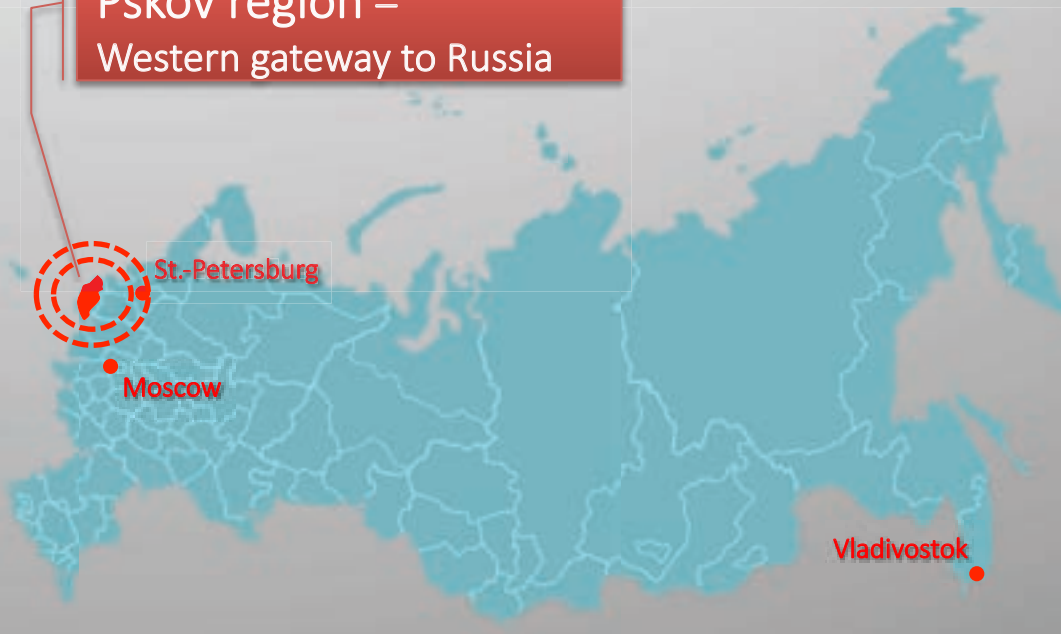


Pskov region –
Western gateway to Russia



Investment potential of the Pskov Region



02 Distinctive features of the Region



Western gateway to Russia

Comfortable transport accessibility

Proximity to the Baltic Sea ports

Proximity to Moscow and St-Petersburg

