



Russian Federation
Smolensk region

Territory of Advanced Development (Free Zone) «Dorogobuzh»

Smolensk Region



Dorogobuzh town is an administrative centre of the Dorogobuzh district of the Smolensk region.

The town is located near highway M-1 «Belarus», the Old Smolensk road, and the river Dnepr.

- Population – 10 168 people
- Distance from Smolensk – 113 km
- Distance from Moscow – 330 km



Economy of Dorogobuzh:

- Production of mineral fertilizers (OJSC «Dorogobuzh», Akron group)
- Production of boiler equipment (OJSC «Dorogobuzhkotlomash»)
- Agriculture companies





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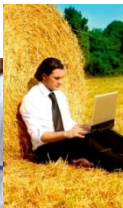
Dorogobuzh Location





The Territory of Advanced Development (TAD) – the part of the territory of Russian Federation, where is established a special legal regime of business activities for the purpose of organization conditions for attracting investments, ensuring accelerated social and economic development and creation comfortable conditions for attracting investments, ensuring accelerated socio-economic development and creating comfortable conditions for ensuring the livelihoods of the population.

	Regular tax regime	TAD tax regime
Land tax rate	1,5%	0% during 10 years from the day of assigning the resident status
Property tax rate	2,2%	0% during 10 years from the day of assigning the resident status
Federal part of income tax rate	3% (in 2017-2020)	0% during 5 years after recognition of the first profit in TAD
Regional part of income tax rate	17% (in 2017-2020) (can be reduced to 12,5%)	1-5 years – 0% 6-10 years – 10%
Contributions to social funds	30%	7,6% during 10 years from the day of assigning the resident status





Concrete plant

Capacity: 3 000 m³ per year

Capital Expenditures	18.5 mln. Rub
Revenue (per year)	11.9 mln. Rub
Salaries (per year)	0.9 mln. Rub



Tax	Regular tax regime		TAD «Dorogobuzh»	
	Rate	Amount	Rate	Amount
Income tax	20%	531 thousand rub	0%	0 rub
Contributions to social funds	30%	275 thousand rub	7,6%	70 thousand rub
Corporate property tax	2,2%	36 thousand rub	0%	0 rub
		842 thousand rub		70 thousand rub

The effect of using the status of a resident TAD (at the given project parameters) is **772** thousand rub per year



Sunflower oil plant

Capacity: 1 200 ton per day

Capital Expenditures	7 125 mln rub
Revenue (per year)	11 871 mln rub
Salaries (per year)	96 mln rub



Tax	Regular tax regime		TAD «Dorogobuzh»	
	Rate	Amount	Rate	Amount
Income tax	20%	202 mln rub	0%	0 rub
Contributions to social funds	30%	29 mln rub	7,6%	7 mln rub
Corporate property tax	2,2%	56 mln rub	0%	0 rub
		287 mln rub		7 mln rub

The effect of using the status of a resident TAD(at the given project parameters) is **280** mln rub per year



Power supply:

- Substation «Dorogobuzh 1» 110/35/10, reserve 1,4 MVA (on map)
- Substation «Dorogobuzh 2» 2 35/10, reserve 2,3 MVA (on map)
- Planned substation 110/10 power 25 MW

Gas supply:

- Existing and planned pipelines are on the map
- Confirmed volumes ~4,9 thousands. m3 per hour, can be increased by the request

Water supply system:

