

Pre-Feasibility study Ajloun Medical and Relaxation Resort



2017

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1. Executive summary

Investment Authority is seeking to develop an integrated strategy which aims to provide an Encouraging business environment for the development of local, regional and international investments in various economic sectors. Authority has been keen to set up an investment map which includes all provinces and includes economic development projects that will be implemented in partnership with specialized consultants, so as to ensure a sustainable economic development. An investment map has been placed for Ajloun city, to ensure to choose the best investments the suit the city in different fields, which leads to create job opportunities in the city. One of these investments is Ajloun resort, which gives the vistors the opportunities to enjoy the relaxtion and comfort atmoshpere in addition to the treatment of psychological problems and stresses.

The following table shows the main results of the study:

Table 1 project main results

Results	
Total investment cost (JD)	960,349
IRR (%)	%19.91
Payback period (years)	5
Net present value (for 10 years)	279,376
Provided job opportunities	19
Expected total cash inflows (for 10 years)	6,307,039
Total operating expenses (for 10 years)	1,665,058
Total net profit (for 10 years)	993,821

2. Key Highlight of Jordan

Jordan Hashemite Kingdom area is 89342 Kilometers with a population exceed 9.8 Millions distributed among 12 Governorates.

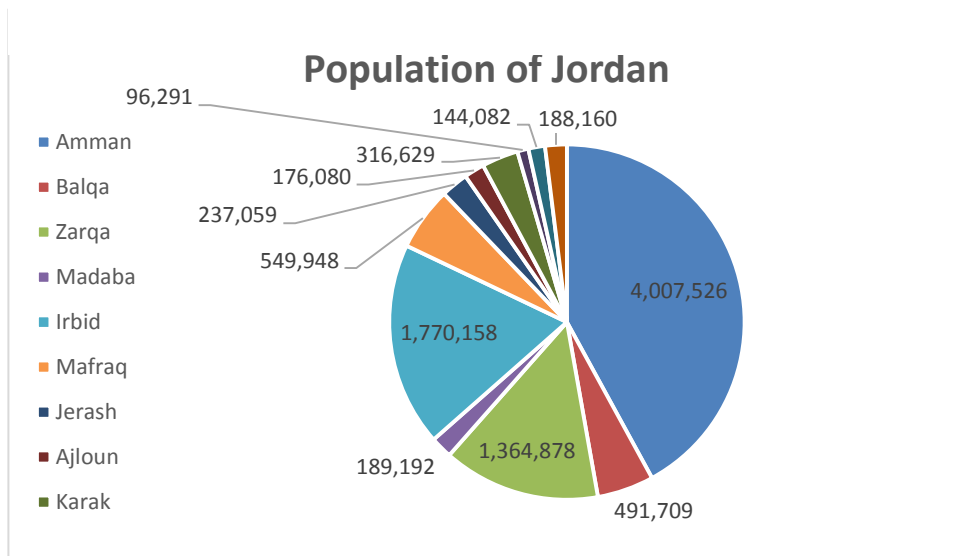
Jordan is bounded by Saudi Arabia, Iraq, Syria and Palestine from the South, East, North and west respectively. Jordan climate is mostly arid desert with rainy season between November to April Months.

Jordan is a free market economy, ranked as the fifth freest economy in the MENA region in the Index of Economic Freedom. Its free market economy enjoys strong partnerships amongst its neighboring country as well as Europe and the USA. Jordan is a signatory of several bilateral and multilateral trade agreements such as (Free Trade Agreement with the US and the EU, a Free Trade Agreement with the EFTA states, an FTA with Singapore, A member of the Greater Arab Free Trade Agreement (GAFTA) and a signatory of the Aghadir Agreement. Looking at the range of countries these agreements cover and facilitate trade between, one is confident to say that Jordan has business gateways and partnerships across the globe.

Population Overview

Based on the latest surveys done by Department of Statistics (DOS) in 2017, total number of population has reached around 9.814.995 with an increase rate of 2.88% from 2016 year, figure below summarizes the population distribution among the kingdom governorates.

Figure 1 Population of Jordan



Department of Statistics (DOS), 2015

Moreover, and based on the latest survey conducted by (DOS) which related to population nationality distribution over the governorates, it was found that total Non-Jordanian residents constitutes around 30% of the total population. Half of these are Syrians (1.3 Million) concentrated mainly in Amman Capital (436 Thousand) then Irbid (343 Thousand), Mafraq at 208 Thousand and Zarqa at 175 Thousand.

Jordan prides itself in its youthful population with 35% of ages below 15 years old and only 4% with ages above 65 years old. Table below summarizes population distribution of Jordanians according to Age Group:

Table 2 Population Distribution according to Age Group

Age Group	Population %	Males	Females
0-14 Years	%35.04	%19.2	%18.2
15-64 Years	%61.02	%30.7	%28.6
More than 65 Years	%3.94	%1.6	%1.6