Proximity to major markets of European Union



High potential for business development

Affordable infrastructure

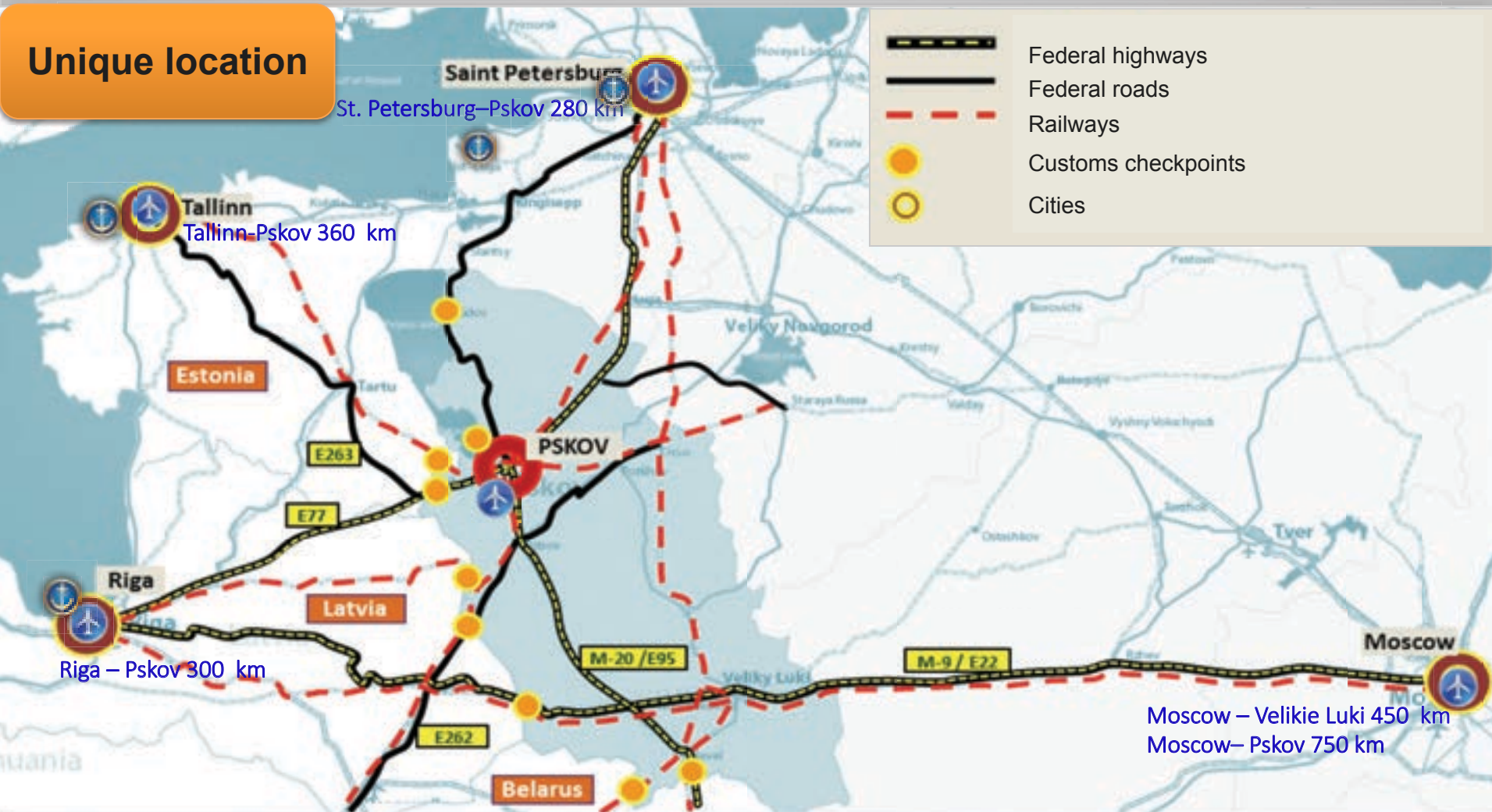
Availability of human resources

Comfortable conditions for life

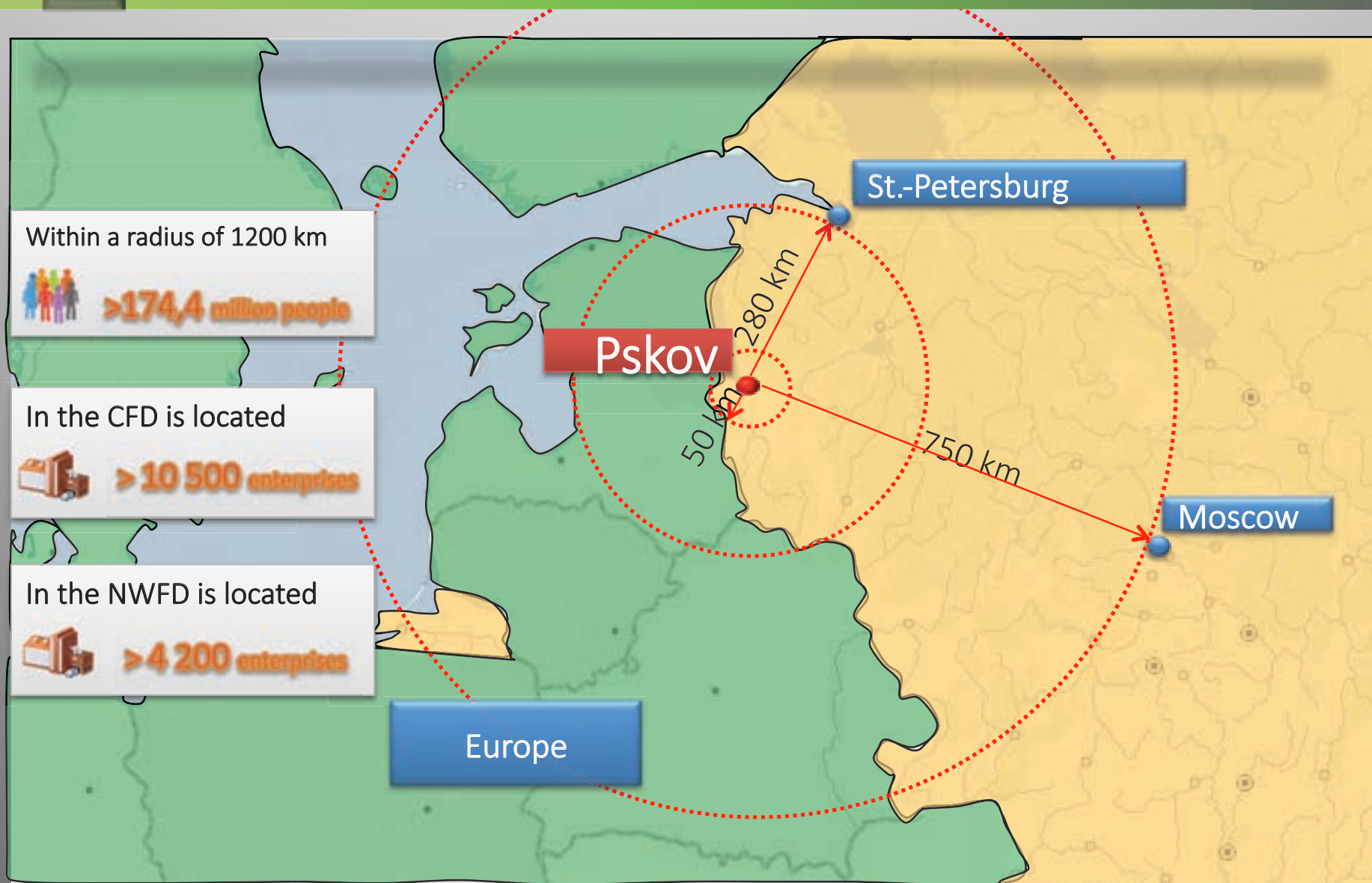
Federal project of SEZ IPT "Mogliano"



