



## **Pre-Feasibility Study**

### **A Classified Tourist Restaurant & A Multi-Purpose Hall Project**

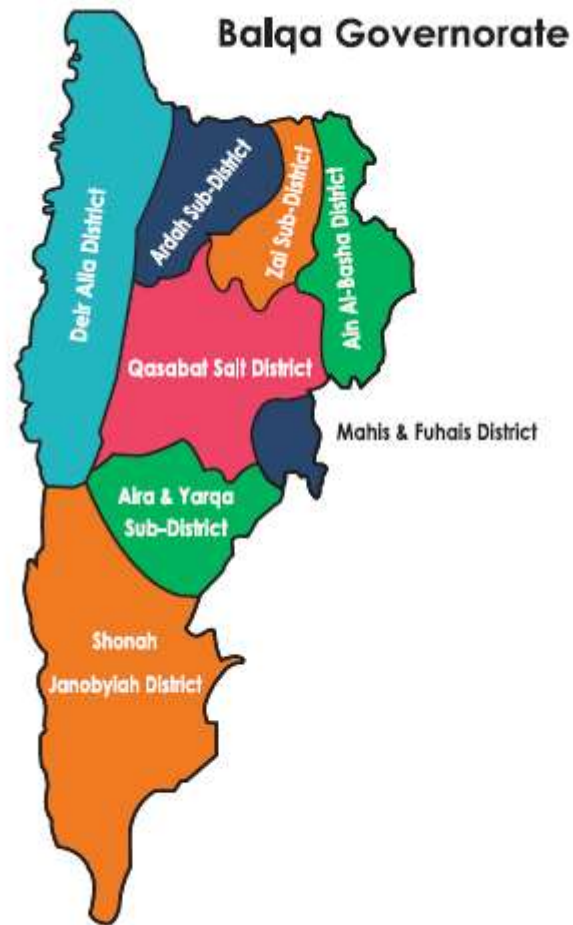
#### **Balqa**

**April, 2017**



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## 1. Executive Summary

This study aims at determining the pre-feasibility study for the establishment of a Classified Tourist Restaurant and a Multi-purpose Hall, in the area of Al-Rumman, which is about 22 km from Amman, and is located in the District of Ain Al-Basha overlooking the King Talal Dam. The location is about 500 meters from Amman-Jerash Highway Street. The following table shows the preliminary indicators of the project.

**Table 1: Initial Indicators of the Project**

|   |   |
|---|---|
| <b>Project Name</b>                       | Classified Tourist Restaurant and a Multi-purpose Hall  |
| <b>Sector</b>                             | Tourism   |
| <b>Governorate</b>                        | Balqa   |
| <b>Region</b>                             | District of Ain Al-Basha - Tal Al-Rumman Region   |
| <b>Products/Services</b>                  | <ul style="list-style-type: none"> <li>• A Classified Tourist Restaurant serving lunch and dinner.</li> <li>• Multi-purpose Hall</li> </ul>   |
| <b>Project Description</b>                | <p>A Classified Tourist Restaurant and a Multi-urpose Hall will be established in Balqa Governorate in Tal Al-Rumman Area and overlooking King Talal Dam.</p> <p>The Restaurant will have 80 tables, including 40 tables in the inner hall and 40 tables on the outdoor terrace, with a total of 320 seats and a capacity of 233600 guests per year. The average selling price in the restaurant will be about 20 JD per person.</p> <p>As for the Multi-purpose Hall, it will have a capacity of about 167500 guests per year. The average selling price in the Hall will be about 15 JD per person.</p> |
| <b>Target Market</b>                      | <ul style="list-style-type: none"> <li>• Middle and high income Jordanian tourist.</li> <li>• Foreign tourists.</li> <li>• Jordanian citizens.</li> </ul>   |
| <b>Investment Cost</b>                    | The investment cost of the project is about 1.9 million JD.   |
| <b>The Average Return On Investment</b>   | The average return on investment during five years is about 32%   |
| <b>Internal Rate Of Return</b>            | The internal rate of return for the project is about 33%  |
| <b>Average Added Value Of The Project</b> | The average added value of the project in five years is about 1.1 million JD.   |
| <b>Risk Assessment</b>                    | The Sensitivity Analysis indicates a low risk in case of 10% increase in investment cost, or 10% increase in operating costs, or 10% decrease in revenues.  |

|                                       |   |
|---------------------------------------|---|
| <b>The Project<br/>Justifications</b> | <ul style="list-style-type: none"><li>• Stimulating internal and external tourism.</li><li>• Manpower employment.</li><li>• Increasing integration with tourism projects.</li><li>• Creating a recreational tourist area in Tal Al-Rumman Region.</li></ul> |
| <b>Partners/<br/>Stakeholders</b>     | <ul style="list-style-type: none"><li>• Ministry of Tourism and Antiquities.</li><li>• Concerned Municipality (licenses).</li></ul>   |

## 2. The Macroeconomic Environment

### 2.1 An Overview of the Hashemite Kingdom of Jordan

The Hashemite Kingdom of Jordan is a landlocked country surrounded by land except at its southern extremity at the port of Aqaba, where that area is the only sea exit area in Jordan. The Kingdom is bordered at its west side by Palestine and the Mediterranean Sea, at its south and east by the Kingdom of Saudi Arabia, at north east by Iraq and at north by Syria.

Figure 1: Map of the Hashemite Kingdom of Jordan



Jordan is marked by three climatic zones from west to east including the Jordan Valley, most of which lies below sea level and is considered subtropical, and upland areas to the east of the Jordan Valley, ranging in height from 100 to 1500 meters above sea level and this is one of the areas dominated by Mediterranean climate, and the desert areas stretching to the east of the highlands.

The total area of the Kingdom is approximately 89.3 thousand square kilometers, and the semi-desert conditions prevail in over 80% of this area where there are some wet lands settings like Azraq Basin.

The kingdom is divided administratively into twelve governorates distributed into three regions: the Northern Region (includes the governorates of Irbid, Mafrqa, Jerash and Ajloun) while the Central Region (includes the governorates of the capital, Zarqa, Balqa, Madaba) and the Southern Region (includes the governorates of Karak, Tafila, Ma'an, Aqaba), and the major cities are Amman (the capital), Zarqa and Irbid.

## 2.2 Population

Based on the General Census of Population and Housing in 2015, the population in the kingdom amounted to about 9.5 million people with a population density of 107.3 inhabitants per km<sup>2</sup>, where the Capital City knocked off other governorates by population amounting to about 4 million people and a population density of 538.8 inhabitants per km<sup>2</sup>, mainly because Amman is the most attractive governorate for Jordanians and for those coming to Jordan from other countries, followed by Irbid Governorate with a population of 1.8 million people, and then Zarqa Governorate with a population of 1.4 million. Tafila Governorate which is considered to be the least populous governorate whose population is about 96 thousand people.

**Table 2: Number of population and population density in the Kingdom for 2015**

| Governorate             | Population (people) | Area (Km <sup>2</sup> ) | Population density (people/ km <sup>2</sup> ) |
|-------------------------|---------------------|-------------------------|---|
| <b>Central Region</b>   |                     |                         |   |
| Capital                 | 4007526             | 7,579                   | 528.8   |
| Zarqa                   | 1364878             | 4761                    | 286.7   |
| Balqa                   | 491709              | 1120                    | 439.0   |
| Madaba                  | 189192              | 940                     | 201.3   |
| <b>North Region</b>     |                     |                         |   |
| Irbid                   | 1770158             | 1572                    | 1126.1  |
| Mafraq                  | 549948              | 26551                   | 20.7  |
| Jerash                  | 237059              | 410                     | 578.2   |
| Ajloun                  | 176080              | 420                     | 419.2   |
| <b>Southern Region</b>  |                     |                         |   |
| Karak                   | 316629              | 3495                    | 90.6  |
| Tafeileh                | 96291               | 2209                    | 43.6  |
| Maan                    | 144082              | 32832                   | 4.4   |
| Aqaba                   | 188160              | 6905                    | 27.2  |
| <b>Total of Kingdom</b> | <b>9531712</b>      | <b>88793.5</b>          | <b>107.3</b>                                  |

Source: Department of Statistics, Jordan General Population and Housing Census, 2015

On the other hand, the population growth rate has reached about 3% in 2010 and increased to 9% during the years 2013 and 2014 and then dropped a little during 2015 to reach about 8%, according to demographic surveys for the Department of Statistics. The reason for the high growth rates is attributed to the influx of large numbers of refugees from Syria to the Kingdom which resulted in a marked decline in per capita real GDP index by 5.4% to JD 1,197.4, based on the Statements of the Central Bank of Jordan.

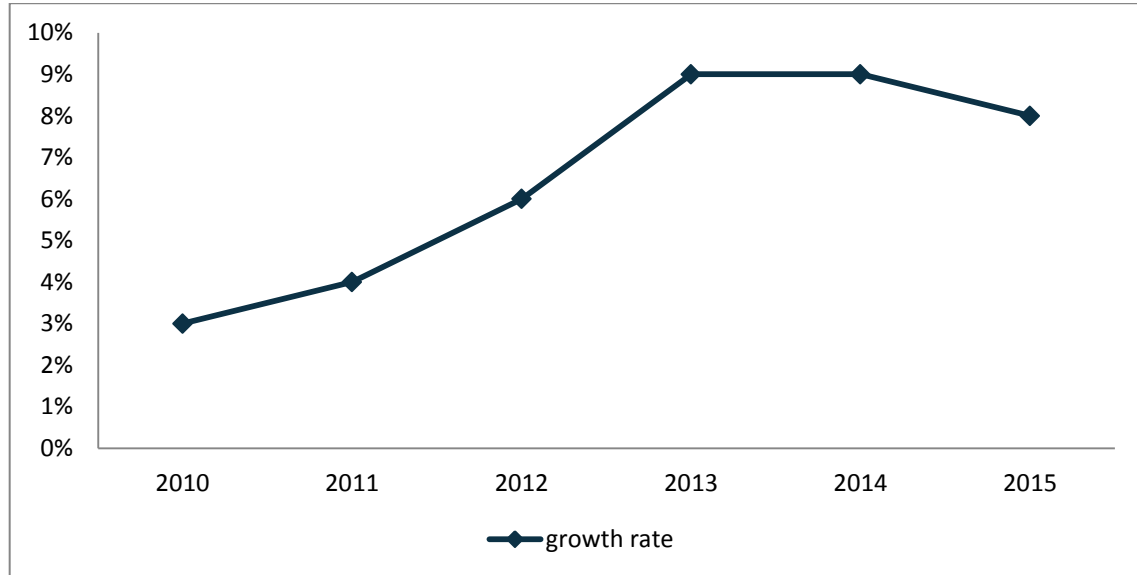
The unemployment rate among Jordanians also witnessed a rise by 1.1 percentage to reach to 13%, due to the structural imbalances that the labor market is suffering from and the acquisition of the low-paid foreign workers on a large number of new jobs in the economy, according to the Central Bank of Jordan.

**Table 3: Number of population and population growth in the Kingdom, thousand**

|             | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   |
|-------------|--------|--------|--------|--------|--------|--------|
| population  | 6698.0 | 6993.0 | 7427.0 | 8114.0 | 8804.0 | 9531.7 |
| growth rate | %3     | %4     | %6     | %9     | %9     | %8     |

Source: Department of Statistics

**Figure 2: population growth rate in the Kingdom**





## 2.3 Economic Indicators in the Kingdom 1

Countries across the Middle East are still suffering from instability and closure or partial closure of borders; including the borders of important markets for the Kingdom's products. These factors led to a decline in the performance of many of the economic sectors, including the external sector, national exports, touristic income, and Foreign Direct Investment (FDI), and they contributed to a slowdown in the economic growth to about 2.4% in 2015, compared to 3.1% in 2014. The growth achieved in 2015 came from growth across several economic sectors, especially in the finance, insurance, and real estate services; the transport, storage, and communications services; the mining industry; the manufacturing industry; and the agriculture sector. These sectors contributed a combined 1.8 percentage points (or 75%) of the growth rate achieved during 2015, reflecting the diversity of the economic growth sources in the Kingdom.

Additionally, the general price level registered a decline in the prices of oil, commodities, and other related services in the global markets. Therefore, the general price level, measured by the relative change in the average consumer price index deflated by 0.9% in 2015, compared to the inflation of 2.9% in 2014.

The budget deficit, after aid, increased by 1.2% to a record 3.5% of GDP, compared with 2.3% in the previous year. In addition, the Balance of Payments' Current Account recorded a deficit of 8.9% of GDP, compared with 7.3% in 2014. At the end of 2015, the net public debt amounted to 22,847.5 million Jordanian Dinars (85.8% of the GDP), with an increase of 5.0% of the GDP. However, the total public debt reached 24,876.5 million Jordanian Dinars (93.4% of GDP). This increase resulted from financing both the general budget deficit and the guarantees for loans for the National Electricity Company and the Water Authority, as well as the slowdown of economic growth during 2015. The indebtedness of the National Electricity Company and the Water Authority recorded 6.7 billion Jordanian Dinars at the end of 2015.

