

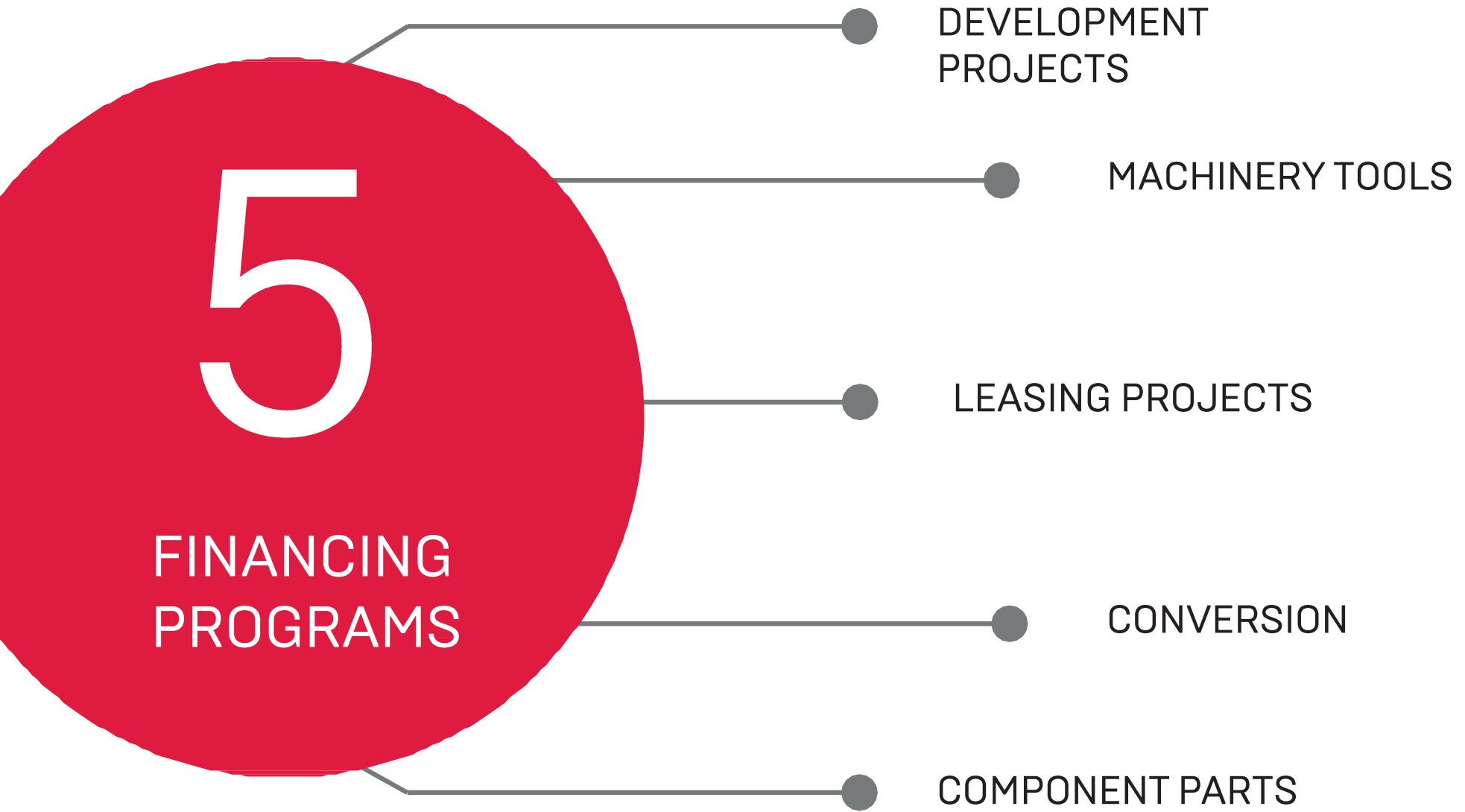


**Industrial
Development
Fund**

