

## A pre-feasibility study for the establishment of a Aqua park in Jerash



2017



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## 1. Executive summary

The idea of the project is to establish a aqua park in Jerash Governorate. The project consists of various games for all ages, fast-food restaurants, and a coffee shop.

The idea was adapted since the aqua parks in the governorate, despite the high population density in the governorate. It will be the first project in the governorate if implemented.

**Table 1 economical indicators**

Indicator	
Total Investment Cost (Jordan Dinars)	<b>1,767,184</b>
Internal Rate of Return (IRR)	<b>%19.34</b>
Pay-Back Period (Years)	<b>6</b>
Net Present Value (Jordan Dinars)	<b>622,199</b>
Job Opportunities created by the Project	<b>27</b>
Total Revenues (For 10 Years)	<b>6,988,667</b>
Total Operating Expenses (For 10 years)	<b>2,287,401</b>
Total Net Profit (For 10 years)	<b>2,081,787</b>

## Key Highlight of Jordan

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

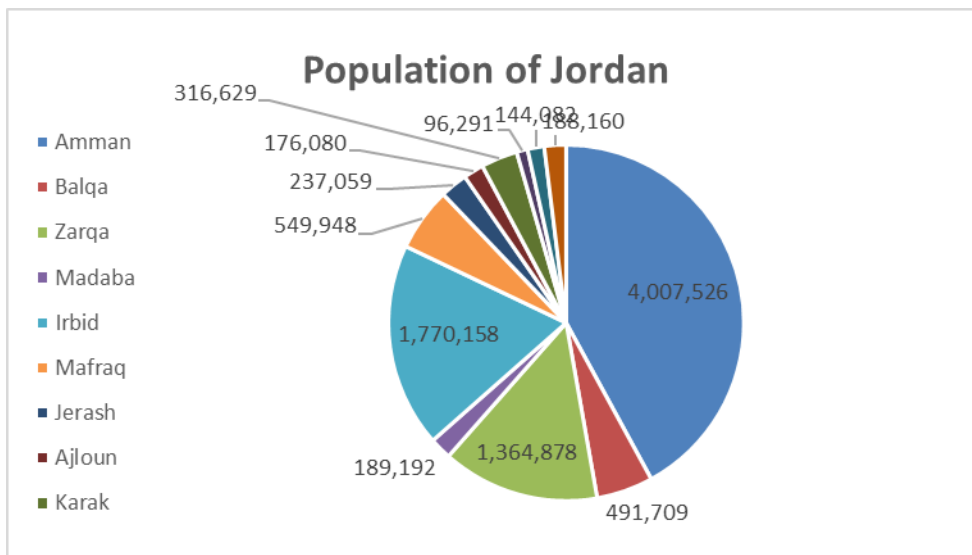
Jordan is bounded by Saudi Arabia, Iraq, Syria and Palestine from the South, East, North and west respectively. Jordan climate is mostly arid desert with rainy season between November to April Months.

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

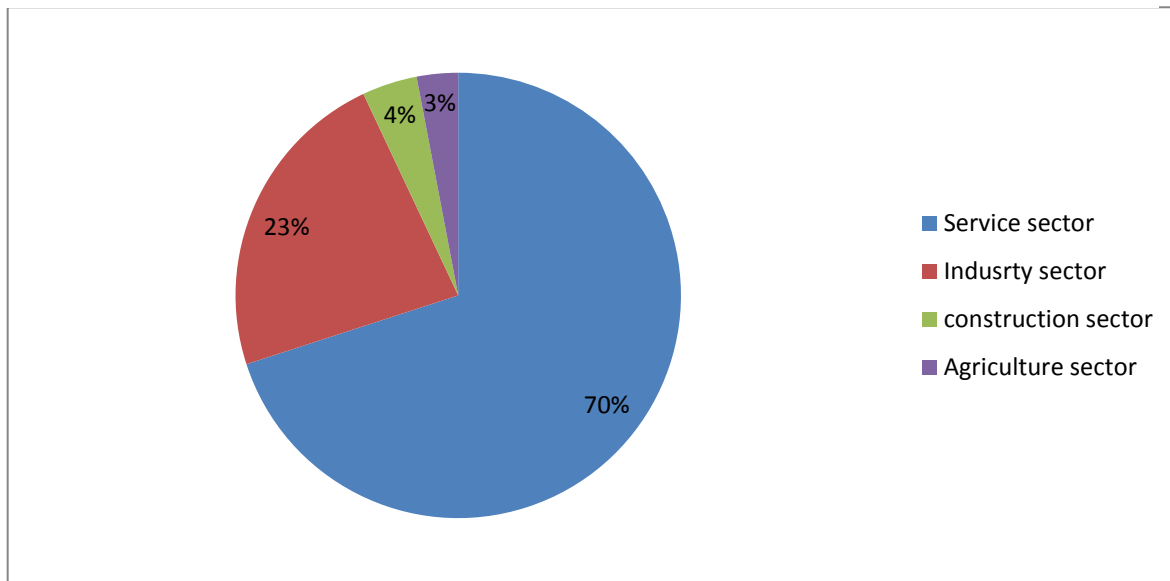
Department of Statistics (DOS), 2015.

