The Investment Memorandum
The Investment Memorandum of the Stavropol Region declares the basic priorities of investment development in the Stavropol Region.

The memorandum is directed for investment increasing in economy of the Stavropol Region, and is aimed at improving the investment climate in the Stavropol Region, that favors mobilization of foreign and Russian direct investment in the real economic sector of the Stavropol Region, and putting built industrial objects in the service.
1. General information about the region

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1.1. Geography

The Stavropol Region has a length of 285 kilometers from north to south and 370 kilometers from west to east, and it occupies central position in the south of Russia between the Black and Caspian Seas. The Stavropol Region is the center of the North Caucasus federal district.

The region is the only southern area which borders upon eight subjects of the Russian Federation.

The area of the region has 66.2 thousand square kilometers (0,4 per cent of Russian Federation). The length of the border with neighboring Russian regions is 1753,5 km. The distance from Stavropol (the region administrative center) to Moscow is 1621 km. Farmlands occupy 87,8 per cent of the territory; forests – 1,7 per cent, waters– 1,8 per cent, other land – 8,7 per cent.

The relief of the region’s territory is diverse and divided into invariable (less than 200 m above sea level), higher (200-500 m), and mountain (500 m) by absolute heights.
1.3. The administrative territorial division

The Stavropol Region includes 26 administrative districts, 8 municipal districts, 15 towns, 281 villages, 26 urban settlements, 735 rural settlements and 330 municipalities.

1.4. Population and demography

The economically active population of the Stavropol Region on average is 1,373.3 thousand people for January-December of 2011. The majority of the employed population (its about 58%) is concentrated at the region’s enterprises and organizations (732.9 thousand people), including large and medium-sized organizations (495.2 thousand people).

The level of total unemployment at the end of December 2011 is 5.9%, that calculated using ILO methods. Officially registered unemployment at the end of December last year was 1.8% versus 2.0% in December of 2010.

By the end of December 2011, 25.2 thousand people had got the status of the official unemployed, that was given by region public employment service, and it is 6.6% less than in December of 2011.

By the end of December 2011, the number of vacancies, that was declared by organizations to the state employment service, had been 11.2 thousand, of which – 60% for trades. In December 2011 the coefficient of tension in the labor market was 231 people (100 of declared vacancies) and decreased in comparison with December by 22.7%.
1.5. Natural resources and minerals

1.5.1. Water

The river network of the Stavropol Region is situated unevenly. It gradually decreases to the north and east with the greatest density in the foothills. The largest rivers are Kuban’, Terek (area 40 km), Kuma, Kalaus, Egorlyk, B.Zelenchuk. Among the largest water bodies are lakes: Manych-Gudilo (360 sq.km), Dadynskoe (20 sq.km); and are reservoirs: Chograyskoe (200 sq.km), Sengeleeuskoe (42 sq.km), Yegorylkskoye (16 sq.km), Novotroitskoye (18 sq.km), Otkaznenskoye (22 sq.km).

The total reserves of the region medicinal mineral waters are 12459 m³ for a day. Its used only 11%. There are 32 explored deposits. More than 100 mineral water wells of thirty types are exploited in the CMW’s region. Mineral sources of Pyatigorsk and Kislovodsk are similar to the sources number 1, 2 and 3 in Truskavets (Ukraine), Druskinenkaya (Lithuania) and Wiesbaden (Germany) on chemical properties and therapeutic effects.

The total reserves of fresh underground water are 1.8 million m³ for a day to 21 explored deposits; its used 10%. The reserves of thermal waters in categories B and C1 are 12.2 sq. m³ for a day.

1.5.2. Minerals

The Stavropol Region has a large reserves of unique mineral resources that are attractive for the efficient industrial use. First of all, there are natural gas, oil, complex ore, containing uranium, and building materials. The most known gas deposit is North-Stavropol-Pelagadinskoye (reserves are about 22 billion m³) and Sengeleeuskoye, gas condensate is Mirmenskoe and Rasshevatskoe; oil deposit is Praskoveyskoe.

