



GILAN FOREIGN INVESTMENT SERVICE CENTER

Five-star Hotel of Langarud



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Location

Province

Guilan province with 14042 squares km, is located in north of Iran. This province is in south of Caspian sea and its nature is covered with forest and it has humid and mild weather. Guilan is an agricultural region with most important products such as rice, tea, olive, citrus, silk, caviar, chicken and fish, and some kinds of cookies and etc.

The capital of this province is Rasht.

County

Langarud county is located in Guilan province and between Lahijan and Roodsar. This county has been located in distance of 60 kilometers of Rasht (capital of province) and it ended up in Lahijan county from north and west, Caspian sea from east, Roodsar county from one side and Amlash city) from Roodsar cities) from south. Bandar Chakhmale which is located in 6 kilometers of Langarud, is of tourism attractions and like as other ports has commercial activities and at present is very limited. The suitable nature has caused Langarud people be interested to agriculture works. The crops of this county are tea ,rice ,hemp, silk and summer crops. Melon of this county due to sweetness and goodness quality , is famous throughout the north of Iran. The tourism attractions of Langarud are: International wetland of Kila Kolaye, Fajr park, Chakhmale coast, Leila Kooch region, Bolorkan forest park, Khorma forest park, Holod summer region, Moridan forest park, Liarood cave, mud -brick bridge of Langrud, Monajjem bashi and Darya beigi houses, Darzin castle, brick bridge of Bolordkan, historical context of Langrud, Darya beigi complex.

Project Location

Langarud city with plain location in geographic coordinates is located in 60kilometers of Rasht city and height of 5 meters from the surface of Caspian sea. Langarud city is located in 12 kilometers in northeast of Lahijan and 10 kilometers in northwest of Roodsar ,in an open and wide plain. This city is one of the rather ancient cities of Guilan and it developed when the trade boomed in Guilan. In the past ,Langarud was the most region of hemp culture in Guilan and Chakhmale is one of the tourism places of Guilan too. Especially about 5-star hotels which need to the open and lateral space, it is preferred that these hotels be built near the city but outside of it because they are economical in the economic point of view and also the legal limitations and etc. which exist within the city ,are less in outskirts of cities.



Access to infrastructures:

Row	Infrastructure required	Distance to project location	Infrastructure place of supply
1	Water	In project location	Water and wastewater of Guilan
2	Electricity	In project location	Regional electricity company of Guilan
3	Gas	In project location	Gas company of Guilan
4	Telecommunication	In project location	Telecommunication company of Guilan
5	Highway	In project location	-
6	Subway	In project location	-
7	Airport	In distance of 100 km	Sardar jangal international airport of Rasht
8	Port	Approximately 100 km	Anzali port
9	Railway station	-	Railway construction of Rasht- Ghazvin- Anzali

Technical specifications of project**Product**

Hotel, a service complex with purpose of acquiring revenue and gain, is a created phenomenon that its history comes back, to industrial revolution of Europe. From industrial revolution until now, at least four events have helped to booming of tourism industry and hotel building and hotel management.

First factor is changing the pattern of production energy consumption from plant and animal fuels to coal and then to hydrocarbon energy.

The second factor is the mass production and trade expansion to a large scale and third, invention and vague of personal vehicle and train and airplane and possibility of fast and easier motion and finally increasing of people's income levels with decreasing of working hours and increasing of leisure time.

Most equipped hotels generally are built in centers of big cities but construction of such complexes in the border of cities is completely prevalent. For hotels that facilities of holding conferences are predicted in them, or for people that are elusive of crowding of urban centers, the border of cities is a more appropriate center. The possibility of finding a larger and cheaper land for construction of parking and garden design in the border of cities is more than urban cities.

Hotel capacity depends on tourism market traction. Sometimes, the number of rooms arrives to several thousands that in this case, hotel itself is like as a city which it will need to other several services such as access and fast transportation.