### 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.

### The investment environment in Jerash:

As per in the Investment Law No. 30 of 2014 and the Income Tax Reduction Law in the Less Developed Areas (issued under Article (5) of the Investment Law No. (30) of 2014), the following taxes and exemptions are imposed on investment projects:

**Table 3 payable income tax and tax exemptions**

Development areas	Less developed areas
Income tax is 5%	Value of income tax 20% According to the divisions in the law, Jerash governorate is classified as category C where investors get 60% tax exemption on income tax for 20 years from the date of investment.

## 2. Market analysis

### Project description

The idea of the project is to establish an aqua park in Jerash. The proposed project includes the following facilities:

- Reception, reservation.
- Five swimming pools for all ages (Swimming pool for 5 years old children and less, swimming pool for young people 6-13, two adult's swimming pools, relaxation pool).
- Two indoor swimming pools.
- Indoor hall containing (billiards, six electronic games, bowling).
- Water sports for children and adults (3 playing areas: 1 children's area, 2 adult areas).
- Small dispensary, providing first aid
- Cars to travel in the park.

Parking

- Fitting space rooms
- Showers
- Bathrooms.
- Restaurant.

Families gathering

- Praying area

### Project objectives

The proposed project aims to:

- Promoting tourism and attracting visitors.
- Increasing the investment in Jerash.
- Creating jobs and improving the economic situation of Jerash governorate.
- Achieve a profitable return to the owners.

### The proposed service

The proposed project offers recreational and entertainment services through various water games.

### Targeted segments

The proposed project targets the following segments:

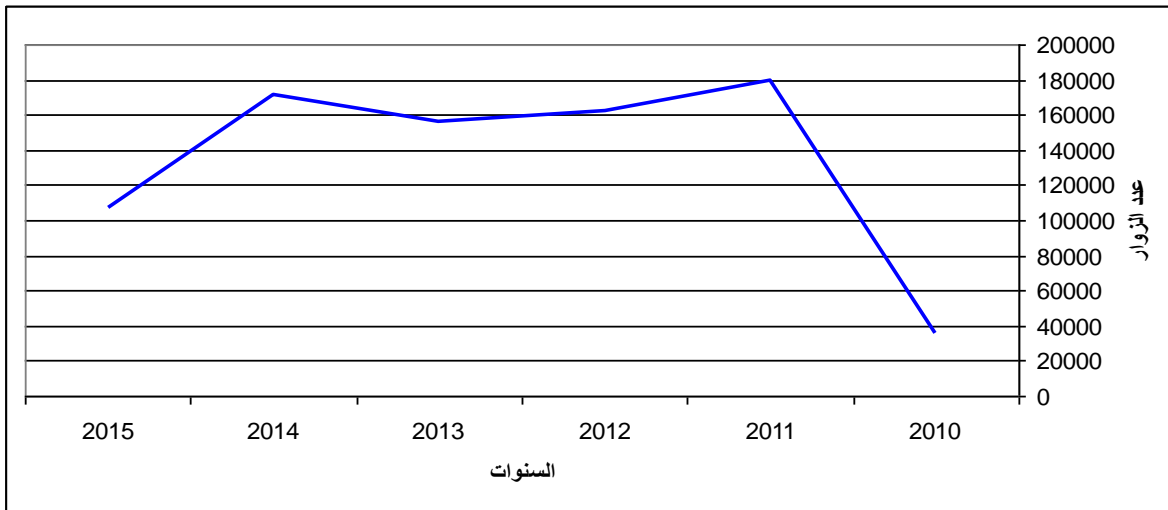
- Tourists.
- Jerash residents.

- Jordan residents

**Market size**

The population of Jerash Governorate in 2015 according to the General Statistics Department is (153,000). Jerash is one of the governorates that attracts the local and foreign visitors. The following figure shows the foreign visitors for the years (2010-2015)

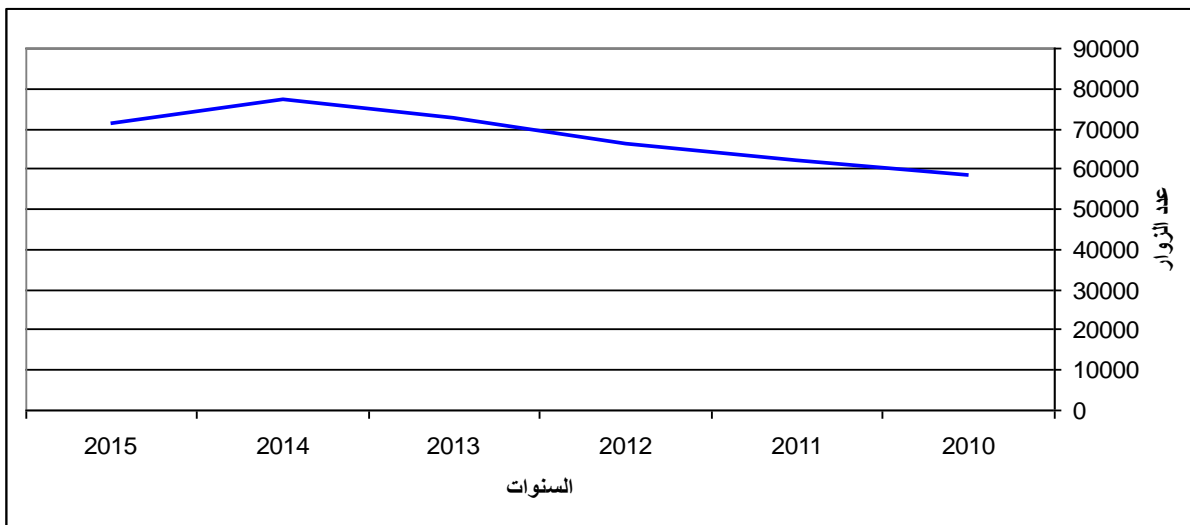
**Figure 3 Number of foreign visitors for years (2010-2015)**



