



AGENCY
FOR STRATEGIC
INITIATIVES

Doing business in Russia:

MAP OF OPPORTUNITIES



ECONOMIC REPORT ON PROMISING
INVESTMENT NICHES IN RUSSIAN REGIONS

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MAP
OF OPPORTUNITIES

INTRODUCTION

DEAR FRIENDS AND COLLEAGUES!

We would like to bring to your kind attention an instalment of the analytical survey entitled “Russian Business: Opportunities Geography” that covers the most attractive sectors for new businesses in seven regions of Russia: Vladimir, Leningrad, Sverdlovsk, Tomsk and Tula Regions, as well as the republics of Bashkortostan and Tatarstan. In keeping with current trends of the country’s economic development, that include import substitution and implementation of the best global technological practices, we have selected the most promising market niches to invest into establishing production. Our sectorial regional research shows that among policies, crucial for the country’s social and economic growth, the most important are developing finished goods production and implementation of technologies needed for advanced refining of manufactured products. We have put an increased focus on restarting production processes with the use of the latest global technological advances in machine-building, increasing motorcar-building output, which includes the expansion of manufacturing chain followed by local production of currently imported components and by widening of the product range.

Over the course of its history, Russia ranked as the great maritime power. It wishes to preserve this status nowadays. Not losing it is critical for development of the state economy. Therefore, development of the Arctic and Northern Sea Route has a significant strategic value for the country not only for the purposes of developing the Arctic area’s potential but also for creating new jobs in numerous spin-off industries engaged in it. This instalment describes all opportunities that may be attractive for potential investors into this business line.

Currently, Russia has a huge potential in petrochemical sector including advanced oil and gas refining. Development of spin-off industries, such as biochemistry (e.g. in relation to advanced processing of agricultural products), or pharmacology, having a sufficiently large free market capacity in relation to import substitution, cuts a swath in this connection.

Substantial forestland reserves provide favorable conditions for developing high-quality forest products production. Supplies of non-processed lumber still account for the bulk of forest products export while producing high quality wood derivatives and establishing zero-waste production can increase an entrepreneur’s income by a huge ratio.

By no means insignificant for production development and establishing interregional and international connections is availability of a transport and logistical infrastructure that allows processing cargos and ensures their integrity at excellent warehouses. Currently, Vladimir and Sverdlovsk Regions boast a great potential and economical feasibility of developing large modern logistical centers.

The state’s policy aimed at developing R&D does not leave the IT sector out in the cold as well. The largest techno park focusing on development of high technologies in the IT sector is being established in Tatarstan Republic.

We sincerely hope that the information we gathered proves useful for developing your business.

The team of the Agency for Strategic Initiatives.

RUSSIAN ECONOMY NEW FORECASTS FOR 2015-2016



Since issue of our latest survey, the macroeconomic situations has changed for the worse noticeably. Although in our previous calculations for 2015, we relied upon the average price of Urals of USD 83.5 per barrel, the forecast for the current year has been decreased now to USD58 per barrel, while we expect the price to go back to USD 69 per barrel in 2016 (annual average).

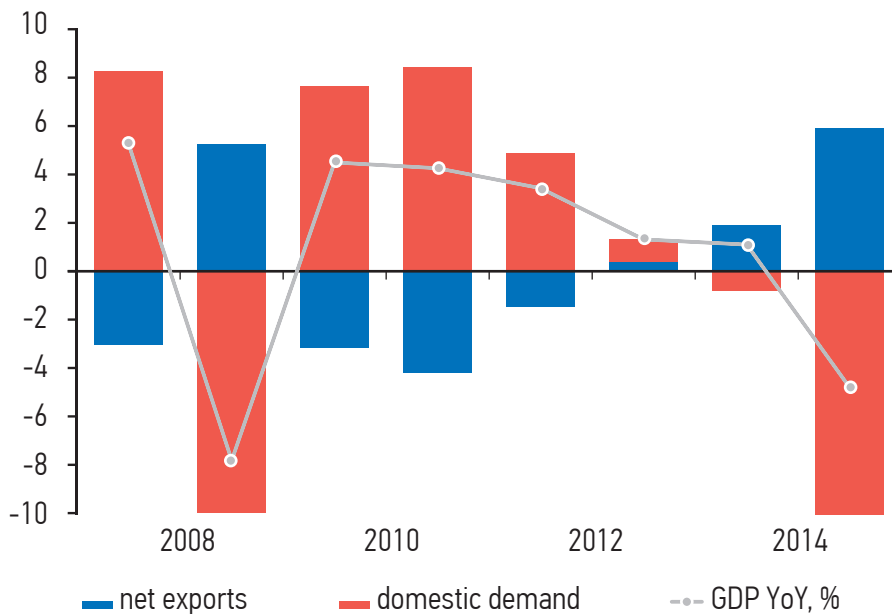
In terms of quality, our forecasts are the same: same as in November last year, we are expecting that increasing growth of prices will result into decreasing issue volumes in 2015. At the same time, we have increased the estimated inflation effect of the weakening Ruble to 0.16 p.p. Subject to adjustment of this indicator, we believe that the annual growth of the CPI in 2015 will be 11% slowing down to 5.5% in 2016.

Our updated forecast suggest that Russian GDP will decrease by 4.5% in 2015 due to collapsing consumer demand and decreasing private investments. Consumption decreases due to decreasing real pay levels on inflation shocks. High inflation may also make the CBR to keep low profile unless its January decision to decrease rates demonstrates long-term changes in the regulator's response function. Private investments will remain under pressure due to deteriorating conditions and lower credit availability.

At the same time, flexible exchange rate of the Ruble first will allow limiting the degree of influence from adverse external shocks and second will be favorable for exporters due to which net export should increase to 5.9% YoY according to our forecast.

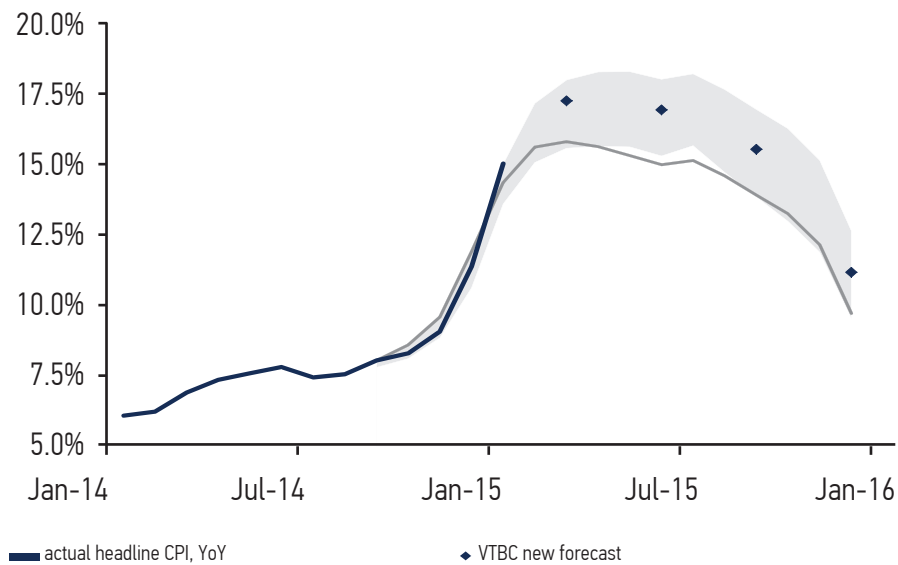
Based on results of 2015, we forecast that the deficit of Russian budget will be on the level of 3.3% of the GDP (vs. 2% of the GDP earlier). We believe that adverse impact of decreasing oil prices will be partially mitigated by the weakening Ruble and fiscal consolidation. In 2016–2017 the scope of the latter, may increase even more to allow decreasing the budget deficit to more comfortable levels. Until that time, the deficit will be covered from the Reserve Fund.

EXTERNAL COMPETITIVENESS MITIGATES THE CONSUMPTION SHOCKS



Sources: Rosstat, VTB Capital

INFLATION SCENARIO OF DEVALUATION: SCENARIOS



Sources: Rosstat, VTB Capital



Moscow
1166km

Kazan
452km

Izhevsk
291km

Perm
363km

Ekaterinburg
371km

Chelyabinsk
349km

Ufa

Orenburg
335km

BASHKORTOSTAN REPUBLIC'S INVESTMENT OPPORTUNITIES



01

DETAILS:

For details on key economic and social indicators, please kindly see <http://investinregions.ru/regions/bashkortostan/> <http://bashstat.gks.ru/>

The region's investment passport is available at <http://invest.bashkortostan.ru/>

REGION'S KEY PARAMETERS

Regional Population	4 071 617 people
Adjacent regions' population	15 700 000 people
Average lease rate for class A office premises	RUB 12 000 /m ² p.a.
Average lease rate for class A production and storage premises	RUB 6 000 /m ² p.a.
Average sale price of industrial land lots	RUB 4 500 000 /ha
Average monthly pay	RUB 24 711

02

GENERAL MACROECONOMIC SITUATION IN THE REGION

GROSS REGIONAL PRODUCT (GRP):



1188 | 1259,7
bn RUB | bn RUB
in 2013 | in 2014

+1,5%

PLACE OF THE REGION IN TERMS OF GRP:



2 | 9

In the Volga Federal District | Among all regions of the Russian Federation

* according to 2012 data

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TOTAL EQUITY INVESTMENTS:



266,2 | 285,5
bn RUB | bn RUB
in 2013 | in 2014

+4,1%

UNEMPLOYMENT LEVEL:



5,8% | 5,2%

in 2013 | in 2014

THE HEADLINE INFLATION:



6% | 11,2%

in 2013 | in 2014

INDUSTRIAL PRODUCT MANUFACTURERS' PRICES:



6,8% | 7,4%

in 2013 | in 2014

03

REGION'S KEY COMPETITIVE STRENGTHS

- Secure natural resources including non-ferrous and precious metals reserves, agricultural areas and oil reserves.
- Favorable position in terms of geography and transportation.
- Proximity to well-developed regions of the Urals and Volga Region.

04

SUPPORT FROM BASHKORTOSTAN REPUBLIC'S GOVERNMENT

- Profit tax decreased from 18 to 13.5% for 1 to 10 tax periods.
- Property tax exemption for 1 to 10 tax periods.
- Subsidies reimbursing costs of electric grid utility connection services provided the power of one generating facility does not exceed 25 MW, subsidy cap of RUB 30 MM.