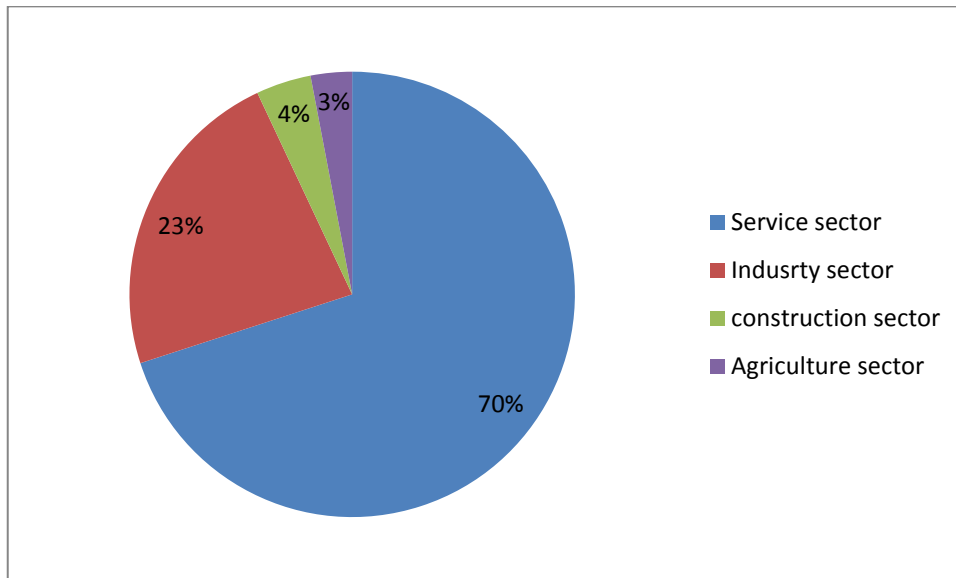
Department of Statistics (DOS), 2015.

Overview of Jordan Economy

Classified as an upper middle economy by the World Bank and as a country of High Human Development by the UNDP, Jordan is an important financial power in the Middle East. Its small market witnessed growth in the last two decades since King Abdullah II accessed the throne. Jordan's GNI per capita has increased in the last four years due to the basket of economic reforms that were enacted in the recent decade such as (the new Income Tax Law, Public Private Partnership Law and Investment Law). These laws aim to encourage the participation of the private sector in the Kingdom's economic development and provide an enabling legislative environment for current and new investment opportunities.

The Jordanian economy is overwhelmingly services oriented and its contribution in the GDP is 68.1%. The contribution of the industrial sector is 22.4%, the construction sector is 4.2% and the agricultural sector is 2.9%. These contributions are aimed to increase to (27.4%), (5.8%) and (3.4%) respectively and that of the service sector is due to decrease according to Jordan 2025 vision.

Figure 2 Sectors Contribution to Jordan's Economy



Jordan's exports include variety of textiles, potassium, phosphates, fertilizers, vegetables and pharmaceutical products. While it's main imports are crude and refined petroleum. Distinguished by its strategic location, on the crossroads between Asia, Africa and Europe with strong connections to the Levant and the GCC, Jordan has a regional market of interest that represents US\$3.8 trillion market and comprising 380 million consumers.

Jordan infrastructure ranks comparatively well (38th out of 148 comparable economies), with an extensive 8000 KM road network connecting Jordan domestically and externally The new Queen Alia International Airport and the Port of Aqaba are the major gateways to the international market. In addition to some mega projects such as the Red- Dead Sea Canal and the national railway network that will be developed to position Jordan as a hub for regional commerce.

Jordan banking system is quite sophisticated, resilient and in compliance with international standards, making it very attractive and trustworthy to investors. This is reflected in the fact that 50% of equity in licensed banks in Jordan is held by non-Jordanians, and non residents' deposits in Jordanian banks witnessed a steady growth of 19.2%.

Moreover, realizing the value of MSMEs to drive economic growth, the government has developed the national Strategy for the encouragement of entrepreneurship and the development of micro small and

medium sized enterprises for 2015-2019. This shows the commitment of the Jordan government to enhance the private sector development and leveraging the country's strong human capital.

Jordan prides itself in its youthful population. It's the country most valuable capital. A tech savvy well educated and trained workforce attracts a lot of investors to Jordan. More than 20.4% of Jordan's GDP is dedicated to the education and capacity building for the labor force, this has resulted in securing a 91% literacy rate and enabled Jordanians to be among most hired and qualified middle-eastern workforce.

Such solid, diverse and resilient characteristics of the Jordanian economy and investment scene position Jordan as a competitive investment destination.

Major Economic Indicators

- **GDP Growth**

The Jordanian economy slowed and reached 2.4 percent in 2015 compared to growth rate of 3.1 in 2014 and similar to MENA growth rates.

The growth also slowed for trade, restaurants and hotels; manufacturing; transport; and electricity and water. Meanwhile, finance, insurance, and business services advanced at a faster pace.

- **Inflation rate**

Inflation rate decreased to 0.9 in 2015 after 2% decline in the previous year. Inflation Rate in Jordan averaged 3.1 percent from 2011 until 2015.

- **Unemployment**

The unemployment rate in Jordan was recorded at 13 percent in 2015, comparing to 11.9 percent a year earlier. This increase due to the current instability in the labor market structure as well as high competition from low cost foreign labors especially from Syria.

- **External Sector**

A number of risks manifested in 2015, the closure of land trade routes with Syria and Iraq and the deepening instability in the region adversely impacted many external sector indicators such as trade, tourism and direct Investment.

Moreover, loans disbursements increased by JD 545.3 million, due to the use of the International and Arab Monetary Funds (IMF and AMF) credit facilities. As an outcome of these developments, the overall balance of the balance of payments registered a surplus of JD 328.7 million in 2015, compared with a surplus of JD 1,550.7 million in 2014.

