INVESTMENTS AND BUSINESS
IN THE KALININGRAD REGION
GENERAL INFORMATION

15,1 THOUSAND KM²
REGION TERRITORY

22 CITIES

ADMINISTRATIVE CENTRE
KALININGRAD
475 056 PEOPLE

SOVETSK - 39 752 PEOPLE
CHERNYAKHOVSK - 35 888 PEOPLE
BALTIYSK - 33 317 PEOPLE
GUSEV - 28 300 PEOPLE
KALININGRAD REGION IS A MODERN LOGISTICS CENTER

BEING IN THE JURISDICTION OF RUSSIA
JUST A FEW HOURS
ANY KIND OF TRANSPORT
EU

YOU CAN REACH OR DELIVER YOUR CARGO TO MOST EUROPEAN COUNTRIES.

MOSCOW
1.5 HOUR
15 HOURS
22 HOURS
TRANSPORT INFRASTRUCTURE

ROADS

519 km/thousand km²

ROAD DENSITY

This significantly exceeds the average Russian level (61 km/thousand km²).

EUROPEAN TRANSPORT CORRIDORS

PASS THROUGH THE REGION

- VIA HANSEATICA
  Riga – Kaliningrad - Gdansk

- IXD
  Kaliningrad – Vilnius - Minsk

THE ONLY NON-FREEZING PORT ON THE BALTIC SEA

- Cargo and passenger ships docs, railway ferries docs
- Cargo and container warehouses
- Equipment for customs, border and other related procedures

AIRPORT

5TH FREEDOM OF THE AIR

3 INTERNATIONAL WATERWAYS

534 KM THE NETWORK OF INLAND WATERWAYS

RAILWAY CONNECTION

Kaliningrad region has both:

- Narrow-gauge railway (European)
- Wide-gauge railway (former USSR countries)
RAILWAYS

TRANS-EUROPEAN TRANSPORT CORRIDORS

RAILWAY CONNECTION WITH FOLLOWING CITIES:

- **Russia:** Moscow and Saint-Petersburg
- **Poland:** Gdynia
- **Germany:** Berlin

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- gauge width 1520mm (Russian gauge)
- gauge width 1435mm (West European track)

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RAILWAY HUBS:

- **Kaliningrad:** 7 roads
- **Chernyakhovsk:** 4 roads
Regular trips to the cities of Belarus, Germany, the Baltic countries, Poland, the Czech Republic and other European cities.

**with Poland:**
- Bagrationovsk - Bezledy
- Mamonovo - Gronovo
- Mamonovo 2 - Grzhechotki
- Gusev - Goldap

**with Lithuania:**
- Sovetsk - Panemune (via Queen Louise bridge through the Neman)
- Chernyshevskoe - Kybartai
- Curonian Spit - Nida
- Frontier - Ramoniskiai

**Border Crossing Without Delay**

**Trans-European Highways**

**Major Transport Corridors**
MARITIME TRANSPORT

NON-FREEZING SEA PORTS

KALININGRAD
BALTIELSK
PIONERSK
well-developed logistics of cargo sea terminals

UST-LUGA

ferry

BALTIELSK

TRAIN-FERRY TRANSPORT

PORT OF BALTIELSK - PORT OF UST-LUGA

36
521
18,498
1,0

HOURS
MILES
WAG/YEAR
MLN TONS
travel time
distance
quantity

Kaliningrad region Government
AVIATION TRANSPORT

EXPANSION OF GEOGRAPHY OF FLIGHTS

Year-round
- Moscow
- St. Petersburg
- Minsk
- Cherepovets
- Tashkent
- Berlin
- Prague
- Kazan
- Ufa
- Warsaw
- New Urengoy
- Ekaterinburg

Summer period
- Krasnodar
- Grodno / Brest / Homiel
- Barcelona
- Anapa
- Arkhangelsk
- Murmansk
- Vitebsk