The Stavropol Region is notable for resource base of titanium and zirconium ores; minerals’ reserves of commodity sands are respectively 44.6 billion m³ (category C2 +P1) and 30.9 billion m³ (category C2 +P1) with the industrial production volume 1.0-1.2 million m³.
1.6. Transport infrastructure

- two international airports: Stavropol and Mineralnye Vody;

- regional network of railway communication tracks is 1,200 km, 7 railway terminals, 47 line stations, 106 stations, passing sidings and halt platforms;

- length of public roads of regional significance is more than 4,400 km, including the share of hard-surface roads – 99%, with improved surface – 87%, transition-type – 12%, unsurfaced – 1%.
1.7. Human resource potential

- 176 vocational education institutions with a total of 176,566 people trained;
- training of personnel and middle and senior specialists in the region is conducted in 25 out of the 28 aggregated groups of professions and occupations or in more than 150 professions, specialities and directions of training;
- 81 institutions of higher professional education, including branches, with a total number of 126,832 students trained;
- 28 institutions of professional education – training of personnel and middle specialists.

The total student body taking into account all forms of education is 34.66 thousand people.
2. ECONOMY

2.1. Gross regional product

According to the estimations of the Ministry of Economic Development in the Stavropol Region, the volume of gross regional product (hereinafter – GRP) in 2011 amounted to 382.5 billion rubles with a growth rate of 107.1% compared to 2010, that is higher than the growth rate of GDP of the Russian Federation by 3 percentage points.

In 2011 the volume of GRP per capita in the Region was 137.2 thousand rubles, with the growth of 116.3% compared to 2010.

In the structure of the Region gross added value industry accounts for 20.4%, wholesale and retail trade – 21.1%, agriculture – 11.1%, construction – 7.6%.
2.2. Industry

In 2011 Index of Industrial Production (IIP) amounted to 104.4%, including by economic activities: “mining” – 96.6%, “manufacturing” – 104.5%, “production and supply of energy, gas and water” – 105.8%.

In 2011 the volume of the dispatched industrial home manufactured products counted 239.3 billion rubles or by 15.4% more compared to 2010. Production volumes of the industrial home manufactured products by economic activities: “mining” – 7.1 billion rubles or by 7.0% more compared to the previous year, “manufacturing” – 174.5 billion rubles, with a growth rate of 15.0% in the course of year, “production and supply of energy, gas and water” – 57.7 billion rubles or by 17.7% more.

Dynamics of Indices of Industrial Production in 2010-2011
(from the beginning of the year in % to corresponding period of previous year)

2.2.1. Mining activities

In 2011 mining amounted to 1.9% in the structure of Gross Regional Product. During 2011 enterprises of the Region produced mineral products to the amount of 7.1 billion rubles or by 7.0% more than in 2010.
2.2.2. Manufacturing activities

In 2011 the Stavropol Region exceeded most (1.5 times) the January-December level 2010 in metallurgy and manufacture of fabricated metal products, manufacture of vehicles and equipment, 1.2 – 1.3 times – manufacture of other non-metallic mineral products, leather, leather products, footwear, pulp and paper production, publishing and printing, furniture production.

During 2011 it was observed significant increase (3.5 – 8.9 times) in the production of canned meat and fruit, paving tiles, (2.3 times) – canned fruit and vegetables; (1.5 – 1.8 times) – semi-finished meat products, starch, books, leaflets, building prefabricated structures, separators, trailers for trucks, chairs, kitchen tables; (1.2 – 1.3 times) – meat and by-products, sausage goods, vegetable oil and dairy butter, flour, pasta, shoes, newspapers, semiconductor devices, wooden beds.

During January-December 2011 it was observed decline in production of chemical industry (by 7.4%), rubber and plastic products manufacturing (by 4.8%).

