

GRIFFON CAPITAL

**CORPORATE FINANCE ADVISORY
ASSET MANAGEMENT
PRIVATE EQUITY**



GriffonCapital



IRAN

**THE FUTURE IS SO BRIGHT
I HAVE TO WEAR SHADES**

Can foreigners invest in Iran?

**Yes. As long as you are not a US person
you can invest in Iran.**

Are other multinationals present in Iran?

Yes. Many multinationals and their products are already present in Iran. Coke, Pepsi, Nestle, Danone, Henkel are to name a few. Henkel recently purchased a plant for €153 million and Boeing recently signed a contract to sell \$30 billion dollars of planes to Aseman.

If US persons cannot do business with Iran, how come some are already present?

US businesses can do business with Iran subject to receiving a permit from OFAC – US treasury and recently they allowed Boeing as mentioned above.

Could I expose myself to risk of sanctions if I invest in Iran?

Generally if you are not a US person, you do not use US financial system to make your investment and you steer clear of sanctioned entities and individuals you are in the clear. Investing Euros into our Fund via the European based Bank that we use, steers clear of these issues.

Are other foreigners investing in Iran?

Yes. Total FDI in 2016 according to IMF was \$12 billion. You are in good company as much of that flow was from Germany, the UK and China

Are there capital controls in Iran? Can I get my money out?

There are no capital controls in Iran and you can get your money out easily.

What makes Iran attractive?

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Iran Facts for Investing

- Low valuations compared to other markets in the region and peers.
- Economy grew 8.9% last year and stock market was up 29% despite political tensions. In its Iran focused report, McKinsey referred to Iran as the next trillion dollar opportunity.
- Size wise, on PPP basis the economy is larger than Australia with an over 80 million population.
- It is a diverse economy: largest exporter of cement, 9th largest auto manufacturer, 4th largest in oil reserves, 2nd largest gas reserves, 9th in copper, 1st in Zinc and a vibrant Tech startup scene.
- Its infrastructure is well developed with: 101% mobile penetration, 73% banking & ATM card penetration, 54 airports, two stock exchanges with over 400 actively traded companies.

Do I need a visa to travel to Iran?

Travelers from 180 countries can obtain visa upon arrival. Others can obtain a visa from an Iranian consulate – process can take anywhere between 3 days to two weeks depending on your nationality.

What asset classes are available for foreign investors?

- There are a few offshore funds investing in listed securities (Equities and Fixed Income).
- With Fixed Income instruments yielding as high as 23% and the inflation being as low as 7%, the Fixed Income market has also attracted a number of foreign investors.
- There are investment companies that focus on VC/PE opportunities in tech and consumer sectors.

Has the currency been stable?

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Iran Facts for Investing

- The currency has been fairly stable against the USD over past 3 years which also means that it has performed slightly better against Euro, GBP and CAD.
- Current US/IR CPI differential is around 5-6%. With increase in oil and export revenues since the Nuclear deal was struck, the risk of devaluation has significantly diminished. Nevertheless, despite the recent stability its prudent to consider a gradual depreciation in line with the CPI differential.

What is the process for sanctions coming back – snapback – what would happen then?

- According to IAEA Iran is in compliance with the agreement (JCPOA). Certain steps taken by Iran to comply are irreversible. Please read latest press release issued by the JCPOA Joint Commission – https://eeas.europa.eu/headquarters/headquarters-homepage/25069/25-april-2017-meeting-jcpoa-joint-commission_en
- In the unlikely event that sanctions return, the flow of funds will become restricted as many of the banks that currently deal with Iran will likely halt/reduce their operations.
- The agreement is between Iran and 5+1 meaning Germany, UK, Russia, France, US and China. A series of non compliance reports/warnings and voting would need to take place for sanctions to return. It will not be an overnight event and there will be ample opportunity to unwind liquid positions.
- As for PE and VC its important to note that even during sanctions many large foreign owned multinationals continued to operate in Iran in the consumer sector. Sectors related food and medicine where never targeted by sanctions.



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