

**Pre-Feasibility Study  
Rural Tourist Villas Project  
Madaba**

April 2017

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## Madaba Governorate



## 1. Executive Summary

This study aims at determining the pre-feasibility of the establishment of serviced Rural Tourist Villas in the Governorate of Madaba, as the project will be established in one or several high areas that are overlooking the Dead Sea, such as Mukawer Area, which is located in the south-east of Ma'in Spa, or in Panorama Dead Sea Area located on the road to Ma'in Spa. The following table shows the preliminary indications of the project.

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

<b>Project Name</b>	Rural Tourist Villas
<b>Sector</b>	Service - Real Estate
<b>Governorate</b>	Madaba
<b>Region</b>	Areas overlooking the Dead Sea (Mukawer and Dead Sea Panorama)
<b>Products / Services</b>	<ul style="list-style-type: none"> <li>• Serviced Rural Tourist Villas (private property).</li> <li>• Swimming pools.</li> <li>• Food supplies store.</li> <li>• Camera monitoring system.</li> </ul>
<b>Project Description</b>	<p>A Rural Tourist Villas Complex will be established, in an area overlooking the Dead Sea in the Governorate of Madaba. The design capacity of the project will reach 15 rural villas annually, with a total area of about 15,000 m<sup>2</sup> (for each group 15 villas), and a building area of about 1,800 m<sup>2</sup>. The building area for each villa will be 120 m<sup>2</sup>, and the land area of each unit will be 1000 m<sup>2</sup>. The complex will also include comprehensive services of swimming pools, restaurant, café and a food supplies store. The total number of built-up villas will be 115 villas in 10 years' time.</p> <p>The selling price of each villa in the first year will be about JD 115 thousand, and will increase up to 150 thousand JD in the tenth year of the project. It is worth mentioning that the number of permanent employees in the project will reach 21 employees, all Jordanians.</p>
<b>Target Market</b>	<ul style="list-style-type: none"> <li>• High-income Jordanians in Jordan.</li> <li>• High-income Jordanian Expatriates.</li> <li>• High-income Arab and foreign tourists.</li> </ul>
<b>Investment Cost</b>	The investment cost of the project is about 1.4 million JD.
<b>The Average Return on Investment</b>	The average return on investment during ten years is about 11 %
<b>Internal Rate of Return</b>	The internal rate of return for the project is about 20.4%
<b>Average Added Value to the Project</b>	The average added value to the project in five years is about JD 548 thousand.
<b>Risk Assessment</b>	The sensitivity analysis indicates a high risk in case of 10% decrease in

	selling prices or 10% increase in operating costs (construction costs), whereas a low risk in case of 10% increase in investment.
<b>The Project Justification</b>	<ul style="list-style-type: none"><li>• The picturesque nature of the area and it's beautiful overlooking.</li><li>• Manpower recruitment.</li><li>• The need for private property recreation sites.</li></ul>
<b>Partners / Stakeholders</b>	<ul style="list-style-type: none"><li>• The Ministry of Industry and Trade.</li><li>• Concerned Municipality.</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, Ma'ana, Zarqa 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 528.8 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.

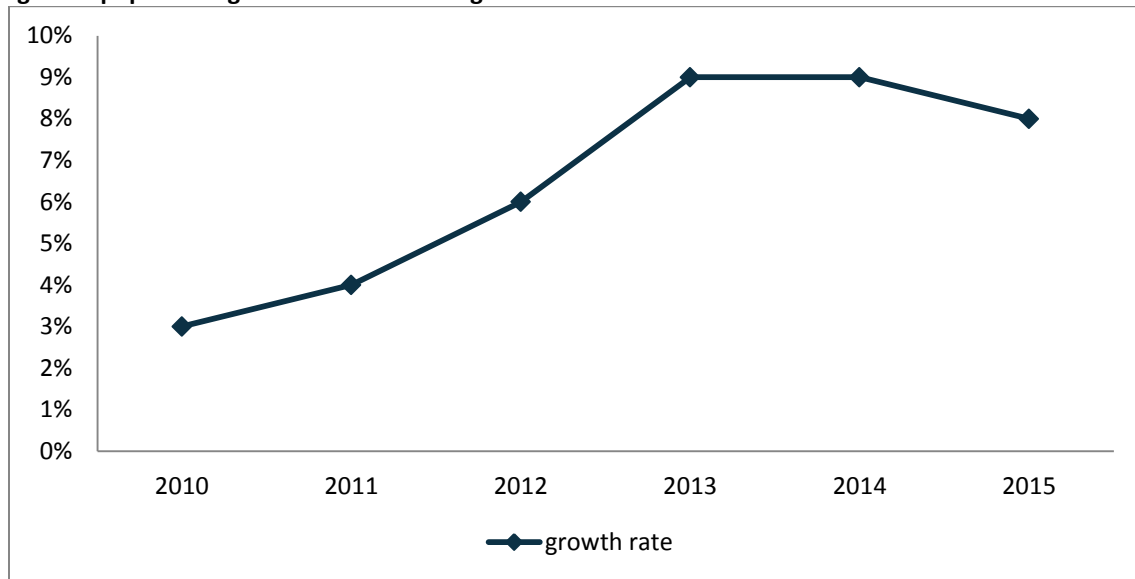


**Table 3: Number of population and population growth in the Kingdom, thousand**

	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%).

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.

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

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

	2011	2012	2013	2014	2015
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
<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 complexes of serviced Rural Tourist Villas that are private property. The complex has a swimming pools, restaurant and café and a food supplies store. One or several areas in Madaba Governorate will be chosen that are overlooking the Dead Sea, such as Mukawer Area or Panorama Dead Sea Area. These areas are characterized by calmness and beautiful nature and views, and would be appropriate for the project objective which is recreation and staying away from the city noise.

The design capacity of the project will reach 15 rural villas annually, with a total area of about 15,000 m<sup>2</sup> (for each group 15 villas), and a building area of about 1,800 m<sup>2</sup>. The building area for each villa will be 120 m<sup>2</sup>, and the land area of each unit will be 1000 m<sup>2</sup>. The complex will also include comprehensive services of swimming pools, restaurant, café and a food supplies store. The total number of built-up villas will be 115 villas in 10 years' time.

#### **3.2 Expected Services Description**

The expected project services include the following:

- Serviced Rural Tourist Villas that are private property.
- Swimming pools.
- Food supplies store.
- Cameras monitoring system.
- Gated and guarded community complex.

#### **3.3 Estimation of the Market Size**

Demand for Rural Tourist Villas is influenced by the following factors:

- The price.
- Villas location in terms of the view and scenery.
- Villas location in terms of proximity to Amman, the Capital, and having a short travel distance to reach it.
- The specifications and the degree of excellence in terms of interior and exterior design and other.
- The services available in the Rural Villas Complex and nearby services.
- The quality of raw materials used in construction.
- Families' societal habits and their desire for privacy.
- Security and political stability in Jordan.
- Economic growth rate and average incomes.
- Population growth rate.
- The increasing degree of urbanization and cultural diversity of people.