It was decline in production of vodka and liquors (3.7 times); paint and lacquer materials, trailers for automobiles (1.7 – 1.9 times); knitwear, blinds, shutters (1.3 times). It was produced less fertilizers, ethylene, propylene, windows and polymeric windowsills than in 2010.

Dynamics of certain kinds of "Manufacturing activities"
In 2010-2011
(from the beginning of the year in % to corresponding period of previous year)
2.3. Agriculture

The Stavropol Region is one of the largest suppliers of agricultural products and foodstuffs in the Russian Federation. In 2011 agricultural output amounted to 97.2 billion rubles or by 15.4% more compared to 2010. The growth rate of agricultural output during 2010 was 3.4%. In 2011 the growth of crop production amounted to 120.2%, livestock – to 105.9%.

According to the data, in 2011 it was obtained a high gross yield of grain and pulse plants in the amount of 8.4 million tons that is 119% to the level of 2010. Yield of cereal crops amounted to 39.0 quintal per hectare that is higher than in 2010 by 6.1 quintal per hectare. Over the last three years it is observed planned increase in vegetable production. In 2011 the gross yield of vegetables amounted 318.7 thousand tons that is higher than in 2010 by 35.7%.

In 2011 it was produced 316.6 thousand tons of meat or by 6.7% more than in 2010, milked 666.3 thousand tons that is by 5.1% more, produced 873.0 million eggs that is less by 1.4%, sheared 7.1 thousand tons of wool that is by 1.7% more compared to the previous year.

By the end of 2011, compared to the previous year, it was observed an increase in the number of cattle by 1.2%, including cows – by 2.0%, poultry – by 15.5%. At the same time there was reduction in the number of pigs – by 10.6%, sheep and goats – by 2.2%.

### Structure of agricultural products in 2011 (% of total)

- **cereal crops** 37.8%
- **technical crops** 13.7%
- **all kinds of meat** 18.3%
- **potato, vegetable and cucurbitaceous plants** 13.0%
- **milk** 8.4%
- **eggs** 2.5%
- **other products** 6.3%
2.4. Transport

Transport organizations carried during the January-December 2011 12049.8 thousand tons of cargos that is by 18.3% more compared to 2010.

3353.0 thousand tons of cargos were dispatched by road transport that is 1.3 times more, 8694.9 thousand tons – by railway transport that is by 15.6% more, 1.9 thousand tons – by air transport that is 2.2 times less than in January-December 2010.

Dispatch of grain cargos out of all transported by the railway goods in 2011 increased 2.0 times. At the same time transportation of scrap metal dropped by 1.8 times, mineral fertilizers – by 12.2%, oil cargos – by 3.6%.

Freight turnover of transport enterprises increased by 8.3% and amounted to 3879.4 million ton-km.

During 2011 it was carried 217.6 million passengers that amounts to 98.4% compared to 2010. It was observed increase in passenger transportation by the railway transport – by 5.6%, trolleybuses – by 1.1%. There was a decrease in transportation by the air transport – by 29.6%, trams – by 6.4% and road transport – by 1.4%.

<table>
<thead>
<tr>
<th>Cargo carriage of transport organizations in 2011</th>
<th>2011</th>
<th>in % to 2010</th>
<th>For reference: 2010 in % to 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargoes carried (dispatched) by transport enterprises, thousand tons</td>
<td>12049.8</td>
<td>118.3</td>
<td>84.9</td>
</tr>
<tr>
<td>including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>railway transport</td>
<td>8694.9</td>
<td>115.6</td>
<td>81.1</td>
</tr>
<tr>
<td>road transport</td>
<td>3353.0</td>
<td>126.2</td>
<td>112.2</td>
</tr>
<tr>
<td>air transport (transport aviation)</td>
<td>1.9</td>
<td>46.3</td>
<td>106.0</td>
</tr>
<tr>
<td>Freight turnover of transport enterprises, million ton-km</td>
<td>3879.4</td>
<td>108.3</td>
<td>92.7</td>
</tr>
<tr>
<td>including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>railway transport</td>
<td>3408.6</td>
<td>108.4</td>
<td>91.7</td>
</tr>
<tr>
<td>road transport</td>
<td>467.2</td>
<td>109.0</td>
<td>106.6</td>
</tr>
<tr>
<td>air transport (transport aviation)</td>
<td>3.6</td>
<td>41.9</td>
<td>99.4</td>
</tr>
</tbody>
</table>
2.5. Construction

The volume of work carried out by the type of activity “Construction” in 2011 was 37.6 billion rubles with a growth of 10.7 compared to the previous year.

