

**Pre-Feasibility Study**  
**Establishment of A Commercial Shopping Center (Mall)**  
**Zarqa**

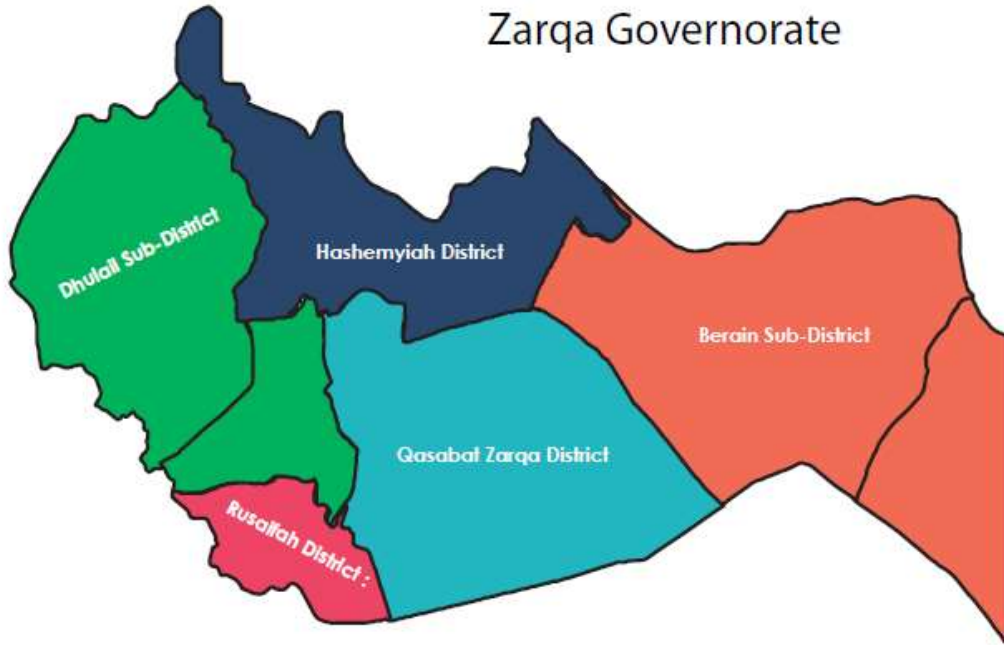
April 2017



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## 1. Executive Summary

This study aims at determining the Pre-Feasibility Study for the establishment of a Commercial Shopping Center (Mall) in Zarqa Governorate. The mall will provide all the services needed by the customers while shopping, to meet their family and personal needs in one safe and clean place, and a one that ensures the existence of car parking away from the overcrowded places within the business districts. The mall includes a hypermarket, clothes stores, footwear stores, gifts stores and accessories stores. In addition, the mall includes restaurants, recreational area for children and adults, cafes and others. The reason behind establishing the Mall is due to the current over crowdedness of the business district, and the difficulty of finding suitable parking for shoppers, and the lack of a comprehensive recreational center that is suitable for families in the Governorate.

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

<b>Project Name</b>	Multi-purpose Commercial Shopping Center (Mall)
<b>Sector</b>	Service / Real Estate / Commercial
<b>Governorate</b>	Zarqa
<b>Region</b>	Qasabat Az Zarqa
<b>Products/Services</b>	<p>The project could include the provision of at least the following services:</p> <ul style="list-style-type: none"> <li>• Hypermarket.</li> <li>• Restaurants (franchise or local).</li> <li>• Clothing, footwear, accessories, gifts, perfumes stores (international and local).</li> <li>• Electronics shops.</li> <li>• Banking services.</li> <li>• Services shops such as a pharmacy, Dry cleaning, plated jewelry, etc.</li> <li>• Bags and gift shops of leather products.</li> <li>• Major Telecommunications Companies such as Zain, Orange, and Umniah.</li> <li>• Famous and reputable cafes.</li> <li>• Recreational Center for children and adults.</li> <li>• Parking spaces for shoppers and visitors of the mall, which can accommodate more than 800 cars inside the mall and about 100 cars around the mall.</li> <li>• Other services (kiosks that often used to sell candies, ice cream, chips potatoes and mobile phones and their accessories, etc ...).</li> </ul>
<b>Project Description</b>	The project is based on developing a multi-purpose property in the Zarqa, to provide leasing services for tenants to invest in

	hypermarket, restaurants, shops for clothing, footwear leather products, electronics, banking services and recreational center for children and adults ... etc.
<b>Target Market</b>	<ul style="list-style-type: none"> <li>• Major hypermarket companies.</li> <li>• Local and international restaurants chains.</li> <li>• Local and international clothing stores.</li> <li>• Electronics companies.</li> <li>• Jordanian banks.</li> <li>• Etc</li> </ul>
<b>Investment Cost</b>	The investment cost of the project is about 17.3 million JD.
<b>The Average Return On Investment</b>	The average return on investment during ten years is about 13.9 %
<b>Internal Rate Of Return</b>	The internal rate of return of the project is about 19.6%
<b>Average Added Value Of The Project</b>	The average added value of the project in ten years is about 3.64 million JD.
<b>Risk Assessment</b>	The Sensitivity Analysis indicates a low risk in case of 10% increase in investment cost, or 10% increase in operating costs, or 10% decrease in revenues.
<b>The Project Justifications</b>	<ul style="list-style-type: none"> <li>• The absence of an integrated and similar project in the City of Zarqa. There is a small mall in the City of Rusaifa and another one outside the Governorate on the Highway Road, but it has not opened yet.</li> <li>• The desire of the Governorate's citizens to have such mall, especially since they go to Amman for shopping in Amman malls.</li> <li>• Local Manpower employment.</li> </ul>
<b>Partners/Stakeholders</b>	<ul style="list-style-type: none"> <li>• The Ministry of Industry and Trade.</li> <li>• Jordan Investment Commission.</li> <li>• Zarqa 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'ana, Aqaba), and the major cities are Amman (the capital), Zarqa and Irbid.

## 2.2 Population

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

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

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

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

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

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

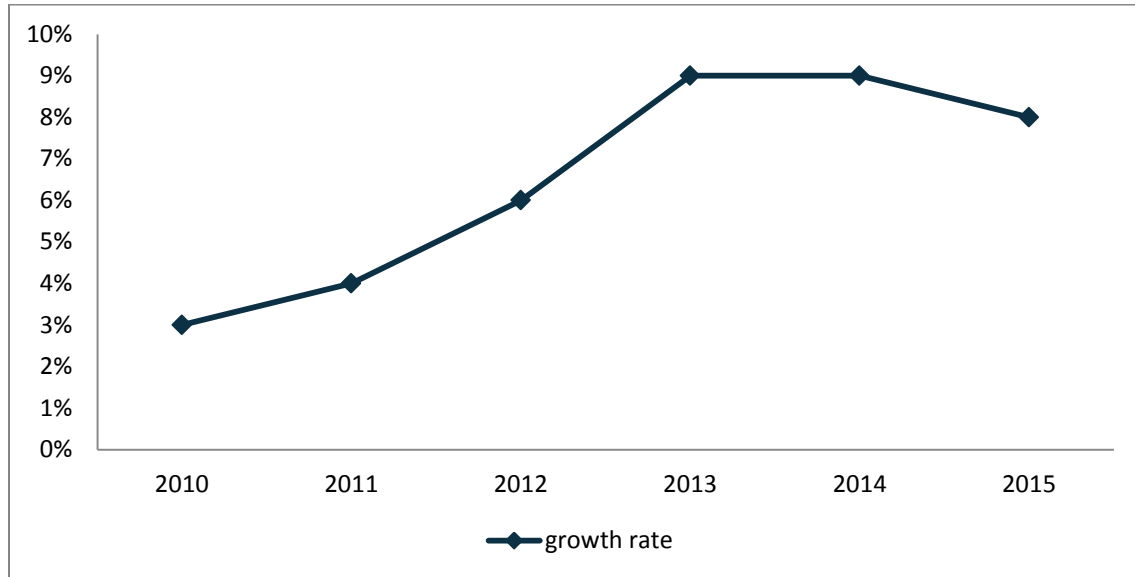


**Table 3: Number of population and population growth in the Kingdom, thousand**

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

Source: Department of Statistics

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



### **2.3 Economic Indicators in the Kingdom <sup>1</sup>**

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

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

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

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

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

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

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

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

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

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

	2011	2012	2013	2014	2015
<b>Population (millions)</b>	6.993	7.427	8.114	8.804	9.532
<b>Unemployment rate</b>	12.9	12.2	12.6	11.9	13.0
<b>Production and Prices</b>					
GNP at current market prices	20,288.8	21,690.0	23,611.2	25,141.2	26,289.6
GDP at current market prices	20,476.6	21,965.5	23,851.6	25,437.1	26,637.4
The rate of growth in GDP at constant market prices (%)	2.6	2.7	2.8	3.1	2.4
The total national disposable income at current prices	23,743.5	24,774.9	28,424.5	30,302.1	30,234.7
The rate of growth in gross national disposable income at current prices (%)	4.7	-0.2	8.6	3.1	-2.4
Change in the index of consumer prices	4.2	4.5	4.8	2.9	-0.9

