HOW TO INVEST IN INDUSTRY IN ST. PETERSBURG

4th edition
2017
Dear friends!

I’m glad to welcome the new edition of the guide to investing in the industry of St. Petersburg!

Over the course of this handbook’s existence, it has become a true guide for business people. It provides comprehensive information both about the terms of conducting business in the Northern capital and about specific investment projects.

St. Petersburg is a major industrial, transportation, scientific, educational and tourist center in Russia and Europe. The city currently holds leading positions in many economic and social development sectors. Since the city’s foundation, industry has been the city-forming core of St. Petersburg, and it currently provides close to 50% of the budget revenue on all levels.

Along with the traditional sectors — shipbuilding, power production and machine building — modern, innovative high-tech enterprises are being established and operate successfully. The automobile and medical and pharmaceutical clusters have become tangible drivers of the city’s economy. In 2016, the amount of investment into the core assets of industrial enterprises increased by over 7% to 118.5 billion rubles. St. Petersburg is planning to launch more than 20 new manufacturing enterprises in 2017.

From January to July 2017, over 1.45 billion worth of products was dispatched from St. Petersburg, which is 110.1% of the volume for the corresponding period of the preceding year. Our city’s index of industrial production has demonstrated a stable positive trend over the last two years. At the end of the first 9 months of 2017 the index value equals 103.6%.

St. Petersburg’s key competitive advantages are its supportive business climate and qualified human resources, well-developed infrastructure and quick access to major Russian and EU markets. The Government of St. Petersburg prioritizes the implementation of manufacturing investment projects, and a balanced development of city territories, including the so-called “industrial belt”. Enterprises and investors who implement modern technologies are offered tax exemptions and other preferences. Residents of the Special Economic Zone, technoparks and business incubators, industrial parks and zones enjoy unique conditions for establishing their industrial enterprises.

The legal and regulatory framework is being continually improved. In 2017, an additional new instrument for state support of the industry, namely, the special investment contract, was introduced.

I’m inviting everyone who is ready to implement mutually rewarding projects and reach new heights in business to St. Petersburg!

The Governor of St. Petersburg
G.S. Poltavchenko
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1. Economic potential of St. Petersburg

1.1. Socioeconomic indicators

St. Petersburg is currently one of the major economic, transportation and logistics, tourist and cultural centers in Russia and Europe.

St. Petersburg’s major advantages in comparison with rival cities:
- One of the leading consumer markets in the Russian Federation and the European Union;
- Highly diversified city economy;
- Higher economic growth rate in comparison with other Russian cities;
- Low cost of conducting business in comparison with other major cities in the world;
- Unemployment rate below the nationwide average;
- High educational level and high concentration of scientific institutions;
- Ready availability of health care and educational institutions;
- Well-organized urban space with a positive development trend;
- High safety level.

St. Petersburg’s key socioeconomic indicators in 2016:
- Population — 5 281.2 million people;
- Average monthly salary — 48.8 thousand rubles;
- Retail turnover — 1 215.6 billion rubles;
- Capital investment — 528.3 billion rubles.

Gross Regional Product

St. Petersburg’s gross regional product (GRP) amounted to 3281.1 billion rubles in 2016 (621.2 thousand rubles per capita), which is 1.5% higher than in 2015. In monetary terms, the indicator has grown by 257.1 million rubles over the last year.

St. Petersburg holds the 4th place in the Russian Federation in GRP volume.

GRP growth since 2013 attests to St. Petersburg’s stable economic climate.


<table>
<thead>
<tr>
<th>Year</th>
<th>GRP (billion rubles)</th>
<th>GRP growth rate, % relative to preceding year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2491.4</td>
<td>101.3%</td>
</tr>
<tr>
<td>2014</td>
<td>2661.2</td>
<td>100.7%</td>
</tr>
<tr>
<td>2015</td>
<td>3024.0</td>
<td>101.4%</td>
</tr>
<tr>
<td>2016 (estimate)</td>
<td>3281.1</td>
<td>101.5%</td>
</tr>
</tbody>
</table>

Greek Regional Product in 2015, %

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale and retail sales</td>
<td>23.9%</td>
</tr>
<tr>
<td>Industrial production</td>
<td>21.9%</td>
</tr>
<tr>
<td>Real estate transactions</td>
<td>20.2%</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>11.1%</td>
</tr>
<tr>
<td>Health care</td>
<td>5.8%</td>
</tr>
<tr>
<td>Construction</td>
<td>5.1%</td>
</tr>
<tr>
<td>Education</td>
<td>4%</td>
</tr>
<tr>
<td>Other spheres of activity</td>
<td>8%</td>
</tr>
</tbody>
</table>
Investments

St. Petersburg is one of the most investment-attractive Russian and European regions. The city is currently characterized by a stable macroeconomic situation and a highly diversified economic structure.

The advantages of the city economy for investors are as follows:

- Highly diversified regional economy;
- Well-developed urban infrastructure;
- Direct access to international logistical network;
- Direct access to major markets of the European Union and central regions of Russia;
- One of the largest industrial clusters in the Russian Federation;
- Well-developed service industry in the region;
- Leading positions in investment appeal ratings of Russian regions;
- Extensive project and investor support network;
- Financial and tax incentives for investments and innovative activities.

The share of capital investment indicators in St. Petersburg’s GRP corresponds to that of certain European cities, such as Stockholm, Madrid and Hamburg.

In 2016, investments into St. Petersburg’s economy amounted to 582.3 billion rubles, up 12.4% from the corresponding 2015 level.

The following spheres attracted the largest volume of investments in 2016:

- Transportation and communications — over 176 billion rubles;
- Industrial production — approximately 119 billion rubles;
- Real estate transactions, leasing and provision of services — over 77 billion rubles.

Capital investment structure according to economic activities in 2016:

1.2. Population of St. Petersburg

As of January 1, 2017, the population of St. Petersburg is estimated at 5 281.5 thousand people, up 1% from 2016. Men account for 46%, and women for 54% of the city’s population structure.

Principal population growth occurs due to a natural increase, as well as migration gains.

The average life span in St. Petersburg in 2016 equaled 74.6 years.

In 2016, the total economically active city population was estimated at 3 020.3 thousand people, up 1.8% from 2015. Unemployment level has decreased in 2016 and amounted to 1.6%, which is lower than the average figure for the Russian Federation (5.4%) and the Northwestern Federal Region (4.2%).
The main advantages of St. Petersburg labor market:
- St. Petersburg’s educational foundation ensures the establishment of a high-quality and competitive labor market;
- The city’s economic development attracts labor resources from other Russian regions;
- The well-developed educational services sphere ensures the continual enhancement of St. Petersburg’s human resource potential.

The share of working population between 25 and 65 with higher and professional education in the total workforce in 2015 (%)

In 2016, the majority of urban population was active in the following spheres: wholesale and retail sales, real estate, manufacturing industry, education, transport and communications.

In 2016, the average total salary due equaled 48,684 rubles per employee, up 10.5% from the same period of the preceding year.

Average monthly salary per employee in St. Petersburg, rubles

The average number of employees in St. Petersburg’s industrial complex in 2016 equaled 343 thousand people, including 303 thousand people in the manufacturing sector.

Over 44% of industrial enterprise workers are employed in machine manufacturing (production of motor vehicles, various machinery and equipment).

In 2016, the average monthly salary in St. Petersburg’s industrial complex constituted 53.0 thousand rubles.

I. Machine-building complex.
II. Food production, including beverages and tobacco.
III. Metal industry and production of finished metal products.
IV. Production and distribution of electrical energy, natural gas and water.
V. Other industrial production.

Structure of employee population in St. Petersburg industry in 2016, %
1.3. St. Petersburg’s Logistics Complex

St. Petersburg is currently one of the largest transportation and logistics centers of the Russian Federation and Northern Europe. River and seaport accessibility, railroad stations and terminals, as well as access to automobile roads that lead to the central regions of Russia and the European Union, allow to carry out transportation and cargo delivery in any direction.

As of 2016, there are 42627 organizations in St. Petersburg associated with the transportation industry, with a total turnover of 576.3 billion rubles.

The total volume of services provided by all transportation organizations (including small businesses) in January — December 2016 amounted to 613.6 billion rubles, up by 6.2% compared to 2015.

Sea port of St. Petersburg

Sea port St. Petersburg comprises the Greater port of St. Petersburg and the Passenger port of St. Petersburg. It is one of the largest Russian ports on the Baltic Sea. Port St. Petersburg is linked to the sea by the 27-mile Marine channel, and is open for vessel call year-round.

Greater port of St. Petersburg

The Greater port of St. Petersburg is the largest port in the Northwest of Russia and a part of the Baltic Sea port system. It is located in the Neva Bay of the Gulf of Finland, while most of the port grounds are positioned on the islands and pier-heads in the delta of the Neva River; there are also port-related zones by the “Bronka” railway station, in the town of Lomonosov and in the Litke base harbor of the Kotlin island.

The surface area of the Greater port of St. Petersburg constitutes approximately 629.9 sq.km. There are over 200 piers in the port, with the frontage extending for approximately 31 km.

The Greater port of St. Petersburg processes containers, automobiles, machinery equipment, metal and piping, heavy loads and extra-long cargo, timber, coal, grains, and numerous other types of cargo.

Major marine container transportation lines, as well as the main feeder lines of the Baltic region make vessel calls at the St. Petersburg port.

Time in transit of marine cargo container delivery to St. Petersburg constitutes between 4 days from European ports to 44 days from the ports of Japan.

The cargo turnover of the Greater port of St. Petersburg in 2016 decreased by 6% in comparison with 2015, to 48.62 million tons. In the specified period the oil transfer and bulk cargo volumes declined, while the share of general cargo, Ro-Ro cargo and cargo in grain increased. The port’s container turnover grew by 1.7% and totaled 1745182 TEUs.

Cargo turnover of the Greater port or St. Petersburg

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>57.8</td>
<td>57.9</td>
<td>61.1</td>
<td>51.1</td>
<td>48.62</td>
</tr>
</tbody>
</table>
Passenger port

The Passenger Port of St. Petersburg is the first and the only specialized passenger port in the Northwestern region of Russia, and is located in St. Petersburg on Vasilevskiy Island’s hydraulic fill territories. The Port complex includes seven piers with a combined length of 2171.06 m. for receiving ocean liners up to 340 meters in length, three cruise ship and one specialized cruise liner/ferry boat terminal.

The area of the port is 33.03 ha, water surface area — 3.054 sq.km.

Passenger Port St. Petersburg “Marine Facade” operates at the premises of 4 marine terminals.

Auto Transportation of St. Petersburg

St. Petersburg is one of the most important transportation hubs of the Russian Federation, located at the crossroads of transport corridors and roads that connect central Russian regions to the European Union, Scandinavian and Baltic states.

Vehicular traffic flow is dominated by cargo deliveries from the ports located in St. Petersburg, Leningradskaya oblast and Finland to central and southern regions of Russia.

Two Eurasian transport corridors pass through the city — “North-South” and “Transsib”, along with Pan-European transport corridor No.9 and European automobile highway E-18, which links Scandinavia and Central Russia.

The major highways are:

- Expressway “A-181 ‘Scandinavia’” (St. Petersburg — Vyborg — border with Finland (EU)). Part of the European route E-18 (Craigavon (Northern Ireland) — St. Petersburg).
- Expressway “M-10 ‘Russia’” (Moscow — St. Petersburg), Part of the Asian route AH-8 (Border with Finland — Iran).
- Expressway “A-180” (S. Petersburg — Ivangorod — border with Estonia (EU)). Part of the European route E-20 (Shannon — St. Petersburg).
- Expressway “R-32 ‘Pskov’” (St. Petersburg — Pskov — Pustoshka — Nevel — border with the Republic of Belarus). Part of the European route E-95 (St. Petersburg — Merzifon (Turkey)).

The “A-181 ‘Scandinavia’” and “R-32 ‘Pskov’” expressways are parts of the Pan-European transport corridor No.9.

In order to lower the city road congestion level, the following roads are functioning in St. Petersburg:

- St. Petersburg Ring Road (KAD)
- Western High-speed Diameter (ZSD).

Aside from vehicular cargo transport, there are international and intercity bus lines operating in the city. Bus transportation is available to Russian Federation cities, as well to the CIS and European Union states.

The total area of St. Petersburg’s road network — 59477 thousand m²
Cargo and passenger transportation by auto transportation organizations in St. Petersburg in 2016

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>% compared to 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo transported, thousands of tons</td>
<td>2123</td>
<td>106.6</td>
</tr>
<tr>
<td>Cargo turnover, million ton-km</td>
<td>1075</td>
<td></td>
</tr>
<tr>
<td>Passengers transported, million people</td>
<td>543</td>
<td>102.0</td>
</tr>
<tr>
<td>Passenger turnover, million passenger-km</td>
<td>3119</td>
<td></td>
</tr>
</tbody>
</table>

The volume of commercial vehicular cargo transportation by all types of companies (excluding small businesses) in 2016 comprised 6.3 million tons, increasing by 13% in comparison with 2015, while cargo turnover comprised 1376.6 million tons, decreasing by 2.9%.

**Railroad Transportation of St. Petersburg**

St. Petersburg railroad hub is the largest in the Northwest of Russia, second in size in Russia after Moscow, and is a part of the international transport corridor No.9.

The hub includes 423 km. of railways. Railway tracks and terminals take up approximately 4 thousand ha in St. Petersburg.

St. Petersburg railway hub includes five railway terminals (Moskovskiy, Ladozhskiy, Finlandskiy, Vitebskiy, and Baltiislikiy), 53 railway stations, 7 radial directions (Vyborg, Priozersk, Volkovostroy, Kirishi, Moscow, Novgorod, Vitebsk, Warsaw (Pskov), Narva, Oranienbaum), 4 dockside stations that service the Gulf of Finland ports (Avtovo, Novyi Port, Oranienbaum, Bronka), 2 sorting stations (St. Petersburg — Sortirovochniy — Moskovskiy — Shushary)

St. Petersburg railway hub functions as a sorting center for international cargo traffic and enterprises from other regions.

The “railroad-port” interlink system is currently undergoing active development, aiming to decrease delivery times for all types of cargo.

In 2016, passenger traffic at all railroad terminals increased by 7% compared to 2015 (27.9 million people vs. 26.1 million people). Vitebskiy terminal station showed the biggest growth (15.5%). Moskovskiy terminal station remains the busiest (10.4 million people).

High-speed connections to Moscow and Helsinki are also available in St. Petersburg — it only takes 3.5 hours to get to these cities from St. Petersburg.

**Air transportation in St. Petersburg**

St. Petersburg’s aviation hub comprises a complex of the following interconnected air transport infrastructural facilities: airports, airdromes, heliports, landing fields used for purposes that include commercial civil aviation, general purpose aviation and state aviation.

The development of St. Petersburg’s aviation hub plays a crucial role in the cumulative socioeconomic growth of the Northwestern Federal District, contributes to the development of commercial and trade ties, expansion of business connections and promotion of tourism.

**“Pulkovo” Airport**

“Pulkovo” airport is one of the largest and dynamically developing airports, which holds the 4th place among Russian airports in the number of passengers carried, second only to the Moscow aviation hub. There are approximately 4000 people employed at the airport. The passenger capacity of the air-terminal complex constitutes 18 million people/year.

**Infrastructure**

- **88** registration counters
- **110** passport control booths
- **16** boarding bridges
- **110** aircraft parking spots
- **7** baggage carousels
- **60** lifts
- **24** escalators
- **37** boarding gates
1.4. Consumer market in St. Petersburg

The retail sphere is responsible for almost 1/5 of the Gross Regional Product and provides 40% of the jobs for the city’s workforce.

St. Petersburg holds one of the leading positions in Russia in the availability of sales premises to population.

Chain store retail holds a significant share in retail sales volume in St. Petersburg.

Wholesale sales turnover in 2016 constituted 4,544.7 billion rubles, up 22.6% from 2015 in comparable prices.

Retail sales turnover decreased by 1.5% and amounted to 1,215.6 billion rubles in 2016.

Retail sales turnover structure in 2016:
- 36% — food products;
- 64% — non-food products.

Over 17,200 retail enterprises, over 7,300 food service providers and 9,000 companies are operating in St. Petersburg. The share of large enterprises, including retail chains, constitutes a 77% share of retail sales.

On the average, St. Petersburg residents purchase goods and services in the amount of 2.6 billion rubles daily. Total revenue of retail sales enterprises in 2016 amounted to 197.3 billion rubles.

1.5. Financial infrastructure of St. Petersburg

There are currently 97 banking institutions operating in St. Petersburg, with a total profit volume of 5,229.7 million rubles in 2016. Major Russian and international banks have a presence in St. Petersburg through their branches and offices.

Approximately 113 insurance companies operated in St. Petersburg in 2016. Total insurance payments amounted to 79,590 million rubles.

St. Petersburg’s equity market is well-developed, featuring PJSC “Saint-Petersburg Stock Exchange”, JSC “St. Petersburg International Mercantile Exchange” and JSC “St. Petersburg Currency Exchange.”

Public Joint-Stock Company “St. Petersburg Stock Exchange” is one of the first trading platforms for trading securities and futures contracts in the Russian Federation. In 2016, the Exchange continued to work towards expanding the geography of available foreign securities. Depositary receipts, which were added to the List of securities, confirm the rights in regard to foreign-emitted securities with places of establishment under Chinese, South Korean and Indian jurisdictions.

At year-end 2016, total security trading volume reached approximately 54,358,777,150 rubles, which is a 380% increase compared to 2015 figures.

“St. Petersburg International Mercantile Exchange” is the largest mercantile exchange in Russia, which trades oil, natural gas, timber, construction materials, coal, agricultural commodities and chemical products. There are over 1,900 participants, and the total trade turnover in 2016 amounted to 610.9 billion rubles.
Joint-Stock Company “St. Petersburg Currency Exchange” (hereafter — SPCE) was established on May 21, 1992. Its main activity was the organization and development of trading on the currency exchange market (credit and deposit operations). The volume of transactions conducted at SPCE in 2016 equaled 1239.087 billion rubles (in 2015 — 1023.748 billion rubles).

1.6. International trade in St. Petersburg

St. Petersburg’s foreign trade turnover in 2016 amounted to over USD 37 billion, up by 3% from 2015.
St. Petersburg’s share in the merchandise trade of the Northwestern Federal District grew by 9.2% in comparison with 2015, and equals 58%. The city’s relative share in the Northwestern Federal District export grew by 10 percentage points, and in the import segment — by 6.8%.
St. Petersburg conducted trade with 203 countries in 2016 (198 countries in 2015). The share of the 10 main trading partners in St. Petersburg’s merchandise turnover is 62.8%. China, Netherlands and Germany are still the top three partners, with a combined share of 33.3% in St. Petersburg’s merchandise trade.

**St. Petersburg foreign trade turnover in 2015–2016**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>In % relative to 2015</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD, million</td>
<td></td>
<td>USD, million</td>
</tr>
<tr>
<td>Total</td>
<td>37,092.7</td>
<td>+3 %</td>
<td>36,018.6</td>
</tr>
<tr>
<td>Non-CIS states</td>
<td>33,823.9</td>
<td>+4 %</td>
<td>32,527.6</td>
</tr>
<tr>
<td>CIS states</td>
<td>3,268.8</td>
<td>-6.4 %</td>
<td>3,490.9</td>
</tr>
<tr>
<td>Export</td>
<td>15,769.3</td>
<td>+0.2 %</td>
<td>15,745.6</td>
</tr>
<tr>
<td>Non-CIS states</td>
<td>13,673.9</td>
<td>+1.1 %</td>
<td>13,521.3</td>
</tr>
<tr>
<td>CIS states</td>
<td>2,095.4</td>
<td>-5.8 %</td>
<td>2,224.3</td>
</tr>
<tr>
<td>Import</td>
<td>21,323.3</td>
<td>+5.1 %</td>
<td>20,272.9</td>
</tr>
<tr>
<td>Non-CIS states</td>
<td>20,149.9</td>
<td>+6 %</td>
<td>19,006.2</td>
</tr>
<tr>
<td>CIS states</td>
<td>1,173.4</td>
<td>-7.4 %</td>
<td>1,266.6</td>
</tr>
</tbody>
</table>

**St. Petersburg’s main trade partners in 2016, USD, million**

- China: 5,241.40
- Netherlands: 3,876.80
- Germany: 3,235.30
- USA: 2,929.20
- Belarus: 1,849.90
- South Korea: 1,794.80
- Italy: 1,298.40
- France: 1,105.60
- Japan: 1,025.30
- Finland: 938.70
**Export Structure**

The total number of exporting organizations in 2016 equaled to 4,571. Over the course of 2016 those participating in St. Petersburg’s international trade exported goods to 167 countries. The share of non-CIS countries in the export structure grew by 0.8% in 2016. Export deliveries to the Netherlands increased by 44.1%, to the USA — 2.1 times, to India — by 13.8%, and to Estonia — by 24.4%. Belarus and Kazakhstan are St. Petersburg’s main trade partners among CIS states. The share of Belarus in the CIS states’ trade turnover with St. Petersburg is approximately 50%.

The export commodity structure has shifted significantly. There was an increase in the export of mineral products (+13.1%), food products (+23.3%), timber materials (+20%), textile materials (+22.6%). There was a positive trend in these spheres over the course of the year.

**St. Petersburg’s export structure in 2016, %**

![Export Structure Pie Chart]

**Import structure**

There was a total of 8,626 exporting organizations in 2016. In 2016 St. Petersburg imported goods from 181 countries (in 2015 — from 171 countries).

The share of non-CIS states in the import structure grew by 0.7%. The amount of goods imported from the USA (+64.6%), France (+67.9%), and the Republic of Korea (+54.5%) increased most significantly. The import from the Republic of Belarus increased by 15.8%. Import of merchandise from Germany, Finland, Italy, Brazil and Kazakhstan decreased.