Source: Statistics of the Ministry of Tourism and Antiquities

The figure below shows the number of local visitors for the years (2010-2015)

**Figure 4 Number of Local Visitors for the Years (2010-2015)**



Source: Statistics of the Ministry of Tourism and Antiquities

### The analysis of competitors

There are no aqua parks in Jarash governorate, so the project will be the first proposed project in the governorate, nevertheless there are aqua parks in Jordan distributed as follows:

- Amman Waves Aqua Park: Located in the capital Amman, Airport Road.
- Lake Resort: The resort is located in the Dead Sea.
- Al Wadi Resort: The resort is located in the Dead Sea.
- Irbid Aqua Park: The resort is located in Irbid

### Market share

The following table shows the expected annual market share of the proposed project:

**Table 3 Expected occupancy rate of the project**

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Rate</b>	1.00%	1.500%	1.533%	1.567%	1.601%	1.636%	1.672%	1.709%	1.747%	1.785%

The capacity of the aqua park is 1,260,000, children and adults

### Price Analysis and Pricing Policy

After studying the prices of water parks in Jordan and considering the services provided, the prices are proposed as follows:

For adults: 25 Jordanian Dinars

For children 3-13 years old: 19 JD

Three years old and less: free of charge

### Projected revenues

If considering the price of the ticket is 25 dinars for adults and 19 dinars for children and the occupancy rate in the first year is 1% of the capacity of 1,260,000.

**Table 4 projected revenues during the years (2018 - 2027)**

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Entry revenues	245700	379607	399597	420639	442790	466108	490653	516491	543689	572320
Facilities revenues	113400	175203	230536	242677	255456	268908	283069	297975	313667	330184
Total revenues	359100	554810	630133	663316	698246	735016	773722	814466	857356	902504

### 3. Technical analysis

#### The required human resources

**Table 5 the required labor for the project**

Job title	No.
general manager	1
Accountant	1
Marketing Officer	1
security	2
guard	2
Monitoring and Control	1
Maintenance technician	2
<b>Total indirect staff</b>	<b>10</b>
Receptionist	2
Selling tickets employee	1
Lifeguard	2
Games staff	3
Doctor	1
Nurse	1
Parking staff	2
Restaurant and cafeteria staff	5
<b>Total direct staff</b>	<b>17</b>
<b>TOTAL</b>	<b>27</b>

- **General Manager:** perform all the tasks and responsibilities of the general manager, and active participation in the identification and formulation of objectives, as well as planning and organizing workflow facility to ensure the achievement of specific objectives.
- **Marketing Officer:** Marketing the water park in modern marketing ways. And study offers and prices.
- **Guard:** to maintain the security of the aqua park.
- **Games staff:** Responsible for organizing roles and monitoring games and users.
- **Quality department staff:** Quality control of the facilities.
- **Hygiene:** to maintain the cleanliness of the park.
- **Doctor:** providing the medical services.



### Site analysis

The proposed site for the project is in the center of Jerash in a vital area and close to the residents. Jerash is characterized by its mild climate and its scenic nature, which encouraging to be the proper location for the establishment of the proposed project.

### The analysis of technical requirements

#### Land and construction works

The project will be constructed on an area of 4000 sq.m. The following table shows the needed land:

**Table6 the required land for the project**

Land	Cost (JD/sq.m)	Area sq.m
<b>The required land</b>	150	<b>4000</b>

The cost of the required land is high as it is an area in the middle of Jerash and overlooking the King Talal dam.