Unique location

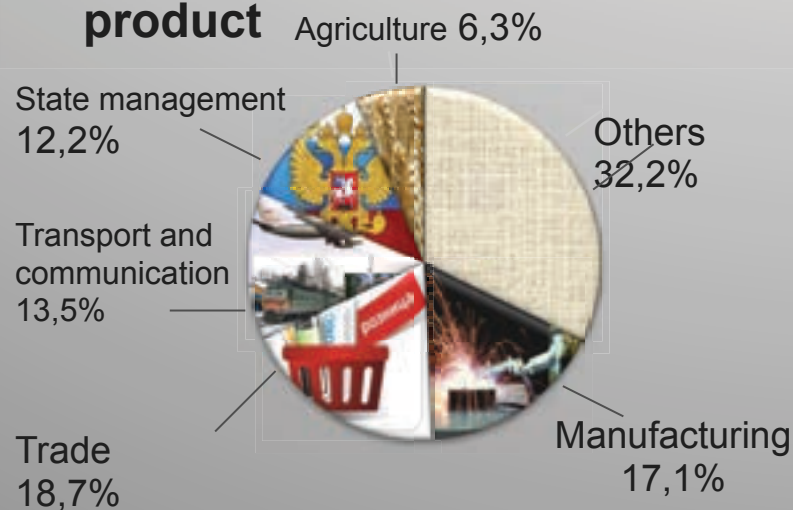


04 Key markets





Structure of gross regional product



The largest manufacturing sectors



Electrical industry



Food processing industry



Mechanical engineering

Development priorities of the Region



Agroindustrial complex



Mechanical engineering



Timber processing complex



Transport and Logistics



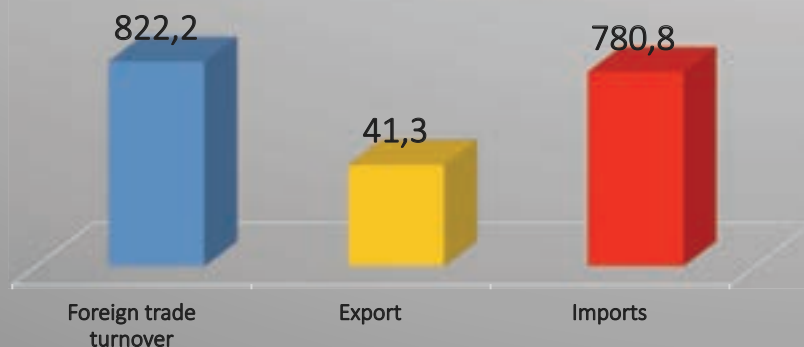
Construction



Tourism



The foreign trade turnover of the Pskov region (2013), mln.euro



Trade and economic relations with 110 countries

Imports from 35 countries

Leaders on imports:

Baltic States

China

Italy

Cyprus

Germany

Exports to 75 countries

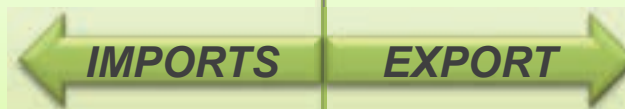
Leaders on export:

Baltic States

Poland

Iceland

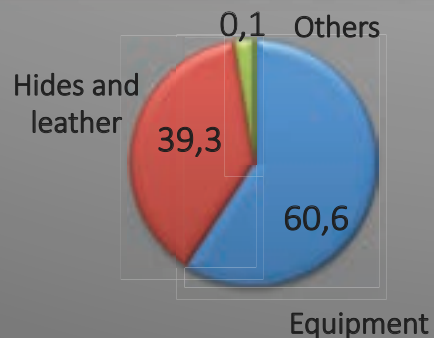
Finland



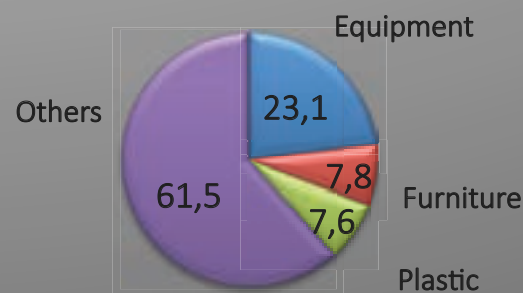
Operates **188** foreign enterprises

Foreign trade operations > **400** enterprises

Structure of imports from Italy



Structure of exports to Italy





State support



Infrastructure support

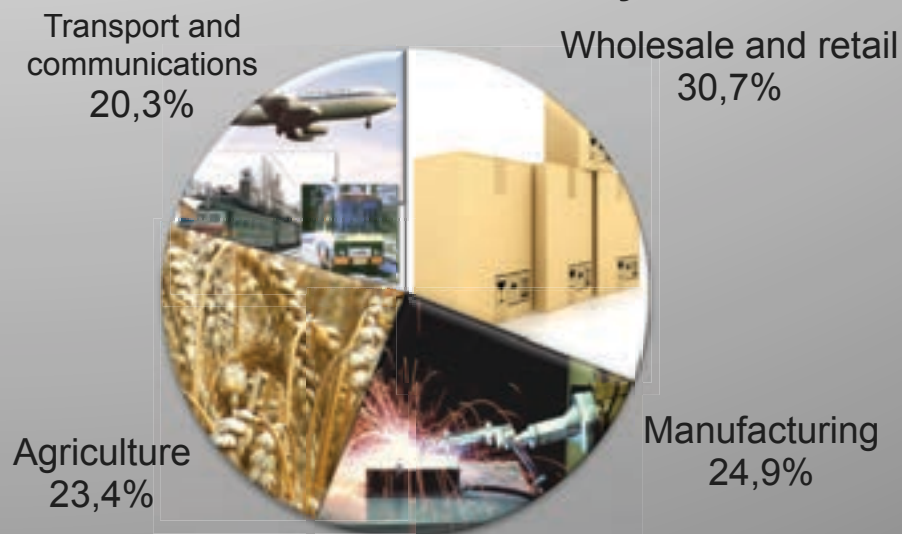


Financial support



Information support

Structure of foreign investments by types of economic activity



Property tax

Benefit property tax

Profit tax

Benefit profit tax



For the period 2009-2013 was implemented

77 investment projects

With a total investment—

\$ 1,4 billion euro

08 Pskov region Investment Development Agency



Support for investment projects is carried out by the Pskov region Investment Development Agency

- One-stop-shop service
- Availability of the project teams
- Promotion of the regional investment opportunities and projects in Russia and abroad



Obtaining a building permit

Connection to electricity

Connecting the gas supply

Providing of land

The number of supported projects

Availability of the investment sites in the Region



Amount of investment –
783,1 million euro
Number of jobs – **5383**
Budget effectiveness –
45,8 million euro

64



«Greenfield»

118



«Brownfield»

36

Examples of successful implementation of the investment projects



Country - Denmark
Branch –Livestock, agriculture
Amount of investment -27,2 million euro

Project implementation period- 2008 — 2020

Type of the site– greenfield
Number of jobs- 150



«SAERIMNER»



Country - Germany
Branch - Manufacturing
Amount of investment- 3,8 million euro

Project implementation period– 2011-2012

Type of the site–brownfield
Number of jobs- 20



«Dula-Werke Dustmann & Co. GmbH»



Country – Austria
Branch – Manufacturing
Amount of investment– 17,07 million euro

Project implementation period– 2009-2011

Type of the site–greenfield
Number of jobs - 90



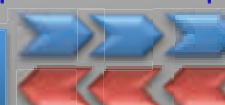
«Trierenberg Holding AG»

Components Equipment



Volkswagen

Production of automotive components



Human resources

“AVAR”

Manufacture of electrical equipment for cars



Manufacture of electric motors for the cooling system

Manufacturing cost- 20 million euro



«Establishment of production complex
of added-value wood processing
«Dedovichy»

Planned investments in fixed capital

53,8 million euro

General investor of the project – Holding
GS Group



I stage:

Timber harvesting and forest restoration

II stage:

Construction of hi-tech enterprise of added-value wood processing

III stage:

Construction of the plant for the production of fuel pellets (pellets)

Products of timber mill “Sudoma”

The volume of sales of finished products

- 61.500 м3

Including:

Impregnated planed products

- 6.000 м3

Thermally-modified planed products

- 18.000 м3

Planed softwood and hardwood products

- 37.500 м3



Thermally-modified wood used for:

- Construction and Cladding of houses
- Doors and windows production
- Furniture production
- Finishing saunas, swimming pools, boats and other objects that come into contact with water
- Floors manufacture;
- Musical instruments production;
- environmentally friendly products for children (furniture, toys), and others.