On the monetary and banking front, most monetary indicators experienced positive development in performance in 2015, primarily in the Central Bank's foreign reserves, which maintained comfortable levels that amounted to about \$14.2 billion. The dollarisation rate decreased, which reflected positive demand for Jordanian Dinars in comparison to other major foreign currencies. With regards to the activities of licensed banks, the outstanding balance of credit increased by 9.5%, to reach 21,103.5 million Jordanian Dinars at the end of 2015. The total deposits registered with licensed banks increased by 7.7%, to reach 32,598.5 million Jordanian Dinars at the end of 2015. The increase in deposits came as a result of the high dinar deposits, which increased by 2,001.4 million Jordanian Dinars (8.3%), and higher foreign currency deposits, which increased by 336.1 million Jordanian Dinars (5.4%).

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<sup>1</sup> The Central Bank of Jordan

Furthermore, many of the external sector indicators registered a drop in performance in 2015 due to the deepening instability in the region and almost full closure of the borders with Iraq and Syria. However, the drop in oil prices in the global markets contributed to the decline in the Kingdom's imports bill for energy, as it dropped by 40.6%, which in turn contributed to a decline in total imports and the trade deficit by 11.4% and 14.0%, respectively. Thus, the Current Account, excluding aid, declined to 11.9% of GDP, compared to 12.4% in 2014.

The Current Account deficit increased after aid, to reach 2,365.6 million Jordanian Dinars (8.9% of GDP) in 2015, compared with a deficit of 1,851.7 million Jordanian Dinars (7.3% of GDP) in 2014. This decline is due mainly to the decline in total exports by 6.6% and the decline in surplus in the services account by 27.7%, as touristic income decreased by 7.1%, and the decline in the surplus in the current transfers account decreased as a result of reduced foreign aid.

Capital and financial accounts resulted in a net inflow of 1,593.7 million Jordanian Dinars in 2015, compared to 909.0 million Jordanian Dinars in 2014; this was due to the Kingdom's higher net obligations towards the outside world. Foreign Direct Investment registered a net inflow of 909.4 million Jordanian Dinars, and the reserved investment registered an inflow of 918.4 million Jordanian Dinars due to the Kingdom issuing Eurobonds that are worth \$2.0 billion in the global markets. The withdrawal of bank loans on behalf of the Central Bank increased the use of funds from the International and Arab Monetary Funds by 543.3 million Jordanian Dinars. This led to the registration of a surplus in the overall Balance of Payments of 328.7 million Jordanian Dinars during 2015, compared to a surplus of 1,550.7 million Jordanian Dinars during 2014.

According to the Central Bank of Jordan, the increased international investment at the end of 2015 showed an increase in the external net liabilities of the Kingdom, which reached 24,357.5 million Jordanian Dinars, compared with 22,578.8 million Jordanian Dinars at the end of 2014. This was due to an increase in the external balance of assets and financial liabilities for all of the economic sectors in the Kingdom, which reached to 18,657.9 million Jordanian Dinars and 43,015.5 million Jordanian Dinars, respectively, during 2015.

**Table 4: main economic indicators 2011 to 2015 in millions of dinars**

|  | 2011     | 2012     | 2013     | 2014     | 2015     |
|--|----------|----------|----------|----------|----------|
| <b>Population (millions)</b>   | 6.993    | 7.427    | 8.114    | 8.804    | 9.532    |
| <b>Unemployment rate</b>   | 12.9     | 12.2     | 12.6     | 11.9     | 13.0     |
| <b>Production and Prices</b>   |          |          |          |          |          |
| GNP at current market prices   | 20,288.8 | 21,690.0 | 23,611.2 | 25,141.2 | 26,289.6 |
| GDP at current market prices   | 20,476.6 | 21,965.5 | 23,851.6 | 25,437.1 | 26,637.4 |
| The rate of growth in GDP at constant market prices (%)                      | 2.6      | 2.7      | 2.8      | 3.1      | 2.4      |
| The total national disposable income at current prices                       | 23,743.5 | 24,774.9 | 28,424.5 | 30,302.1 | 30,234.7 |
| The rate of growth in gross national disposable income at current prices (%) | 4.7      | -0.2     | 8.6      | 3.1      | -2.4     |
| Change in the index of consumer prices (%)                                   | 4.2      | 4.5      | 4.8      | 2.9      | -0.9     |
| The change in the GDP deflator (%)   | 6.4      | 4.5      | 5.6      | 3.4      | 2.3      |
| <b>Money and Banking</b>   |          |          |          |          |          |
| Exchange rate of the Jordanian dinar to the US dollar                        | 1.410    | 1.410    | 1.410    | 1.410    | 1.410    |
| Money supply (P2)  | 24,118.9 | 24,945.2 | 27,363.4 | 29,240.4 | 31,605.5 |
| Net foreign assets of the banking system                                     | 9,370.1  | 6,665.5  | 6,923.4  | 7,932.3  | 8,137.3  |
| Net domestic assets of the banking system                                    | 14,748.8 | 18,279.7 | 20,440.0 | 21,308.1 | 23,468.2 |
| Net debt of the government   | 6,701.4  | 9,461.3  | 10,494.8 | 10,473.9 | 11,386.4 |
| Private sector debts (Residents)   | 14,925.0 | 15,953.6 | 17,222.5 | 17,852.8 | 18,704.5 |
| Other factors <sup>(1)</sup>   | -6,877.6 | -7,135.2 | -7,277.3 | -7,018.5 | -6,622.7 |
| Deposits in dinars at licensed banks   | 19,119.1 | 17,711.1 | 21,003.0 | 24,013.1 | 26,014.5 |
| Foreign currency deposits at licensed banks                                  | 5,258.8  | 7,258.6  | 6,590.2  | 6,247.9  | 6,584.0  |
| Rediscount rate (%)  | 4.50     | 5.00     | 4.50     | 4.25     | 3.75     |
| Treasury bills interest rate for 6 months (%)                                | 3.232    | 3.788    | -        | -        | -        |
| <b>Public Finance</b>  |          |          |          |          |          |
| Total revenue and foreign aid  | 5,413.9  | 5,054.2  | 5,758.9  | 7,267.6  | 6,796.4  |
| Ratio to GDP (%)   | 26.4     | 23.0     | 24.1     | 28.6     | 25.5     |
| Total spending   | 6,796    | 6,878.2  | 7,077.1  | 7,851.1  | 7,722.9  |
| Ratio to GDP (%)   | 33.2     | 31.3     | 29.7     | 30.9     | 29.0     |
| Overall deficit/savings (on an accrual basis)                                | -1,382.7 | -1,824.0 | -1,318.2 | -583.5   | -926.5   |
| Ratio to GDP (%)   | -6.8     | -8.3     | -5.5     | -2.3     | -3.5     |
| Net outstanding balance of the domestic public debt                          | 8,915.0  | 11,648.0 | 11,863.0 | 12,525.0 | 13,457.0 |
| Ratio to GDP (%)   | 43.5     | 53.0     | 49.7     | 49.2     | 50.5     |
| Outstanding external public debt <sup>(2)</sup>                              | 4,486.8  | 4,932.4  | 7,234.5  | 8,030.1  | 9,390.5  |
| Ratio to GDP (%)   | 21.9     | 22.5     | 30.3     | 31.6     | 35.3     |

|  | 2011     | 2012     | 2013     | 2014     | 2015     |
|--|----------|----------|----------|----------|----------|
| <b>Foreign Trade and Balance of Payments</b> |          |          |          |          |          |
| Current account                              | -2,098.8 | -3,344.9 | -2,487.7 | -1,851.7 | -2,365.6 |
| Ratio to GDP (%)                             | -10.2    | -15.2    | -10.4    | -7.3     | -8.9     |
| Trade balance (Deficit)                      | -6,261.7 | -7,486.6 | -8,270.1 | -8,495.6 | -7,249.3 |
| Ratio to GDP (%)                             | -30.6    | -34.1    | -34.7    | -33.4    | -27.2    |
| Commodity exports                            | 5,684.5  | 5,599.5  | 5,617.9  | 5,953.6  | 5,558.3  |
| Imports of goods (FOB) <sup>(3)</sup>        | 11,946.2 | 13,086.1 | 13,888.0 | 14,449.2 | 12,807.6 |
| Balance of services (net)                    | 896.0    | 1,332.3  | 1,209.5  | 1,778.9  | 1,286.4  |
| Income account (net)                         | -187.8   | -275.5   | -240.4   | -295.9   | -347.8   |
| Current transfers (net)                      | 3,454.7  | 3,084.9  | 4,813.3  | 5,160.9  | 3,945.1  |
| Capital and financial account (net)          | 2,298.9  | 3,808.9  | 1,811.1  | 908.9    | 1,593.7  |
| Direct foreign investment in Jordan (net)    | 1,055.0  | 1,074.3  | 1,281.2  | 1,426.7  | 905.1    |

Source: Monthly Statistical Bulletin, Central Bank of Jordan

1. Includes the debts of public and financial institutions and other factors, as shown in the Monetary Survey Agenda.
2. This represents the total balance of drawn loans, minus total repayments.
3. Does not include imports of non-resident entities.

## 2.4 The Jordanian Investment Environment

### Investment Law No. 30 for 2014

Investment Law no. 30 for 2014 is considered an appropriate legislative framework to attract foreign investments and stimulate local investments. It is considered a competitor to other investment laws in the region because it contains many advantages, incentives, and guarantees, and it offers a range of incentives and benefits in and outside the Development and Free Zones. The law includes a series of public provisions, such as foreign investment guarantees (depositing and withdrawal of capital, investment management, and transfers) and the inadmissibility of the disbarment of investment property. The law offers provisions to settle investment disputes, protection, and encouragement of mutual investment agreements between the Kingdom and other countries.

The following shows the major incentives granted by the law:

#### ❖ Incentives and Benefits outside the Development and Free Zones

- The production inputs for the industrial and crafts sectors are exempted from customs duties.
- The return of the general sales tax on the production inputs for the industrial and crafts sectors within 30 days.
- Production inputs and fixed assets of the industrial and crafts sectors are exempted from customs duties and are granted a reduction in general sales tax to 0%.
- Returning to the sales tax on the services needed to practice economic activity within 30 days.
- The goods that are necessary for the economic activities of the following sectors are exempted from customs duties and are subject to 0% general sales tax:
  - Agriculture and livestock, hospitals and specialised medical centres, hotels and touristic facilities, touristic entertainment and recreation centres, call centres, scientific research centres and laboratories, art and media production, convention centres and exhibitions, transfers and/or distributions and/or extraction of water, gas and oil derivatives, air transport, maritime transport, and railways.

#### ❖ Incentives and Benefits inside the Development and Free Zones

- 5% income tax on the income generated from economic activity within the Development Zone.
- 5% income tax on income generated from economic activity in the industrial sector.
- Tax exemptions that are granted in the Kingdom on goods and services exports.
- Reduction of sales tax to 0% on goods and services that are used by the establishment in order to exercise its activity inside the Development Zone.
- 7% sales tax on specific services provided by a registered company in the zone when these services are consumed in the zone.
- Exemptions from customs duties except for a specified number of goods.

❖ **The Reduction of Income Tax in the Least Developed Areas for Regulation No. 44 for 2016**

- The reduction of income tax in the least developed areas for Regulation No. 44 for 2016 was approved. It aims to create an attractive environment for investments that promote economic development through the reduction of income tax outside the Development Zones and in the least developed areas in the Kingdom. The regulation specified the areas that are considered least developed and identified the activities that are excluded from this reduction.
- Under the provisions of Articles 4 and 5 of this regulation, the areas that were categorised as least developed and enjoy the reduction in income tax are divided into four categories; each category enjoys a reduction in income tax on their activities for a period of 20 years.
- Category A includes the Northern Valley District, Deir Alla District, Shouneh Al-Janoubieh District, the Southern Valley District, Rweished District, the Northern Desert District, the North Western Desert District, Al-Azraq Province, Al-Jiza District except for the borders of the new Al-Jiza municipality, Al-Moakar District except for the borders of Al-Moakar municipality, and the Governorate of Aqaba except for the Aqaba Special Economic Zone. The reduction rate for this category is 100%.
- Category B includes the Governorates of Maan, Tafileh, Karak, and Ajloun. The reduction rate for this category is 80%.
- Category C includes the Governorates of Jarash, Mafraq, and Irbid except the borders of the Greater Irbid Municipality. The reduction rate for this category is 60%.
- Category D includes the Governorates of Madaba, Balqa, Amman except for the Greater Amman Municipality, and Zarqa except for the borders of Zarqa Municipality and Russaifeh Municipality. The reduction rate for this category is 40%.