In 2016, St. Petersburg imported heavy equipment at a steadily increasing rate, occupying the largest segment in the import structure. The total value of imported food products, metals, timber, consumer goods also grew by 5.9%, 3.4%, 9.4%, and 1.3%, accordingly.

**St. Petersburg’s merchandise import structure in 2016, %**

![Import Structure Pie Chart]
1.7. Innovative activities in St. Petersburg

St. Petersburg is one of the leaders of innovation in Russia. The city pays great attention to the development of the innovative sphere. Advanced production facilities are launched, innovative infrastructure is improved.

St. Petersburg’s innovative development in numbers:

- 2nd place in the innovative Russian regions rating of Russia in 2016. The rating is comprised by the Association of innovative Russian regions (AIRR);
- One of the leaders of the Innovative business rating of Russian regions in 2017 (rating comprised by AIRR in conjunction with the Russian academy of national economy and state service under the auspices of the President of the Russian Federation, with support from the “Interfax” international information group and the Russian Chamber of Commerce and Industry. St. Petersburg is a part of the leading group of regions where (1) high-tech sector investments are primarily concentrated, and (2) the correlation of the results and the conditions (resources) for innovative business development exceeds 150%, attesting to efficient utilization of available regional potential;
- In 2016, the expert panel of the “Time for innovation” award selected JSC “St. Petersburg Technopark” (henceforth — Technopark), whose operations are overseen by the Committee, as a laureate of the “Best infrastructural project of the year” nomination of the “Business and service” category. The “Time for innovation” award is an annual independent Russian award established by the “Social projects and programs” Fund, with support from the Ministry of Economic Development of Russian Federation and the Russian Venture Company. The award’s main objectives are to reveal and support projects and practices aimed at stimulation and implementation of innovative developments;
- Business incubator “Ingria”, overseen by the Committee, became one of the Top-3 Russian non-university-affiliated business incubators, comprised by the UBI Global international analytical center, climbing up three positions;
- In 2017 Technopark received the “Best for Russia” award for its contribution to the establishment and development of the national economic environment. The annual Russian independent award and the “Best for Russia” forum are held with support from the Russian Chamber of Commerce and Industry, the Agency for support of small and medium business, Agency for strategic initiatives. The award’s main objective is to reveal and replicate projects and practices that are conducive to the improvement of economy and all other spheres of life of the Russian society;
- In 2016 St. Petersburg became one of the regions selected by the Agency for strategic initiatives (ASI) and the Russian Venture Company (RVC) to participate in the development of a regional mode of the National technological initiative (NTI). The Council for NTI implementation in St. Petersburg has already been formed and is headed by Vice-Governor of St. Petersburg S.N. Movchan (resolution of the Governor of St. Petersburg No.98-PG dated December 8, 2016).

Over 10% of the country’s scientific potential in more than 350 research organizations is concentrated in St. Petersburg:

- More than 60 organizations affiliated with the Russian Academy of Sciences and other state academies;
- More than 250 state organizations that conduct scientific research and development;
- 12 state scientific centers.

A system of regional and federal organizations with innovative infrastructure and development institutions in all phases of the innovative cycle is functioning in St. Petersburg.

The Committee for Industrial Policy and Innovation had monitored the development of St. Petersburg’s innovative infrastructure in 2016. One of the results was the development of an interactive map of St. Petersburg’s innovative infrastructure facilities.

The interactive map currently contains 74 innovative infrastructural facilities, and is continually updated. This instrument aims to inform enterprises and organizations about the existing services, financial and non-financial support measures provided by innovative infrastructural facilities for the purpose of development and lending assistance to companies, including small and medium-sized businesses, in implementation of projects.

The level of innovative activity in St. Petersburg’s industry (share of enterprises that implement technological innovations) exceeds the average for Russian Federation — 13.0% and 9.5%, respectively.

The technological innovation expenditures in St. Petersburg’s industrial complex in 2016 in comparison with the preceding year have grown by 27.8 billion rubles and amounted to 95.65 billion rubles.

Machine industry accounts for an 82% share in the structure of the innovative products of technologically innovative enterprises. Scientific research and development expenditures in 2016 amounted to 54 billion rubles, including 52.4 billion rubles for the enterprises that implement technological innovations, which is above the 2015 level by 18.8 and 18 billion rubles, respectively.
ITMO HIGHPARK project summary

In accordance with the resolution of the Ministry of the Economic Development of the Russian Federation No.400 dated June 27, 2016, the Ministry implements the “Development of innovative clusters — international-level leaders in investment appeal” priority project, which aims to create and develop leading innovative regional clusters with international-level investment appeal, bringing them to the highest level of business efficiency and incorporating them into global production chains.

At the end of 2016 St. Petersburg filed an application for designating the “ITMO Highpark” project a priority project of the Economic Development of the Russian Federation.

On September 29, 2017 St. Petersburg project was included in the List of clusters participating in the priority project “Development of innovative clusters — international-level leaders in investment appeal” of the Ministry of Economic Development of the Russian Federation at the Board meeting of the priority project.

The objective of “ITMO Highpark” is to create a new-generation innovative center in St. Petersburg, which will include a modern university campus based on ITMO university premises, aiming to comprehensively develop the educational, innovative and industrial infrastructure.

The principal contents of ITMO Highpark activities will be the development of international educational and R&D clusters located on its premises. In the future, Highpark should become the driving force for the development of knowledge-based economy and innovations in Russia, lead the country to the global innovative product market, and assist Russia in reaching the leading positions in the world’s scientific and educational elite.

The key requirement for Highpark specialization is its commitment to prospective markets (markets that are still being shaped and offer a wide range of opportunities for establishing new businesses, their scalability and going global), since the companies in such markets are growing at the fastest rate, and, accordingly, allow to achieve maximum economic and social effects from the creation of the new-generation innovation center.

The second criterion in determining Highpark’s specializations is the emphasis on interdisciplinary science and technology spheres, which allow to efficiently integrate the key competencies of ITMO University and competencies of the residents engaged for this purpose, making Highpark’s intellectual product more competitive.

In keeping with the global technological agenda, the road map for the strategic development of ITMO University and the “Priority directions of development of science, technology and engineering in Russian Federation,” approved by the Decree of the President of the Russian Federation, Highpark’s specialization will include:

1. Information technologies;
2. Photonics and quantum technologies;
3. Intellectual technologies and robotic technologies;
4. Life and health sciences;
5. Smart materials.

The overall composition of the Highpark development complex comprises approximately 400,000 m2. The total amount of investments in the “ITMO Highpark” (infrastructural segment) will amount to approximately 41 billion rubles. Private investments will constitute 35% (innovative infrastructure, offices and business properties, residential real estate, hotel, campus premises, etc.), St. Petersburg budget — 12% (social infrastructure), federal budget financing — 53% (main buildings of ITMO University new campus).

Direct link between education and business should become Highpark’s distinctive feature, wherein business will have an opportunity to influence the educational program and select future employees. Russian and foreign resident companies working in the high technology sphere directly commission scientific and innovative products developed by ITMO Highpark and its partners. There’s also a stable demand for ITMO University’s innovative products from the defense industry of the Russian Federation.

1.8. Warehouse, office and retail real estate property in St. Petersburg

Warehouse real estate

In 2016 over 10 units of warehouse real estate were launched into operation, most of them were built-to-suit.

The majority of quality warehouse properties in St. Petersburg are located in the south of the city (“Shushary” non-residential area) Retail, logistics and manufacturing companies are the main leaseholders of warehouse properties in St. Petersburg.
Total area of functioning warehouses in 2015–2016, thousands of sq.m.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Class A</th>
<th>Class B</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1853.4</td>
<td>1175.7</td>
<td>677.7</td>
</tr>
<tr>
<td>2013</td>
<td>2260</td>
<td>1225</td>
<td>1035</td>
</tr>
<tr>
<td>2014</td>
<td>2029</td>
<td>1500</td>
<td>529</td>
</tr>
<tr>
<td>2015</td>
<td>2817(^1)</td>
<td>1768</td>
<td>1049</td>
</tr>
<tr>
<td>2016</td>
<td>3111(^2)</td>
<td>1993</td>
<td>1188</td>
</tr>
</tbody>
</table>

Volume of A and B class warehouses launched into operation in 2012–2016 in St. Petersburg, thousands of sq.m.

<table>
<thead>
<tr>
<th>Year</th>
<th>Class A</th>
<th>Class B</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>58</td>
<td>119</td>
</tr>
<tr>
<td>2013</td>
<td>88</td>
<td>10</td>
</tr>
<tr>
<td>2014</td>
<td>297.2</td>
<td>16.3</td>
</tr>
<tr>
<td>2015</td>
<td>126</td>
<td>56</td>
</tr>
<tr>
<td>2016(^3)</td>
<td>130</td>
<td>34.5</td>
</tr>
</tbody>
</table>

Office real estate in St. Petersburg

At the end of 2016 the total volume of quality office real estate market in St. Petersburg exceeded 2.5 million sq.m. 215 000 sq.m. of quality office real estate was put into operation, which is comparable to 2014 figures.

By the end of 2016 the market structure has not changed considerably in regard to office space class distribution: the share of class A property increased by 2%, reaching 43%, or 1.09 million sq.m., while the share of B/B+ class reached 57%, or 1.45 million sq.m\(^4\).

<table>
<thead>
<tr>
<th>Year</th>
<th>Area, thousand sq.m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2169.3</td>
</tr>
<tr>
<td>2013</td>
<td>2369.3</td>
</tr>
<tr>
<td>2014</td>
<td>2950.0</td>
</tr>
<tr>
<td>2015</td>
<td>2338.7(^5)</td>
</tr>
<tr>
<td>2016</td>
<td>2500(^6)</td>
</tr>
</tbody>
</table>

Retail properties

St. Petersburg’s retail property market remains one of the most saturated in Russia. In 2016, there were two new shopping centers launched into operation in St. Petersburg (“Okhta Mall” and “Port Nakhodka”), with a combined area in excess of 85 000 sq. m.

<table>
<thead>
<tr>
<th>Год</th>
<th>Площадь, тыс. кв. м</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1797.1</td>
</tr>
<tr>
<td>2013</td>
<td>2143.1</td>
</tr>
<tr>
<td>2014</td>
<td>4500.0</td>
</tr>
<tr>
<td>2015</td>
<td>4541.0</td>
</tr>
<tr>
<td>2016</td>
<td>4700.0</td>
</tr>
</tbody>
</table>

\(^1\) Source: Knight Frank St. Petersburg Research, 2015.
\(^2\) Source: Knight Frank St. Petersburg Research, 2017.
\(^3\) Market survey 2016, IPG Estate.
\(^4\) Source: Knight Frank St. Petersburg Research, 2017.
\(^5\) Source: Knight Frank St. Petersburg Research, 2015.
\(^6\) Market survey 2016, IPG Estate.
2. Industry in St. Petersburg

2.1. Structure and dynamics of the industrial complex in St. Petersburg

St. Petersburg is one of the main industrial centers of Russia. The city holds one of the leading positions in the country in the volume of manufacturing industry goods (services), providing 7% of the country’s total production volume. Industry is the foundation of St. Petersburg’s economy and the main source of budget revenue.

The city’s manufacturing facilities employ a total of 342,700 people.
Number of employees in the manufacturing sector of St. Petersburg in 2016, %

<table>
<thead>
<tr>
<th>Manufacturing plants</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production of electrical, electronic and optical equipment</td>
<td>23</td>
</tr>
<tr>
<td>Production of vehicles and transportation equipment</td>
<td>14</td>
</tr>
<tr>
<td>Production of machinery and equipment</td>
<td>13</td>
</tr>
<tr>
<td>Other manufacturing plants</td>
<td>11</td>
</tr>
<tr>
<td>Metallurgical works and metal product manufacturing</td>
<td>10</td>
</tr>
<tr>
<td>Food production, including beverages, and tobacco</td>
<td>8</td>
</tr>
<tr>
<td>Chemical production</td>
<td>6</td>
</tr>
<tr>
<td>Pulp and paper industry, publishing and printing operations</td>
<td>4</td>
</tr>
<tr>
<td>Production of other non-metal mineral goods</td>
<td>4</td>
</tr>
<tr>
<td>Production of rubber and plastic goods</td>
<td>4</td>
</tr>
<tr>
<td>Textile and apparel production</td>
<td>3</td>
</tr>
</tbody>
</table>

Volume and structure of St. Petersburg’s industrial complex
In 2016, St. Petersburg’s industrial production growth rate significantly exceeded the average indicators for the Russian Federation.

Growth of industrial production in St. Petersburg, Northwestern Federal District and Russian Federation in 2016, in % relative to 2015

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Petersburg</td>
<td>103.9%</td>
</tr>
<tr>
<td>Northwestern Federal District</td>
<td>101.3%</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>103.1%</td>
</tr>
</tbody>
</table>

In 2016 St. Petersburg’s industrial enterprises have dispatched industrial products in the total amount of 2.5 trillion rubles, of which manufacturing enterprises account for 2.3 trillion rubles.

The positive dynamics in the volume of dispatched manufactured products in 2016 was largely achieved by the significant increase in the dispatch of food products, including beverages, and tobacco (by 56.5 billion rubles) and machinery manufacturing (by 46.7 billion rubles).

77% of the manufacturing enterprises have earned a total profit of 312.3 billion rubles.
Among the main industrial sectors, the greatest profit gains were attained in the vehicle and transportation equipment manufacturing (170%), food production, including beverages, and tobacco (by 20.9%), machinery and equipment production (by 16.8%).

In other spheres revenue had increased significantly in the production of rubber and plastic goods (200%), in chemical production (by 49.8%), and in the production of other nonmetallic mineral goods (by 20.8%).

**Structure of the dispatched product volume in St. Petersburg’s industry in 2016 (in % relative to industry total)**

<table>
<thead>
<tr>
<th>Industry Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Machinery production complex (27.5%)</td>
<td>7.4%</td>
</tr>
<tr>
<td>Production of machinery and equipment (4.8%)</td>
<td>0.8%</td>
</tr>
<tr>
<td>Production of electrical, electronic and optical equipment (8.0%)</td>
<td>91.8%</td>
</tr>
<tr>
<td>Production of vehicles and transportation equipment (14.7%)</td>
<td></td>
</tr>
<tr>
<td>II. Production of food, including beverages, and tobacco (14.4%)</td>
<td></td>
</tr>
<tr>
<td>III. Metallurgical works and metal products manufacturing (5.2%)</td>
<td></td>
</tr>
</tbody>
</table>

**Industrial production dynamics in St. Petersburg**

The Industrial Production Index (IPI) in 2016 equaled 103.9 %. The enterprises’ turnover in 2016 amounted to over 3 trillion rubles (30% of the total organizations’ turnover in St. Petersburg in 2016).

The highest growth rate was observed in the production of food, including beverages, and tobacco (IPI—122.3%).

In the machinery manufacturing segment, there was an increase in production of electrical, electronic and optical equipment (IPI — 101.3%).

Among the key types of machinery produced, there was a significant increase in the production of:
- Television and radio transmission equipment and telecommunications equipment — by 32.8%;
- Tractors for agriculture — by 17.8%;
- Parts, accessories and engines for automotive vehicles — by 16.2%;
- Household electrical appliances — by 16.0%;
- Pipeline installations — by 14.6%.

Additionally, a positive trend was achieved in the production of rubber and plastic goods (IPI — 118.8%), in the production of other nonmetallic mineral products (IPI — 111.8%), in chemical production (IPI — 103.0%); in pulp and paper production, publishing and printing operations (IPI — 102.0%), wood processing and woodworks (IPI — 100.6%).

**Investment in the Industrial Sector**

The volume of capital investment in St. Petersburg’s industrial sector in 2016 amounted to 118.5 billion rubles — 26% of the total investment amount. The total increase of investments in the industrial sector in 2016 equaled 107.6%.

Among the key sectors, the greatest increase in capital investment was observed in the production of vehicles and transportation equipment (by 32.9%) and machinery and equipment manufacturing (by 26%).

In addition, investment volumes have increased in wood processing and woodworks (240%); production of rubber and plastic goods (by 27.7%); production of leather, leather goods and shoe manufacturing (by 20.2%); pulp and paper industry, publishing and printing operations (by 15.6%), and manufacturing of other nonmetallic mineral products (by 9.7%).
2.2. Industrial and infrastructural projects in St. Petersburg

Solopharm Pharmaceutical Plant

Investor: Solopharm pharmaceutical company
Project title: Solopharm modern pharmaceutical plant
Investment amount: 8 billion rubles.
Solopharm company is one of the leaders in pharmaceutical production in Russia.
Solopharm sterile liquids plant was built in 2013 in compliance with GMP quality standards using clean room technology.
The launch of the plant’s third phase occurred on April 21, 2017.
Production facilities allow the company to produce over 1 billion product units per year.
The company produces infusion solutions, injectables in BFS ampules, oral solutions, injectables in glass ampules, and many other products.
Toyota Motor Automobile Manufacturing

Investor: Toyota Motor automobile corporation

Project title: increasing production capacity

Investment amount: 9.7 billion rubles.

(total investments by the company amounted to 21.9 billion rubles.)

On December 21, 2007, the first Toyota Camry rolled off the plant’s conveyor belt. Both Russian and Japanese officials participated in the opening ceremony. On the same day, which marked the beginning of production at the Russian Toyota plant, the President of the Russian Federation Vladimir Putin visited the plant.

By the end of 2015 the plant’s projected production capacity increased two-fold — from 50 to 100 thousand automobiles per year.

On August 22, 2016, the production of a second model, Toyota RAV4, was launched at the Toyota plant in St. Petersburg. 800 jobs were created.

Multipurpose Sea Cargo Complex “Bronka”

Investor: “Fenix”, LLC

Project title: Multipurpose Sea Cargo Complex (MSCC) “Bronka” (Greater Port of St. Petersburg)

Investment amount: over 57 billion rubles.

MSCC “Bronka” began operating in December 2015.

Today MSCC “Bronka” is a marine handling complex that offers a full range of high-quality services in handling container, Ro-Ro, general, heavyweight and oversize cargo.

MSCC “Bronka” is the only deep-water terminal of the Greater Port of St. Petersburg, able to accommodate vessels up to 347 m. in length, 50 m. in width and with a draft of 13 m. Project will be implemented between 2015 and 2025 in 3 phases.

The total amount of capital investments in the implementation of the project will equal approximately 58.3 billion rubles from private and budget sources, of which 42.6 billion rubles will be invested in building marine terminals, while 15.7 billion rubles of federal budget funds will be funneled into building federal property facilities.

MSCC “Bronka” comprises three specialized complexes: a container terminal, a Ro-Ro terminal and a logistics center. The area of the container terminal is 107 ha, Ro-Ro terminal — 57 ha, logistics center — 42 ha. The length of container terminal frontage is 1220 m. (5 piers), Ro-Ro terminal — 710 m. (3 piers).
“Pharmasyntez-Nord” Pharmaceutical Plant

Investor: JSC “Pharmasyntez-Nord”

Project title: JSC “Pharmasyntez-Nord” plant for modern pharmaceutical production

Investment amount: over 2 billion rubles.

“Pharmasyntez” is currently one of the top-3 fastest evolving Russian pharmaceutical companies. It produces over 50% of anti-tuberculosis agents and 45% of antiretroviral agents on the Russian market.

On May 31, 2017, the JSC “Pharmasyntez-Nord” plant for the production of modern pharmaceutical products was inaugurated in the Special economic zone “Novo-Orlovskaya.”

There will be a research laboratory and educational facilities for students of field-specific colleges and universities within the complex; approximately 200 jobs will be created.
3. Industrial and investment policy in St. Petersburg

3.1. State support of investment activities in St. Petersburg

St. Petersburg today:

• 3rd place in the competitiveness rating of Russian regions (AV RCI-2015);
• Rated 1A “Maximum potential — minimal risk” in the 2016 rating of investment competitiveness of Russian regions of “Expert RA” by the investment potential indicator;
• 2nd place out of the 85 Russian Federation constituents in the Russian regions’ 2016 quality of life rating, comprised by the “RIA Rating” agency experts;
• Holds the leading positions in small business development among Russian regions.

According to the Law of St. Petersburg enacted on July 30, 1998 No.185-36 “On the state support of investment activities in St. Petersburg”, St. Petersburg’s investment policy is based on the following principles:

– goodwill in interactions with the investors;
– presumption of investor’s due diligence;
– balance of public and private interests;
– transparency and accessibility of information required for investment activities to all investors;
– clarity and simplicity of the investment process in St. Petersburg;
– equal rights of all investors and unification of public procedures;
– objectivity and common economic sense in the judgements made;
– consistency of judgements;
– St. Petersburg and investors’ mutual responsibility.

St. Petersburg is offering financial support to investors in the following ways:

– tax subsidies;
– subsidies from St. Petersburg budget in accordance with the current legislation;
– reduced leasing rates for the use of property owned by St. Petersburg;
– extending investment tax credit;
– other forms provided for by the current legislation.

St. Petersburg indices in the Doing business in 2016 rating (points out of 100%)

<table>
<thead>
<tr>
<th>Service</th>
<th>2016 Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration of enterprises</td>
<td>95.3%</td>
</tr>
<tr>
<td>Registration of property</td>
<td>90.5%</td>
</tr>
<tr>
<td>Tax revenue</td>
<td>81.7%</td>
</tr>
<tr>
<td>Electrical grid connections</td>
<td>81.4%</td>
</tr>
</tbody>
</table>

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– other forms provided for by the current legislation.
Strategy 2030

The Strategy of economic and social development of St. Petersburg in the period up to 2030, approved by the resolution of the St. Petersburg City Administration on May 13, 2014 No.355 (Strategy 2030), is the main document on the subject of state planning. The Strategy’s main objectives are to steadily improve the city dwellers’ quality of life and to raise St. Petersburg’s global competitiveness by implementing national development priorities, ensuring steady economic growth and utilizing the results of innovative technological activities.