The study team conducted a field survey for Rural Tourist Villas projects in Madaba Governorate and other areas such as Balqa Governorate, Jerash Governorate and Ajloun Governorate, in

order to determine the existing rural villas projects in these areas, and take a clear picture of their size and the demand size for this type of project. Some of the prominent projects in this field were visited, including:

- Puja project.
- Palm Oases Project.
- Porto Dead Sea.
- Andalusia Village.
- Tulaitila Project.
- Al-Safa Project.
- Eshbelia Villa Project
- Full-service Villas Complex.
- Rwabi Reef Jarash Project (Jana 1).

The number of currently existing rural villas projects are estimated through the field study to about 13 projects, they were established over the past five years, and distributed over the Governorates of the Kingdom, such as Balqa, Madaba, Jerash and Ajloun, due to the beautiful nature and scenery of these Governorates that fit such projects, as well their proximity to Amman, the Capital. It is noted that these types of projects are still new in the kingdom, as they are being established recently, and during the past ten years.

The table below shows the number of existing projects and the number of their rural villas in the overlooking and nearby areas near or overlooking the Dead Sea and Amman nearby areas, there are two projects for rural villas with a total villas estimated at 69 Villas in areas nearby overlooking the Dead Sea, while in the areas nearby Amman, such as Balqa, Jerash and Ajloun, the number of projects estimated at 11 projects with a total Villas estimated at 512 rural villas, based on field surveys that have been carried out.

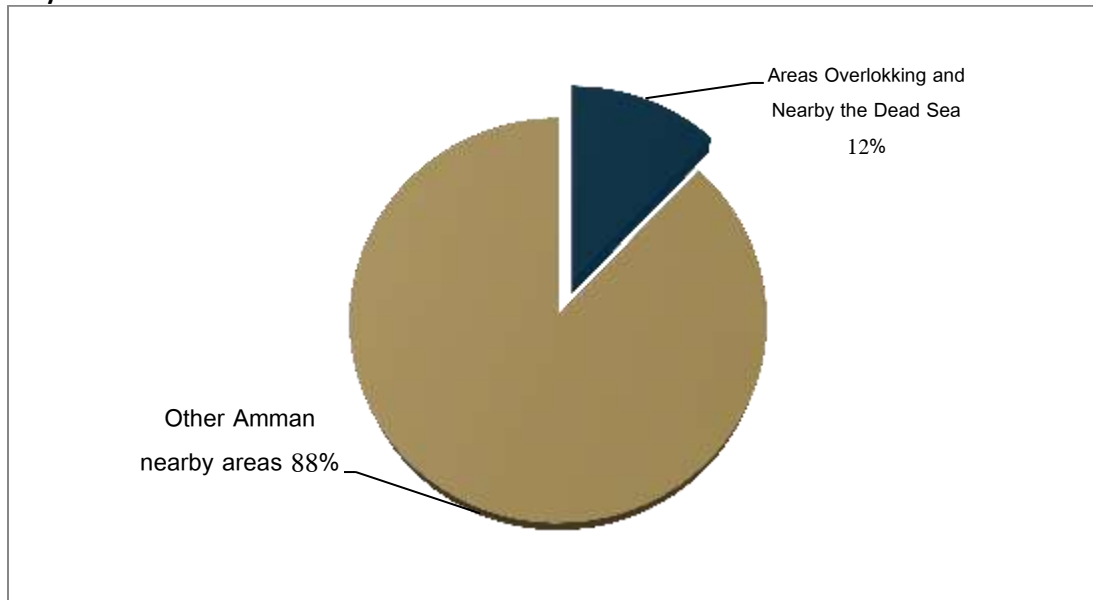
It is worth mentioning that there are new projects that are still under construction at the Dead Sea and nearby areas, such as Sweimah Area, which will also include a set of rural tourist villas.

**Table 7: Number of Existing Projects and Rural Villas**

	Areas Overlooking and nearby the Dead Sea	Other Amman nearby areas	TOTAL
Number of existing projects	2	11	13
Number of villas in the project	69	512	581
The percentage of the projects from the total	%15	%85	%100
The percentage the number of villas from the total	%12	%88	%100

Source: Field Surveys, calculation of the study Teams

**Figure 3: Percentage of rural villas in the areas nearby and overlooking the Dead Sea, and other Amman nearby areas**



In order to estimate the total demand size for the purchase of rural villas in the Kingdom, The percentage of sold rural villas in all existing projects were estimated at about 75% of the total number of villas that have been established and developed on the basis of field and desk survey. Based on the previous information, the number of sold villas was estimated at 436 rural villas of the total 518 villas over the past five years that mean an average of 87 rural villas each year. Based on conducted interviews, they indicate that it is expected that the demand for rural villas will increase in the coming years due to the preference of people to own this type of villas that feature complete privacy.

### Overview of Major Competitors

This part of the study shows the main competitors of the Tourist Villas Project in Madaba Governorate and other Governorates that have Rural Villas Projects, which are distinguished for their proximity to the Capital Governorate, such as the Governorates of Jerash and Balqa.

<b>Name</b>	Puja Project (Coalition of Manash Company and Zahrat Al-Wadi Company)
<b>Location</b>	Proximity to Sweimah Area
<b>Number of Villas</b>	14 Villas
<b>General Description</b>	<p>The project was established on a land of total area of 10 dunums. The project consists of a group of villas, terraces, garden, private swimming pool for each villa in the project.</p> <p>The project consists of 14 villas; all have the same area, where the built-up area of the villa is about 240 m<sup>2</sup>, and consists of three bedrooms, living room and two bathrooms. The land area of each villa is about 500 m<sup>2</sup>. The number of villas being sold from the project is the half, which is estimated at 7 Villas, and there is no possibility of renting villas in the project.</p> <p>It is worth mentioning that the same company will establish a new project close to Sweimah Area, which consists of 29 villas, but the project is still in the process of obtaining approvals.</p>

<b>Name</b>	Palm Oases
<b>Location</b>	The road between the Dead Sea and Mount Nebo in Madaba - Behind Lagoon Resort
<b>Number of Villas</b>	55 Villas
<b>General Description</b>	<p>The project was established on a land of a total area of 275 dunums. The project consists of a group of villas, each villa has a garden with 55 palm trees, barbecue area, swimming pool and a fence separates it from other villas.</p> <p>The project consists of 55 villas, with built-up area per villa ranging from 234 m<sup>2</sup> to 296 m<sup>2</sup>, and the villa consists of two stories with a land area of about 5000 m<sup>2</sup> per villa. The number of villas being sold from the project is about 52 villas. There is no possibility of renting villas in the project.</p>

<b>Name</b>	Tulaitila Project
<b>Location</b>	Jerash - Amman Jerash international road, in Jubbah Area.
<b>Number of Villas</b>	36 Villas
<b>General Description</b>	The project was established about three years ago on a land of a total area of 36 dunums, which is overlooking King Talal Dam. The total building area is about 2520 m <sup>2</sup> . The project consists of a group of rural villas, and a private