❖ **Trade and Free Trade Agreements**

The most important agreements are:

- Jordan joining the World Trade Organisation in 2000, which led to the opening of the markets of 150 countries for Jordanian exports in goods and services, and provided new opportunities of access to other countries within a clear and transparent environment of laws, regulations, and procedures.
- A series of regional trade agreements, such as the Jordan Partnership Agreement with the European Union, Agadir Agreement, Free Trade Arab Agreement, the free trade agreement between Jordan and the European Free Trade Association, and the adoption of the Euro-Mediterranean simplification of the rules of the Origin System, which includes the decision to simplify the rules of the origins of Jordanian products between Jordan and the European Union came into effect on July 19, 2016, and will remain in effect until December 31, 2026.
- A series of bilateral trade agreements with many countries, such as the free trade agreement between Jordan and the United States of America, the Qualified Industrial

Zones Agreement, the free trade agreement between Jordan and Singapore, the free trade agreement with Turkey, the free trade agreement with Canada, and many other agreements.

- Jordan has signed more than 35 agreements with Arab and foreign countries in order to prevent double taxation between Jordan and these countries, thus protecting investors' rights.
- The Agreement of Promotion and Protection of Investments and the Movement of Capital between the Arab Countries was signed in 2000 with 11 Arab countries who are members of the Arab Economic Unity Council, in order to establish an appropriate environment for investments and economic cooperation between investors in the Arab countries, thus pushing and stimulating investment activities by providing encouragement and mutual protection for Arab investments.

### **Human Development Report for 2015**

The Human Development Report that was issued by the United Nations Development Program in 2015 showed that Jordan fell 3 points to number 80. Please note that Jordan's place on the Human Development Report index value has improved slightly.

### **Global Competitiveness Report**

The Kingdom's rank has improved by one point in the Global Competitiveness Report for the year 2016/2017, at 63 out of 138 countries compared to 64 out of 140 countries in the 2015/2016 report. It is considered an insignificant improvement, especially because of the reduction in the number of countries participating in this year's report. Amongst the Arab countries, Jordan was ranked after the United Arab Emirates, Qatar, the Kingdom of Saudi Arabia, Kuwait, and Bahrain, who were ranked 16, 18, 29, 34, and 39, respectively.

### **Doing Business Report**

In the Doing Business Report that was issued by the World Bank Group, Jordan is still ranked 118, up one rank from the 2016 report, because of the variation in the performance of the different sub-indicators. Jordan ranked ninth among the Arab countries; the United Arab Emirates was ranked first among the Arab countries at 26, followed by Bahrain at 63 and Oman at 66.

## 2.5 The Economic Environment in the Short and Medium Term

Risks analysis implemented by BMI indicates that the Jordan's political and economic risks in the short and medium term are less than the overall average of the world and the Middle East. The state's risks and the operational risk are estimated to be within the acceptable levels. The international institutions' forecasts point out that the economic and foreign trade indicators are expected to achieve acceptable rates of growth with the exception of the continued increase in internal and external indebtedness.

**Table 5: Assessment of short and long-term risks**

|                    | Long term |          | Short term |          | Operational risks | State risks |
|--------------------|-----------|----------|------------|----------|-------------------|-------------|
|                    | political | Economic | political  | economic |                   |             |
| Jordan             | 63.1      | 39.2     | 66.6       | 46.2     | 58.7              | 55.4        |
| Turkey             | 60.2      | 49.4     | 58.4       | 56.9     | 55.9              | 56.1        |
| Egypt              | 53.3      | 45       | 52.4       | 48.7     | 42.9              | 47.5        |
| Lebanon            | 45.8      | 54       | 55.4       | 53.5     | 44.2              | 49.5        |
| West Bank and Gaza | 33.1      | 38.1     | 32.2       | 36.5     | 32.5              | 34.3        |
| Syria              | 22.9      | 24.4     | 22.4       | 23.6     | 29.3              | 26.1        |
| Regional average   | 49.4      | 46.9     | 51.2       | 48.7     | 46.6              | 48.3        |
| global average     | 64.1      | 50.7     | 61.3       | 51.9     | 49.8              | 54.6        |

Source: the economy and state risks, IHS, 15/09/2016

**Table 6: The most important key economic indicators 2016-2020**

| Indicator  | 2016  | 2017  | 2018  | 2019  | 2020  |
|--|-------|-------|-------|-------|-------|
| The growth rate of GDP                                     | 2.6   | 2.7   | 2.8   | 3.2   | 3.1   |
| GDP (in USD billions)                                      | 39.6  | 42.1  | 44.8  | 47.8  | 50.9  |
| Population (In millions)                                   | 9.8   | 10.1  | 10.4  | 10.7  | 11.0  |
| Consumer Price Index (% change)                            | -0.7  | 1.8   | 3.3   | 4     | 3.2   |
| Exports (in USD billions)                                  | 7.3   | 7.6   | 8.2   | 8.8   | 9.6   |
| Imports (in USD billions)                                  | 18.3  | 19.2  | 20.1  | 21.3  | 22.8  |
| Foreign direct investment, the net value (in USD billions) | 1.5   | 1.5   | 1.6   | 1.6   | 1.7   |
| Foreign direct investment, the net value (% of GDP)        | 3.7   | 3.7   | 3.6   | 3.4   | 3.3   |
| Foreign exchange reserves (in USD billions)                | 13.9  | 14.9  | 15.7  | 16.8  | 17.7  |
| Total external debt (in USD billions)                      | 24.4  | 27.8  | 30.7  | 33.7  | 36    |
| Total external debt (% of GDP)                             | 61.6  | 66    | 68.6  | 70.4  | 70.6  |
| Total external debt (% of foreign currency earnings)       | 127.3 | 138.3 | 143.6 | 147.5 | 147.8 |

Source: the economy and state risks, IHS, 15/09/2016



### 3. Market study

#### 3.1 Project Description

The project is a Classified Tourist Restaurant and a distinguished Multi-purpose Hall in Tal Al-Rumman Area, which is about 22 km away from Amman and follows the District of Ain Al-Basha and overlooking King Talal Dam. It will serve customers from different governorates of the Kingdom. The project consists of a tourist restaurant serving Eastern Dishes and organizing artistic evenings for customers from Jordan and tourists from abroad. In addition, the project will include a Multi-purpose Hall for concerts, weddings ceremonies and other events.

#### 3.2 Description of Expected Services

The expected project services include the following:

- ❖ Food and beverage services, which consist of the following:
  - Cold and hot appetizers.
  - Cold and hot drinks.
  - Eastern dishes of meat, chicken and fish.
  - Desserts and fruits variety.
  - Buffets on special occasions, especially the month of Ramadan.
  - Artistic Evenings.
  - Hookah.
  
- ❖ Multi-purpose Hall services:
  - Organizing indoor and pool parties/ceremonies.
  - Providing food and beverage services for parties/ceremonies.
  - Providing photography, roses, wedding procession and other services through sub-contracting contracting.
  
- ❖ Other services:
  - Free children's playground services.
  - Free parking.

### 3.3 Expected Demand Analysis

The demand for tourist restaurants services is influenced by the following factors:

- The influx of tourists from outside Jordan.
- The degree of security and political stability in Jordan.
- The degree of economic growth and the increase in incomes.
- Seasonality, as the demand will increase in the summer months, holidays, vacations and religious and social events.
- The increased degree of urbanization and cultural diversity among people.
- The changing consumption habits, as well as families desire to have their meals outside houses.

The demand for the Halls services is influenced by the following factors:

- The degree of population growth.
- The degree of security and political stability in Jordan.
- Average incomes.
- Seasonality, as the demand will increase in the summer months.
- Social tradition.

The demand for tourist restaurants and Halls varies according to the following factors:

- The classification type.
- The style and the interior and exterior design.
- The Restaurant and the Hall reputation.
- The degree of excellence in services provision, and maintaining the level of service.
- Location and view of the project.
- The prices.
- The Season (holidays, weekends and summer days)

The demand for food and beverage services is measured by the rate of tables' occupancy that results from the number of customers, as the demand analysis indicates the following indicators:

**Table 7: Occupancy Rates in the Food Services**

| Time period   | Occupancy rates at lunch | Occupancy rates at dinner |
|---|--------------------------|---------------------------|
| Summer and spring months - Fridays, Saturdays and occasions | 70%                      | 70%                       |
| Summer and spring months - the rest of the days             | 25%                      | 45%                       |
| The Month of Ramadan (breakfast/Iftar)                      | -                        | 80%                       |
| Winter months - Fridays, Saturdays and occasions            | 50%                      | 40%                       |
| Winter months - the rest of the days                        | 20%                      | 30%                       |

The demand for Halls services is measured by the number of the reservations days per year, as the demand analysis indicates the following indicators:

**Table 8: Occupancy Rates for Ceremonies Hall Services**

| Time period   | Occupancy rate of days |
|---|------------------------|
| Summer and spring months - Fridays, Saturdays and occasions | 100%                   |
| Summer and spring months - the rest of the days             | 70%                    |
| The Month of Ramadan (breakfast/Iftar)                      | -                      |
| Winter months - Fridays, Saturdays and occasions            | 40%                    |
| Winter months - the rest of the days                        | 20%                    |

### 3.4 Supply Analysis

The supply of tourist restaurants and Halls is influenced by the number of projects located in Tal Al-Rumman Area and nearby areas. The following table shows the number of tourist establishments in Balqa Governorate.

**Table 9: Number of Tourism Establishments in Al-Balqa Governorate and the Kingdom**

| Region/Area                                  | Hotels     | Tour Operators | Tourist restaurants | Car Rental Offices | Eastern Antiques Stores | Tourist transport | Diving Centers | Water sports | Total establishments |
|--|------------|----------------|---------------------|--------------------|-------------------------|-------------------|----------------|--------------|----------------------|
| Dead Sea                                     | 9          | 0              | 0                   | 0                  | 14                      | 0                 | 0              | 0            | 23                   |
| Balqa  | 0          | 6              | 6                   | 11                 | 0                       | 0                 | 0              | 0            | 23                   |
| Al-Fuheis                                    | 1          | 0              | 15                  | 0                  | 0                       | 0                 | 0              | 0            | 16                   |
| Total (Balqa Governorate)                    | <b>10</b>  | <b>6</b>       | <b>21</b>           | <b>11</b>          | <b>14</b>               | <b>0</b>          | <b>0</b>       | <b>0</b>     | <b>62</b>            |
| Total (The Kingdom)                          | <b>562</b> | <b>897</b>     | <b>1002</b>         | <b>252</b>         | <b>387</b>              | <b>8</b>          | <b>9</b>       | <b>3</b>     | <b>3120</b>          |
| Percentage of the Governorate to the Kingdom | 2%         | 1%             | 2%                  | 4%                 | 4%                      | 0%                | 0%             | 0%           | 2%                   |

Source: Ministry of Tourism and Antiquities, 2016

The following table shows the number of classified restaurants and classified Halls in Amman, Jerash, Balqa and Al-Fuheis. It is noted that the majority of restaurants and Halls are located in Amman Area.

**Table 10: Number of Classified Restaurants and Classified Halls**

| Region/Area  | Number of Classified tourist restaurants | Number of Classified Halls * |
|--------------|--|------------------------------|
| Amman        | 742                                      | 90                           |
| Jerash       | 9  | 2                            |
| Balqa        | 6  | 1                            |
| Al-Fuheis    | 15                                       | 1                            |
| <b>Total</b> | <b>772</b>                               | <b>94</b>                    |

Source: Ministry of Tourism and Antiquities, 2016 / \* Field surveys

When reviewing the two- and three-star hotels that contain Halls for weddings and events in the nearby areas of the project, we find that Balqa Governorate does not have any classified hotel offering this service. It also noted that the Capital Governorate has the largest number of two- and three-star hotels that contain Halls for weddings and events with all necessary services and equipment, and are considered competitors for the project. The number of Halls is approximately 34 in the three-star hotels, and is approximately 38 in the two-star hotels, based on the Ministry of Tourism and Antiquities statistics and field surveys that have been conducted.

The following table shows the number of establishments competing directly and indirectly with the project. It shows that the areas close to the project, which are Jerash Governorate and Balqa Governorate, do not contain a large number of classified Halls and Restaurants, unlike the areas far away from the project, which contain a large number of classified Halls and Restaurants, which will indirectly compete the project.

It is worth mentioning that the area of Tal Al-Rumman, where the project will be established, has only one Tourist Restaurant and also includes a multi-purpose Hall. A complete project is currently under construction in the same region on an area of 70 dunums, as it will include a restaurant, multi-purpose hall, playgrounds and other services.