In designing of hotel, its classification in the view of level and service quality in connection with potential guest's buying power should be noted. Today's, hotels use a simple classification of 1-7-star. 1-star is cheapest and 7-star is most expensive hotel. In the most equipped hotels, in addition to private spaces (rooms, suite), indoor swimming pool with hot water and proportional to season, sauna, Jacuzzi, bodybuilding and massage halls, equipped restaurants, and sometimes revolving in highest class and ground, conference halls, teleconference and private meeting rooms and also communication services of telephone, TV, internet, Alarm, mini- bar in rooms and tea and coffee service and refrigerator is considered.

Serving in room is possible at 24 hours. The purpose of implementing this plan is the construction of 5-star hotel with 80 rooms in an infrastructure with an area of 8000 squares meter.

Project requirements

Space and infrastructures required

The required land area for this plan is 5000. Some features of this region are easy access to connective road, airport and railway in near future. And this region has also appropriate access to water, electricity, gas and telecommunication networks. The service infrastructures of this region are: bank, insurance restaurant, clinic and goods and services market. The special and competitive advantages of this region are inexpensive and skilled human resources.



Activity area			Service area		Sport area			Cultural area		Residential
Project name	Area of project land (thousand squares meters)	Infrastructure (thousand squares meters)	Reception	office	Sporting....	carting	Paintball	Community hall and auditorium and ...	Cultural (library and exhibition and ...)	Residential
Five-star Hotel	5	8	1600		400			1200		4

Equipment and machinery

The equipment required for this project includes furniture and equipment for residential places, equipment of conference hall and auditorium, pool and sauna and its side facilities, sports equipment and play devices and etc.

Management and human resources

Row	Skill level	Number	Salary and benefits (Rial)
1	expert	8	50.000.000
2	Skilled	17	25.000.000
3	Non- skilled	58	17.000.000

Ownership and legal permissions

Land ownership

For every justification plan, in the case of agreement with its implementation, the economic deputyship by investment management, requests from the area of civil and urbanism deputyship to introduce the suitable options for the establishment of activity. The proposed options are provided with the applicant and in the interaction with applicant and if needed, visiting the proposed places, the suitable land is determined and it is announced to investor. If the investor has an option for land, the investment management announces these to the area of civil and urbanism deputyship in order that deputyship expresses regarding the conformity of introduced option with the comprehensive plan of region.

Intellectual property and privileges

Intellectual property is the rights that it gives to its owners, the operation right of human's intellectual and innovative activities and it has the economic value and transaction but its subject is not a material definite object. The rights of creators of literary or artworks or literary and art property known as author property or copyright, invention right, right of customer like as the key money of businessmen and craftsmen toward name, trade and industrial marks and trade secrets known as trade and industrial property, are some kinds of intellectual properties.

In this project, the intellectual rights are the same operation right and trade mark of project owners.

The brand or trade mark is included any color, picture and a sign that is showing a product or a service and it is used for differentiating of that product or service with other same products and services. If the brand registers, it will have a legal validity and will be situated under law protection.

Legal permissions

Title of permission: The permission of building or converting the residential and entertainment establishments.

The issuer system: The tourism and cultural heritage organization of province.

Required conditions for issued permission	
Public conditions	Special conditions
Real entities, legal entities and private institutions	Not having the unsuccessful backgrounds of former investment- giving the commitment of supplying the project financial resources according to criteria- Including the subject in the statute (for legal entities)

The required records and document for issuing of permission or issued license	
Public records and documents	Legal records and documents
Real entities (the copy of birth certificate and ID card) legal entities (The copy of establishment notice, the last changes- statute-declaration - birth certificate- ID card of the board of directors	Written request - sketch and map of location- documents of title - the copy of notarial power of attorney in the case of plurality of owners or documents of title

Executive processes of studying the plan in the deputyship of organization investment:

