

GUIDELINE TO INVESTMENTS IN RUSSIA: practical, legal and tax issues

Making investments happen by making investors happy

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- 15 years of advisory on **industrial Construction** and production localization in Russia
- **10-years experience** as Head of Russia Desk and Partner with an international law firm
- Ranked in Chambers Global and Best Lawyers 2013, 2014



Evolution of the industrial real estate in Russia

Before 2010

- Private ownership on land since 2001
- No landplots with infrastructure
- Very low private ownership culture
- Separate legal objects for land, pipes and buildings
- First industrial parks and SEZs appear in the first decade of the 20th century

Up to 2017

- 2010 Foundation of the Assotiation of Industrial parks
- 2014 Legal term "industrial park"
- Different means of state support for industrial development
- Region development corporations, Governor's KPIs
- Hundreds of industrial parks, SEZ, TSD



New importsubstitution trend in Russia

Protectionism policy

- Local product requirements (Decree #719)
- Preferences for local products for state and non-state purchases

Benefits for local producer

- Special Investment Contract
 - Federal level
 - Regional level
- Tax & Customs benefits
- Industrial Development Fund
- KPIs of the regional governments
- Private developers of industrial real estate
- Very low labor force cost



Governmental support of local producer



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Special Economic Zone

Prerequisites

- Reduction of import fails to catch up with the import substitution
- Economical and political issues dictate the necessity of localization for foreign investors
- Russian Federation and it's Federal States created a wide range of instruments for support of the local producer





Terms of industrial real estate

- Industrial park = landplot for industrial use and developed infrastructure (+/- local tax benefits)
- Special economic zone and TSD = industrial park + tax benefits + customs benefits + state investment guarantee
- Investment amount = total CAPEX
- Means of state support
 - Tax & Customs benefits
 - Reimbursement of appr. 7% of the interest rate
 - Low interest rate for plant-engineering and equipment
 - In some cases reimbursement up to 35% of CAPEX
 - Special Investment Contract



Special Economic Zone

- Four types
 - 1. Industrial
 - 2. Hi Tech
 - 3. Hafen
 - 4. Tourism
- General terms for industrial special economic zones
 - 49 years
 - Federal and local tax reduction
 - Customs benefits
 - State guarantee
 - Fast track for all permissions
- Private vs State owned



Benefits of Special Economic Zone Stupino Quadrat

Тах	STUPINO QUADRAT	In the rest of the RF
Profit tax	3% first 8 years 8% next 6 years 15,5% until 2064	20 %
Property	0% 10 years from the property registration	up to 2,2%
Land	0% 5 years starting from the month of the title registration	up to 1,5%
Transport	0% 5 years from the transport registration	up to - stupino guade
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	VAT and customs free import of production lines and raw materials	S - INDONO ONLY - STORE
INDUSTRY I TECHNOLOGY I DEVELOPMENT		Mage perfected by GDP Stadrat STUPINO

Special Economic Zone

How to become a resident of the SEZ?

- Establish a local SPV
 - Charter capital 10k RUR (less 200 USD)
 - Local address in the municipal district of the SEZ
 - One or two CEOs (new!)
 - List of documents available upon request
- Prepare business plan
 - Total investment min. 120m RUR (appr. 2m USD)
 - 40m RUR (less 800k USD within the first tree years)
- Decision of the expert commission
- Written agreement with the RF, Region and Management Co of SEZ
 - Basis for the investor's obligations is the business plan
 - Liability for investor's performance not only investo but also Region and MC
- Beneficial period starts with the signing of the agreement



DEVELOPED BY GDP QUADRAT STUPINO SPECIAL ECONOMIC ZONE

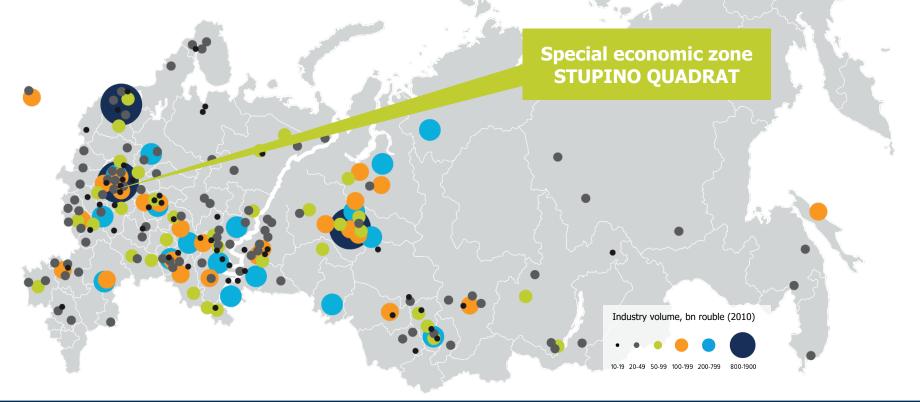




The right place to invest

STUPINO QUADRAT:

