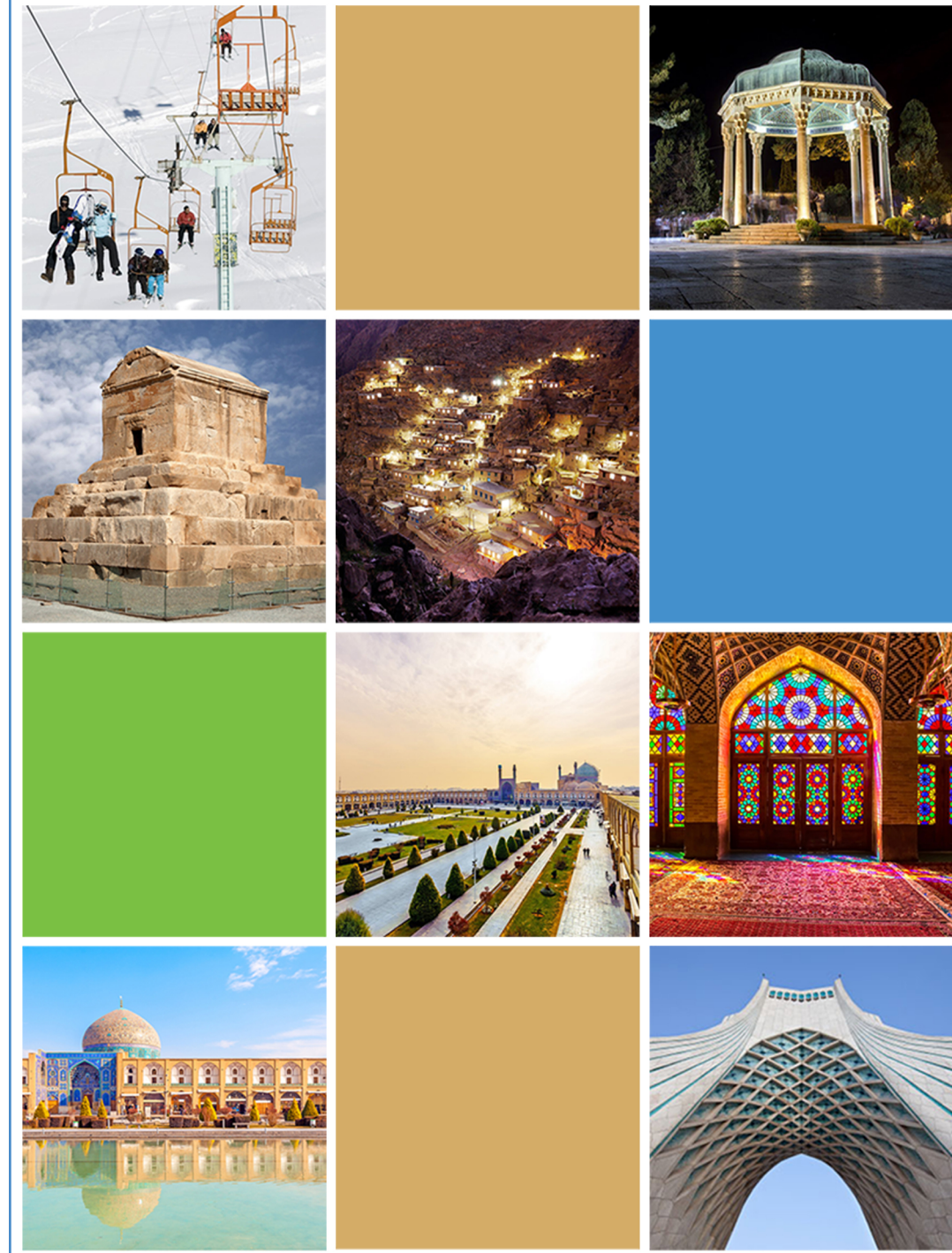


Iran Tourism Industry

A Booming Market!



Introduction

According to Mehr News Agency, Statistics shows that Iran is currently ranked 15th in terms of tourist attractions in the world.

Iran is the second largest economy in the Middle East and North Africa (MENA) with an estimated Gross Domestic Product (GDP) of USD 412.2 billion in 2016. It also has the second largest population of the region, with an estimated 78.8 million people in 2015.

Iran is a country with high potential in tourism industry and since historic nuclear deal reached between Iran and the 5+1 group of countries in 2015, also known as the Joint Comprehensive Plan of Action (JCPOA) geared up to make its mark in the industry.

Iran's tourism industry has huge potential for growth. Iran plans to overhaul its hotel industry, investing 220 USD million in hotels and other similar establishment. In 2015 Iran succeeded to attract 5.2 million foreign tourists, most of them from Middle East and Europe, generating 8 billion USD revenue. Iran desires to draw 20 million annual tourists in next decade, generating an estimated 20-30 billion USD.