	2011	2012	2013	2014	2015
(%)					
The change in the GDP deflator (%)	6.4	4.5	5.6	3.4	2.3
<b>Money and Banking</b>					
Exchange rate of the Jordanian dinar to the US dollar	1.410	1.410	1.410	1.410	1.410
Money supply (P2)	24,118.9	24,945.2	27,363.4	29,240.4	31,605.5
Net foreign assets of the banking system	9,370.1	6,665.5	6,923.4	7,932.3	8,137.3
Net domestic assets of the banking system	14,748.8	18,279.7	20,440.0	21,308.1	23,468.2
Net debt of the government	6,701.4	9,461.3	10,494.8	10,473.9	11,386.4
Private sector debts (Residents)	14,925.0	15,953.6	17,222.5	17,852.8	18,704.5
Other factors <sup>(1)</sup>	-6,877.6	-7,135.2	-7,277.3	-7,018.5	-6,622.7
Deposits in dinars at licensed banks	19,119.1	17,711.1	21,003.0	24,013.1	26,014.5
Foreign currency deposits at licensed banks	5,258.8	7,258.6	6,590.2	6,247.9	6,584.0
Rediscount rate (%)	4.50	5.00	4.50	4.25	3.75
Treasury bills interest rate for 6 months (%)	3.232	3.788	-	-	-
<b>Public Finance</b>					
Total revenue and foreign aid	5,413.9	5,054.2	5,758.9	7,267.6	6,796.4
Ratio to GDP (%)	26.4	23.0	24.1	28.6	25.5
Total spending	6,796	6,878.2	7,077.1	7,851.1	7,722.9
Ratio to GDP (%)	33.2	31.3	29.7	30.9	29.0
Overall deficit/savings (on an accrual basis)	-1,382.7	-1,824.0	-1,318.2	-583.5	-926.5
Ratio to GDP (%)	-6.8	-8.3	-5.5	-2.3	-3.5
Net outstanding balance of the domestic public debt	8,915.0	11,648.0	11,863.0	12,525.0	13,457.0
Ratio to GDP (%)	43.5	53.0	49.7	49.2	50.5
Outstanding external public debt <sup>(2)</sup>	4,486.8	4,932.4	7,234.5	8,030.1	9,390.5
Ratio to GDP (%)	21.9	22.5	30.3	31.6	35.3
<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 the establishment of a Commercial Shopping Mall (Mall) in the city of Zarqa, to provide leasing services for the hypermarkets, restaurants, shops to sell clothing, footwear leather products, electronics, banking services and recreational center for children and adults, ... etc. These services will be provided in a safe and clean environment within a six-storey building, as follows:

- Two floors for parking (B2, B3), with an area of 9,000 m<sup>2</sup> per floor and a capacity of more than 800 cars.
- Four floors dedicated to leasing shops and commercial and recreational activities above mentioned, with an area of about 7,500 m<sup>2</sup> per floor, or a total area of 30,000 m<sup>2</sup>, detailed as follows:
  - The first basement floor includes the hypermarket and services shops, such as laundry, ironing, bags and gifts shops... etc.
  - The ground floor, which serves as the main floor and has the main and external entrances to the mall, and include the major stores for clothing, shoes, electronics and other. This floor usually includes famous international shops and brands chains, or what comes after in level, whether international or local shops located in the governorate and has its reputation and market share.
  - First floor, which includes major commercial shops, as it preferably to rent one shop of the same classification, in addition to other shops.
  - The second floor includes a recreational games center with an area of 3,300 m<sup>2</sup> and a height that exceed 10 meters in some parts to include games that suit all members of the family. The floor also includes famous restaurants, cafe, juice and sweet shops, with an attempt to lease one shop of the same classification.
  - All floors contain small kiosks placed in strategic places inside the mall, and thus increase the percentage of space exploitation and increase the rented area. These kiosks are often used for fast-rotating goods such as candies, ice cream, potato, chips, mobile accessories and gifts ... etc.
- Guarding, cleaning and lighting services for all entrances and corridors of the mall, to ensure a permanent safe and clean environment.

The Mall will be designed to comply with international and local malls requirements, taking into consideration the needs of the Governorate's citizens in relation to their desire to obtain shopping and entertainment services very similar to what are found in Amman, and in a safe environment with a large number of parking spaces.

### **3.2 Expected Services Description**

The expected project services include the provision of areas for rent, at least for the following:

- The hypermarket.
- Restaurants (franchise or local).
- Clothing, shoes, accessories gifts and perfumes stores (international and local) similar to malls in Amman and the Gulf States.
- Electronics shops.
- Banking services.
- Services shops, such as a pharmacy, Dry Cleaning, Ironing steam and plated jewelry... etc.
- Bags and gifts shops of leather products.
- Major Telecommunications Companies such as Zain, Orange, and Umniah.
- Famous and reputable cafes.
- Recreational Center for children and adults.
- Safe and clean environment.
- Car parking for mall shoppers and visitors for more than 800 cars inside the mall, and about 100 cars in front of the mall.
- Others, such as kiosks, which often used to sell candies, ice cream, chips, potatoes and mobile phone shops and accessories ... etc.

### **3.3 Demand Analysis**

The demand on the services provided by the mall is affected by:

- The number of population.
- The intensity of commercial activity.
- Crowding of the shopping areas in the Governorate and absence of parking spaces.
- Rent prices.
- Changes in shopping habits.

Since currently there are no Malls in the Zarqa city, but there are hypermarkets chains such as Safeway (two branches) and Sameh Mall (4 branches), we will reference in this part to the main internationally and locally recognized criteria to measure the success of the idea of establishing the mall. The most important of these criteria is "the area that the Mall covers for each person who will deal with the mall services "Per capita mall space - PCMS". In order to determine this criterion, we will resort to the following data regarding the number of population, as the Zarqa Governorate is considered the third Jordanian Governorate in terms of population as the number of residents of Zarqa Governorate is estimated at 1.36 million people, which accounts for 14% of the total population of the kingdom.

Considering the Governorate geographical area, the population density is up to 286.7 persons / km<sup>2</sup>, or almost twice and a half as much as the national average. However, this density varies from one District to another inside Zarqa Governorate, as the density is up to 175.4 persons / km<sup>2</sup> in Zarqa Qasabah District to reach a maximum of (10853.6 person / km<sup>2</sup>) in the District of Rusaifa. At the level Sub-Districts in the District of Zarqa, the population density varies dramatically, reaching the lowest in the Al-Zraq Sub-District of about 13.2 people / km<sup>2</sup>, while the maximum in the Zarqa Sub-District up to 2502.4 people / km<sup>2</sup>.

**Table 7: Population and Population Density in Zarqa Governorate for 2015**

Administrative Divisions	Population	Population / Governorate	Area (km <sup>2</sup> )	Area / Governorate Area	Population density (person / km <sup>2</sup> )
Zarqa Qasabah District	802265	%58.8	4574.4	%96.1	175.4
Zarqa Sub-Districts	648882	%47.5	259.3	%5.4	2502.4
Berin Sub-District	24683	%1.8	160.2	%3.4	154.1
Dolail Sub-District	76703	%5.6	206.6	%4.3	371.3
Al-Zraq Sub-District	51997	%3.8	3948.3	%82.9	13.2
District of Rusaifa	481900	%35.3	44.4	%0.9	10853.6
District of Al-Hashemiyah	80713	%5.9	142.4	%3.0	566.8
Total Zarqa Governorate	1364878	%100	4761.3	%100.0	286.7
The kingdom	9531712		88793.5		107.3
Percentage of the Governorate to the Kingdom	%14.3		%5.4		

Source: Department of Statistics, The General Census of Population and Housing in 2015, the calculation the study team

It is noteworthy that the proposed Mall site (New Zarqa and near the District of Al-Hashemiyah) covers more than half the population of Zarqa Qasabah District, in addition to the District of Al-Hashemiyah, as it covers a circle with radius of a distance that can be traveled in a quarter of an hour drive, this means about 500,000 people by the year 2020, which is the expected date to launch the Mall. And in case of expanding the circle to cover the area traveled in half an hour by car, and then it can be said that the mall services will cover more than 1.2 million people.

By dividing the two figures on the Mall area which is amounted to 30,000 m<sup>2</sup>, we find that the number of people covered by the mall services per square meter of the mall equals 16.67 person / m<sup>2</sup> or 1.55 person / ft<sup>2</sup> of the people who are 15-minute away by car. For those who are 30-minutes drive, the coverage rate stands at 40 people / m<sup>2</sup> or 3.72 person/ft<sup>2</sup>. According to international studies, the coverage rate of up to 4 persons / ft<sup>2</sup> is considered appropriate. And by assuming that the average visits to the Mall is six times a year by the people of no more 15 minutes drive, while those who are between 15-30 -minutes away by car, they will visit the mall

twice a year. With the adoption of these figures, we find that the average number of daily visitors to the mall will be more than 8,200 people on most days of the year, and will reach more than 12 thousand visitors during summer and holiday seasons and Back to School Festival.

To determine the purchasing power of visitors, we will use the results of the Household Expenditure Survey in 2013, and reflecting them on the potential customer numbers, in order to get to the second criterion, which measures how much a person would spend on a range of goods and services provided by the Mall divided by the Mall area. The following tables show the average household and per capita expenditure on a range of goods and services provided by rented stores in the Mall.

**Table 8: The Annual Average Household and Per Capita Expenditure on Food items in Zarqa Governorate**

Food	Average household expenditure (JD)	Average per capita expenditure (JD)
Grains and Their Products	324.4	63.3
Meat and Poultry	661.1	129.0
Fish	45.9	9.0
Dairy Products and Eggs	401.8	78.4
Oils and Fats	155	30.2
Fruits	165.7	32.3
Vegetables	282.2	55.1
Dry and Canned Legumes	24.8	4.8
Spices and Food Additives	54.8	10.7
Nuts	42.4	8.3
Sugar and its Products, and Honey	189.6	37.0
Tea, Coffee and Cocoa	112	21.9
Other Food	228.3	44.5
Drinks and Beverages	145	28.3
<b>Total</b>	<b>2833</b>	<b>552.7</b>

**Table 9: Annual Average Household and Per Capita Expenditure on Tobacco and Cigarettes in Zarqa Governorate**

Tobacco and Cigarettes	Average household expenditure (JD)	Average per capita expenditure (JD)
Tobacco and Cigarettes	484.7	94.6
<b>Total</b>	<b>484.7</b>	<b>94.6</b>

**Table 10: Annual Average Household and Per Capita Expenditure on beauty and personal care products in Zarqa Governorate**

Beauty and personal care materials	Average household expenditure (JD)	Average per capita expenditure (JD)
Beauty and personal care materials	165.4	45.0

**Table 11: Annual Average Household and Per Capita Expenditure on clothing and footwear in Zarqa Governorate**

clothing and footwear	Average household expenditure (JD)	Average per capita expenditure (JD)
Men Ready to Wear Clothing	45.7	8.9
Women Ready to Wear Clothing	71.2	13.9
Boys and Girls Ready to Wear Clothing	71.3	13.9
Fabrics, and cloth design and embroidery costs	1	0.2
Footwear	48.4	9.4
<b>Total</b>	<b>237.6</b>	<b>46.4</b>

**Table 12: Annual Average Household and Per Capita Expenditure on housing and its accessories in Zarqa Governorate**

Housing and its accessories	Average household expenditure (JD)	Average per capita expenditure (JD)
Furniture, carpets and bedspreads	69.7	13.6
Household equipment	47.6	9.3
Utensils and household items	12.5	2.4
Household Cleaning Products	106.7	20.8
<b>Total</b>	<b>236.5</b>	<b>46.1</b>

Source: 2013 Survey household income and expenditure survey, the Department of Statistics.