“Alkaline battery plant “Impuls”

Production of alkaline batteries

Volume of production: 11,5 mln.euro
 Productive capacity 40%
 Free production areas: 11900 sq.m

“Ostrovsky plant of electrical machines”

Production of electric motors

Volume of production: 0,8 mln.euro.
 Productive capacity 90%
 Free production areas : no

“Plant Tochlit”

Castings of carbon and alloy steels and special gray cast iron

Volume of production: 3 mln.euro.
 Productive capacity 46%
 Free production areas : 216 sq.m

Electrical engineering cluster

Building and construction

Equipment

Engineering infrastructure

Working capital

«Plant electrical equipment»

Production of electrical cabinets, boxes, panels

Volume of production: 22 mln.euro
 Productive capacity 50%
 Free production areas : no

“Plant «Avtoelektroarmatura»

Production of the relay for motor vehicles

Volume of production : 16 mln.euro
 Productive capacity 90%
 Free production areas : 6800 sq.m

12 Light industry cluster



«Pskov garment factory «Slavyanka»

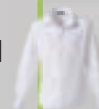
Manufacture of men's suits
TM Truvor

Volume of production: 19,5 mln.euro
Productive capacity 100%
Free production areas : no

«Nevelsky sewing association»

Manufacture of men's, women's and
children's clothing

Volume of production :1,6 mln.euro
Productive capacity 90%
Free production areas : 4000 sq.m



«VelikieLuki garment factory»

Manufacture of workwear and
sportswear, outerwear

Volume of production : 0,6 mln.euro
Productive capacity 75%
Free production areas : 1508 sq.m



Light industry cluster



Building and construction

Equipment



Engineering infrastructure

Working capital

«Pskov-Polimer»

Manufacture of leather, leather
products and footwear

Volume of production :15,1 mln.euro
Productive capacity 20%
Free production areas : 1000 sq.m

«Velikie Luki knitting factory «Trivel»

Manufacture
of knitted
fabrics and garments

Volume of production :1,9 mln.euro
Productive capacity 30%
Free production areas : 8000 sq.m



«Sorento»

Manufacture
of men's, women's and children's
shoes

Volume of production :3,3 mln.euro
Productive capacity 60%
Free production areas : no