- The applicant's request in a written form along with required records, includes:
(Giving the initial preplan, physical program, investment volume, rate of investment, rate of using the bank facilities, expecting the project income, expected employment rate, layout map phase zero, sketch of land engineering to a scale of 1:2000 within a radius of 200 meters in proposed location, confirmed by map preparation reference, ID card and birth certificate photocopy of owner and owner's official representative, giving original and copy of land property records tarified to applicant or company name)
- visiting the expertise of tarified land
- Studying the discussed request based on expert's visiting and illustrated report in the committee of studying the organization investment plans in the end of every week.
- The written response of organization according to committee based on agreement or disagreement with implementing the plan
- In the case of committee's disagreement (notifying the disapproval to applicant)
- In the case of committee's agreement.
- Issuing of initial basic agreement, forming the file and inquiring from relevant institutions including:
Regional water department

Road and transportation department

Housing foundation for determining the member

Agriculture organization

Environment agency

Regional electricity and Gas Company and etc. for determining the limits and etc. according to a case

- Studying the response of relevant institution
- In the case of disagreement (notifying to applicant)

In the case of agreement:

- Notifying to applicant for giving architecture maps
- Studying architecture maps based on organization criteria
- Confirming and ratifying the architecture maps - Issuing of final basic agreement
- Corresponding the organization with relevant references (County offices and municipality and etc.) for issuing of building permit
- Starting the building operation
- Presentation of architecture maps phase 2, structure, establishments at the most within 3 months from the time of issuing of basic final agreement by applicant
- Studying the maps phase 2 by organization experts
- Presentation of economic feasibility plan by applicant for receiving the facilities
- Studying the feasibility plan in committee for studying the investment plans of organization
- The initial approval of plan and its introduction to employment and investment committee of province
- Approval of plan in committee and its introduction to agent bank for payment of facilities
- It is worth of mention that from starting of building operation until issuing the permit for ending of building work, technical inspection is performed that in the case of changing the architecture, maps approved in implementation step or violating the implementation of structure, the continuation of building operations until removal of defects, is prevented.

Final step

- Issuing the permit for ending of building work by relevant reference.
- Issuing the permit for operation and ending of investment sector work
- Starting of supervision on services by tourism deputyship to organization.

Market study and competition

Introduction of target market

Guilan province with having various natural attractions especially adjacency with sea and forest, is one of the main tourism centers of country. In 2018, in Guilan province, based on last statistics of province, 99 hotels with capacity of 8124 residential beds had activity that from these numbers, 20 hotels were one- star, 29 hotels, were two- star, 36 hotels were three- star, 14 hotels were four- star and 5 hotels were five- star. From the total of hotels in province, 5 hotels (5percent) have been located in Langarud province.

Title	Unit of measurement	Year	Number
Number of passengers entering the province	People	2018	47517626
Internal visitors	People	2018	263360
Foreign visitors	People	2018	1462
Number of hotels and residences covered	the unit	2017	1623

Action plan and implementation scheduling

According considered steps for implementation of plan that include preliminary studies, basic and detailed engineering design, equipment construction and supply, and with considering the temporal overlap of discussed steps, 3 years is estimated and operation duration is 15 years.

Timetable

Step		Implementation duration	Months 1	Months 2	Months 3	Months 4	Months 5	Months 6	Months 7	Months 8	Months 9	Months 10	Months 11	Months 12
1st phase	1.Levelling	6 Months												
	2.Fencing													
	3.Foundation													
	4- Orders of niches													
2nd phase	1. Orders of machinery	26 Months												
	2. installation warehouse pillar													
	3. making warehouse													
	4.making wall													

	5.making floor														
	6.mozaik														
3rd phase	1. establishment	9 Months													
	2.official & guard building														
	3.surrrounding														
	4.installation of machinery														

Financial plan

Costs estimate

costs estimate

Row	Subject	Cost (Million Rial)
1	Fixed investment	444320
2	Operating costs (working capital)	187060

Estimation of Fixed investment (capital expenditures)

Row	Subject	Cost (Million Rial)
1	The cost of land purchase	75000
2	Landscaping and land improvement	4000
3	Development operations and construction of buildings	249200
4	Machinery and Manufacturing equipment	77200
5	Pre- production expenditures	14000
6	Unexpected costs	24920
Total		444320