	<p>garden for each villa, as well as the provision of security and guarding services by guards and surveillance cameras. The provision of maintenance and gardening services by specialists farmers, as well as the provision of cleaning service and food supplies orders from neighboring shops.</p> <p>The project consists of 36 villas; all have the same built-up area which is 70 m<sup>2</sup>, and a land area of 850 m<sup>2</sup> per villa. The number of villas being sold from the project is about 25 villas. There is no possibility of renting villas in the project.</p>
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<b>Name</b>	Al Safa Project
<b>Location</b>	Jerash - Amman Jerash international road, in Jubbah Area.
<b>Number of Villas</b>	90 Villas
<b>General Description</b>	<p>The project was established about three years ago on a land of a total area of 90 dunums, which is overlooking King Talal Dam. The total building area is about 6300 m<sup>2</sup>. The project consists of a group of rural villas, and a private garden for each villa, as well as the provision of security and guarding services by guards and surveillance cameras, the provision of maintenance and gardening services by specialist’s farmers, as well as the provision of cleaning service and food supplies orders from neighboring shops.</p> <p>The project consists of 90 villas; all have the same built-up area which is 70 m<sup>2</sup>, and a land area of 850 m<sup>2</sup> per villa. The number of villas being sold from the project is about 63 villas. There is no possibility of renting villas in the project.</p>

<b>Name</b>	Eshbelia Villa Project
<b>Location</b>	Al-Alouk Village
<b>Number of Villas</b>	21 Villas
<b>General Description</b>	<p>The project was established about four years ago on a land of a total area of 84 dunums, which is overlooking Jerash Mountains. The total building area is about 6468 m<sup>2</sup>. The project consists of a group of rural villas, and a private garden, garage and playground for each villa. As well as the provision of security and guarding services by guards and surveillance cameras, the provision of maintenance and gardening services by specialists farmers, as well as the provision of cleaning service and food supplies orders from neighboring shops. There are also villas with private swimming pool and there are others without, but there is a possibility to build private swimming pools in these villas.</p> <p>The project consists of 21 villas; all have the same built-up area which is 308 m<sup>2</sup>, and a land area of 4000 m<sup>2</sup> per villa. All villas in the project were sold.</p>

	There is no possibility of renting villas in the project.
<b>Name</b>	Full-service Villas Complex
<b>Location</b>	Jerash - Souf, Al-Sahlat
<b>Number of Villas</b>	6 Villas
<b>General Description</b>	<p>The project has been recently established on a land of a total area of 30 dunums, which is overlooking Jerash Mountains. The total building area is about 6468 m<sup>2</sup>. The project consists of a group of rural villas, and a private garden, playground and swimming pool for each villa, as well as the provision of security and guarding services by guards and surveillance cameras, and the provision of air conditioning and heating in villas. As well as the provision of maintenance and gardening services by specialists farmers.</p> <p>The project consists of 6 villas; all have the same built-up area which is 350 m<sup>2</sup>, but the land area for each villa ranges from 4000 m<sup>2</sup> – 6000 m<sup>2</sup>. None of the project villas is sold, because the project has been completed recently.</p>

<b>Name</b>	Rwabi Reef Jarash Project
<b>Location</b>	Jerash - Behind Jerash University
<b>Number of Villas</b>	80 Villas are ready so far
<b>General Description</b>	<p>The project was established on a land of a total area of 200 dunums, which is overlooking Jerash, Salt and Amman Mountains. There is a part of the project that was established, and the other part is still under construction. The project consists of a group of rural villas, and a garden, garage, playground, swimming pool, barbeque area and a waterfall for each villa. As well as the provision of security and guarding services through surveillance cameras, anti-theft system and guards, as well as the provision of water, electricity, internet and paved roads services.</p> <p>The project consists of a number of villas designed with Spanish style. These villas vary in terms of built-up and land area. There are three models of the villas in the project, as follows:</p> <ul style="list-style-type: none"> <li>– Model (A): The building area is about 180 m<sup>2</sup>, and consists of two floors, and the land area is about 2000 m<sup>2</sup>.</li> <li>– Model (B): The building area is about 130 m<sup>2</sup>, and the land area is about 1000 m<sup>2</sup>.</li> <li>– Model (C): The building area is about 75 m<sup>2</sup>, and the land area is about 500 m<sup>2</sup>.</li> </ul> <p>80 villas were sold, that means all the completed villas were sold so far, and there are a large number of villas are planned to be established in the project, and there is no possibility of renting villas in the project.</p>

<b>Name</b>	Andalusia Village.
<b>Location</b>	Madaba - Umm AlAmad
<b>Number of Villas</b>	683 Villas
<b>General Description</b>	<p>The Andalusia Village Project was established on a land of a total area of 100 dunums. The project consists of a group of residential villas, shopping mall, health club and separate swimming pools for men and women, in addition to the provision of water, electricity and gas line pipes services. There are security staff in all parts of the residential complex, and a special cleaning company that care about the cleanliness of all complex facilities.</p> <p>The project consists of 683 villas of various sizes, where there are villas with built-up of 200 m<sup>2</sup>, 350 m<sup>2</sup>, 400 m<sup>2</sup>, 600 m<sup>2</sup> and 700 m<sup>2</sup>. The number of villas being sold on the project is about 200 villas, and there is a possibility of renting villas in the Andalusia Village Project.</p>

<b>Name</b>	Porto Dead Sea
<b>Location</b>	Dead Sea Beach
<b>Number of Villas</b>	520 Chalets
<b>General Description</b>	<p>The Chalets, which are part of the Porto Dead Sea project, were established on a land of a total area of 20 dunums. The project consists of a group of Chalets directly overlooking the Dead Sea.</p> <p>Chalets Porto Dead Sea project consists of 520 Chalets, in which 400 Chalets are ready in the finishing stage. The building area for all chalets is about 53 m<sup>2</sup> with the exception of seven chalets with an area of 70 m<sup>2</sup> for each, and each chalet consists of bedroom, salon and two bathrooms.</p> <p>It is worth mentioning that there is a Tourist Villas Project for Porto Dead Sea, planned to be established on a total area of 780 dunums, and the villa area will be 200 m<sup>2</sup>, but the project did not get the approvals due to some disputes.</p>

### 3.4 Price Analysis

A field study has been conducted for the prices of Rural Tourist Villas in the nearby areas of Madaba and the Dead Sea and other Governorates such as Balqa, Jerash. The existing projects have been visited to determine the prices of their rural villas, in order to get a clear picture of the situation and prices of the rural villas. The prices vary based on the built-up area of the villa, and its land area and the region where the project is located, in addition to the available services.

The table below shows the average selling price in Jordanian Dinar for Rural Villas, which are classified based on the region the project is located at, the built-up area and the land area of each villa.

**Table 8: The Prices of Rural Villas in Jordanian Dinars in Different regions**

Villa built-up Area	Villa Land Area	Price (JD)
<b>Areas Nearby or overlooking the Dead Sea areas</b>		
240 m <sup>2</sup>	500 m <sup>2</sup>	240,000
300 -230 m <sup>2</sup>	5000 m <sup>2</sup>	280,000 -260,000
<b>Jerash Governorate</b>		
70 m <sup>2</sup>	850 m <sup>2</sup>	75,000
130 m <sup>2</sup>	1000 m <sup>2</sup>	90,000
180 m <sup>2</sup>	2000 m <sup>2</sup>	140,000
350 m <sup>2</sup>	5000 m <sup>2</sup>	500,000
<b>Al-Alouk Village</b>		
300 m <sup>2</sup>	4000 m <sup>2</sup>	375,000



### **3.5 Marketing Strategy**

#### **Target Market**

The project targets the following customers:

- High-income Jordanians in Jordan.
- High-income Jordanians Expatriate.
- High-income Arab and foreign tourists.