\* Selected varieties such as those that can be sold in the Mall.

**Table 13: Annual Average Household and Per Capita Expenditure on Products that can be Sold in the Mall**

Range of goods and services	Average household expenditure (JD)	Average per capita expenditure (JD)
Food	2833.0	552.7
Tobacco and cigarettes	484.7	94.6
Beauty and Personal Care	165.4	45.0
Clothing and footwear	237.6	46.4
Housing and its accessories	236.5	46.1
Culture, recreation and sport	52.2	10.3
other consumer expenses	64.2	12.5
<b>Total</b>	<b>4,073.7</b>	<b>807.6</b>

\* The Calculation of the Study Team

Accordingly, the total expenditure on goods and services similar to what is found in the Mall in Zarqa Governorate amounted to 969.12 million JD. By assuming that the new Mall will receive 20% of the this spending amount, then the spending rate in the Mall will be close to 194 million JD, or equivalent of 6,460 JD per square meter, depending on visitors from nearby areas (30 minutes drive by car).

### **Overview of Main Competitors**

There are many markets in Governorate, the main and the largest is the main market in the Business District and the New Zarqa markets. As for the Malls, there are no Malls in the city, but there are hypermarket chains such as two Safeway branches, and four Sameh Mall branches, and there are no chains for Carrefour or C-Town. Thus there are no direct competitors for the proposed Mall. However, the following tables show an overview of the main Malls, which may be similar to the proposed Mall, as well as the famous Malls in Amman in order to identify their main characteristics, advantages and strengths, so they can serve as a guide to the proposed mall to the extent possible.

<b>Name</b>	Areefa Mall
<b>Location</b>	Tabarbour - Near Workshops Circle
<b>General Description</b>	The mall was established on a land with an area of 16 dunums, and a built-up area of about 18,000 m <sup>2</sup> . The mall consists of four floors, and includes a variety of shops and a hypermarket in addition to a series of restaurants, and offers a variety of banking services, and contains a large number of parking spaces. The estimated number of visitors to the mall is almost 5,000 visitors a day. Each shop has an area of 30 m <sup>2</sup> at a rental cost estimated at 500 JD per square meter per year.
<b>Main Services</b>	<ul style="list-style-type: none"> <li>• The mall includes a hypermarket (Sameh Mall), which offers a diverse range of services, including food, beverages, clothing, personal care and household products.</li> <li>• The mall includes 19 restaurants.</li> <li>• The mall has a parking lot with an estimated area of about 10 dunums.</li> <li>• The mall offers banking services, through banks branches.</li> <li>• The mall includes one recreational center.</li> </ul>

Source: Field studies and multiple interviews of the Study Team.

<b>Name</b>	Highway Mall
<b>Location</b>	Amman- Zarqa Highway, next to Jawad Bakeries
<b>General Description</b>	The mall was established in 2016, and has not been opened yet. The Mall is established on a land with an area of 3794 m <sup>2</sup> , and a boilt-up area estimated at 6,000 m <sup>2</sup> . The mall consists of two floors with an area of 3000 m <sup>2</sup> per floor, and includes a variety of shops and a number of restaurants and cafes, in addition to a hypermarket and a parking area. The Mall offers banking services through the banks, and has a

	<p>recreational center on the second floor.</p> <p>Each shop has an area of 28 m<sup>2</sup> at a rental cost of 7,000 JD for the first year and 8,000 JD for the second and third years (equivalent to 250 JD per square meter per year) as the contract period is for 3 years, and can be renewed with the approval of both parties.</p>
<b>Main Services</b>	<ul style="list-style-type: none"> <li>• The Mall includes hypermarket (Arjan Mall) with an area estimated at 1,000 m<sup>2</sup>, which offers a diverse range of services, including food, beverages, clothing, personal care and household products.</li> <li>• The Mall includes 14 restaurants and one cafe.</li> <li>• The Mall includes parking spaces for about 270 cars.</li> <li>• The Mall offers banking services, through banking branches</li> <li>• The Mall includes one recreational center on the second floor.</li> </ul>

Source: Field studies and multiple interviews of the Study Team.

<b>Name</b>	Bab Mecca Mall
<b>Location</b>	Yajouz Road - Northern Mountain Traffic Light
<b>General Description</b>	<p>Bab Mecca Mall was established on leased land from the Municipality of Rusaifa on an area of 2,800 m<sup>2</sup> for a period of 30 years at a cost of 30,000 JD per year. The built-up area is about 4,500 m<sup>2</sup>. The mall consists of 4 floors and offers a variety of services from various shops that spread over the ground and first floors, and a hypermarket on the first floor, and a recreational center on the second floor, in addition to a number of restaurants, cafes and ATMs.</p> <p>The number of visitors to the mall estimated at 2,000 visitors a day in the summer, and between 200 to 500 visitors a day in the winter. Each shop has an area of 18 m<sup>2</sup> at a rental cost that varies according to floor, as it estimated at 400 JD per month for the first floor (equivalent to 260 JD per square meter per year), in addition to 3,000 dinars in case of shop goodwill, and 450 JD a month for shops in the basement (which is equivalent to 300 JD per meter per year) in addition to 15,000 JD in case of shop goodwill. The ground floor is full, while the first floor has two vacant stores.</p>
<b>Main Services</b>	<ul style="list-style-type: none"> <li>• The Mall includes Hypermarket (Carrefour), which offers a diverse range of services, including food, beverages, clothing, personal care and household products.</li> <li>• The Mall includes two restaurants and one a café.</li> <li>• The Mall has a parking space to accommodate about 100 cars.</li> <li>• The Mall offers banking services, through banks branches.</li> <li>• The Mall includes one recreational center on the second floor.</li> </ul>

Source: Field studies and multiple interviews of the Study Team.

<b>Name</b>	City Mall
<b>Location</b>	Amman
<b>General Description</b>	The Mall was established in 2007 by Al-Khair Company for Jordanian Real

	<p>Estate Investments in the city of Amman, with an area of 160,000 square meters. The mall consists of five floors with more than 150 international stores and a series of international restaurants and cafes. The Mall includes parking space with valet parking service.</p> <p>Number of visitors to the mall is estimated at 30,000 visitors a day.</p>
<b>Main Services</b>	<ul style="list-style-type: none"> <li>• The Mall includes more than 150 shops offering a variety of services from clothes, perfumes, various accessories to electronics, gifts and books shops.</li> <li>• The Mall includes a Hypermarket (Carrefour), which offers a diverse range of services, including food, beverages, clothing, personal care and household products.</li> <li>• The Mall includes about 40 restaurant and café, in addition to a hall for restaurants.</li> <li>• The Mall includes parking space consists of three floors, and can accommodate up to 2400 car with valet parking service.</li> <li>• City Mall includes 12 different banks.</li> <li>• The Mall includes a pharmacy.</li> <li>• The Mall includes a movie theater.</li> <li>• The Mall includes a big recreational games center with an area about 6000 square meters, to accommodate about 1,000 people, and includes nine main games in addition to about 81 video games.</li> <li>• The Mall includes branches of different Telecommunications Companies.</li> </ul>

Source: The official website of the Mall.

<b>Name</b>	Mecca Mall
<b>Location</b>	Jordan, Amman
<b>General Description</b>	<p>The Mall was established in 2003 by Kurdi Group in the City of Amman, with an area of 195,000 square meters. The mall consists of four floors, in addition to the ground floor. The Mall includes more than 200 international stores as well as a hypermarket, bank services and communication services. The estimated number of visitors to the mall is estimated at 35,000 visitors a day.</p>
<b>Main Services</b>	<ul style="list-style-type: none"> <li>• The Mall includes more than 150 shops offering a variety of services from clothes, perfumes, various accessories to electronics, gifts and books shops.</li> <li>• The Mall includes a hypermarket (Miles), which offers a diverse range of services, including food, beverages, clothing, personal care and household products.</li> <li>• The Mall includes about 35 restaurants and café, in addition to a hall for restaurants.</li> <li>• The Mall includes parking space that can accommodate more than 1,000 cars.</li> <li>• The Mall offers banking services, through banks branches.</li> <li>• The Mall includes a pharmacy.</li> </ul>



	<ul style="list-style-type: none"> <li>• The Mall includes a movie theater that has seven main display screens.</li> <li>• The Mall includes a recreational games center.</li> <li>• The Mall includes branches of different Telecommunications Companies.</li> </ul>
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Source: The official website of the Mall.

<b>Name</b>	Taj Mall
<b>Location</b>	Jordan, Amman
<b>General Description</b>	The Mall was established in 2011 in the City of Amman, with an area of 150,000 square meters. The Mall includes about 190 international stores as well as a hypermarket, bank services and communication services.
<b>Main Services</b>	<ul style="list-style-type: none"> <li>• The Mall includes more than 150 shops offering a variety of services from clothes, perfumes, various accessories to electronics, gifts and books shops.</li> <li>• The Mall includes a hypermarket (Cosmo), which offers a diverse range of services, including food, beverages, clothing, personal care and household products as well as electrical appliances.</li> <li>• The Mall includes about 50 restaurants and cafes, in addition to a hall for restaurants.</li> <li>• The Mall includes parking space that can accommodate more than 1,500 cars.</li> <li>• The Mall includes 16 different cinema halls, with a total area of 7,000 square meters that can accommodate 1,700 people.</li> <li>• The Mall includes a recreational games center (Magic Planet).</li> <li>• The Mall offers banking services, through banks branches.</li> <li>• The Mall includes a pharmacy.</li> <li>• The Mall includes branches of different Telecommunications Companies.</li> </ul>

Source: The official website of the Mall.