The following table shows the required construction works for the project:

**Table 7 the required construction works**

Construction works	Area (m <sup>2</sup> )
Building and construction works	450
Building design and blueprints	4,000
Digging works	750
Paving	100
Soil examination	4000
Resturant	500
Coffee shop	30
Bathrooms	250
Other works	250

### Machinery and Equipments

The following table shows the required machinery and equipments needed for the project:

**Table 8 Machinery and equipments**

Machinery and equipment	Quantity
Floating playground for children	2
Inflatable water games equipment	4
The Tsunami Pool	1
Fibar Glass water game	1
Large size water balloons	2
Different Children Games	4
Skiing equipment (m)	600
Floating playground for adults	2
Boats	10
Children's boats	10

### Furniture

**Table 9 the required furniture for the project**

	Quantity
Office furniture	3
TV	5
Stalls	5
Sweileh sand	2
Clinic kits	1
Kitchens	1
Restaurant tables	15
Restaurant chairs	75
Cooking equipment	1

### Vehicles and modes of transportation

The following table shows a list of vehicles and modes of transportation required for the project

**Table 10 Vehicles and modes of transportation**

Vehicles and modes of transportation	Quantity	Unit cost (JD)
Pickup truck	1	23,400

## 4. 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 13.53% 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 11 General Assumptions**

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

**Table 12 Currency Exchange Rates**

Exchange Rates	Jordan Dinars
American Dollar	0.708
Euro	0.760

**Table 13 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 14 Expenses Assumptions**

Expenses Assumptions	
Raw Materials and Packaging from Total Revenues	1.00%
Utilities Expenses from Total Revenues	10.00%
Maintenance Expenses from Total Revenues	2.50%
Depreciation Expenses from Total Revenues	0.10%
Insurance Expenses from Total Assets Value	0.10%
Marketing Expenses from Total Revenues	2.50%

**Table 15 Income Tax Assumptions**

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

Risk Premium	
Risk Free Rate of Return (1)	6.50%
Return to Debt Maturity (2)	9.48%
Market Risk Premium (3)	9.93%
Income Tax Rate	5.00%
Beta (4)	1
Risk Premium	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 16 : 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	1,077,982
Loans Value	689,202
Loans	
Cost of Borrowing before Tax	%9.48
Cost of Borrowing After Tax	%9.01
Loans Value	689,202
Loans Percentage	%39
Equity	
Cost of Equity	%16.4
Equity Value	1,077,982
Equity Percentage	%61
Gross	
Project Value	1,767,184
Proportion of the project	%100
Weighted Average Cost of Capital	13.53%

### Capital Expenditures

The estimated cost of the project is 1,767,184 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 17 Land Capital Expenditure**

Land	(Jordan Dinar/Meters Square) Cost	Area (M2)	Cost
Required Land	150	4,000	600,000
Cost			<b>600,000</b>

**Table 18 Construction Work Capital Expenditure**

Description	Cost (JOD per Squared Meters)	Area (Squared Meters)	Gross Cost Jordan /
Building works	350	450	157,500
Building design and blueprints	7	4,000	28,000
Digging works	5	750	3,750
Paving	12	100	1,200
Soil examination	200	-	200
Resturant	350	500	175,000
Coffee shop	300	30	9,000
Bathrooms	300	250	75,000
Other works	300	250	75,000
<b>Total</b>			<b>524,650</b>

**Table 19 Machinery and Equipment Capital Expenditure**

Machinery and equipment	Quantity	Cost / JD	Total Cost
Floating playground for children	2	2,690	5,381
Inflatable water games equipment	4	3,186	12,744
The Tsunami Pool	1	70,000	70,000
Fibar Glass water game	1	29,736	29,736
Large size water balloons	2	17,700	35,400
Children Games	4	2,124	8,496
Skiing equipment (m)	600	248	148,680
Floating playground for adults	2	5,664	11,328
Boats	10	531	5,310
Children's boats	10	480	4,800
<b>Total (JD)</b>			<b>331,875</b>

**Table 20 Furniture Capital Expenditure**

Furniture and furnishings	Quantity	Cost / JD	Total Cost
Office furniture	3	500	1,500
TV	5	200	1,000
Stalls	5	250	1,250
Sweileh sand	2	300	600
Clinic kits	1	500	500
Kitchens	1	30,000	30,000
Restaurant tables	15	150	2,250
Restaurant chairs	75	50	3,750
Cooking equipment	1	1,000	1,000
<b>Total</b>			<b>41,850</b>

**Table 21 Transporation and Vehicles Capex**

Transporation and Vehicles	Quantity	Unit Cost/JOD	Total Cost/JOD
Pick up	1	23,400	23,400
<b>Total</b>			<b>23,400</b>

**Table 22 Pre Operating Expenses**

Pre-operating expenses	Estimaited cost (JD)
Governmental fees	1,500
Transportation	1,500
Marketing	10,000
Training	2,500
<b>Total</b>	<b>15,500</b>

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 23 Working Capital**

Working Capital	No. of Months	%	Estimated Cost (JD)
Operating expenses	3	%25	39,170
General and administrative expenses	3	%25	2,042
Marketing expenses	3	%25	2,244
Indirect Salaries	3	%25	25,800
<b>Total</b>			<b>69,256</b>

**Table 24 Expenses Summary**

Capital expenditure summary	Cost (JD)	Contingency	Cost (JD)	%
Land	600,000	10%	660,000	%37.3
Construction works	524,650	10%	577,115	%32.7
Machinery & Equipment	331,875	10%	365,062	%20.7
Furniture	41,850	10%	46,035	%2.6
Vehicles	23,400	10%	25,740	%1.5
Pre-Operating Expenses	15,500	10%	17,050	%1.0
Working capital	69,256	10%	76,182	%4.3
<b>Total (JD)</b>	<b>1,606,531</b>		<b>1,767,184</b>	<b>100%</b>

