health equipment and...	Capsule	Facility	100	30	3,000
7	gas piping	m	Facility	1,200	5	6,000
8	Gas branching	-	Facility	1	5,000	5,000
9	pickup truck	Machine	vehicles	3	7,000	21,000
10	ride	Machine	vehicles	2	7,000	14,000
11	Workshop tools and equipment	Machine	Laboratory and workshop equipment and tools	1	3,000	3,000
12	Office equipment (computers, office desks and chairs, network and server equipment - according to the number of support personnel)	Set	office Equipment	20	700	14,000
13	Other side facilities	-	Facility	1	3,400	3,400
Total				-	-	155,000

3-2-3- Raw Materials

Considering that most of the main uses such as (restaurants, coffee shops, teahouses, stores) are leased to competent people during the period of operation. Therefore, BAHRKAN HANDIJAN coastal tourism town is not the desired raw material.

3-2-4- Management and human resource

The number of employments in this plan is equal to 80 people. The specifications of the human resources required for the project are as described in the Table (8).

Table (8): Management and Human Resource

No	Level of skill	Number of staff	Average basic salary
1	Senior	17	162,941,176
2	Mid-level	3	120,000,000
3	Junior	60	86,981,132

Number Of Direct Mid-Level Staff Required	3	Person
Number Of Direct Junior Staff Required	60	Person
Number Of Direct Senior Staff Required	17	Person
Total	80	person

4) Ownership and legal permissions

4-1- land ownership

The implementation of this plan is considered in a land of 56 hectares. The specifications and location of selected zone 4 are specified in paragraph 2. In order to build a coastal tourism town, a document under the title of establishment license and activity license (in accordance with the terms and conditions mentioned in paragraph 3-4) will be provided to the investors. These documents do not mean that the investors own the assigned lands. According to the mentioned licenses, only the right to use the land is given to the users until the time of continuous activity¹.

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) 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- According to Article 6 of the Iran Tourism and Tourism Industry Development Law, the Urban Land Organization, municipalities, the country's forests and pastures organization, and other relevant ministries and organizations are required to provide the land required for the construction of Iran tourism facilities with the introduction of the Ministry of Cultural Heritage and Tourism, and hand over handicrafts to the applicants at regional or finished prices in a way that does not reduce public income. It is obvious that the said land is not transferable for the above purpose, and any change of its use or failure to implement the project within the stipulated time will return it to the ownership of the government, and the applicant has no claim.

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%).

☒ No ☐ Yes

This is a creative plan and it is defined in order to cover the tourism needs of HANDIJAN province and city. Some of the implementation stages of this project (including access road and power transmission line) have been implemented.

7) Operational plan and implementation scheduling

The construction of the project is planned for 36 months. The operation of the project is expected from the beginning of 1406. Table (9) shows the plan implementation schedule.

Table (9): Project Scheduling

[illegible]

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 (10): Cost Estimations

No.	Subject	Amount (Million Rials)
1	Total Fixed Investment Costs	4,938,800
2	Total Net Working Capital Requirements	21,726
3	Total Production Costs (Annual)	679,973
4	Depreciation of investment (Annual)	381,274
5	Total investment required	4,960,526

Table (11): Fixed Capital Estimations (Capital Costs)

No.	Subject	Cost (Million Rials)
1	Purchasing land	0
2	Landscaping and land improvement	2,497,660
3	Civil operations and construction of buildings	1,477,535
4	Production machinery and equipment	460,000
5	Service equipment	155,000
6	Protection and environmental equipment	0
7	Overhead costs	0
8	Pre-Production Expenditure (As described in Table (13))	Pre-investment studies
		Project management and organization
		Technology education
9	Unexpected costs	229,605
	Total	4,938,800

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 (12): 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	21,726
6	(Commercial Accounts Payable)	0
Total Net Working Capital Requirements		21,726