industrial production
special economic zone

Pskov region, Russia

14. Moglino SEZ general information

**Established in
*October 2012***

**Duration:
*49 years***

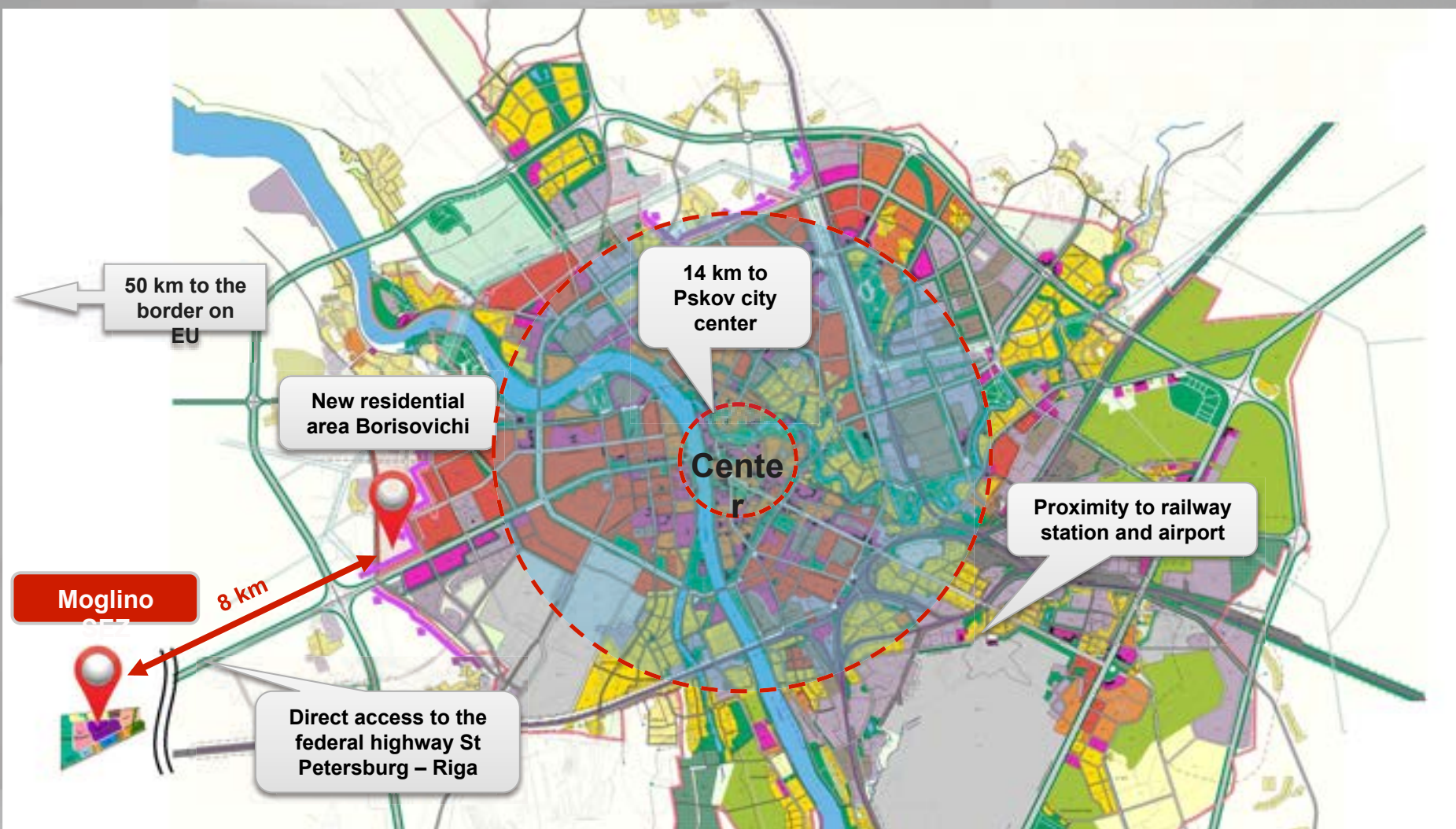
**Area:
*215 ha***



***Jurong Consultants,
Singapore
prepared Moglino SEZ
development plan***

**Government
investments
66,1 mln. euro
Non-government
investments
82,9 mln.euro**

15. Urban integration



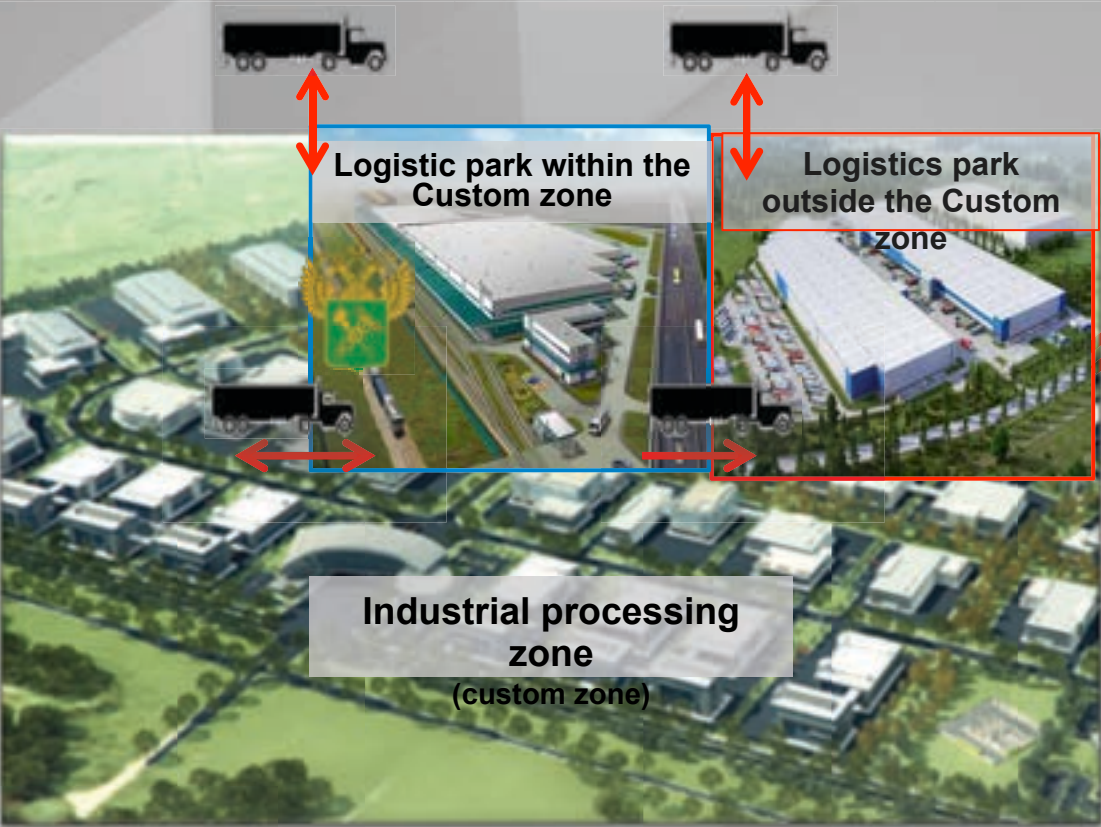
16. Land use plan



17. Moglino SEZ Logistics cluster

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

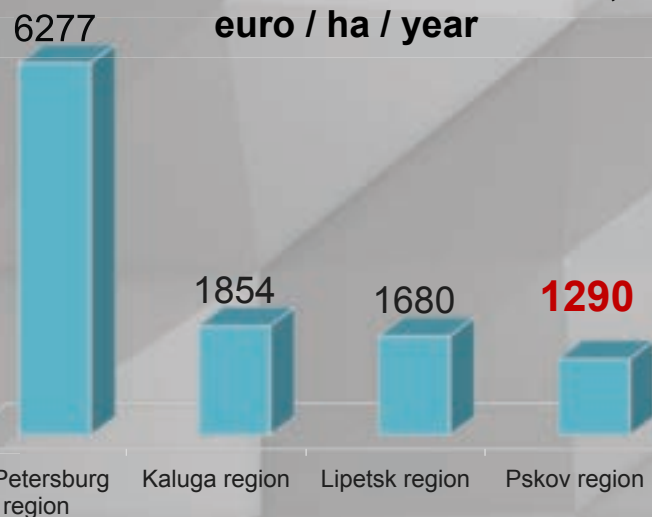
Moglino Industrial Park
(close proximity)