#### **Expected Services and Products**

The expected project services include the following:

- Serviced Rural Tourist Villas (private property).
- Swimming pools.
- Food supplies store.
- Cameras monitoring system.
- Gated and guarded community complex.

#### **Expected Price**

Pricing strategy for the project includes the following:

- The selling price of the villa in the first year of the project is about 115 thousand JD.

#### **Promotion**

Promotional strategy for the project includes the following:

- Designing attractive website and a social media page.
- Brochures for the project.
- Advertisements in newspapers and specialized magazines.
- Placing billboards on the main streets.

#### **Selling**

Selling strategy for the project includes the following:

- Direct selling to local and expatriate customers.
- Selling through Real Estate Offices.

#### **Services**

The Provision of Services Strategy for the project includes the following:

- Construction of rural villas of high quality and specifications.
- Maintaining a constant state of cleanliness for all villas complex facilities and the swimming pools, etc.
- Focusing on the quality of the used products and materials.
- Respecting the rules of hygiene, cleanliness and public safety.
- Maintenance of equipment on an ongoing basis.
- Attaching great importance to the good and decent treatment of customers.
- Attaching great importance to the speed of service.
- Providing services that match their class.
- Maintaining the cleanliness of the used tools, furniture, various facilities and equipment.
- Credibility and honesty when dealing with customers.

### 3.6 The Expected Market Share

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

**Table 9: Market Share of the Project**

Statement	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Number of villas of the project	12	13	14	15	15	15	15	15	15	15
Average selling price - thousand JD	115	118	122	126	129	133	137	141	146	150

## 4. Technical Study

### 4.1 The Designed Project Capacity

The following table shows the designed capacity of the project in each year. The designed capacity of the project is 15 residential villas with a total land area up to 15,000 m<sup>2</sup>, and a total built-up area of approximately 1800 m<sup>2</sup>.

**Table 10: The Design Capacity of the Project**

Item	Number
Number of Villas	15
Land Area of the Unit – m <sup>2</sup>	1,000
Building Area of the Unit - m <sup>2</sup>	120

The following table shows the area required for the project. In order to reach the project designed capacity annually, it requires the purchase of a land area of 15,000 m<sup>2</sup>, and the establishment of the villas with a total area of 1,800 m<sup>2</sup>.

**Table 11: Required Areas for the Project**

Item	Unit
Land m <sup>2</sup>	15,000
Buildings m <sup>2</sup>	1,800

### 4.2 The Required Fixed Assets

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

**Table 12: Required Fixed Assets**

Item	Unit	Price	Value (JD)
Office Furniture	-	-	30,000
Transport	2	25,000	50,000
Information Technology	1	20,000	20,000
Other	-	-	10,000
<b>Total</b>			<b>110,000</b>

\* The numbers are 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 required staff is about 21 employees, with total salaries of 145.8 thousand JD annually.

**Table 13: 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 of the Company	1	3,000	36,000		36,000
Director of Project Management Development	1	1,200	14,400		14,400
Engineers	2	800	19,200		19,200
Director of Marketing and Business Development	1	1,200	14,400		14,400
Marketing Manager	1	400	4,800		4,800
Administrative and Financial Director	1	450	5,400		5,400
Accountant	2	350	8,400		8,400
Administrative	2	400	9,600		9,600
Labor and Services	10	280	33,600	33,600	
<b>Total</b>	<b>21</b>		<b>145,800</b>	<b>33,600</b>	<b>112,200</b>

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

**Table 14: General Job Description of Jobs Required in the Project**

Job	Job Description
<b>Director General</b>	<ul style="list-style-type: none"> <li>• Developing and prioritizing a clear vision for the company.</li> <li>• Ensuring the achievement of financial and technical strategies and objectives of the company.</li> <li>• Managing the company's budget, to ensure that the revenue and profit outweigh the objectives and cover the costs.</li> <li>• Evaluating the company's technical and financial performance and provide reports on the workflow to the Board of Directors.</li> <li>• Developing the knowledge and information on real estate market, through the knowledge of new competitors and the developments in the market.</li> <li>• Conducting meetings with managers to discuss the progress of work, and ensuring the proper work functioning and providing the necessary guidance in this regard if needed.</li> </ul>
<b>Director of Project Management</b>	<ul style="list-style-type: none"> <li>• Studying the locations of expected Land.</li> <li>• Conducting detailed feasibility studies on project revenues and</li> </ul>

Job	Job Description
<b>Development</b>	<ul style="list-style-type: none"> <li>costs.</li> <li>• Preparing a development plan that includes responsibilities, resources and the time timeline.</li> <li>• Preparing project designs.</li> <li>• Supervising ongoing projects.</li> <li>• Following-up government procedures and licensing processes.</li> <li>• Preparing database of suppliers (permanent or by contract).</li> <li>• Following-up the suppliers’ work, and their achievements and bills.</li> <li>• Following-up required modifications from clients on their under construction projects.</li> <li>• Evaluating projects and following-up their achievements.</li> </ul>
<b>Director of Marketing and Business Development</b>	<ul style="list-style-type: none"> <li>• Formulating and proposing marketing strategies that are commensurate with the work plans and company strategies.</li> <li>• Preparing appropriate action plans.</li> <li>• Supervising the market and competitors studies.</li> <li>• Attending workshops, trade shows and presentations.</li> <li>• Participating in the agreements organization process or contracts for new investments.</li> </ul>
<b>Marketing Officer</b>	<ul style="list-style-type: none"> <li>• Conducting periodic analysis for the market and competitors.</li> <li>• Identifying the main competitors in the market and the status of each project.</li> <li>• Contacting customers through the distribution of leaflets and through advertising in various media.</li> <li>• Building a database for direct and indirect competitors, with an indication of their strengths and weaknesses and their activities in the market.</li> <li>• Contacting the parties that have programs which support housing projects.</li> <li>• Measuring customer satisfaction.</li> </ul>
<b>Administrative and Financial Director</b>	<ul style="list-style-type: none"> <li>• Financial control over required cash flow for the projects.</li> <li>• Monitoring the performance of the company's accountants.</li> <li>• Controlling over bank statements, and all matters relating to banking information and issuing checks.</li> <li>• Issuing checks and approving payments and timing to suppliers.</li> <li>• Approving the payment of salaries and advances and sign the payroll.</li> <li>• Approving the bonuses, rewards, vacations, compensation and incentives cashing.</li> <li>• Controlling over receivable accounts.</li> </ul>
<b>Accountant</b>	<ul style="list-style-type: none"> <li>• Preparing financial reports, and updating and maintaining the accounting files.</li> <li>• Providing the necessary funds to pay the salaries of the staff at the end of each month.</li> <li>• Following-up payments and accounting accruals.</li> </ul>