Table (13): Pre-Production Expenditure

No.	Subject	Description	Total (million Rials)
1	Incorporation	-	70
2	Obtaining Licenses / Production License	-	200
3	Studying, Consulting, Research and Development, Traveling, Visiting and Participating in Local Exhibitions, etc.	1.5 thousandth of the investment costs of the project	7,230
4	Property Insurance	2 thousandth of depreciable fixed assets	9,640
5	Survey Fee, Financing, Contract and So On	Bachelor's fee 0.5 per thousand, other cases 2.5 per thousand	11,570
6	Cartography, Supervising	2 thousandth of contract expenses	8,870
7	Other's	Staff Training	Equivalent to 7 days of Staff salary
		Wages And Salaries During the Construction	Equivalent to the salary of 12 personnel in 26 months
		Other Expenses	2,530
Total			117,870

8-2- Sales Revenue

According to the production plan, the total sales amount of the project in 1406 at the constant prices of 1402 is estimated to be equal to 1,697 billion Rials. This figure will increase in the following years due to the *increase in production capacity and will increase to a maximum of 2,120 billion Rials.*

Table (14): Project Revenue in The First 5 Years of Production Phase (Billion Rials)

No.	Subject	Q ₁	Q ₂	Q ₃	Q ₄	Total 1 st Year	Total 2 nd Year	Total 3 rd Year	Total 4 th Year	Total 5 th Year
1	Temporary residence income	2	2	2	2	9	10	11	11	11
2	Car parking services	1	1	1	1	4	5	6	6	6
3	room rent	14	14	14	14	54	60	66	66	66
4	Sports hall services	36	36	36	36	145	163	181	181	181
5	Income from renting sports fields	3	3	3	3	11	13	14	14	14
6	Income from entertainment and hot spots	315	315	315	315	1,262	1,419	1,577	1,577	1,577
7	Rental income of commercial and non-commercial places	53	53	53	53	212	248	266	266	266
Total		424	424	424	424	1,697	1,917	2,120	2,120	2,120

8-3- Length of Production Phase

The start of the exploitation period of the plan is considered from 1406. The length of production phase is considered to be 5 years.

Table (15): Planning Horizon

Title	Month	-	year	Length of construction phase (months)	Start of phase (months)	Length of production phase (years)
Project identification	1	/	1402	36	12	5
Beginning of construction phase	1	/	1403			
Beginning of production phase	1	/	1406			
End of production phase	12	/	1410			

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 1408 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

$$\text{Break-even sales value} = \frac{497,680}{1 - \frac{182,087}{2,119,586}} = 544,452 \text{ (Million Rials)}$$

$$\text{Break-even ratio (\%)} = \frac{544,409}{2,119,586} = 25.7\%$$

Table (16) : Project break-even point estimation

(Million Rials)

Title	Production 1406	Production 1407	Production 1408	Production 1409	Production 1410	Production 1411	Production 1412
Sales revenue	1,696,939	1,917,265	2,119,586	2,119,586	2,119,586	2,119,586	2,119,586
Variable costs	158,811	170,512	182,087	182,087	182,087	182,087	182,087
Variable margin	1,538,129	1,746,753	1,937,498	1,937,498	1,937,498	1,937,498	1,937,498
Variable margin ratio (%)	91	91	91	91	91	91	91
Fixed costs	487,139	492,437	497,680	497,680	488,405	487,005	487,005
Break-even sales value	537,436	540,507	544,452	544,452	534,306	532,774	532,774
Break-even ratio (%)	31.7	28.2	25.7	25.7	25.2	25.1	25.1

- According to COMFAR Results

Based on the calculations of COMFAR software, the break-even point including operating and non-operating costs, is 544,452 million Rials and it will be achieved in the % 25.7 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 542.9 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 (17): Project Return Index

Index	Amount	Unit of measurement
The Present Value of The Total Cost of The Period of Construction Phase and Production Phase	5,311,444	Million Rials
The Present Value of The Total Income of Construction Phase and Production Phase	5,854,360	Million Rials
NET PRESENT VALUE (NPV)	542,915	Million Rials
Cost-benefit RATIO (B/C)	1.10	-
INTERNAL RATE OF RETURN (IRR)	22.8%	Percent
NPV RATIO (PI)	0.13	Rial per Rial of investment
NORMAL PAYBACK	3.33	Year 1409

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

Project Investment payback is the period of time required to recover the project investment from net income, measured in years. In other words, it shows the length of time taken for the initial investment to be returned. This index shows the speed of investment return and the amount of project risk coverage. The ROR (simple) of the plan is estimated to be 3.33 years (equal to the year 1409) 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 (18) 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 22.8% to 28%. On the contrary, in the case of a 20% decrease in sales revenue, the internal rate of return of the project will decrease to 17%.

