

Foreign Investment Procedure in Iran

Phase I

Identification and Selection of the Investment Project

Different ways to identify and choose an investment project in Iran are as follows:

- Contacting the Organization for Investment, Economic and Technical Assistance of Iran (OIETAI)
- Contacting Provincial Foreign Investment Services Centers (FISCs)
- Economic section of Iran's embassies abroad
- Available Projects in public, private, state sectors
- Data base of Investment opportunities in Iran in OIETAI's website

Phase II

Obtaining permit

Green Fields

- Obtaining Preliminary Permit/ Establishment License from the relevant Iranian Organization/ Ministries

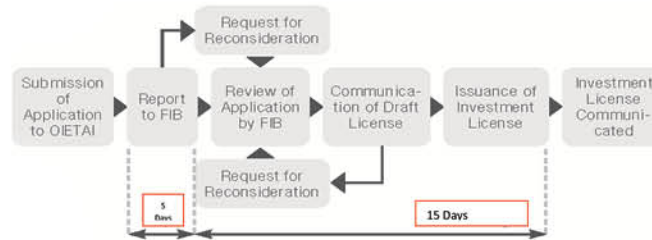
Brown Fields

- Share Purchase Agreement
- Operation Permit

Contractual Arrangements

- Contracts, Agreements and MOUs Concluded in PPP Projects

Phase III Obtaining FIPPA license



Phase IV Implementation of the Project

Company Registration

- Registration of a company through Office for the Registration of Companies and Non-commercial enterprises.

Capital Importation & registration

- Transferring the Foreign Capital in cash to Iran's banking system and registration in OIETAI
- Registration of Orders, Machinery, Equipments and other Physical Capital
- Issuance of the Customs Clearance and registration in OIETAI
- Registration of intellectual properties in OIETAI according to para 2 b of article 21 of FIPPA Implementing regulation

Visa, Work & Residence Permit

- Issuance of short and long term visas for Foreign Investors, Directors and Experts;
- Issuance/ Renewal/ extension of Work Permits for Foreign directors, Investors and experts
- Issuance/ Renewal/ extension of Residence Permits for Foreign Investors, directors and experts and their immediate family members

Foreign Investment in IRAN



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Iran Economic Advantages

› The Diversified Economy and Broad Industrial Base directly involved in Tehran Stock Exchange (TES) and Iran Fara Bourse (IFB) are the Largest Industrial Base in the MENA region.

› Rich in Natural Resources.

› Labor-Rich Economy

› Young and Educated Population

› Large Domestic Market

› The Middle East market as a Prime Market

› Opportunity for Iran's Non-Oil Exports

› Developed Infrastructure in Transportation, Telecommunications and Energy

› Strategic Location, surrounded by 15 Land and Sea Neighbors, Serve as a Lucrative Trade and Transit Route in Both North-South and East-west Directions

› Diversified hydrocarbon-rich economy

› 4th Oil Producer in the World

› 2nd Gas Reserves in the World

› One of the Top Producers of Zinc, Lead, Cobalt, Aluminum, Manganese and Copper in the World.

› Ranks amongst the Top 7 Countries in production of Agricultural Products

› Ranks the first to tenth countries in Producing 22 Important Agricultural Products

| Infrastructure and Population | |
|-----------------------------------|------------|
| Population | 85 Million |
| Mobile-Phone Penetration Rate | 175.2 % |
| Internet Penetration rate | 78.6 % |
| Mobile Broadband Penetration Rate | 124.18% |
| Airports | 68 |
| Railways | 15037 km |
| Roadways | 232535 km |

Some features of investment under Foreign Investment Promotion and Protection Act (FIPPA):

Types of investment:

› Direct Investment (Equity Participation): Equity Participation in All Areas Open to Iranian Private Sector in Greenfield & Brownfield Projects

› Contractual Arrangements:

o Buy-Back Arrangements

o Civil Partnership

o BOT Schemes

No Limitation on:

› Equity Percentage,

› Volume of Investments,

› Profit Transfer,

› Capital Repatriation

› Types of Capital Imported

› No Import / Export Restriction

› Equal Treatment towards Foreign Investors as accorded to Local Investors

Full Government Support & Services Providing:

› Free of charge before and after care services to foreign investors

› 3 years' multi-entry Visa

› 5 years' residence permit

› Work permit

› Covering political risks for foreign investments

To facilitate the Foreign Investment procedures in Iran, OIETAI provides investment services with a One-Stop-Shop approach in its "Foreign Investment Services Centre" (FISC) at the national level and in 31 provincial Investment Service Center.

Risks Covered under FIPPA (non-commercial risks)

› Nationalization & Expropriation

› Government Intervention

› and Breach of Contracts by Government

› Unlimited Transfer for principal and dividend

Appropriate Tax Regime - Highlights of Tax Holidays (Cooperate tax %25)

| Income Tax with 0.0% Rate | Duration of Exemption |
|--|-----------------------|
| Industry, Mining & Services (Hospital & Hotels) | 5 Years |
| Industry, Mining & Services (Hospital & Hotels) in Industrial Parks and Special Economic Zones | 7 Years |
| Industry, Mining & Services (Hospital & Hotels) in Less Developed Areas | 10 Years |
| Industry, Mining & Services (Hospital & Hotels) in Less Developed Areas located at Industrial Parks and Special Economic Zones | 13 Years |
| 100% of Income derived from Agricultural Activities | Perpetual |
| 100 % of Income derived from Export of Services, Non-oil goods, Agricultural Products and 20% of Income derived from Export of Non-Processed goods | Perpetual |