In order to attain the main objectives, the following 4 strategic directions have been outlined:

- ensuring steady economic growth;
- developing human capital;
- improving urban environment;
- providing efficient management and developing civil society.

For more details on Strategy 2030 please visit the official website www.spbstrategy2030.ru.

As a part of the Strategy 2030 implementation, and with the aim of creating the conditions for St. Petersburg’s steady economic growth and establishing a knowledge-based economy, St. Petersburg City Administration approved the state program “Economic growth and economy of knowledge in St. Petersburg in 2015–2010” by resolution No.496 on June 23, 2017.

Program’s main goals:
1. Improving St. Petersburg’s business environment.
2. Raising the efficiency of St. Petersburg’s economy and lowering expenditures.
3. Establishing a management system for St. Petersburg’s sustainable development.
4. Developing a system of personnel training and providing S. Petersburg’s economy with qualified specialists; establishing and promoting of demand for secondary vocational training.
5. Developing of St. Petersburg’s scientific, technological and innovative potential.
6. Raising the efficiency of applying the results of scientific research and development.
7. Raising St. Petersburg’s investment appeal.
8. Developing external economic ties and integration of St. Petersburg’s economy into world economy.
“One window” for investors

In order to raise St. Petersburg’s investment appeal, create favorable conditions for conducting investment activities in the city and eliminate extraneous administrative barriers, investment project support is implemented on the basis of the “one window” approach. Investment project support is carried out by St. Petersburg’s State-Funded Institution “Investment management”.

Project support based on the “one window” approach includes:

1. Informational and consulting assistance:
   • provision of information required by the investor during all stages of project implementation in St. Petersburg, including informing the investor about available forms of state support for investment activities;
   • informational support during the process of assigning the status of a strategic project, strategic investor or strategic partner of St. Petersburg;
   • provision of information regarding the organizations, funds and development institutions’ requirements on the groundwork of an investment project;
   • provision of informational and consulting support to the investor for project implementation.

2. Organizational support for implementing an investment project:
   • selecting real estate property in accordance with the potential investor’s requirements for project implementation;
   • organization of meetings and consultations aimed at solving the issues that arise in the process of the investment project implementation;
   • coordinating the interaction between the investor and federal authorities, as well as St. Petersburg government agencies;
   • coordination of interaction with financial institutions.

Over the course of 2016–2017 the Front-office accepted approximately 700 applications from investors regarding the allocation of real estate property for construction or restoration.

Over the course of 2016–2017 the Front-office provided over 2 500 consultations to individuals and organizations concerning investment activities in St. Petersburg.

For more details regarding the Front-office please visit the St. Petersburg investment portal@spbinvestment.ru.

“One window” office for investors is located at: St. Petersburg, 60/129 Moskovskiy prospect Lit. A
Tel./Fax: +7 (812) 332 22 32

Investment Council under the auspices of the Governor of St. Petersburg

The Investment Council under the auspices of the Governor of St. Petersburg is one of the essential elements of the investment process management system in St. Petersburg.

Council’s goals:
• promoting the efficient functioning of the government agencies in St. Petersburg;
• achieving coordinated interaction of government agencies in St. Petersburg;
• providing an integrated approach to resolving issues related to the implementation of St. Petersburg’s public policy in the investment sphere with the aim of raising St. Petersburg’s investment appeal.
Council’s objectives:

- review and approval of promising investment projects intended for realization or being realized in St. Petersburg;
- review and evaluation of proposals related to executing investment agreements (memoranda) involving St. Petersburg;
- implementation of the “St. Petersburg’s investment strategy in the period up to 2030”.

In 2015, the Council reviewed 8 investment projects with a total investment amount of 160 billion rubles. In 2016, the Council reviewed 14 investment projects with a total investment amount of 118 billion rubles.

Headquarters for business climate improvement

Headquarters’ operations are based on close and efficient interaction of St. Petersburg government agencies with the St. Petersburg business community. Entrepreneurs comprise 80% of the total number of Headquarters’ workgroup members.

Headquarters’ objectives:

- elaborating recommendations for establishing interaction between investors and St. Petersburg government agencies, regional offices of federal agencies, local government authorities in St. Petersburg and utility providers in the context of improving the business climate in St. Petersburg;
- formulating recommendations and measures for improving the business climate in St. Petersburg;
- generating recommendations for reducing the administrative barriers, including the reduction of time and simplification of procedure of issuing authorizations in the context of business climate improvement in St. Petersburg;
- examining issues related to problems and prospects of business development in St. Petersburg;
- assuring coordinated actions and the development of a unified position of St. Petersburg government agencies in regard to improving the business climate in St. Petersburg;
- assistance in the development and promotion of cooperation with federal agencies, St. Petersburg government agencies and local government authorities, community and other organizations in improving the business climate in St. Petersburg.

The St. Petersburg project office was established within the Administration of the Governor of St. Petersburg and fosters the Headquarters’ activities.

3.1.1. Financial and tax incentives for investment activities in St. Petersburg.

Tax incentives

Principal taxes and tax incentives in St. Petersburg

In accordance with the Tax code of the Russian Federation and regional laws the following taxes and rates are in effect:

| No. | Tax name                        | Rate |%
|-----|---------------------------------|------|---|
| 1   | Corporate profit tax           | 20   |%
| 2   | Value added tax                | 18, 10|%
| 3   | Personal income tax            | 13   |%
| 4   | Tax on property of organizations | 2.2 |%
| 5   | Land tax                       | 1.5  |%

Meanwhile, in accordance with the Law of St. Petersburg No.81-11 dated July 14, 2017 there are tax incentives in effect in St. Petersburg that aim to stimulate the investment process.

Besides, there is a moratorium on cancellation or alteration of tax incentives for three years after the Law of St. Petersburg that sets forth or alters a corresponding tax incentive goes into effect.

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7 Information provided as of July 2017
8 Universal rates are presented in the table
Tax incentives for creation of high-paying workplaces

Minimum salary is the minimum wage in St. Petersburg set forth by the Regional agreement in accordance with article 133.1 of the Labor code of the Russian Federation

* — Regional component of the corporate tax rate

Investment tax incentives. Corporate profit tax

<table>
<thead>
<tr>
<th>Volume of capital investment</th>
<th>Corporate profit tax rate</th>
<th>Incentive period</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 billion rubles over 5 years</td>
<td>13.5% (-4.5%) *</td>
<td>7 years</td>
</tr>
<tr>
<td>800 million rubles over 3 years</td>
<td>13.5% (-4.5%)</td>
<td>5 years</td>
</tr>
<tr>
<td>300 million rubles over 1 year</td>
<td>15.5% (-2.5%) *</td>
<td>3 years</td>
</tr>
</tbody>
</table>

Required condition for granting incentives — average salary in the organization is above three minimum salaries.

* — Regional component of the corporate tax rate

Investment tax incentives. Property tax

<table>
<thead>
<tr>
<th>Incentive terms</th>
<th>Property tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume of capital investment in depreciated fixed assets (for specific types of activity) from January 1, 2010 to December 31, 2016</td>
<td>800 million rubles over 3 years</td>
</tr>
<tr>
<td>Volume of capital investments in real estate property</td>
<td>300 million rubles over 3 years</td>
</tr>
<tr>
<td>Volume of capital investments in industrial equipment</td>
<td>50 million rubles over 1 year</td>
</tr>
</tbody>
</table>

Required condition for granting incentives — average salary in the organization is above three minimum salaries.
Investment tax incentive. Land tax

<table>
<thead>
<tr>
<th>Land tax rate</th>
<th>Incentive terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction, reconstruction, modernization of a building 100 million rubles over 3 years</td>
<td>0% for 2 years starting with the building’s commissioning</td>
</tr>
</tbody>
</table>

Required condition for granting incentives — average salary in the organization is above three minimum salaries.

Financial incentives

The following financial incentive measures are in effect for investors.

For more detailed information on the provided incentive measures please visit www.gisp.gov.ru and www.frprf.ru.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of incentive</th>
<th>Incentive amount calculation method</th>
<th>Name of program (subprogram), regulations information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Subsidies for partial reimbursement of expenses incurred in 2015–2017 for repaying interest on loans, financing working capital and/or financing day-to-day operations</td>
<td>Subsidy on the loan is provided in the amount of 70% of the amount of actual expenses incurred by repaying loan interest. The amount of the subsidy may not exceed the value calculated on the basis of 70% of the key rate of the Central Bank of Russian Federation, effective on the date of repayment of loan interest. The size of subsidies provided in 2015–2017 to one organization over a period of 3 months may not exceed 75 million rubles.</td>
<td>Resolution of the Government of Russian Federation No. 214 dated March 12, 2015. Provided by the Ministry of Industry and Trade of Russian Federation</td>
</tr>
<tr>
<td>3</td>
<td>Special export support program — partial reimbursement of expenses incurred by transportation of products to organizations, including auto manufacturing agricultural engineering, transportation engineering and power engineering organizations</td>
<td>“Organizations’ expenses” — expenses incurred for product transportation by: manufacturers of the products supplied (owners or lawful holders of rights to the utilization of technical documentation to the supplied products), persons affiliated with the manufacturer that are a party to the supply agreement and/or a party to the product component supply agreement; other authorized persons realizing product supply in accordance with an agreement with the manufacturer or affiliated persons; “products” — products included on the list of high-tech products approved by the Ministry of Industry and Trade of Russian Federation.</td>
<td>Resolution of the Government of Russian Federation No. 496 dated April 26, 2017. Provided by the Ministry of Industry and Trade of Russian Federation</td>
</tr>
<tr>
<td>4</td>
<td>Subsidies to food and processing industry machinery and equipment manufacturers</td>
<td>Subsidy is provided to the manufacturer in the amount of 15% of the equipment price (without VAT) if the following conditions are met: 1. The equipment was not produced before January 1, 2016; 2. The purchase agreement was not concluded before January 1, 2017; 3. the purchaser of the equipment received a discount of no less than 15% of the equipment price (without VAT) in accordance with the purchase agreement.</td>
<td>Resolution of the Government of Russian Federation No. 547 dated May 10, 2017. Provided by the Ministry of Industry and Trade of Russian Federation</td>
</tr>
<tr>
<td>No.</td>
<td>Name of incentive</td>
<td>Incentive amount calculation method</td>
<td>Name of program (subprogram), regulations information</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>5</td>
<td>Subsidies to organizations of consumer goods and textile manufacturing for partial reimbursement of the interest on the loans used for the implementation of new investment projects related to technical upgrading</td>
<td>Subsidies on the loans disbursed in Russian Federation currency are provided in the amount of 70% of the amount of the organization’s expenses on repaying the loan interest in the billing period based on the exchange rate between the foreign currency and the ruble.</td>
<td>Resolution of the Government of Russian Federation No. 30 dated January 18, 2017. Provided by the Ministry of Industry and Trade of Russian Federation</td>
</tr>
<tr>
<td>6</td>
<td>Subsidies for financing the expenditures of leasing organizations for providing consumer goods industry with equipment on financial leasing terms</td>
<td>Subsidy is provided to the leasing organization in the amount of the shortfall in the leasing organization’s revenue, which emerged as a result of the provision of a 30% discount on the equipment purchase price to the leaseholder at the time of advance payment. The size of the subsidy may not exceed the size of the discount provided to the leaseholder de facto.</td>
<td>Resolution of the Government of Russian Federation No. 958 dated September 23, 2016. Provided by the Ministry of Industry and Trade of Russian Federation</td>
</tr>
<tr>
<td>7</td>
<td>Subsidies for the implementation of integrated investment projects related to organization of manufacturing of rehabilitation equipment</td>
<td>Subsidy is provided to reimburse the actual expenses properly documented and incurred no earlier than January 1, 2017 related to the implementation of the investment project and provided for by the business plan.</td>
<td>Resolution of the Government of Russian Federation No. 77 dated January 25, 2017. Provided by the Ministry of Industry and Trade of Russian Federation</td>
</tr>
<tr>
<td>8</td>
<td>Subsidies to Russian organizations for manufacturing and marketing pilot batches of means of production</td>
<td>Subsidies are provided in the amount not exceeding 50% of the total volume (all or specified types).</td>
<td>Resolution of the Government of Russian Federation No. 634 dated May 25, 2017. Provided by the Ministry of Industry and Trade of Russian Federation</td>
</tr>
<tr>
<td>9</td>
<td>Privileged loan for the implementation of the investment project</td>
<td>Industrial development fund provides loans for implementation of projects aimed at the introduction of advanced technologies, creation of new products or organization of import substitution.</td>
<td>Industrial development fund <a href="http://www.frprf.ru">www.frprf.ru</a></td>
</tr>
</tbody>
</table>

### 3.1.2. Investment policy set forth in St. Petersburg legislation

According to the investment declaration of St. Petersburg, the following principles are established for the interaction of St. Petersburg government agencies with investors:

- **equality** — a non-discriminating approach to all investors in the context of a pre-determined and transparent priority system;
- **engagement** — investor participation in the deliberations on the relevant decisions made by St. Petersburg government authorities, as well as the evaluation of these decisions;
- **transparency** — public accessibility of documented information of St. Petersburg state authorities, with the exception of information that constitutes state secrets, or other classified information protected by federal law;
- **best practices** — orienting administrative procedures and legal regulations towards the best practice of interaction of authorities with investors from the entrepreneurs and investors’ point of view.

**Key directions of St. Petersburg’s investment policy are:**

- improving legislative instruments that regulate the investment and innovative activities in St. Petersburg;
- increasing the efficiency of the state support measures for investment activities;
- reducing administrative barriers.
Laws and regulations in the sphere of investment policy and investment activity in St. Petersburg:

- Resolution of the Government of St. Petersburg dated July 21, 2015 No.656 “On adoption of the resolution on the procedure of coordinating the interaction between St. Petersburg government authorities during the preparation and decision-making regarding the allocation of real estate property owned by St. Petersburg for construction, reconstruction and adaptation for modern usage.”

Strategic investors and strategic projects

One of the essential support mechanisms for large-scale investment projects is the assignment of St. Petersburg’s strategic investment project status.

Since 2004, 55 investment projects were assigned the status of a strategic investment project in St. Petersburg, with the total investment amount of 966.1 billion rubles, of which 23 projects with a total investment amount of 232.9 billion rubles were in the industrial sector (24% of all the investment projects).

The status of St. Petersburg’s strategic investment project extends the following incentives:

- allocation of land plots owned by St. Petersburg under lease terms without a tender;
- the possibility of lowering the leasing fee for land plot allocation to 1.5% of its cadastral value;
- an opportunity to acquire land plots allocated without a tender at a discounted price.

The status of a strategic investment project is assigned to an investment project when such a project complies with all of the following requirements:

1) an improvement in the socioeconomic and/or cultural environment for St. Petersburg’s inhabitants as a result of the investment project’s implementation;
2) efficiency in the implementation of the investment project for both the investor and St. Petersburg;
3) provision of a cumulative investment volume:
   - in the development of health care, education, culture, physical culture and sports, science, innovative activities, tourism (including construction of hotels) — a minimum of 1 billion rubles;
   - in the development of industry, transportation and logistics complex, creating engineering infrastructure — a minimum of 2 billion rubles;
   - in the alteration (transfer and/or reconstruction) of facilities, including linear facilities, intended for supplying water, heating, gas and electricity, or water disposal, with the purpose of dismantling them and using the territory previously occupied by them and their exclusion zones for capital development in accordance with urban development regulations — a minimum of 2 billion rubles.
   - investments made over the course of three years preceding the filing of the request to assign the status of a strategic investment project to the investment project are taken into account in the calculation of the cumulative investment volume;
4) conducting measures aimed at import substitution;
5) experience in implementing investment projects in a similar industry with a minimum value specified in p.3 in the 10-year period preceding the filing of the status request.

Procedure for assigning the status of St. Petersburg strategic investment project

1. Investor files an application at the Committee for Investments of St. Petersburg
2. The Committee develops a draft of a Legislative act of the Government of St. Petersburg on a strategic investment project or a strategic investor
3. The investor is informed about the sufficiency or insufficiency of materials
4. The investor is informed about the expert assessment
5. The request is reviewed by the Committee for 3 days
6. The Committee carries out an expert review over the course of 2 months and prepares a summary
7. The investor is informed about the sufficiency or insufficiency of materials
8. The review of the application is discontinued due to the insufficiency of the submitted materials
Public-private partnership in St. Petersburg

Public-private partnership (PPP) is one of the most popular ways in which the state encourages investments in the projects with long-term recoupment, i.e. infrastructural and socially significant projects.

St. Petersburg is one of the top-5 regions in the Russian Federation in the level of PPP engagement.

As per the data of the Committee for Investments of St. Petersburg, there are currently 7 PPP-based projects and 2 concession-based agreements being implemented. The total investment amount comprises over 360 billion rubles.

In St. Petersburg PPP may be implemented via concluding:

- a Concession agreement (hereinafter CA);
- a PPP agreement (hereinafter — PPPA).

Main characteristics

<table>
<thead>
<tr>
<th></th>
<th>CA</th>
<th>PPPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public party</td>
<td>Russian Federation, St. Petersburg</td>
<td>Russian Federation, St. Petersburg</td>
</tr>
<tr>
<td>Granting land plots</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>holding a tender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investor’s initiative</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Property rights</td>
<td>Public</td>
<td>Private</td>
</tr>
<tr>
<td>Terms of agreement</td>
<td>No requirements</td>
<td>Over 3 years</td>
</tr>
<tr>
<td>Private party’s</td>
<td>• establishment and/or reconstruction of property</td>
<td>• construction and/or reconstruction of property</td>
</tr>
<tr>
<td>responsibilities</td>
<td>• operational use of the object of concession agreement</td>
<td>• raising full or partial investment funding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• operational use and/or maintenance of the object of agreement</td>
</tr>
<tr>
<td>Fee according to</td>
<td>Required</td>
<td>Not required</td>
</tr>
</tbody>
</table>

PPP projects implemented in St. Petersburg

Construction of the Western High Speed Diameter

“Western High-Speed Diameter” (WHSD) is a unique high-speed intra-city highway built in St. Petersburg. Total investments in the project amounted to over 200 billion rubles.

WHSD is an international-scale investment project implemented in St. Petersburg. Construction of the WHSD is the leading example of public-private partnership in the road construction sphere in the world.
Technical characteristics of the Western High Speed Diameter

- total length — 46.6 km;
- on man-made structures — 26.7 km;
- number of traffic junctions — 9 (+4);
- number of lanes: 4–8;
- maximum speed limit — 110 km/h.

Development of the “Pulkovo” airport territory

In 2010, the Government of St. Petersburg concluded an agreement with OJSC “Airport ‘Pulkovo’” and “Northern Capital Gateway”, LLC regarding the establishment, reconstruction and maintenance of facilities that are owned by the “Pulkovo” airport.

The total amount of investments in the project constitutes over 50 billion rubles.

As of this time, the construction and reconstruction of the following “Pulkovo” first phase facilities have been completed: the main building, northern gallery, pre-terminal court of the centralized passenger terminal; hotel, office center, multi-level parking; “Pulkovo-1” terminal, passenger ramp No.1, as well as the cargo ramp, airside and engineering and technical support facilities.

3.2. State support of the industry in St. Petersburg

In accordance with the Law of St. Petersburg dated May 13, 2009 No. 221-47 “On the foundations of industrial policy of St. Petersburg”, the objectives of the industrial policy are as follows:

- innovative development of St. Petersburg’s industrial sector, increasing the competitiveness of St. Petersburg’s industry in the economy of the Russian Federation and the world
- increasing St. Petersburg’s budget revenues
- providing employment, income growth, improving the quality of life of St. Petersburg’s population
- establishing favorable conditions for the development of the industrial sphere

Implementation of industrial policy in St. Petersburg promotes the creation of high-technology jobs, raising labor efficiency in the industrial sector, increasing the share of high-tech and knowledge-intensive segments in the city’s Gross Regional Product.

In accordance with Strategy 2030, St. Petersburg government program “Development of industry, innovative activities and agro-industrial complex” for 2015–2020 was ratified by the Resolution of the Government of St. Petersburg No.495 dated June 23, 2014, and is currently being implemented.


A more detailed examination of the measures aimed at the technological development of the city enterprises is presented in the “Promoting enterprises’ technological development” section.
3.2.1. Industrial clusters in St. Petersburg

Promoting cluster development, along with stimulation of establishment of new clusters’, is among the priorities of St. Petersburg’s industrial policy.

Cluster establishment and development stimulates a rise in labor efficiency, establishment of new companies and creation of new jobs, promotes the growth of the region’s innovative potential, shaping St. Petersburg’s competitive advantages and encourages domestic and foreign investments.

St. Petersburg is one of the recognized leaders among Russian regions in the development of cluster policy:

- 11 regional clusters;
- 44 cluster projects at the end of 2016;
- 236.5 billion rubles in revenue;
- 65 thousand jobs;
- over 570 cluster participants.
St. Petersburg’s cluster environment

13 REGIONAL CLUSTERS

INNOVATIVE REGIONAL CLUSTERS OVERSEEN BY CDC
1. “Medical and pharmaceutical industry and radiation technology” cluster.
2. “Development of information technology, radio electronics, engineering, communications, information and telecommunications of St. Petersburg” cluster.

REGIONAL CLUSTERS OVERSEEN BY CDC
1. Regional innovative industrial cluster “Composite cluster of St. Petersburg”.
2. St. Petersburg cluster “Clean technology for urban environment”.
3. Tool-making industry cluster of St. Petersburg.
4. Innovative industrial cluster of transportation engineering “Subways and railway equipment”.
5. Hi-tech and engineering cluster.
6. Cluster for innovative development in the industrial and energy sectors
7. Jewelry cluster.
8. “Laser equipment and technology” cluster.