Table (18): 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%	28%	24%
-4%	22%	24%	23%
0%	22.8%	22.8%	22.8%
4%	24%	22%	23%
20%	28%	19%	22%

8-6-2- Fixed Assets

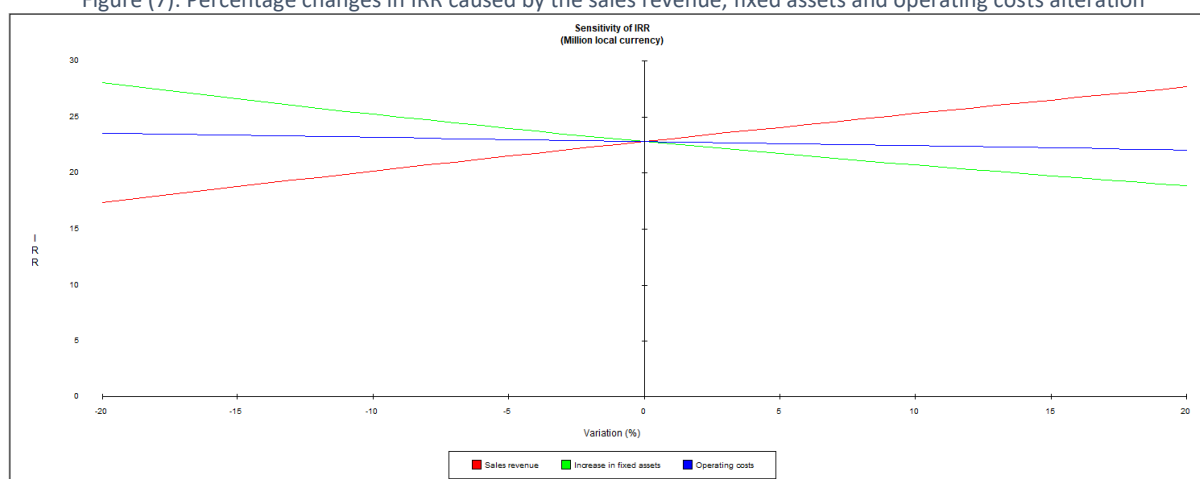
The change in the fixed assets is due to the fixed costs of the initial investment alterations. The results of the sensitivity analysis according to the fixed costs of the plan have been done and it shows that in case of an unexpected 20% increase in the fixed capital costs of the project, the internal rate of return will decrease from 22.8% to 19%. Conversely, if there is a 20% reduction in the fixed capital costs, the internal rate of return will increase and reach 28%.

8-6-3- Operating Costs

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

The change in project operating costs is mainly caused by changes in raw material, supply, human resource and finally changes in other overhead costs of projects. If these parameters change, it can be as a result of the change in the technical coefficients of product production or the change in their purchase price. The sensitivity analysis indicates that in case of a 20% increase in the operating costs, the efficiency rate of the plan will decrease to 22%. On the contrary, if the total operating costs of the project are reduced by 20%, the internal rate of return will increase to 24%. 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

