Dear colleagues!

The Moscow Region is one of the largest and fastest growing regions of the Russian Federation. It holds a special place among other Russian regions due to the scope of its economic activities. The Region is home to more than 25 million residents and over 40 million residents in the Central Federal District.

The Moscow agglomeration is a region with the most developed transport infrastructure. It provides companies with quick and comfortable delivery services from the Region to all the constituent entities of Russia and its key ports, as well as to European and Asian countries.

According to many economic indicators, Moscow Region is among the leaders of the constituent entities of the Russian Federation. The safety margins of the regional economy guarantee further stable development.

Today, our challenge is to substantially increase the economic growth rates. A set of measures to create favorable conditions for the rapid and qualitative innovative development of the economy, based on advanced technologies, is being quickly implemented.

A favorable investment climate created by the Government of the Moscow Region should help attract a large number of foreign companies into the Region so that they could start production and open their representative offices there.

We highly appreciate the fact that foreign investors have always acted as a reliable partner. Foreign companies quickly fit into our economic structure, and the newly established enterprises have high production standards and take an active part in implementing social programs. Special conditions are being created for foreign investors to do business.

The Moscow Region Development Corporation has now been established. It will be responsible for the development of the infrastructure in industrial zones and industrial parks, pre-project preparation, the development of proposals for attracting investment projects, and their support.

A new Law of the Moscow Region, which is aimed at "developing investment activity in the Moscow Region", guarantees equal protection of the rights and interests of the participants in investment activity. The law establishes the forms of state support of investment activity, i.e., special benefits and preferences for investors.

The Investment Council has been formed under the Governor of the Moscow Region to ensure stable conditions for investment activities in the region and develop proposals for improving the investment climate in the region.

The Investor Support Center will be formed under the Investment Council to provide single regulation support for investment projects on the basis of the "one window" principle.

The Government of the Moscow Region always enters into agreements with investors in order to establish a partnership between the regional government and business.

The Moscow Region is open for mutually beneficial cooperation with foreign investors. We invite all companies to establish a business partnership, and we promise to make it the most promising partnership.

Acting Governor of the Moscow Region
Andrey Vorobiev
**Key advantages of investing in the Moscow Region**

**Largest consumer market in Russia**
- 25 million people living in the Moscow agglomeration
- The leading place in Russia in terms of consumer spending
- Wealthiest population in Russia lives in the Moscow Region

**Strategic location of the region**
- Proximity to Russia’s main financial and political center - city of Moscow
- Centrally located at the cross-roads of major international trade routes from East to West

**Developed transport infrastructure**
- Three international airports with total passenger turnover of 65 mil
- Highly integrated railroad network and logistics hubs
- Connection to major seaport of St. Petersburg by inland waterways

**Skilled labor**
- Huge number of economically active population
- High level of education and skills
- Extensive housing facilities for workers

**Investor friendly government policies**
- Tax benefits of special economic zone of Dubna
- Developed network of industrial parks
- Single window approach to trade facilitation
Global Brands in the Moscow Region

MITSUI & CO., LTD.

BASF

The Chemical Company

PEPSICO

SMC

TOYOTA

Protex Tetra Pak

3M

MARS incorporated

Auchan

NISSIN

MICHELIN

LG

BAYER

KIRIN

Holcim

FURUKAWA ELECTRIC

LIEBHERR

John Deere

NSG GROUP

LaFARGE

P&G

IKEDA

KNAUF

IKEA

Nestle

Yakult

DANONE

Ernst & Young

Moscow Region Government
Investors on the map of the Moscow Region
## Main FDI projects