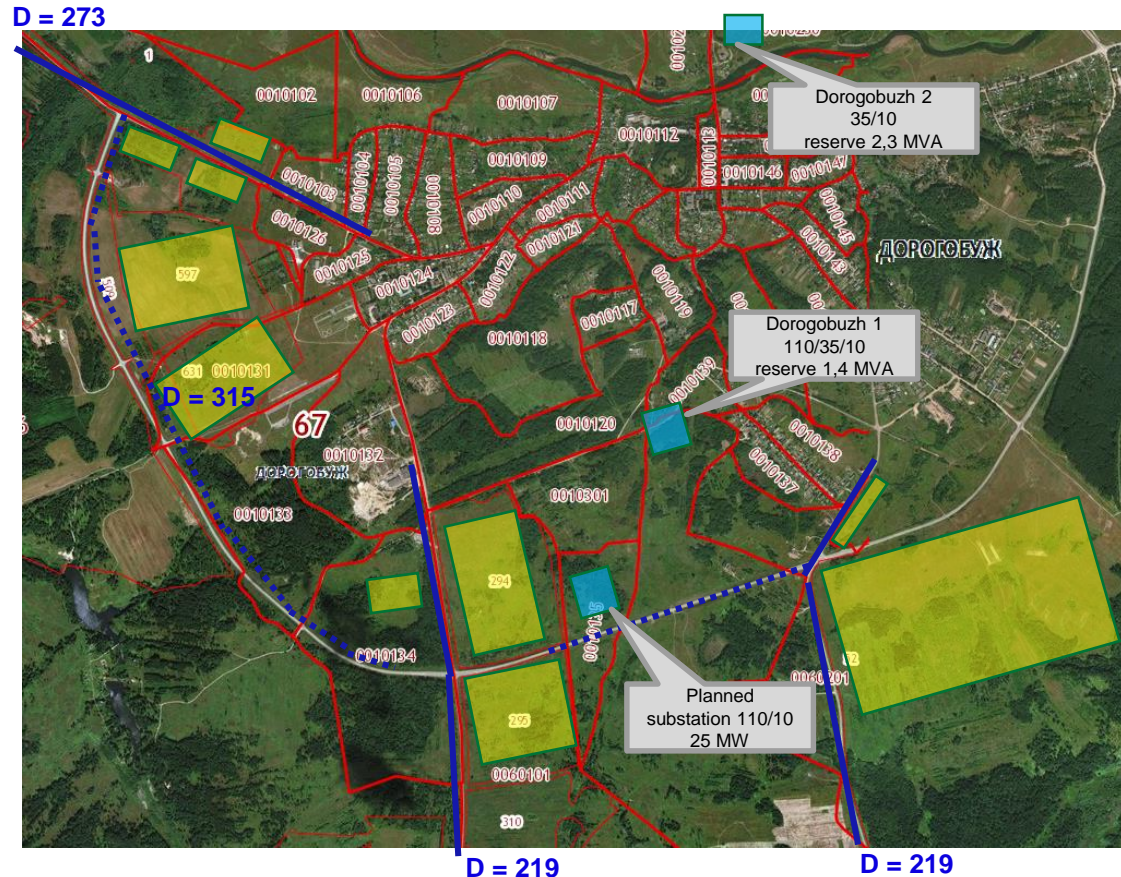
- It is necessary to create own wells

Drainage system:

- It is necessary to create own sewage facilities

Telecommunications:

- Telephone and internet communication



- Planned gas pipeline
- Existing gas pipeline

- Investment site
- Electrical substation



land area id 67:06:0000000:631



land category	land of settlements
type of permitted use	for agricultural use
property	Public property
area	29 ha
rent (after 3 years)	30 817 rub.
possibility of buyout	after the construction of facilities
Price	491 502 rub.

- planned gas pipeline
- existing gas pipeline



land area id 67:06:0050301:597



land category	Land of settlements
type of permitted use	for agricultural use
property	Public property
area	38,5 ha
rent (after 3 years)	40 600 rub.
possibility of buyout	after the construction of facilities
Price	647 540 rub.