Job	Job Description
	<ul style="list-style-type: none"> <li>• Recording and updating the lists of registered fixed assets.</li> <li>• Following-up accounts and balances in banks.</li> <li>• Establishing and maintaining the accounting structure, procedures and policies of the company.</li> </ul>
<b>Administrative</b>	<ul style="list-style-type: none"> <li>• Preparing a staff guideline and circulating it to the company.</li> <li>• Circulating the administrative instructions and procedures.</li> <li>• Preparing and updating the files archiving system for all general and administrative documents.</li> <li>• Preparing periodic reports on the activities, productivity and efficiency of various departments, and approving them from senior management.</li> <li>• Following-up employment of staff, and holding awareness sessions for new staff, and the administrative matters relating to salaries, vacations and leaves.</li> <li>• Following-up training of staff, and preparing job descriptions for them, and evaluating and promoting of staff.</li> <li>• Following-up staff issues with the government body.</li> <li>• Determining staff needs of devices and software for different tasks based on their needs.</li> <li>• Providing services and computer systems that are compatible with the company's needs.</li> </ul>
<b>Workers and Services</b>	<ul style="list-style-type: none"> <li>• Maintaining the complex security through the provision of guarding service.</li> <li>• Receiving visitors and making sure of their identity.</li> <li>• Conducting rounds in the compound during the period of the guard.</li> <li>• Maintaining the cleanliness of all the facilities at the complex.</li> <li>• Maintaining the quality and validity of the tools and utilities in the complex.</li> <li>• Providing the necessary maintenance services.</li> <li>• Providing the necessary service to customers.</li> </ul>

#### 4.4 Required Licenses

The following table shows the necessary licenses from various authorities to implement the project.

**Table 15: Licenses Required for the Project**

Statement	Analysis
Company Registration	<ul style="list-style-type: none"> <li>Ministry of Industry and Trade</li> </ul>
Purchase of the Land, Construction Licensing	<ul style="list-style-type: none"> <li>Concerned Municipality</li> </ul>

#### 4.5 Project Timetable

The following figure shows the timeline to implement the project, which amounts to 18 months, as follows:

Stage	The first year (in months)												The second year (in months)					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Studies	■	■																
Approvals, Licensing, and Company Registration			■	■	■													
Purchase of Land						■	■											
Construction and Development of the Project								■	■	■	■	■	■	■	■	■	■	
Marketing and Start Selling														■	■	■	■	■
<b>Total Duration</b>	<b>18 Months</b>																	

## 5. Financial Study

### 5.1 Financial Assumptions

The following table illustrates the financial assumptions of the project.

**Table 16: 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	745 thousand JD
Under construction projects	40% of operational costs
Pre-Operating Expenses	2% of total investment
Tax Rate	20%
Exemptions	Fixed assets are exempted from customs, and 40% of income tax as it's a (D) region
Staff Benefits	35% of salaries
Annual Salaries Increase	7%
Employees incentives	2% of revenues
Marketing Expenses	1% of revenues
Construction cost per meter	
Land cost per meter	
Assets Depreciation Rate	4%-20% of the asset value
Maintenance Cost	60% of services revenues
Other operational costs	5% of revenues
Accounts Receivable	two month of costs



## 5.2 Investment Cost

The project's Investment cost is estimated at JD 1.4 million distributed among fixed assets of JD 110 million, projects under construction JD 425 thousand, working capital of JD 851 thousand, and pre-operating expenses JD 28 thousand.

The following table shows the project's Investment cost.

**Table 17: the project's investment cost**

Item	Value (in thousand JD)
Fixed assets	110
Projects Under Construction	425
Working capital	851
Pre-operating expenses	28
<b>Total</b>	<b>1,414</b>

## 5.3 Financing

The project will be financed with the shareholders by 75% which is estimated at about JD 1 million, while the other 25% of the project investment cost will be financed through bank loans of about JD 354 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 18: Project financing schedule**

Item	Value (in thousand JD)	%
Equity	1,060.8	75%
Loan	353.6	25%
<b>Total</b>	<b>1,414</b>	<b>100%</b>

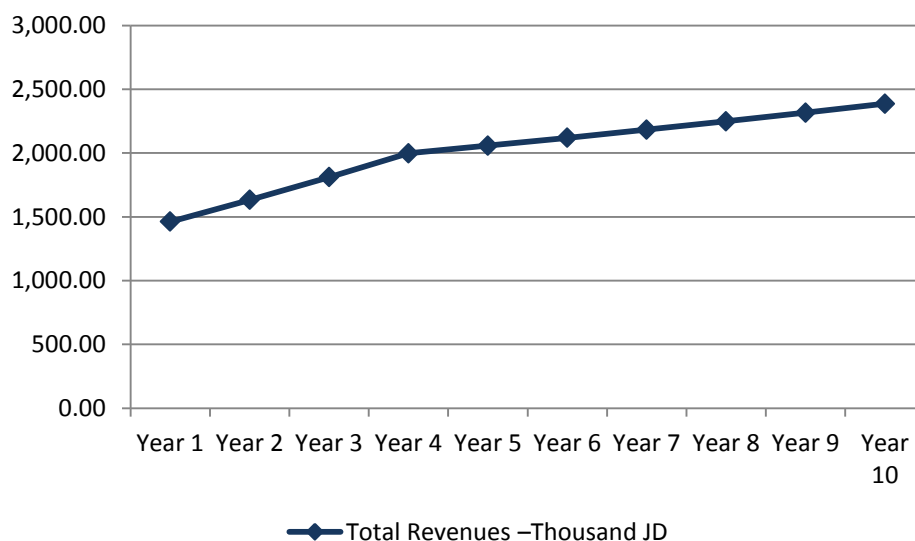
## 5.4 Revenues

The following table shows the total revenues of the project, where it is noted that the revenues will be through the selling of villas or through available services in the complex, the revenues from selling at the first year amounts to about JD 1.4 million, and increased to reach JD 2.2 million in the tenth year. The revenues from services will increase from JD 82.8 thousand at the first year to reach JD 135 thousand in the tenth year.