<table>
<thead>
<tr>
<th>Investor name</th>
<th>Project description</th>
<th>Volume of investment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recent investment projects (2011-2012)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rauta-Kesko, Finland</td>
<td>DIY shopping center</td>
<td>66,00,000 €</td>
</tr>
<tr>
<td>Hyundai, Korea</td>
<td>Service center</td>
<td>14,00,000 €</td>
</tr>
<tr>
<td>Leroy Merlin, France</td>
<td>DIY shopping center</td>
<td>65,00,000 €</td>
</tr>
<tr>
<td>Grundfos, Denmark</td>
<td>Pumps production facility</td>
<td>80,00,000 €</td>
</tr>
<tr>
<td>Kingfisher**, Great Britain</td>
<td>DIY shopping center</td>
<td>34,00,000 €</td>
</tr>
<tr>
<td>Michelin, France</td>
<td>Cargo tyres recovery service</td>
<td>10,00,000 €</td>
</tr>
<tr>
<td>LG Chem, Korea</td>
<td>Window PVC section s production</td>
<td>10,00,000 €</td>
</tr>
<tr>
<td>Holcim, Switzerland</td>
<td>Cement production facility modernization</td>
<td>500,00,000 €</td>
</tr>
<tr>
<td>VitrA, Turkey</td>
<td>Paving-tile production facility</td>
<td>34,00,000 €</td>
</tr>
<tr>
<td>Vogel &amp; Noot, Austria</td>
<td>Packing materials manufacturing</td>
<td>15,00,000 €</td>
</tr>
<tr>
<td><strong>Major investment projects</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mars</td>
<td>Food industry manufacturing facilities</td>
<td>300,00,000 €</td>
</tr>
<tr>
<td>PepsiCo</td>
<td>Non-alcohol beverage production facilities</td>
<td>184,00,000 €</td>
</tr>
<tr>
<td>John Deere</td>
<td>Production-logistics complex</td>
<td>94,00,000 €</td>
</tr>
<tr>
<td>Kimberly-Clark</td>
<td>Paper products manufacturing facility</td>
<td>490,00,000 €</td>
</tr>
</tbody>
</table>

Source: Ministry for investments and innovations of the Moscow region
# Brief overview of the Moscow region

## Macroeconomic indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Rank among other regions of the Russian Federation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing construction</td>
<td>1</td>
<td>The volume of housing construction in the first half of 2012 was estimated at 2,413.4 thousands m² that exceeded the volume of housing construction for the same period of 2011 by 2.7%.</td>
</tr>
<tr>
<td>Retail turnover</td>
<td>2</td>
<td>Retail turnover by July 2012 increased by 4% compared to 2011.</td>
</tr>
<tr>
<td>Unemployment</td>
<td>3</td>
<td>In the first half of 2012 unemployment level reduced to 2.72%</td>
</tr>
<tr>
<td>Investment in fixed capital</td>
<td>6</td>
<td>The investment volume in fixed capital increased by 5.5% in the first half of 2012 compared to the same period of 2011.</td>
</tr>
<tr>
<td>Consumer spending per capita</td>
<td>6</td>
<td>The consumer spending per capita indicator in the first half of 2012 reached 600 USD that exceeded the indicator for the same period of 2011 by 9.2%</td>
</tr>
</tbody>
</table>

*Source: Ministry of investments and innovations of the Moscow region*
Resources and infrastructure
Major industries of the Moscow region

The Moscow Region boast a highly developed industrial cluster:
► Leading role in terms of volumes of industrial production among the regions of the Russian Federation
► Dozens industrial production facilities of national importance
► Highly potential science-and-technical base
► Focus on modern technological production

Location of key industrial centers

- chemical industry
- machinery, metal works, energy sector, construction, transport, agriculture, light industries
- optical mechanical instrumentation
- radioelectronic, instrumentation
- textile manufacturing

Production of goods and services, the Moscow region, 2011

- Wholesale and retail trade: 53%
- Manufacturing industry: 25%
- Real estate transactions: 7%
- Transport and communications: 7%
- Construction: 6%
- Others: 2%
- Others: 2%
Labor market

Labor market of the Moscow Region is characterized by the following factors:
► Huge amount of economic active population
► Large number of educational facilities
► Highly qualified and educated labor force
► Legal incentives for foreign labor force

Source: the Federal State Statistics Service

An annually occupied people by industry, ‘000 people

Educational structure of occupied inhabitants in the Moscow Region

Source: the Federal State Statistics Service
Historical migration

Population of the Moscow agglomeration – 25 million people.

2001-2003 гг.

Population density – 147.4 people on 1 sq.km

Annual net migration of the population

Source: the Federal State Statistics Service
Transport

Area: 44.36 thousand sq.km
Population: 6,941,780, ~81% is urban
Gross Regional Product: US$ 73 bln.
Gross Regional Product per capita: US$ 8,037

Disposable Income: US$8,319
Foreign Investments: US$ 22.3 bln
Unemployment rate: 0.8%
Cities: Total 80 cities with 19 with population over 100,000 people

Source: the Federal State Statistics Service, years 2010-2012

International airports:
► Domodedovo – 26 mln. passengers, 22 km to the South from Moscow
► Sheremetyevo – 23 mln. passengers, 11 km to the North from Moscow
► Vnukovo – 8 mln. passengers, 11 km to the South-West from Moscow
► Bykovo (cargo) – 13 km to the South-East from Moscow