- planned gas pipeline
- existing gas pipeline



land area id 67:06:00000000:635

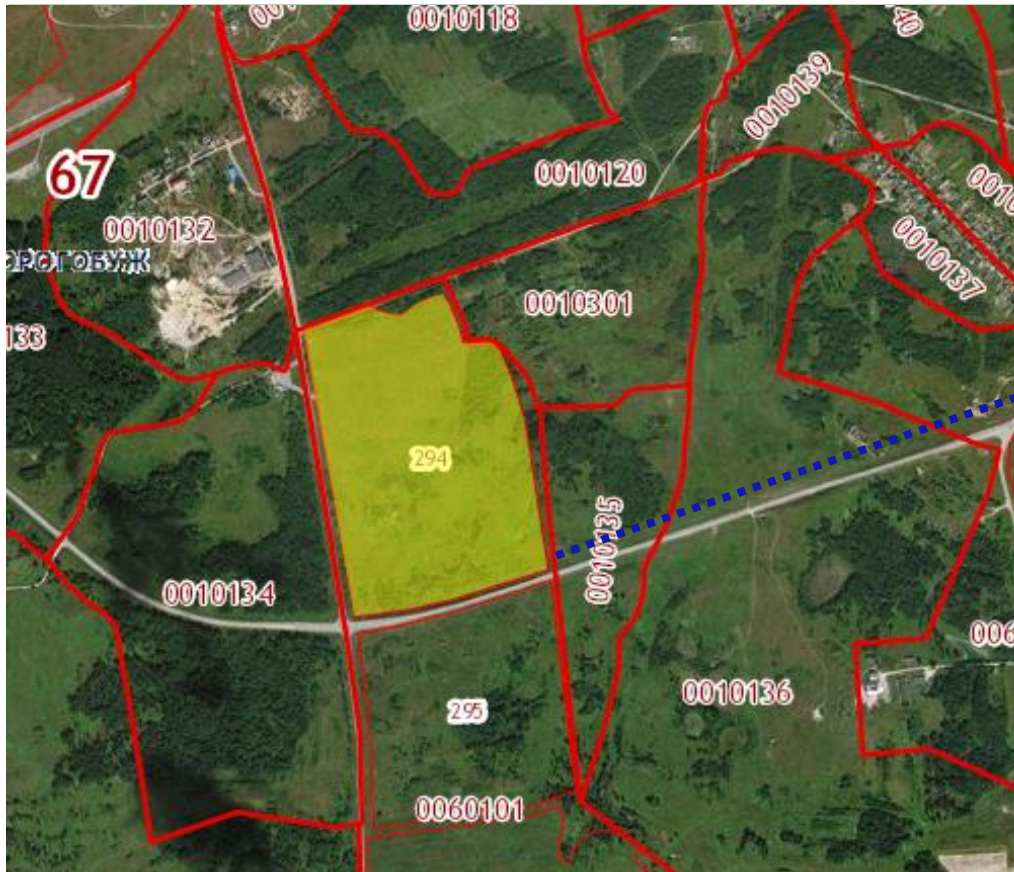


land category	Agricultural land
type of permitted use	For agricultural use
property	Public property
area	5,03 ha
rent (after 3 years)	702 rub.
possibility of buyout	after the construction of facilities
Price	93 664 rub.

- planned gas pipeline
- existing gas pipeline



land area id 67:06:0060101:294

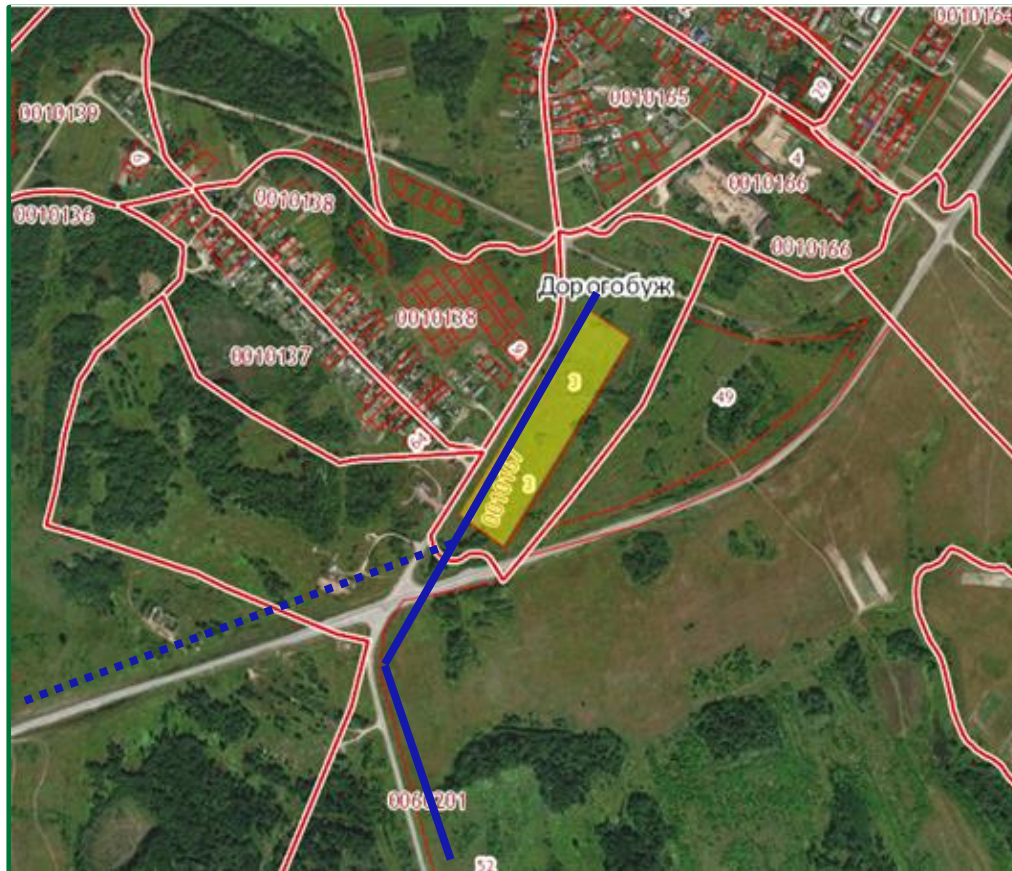


land category	land of settlements
type of permitted use	for production activities
property	Public property
area	42,2 ha
rent (after 3 years)	899 143 rub.
possibility of buyout	after the construction of facilities
Price	56 196 474 rub.