**Table 19: The Expected Revenues**

Statement	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
No. of villas	12	13	14	15	15	15	15	15	15	15
Average selling price	115	118	122	126	129	133	137	141	146	150
Total Revenues of selling	1,380	1,540	1,708	1,885	1,942	2,000	2,060	2,122	2,185	2,251
Total Revenues of services	82.8	92.4	102.5	113.1	116.5	120.0	123.6	127.3	131.1	135.0
<b>Total Revenues – Thousand JD</b>	<b>1,462.8</b>	<b>1,632.2</b>	<b>1,810.5</b>	<b>1,998.1</b>	<b>2,058.0</b>	<b>2,119.7</b>	<b>2,183.3</b>	<b>2,248.8</b>	<b>2,316.3</b>	<b>2,385.8</b>

**Figure 4: Total Expected Revenues**



## 5.5 The Projected Costs

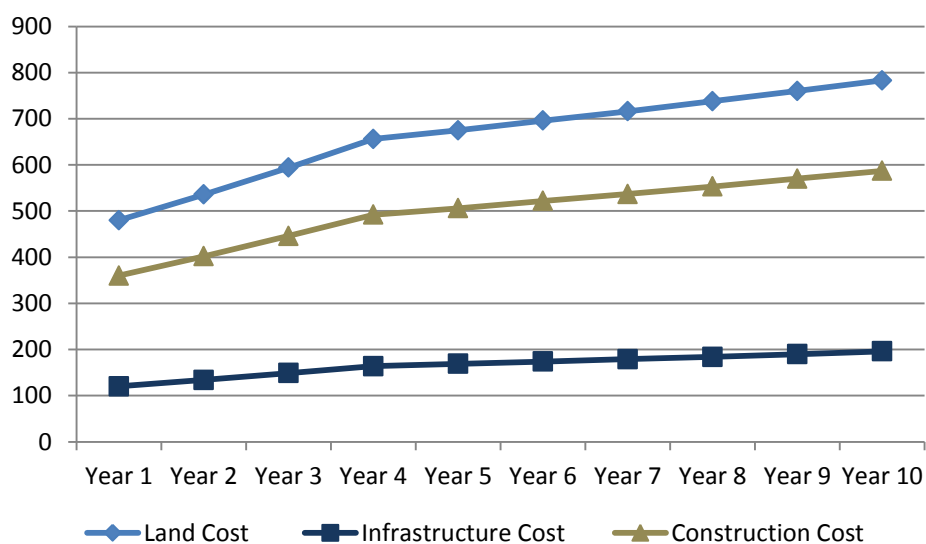
### Operating Costs

The following table shows the project's operating costs according to the previous assumption over ten years. Land cost in Year 1 amounted to JD 480 thousand which increase to reach JD 783 in Year 10. Moreover, the construction cost amount to JD 360 thousand in Year 1 which increases to JD 587 in the year 10.

**Table 20: Operating Costs**

Operating Costs (in thousand JD)										
Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Salaries	34	35	37	39	41	43	45	47	50	52
Staff Benefits	12	12	13	14	14	15	16	17	17	18
Land Cost	480	536	594	656	675	696	716	738	760	783
Infrastructure Cost	120	134	149	164	169	174	179	184	190	196
Construction Cost	360	402	446	492	506	522	537	553	570	587
Maintenance	50	55	61	68	70	72	74	76	79	81
Other	7	8	9	10	10	11	11	11	12	12
<b>Total</b>	<b>1,062</b>	<b>1,182</b>	<b>1,309</b>	<b>1,442</b>	<b>1,486</b>	<b>1,532</b>	<b>1,579</b>	<b>1,627</b>	<b>1,677</b>	<b>1,729</b>

**Figure 5: Projected Operating Costs of the Project**



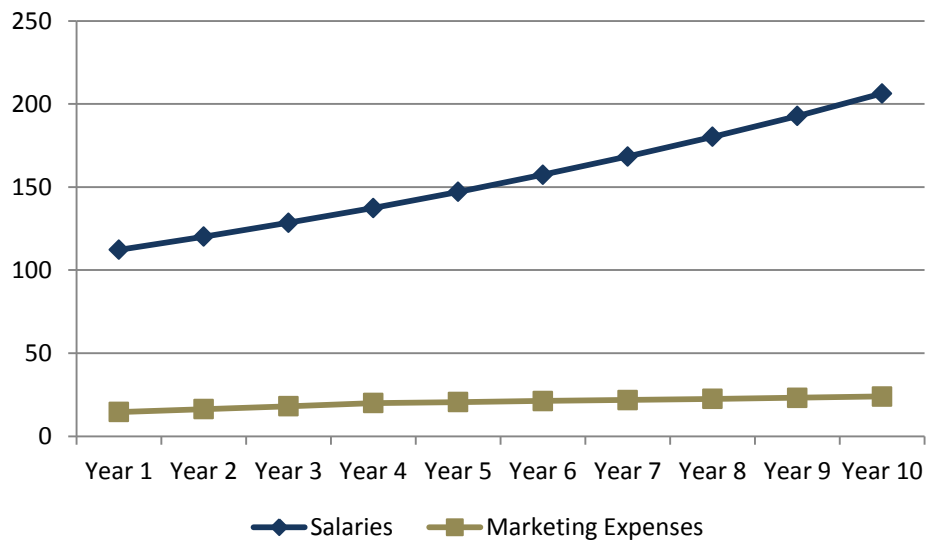
### Administrative Expenses

The following table shows the projected administrative expenses for ten years of the project. Employees' salaries reach JD 112.2 thousand in the first year and increase to JD 206.3 thousand in the tenth year. The marketing expenses are about JD 14.6 thousand in the first year and increase to reach JD 23.9 thousand in the tenth year.

**Table 21: General and Administrative Expenses**

General and Administrative Expenses (in thousand JD)										
Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Salaries	112.2	120.1	128.5	137.4	147.1	157.4	168.4	180.2	192.8	206.3
Staff Benefits	39.3	42.0	45.0	48.1	51.5	55.1	58.9	63.1	67.5	72.2
Staff Incentives	29.3	32.6	36.2	40.0	41.2	42.4	43.7	45.0	46.3	47.7
Stationery	12.0	12.6	13.2	13.9	14.6	15.3	16.1	16.9	17.7	18.6
Professional Fees	3.0	3.2	3.3	3.5	3.6	3.8	4.0	4.2	4.4	4.7
Marketing Expenses	14.6	16.3	18.1	20.0	20.6	21.2	21.8	22.5	23.2	23.9
Other Expenses	3.0	3.2	3.3	3.5	3.6	3.8	4.0	4.2	4.4	4.7
Depreciation	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0
Amortization	28.3									
<b>Total</b>	<b>263.6</b>	<b>251.9</b>	<b>269.6</b>	<b>288.3</b>	<b>304.2</b>	<b>321.0</b>	<b>338.9</b>	<b>358.0</b>	<b>378.3</b>	<b>400.0</b>

**Figure 6: General and Administrative Expenses**



## 5.6 Projected Financial Statements

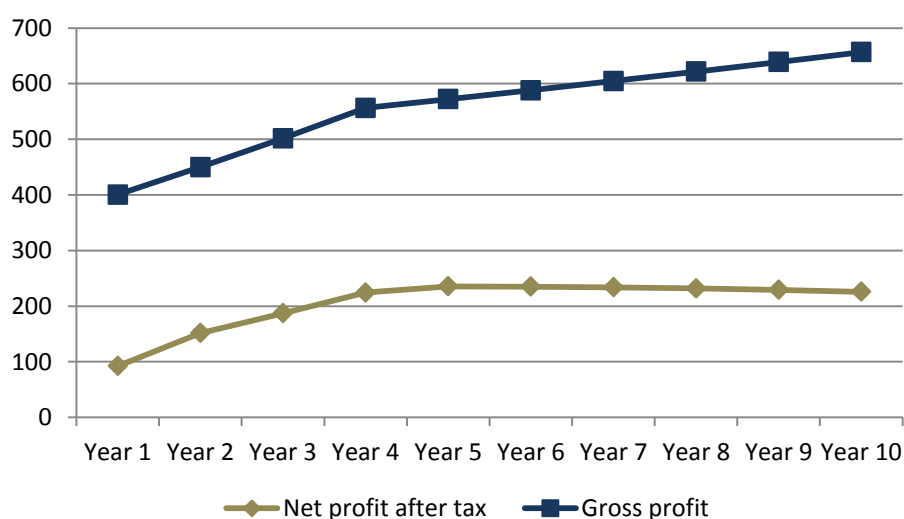
### Income Statement

The following table shows the projected income statement of the project. It indicates that gross profit will increase from JD 400.4 thousand in the first year to JD 656.7 thousand in the tenth year. The net profit before tax will also increase from JD 105 thousand in the first year to JD 256.8 thousand in the tenth year, and the net profit after tax will increase from JD 92.4 thousand in the first year to JD 225.9 thousand in the tenth year.