In the Region during 2011 thanks to all financing sources there were set in operation residential buildings with total area of 1266.9 thousand square meters that is by 15.1% more than in 2010. Housing construction schedule within the realization of national project “Affordable and comfortable housing to Russian citizens” in 2011 was met by 100.2%. In 2011 specific weight of individual housing construction in the total area of completed construction was 36.4%.

*Dynamics of the volume of work carried out by the type of “Construction” activity (in % to corresponding month of previous year)*
2.6. Consumer market

Against the background of low inflation it was a favorable situation in the consumer market of the Region in 2011. The consumer price index (December 2011 to December 2010) was 104.0% against 110.1% in 2010.

During 2011 retail trade turnover totaled 322.4 billion rubles or by 9.6% more than in 2010. In 2011 public catering turnover amounted to 19.6 billion rubles or by 3.5% more than in 2010.

Population was rendered paid services in the amount of 80.3 billion rubles or by 2.7% more compared to 2010. In the structure of the paid services the largest share (59.5%) belongs to transport, communication and housing services. In comparison with 2010 the most significant increase was observed in the volume of communication (by 11.8%), travel (by 18.4%), personal (by 6.9%), hotel (by 5.3%) and housing services (by 5.1%).

2.7. Foreign economic activity

In 2011 foreign trade turnover of the Stavropol Region is estimated at 1770.0 million U.S. dollars that accounts for 110.3% compared to 2010. Including export - 1030 million U.S. dollars (118.9%), import - 740 million U.S. dollars (100.3%).

In 2011 the ban on the export of crops and flour was lifted that allowed a substantial increase in export to the near and far abroad.

Far abroad countries continue to dominate in the geographical structure of the Region, foreign trade and their share in foreign trade turnover in 2011 was estimated at 70.6%. Major trade partners of the Stavropol Region among far abroad countries are China, Turkey, Germany, USA, Brazil, Italy and among CIS countries – Belarus, Ukraine and Azerbaijan.
3. FINANCE

According to the data of the regional Ministry of finance consolidated budget revenues in January-November 2011 amounted to 73.5 billion rubles, expenditures – 67.9 billion rubles, that is the budget is executed with surplus in the amount of 5.6 billion rubles. Distribution of the major income items has the following structure: personal income tax – 20.0%, income tax – 14.9%, property taxes – 8.5%, excise taxes – 6.8%, gross income tax – 3.8%. Gratuitous receipts account for 37.2%.

Federal Tax Administration of the Stavropol Region in January-November 2011 provided the receipt of taxes and charges in the amount of 50.9 billion rubles that is by 11.7% more than in January-November 2010, including to the budget of the Region – by 9.9% more.
3. FINANCE

In the structure of consolidated regional budget expenditures 25.0% are directed to education, 21.3% - social policy, 18.0% - public health, physical education and sport, 12.6% - national economy, 8.3% - housing and utilities, 6.9% - general state needs, 4.5% - security and law enforcement activity.

Net financial result of organizations (except small businesses) in January-November 2011 in current prices amounted to 33.0 billion rubles that is by 6.4% more than in January-November 2010. Positive financial results of activity was provided by 74.5% of the observed organizations of the Region. The profit totaled 41.9 billion rubles. The losses incurred by the organizations amounted to 8.9 billion rubles.