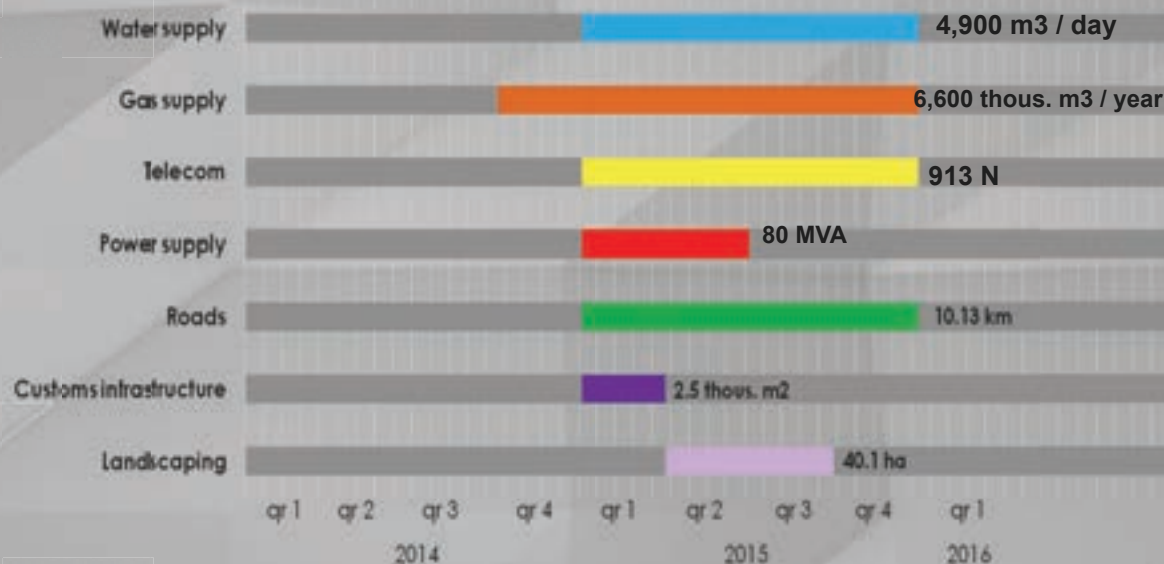
Moglino SEZ(215 ha)

18. Land lots and infrastructure development

**Land lease rates in SEZ and IP,
euro / ha / year**



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



Free connection to infrastructure objects for tenants

Management Company free of charge gives permission to connect to the infrastructure irrespective of natural monopolies

19. Tax policy and customs fees

to Regional budget:

0% in 2013-2019

3% in 2020-2021

10% in 2022-2023

13.5% in 2024 onwards

2% to Federal budget

0%

Tax on profit

0%

for 10 years

Property tax

0%

for 5 years

Land tax

0%

for 10 years

Transport tax

Payments when equipment, raw materials and components enter and leave Moglinto SEZ under 'free customs zone' regime



Foreign States

0% VAT
0% Import Duty
0% Excise*
Custom duty – 9 - 530 euro

Entering

Leaving

0% VAT
0% Import Duty



0% Export Duty
VAT – indemnified INFS
Customs duty – 9-530 euro

Entering

Leaving

18% VAT
0% Excise
Import Duty following customs tariffs**
Custom duty – 9 - 530 euro