Key highways
► International transit corridor №2
► International transit corridor №9
  Helsinki – Saint-Petersburg - Moscow – south Russia

Railways
► Nine major railways pass through the Moscow Region in all directions
► High-speed passenger train service connects Moscow with St.Petersburg and Nizhniy Novgorod
► Trans-Siberian Railway allows to deliver rail cargo to/from Far East regions
Investment climate
Brief overview of Russia
Facts and figures

Russia fact book

Area: 17 mln sq.km (1st in the world)

Population: 143 mln (9th in the world),
density – 8.4 people per 1 sq. km

Biggest cities (1+ mln. citizens): Moscow (12 mln.),
St. Petersburg (5 mln.), Novosibirsk, Yekaterinburg,
Nizhny Novgorod, Kazan, Samara, Omsk, Ufa,
Chelyabinsk, Volgograd

GDP: (2011) US$ 1.850bln (9th in the world)

GDP per capita: (2011) US$ 16,736

Disposable income: (2011) US$ 742,869

Labor force: 73 mln. people (2011) (7th in the world)

Public debt: 10.4% (est. in 2011)

Reserves of foreign exchange and gold: US$529.9bln
(1Oct 2012)
Investment climate
Key facts

Only in 2011 foreign investments inflow was US$5.46bln:
- Direct foreign investments - 47%
- Miscellaneous investments - 53%

Key sectors for foreign direct investments in 2011 were manufacturing industry, real estate operations, distribution industries.

Investment rating of the Moscow region
Rating: 1B - high potential, medium risk
Expert RA Rating Agency

Among 83 Russian regions Moscow region takes third place on the investment potential, and 14 place on risk level.

Accumulated foreign investment as of June 2012 amounted to US$22.3 billions

Foreign investments in the Moscow region (2011)

Source: the Ministry of foreign trade of the Moscow region
Source: Ministry of economics of the Moscow region
The Moscow Region implements diverse measures aimed at supporting foreign and local investors:

- Improvement of public institutions that regulate investment process
- Development of organizational investment support mechanisms
- Attraction of direct foreign and national investments
- Establishment of the Corporation for Region Development (capitalization – US$ 10 bln by 2017)
- Streamlining of contract execution procedures between investors and the Moscow Region government
- Adoption of Government Counsel under the Moscow Region governor

- Special law on regional investment activity
- Tax benefits for priority projects (property and profit tax exemptions)
- State guarantees and subsidies
- Development of network of industrial and technology parks
- Legal support and permits facilitation
- Personal government manager for each important project and continuous support
- Investment climate improvement measures
- Establishment of the support center for investors
Priority investment sectors

**Industries**

**Industrial production**
- Machinery producing industry
- Aircraft engineering
- Car manufacturing

**Science and technologies**
- Micro- and nanoelectronics production
- Bio-pharmaceutical industry
- Information and communication technologies

**Tourism**
- Designing of thematic landscape park “Russia”
- Tourism infrastructure development
- Foundation of joint companies for attracting new tourists in the region

**Projects**
- Special economic zone in Dubna
- Special industrial production zones in Stupinskiy, Noginskiy and Klinskiy districts
- 3 territorial innovation clusters – Dubna, Puschino, Dolgoprudniy
- Logistic complex in Domodedovo
- Multifunctional healthcare centre

**Transport-logistics system**
- Construction of modern logistics complexes
- Private-public partnership projects in transport infrastructure development
- Administration of transport infrastructure and traffic situation

**Medical technologies and pharmaceutics**
- Construction of modern highly technological medical centre
- Health care system administration

**Construction**
- Implementation of modern construction practices and administration of construction processes
- Construction of modern archival logistics complex
Investment opportunities
Major public-private partnership projects

- Volume of investments – more than $600 mln
- Project – construction & administration
- Base healthcare centre of the Moscow region
- Capacity – more than 1500 cubicles

Multifunctional healthcare centre

- Location – to the South of Moscow
- Land plot size – 1000 ha
- More than $1.5 bln. of investment
- Developed transport infrastructure

Thematic leisure park “Russia”
Dubna – special economic zone

**Core centre**: 5-building information technologies complex.
**Current situation** - 81 registered resident company:
► 34 engaged in Information Technologies
► 32 engaged in nuclear-physical and nano-technologies and bio-medical technologies
► 15 engaged in complex technical systems engineering