It is planned to implement of the project in a land area of 56 hectares and with a total construction work equivalent to 13,132 square meters, including: 6,446 square meters of commercial places (restaurants, coffee shops, traditional restaurants, shops, craft markets and meeting halls), 700 square meters of recreational places and entertainment (buildings offering beach and sea sports), 2,097 square meters of management and support facilities and public services, 1,889 square meters of accommodation (pavilions, huts, sitting and resting platforms), 2,000 square meters of indoor sports facilities and operations Landscaping total 546,868 square meters including: 234,950 square meters of open space and green space, 15,120 square meters of sports fields, 7,850 square meters of skating rink, 5,240 square meters of parking lots, 7,000 square meters of cottoning track, 138,000 square meters of sandy beach for beach recreation. , 7,850 square meters of skating rink, 15,000 square meters of children's playground, 10,000 square meters of cycling track, 8,600 square meters of swimming pool / beach lake, 7,850 square meters of swimming beaches for women and men, 70,650 square meters of public places, 26,608 square meters of traffic routes (tabulation and paving) vehicle traffic routes (streets) and so on. The total investment in land and building is estimated at 3,975 billion Rials, and the total investment in main and auxiliary equipment is estimated at 845 billion Rials. The total costs before operation are also estimated at 119 billion Rials. It is estimated that with this calculation, the total fixed capital required amounts to 4,938 billion Rials and the total working capital required for the project is 21 billion Rials. The total investment of the project is expected from the resources provided by the company's shareholders.

The sale of the plan in 1406 is predicted at fixed prices equal to 1,697 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 2,120 billion Rials. The net profit of the plan has been positive in all years. The profit figure in 1406 is equal to 920 billion. The profit will increase in the following years and will reach a maximum of 1,269 billion Rials. The average annual profit of the plan is 1,237 billion Rials and the average profit margin is expected to be 59.4%. The internal rate of return (IRR) of the project is also estimated at 22.8% and the investment return period (PBP) is estimated at a maximum of 3.33 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 543 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 (19): 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 3,110 overnight accommodations (cottages), 13,062 temporary accommodations (pavilions, platforms, and beaches), 2,202,502 types of beach and sea recreation services, 105,065 types of individual sports services, 4,518 types of group sports services, 51,846 car parking spaces, 1,392 monthly rents for users/subs. made	Beach tourism services	Coastal tourism services (-)	Beach tourism town of BAHRIKAN HANDIJAN region
Required Human Resource (Person)	Equity Shares (Million Rials)	Total Fixed Capital (Million Rials)	Project Duration
80	21,726	4,938,800	36
B/C	Applicant Available Cash (Million Rials)	Net Present Value (NPV) (Million Rials)	IRR (%)
1.1	4,960,526	542,915	22.8
ROI (%)	NPV Ratio / Profitability Index (Rial per Rial invested)	Dynamic Payback Period (Year)	Normal Payback Period (Year)
24	0.13	8.03	3.33
Average Assets Turnover Ratio	Average Net Profit Margin (%)	Average Annual Profit (Million Rials)	Maximum Annual Sales (Million Rials)
0.29	59.4	1,191,878	2,119,586

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 (20Error! Reference source not found.). The purchase and sale prices are under the energy exchange transactions and are adjusted to a large extent under the influence of the exchange rate increase. Therefore, exchange rate fluctuations regarding the purchase of foreign equipment will be compensated to some extent by the income from sales, and exchange rate fluctuations will have little effect on the evaluation results. Therefore, in the construction and implementation phase, if the financing of the project is through foreign currency sources of finance, the number of financial resources required will not change much.

Table (20): 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 (21): Foreign (Fixed) Currency Required