At present the Iranian government is planning to attract more tourists which the initiative would create a huge number of jobs and produce around billions of dollars for the country. According to a report by World Travel and Tourism Council (WTTTC), the direct contribution of Travel & Tourism to GDP was IRR367,635.0bn (USD11.9bn), 2.9% of total GDP in 2016 and is forecast to rise by 7.5% in 2017, and to rise by 2.6% pa, from 2017-20127 to IRR 512,811.0 bn (USD16.6bn), 2.7% of total GDP in 2027. The total contribution of Travel & Tourism to GDP was IRR973,880.0bn (USD31.5bn), 7.7% of GDP in 2016, and is forecast to rise by 6.6% in 2017, and to rise by 3.0% pa to IRR1,388,250.0bn (USD44.9bn), 7.3% of GDP in 2027.

In 2016 Travel & Tourism directly supported 559,500 jobs (2.2% of total employment). This is expected to rise by 4.9% in 2017 and rise by 1.3% pa to 670,000 jobs (2.1% of total employment) in 2027.

In 2016, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry was 6.5% of total employment (1,624,500 jobs). This is expected to rise by 4.3% in 2017 to 1,695,000 jobs and rise by 1.5% pa to 1,964,000 jobs in 2027 (6.2% of total).

Visitor exports generated IRR130,525.0bn (USD4.2bn), 3.3% of total exports in 2016. This is forecast to grow by 11.6% in 2017, and grow by 3.4% pa, from 2017-2027, to IRR203,623.0bn (USD6.6bn) in 2027, 2.7% of total.

Travel & Tourism investment in 2016 was IRR107,315.0bn, 3.3% of total investment (USD3.5bn). It should rise by 6.3% in 2017, and rise by 5.3% pa over the next ten years to IRR191,392.0bn (USD6.2bn) in 2027, 3.9% of total.