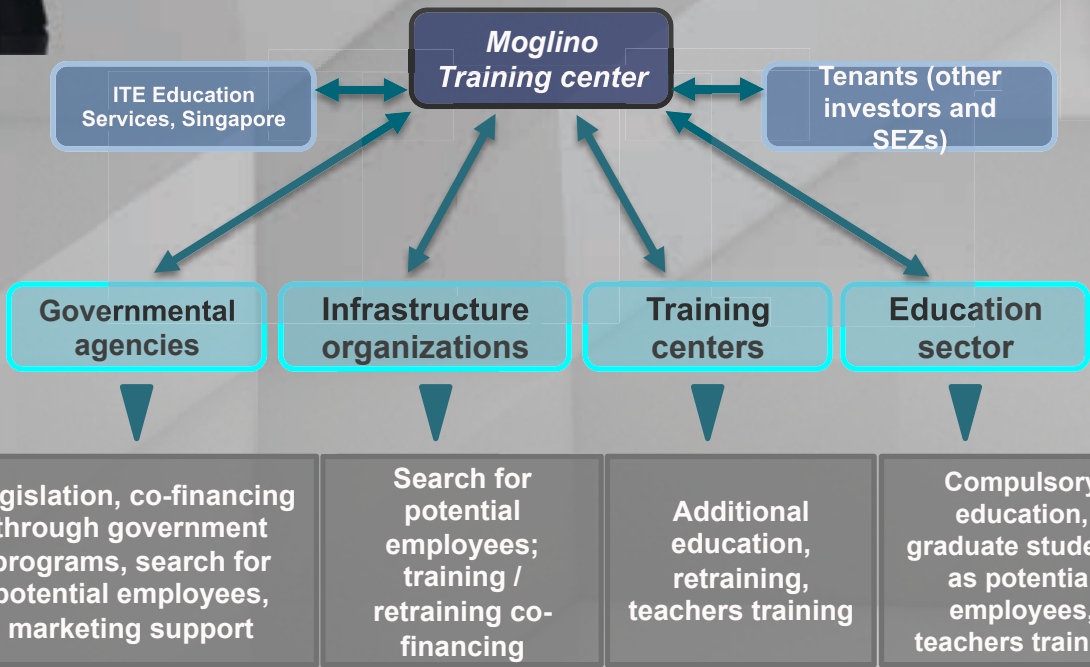
Custom Union*

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

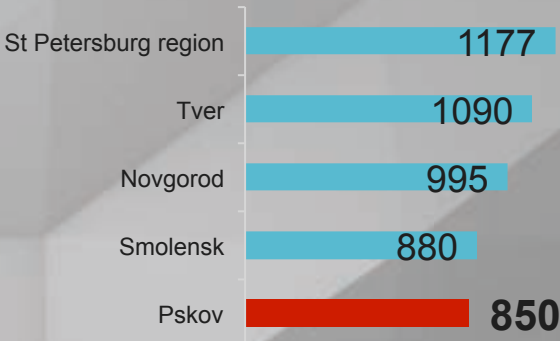
** Excluding prices for Customs union goods

*CUSTOMS UNION INCLUDES RF, KAZAKHSTAN, BELARUS

20. Social infrastructure



Average cost for housing at primary market, euro per 1 m²



Tenants can rent a land lot with ready infrastructure for residential construction

21.Moglino SEZ tenant and potential investors



1 tenant

Agreement of intent



At the stage of obtaining the tenant status:

Storch-Ciret Holding GmbH



Production of painting tools.

Amount of investment: 12,25 mln euro

Expected production level:
16 mln/pcs/year

Number of jobs: 271

Pontarolo (Erel Group) (Italy)



Production of permanent EPS formwork

Amount of investment: 3,4 mln.euro
Expected production level : 320,000
building blocks (eq.)

Number of jobs: 14

«Pskovgeocabel» (Russia)



Production of cables

Amount of investment : 6,8 mln. euro
Expected production level:
Cables for first 5 years: 3 421 km

Number of jobs: 200

Potential tentants:



22. Moglino SEZ key benefits

Advanced management



**Affordable
infrastructure**

Convenient logistics

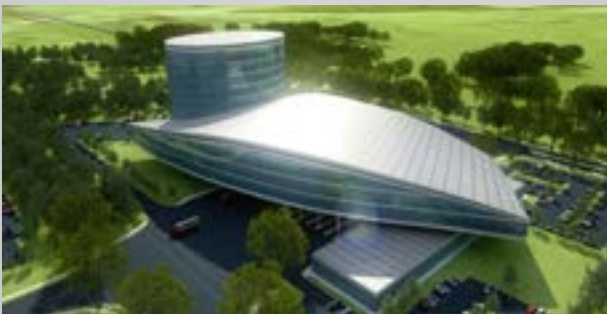


Developed land sites

**Tax privileges for
residents**

**Investment grade office
space**

**Free custom zone
regime**



Pre-built factories

23. Tenant status acquisition order



Application shall include*:

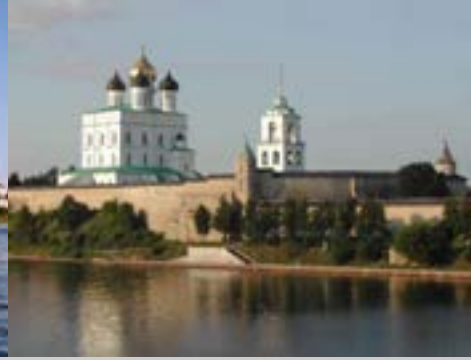
- business plan
- copies of constituent documents;
- copy of the Certificate of incorporation;
- copy of Tax registration certificate.

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

Investment requirements

Capital investments upwards of EURO 2,5mln (excluding intangible assets)

EURO 0,8 mln – within the first 3 years after Tripartite Agreement signing.



Thank you for your attention!