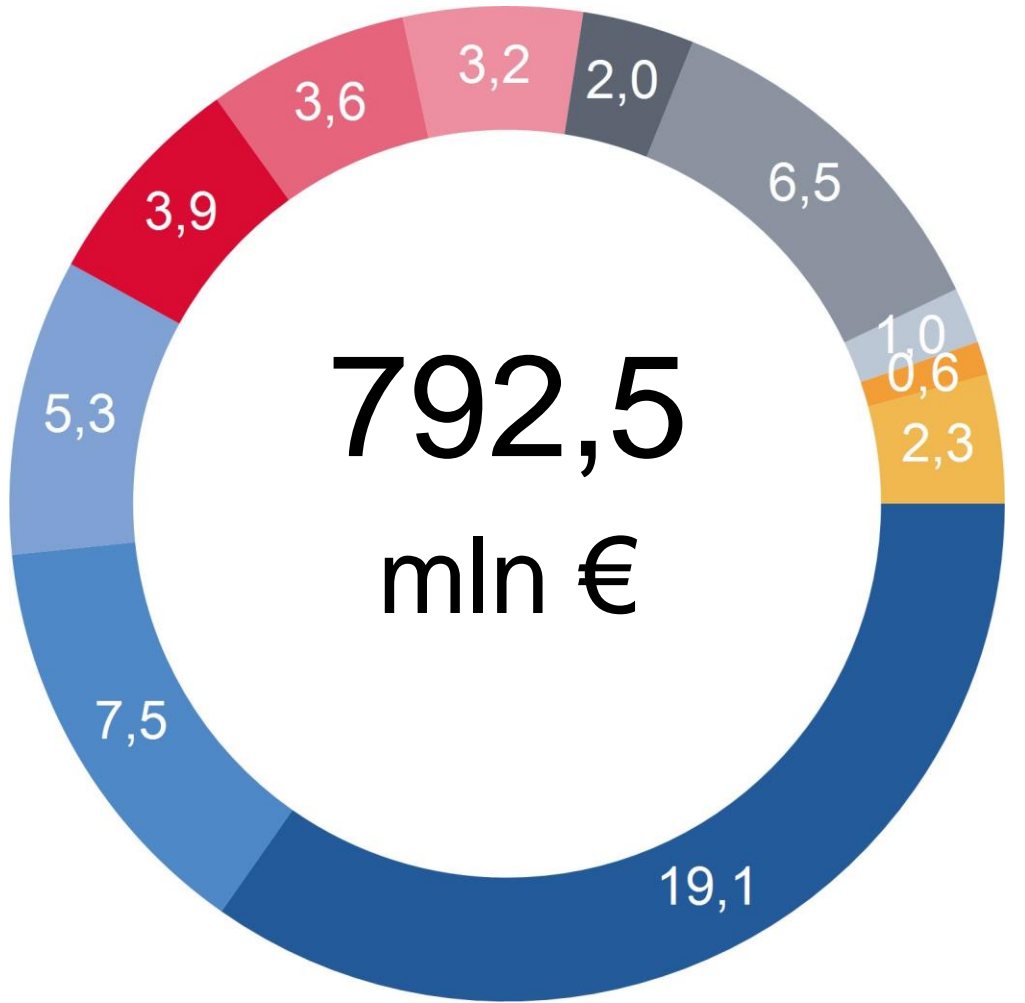
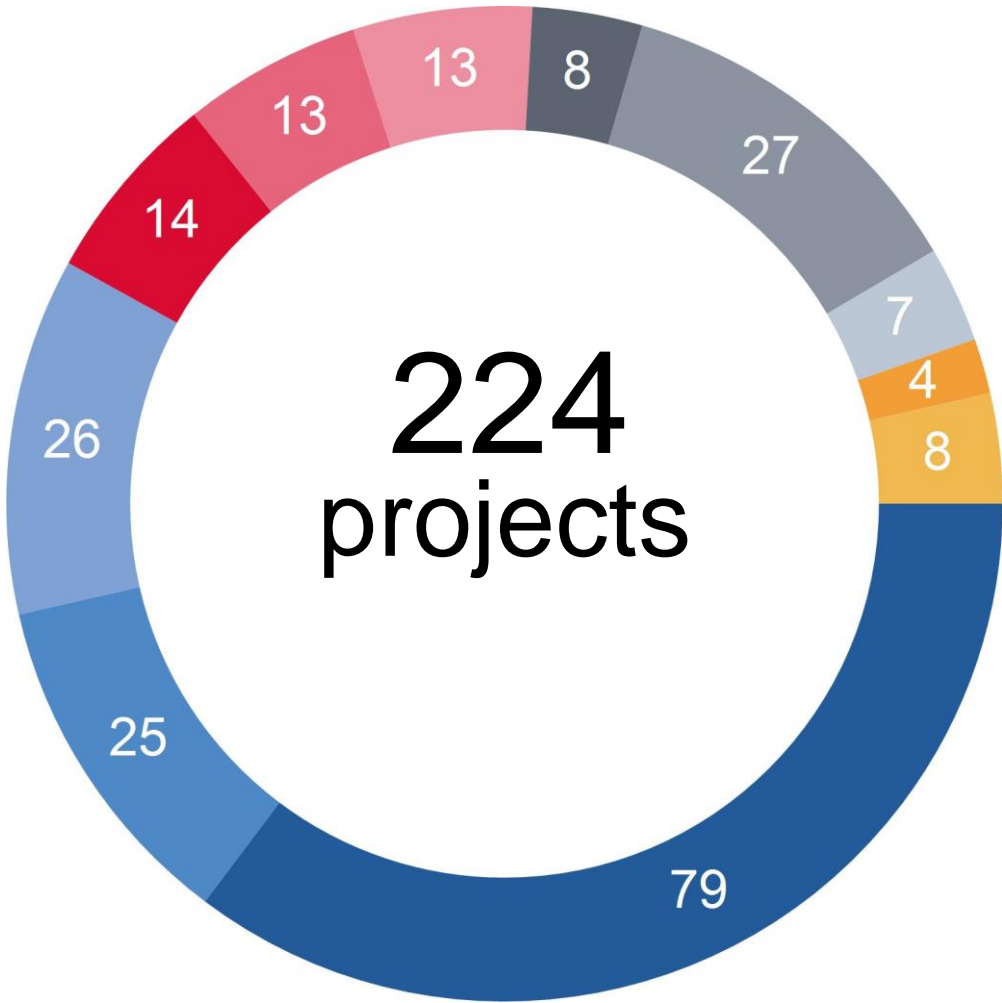
Industrial Development Fund