### Sources of Funding

The financing structure of the project consists of loans and Equity. The investment cost of this project is estimated at (1,767,184) JD, where 39% of the project will be financed through loans (689,202) JD, and the remaining (61%) through (Equity) with (1,077,982) JD. The following table summarizes the general structure of the required financing:

**Table 25 Sources of Funding**

Funding Sources	Amount	Percentage
Equity (Self Financing)	1,077,982	%61
Loans	689,202	%39
<b>Total</b>	<b>1,767,184</b>	<b>%100</b>
Use of Fund	Value	Ratio
Capital Expenditures	1,673,952	%94.72
Pre-Operating Expenses	17,050	%0.96
Working Capital	76,182	%4.31
<b>Total</b>	<b>1,767,184</b>	<b>%100.00</b>



## Operating Expenses

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

**Table 26 Operating Expenses**

Raw Materials	3,591	5,548	6,301	6,633	6,982	7,350	7,737	8,145	8,574	9,025
Utilities	35,910	55,481	63,013	66,332	69,825	73,502	77,372	81,447	85,736	90,250
Maintenance	8,978	13,870	15,753	16,583	17,456	18,375	19,343	20,362	21,434	22,563
Disposables	359	555	630	663	698	735	774	814	857	903
Direct Salaries	93,600	97,438	101,433	105,591	109,921	114,427	119,119	124,003	129,087	134,379
Others	14,244	17,289	18,713	19,580	20,488	21,439	22,434	23,477	24,569	25,712
<b>Total</b>	<b>156,681</b>	<b>190,181</b>	<b>205,844</b>	<b>215,382</b>	<b>225,370</b>	<b>235,828</b>	<b>246,779</b>	<b>258,247</b>	<b>270,256</b>	<b>282,832</b>

## General and Administrative Expenses

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

**Table 27 General and Administrative Expenses**

Telecom	1,250	1,288	1,326	1,366	1,407	1,449	1,493	1,537	1,583	1,631
Hospitality	1,500	1,545	1,591	1,639	1,688	1,739	1,791	1,845	1,900	1,957
Stationary and Printing	750	773	796	820	844	869	896	922	950	979

Transportaton	750	773	796	820	844	869	896	922	950	979
Training	1,500	1,545	1,591	1,639	1,688	1,739	1,791	1,845	1,900	1,957
Insurance	1,674	1,724	1,776	1,829	1,884	1,941	1,999	2,059	2,121	2,184
Miscellaneous	742	765	788	811	836	861	886	913	940	969
<b>Total</b>	<b>8,166</b>	<b>8,411</b>	<b>8,664</b>	<b>8,924</b>	<b>9,191</b>	<b>9,467</b>	<b>9,751</b>	<b>10,044</b>	<b>10,345</b>	<b>10,655</b>

### Marketing Expenses

Table 28 Marketing Expenses

<b>Marketing Expenses</b>	<b>8,978</b>	<b>13,870</b>	<b>15,753</b>	<b>16,583</b>	<b>17,456</b>	<b>18,375</b>	<b>19,343</b>	<b>20,362</b>	<b>21,434</b>	<b>22,563</b>
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### 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 summerizes the expected annual salaries and wages, considering annual increment on salaries as per the income statement:

**Table 29 Expected staff preparation**

General Manager	1	2,500	2,500	40,000
Accountant	1	600	600	9,600
Marketing Officer	1	900	900	14,400
security	2	350	700	11,200
guard	2	250	500	8,000
Monitoring and Control	1	450	450	7,200
Maintenance technician	2	400	800	12,800
<b>Total Indirect staff</b>	<b>10</b>		<b>6,450</b>	<b>103,200</b>
Receptionist	2	300	600	9,600
Selling tickets employee	1	350	350	5,600
Lifeguard	2	350	1,750	11,200
Games staff	3	350	1,050	16,800
Doctor	1	700	700	11,200
Nurse	1	450	450	7,200
Parking staff	2	250	500	8,000
Restaurant and cafeteria staff	5	300	1,500	24,000
<b>Total direct staff</b>	<b>17</b>		<b>5,850</b>	<b>93,600</b>
<b>Grand Total</b>	<b>27</b>		<b>5,850</b>	<b>196,800</b>