an excellent location to access main industrial centers of Russia



STUPINO Special Economic Zone

Access to the main market

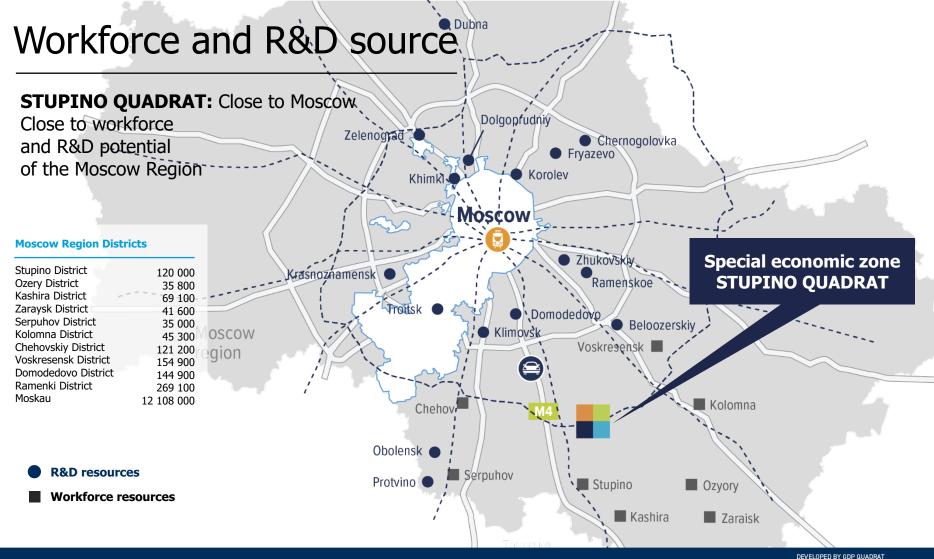
STUPINO QUADRAT: access to main market (European part of Russia with 82% of population) and the main trade routes







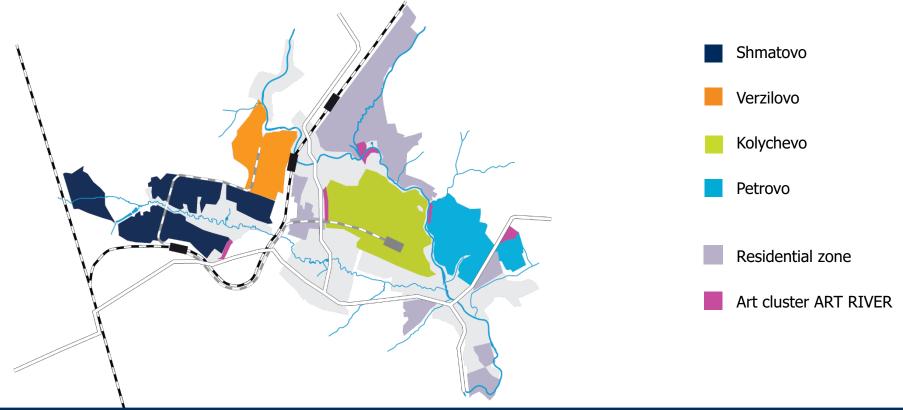




STUPINO Special Economic Zone

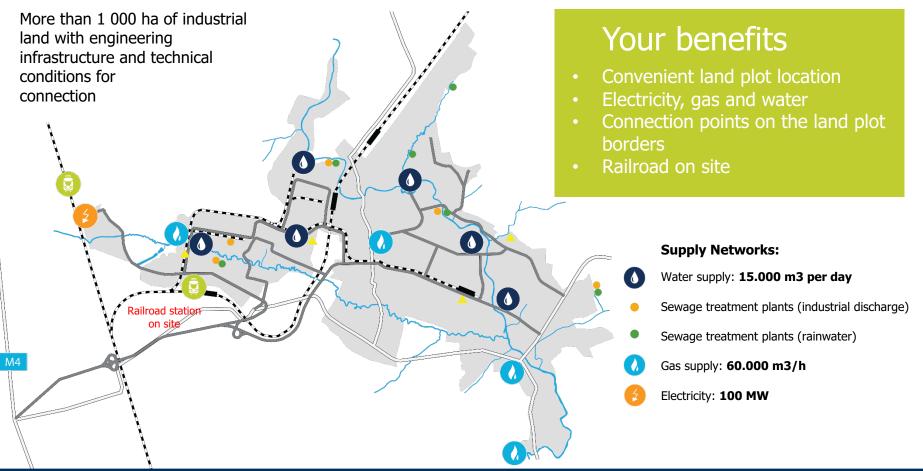
What is STUPINO QUADRAT?