**Table 11: Establishments competing directly and indirectly with the project**

|  | Classified Restaurants | Classified Halls * |
|--|------------------------|--------------------|
| Areas close to the project (direct competition)    | 30                     | 4                  |
| Areas away from the project (indirect competition) | 742                    | 90                 |

Source: Ministry of Tourism and Antiquities, 2016 / \* Field surveys

When analyzing the demand and supply trends on project services, we note the following:

- Occupancy rates in classified restaurants and distinguished Halls on summer days are still very high, and on winter days are considered acceptable.
- The project does not face high competition in the area where the project will be established since there is only one tourist restaurant.

### Overview of the Main Competitors

|                            |   |
|----------------------------|---|
| <b>Name</b>                | <b>Al-Rumman Tourist Resort</b>   |
| <b>Location</b>            | Balqa – Al-Rumman Street  |
| <b>General Description</b> | <ul style="list-style-type: none"> <li>▪ The resort has two closed Halls for winter season.</li> <li>▪ The first closed Hall can accommodate 100 people with 25 tables, while the second hall can accommodate 350 people and has 65 tables.</li> <li>▪ There is a terrace that can accommodate 200 people with 50 tables, and there are 100 tables close to the pool for 400 people.</li> <li>▪ The resort serves a party/ceremony service with buffet only.</li> </ul> |

|                            |   |
|----------------------------|---|
| <b>Name</b>                | <b>Mountain Palace Restaurant</b>   |
| <b>Location</b>            | Jerash - Jordan Street  |
| <b>General Description</b> | <ul style="list-style-type: none"> <li>▪ The restaurant area is about 4 dunums.</li> <li>▪ The restaurant has an indoor Hall and an outdoor terrace.</li> <li>▪ The restaurant has 10 employees.</li> <li>▪ The restaurant serves party service, whether with buffet or without.</li> </ul> |

|                            |   |
|----------------------------|---|
| <b>Name</b>                | <b>Qasr Libnan Touristic Restaurant</b>   |
| <b>Location</b>            | Jerash - Jordan Street  |
| <b>General Description</b> | <ul style="list-style-type: none"> <li>▪ The restaurant area is about 4 dunums.</li> <li>▪ The restaurant has an indoor Hall.</li> <li>▪ The restaurant has an outdoor terrace and a pool.</li> <li>▪ The restaurant has 10 employees.</li> <li>▪ The restaurant serves party service, whether with buffet or without.</li> </ul> |

|                            |  |
|----------------------------|--|
| <b>Name</b>                | <b>Al-Hummar Restaurant</b>  |
| <b>Location</b>            | Al-Fuheis  |
| <b>General Description</b> | <ul style="list-style-type: none"> <li>▪ The restaurant area is about 6 dunums.</li> <li>▪ The restaurant has an indoor Hall.</li> <li>▪ The restaurant has an outdoor terrace and a pool.</li> <li>▪ The restaurant has 16 employees.</li> <li>▪ The restaurant has a kitchen for food delivery.</li> <li>▪ The restaurant serves party service, whether with buffet or without.</li> </ul> |

### 3.5 Price Analysis

A field study was conducted on restaurant prices in the nearby areas of the project and in the area of Tal Al-Rumman, knowing that there is only one restaurant in Tal Al-Rumman Area. These restaurants were visited, and the selling prices of different types of food and party/ceremonies service prices were collected, in order to create a clear picture of the status and prices of restaurants in these areas.

The following table shows the average selling price of different types of food in the tourist restaurants in the nearby areas of the project.

**Table 12: Average selling price in tourist restaurants close to the area**

| Type                         | Average Selling Price (JD) |
|------------------------------|----------------------------|
| Cold Appetizers              | 2.50                       |
| Hot Appetizers               | 4.00                       |
| Salads                       | 4.25                       |
| Grill dish                   | 10.00                      |
| Fish dish                    | 11.00                      |
| Clay pot cooking             | 8.25                       |
| International dishes         | 14.00                      |
| Italian dishes               | 8.00                       |
| hot drinks                   | 2.25                       |
| Cold drinks and refreshments | 3.75                       |
| Natural juices               | 3.50                       |

The table below shows the average prices for party/ceremonies services offered by the tourist restaurants near the project, with or without a buffet service.

**Table 13: Average price for party/ceremonies service in tourist restaurants near the project**

| Statement        | Price per person | The price for a party/ceremony includes 200 people |
|------------------|------------------|--|
| With a buffet    | 15 JD            | 3000 to 5000 JD                                    |
| Without a buffet | 8 JD             | 1500- 3000 JD                                      |

### 3.6 Marketing Strategy

#### Target Market

The project targets the following customers:

- Local customers from different governorates (middle and high income)
- The Arab Tourist.
- Jordanian expatriate, especially in the summer months.
- Foreign tourist through group tours.

#### Expected Services and Products

Expected project services include the following:

- Food and beverage services.
- Multi-purpose Hall services.
- Other services, such as free children's playgrounds and free parking.

The project focuses on providing excellent services to attract customers seeking excellence in service and thus obtaining good rates.

#### Expected Prices

The price strategy of the project is as follows:

- Food and beverage services, specific prices for each dish of appetizers, main dishes and desserts at an average price of 20 JD per customer.
- Buffet services on ceremonies 15 JD, without the prices of Hookah and fresh juices.
- Multi-purpose Hall services 15 JD per person.
- Children's playground services (free).

#### Promotion

The project's promotional strategy includes the following:

- Designing an attractive website and a social media page.
- Brochures for the restaurant and the Multi-purpose Hall.
- Advertisements in newspapers and specialized magazines.
- The Placement of a billboard on the main street (Jerash - Amman).

#### Selling

The sales strategy of the project includes the following:

- Direct reception of customers through telephone calls with the Restaurant and Hall Reservations Section.
- Selling through tour operator specialized in foreign tourist groups.

## The Services

The strategy of service delivery for the project is as follows:

- Focusing on the quality of products and used materials.
- Permanent and continuous cleanliness.
- Respecting the rules of health protection, cleanliness and public safety.
- Maintenance of equipment on an ongoing basis.
- Paying attention to the proper appearance of employees.
- Paying attention to good and decent treatment for customers.
- Paying attention to the speed of service delivery to customer.
- Conforming to the classification of tourist restaurants.
- Providing services that match their category.
- Knowledge and Familiarity with culinary arts and the way food is served.
- Maintaining the cleanliness of used tools, furniture and various facilities and equipment.
- Respecting the rules of meals preparation and the rules related to such service.
- Credibility when dealing with customers.

### 3.7 The Expected Market Share

The following table shows the expected market share of the project during the first five years of the project.

**Table 14: Market Share of the Project**

| Statement  | First year | Second year | Third year | Fourth year | Fifth year |
|--|------------|-------------|------------|-------------|------------|
| The number of expected customers in the restaurant | 58,400     | 65,408      | 72,416     | 79,424      | 86,432     |
| Number of customers / Multi-purpose Hall           | 63,875     | 73,000      | 82,125     | 91,250      | 100,375    |
| Average selling price - Restaurant                 | 20.0       | 20.6        | 21.2       | 21.9        | 22.5       |
| Average Selling Price - Multi Purpose Hall         | 15.0       | 15.5        | 15.9       | 16.4        | 16.9       |



## 4. Technical Study

### 4.1 The Designed Project Capacity

The following table shows the designed capacity of the project. The designed capacity is about 233,600 guests for the restaurant, and about 167,500 guests for the Hall.

**Table 15: The Designed Capacity of the Project**

| Item  | Number  |
|---|---------|
| Interior Hall - Guest / Year                      | 116,800 |
| External Terrace- guest / year                    | 116,800 |
| Total Restaurant - Guest / Year                   | 233,600 |
| Number of events in the multi-purpose Hall / year | 335     |
| Total Hall - Guest / Year                         | 167,500 |

The following table shows the required areas for the project. In order to reach the design capacity, it requires the purchase of a land with an area of about 5000 m<sup>2</sup>, and the establishment of a restaurant with an area of about 800 m<sup>2</sup> and a Multi-purpose Hall with an area of about 900 m<sup>2</sup>. It is worth noting that two separate gates will be designed and constructed, one for the restaurant's visitors and the other for the visitors of the Multipurpose Hall.

**Table 16: Required Areas for the Project**

| Item   | Unit  |
|--|-------|
| Land m <sup>2</sup>                                  | 5,000 |
| Restaurant Buildings m <sup>2</sup>                  | 800   |
| Multi-purpose Hall Buildings m <sup>2</sup>          | 900   |
| External works m <sup>2</sup> (paving & parking lot) | 2,000 |

### 4.2 The Required Fixed Assets

The following table shows the required fixed assets for the project.

**Table 17: Required Fixed Assets**

| Item   | Unit  | Price            | Value (JD) |
|--|-------|------------------|------------|
| Land m <sup>2</sup>  | 5,000 | 45               | 225,000    |
| Buildings m <sup>2</sup>   | 1,700 | 400              | 680,000    |
| External Works   | 2,000 | 100              | 200,000    |
| Furniture and equipment (tables, chairs, refrigerators, personnel, kitchen utensils, etc.) | -     | -                | 200,000    |
| Transportation Vehicles  | 3     | 15,000           | 45,000     |
| Information Technology (Computers & Software)  |       |                  | 20,000     |
| <b>Total</b>   |       | <b>1,370,000</b> |            |

\* Figures were estimated from the Market Study

### 4.3 The Required Human Resources

The following table shows the human resources required for the project. The number of employees required is about 66 employees with a total salary of 430,800 JD annually.

**Table 18: Human Resources Required for the Project**

| Item                               | Number of Employees | Monthly Salary (JD) | Total Annual Salary (JD) | Operational Salary Annual (JD) | Administrative Salary Annual (JD) |
|------------------------------------|---------------------|---------------------|--------------------------|--------------------------------|-----------------------------------|
| Director General                   | 1                   | 3,500               | 42,000                   |                                | 42,000                            |
| Halls Managers                     | 3                   | 1,500               | 54,000                   |                                | 54,000                            |
| Accountants                        | 1                   | 600                 | 7,200                    |                                | 7,200                             |
| treasurer                          | 2                   | 400                 | 9,600                    |                                | 9,600                             |
| Purchases, Warehouses, Sales       | 3                   | 400                 | 14,400                   |                                | 14,400                            |
| Administrator                      | 2                   | 400                 | 9,600                    |                                | 9,600                             |
| Chef                               | 4                   | 1,500               | 72,000                   | 72,000                         |                                   |
| Technician, Assistant Chef, Waiter | 35                  | 400                 | 168,000                  | 168,000                        |                                   |
| Workers, security, car parking     | 15                  | 300                 | 54,000                   | 54,000                         |                                   |
| <b>Total</b>                       | <b>66</b>           |                     | <b>430,800</b>           | <b>294,000</b>                 | <b>136,800</b>                    |

The following table shows the general job description of the required jobs in the project.