01 INVESTMENT
NICHE

ESTABLISHING ADVANCED PROCESSING OF CROP PRODUCTION



01

NICHE'S KEY PARAMETERS

Compliance with the region's development priorities

Complies with the Bashkortostan Republic's Investment Development Strategy until 2020 as approved by Resolution No. 188 of the Republic's Government of 4/18/2014

Gross Yield of Core Raw Crops in 2014¹

6 878 thousand tonnes

Potential Market Capacity p.a.²

RUB **10** bn

02

COMPETITIVE ENVIRONMENT

It is planned to start production of glucose-fructose syrups based on LLC BioBirsk with a processing capacity up to 200 thousand tonnes of wheat. Razgulay Group produces molasses. In this connection, the region provides opportunities to develop production of wheat processing products to be sold in Russian market and markets of adjacent countries.

03

WHY CHOOSE BASHKORTOSTAN REPUBLIC

- Highly developed agriculture, availability of raw material, increasing crop yields year on year.
- A developing biotech cluster for advanced processing of crop production.

04

POSSIBLE LOCATION

Name	Chishmy, Ishimbay
Total area	45 ha.
Electricity	35 MW
Gas	80 mcm/year
Water supply Sewage	4 500 cm/day +
Railway line Motorway	+ +

¹ Rosstat data.

² Grain market research and ASI's calculations.

02 INVESTMENT NICHE

ADVANCED PETROLEUM PRODUCTS REFINING AND POLYMER PRODUCTION SUPPORT



01

NICHE'S KEY PARAMETERS

Compliance with the region's development priorities	Complies with the Bashkortostan Republic's Investment Development Strategy until 2020 as approved by Resolution No. 188 of the Republic's Government of 4/18/2014
Oil Refining in 2013 (Country Total) ³	278.2 MM tonnes
Polymer production in 2013 (country total) ⁴	6 MM tonnes
Polymer Import in 2013 (Country Total) ⁵	2.52 MM tonnes
Free Polymer Production Market Capacity (for Import Substitution) ⁶	RUB 13.2 bn

02

COMPETITIVE ENVIRONMENT

The Republic accommodates OAO Polief's (SIBUR's controlled subsidiary) Mylar production.

03

WHY CHOOSE BASHKORTOSTAN REPUBLIC

- Availability of polymer production resources.
- Availability of major petrochemical and oil processing enterprises in the region.

04

POSSIBLE LOCATION

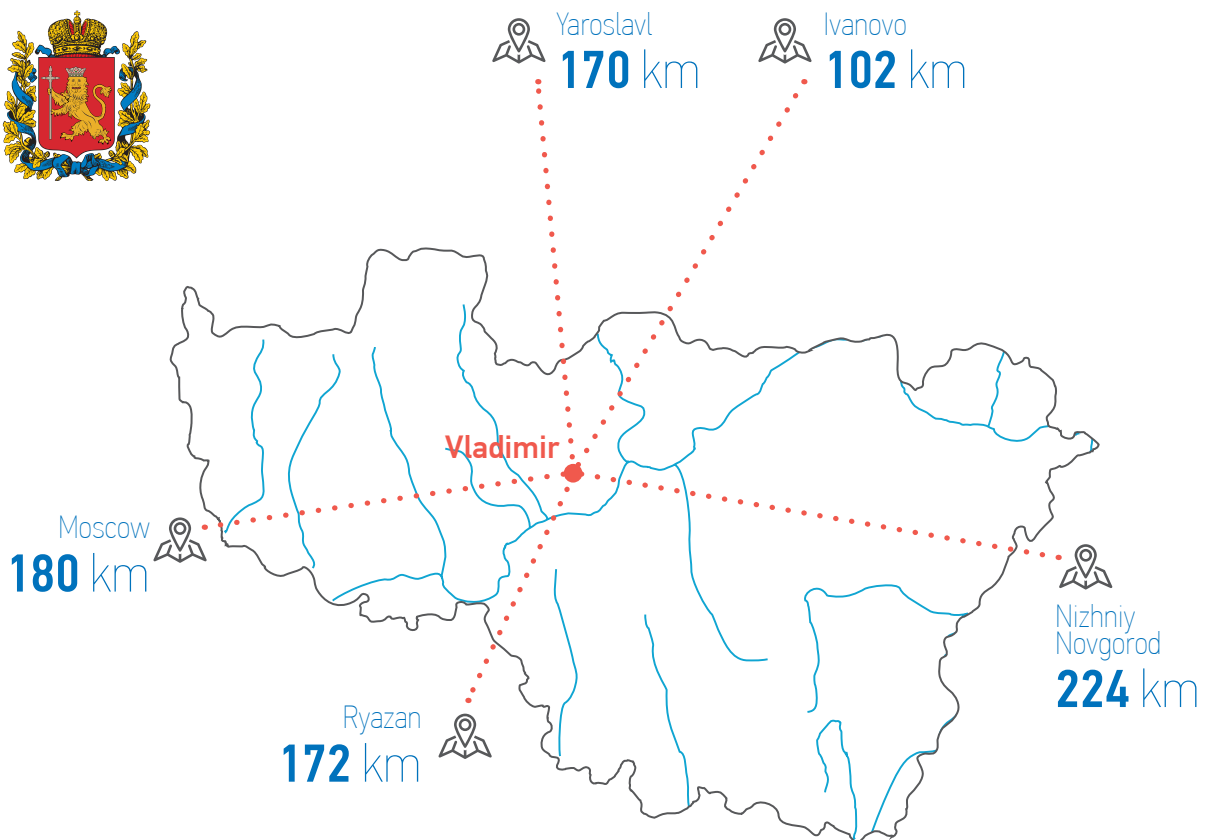
Name	ChemTerra Industrial Park
Total area	37 ha.
Electricity	2,6 MW
Gas	—
Water supply Sewage	+
Railway line Motorway	+ +

³ Rosstat data.

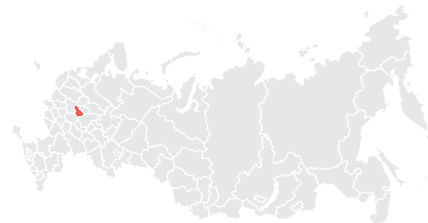
⁴ Polymer market research and ASI's calculations.

⁵ Polymer market research and ASI's calculations.

⁶ Statistical data of the Federal Customs Service and ASI's calculations.



VLADIMIR REGION'S INVESTMENT OPPORTUNITIES



01

DETAILS:

For details on key economic and social indicators, please kindly see <http://investinregions.ru/regions/vladimir/>
<http://vladimirstat.gks.ru/>

The region's investment passport is available at <http://investvladimir.ru/>

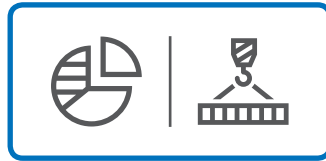
REGION'S KEY PARAMETERS

Regional Population	1 413 000 people
Adjacent regions' population	13 900 000 people
Average lease rate for class A office premises	RUB 9 000/m ² p.a.
Average lease rate for class A production and storage premises	RUB 3 600/m ² p.a.
Average sale price of industrial land lots	RUB 3 000 000/ha
Average monthly pay	RUB 20 418

02

GENERAL MACROECONOMIC SITUATION IN THE REGION

GROSS REGIONAL PRODUCT (GRP):



313 | 374,4
bn RUB | bn RUB
in 2013 | in 2014

+4%

PLACE OF THE REGION IN TERMS OF GRP:



9 | 43

Among the regions of the Central Federal District | Among all regions of the Russian Federation

* according to 2012 data

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TOTAL EQUITY INVESTMENTS:



65,3 | 75,6
bn RUB | bn RUB
in 2013 | in 2014

+4,6%

UNEMPLOYMENT LEVEL:



4,4% | 1,1%
in 2013 | in 2014

THE HEADLINE INFLATION:



7,5% | 13,3%
in 2013 | in 2014

INDUSTRIAL PRODUCT MANUFACTURERS' PRICES:



2,1% | 10%
in 2013 | in 2014

03

REGION'S KEY COMPETITIVE STRENGTHS

- The region is situated in central European part of Russia near Moscow and borders on economically developed constituent parts of the Russian Federation.
- It is a transit hub for traffic from central Russia to Urals and Siberia. West — East transport corridor goes through the region.
- Proximity to regions with raw material resources.
- Powerful scientific and research capacities and significant scientific potential.
- Its large crop areas underlie its highly developed agricultural complex.

04

SUPPORT FROM THE REGION'S GOVERNMENT

- Profit tax decreased from 18 to 13.5% for the actual project pay-off period.
- Property tax exemption for the actual project pay-off period.
- Subsidies reimbursing costs of electric grid utility connection services provided the power of one generating facility does not exceed 25 MW, subsidy cap of RU30 MM.

01 INVESTMENT NICHE

DEVELOPING MAJOR LOGISTICAL HUBS FOR FOOD AND INDUSTRIAL GOODS INDUSTRIES



01

NICHE'S KEY PARAMETERS

Compliance with the region's development priorities	Compliant with the Investment Strategy of Vladimir Region until 2020 as approved by Decree 31 of Vladimir Region's Governor of 5/5/2014
Total Regional Cargo Turnover for 2014 ¹	1779,2 thousand tonnes
Potentially required warehousing space ²	58 thousand m ²
Potential Annual Sales Market Capacity ³	RUB 1,2 bn

02

COMPETITIVE ENVIRONMENT

Vladimir Region accommodates a major vegetable processing and storage center capable of simultaneously warehousing up to 8 thousand tonnes of vegetables owned by LLC Avant-garde. The center is located in Vladimir. The region is also planning developing the Vladimir Dry Port central fish processing and storage complex capable of warehousing up to 1.2 MM tonnes of products. The region also accommodates several logistical centers with a marketable area from 1.5 to 5 thousand m². Still, the total area of facilities providing food and industrial goods storage services cannot satisfy all market needs.

03

WHY CHOOSE VLADIMIR REGION?

- The region is a transit hub for cargo traffic from central Russia to Urals.
- Establishing a modern transport and logistics hub with a highly developed infrastructure is one of the region's strategic development priorities.

04

POSSIBLE LOCATION

Name	Vladimir Park Industrial and Logistical Complex
Total area	200 ha.
Electricity	10 MW
Gas	1 mcm/year
Water supply Sewage	—
Railway line Motorway	+ +

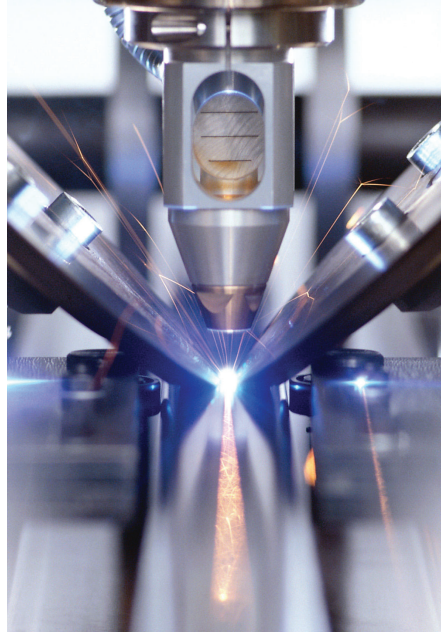
DETAILS:

<http://vladimir.dega-ag.com/vladimir/en/cluster/>

¹ Rosstat data.
² ASI's Calculations.
³ ASI's Calculations.