STUPINO QUADRAT: four industrial parks and a Special Economic Zone in Moscow region, a new residential area NOVOE STUPINO and an art cluster ART RIVER.





Prepared infrastructure





Prepared infrastructure

On site:

Gas distribution station and electrical substation are ready to operate, the construction of the freight railway terminal is being complete







100 MW electricity





Destinations



Domodedovo International airport **71 km** Vnukovo International airport **110 km** Sheremetyevo International airport **140 km** Paveletsky railway station **1 hr 40 min (by train)** Moscow (centre) **110 km (app. 1.5 hrs by car)** The Moscow Outer Ring (A108) **15 km** The Moscow Automobile Ring Road (MKAD) **73 km** The Federal Highway M-2 <Crimea> **47 km** The Federal Highway M-5 <Ural> **53 km** The Federal Highway M-3 <Ukraine> **110 km** The Federal Highway M-4 <Don> 7 km Kashira Highway (backup route for M4) 14 km Central Ring Road (CKAD) 60 km (from 2020) Shmatovo freight terminal (Moscow Railway) on site Stupino City, Customs terminal Stupino 18 km



Flexible decisions – low risks

Full range of services for greenfield projects from pure land plot sale to turn-key solutions



Integrated services

rail transport

rail transport supply rail maintenance service our own locomotive

management & operations

transport/logistics customs brokerage equipment rent advertisement translation services

Professional management company housekeeping Ø infrastructure upkeep garbage and snow removal

business infrastructure

outsourcing / outstaffing office rent personnel sharing staff recruitment interim management English-speaking taxi and personal drivers IT



engineering / construction

geological surveys ecological audit technical customer services planning construction engineering built-to-suit

consulting / education

IP protection legal and tax advice tax & financial audit cross-cultural trainings for management staff training



INDUSTRY I TECHNOLOGY I DEVELOPMENT

industrial waste utilization

cleaning

security

Fast document processing

Best investment climate in the Moscow Region in consequence of comprehensive support from federal, regional and local government structures, inter alia with transparent legislative and decrease of administrative barriers

We serve you with

Complete document package

Vendor due diligence

Environmental audit

Geological survey

Standard form contract

Turn-key development*

Full compliance

Service provider network*



Your business support

Market analysis

Recommendations on distribution channels

Raw materials and components suppliers

State financial aid

Direct subsidy Interest rate subsidies Government purchase preference Custom Privileges Quota Special agreements

We create added value



Support on all levels

Governor of Moscow Region, A. Vorobyov opens the Gas station, December 2013



Vladimir Putin visits the eco-town NOVOE STUPINO, July 2011





Eco-town NOVOE STUPINO

Residential part of **STUPINO QUADRAT:** secure territory, comfortable housing, beautiful nature

Comfortable housing

Perfect ecology

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A town for life

Apartment buildings

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Cottages and townhouses

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INDUSTRY I TECHNOLOGY I DEVELOPMENT

A town for families

Kindergarten



Vacation hotel





Central road in the industrial park "Shmatovo"



The bridge over the railway and direct access to M-4 (Moscow – Don)

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Electricity substation 220 MW

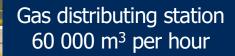


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Gas distributing station 60 000 m³ per hour