**Table 19: General Job Description of the Required Jobs in the Project**

| Job              | Job Description  |
|------------------|--|
| Director General | <ul style="list-style-type: none"> <li>▪ Planning, organizing, coordinating and overseeing everything related to the internal management of the company.</li> <li>▪ Participating in determining the company policy and managing everything related to the work.</li> <li>▪ Reviewing reports received by the Administration Section, and overseeing their analysis process, and studying the issues that arise and developing solutions to them.</li> <li>▪ Technical and administrative supervision of employees, as well as improving their efficiency.</li> <li>▪ Taking into account the application of safety instructions and occupational health.</li> </ul>   |
| Halls Managers   | <ul style="list-style-type: none"> <li>▪ Overseeing the operations of the Hall under his responsibility.</li> <li>▪ Following-up the works by all employees, and ensuring the safety and security of these works.</li> <li>▪ Detecting the existing issues and working to solve them, and coordinating with different sections to ensure their operations as required.</li> </ul>  |
| Chef             | <ul style="list-style-type: none"> <li>▪ Managing the work schedules for kitchen workers, and distributing kitchen work.</li> <li>▪ Participating in the menus design, and writing the supply order of fresh food (vegetables, fruits) in quantity and quality, and in line with the applicable food list.</li> <li>▪ Proposing the necessary training programs to increase the efficiency of employees and address the deficiencies and problems that arise when applying the operating cycle.</li> <li>▪ Implementing the periodic maintenance programs of machines and following-up the repair of malfunctions.</li> <li>▪ Ensuring that the cooks comply with the cooking methods.</li> <li>▪ Determining the kitchen spraying programs for insect and rodent control.</li> <li>▪ Ensuring that all employees in the kitchen apply the approved safety, health and quality rules.</li> </ul> |
| Treasurer        | <ul style="list-style-type: none"> <li>▪ Receiving cash from customers based on invoices.</li> <li>▪ Keeping the money and sending it to the approved bank.</li> </ul>   |
| Worker           | <ul style="list-style-type: none"> <li>▪ Receiving customers and maintaining a constant cleanliness of the section he/she works in, as well as preparing tables and chairs, and receiving customer orders and delivering them to the kitchen.</li> <li>▪ Checking the orders before taking them to customers.</li> <li>▪ Immediately reporting any faults or broken equipment.</li> </ul>  |

| Job                   | Job Description  |
|-----------------------|--|
| Sales Employee        | <ul style="list-style-type: none"> <li>▪ Full knowledge of the food menu to respond to any inquiries of guests.</li> <li>▪ Implementing the executive policies and programs related to Sales Management, and Implementing the approved sales policy and all work orders.</li> <li>▪ Carrying out all the tasks required by the Marketing and Sales Manager and the Marketing and Sales Coordinator within the work limits of the Marketing and Sales Management.</li> <li>▪ Submitting a weekly report to the Marketing and Sales Manager to indicate what has been achieved and what has been postponed with a reason statement.</li> </ul>                       |
| Accountant            | <ul style="list-style-type: none"> <li>▪ Proofing accounting constraints, and preparing monthly bank statements send to both customers and suppliers.</li> <li>▪ Auditing and reconciling the balances of bank accounts in records with the bank statements of these banks.</li> </ul>   |
| Purchases Coordinator | <ul style="list-style-type: none"> <li>▪ Organizing and maintaining records and forms of Procurement Management and inputting relevant data.</li> <li>▪ Acting for the Procurement Manager if he is not present.</li> <li>▪ Participating in planning and preparing executive programs for the Procurement Department, and training the employees working in the Procurement Department on their work.</li> <li>▪ Ensuring that suppliers can meet the requirements of the purchase orders and the requests for quotations.</li> <li>▪ Editing the supplier registration record, and participating in the budget preparation of Procurement Management.</li> </ul> |
| Warehouse Supervisor  | <ul style="list-style-type: none"> <li>▪ Overseeing the materials request, when their balances in the warehouse reach their reorder point.</li> <li>▪ Following-up the preparation of item cards, and writing the necessary information on them, as well as updating them on a regular basis.</li> <li>▪ Registering and re-receiving the loaned materials and inventory from the warehouse to the employees duly.</li> <li>▪ Taking the responsibility for warehouse assets.</li> <li>▪ Taking into account the application of the principles of public safety and occupational health in the warehouse.</li> </ul>   |
| Administrator         | <ul style="list-style-type: none"> <li>▪ Assisting in all aspects of administrative organization, and coordinating between departments and units working in solving administrative and operational issues on a daily basis.</li> <li>▪ Scheduling and coordinating meetings, interviews, events and other similar activities.</li> <li>▪ Sending and receiving mail and packages, and preparing correspondences.</li> <li>▪ Saving and updating employees' affairs files.</li> </ul>   |

#### 4.4 Special Requirements

The following table shows the general and special requirements for classified tourist restaurants that must be considered for the establishment and operation of the project.

**Table 20: General and Special Requirements for Classified Tourist Restaurants**

| Statement          | Requirements  |
|--------------------|---|
| The Building       | <ul style="list-style-type: none"> <li>▪ The exterior design of the restaurant is a distinctive architectural feature and indicates the presence of a restaurant.</li> </ul>  |
| Parking            | <ul style="list-style-type: none"> <li>▪ Sufficient numbers of parking spaces within the perimeter of the restaurant or outside it.</li> <li>▪ Parking service, from the car to the main door of the restaurant (valet)</li> </ul>  |
| Types of entrances | <ul style="list-style-type: none"> <li>▪ Customer entrance.</li> <li>▪ Services entrance.</li> <li>▪ A separate entrance for people with special needs.</li> </ul>  |
| Services           | <ul style="list-style-type: none"> <li>▪ Door-to-Table Service: It means that the Hall Manager or any employee would receive the customer and welcome him/her to the appropriate table.</li> <li>▪ In-Hall Service: It means that any of the Hall employees would direct the customer to the table inside the Hall.</li> <li>▪ Reception Area: It means that there is a special place to receive customers and wait for them, and to have some drinks until their table is prepared, and there must be a hat stand to keep and hang clothes.</li> </ul>   |
| Halls              | <ul style="list-style-type: none"> <li>▪ The floor shall be covered with fireproof carpets, and it shall not produce static electricity. The floor must also be from marble and free of cracks, or it could be covered by high quality wood or stainless steel, or equivalent of wood upholstered with cloth or leather.</li> <li>▪ Towels if found, shall be made of pure cotton or silk, and shall be fire resistant and sewed from all sides. The towels must be at least 40 x 40 cm in size and have the restaurant's logo.</li> <li>▪ Their handles shall be plated with silver or high quality stainless steel, and high class restaurants shall have their logo.</li> <li>▪ The drinking glasses shall be free of impurities, and shall be suitable for all types of drinks, and all suitable dishes shall be available.</li> <li>▪ The decoration shall be made of wood, wallpaper or good quality gypsum, with the presence of ordinary paintings on the walls, made of cloth or suitable equivalent.</li> <li>▪ Appropriate and sufficient cold / hot air conditioning.</li> <li>▪ The menu shall be in Arabic and English, and shall be protuberant, not tattered or not scratched. A separate menu of drinks shall be provided with the price and taxes.</li> <li>▪ Ventilation shall be adequate and appropriate.</li> <li>▪ The sound insulation system shall be adequate and appropriate.</li> </ul> |

| Statement   | Requirements  |
|-------------|---|
| Washbasins  | <ul style="list-style-type: none"> <li>▪ The lighting shall be adequate and appropriate.</li> <li>▪ Toilet, the following conditions must be met:               <ul style="list-style-type: none"> <li>– The presence of Toilet with good wooden doors, with the need to provide indicator locks and good ventilation, and the Toilet cover shall be made of stainless steel or porcelain.</li> <li>– The presence of a toilet paper carrier and another one as a stand-in, and there shall be a trash basket of stainless steel sealed with a nylon bag from inside.</li> <li>– The walls shall be covered with Chinese tiles or ceramics, and the floor with ceramic.</li> <li>– Providing adequate lighting.</li> <li>– The presence of a perfuming device or similar.</li> <li>– Ventilation shall be adequate and appropriate.</li> </ul> </li> <li>▪ Washbasins:               <ul style="list-style-type: none"> <li>– Shall be made of porcelain or stainless steel, and provided with cold and hot water.</li> <li>– The presence of a good mirror with suitable sides along with sufficient lighting.</li> <li>– The presence of liquid soap.</li> <li>– The presence of paper towels to dry hands in a special carrier, or electrical drying devices.</li> <li>– There shall be a stainless trash basket under the sink</li> </ul> </li> </ul> |
| The kitchen | <ul style="list-style-type: none"> <li>▪ The space shall fit the size of the restaurant hall.</li> <li>▪ The cleanliness of the kitchen and its workers, as it is required that the floor and the walls shall be tiled by either Chinese or ordinary tiles or ceramics, with the provision of containers for keeping garbage and providing cleanliness in it.</li> <li>▪ Tables shall be made of stainless steel.</li> <li>▪ Suction hoods and sieves, as these elements shall be provided especially the air suction hoods to absorb odors and grease, with the need to keep them clean on a regular basis.</li> <li>▪ Running Hot water in the kitchen.</li> <li>▪ Providing kitchen equipment, utensils and machines.</li> <li>▪ The chef is required to have scientific certificates and practical experience in his field of competence.</li> <li>▪ Availability of warehouses, which are intended for refrigerating and freezing, as well as vegetables, fruits and other materials storage, provided that the warehouses shall comply with the conditions of health and cleanness.</li> <li>▪ Kitchen dividers, meaning that the sink shall be separate from food preparation areas and the thermal appliances shall be away from meat and foods that are affected by heat.</li> </ul>   |

| Statement | Requirements   |
|-----------|--|
| Employees | <ul style="list-style-type: none"> <li>▪ Restaurant Management               <ul style="list-style-type: none"> <li>– Restaurant Manager: This means having a qualified and a full-time manager in a special office that is easily accessible to customers.</li> <li>– The Hall Manager: This means the Hall’s butler who is required to be a graduate of a hotel college - at least two years with three years of experience in this field, or a high school graduate with experience of not less than ten years, and he/she will oversee the waitresses and waiters and guide customers and accept their comments.</li> </ul> </li> <li>▪ Staff uniforms, as it consists of trousers, jacket and tie.</li> <li>▪ General shape and fitness, as this means the health and physical fitness of the employees, with official health certificates for each worker.</li> <li>▪ Qualifications, as this means the presence of graduates of hotel colleges and scientifically qualified employees.</li> <li>▪ The staff number shall be adequate in all restaurant facilities.</li> <li>▪ Special place for clothes changing, as it is a special place for workers to change their clothes, with an area that fits their number, and the availability of bathrooms and cleaning tools of towels, soap, and toilet paper.</li> </ul> |

#### 4.5 The Required Licenses

The following table shows the necessary licenses from different parties to implement the project.

**Table 21: Licenses Required for the Project**

| Statement                   | Analysis  |
|-----------------------------|---|
| Company Registration        | <ul style="list-style-type: none"> <li>▪ Ministry of Industry and Trade</li> <li>▪ Ministry of Tourism</li> </ul> |
| Establishing The Restaurant | <ul style="list-style-type: none"> <li>▪ Municipality (Ain Al-Basha)</li> <li>▪ Engineers Association</li> </ul>  |
| Restaurant Classification   | <ul style="list-style-type: none"> <li>▪ Ministry of Tourism</li> </ul>   |
| Operating                   | <ul style="list-style-type: none"> <li>▪ Municipal, Health, Social Security, Income Tax and Sales</li> </ul>      |

### 4.6 Project Timetable

The following figure shows the 17-month project execution time, as follows:

| Stage   | First year (in months) |   |   |   |   |   |   |   |   |    |    |    | Second year (in months) |    |    |    |    |
|---|------------------------|---|---|---|---|---|---|---|---|----|----|----|-------------------------|----|----|----|----|
|   | 1                      | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13                      | 14 | 15 | 16 | 17 |
| Studies   | ■                      | ■ |   |   |   |   |   |   |   |    |    |    |                         |    |    |    |    |
| Approvals Licensing and registration of the company |                        |   | ■ | ■ | ■ |   |   |   |   |    |    |    |                         |    |    |    |    |
| Construction  |                        |   |   |   |   | ■ | ■ | ■ | ■ | ■  | ■  | ■  | ■                       |    |    |    |    |
| Furnishing and Equipping                            |                        |   |   |   |   |   |   |   |   |    |    |    | ■                       | ■  | ■  |    |    |
| Employment and Commissioning                        |                        |   |   |   |   |   |   |   |   |    |    |    |                         |    |    | ■  | ■  |
| <b>Total Duration</b>                               | <b>17 months</b>       |   |   |   |   |   |   |   |   |    |    |    |                         |    |    |    |    |



## 5. Financial Study

### 5.1 Financial Assumptions

The following table illustrates the financial assumptions of the project.

**Table 22: The Financial Assumptions of the Project**

| Item                                  | Assumption   |
|---------------------------------------|--|
| Inflation Rate                        | 3%   |
| Financing Structure                   | Equity constitutes 75% of the investment and loans constitute 25%                  |
| Interest Rate                         | 9%   |
| Working Capital                       | 3 months of annual cost  |
| Pre-Operating Expenses                | 2% of total investment   |
| Tax Rate                              | 20%  |
| Exemptions                            | Fixed assets are exempted from customs and tax exemptions by 40% of the income tax |
| Cost of materials used preparing food | 35% of total revenues  |
| Staff Benefits                        | 25% of salaries  |
| Annual Salaries Increase              | 5%   |
| Staff Incentives                      | 7% of revenues   |
| Assets Depreciation Rate              | 4%-20% of the asset value  |
| Maintenance Cost                      | 6% of total investment   |
| Growth Rate Of Expenses               | 3%   |
| Costs of Electricity and Diesel       | 6% of total revenues   |
| Cost of water                         | 0.5% of total revenues   |
| Insurance Expense                     | JD 5000  |
| Other Operation Expenses              | JD 20 thousand   |
| Inventory                             | 10% of materials cost  |
| Accrued expenses                      | 8% of costs  |

## 5.2 Investment Cost

The project's Investment cost is estimated at JD 1.8 million distributed among fixed assets of JD 1.4 million, working capital and pre-operating expenses totaled of JD 472 thousand.

The following table shows the project's Investment cost.

