Investment potential of the Pskov Region
Distinctive features of the Region

- Western gateway to Russia
- Comfortable transport accessibility
- Proximity to the Baltic Sea ports
- Proximity to major markets of Russia-Moscow and Saint-Petersburg
- Proximity to major markets of European Union
- Affordable infrastructure
- Comfortable conditions for life
- Availability of human resources
- Federal project of SEZ IPT “Moglino”
- High potential for business development
- Proximity to the major markets of European Union
- Availability of human resources
- Comfortable transport accessibility
Comfortable transport accessibility

Unique location

- Tallinn
- Riga
- Saint Petersburg
- Moscow
- Pskov
- Velikie Luki

Distances:
- Tallinn - Pskov 360 km
- Riga - Pskov 300 km
- St. Petersburg - Pskov 280 km
- Moscow - Pskov 750 km
- Moscow - Velikie Luki 450 km

Transport routes:
- Federal highways
- Federal roads
- Railways
- Customs checkpoints
- Cities
Pskov has excellent accessibility to developed ports of Tallinn, Riga, Helsinki, connecting Russia with the rest of Europe and can play a major role in traffic.
Key markets

Within a radius of 1200 km
>174.4 million people

In the CF district
> 10,500 enterprises

In NWFD is
> 4,200 enterprises

Pskov

50 km
280 km
750 km

Санкт-Петербург

Moscow

European Union

Republic of Belarus

Ukraine
Structure of economy

Structure of gross regional product
- Agriculture: 6.3%
- State management: 12.2%
- Transport and communication: 13.5%
- Trade: 18.7%
- Manufacturing: 17.1%
- Other: 32.2%

Structure of industrial sector
- Metallurgy: 4.8%
- Textile: 2.5%
- Machinery and equipment: 7.3%
- Electrical, electronic, and optic equipment: 33.2%
- Food processing: 30.8%
- Other: 21.4%

Development priorities of the Region
- Electrical industry
- Food processing industry
- Mechanical engineering
- Agro industrial complex
- Transport and Logistic
- Construction
- Timber complex
- Tourism

Dynamics of GDP (billion USD)
- 2010: 1.4
- 2011: 1.6
- 2012: 1.7
- 2013: 1.8
Agriculture development

Indices of agricultural production, %

2009 2010 2011 2012 2013 2014
101,9 100,3 105,3 105,8 112,8 120,5

Agricultural products by farm category

2,6% Peasant farms
56,2% Agricultural organizations
41,2% Farms of the population

- **2246 thousand ha** of agricultural land (56.7% of all land);
- **252.6 thousand ha** of unoccupied agricultural land
External economic and investment activities

Foreign trade turnover
Pskov region (2014), mln.

<table>
<thead>
<tr>
<th></th>
<th>Export</th>
<th>Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>834,7</td>
<td>41,3</td>
<td>774,8</td>
</tr>
</tbody>
</table>

Trade and economic relations with 110 countries

Imports from 35 courtiers
Leaders on imports:
- Baltic States
- China
- Italy
- Cyprus
- Germany

Exports to 75 counties
Leaders on export:
- Baltic States
- Poland
- Iceland
- Finland

Structure of foreign investments by types of economic activity

- Transport and communications: 20.3%
- Wholesale and retail: 30.7%
- Manufacturing: 24.9%
- Agriculture: 23.4%

Operates 188 foreign enterprises
Foreign trade operations > 400 enterprises

For the period 2009-2014 implemented -

47 investment projects
that were on the support,
with total investments -
265 million USD.
Favorable conditions for business operations: support, tax preferences

<table>
<thead>
<tr>
<th>Tax type</th>
<th>Turkey</th>
<th>Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Company tax</td>
<td>30%</td>
<td>2% in FB</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13.5-18% in RB</td>
</tr>
<tr>
<td>2. Property tax</td>
<td>0.3-0.6%</td>
<td>0.01-2.2%</td>
</tr>
<tr>
<td>3. Insurance contributions</td>
<td>33.5%</td>
<td>30.4%</td>
</tr>
<tr>
<td>(social tax)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. VAT</td>
<td>18%</td>
<td>10%, 18%</td>
</tr>
<tr>
<td>5. PIT</td>
<td>15-40%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Individual support of an investor at all stages of project implementation

Special support measures in strategic sectors (tax privileges, subsidies)

Support of small and medium enterprises (subsidizing, microloans, sales support)

Provision of infrastructure (opportunity to join investment programs in the housing and utility sector)