Further, net international investment position (IIP) witnessed an increase in the Kingdom's net obligations to abroad; to reach JD 24,357.5 million, compared to a net obligation of JD 22,578.8 million at the end of 2014 as a result of the increase in the stock of external financial assets and liabilities of all resident economic sectors to reach JD 18,657.9 million and JD 43,015.5 million; respectively.

External Debt in Jordan increased to 9390.50 JOD Million in 2015 from 8030.10 JOD Million in 2014. External Debt in Jordan averaged 5433.67 JOD Million from 1988 until 2015, reaching an all time high of 9390.50 JOD Million in 2015 and a record low of 3640.20 JOD Million in 2008.

Investment Climate in Jordan

Investment in Jordan is considered as one of the vital sources to boost the economy considering that Jordan's economy is among the smallest in the Middle East, with insufficient supplies of water, oil, and other natural resources, underlying the government's heavy reliance on foreign assistance.

The country's location, supported by myriad free trade agreements (FTAs) offering access to 1.5bn consumers, enables the kingdom to be a strategic trade route to many of its neighboring countries and regions.

Jordan aspires to create a competitive investment destination capitalizing on its many advantages mentioned above. The government focused its efforts to implement significant advances in structural and legal reform. These efforts are represented in the new Investment Law of 2014, the tax law, in addition to other endeavors related to providing greater access to credit for MSMEs, and by providing greater investment incentives to specific priority sectors identified by the new Investment law and the Jordan 2025 vision.

furthermore, in its endeavor to enhance the business environment, several geographically industrial states were created across the kingdom. These range in type to include (industrial estates, free zones and special economic zones). Under the new Investment Law, these zones are given a number of incentives that include a tax rate of 0% on exports, sales tax, import duties, social service tax, dividends tax and a 5% income tax from all economic and manufacturing activities undertaken in the development zones. As for the investments in Free Zones, they enjoy Exemptions from customs duties, income tax exemptions and exemptions from land and building taxes among others. Both development and free zones also enjoy facilitations regarding visa and residency permits for investors and workers in addition to Repatriation of capital and profits in a convertible currency. Such estates have succeeded in attracting relatively large amounts of FDI to Jordan.

Key National Investment Priorities:

Jordan Investment commission worked on taking a leading role in the application of government policies to promote and attract domestic and foreign investments and create an investment environment that stimulates economic performance through investment promotion strategy launched in 2016

Jordan investment commission aims to:

- Regulating the special provisions governing Development Zones and Free Zones in the Kingdom and developing them placing them in service of the national economy as well as monitoring their functioning.
- Developing plan and programs to stimulate domestic and foreign investments.
- Establishing trade centers and organizing exhibitions as well as opening markets and organizing trade missions in order to promote national products, in addition to marketing and development of national exports and encouraging investment.
- Taking appropriate decisions related to private or public institutions to improve Investors' confidence in Jordan's investment environment.

3. Market Analysis

Project description

The idea of the project is to build up a recovery resort in Ajloun city, which contains 20 room overlooking the forest that surrounds the resort. Featuring all comfort means in luxury resort. The resort focuses on providing healthy food and relaxing herbs given by specialized nutritionist. Also, providing yoga classes in the early morning with well trained coaches. As well as a large garden amidst the forest and artificial waterfall to relax with the presence of specialists and psychologists, in addition to the existence of a spa (SPA) with specialists in physiotherapy. Where the proposed project contains

The resort contains the following facilities:

- 20 room.
- Healthy kitchen.
- SPA
- Indoor Yoga hall.

- Nutritionist and Psychologist clinic.
- Large forest with artificial waterfall.
- Office of nutrition expert and psychiatrists

Objectives

The objective of the project can be summarized in the following points:

- Utilization of Jordan's natural resource of forests located in Ajloun.
- Providing job opportunities, which lead to improve the economic status.
- The attraction of tourists.
- Achieving high profit from this project.

Proposed Service

The idea of the project is to provide a relaxing place and recover by nature. The resort contains Psychologist and SPA, which helps visitors to recover and relax from life stresses and tension.

Target Segments

The resort targets tourists and visitors who wish to relax, Ajloun is one of the tourist attraction centers in Jordan providing archaeological and tourist sites where, in addition to the vast forests and natural reserves.

Market size analysis

The number of visitors to Ajloun archaeological Castle risen during the past year 2016 compared to the previous year 2015, despite the difficult conditions imposed by the reality of the countries of the region, which gives a positive indication of the performance of the tourism sector in the Kingdom. According to statistics issued by the Directorate of tourism in Ajloun, the total number of visitors to Ajloun Castle in 2016 was 140,271 visitors compared to 133,939 visitors in the previous year 2015. The number of Jordanian visitors over the past year 2016 a total of 93,612 visitors, compared to 99,128 visitors in the previous year 2015, as the number of Arab visitors was 22,249 visitors, compared to 10,157 visitors during the same measurement period. Statistics pointed to the high number of foreign visitors to 24,654 visitors compared to 24,410 visitors in 2015.

(Source: Tourism Directorate Ajloun)

Competitors Analysis

After investigating for competitors for the proposed project, it was found that there are no resort resorts, natural centers or therapeutic tourism in Ajloun except for the Wild Jordan reserve from the competition's competitors, where there are places to stay in the nature reserve.

Prices Analysis and Pricing Policy

The recommended prices are based on similar resorts worldwide, which provide high quality services and facilities.