total summation

Table 30 Annual Expected Salaries

				Indirect staff								
General Manager	40,000	41,640	43,347	45,124	46,975	48,901	50,905	52,993	55,165	57,427		
Accountant	9,600	9,994	10,403	10,830	11,274	11,736	12,217	12,718	13,240	13,782		
Marketing Officer	14,400	14,990	15,605	16,245	16,911	17,604	18,326	19,077	19,860	20,674		
security guard	11,200	11,659	12,137	12,635	13,153	13,692	14,254	14,838	15,446	16,080		
Monitoring and Control	7,200	7,495	7,803	8,122	8,455	8,802	9,163	9,539	9,930	10,337		
Maintenance technician	12,800	13,325	13,871	14,440	15,032	15,648	16,290	16,958	17,653	18,377		
<b>Total Indirect</b>	<b>103,200</b>	<b>107,431</b>	<b>111,836</b>	<b>116,421</b>	<b>121,194</b>	<b>126,163</b>	<b>131,336</b>	<b>136,721</b>	<b>142,326</b>	<b>148,162</b>		
				Direct staff								
Receptionist	9,600	9,994	10,403	10,830	11,274	11,736	12,217	12,718	13,240	13,782		
Selling tickets employee	5,600	5,830	6,069	6,317	6,576	6,846	7,127	7,419	7,723	8,040		
Lifeguard	28,000	29,148	30,343	31,587	32,882	34,230	35,634	37,095	38,616	40,199		
Games staff	11,200	11,659	12,137	12,635	13,153	13,692	14,254	14,838	15,446	16,080		
Doctor	7,200	7,495	7,803	8,122	8,455	8,802	9,163	9,539	9,930	10,337		
Nurse	8,000	8,328	8,669	9,025	9,395	9,780	10,181	10,599	11,033	11,485		

Parking staff	24,000	24,984	26,008	27,075	28,185	29,340	30,543	31,796	33,099	34,456
<b>Total Direct</b>	<b>93,600</b>	<b>97,438</b>	<b>101,433</b>	<b>105,591</b>	<b>109,921</b>	<b>114,427</b>	<b>119,119</b>	<b>124,003</b>	<b>129,087</b>	<b>134,379</b>
<b>Grand Total</b>	<b>196,800</b>	<b>204,869</b>	<b>213,268</b>	<b>222,012</b>	<b>231,115</b>	<b>240,591</b>	<b>250,455</b>	<b>260,724</b>	<b>271,413</b>	<b>282,541</b>

### Depreciations

The following tables illustrate cost of Capex and Depreciation rates:

**Table 31 Capex and Depreciation Expenses**

Land						660,000	%0.0		%0.0
Construction Works						577,115	%5.0		%0.0
Machineries						365,062	%10.0		%2.0
Furniture						46,035	%10.0		%5.0
Vehicles						25,740	%10.0		%0.0
						<b>1,673,952</b>			

**Table 32 Depreciations and Additions on Construction Works**

<b>Total Fixed Assets</b>	1,673,952	1,683,555	1,693,419	1,703,553	1,713,966	1,724,667	1,735,666	1,746,973	1,758,598	1,770,554
<b>Total Depreciation Expenses</b>	72,539	73,500	74,486	75,500	76,541	77,611	78,711	79,842	81,004	82,200
<b>Total Accumulated Depreciation</b>	72,539	146,039	220,525	296,025	372,566	450,177	528,888	608,729	689,733	771,933

<b>Total Additions</b>	0	9,603	9,864	10,134	10,413	10,701	10,999	11,307	11,626	11,955
<b>Total Net Book Values</b>	<b>1,601,413</b>	<b>1,537,516</b>	<b>1,472,894</b>	<b>1,407,528</b>	<b>1,341,400</b>	<b>1,274,490</b>	<b>1,206,778</b>	<b>1,138,244</b>	<b>1,068,865</b>	<b>998,621</b>

### 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**

<b>Annual Interest Rate</b>	9.48%
<b>Loans Period</b>	5
<b>Loan Starts at year:</b>	2018

<b>2018</b>					689,202
<b>2019</b>	179,401	65,336	114,065		575,137
<b>2020</b>	179,401	54,523	124,878		450,260
<b>2021</b>	179,401	42,685	136,716		313,543
<b>2022</b>	179,401	29,724	149,677		163,866
<b>2023</b>	179,401	15,535	163,866		0

### Income Statement

Table 34 Income Statement

<b>Revenues</b>										
<b>Sales Revenues</b>	359,100	554,810	630,133	663,316	698,246	735,016	773,722	814,466	857,356	902,504
<b>Gross Operating Revenues</b>	359,100	554,810	630,133	663,316	698,246	735,016	773,722	814,466	857,356	902,504
<b>Operating Expenses</b>	-156,681	-190,181	-205,844	-215,382	-225,370	-235,828	-246,779	-258,247	-270,256	-282,832
<b>Gross Operating Profit</b>	202,419	364,629	424,289	447,933	472,876	499,187	526,942	556,219	587,100	619,672
<b>Gross Profit Percentage</b>	%56	%66	%67	%68	%68	%68	%68	%68	%68	%69
<b>Salaries and Benefits (Indirect Staff)</b>	-103,200	-107,431	-111,836	-116,421	-121,194	-126,163	-131,336	-136,721	-142,326	-148,162
<b>General and Administrative Expenses</b>	-8,166	-8,411	-8,664	-8,924	-9,191	-9,467	-9,751	-10,044	-10,345	-10,655
<b>Marketing Expenses</b>	-8,978	-13,870	-15,753	-16,583	-17,456	-18,375	-19,343	-20,362	-21,434	-22,563
<b>Pre Operating Expenses</b>	-17,050									
<b>Gross Indirect Expenses</b>	-137,394	-129,713	-136,253	-141,928	-147,842	-154,006	-160,430	-167,126	-174,105	-181,380
<b>Income before Interest, Depreciation and Tax</b>	65,025	234,916	288,036	306,006	325,034	345,182	366,512	389,093	412,995	438,292
<b>Fixed Assets Depreciations</b>	-72,539	-73,500	-74,486	-75,500	-76,541	-77,611	-78,711	-79,842	-81,004	-82,200
<b>Income before Tax and Interests</b>	-7,515	161,416	213,550	230,506	248,493	267,571	287,801	309,251	331,990	356,093
<b>Bank Interests</b>	-65,336	-54,523	-42,685	-29,724	-15,535	-0	-0	-0	-0	-0
<b>Income Before Tax</b>	-72,851	106,893	170,866	200,782	232,959	267,571	287,801	309,251	331,990	356,093