Quick search for land plots
Logistic infrastructure

The concept of transfer of customs clearance «Green Corridor»

Clearance time - 15 minutes

Electronic system - a simplified procedure for the movement of goods and vehicles from the border crossing points (without payment of customs duties)

Pskov is well connected with the EU - Availability of key crossing points on the border with Estonia, Latvia and Belarus

The flow of foreign goods through the region 8.2 million Tones

32% international freight transport of the NWFD

Imports:
- Machinery and equipment
- Agricultural production
- Textile
- Chemical products

Exports:
- Timber
- Machinery and equipment
- Agricultural production
- Foodstuffs

Lithuania
Latvia
Estonia
PSKOV

PSKOV Airport

Pechory Pskovskie
Kunichma
Shumilino
Bruzishevo

Skanzali
Ludenika
Ubylinka

Pskov

32% international freight transport of the NWFD

8.2 million Tones
Available infrastructure

Price for technological connection to power supply grid, USD

- St Petersburg: 530 USD
- St Petersburg region: 270 USD
- Tver: 180 USD
- Pskov: 140 USD

Gas tariff, USD/1000m3

- Kaluga: 80 USD
- Lipetsk: 75 USD
- Pskov: 70 USD

The tariff for cold water: 285 USD/1000 m3

The price of electricity (110kV): 50 USD MBt/ч

The tariff for thermal energy: 20 USD/Gcal
Availability of human resources

Total amount of students – 27,126 people.

3,000 graduates every year

30% of graduated at engineer specialization
30% labouring specialization

Professional education –
22 Institutes of secondary professional education,
12 Institutes of higher education,
Number of specialties - 80

Main areas of professional training:

- Energy, Power Engineering and Electrical Equipment
- Metallurgy, Machine-building and Materials Processing
- Architecture and Construction
- Technology of Food Products and Consumer Goods
- Economics and Management
- Services Sector

Average annual salary, USD

<table>
<thead>
<tr>
<th>City</th>
<th>Engineer-technologist</th>
<th>Working specialties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pskov</td>
<td>530</td>
<td>410</td>
</tr>
<tr>
<td>Tolyatti</td>
<td>670</td>
<td>625</td>
</tr>
<tr>
<td>Kaluga</td>
<td>750</td>
<td>650</td>
</tr>
<tr>
<td>Lipetsk</td>
<td>875</td>
<td>760</td>
</tr>
<tr>
<td>St. Petersburg</td>
<td>950</td>
<td>700</td>
</tr>
</tbody>
</table>
Tourism

Profile of the region

- Purpose of the trips
  - 6.1% Treatment and prevention
  - 50.3% Leisure and Entertainment
  - 36.5% Business
  - 6.0% Others
  - 1.1% Pilgrimage

Number of tourists, thousand people

- 2010: 304
- 2011: 317.1
- 2012: 324.5
- 2013: 350.5

Profile of the region

A major project to build tourism and recreation cluster "Pskovsky":

- realizing 27 investment projects, volume of investment – 92.8 million USD.

In the following areas:

- Hotel Business
- Construction of cultural and entertainment institutions
- Construction of business-centers
- Construction of sport facilities

- Implemented 6 projects,
  Volume of investment – 29.2 million USD

Availability of the investment sites such as "greenfield", "brownfield"
for business activity in the spheres of:

- Hotel business
- Restaurant business
- Rural business
- Establishment campsites
Pskov - the oldest city in Russia, the historical and cultural center

**Cultural and historical sights** – 4333

**Leisure and entertainment** - 355

10 reasons to visit Pskov region:

1. To join the great history (it was here where Russian statehood)
2. To see the powerful ancient Pskov fortresses (Pskov-1111 years, Izborsk - 1150 years)
3. To visit Holy places (Pskov-caves monastery, where there are unique icons and frescoes)
4. Take a stroll through the medieval streets of the old city of Pskov (the medieval architecture, the diversity of Pskov churches)
5. Enjoy traditional Russian cuisine
6. Look in Pskov museums
7. To go to the edge, which inspired famous writers and composers Pushkin, Mussorgsky, Rimsky-Korsakov.
8. To visit the largest Russian festivals and reconstructions ("battle on the Ice", "Isabel", "Iron town", "national pancake day")
9. To attend the balloon festival in Velikie Luki
10. Enjoy the pristine Northern wilderness
Comfortable conditions for life

• **Pskov is an ancient Russian city, historical and cultural center:**
  - On the territory of Pskov region is located over **500 tourist attractions**
  - Traditional tour itinerary – Pechory, Izborsk, Pushkinskiye Gory