REGIONAL CLUSTERS
2. St. Petersburg water supply and disposal cluster.

13 PROTOCLUSTERS
1. Arctic innovative cluster of the Northwestern Federal District.
2. Digital cluster.
4. Educational cluster “Koltovskaya sloboda”.
5. Congress and exposition cluster of St. Petersburg.
6. Polymer cluster of St. Petersburg.
7. Industrial automotive cluster “Avtoprom — Severo-Zapad”.
8. Consumer goods cluster.
10. St. Petersburg leather cluster.
11. Medical research and educational cluster “Translational medicine”.
12. Tourism and recreation cluster of Kurortnyi district of St. Petersburg.
13. Shipbuilding cluster.
St. Petersburg Cluster development center

St. Petersburg Cluster development center (hereinafter — CDC) was established in St. Petersburg in November 2014 for methodological and organizational purposes, for expert analysis and informational support of regional cluster development.

CDC ensures efficient interaction between cluster participant enterprises, government agencies, educational and scientific institutions, non-commercial and commercial organizations and investors in order to promote the implementation of cooperative (cluster) projects.

**CDC is currently interacting with the following clusters on the basis of cooperation agreements:**

**Innovative regional clusters:**
1. Innovative regional cluster “Development of information technology, radio electronics, engineering, communications, information and telecommunications of St. Petersburg”;
2. Innovative regional cluster “Medical and pharmaceutical industry, radiation technology”;

**Regional clusters:**
3. “Regional innovative industrial cluster ‘Composite cluster of St. Petersburg’”;
4. Innovative industrial cluster of transportation engineering “Subways and railway equipment”;
5. Tool-making industry cluster of St. Petersburg;
6. St. Petersburg “Cluster of clean technology for urban environment”;
7. Cluster for development of industrial and energy sector innovations;
8. Jewelry cluster;
9. Regional sectoral cluster “Transportation and infrastructural construction”;
10. Water supply and disposal cluster of St. Petersburg;
11. Industrial automotive cluster “Avtoprom — Severo-Zapad”.

### Level of cluster development in St. Petersburg

**Cluster distribution according to number of participants**
- Under 20: 8%
- 20-50: 46%
- 100-150: 38%
- 150-200: 8%

**Small and medium business**
- Yes: 59%
- No: 41%

**Does the cluster have an internet portal?**
- Yes: 77%
- No: 23%

**Presence of inter-cluster agreements**
- Yes: 54%
- No: 46%

**Are modern public events being held by the cluster’s participants?**
- Yes: 92%
- No: 8%
Results of CDC operations, 2014–2017:

- 182 services rendered to small and medium-sized businesses;
- 125 new cluster participants;
- 137 consultations held on development of cooperative cluster projects;
- 44 cluster projects;
- 459 small and medium-sized businesses received government support;
- 169 events held or cluster participants;
- annual international conference held.

Leading sectors and clusters in St. Petersburg’s economy

Currently the establishment of a cluster approach with consideration to the city economy’s peculiarities is one of the priorities for the Government of St. Petersburg.

The most promising sectors of economy are currently the automotive, pharmaceutical, shipbuilding, information technology and radio electronics segments.

Automotive cluster

One of the most dynamically developing and promising sectors of St. Petersburg’s economy is the automotive cluster.

The automotive industry remains one of the leading industrial sectors in St. Petersburg. Assembly plants of the following leaders of the international automotive companies: Toyota, Nissan, Hyundai, “Truck production RUS” (a joint venture of MAN and Scania), as well as automotive component suppliers comprise this sector.

In 2016, the volume of passenger car production equaled over 280,000 automobiles and was consistent with the 2015 production volume.

St. Petersburg’s automobile cluster in figures:
- cumulative production capacity of up to 400,000 automobiles per year;
- 8,000 people employed in the sector;
- 30% of all automobiles produced in Russia;
- production localization level: 40–70%;
- every 4th automobile produced in Russia is manufactured in St. Petersburg;
- Hyundai Solaris, Kia Rio and Toyota RAV4 are on the top-10 list of bestselling models in Russia in 2016.

Leading enterprises in the cluster

“Toyota Motor LLC”, St. Petersburg branch

The plant was launched into operation on December 21, 2007. Total investment volume amounted to 21.8 billion rubles. Total area — 224 ha.

The plant’s manufacturing operations include stamping of body parts, welding, production of plastic parts, painting and assembly. There is a continual process of experience sharing with other Toyota plants that manufacture automobiles all over the world — from the UK to Japan. Special emphasis at the plant is placed upon the quality control system.

On November 5, 2014, the production of the all-new Toyota Camry model began at the plant, and new body part stamping and plastic detail production facilities were launched. By the end of 2015 the projected production capacity increased two-fold from 50 to 100 thousand automobiles per year. On August 22, 2016, the production of the second model — Toyota RAV4 — was launched at the Toyota plant in St. Petersburg.

Toyota Camry and Toyota RAV4 that are manufactured by the Toyota plant in St. Petersburg are delivered to retail markets in Russia, Kazakhstan and Republic of Belarus.
Nissan Manufacturing RUS

The plant was launched in 2009, and in 2012 the success of the enterprise was marked by the award “Best plant in the quality of production” among Nissan plants throughout the world. The plant was also honored with this award in 2013. In 2016, the plant celebrated its 10-year anniversary.

The company is an enterprise with a complete production cycle. The technological process at the Nissan plant includes welding, assembly and painting of the finished automobile, the plant’s production capacity is 100,000 automobiles per year.

Since the plant was launched, over 250,000 automobiles rolled off the conveyor, with 400,000,000 parts utilized and 28,290 workhours spent. Currently Nissan Qashqai, X-Trail, Murano are manufactured at the plant, whose production capacity reaches 100,000 automobiles per year.

Hyundai Motor Manufacturing RUS

Hyundai Motor Manufacturing RUS is the Russian plant of the Hyundai Motor company. HMMR is a facility with a complete production cycle, whose technological process includes stamping of large body panels, welding, body painting and assembly of the finished automobile. Investments in construction and further development amounted to 700 million dollars.

The plant’s production capacity constitutes 200,000 automobiles per year. Hyundai Motor Manufacturing RUS operates in three production shifts, employing approximately 2200 people. The plant is currently the second largest automobile manufacturer in Russia.

The plant is fitted with hi-tech modern equipment that provides a high level of production process automatization. The total number of industrial robots at the plants exceeds 230 units. Hyundai Motor Manufacturing RUS has a high level of localization due to the auto component supplier plants located in the Northwestern region. Using ultra-modern technologies developed at its proprietary research center, Hyundai Motor continuously develops and improves its automobile line-up. The St. Petersburg plant produces the popular Hyundai Solaris, developed specifically with regard to the requirements of the Russian consumers, and local road and climate conditions.

Shipbuilding cluster

The shipbuilding sector is one of the industrial leaders of St. Petersburg economy.

A significant part of this sector’s scientific research, design and construction organizations, as well as of its production facilities are located in the city. Surface ships and vessels of all types (from tankers and icebreakers to guided missile cruisers), underwater equipment (submarines and deep-water equipment) and specialized marine equipment are all a part of the production range.

The basis of the cluster is formed by organizations that are a part of the JSC “United Shipbuilding Corporation” (henceforth — Corporation). These include the leading Russian design bureaus: JSC “CDB ME ‘Rubin’”, JSC “SPMM ‘Malachit’”, JSC “‘Almaz’ CMDB”, JSC “Severnoe Design Bureau”, JSC “Nevskoe Design Bureau”, JSC “CDB ‘Iceberg’”. Their designs form the foundation for nuclear and diesel-powered submarines of all classes, vessels and ships that are now at the core of strategic marine nuclear forces and general operation forces of the Russian Naval Forces and naval forces of foreign powers.

Many St. Petersburg enterprises that supply separate components and entire complexes of vessels’ weapon control, automation systems, marine fixtures, electrical products, act as joint contractors on all major orders. These include: JSC “NGO ‘Aurora’”, JSC “Proletarsky Zavod”, JSC “Concern ‘Central Scientific and Research Institute Electropribor’”, JSC “Concern Granit-Electron”, and many others.

The shipbuilding enterprises’ manufacturing success is undoubtedly fostered by their close cooperation with St. Petersburg’s design and scientific research institutions that are operating in the shipbuilding sphere. The most renowned among them are: JSC “Concern ‘Central Scientific and Research Institute Electropribor’”, FSUE “Krylovskiy state scientific center”, JSC “CDB ME ‘Rubin’”, OAO SPMM “Malachit”, JSC “Severnoe Design Bureau”, JSC “‘Almaz’ CMDB”.

As the designers of the main types of naval technology that’s much in demand by domestic and foreign naval forces, these enterprises are also developing science-driven civil projects — marine tools for exploration and development of natural resource deposits, various types of power stations, etc.
St. Petersburg ship-building cluster in figures:

- 43 shipbuilding enterprises;
- 50,000 experts working in the sector;
- 20% of all engineering products manufactured in St. Petersburg;
- 50% of all defense sector production in St. Petersburg;
- 10 ships of various classes floated in 2016;
- 29 orders in progress in the city’s shipyards;
- 80% capacity of the sector’s scientific and design potential;
- 30% of Russia’s overall shipbuilding volume.

The cluster’s leading enterprises

Admiralty shipyards

JSC “Admiralty shipyards” is the base enterprise of the shipbuilding sector, and the center of non-nuclear submarine construction in Russia. In the 307 years of its operations, the shipyard had built over 3000 ships and vessels of various types that are unrivaled in the world: the first Russian steamers, battleships and cruisers, the world’s first nuclear icebreaker, unique research and deep-water vessels, tankers of various types and classes, including the reinforced ice class, and over 300 submarines built per a variety of designs.

The enterprise’s production facilities, which include 5 staples and a floating dry-dock, allow to build modern ships with a gross deadweight of up to 80 thousand tons.

JSC “Admiralty shipyards” facilities are currently working at full capacity, as the enterprise is successfully engaged in fulfilling a number of contracts with domestic and foreign counterparts, including three series of submarines. Continual modernization and technical equipment upgrades are implemented at the enterprise, and a system of quality management, compliant with international standards, is in operation.

In 2016, the enterprise’s continual success and high production quality were marked with an award from the Government of the Russian Federation.

JSC “Shipbuilding plant ‘Severnaya Verf’”

Shipbuilding plant ‘Severnaya Verf’ was founded in 1912.

The enterprise’s main spheres of operation:

- serial construction of surface combat ships (corvette, frigate, destroyer classes), special purpose ships, combat support vessels for the Russian Naval Forces;
- repair and modernization of surface combat ships for the Russian Naval Forces;
- construction, repair and modernization of surface combat ships for foreign naval forces;
- commercial shipbuilding for domestic and foreign markets.
The enterprise is currently conducting serial construction of corvette and frigate ships, medium-sized scout ships, and combat support vessels for the Russian Naval Forces. Additionally, there's repair and modernization being conducted as a part of military and technical cooperation.

The unique location of “Severnaya Verf” in the Baltic Sea’s Gulf of Finland area, in the immediate vicinity of the Marine channel fairway, is unparalleled among other shipbuilding enterprises located in St. Petersburg or Leningrad oblast. This fact pre-determines the plant’s advantage in housing the modern shipbuilding complex under the auspices of the Federal Targeted Program “Development of Russia’s defense industrial complex in 2011–2020”, which aims to warrant serial construction of advanced general purpose ships for Russian Naval Forces and complex marine equipment for continental shelf development.

JSC “Sredne-Nevsky shipyard”

Founded in 1912, Sredne-Nevsky shipyard is one of the leaders of the shipbuilding industry in Russia. In the 105 years of its existence over 500 ships and vessels were constructed per 43 designs for the Russian Fleet and for export.

The plant is built as a mini-shipyard, where all of the production shops are under one roof, arranged consecutively in the production flow. By 2018 the modernization currently undertaken at Sredne-Nevsky shipyard should be completed, allowing the plant to float two composite and two steel ships per year.

Sredne-Nevsky shipyard is offering its customers a complete production cycle in construction of ships and vessels, starting with project documentation and through to the delivery of a ship. The plant’s manufacturing program includes variously purposed ships and vessels: mine countermeasure and patrol ships, guided missile boats (corvette), working and passenger boats with the following dimensions: up to 100 m. in length, up to 16 m. in width, draught up to 4.5 m., launching weight up to 2700 tons.

Today the enterprise is implementing military and civil shipbuilding projects, experimental structural design work, and the construction of composite structures for the Ministry of Defense of the Russian Federation, Rosatom, and enterprises from the real sector of the economy. Sredne-Nevsky shipyard is systematically expanding its operations in the sphere of composite construction and manufacture of variously purposed structures.

“Almaz” shipbuilding company

The main objective pursued by Almaz is to create high-class products that combine modern technological solutions, compliance with the customers’ needs and requirements, and meticulous fulfillment of the delivery terms.

Almaz shipbuilding company specializes in the construction of high-speed ships and boats for the protection of maritime borders, small and large ships, multi-purpose air-cushioned ships, civil vessels and yachts.

Over 1000 people are employed by the enterprise. Modern covered berths allow to conduct a complete production cycle inside the shops prior to floating. The plant’s technological infrastructure allows to conduct all types of ship repair and modernization concurrently with construction.
Innovative regional cluster “Medical and pharmaceutical industry, radiation technology”

The medical and pharmaceutical cluster was established in 2010. It is currently one of the most dynamically evolving and promising in St. Petersburg.

The cluster’s main aim is to create conditions for the implementation of an accelerated innovative model of cluster enterprises’ development, including small and medium businesses.

The creation of such conditions should lead to a rise in the manufacturing of science-driven medical and pharmaceutical products, which would then be able to successfully compete with their imported counterparts on both domestic and foreign markets.

**The cluster’s specialization**

- medical engineering;
- production of medicinal items and pharmaceutical substances;
- scientific research in the medical and pharmaceutical spheres.

**St. Petersburg cluster of medical and pharmaceutical industry, radiation technology in figures:**

- 148 participating companies;
- 100 production companies;
- 30 scientific research institutes and educational institutions;
- 250 medicinal products;
- 7.2 % of the cumulative volume of pharmaceutical production in Russia;
- 89 % of the Northwestern Federal District production volume.

**Cluster’s leading enterprises**

**Biocad**

Biocad is an international innovative biotech company that comprises a world-class scientific research center, a modern pharmaceutical plant and pre-clinical and clinical trials.

The company was established in 2001, and is currently one of the leaders on the Russian pharmaceutical market.

BIOCAD is one of the few companies in the world that offer a complete production cycle for medicinal products — from the molecular formula to mass production and marketing support. The products are intended for treatment of the most complicated disorders, such as cancer, HIV, hepatitis, multiple sclerosis, etc.

The total number of employees is 1300, including 450 research scientists.

The company structure includes 26 labs, 8 foreign offices and 4 production sites, with the launch of the 5th site planned for 2019.

In 2016, the company’s sales amounted to over 14 billion rubles.

**Scientific and technological pharmaceutical company “POLYSAN”**

POLYSAN is among the leading Russian pharmaceutical manufacturers. The company employs approximately 1400 people. The plant produces over 15.7 million units of medicinal products needed in critical care medicine, neurology, pediatrics, oncology and treatment of infectious diseases. A significant part of the product nomenclature is included in the list of vital and essential medicines and in the treatment standards of socially significant diseases.

POLYSAN products are delivered to all Russian regions, as well as to CIS states, countries of Southeast Asia, Latin America and Mongolia.

The company is currently implementing projects that involve the localization of products of the international pharmaceutical corporations Stada, Bayer and Pfizer.

In 2016 POLYSAN began the construction of the third phase of the pharmaceutical plant intended to increase the production of tablet forms more than threefold. After launching the new production facilities into operation, the volume of production will reach 800 million — 1 billion tablets per year.
Vertex

A pharmaceutical company that manufactures medicinal products, cosmetic items, biologically active supplements and medical supplies, on the market since 2003.

The product assortment includes over 230 names, of which 150 are drugs, most of which are on the list of vital and essential medicines.

The company manufactures medicinal agents used in cardiology, neurology, psychiatry, allergology, dermatology, gynecology, etc.

In 2015, the company completed the plant construction in the “Novo-Orlovskaya” area of the Special Economic Zone of St. Petersburg and began manufacturing medicinal products. The facility allows to operate a complete production cycle — from the development to packaging the products in various forms: tablets, capsules, ointments, sprays, creams, etc.

The pharmaceutical plan’s potential production capacity equals to over 100 million units of ready-made pharmaceuticals per year.

According to a survey by the “Romir” research holding, VERTEX was included in the top-3 pharmaceutical manufacturers with the most influence on the pharmaceutical market in 2016.

Gerofarm

“Gerofarm” holding is among the leading Russian pharmaceutical companies.

The company develops and manufactures Russian innovative medicinal products for the treatment of neurological, ophthalmological and endocrine disorders.


The company invests in technological development and the establishment of a modern pharmaceutical infrastructure. In 2014, there were new biotech block laboratories launched into operation as a part of “Gerofarm” holding’s scientific and research center in St. Petersburg’s Special Economic Zone (“Neudorf” area).

Currently the company is developing over 15 projects — medicinal agents intended for the treatment of diabetes mellitus, nootropic, ophthalmologic and urologic drugs.

Innovative regional cluster “Development of information technologies, radio electronics, engineering, communications, information and telecommunications of St. Petersburg”

The cluster was established in 2012.

The objective of the cluster participants’ association

• raising the competitiveness of cluster enterprises;
• implementation of best practices (production, management, commercialization);
• development of various types of interaction with enterprises, associations, state and international organizations.

Cluster specialization

• microelectronics and tool engineering;
• information and communication technologies;
• space industry;
• new materials;
• defense industry;
• optics and photonics;
• machine and equipment manufacturing (including machinery and special-purpose equipment, lifting and hydro-pneumatic equipment, robots);
• manufacturing of rubber and plastic products;
• electrical power and electrical equipment production.
Radio electronics and IT today
- 500 organizations, companies, industrial enterprises of various sizes, as well as scientific and educational organizations;
- 60% of the total radio-electronic products manufactured in St. Petersburg;
- over 400 companies in the “Information technologies” cluster;
- 30 thousand professional software developers;
- development of the “Smart city” project.

The cluster’s leading enterprises

Avangard

The enterprise was created on October 20, 1948 in accordance with the Resolution of the Government of the USSR. Over the course of many years it has been the country’s sectoral technological center, and is on the List of Russia’s strategic enterprises. OJSC “Avangard” is the leading Russian enterprise in the sphere of innovative technology development, manufacturing of radio electronic products, and microsystem engineering — the newest segment that’s evolving rapidly all over the world. Key product vectors of the science and production activities are as follows: special-purpose microelectronics, microsystem engineering products, sensors, detectors, SAW (surface acoustic waves) devices; basic load-bearing structures for civil and dual-purpose radio electronic systems, including cabinets and racks; automated systems for monitoring gas environment and structural integrity; control equipment and electronic automation equipment; devices for the production of electrolytic sodium hypochlorite for water sterilization.

Inteltech

PJSC “Inteltech” is one of the leading Russian enterprises with a focus on scientific research, development and production of equipment for automated management and communication systems.

At the present time PJSC “Inteltech” provides software and hardware complexes for automated management and data exchange systems, digital networks of confidential telephone networks and protected informational and communication systems for Russian governmental, law enforcement and civil agencies.

In accordance with the international tendencies in the development of informational and communication technologies, the enterprise is focused on the creation of a universal new generation telecommunication technology, which would resolve the issues of system and network integration and ensure the safety of data exchange.

Radar MMS

JSC “Scientific research enterprise ‘Radar MMS’” is one of the world’s leaders in the sphere of radio-electronic systems and complexes for special and civic purposes, precise tool engineering, special software.

The enterprise provides a complete cycle of scientific and production operations: research, development, production, testing, sales, operational support.

JSC “SRP ‘Radar MMS’” currently produces:
- aviation-based search and sighting systems;
- short-range radar location systems;
- ultra-broadband radio location systems;
- hovercrafts and dynamic support vessels;
- remotely piloted aircraft systems for various purposes;
- geospatial data processing and flight assignment preparation complexes.

Company’s dynamic scientific, technological and marketing policies, the optimal combination of efforts in military and civil spheres, close cooperation with scientific and educational institutions ensure further development of the enterprise’s potential and its successful operations on the domestic and international market.

Tranzas

“Tranzas” is the developer, producer and supplier of high-tech solutions for transportation, oil and gas and educational spheres. “Tranzas” group currently employs approximately 2000 people. The company headquarters are located in St. Petersburg.

In 1998 “Tranzas” launched a new direction — products and solutions for the aviation industry. The company used its accumulated intellectual potential and technical expertise in developing the new sphere, and the aviation segment is presently one of the essential parts of the holding’s portfolio.
3.2.2. Facilitation of enterprises’ technological development

Financial support of enterprises from St. Petersburg budget

In accordance with the current regulatory acts of St. Petersburg, enterprises are provided with the following types of support.

1. Subsidies for development of production
   - reimbursement of expenses related to lease payments in the total amount of 200 million rubles.
   - (up to 10 million rubles for one enterprise);
   - reimbursement of expenses incurred by carrying out energy inspections and/or acquisition of energy-saving equipment — 15 million rubles (up to 1 million rubles for energy inspection and up to 3 million rubles for equipment acquisition per enterprise);
   - reimbursement of expenses related to training, additional training and advanced training — 30 million rubles (up to 3 million rubles per enterprise);
   - for certification of management systems’ compliance with national and international standards — 2 million rubles (up to 400 000 rubles per enterprise).