02 INVESTMENT NICHE

DEVELOPING PRODUCTION OF MULTIPURPOSE HIGH-PRECISION MACHINES FOR MACHINE-BUILDING INDUSTRY



01

NICHE'S KEY PARAMETERS

Compliance with the region's development priorities

Compliant with the Investment Strategy of Vladimir Region until 2020 as approved by Decree 31 of Vladimir Region's Governor of 5/5/2014

Annual Machinery Production Demand for Import Substitution Purposes ⁴

36 thousand pcs.

Annual Production in Value Terms ⁵

RUB **210** bn

02

COMPETITIVE ENVIRONMENT

In 2014, TAKISAWA of Japan launched its production of its fifth-generation high-precision smart machines based on OJSC Kovrov Electromechanical Plant. The current total production capacity is 600 pcs p.a. while it is planned to increase the output to 1700 pcs p.a. in the future. In this connection, developing machine building in the region seems interesting due to high proportion of imported equipment accounting for c. 99% of total consumption in Russian machines market.

03

WHY CHOOSE VLADIMIR REGION?

- Potential establishment of a regional high-precision machinery-building cluster including a machine-building center.
- Demand for reengineering of the machine-building sector via import substitution.
- Potential demand for high-precision machinery products in Russian market.
- Availability of specialized scientific and research capacities.
- Proximity to economically developed regions inter-sector production cooperation with which is possible.

04

DETAILS:

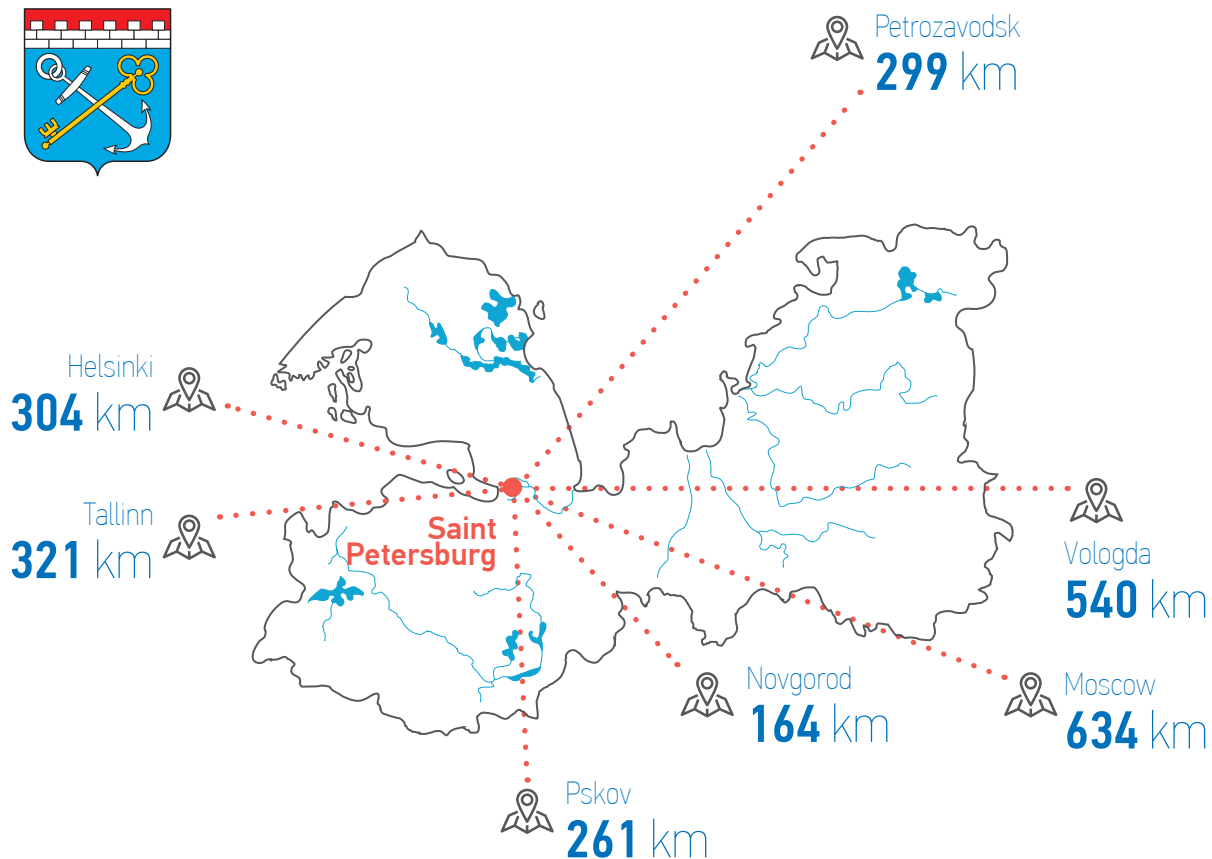
<http://investvladimir.ru/platforms/737>

POSSIBLE LOCATION

Name	Paracelsus Industrial Area
Total area	188 ha.
Electricity	80 MW
Gas	10 mcm/year
Water supply Sewage	+
Railway line Motorway	+ +

⁴ Metalworking machines market research, Rosstat data and ASI's calculations.

⁵ Metalworking machines market research, Rosstat data and ASI's calculations.



LENINGRAD REGION'S INVESTMENT OPPORTUNITIES



01

DETAILS:

For details on key economic and social indicators, please kindly see <http://investinregions.ru/regions/leningrad/> <http://petrostat.gks.ru/>

The region's investment passport is available at <http://lenoblinvest.ru/ru/>

REGION'S KEY PARAMETERS

Regional Population	1 764 000 people
Adjacent regions' population	8 200 000 people
Average lease rate for class A office premises	RUB 12 000/m ² p.a.
Average lease rate for class A production and storage premises	RUB 5 400/m ² p.a.
Average sale price of industrial land lots	RUB 20 000 000/ha
Average monthly pay	RUB 32 105

02

GENERAL MACROECONOMIC SITUATION IN THE REGION

GROSS REGIONAL PRODUCT (GRP):



692,8 | 792,5
bn RUB | bn RUB
in 2013 | in 2014

+1%

PLACE OF THE REGION IN TERMS OF GRP:



2 | 19

Among the regions of the North-Western Federal District | Among all regions of the Russian Federation

* according to 2012 data

CONTACT INFORMATION:

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TOTAL EQUITY INVESTMENTS:



253,6 | 178,8
bn RUB | bn RUB
in 2013 | in 2014

-30,7%

UNEMPLOYMENT LEVEL:



4,3% | 4,9%

in 2013 | in 2014

THE HEADLINE INFLATION:



6% | 11,5%

in 2013 | in 2014

INDUSTRIAL PRODUCT MANUFACTURERS' PRICES:



2,4% | 11,4%

in 2013 | in 2014

03

REGION'S KEY COMPETITIVE STRENGTHS

- The Russia-EU border and gate to the Baltic Sea.
- Alignment with transport corridors: pan European transport corridor and North — South corridor.
- Multimodality of traffic way: maritime, riverine, railway, motorcar, air, and pipeline.
- Positive migration balance, steady population growth.
- Agglomeration with St. Petersburg — the second largest city in the country.

04

SUPPORT FROM THE REGION'S GOVERNMENT

- Profit tax decreased from 18 to 13.5% for 4 to 8 tax periods, property tax exemption.
- Subsidies reimbursing costs of electric grid utility connection services provided the power of one generating facility does not exceed 25 MW, subsidy cap of RUB 30 MM.
- Tax breaks and exemptions from the lease for the company implementing a project to create an industrial park in the region.

01 INVESTMENT
NICHESHIP BUILDING AND MARITIME
EQUIPMENT PRODUCTION
FOR DEVELOPMENT
OF THE ARCTIC AND NORTHERN
SEA ROUTE

01

NICHE'S KEY PARAMETERS

Compliance with the region's development priorities	Compliant with the Investment Strategy of Leningrad Region until 2025 as approved by Order 29 of Leningrad Region's Government of 2/19/2014
OJSC Rosatom's order for construction of two 60 MW commercial universal icebreakers under project 22220 ¹	RUB 77,5 bn
State order for construction work on the project "Construction of a 4MW Multifunctional Search and Rescue Vessel (Improved Ice Rate Vessel)" ² of 2/10/2015	RUB 2,79 bn
Demand for icebreaker construction ³	10 pcs.
Free space at the icebreaker construction market ⁴	RUB 430,53 bn

02

COMPETITIVE ENVIRONMENT

The region accommodates enterprises of the shipbuilding sector including those for construction of vessels to be operated in the Arctic Area of the Russian Federation such as Vyborg Shipyard JSC. The above production capacities are still insufficient to perform federal programs⁵ in relation to shipbuilding. In particular, shipbuilding of vessels, drilling platforms and marine engineering to be operated in the Arctic Area of Russia may be developed based on Vyborg Shipyard JSC that is ready for cooperation in this direction.

03

WHY CHOOSE LENINGRAD REGION ?

- Availability of production capacities to setup production as well as availability of related-industry enterprises production cooperation with which is possible.
- Availability of shipbuilding and Arctic research scientific capacities.
- Availability of skilled human resources.
- The region participates in federal Arctic development programs.

04

DETAILS:

<http://vyborgshipyard.ru/>

POSSIBLE LOCATION

Name	Vyborg Shipyard JSC's Production Site
Total area	44,18 ha.
Electricity	11 MW
Gas	9,8 mcm/year
Water supply Sewage	+
Railway line Motorway	+ +

¹ Sources:

- Time Schedule of Procurement from Federal Budget Resources of the State Corporation Rosatom and its Subject Federal State Unitary Enterprises and Joint-Stock Companies for 2014 in Accordance with Requirements of Law 44-FZ <http://zakupki.rosatom.ru/Web.aspx?node=search>

- Information courtesy of the State Procurement News website: <http://news.my-tender.ru/rosatom-zakazal-stroitelstvo-2-h-atomnyih-ledokolov-tsena-kontrakta-84-miliarda-rublej/>

² The Russian Federation's official website for publication of information on placement of orders for supply of goods, performance of work and provision of services.