RECONSTRUCTION OF KHRABROVO AIRPORT IS NEARING COMPLETION

5TH FREEDOM OF THE AIR

50 TONS OF CARGO/DAILY
<table>
<thead>
<tr>
<th>Metric</th>
<th>AS For 2016</th>
<th>AS For 2017</th>
<th>AS For 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Regional Product</td>
<td>5.7 BLN $</td>
<td>8.5 BLN $</td>
<td>2.0 BLN $</td>
</tr>
<tr>
<td></td>
<td>383 BLN ₽</td>
<td>496 BLN ₽</td>
<td>118,9 BLN ₽</td>
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<tr>
<td>Foreign Trade Turnover</td>
<td></td>
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<tr>
<td>Investments Into the Main Capital of Organizations</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Electricity Fee</td>
<td>0.04 $</td>
<td>0.57 $</td>
<td>0.02 $</td>
</tr>
<tr>
<td></td>
<td>3 ₽</td>
<td>38 ₽</td>
<td>1 ₽</td>
</tr>
<tr>
<td>Rental Cost For Commercial and Office Properties</td>
<td>102 $</td>
<td>440 $</td>
<td>400 $</td>
</tr>
<tr>
<td></td>
<td>5,600 ₽</td>
<td>29,451 ₽</td>
<td>24,000 ₽</td>
</tr>
<tr>
<td>Petrol Prices</td>
<td></td>
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<tr>
<td>Average Salary</td>
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<tr>
<td>Cost of Broadband Internet</td>
<td></td>
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<tr>
<td>Outgoing Calls</td>
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</table>
**INDUSTRIAL PARKS**

**KHRABROVO**
- **271.6 HA**
- 3km from the airport / 17km from Kaliningrad
- **SPECIALIZATION:**
  - Production of construction materials
  - Production of amber goods
  - Production of medical equipment
  - Instrument building
  - Nanotech
- **CONDITIONS:**
  - **189 thous. rub/year per 1 HA** rental rate on the investment phase
  - **2.9 mln rub per 1 HA** land price

**CHERNYAKHOVSK**
- **1146 HA**
- **SPECIALIZATION:**
  - Transport and logistics
  - Production of building materials
  - Glass industry
  - Electrotechnical industry

**ECOBALTIC**
- **43.1 HA**
- **SPECIALIZATION:**
  - Pharmaceutical production
  - Manufacturing of medical products equipment
  - Storage of medications (GDP warehouse)

**TECHNOPOLIS GS**
- **230 HA**
- **SPECIALIZATION:**
  - Radioelectronics
  - Microelectronics
  - Nanotech
  - IT
A special economic zone is managed by the regional government.

- Residents as of August 2018: >186
- Special economic zone on the whole territory of the region: TILL 2045

- Total volume of investments declared: 118.3 BLN ₽ ($1.8 BLN)
- Minimum level of investment: 1 MLN ₽ ($0.02 MLN)
SEZ RESIDENT

TOTAL INVESTMENT FOR 3 YEARS

1  1 MLN ₽  IT
2  10 MLN ₽  MEDICINE
3  50 MLN ₽  MANUFACTURING, AGRICULTURE, TOURISM
4  150 MLN ₽  OTHERS

RUSSIAN LEGAL ENTITY / REGISTRATION – KALININGRAD REGION

INVESTMENT PHASE

OPERATIONAL PHASE OF PRODUCTION

CAPITAL INVESTMENTS

IMPORT OF MATERIALS AND COMPONENTS WITHOUT DUES AND VAT

EXPORT OF PRODUCTS PAYMENT OF DUES

SUBSIDIES
3 STEPS TO GET RESIDENTIAL STATUS OF SEZ

1. DOCUMENTS SUBMISSION TO UNIFIED REGISTER OF SEZ RESIDENTS
   - Legal entity is created in accordance with the legislation of the Russian Federation;
   - Federal registration of the legal entity is processed in the territory of the Kaliningrad region;
   - Production is taking place solely and entirely on the territory of the Kaliningrad region;