It is expected that one night costs around (150-170) JD, including healthy meals and yoga classes, in addition to sitting in the forest and the service of psychologists: (150-170) JD. The table below shows the assumptions of prices and expected bookings during (2018-2027).

Expected income analysis

The following table shows the expected revenue for the next 10 years:

Table 3 Expected revenues during (2018-2027)

Income sources	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Room price	160	163	166	170	173	177	180	184	187	191
Reservation percentage	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Income	576000	587520	599270.4	611256	623481	635951	648670	661643	674876	688373

4. Technical Analysis

Required human resources

Table 4 required human resources

Job Title	Number
Resort Manager	1
Financial manger	1
Marketing manger	1
Psychologists	2
Nutritionist	2
Chef	1
Coaches	2
Physiotherapist	3
Receptionist	2
Cleaner	4
Total	19

The following shows the jobs description for the needed employees:

Location Analysis

The forest area covers 140,240 donums of the total area of Ajloun with a percentage of 33 %

The following suggested locations to create the proposed project:

Ishtfeena: Characterized by forests of oak trees, herbs and wild flowers where snow falls during the winter, making it a tourist attraction, and is one of the most important and attractive places in the Kingdom due to it's mild climate in the summer.

Izqeeq waterfalls (halawah): It is the main source of drinking water in Ajloun city with a rate of (80%) of the city needs, where there are many orchards, which depends on water waterfalls, for that the region got an aesthetic view. Rajeb waterfalls: characterized by abundant water springs

Ajloun medical and relaxation Resort

and valleys and the diversity of vegetation and forest in addition to a number of orchards planted with different types of fruit and citrus. And there are waterfalls that are falling from various heights which gives an aesthetic view contributes to attract visitors to this area.

Technical Requirments Analysis

1.1.1 The land and the construction works

The project will be constructed on a land area of 5,000 m², with a cost of 10 JD per m².

The following table shows the the deatails of the required land:

Table 5 required land

land	Area (m ²)
Needed land	5,000

The following table shows the construction works that is needed:

Table 6 required construction works

Construction works	Area (m ²)
Building work	750
Desingning	4,000
Digging work	750
Paving the ground	1,000

Machinery and equipment

The next table shows the machinary and equipment that are needed:

Table 7 required machinery and equipment

Machinery and equipment	Qty
Fire-fighting equipment	3
Swimming pool	1
Office air condition	10

Machinery and equipment	Qty
Other equipments	5
washer	2
Iron for clothes	2

Furniture

The required furniture is shown in the following table:

Table 8 required furniture

Needed furniture	Qty
Beds	20
Tv	20
Refrigerator	20
Room furniture	20
Air conditions	20
Bathroom	20
Clinics equipments	2
Kitchen equipments	1
cultivation tools	1

Vehicles and transportation

The following table shows the required vehicles:

Table 9 required vehicles for the project

Required Vechiles and transportation	QTy
pickup	1

5. Financial analysis

The Financial Part illustrates all the assumptions which were used when we have developed the study including project expenses related to capital expenditures, operating expenses (Fixed and Variable costs) followed by illustrating project revenues.

Assumptions

Calculation Assumptions:

- The weighted average cost of capital used in the study is 11.98% as it was calculated considering risk free and debt Interest rates as well as Market risk premiums to consider alternative opportunity costs for investor.
- Income tax on the net project income is 5 % during the life time of the project.
- Project working capital has been estimated and added to project cash outflows at the beginning of the project and annual increase in working capital has been also estimated and added to the operating expenses then net working capital has been added to total cash inflows at the end of project lifetime.

The time span for the financial study is 10 years starting from 2018, where annual increase rates have been estimated as per the tables below:

Assumptions

Table 10 General Assumptions

General Information	
All Financial Numbers (Currency)	Jordanian Dinars
Financial Study Time Span (Years)	10
Expected Project First Operating Year	2018
Last Year in the Financial Study	2027

Table 11 Currency Exchange Rates

Exchange Rates	Jordan Dinars
American Dollar	0.708
Euro	0.760

Table 12 Annual Growth Rates Assumptions

Annual Growth Rates	Average
Annual Population Growth Rate	2.20%
Annual Sales Price Increase Rate	3.00%
Annual Expenses Increase Rate	3.00%
Annual Increase Rate in Employees Salaries	4.1%

(1) and (2) Source: Inflation Rates, Central Bank of Jordan

(3) Source: Social Security

Table 13 Expenses Assumptions

Expenses Assumptions	
Raw Materials and Packaging from Total Revenues	25%
Utilities Expenses from Total Revenues	12.5%
Maintenance Expenses from Total Revenues	2%
Depreciation Expenses from Total Revenues	1.0%
Insurance Expenses from Total Assets Value	0.75%
Marketing Expenses from Total Revenues	4%

Table 14 Income tax assumptions

Income Tax Assumptions	Value
(1) Average Income Tax in Jordan	20%
(2) Income Tax Deduction	80%
Income Tax after Deduction	5%
(3) Compulsary Reserve Percentage	10%
Other Assumptions	Value
(1) Annual Monthly Salaries have been calculated after multiplying monthly salaries by:	16

Risk Premium	
(1) Risk Free Rate of Return	6.50%
(2) Return to Debt Maturity	9.48%
(3) Market Risk Premium	9.93%
Income Tax Rate	14.00%
(4) Beta	1
Growth Rate	4.00%