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Sewage treatment facilities







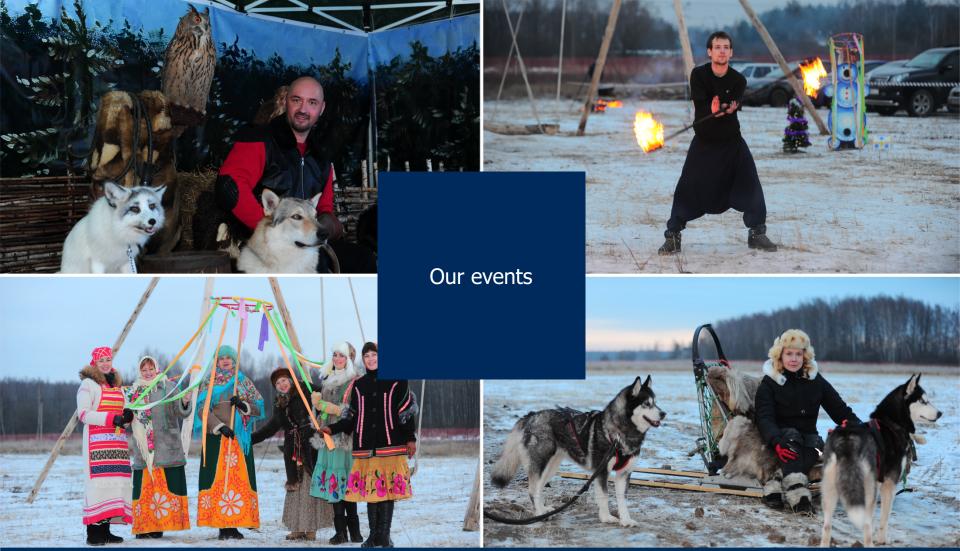




STUPINO



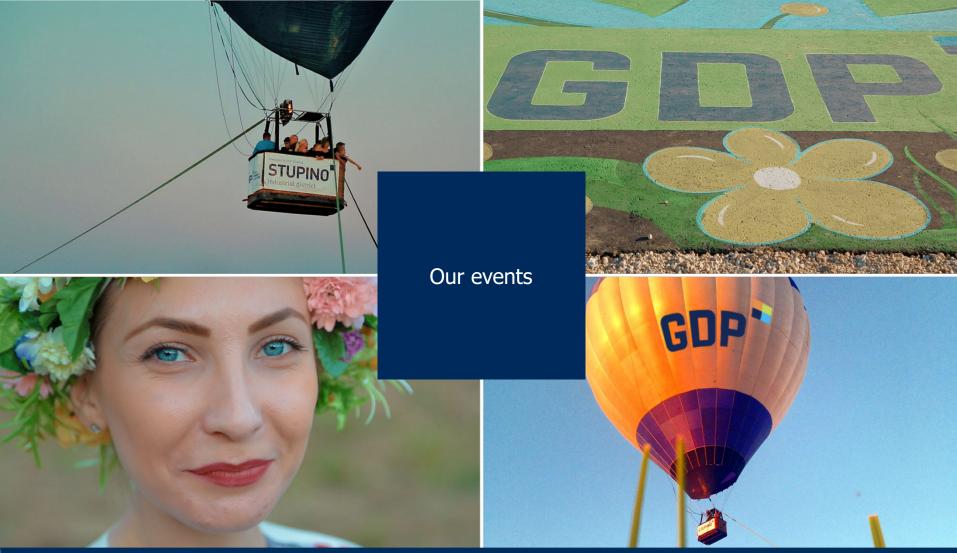














INFO-CENTER

This building details the different stages in which the project was developed.

From the top of this structure an excelent view of this area opens up.







ART RIVER is the culture center of the STUPINO QUADRAT.

The future art cluster is planned to be erected near village Petrovo, on the magnificent warp of the Kashirka river.

Key elements of the cluster:

- Culture center, including the watchtower, Info center with sales office, children club and cafe.
 - Art-residence with houses for artists, mini hotel and workshops.
 - Territory for organizing festivals, with the summer camping spot.
 - Eco-farm, for breeding organic products, with farmers, supporting infrastructure and cafe – restaurant.
 - All-year cultural activity of the cluster residents may enable vivid and authentic center of cultural gravity for the industrial district and the whole Moscow region.







Child care Workshops

Eco bar

Bike rental

Conference rooms

Authentic cuisine restaurant



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ECO FARM

Through Greenhouse Bakery, shops

Mini eco hotel

Stables

House for support staff Warehouse for products and equipment







Good social infrastructure

High-comfort living spaces, medical and educational facilities, sports, entertainment and cultural opportunities

Utilities included

Competitive and flexible land prices including utility limits

Special economic zone

Tax benefits

- Customs benefits
- «Single window»: range of state services in one place

Excellent location

Close to Moscow, huge workforce and R&D resources, main product markets and transport hubs

Best investment climate

Fast document processing, region's government support

Unique service offering

Professional management company with the widest range of services on the Russian market

10 reasons to invest in STUPINO QUADRAT

Full energy supply

Existing hook-up points for electricity, gas and water

Reputable Developer

Shareholders of GDP Quadrat:

- MR Group LLC with 10-yrs market experience, 20 real estate projects and 5 million sqm portfolio
- Ekaterina Evdokimova with 10-years experience as Head of Russia Desk and Partner with an international law firm in Germany

Turn-key / financing solutions

Full range of services for greenfield projects from pure land plot purchase

(with optional services to choose) up to low risk turn-key solutions

Verified by investors

33+ major international brands as established residents of Stupino District



DEVELOPED BY GDP QUADRAT STUPINO SPECIAL ECONOMIC ZONE

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