Estimation of working capital (Production cost)

Row	Subject	Cost (Million Rial)
Current costs		122315
1	Raw materials	104550
2	Man power	1810
3	Other current costs	15955
Fixed costs		63755
4	Raw materials	44805
5	Man power	775

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6	Depreciation expense	11335
7	Other fixed costs	6840
Total		187060

Estimate of revenues

Project revenue in the first 5 years after operation (Million Rial)

Row	Subject	year 1	year 2	year 3	year 4	year 5
1	Sales Revenue (Million Rial)	439460	483405	531745	584920	643415

Duration of project operation

Duration of operation for project is estimated 3 years.

Cost- benefit analysis

The table of project efficiency indexes

Total cost present value (Million Rial)	1846110
Total revenue present value (Million Rial)	3203110
Net present value NPV(Million Rial)	210460
Benefit – cost ratio (B/C)	1.74
Internal rate of return (IRR)	61%

Sensitivity analysis of IRR

Table of sensitivity analysis of IRR

Percentage of changes	Change of internal rate of return due to change in revenues	Change of Internal rate of return due to change in costs
-20%	38%	86%
-10%	50%	72%
0%	61%	61%
10%	71%	51%
20%	81%	42

Summarizing

"Summary of project economic issues"

Activity	The exact title of activity	Manufacturing product name	Nominal capacity and its unit
Service	Construction of 5-star hotel and side	Residential services	80 rooms

	recreational complexes		
Duration of implementation period	Total fixed investment (Million Rial)	Annual working capital (Million Rial)	Required man power
3 years	444320	187060	83 persons
Internal rate of return (IRR)	Net present value (Million Rial)	Applicant share (Million Rial)	Benefit – cost ratio B/C
61%	210460	30% total investment	1.74

The way of participation and finance method

For financing the present project, the foreign investment participation is required for financing 95% of fixed capital and 95% of working capital.

Payback period

The payback period is approximately 5 years.

Incentives, features and advantages of project:

The conditions for granting of facilities:

On the base of cabinet act about the granting of facilities from credits of small economic and early efficiency and entrepreneurship business, some plans are studied which are executive of the plan committed to creating of employment more than ten(10)persons and the plan must have economic justification and technical approval from experts in organization .Also the total of documents that are giving to applicants, are completed according to the notification format and they are referred to the relevant unit.

The required documents for tourism facilities

The applicants must proceed regarding the use of banking facilities for the construction, development ,repair ,conversion and equipping of tourism facilities in relation to completing of the following described documents and submitting to deputyship of investment and plans for expertise studies.

- 1 - The copy of final permission for organization – The copy of exploitation license
- 2 - The copy land ownership document or some document which shows the ownership
- 3-Architectural maps approved by this organization and also the second phase architectural maps.
- 4- The written agreement of region county offices or municipality in the case.
- 5- The copy of plan building license.
- 6- The picture of first page of birth certificate.
- 7- The copy of id
- 8- The economic, financial and technical feasibility plan.
- 9- Inquiry reply for the way of supplying the consumed water.
- 10- Inquiry reply for the way of supplying the consumed electricity.
- 11- - Inquiry reply of department of environmental protection.

12- The copy of documents related to the user change

13- In the case of construction plan, submitting of report from technical unit expert based on confirming at least ten percent physical progress of building operation

14- In the case of buying the place, the copy of written promise for considered location and completion certificate of building operation from municipality or country offices

15- The copy of supervision sheet and engineering system card, project supervising engineer

In the case that the plan executive and applicant be the legal entity ,the above documents including:

1-The registered declaration of company

2-The company statute with emphasis on tourism activities

3-The last advertisement of official newspaper

4-The last balance sheet and financial statements of company must be approved by inspector and legal auditors

5-The photocopy of company managers' birth certificate

6-The copy of company managers' ID card