KALIGA REGION

INVESTMENT POTENTIAL

2016





Kaluga Region has a favourable geographical position and borders on Moscow. Moscow Region is the main financial, commercial and logistic center in Russia. Several highways of strategic importance pass through Kaluga Region, such as A-108 (Moscow Big Ring), A-101 (Moscow-RoslavI), M-3 (Moscow-Kiev). All this is a big advantage when we speak about business localization.

COOPERATION WITH ITALY



production and packaging of medicines



production of semifinished fruit for the food industry



production of automotive components



production of ultrafine ceramic panels









production of packaging for pharmaceutical and cosmetic products

production of paintand-lacquer materials

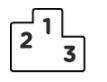
production of automotive components

production of machinery and attachments

KALUGA REGION ATTRACTIVENESS FOR BUSINESS LOCALIZATION



Unique location inside the greatest sales market of the Russian Federation



Leading positions of the region in investment climate among the Russian regions



High dynamics of industrial development in the region



Possibility of cooperation with existing enterprises in the region



GOC

Large variety of industrial sites



Preferential tax and customs regime in SEZ



High-quality of transport and logistics infrastructure



High quality and availability of labor resources



Attractiveness of the region for living



Progressive team of the regional administration Free support and supervision of projects implementation

INVESTMENT CLIMATE



National rating of investment climate in the regions of the Russian Federation, 2016

among

5

81 regions of the Russian Federation

The highest score in the categories:

regulatory environment institutions for business support of small business

An important factor of success of Kaluga Region is a favourable business environment. At the St. Petersburg international economic forum (in June, 2016) the results of the rating of the Agency for strategic initiatives were announced. The Agency was formed to estimate the efficiency of investment climate in different regions of the country. Kaluga Region took the 3nd place among 81 regions.

< OUR DEVELOPMENT INDICATORS 10,000



10,500

155	92	13	7
investment	investment projects	new investment	new production
projects under	implemented	agreements signed	started
implementation	since 2006	in 2016	in 2016

×1,8

\$ 7,3 bln volume of shipped goods in 2015

dynamics of growth of industrial production in 2015 in comparison with 2009

\$ 22 bln

investments since 2006

< WE PRODUGE



Cars and trucks



Steam and gas turbines



Railway constructions



Locomotives



Cast-iron and steel wares



Construction materials



Radio-electronics



Pharmaceutical products



Paper and wood wares



Furniture and other goods



Logistics









PROJECT IMPLEMENTATION PERIOD



Construction start: February 2013

> Start of production: July 2014





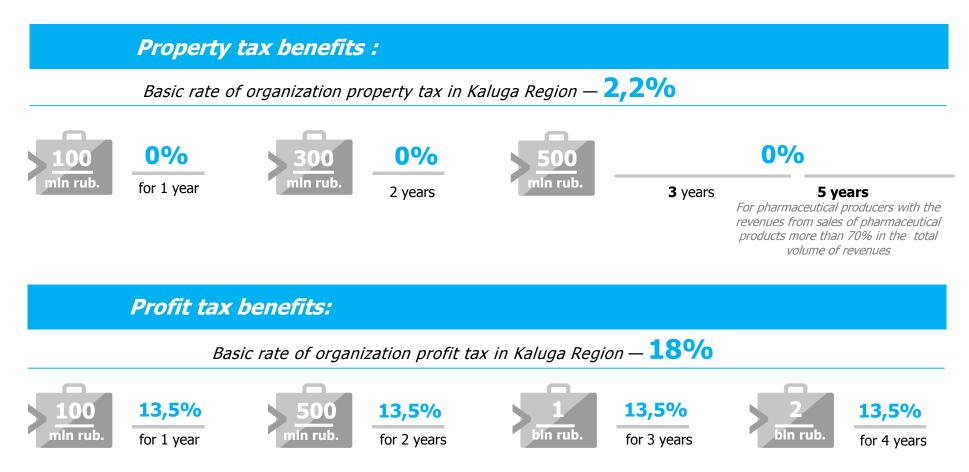
Construction start: September 2007

> Start of production: July 2008



Kaluga Region: tax benefits

Depending on the amount of investments in the project



Privileged period of taxation begins on the date of filing of the application for the tax benefits, but not latter than within four consequent tax periods since including the investment project in the investment projects' register (for pharmaceutical producers there is no limitation on the period of filing of the application for tax benefits).

Obninsk – a city of science

Development of production technologies in the field of fine organic synthesis

Development and production of composite materials and structures Radio medicine, production of radiopharmaceuticals

More than **10,000** scientists and researchers

Research institutes

13

3 State Scientific Centers of the Russian Federation

PERSPECTIVE DIRECTIONS



Pharmacy



Agribusiness



Innovation & IT



Agricultural machinery parts



Production of construction materials

Medical equipment and expendable materials



Production of food flavors and extracts



Logistic and distributive centers

PERSPECTIVE SITES FOR ENTERPRISE PLACEMENT

(HAMK)