• **One of the most environmentally clean region of North-West Russia**
  - Developed ecological and rural tourism

• **Availability of quality healthcare:**
  - Each district of region is provided with hospitals, medical and obstetric centers, offices of general practice doctors.
  - Realizing large projects (construction of a perinatal center, hemodialysis center, cancer center)

• **Availability of education of high quality:**
  - 22 secondary education school and 12 higher education universities
  - Total amount of professional development programs – 80

• **Center of active and cultural leisure:**
  - 18 sport complexes
  - 15 swimming pool
  - 10 ski resorts
  - Carting
  - 5 cinemas
Opportunities for industrial cooperation
Prospects of electronics and electric engineering production market in Russia

Market capacity of electronics and radiotechnics in Russia (2014) – $25 billion

Manufacturing capacity of electric engineering in Russia (2014) - $8 billion

The main directions of the import substitution

- Disconnect device... 70%
- Lead cable 110 - 500... 40%
- Switchgear gas-... 10%
- Surge protection 110-... 50%
- Ammeter... 40%
- Switch 110-500 Kw 30%
- Potential transformer 30%

Volume ratio of domestic and import production of market

- Domestic production: 15%
- Import: 85%

Structure of electrical system consumption in different economic sectors in Russia

- Transport complex: 8,40%
- Municipal infrastructure: 14,9%
- Defense industry: 11,9%
- Fuel and energy complex: 19,8%
- Other: 26,2%
- Agroindustrial complex: 18,8%
Prospects of household electronics and computers market in Russia

Market capacity of household electronics and computers in Russia (2014) $11-13 billion

Manufacturing capacity of household electronics and computers (2014) – $2.9 billion

TOP 10 of import household electronics (The main directions of the import substitution), %

- Laptop: 27%
- Goods for cellular: 25%
- Photo and video equipment: 9%
- Audio equipment: 6%
- Gas-stove and electric cooker: 4%
- TV set: 4%
- Washing-machine: 4%
- Small consumer electronics: 4%
- Refrigerators: 3%
- Vacuum cleaner: 2%

Volume ratio of domestic and import production of market

- Domestic production: 40%
- Import: 60%

Structure of household appliances and electronics market

- Audio and video equipment: 38.1%
- Major appliances: 36.4%
- Small appliances: 17.4%
- Photo equipment: 8.1%
Opportunities for cooperation in field of electronics, electrical and household appliances

Production of marshalling cabinets, high-tension switch, electrical boxes, light boards, furniture dolly, prefabricated greenhouses

Production of the relay for motor vehicles

Manufacture of AC motors, DC motors

Production of alkaline accumulator, alkaline batteries, automotive starters

Manufacture of electrical equipment for electric trains, subway cars, low-voltage equipment, and consumer goods.

Production of elektrocomplex devices, consumer goods, low-voltage equipment

Manufacturing of drive technology for engineering industry, cylindrical and planetary abridger.

Development and mass production of a wide range of cable products

Manufacturer of insulators
industrial production
special economic zone

Pskov region, Russia
21. Moglino SEZ general information

- Established in October 2012
- Duration: 49 years
- Area: 215 ha
- Government investments: 51.4 mln. USD
- Non-government investments: 70.4 mln. USD

Jurong Consultants, Singapore prepared Moglino SEZ development plan.
22. Urban integration

- 50 km to the border on EU
- 14 km to Pskov city center
- Proximity to railway station and airport
- Direct access to the federal highway St Petersburg – Riga
- New residential area Borisovichi
- Moglino SEZ 8 km
23. Land use plan

Area, ha
215
24. Moglino SEZ Logistics cluster

Logistic zone with storage warehouses, container freight stations and truck parking

Moglino Industrial Park
(close proximity)

Moglino SEZ (215 ha)
25. Land lots

Land lease rates in SEZ and IP, USD / ha / year

- St Petersburg region: 4800
- Kaluga region: 1400
- Lipetsk region: 1200
- Pskov region: 950

Land lease rate based on investment value, USD / ha / year

- > USD 33 mln: 810
- > USD 22 mln: 1135
- > USD 11 mln: 1460
- < USD 11 mln: 1620
### 26. Infrastructure development

<table>
<thead>
<tr>
<th>Service</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water supply</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas supply</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power supply</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customs infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landscaping</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>qr 1</td>
<td>qr 2</td>
<td>qr 3</td>
</tr>
<tr>
<td>Water supply</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas supply</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power supply</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customs infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landscaping</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Free connection to infrastructure objects for tenants**