(1) Source :Damodaran's Country Default Spreads and Risk Premiums Report

(2) Source :Central Bank of Jordan

(3) Source :Damodaran's Country Default Spreads and Risk Premiums Report

(4) Source :Damodoran Beta By Sector, , pages.stern.nyu.edu

Table 15 Weighted Average Cost of Capital

Weighted Average Cost of Capital	
Average Return on Risk Free Investment	%6.50
Return to Debt Maturity	%9.48
Market Risk Premium	%9.93
Income Tax Rate	%5
Bets	1.00
Equity	384,139
Loans Value	576,209
Loans	
Cost of Borrowing before Tax	%9.48
Cost of Borrowing After Tax	%9.01
Loans Value	576,209
Loans Percentage	%60

Equity	
Cost of Equity	%16.4
Equity Value	384,139
Equety Percentage	%40
Gross	
Project Value	960,349
Weighted Average Cost of Capital	%11.98

Capital Expenditures

The estimated cost of the project is 960,349 JD and it covers land costs, construction works, machinery and equipment, furniture, pre-operating expenses and working capital. The following tables summarize the details of these expenses:

Table 16 Land Capital Expenditure

Land	Cost(Jordan Dinar/Meters Square)	Area (M2)	Cost
Required Land	10	5,000	50,000
Cost			50,000

Table 17 Construction Work Capital Expenditure

Description	Cost (JOD per Squared Meters)	Area (Squared Meters)	Gross / Cost
Construction Works	400	750	300,000
Design and blueprints	7	4,000	28,000
Excavation	5	750	3,750
Paving	12	1,000	12,000
Soil Test			200
Other Works			250,000
Total			593,950

Table 18 Machinery and equipment Capital Expenditure

Machinery and equipment	Number	Unit cost (JD)	Total cost (JD)
Fire fighting equipment	3	500	1,500
Swimming pool	1	15,000	15,000
Air condition	10	250	2,500
Other	5	250	1,250
Washer	2	3,000	6,000
Steam iron	2	75	150
Total (JD)			26,400

Table 19 furniture Capital Expenditure

Furniture	Number	Unit cost (JD)	Total cost (JD)
bed	20	500	10,000
TV (in the rooms)	20	200	4,000
Refrigerator	20	100	2,000
Room's furniture	20	700	14,000
Room's air condition	20	250	5,000
Bathroom	20	700	14,000
Clinic supplies and equipment	2	2,000	4,000
Cooking Equipment	1	18,000	18,000
Agriculture equipment	1	1,000	1,000
Total (JD)			72,000

Table 20 vehicle and trasportation Capital Expenditure

Transporation and Vehicles	No	Unit Cost/JOD	Total Cost/JOD
Pick up	1	23,400	23,400
Total			23,400

Table 21 Pre-Operating Expenses

Pre-operating expenses	Estimated cost (JD)
Governmental fees	1,500
Transportation	1,500
Marketing	2,500
Training	2,500
Total	8,000

The initial working capital reflects the project's amounts needed to cover all the expenses during operation until the project starts generating income, the following table shows the components of the initial working capital:

Table 22 Working Capital

Working Capital	No. of Months	%	Estimated Cost (JD)
Operating expenses	3	%25	38,016
General and administrative expenses	3	%25	2,478
Marketing expenses	3	%25	3,600
Indirect Salaries	3	%25	55,200
Total			99,294

Table 23 Expenses Summary

Capital expenditure summary	Cost (JD)	Contingency	Cost (JD)	%
Land	50,000	10%	55,000	%5.7
Construction works	593,950	10%	653,345	%68.0
Machinery & Equipment	26,400	10%	29,040	%3.0
Furniture	72,000	10%	79,200	%8.2
Vehicles	23,400	10%	25,740	%2.7
Pre-Operating Expenses	8,000	10%	8,800	%0.9
Working capital	99,294	10%	109,224	%11.4
Total	873,044		960,349	100%

Sources of Funding

The financing structure of the project consists of loans and Equity. The investment cost of this project is estimated at (960,349) JD, where 60% of the project will be financed through loans (576,209) JD, and the remaining (40%) through (Equity) with (384,139) JD. The following table summarizes the general structure of the required financing:

Table 24 Sources of Funding

Funding Sources	Amount	Percentage
Equity	384,139	%40
Loans	576,209	%60
Total	960,349	%100
Use of Fund	Amount	Percentage
Capital Expenditures	842,325	%87.71
Pre-Operating Expenses	8,800	%0.92
Working Capital	109,224	%11.37
Total	960,349	%100.00

Operating Expenses

The following table summarizes the expected operating expenses for the proposed project (2018-2027):

Table 25 Operating Expenses

Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Raw Materials and Packaging from	86,400	88,128	89,891	91,688	93,522	95,393	97,300	99,246	101,23	103,25
Utilities from Revenues	43,200	44,064	44,945	45,844	46,761	47,696	48,650	49,623	50,616	51,628
Maintenance from Revenues	5,760	5,875	5,993	6,113	6,235	6,360	6,487	6,616	6,749	6,884
Disposables from Revenues	2,880	2,938	2,996	3,056	3,117	3,180	3,243	3,308	3,374	3,442
Others	13,824	14,100	14,382	14,670	14,964	15,263	15,568	15,879	16,197	16,521
Total	152,06	155,10	158,20	161,37	164,59	167,89	171,24	174,67	178,16	181,73