1

SEZ «Kaluga» 1042 ha in area Tax benefits Customs preferences State guarantees

2

Industrial parks

Ready infrastructure

Close proximity to transport and logistics complex

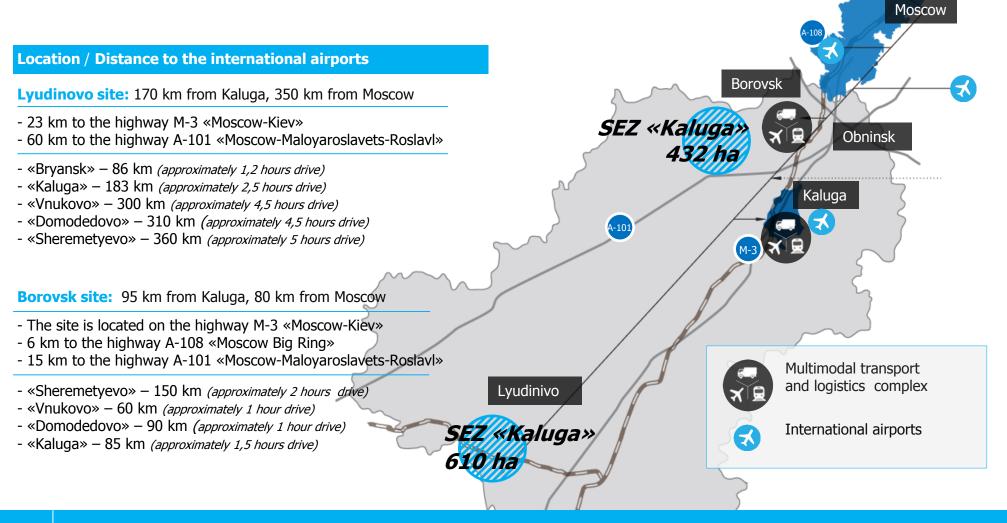
3

Brownfields Ready sites at local enterprises Possibility of quick business start up Cost saving

14

In Kaluga Region there are 12 industrial parks and a Special Economic Zone "Kaluga" ready to become home for the production placement. There is an opportunity for turn-key construction of a plant (built-to-suit). There are ready sites at local enterprises (brownfields) for quick project start up. All the sites are provided with all the necessary infrastructure. Local enterprises are ready for technological cooperation.





15 Currently Special economic zone is the most favourable offer for enterprise placement. There are tax benefits and customs preferences for its residents. It has a favourable position because it is the closest SEZ to Moscow and has an access to the greatest sales market and major construction projects of the Russian Federation.

SEZ: Tax benefits and preferences

Income tax for priority directions:

0% till 31.12.2017 **3%** 2018-2020 **5%** 2021-2022

8% 2023-2024 **10%** 202

10% 2025-2026 **13,5%** till the expiration date of SEZ

For other types of economic activity:

Corporate property and transport tax for 10 years

Land tax for 5 years

Y/0

Import duties and VAT

5 % till 31.12.2022 **9 %** 2023-2026 **13,5 %** till the expiration date of SEZ

SEZ: infrastructure and services

The land plot is available for rent to the investor after receiving a status of resident of «Kaluga» SEZ

Free of charge

road

power supply

gas supply

water supply

drainafe

downpour sewage Connection points close to the border of the land plot

Technological connection to the amenities is free of charge



7767 ha

total area of the industrial parks

4116 ha

vacant for production placement

Close proximity to the enterprises of the region

Ready infrastructure

18 In Kaluga Region there are 12 industrial parks. All the sites are provided with infrastructure and utilities. Railways and roads with modern covering are connected to the sites. Currently there are 89 investment projects, which are located at the industrial parks. The major part of them has been already implemented, 18 000 jobs were created. The investors are the leading world-famous companies.

Brownfields

100 000 m²

Production areas, ready for production placement

HEISE MINI

Favourable geographic location

Possibility to use existing infrastructure of the enterprise

ALL ALL ALL ALL

Possibility for technological and HR cooperation

19 In Kaluga Region there is a possibility to locate production facilities at the production areas of the local enterprises. This way of placement gives an opportunity to set up a project as quick as possible and leads to cost savings. There is an opportunity to use existing infrastructure of the enterprise, recruitment process outsourcing, technological cooperation and renting of equipment for certain technological processes.



Multimodal terminal

Modern station of customs control

Warehouses of Class-A cross-dockings type

Freight airport «Ermolino»

20

Freight Village Ru is one of the most perfectly mastered forms of a dry port created in accordance with the principle of German freight villages network and licensed by the Association of German Freight Villages (DGG). Its unique feature is an integration of the logistics infrastructure of different kinds of transport in one complex. Currently this is the 1st, only and unique project of such a level which is being implemented in Russia. Freight Village Ru includes 2 multimodal transport and logistics centers.



Handling capacity (passengers/hour) **100** Expected passenger flow (people/year)

250 000 κ 2020 **500 000** κ 2030

21

Since the beginning of regular passenger transportation, Airport "Kaluga" has shown a record growth of all the production rates. Currently the airport has received the status of an international one and charter flights to Germany are implemented. Hereafter it is planned that more than 10 flights within the country and more than 15 international flights will take off and land in the airport.

< EDUCATION AND PERSONNEL

Professional education

Specialized centers of dual education Classical education

21 higher professional education institutions

7500 graduates annually

22 An access to the qualified manpower is an important advantage of the region. In Kaluga region a large number of educational institutions are concentrated. These institutions give the specialists of different professions. There is a specialized center of dual education in the sphere of automotive industry and the center of practical education in the sphere of pharmaceutical production.





72 Hotels in Kaluga and Kaluga region



The international bachelor certificate **IB**

47% the increase of number of tourists in 2014

8% the increase of housing construction in 2015

In Kaluga Region a great attention is paid not only to the development of economy, but also to the housing improvement and leisure activities. For 2015 we put into service more than 700 000 m2 of new accommodation. Recently our region became more attractive for tourists, for 2015 approximately 2 000 000 people visited our city, in 2016 it is planned to have 2,5 mln visitors.



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