**Financial support for industrial projects in Russia
Special investment contract**

**Sergey Vologodsky, Deputy Director
Vienna, February 01, 2018**



PROJECTS FINANCED BY INDUSTRIAL DEVELOPMENT FUND



- Mechanical engineering
- Medicine, pharmaceuticals
- Metallurgy / Metalworking
- Electrical equipment
- Electronics
- Consumer goods manufacturing
- New materials
- Chemicals
- Construction materials
- Furniture manufacturing
- Forest industry

GENERAL TERMS OF LOANS

	DEVELOPMENT PROJECTS	COMPONENT PARTS	LEASING
Loan amount (thou €)	700 – 7 000	700 – 7 000	70 – 7 000
IDF Interest rate on a loan (%)	5	1 - first 3 years 5 - remaining term of the contract	1
Loan term (years)	5	5	5 and not more than lease term
Total project budget (thou €)	≥ 100	≥ 71,5	≥ 20
Target sales of new products	≥ 50% of loan amount per year, starting from the second year of mass production	≥ 30% of loan amount per year, starting from the second year of mass production	-
Co-financing from the applicant, private investors or banks	≥ 50% of the project budget including ≥ 15% of the loan amount from owners' equity/ stockholders' equity	≥ 30% of the project budget including ≥ 15% of the loan amount from owners' equity/ stockholders' equity	≥ 73% of the project budget Fund finances 10 - 90% of the obligatory down payment (advance payment, but ≤27% of the project budget) which is 10 - 50% of the value of acquired industrial equipment