General and Administrative Expenses

The following table summarizes the expected general and administrative expenses for the proposed project (2018-2027):

Table 26 General and Administrative Expenses

Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Telecom	1,200	1,224	1,248	1,273	1,299	1,325	1,351	1,378	1,406	1,434
Hospitality	600	612	624	637	649	662	676	689	703	717

Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Stationary and Printing	250	255	260	265	271	276	282	287	293	299
Transportation	750	765	780	796	812	828	845	862	879	896
Training	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	2,390
Insurance	4,212	4,296	4,382	4,469	4,559	4,650	4,743	4,838	4,935	5,033
Miscellaneous	901	919	938	956	975	995	1,015	1,035	1,056	1,077
Total	9,913	10,111	10,313	10,520	10,730	10,945	11,163	11,387	11,614	11,847

Marketing Expenses

Table 27 Marketing Expenses

Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Marketing Expenses	14,400	14,688	14,982	15,281	15,587	15,899	16,217	16,541	16,872	17,209

Human Resources

The total annual salaries and monthly wages has been estimated on 16 months for the purpose of considering annual increments on salaries as well as payments related to social security and health insurance, etc.

The following table summarizes the expected annual salaries and wages, considering annual increment on salaries as per the income statement:

Table 28 Expected numbers of employees

Job title	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Resort manager	1	1	1	1	1	1	1	1	1	1
Financial manager	1	1	1	1	1	1	1	1	1	1
Marketing manager	1	1	1	1	1	1	1	1	1	1
Psychiatrists	2	2	2	2	2	2	2	2	2	2
Nutritionist	2	2	2	2	2	2	2	2	2	2
Chef	1	1	1	1	1	1	1	1	1	1
Coaches	2	2	2	2	2	2	2	2	2	2
Physiotherapist	3	3	3	3	3	3	3	3	3	3
Receptionist	2	2	2	2	2	2	2	2	2	2
Cleaner	4	4	4	4	4	4	4	4	4	4
Total	19	19	19	19	19	19	19	19	19	19

Table 29 Expected monthly Salaries and Wages (2027-2018)

Job Title	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Resort manager	2,000	2,082	2,167	2,256	2,349	2,445	2,545	2,650	2,758	2,871
Financial manager	1,200	1,249	1,300	1,354	1,409	1,467	1,527	1,590	1,655	1,723
Marketing manager	1,200	1,249	1,300	1,354	1,409	1,467	1,527	1,590	1,655	1,723
Psychiatrists	1,000	1,041	1,084	1,128	1,174	1,223	1,273	1,325	1,379	1,436
Nutritionist	800	833	867	902	939	978	1,018	1,060	1,103	1,149

Job Title	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Chef	800	833	867	902	939	978	1,018	1,060	1,103	1,149
Coaches	700	729	759	790	822	856	891	927	965	1,005
Physiotherapist	700	729	759	790	822	856	891	927	965	1,005
Receptionist	350	364	379	395	411	428	445	464	483	502
Cleaner	200	208	217	226	235	245	255	265	276	287

Table 30 Expected Annual Salaries and Wages(2018-2027)

Job title	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Resort manager	32,000	33,312	34,678	36,100	37,580	39,120	40,724	42,394	44,132	45,942
Financial manager	19,200	19,987	20,807	21,660	22,548	23,472	24,435	25,436	26,479	27,565
Marketing manager	19,200	19,987	20,807	21,660	22,548	23,472	24,435	25,436	26,479	27,565
Psychiatrists	32,000	33,312	34,678	36,100	37,580	39,120	40,724	42,394	44,132	45,942
nutritionist	25,600	26,650	27,742	28,880	30,064	31,296	32,579	33,915	35,306	36,753
Chef	12,800	13,325	13,871	14,440	15,032	15,648	16,290	16,958	17,653	18,377
Coaches	22,400	23,318	24,274	25,270	26,306	27,384	28,507	29,676	30,893	32,159
Physiotherapist	33,600	34,978	36,412	37,905	39,459	41,076	42,761	44,514	46,339	48,239
Receptionist	11,200	11,659	12,137	12,635	13,153	13,692	14,254	14,838	15,446	16,080
Cleaner	12,800	13,325	13,871	14,440	15,032	15,648	16,290	16,958	17,653	18,377
Total	220,800	229,853	239,277	249,087	259,300	269,931	280,998	292,519	304,512	316,997

Depreciations

The following tables illustrate cost of Capex and Depreciation rates:

Table 31 Capex and Depreciation Expenses

Capex Cost and Annual Depreciation Rates	Cost (JOD)	Depreciation Rate	Annual Additions Percentage
Land	55,000	%0.0	%0.0
Construction Works	653,345	%5.0	%0.0
Machinaries	29,040	%10.0	%2.0
Furniture	79,200	%10.0	%5.0
Vehicles	25,740	%10.0	%0.0
	842,325		

Table 32 Depreciations and Additions on Construction Works

Capex, Annual Additions and Depreciations	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total Fixed Assets	842,325	846,86	851,61	856,58	861,78	867,22	872,92	878,88	885,12	891,65
Total Depreciation Expenses	46,065	46,519	46,994	47,491	48,011	48,556	49,125	49,721	50,345	50,998
Total Accumulated Depreciation	46,065	92,585	139,57	187,07	235,08	283,63	332,76	382,48	432,82	483,82
Total Additions	0	4,541	4,750	4,970	5,201	5,442	5,695	5,961	6,239	6,531
Total Net Book Values	796,260	754,28	712,03	669,51	626,70	583,59	540,16	496,40	452,29	407,82

Loan

The table below summarizes all details related to the loan such as annual installments and payment methods for the remaining amount of the loan for each year of the project.