02 INVESTMENT
NICHECREATING NEW MOTORCAR
ASSEMBLY CAPACITIES
AND DEVELOPING PRODUCTION
OF MOTORCAR COMPONENTS

01

NICHE'S KEY PARAMETERS

Compliance with the region's development priorities	Compliant with the Investment Strategy of Leningrad Region until 2025 as approved by Order 29 of Leningrad Region's Government of 2/19/2014
Total import of passenger motorcars in 2014 in Russia overall ⁶	703,3 thousand pcs.
Total import in 2014 in Russia overall ⁷	USD 13,1 bn
Total sales of new motorcars in 2014 in Russia ⁸	2,491 MM pcs.

02

COMPETITIVE ENVIRONMENT

Currently, the region houses motorcar component production and motorcar assembly capacities for Ford's motorcar plant (CJSC Ford Motor Company) as well as for motorcar plants in Saint Petersburg including Toyota, General Motors, Nissan and Hyundai. In this connection and given the significant share of imported motorcar vehicles, increasing the range of motorcar component production and motorcar assembly capacities has good prospects in the region.

03

WHY CHOOSE LENINGRAD REGION?

- A forming motorcar and motorcar component production cluster.
- Well-developed transport infrastructure: availability of maritime terminals and networks of motor- and railways.
- Availability of related-industry enterprises production cooperation with which is possible.

04

POSSIBLE LOCATION

Name	Tosno State Industrial Park
Total area	110,2 ha.
Electricity	20 MW
Gas	65,7 mcm/year
Water supply Sewage	+
Railway line Motorway	+ +

DETAILS:

<http://loin.timelabs.ru/projects/2014-02-06-12-51-24.html>

³ As per the Shipbuilding Industry Development Strategy until 2020 and Further as approved by Order No. 354 of Russian Industry and Energy Ministry of 9/6/2007.

⁴ ASI's Calculations.

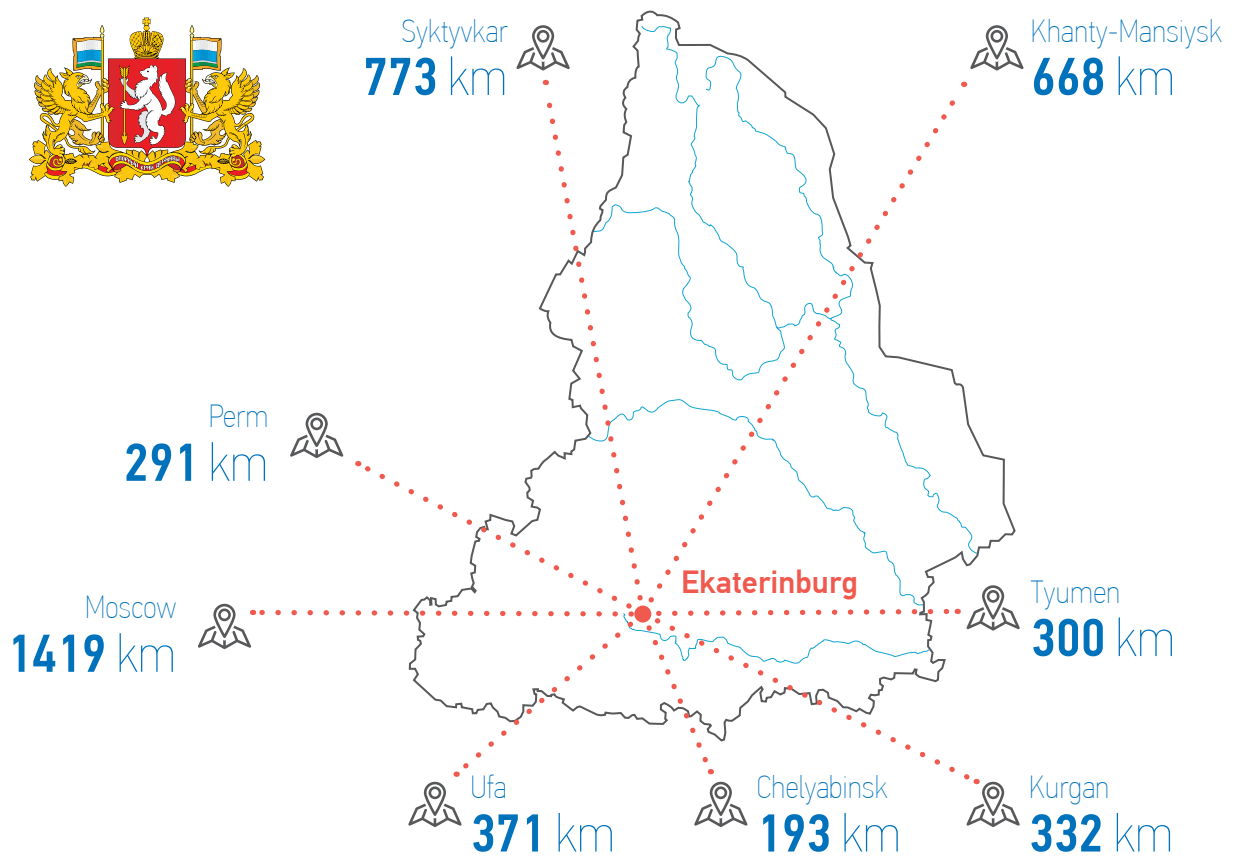
⁵ The Russian Federation's State Program "Social and Economic Development of the Russian Federation's Arctic Area until 2020" as approved by Order No. 366 of the Russian Federation's Government of 4/21/2014.

The Russian Federation's State Program "Shipbuilding Development in 2013-2030" as approved by Order No. 2514-r of the Russian Federation's Government of 12/24/2012.

⁶ As per statistical data of the Russian Federation's Federal Customs Service.

⁷ As per statistical data of the Russian Federation's Federal Customs Service.

⁸ As per statistical data of the motorcar manufacturers committee of the Association of European Business.



SVERDLOVSK REGION'S INVESTMENT OPPORTUNITIES



01

DETAILS:

For details on key economic and social indicators, please kindly see <http://investinregions.ru/regions/sverdlovsk/>
<http://sverdl.gks.ru/>

The region's investment passport is available at <http://invest.midural.ru/>

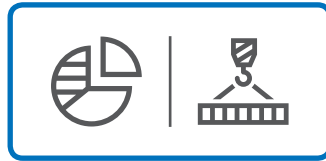
REGION'S KEY PARAMETERS

Regional Population	4 327 611 people
Adjacent regions' population	15 000 000 people
Average lease rate for class A office premises	RUB 12 000/m ² p.a.
Average lease rate for class A production and storage premises	RUB 4 500/m ² p.a.
Average sale price of industrial land lots	RUB 6 000 000/ha
Average monthly pay	RUB 29 743

02

GENERAL MACROECONOMIC SITUATION IN THE REGION

GROSS REGIONAL PRODUCT (GRP):



1582,4 | 1675,8
bn RUB | bn RUB
in 2013 | in 2014

+0,4%

PLACE OF THE REGION IN TERMS OF GRP:



2 | 5

Among the regions of the Ural Federal District | Among all regions of the Russian Federation

* according to 2012 data

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TOTAL EQUITY INVESTMENTS:



352,9 | 370,4
bn RUB | bn RUB
in 2013 | in 2014

+2,9%

UNEMPLOYMENT LEVEL:



6,1% | 6,4%

in 2013 | in 2014

THE HEADLINE INFLATION:



7,5% | 7,9%

in 2013 | in 2014

INDUSTRIAL PRODUCT MANUFACTURERS' PRICES:



0% | 6,6%

in 2013 | in 2014

03

REGION'S KEY COMPETITIVE STRENGTHS

- The region is situated on the border between Europe and Asia and is the third largest transport hub in Russia.
- It boasts a mineral reserve base with total known reserves available for approximately 150 years.
- Availability of highly developed scientific and research capacities.
- High support to industrial production development.

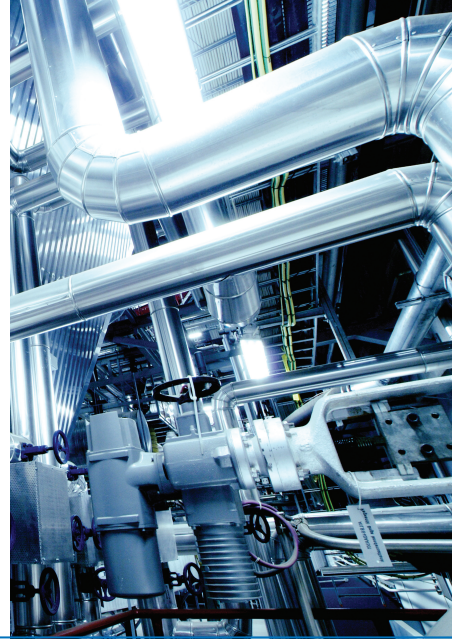
04

SUPPORT FROM THE REGION'S GOVERNMENT

- Profit tax decreased from 18 to 13.5% for five tax periods for newly established companies;
- Property tax exemption from a gain of fixed assets for 1 fiscal period.
- Subsidies reimbursing costs of electric grid utility connection services provided the power of one generating facility does not exceed 25 MW, subsidy cap of RU30 MM.
- Attractive tax, customs and land benefits for residents of the Titanium Valley special economic zone.
- Subsidies:
 - Interest rate subsidies for loans: subsidies from the regional budget are provided to investors at 2/3 of the CBR's refinancing rate.
 - Part of the first payment on leasing agreements.
 - Modernization costs.

01 INVESTMENT
NICHE

EQUIPMENT PRODUCTION FOR MINING AND OIL AND GAS



01

NICHE'S KEY PARAMETERS

Compliance with the region's development priorities	Compliant with the Investment Strategy of Sverdlovsk Region until 2020 as approved by Decree 679-UG of Sverdlovsk Region's Governor of 12/26/2013
Investments into Oil Production and Mining Industries in 2013 ¹	RUB 1997,4 bn
Deliveries of Imported Equipment for Oil Production and Mining Industries in 2013 ²	RUB 391 bn
Potential Sales Market Capacity ³	RUB 600 bn

02

COMPETITIVE ENVIRONMENT

The region accommodates several producers of equipment for oil and gas industry: CJSC URBO producing drilling rigs; JSC Bulanash Engineering Plant focusing on production of drilling rigs and pumping equipment; JSC PSM-HYDRAULICS producing hydro pumps; LLC Vorovskiy Plant producing drilling equipment. Nonetheless, the proportion of imported equipment in oil production and mining industries is significant and this business line boasts good prospects in relation to developing production of next-generation specialized machinery.

03

WHY CHOOSE SVERDLOVSK REGION?

- Availability of enterprises that are direct or potential consumers and do business directly in the region or adjacent regions at the market.
- Availability of major machine building facilities to produce equipment that creates favorable cooperation conditions.
- Availability of specialized scientific and research capacities.
- Availability of a special economic zone providing favorable conditions to its residents.