**Table 23: the project's investment cost**

| Item                   | Value (in thousand JD) |
|------------------------|------------------------|
| Fixed assets           | 1,370                  |
| Pre-operating expenses | 37                     |
| Working capital        | 435                    |
| <b>Total</b>           | <b>1,842</b>           |

## 5.3 Financing

The project will be financed with the shareholders by 75% which is estimated at about JD 1.4 million, while the other 25% of the project investment cost will be financed through bank loans of about JD 460 thousand.

The following table shows the financing structure for financing the project, where:

- The interest rate is 9%.
- The loan will be paid during 3 years.

**Table 24: Project financing schedule**

| Item         | Value (in thousand JD) | %           |
|--------------|------------------------|-------------|
| Equity       | 1,381.4                | 75%         |
| Loan         | 460.5                  | 25%         |
| <b>Total</b> | <b>1,842</b>           | <b>100%</b> |

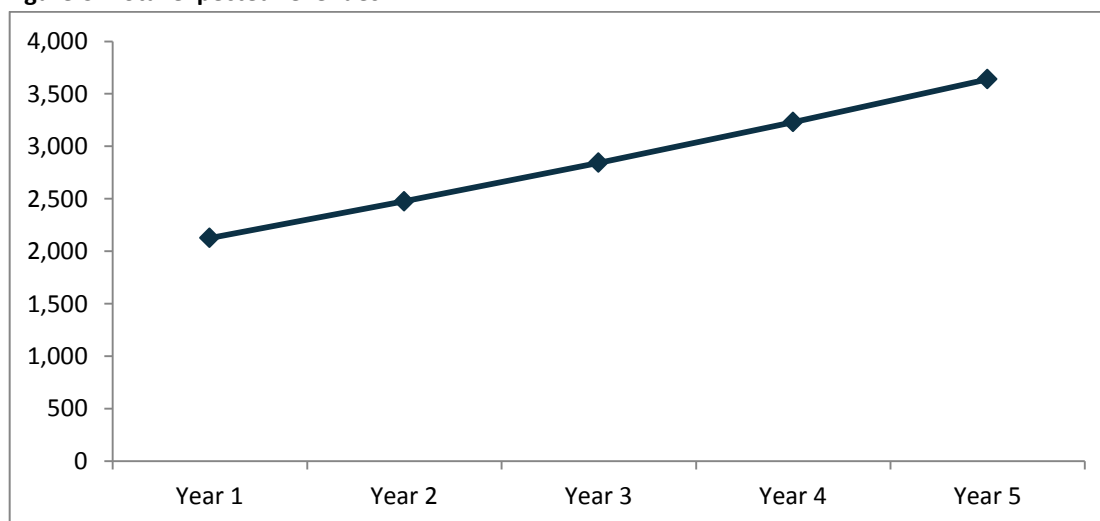
## 5.4 Revenues

The following table shows the total revenues of the project, where it is noted that the revenues in the first year amounts to about JD 2 million, and increased to reach up to JD 3.6 million in the fifth year.

**Table 25: The Expected Revenues**

| Statement                                      | Year 1       | Year 2       | Year 3       | Year 4       | Year 5       |
|--|--------------|--------------|--------------|--------------|--------------|
| Number Of Indoor Tables                        | 40           | 40           | 40           | 40           | 40           |
| Number Of Outdoor Tables                       | 40           | 40           | 40           | 40           | 40           |
| Number Of Seats                                | 320          | 320          | 320          | 320          | 320          |
| Number Of Meals (Lunch, Dinner)                | 2            | 2            | 2            | 2            | 2            |
| Number Of Multi-Purpose Halls                  | 1            | 1            | 1            | 1            | 1            |
| Hall Capacity                                  | 500          | 500          | 500          | 500          | 500          |
| Occupancy Rate of Restaurant                   | 25%          | 28%          | 31%          | 34%          | 37%          |
| Occupancy Rate of Multi-Purpose Hall           | 35%          | 40%          | 45%          | 50%          | 55%          |
| Number Of Working Days In The Year             | 365          | 365          | 365          | 365          | 365          |
| Number Of Expected Customers In The Restaurant | 58,400       | 65,408       | 72,416       | 79,424       | 86,432       |
| Number Of Hall Reservations                    | 128          | 146          | 164          | 183          | 201          |
| Number Of Customers/ Multi-Purpose Hall        | 63,875       | 73,000       | 82,125       | 91,250       | 100,375      |
| Average Selling Price- Restaurant              | 20.0         | 20.6         | 21.2         | 21.9         | 22.5         |
| Average Selling Price- Multi-Purpose Hall      | 15.0         | 15.5         | 15.9         | 16.4         | 16.9         |
| Restaurant Revenues                            | 1,168        | 1,347        | 1,537        | 1,736        | 1,946        |
| Multi-Purpose Hall Revenues                    | 958          | 1,128        | 1,307        | 1,496        | 1,695        |
| <b>Total Revenues – Thousand JD</b>            | <b>2,126</b> | <b>2,475</b> | <b>2,843</b> | <b>3,231</b> | <b>3,640</b> |

**Figure 3: Total expected revenues**



## 5.5 The Projected Costs

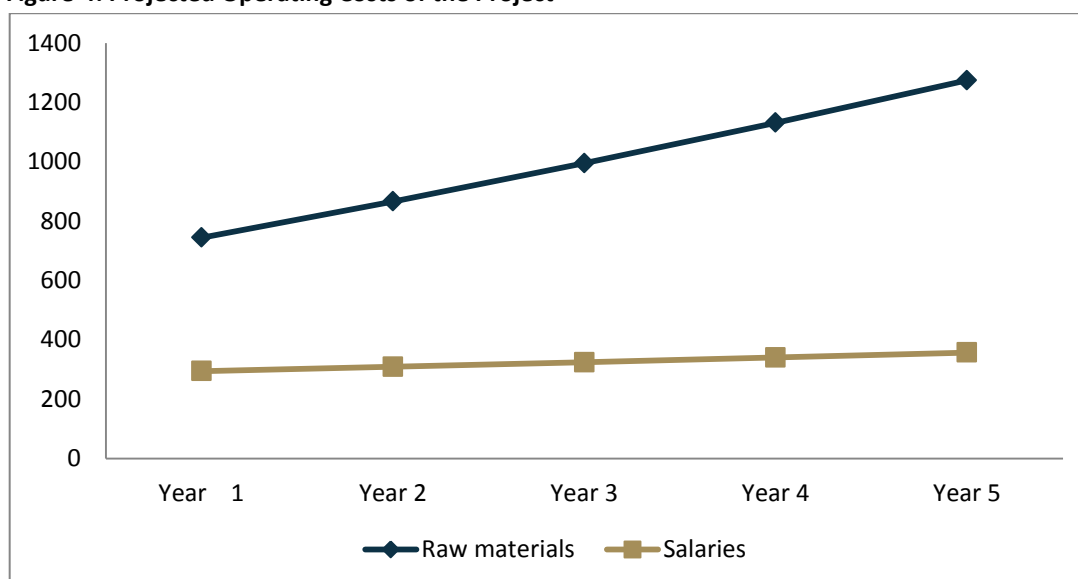
### Operating Costs

The following table shows the project's operating costs over the first five years. The raw materials cost in the first year amounted to JD 744 thousand which increase to reach 1.3 JD million in the fifth year. Moreover, Salaries cost in Year 1 amounted to JD 294 thousand which increase to reach JD 357 thousand in Year 5.

**Table 26: Operating Costs**

| Operating Costs (in thousand JD) |              |              |              |              |              |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Item                             | Year 1       | Year 2       | Year 3       | Year 4       | Year 5       |
| Raw materials                    | 744          | 866          | 995          | 1131         | 1274         |
| Salaries                         | 294          | 309          | 324          | 340          | 357          |
| Staff Benefits                   | 74           | 77           | 81           | 85           | 89           |
| Staff Incentives                 | 106          | 124          | 142          | 162          | 182          |
| IT Cost                          | 8            | 8            | 9            | 9            | 10           |
| Depreciation                     | 100          | 100          | 100          | 100          | 100          |
| Maintenance                      | 41           | 43           | 45           | 48           | 50           |
| Electricity and Diesel           | 128          | 149          | 171          | 194          | 218          |
| Water                            | 11           | 12           | 14           | 16           | 18           |
| Insurance                        | 5            | 5            | 5            | 5            | 5            |
| Others                           | 20           | 21           | 22           | 23           | 24           |
| <b>Total</b>                     | <b>1,530</b> | <b>1,715</b> | <b>1,909</b> | <b>2,113</b> | <b>2,329</b> |

**Figure 4: Projected Operating Costs of the Project**



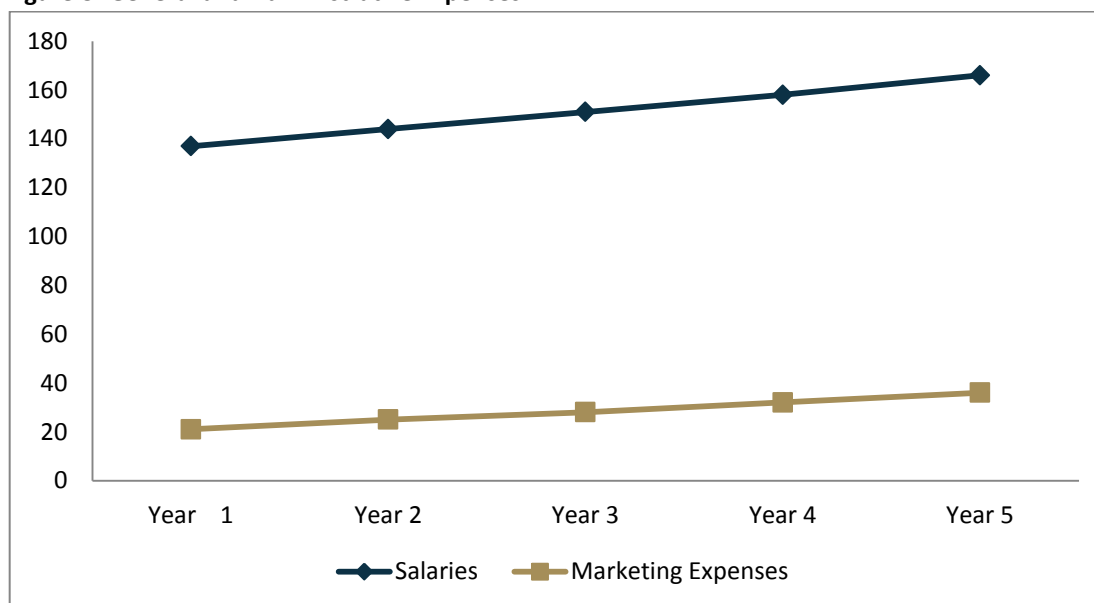
### Administrative Expenses

The following table shows the projected administrative expenses of the project. Employees' salaries reach JD 137 thousand in the first year and increase to JD 166 thousand in the fifth year. The marketing expenses are about JD 21 thousand in the first year and increase to reach JD 36 thousand in the fifth year.

**Table 27: General and Administrative Expenses**

| General and Administrative Expenses (in thousand JD) |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|
| Item   | Year 1     | Year 2     | Year 3     | Year 4     | Year 5     |
| Salaries   | 137        | 144        | 151        | 158        | 166        |
| Staff Benefits                                       | 34         | 36         | 38         | 40         | 42         |
| Staff Incentives                                     | 43         | 50         | 57         | 65         | 73         |
| Stationery   | 8          | 8          | 9          | 9          | 10         |
| Professional Fees                                    | 5          | 5          | 6          | 6          | 6          |
| Marketing Expenses                                   | 21         | 25         | 28         | 32         | 36         |
| Other Expenses                                       | 25         | 26         | 28         | 29         | 30         |
| Amortization   | 37         |            |            |            |            |
| <b>Total</b>   | <b>310</b> | <b>294</b> | <b>316</b> | <b>339</b> | <b>363</b> |

**Figure 5: General and Administrative Expenses**



## 5.6 Projected Financial Statements

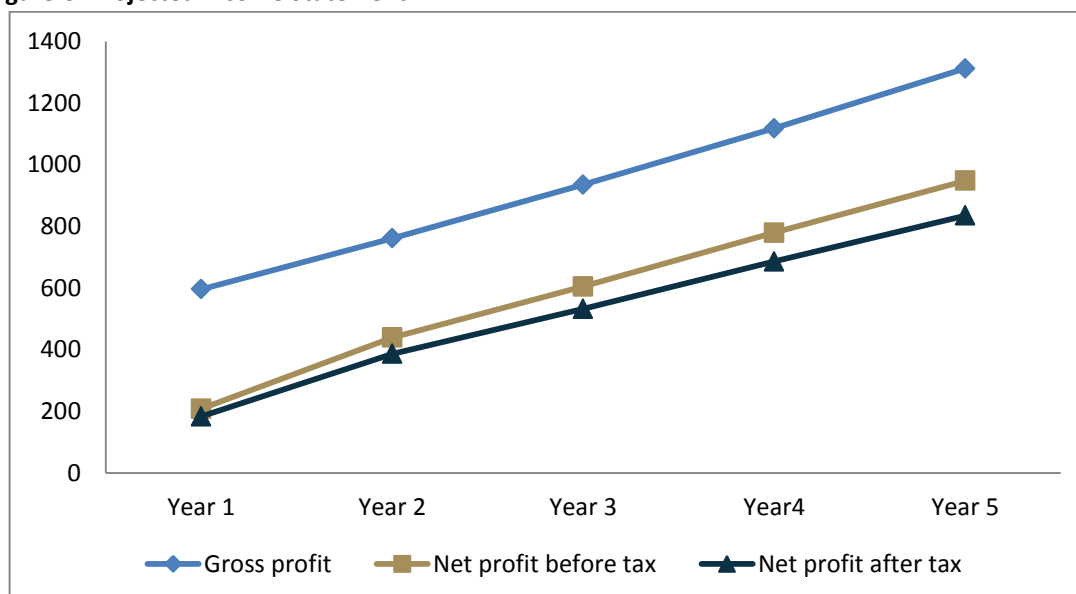
### Income Statement

The following table shows the projected income statement of the project. It indicates that gross profit will increase from JD 596 thousand in the first year to JD 1.3 million in the fifth year. The net profit before tax will also increase from JD 208 thousand in the first year to JD 948 thousand in the fifth year, and the net profit after tax will increase from JD 183 thousand in the first year to JD 835 thousand in the fifth year.