<b>Name</b>	Irbid City Mall
<b>Location</b>	Jordan, Irbid
<b>General Description</b>	The Mall was established in 2013 on an area of 18 dunums and a built-up area of 87,000 square meters by Marseille Real Estate Investment Company. The mall consists of three floors in addition to the ground floor and the basement. It offers a variety of services that include a hypermarket, a range of restaurants and cafes, banking services, telecommunication services and entertainment hall.
<b>Main Services</b>	<ul style="list-style-type: none"> <li>• The Mall includes about 170 shops offering a variety of services from clothes, perfumes, accessories shops, in addition to electronics, gifts and books shops.</li> <li>• The Mall includes a hypermarket (Carrefour) with an area estimated at 10,000 square meters, which offers a diverse range of services, including food, beverages, clothing, personal care and household products.</li> </ul>

<b>General Description</b>	<ul style="list-style-type: none"> <li>The Mall includes About 35 restaurants and cafes, in addition to the restaurants hall.</li> <li>The Mall includes a parking space that can accommodate more than 1,000 cars.</li> <li>The Mall includes banking services through banks and ATMs.</li> </ul>
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Source: The official website of the Mall.

<b>Name</b>	Istiklal Mall
<b>Location</b>	Amman - Istiklal Street
<b>General Description</b>	<p>The Mall was established in 2005 on an area of 12 dunums and a built-up area of 40,000 square meters. The Mall consists of 4 floors and a several local shops and brands. It contains many cafes and restaurants, and it provides outdoor Parking.</p> <p>The number of visitors to the mall is estimated at 18,000 to 25,000 visitors a day.</p>
<b>Main Services</b>	<ul style="list-style-type: none"> <li>The Mall includes about 200 shops offering a variety of services from clothes, perfumes, accessories shops, and a variety of electronics, gifts and books shops.</li> <li>The Mall includes a hypermarket (C-Town), which offers a diverse range of services, including food, beverages, clothing, personal care and household products.</li> <li>The Mall includes parking space that can accommodate more than 10,000 cars.</li> <li>The Mall includes recreational games center in the second-floor, and has different games for kids and adults.</li> </ul>

Source: Library Studies of the Studying Team.

### **3.4 Marketing Strategy**

The project targets all investors in the commercial and the services sectors from all over the kingdom and in Zarqa Governorate, to enable the residents of Zarqa Governorate to get shopping and entertainment services in one place (Mall) that meet the needs of all family members.

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

The expected project services include the provision of areas for rent, at least for the following:

- The hypermarket.
- Restaurants (franchise or local).
- Clothing, shoes, accessories gifts and perfumes stores (international and local) similar to malls in Amman and the Gulf States.
- Electronics shops.
- Banking services.
- Services shops, such as a pharmacy, Dry Cleaning, Ironing steam and plated jewelry... etc.
- Bags and gifts shops of leather products.
- Major Telecommunications Companies such as Zain, Orange, and Umniah.
- Famous and reputable cafes.
- Recreational Center for children and adults.
- Safe and clean environment.
- Car parking for mall shoppers and visitors for more than 800 cars inside the mall, and about 100 cars in front of the mall.
- Others, such as kiosks, which often used to sell candies, ice cream, chips, potatoes and mobile phone shops and accessories ... etc.

#### **Expected Prices**

Since currently there are no malls in Zarqa, the prices found in nearby Malls in Amman, Rusaifa and Irbid have been reviewed. In addition, the prices in the commercial markets scattered in Zarqa City have been collected. The prices ranged from 4.000 to 10.000 JD per year for the shop, which has an area about 30 square meters. By taking the average of the leased space of 20-30 square meters, then the price per square meter will range from (133-500) JD / year / m<sup>2</sup>. Thus, we have determined the pricing strategy for the project in order to fit with the prevailing prices in Zarqa City, taking into account the additional services provided by the mall compared to those provided by the current markets. The following is the expected average rent prices in the Mall.

**Table 14: Expected Average Rent Prices**

Statement	Average Annual Rent (JD / m <sup>2</sup> )
Hypermarkets	100
Banks	225
Services Shops	150
Shops with large spaces	120
Regular Shops (20-30 m <sup>2</sup> for the shop) / Ground Floor	320
Regular Shops (20-30 m <sup>2</sup> for the shop) / First Floor	225
Recreational Games Center	125
Restaurants	280
Kiosks	1,000
Mall Services Fee (lighting and air conditioning the walkways in summer and winter, security guard, maintaining the cleanliness of Mall walkways and an effective Mall Management that can be referred to)	%15 of the annual rent

### **Promotion**

Promotional strategy for the project includes the following:

- Focusing on the administrative staff who is experienced in marketing and management of shopping malls, in order to attract the most potential tenants of the Mall.
- Offering price discounts and payment facilities for the first tenants who are interested to rent in the mall specially from of international companies and agencies in order to encourage them. In addition, a series of incentives and discounts can be offered for locally known major traders in the Kingdom and the Governorate.
- Designing a website and using the social media.
- Brochures for the Mall and its services.
- Advertisements in local newspapers and other media at the beginning of the project.
- Placing billboards on the main streets and on roads leading to the Mall.
- Conducting a grand opening ceremony and invite all concerned parties to this ceremony.
- Allocating a big budget for promotion, as the mall needs a constant publicity and advertising, through all means of publicity, advertisement and media with a focus on recurring festivals and events during the year.

### **Selling**

Sales strategy for the project includes the following:

- Direct selling to potential tenants, such as hypermarkets, chain stores and international and local commercial brands, etc.

### **Services**

Services Provision Strategy for the project includes the following:

- Qualified management team that includes the Mall Manager, Marketing Manager, maintenance technicians and administrators who follow the needs of the tenants.
- The presence of a Security and Protection Company that provide security services to the Mall, the tenants and the Mall customers.
- The presence of a Cleaning Company that conduct cleanliness of the passageways and entrances to the Mall around the clock.
- Providing air conditioning in summer / winter.
- Providing enough spaces for cars parking inside and outside the mall, even during peak times.
- Membership in the International Council of Shopping Centers (ICSC), knowing that the membership costs is reasonable as it does not exceed US 800 a year, and in return, the mall will get many services either free or at discounted prices, such as mentioning the Mall name in the International Directory of Shopping Centers, as this will facilitates the possibility of attracting investors from leading international brands, as well as enhance the promotion of the Mall. It should also be noted that there is an international university emanating from this Assembly “University of Shopping Centers”, which is concerned with the teaching of disciplines needed for Malls and shopping centers.
- Obtaining local and international quality certificates, which give more confidence to tenants and mall visitors.
- Respecting the rules of hygiene, cleanliness and public safety.
- Maintenance of equipment on an ongoing basis.
- Attaching great importance on the decent appearance of the employees.
- Attaching great importance on the good and decent treatment of tenants.
- Attaching great importance on providing new and innovative services, and using the technology to deal with the tenants and visitors.
- Credibility in dealing with tenants.
- Conducting promotional activities occasionally, such as kids’ festivals and other, in addition to joint activities with the tenants to attract more visitors and customers to the Mall.

### **3.5 Expected Market Share**

As previously mentioned, the Mall is one of its kinds in Zarqa Governorate, and thus its market share is measured by its designed capacity design, or its ability to accommodate potential tenants of various fields in the commercial and service sectors. As previously explained, the mall has been designed to have a total area of 30,000 m<sup>2</sup>, divided into four main floors, in addition to two floors for parking area of about 9,000 m<sup>2</sup>, as each floor can accommodate more than 800 cars.

## **4. Technical Study**

### **4.1 The Designed Capacity**

The mall is designed to have a total area of 30,000 m<sup>2</sup>, divided into four main floors, in addition to two floors for parking area of about 9,000 m<sup>2</sup>, as each floor can accommodate more than 800 cars. The following is a description of area distribution:

- The basement second and third floor (B2, B3): with an area of each 9,000 m<sup>2</sup> allocated for car parking.
- The basement first floor (B1): has an area 7500 m<sup>2</sup>, and includes a hypermarket, shops, banks and services shops such as laundry, bags, leather products and gifts shops etc ...
- Ground floor GF: has an area 7500 m<sup>2</sup>, and is considered the main floor in the mall. It includes all the main entrances to the mall, and the main shops, which includes major international and local brands. This floor is considered the highest income generating floor.
- First floor: has an area of 7500 m<sup>2</sup>, and includes shops that need large areas, in addition to famous shops in the Kingdom and the Governorate.
- Second floor: has an area of 7500 m<sup>2</sup>, and includes recreational games center, restaurants and cafes.
- Kiosks, as they are spread all over the four-storey Mall, and come in small sizes (5-6 m<sup>2</sup>), and are placed to fill gaps in sensitive and important places on each floor. They have the highest rent price.

These details have been reached based on the field survey results and the analysis of the market size previously mentioned.

It is noteworthy mentioning the importance of paying attention to the “Tenants Mix”, so that tenants are carefully selected at each floor, while maintaining the non-recurrence of the powerful competitors, as the presence of a single tenant from each category should be enough. In special cases, two tenants of the same category may be allowed, taking into account the low possibility of affecting one another, or affecting other secondary competitor tenants.

In general, it has taken into account the possibility of future expansion through the construction of new floors on the same building if necessary.

### **4.2 Required Fixed Assets**

The table below shows the total cost of fixed assets, which amounted to 16.7 million JD.