Table 33 Loan Details

Loan Value	576,209				
Annual Interest Rate	9.48%				
Loans Period	5				
Grace Period	0				
Loan Starts at year:	2018				
Annual Payment	149,989				
Number of Payments	5				
	Year	Annual Payment	Interest	Capital	Loan Remaining Value
	2018				576,209
	2019	149,989	54,625	95,364	480,845
	2020	149,989	45,584	104,404	376,441
	2021	149,989	35,687	114,302	262,139
	2022	149,989	24,851	125,138	137,001
	2023	149,989	12,988	137,001	0

Income Statement

Table 34 Income Statement

Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenues										
Sales Revenues	576,000	587,520	599,270	611,256	623,481	635,951	648,670	661,643	674,876	688,373
Gross Operating Revenues	576,000	587,520	599,270	611,256	623,481	635,951	648,670	661,643	674,876	688,373
Operating Expenses	-152,064	-155,105	-158,207	-161,372	-164,599	-167,891	-171,249	-174,674	-178,167	-181,731
Gross Operating Profit	423,936	432,415	441,063	449,884	458,882	468,060	477,421	486,969	496,709	506,643
<i>Gross Profit Percentage</i>	<i>%74</i>	<i>%74</i>	<i>%74</i>	<i>%74</i>	<i>%74</i>	<i>%74</i>	<i>%74</i>	<i>%74</i>	<i>%74</i>	<i>%74</i>
Salaries and Benefits	-220,800	-229,853	-239,277	-249,087	-259,300	-269,931	-280,998	-292,519	-304,512	-316,997
General and Administraive	-9,913	-10,111	-10,313	-10,520	-10,730	-10,945	-11,163	-11,387	-11,614	-11,847
Markeing Expenses	-14,400	-14,688	-14,982	-15,281	-15,587	-15,899	-16,217	-16,541	-16,872	-17,209
Pre Operating Expenses	-8,800									
Gross Indirect Expenses	-253,913	-254,652	-264,572	-274,888	-285,617	-296,774	-308,378	-320,447	-332,999	-346,053
Income before Interest,	170,023	177,763	176,491	174,996	173,265	171,285	169,043	166,522	163,710	160,589
Fixed Assets Depreciations	-46,065	-46,519	-46,994	-47,491	-48,011	-48,556	-49,125	-49,721	-50,345	-50,998
Income before Tax and	123,958	131,244	129,497	127,505	125,254	122,730	119,917	116,801	113,365	109,591
Bank Interests	-54,625	-45,584	-35,687	-24,851	-12,988	-0	-0	-0	-0	-0
Income Before Tax	69,333	85,659	93,810	102,654	112,266	122,730	119,917	116,801	113,365	109,591

Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Income Tax	-3,467	-4,283	-4,691	-5,133	-5,613	-6,136	-5,996	-5,840	-5,668	-5,480
Net Profit	65,867	81,376	89,120	97,521	106,653	116,593	113,921	110,961	107,697	104,112
Net Profit Percentage	%11	%14	%15	%16	%17	%18	%18	%17	%16	%15
Compulsory Reserves	-6,587	-8,138	-8,912	-9,752	-10,665	-11,659	-11,392	-11,096	-10,770	-10,411
Retained Earnings	59,280	132,519	212,727	300,496	396,483	501,417	603,947	703,812	800,738	894,439

Expected Cashflows Statement

The table below summarizes project cashflows statement, where net cash flows are positive during all years as below:

Table 35 Expected Cashflows

Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Cash Inflows from Operating										
Net Profit	65,867	81,376	89,120	97,521	106,653	116,59	113,92	110,96	107,69	104,11
Bank Interests	54,625	45,584	35,687	24,851	12,988	0	0	0	0	0
Depreciation	46,065	46,519	46,994	47,491	48,011	48,556	49,125	49,721	50,345	50,998
Total Operating Cashflows before	166,557	173,480	171,801	169,864	167,652	165,14	163,04	160,68	158,04	155,11
Inventory (Increase/Decrease)	-7,200	-144	-147	-150	-153	-156	-159	-162	-165	-169
Accounts Payables	10,944	219	223	228	232	237	242	246	251	256

Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Working Capital	3,744	75	76	78	79	81	83	84	86	88
Net Cashflows from Operating	170,301	173,555	171,877	169,941	167,731	165,23	163,12	160,76	158,12	155,19
Cashflows from Investments										
Fixed Assets (Procurement)	842,325	-4,541	-4,750	-4,970	-5,201	-5,442	-5,695	-5,961	-6,239	-6,531
Net Cashflows from Investments	842,325	-4,541	-4,750	-4,970	-5,201	-5,442	-5,695	-5,961	-6,239	-6,531
Cashflows from Financing Activities										
Capital	384,139									
Loan Amortization	-95,364	104,404	114,302	125,138	137,001	0	0	0	0	0
Bank Interest Rate	-54,625	-45,584	-35,687	-24,851	-12,988	-0	-0	-0	-0	-0
Loans	576,209	0	0	0	0	0	0	0	0	0
Net Cashflows from Financing	810,360	149,989	149,989	149,989	149,989	0	0	0	0	0
Net (Increase/Decrease) in Cash	138,336	19,025	17,138	14,983	12,542	159,78	157,43	154,80	151,88	148,66
Cashflows at the Beginning of Period	0	138,336	157,361	174,499	189,482	202,02	361,81	519,24	674,05	825,94
Cashflows at the End of Period	138,336	157,361	174,499	189,482	202,024	361,81	519,24	674,05	825,94	974,60

Expected Balance Sheet

The balance sheet is one of the main statements which the project depends on, as it reflects the financial position of the entity and is usually estimated on the last day of the financial year.