- planned gas pipeline
- existing gas pipeline



land area id 67:06:0010167:3



land category	land of settlements
type of permitted use	for production activities
property	Public property
area	4,5 ha
rent (after 3 years)	Market price X CBR key rate(%)
possibility of buyout	after the construction of facilities
Market Price	Not determined

- planned gas pipeline
- existing gas pipeline



land area id 67:06:0050301:598



land category	land of settlements
type of permitted use	For agricultural use
property	Public property
area	5 ha
rent (after 3 years)	5 266 rub.
possibility of buyout	after the construction of facilities
Price	84 000 rub.

- planned gas pipeline
- existing gas pipeline



land area id 67:06:0050301:596



land category	land of settlements
type of permitted use	for production activities
property	Public property
area	2 ha
rent (after 3 years)	2 170 533 rub.
possibility of buyout	after the construction of facilities
Price	38 012 850 rub.

- planned gas pipeline
- existing gas pipeline



land area id 67:06:0050102:82



land category	land of settlements
type of permitted use	for production activities
property	Public property
area	5 ha
rent (after 3 years)	344 904 rub.
possibility of buyout	after the construction of facilities
Price	21 556 500 rub.

- planned gas pipeline
- existing gas pipeline



land area id 67:06:0060101:295

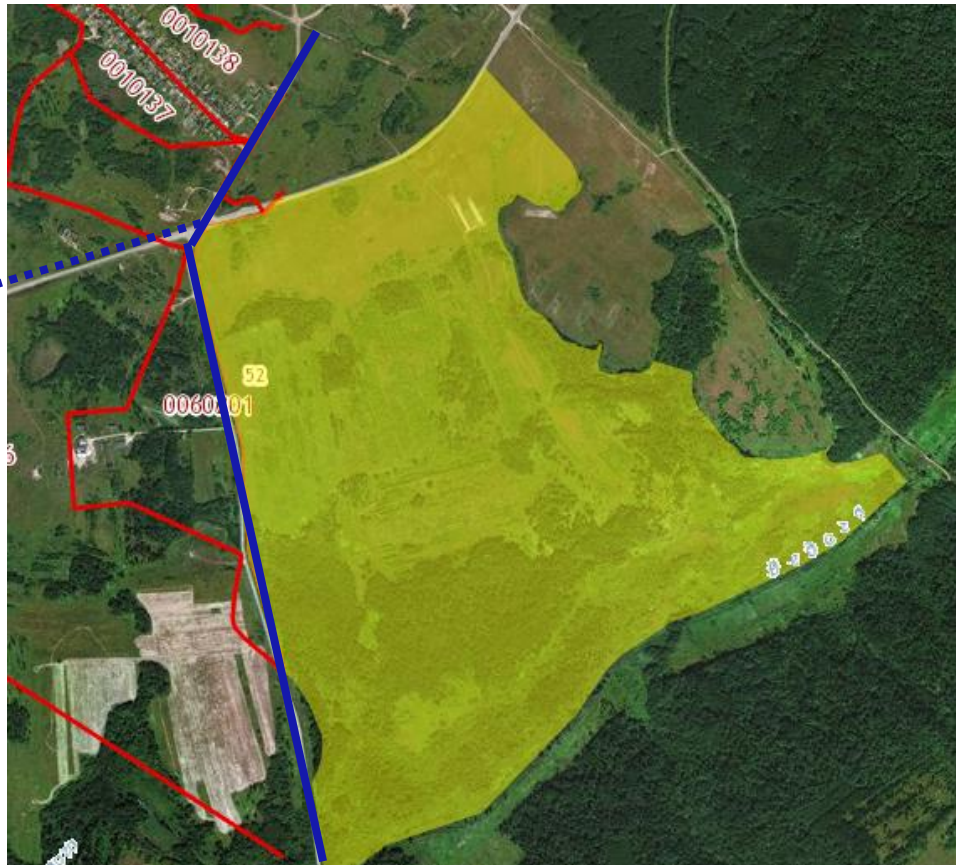


land category	Land of settlements
type of permitted use	for production activities
property	Public property
area	30,7 ha
rent (after 3 years)	655 698 rub.
possibility of buyout	after the construction of facilities
Price	40 981 125 rub.