**Table 15: Total Cost of Fixed Assets of the Mall \***

Item	Unit	Price (JD)	Value (JD)
Land m <sup>2</sup>	10,000	200	2,000,000
Parking floors buildings (2)	18,000	140	2,520,000
The Mall floors buildings (4) **	30,000	380	11,400,000
furniture	-	-	15,000
Information Technology	-	-	30,000
Solar Energy System	-	-	700,000
<b>Total</b>			<b>16,665,000</b>

\* The numbers are estimated from the Market Study

\*\* The figures include the cost of engineering supervision, construction and finishing works, all infrastructure requirements and electromechanical works.

### 4.3 Required Human Resources

The following table shows the human resources required for the project. The number of required staff is about 15 employees, with a total salaries of 141,600 JD (administrative: 103,800 JD, and operational: 37,800 JD) annually.

**Table 16: Required Human Resources for the Project and its Costs**

Item	Number of Employees	Salary (JD/monthly)	Total salary (JD/annually)	Administrative (JD/annually)	Operational (JD/annually)
Director General	1	4,000	48,000	48,000	-
Secretariat	1	450	5,400	5,400	-
Mall Manager	1	1,200	14,400	-	14,400
Managers (Marketing, and Administrative and Financial)	2	1,000	24,000	24,000	-
Leasing Administrator	1	700	8,400	8,400	-
Accounting	2	400	9,600	9,600	-
Administrator	2	350	8,400	8,400	-
Technicians	3	350	12,600	-	12,600
Security Officer and Public Relations	1	500	6,000	-	6,000
Procurement	1	400	4,800	-	4,800
<b>Total</b>	<b>15</b>		<b>141,600</b>	<b>103,800</b>	<b>37,800</b>

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

**Table 17: General Job Description of the main jobs required in the project**

Job	Job Description
<b>Director General</b>	<p>The Director General shall perform the following tasks:</p> <ul style="list-style-type: none"> <li>• Directing administrative staff.</li> <li>• Determining the vision, mission and the strategy of the Mall, and reflecting them in all means of communicating with employees, tenants and Mall goers.</li> <li>• Major customers' files and concluding big deals.</li> <li>• Setting prices for the Mall services, and signing contracts (partnerships).</li> <li>• Following-up and coordinating the work in all the Mall facilities.</li> <li>• Evaluating the success of the Mall in achieving the objectives set for it (the performance).</li> <li>• Reporting the Mall/Company performance to the Board of Directors.</li> </ul>
<b>Marketing Manager</b>	<p>The Marketing Manager performs the following tasks:</p> <ul style="list-style-type: none"> <li>• Identifying the available opportunities to attract new tenants and setting priorities to reach them, and the preparation for signing contracts between them and the Director General.</li> <li>• Providing offers and negotiation on fees and prices within the mall's policy to sign new contracts.</li> <li>• Conducting surveys and market research.</li> <li>• Reflecting the needs of customers, and reporting them to the Director General / the Owner.</li> <li>• Preparing for festivals and promotions inside and outside the Mall.</li> <li>• Developing and implementing expansion plans and increase sales.</li> <li>• Documenting all contact information and addresses of customers.</li> <li>• Representing the Mall / Company in meetings related to his/her work.</li> </ul>
<b>Mall Manager</b>	<p>The Mall Manager performs the following tasks:</p> <ul style="list-style-type: none"> <li>• Managing the Mall smoothly.</li> <li>• Following-up tenants and urged them to abide by the Mall policy and system, in terms of working hours and not disturbing other tenants while doing decoration.</li> <li>• Participating with the Director General and Marketing Manager in developing the Mall policy.</li> <li>• Following-up the movement inside the mall, and keeping the Mall environment safe and clean through following-up the security company and the cleaning company.</li> <li>• Managing the relationship with tenants, and reflecting their needs and reporting them to the Director General.</li> <li>• Maintaining the absence of issues between tenants among themselves for any reason, and to take all possible measures to maintain calm and tranquility in the Mall, and notifying the owner with the main emergency events.</li> </ul>



Job	Job Description
	<ul style="list-style-type: none"> <li>Managing the operational process of the Mall, and working on their sustainability and following-up the rest of the staff.</li> <li>Submitting periodic reports to the Director General.</li> </ul>
<b>Leasing Administrator</b>	<p>The Leasing Administrator shall perform the following tasks:</p> <ul style="list-style-type: none"> <li>Developing a plan for leasing within the Mall strategic plan, in consultation with the Director General and Marketing Manager.</li> <li>Clarifying and carrying out essential tasks for renting the mall, and bringing in tenants, and thus generate income.</li> <li>Allocating the required or permitted capital expenditure to the tenants.</li> <li>Setting specific tasks to the Team Work, to ensure achieving the given and specified dates for delivery.</li> <li>Setting budget for the leasing activities in consultation with the Director General and the Director of Administrative and Financial.</li> <li>Developing a plan to deal with the vacant shops (not leased), and those their lease contracts has expired.</li> <li>Determining the potential increases on the rent cost since the beginning and the duration of each contract, taking into account the rise in the annual price “step - rent and CPI”.</li> <li>Accelerating the leasing process by following-up the market and competitors, and preparing appropriate proposals for the owner and the tenant.</li> </ul>
<b>the Director of Administration and Finance</b>	<ul style="list-style-type: none"> <li>The Leasing Administrator shall perform the following tasks:</li> <li>Participating in the preparation of the Mall estimated budget in collaboration with the concerned managers.</li> <li>Following-up to the preparation, reviewing, amending and adopting the administrative system and organization, which includes the procedures, rules regulations, organizational and functional structure, tasks, competencies, job description cards and a powers list.</li> <li>Controlling the policies and procedures for financial plans, and making sure they comply with the laws and regulations.</li> <li>Budget preparation, including salaries, allowances, operating expenses, maintenance and operation programs, projects under manufacturing and new projects.</li> <li>Following-up cashing and financial performance.</li> </ul>
<b>Administrative Officer / Accountant</b>	<p>The Administrative Officer performs the following tasks:</p> <ul style="list-style-type: none"> <li>Conducting procedures and policies that ensure the attendance and departure of employees, and paying their financial dues based on their attendance, and recording the employees’ leaves.</li> <li>Preparing the payroll for the Mall staff, and the reports on the discipline at work.</li> <li>Following-up periodic purchases and inventory.</li> <li>Following-up the cleaning company and the security and guarding company under the guidance of concerned Director / Official.</li> </ul>

#### 4.4 Required Licenses

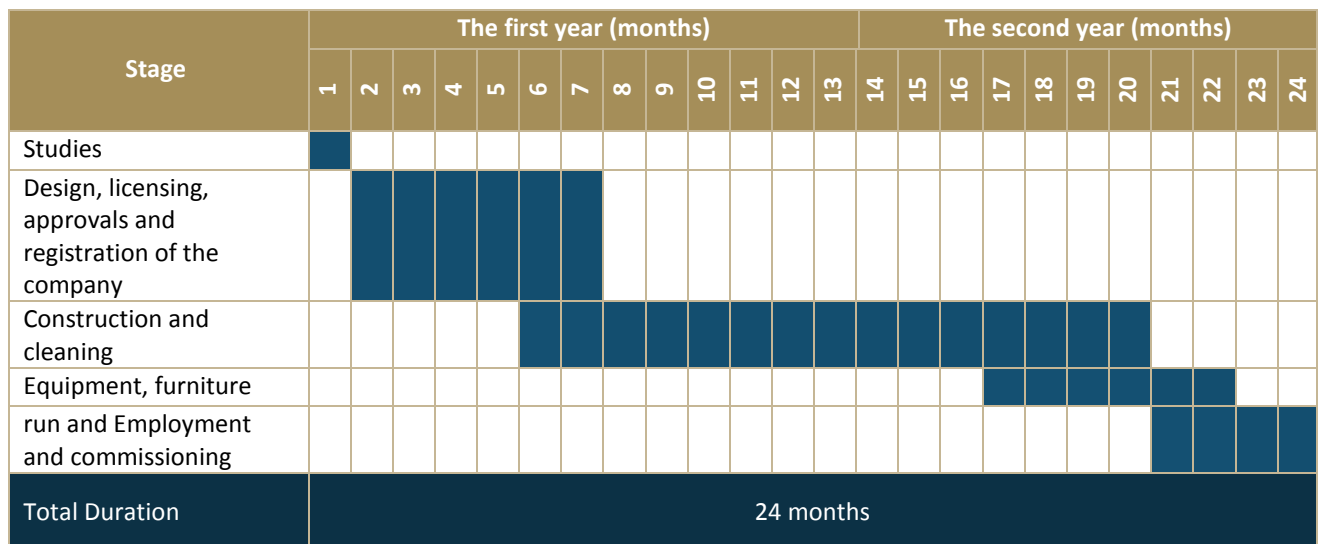
The following table shows the necessary licenses from various authorities to implement the project.

**Table 18: Licenses Required for the Project**

Statement	Analysis
company registration	<ul style="list-style-type: none"> <li>Ministry of Industry and Trade</li> </ul>
Operation	<ul style="list-style-type: none"> <li>Municipality, Social Security, Income and Sales Tax</li> </ul>

#### 4.5 Project Timetable

The following figure shows the timeline to implement the project, which amounts to 24 months, as follows:



## 5. Financial Study

### 5.1 Financial Assumptions

The following table illustrates the financial assumptions of the project.

**Table 19: 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	343 thousand
Pre-Operating Expenses	2% of total investment
Tax Rate	25%
Cleaning company fees	3.5% of revenues
Security company fees	3.5% of revenues
Water and fuel	0.5% of revenues
Depreciation	634 thousand annually
Maintenance Cost	10% of revenues
Other operating expenses	0.5% of revenues
Stationary & expenses	2500 thousand annually
Marketing Expenses	5% of revenues
Staff Benefits	25% of salaries
Annual Salaries Increase	3% of salary
Employees incentives	0.2% of revenues
Assets Depreciation Rate	4%-20% of the asset value
Accounts Receivable	One month
Inventory	3% of revenues
Accrued expenses	16.8% of operating costs

## 5.2 Investment Cost

The project's Investment cost is estimated at JD 17.3 million distributed among fixed assets of JD 16.67 million, and pre-operating expenses and working capital in total of JD 676 thousand.