04

DETAILS:

<http://titanium-valley.com/>

POSSIBLE LOCATION

Name	Titanium Valley Special Economic Zone
Total area	586 ha.
Electricity	160 MW
Gas	262 mcm/year
Water supply Sewage	+
Railway line Motorway	+ +

¹ Russia overall, Rosstat data.

² Russia overall, Rosstat data and ASI's calculations.

³ Russia overall, Rosstat data and ASI's calculations.

02 INVESTMENT
NICHE

ESTABLISHING A MULTIMODAL TRANSPORT AND LOGISTICS HUB



01

NICHE'S KEY PARAMETERS

Compliance with the region's development priorities	Compliant with the Investment Strategy of Sverdlovsk Region until 2020 as approved by Decree 679-UG of Sverdlovsk Region's Governor of 12/26/2013
Total Regional Cargo Turnover for 2013 ⁴	209 MM tonnes
Total Demand for Cargo Turnover Capacities of Logistical Hubs ⁵	60 MM tonnes p.a.
Potentially required warehousing space ⁶	3 900 thousand m ²
Potential Sales Market Capacity ⁷	RUB 80 bn

02

COMPETITIVE ENVIRONMENT

Currently, the region accommodates several class A logistical hubs with warehousing premises area from 50 to 200 thousand m² but their total production capacities do not fully satisfy the demand existing in the market.

03

WHY CHOOSE SVERDLOVSK REGION?

- Sverdlovsk Region is the largest transit cargo turnover region between Europe and Asia.
- Koltsovo airport: direct flights to more than 100 cities around the world, 30 thousand tonnes p.a. of the cargo turnover, wide-body aircraft maintenance.
- Transformation of the region into the largest logistical hub is one of Sverdlovsk Region's development priorities.

04

POSSIBLE LOCATION

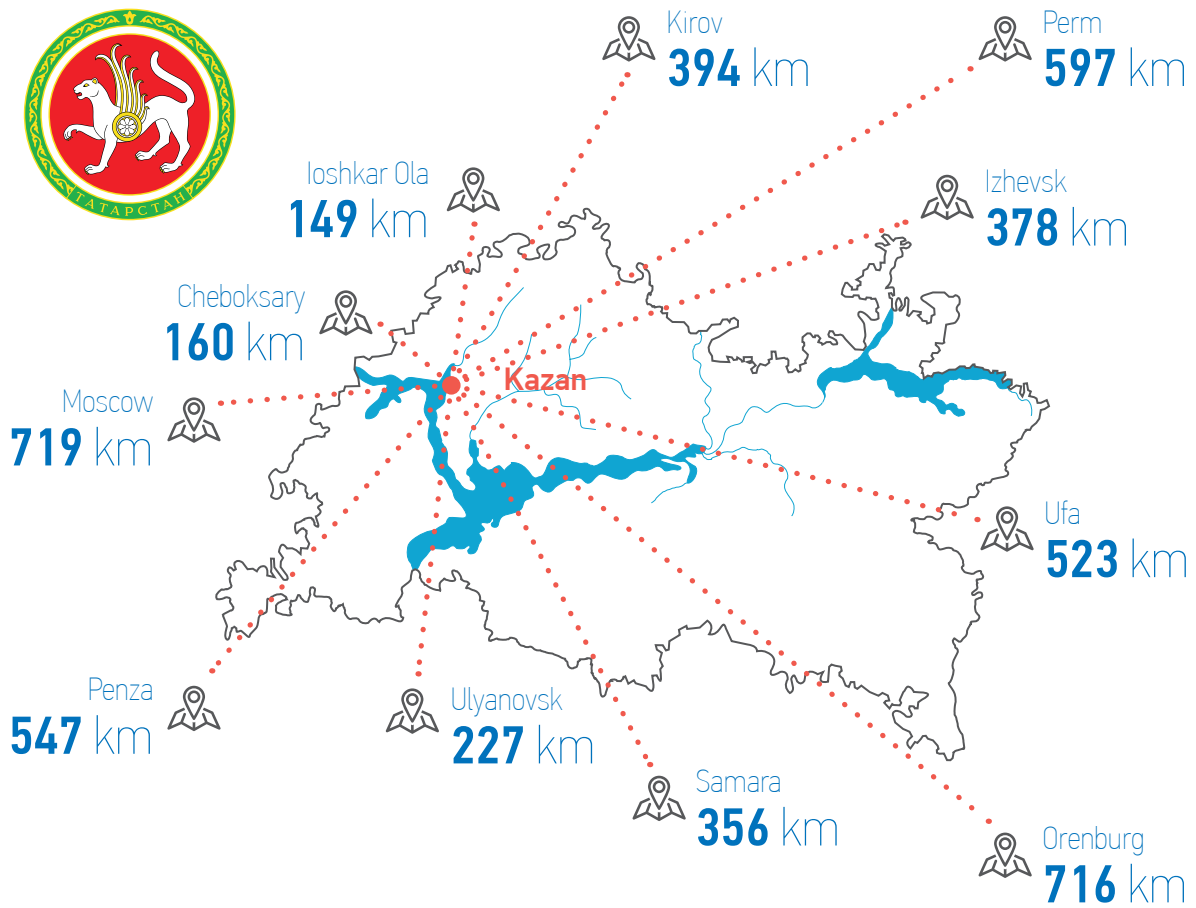
Name	Agrologistic
Total area	200 ha.
Electricity	10 MW
Gas	22 mcm/year
Water supply Sewage	+
Railway line Motorway	+ +

⁴ Rosstat data.

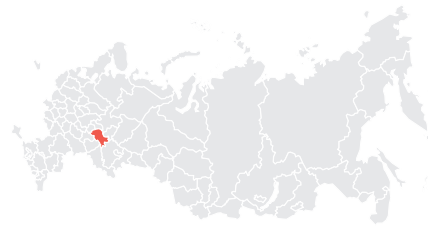
⁵ According to the Draft Investment Strategy of Sverdlovsk Region until 2030.

⁶ ASI's Calculations.

⁷ ASI's Calculations.



TATARSTAN REPUBLIC'S INVESTMENT OPPORTUNITIES



01

DETAILS:

For details on key economic and social indicators, please kindly see <http://investinregions.ru/regions/tatarstan>
<http://tatstat.gks.ru>

The region's investment passport is available at <http://mert.tatarstan.ru/rus/investment>

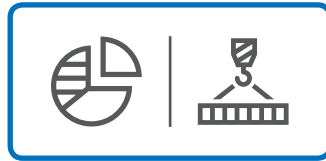
REGION'S KEY PARAMETERS

Regional Population	3 855 300 people
Adjacent regions' population	29 717 800 people
Average lease rate for class A office premises	RUB 8 400/m ² p.a.
Average lease rate for class A production and storage premises	RUB 3 600/m ² p.a.
Average sale price of industrial land lots	RUB 3 000 000/ha
Average monthly pay	RUB 28 352

02

GENERAL MACROECONOMIC SITUATION IN THE REGION

GROSS REGIONAL PRODUCT (GRP):



1547,2 | 1631,4
bn RUB | bn RUB
in 2013 | in 2014

+1,3%

PLACE OF THE REGION IN TERMS OF GRP:



1 | 7

in the Volga Federal District | Among all regions of the Russian Federation

* according to 2012 data

TOTAL EQUITY INVESTMENTS:



525,7 | 542,8
bn RUB | bn RUB
in 2013 | in 2014

0%

UNEMPLOYMENT LEVEL:



4,0% | 3,9%

in 2013 | in 2014

CONTACT INFORMATION:

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Minister of Economy
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+7 (927) 440-56-52

THE HEADLINE INFLATION:



6,3% | 9,7%

in 2013 | in 2014

INDUSTRIAL PRODUCT MANUFACTURERS' PRICES:



2,3% | 4,7%

in 2013 | in 2014

03

REGION'S KEY COMPETITIVE STRENGTHS

- The region is situated on the border of Europe and Asia and is a part of the international West — east corridor.
- Well-developed investor and entrepreneur support infrastructure.
- Availability of highly developed scientific and research capacities.
- High-developed industrial production.

04

SUPPORT FROM TATARSTAN REPUBLIC'S GOVERNMENT

- Investors implementing investment projects are eligible for decreased profit tax rate of 13.5% and decrease property tax rate of 0.1% in relation to newly created property or property acquired for project implementation purposes.
- Subsidies reimbursing equipment acquisition costs.
- Attractive administrative, tax, customs and land benefits for residents of the Alabuga and Innopolis special economic zones.
- Engineering services provision.

01 INVESTMENT NICHE

DEEP PROCESSING OF PETROLEUM PRODUCTS AND POLYMER PRODUCTION



01

NICHE'S KEY PARAMETERS

Compliance with the region's development priorities	It complies with the list of investment priorities for 2015 as approved by the Investment Memorandum of Tatarstan Republic
The share of imports in chemical industry (2013)	35,8%
Import volume of chemical products by region's companies	40 thousand tonnes
The main demanded products	Polyamides — 120 thousand tonnes p.a. Maleic anhydride — 10 thousand tonnes p.a. Isocyanates — more than 300 thousand tonnes p.a. Cyclopentane — 17 thousand tonnes p.a.

02

COMPETITIVE ENVIRONMENT

Tatarstan Republic accommodates production capacities for establishing petrochemical production. Therefore, establishing such production in the republic complies with the import-substitution policy. Given increasing demand for production of new-generation technologies, this market niche boasts attractive prospects.

03

WHY CHOOSE TATARSTAN REPUBLIC?

- Availability of enterprises that are direct or potential consumers and do business directly in the republic or adjacent regions at the market.
- Kamsky innovative territorial cluster is creating favorable cooperation conditions.
- Availability of specialized scientific and research capacities.

04

DETAILS:

www.alabuga.ru/

POSSIBLE LOCATION

Name	Alabuga Special Economic Zone
Total area	616 ha.
Electricity	350 MW
Gas	788 mcm/year
Water supply Sewage	+
Railway line Motorway	+ +

02 INVESTMENT NICHE

CREATING IT PRODUCTS



01

NICHE'S KEY PARAMETERS

Compliance with the region's development priorities	It complies with the list of investment priorities for 2015 as approved by the Investment Memorandum of Tatarstan Republic
Gross Income of IT Companies in 2014	RUB 48,7 bn
Growth Rate of IT Companies' Gross Income in 2014	104,5 %
Total Investments into Capex in IT Sector in 2014	RUB 5,2 bn

02

COMPETITIVE ENVIRONMENT

Currently, the region accommodates two sites operated by IT Park high-tech Techno Park with such residents as Microsoft, ICL, etc.

03

WHY CHOOSE TATARSTAN REPUBLIC?