**Table 28: The Projected Income Statement**

| Income Statement (in thousand JD) |            |            |            |            |            |
|-----------------------------------|------------|------------|------------|------------|------------|
| Item                              | Year 1     | Year 2     | Year 3     | Year4      | Year 5     |
| Revenues                          | 2,126      | 2,475      | 2,843      | 3,231      | 3,640      |
| Operating costs (cost of sales)   | 1,530      | 1,715      | 1,909      | 2,113      | 2,329      |
| Gross profit                      | 596        | 761        | 935        | 1,118      | 1,312      |
| Administrative expenses           | 310        | 294        | 316        | 339        | 363        |
| Net profit                        | 286        | 467        | 619        | 779        | 948        |
| financial expenses                | 41         | 28         | 14         | 0          | 0          |
| Amortization                      | 37         |            |            |            |            |
| Net profit before tax             | 208        | 439        | 605        | 779        | 948        |
| Tax                               | 25         | 53         | 73         | 94         | 114        |
| <b>Net profit after tax</b>       | <b>183</b> | <b>386</b> | <b>532</b> | <b>686</b> | <b>835</b> |

**Figure 6: Projected Income Statement**



### Projected Balance Sheet

The following table shows the projected balance sheet of the project during the first five years. It indicates that total assets will increase from JD 1.8 million in the year of incorporation to about JD 2.3 million in the fifth year. The Total liabilities will decrease from JD 433 thousand in the first year to about JD 186 thousand in the fifth year. Moreover, the Shareholders' Equity will increase from JD 1.4 million in the year of incorporation to reach about JD 2.2 in the fifth year.

**Table 29: Projected Balance Sheet**

| Projected Balance Sheet (in thousand JD)   |                       |        |        |        |        |        |
|--|-----------------------|--------|--------|--------|--------|--------|
| Statement                                  | Year of incorporation | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| <b>Assets</b>                              |                       |        |        |        |        |        |
| Cash                                       | 435                   | 390    | 442    | 527    | 817    | 1,151  |
| Receivables                                | -                     | 85     | 99     | 114    | 129    | 146    |
| Inventory                                  | -                     | 74     | 87     | 100    | 113    | 127    |
| Pre- Paid Expenses                         | -                     | 50     | 53     | 55     | 58     | 61     |
| Total Current Assets                       | 435                   | 599    | 680    | 795    | 1,117  | 1,485  |
| Fixed Assets                               | 1,407                 | 1,407  | 1,407  | 1,407  | 1,407  | 1,407  |
| Cumulative Depreciation                    | -                     | 137    | 237    | 337    | 438    | 538    |
| Pre-operating expenses                     | -                     |        |        |        |        |        |
| Net Fixed Assets                           | 1,407                 | 1,270  | 1,170  | 1,069  | 969    | 869    |
| Total Assets                               | 1,842                 | 1,869  | 1,850  | 1,864  | 2,086  | 2,354  |
| <b>Shareholders Equity and Liabilities</b> |                       |        |        |        |        |        |
| Accrued Expenses and Payables              | -                     | 122    | 137    | 153    | 169    | 186    |
| Long Term Loans                            | 460                   | 310    | 160    | -      | -      | -      |
| Total Liabilities                          | -                     | 433    | 298    | 153    | 169    | 186    |
| Shareholders Contributions                 | 1,381                 | 1,381  | 1,381  | 1,381  | 1,381  | 1,381  |
| Retained Earnings                          | -                     | 55     | 171    | 330    | 536    | 786    |
| Shareholders' Equity                       | 1,381                 | 1,436  | 1,552  | 1,712  | 1,917  | 2,168  |
| Shareholders Equity and Liabilities        | 1,842                 | 1,869  | 1,850  | 1,864  | 2,086  | 2,354  |

### Cash Flow Statement

The following table shows the projected cash flow statement of the project during the first five years. It indicates that the cash flow from operation will increase from JD 233 thousand in the first year to JD 918 thousand in the fifth year; while the Cash at the ending period will increase from JD 435 thousand in the year of incorporation to JD 1.1 million in the fifth year.

**Table 30: The Expected Cash Flows Statement**

| Cash Flow Statement (in thousand JD) |                       |        |        |        |        |        |
|--------------------------------------|-----------------------|--------|--------|--------|--------|--------|
| Statement                            | Year of incorporation | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| <b>Operation Activities</b>          |                       |        |        |        |        |        |
| Net Profit                           | -                     | 183    | 386    | 532    | 686    | 835    |
| Depreciation                         | -                     | 137    | 100    | 100    | 100    | 100    |
| Change In Working Capital            | -                     | (87)   | (14)   | (15)   | (15)   | (16)   |
| Cash Flow From Operation             | -                     | 233    | 473    | 617    | 771    | 918    |
| <b>Investing Activities</b>          |                       |        |        |        |        |        |
| Fixed Assets                         | (1,407)               | -      | -      | -      | -      | -      |
| Cash From Investing Activities       | (1,407)               | -      | -      | -      | -      | -      |
| <b>Financing Activities</b>          |                       |        |        |        |        |        |
| Capital (Equity)                     | 1,381                 | -      | -      | -      | -      | -      |
| Loan                                 | 460                   | (150)  | (150)  | (160)  | -      | -      |
| Dividends                            | -                     | (128)  | (270)  | (372)  | (480)  | (584)  |
| Cash Flow From Financing Activities  | 1,842                 | (278)  | (420)  | (533)  | (480)  | (584)  |
| Net Cash Flow                        | 435                   | (45)   | 52     | 85     | 290    | 334    |
| Cash At The Beginning Period         | 0                     | 435    | 390    | 442    | 527    | 817    |
| Cash At The Ending Period            | 435                   | 390    | 442    | 527    | 817    | 1,151  |



## 5.7 Financial, Economic and Social Analysis

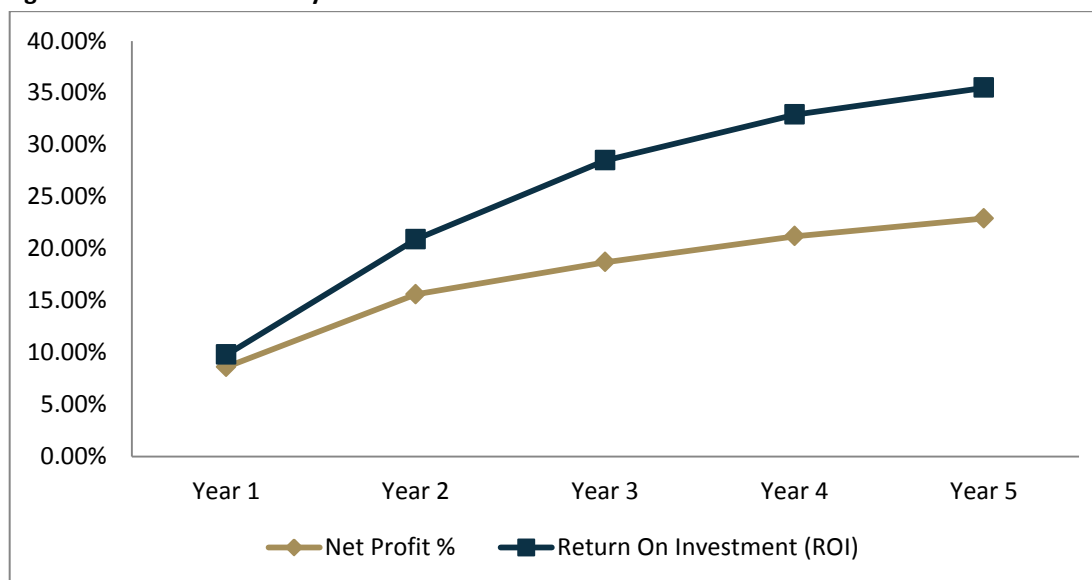
### Financial Analysis

The following table shows the financial analysis of the project. It indicates that the net profit ratio will increase from 8.6% in the first year to 22.9% in the fifth year, and the return on investment will increase from 9.8% in the first year to 35.5% in the fifth year.

**Table 31: Financial Analysis**

| Financial Analysis (In Thousand JD) |        |        |        |        |        |
|-------------------------------------|--------|--------|--------|--------|--------|
| Item                                | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Assets                              | 1,869  | 1,850  | 1,864  | 2,086  | 2,354  |
| Revenues                            | 2,126  | 2,475  | 2,843  | 3,231  | 3,640  |
| Profits                             | 183    | 386    | 532    | 686    | 835    |
| Capital (Equity)                    | 1,381  | 1,381  | 1,381  | 1,381  | 1,381  |
| Net Profit %                        | 8.6%   | 15.6%  | 18.7%  | 21.2%  | 22.9%  |
| Return On Investment (ROI)          | 9.8%   | 20.9%  | 28.5%  | 32.9%  | 35.5%  |
| Return On Capital (ROC)             | 13.2%  | 28.0%  | 38.5%  | 49.6%  | 60.4%  |
| Net Profit On Revenues              | 8.6%   | 15.6%  | 18.7%  | 21.2%  | 22.9%  |
| Assets Turnover (Time)              | 1.14   | 1.34   | 1.53   | 1.55   | 1.55   |

**Figure 7: The Financial Analysis**



### Economic Analysis

The following table shows the economic analysis of the project during the first five years, we conclude that:

- The Internal rate of return is 33%. It exceeded six times the return on assets, which means the economic feasibility of the project
- The present value of the project reached about JD 2.8 million. It exceeds the investment value with JD 1.4 million, which means the economic feasibility of the project.
- The profitability index of the project reached 2.02 times, which means that the expected value of the project will increase by one time the investment value, which proves that the project is feasible.
- The project payback period is 3.7 years.