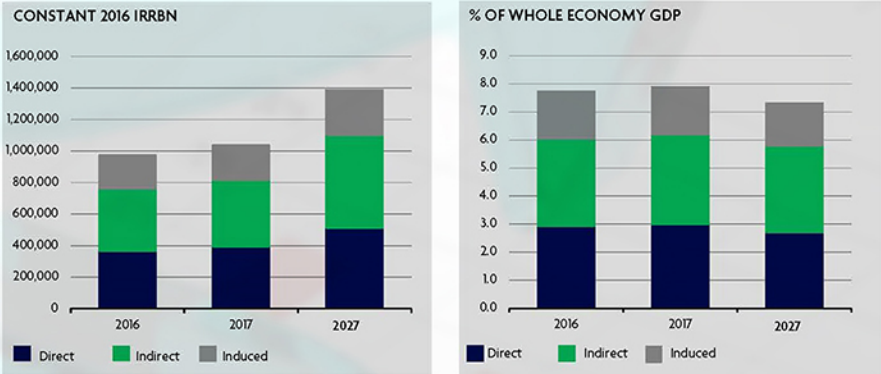


Travel & tourism's contribution to GDP

IRAN: DIRECT CONTRIBUTION OF TRAVEL & TOURISM TO GDP

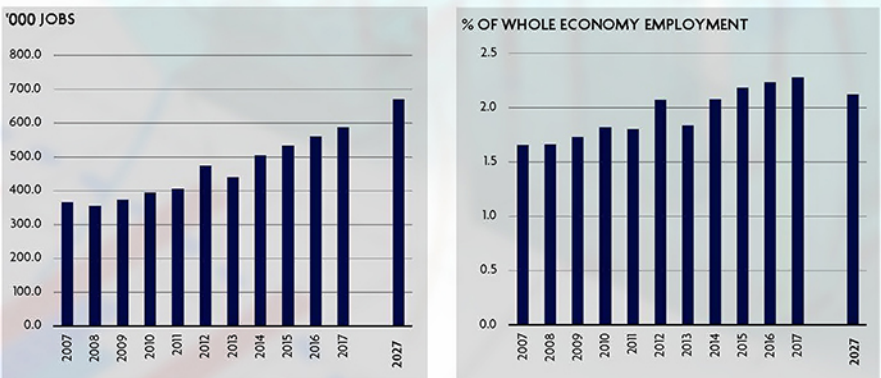


IRAN: TOTAL CONTRIBUTION OF TRAVEL & TOURISM TO GDP

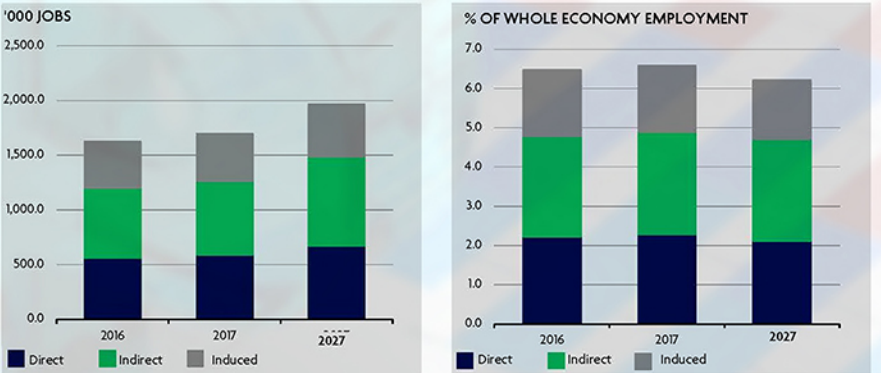


¹All values are in constant 2016 prices & exchange rates

IRAN: DIRECT CONTRIBUTION OF TRAVEL & TOURISM TO EMPLOYMENT



IRAN: TOTAL CONTRIBUTION OF TRAVEL & TOURISM TO EMPLOYMENT



Advantages and Opportunities

The surge in visitors follows the 2015 nuclear deal between Tehran and world powers that resulted in many sanctions being lifted early the following year, CNN reported. European airlines such as British Airways and Lufthansa resumed direct flights to the country, and Iranian authorities relaxed visa requirements. And as more people arrive, demand for accommodation is skyrocketing. That's creating opportunities for local entrepreneurs and foreign businesses. France's Accor (ACCYY) was the first chain to open in Iran in 2015. It now operates two hotels there.

Iran has advantages in different tourism sectors such as historical tourism, Eco-tourism, Religious tourism, Business tourism and one of the most booming ones which is the Health tourism. Although the health tourism sector does not have a big share comparing to some other sectors, but there are big potentials in this field. Globally well reputed medical system and infrastructures and also the cheap prices comparing many other countries will help Iran to become a hub for medical tourism in close future.

Mokran area is another opportunity for investors who are interested in tourism sector. Mokran is a region in south of Iran with more than 700 kilometers coast line in Oman sea with beautiful landscapes and suitable climate. In order to attract foreign and local investors to develop tourism infrastructure, a lot of special privileges and incentive have been provided:

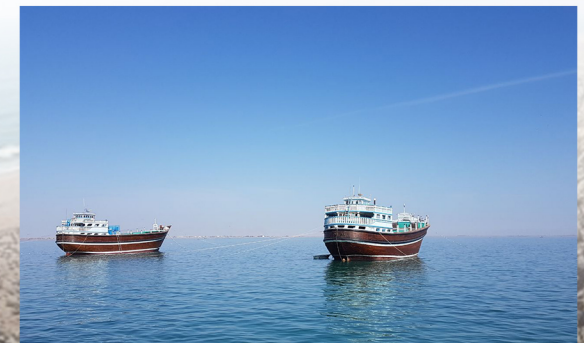
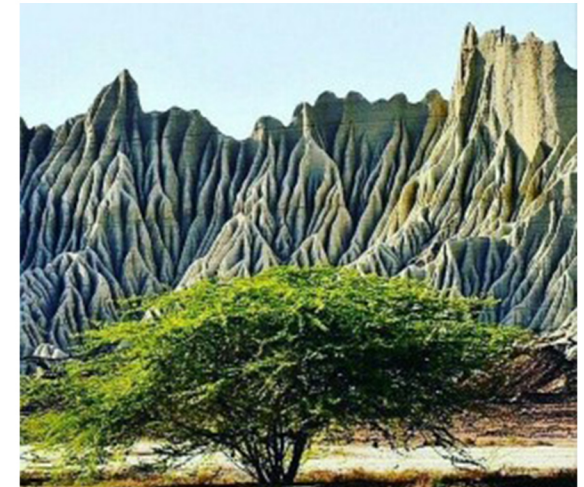
- Government Warranty for direct Investment
- Economic Stability
- No dividend tax for Iranian & foreign investments
- Annual exemption with regards to 50% of investments' applicable taxes.
- Avoiding any discrimination act among investors.
- Affordable land prices – lower overall business & industrial costs.
- Strategic location with excellent transportation infrastructure.
- Creation of a one stop shop called the "center for foreign investment services" to support foreign investments undertaking in Iran.
- Additional incentive for investment at un-developed and Tourism designated area such as:

* Organizational support for supplying part of the infrastructure;

* Financing (loans) after spending twenty percent (physical progress of the project) by investor, providing 80 percent of total project estimate by banks and financial institutions under contract with the organization.

* Providing loan by under contract banks and financial institutions after 20% physical progress by investor;

* Agreement on the establishment of the Tourism area is responsible for cultural heritage, handicrafts and tourism.





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