**Logistics zone with storage terminals, container yard and truck parking lots**
## 27. Taxation policy

<table>
<thead>
<tr>
<th>Tax</th>
<th>Common rate</th>
<th>Moglino SEZ tenant rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Corporate profit tax</td>
<td>2% to Federal budget</td>
<td>2% to Federal budget to Regional budget:</td>
</tr>
<tr>
<td></td>
<td>18% to Regional budget</td>
<td>0% in 2013-2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3% in 2020-2021</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10% in 2022-2023</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13.5% in 2024 onwards</td>
</tr>
<tr>
<td>2. Corporate property tax</td>
<td>2.2%</td>
<td>0% for 10 years</td>
</tr>
<tr>
<td>3. Land tax</td>
<td>starting from 1.5%</td>
<td>0% for 5 years from the registration date</td>
</tr>
<tr>
<td>4. Vehicle tax</td>
<td>2-12 euro per hp</td>
<td>0 for 10 years from the registration date</td>
</tr>
<tr>
<td>5. Duties on equipment, raw materials and components imported from</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>abroad</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. VAT on imported equipment and raw materials (apart from Customs</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Union countries**)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. VAT and export duties for finished products for export through</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>the borders of the Customs Union</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Rates of insurance payments for tenants who signed technical</td>
<td>30.2%</td>
<td>14% until 2017</td>
</tr>
<tr>
<td>innovation agreement***</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

** The Customs Union includes the Russian Federation, Republic of Kazakhstan and Republic of Belarus (VAT for import from these countries can be recovered)

*** The tenant shall implement technical and technological innovations
28. Customs payments

Payments when equipment, raw materials and components enter and leave Moglino SEZ under ‘free customs zone’ regime

<table>
<thead>
<tr>
<th>Description</th>
<th>Entering</th>
<th>Leaving</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign States</strong></td>
<td>0% VAT</td>
<td>18% VAT</td>
</tr>
<tr>
<td>0% Import Duty</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>0% Excise*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Custom duty – 8 - 480 usd</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Leaving</th>
<th>Entering</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Custom Union</strong></td>
<td>0% Export Duty</td>
<td>0% VAT</td>
</tr>
<tr>
<td>VAT – indemnified INFS</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Customs duty – 8-480 usd</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Customs Union includes RF, Kazakhstan, Belarus

* Except for passenger cars with 90 hp capacity and motorcycles with 150 hp capacity

** Excluding prices for Customs union goods
29. Social infrastructure

Tenants can rent a land lot with ready infrastructure for residential construction in Moglino SEZ. Pskov, center.

**Average cost for housing at primary market, USD per 1 m²**

- St Petersburg region: 1177
- Tver: 1090
- Novgorod: 995
- Smolensk: 880
- Pskov: 650

Tenants can rent a land lot with ready infrastructure for residential construction.
30. Moglino SEZ tenant and potential investors

1 tenant

Agreement of intent

BRIX & KAMP A/s

ТЕХНОЛОГИЯ МЕТАЛЛОВ

ООО Профстройсервис

NORMAALI

At the stage of obtaining the tenant status:

Pontarolo (Erel Group) (Italy)

Production of permanent EPS formwork

Amount of investment: 3.2 mln. USD
Expected production level: 320,000 building blocks (eq.)
Number of jobs: 14

«Pskovgeocabel» (Russia)

Production of cables

Amount of investment: 6.3 mln. USD
Expected production level: Cables for first 5 years: 3,421 km
Number of jobs: 200

Potential tenants:

Potential tenants:
31. Moglino SEZ key benefits

- Advanced management
- Convenient logistics
- Tax privileges for residents
- Free custom zone regime
- Affordable infrastructure
- Developed land sites
- Investment grade office space
- Pre-built factories
32. Tenant status acquisition order

**Registration**

Register the legal body in the Pskov district of the Pskov region

**Business plan presentation**

Present the business plan to the Supervisory and the Expert Board

**Agreement signing**

Sign a tripartite agreement with the Ministry of Economic Development and Moglino SEZ, JSC

Application shall include:

- business plan
- copies of constituent documents;
- copy of the Certificate of incorporation;
- copy of Tax registration certificate.

*Investors will be supported by the Management Company at every stage

Investment requirements

Capital investments upwards of 1,9 mln USD (excluding intangible assets)

0.6 mln USD – within the first 3 years after Tripartite Agreement signing.
Thank you for your attention!