**Table 32: the Economic Analysis**

| Economic Analysis (in Thousand JD)                    |                       |        |        |        |        |        |
|---|-----------------------|--------|--------|--------|--------|--------|
| Statement   | Year of incorporation | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Net cash flow from operating and investing activities | (1,381)               | 83     | 323    | 457    | 771    | 918    |
| terminal value  |                       |        |        |        |        | 2,168  |
| Net Cash flow   | (1,381)               | 83     | 323    | 457    | 771    | 3,086  |
| Internal Rate of Return (IRR)                         | 34%                   |        |        |        |        |        |
| present Value   | 2,790                 |        |        |        |        |        |
| Net present value                                     | 1,409                 |        |        |        |        |        |
| Profitability Index (Time)                            | 2.02                  |        |        |        |        |        |
| Payback period (Year)                                 | 3.70                  |        |        |        |        |        |

### Social Analysis

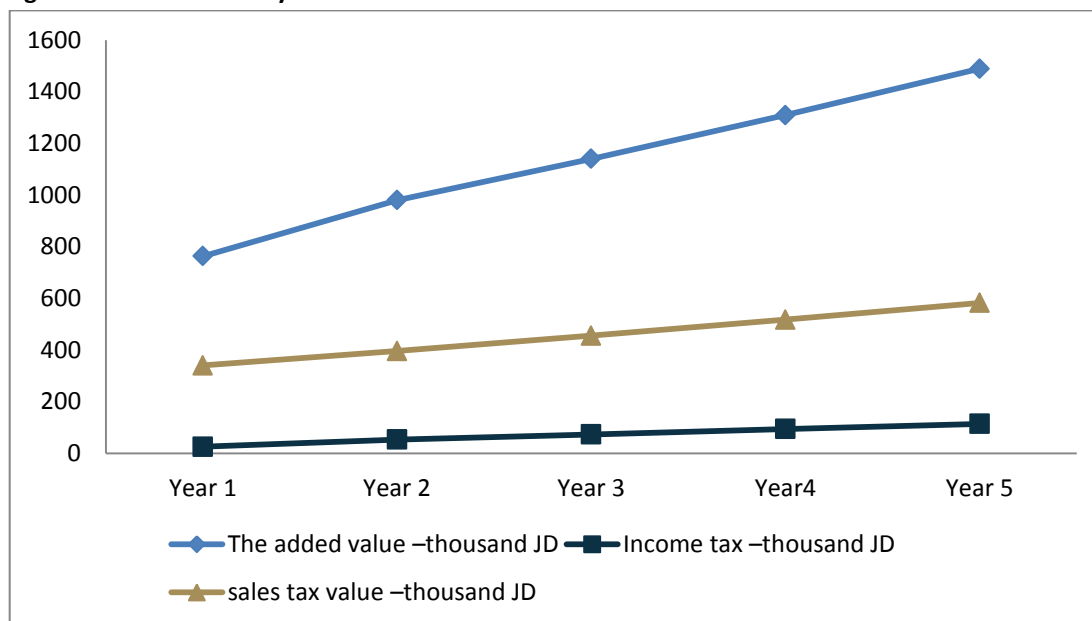
The following table shows the social analysis of the project. It is noticed that the number of staff required for the project will increase from 66 employees in the first year to 71 employees in the fifth year. The number of Jordanian employees will increase from 33 employees in the first year to reach 36 employees in the fifth year.

The added value of the project will also increase from JD 763 thousand in the first year to JD 1.5 million in the fifth year. The income tax will also increase from JD 25 thousand to reach JD 114 thousand in the fifth year.

**Table 33: the Social Analysis of the Project**

| Social Analysis                      |        |        |        |       |        |
|--------------------------------------|--------|--------|--------|-------|--------|
| Statement                            | Year 1 | Year 2 | Year 3 | Year4 | Year 5 |
| Number of Employees                  | 66     | 67     | 69     | 70    | 71     |
| Jordanian employees                  | 33     | 34     | 34     | 35    | 36     |
| The added value –thousand JD         | 763    | 980    | 1,140  | 1,309 | 1,489  |
| Income tax –thousand JD              | 25     | 53     | 73     | 94    | 114    |
| sales tax value –thousand JD         | 340    | 396    | 455    | 517   | 582    |
| Exports value / imports substitution | -      | -      | -      | -     | -      |

**Figure 8: The Social Analysis**



## 6. Risk and Sensitivity Analysis

### 6.1 Risk Analysis

The following table shows the risk matrix analysis that may face the project.

**Table 34: Project Risk Matrix**

| Risks                  | Type of Risks  | Risk Assessment   |
|------------------------|--|---|
| <b>Financial Risks</b> | <ul style="list-style-type: none"> <li>▪ <b>Credit Risk</b><br/>Credit risk represents the risk of the company's financial loss as a result of the customer's default of the contractual obligation or that of the party dealing with the company through a financial instrument. These risks are mainly caused by trade receivables and others.</li> <li>▪ <b>Liquidity Risk</b><br/>Liquidity risk is the risk resulting from the company's inability to meet its financial obligations at time. The company's liquidity management is to ensure as much as possible that the company always maintain enough liquidity to meet its obligations as they become due and payable in normal and emergency conditions without incurring unacceptable losses or risks that affect the company's reputation.</li> <li>▪ <b>risk of currency fluctuation</b><br/>Currency risk is the risk of the fluctuation of the value of financial instrument, due to fluctuations in foreign currency exchange rates.</li> </ul> | <ul style="list-style-type: none"> <li>▪ The financial risks that may face the company are low, because the company payment method is cash</li> <li>▪ There is no risk of currency exchange, because the company sales and purchases by local currency</li> <li>▪ There is no risk of inflation because the company's pricing is based on a periodic basis</li> </ul> |

| Risks                                     | Type of Risks   | Risk Assessment  |
|---|---|--|
|   | <ul style="list-style-type: none"> <li>▪ <b>inflation risk</b><br/>It is the risk associated with the possibility that the inflation or the rise in the cost of living might lead to the decrease the real value of the investment.</li> </ul>  |  |
| <p><b>Business risk (sector risk)</b></p> | <ul style="list-style-type: none"> <li>▪ <b>Strategic Risk</b><br/>It is the risk resulting from taking bad decisions by the company's management, or implementing the decisions in a wrong way, or not taking the decisions at the right time; which leads to losses or causes loss of alternative opportunities.</li> <li>▪ <b>Legal and Regulatory Risks</b><br/>These risks are reflected as a result of non-compliance with laws, guidelines and instructions governing the work. Legal risks are caused by the company's break of the laws governing the work in the state in which the company operates. While regulatory risks arise from the company's violation of laws and standards issued by the regulatory authorities.</li> <li>▪ <b>Reputation Risk</b><br/>Reputation risk arises from influential negative public views which result in great losses of customers or money. It includes the actions of the company's management or its employees which project a negative image of the</li> </ul> | <ul style="list-style-type: none"> <li>▪ The risks are considered moderate before the company's establishment, because of getting the approval of the official authorities such as municipality, health and tourism</li> <li>▪ Reputational risk is very high, as the company deals with very sensitive issues such as food and beverage</li> <li>▪ Market risk in the short term will be moderate because of the low competition from other companies in the governorate</li> </ul> |

| Risks                          | Type of Risks  | Risk Assessment  |
|--------------------------------|--|--|
|                                | <p>company, its performance and its relationships with customers and other stakeholders. Reputation risk also results from circulating rumors about the company and its activities.</p> <ul style="list-style-type: none"> <li>▪ <b>Competition Risk</b><br/>Competition risk results from domestic and external competitors and reduces sales and profits.</li> </ul>   |  |
| <p><b>Operational Risk</b></p> | <p>Operational risk involves losses resulting from the failure of internal operations, human resources and systems. It includes:</p> <ul style="list-style-type: none"> <li>▪ <b>IT Risks</b><br/>They are losses arising from downtime or systems failure due to the infrastructure, information technology, or the lack of systems, and any failure or malfunction in the systems. They include: the crash of computer systems, breakdowns in communication systems, programming errors, computer viruses and opportunities losses due to breakdown.</li> <li>▪ <b>Human Resources Risk</b><br/>Losses caused by employees or related to them (intentionally or unintentionally). It also includes acts that are intended as methods of cheating, abusing property or</li> </ul> | <ul style="list-style-type: none"> <li>▪ Operational risks are very low, for the company will contract with specialized technical bodies to develop the required information systems, in order to manage operations</li> <li>▪ Competitive salaries will be paid</li> <li>▪ Information security plan will be put in place to safely keep the company information</li> </ul> |

| Risks             | Type of Risks   | Risk Assessment  |
|-------------------|---|--|
|                   | circumvent the law, regulations or company policy by officials or employees, as well as losses arising from the relationship with the customer, shareholders, regulators and any third party. |  |
| <b>State Risk</b> | State Risk includes politicians' interference, civil unrest, wars, financial and monetary policies and high level of debts.   | <ul style="list-style-type: none"> <li>▪ State Risk is considered to be low, due to security and political stability; international reports indicate that State Risk is low both in medium and long terms</li> </ul> |

## 6.2 Sensitivity Analysis

### First: Increase of Investment Cost By 10%

The following table shows the results of the sensitivity analysis when investment cost increases by 10%.

**Table 35: Investment Increase by 10%**

| Index  | Base  | Impact | Change |
|--|-------|--------|--------|
| Internal Rate of Return (IRR)                            | 34%   | 31%    | 3%     |
| The Present Value at a discount rate of 13%              | 2,790 | 2,820  | (30)   |
| Net Present Value at a discount rate of 13%              | 1,409 | 1,297  | 112    |
| Profitability Index (Time)                               | 2.02  | 1.85   | 0      |
| Payback period (Year)                                    | 3.70  | 4.00   | -0.30  |
| The Net Profit Ratio – an average of 5 years             | 21.8% | 21.6%  | 0%     |
| Return on Investment - an average of 5 years             | 31.9% | 29.5%  | 2%     |
| Return on Capital – an average of 5 years                | 47.4% | 42.7%  | 5%     |
| Net Profit On Revenues - an average of 5 years           | 21.8% | 21.6%  | 0%     |
| Assets Turnover (Time) – an average of 5 years           | 1.8   | 1.6    | 0.15   |
| The added value - an average of 5 years (in thousand JD) | 1136  | 1135   | 0.85   |
| income tax - an average of 5 (in thousand JD)            | 71    | 71     | -0.01  |
| sales tax - an average of 5 years (in thousand JD)       | 458   | 458    | -0.13  |

The above analysis refers to the feasibility of investment in the project, in light of the high cost of the total investment of the project, which increased by 10%. It is noted that:

- The internal rate of return reaches 31%, which is considered high for investment purposes
- The new payback period is 4 years, and it is reasonable for recovery purposes
- The return on capital is 29.5%, which is suitable for investment purposes



**Second: Reducing Revenues by 10%**

The following table shows the results of the sensitivity analysis when reducing revenues by 10%.

**Table 36: Reducing Revenues 10%**

| Index  | Base  | Impact | Change |
|--|-------|--------|--------|
| Internal Rate of Return (IRR)                            | 34%   | 19%    | 15%    |
| The Present Value at a discount rate of 13%              | 2,790 | 1,739  | 1,051  |
| Net Present Value at a discount rate of 13%              | 1,409 | 357    | 1,052  |
| Profitability Index (Time)                               | 2.02  | 1.26   | 1      |
| Payback period (Year)                                    | 3.70  | 5.10   | -1.40  |
| The Net Profit Ratio – an average of 5 years             | 21.8% | 12.0%  | 10%    |
| Return on Investment - an average of 5 years             | 31.9% | 18.7%  | 13%    |
| Return on Capital – an average of 5 years                | 47.4% | 24.6%  | 23%    |
| Net Profit On Revenues - an average of 5 years           | 21.8% | 12.0%  | 10%    |
| Assets Turnover (Time) – an average of 5 years           | 1.8   | 1.8    | 0.01   |
| The added value - an average of 5 years (in thousand JD) | 1136  | 884    | 251.80 |
| income tax - an average of 5 (in thousand JD)            | 71    | 37     | 33.86  |
| sales tax - an average of 5 years (in thousand JD)       | 458   | 412    | 45.69  |

The above analysis shows the low sensitivity of the project in case of reducing the revenues or demand by 10%. It indicates that:

- The internal rate of return is 19%, which is considered high for investment purposes
- The new payback period is 5.1 years, and it is reasonable for recovery purposes
- The return on capital reaches 24.6%, which is suitable for investment purposes

### Third: Increasing the Operating Costs by 10%

The following table shows the results of the sensitivity analysis when increasing the operating costs by 10%.

**Table 37: Increasing the Operating Costs by 10%**

| Index  | Base  | Impact | Change |
|--|-------|--------|--------|
| Internal Rate of Return (IRR)                            | 34%   | 24%    | 10%    |
| The Present Value at a discount rate of 13%              | 2,790 | 2,089  | 701    |
| Net Present Value at a discount rate of 13%              | 1,409 | 707    | 702    |
| Profitability Index (Time)                               | 2.02  | 1.51   | 0.51   |
| Payback period (Year)                                    | 3.70  | 4.50   | -0.80  |
| The Net Profit Ratio – an average of 5 years             | 21.8% | 14.3%  | 7%     |
| Return on Investment - an average of 5 years             | 31.9% | 23.1%  | 9%     |
| Return on Capital – an average of 5 years                | 47.4% | 32.2%  | 15%    |
| Net Profit On Revenues - an average of 5 years           | 21.8% | 14.3%  | 7%     |
| Assets Turnover (Time) – an average of 5 years           | 1.8   | 1.9    | 0      |
| The added value - an average of 5 years (in thousand JD) | 1136  | 967    | 169    |
| income tax - an average of 5 (in thousand JD)            | 71    | 48     | 23     |
| sales tax - an average of 5 years (in thousand JD)       | 458   | 458    | 0      |

The above analysis shows the feasibility of the project in light of increasing the operating costs of the project by 10%. It indicates that:

- The internal rate of return is 24%, which is considered high for investment purposes
- The new payback period is 4.5 years, and it is reasonable for recovery purposes
- The return on capital is 32.2%, which is suitable for investment purposes