2. Subsidies for innovative development of enterprises
   - reimbursement of expenses related to legal protection of intellectual property and means of individualization — 0.9 million rubles (up to 300 000 rubles per enterprise);
   - reimbursement of expenses incurred by research and development activities 8.2 million rubles (3 million rubles per enterprise).

3. Subsidies for the development of export activities
   - reimbursement of expenses for product transportation — 38 million rubles (up to 3.5 million rubles per enterprise);
   - reimbursement of expenses incurred by participation in exhibitions and fairs — 15 million rubles (750 000 rubles per enterprise).

4. Subsidies to small and medium-sized businesses

Committee of the development of entrepreneurship and consumer market provides subsidies under 7 specific state support programs:
   - “Financing”;
   - “Certification’;
   - “Support of social entrepreneurship”;
   - “Exhibition and fair participation”;
   - Program for craftsmen and folk arts and crafts;
   - Programs for establishment of pre-school children’s centers;
   - Subsidizing a part of lease payments for consumer goods manufacturing.

9 Information provided as of 2 quarter of 2017
5. Free or co-financed services for small and medium-sized businesses

### SERVICES OF THE CLUSTER DEVELOPMENT CENTER (JSC “ST. PETERSBURG TECHNOPARK”) FOR SMALL AND MEDIUM-SIZED CLUSTER ENTERPRISES

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rendering marketing services (carrying out marketing surveys aimed at analyzing various markets based on the needs of cluster enterprises; development and marketing regional clusters’ umbrella brands, etc.), services in branding, positioning and marketing new products (services) of small and medium cluster enterprises</td>
<td>Up to 150,000 rubles per service, co-financed by the small or medium-sized business*</td>
</tr>
<tr>
<td>Organizing and carrying out educational training courses and seminars with engagement of outside trainers with the goal of training employees of small and medium cluster enterprises</td>
<td>Up to 50,000 rubles per event, co-financed by the small or medium-sized business*</td>
</tr>
<tr>
<td>Carrying out information campaigns in the media related to small and medium-sized cluster enterprises</td>
<td>Up to 150,000 rubles per year, and up to 100,000 per informational campaign, co-financed by the small or medium-sized business*</td>
</tr>
<tr>
<td>Preparation of business plans, feasibility reports, joint cluster projects of small and medium cluster enterprises</td>
<td>Up to 200,000 rubles per cluster project, co-financed by the small or medium-sized business*</td>
</tr>
<tr>
<td>Organizing the participation of small and medium cluster enterprises in industrial exhibitions in Russia and abroad (registration fee, leasing exhibition space and equipment, exhibition stand mounting)</td>
<td>Up to 1,000,000 rubles annually per cluster, up to 500,000 rubles per domestic event and up to 500,000 rubles per foreign event, co-financed by the small or medium-sized business*</td>
</tr>
<tr>
<td>Ensuring the compliance of the products manufactured by small and medium cluster enterprises with consumer demands, with the objective of entering new markets (development of integrated standards)</td>
<td>Up to 500,000 rubles per product (work, service) co-financed by the small or medium-sized business*</td>
</tr>
<tr>
<td>Legal support consulting services for small and medium cluster enterprises</td>
<td>Up to 50,000 rubles per service, co-financed by the small or medium-sized business*</td>
</tr>
<tr>
<td>Holding webinars, round-table discussions for small and medium cluster enterprises</td>
<td>Up to 100,000 rubles per event</td>
</tr>
<tr>
<td>Development and actualization of regional cluster development programs, feasibility reports for infrastructural cluster projects</td>
<td>Up to 1,000,000 rubles per development of a new document, up to 500,000 rubles per actualization</td>
</tr>
<tr>
<td>Holding a strategic briefing / summary session</td>
<td>Up to 200,000 rubles</td>
</tr>
<tr>
<td>Organizing training programs and internships for employees of the Center for Cluster Development and cluster management companies, including programs abroad</td>
<td>Up to 50,000 rubles/person within Russian Federation, up to 150,000 rubles/person outside Russian Federation</td>
</tr>
</tbody>
</table>

*Co-financing required on the part of small and medium business — no less than 10%*

### SERVICES PROVIDED BY REGIONAL ENGINEERING CENTER FOR ACTIVE PHARMACEUTICAL SUBSTANCES (JSC “ST. PETERSBURG TECHNOPARK”) FOR SMALL AND MEDIUM-SIZED MANUFACTURING ENTERPRISES

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Express evaluation of the technological readiness index</td>
<td>Up to 200,000 rubles per enterprise</td>
</tr>
<tr>
<td>Anti-crisis consulting, determining the enterprises’ current requirements and issues that affect their competitiveness rate</td>
<td>Up to 100,000 rubles per enterprise</td>
</tr>
<tr>
<td>Holding technical audits (technological / energy / ecological / other types of enterprise audit) at small and medium enterprises</td>
<td>Up to 250,000 rubles per enterprise co-financed by the small or medium-sized business*</td>
</tr>
<tr>
<td>Holding financial or management audits at small or medium-sized enterprises</td>
<td>Up to 150,000 rubles per enterprise co-financed by the small or medium-sized business*</td>
</tr>
<tr>
<td>Development of modernization / development / technical upgrading programs for small and medium-sized cluster enterprises</td>
<td>Up to 400,000 rubles per enterprise co-financed by the small or medium-sized business*</td>
</tr>
<tr>
<td>Drawing up business plans / feasibility reports / investment memoranda for investment projects of small and medium-sized enterprises</td>
<td>Up to 200,000 rubles per enterprise co-financed by the small or medium-sized business*</td>
</tr>
<tr>
<td>Rendering marketing / branding / positioning and promotional services for goods and services provided by small and medium-sized enterprises. Consulting services related to legal protection of intellectual property (patent services)</td>
<td>Up to 100,000 rubles per enterprise co-financed by the small or medium-sized business*</td>
</tr>
<tr>
<td>Organization and holding training courses and seminars with engagement of outside trainers, aiming to train the small and medium enterprise employees / Consultations of foreign engineering experts for small and medium-sized enterprises</td>
<td>Up to 300,000 rubles per event co-financed by the small or medium-sized business*</td>
</tr>
<tr>
<td>Holding webinars, round-table discussions for small and medium-sized enterprises</td>
<td>Up to 100,000 rubles per event</td>
</tr>
<tr>
<td>Development or actualization of the Regional Engineering Center business plan (3-5 years)</td>
<td>Up to 700,000 rubles per development of a new document, up to 300,000 rubles per actualization</td>
</tr>
<tr>
<td>Monitoring engineering companies and engineering services market, building a database of small and medium-sized manufacturing enterprises</td>
<td>Creation of a database (first year) — up to 200,000 rubles, actualization — up to 100,000 rubles.</td>
</tr>
<tr>
<td>Organization of training programs and internships for Regional Engineering Center employees, including programs abroad</td>
<td>Up to 50,000 rubles/person in Russian Federation, up to 150,000 rubles/person outside the Russian Federation</td>
</tr>
<tr>
<td>Holding a strategic briefing / summary session</td>
<td>Up to 200,000 rubles available in the first year, up to 200,000 starting with the second year</td>
</tr>
</tbody>
</table>

*Co-financing required on the part of small and medium business — no less than 10%*
Industrial Development Fund of St. Petersburg provides special-purpose loans for the implementation of industrial and technological projects aimed at the development of new high-technology products, technical upgrades, creation of competitive manufacturing enterprises.

The Fund’s objective is to provide financial support to business entities in St. Petersburg’s industrial sector in any form provided for by the legislation of the Russian Federation, including loans.

Loans are also provided in the context of equipment lease financing programs.

Terms
- Annual interest rate: 5%;
- Term: up to 5 years;
- Amount: 30–150 million rubles.

Leasing projects

“Loans for equipment leasing” program
1. Amount of loan varies from 10 to 150 million rubles per project, but not in excess of the total project cost minus the initial contribution of the leaseholder.
2. Annual interest rate:
   - for authorized leasing companies — 5 %;
   - for leaseholder — according to the agreement with the authorized leasing company, but not in excess of 3% above the rate for the authorized leasing company.
3. Term of loan — up to 5 years, but not in excess of the term of the leasing agreement.

“Loans for leasing equipment manufactured in Russia” program
1. Amount of loan varies from 10 to 50 million rubles per project, but not in excess of the total project cost minus the initial contribution of the leaseholder.
2. Annual interest rate:
   - for authorized leasing companies — 3 %;
   - for leaseholder — according to the agreement with the authorized leasing company, but not in excess of 3% above the rate for the authorized leasing company.
3. Term of loan — up to 5 years, but not in excess of the term of the leasing agreement.
4. Basic productions assets acquired under the program should be produced in Russia.
5. The program is realized within the limits of financing approved by the Supervisory board of the Fund.

“Loans for the down payment on the lease” program:
1. Amount of loan varies from 10 to 150 million rubles if the following conditions are met:
   - the amount of loan comprises between 10% and 90% (inclusively) of the amount of the down payment according to the leasing agreement;
   - the amount of loan does not exceed 27% of the project cost.
2. Annual interest rate: 5%.
3. Term of loan — up to 5 years, but not in excess of the term of the leasing agreement.
4. Repayment of the loan is performed in equal quarterly payments over the course of two years preceding the date of full loan repayment set forth in the agreement.
5. Interest for loan utilization is charged on the remaining debt and are repaid together with the principal amount.
6. Repayment of a loan should be guaranteed by either a deposit or an independent (banking) guarantee.

Since 2016 the Fund has provided loans in the amount over 600 million rubles for the implementation of 7 investment projects in St. Petersburg.

For more detailed information regarding the provision of privileged loans and implemented programs please visit the fund’s website: www.frp.spb.ru.
Objectives of the Industrial Development Fund of the Russian Federation:

- modernization of industry in the Russian Federation;
- establishment of new manufacturing enterprises;
- promoting import substitution.

Fund’s activities:
Preferential terms of co-financing projects aimed at the development of new high-tech products, technical upgrades and establishing competitive manufacturing enterprises.

Terms
- Annual interest rate — 5%;
- Term — up to 7 years;
- Amount — 50 to 500 million rubles.

Since 2015 the Fund has provided loans in the amount over 3792 million rubles for the implementation of 11 investment projects in St. Petersburg.

For more detailed information regarding the provision of privileged loans and implemented programs please visit the fund’s website: www.frprf.ru.

Fund for the promotion of development of small businesses in the scientific and technological sphere (Fund for promoting innovations)

Fund for promoting innovations implements programs aimed at the establishment of new and development of the already functioning high-tech companies, commercialization of the results of scientific and technological activities, attracting investments in the sphere of small innovative enterprises, creation of new jobs.

The Fund finances projects on a contractual (agreement) basis, as well as via providing grants to physical and juridical persons for the financial support of projects, the results of which have commercial prospects and are implemented by small and medium-sized innovative businesses.

The Fund implements innovative development programs aimed at the establishment of new and the development of the already functioning high-tech companies and commercialization of scientific and technological activities.

For more information regarding the implemented programs and grants please visit www.fasie.ru.
Fund for the promotion of financing of small and medium-sized businesses

The non-commercial organization “Fund for promotion of financing of small and medium-sized businesses, microfinancing organization” was established with the aim of developing a small and medium business financing system, a system of guarantees and pledges for small and medium businesses’ obligations, based on credit and loan agreements.

The Fund implements a microfinancing program, through which small and medium businesses receive microloans in the amount of up to 3 million rubles, for a term of up to 2 years, at a 10% annual interest rate (5% for small and medium manufacturing enterprises) without additional commissions.

The Fund provides bank guarantees for credit agreements to small and medium businesses.

The aggregate amount of the Fund’s guarantees simultaneously provided to one borrower may not exceed 100 million rubles for small and medium businesses.

The guarantee is provided on a commercial basis at an annual rate of 0.75% of the amount of guarantee. The amount of one guarantee may not exceed 50% of the total amount of the Borrower’s total obligations with respect to the return of the de facto received credit (loan) amount and repayment of interest for loan utilization over the course of 3 (three) months, according to the credit or loan agreement, etc., under which the guarantee is provided.

For detailed information regarding the operations of the non-commercial organization please visit www.credit-fond.ru.

Product promotion and entering new markets

St. Petersburg Center for import substitution and localization

The center’s objective is to promote a decrease in the share of imported equipment, components and technologies in industrial sectors.

Project’s aims:

- promotion of development of St. Petersburg and Northwestern Federal District enterprises;
- development of interregional interactions of Russian manufacturers;
- increasing the share of domestic production in the civil sector with utilization of innovative defense complex technologies.

A separate zone is designated for the allocation of research institutes and higher educational institutions, as well as business infrastructure facilities: banks, consulting, insurance and leasing companies. Special focus is placed on technoparks, business incubators, technical implementation zones.

City authorities and budgetary institutions will be able to announce the placement of contracts at their expositions. Along with import substitution, public contract functions and innovative product database development will also be promoted.

The structure of the exposition and the business area of the Center for import substitution and localization:

- exposition area of St. Petersburg public contracts;
- state corporations — strategic commissioners and suppliers;
- cluster exposition;
- business contact center;
- congress event hosting area;
- industrial subcontracting area.

The structure of “Center for Import Substitution” supports the cluster principle of economic development, comprising the elements required for the main life cycle phases:

Research — design and development — NPO (Scientific production association) — launch into production — certification — mass production — public contract.

For detailed information on the Center’s operations please visit www.importnet.ru/main.
Center for development and support of entrepreneurship

The Center was established in 2010 with the aim of providing centralized services for juridical persons and self-employed entrepreneurs in different segments of entrepreneurial activity regulation.

Center for development and support of entrepreneurship is the only multifunctional organization in St. Petersburg where entrepreneurs can obtain consulting services on a wide range of issues, find partners and customers, undergo training and receive targeted assistance.

Since 2010 the center’s staff held:

- over 25,000 consultations
- over 1,000 package reviews for further subsidy obtaining
- over 1,000 subsidies granted
- over 20 educational programs
- over 200 training seminars with over 10,000 participants
- over 200 speaking engagements with thematic presentations at partner events
- over 6,000 small and medium businesses in the Center’s registry of aid recipients
- over 1,000 supplies of major St. Petersburg manufacturing corporations

For more detailed information on the Center’s operations and aid provided please visit www.crpp.ru.

Russian export center

JSC “Russian export center” (henceforth — REC) was establishes as a specialized organization for “one window” interaction with exporters in the financial and non-financial assistance sphere. This includes interacting with relevant ministries and agencies aiming to promote external economic activities of the Russian Federation.

Since the beginning of 2016 the REC Group companies, including JSC “Russian export center”, Russian agency for export credit and investment insurance and JSC “ROSEKSBANK”, were functionally integrated.

REC Group provides complex targeted assistance to export-oriented companies and companies that conduct international economic activities.

In the context of non-financial assistance, REC also aims to coordinate the activities of Trade missions of the Russian Federation abroad in supporting export-oriented projects.

REC works with all exporters of non-resource products, with no industry limitations, but service models differ by the exporter category.

REC project activities are based on specialized client services and an integrated range of services and products, rendering financial and non-financial assistance during all life cycle phases of export activities.

For more detailed information please visit the official website: www.exportcenter.ru.

St. Petersburg’s Special Investment Contract

Special investment contract (henceforth — SPIC) is concluded on behalf of St. Petersburg with a juridical person or a self-employed entrepreneur (henceforth — investor), who assumes the obligations to create, modernize or launch industrial production in St. Petersburg in the term set forth by the special investment contract, by himself or with engagement of other persons (henceforth — engaged persons).

SPIC is concluded with the objective to solve problems and/or attain performance targets and indicators of St. Petersburg state programs for industrial sectors relevant to the investment projects.
SPIC is concluded for the term equal to the term of the investment project’s projected operating profit term according to the investment project’s business plan, prolonged by 5 years, not to exceed 10 years.

Rules for concluding SPIC with participation of federal authorities were approved by the Resolution of the Government of the Russian Federation No.708 dated July 16, 2015 “On special investment contracts for specific industrial sectors,” while the decree of the Ministry of Industry and Trade of Russia No.2288 dated August 7, 2015 validated the application form for SPIC conclusion.

Industrial development fund was designated as the authorized organization that reviews and provides support for applications for SPIC conclusion with state participation.

St. Petersburg special investment contracts are concluded in accordance with the procedure provided for by the resolution of the Government of St. Petersburg No.667 dated August 10, 2017.

The application form for the conclusion of a SPIC is approved by the resolution of St. Petersburg Committee for Industrial Policy and Innovation No.155-r dated August 30, 2017. The Committee for Industrial Policy and Innovation is designated as the authorized agency.

The law of St. Petersburg “On altering certain laws of St. Petersburg on taxes and revenues” is scheduled to be enacted before the end of 2017. It stipulates, among other provisions, corporate profit tax relief, specifically pertaining to its regional portion, and property tax for SPIC participants.

The legislative proposal sets forth the following lowered corporate profit tax rates pertaining to the portion assigned to the city budget:

0% for organizations that concluded a trilateral SPIC with Russian Federation and St. Petersburg and conduct priority types of economic activities in the manufacturing sector, if the following mandatory conditions are fulfilled: (1) revenue from product sales that occurs as a result of SPIC execution, comprises no less than 90% of the organization’s total profit amount, and (2) the amount invested exceeds 750 million rubles. The privilege is granted for the whole term of the contract, but will not extend beyond 2025;

13.5% (12.5% in 2018–2020) if the total amount of investments under SPIC exceed 750 million rubles. At that, the term of the aforementioned privilege is limited by the term wherein the amount of savings that arose from the utilization of such privilege, becomes equal to the volume of capital investment implemented by the SPIC investor, but no later than the contract expiration term.

The project also provides for relief from property tax payments for organizations that are parties to SPIC, which have invested a total amount of 300 million rubles over the course of any three consecutive calendar years under the agreement. The relief is provided for a term of five consecutive tax periods.

In addition, there are currently changes being introduced to the Method of determination of lease payment amount for land plots owned by St. Petersburg, on special cases and lease payment determination method, as related to the reduction coefficient (0.8) for enterprises conducting business within SPIC framework. The reduction coefficient is used when calculating the amount of investor’s lease payment for the duration of the contract.

3.2.3. Development of industrial and innovative infrastructure of St. Petersburg

Special economic zone of St. Petersburg

A special economic zone of the technological implementation type was established in St. Petersburg in January 2006 and is currently functioning (henceforth — SEZ). SEZ is a unique environment for the active development of innovative business, scientific technology products and its launch on the Russian and international markets. The state preference complex, qualified personnel, and growing needs in the high-tech segment makes the technical implementation zone type appealing to high-tech product manufacturers.

SEZ territory has a special legal status and economic (tax, customs, infrastructural) preferences for attracting direct Russian and foreign investments into priority segments of Russian economy. According to expert valuations, the implementation of an investment project in the SEZ allows to save up to 30% of the capital investment amount.

St. Petersburg SEZ is located on two land plots with a total area of 182.21 ha:

- “Neudorf” site — 18.9 ha in Strelna, Petrodvortsy district, St. Petersburg.
- “Novo-Orlovskaya” site — 163.31 ha in Primorsky district, St. Petersburg.
“Neudorf” site

Territory layout plan and infrastructure

The site is fully developed and all land plots are leased out to residents.

Administrative business center

- **Class**: «B+»
- **Number of floors**: 9
- **Power capacity**: 100 W/m²

Area (m²)

- **Total**: 14,975 m²
- **Leasable**: 8,600 m²

Number of parking spaces

- **Outdoor parking**: 173 spaces
- **Underground parking**: 46 spaces

Social and business area of the center

- Conference hall with a simultaneous translation system
- Cafe for leaseholders
- Offices for rent
- Conference rooms
- Data processing center (DPC)

Data processing center

- Ready virtual infrastructure (IaaS) for leaseholders
- Direct data transmission channels of the key regional operators
- 24/7 monitoring and technical support

DPC services

1. Equipment installation
2. Equipment leasing
3. Virtual IT-infrastructure leasing
“Novo-Orlovskaya” site

Territory layout plan and infrastructure

Integrated installation of engineering, transport, customs infrastructure that provides for the establishment of an administrative business zone and a manufacturing and experimental zone.

Center for technology transfer

SEZ is offering fully equipped office areas at the Center for technology transfer, located in the Primorsky district on the corner of Parashutnaya Ulitsa and Doroga v Kamenku, a part of the city that’s appealing to investors and rapidly developing.

**Center for technology transfer**

**«B+» CLASS**

**9** NUMBER OF FLOORS

**100 W/m²** POWER CAPACITY

**Area (m²)**

**15 601** total

**11 600** leasable

**Number of parking spaces**

**170** outdoor parking

**Center for technology transfer**

**Security**

- Video monitoring
- 24/7 security post
- Security alarm system
- Access control system
- Fire safety alert system

**Amenities**

- Green setting
- Visitor waiting area
- 24/7 access for leaseholder’s employees
- Finished offices
- Combined extract-and-input ventilation system
- Centralized air conditioning system
- Wi-Fi area

**Services**

- Office rental
- Telephone and internet service offered by several providers, IT-infrastructure leasing
- Outdoor parking rental
- Conference rooms
- Café/restaurant
- Professional office cleaning
Procedure for resident status allocation

1 Filing an application and a document package at the Committee for Industrial Policy and Innovation of St. Petersburg

Enclosed documents:
- Copy of state registration certificate
- Copy of tax registration certificate
- A copy of charter documents
- Business plan

The application should contain the following information:
- Description of proposed activities
- State and/or municipal property required for conducting these activities
- Area of the required land plot
- Volume of investments and capital commitment over the course of the applicant’s operations in the SEZ in the three years from the day of concluding the agreement on conducting activities
- Volume of the required connected capacity of power receivers, types, volume, amount of connected load for the resources required to conduct activities in the special economic zone
- Other technical parameters of the leased equipment

The following categories can become residents:
1 Self-employed entrepreneur
2 Commercial organization (except unitary enterprises), registered in the municipality where SEZ is located, in accordance with the legislation of the Russian Federation

2 Evaluation of the application by the SEZ Expert council

3 Judgement of the SEZ Expert council on registering the applicant as a resident of SEZ

No later than 15 working days from the date of receiving the documents, the authorized agency sends a judgement to transfer the application to the technical implementation SEZ Expert council or to dismiss the application stating the reasons for rejection, to the applicant.