- planned gas pipeline
- existing gas pipeline



land area id 67:06:0060201:52



- planned gas pipeline
- existing gas pipeline

land category	land of settlements
type of permitted use	for agricultural use
property	Public property
area	283,9 ha
rent (after 3 years)	299 068 rub.
possibility of buyout	after the construction of facilities
Price	4 769 837,52 rub.



Legal Entity

- ✓ **Place of registration** – Dorogobuzh town
- ✓ Business activity in the Dorogobuzh town

Investment project

- ✓ Minimum volume of capital expenditures – **not less than 20 million rub.**
- ✓ Minimum volume of capital expenditures during first year of residence – not less than 5 million rub.
- ✓ Minimum amount of created **new jobs** during first year of residence – **not less than 20.**
- ✓ Limited set of economic activities (next slides)

Additional requirements

- ✓ Company should not be a subsidiary of city-forming enterprise
- ✓ In the amount of revenue, the share of money received from a town-forming enterprise should not exceed 50%
- ✓ The investment project does not provide for the attraction of foreign labor in an amount exceeding 25% of the total number of employees
- ✓ The agreement on the implementation of activities in the territory of TAD should be concluded before the monotown is attributed to monotowns with a stable social and economic situation



1	Crop and livestock production, hunting and related services
2	Manufacture of food products
3	Production of soft drinks; Production of mineral waters and other drinking water in bottles
4	Manufacture of textiles
5	Manufacture of wearing apparel
6	Manufacture of leather and leather products
7	Wood processing and production of wood and cork products
8	Polygraphic activity and copying of information carriers
9	Manufacture of chemicals and chemical products (excluding production of fertilizers and nitrogen compounds)
10	Manufacture of medicinal products and materials used for medical purposes
11	Manufacture of rubber and plastic products



12	Manufacture of other non-metallic mineral products
13	Manufacture of fabricated metal products, except machinery and equipment
14	Furniture manufacture
16	Hotels
17	Rent and lease of personal and household goods
18	Call processing centers
19	Packaging activities
20	Health activities
21	Activities in sports, recreation and entertainment
22	Washing and dry-cleaning of textile and fur products



**The limit level of unregulated electricity prices in February 2017,
rub./MW*h (excl. VAT)**

Categories of electric power consumers less than 150 kW	Level of voltage			
	HV	AV 1	AV 2	LV
Categories of electric power consumers less than 150 kW	4313,19	5772,92	5821,27	6586,26
Categories of electric power consumers from 150 to 670 kW	4286,37	5746,10	5794,45	6559,44
Categories of electric power consumers from 670 kW to 10 MW	4190,29	5650,02	5698,37	6463,36
Categories of electric power consumers over 10 MW	4104,97	5564,7	5613,05	6378,04

At high voltage: (HV) 110 kV and higher;
On the average first voltage: (AV 1) 35 kV;
On the average second voltage: (AV 2) 20 - 1 kV;
At low voltage: (LV) 0,4 kV and below.



Information on tariffs for natural gas for consumers in the Smolensk region as of March 24, 2017 based on the maximum wholesale price (for consumers who entered into contracts after 01.07.2007)

#	Groups of consumers	Annual volume gas consumption	Tariff, Rub./1000 m3 excl.VAT
1	1st group	over 500 Million cubic meters	5012,04
2	2nd group	from 100 to 500 Million cubic meters	5046,61
3	3rd group	from 10 to 100 Million cubic meters	5164,43
4	4th group	from 1 to 10 Million cubic meters	5288,74
5	5th group	from 0,1 to 1 Million cubic meters	5358,29
6	6th group	from 0,01 to 0,1 Million cubic meters	5411,68
7	7th group	Less than 0,01 Million cubic meters	5445,70



Form of financing

- ✓ Form of **loan**
- ✓ Form of **participation in equity** (no more than 49%)

Terms of support of the Fund

- ✓ Amount - **from 100 to 1000 mln. rub.**
- ✓ Interest Rate - **5% per annum**
- ✓ Term - **up to 8 years**
- ✓ Equity provided by investor - **not less than 15%**
- ✓ **Grace period for principal payments - 3 years**
- ✓ **Collateral** should be provided

Requirements for the project

- ✓ **Absence of dependence on the activity of the town-forming enterprise**
- ✓ The initiator (borrower) is a company, a resident of the Russian Federation
- ✓ **Absence of borrower's arrears to the budget and funds**
- ✓ Project implementation within the borders of Dorogobuzh

Restrictions

- ✓ **The Fund's participation in the project is not more than 40%**
- ✓ Financing by the Fund can be used only for capital expenditures
- ✓ General Agreement between the Fund and the Regional Government

Thank you for your attention!