The increase in positive net financial result in comparison with the corresponding period in 2010 was due to its growth in construction (1.2 times), transmission of electrical energy (3.0 times), wholesale and retail trade (2.4 times), agriculture (1.4 times), chemical industry (1.3 times).

In the sphere of financial payments and settlement of business entities among overdue constituents there was an increase in accounts payable (by 27.3%) and accounts receivable (by 6.7%) in comparison with the amount as of January 01, 2011. Their volumes as of December 01, 2011 totaled 4.6 and 8.4 billion rubles respectively. The share of overdue accounts payable in the total volume amounted to 3.1%, accounts receivable – 5.9%.
4. RATINGS

In November 2011 the international rating agency «Standard & Poor’s» confirmed the “B+” Stavropol Region’s long-term credit rating, outlook – “Stable”. National scale rating is “ruA +”.

According to the «Standard & Poor’s» a low debt level and expected moderate level of financial indicators despite the increase in expenditures have positive impact on the rating.

Experts of the rating agency “Expert RA” assessed the investment potential and the investment risk in the Stavropol Region.

Among the subjects of the Russian Federation according to the results of activity during the period 2010-2011 the Stavropol Region was ranked 14th for the investment attractiveness compared to 45th in 2009-2010.

A powerful leap forward in increasing of the investment attractiveness in the Region is conditioned, in particular, by the decrease of financial risks by reducing the ratio of expenditures to incomes, the ratio of overdue payables to total debt of enterprises, the ratio of public debt to budget revenues; social risks – by reducing unemployment level, the proportion of the population with incomes below the subsistence level, the share of wage arrears; management risks – by increasing the quality of the budget management (no violation of the Budget Code) and adoption of effective measures to stimulate investment in the real sector of the economy through a wide range of government support.

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**Dynamics of credit ratings assignment to the Stavropol Region by international rating agency**

*«Standard & Poor's» within eight years*

<table>
<thead>
<tr>
<th>Year</th>
<th>National scale credit rating</th>
<th>International scale credit rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>ruA-</td>
<td>B/ Stable</td>
</tr>
<tr>
<td>2005</td>
<td>ruA-</td>
<td>B/ Positive</td>
</tr>
<tr>
<td>2006</td>
<td>ruA</td>
<td>B/ Positive</td>
</tr>
<tr>
<td>2007</td>
<td>ruA+</td>
<td>B+/Stable</td>
</tr>
<tr>
<td>2008</td>
<td>ruA+</td>
<td>B+/Stable</td>
</tr>
<tr>
<td>2009</td>
<td>ruA+</td>
<td>B+/Stable</td>
</tr>
<tr>
<td>2010</td>
<td>ruA+</td>
<td>B+/Stable</td>
</tr>
<tr>
<td>2011</td>
<td>ruA+</td>
<td>B+/Stable</td>
</tr>
</tbody>
</table>
5. PRIORITIES OF THE INVESTMENT DEVELOPMENT

• Modernization and technological upgrading of enterprises, adaptation of energy-saving and resource-saving technologies.
• Production of import-substituting and export-oriented products.
• Production of pharmaceuticals, high and advanced technology products.
• Creation and development of regional industrial, tourist and recreation, and technology parks and related engineering and transport and logistics infrastructure.
• Construction of new and renovation of the existing health and recreation facilities in the region of Caucasian Mineralnye Vody.
• Production and deep processing of agro-industrial products with the creation of high value-added products.
• Development of infrastructure for small and medium businesses, including for science and technology.
• Creation and development of social infrastructure.
• Mechanical engineering and automotive industry.
• Conservancy, utilization, processing of biological, domestic, industrial waste and production of useful products based on them.
• Implementation and development of innovative and energy-saving technologies in housing construction and production of building materials from the local raw materials.
5. NORMATIVE LEGAL ACTS REGULATING INVESTMENT DEVELOPMENT