<table>
<thead>
<tr>
<th>Day of application</th>
<th>Maximum response period</th>
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<tr>
<td></td>
<td>15 working days</td>
</tr>
</tbody>
</table>
As of September 1, 2017, there are 42 residents registered in the SEZ.
Out of 42 residents 12 are operating at the “Neudorf” site, and 30 residents — at the “Novo-Orlovskaya” site.

Priority spheres of operation and SEZ residents in St. Petersburg
- information technologies and telecommunications — 5 residents;
- medical technologies and pharmaceuticals — 16 residents;
- power efficiency — 8 residents;
- precision tool industry — 14 residents.

As of July 1, 2017, the volume of SEZ residents’ investments amounted to over 27.7 billion rubles, 2498 jobs were created. The amount of taxes paid by the residents to budgets on all levels of the Russian Federation’s fiscal system and non-budgetary funds constituted over 7.79 billion rubles.

Налоговые преференции для резидентов ОЭЗ

<table>
<thead>
<tr>
<th>Types of taxes and revenues</th>
<th>Terms for SEZ residents</th>
<th>Duration period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate profit tax</td>
<td>15 %</td>
<td>January 18, 2026</td>
</tr>
<tr>
<td>Property tax</td>
<td>0 %</td>
<td>5 years from the time of registration</td>
</tr>
<tr>
<td>Vehicle tax</td>
<td>0 % (with the exception of air and water means of transportation)</td>
<td>5 years from the time of registration of a vehicle as the organization’s property</td>
</tr>
<tr>
<td>Land tax</td>
<td>0 %</td>
<td>5 years from the moment of establishing rights to the land plot</td>
</tr>
<tr>
<td>Insurance payments</td>
<td>14 %</td>
<td>2011–2017</td>
</tr>
<tr>
<td></td>
<td>21 %</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>28 %</td>
<td>2019</td>
</tr>
</tbody>
</table>

Industrial zones and industrial parks in St. Petersburg

In order to implement an investment project related to construction or expansion of production, an enterprise requires a land plot with access to utilities.

Territories designated as industry lands comprise 13,149 ha, which constitutes 13% of St. Petersburg’s total area. The legal status of the city’s industrial zones is recognized in the General Plan and the Land use rules and regulations of St. Petersburg.

Approximately 9 thousand ha within the city’s industrial zones are designated as specialized zones aimed to unify industrial enterprises by industry, as well as by similar resource requirements, production process organization, cargo turnover and grouping of related production facilities.

A complex approach is employed when conducting measures aimed at the investment development of industrial zones, wherein the city takes obligations in regard to city planning and utility groundwork at the industrial sites upon itself.

Large-scale infrastructural projects were launched, wherein work on the integrated engineering and transportation groundwork at the manufacturing sites of the “Rybatskoe” and “Rzhevka” industrial zones is being conducted.

Moreover, planning and surveying works were launched with the aim to build engineering and road infrastructure in the “Belosstrov” industrial zone in 2017, for the facilitation of St. Petersburg strategic investment project of constructing the Federal electrical equipment testing center.

City planning documentation has been developed in regard to industrial zones of St. Petersburg — 12 territories with a total area of 3856.06 ha, which comprises approximately 30% of the total area of the city’s industrial zones.

There is work conducted on the development of planning and surveying projects for non-residential projects “Kamenka”, “Neva”, “Predportovaya-1”, “Rzhevka”.

Industrial parks

Aside from industrial zones, an investment project may be implemented within St. Petersburg’s industrial parks.

“Maryino” Industrial park

“Maryino” industrial park was established for siting production enterprises, and takes up 130 ha in Petrodvortsvoiy desitric in St. Petersburg.

Maryino industrial park is the only one in St. Petersburg that was created from the ground up in a greenfield format. Participating companies — VTB Development managing company, “Capital-Energo” engineering company, and financial partner — PJSC Bank VTB.
Services provided by the industrial park allow the investors to build a plant or a warehouse with minimal expenditures and minimal risks:

1. Engineering communications are taken to every land plot.
2. All industrial plots are connected to the road network.
3. The managing company offers a build-to-suit service — construction of a production plant or a warehouse building per the client’s order and technical specifications. This allows to bring all construction and organizational risks down to a minimum.
4. Purchasers of industrial land plots who invest over 300 million rubles into the project have a right to tax preferences.

“Maryino” industrial park is in the top-3 rating of investment appeal of industrial parks and special economic zones in all Russian regions.

The first phase of the industrial park welcomed Teknos, a Finnish manufacturer of paints and varnishes, and DIPO, an automotive component manufacturer, a subsidiary of a major French holding Plastic Omnium. In 2017, a logistical complex of the “Admiral-Terminal-SV” joined the list of residents.

**Headquarters**

191144, St. Petersburg, 11B Degtyarnyi pereulok, Business center “Nevsaya Ratusha”

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Fax: +7 (812) 329 22 18  
E-mail maryino@vtbd.ru  
Website www.maryino-spb.ru

**“A Plus Development” Industrial parks**

“A Plus Development” is a federal-level development company, which has been implementing projects related to the establishment, modernization and development of industrial and warehouse facilities since 2008.

The company has implemented three industrial park projects in St. Petersburg:

**A plus park St. Petersburg — 1**

Land plot area: 72 ha.  
Total area of the complex: 300 000 sq.m.  
Total area of industrial and warehouse facilities: 264 000 sq.m.  
Available areas: 32 000 sq.m.  
Residents: Distribution centers — Auchan, Redmond, Decathlon, x5 retail group, Man.

**A plus park Kolpino**

Land plot area: 13 ha.  
Total area of the complex: 100 000 sq.m.  
Total area of industrial and warehouse facilities: 90 000 sq.m.  
Available areas: 14 000 sq.m.

**A plus park Pushkin**

Land plot area: 8.3 ha.  
Total area of the complex: 40 000 sq.m.  
Total area of industrial and warehouse facilities: 36 000 sq.m.  
Residents: Industrial complex “Darnitsa” group.
Map of industrial zones
Beloostrov
Konnaya
Lakhta
Kamenka
Kolomyagi
Parnas
Ruchyi
Rzhevka
Industrial zone at Salova St.
Obukhovo
Neva
Rybitskoe
Metallostroy
Izhorskie zavody
Pontonnaya
Sapernaya
Industrial zone in the vicinity of Sevastyanova St.
Pushkinskaya
(Eastern/Vostochnaya)
Shushary
Predportovaya-2
Predportovaya-3
Predportovaya-1
Krasnoselskaya
Yugo-Zapadnaya
Maryino
North-Western
Special economic zone, Neudorf site
Marine port and industrial zone territory
North-Western Special economic zone, Novo-Orlovskaya site
Contacts:
Russia, 196626, St. Petersburg, Shushary, 179, bldg. 2, lit.A Moskovskoe shosse
Tel.: +7 (812) 401 61 84
Fax: +7 (812) 401 61 85
E-mail: office@aplusdevelopment.ru
Website: www.aplusdevelopment.ru

“Zvezda” Industrial park

“Zvezda” is a multifunctional industrial park within city limits, total area — 22 ha. The managing company offers production, office and warehouse facilities leasing services. The park’s profile is production and warehouse companies. Residents: Foreman, Swank, Northern Technopark, Treves-ergon, Atika.

Contacts:
Russia, 192012, St. Petersburg, 123 Babushkina St.
Tel.: +7 (812) 703 00 74
Fax: +7 (812) 703 00 75
E-mail: park@zvezda.spb.ru, office@zvezda-park.com
Website: www.zvezda-park.com

JSC “St. Petersburg Property Fund”

JSC “St. Petersburg Property Fund” (authorized seller of state property) internet-portal was created for introducing industrial and other real estate properties in St. Petersburg. (фондимущества.рф, купитьугородапросто.рф, www.property-fund.ru).

The portal has an adaptive design, quick data access, a convenient system of searching by various parameters: location, area, price, etc.

Industrial facilities are listed in a separate section, while all of the industrial and warehouse facilities are also listed in the general sections of the website.

The portal contains an interactive city map, where all of the objects of interest are displayed with a brief description. Investors have the opportunity to select an area on the map and see all facilities available according to specific parameters.

There’s a “Helper” service on the website, which allows to provide information on abandoned facilities, including industrial facilities, with the purpose of gathering information about the facility and its availability for further use.

The portal promotes efficient interactions among industrialists, investors and property owners with the aim to engage abandoned industrial facilities in the economic turnover.

Innovative infrastructure of St. Petersburg

Innovative ecosystem of St. Petersburg Technopark

St. Petersburg is one of the Russian regions that began systematically developing the innovative environment. JSC “St. Petersburg Technopark” (henceforth — Technopark) is a key instrument in developing the innovative regional infrastructure.

With support from the Committee for Industrial Policy and Innovations of St. Petersburg, the company implements a modern model of a Technopark, which implies the creation of an integrated innovative ecosystem. It includes innovation support instruments for all phases — from startups to large-scale cluster projects, and aims to assist the ecosystem participants in establishing complete lines of production and technology transfer.

Technopark is a specialized platform for implementing the development and interactions between innovative companies, thus encouraging the advance of small and medium businesses and cluster participants, and promoting St. Petersburg’s socioeconomic development. Technopark achieves results by creating specialized infrastructure, organizing technology transfer processes, interactions between high-tech companies: international market leaders, investors, higher education institutions, startups.

Technopark currently comprises five structural divisions:

- “Ingria” business incubator;
- St. Petersburg Center for cluster development;
- Prototyping center;
- Regional engineering center for microreaction synthesis of active pharmaceutical ingredients;
- Regional engineering center “Development of the market of security systems for informational and cyberphysical systems (“SafeNet”) of the St. Petersburg cluster “Development of information technology, radio electronics, engineering, communications, information and telecommunications of St. Petersburg”.

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**“Ingria” business incubator (henceforth — BI)**

BI’s main goal is to support small and medium-sized businesses in the innovative sphere via providing services in attracting financing, shaping the business model, providing equipped work stations and business services.

In 2016 BI was listed among the TOP-3 non-university-affiliated business incubators in Russia according to the national rating comprised by the UBI Global international agency with support from JSC “RVC” and the business incubator of National Research University Higher School of Economics.

**BI conducts the following activities:**

1. Attracts investments: organizes and holds events, engaging potential investors in various formats (VC Day, one-on-one, etc.) one-on-one meetings of investors with residents, etc.
2. Promotes transfer of technologies: organization and holding demonstration sessions and individual meetings for BI residents with large and medium-sized businesses for advancing strategic partnerships, attracting new orders and clients.
3. Provides promotion and marketing support, organizes participation of BI residents in BI events, such as conferences, exhibitions, seminars (including events abroad) on preferential terms, publication and mail-outs of residents’ news in the media, including the business incubator’s newsletters.
4. Forms teams (HR): circulates the residents’ open vacancies through all BI channels — posting on BI website, promotes them on partner thematic events, distributes information in partner higher educational institutions, organizes training and internships for partner colleges and universities at resident companies.
5. Consultations on all support issues related to innovative business, project development and promotion and technology transfer. Mentoring club.
6. Educational programs, organization and holding of trainings, seminars and other educational events in the innovative sphere, technology transfer and innovative infrastructure management.
7. Partner network: resident access to special offers from BI Partners.
8. Leasing out work stations: co-working, cubicles, offices.

The above-mentioned activities are conducted as part of Residency and Off-campus residency programs.

**Since 2010, the center's employees have held:**

- **BUSINESS-INCUBATOR “INGRIA”**
  - 98 residents
  - 600 workplaces
  - 600 million rubles in revenue

**Results of operations for 2016:**

- 81 innovative projects of small and medium businesses / BI residents;
- 189 workplaces (95%) of workplaces occupied by BI residents;
- residents’ total revenue comprised approximately 700 million rubles;
- 213.3 million rubles — the amount of investments attracted into residents’ projects in 2016.
  - The total amount of investments into residents’ projects constituted approximately 2.1 billion rubles;
- 110 events organized and held by BI.

OOO “Intellectual systems”, a BI resident, and OOO “Leis”, a solution provider for construction of Everynet Internet of things networks have, with support from the BI, launched the first open Laboratory of the Internet of things in St. Petersburg on Technopark premises.
Cluster development center (henceforth — CDC)
The chief goal of CDC activities is to create the conditions for establishing and developing regional clusters, promoting the development of the regional cluster participants' projects and increasing competitiveness of small and medium businesses.

CDC offers consulting and marketing services, develops business plans, cluster project feasibility reports, provides informational and educational services (holding seminars, conferences, round tables, webinars, etc.).

Results of CDC operations for 2016:
- 63 services provided to small and medium businesses / cluster participants: preparation of feasibility reports for joint cluster projects, training seminars, participation in exhibitions in Russia and abroad;
- over 150 small and medium businesses received support with assistance from CDC;
- 64 companies joined the clusters overseen by CDC;
- 97 consultations held on development of joint projects, cooperative chains of cluster participants;
- 40 people received training under the IT companies' human resources program;
- 26 clusters and proto-clusters revealed as a result of monitoring.

Prototyping center (PC) is a convenient platform where startups and other small and medium businesses can create a prototype of their product.

PC Specialists:
- will assist in creating a prototype of your product;
- will show how to use specialized equipment and software;
- will assist in manufacturing the first batch of your product at our center;
- will provide a convenient work/study station.

PC operates in the following areas:
- Manufacturing prototypes, small batches and individual manufacturing of pilot models and batches with the aid of additive technologies
- 3D scanning for digitalizing existing products;
- Organization and holding of seminars, round-table discussions and training programs, aimed at popularization and implementation of innovative technologies in various spheres (manufacturing and innovative development, design and restoration, souvenirs).

Regional engineering center for microreaction synthesis of active pharmaceutical substances (henceforth — REC APS)
The main goal pursued by the Regional engineering center APS is to provide state support measures to small and medium businesses, registered and operating in St. Petersburg.

REC APS takes an integrated, complex approach and engages companies from related sectors, providing them with an opportunity to enter new markets, including foreign markets.

The only microreaction synthesis unit in Russia is installed at the center. It allows Russian pharmaceutical companies to obtain modern technologies for the formulation and manufacturing of medicinal forms. The new site will also provide complex support — from consulting services to design and co-financing.

REC APS possesses technological and supplemental laboratory equipment for the implementation of microreaction technology of active pharmaceutical substance synthesis.

REC APS operates in the following areas:
1. providing engineering research and consulting services related to technological process development, technological maps of pharmaceutical substances and medicinal forms’ production;
2. providing informational and consulting services on positioning and commercialization of research and development (promotion and implementation of new manufacturing technologies at production plants, including manufacturing of pharmaceutical substances);
3. providing services to small and medium businesses on the investment, project, management and strategic consulting in the sphere of organization and development of manufacturing, construction and reconstruction of facilities (including managing investment projects in construction, reconstruction, modernization, technical upgrading);
4. development of standards and methods, organization and holding educational programs for small and medium businesses involved in manufacturing and engineering;
5. provision of services in licensing, accreditation, certification.

Results of REC APS activities for 2016:

- 281 services were rendered to small and medium businesses (identifying the enterprise’s index of technological readiness, anti-crisis consulting, development of modernization/development programs, creation of business plans, marketing services, consulting services, including the protection of rights to intellectual property (patent services), on the small and medium business support measures);
- 200 small and medium businesses received state support;
- 5 events were held (4 educational seminars and 1 practical seminar);
- a database containing 200 small and medium manufacturing enterprises / potential end users / commissioners of REC APS services was comprised.

Regional engineering center “Development of the market of security systems for informational and cyberphysical systems (“SafeNet”) of the St. Petersburg cluster “Development of information technology, radio electronics, engineering, communications, information and telecommunications of St. Petersburg.” (henceforth — REC SafeNet)

Since July 1, 2017 a new structural division, REC SafeNet, has been operating on Technopark premises.

The center was established as an organizational and technological infrastructure of innovative activity support, including that of small and medium businesses, in introducing civilian products to high-tech SafeNet markets.

REC SafeNet had set the following goals:

1. providing engineering research and consulting services on the development of the trusted SafeNet environment, quantum communication HUBs, data processing centers with quantum protection, secure communications for the internet of things, the creation of a prototype of a federal-level continuous bio-identification system;
2. providing informational and consulting services on positioning and commercialization of research and development (implementation of projects related to the introduction of civilian products to high-tech SafeNet markets);
3. provision of small and medium businesses with services related to investment, project, managing and strategic consulting in the sphere of organization and development of manufacturing, construction and reconstruction of facilities (including management of investment projects related to construction, reconstruction, modernization, technical upgrading);
4. development of standards and methods, organization and holding educational programs for service companies, small and medium businesses involved in manufacturing and engineering;
5. provision of services on certification, accreditation, licensing, testing hardware and software complexes for compatibility with the trusted SafeNet environment;
6. establishing professional expert communities in the sphere of trusted SafeNet environment;
7. staffing of small and medium businesses that operate on SafeNet markets.

First city business incubator

The First city business incubators is a universal platform for launching and developing one’s own business. It provides integrated support to small St. Petersburg startups. Low office lease fees, free accounting services, consulting, informational and PR support, training, corporate contracts, manufacturing facilities, promotion of international ties and aid in attracting investments.

The First city business incubator of St. Petersburg was established in 2006 in the framework of the city’s small business support program, and is an advantageous for startup development.

The basic business incubator service is leasing business and office facilities (conference halls, negotiation rooms, study class) on preferential terms. The price for residents is between 239.25 and 765.60 rubles/sq.m. monthly, depending on the residence time in the business incubator.

3.2.4. Major International Events in St. Petersburg

St. Petersburg International Economic Forum

St. Petersburg International Economic Forum (SPIEF) is an annual Russian business event in the economic sphere, held in St. Petersburg since 1997. From 2005 on it is conducted with participation of the President of Russian Federation.

The forum’s key mission is to be a practical instrument for business, which allows to overcome both informational and geographical barriers that separate Russia from other countries.

The SPIEF 2017 program was developed with contribution from over 500 leading experts from Russia, Europe, the USA, Australia and Asian countries, emissaries of various schools of economic thought, development institutions, business communities from all over the globe.

More than 900 moderators and speakers have addressed issues of socioeconomic development, power and transportation industries, ecology and health care, culture and tourism, science and education.

The number of the Forum’s business program events has increased almost two-fold. 127 events were held as panel sessions, round-table discussions and tele-debates, business breakfasts and business dialogues. The first Russia-USA business dialogue with participation of the President of Russian Federation Vladimir Putin took place after a three-year hiatus within the SPIEF framework.

A Business 20 session, as well as BRICS and SCO conferences took place on the sidelines of the Forum.

For the first time, Forum had gathered a record number of participants — over 14,000 business community representatives, international organization leaders, officials, experts, scientists and journalists from more than 143 countries. Among them were the heads of 700 Russian and 400 foreign companies. Companies from the USA, Germany, China, Italy, Japan and other states were widely represented.

Chronological table of the St. Petersburg International Economic Forum:

<table>
<thead>
<tr>
<th>Forum number</th>
<th>Dates held</th>
<th>Number of participants</th>
<th>Total amount of agreements concluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>XIV</td>
<td>June 17–19, 2010</td>
<td>Approx. 4200</td>
<td>338 billion rubles</td>
</tr>
<tr>
<td>XV</td>
<td>June 16–18, 2011</td>
<td>No data</td>
<td>200 billion rubles</td>
</tr>
<tr>
<td>XVI</td>
<td>June 21–23, 2012</td>
<td>Over 5300</td>
<td>360 billion rubles</td>
</tr>
<tr>
<td>XVII</td>
<td>June 20–22, 2013</td>
<td>Over 7100</td>
<td>9.6 trillion rubles</td>
</tr>
<tr>
<td>XVIII</td>
<td>June 22–24, 2014</td>
<td>Over 7500</td>
<td>401.4 billion rubles</td>
</tr>
<tr>
<td>XIX</td>
<td>June 18–21, 2015</td>
<td>Over 10,000</td>
<td>293.4 billion rubles</td>
</tr>
<tr>
<td>XX</td>
<td>June 16–18, 2016</td>
<td>Over 12,000</td>
<td>1 trillion 46 million rubles</td>
</tr>
<tr>
<td>XXI</td>
<td>June 1–3, 2017</td>
<td>Over 14,000</td>
<td>Over 2 trillion rubles</td>
</tr>
</tbody>
</table>

St. Petersburg International Innovation Forum

On September 21–23, 2016, the IX St. Petersburg International Innovative Forum took place at the “Expoforum” cultural and exhibition center in conjunction with the XX International Forum “Russian Industrialist”, welcoming a record number of participants and guests.

In the three days of the Forums’ work 112 events took place in different formats — plenary sessions and panel discussions, round tables and seminars, presentations and masterclasses. This number exceeds the volume of the 2015 business program almost two-fold. 14 foreign countries and over 30 Russian regions were represented at the PIIF-2016. These included Montenegro, Belgium, Italy, Finland, Czech Republic, India, Belarus, Latvia (Riga), Japan (Tokyo), as well as numerous Russian regions: Tambovskaya Oblast, Moscow, Pskov, Arkhangelsk, Orenburg, Novosibirsk, Ekaterinburg, Cherepovets, Saratov, Vladimir, Yaroslavl, Karaganda, Kaluga, Belgorod, Krasnoyarsk, Petrozavodsk, Orel, Ufa, Sochi, and many others.