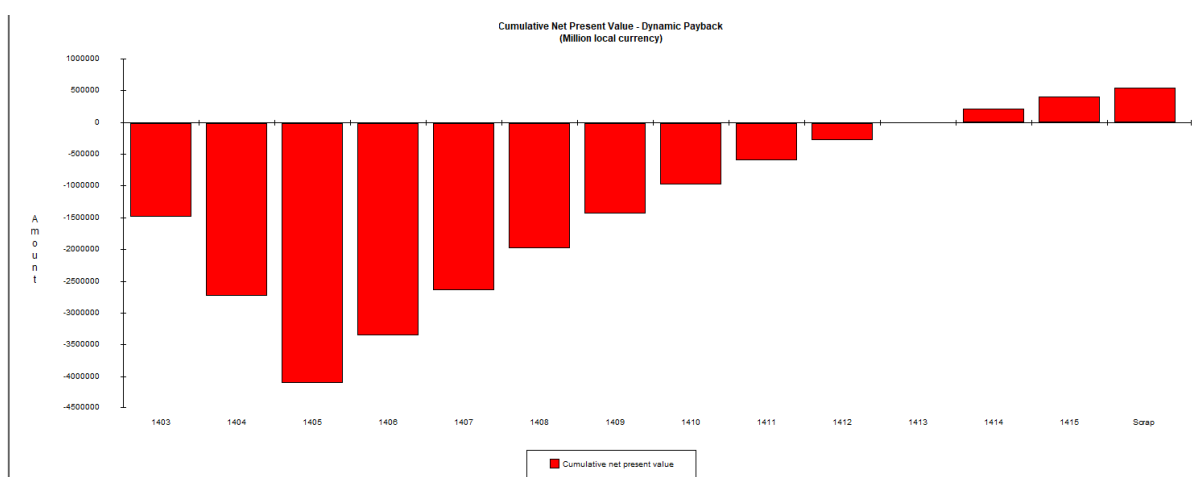
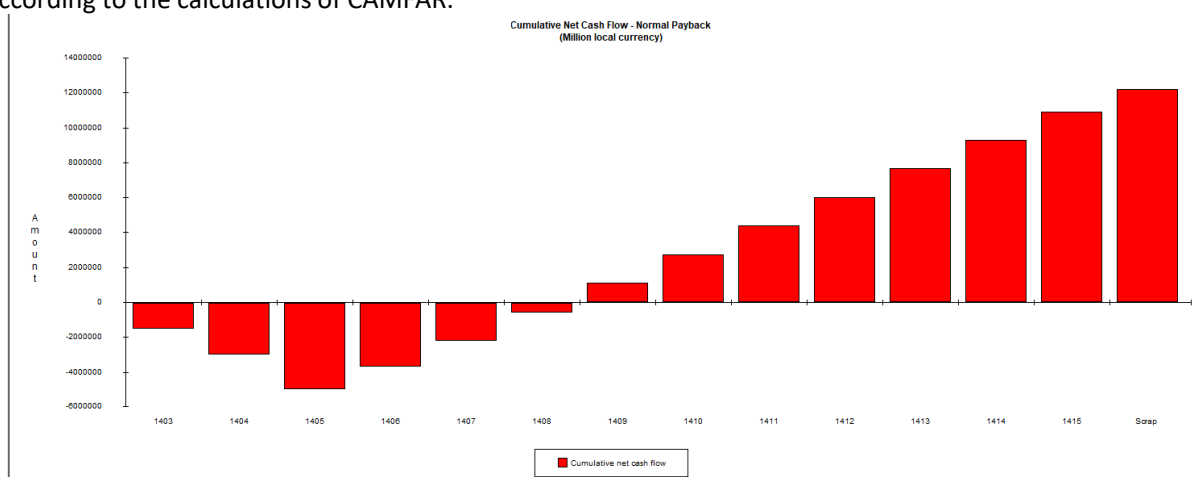
No.	Year	Required Investment
1	Year 1	0
2	Year 2	0
3	Year 3	0
4	Year 4	0
5	Year 5	0

9-2- Model Of Partnership and Fundraising

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

9-3- Payback Period

The payback period is the period of time when the initial investment of the plan is compensated from the annual cash funds. The payback period (simple) of the plan is estimated to be 3.33 years (equal to 1409) according to the calculations of CAMFAR.



Dynamic Payback Period of the plan is also estimated at 8.03 years.

10) Incentives, features and benefits of the plan

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

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

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

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

(Attachment Number 2)