2. DOCUMENTS OVERVIEW
   - Investments are made by the legal entity on the territory of the Kaliningrad region;
   - Organizations which are under special tax regime stipulated by tax and fees legislation of the Russian Federation can not obtain Residential status;
   - Financial organizations including credit institutions, insurance companies, stock market participants can not obtain residental status;

3. TIME-LIMIT FOR ACQUIRING RESIDENTIAL STATUS IS 30 DAYS

REQUIREMENTS TO INVESTMENT PROJECTS IN SEZ

- Investment projects implementation and execution on the territory of the Kaliningrad region;
- Investment project can not be part of the following activities: mining operations (including services delivery in these markets); ethanol and alcohol production, tobacco production and all others excisable products (excluding passenger cars and motorbikes) in accordance to the List obtained by the Decree of the Government of the Russian Federation on March 31, 2006 No. 185; wholesale and retail trade, repair of household goods and of personal items; financial activities;

- Investments to be made in the form of Capital investment;
- Total volume of investments must be processed in 3 years starting the date of including Legal entity into the Register.
- Power generation and distribution;
- Leasing except for manufacturing.
but not later than three years from the receipt of the status of the resident

FROM THE MOMENT THE FIRST PROFIT GAINED,

0% PROPERTY TAX  1.1% PROPERTY TAX
1 YEAR  6 YEAR  12 YEAR

0% INCOME TAX  10% INCOME TAX

FROM 01/01/2018

REDUCED DURATION OF STATE EXPERTISE
- ecological  90→45 days
- project documentation  60→45 days

7.6% SOCIAL CONTRIBUTIONS UNTIL 2025
for organizations that became residents until 2022

7.6% RECYCLING FEE
for equipment below 3 years old at the date of acquisition

0% DAYS
8 electronic visas
01.07.2019
FOR RESIDENTS OF SPECIAL ECONOMIC ZONE

FREE CUSTOMS ZONE

0%

LAND TAX
first 5 years

DUTY AND TAX FREE IMPORT

180

DAYS DEFERRAL
of VAT payment

IMMUTABILITY
of rental fee

NON APPLICATION
of measures increasing overall tax burden

SIMPLIFIED PROCEDURE
for obtaining land for investment projects
SUPPORT BY THE AUTHORITY

Main website for investor in Kaliningrad region

www.investinkaliningrad.ru

REPRESENTATION OF THE KALININGRAD REGION GOVERNMENT UNDER THE GOVERNMENT OF THE RUSSIAN FEDERATION, MOSCOW

Single point of contact to communicate with investors and enterprises in Moscow

Address: 123242, Moscow, Krasnaya Presnya street, bldg. 7
tel.: (499) 252-66-00
fax: (499) 252-66-25
e-mail: msk@gov39.ru

MINISTRY OF ECONOMY OF KALININGRAD REGION

SAI "ENTREPRENEURSHIP SUPPORT FUND"

JSC «RUSSIAN EXPORT CENTER» KALININGRAD BRANCH

JSC "KALININGRAD REGION DEVELOPMENT CORPORATION"

Single point of contact to communicate with investors and enterprises in Kaliningrad

Address: 236023, Kaliningrad, Krasnaya street, bldg. 63A
tel.: +7 (4012) 67-39-39
e-mail: office@kgd-rdc.ru

MINISTRY OF INDUSTRIAL POLICY, ENTREPRENEURSHIP AND TRADE DEVELOPMENT OF KALININGRAD REGION

FOREIGN INVESTORS ASSOCIATION IN KALININGRAD REGION

KALININGRAD CHAMBER OF TRADE AND INDUSTRY

BALTIC BUSINESS CLUB
WHY KALININGRAD REGION?

1. The entry point to the EAEU and the EU markets
2. Access to Baltic Sea and Atlantic Ocean routes
3. Minimal fiscal burden
4. Integration into the EU transport infrastructure
5. Proactive investment policy of the authorities
6. Preferential terms for connection to facilities
7. Strong potential of tourism and entertainment industries
8. Legislative guarantees of immutability of the conditions