One of the innovations was the staging of the expanded Vacancy fair and a “Young professionals” championship (Worldskills Russia) 2016 for high school and vocational school students on the same platform as the main events. Expoforum’s G hall became the place for the competition among young specialists in a wide range of profiles — jewelers and stone masons, hairstylists and software developers, welders and seamstresses.

A number of agreements was concluded over the three days of the Forum: between ITMO University and the Russian Association of Robotics; JSC St. Petersburg Technopark, RusSOFT Non-commercial Partnership, ITMO University and Russian Engineering Union — on cooperation in creating an engineering center with a focus on quantum communications; JSC St. Petersburg Technopark and PJSC Enel Russia — on cooperation in implementing development projects in the electrical and heat energy generation sphere, etc.

Over 40,000 people visited the events on September 21–23, 2016.
International forum “Russian Industrialist”

For over 20 years the Forum has served as the major platform in the Northwestern region of Russia for demonstration of companies’ innovative industrial equipment, products and technologies and promoting them on the regional and international markets, as well as for the discussions of issues relevant to machine-building sector modernization.

Forum’s objectives

• promotion of competitive domestic innovative products in the machine-building sector;
• conducting industry-specific dialogue between government representatives, enterprises, education and scientific community with the aim of formulating collegial solutions on industrial sector development;
• popularization and raising the status of blue-collar and engineering professions;
• reinforcement of St. Petersburg’s image as an innovative Russian region.

The exhibition presents major industrial enterprises from various Russian regions, as well as Czech Republic, Belarus, Austria, Belgium, Germany, Greece, Israel, India, Cyprus, China, Finland, South Korea and Japan. It includes:

• technological solutions, innovative equipment for outfitting industrial enterprises;
• automatic lines, automation solutions;
• additive technologies;
• intellectual machine tool systems;
• tools made of ultra-strong modern materials.

A special exposition of St. Petersburg’s systemically important companies is established within the context of the “Integrated territory development — St. Petersburg’s development strategy” exhibition. The companies demonstrate the innovative equipment’s practical employment options for both industrial enterprises and the urban environment. The city’s leading enterprises are among the exhibitors, including LOMO, “Klimov”, Sredne-Nevsky shipyard, “Leninets”, “Avanguard”, and many others.

Annual Investment Forum in St. Petersburg

The investment forum in St. Petersburg is a major event dedicated to discussing the city’s investment climate and investment policy. The forum is an efficient platform for the dialogue between officials and business community on the issues of conducting investment activities in St. Petersburg, elaborating cooperative measures aimed at improving the business climate, discussing the initiatives on support of investment activities, developing efficient measures to attract investments into the city.

Over 800 representatives of federal and regional authorities, Russian and international financial institutions, top managers of investment companies, business community leaders, consultants and experts took part in the Forum.

Vital agenda of the discussions

• investment climate in Russia and St. Petersburg, in particular, challenges and potential solutions;
• import substitution as a method for stimulating investment activities;
• implementation and development prospects of private-public partnership projects.

“Life Sciences Invest. Partnering Russia” International Partnering Forum

The international partnering forum “Life Sciences Invest. Partnering Russia”, held in St. Petersburg since 2011 unites the leading experts in the field of life sciences (pharmaceutics, biotechnologies, radiology and medical industry), federal and regional authorities’ representatives, top-level managers of companies that develop, manufacture and supply medicinal agents, representatives of medical product and equipment developers and distributors, employees of medical and biopharmaceutical companies.

The Forum’s main goal is to support federal initiatives on developing the pharmaceutical market as one of the key spheres that provide stability and comfort and create a foundation for the country economy’s dynamic growth.

That said, the Forum does not have a conference vector, rather, it concentrates on live communications between the participants and discussions on the most relevant topics, such as pharmaceutical industry development prospects, pertinent issues in inter-university cooperation, providing market participants with human resources, technical issues in innovative medicinal agent production, market regulation issues, creation of new cooperative networks, etc.
4. Operating procedure for investing into St. Petersburg industrial sector

4.1. Procedure for selecting a land plot for an industrial investment project implementation

One of the most important stages in implementing an investment project is the selection of a land plot for the future construction of production facilities.

During the preparatory phase the investor draws up a business plan and determines the key parameters of the future facility:

- Total area and internal plan of the building (the requirements depend on the equipment and general production process technology). These parameters also include the number of floors, ceiling height, spaces between columns, etc.;
- Based on the projected parameters, the investor needs to determine the total requirements for engineering resources: water supply (cubic m./day), water disposal (cubic m./day), heating supply (Gcal/hr), electrical supply (kW) and gas supply (cubic m./hr).

On the basis of the abovementioned parameters, the investor is required to:

- Determine the hazard class of the planned facility in compliance with SanPiN 2.2.1/2.1.1.1200-03 “Sanitary protective zones and sanitary classification of enterprises, structures and other facilities”;
- Determine the type of permitted use of the land plot in accordance with the decree of the Ministry of Economic Development No.540 dated September 1, 2014 “On approval of the classification of permitted use types of land plots”.

After preliminary determination of all required parameters, the investor, in compliance with all of the norms of the St. Petersburg General Development plan (Law of St. Petersburg dated December 12, 2005 No.728-99) and the Rules of land use and development (Resolution of the Government of St. Petersburg dated October 21, 2016 No.524) may select a land plot within the limits of St. Petersburg’s industrial zones based on the urban planning regulations of the permitted use types and maximum development parameters.

The new edition of the Rules of land use and development sets forth the following types of industrial zones:

- TP1 — an industrial zone for food industry facilities, textile and apparel production, pulp and paper production, including engineering infrastructure facilities;
- TP2 — an industrial zone for automotive manufacturing and heavy engineering facilities, including engineering infrastructure facilities;
- TP3 — an industrial zone for pharmaceutical industry facilities, petrochemical and construction industry facilities, including engineering infrastructure facilities;
- TP4 — an industrial zone for heavy engineering and construction industry facilities, including engineering infrastructure facilities.

<table>
<thead>
<tr>
<th>Zone code according to the Rules of land use and development</th>
<th>Name of the industrial zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>TP 1</td>
<td>Krasnoselskaya</td>
</tr>
<tr>
<td>TP 2</td>
<td>Kamenka, Rybatskoe</td>
</tr>
<tr>
<td>TP 3</td>
<td>Pushkinskaya</td>
</tr>
<tr>
<td>TP 4</td>
<td>Izhorskie zavody (part of the territory), Pontonnaya, Sapernaya</td>
</tr>
<tr>
<td>TPD 1</td>
<td>Izhorskie zavody (part of the territory), Rzhevka (part of the territory), Predportovaya-1 (part of the territory), Neva, Kolomyagi, Severo-Zapadnaya, Shushary</td>
</tr>
<tr>
<td>TPD 2</td>
<td>Parnas, Metallostroy, industrial zone in the vicinity of Sevastyanova street, Rzhevka (part of the territory), Yugo-Zapadnaya, Industrial zone of the dam construction, Belooostrov, Predportovaya-1 (part of the territory), Bronka, Kronshtadtskaya koloniya, Lomonosovskaya, Konnaya Lakhta, Severo-Zapadnaya, Obukhovo</td>
</tr>
</tbody>
</table>
In addition, the Rules for land use and development set the urban planning regulations for multifunctional zones with production and warehouse facilities, engineering infrastructure and social and business infrastructure — TP 1 and TP 2. The urban planning regulations for these zones allows “production operations” as a permitted use, thus significantly expanding the opportunities for establishing any production facilities within the borders of such zones.

After selecting an industrial zone, the investor needs to file an inquiry with the Committee for Industrial Policy and Innovation of St. Petersburg regarding the possibility of establishing a production facility based on certain parameters of the projected facility, in order to determine the availability of reserved land plots.

After the siting prospects for the production facility are confirmed, or another land plot is offered (in case siting is deemed impossible), the investor needs to file an application at the “one window” office for the allocation of a land plot.

### Selecting a land plot for the implementation of an industrial investment project

1. Determination of key project parameters by the investor
2. Determination of the facility’s hazard class and type of permitted use
3. Selecting an industrial zone based on the urban planning regulations
4. An inquiry to the Committee on Industrial Policy and Innovation regarding availability
5. Confirmation of availability or selection of an alternative land plot
6. The investor files an application for allocation of land plot at the “one window” office

### 4.2. Decision-making procedure for allocating real estate property for construction, reconstruction, adaptation for modern use.


According to the current legislation, government-owned land plots are generally allocated under lease terms (statutory authorities for organizations are enumerated in article 39.8 of the Land Code of the Russian Federation).

Land plots for construction purposes are allocated under lease terms via a tender. The duration of the investment agreement is set forth in clause 8, article 39.8 of the Land code of the Russian Federation.

According to article 8 of the Law of St. Petersburg dated June 17, 2004 No.282-43, the basis (intended use) for the allocation of a land plot without a tender may be the designation of the facilities as social, cultural, municipal or public utility facilities, or as a platform for large-scale investment project implementation.

1. The criteria of designating a facility as a social or cultural facility are based on the following permitted uses of the land plot:
   - social services;
   - health care;
   - education and instruction;
   - cultural development;
   - support of scholarly activities;
   - sports;
   - safeguarding internal security.

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10 Information provided as per the 2nd quarter of 2017
2. The criteria for designating a facility as a municipal or utility facility are based on the following permitted uses of the land plot:
- municipal services;
- utility services;
- general use land plots (territories).

3. The criteria of designating an investment project as large-scale are its endorsement as St. Petersburg strategic investment project and its inclusion in the List of St. Petersburg strategic investment projects as required by the laws of St. Petersburg.

**Grounds for a refusal of allocation of a land plot without a tender are as follows**
(article 9 of the Law of St. Petersburg dated June 17, 2004 No.282-43):
- grounds stipulated in the land regulations of the Russian Federation and laws of St. Petersburg;
- the land plot is included in the targeted plan for preparation of tender documentation for the right of construction, reconstruction or adaptation for modern use, approved via the procedure set forth by the Government of St. Petersburg;
- the investment proposal’s non-compliance with urban planning regulations set forth by the Rules of land use and development for the zone where the projected result of investment will be located, with the special terms of use of the territory, with the requirements of cultural heritage site protection, or with other requirements set forth by the laws of the Russian Federation;
- the presence of permanent buildings and facilities not under St. Petersburg state ownership on the land plot.

The procedure for allocating real estate property owned by St. Petersburg for construction, reconstruction and adaptation for modern use was approved by the Resolution of the Government of St. Petersburg dated July 21, 2015 No.656.

**Allocation of real estate property without a tender.**

If a project complies with the criteria enumerated in article 8 of the Law of St. Petersburg dated June 17, 2004 No.282-42, a land plot may be allocated to the investor without a tender.

- An application for the allocation of a land plot without a tender filed by the investor with the Committee for Investments of St. Petersburg (front-office) with an enclosed list of documents in compliance with the Decree of the Ministry of Economic Development of the Russian Federation dated January 12, 2015 No.1.
- Registration of the application with the Committee for Investments of St. Petersburg.
- Preparation and submission of inter-agency requests, and obtaining answers to them.
- Market value assessment the real estate property allocation price (when necessary).
- If there are no grounds for rejection of the investment proposal, a draft of the resolution of the Government of St. Petersburg on the real estate property allocation is endorsed:
  1. At a meeting with the participation of St. Petersburg’s executive authorities’ representatives.
  2. At a meeting with the participation of the Vice-Governor of St. Petersburg.
  3. At a session of the Government of St. Petersburg.
- Issuance of a resolution of the Government of St. Petersburg on real estate property allocation.

If the land plot has not undergone cadastral registration, it’s necessary to prepare the general layout of the land plot in accordance with the requirements set forth by the order of the Ministry of Economic Development of the Russian Federation dated November 27, 2014 No.762.

**General procedure for land plot allocation without a tender**
Allocation of a land plot via a tender

Participating in a tender

The investor may participate in an announced tender held by JSC “Property Fund of St. Petersburg.” The information on the terms and conditions of the tender in St. Petersburg is published in the official bulletin “Newsletter of the Property Fund of St. Petersburg”, and on the official websites of JSC “Property Fund of St. Petersburg” www.property-fund.ru and St. Petersburg’s investment portal in the “Subjects of tender” section www.spbinvestment.ru.

Investor application procedure for arranging an auction for a specific real estate property

The application procedure for arranging an auction is as follows:

• The investor applies to the Committee for Investments with a request to hold a tender for the right to conclude a land plot leasing agreement on investment terms.
• Registration of the application at the CI.
• Preparation and filing of interagency inquiries, and obtainment of replies.
• Assessment of the market value of the real estate property annual leasing fee in order to determine the starting tender price.
• Approval of a draft of the resolution of the Government of St. Petersburg on holding a tender:
  1. At a meeting with the participation of St. Petersburg’s executive authorities’ representatives.
  2. At a meeting with the participation of the Vice-Governor of St. Petersburg.
  3. At a session of the Government of St. Petersburg.
• Issuance of a resolution of the Government of St. Petersburg on holding an auction.
• Organization of an auction by the JSC “Property Fund St. Petersburg”.

General procedure for land plot allocation via a tender

Investor submits an application to the CI

Committee for Investments (CI) registers the application and files inter-agency inquiries

Are there grounds for rejection?

CI issues a rejection resolution

Market value assessment of the real estate facility annual leasing fee for the determination of the starting tender price.

Auction held by JSC “Property Fund of St. Petersburg”

Preparation and approval of resolution draft

Decision-making procedure for concluding an agreement on reconstruction or adaptation for modern use of a building, structure or facility

When a need arises to reconstruct or adapt a building (structure, facility) for modern use, the following procedure should be followed:

• The investor (holder of the rights) files an application at the Committee for Investments’ front office for concluding an agreement on the reconstruction or adaptation of a building (structure, facility) for modern use.
• Registration of the application with the Committee for Investments.
• Preparation and filing of inter-agency inquiries, and obtainment of replies.
• In the absence of grounds for rejection of the investment proposal, the investor is informed of the suspension of the application processing term until an application is filed with the Committee for Investments on the allocation of a land plot without a tender (after the reception of a decree of the Committee for Investments on the preliminary approval of land plot allocation, when applicable)
• Market value assessment of the real estate property annual leasing fee to determine the starting tender price.
• Approval of a draft of the resolution of the Government of St. Petersburg on holding a tender:
  1. At a meeting with participation of St. Petersburg’s executive authorities’ representatives.
  2. At a meeting with participation of the Vice-Governor of St. Petersburg.
  3. At a session of the government of St. Petersburg.
• Issuance of a resolution of the Government of St. Petersburg on concluding a reconstruction agreement.
The reconstruction agreement is concluded:

With the potential investor, if he, along with the city of St. Petersburg, is a joint owner of the property rights to the building, structure, facility, or a construction-in-progress asset (or is the owner of one or several premises in the building, structure or facility) in the absence of other joint owners of common property, or received permission from all other joint owners of common property (premises’ owners), or joint approval of all inhabitants, aside from St. Petersburg, to conduct investment activities in regard to the aforementioned real estate property.

With a religious organization that uses the building, structure or facility on a gratuitous basis.

With the leaseholder of the real estate property, if the lease agreement for the real estate property is concluded for a term of no less than 10 years, and does not provide for a possibility of dissolution due to reconstruction (adaptation for modern use) of the real estate property.

Procedure for the conclusion of a reconstruction agreement

Procedure for interaction between St. Petersburg government’s executive agencies in the decision-making process regarding the conclusion of a development agreement

In case of an investor’s decision to expand the production capacity of a functioning enterprise, or the construction of additional buildings in the context of an operating technological process, the conclusion of a development agreement with the owner of the rights to the land plot is required.

The owner of the rights is a person who has the right to conclude an agreement on the development of a land plot, an agreement with the property owners (owners of premises within the real estate property, users) on the reconstruction, conducting work on the adaptation of buildings, structures, facilities for modern use with the purpose of establishing the procedure for conducting investment activities in regard to the aforementioned real estate property in compliance with the Law of St. Petersburg.

The agreement on the development of the land plot is concluded:

- With its lessee if the agreement involves a land plot where the building, structure or facility in the ownership or operational control of such a lessee is located, if the title documentation for the aforementioned land plot does not contain the permission for its development;
- With the person holding the right to permanent (termless) use of the land plot where the building, structure or facility in operational management of such person is located, if the title documentation for the aforementioned land plot does not contain the permission for its development.

Documents that confirm the applicant’s right to conclude an agreement (may be provided in regard to the land plot as well as in regard to the applicant’s right to conclude an agreement):

- lease agreement for the land plot where the building, structure or facility in the ownership or operational control of the applicant is located;
- certificate of state registration of the permanent (termless) use of the land plot where the building, structure or facility in the operational control of the applicant is located.
Procedure for the conclusion of an agreement on the development of a land plot:

- The investor (holder of the rights) files an application at the Committee for Investments’ front office for concluding an agreement on the development of a land plot.
- Registration of the application with the Committee for Investments.
- Preparation and filing of interagency inquiries, and obtaining of replies.
- In the absence of grounds for rejection of the investment proposal, the investor is informed of the suspension of the application processing term until an application is filed with the Committee for Investments regarding the allocation of a land plot without a tender (after the reception, when applicable, of the Committee for Investments’ decree on preliminary approval of land plot allocation).
- In the absence of grounds for rejection of the investment proposal, an assessment of the market value of the right to conclude an investment agreement is made.
- Approval of a draft of the resolution of the Government of St. Petersburg on holding a tender:
  1. At a meeting with the participation of St. Petersburg’s executive authorities’ representatives.
  2. At a meeting with the participation of the Vice-Governor of St. Petersburg.
  3. At a session of the government of St. Petersburg.
- Issuance of a resolution of the Government of St. Petersburg on concluding a reconstruction agreement.

Procedure for the conclusion of a development agreement

Investor submits an application to the CI

Committee for Investments (CI) registers the application and files inter-agency inquiries

Are there grounds for rejection?

CI issues a rejection resolution

Assessment of the market value of the right to conclude an investment agreement

Preparation and approval of a draft of the resolution

Issuance of a resolution of the Government of St. Petersburg on concluding a development agreement

4.3. Procedure for land plot acquisition for title or lease by the owners of buildings and structures.

According to clause 1 of article 39.20 of the Land Code of the Russian Federation, individuals and juridical persons who own the buildings and structures located on land plots hold the exclusive right of acquisition of such land plots for title or lease.

If a building or a structure is located on a land plot that may not be divided without violating the requirements for establishment or alteration of land plots (henceforth — indivisible land plot), or the premises within aforementioned building or structure, are in joint private ownership, or several buildings or structures in joint private ownership are located on such a land plot, the owners have the right to purchase such a land plot under terms of joint ownership, or to lease such a plot as multiple tenants.

The share size in the land plot joint ownership rights, or the amount of liability as per the land plot multiple tenant lease agreement, should correspond to the share size in the right to the building, structure or the premises within them, which belong to the owners of the building, structure, or the premises within them. A violation of this rule is permissible with consent from all of the owners of the building, structure, or the premises within them, or on the basis of a court decision.

According to clause 2.17 of the Resolution of the Government of St. Petersburg dated July 12, 2011 No. 939 “On the procedure for interaction between the St. Petersburg Government executive authorities in management of property owned by St. Petersburg”, a land plot is offered for lease for a term of up to 49 years to the owners of the buildings or structures located on it, or the premises within them.

The procedure for allocating a land plot on lease terms to the owner of the buildings or structures located on it, or the premises within such buildings or structures, is regulated by the Resolution of the Committee for City Property Management of the Government of St. Petersburg dated October 21, 2009 No.120-r.
The procedure for land plot allocation under lease terms to the owner of buildings or structures located on it, or the premises within such buildings and structures

- The owner of the building files an application with the Committee for Property Relations of St. Petersburg regarding the preliminary approval of land plot allocation under lease terms and provides documentation in accordance with the Resolution of the Ministry of Economic Development of the Russian Federation dated January 12, 2015 No.1.
- The Committee for Property Relations prepares and files interagency inquiries, and obtains replies to such inquiries.
- In the absence of grounds for rejection of land plot allocation the owner receives a Resolution of the Committee for Property Relations on the preliminary approval of land plot allocation.
- Following the reception of the Resolution of the Committee for Property Relations on the preliminary approval of land plot allocation, the owner of the building files a request with the Committee for Property Relations regarding the allocation of a land plot under lease terms.
- The Committee for Property Relations prepares and files interagency inquiries, processes the application for land plot allocation and verifies either the presence or absence of grounds for rejection of land plot allocation under lease terms, provided for by article 39.18 of the Land Code of the Russian Federation.
- In case of an absence of grounds for rejection, the Committee for Property Relations prepares the draft of a lease agreement and sends it to the owner for review and signing.
- After the draft of the land plot lease agreement signed by the owner is received by the Committee for Property Relations, it is submitted for registration to the Federal Agency for State Registration, Cadastre and Cartography.

Procedure for concluding a land plot lease agreement with the owner of the building or structure located on such a plot or the premises located within such building or structure

Investor submits an application for preliminary approval to the Committee for Property Relations

Committee for Property Relations registers the application and sends out interagency inquiries

Are there grounds for rejection?

YES

Committee for Property Relations rejects the preliminary approval of land plot allocation

Resolution of the Committee for Property Relations on preliminary approval of land plot allocation

NO

Owner submits a request for land plot allocation under lease terms

Committee for Property Relations registers the application and files interagency inquiries

Are there grounds for rejection?

YES

Committee for Property Relations prepares the draft of a lease agreement and submits it to the owner for review and signing

NO

Rejection resolution issued by the Committee for Property Relations

After receipt by the Committee of the draft of the land plot lease agreement signed by the owner, it is sent to the Federal Agency for State Registration, Cadastre and Cartography
Procedure for land plot privatization by the owner of buildings or structures located on such land plot, or of premises within such buildings or structures.