INDUSTRIAL DEVELOPMENT FUND: SUPPORT OF LOCALIZATION



INDUSTRIAL INVESTORS

RUSSIAN REGIONS



FOREIGN BUSINESS ASSOCIATIONS



Association of European Businesses

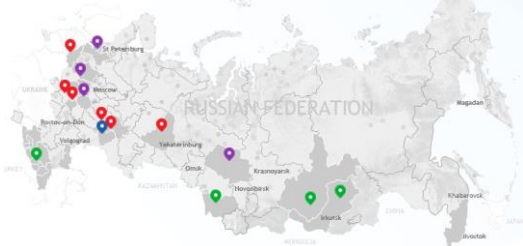


American Chamber of Commerce in Russia



Deutsch - Russische
Auslandshandelskammer
Российско - Германская
Внешнеторговая палата

SPECIAL ECONOMIC ZONES



AIP ASSOCIATION OF INDUSTRIAL PARKS OF RUSSIA

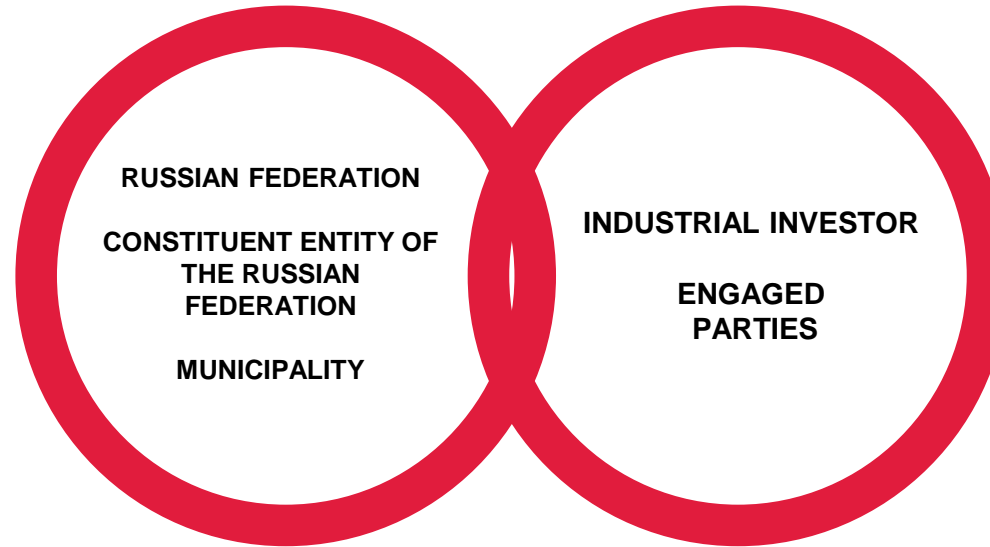


ASSOCIATION OF CLUSTERS AND TECHNOLOGY PARKS

SPIC: A MUTUALLY BENEFICIAL FORMAT OF STATE-BUSINESS COOPERATION

STATE OBLIGATIONS

- stable tax and regulatory business conditions
- special federal and regional incentives for the SPIC parties



INVESTOR'S OBLIGATIONS

- creation/modernization of and mastering industrial production
- investments in the amount of not less than 11 mln €



RUSSIAN MADE PRODUCT

expedited and simplified procedure of obtaining the status of a Russian manufacturer*



FACILITATED ACCESS TO GOVERNMENT CONTRACTS

opportunity to receive the single product supplier status for products manufactured under the SPIC (participation in state purchase contracts on a non-competitive basis)**



TAX BENEFITS

non-deterioration of tax conditions

possible reduction of the profit tax rate to 0%

opportunity to reduce the rates of regional and municipal taxes (property tax, land tax, etc. depending on the regional or municipal legislation)