Income Tax	0	-1,702	-8,543	-10,039	-11,648	-13,379	-14,390	-15,463	-16,600	-17,805
Net Profit	-72,851	105,191	162,322	190,743	221,311	254,192	273,411	293,789	315,391	338,288
<i>Net Profit Percentage</i>	<i>%20-</i>	<i>%19</i>	<i>%26</i>	<i>%29</i>	<i>%32</i>	<i>%35</i>	<i>%35</i>	<i>%36</i>	<i>%37</i>	<i>%37</i>
Compulsory Reserves	0	-10,519	-16,232	-19,074	-22,131	-25,419	-27,341	-29,379	-31,539	-33,829
Retained Earnings	-72,851	21,821	167,911	339,580	538,760	767,532	1,013,602	1,278,012	1,561,864	1,866,324

### 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

#### Cash flows from operating activities

Net profit (loss)	-72,851	105,191	162,322	190,743	221,311	254,192	273,411	293,789	315,391	338,288
Non-monetary adjustments										
Bank benefits	65,336	54,523	42,685	29,724	15,535	0	0	0	0	0
Consumption	72,539	73,500	74,486	75,500	76,541	77,611	78,711	79,842	81,004	82,200
Operating cash flows before changes in working capital	65,025	233,214	279,493	295,967	313,386	331,803	352,122	373,630	396,395	420,488
Shortage (increase) in inventory	-299	-163	-63	-28	-29	-31	-32	-34	-36	-38



(Decrease) increase in accounts payable	25,515	5,257	2,485	1,534	1,606	1,682	1,761	1,843	1,930	2,021
Change in working capital	25,216	5,094	2,422	1,507	1,577	1,651	1,728	1,809	1,894	1,983
<b>Net cash flows (used) from operating activities</b>	<b>90,241</b>	<b>238,308</b>	<b>281,915</b>	<b>297,474</b>	<b>314,963</b>	<b>333,454</b>	<b>353,850</b>	<b>375,440</b>	<b>398,289</b>	<b>422,471</b>
<b>Cash flows from investing activities</b>										
(Purchase) of fixed assets	-1,673,952	-9,603	-9,864	-10,134	-10,413	-10,701	-10,999	-11,307	-11,626	-11,955
<b>Net flows (used) from investment activities</b>	<b>-1,673,952</b>	<b>-9,603</b>	<b>-9,864</b>	<b>-10,134</b>	<b>-10,413</b>	<b>-10,701</b>	<b>-10,999</b>	<b>-11,307</b>	<b>-11,626</b>	<b>-11,955</b>
<b>Cash flows from financing activities</b>										
Equity capital	1,077,982									
Loan Amortization	-114,065	-124,878	-136,716	-149,677	-163,866	0	0	0	0	0
Bank Interest Rate	-65,336	-54,523	-42,685	-29,724	-15,535	-0	-0	-0	-0	-0
Loans	689,202	0	0	0	0	0	0	0	0	0
<b>Net cash flows (used) from financing activities</b>	<b>1,587,783</b>	<b>-179,401</b>	<b>-179,401</b>	<b>-179,401</b>	<b>-179,401</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase (decrease) in cash</b>	<b>4,072</b>	<b>49,304</b>	<b>92,650</b>	<b>107,939</b>	<b>125,150</b>	<b>322,753</b>	<b>342,852</b>	<b>364,133</b>	<b>386,664</b>	<b>410,516</b>
<b>Cashflows at the Beginning of Period</b>	<b>0</b>	<b>4,072</b>	<b>53,376</b>	<b>146,026</b>	<b>253,965</b>	<b>379,115</b>	<b>701,868</b>	<b>1,044,719</b>	<b>1,408,852</b>	<b>1,795,516</b>
<b>Cashflows at the End of Period</b>	<b>4,072</b>	<b>53,376</b>	<b>146,026</b>	<b>253,965</b>	<b>379,115</b>	<b>701,868</b>	<b>1,044,719</b>	<b>1,408,852</b>	<b>1,795,516</b>	<b>2,206,031</b>