All financial information and analysis of the project shall be the estimated for the years (2018-2027) as shown in the table below:

Table 36 Expected Balance Sheet

Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Assets										
Current Assets										
Cash	138,336	157,361	174,499	189,482	202,024	361,812	519,246	674,052	825,940	974,606
Inventory	7,200	7,344	7,491	7,641	7,794	7,949	8,108	8,271	8,436	8,605
Total current Assets	145,536	164,705	181,990	197,122	209,818	369,761	527,354	682,322	834,376	983,211
Non Current Assets										
Fixed Assets (net)	796,260	754,281	712,037	669,516	626,705	583,592	540,162	496,401	452,295	407,828
Total Non Current	796,260	754,281	712,037	669,516	626,705	583,592	540,162	496,401	452,295	407,828
Total Assets	941,795	918,986	894,027	866,638	836,523	953,353	1,067,516	1,178,724	1,286,671	1,391,039
Current Liabilities										
Payables	10,944	11,163	11,386	11,614	11,846	12,083	12,325	12,571	12,823	13,079
Remaining amount	104,404	114,302	125,138	137,001	0-	0-	0-	0-	0-	0
Total current	115,348	125,465	136,524	148,615	11,846	12,083	12,325	12,571	12,823	13,079
Non Current										
Long Terms Loans	376,441	262,139	137,001	0	0	0	0	0	0	0
Total Long Term	376,441	262,139	137,001	0	0	0	0	0	0	0
Total Liabilities	491,789	387,604	273,525	148,615	11,846	12,083	12,325	12,571	12,823	13,079
Owners Equity										

Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Shareholders	384,139	384,139	384,139	384,139	384,139	384,139	384,139	384,139	384,139	384,139
Statutory Reseve	6,587	14,724	23,636	33,388	44,054	55,713	67,105	78,201	88,971	99,382
Retained Profits	59,280	132,519	212,727	300,496	396,483	501,417	603,947	703,812	800,738	894,439
Total Equity	450,006	531,383	620,502	718,024	824,677	941,270	1,055,191	1,166,152	1,273,849	1,377,960
Total Liabilities and	941,795	918,986	894,027	866,638	836,523	953,353	1,067,516	1,178,724	1,286,671	1,391,039

Feasibility Indicators

There are more than one method to calculate the discounted cash flow statement. However, in this study, WACC was used to calculate the discounted cash flows and net investment value. The Company's financing structure is based on equity and loans; therefore, the discounted rate should be adjusted according to WACC based on the following assumptions, the following table illustrates the net expected free cash flow of the project:

Table 37 Free Net Cash Flows Table

Net Cashflows	Before Operating	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Final value
Net Free Cashflows	-960,349	179,10	169,01	167,12	164,97	162,53	159,78	157,43	154,80	151,88	148,66	1,938,575
Discount Factor	1.00	0.71	0.64	0.57	0.51	0.45	0.40	0.36	0.32	0.29	0.26	0.26
Net Present Value for	-960,349	127,56	107,50	94,936	83,689	73,633	64,648	56,884	49,952	43,769	38,259	498,887

The table below illustrates payback period for the project, as it is one of the indicators which investors care about before taking the investment decision as they need to know when the project will return the invested amount of money. Payback period definition is the total required period so that the project generates a total money equal to the total invested capital expenditure, as investor is always looking to return the full invested amount of money at the earliest possible.

Table 38 Payback Period

Payback Period	Before Operating	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Net Free Cashflows	-960,349	179,101	169,014	167,127	164,971	162,531	159,788	157,434	154,806	151,888	148,666
Project Value	960,349	781,248	612,234	445,107	280,136	117,605	-42,183	-199,617	-354,422	-506,311	-654,977
Payback Period	5	1	1	1	1	1	0	0	0	0	0

Table 39 Financial Analysis Results

Weighted Average Cost of Capital (WACC)	%11.98
Net Present Value for Cashflows	279,376
Payback Period	5
Internal Rate of Return	%19.91

Sensitivity Analysis

Sensitivity analysis is conducted to investigate the effects of changes in significant inputs of the financial analysis. This includes changes in revenues, total investment costs, and operating costs.

Table 40 Sensitivity Analysis

Sensitivity Analysis	Internal Rate of Return	Payback Period	WACC
Original Scenario	%19.91	5	11.98%
Revenues declined by 10%	%14.01	7	11.98%
Operating Expenses Increased by 10%	%17.82	6	11.98%

Conclusions and Recommendations

Based on the profitability analysis and considering that project internal rate of return is higher than WACC, it is concluded that the project is feasible as the net present value for the project is positive 279,376 Jordan Dinars considering that the project provides 19 Job Opportunities for the governorate residents.