**Table 20: the project's investment cost**

Item	Value (in thousand JD)
Fixed assets	16,665
Pre-operating expenses	333
Working capital	343
<b>Total</b>	<b>17,341</b>

## 5.3 Financing

The project will be financed with the shareholders by 75% which is estimated at about JD 13 million, while the other 25% of the project investment cost will be financed through bank loans of about JD 4.3 million. The following table shows the financing structure for financing the project.

**Table 21: Project financing schedule**

Item	Value (in thousand JD)	%
Equity	13,006	75%
Loan	4,335	25%
<b>Total</b>	<b>17,341</b>	<b>100%</b>

## 5.4 Revenues

The following table shows the total revenues of the project, where it is noted that the revenues in the first year amounts to about JD 3.8 million, and increased to reach up to JD 5.4 million in the tenth year due to growth and increase in occupancy rates.

**Table 22: The Expected Revenues**

Statement	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Revenues – Basement (B1)</b>										
Occupancy rate (%)	70	80	98	98	98	98	98	98	98	98
Leasable area (m <sup>2</sup> )	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Leased Area Hypermarket (M <sup>2</sup> )	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Average price	100	100	100	100	100	110	110	110	110	110
Revenue from leasing a hypermarket	400,000	400,000	400,000	400,000	400,000	440,000	440,000	440,000	440,000	440,000
Area leased to banks (M <sup>2</sup> )	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Average price	225	225	225	225	225	248	248	248	248	248
Revenues from rental of banks	157,500	180,000	220,500	220,500	220,500	242,550	242,550	242,550	242,550	242,550
Area leased to shops (dry cleaning, repair, sewing, ..)	500	500	500	500	500	500	500	500	500	500
Average price	150	150	150	150	150	165	165	165	165	165
Revenue from rental of shops	52,500	60,000	73,500	73,500	73,500	80,850	80,850	80,850	80,850	80,850
Area leased to booths (m <sup>2</sup> )	40	50	50	50	50	50	50	50	50	50
Average price	1,000	1,000	1,000	1,000	1,000	1,100	1,100	1,100	1,100	1,100
Revenue from rental of booths	40,000	50,000	50,000	50,000	50,000	55,000	55,000	55,000	55,000	55,000
Total income of the floor	650,000	690,000	744,000	744,000	744,000	818,400	818,400	818,400	818,400	818,400
<b>Revenues – Ground Floor</b>										
Occupancy rate (%)	60	80	95	95	95	95	95	95	95	95
Leasable area (m <sup>2</sup> )	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Leased Area for large shops	0	0	0	0	0	0	0	0	0	0
Average price per meter for large shops	120	120	120	120	120	132	132	132	132	132
Revenue from leasing large shops	0	0	0	0	0	0	0	0	0	0
Rental space for the rest of the shops	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Average price per meter	320	320	320	320	320	352	352	352	352	352
Revenues of the rest of the shops	960,000	1,280,000	1,520,000	1,520,000	1,520,000	1,672,000	1,672,000	1,672,000	1,672,000	1,672,000
Area leased to booths (m <sup>2</sup> )	40	50	50	50	50	50	50	50	50	50

**Pre-Feasibility Study**  
**Establishment of A Commercial Shopping Center (Mall) - Zarqa**

Statement	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Average price	1,000	1,000	1,000	1,000	1,000	1,100	1,100	1,100	1,100	1,100
Revenue from rental of booths	40,000	50,000	50,000	50,000	50,000	55,000	55,000	55,000	55,000	55,000
Total income of the floor	1,000,000	1,330,000	1,570,000	1,570,000	1,570,000	1,727,000	1,727,000	1,727,000	1,727,000	1,727,000
<b>Revenues – First Floor</b>										
Occupancy rate (%)	70	80	95	95	95	95	95	95	95	95
Leasable area (m <sup>2</sup> )	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Leased Area for large shops	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Average price per meter for large shops	120	120	120	120	120	132	132	132	132	132
Revenue from leasing large shops	420,000	420,000	420,000	420,000	420,000	462,000	462,000	462,000	462,000	462,000
Rental space for the rest of the shops	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Average price per meter	225	225	225	225	225	248	248	248	248	248
Revenues of the rest of the shops	315,000	360,000	427,500	427,500	427,500	470,250	470,250	470,250	470,250	470,250
Area leased to booths (m <sup>2</sup> )	40	50	50	50	50	50	50	50	50	50
Average price	1,000	1,000	1,000	1,000	1,000	1,100	1,100	1,100	1,100	1,100
Revenue from rental of booths	40,000	50,000	50,000	50,000	50,000	55,000	55,000	55,000	55,000	55,000
Total income of the floor	775,000	830,000	897,500	897,500	897,500	987,250	987,250	987,250	987,250	987,250
<b>Revenues – Second Floor</b>										
Occupancy rate (%)	70	80	98	98	98	98	98	98	98	98
Leasable area (m <sup>2</sup> )	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Leased Area for Amusement Park (m <sup>2</sup> )	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
Average price per meter for Amusement Park	125	125	125	125	125	138	138	138	138	138
Revenue from leasing Amusement Park	412,500	412,500	412,500	412,500	412,500	453,750	453,750	453,750	453,750	453,750
Rental space for restaurants	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Average price per meter	280	280	280	280	280	308	308	308	308	308
Revenues of leasing restaurants	431,200	492,800	603,680	603,680	603,680	664,048	664,048	664,048	664,048	664,048
Area leased to booths (m <sup>2</sup> )	40	50	50	50	50	50	50	50	50	50
Average price	1,000	1,000	1,000	1,000	1,000	1,100	1,100	1,100	1,100	1,100

**Pre-Feasibility Study**  
**Establishment of A Commercial Shopping Center (Mall) - Zarqa**

Statement	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue from rental of booths	40,000	50,000	50,000	50,000	50,000	55,000	55,000	55,000	55,000	55,000
Total income of the floor	883,700	955,300	1,066,180	1,066,180	1,066,180	1,172,798	1,172,798	1,172,798	1,172,798	1,172,798
<b>Revenues</b>										
Revenues of the basement	650,000	690,000	744,000	744,000	744,000	818,400	818,400	818,400	818,400	818,400
Revenues of the ground floor	1,000,000	1,330,000	1,570,000	1,570,000	1,570,000	1,727,000	1,727,000	1,727,000	1,727,000	1,727,000
Revenues of the first floor	775,000	830,000	897,500	897,500	897,500	987,250	987,250	987,250	987,250	987,250
Revenues of the second floor	883,700	955,300	1,066,180	1,066,180	1,066,180	1,172,798	1,172,798	1,172,798	1,172,798	1,172,798
Revenue of mall services allowance	496,305	570,795	641,652	641,652	641,652	705,817	705,817	705,817	705,817	705,817
<b>Total Revenues –Thousand JD</b>	<b>3,805</b>	<b>4,376</b>	<b>4,919</b>	<b>4,919</b>	<b>4,919</b>	<b>5,411</b>	<b>5,411</b>	<b>5,411</b>	<b>5,411</b>	<b>5,411</b>

## 5.5 The Projected Costs

### Operating Costs

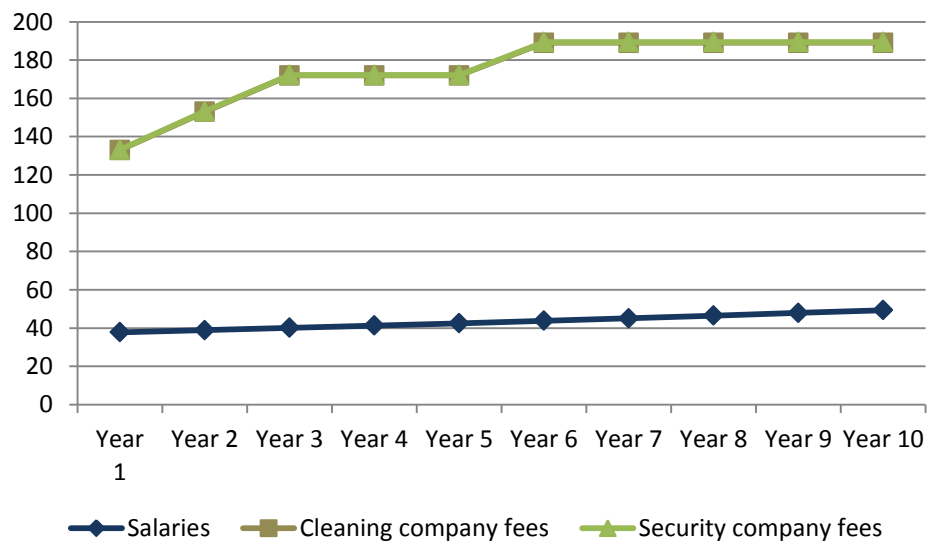
The following table shows the project's operating costs. Cleaning company fees in year 1 amounted to JD 133 thousand which increase to reach JD 189 thousand in year 10. Moreover, the salaries cost amount to JD 38 thousand in Year 1 which increases to JD 49 thousand in year 10.

The following table shows the project expected operating costs for ten years.

**Table 23: 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	37.8	38.9	40.1	41.3	42.5	43.8	45.1	46.5	47.9	49.3
Staff Benefits	9	10	10	10	11	11	11	12	12	12
Cleaning company fees	133	153	172	172	172	189	189	189	189	189
Security company fees	133.2	153.2	172.2	172.2	172.2	189.4	189.4	189.4	189.4	189.4
Water and fuel	19.0	21.9	24.6	24.6	24.6	27.1	27.1	27.1	27.1	27.1
Depreciation	634	634	634	634	634	634	634	634	634	634
Maintenance	38	40	42	44	46	49	51	54	56	59
Other	19	22	25	25	25	27	27	27	27	27
<b>Total</b>	<b>1,024</b>	<b>1,073</b>	<b>1,120</b>	<b>1,124</b>	<b>1,127</b>	<b>1,171</b>	<b>1,175</b>	<b>1,179</b>	<b>1,183</b>	<b>1,188</b>

**Figure 3: Projected Operating Costs of the Project**





### Administrative Expenses

The following table shows the projected administrative expenses of the project. Employees' salaries reach JD 104 thousand in the first year and increase to JD 135 thousand in the tenth year. The marketing expenses are about JD 190 thousand in the first year and increase to reach JD 248 thousand in the tenth year.