- Tatarstan Republic is a region for pilot operation of advanced IT system (electronic document turnover, Autodoria, etc.).
- Tatarstan Republic is creating its Innopolis IT city

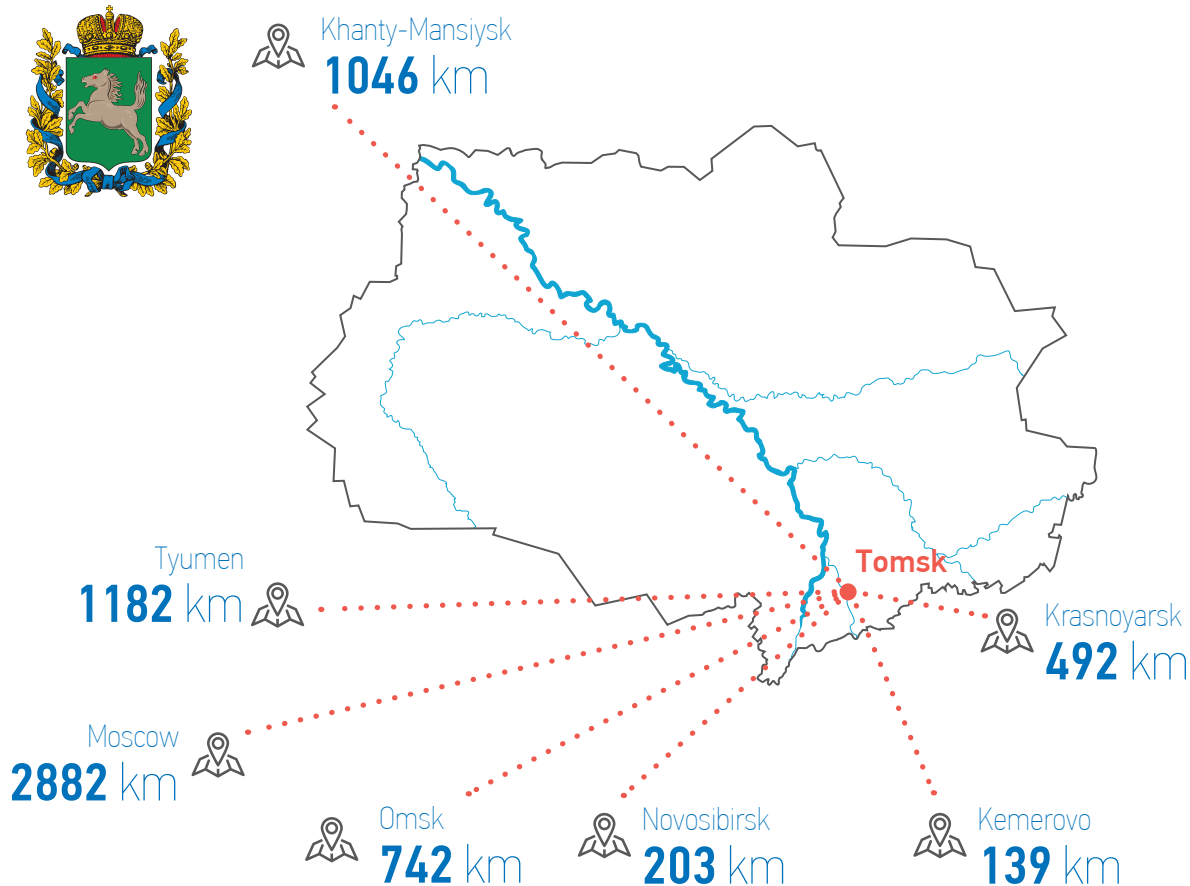
04

POSSIBLE LOCATION

Name **Innopolis City**

DETAILS:

<http://innopolis.ru/>



TOMSK REGION'S INVESTMENT OPPORTUNITIES



01

DETAILS:

For details on key economic and social indicators, please kindly see <http://investinregions.ru/regions/tomsk/> <http://tmsk.gks.ru/>

The region's investment passport is available at <http://www.investintomsk.ru/>

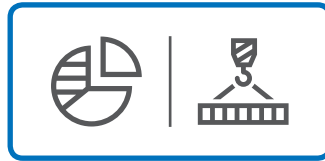
REGION'S KEY PARAMETERS

Regional Population	1 070 000 people
Adjacent regions' population	13 300 000 people
Average lease rate for class A office premises	RUB 6 792/m ² p.a.
Average lease rate for class A production and storage premises	RUB 6 144/m ² p.a.
Average sale price of industrial land lots	RUB 9 000 000/ha
Average monthly pay	RUB 32 502

02

GENERAL MACROECONOMIC SITUATION IN THE REGION

GROSS REGIONAL PRODUCT (GRP):



400,4 | 427,8
bn RUB | bn RUB
in 2013 | in 2014

-0,7%

PLACE OF THE REGION IN TERMS OF GRP:



2 | 33

among the regions of the Siberian Federal District | Among all regions of the Russian Federation

* according to 2012 data

TOTAL EQUITY INVESTMENTS:



102 | 108,7
bn RUB | bn RUB
in 2013 | in 2014

-4,8%

UNEMPLOYMENT LEVEL:



7,6% | 7,6%

in 2013 | in 2014

CONTACT INFORMATION:

Alexander Fedchenko,
Head of Investment Department
fedchenko@tomsk.gov.ru
+7 (983) 232-61-70

THE HEADLINE INFLATION:



6,6% | 10,7%

in 2013 | in 2014

INDUSTRIAL PRODUCT MANUFACTURERS' PRICES:



18,8% | 0,8%

in 2013 | in 2014

03

REGION'S KEY COMPETITIVE STRENGTHS

- Availability of highly developed scientific and educational capacities including 2 national research universities and 11 scientific and research institutions.
- High proportion of population with higher professional education ensures availability of high-quality human resources.
- The region boasts a wide range of natural resources.

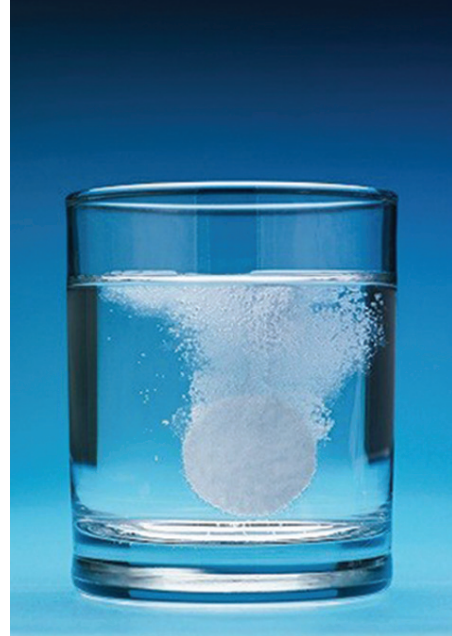
04

SUPPORT FROM THE REGION'S GOVERNMENT

- Profit tax rate decreased from 18 to 13.5%.
- Property tax exemption in 50% amount of the tax rate.
- Subsidies reimbursing interest rates (within 8%), lease payments, costs of electric grid utility connection services (50%).
- Subsidies for major projects (worth more than RUB 1 bn) in 2/3 amount of investment costs.

01 INVESTMENT
NICHE

EXPANDING THE RANGE OF IMPORT-SUBSTITUTING DRUGS



01

NICHE'S KEY PARAMETERS

Compliance with the region's development priorities	Complies with Tomsk Region's Social and Economic Development Strategy until 2020 (Forecast until 2025) as approved by Resolution No. 2539 of Tomsk Region's State Duma of 10/27/2005
Estimated Average Annual Drug Production in Tomsk Region ¹	RUB 4,3 bn
Average drug consumption in Tomsk Region and adjacent regions ²	RUB 66,1 bn
Total drug sales in Russia in 2014 ³	RUB 513,1 bn
Import into Russia in 2014 ⁴	RUB 378,5 bn

02

COMPETITIVE ENVIRONMENT

The region accommodates several companies producing drugs as follows: antiviral drugs (arbidol, amixin), antispasmodic drugs (papaverine, papasole), antibiotic drugs (laevomycesin), sedatives (valerian tea) and others. Still, foreign manufacturers' products account for the bulk of the product lineup in the drug market.

03

WHY CHOOSE TOMSK REGION?

- Availability of pharmacological scientific and research centers.
- Availability of enterprises providing production capacities for possible cooperation and production process integration.
- The Regional Government's intent to create a major pharmaceutical cluster.

04

DETAILS:

<http://www.russez.ru/oez/innovation/tomsk/tomsk>

POSSIBLE LOCATION

Name	Tomsk Techno-Innovation Special Economic Zone, Southern Site
Total area	269,4 ha.
Electricity	44 MW
Gas	24,5 mcm/year
Water supply Sewage	+
Railway line Motorway	- +

¹ ASI's calculation based on the data from Tomsk Region's Social and Economic Development Strategy until 2020 (Forecast until 2025).

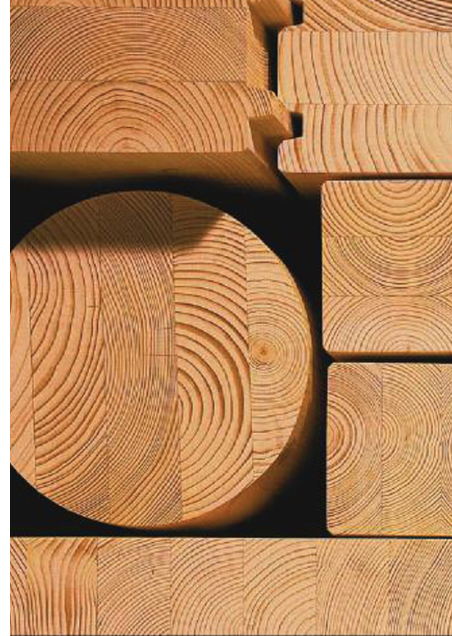
² ASI's calculation based on all-Russian statistical data.

³ DSM Group's research.

⁴ Statistical data of the Russian Federation's Federal Customs Service and ASI's calculation.

02 INVESTMENT
NICHE

LUMBER AND CHIPBOARD PRODUCTION FOR RETAIL PURPOSES



01

NICHE'S KEY PARAMETERS

Compliance with the region's development priorities	Complies with Tomsk Region's Social and Economic Development Strategy until 2020 (Forecast until 2025) as approved by Resolution No. 2539 of Tomsk Region's State Duma of 10/27/2005
Forest products production in the Siberian Federal District in 2013	8,8 mcm
Average Forest Products Production in Tomsk Region	1 mcm p.a.
Potential Forest Products Production in Tomsk Region	3,8 mcm
Share of Forest Products Production in Total Round wood Production in the Siberian Federal District in 2013	22 %
Potential Market Capacity	RUB 35 bn

02

COMPETITIVE ENVIRONMENT

Currently, the region accommodates several major forest products manufacturers including integrated woodworking enterprises such as: LLC «Tomlesdrev» producing c. 300 thousand m³ p.a. of engineered wood boards; CJSC Partner-Tomsk Woodworking Plant producing c. 264 thousand m³ p.a. of MDF; AVIC International Holding Corporation (PRC). In this connection, it is planned to further increase woodworking volumes in the region in the long-term.