**Table 22: The Projected Income Statement**

Income Statement (in thousand JD)										
Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues	1,462.8	1,632.2	1,810.5	1,998.1	2,058.0	2,119.7	2,183.3	2,248.8	2,316.3	2,385.8
Operating costs	1,062.4	1,182.4	1,308.8	1,441.6	1,485.9	1,531.6	1,578.7	1,627.3	1,677.4	1,729.1
Gross profit	400.4	449.8	501.8	556.4	572.1	588.1	604.6	621.5	638.9	656.7
Administrative expenses	263.6	251.9	269.6	288.3	304.2	321.0	338.9	358.0	378.3	400.0
Net profit	136.8	197.9	232.2	268.1	267.9	267.1	265.7	263.5	260.6	256.8
financial expenses	31.8	25.5	19.2	12.9	-	-	-	-	-	-
Amortization of pre-operating expenses	-									
Net profit before tax	105.0	172.4	213.0	255.2	267.9	267.1	265.7	263.5	260.6	256.8
Tax	12.6	20.7	25.6	30.6	32.1	32.1	31.9	31.6	31.3	30.8
Net profit after tax	92.4	151.7	187.4	224.5	235.7	235.1	233.8	231.9	229.3	225.9

**Figure 7: Projected Income Statement**



### Projected Balance Sheet

The following table shows the projected balance sheet of the project during the first ten years. It indicates that total assets will increase from JD 1.4 million in the year of incorporation to JD 2.0 million in the tenth year. The Total liabilities will decrease from JD 616 thousand in the first year to JD 290 thousand in the tenth year. The Shareholders' Equity will increase from JD 1.0 million in the year of corporation to JD 1.7 in the tenth year.

**Table 23: Projected Balance Sheet**

Projected Balance Sheet (in thousand JD)											
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Assets</b>											
Cash	851	1,007	975	953	891	973	917	997	1,077	1,156	1,715
Receivables		122	136	151	167	171	177	182	187	193	199
Projects under construction	425	473	524	577	594	613	631	651	671	692	-
Other	-	15	16	18	20	21	21	22	22	23	24
Total Current Assets	1,276	1,617	1,651	1,698	1,672	1,778	1,746	1,852	1,958	2,064	1,937
Fixed Assets	138	138	138	138	138	138	277	277	277	277	277
Cumulative Depreciation	-	50	72	94	116	138	160	182	204	226	248
Amortization	-										
Net Fixed Assets	138	88	66	44	22	-	116	94	72	50	28
Total Assets	1,414	1,705	1,717	1,742	1,694	1,778	1,862	1,946	2,030	2,114	1,966
<b>Shareholders Equity and Liabilities</b>											
Accrued Expenses and Payables		178	199	220	242	250	257	265	273	282	290
Pre- Paid revenues		154	171	188	194	200	206	212	219	225	-
Long Term Loans	354	284	214	144	-	-	-	-	-	-	-
Total Liabilities		616	583	552	436	450	463	477	492	507	290
Shareholders Contributions	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061
Retained Earnings		28	73	129	197	268	338	408	478	547	614
Shareholders' Equity	1,061	1,089	1,134	1,190	1,258	1,328	1,399	1,469	1,539	1,607	1,675
Shareholders Equity and Liabilities	1,414	1,705	1,717	1,742	1,694	1,778	1,862	1,946	2,030	2,114	1,966

### Cash Flow Statement

The following table shows the projected cash flow statement of the project during the first ten years. It indicates that the cash flow from operation will increase from JD 291 thousand in the first year to JD 717 thousand in the tenth year; while the Cash at the ending period will increase from JD 851 thousand in the first year to JD 1.7 million in the tenth year.

**Table 24: 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	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Operation Activities</b>											
Net Profit	-	92	152	187	225	236	235	234	232	229	226
Depreciation	-	50	22	22	22	22	22	22	22	22	22
Change In Working Capital	(425)	148	(29)	(31)	(7)	(11)	(11)	(11)	(12)	(12)	469
Cash Flow From Operation	(425)	291	144	179	239	247	246	245	242	239	717
<b>Investing Activities</b>											
Fixed Assets	(138)	-	-	-	-	-	(138)	-	-	-	-
Cash From Investing Activities	(138)	-	-	-	-	-	(138)	-	-	-	-
<b>Financing Activities</b>											
Capital (Equity)	1,061	-									
Loan	354	(70)	(70)	(70)	(144)	-	-	-	-	-	-
Dividends		(65)	(106)	(131)	(157)	(165)	(165)	(164)	(162)	(161)	(158)
Cash Flow From Financing Activities	1,414	(135)	(176)	(201)	(301)	(165)	(165)	(164)	(162)	(161)	(158)
Net Cash Flow	851	156	(32)	(23)	(61)	82	(57)	81	80	79	559
Cash At The Beginning Period	0	851	1,007	975	953	891	973	917	997	1,077	1,156
Cash At The Ending Period	851	1,007	975	953	891	973	917	997	1,077	1,156	1,715

## 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 6.3% in the first year to 9.5% in the tenth year, and the return on investment will increase from 5.4% in the first year to 11.5% in the tenth year.

**Table 25: Financial Analysis**

Financial Analysis (In Thousand JD)										
Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets	1,705	1,717	1,742	1,694	1,778	1,862	1,946	2,030	2,114	1,966
Revenues	1,463	1,632	1,811	1,998	2,058	2,120	2,183	2,249	2,316	2,386
Profits	92	152	187	225	236	235	234	232	229	226
Capital (Equity)	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061
Net Profit %	6.3%	9.3%	10.4%	11.2%	11.5%	11.1%	10.7%	10.3%	9.9%	9.5%
Return On Investment (ROI)	5.4%	8.8%	10.8%	13.3%	13.3%	12.6%	12.0%	11.4%	10.8%	11.5%
Return On Capital (ROC)	8.7%	14.3%	17.7%	21.2%	22.2%	22.2%	22.0%	21.9%	21.6%	21.3%
Net Profit On Revenues	6.3%	9.3%	10.4%	11.2%	11.5%	11.1%	10.7%	10.3%	9.9%	9.5%
Assets Turnover (Time)	0.86	0.95	1.04	1.18	1.16	1.14	1.12	1.11	1.1	1.21



### Economic Analysis

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

- The Internal rate of return is 20.4%. It exceeded five times the return on assets, which means the economic feasibility of the project
- The present value of the project reached about JD 1.6 million. It exceeds the net present value with JD 1 million, which means the economic feasibility of the project.
- The profitability index of the project reached 1.53 times, which means that the expected value of the project will increase by one double and half the investment value, which proves that the project is feasible.
- The project payback period is 6 years.