**Table 24: 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	103.8	106.9	110.1	113.4	116.8	120.3	123.9	127.7	131.5	135.4
Staff Benefits	26.0	37.4	38.5	39.7	40.9	42.1	43.4	44.7	46.0	47.4
Staff Incentives	7.6	8.8	9.8	9.8	9.8	10.8	10.8	10.8	10.8	10.8
Stationery	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Professional Fees	3.0	3.2	3.3	3.5	3.6	3.8	4.0	4.2	4.4	4.7
Marketing Expenses	190.3	196.0	201.8	207.9	214.1	220.6	227.2	234.0	241.0	248.2
Other Expenses	15.0	15.8	16.5	17.4	18.2	19.1	20.1	21.1	22.2	23.3
<b>Total</b>	<b>348.1</b>	<b>370.4</b>	<b>382.7</b>	<b>394.2</b>	<b>406.1</b>	<b>419.3</b>	<b>431.9</b>	<b>445.0</b>	<b>458.4</b>	<b>472.3</b>

## 5.6 Projected Financial Statements

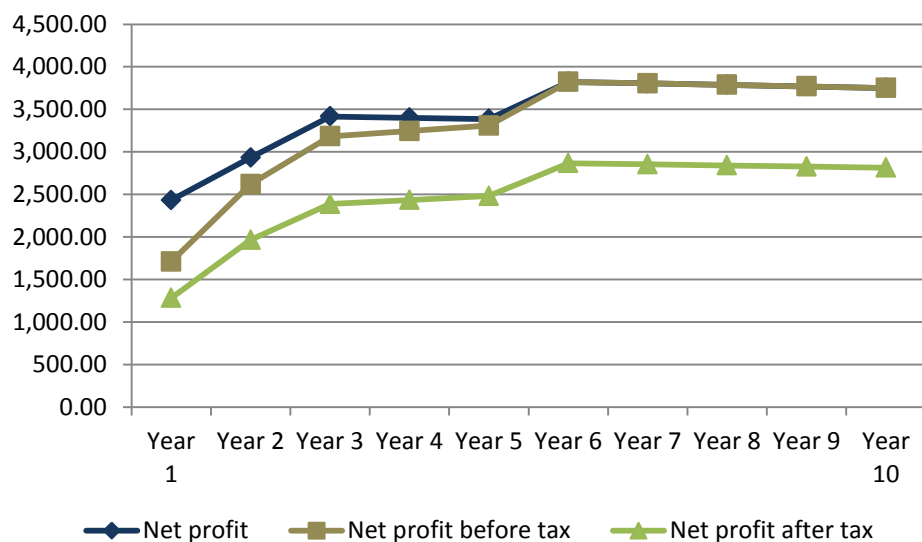
### Income Statement

The following table shows the projected income statement of the project. It indicates that gross profit will increase from JD 2.8 million in the first year to JD 4.2 million in the tenth year. Also the net profit before tax will increase from JD 1.7 million in the first year to JD 3.8 million in the tenth year. And the net profit after tax will increase from JD 1.3 million in the first year to JD 2.8 million in the tenth year.

**Table 25: 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	3,805.0	4,376.1	4,919.3	4,919.3	4,919.3	5,411.3	5,411.3	5,411.3	5,411.3	5,411.3
Operating costs	1,024.0	1,073.0	1,119.9	1,123.5	1,127.3	1,170.5	1,174.6	1,178.9	1,183.3	1,187.9
Gross profit	2,781.0	3,303.1	3,799.4	3,795.8	3,792.1	4,240.7	4,236.7	4,232.4	4,228.0	4,223.4
Administrative expenses	348.1	370.4	382.7	394.2	406.1	419.3	431.9	445.0	458.4	472.3
Net profit	2,432.9	2,932.6	3,416.7	3,401.6	3,386.0	3,821.4	3,804.7	3,787.4	3,769.6	3,751.1
financial expenses	390.2	312.1	234.1	156.1	78.0	-	-	-	-	-
Pre-operating cost amortization	333.3	-	-	-	-	-	-	-	-	-
Net profit before tax	1,709.4	2,620.5	3,182.6	3,245.5	3,308.0	3,821.4	3,804.7	3,787.4	3,769.6	3,751.1
Tax	427.4	655.1	795.7	811.4	827.0	955.4	951.2	946.9	942.4	937.8
Net profit after tax	1,282.1	1,965.4	2,387.0	2,434.2	2,481.0	2,866.1	2,853.5	2,840.6	2,827.2	2,813.3

**Figure 4: 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 17.3 million in the year of incorporation to JD 20.6 million in the tenth year.

**Table 26: 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	343	531	826	1,250	1,748	1,530	2,971	4,462	5,949	7,417	8,896
Receivables	-	317	365	410	410	410	451	451	451	451	451
Inventory	-	114	131	148	148	148	162	162	162	162	162
Pre- Paid Expenses	-	38	44	49	49	49	54	54	54	54	54
Other assets	343	1,000	1,365	1,856	2,355	2,137	3,638	5,129	6,616	8,085	9,564
<b>Total Current Assets</b>	<b>16,665</b>	<b>16,665</b>	<b>16,665</b>	<b>16,665</b>	<b>16,665</b>	<b>17,395</b>	<b>17,395</b>	<b>17,395</b>	<b>17,395</b>	<b>17,410</b>	<b>17,410</b>
Fixed Assets	-	634	1,269	1,903	2,537	3,172	3,806	4,440	5,074	5,709	6,343
Cumulative Depreciation	333	-	-	-	-	-	-	-	-	-	-
Pre-operating expenses Amortization	16,998	16,031	15,396	14,762	14,128	14,224	13,589	12,955	12,321	11,701	11,067
<b>Net Fixed Assets</b>	<b>17,341</b>	<b>17,031</b>	<b>16,762</b>	<b>16,619</b>	<b>16,482</b>	<b>16,360</b>	<b>17,227</b>	<b>18,084</b>	<b>18,937</b>	<b>19,786</b>	<b>20,631</b>
<b>Total Assets</b>	<b>343</b>	<b>531</b>	<b>826</b>	<b>1,250</b>	<b>1,748</b>	<b>1,530</b>	<b>2,971</b>	<b>4,462</b>	<b>5,949</b>	<b>7,417</b>	<b>8,896</b>
<b>Shareholders Equity and Liabilities</b>											
Accrued Expenses and Payables	-	172	180	188	189	189	197	197	198	199	200
Long Term Loans	4,335	3,468.27	2,601.20	1,734.13	867.07	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>3,640</b>	<b>2,781</b>	<b>1,922</b>	<b>1,056</b>	<b>189</b>	<b>197</b>	<b>197</b>	<b>198</b>	<b>199</b>	<b>200</b>
Shareholders Contributions	13,006	13,006	13,006	13,006	13,006	13,006	13,006	13,006	13,006	13,006	13,006
Retained Earnings	-	385	974	1,690	2,421	3,165	4,025	4,881	5,733	6,581	7,425
<b>Shareholders' Equity</b>	<b>13,006</b>	<b>13,391</b>	<b>13,980</b>	<b>14,696</b>	<b>15,427</b>	<b>16,171</b>	<b>17,031</b>	<b>17,887</b>	<b>18,739</b>	<b>19,587</b>	<b>20,431</b>
<b>Shareholders Equity and Liabilities</b>	<b>17,341</b>	<b>17,031</b>	<b>16,762</b>	<b>16,619</b>	<b>16,482</b>	<b>16,360</b>	<b>17,227</b>	<b>18,084</b>	<b>18,937</b>	<b>19,786</b>	<b>20,631</b>

### 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 operating will increase from JD 1.9 million in the first year to JD 3.4 million in the tenth year; while the Cash at the ending period will increase from JD 343 thousand in the year of incorporation to JD 8.8 million in the tenth year.

**Table 27: 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	-	1,282	1,965	2,387	2,434	2,481	2,866	2,854	2,841	2,827	2,813
Depreciation	-	968	634	634	634	634	634	634	634	634	634
Change In Working Capital	-	(297)	(62)	(59)	1	1	(53)	1	1	1	1
Cash Flow From Operation	-	1,952	2,537	2,962	3,069	3,116	3,447	3,489	3,476	3,462	3,448
<b>Investing Activities</b>											
Fixed Assets	(16,998)	-	-	-	-	(730)	-	-	-	(15)	-
Cash From Investing Activities	(16,998)	-	-	-	-	(730)	-	-	-	(15)	-
<b>Financing Activities</b>											
Capital (Equity)	13,006	-	-	-	-	-	-	-	-	-	-
Loan	4,335	(867)	(867)	(867)	(867)	(867)	-	-	-	-	-
Dividends	-	(897)	(1,376)	(1,671)	(1,704)	(1,737)	(2,006)	(1,997)	(1,988)	(1,979)	(1,969)
Cash Flow From Financing Activities	17,341	(1,765)	(2,243)	(2,538)	(2,571)	(2,604)	(2,006)	(1,997)	(1,988)	(1,979)	(1,969)
Net Cash Flow	343	188	295	424	498	(218)	1,441	1,491	1,487	1,468	1,479
Cash At The Beginning Period	0	343	531	826	1,250	1,748	1,530	2,971	4,462	5,949	7,417
Cash At The Ending Period	343	531	826	1,250	1,748	1,530	2,971	4,462	5,949	7,417	8,896

## 5.7 Financial, Economic and Social Analysis

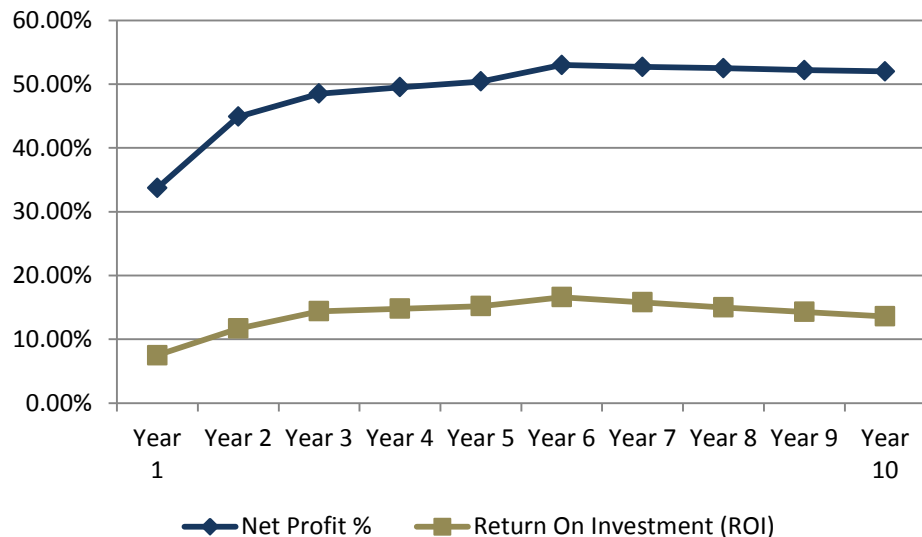
### Financial Analysis

The following table shows the financial analysis of the project. It indicates that the net profit ratio will increase from 33.7% in the first year to 52% in the tenth year, and the return on investment will increase from 7.5% in the first year to 13.6% in the tenth year.