03

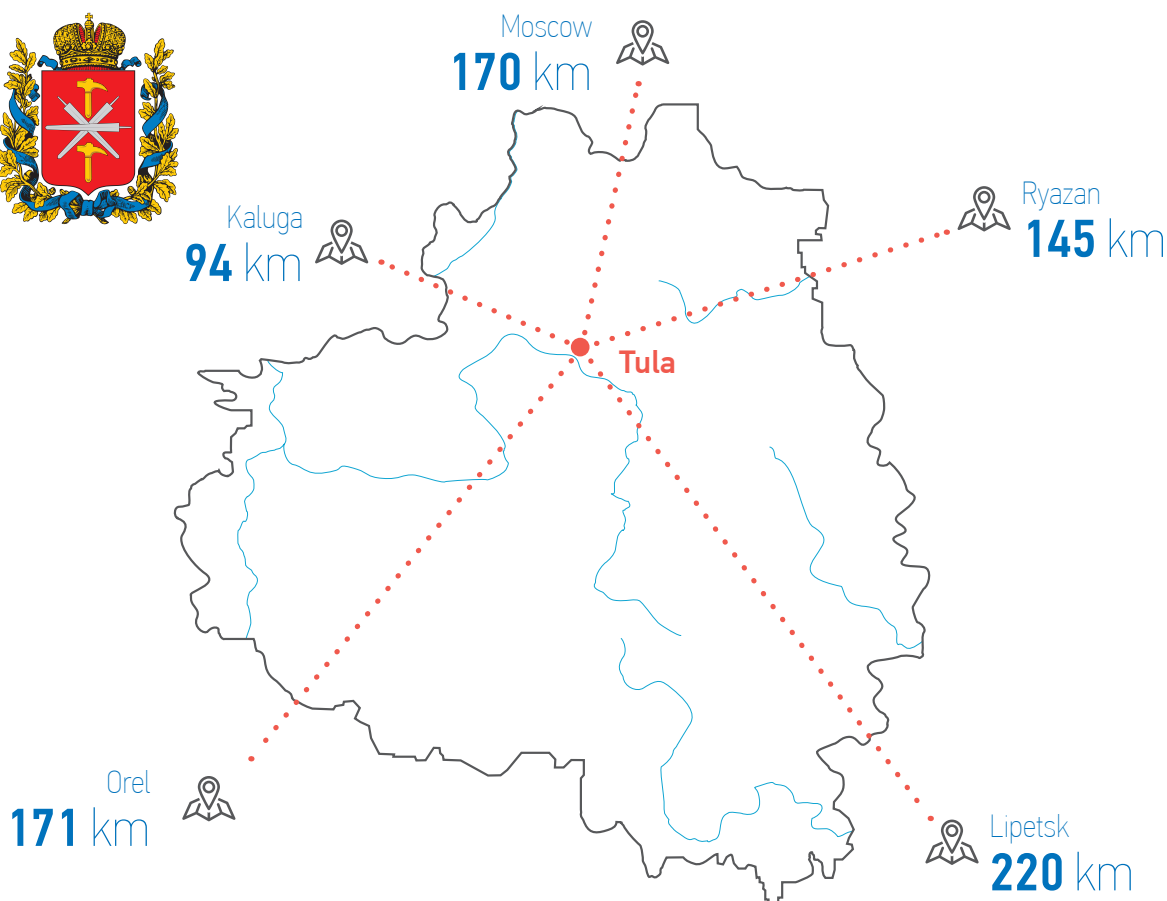
WHY CHOOSE TOMSK REGION?

- Significant resource potential and availability of proprietary raw material capacities and territorial proximity to regions supplying wood.
- Creation of a major woodworking cluster in the region aimed at production of HVA products that meet the world's requirements.
- Territorial proximity to consumer countries including the PRC that is the largest consumer of Russian woodworking products.

04

POSSIBLE LOCATION

Name	Timber Industrial Park in Asino
Total area	295 ha.
Electricity	48 MW
Gas	2016
Water supply Sewage	+
Railway line Motorway	+ +



TULA REGION'S INVESTMENT OPPORTUNITIES



01

DETAILS:

For details on key economic and social indicators, please kindly see <http://investinregions.ru/regions/tula/> <http://www.tulastat.gks.ru/>

The region's investment passport is available at <http://www.invest-tula.com/>

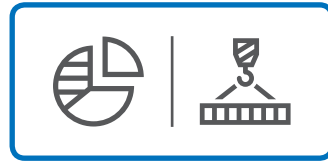
REGION'S KEY PARAMETERS

Regional Population	1 513 166 people
Adjacent regions' population	23 490 676 people
Average lease rate for class A office premises	RUB 8 400/m ² p.a.
Average lease rate for class A production and storage premises	RUB 4 800/m ² p.a.
Average sale price of industrial land lots	RUB 2 000 000/ha
Average monthly pay	RUB 25 747

02

GENERAL MACROECONOMIC SITUATION IN THE REGION

GROSS REGIONAL PRODUCT (GRP):



347,06 | 361,15
bn RUB | bn RUB
in 2013 | in 2014

+4,5%

PLACE OF THE REGION IN TERMS OF GRP:



6 | 38

in the Central Federal District | Among all regions of the Russian Federation

* according to 2013 data

CONTACT INFORMATION:

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Tula Region's Minister
of Economic Development
Grigoriy.Lavruhin@tularegion.ru
+ 7 (980) 589-90-39

TOTAL EQUITY INVESTMENTS:



91,05 | 95,43
bn RUB | bn RUB
in 2013 | in 2014

+0,5%

UNEMPLOYMENT LEVEL:



4,2% | 4,2%

in 2013 | in 2014

THE HEADLINE INFLATION:



7,1% | 8,4%

in 2013 | in 2014

INDUSTRIAL PRODUCT MANUFACTURERS' PRICES:



5,1% | 5,3%

in 2013 | in 2014

03

REGION'S KEY COMPETITIVE STRENGTHS

- The region is situated in central European part of Russia near Moscow.
- Highly developed industrial sector of economy and high diversification of sectors within the region.
- Positive migration balance.

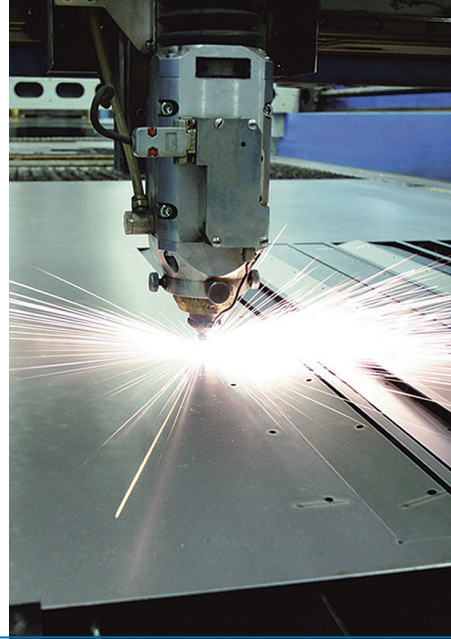
04

SUPPORT FROM THE REGION'S GOVERNMENT

- Profit tax decreased from 18 to 13.5% for the project pay-off period but not more than for 4 tax periods.
- Property tax decreased to 0% for the project pay-off period but not more than for 4 tax periods.
- The system of subsidized company creation, development or upgrading costs (including farming enterprises).
- Subsidies to eligible companies in relation to establishment and development of industrial parks' infrastructure development.
- Subsidies for reimbursement of interest on loans for technological modernization and development of new competitive products by Tula region industrial complex enterprises.

01 INVESTMENT NICHE

ESTABLISHING MACHINE-BUILDING AND TOOL-MAKING ENTERPRISES FOR DEFENSE INDUSTRY COMPLEX AND MOTORCAR-BUILDING



01

NICHE'S KEY PARAMETERS

Compliance with the region's development priorities	Complies with the draft Tula Region's Social and Economic Development Strategy until 2030 as published by the Region's Ministry of Economic Development on 30 May 2013
Annual Machinery Production Demand for Import Substitution Purposes ¹	500 pcs.
Annual Production in Value Terms ²	RUB 2,5 bn

02

COMPETITIVE ENVIRONMENT

Joint venture with Taiwanese and Spanish companies assembling metalworking machines is based on OJSC Tulamashzavod. LLC Tulamash Machine Building Plant Scientific Production Enterprise, a subsidiary of OJSC Tulamashzavod, has the capacity to meet the needs of industrial enterprises in the Central Federal District. However, to meet the needs of machine-building enterprises of the Tula region (confirmed by prospective need for tools products worth about RUB 1.5 bn p.a.), a project of placement in the Tula region instrumental blank production is held with raising funds under the federal program. So far in this direction commissioned Forging and galvanic production based on OJSC Transmash (Belev), galvanic production based on OJSC Tulamashzavod, new Sukhodolskiy special heavy engineering plant Spetstsyazhmash (Aleksinsky area).

03

WHY CHOOSE TULA REGION?

- Potential establishment of a machine-building center.
- Availability of major machine building and defense industry complex enterprises.
- Demand for reengineering of the machine-building sector via import substitution.
- Potential demand for machine-building and tool-making products.
- Availability of a well-developed vocational education and training system.
- Availability of specialized scientific and research capacities.

04

POSSIBLE LOCATION

Name	Uzlovaya Industrial Park
Total area	2 500 ha.
Electricity	100 MW
Gas	180 mcm/year
Water supply Sewage	+
Railway line Motorway	+ +

¹ Metalworking machines market research, Rosstat data and ASI's calculations.

² Metalworking machines market research, Rosstat data and ASI's calculations.

02 INVESTMENT NICHE

ESTABLISHING BASE POLYMER PRODUCTION



01

NICHE'S KEY PARAMETERS

Compliance with the region's development priorities	Complies with the draft Tula Region's Social and Economic Development Strategy until 2030 as published by the Region's Ministry of Economic Development on 30 May 2013
The main demanded products	carbamide — 3.5 MM tonnes p.a. methanol — 1350 thousand tonnes p.a. urea-formaldehyde concentrate and urea-formaldehyde resin — 200 thousand tonnes p.a. melamine and melamine formaldehyde resins — 50 thousand tonnes p.a. POM — 20 thousand tonnes p.a.
Potential output	10 MM tonnes p.a.
Free Polymer Production Market Capacity (for Import Substitution) ³	RUB 18 bn

02

COMPETITIVE ENVIRONMENT

Currently, the region accommodates petrochemical producers such as OJSC Shcheckinazot, LLC Procter & Gamble – Novomoskovsk, JSC Novomoskovsk chlorine, LLC Aerosol Novomoskovsk, but the product range of these enterprises is very limited and cannot satisfy all market needs.