**Table 26: the Economic Analysis**

Economic Analysis (in Thousand JD)											
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net cash flow from operating and investing activities	(1,061)	221	74	109	96	247	246	245	242	239	717
terminal value											1,675
Net Cash flow	(1,061)	221	74	109	96	247	246	245	242	239	2,392
Internal Rate of Return (IRR)	20.4%										
present Value	1,619										
Net present value	558										
Profitability Index (Time)	1.53										
Payback period (Year)	6.00										

### Social Analysis

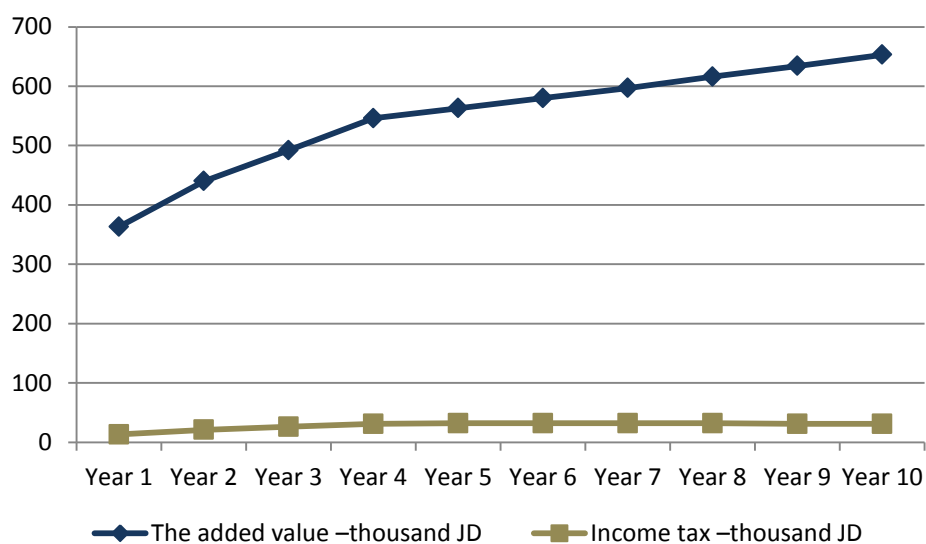
The following table shows the social analysis of the project. It is noticed that the number of staff required for the project will increase from 21 employees in the first year to 33 employees in the tenth year. All employees in the project will be Jordanian.

The added value of the project will also increase from JD 363 thousand in the first year to JD 653 thousand in the tenth year. The income tax will also increase from JD 13 thousand to reach JD 31 thousand in the tenth year.

**Table 27: the Social Analysis of the Project**

Social Analysis										
Statement	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Number of Employees	21	22	23	24	26	27	28	30	31	33
Jordanian employees	21	22	23	24	26	27	28	30	31	33
The added value –thousand JD	363	440	492	546	563	580	597	616	634	653
Income tax –thousand JD	13	21	26	31	32	32	32	32	31	31
sales tax value –thousand JD	-	-	-	-	-	-	-	-	-	-
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 28: Project Risk Matrix**

Risks	Type of Risks	Risk Assessment
<p><b>Financial Risks</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Credit Risk</b> 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> 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> 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> 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> 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> 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> 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 and tourism</li> <li>▪ Reputational risk is very high, as the company deals with very sensitive issues such as entertainment activities, food and beverage</li> <li>▪ Market risk in the short term will be low 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> 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> 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> 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 circumvent the law,</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
	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 29: Investment Increase by 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	20.4%	18.5%	1.9%
The Present Value at a discount rate of 13% (in Thousand JD)	1,619	1619.3	-0.3
Net Present Value at a discount rate of 13% (in Thousand JD)	558	450.0	108.1
Profitability Index (Time)	1.5	1.4	0.1
Payback period (Year)	6.0	7.0	-1.0
The Net Profit Ratio – an average of 10 years	10.0%	9.9%	0.1%
Return on Investment - an average of 10 years	11.0%	10.3%	0.7%
Return on Capital – an average of 10 years	19.3%	17.4%	1.9%
Net Profit On Revenues - an average of 10 years	10.0%	9.9%	0.1%
Assets Turnover (Time) – an average of 10 years	1.1	1.0	0.1
The added value - an average of 10 years (in thousand JD)	548	548.1	0.3
income tax - an average of 5 (in thousand JD)	28	27.7	0.2
sales tax - an average of 10 years (in thousand JD)	0	0.0	0.0

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 18.5%, which is considered high for investment purposes
- The new payback period is 7 years, and it is reasonable for recovery purposes
- The return on capital is 17.4%, 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 30: Reducing Revenues 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	20.4%	5.7%	14.7%
The Present Value at a discount rate of 13% (in Thousand JD)	1,619	560.4	1058.6
Net Present Value at a discount rate of 13% (in Thousand JD)	558	-500.4	1058.4
Profitability Index (Time)	1.5	0.5	1.0
Payback period (Year)	6.0	11.0	-5.0
The Net Profit Ratio – an average of 10 years	10.0%	1.3%	8.7%
Return on Investment - an average of 10 years	11.0%	1.7%	9.3%
Return on Capital – an average of 10 years	19.3%	2.5%	16.8%
Net Profit On Revenues - an average of 10 years	10.0%	1.3%	8.7%
Assets Turnover (Time) – an average of 10 years	1.1	1.2	-0.1
The added value - an average of 10 years (in thousand JD)	548	346.3	201.7
income tax - an average of 5 (in thousand JD)	28	3.7	24.3
sales tax - an average of 10 years (in thousand JD)	0	0.0	0.0

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 5.7%
- The new payback period is 11 years
- The return on capital reaches 2.5%



**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 31: Increasing the Operating Costs by 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	20.4%	9.9%	10.5%
The Present Value at a discount rate of 13% (in Thousand JD)	1,619	840.8	778.2
Net Present Value at a discount rate of 13% (in Thousand JD)	558	-220.0	778.0
Profitability Index (Time)	1.5	0.8	0.7
Payback period (Year)	6.0	10.0	-4.0
The Net Profit Ratio – an average of 10 years	10.0%	3.6%	6.4%
Return on Investment - an average of 10 years	11.0%	4.6%	6.4%
Return on Capital – an average of 10 years	19.3%	7.2%	12.1%
Net Profit On Revenues - an average of 10 years	10.0%	3.6%	6.4%
Assets Turnover (Time) – an average of 10 years	1.1	1.2	-0.1
The added value - an average of 10 years (in thousand JD)	548	402.2	145.8
income tax - an average of 5 (in thousand JD)	28	10.4	17.6
sales tax - an average of 10 years (in thousand JD)	0	0.0	0.0

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 9.9%
- The new payback period is 10 years
- The return on capital is 7.2%