**Overall available area**: 187.7 ha
(1 plot – 135.7 ha; 2 plot – 52 ha.)
**Distance to Moscow**: 120 km
**Population**: 70000 inhabitants
**Infrastructure**: well-developed highway and railroad systems
**International airport**: Sheremetyevo (100 km)

**Preferences**
► Prepared laboratory – scale equipment
► Land plots provided with infrastructure and utilities
► Free of charge connection onto utility networks
► Housing availability for expat qualified labor force
► Rapid data communication systems
► Fiscal incentives
► Special customs regulations
► Corporate communication development

**Business priorities**
- Nuclear-physical and nano-technologies
- Bio-medical technologies
- Complex technical systems engineering
- Information technologies
Special economic zone for production

Centres of SEZ: Klin, Noginsk, Stupino
- 3 SEZ plots
- Regional and federal preferences
- Consortium of Japanese integrators
- Regional and federal preferences
- More than 1500 ha
- Well-developed highway and railroad systems

Preferences
- Fiscal incentives (lower income tax, no transport tax, no land tax)
- Land plots provided with infrastructure and utilities
- Free of charge connection onto utility networks
- Housing availability for expat qualified labor force
- Special customs regulations
- Professional management company

Business priorities
- FMCG
- Machinery production
- Construction materials
- Equipment

Centres of SEZ: Klin, Noginsk, Stupino

Well-developed highway and railroad systems

Special economic zone for production
Regional financial centers
“Corporate village”

Key indicators
► 5 – 10 Hectares
► Direct Investments – $6 – $7 billions
► Infrastructure investments – $2 billions

Khimki
Domodedovo
Vnukovo
Krasnogorsk
Mutischi
Kotelniki
Balashiha
Industrial and logistics parks

Dmitrov
Volokolamsk
Ruza
Narofominsk
Voskresensk
Elektrostal
Kolomna

Key indicators
► Territory – 200 – 500 hectares
► Labour – 3000 work places
► Infrastructure investments – $170 millions
Dega industrial cluster – Noginsk

Favorable location

At the intersection of 3 arterial roads:
In 37 km distance from MKAD (the Moscow ring road)
  ► Federal highway Moscow-Nizhniy Novgorod;
  ► 800 m distance from Moscow ring road A 107
  ► Under development: Highway Lyubertz-Noginsk;
  ► Convenient road access to the airports Domodedovo & Sheremetievo
  ► Road diversion of Moscow passing MKAD

Two railway stations in the immediate vicinity (freight & passenger)
  * Employees can get to and from work by train
  * Raw materials and finished products can be delivered by rail

Skilled Personnel
  ► 800000 people living within 30km radius
  ► Noginsk, Electrostat, Orekhovo-Zuevo, Balashiha – nearby Industrial production towns.

Excellent social infrastructure
  ► Commercial objects
  ► Cottage community
  ► Social infrastructure of nearby cities

Services
  ► Land acquisition
  ► Connection to utilities
  ► Construction of the facilities
  ► Operation support

Additional Services
  ► Financing (leasing schemes)
  ► Assistance in preparing a feasibility study for investment projects

20 Multinational Companies: Bayer AG, Metro Group, Sievert AG and others

Self-contained Engineering Infrastructure
Well-defined Legal Conditions
Comprehensive Consultation and Support
Unified Design and Construction Strategy
Minimum Costs and Risks

Concept

Ernst & Young
Quality in Everything We Do

Moscow Region Government
Tourism and recreation

**Leisure facilities**
- Moscow Region provides various types of leisure facilities: cultural and heritage, sports activity
- Development of tourism infrastructure and leisure facilities is one of the key priorities of Moscow Region Government
- Golf is also becoming more popular in the region, driving the development of corresponding infrastructure

**Investment opportunities**
There are 11 historical towns in the region that can become backbone link to draw investments.
- 6.5 thousand unique objects of cultural heritage provide opportunity for development of large-scale hospitality and leisure projects
- Famous museums located in the region are well-known all over the world and attract tourists throughout the whole year
- 3 main touristic routes generate so many number of tourist visits that existing infrastructure can hardly accommodate

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Operating and projected golf courses in Moscow and the Moscow region

**Tourists in the Moscow region, 2008-2012F, (million people)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tourists</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>0.75</td>
</tr>
<tr>
<td>2009</td>
<td>1.1</td>
</tr>
<tr>
<td>2010</td>
<td>1.4</td>
</tr>
<tr>
<td>2011</td>
<td>2.9</td>
</tr>
<tr>
<td>2012F</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Source: Ministry of Culture of the Moscow region