03

WHY CHOOSE TULA REGION?

- A petrochemical cluster is one of the region's priorities.
- Availability of major petrochemical and oil processing enterprises in the region production cooperation with which is possible.
- Availability of specialized scientific and research capacities.

04

POSSIBLE LOCATION

Name	Nitrogen Techno Park
Total area	300 ha.
Electricity	200 MW
Gas	110 mcm/year
Water supply Sewage	+
Railway line Motorway	+ +

³ Statistical data of the Federal Customs Service and ASI's calculations.



SUNRISE
INDUSTRIES NEWS

ASSISTANT
General Manager - Manufacturing

01

12 FEBRUARY
2015

MACHINE-BUILDING

THE FIRST PILOT MACHINE PRODUCED WITHIN THE FRAMEWORK OF A NEW REGIONAL PROJECT LAUNCHED AT PROTON-PM

Proton PM became a participant of the regional project to establish production of CNC-controlled lathe machines. The investments amount to RUB 317 MM. Potential consumers include industrial enterprises from Russia and Perm Territory. Establishing commercial production and producing 40 metalworking machines are scheduled for 2015.

Mr. Dmitri Shcheniatski, CEO, OJSC Proton-PM, reported that the first pilot machine had been commissioned already at Proton-PM's production site. After it reaches the full rate of operation, the joint project with OJSC Stankoprom and LLC Prom-Oil is scheduled to produce up to 280 lathe-processing centers for machining special structural alloys and steels. Mr. Artem Chibisov, Deputy Prime Minister and Industry, Entrepreneurship and Commerce Minister of Perm Territory: «The project has been presented already to Mr. Victor Basargin, the governor, and was approved by him. On our part, we are ready to provide full support in relation to design, government expert review and connecting the facilities to power supplies. We take upon all this. 90% of machines' components will be produced domestically. One may say that Perm Territory will soon accommodate yet another import substitution project».

02

11 FEBRUARY
2015

BUILDING VESSELS FOR ARCTIC DEVELOPMENT

ATOMENERGOMASH HAS STARTED ASSEMBLING THE FIRST REACTOR CASING OF THE RITM-200 UNIT.

ZiO Podolsk (a member of Atomenergomash, Rosatom's machine-building division) has begun a unique operation to assemble parts of the RITM-200 unit reactor casing for LK-60Ya «Arctic», a new-generation icebreaker. Welding was done using a special process having no equals in Russia and developed by the company's specialists

The first annular seam joins the flange with the barrel. The welding process was continuing with no interruptions for four and a half days. Metal heating temperature reached 200 degrees Centigrade. About 600 kilograms of metal wire was built up to create a seam 150 mm thick.

The universal double-draft project 22220 icebreaker will be the largest and most powerful icebreaker globally. It will be 173.3 meters long and 34 meters wide, its designed draft will be 10.5 meters and minimum operating draft will be 8.55 meters. Its design displacement will be 33.4 thousand tons. The icebreaker will be able to accompany ship caravans in Arctic conditions breaking ice up to 2.9 meters thick in its path.

03

9 FEBRUARY
2015

CHEMICAL INDUSTRY/LOGISTICS

TOMSKNEFTEKHIM LAUNCHES A NEW CONTAINER TERMINAL

SIBUR and FESCO Transport Group commissioned a new container terminal with an area of 10 thousand sq.m. at Tomskneftekhim (a SIBUR company). The terminal is designed for storing polypropylene and polyethylene and loading them onto railway platforms.

«Resolution to construct a modern container terminal at SIBUR's Tomsk site was passed in connection with scheduled capacity extension at Tomskneftekhim as well as commissioning of a new production facility at Biaxplene (a SIBUR subsidiary producing BOPP film at Tomskneftekhim's site), the company's PR function reports.

Transgarant (a FESCO company) designed and developed the terminal. It will also act as an operator storing empty containers and preparing cargos for transportation in the future.

04

14 ЯНВАРЯ
2015

POLYMER PRODUCTION

POLYMER PLANT LAUNCHED IN INGUSHETIA

Several days ago, a new polymer production plant was commissioned in Karabulak, a city in Ingushetia Republic. The enterprise was named eponymously to its products.

The enterprise will produce polymer pipes and facers. The plant's capacity will allow it producing up to 20 thousand tons of products p.a.

The enterprise development started in the year before last within the framework of the federal target program providing for social and economic development of Ingushetia Republic up to 2016. Investments into the project implementation amounted to c. RUB 320 MM. Additional RUB 140 MM was utilized to acquire the necessary equipment. The plant's estimated pay-off period will be next four years. Currently, the enterprise capacities allow it to produce up to 7 thousand tons of products p.a. while its output will have increased by almost 200% by the year-end.

05

12 FEBRUARY
2015

MOTORCAR BUILDING

VOLKSWAGEN STARTS MANUFACTURING PRE-PRODUCTION BATCH OF ENGINES IN KALUGA

Volkswagen Company Group started producing first batches of its internal combustion engine at its Kaluga plant to be inaugurated in 2015. Pre-production engines will undergo environmental and road tests. Launching a new engine production facility worth EUR 250 MM will enable Volkswagen to step up local content in its passenger cars produced in Russia. Currently, engines for the Group's motorcars produced in Russia are imported.

06

10 FEBRUARY
2015

ADVANCED WHEAT PROCESSING

NEW RAPESEED PLANT LAUNCHED IN EASTERN KALININGRAD REGION

Dolgov and Company Agricultural Holding commissioned a modern high-tech production facility in Nesterov. The plant specializes in advanced processing of rapeseed and two other high-protein crops namely soy and sunflower. The plant's output includes non-food rapeseed oil and seed meal for use as a feed in stockbreeding. The plant's capacity exceeds 60 thousand tons of oilseeds p.a.

The enterprise has all infrastructure required for wheat storage, transportation and shipping by both railways and motorways. All production processes are computerized and mechanized. Therefore, the functioning of the rapeseed plant and elevator requires only 30 employees while similar Russian facilities require five times more staff.



ACKNOWLEDGEMENTS

The Agency for Strategic Initiatives would like to thank all participants that collected, analyzed and prepared information on potential investment opportunities and market niches in the Russian Federation's regions as well as Russian macroeconomic situation. This survey would not have been published without your dedication, professional commentaries, feedback and support.

Anastacia Alexandrova,

Chief Specialist of the Exhibition and Fair
Department of the SPI Leningrad Region's
Economic Development Agency.

Xenia Bahareva,

Chief Specialist of the Investment Policy
Department of Sverdlovsk Region's Investment
and Development Ministry

Olesia Begunova,

Head of the Investment Policy Department
of Sverdlovsk Region's Investment and
Development Ministry

Ilia Buchkovski,

Managing Director, VTB Capital

Alexander Fedchenko,

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MACROECONOMIC INDICATORS OF THE SEVEN REGIONS

RUSSIAN FEDERATION'S CONSTITUENT	GROSS REGIONAL PRODUCT, <i>RUB MM</i>			GROSS REGIONAL PRODUCT PER CAPITA, <i>RUB</i>			FOREIGN DIRECT INVESTMENT <i>USD thousand</i>		
	2005	2010	2012	2005	2010	2012	2005	2010	2013
Bashkortostan Republic	381 646,5	759 203,3	1 154 056,1	93 683,1	186 522,0	284 068,3	51 465	61 652	240 475
Tatar Republic	482 759,2	1 001 622,8	1 436 932,6	128 226,9	264 561,7	376 889,2	54 520	146 488	408 229
Vladimir Region	86 926,8	224 759,2	285 622,6	58 261,0	155 494,2	200 178,9	137 319	388 171	126 074
Leningrad Region	205 416,9	490 303,7	673 916,1	122 024,2	286 435,4	386 747,8	222 290	380 910	912 300
Sverdlovsk Region	475 575,5	1 046 600,1	1 484 447,4	108 697,2	243 234,2	344 282,6	13 273	204 212	169 088
Tomsk Region	159 578,5	284 676,7	374 171,6	155 365,2	272 576,5	352 660,4	47 068	193 216	84 091
Tula Region	116 221,2	237 629,2	347 060,2	71 587,4	152 571,7	202 302,5	25 599	248 270	912 305

RUSSIAN FEDERATION'S CONSTITUENT	POPULATION, <i>thousand people</i>			AVERAGE NUMBER OF EMPLOYED <i>thousand people</i>			CASH INCOME PER CAPITA <i>(month), RUB</i>		
	2005	2010	2013	2005	2010	2013	2005	2010	2013
Bashkortostan Republic	4 066	4 072	4 070	1 797,6	1 770,6	1 770,4	6 887	17 499	23 892
Tatar Republic	3 762	3 787	3 838	1 778,0	1 810,5	1 817,7	7 383	18 424	26 161
Vladimir Region	1 486	1 441	1 413	713,0	703,6	697,6	4 107	12 956	18 796
Leningrad Region	1 685	1 719	1 764	736,6	741,1	750,7	5 687	14 798	20 161
Sverdlovsk Region	4 356	4 297	4 321	2 093,8	2 064,1	2 033,0	9 022	22 194	31 013
Tomsk Region	1 024	1 049	1 070	478,9	491,9	495,7	8 142	15 071	20 247
Tula Region	1 615	1 550	1 522	775,6	771,1	760,5	4 988	15 350	20 903

RUSSIAN FEDERATION'S CONSTITUENT	EQUITY I NVESTMENTS, <i>RUB MM</i>			CAPITAL ECONOMIC ASSETS <i>(at full book value as of the year end)</i> <i>RUB MM</i>			RELATIVE SHARE OF PROFITABLE LARGE AND MEDIUM-SIZED ENTERPRISES AND COMPANIES, %		
	2005	2010	2013	2005	2010	2013	2005	2010	2013
Bashkortostan Republic	84 471	153 625	266 233	868 425	1 604 725	2 105 770	74,0	80,9	79,9
Tatar Republic	139 361	328 944	520 228	1 090 879	2 526 863	3 342 559	65,5	70,3	76,5
Vladimir Region	17 327	50 088	65 292	219 803	421 136	585 987	59,7	66,4	67,0
Leningrad Region	78 348	278 863,8	253 618,5	546 302	1 210 457	2 275 653	64,9	67,3	66,4
Sverdlovsk Region	91 019	264 462	350 637	1 424 665	2 561 776	3 949 207	61,7	61,5	65,4
Tomsk Region	19 401	77 598	102 036	319 795	673 404	987 240	62,2	72,0	75,6
Tula Region	20 804	71 527	91 046	287 642	562 328	765 072	63,2	64,4	74,4

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