**Table 28: 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	17,031	16,762	16,619	16,482	16,360	17,227	18,084	18,937	19,786	20,631
Revenues	3,805	4,376	4,919	4,919	4,919	5,411	5,411	5,411	5,411	5,411
Profits	1,282	1,965	2,387	2,434	2,481	2,866	2,854	2,841	2,827	2,813
Capital (Equity)	13,006	13,006	13,006	13,006	13,006	13,006	13,006	13,006	13,006	13,006
Net Profit %	33.7%	44.9%	48.5%	49.5%	50.4%	53.0%	52.7%	52.5%	52.2%	52.0%
Return On Investment (ROI)	7.5%	11.7%	14.4%	14.8%	15.2%	16.6%	15.8%	15.0%	14.3%	13.6%
Return On Capital (ROC)	9.9%	15.1%	18.4%	18.7%	19.1%	22.0%	21.9%	21.8%	21.7%	21.6%
Net Profit On Revenues	33.7%	44.9%	48.5%	49.5%	50.4%	53.0%	52.7%	52.5%	52.2%	52.0%
Assets Turnover (Time)	0.22	0.26	0.3	0.3	0.3	0.31	0.3	0.29	0.27	0.26

**Figure 5: The Financial Analysis**



### 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 19.5%. It exceeded four times the return on assets, which means the economic feasibility of the project
- The present value of the project reached about JD 18.9 million. It exceeds the net present value with JD 1.6 million, which means the economic feasibility of the project.
- The profitability index of the project reached 1.46 times, which means that the expected value of the project will increase by double the investment value, which proves that the project is feasible.
- The project payback period is 6.1 years.

**Table 29: 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	(13,006)	1,085	1,670	2,095	2,202	2,249	3,447	3,489	3,476	3,462	3,448
terminal value	-	-	-	-	-	-	-	-	-	-	20,431
Net Cash flow	(13,006)	1,085	1,670	2,095	2,202	2,249	3,447	3,489	3,476	3,462	23,879
Internal Rate of Return (IRR)	19.6%										
present Value	18,925										
Net present value	5,919										
Profitability Index (Time)	1.46										
Payback period (Year)	6.10										

### Social Analysis

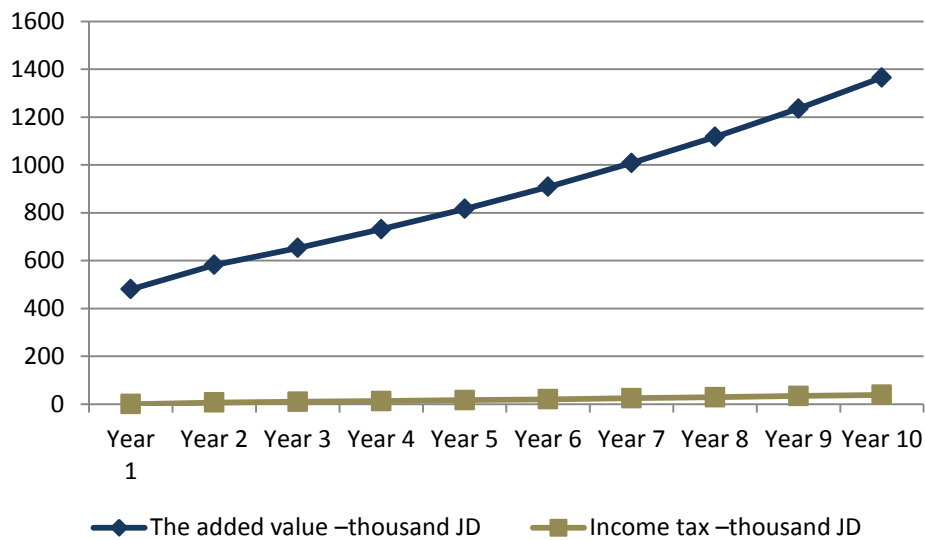
The following table shows the social analysis of the project. It is noticed that the number of staff required for the project will increase from 15 employees in the first year to 23 employees in the tenth year. All employees in the project are Jordanian.

The added value of the project will also increase from JD 2.3 million in the first year to JD 4 million in the tenth year. The income tax will also increase from JD 427 thousand to reach JD 938 thousand in the tenth year.

**Table 30: the Social Analysis of the Project**

Social Analysis										
Statement	Year 1	Year 2	Year 3	Year4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Number of Employees	51	52	53	54	55	56	57	59	60	61
Jordanian employees	15	16	16	16	17	17	17	18	18	18
The added value –thousand JD	480	582	653	731	816	908	1,008	1,117	1,235	1,365
Income tax –thousand JD	-	7	10	13	17	20	25	29	34	39
sales tax value –thousand JD	220	238	257	278	301	326	352	381	412	445
Exports value / imports substitution	1,375	1,487	1,608	1,739	1,881	2,034	2,200	2,380	2,573	2,783

**Figure 6: 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 31: Project Risk Matrix**

Risks	Type of Risks	Risk Assessment
<b>Financial Risks</b>	<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 company, its performance</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>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, regulations or company policy by</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
	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 32: Investment Increase by 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	19.6%	17.7%	1.9%
The Present Value at a discount rate of 13% (in Thousand JD)	18924.7	18928.4	-3.7
Net Present Value at a discount rate of 13% (in Thousand JD)	5918.7	4621.8	1296.9
Profitability Index (Time)	1.5	1.3	0.1
Payback period (Year)	6.1	6.6	-0.5
The Net Profit Ratio – an average of 10 years	48.9%	48.7%	0.2%
Return on Investment - an average of 10 years	13.9%	12.9%	1.0%
Return on Capital – an average of 10 years	19.0%	17.2%	1.8%
Net Profit On Revenues - an average of 10 years	48.9%	48.7%	0.2%
Assets Turnover (Time) – an average of 10 years	0.3	0.3	0.0
The added value - an average of 10 years (in thousand JD)	3640.8	3640.8	0.0
income tax - an average of 5 (in thousand JD)	825.0	822.1	2.9
sales tax - an average of 10 years (in thousand JD)	0.0	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 17.7%, which is considered high for investment purposes
- The new payback period is 6.6 years, and it is reasonable for recovery purposes
- The return on capital is 17.2%, 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 33: Reducing Revenues 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	19.6%	17.1%	2.4%
The Present Value at a discount rate of 13% (in Thousand JD)	18924.7	16668.1	2256.6
Net Present Value at a discount rate of 13% (in Thousand JD)	5918.7	3662.1	2256.6
Profitability Index (Time)	1.5	1.3	0.2
Payback period (Year)	6.1	6.8	-0.7
The Net Profit Ratio – an average of 10 years	48.9%	46.1%	2.9%
Return on Investment - an average of 10 years	13.9%	12.2%	1.7%
Return on Capital – an average of 10 years	19.0%	16.1%	2.9%
Net Profit On Revenues - an average of 10 years	48.9%	46.1%	2.9%
Assets Turnover (Time) – an average of 10 years	0.3	0.3	0.0
The added value - an average of 10 years (in thousand JD)	3640.8	3140.9	500.0
income tax - an average of 5 (in thousand JD)	825.0	700.0	125.0
sales tax - an average of 10 years (in thousand JD)	0.0	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 17.1%, which is suitable for investment purposes
- The new payback period is 6.8 years, and it is reasonable for recovery purposes
- The return on capital reaches 16.1%, which is suitable for investment purposes

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

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

**Table 34: Increasing the Operating Costs by 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	19.6%	19.0%	0.6%
The Present Value at a discount rate of 13% (in Thousand JD)	18924.7	18394.0	530.7
Net Present Value at a discount rate of 13% (in Thousand JD)	5918.7	5388.0	530.7
Profitability Index (Time)	1.5	1.4	0.0
Payback period (Year)	6.1	6.2	-0.1
The Net Profit Ratio – an average of 10 years	48.9%	47.2%	1.7%
Return on Investment - an average of 10 years	13.9%	13.5%	0.4%
Return on Capital – an average of 10 years	19.0%	18.4%	0.7%
Net Profit On Revenues - an average of 10 years	48.9%	47.2%	1.7%
Assets Turnover (Time) – an average of 10 years	0.3	0.3	0.0
The added value - an average of 10 years (in thousand JD)	3640.8	3527.2	113.6
income tax - an average of 5 (in thousand JD)	825.0	796.6	28.4
sales tax - an average of 10 years (in thousand JD)	0.0	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 19%, which is considered high for investment purposes
- The new payback period is 6.2 years, and it is reasonable for recovery purposes
- The return on capital is 18.4%, which is suitable for investment purposes