7. INFRASTRUCTURE OF THE INVESTMENT DEVELOPMENT SUPPORT

SUE SR “The management company of the investment and innovative development in the Stavropol Region” handles social problems by promoting the organization of the investment process, development of innovation activity and management of regional industrial, tourist recreational and technological parks in the Stavropol Region;

SUE SR “Guarantee fund for support of small and medium-sized businesses in the Stavropol Region” provides access for small and medium-sized businesses and organizations forming the infrastructure for support of small and medium-sized businesses in the Stavropol Region to credit resources by establishing a system of guarantees (warranties);

NPO “Microfinance fund for small and medium-sized businesses in the Stavropol Region” grants loans to small and medium-sized businesses in the Stavropol Region;

NPO “Venture capital investments promotional fund for small and medium-sized businesses in scientific and technical sphere of the Stavropol Region” develops venture (risk) financing infrastructure for small and medium-sized businesses operating in science and technology, innovation sphere in the Stavropol Region;

Business incubator of the Stavropol Region supports small businesses at the early stage of their activity (up to three years) by providing premises by lease and services that are necessary for the conduct of business activities.
### 8. ADVANCED DEVELOPMENT ZONES IN THE STAVROPOLE REGION

<table>
<thead>
<tr>
<th>Location</th>
<th>Area</th>
<th>Spare area</th>
<th>Area of specialization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nevinomyssk town</td>
<td>206 ha</td>
<td>32 ha</td>
<td>industrial production, including: processing industry, utilization and processing of domestic and industrial wastes; transport and logistics servicing</td>
</tr>
<tr>
<td>Georgievsk town</td>
<td>54.1 ha</td>
<td>47.1 ha</td>
<td>industrial processing production; transport and logistics servicing; transnational congress and fair complex</td>
</tr>
<tr>
<td>Budennovsk town</td>
<td>60 ha</td>
<td>41.2 ha</td>
<td>industrial production; processing industry</td>
</tr>
<tr>
<td>Izobilensky District</td>
<td>124.8 ha</td>
<td>120 ha</td>
<td>industrial and processing production</td>
</tr>
<tr>
<td>Trunovsk city</td>
<td>318.3 ha</td>
<td>318.3 ha</td>
<td>food and processing industry; production and processing of agricultural products</td>
</tr>
<tr>
<td>Novoaleksandrovsky District</td>
<td>146.3 ha</td>
<td>146.3 ha</td>
<td>food and processing industry; processing of agricultural products</td>
</tr>
<tr>
<td>Shpakovsky District</td>
<td>207 ha</td>
<td>207 ha</td>
<td>automobile production, related and associated industries, research and development (R&amp;D) in automobile industry</td>
</tr>
<tr>
<td>Stavropol</td>
<td>62 ha</td>
<td>62 ha</td>
<td>production of pharmaceuticals; production of other pharmaceutical and medical products</td>
</tr>
<tr>
<td>Aleksandrovsky District</td>
<td>50.8 ha</td>
<td>50.8 ha</td>
<td>production of pharmaceuticals; production of other pharmaceutical and medical products</td>
</tr>
<tr>
<td>Kislovodsk city</td>
<td>88 ha</td>
<td>88 ha</td>
<td>electrical energy production</td>
</tr>
<tr>
<td>Krasnogvardeysky District</td>
<td>101 ha</td>
<td>101 ha</td>
<td>industrial processing production; greenhouse vegetable production</td>
</tr>
</tbody>
</table>
# 9. Residents of Regional Parks