Summary Sheet

Project introduction	
1. Project Title:	Beach tourism town of BAHRKAN HANDIJAN region
2. Sector:	Tourism sub-sector: Coastal tourism
3. Products/services:	Tourism services
4. Location:	Khuzestan - HANDIJAN County - BAHRKAN
5. Project description:	<p>It is planned to implement of the project in a land area of 56 hectares and with a total construction work equivalent to 13,132 square meters, including: 6,446 square meters of commercial places (restaurants, coffee shops, traditional restaurants, shops, craft markets and meeting halls), 700 square meters of recreational places and entertainment (buildings offering beach and sea sports), 2,097 square meters of management and support facilities and public services, 1,889 square meters of accommodation (pavilions, huts, sitting and resting platforms), 2,000 square meters of indoor sports facilities and operations Landscaping total 546,868 square meters including: 234,950 square meters of open space and green space, 15,120 square meters of sports fields, 7,850 square meters of skating rink, 5,240 square meters of parking lots, 7,000 square meters of cottoning track, 138,000 square meters of sandy beach for beach recreation. , 7,850 square meters of skating rink, 15,000 square meters of children's playground, 10,000 square meters of cycling track, 8,600 square meters of swimming pool / beach lake, 7,850 square meters of swimming beaches for women and men, 70,650 square meters of public places, 26,608 square meters of traffic routes (tabulation and paving) vehicle traffic routes (streets) and so on. The total investment in land and building is estimated at 3,975 billion Rials, and the total investment in main and auxiliary equipment is estimated at 845 billion Rials. The total costs before operation are also estimated at 119 billion Rials. It is estimated that with this calculation, the total fixed capital required amounts to 4,938 billion Rials and the total working capital required for the project is 21 billion Rials. The total investment of the project is expected from the resources provided by the company's shareholders.</p> <p>The sale of the plan in 1406 is predicted at fixed prices equal to 1,697 billion Rials. This figure will increase in the following years due to the increase in production capacity and will increase to a maximum of 2,120 billion Rials. The net profit of the plan has been positive in all years. The profit figure in 1406 is equal to 920 billion. The profit will increase in the following years and will reach a maximum of 1,269 billion Rials. The average annual profit of the plan is 1,237 billion Rials and the average profit margin is expected to be 59.4%. The internal rate of return (IRR) of the project is also estimated at 22.8% and the investment return period (PBP) is estimated at a maximum of 3.33 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 543 billion Rials.</p>
6. Annual Capacity:	Equivalent to 3,110 overnight accommodations (cottages), 13,062 temporary accommodations (pavilions, platforms, and beaches), 2,202,502 types of beach and sea recreation services, 105,065 types of individual sports services, 4,518 types of group sports services, 51,846 car parking spaces, 1,392 monthly rents for users/ substructure

Project Status	
7. Local/internal raw material access:	100%
8. Sales:	2,120 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):	36 months
10. project status:	<ul style="list-style-type: none"> - Feasibility study available? Yes. The feasibility of the project has been evaluated from various aspects and the results of the feasibility study are favorable in terms of market, engineering, financial and economic indicators. - Required land provided? Yes. currently, the industrial land in the vicinity of BAHRKAN fishing wharf has been selected and based on the geospatial criteria of this area, it is suitable for the construction of the project. Currently, part of the executive operation includes the construction of the main access road and the main power transmission line in the place. - Legal permission (establishment license, foreign currency quota, environment) taken? In order to settle in BAHRKAN, legal permits must be obtained from the General Directorate of Cultural Heritage, Tourism and Handicrafts of the province. - Partnership agreement concluded with local/foreign investor? No - So far, no partnership agreement has been prepared for the implementation of the project. This plan has the necessary features to attract shareholders' financial resources. - Agreement with local/foreign contractor(s) concluded? No, so far, no agreement or contract has been concluded for the implementation of the project's construction operations. - Infrastructural utilities procured? At present, access to electricity and road is available, but in order to have water and sewage resources, necessary investment should be made. - 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	4,938,800	451,531	10,937,898	0	10,937,898
Total Net Working Capital Requirements	21,726	451,531	48,117	0	48,117
Total Investment	4,960,526	-	10,986,015	0	10,986,015

- Value Of Foreign Equipment/Machinery: 0 Euro
- Value Of Local Equipment/Machinery: 1,362,033 Euro
- Value Of Foreign Technical Know-How: 0 Euro
- Value Of Local Technical Know-How: 0 Euro
- Net Present Value (NPV): 1,202,388 Euro Net present values discounted to: 1403
- Internal Rate of Return (IRR): 22.8% %
- Normal Payback: 3.33 year Equivalent to 39.96 months
- Minimum Attractive Rate of Return: 20% %

General information

- 12. Project Type:** new Project ☒ Explanation / Rehabilitation project ☐
- Name / Company name:
- Address: Khuzestan- the coastal tourism town of BAHRKAN HANDIJAN region
- 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.) ☐