### 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**

<b>Assets</b>										
<b>Current assets</b>										
<b>Fund</b>	4,072	53,376	146,026	253,965	379,115	701,868	1,044,719	1,408,852	1,795,516	2,206,031
<b>Inventory</b>	299	462	525	553	582	613	645	679	714	752
<b>Total assets traded</b>	<b>4,371</b>	<b>53,838</b>	<b>146,551</b>	<b>254,518</b>	<b>379,696</b>	<b>702,480</b>	<b>1,045,364</b>	<b>1,409,531</b>	<b>1,796,230</b>	<b>2,206,783</b>
<b>Non-current assets</b>										
<b>Fixed assets (net)</b>	1,601,413	1,537,516	1,472,894	1,407,528	1,341,400	1,274,490	1,206,778	1,138,244	1,068,865	998,621
<b>Total non-current assets</b>	<b>1,601,413</b>	<b>1,537,516</b>	<b>1,472,894</b>	<b>1,407,528</b>	<b>1,341,400</b>	<b>1,274,490</b>	<b>1,206,778</b>	<b>1,138,244</b>	<b>1,068,865</b>	<b>998,621</b>
<b>Total assets</b>	<b>1,605,784</b>	<b>1,591,354</b>	<b>1,619,445</b>	<b>1,662,046</b>	<b>1,721,097</b>	<b>1,976,970</b>	<b>2,252,142</b>	<b>2,547,774</b>	<b>2,865,095</b>	<b>3,205,404</b>
<b>Liabilities</b>										
<b>Current liabilities</b>										
<b>Payables</b>	25,515	30,772	33,257	34,792	36,398	38,080	39,840	41,684	43,614	45,634
<b>Remaining amount of Loan</b>	124,878	136,716	149,677	163,866	0-	0-	0-	0-	0-	0
<b>Total current liabilities</b>	<b>150,393</b>	<b>167,488</b>	<b>182,934</b>	<b>198,658</b>	<b>36,398</b>	<b>38,080</b>	<b>39,840</b>	<b>41,684</b>	<b>43,614</b>	<b>45,634</b>
<b>Non-current liabilities</b>										
<b>long term loans</b>	450,260	313,543	163,866	0	0	0	0	0	0	0

<b>Total long - term liabilities</b>	<b>450,260</b>	<b>313,543</b>	<b>163,866</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total liabilities</b>	<b>600,652</b>	<b>481,032</b>	<b>346,800</b>	<b>198,658</b>	<b>36,398</b>	<b>38,080</b>	<b>39,840</b>	<b>41,684</b>	<b>43,614</b>	<b>45,634</b>	<b>45,634</b>
<b>Property rights</b>											
<b>Member Contributions</b>	1,077,982	1,077,982	1,077,982	1,077,982	1,077,982	1,077,982	1,077,982	1,077,982	1,077,982	1,077,982	1,077,982
<b>Compulsory reserve</b>	0	10,519	26,751	45,826	67,957	93,376	120,717	150,096	181,635	215,464	215,464
<b>Profit (loss) round</b>	72,851-	21,821	167,911	339,580	538,760	767,532	1,013,602	1,278,012	1,561,864	1,866,324	1,866,324
<b>Total equity</b>	1,005,131	1,110,322	1,272,645	1,463,388	1,684,699	1,938,891	2,212,302	2,506,091	2,821,482	3,159,770	3,159,770
<b>Total liabilities and equity</b>	<b>1,605,784</b>	<b>1,591,354</b>	<b>1,619,445</b>	<b>1,662,046</b>	<b>1,721,097</b>	<b>1,976,970</b>	<b>2,252,142</b>	<b>2,547,774</b>	<b>2,865,095</b>	<b>3,205,404</b>	<b>3,205,404</b>

### 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**

<b>Net Free Cashflows</b>	<b>-1,767,184</b>	107,291	228,705	272,051	287,340	304,551	322,753	342,852	364,133	386,664	410,516	4,477,739
<b>Discount Factor</b>	1.00	0.78	0.68	0.60	0.53	0.47	0.41	0.36	0.32	0.28	0.25	0.25
<b>Net Present Value for Cash</b>	<b>-1,767,184</b>	<b>83,235</b>	<b>156,275</b>	<b>163,733</b>	<b>152,319</b>	<b>142,197</b>	<b>132,731</b>	<b>124,188</b>	<b>116,173</b>	<b>108,655</b>	<b>101,606</b>	<b>1,108,272</b>

Table below (38) 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**

<b>Net Free Cashflows</b>	<b>-1,767,184</b>	107,291	228,705	272,051	287,340	304,551	322,753	342,852	364,133	386,664	410,516
<b>Project Value Returned</b>	1,767,184	1,659,894	1,431,189	1,159,13	871,798	567,247	244,494	<b>-98,358</b>	<b>-462,490</b>	<b>-849,154</b>	<b>-1,259,669</b>
<b>Payback Period (Year)</b>	6	1	1	1	1	1	1	0	0	0	0

**Table 39 Financial Analysis Results**

Weighted Average Cost of Capital (WACC)	%13.53
Net Present Value for Cashflows	622,199
Payback Period	6
Internal Rate of Return	%19.34

## 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.

### 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 622,199 Jordan Dinars considering that the project provides 27 Job Opportunities for the governorate residents.

**Table 40 Sensitivity Analysis**

<b>Original Scenario</b>	%19.34	6	13.53%
<b>Revenues declined by 10%</b>	%16.12	7	13.53%
<b>Operating Expenses Increased by 10%</b>	%18.10	7	13.53%