<table>
<thead>
<tr>
<th>Resident</th>
<th>Investment project</th>
<th>Volume of investments</th>
<th>Number of work places (persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>9.1. Nevinnomyssk town</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>StavStal LLC</td>
<td>Metallurgical works StavStal</td>
<td>3 000 000 000 rubles</td>
<td>390</td>
</tr>
<tr>
<td>Techno-Prom LLC</td>
<td>Construction of the plant for the production of polymeric biocides</td>
<td>73 100 000 Euro</td>
<td>25</td>
</tr>
<tr>
<td>CJSC Lissant-Yug</td>
<td>Construction of the plant for the production of sandwich panels and ventilation equipment</td>
<td>300 000 000 rubles</td>
<td>77</td>
</tr>
<tr>
<td>Terminal LLC</td>
<td>Development and modernization of the Terminal logistics center</td>
<td>26 512 051 rubles</td>
<td>2</td>
</tr>
<tr>
<td>Nevinnomyssky Profil LLC</td>
<td>Production of roll-formed galvanized steel sections by cold forming</td>
<td>100 000 000 rubles</td>
<td>37</td>
</tr>
<tr>
<td>SvetInTekh LLC</td>
<td>Construction of the plant for the production of LED bulbs in Nevinnomyssk</td>
<td>90 000 000 rubles</td>
<td>58</td>
</tr>
<tr>
<td>Unikom-YUG LLC</td>
<td>Construction of the plant for the production of “Unirem” asphalt concrete mixtures modifier</td>
<td>320 000 000 rubles</td>
<td>120-150</td>
</tr>
<tr>
<td>YUSK LLC</td>
<td>Construction of the plant for the production of building materials</td>
<td>300 000 000 rubles</td>
<td>45</td>
</tr>
<tr>
<td>NevPOSH LLC</td>
<td>Construction of the primary wool processing factory</td>
<td>90 000 000 rubles</td>
<td>100</td>
</tr>
<tr>
<td>Tekhstroykomplekt LLC</td>
<td>Construction of the plant for the production of polystyrene concrete</td>
<td>104 813 700 rubles</td>
<td>45-53</td>
</tr>
</tbody>
</table>
## 9. Residents of Regional Parks

<table>
<thead>
<tr>
<th>Resident</th>
<th>Investment project</th>
<th>Volume of investments</th>
<th>Number of job places (persons)</th>
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</thead>
<tbody>
<tr>
<td><strong>9.2. Georgievsk town</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Agro-industrial company “Georgievskaya” LLC</td>
<td>Construction of the plant for the complex processing of Jerusalem artichoke and production of inulin, pectin and other health and food products</td>
<td>1 600 000 000 rubles</td>
<td>315</td>
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<tr>
<td>AgroProduct LLC</td>
<td>Construction of the complex for processing of cereal and leguminous crops</td>
<td>67 962 000 rubles</td>
<td>75</td>
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<tr>
<td><strong>9.3. Budennovsk town</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Polipropilen LLC</td>
<td>Organization of production of polypropylene pipes, packing paper bags and expansion of existing production of plastic bags through the acquisition and equipping of production facilities</td>
<td>463 501 000 rubles</td>
<td>179</td>
</tr>
<tr>
<td>LUKOIL-Stavropolenergo LLC</td>
<td>Construction of the thermal power plant with a capacity of 135 megawatts (MW)</td>
<td>7 700 000 000 rubles</td>
<td>150</td>
</tr>
<tr>
<td><strong>9.4. Izobilnensky District</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>PF StroyDom LLC</td>
<td>Construction of the plant for the building (porous) stones production</td>
<td>800 000 000 rubles</td>
<td>80</td>
</tr>
<tr>
<td><strong>9.5. Novoaleksandrovsky District</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Melas LLC</td>
<td>Construction of the plant for the deep processing of corn with productivity 250 tons per day</td>
<td>2 076 000 000 rubles</td>
<td>108</td>
</tr>
<tr>
<td>Melas LLC</td>
<td>Construction of the plant for the processing of sugar beets including sugar syrup leaching shop</td>
<td>7 500 000 000 rubles</td>
<td>184</td>
</tr>
</tbody>
</table>
10. FORMS OF GOVERNMENT SUPPORT FOR THE SUBJECTS OF INVESTMENT ACTIVITIES