ACCELERATED DEPRECIATION OF FIXED ASSETS

provision of certificates to product purchasers confirming the opportunity to apply accelerated depreciation***



OTHER INCENTIVES (with respect to industry regulations and legislation of a constituent entity of the RF)

a lease contract for a land plot being the state-owned or municipal property without bidding for parties to a SPIC (for the project implementation under a SPIC)**
infrastructural obligations

simplified procedures to participate in subsidies (for example, Resolutions of the RF Government No. 416, No. 417, No. 418, No. 419, No. 420, No. 421 dated 16.05.2016, No. 1432 dated 27.12.2012, No. 496 dated 26.04.2017 and №. 1401 dated 27.12.2012)

* Resolution No. 719 of the Russian Federation Government dated 17.07.2015

** Federal Law No. 44 dated 05.04.2013 "On the contract system of the federal and municipal procurement of goods, work and services" and certain legislative acts of the Russian Federation"

*** The Russian Tax Code (part two) art. 259.3

ACTIVITY STATUS FOR FEDERAL SPIC CONCLUSION



SIGNED

MAZDA SOLLERS Manufacturing Rus – Primorye Territory

Manufacturing of motor vehicle engines for export

CLAAS – Krasnodar Territory

Modernization of agricultural machinery plant

DMG MORI AG Group – Ulyanovsk Region`

Modernization of the Ulyanovsk machine-tool plant

HMS Livgidromash – Orel Region

Localization of manufacturing of pumps for oil refining

Tomskie Technologii Mashinostroeniya – Tomsk Region

Manufacturing of domestic blowoff and control valves, electric drives and electric devices

EuroChem-VolgaKaliy – Volgograd Region

Mining processing and concentration plant from the Gremyachinskoe field

EuroChem UKK – Perm Territory

Establishment of industrial production: Usolskiy Potash Plant

Mercedes-Benz RUS – Moscow Region

Manufacturing of "Mercedes Benz" vehicles

Transneft – Siberia – Tyumen Region

Manufacturing of equipment for the operation of trunk oil pipeline facilities

Vilo Rus – Moscow Region

Localization of manufacturing of pumping equipment

AstraZeneka Industries – Kaluga Region

Manufacturing of pharmaceuticals, which have no analogues in the RF

Sanofi Russia – Orel Region

Manufacturing of pharmaceuticals, which have no analogues in the RF

GEROPHARM – Saint Petersburg

Manufacturing of insulin and organotherapeutic pharmaceuticals, which have no analogues in the RF



APPROVED

Hamilton Standart-Nauka – Tver Region

Manufacturing of heat-exchange units for environmental and thermocontrol system of Boeing aircraft

VESTAS MANUFACTURING RUS – Ulyanovsk Region

Manufacturing of Windmill blades, which have no analogues in the RF

NovaMedica – Kaluga Region

Manufacturing of sterile pharmaceutical products, including those which have no analogues in the RF

BIOCAD – Saint-Petersburg

Manufacturing of biological substances and FDFs

SPIC: CASE STUDY

Swiss pharmaceutical company
with operating plant in Austria



Russian pharmaceutical company,
one of the largest suppliers of
medicines and medical products



**OCTAPHARMA-PHARMIMEX
Joint Venture**



Ryazan Region



**It is planned to sign special investment
contract with Russian Federation**







Investment over 100 mln €



**The project is a step-by-step localization of
full-cycle unique manufacturing of modern
generation blood plasma products made of
Russian raw materials**

A GUIDE FOR FOREIGN INVESTORS IN RUSSIA, PART II. LOCALIZATION IN RUSSIA

-  Includes German translation of regulatory legal acts of the Russian Federation
-  Publication of print and electronic versions is scheduled for February 2018
-  Contains sections on specific aspects of localization for different industry sectors, including:
 - the pharmaceutical industry
 - medical products
 - the mechanical engineering industry
 - the automotive industry
 - agriculture and the agricultural engineering industry
 - software
-  Includes information on the mechanism for special investment contracts (SPIC)



Thank you for your attention!



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