- tax benefits to the subjects of investment activities;
- subsidies from the budget of the Stavropol Region to the subjects of investment activities implementing investment projects;
- preferential rental rates for the use of property owned by the Stavropol Region in accordance with the legislation of the Russian Federation and the legislation of the Stavropol Region;
- deferred tax payments to the subjects of investment activities;
- public investment in the development and creation of the physical infrastructure necessary for the investment project implementation;
- investment tax credits to the subjects of investment activities;
- state guarantees of the Stavropol Region on a competitive basis to the subjects of investment activities;
- issue of bonds, guaranteed targeted loans;
- subsidies from the budget of the Stavropol Region to the subjects of investment activities for the payment of interest on loans taken for the replenishment of working capital.
11. TAX BENEFITS AND PREFERENCES FOR THE RESIDENTS OF REGIONAL PARKS

- reduction of tax rate on profit by 4.5% for the payback period of the investment project and by 2.5% after the payback period of the investment project;
- reduction by 95% of the rental rate for the use of infrastructure objects state-owned by the Stavropol Region;
- property tax exemption for organizations located within the territory of the regional park;
- preferential terms for connection to engineering infrastructure;
- exemption from land tax;
- purchase of land on favorable terms;
- providing of land without holding a tender procedure;
- land registration within 45 days;
- support of the investment projects on the principle of “Single window”.

The Investment memorandum
12. PRIORITY INVESTMENT PROJECTS

List of priority investment projects includes 52 projects. The total value is more than 390.0 billion rubles. It is planned to create about 45 thousand new work places.

1. Construction of processing complex of the Northern Caspian gas to ethylene and its derivatives on the basis of the chemical enterprise Stavrolen, LUKOIL OJSC. Total cost of the investment project is 109,000.0 million rubles. Number of created work places is 8,000.

2. Creation of a regional industrial park in Nevinnomyssk of the Stavropol Region. Construction of the engineering infrastructure is in progress. The value of the investment project is 650.9 million rubles.

3. For implementation of the project “Metallurgical Plant StavStal. First stage. The complex of the rolling mill” construction of engineering infrastructure in the total amount of 790,767 million rubles is also in progress.

4. Southern nanotechnology center develops innovation infrastructure and favorable environment for the implementation of nanotechnology developments in the industry. The value of the investment project is 1,338.9 million rubles. Number of created work places is 100.
13. INVESTMENT AGREEMENT

Agreement is concluded between the Government of the Stavropol Region and the subjects of investment activities on the basis of investment project corresponding to the priority areas of investment activities on the territory of the Stavropol Region.

Investment Agreement defines:

- subject of the agreement;
- scope and terms of investments;
- list of obligatory indicators required to achieve that are indicating economic and (or) any other beneficial effect for the Stavropol Region;
- conditions and forms of state support for investment activities;
  - reporting forms, procedures and terms of its delivery;
- rights and obligations of the parties;
- responsibility of the parties for breach of investment agreement;
- procedure and the grounds for early termination of the agreement and other conditions.
14. GUARANTEES

All the subjects of investment activities regardless of ownership are guaranteed:

- ensuring of equal rights in the performance of investment activity;
- publicity in discussing investment projects;
- the right to appeal against the decisions and actions (dereliction) of state authorities of the Stavropol Region, and their officials violating the rights of the subjects of investment activities.
15. STABILITY ENSURING

1. In the Stavropol Region stability of the investors’ rights is guaranteed in accordance with legislation of the Russian Federation and the legislation of the Stavropol Region.

2. The state authorities of the Stavropol Region and their officials are not entitled to limit investors in their choice of the investment projects and to interfere in their business activities, except in cases established by the legislation of the Russian Federation.

3. In the case of adoption the legislative acts of the Stavropol Region with provisions that limit the amount of state support for investment activities provided in accordance with this Act, namely: increase existing tax rates, impose other taxes and charges, different from those in effect at the time of conclusion of the investment agreement, on the investment projects corresponding to the priority areas of investment activity in the Stavropol Region prior to the adoption of the previously mentioned legislative acts, appropriate restrictions shall not apply during the term of the investment agreement.