The juridical persons who own buildings, structures or facilities located on land plots hold the exclusive right to the privatization of such land plots.

The procedure for privatization of land plots by juridical persons under purchase terms in St. Petersburg is subdivided into 4 main stages:

- Confirmation of land plot borders;
- Cadastral registration of land plot;
- Privatization of land plot by the juridical person;
- State registration of property rights of the juridical person to land plot.

Information pertaining to the registration of a land plot purchase by a juridical person is provided here (“Privatization of a land plot by a juridical person”).

Land plots unavailable for privatization:

- Communal use — streets, roads, embankments, parks, gardens, waterways, beaches;
- Contaminated with dangerous substances;
- Publicly protected (water conservation, sanitary protective, memorial territories).

Allocation of land plots in state or municipal property into private ownership of juridical persons is conducted for a fee.

In accordance with the Law of St. Petersburg dated February 15, 2010 No.59-19 “On determination of land prices in St. Petersburg,” the sale price of the land plots in state ownership of St. Petersburg, or land plots for which the state property rights have not yet been determined, constitutes 19.5% of their cadaster price.

A discount price in the amount of 15% of the cadaster price is set when land plots are sold to the owners of real estate property located on the land plots that are:

- Provided for conducting investment activities;
- Used for accommodating industrial facilities, if such facilities will in fact take up no less than 70% of the land plot area.


Procedure for land plot privatization by the owner of the buildings and structures located on a land plot, or premises within them.

- The owner of the building submits an application to the Committee for Property Relations:
  1. Regarding the transfer of ownership of a land plot under purchase terms.
  2. Regarding the transfer of a land plot into joint ownership.
  3. Regarding the transfer of a share in joint ownership of a land plot under purchase terms.
- The Committee for Property Relations prepares and submits interagency inquiries, and obtains replies.
- In the absence of grounds for denial of privatization, the Committee for Property Relations submits to the owner a signed draft of the land plot purchase agreement, and a notice, which proposes:
  1. To appear at the Property Fund of St. Petersburg within a 15-day period with a signed draft of the land plot purchase agreement (or of a share in joint ownership of the land plot) and documents required for the state registration of the transfer of land plot ownership rights.
  2. To appear at the Property Fund of St. Petersburg within the 15-day period following the day of submitting the signed draft agreement to the Property Fund of St. Petersburg with a copy of a document that confirms full payment by the applicant (applicants) of the land plot price (or a share in joint ownership of the land plot).
- If the purchase agreement is signed and full payment for the land plot (or share in the joint ownership right to the land plot) is made, the parties sign the application for the state registration of the transfer of ownership rights to the land plot, and, when necessary, for limitation of rights to the land plot (encumbrances, servitudes) is submitted by the applicant (applicants) to the Federal Agency for State Registration, Cadastre and Cartography for St. Petersburg.
4.4. Procedure for obtaining a construction permit

According to article 51 of the Urban Development Code of the Russian Federation, the developer is required to obtain a construction permit for the purpose of conducting construction or reconstruction of a permanent structure.

The construction permit confirms the compliance of the project documentation with the requirements of the land plot development plan or the territory development plan and parcel plan (in case of construction or reconstruction of linear facilities).

A construction permit is not required in the following cases:

- Construction or reconstruction of real estate assets that are not permanent structures (kiosks, awnings, etc.);
- Construction of supplementary structures and facilities on the land plot;
- Alterations to capital structures and/or their parts, if such alterations do not affect structural and other characteristics pertaining to safety and reliability, and do not exceed the maximum parameters of the permitted construction and reconstruction set forth by the urban planning regulations;
- Capital repairs of permanent structures;
- Other cases when, in accordance with the Urban Planning Code of the Russian Federation and the urban planning legislation of territorial entities of the Russian Federation, obtaining a construction permit is not required.

The term of the permit may be extended at the developer’s request, if the request is filed less than 60 days prior to the expiration of the current term.

The construction permit term will not be extended if the construction, reconstruction or structural repairs have not begun prior to the application filing term. The term of the construction permit remains unaltered in case of a transfer of right to the land plot and permanent structures.

Issuance of construction permits is conducted in compliance with the norms described in the Urban Planning Code of the Russian Federation and the directive of the State construction supervision and expertise department of St. Petersburg dated December 30, 2016 No. 9-r.
**Procedure for obtaining a construction permit**

- In order to obtain a construction permit, the developer is required to file a request to issue a construction permit and/or a request to issue a permit to establish an artificial land plot with an enclosure of required documentation in accordance with the directive of State construction supervision and expertise department of St. Petersburg dated December 30, 2016 No. 9-r:
  1. Via the Personal profile on the official website of the State construction supervision and expertise department of St. Petersburg (www.lkexpertiza.spb.ru).
  2. Via the “State and municipal services (functions) in St. Petersburg” (www.gu.spb.ru) portal.
  3. At the Multifunctional center (www.gu.spb.ru, MFC section).
- State construction supervision and expertise department registers the application and directs interagency inquiries regarding the provision of documents (information) required for making a decision.
- In the absence of grounds for rejection, State construction supervision and expertise department issues a construction permit to the investor.

**Procedure for issuing a construction permit**

1. Investor submits an application to the State construction supervision and expertise department.
2. State construction supervision and expertise department registers the application and files inter-agency inquiries.
3. Are there grounds for rejection?
   - Yes: State construction supervision and expertise department issues a rejection resolution.
   - No: State construction supervision and expertise department issues a construction permit to the developer.

4.5. Procedure for land plot allocation under lease terms for purposes other than construction

Land and legislation of the Russian Federation provides a general rule for allocation of land plots in federal or municipal property, namely, via an auction tender.

Cases when a land plot may be allocated under lease terms without a tender are set forth in clause 2, article 39.6 of the Land Code of the Russian Federation.

**Allocation of land plots under lease terms without a tender for purposes other than construction**

Facilities used for social, cultural, and municipal and utility purposes, which are not designated as real estate property, should correspond to the criteria set forth in the Law of St. Petersburg dated June 3, 2015 No.288-48 (hereinafter — the Law of St. Petersburg) in order to be considered for land plot allocation without a tender.

If the criteria enumerated in the Land Code of the Russian Federation and the Law of St. Petersburg are met, the land plot may be allocated under the procedure described in the resolution of Committee for Property Relations dated January 15, 2016 No.2-r “On allocating land plots to individuals and juridical persons under lease terms for purposes other than construction without a tender”.
A land plot may be allocated to the following categories\(^1\): 

1. A juridical person if:
   - The land plot in regard to which an application is filed is intended for social and cultural purposes, implementation of large-scale investment projects;
   - The land plot in regard to which an application is filed is intended for fulfilling international obligations;
   - The land plot in regard to which an application is filed is intended for facilities used for electrical, heating, gas and water supply, water removal, communications, oil pipelines, facilities of federal, regional or local importance;
   - The land plot in regard to which an application is filed is in the ownership of a juridical person under permanent (termless) use terms.

2. The lessee of the land plot in federal or municipal property where the solicited land plot is located.

3. The person with whom a concession agreement is concluded in regard to the land plot, which is required to conduct activities designated in the concession agreement.

4. The lessee of the land plot who holds the right to conclude a new land plot lease agreement, in regard to the leased land plot.

Procedure for land plot allocation without a tender for purposes other than construction

- The applicant submits a request to the Committee for Property Relations in regard to the preliminary approval of land plot allocation under lease terms without a tender for purposes other than construction, enclosing a document package that certifies the right to land plot allocation without a tender (per the decree of the Ministry of Economic Development of the Russian Federation dated January 12, 2015 No.1), as well as a layout plan of the land plot if the solicited land plot needs to be established and lacks a territorial parcel plan (decree of the Ministry of the Economic Development of the Russian Federation dated November 27, 2014 No.762).
- The Committee for Property Relations prepares and files interagency inquiries, and obtains replies to such inquiries.
- In the absence of grounds for denial of the land plot allocation the owner receives a Resolution of the Committee for Property Relations on the preliminary approval of land plot allocation.
- In accordance with the order of the Committee for Property Relations, the applicant submits a request to the Committee regarding the allocation of a land plot under lease terms for purposes other than construction without a tender (in compliance with the order of the Ministry of Economic Development of the Russian Federation dated January 12, 2015 No.1).
- If a judgement has not been made in regard to the land plot, or its term has expired, the Committee for Property Relations prepares and submits interagency requests and obtains replies.
- In the absence of grounds for rejection, the Committee for Property Relations signs the land plot lease agreement drafts and sends them to the applicant.
- After the land plot lease agreement is signed, it is registered by the St. Petersburg Division of the Federal Agency for State Registration, Cadastre and Cartography.

Procedure for land plot allocation for purposes other than construction without a tender

1\(^{1}\) Основные категории.
Land plot allocation under lease terms for purposes other than construction via a tender

Lease agreements pertaining to plots in federal or municipal property are concluded via an auction tender. The lease price is set in rubles according to tender results. A lease agreement based on the tender results is concluded with:

1. The auction winner.
2. The applicant who filed the only request to participate in the auction.
3. The applicant who is recognized as the only auction participant / the only participants who took part in the auction.
4. The auction participant who made the next-to-last bid on the price of the object of the auction (if the winner of the auction evades the signing of a land plot lease agreement)

The lease agreement is concluded for a term of up to and including five years.

Allocation of land plots via tenders is regulated by the Law of St. Petersburg dated April 22, 2015 No. 219-37 “On the grounds for denial of a tender for the sale of a land plot, or an auction for the right to conclude a land plot lease agreement, on the denial of the preliminary approval of land plot allocation or of land plot allocation without a tender” and the resolution of the Committee for Property Relations of St. Petersburg dated October 08, 2015 No.51-r.

Procedure for land plot allocation via tenders for purposes other than construction

- The applicant submits an application to the Committee for Property Relations regarding holding an auction with the indication of the cadastral number and the intended use of the land plot.
- The Committee for Property Relations prepares and submits interagency requests and receives replies.
- In the absence of grounds for a denial resolution, the Committee for Property Relations makes a decision to hold an auction for the right to conclude a land plot lease agreement.
- The Committee for Property Relations holds an auction and concludes a lease agreement with the winner of the auction.

Procedure for the land plot allocation for purposes other than construction via a tender

Applicant submits a request for holding an auction to the Committee for Property Relations

Committee for Property Relations prepares and submits interagency inquiries and receives replies

Are there grounds for rejection?

YES

Notice of refusal to hold an auction

NO

Committee for Property Relations allows to hold an auction

Auction is held, the winner is determined

Conclusion of a land plot lease agreement
4.6. Procedure for non-residential real estate property allocation under lease terms

In accordance with the provisions put forth in clause 1, article 17 of the Federal law dated July 26, 2006 No.135-FZ “On protection of competition”, according to the general rule, the conclusion of lease agreements for non-residential property in ownership of St. Petersburg may be implemented according to the results of tenders and auctions for the right to conclude such agreements.


Additionally, real estate property may be allocated without a tender if state preferences are granted (article 19 of the Federal Law dated July 26, 2006 No.135-FZ).

State preference is provided exclusively with the objective of:
- Promotion of education and science;
- Undertaking scientific research;
- Promotion of science, culture, art and preservation of cultural heritage;
- Promotion of physical culture and sports;
- Maintaining the defense potential of the country and state security;
- Agricultural production;
- Support of small and medium-sized businesses.

State preferences in St. Petersburg are provided after preliminary approval by the St. Petersburg Office of the Federal Antimonopoly Service.

Procedure for non-residential real estate property allocation without a tender

The allocation procedure is regulated by the resolutions of the Committee for City Property Management of the Government of St. Petersburg dated March 24, 2010 No.31-r and February 1, 2000 No.187-r.

- The applicant submits an application for a state preference in the form of allocating a non-residential real estate facility, along with a package of documents that confirm the right to the preference.
- In the absence of grounds for a denial decision:
  1. If a non-residential real estate property is selected by the applicant independently, the Committee for Property Relations prepares a document package for submitting inquiries.
  2. If the applicant has the right to receive state preferences, but lacks the information regarding a property that is effectively available, the Committee for Property Relations selects a property over the course of three months according to the required characteristics. If during the three months following the request submission a real estate property that complies with the required characteristics is not found, or the selected property (properties) had not been approved by the applicant, the Committee for Property Relations sends the applicant a notice of inability to allocate the state preference in accordance with the request.
- After the approval of the property by the applicant, the Committee for Property Relations prepares and submits interagency requests, and obtains replies.
- In the absence of grounds for a rejection, the Committee for Property Relations submits a document package and a draft of the resolution to the St. Petersburg Office of the Federal Antimonopoly Service for an approval of state preferences.
- If the St. Petersburg Office of the Federal Antimonopoly Service makes a determination to honor the request, or makes a determination to honor the request and impose restrictions in regard to granting state preferences, the Committee for Property Relations issues a resolution;
- The Committee for Property Relations sends a notification with a notice of delivery to the applicant, proposing to sign a lease agreement within a two-week period;
- A lease agreement is concluded between the applicant and the Committee for Property Relations.

12 The full list of state preferences available is provided in article 19 of the Federal law dated July 26, 2006 No. 135-FZ.
Procedure for non-residential real estate property allocation without a tender

The allocation procedure is regulated by the resolutions of the Committee for City Property Management of the Government of St. Petersburg dated March 24, 2010 No.31-r and June 1, 2010 No.76-r.

- The applicant submits a request to allocate a real estate property and a documentation package to the Committee for Property Relations.
- If during the preparation of the evaluation notice there arises a need to confirm the information provided by the applicant, to obtain additional information, or to revise the documents provided by the applicant, the Committee for Property Relations submits an inquiry to the applicant regarding the provision of additional information and/or revision of the documents provided by the applicant. The applicant may supplement the document package over the course of three months.
- The Committee for Property Relations prepares and submits interagency inquiries, and obtains replies.
- In the absence of grounds for rejection, the Committee for Property Relations prepares the document package to be submitted to the City Commission for Asset Management (City Commission).
- The City Commission reviews the submitted document package and passes a judgement either approving or rejecting the holding of a tender (auction).
- If the City Commission judgement is favorable, the Committee for Property Relations issues a resolution on holding an auction and submits the document package to JSC “Property Fund of St. Petersburg” for holding an auction.

Procedure for non-residential real estate property allocation via a tender

The allocation procedure is regulated by the resolutions of the Committee for City Property Management of the Government of St. Petersburg dated March 24, 2010 No.31-r and June 1, 2010 No.76-r.

- The applicant submits a request to the Committee for Property Relations.
- Committee for Property Relations registers the application and reviews the document package.
- Does the applicant have a right to receive state preferences?
- Committee for Property Relations sends a notification of inability to allocate real estate property.
- Has the property already been selected?
- Search for an effectively vacant property.
- Has the property been approved by the applicant?
- Notification of inability to provide state preferences.
- Notification of inability to provide state preferences.
- Conclusion of a lease agreement.
- Issuance of a resolution by the Committee for Property Relations.
4.7. State registration of real estate property

State registration of rights to immovable property is a legal act of recognition and confirmation of establishment, alteration, transfer or termination of rights of a certain person to immovable property, or the restriction of such rights and the encumbrance of the immovable property.

State registration of rights is carried out via recording the rights to immovable property in the Unified state register of immovable property.

On January 1, 2017, the Federal Law “On state registration of immovable property” dated July 13, 2017 No.218-FZ went into effect, providing for the establishment of a Unified register of immovable property, and a unified record system.

The establishment of a Unified register of immovable property allows to ensure the concurrent filing of applications for cadastral registration and registration of rights, which saves time and makes transactions with immovable property more convenient.

As provided by the law, a certificate of the right of ownership will not be issued. Cadastral registration, registration of establishment and transfer of rights are confirmed by an extract from the Unified register of immovable property, while the registration of an agreement or another transaction is confirmed by a distinct registration endorsement on the transaction document.

According to part 1, article 14 of the Law No.218-FZ, state cadastral registration and/or state registration of rights are carried out on the basis of an application and documents received by the agency for registration of rights in compliance with the procedure set forth by the Law No.218-FZ.

Applications regarding state cadastral registration and/or state registration of rights in regard to the enterprise as a property complex are submitted to the central office of the Federal Service for State Registration, Cadastre and Cartography at Moscow, Ul. Voroncovo Pole, 4a, or mailed to: Moscow, Chistoprudny Blvd, 6/19.

The application for state cadastral registration and/or state registration of rights may be submitted by the applicant electronically, at multifunctional centers in any region, at the offices of the Federal Service for State Registration, Cadastre and Cartography and cadaster chamber offices.

One application may be filed with the registration authority, and both cadastral registration and registration of rights will be executed over the course of 10 days. If an applicant would like to receive only one of the two services, registration of rights will take a maximum of 7 days, and cadastral registration — a maximum of 5 days.

An applicant may file documents for registration of rights and cadastral registration in any region regardless of the facility location. The service may also be obtained electronically.
## 5. Appendix

### St. Petersburg’s Industrial Zones

<table>
<thead>
<tr>
<th>Name</th>
<th>Area, ha</th>
<th>Specialization</th>
<th>Residents</th>
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</thead>
<tbody>
<tr>
<td>Vyborgsky district, St. Petersburg</td>
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</table>
| Parnas                                    | 626.8    | Production and warehouse facilities, engineering infrastructure of II and III hazard classes, social and commercial real estate property | • Baltika Breweries, LLC  
• Pepsi Bottling Group, LLC St. Petersburg  
• CJSC Malting plant “Soufflet St. Petersburg”  
• CJSC Building construction plant “Block”  
• OJSC “Lenstroydetal”  
• Branch plant “Petmol” dairy factory  
• JSC “Danon Russia” |
| Kamenka                                   | 760      | Automotive manufacturing, heavy engineering                                     | • Hyundai automobile plant and Hyundai supplier park  
• Nissan automobile plant (Nissan Manufacturing Rus)  
• Magna company |

| Kolpinsky district, St. Petersburg        |          |                                                                                |                                                                                                                                             |
| Izhorskiye zavody                         | 1303.9   | Heavy engineering, construction industry, production and warehouse facilities, engineering infrastructure of IV and V hazard classes, social and commercial real estate property | • OJSC Izhorskiye Zavody  
• Knauf Gips Kolpino, LLC  
• Magnitogorsk iron and steel works  
• PJSC “Severstal”  
• SPA “Chemical agent plant” |
| Metallostroy                              | 789      | Production and warehouse facilities, engineering infrastructure of II and III hazard classes, social and commercial real estate property | • FSUE Efremov Institute of Electrophysical Apparatus  
• NIIEFA-ENERGO, LLC  
• Weener Plastic Packaging Group  
• OJSC “Toshiba power machines. High-voltage transformers” |
| Pontonnaya                                | 83.2     | Heavy engineering, construction industry                                         | JSC “Sredne-Nevsky shipyard” |
| Industrial zone in the vicinity of Sevastjanova street | 187.1   | Production and warehouse facilities, engineering infrastructure of II and III hazard classes, social and commercial real estate property | • Metal furniture and racks plant “Di-kom”  
• Knauf plant  
• Manufacturing enterprise «A-Clima» Auto service center “Pavlov Motors” |
| Sapernaya                                 | 75.2     | Heavy engineering, construction industry                                         | Leningradsky furniture manufacturing kombinat №1 — Furniture factory “Baltika Mebel” |

| Krasnogvardeisky district, St. Petersburg |          |                                                                                |                                                                                                                                             |
| Rzhevka                                   | 507      | Production and warehouse facilities, engineering infrastructure of II, III, IV and V hazard classes, social and commercial real estate property | • JSC Zavod Elektropult  
• LLC Mebelny technopark  
• CJSC St. Petersburg milk plant “Piskarevsky”  
• Logistics complex  
• LLC TRP Trading  
• OJSC “Solopharm” |
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<th>Name</th>
<th>Area, ha</th>
<th>Specialization</th>
<th>Residents</th>
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<tr>
<td><strong>Krasnoselsky district, St. Petersburg</strong></td>
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</tbody>
</table>
| Krasnoselskaya | 320.5 | Food production, clothing and textile manufacturing, pulp and paper industry | • Chipita company  
• OJSC “Amcor Tobacco Packaging St. Petersburg”  
• OJSC “Eleat”  
• JSC “Avtogazstroy” |
| **Yugo-Zapadnaya (South-Western)** | 776.8 | Production and warehouse facilities, engineering infrastructure of II and III hazard classes, social and commercial real estate property | • CJSC OKS № 1  
• CJSC Plastkom  
• St. Petersburg State Unitary Enterprise “Ekostroy” |
| **Kronshtadsky district, St. Petersburg** | | | |
| Industrial zone of the dam construction | 79.84 | Production and warehouse facilities, engineering infrastructure of II and III hazard classes, social and commercial real estate property | SOE “Directorate of the Flood Prevention Facility Complex.” |
| Industrial zone to the North of Kronshtadtskoe shosse | 105.4 | Multi-purpose zone with production and warehouse facilities, engineering infrastructure of II and III hazard classes, social and commercial real estate property | • “Kronshtadskaya fish factory”, LLC  
• “Admiral” logistics company |
| **Kurortny district, St. Petersburg** | | | |
| Beloostrov | 218 | Production and warehouse facilities, engineering infrastructure of II and III hazard classes, social and commercial real estate property | • “RosProdTorg”, LLC  
• PJSC “FIC”  
• OJSC “Vasco”  
• OJSC “Northern gateway” |
| **Moskovsky district, St. Petersburg** | | | |
| Predportovaya-1 | 197.2 | Production and warehouse facilities, engineering infrastructure of II, III, IV and V hazard classes, social and commercial real estate property | • PJSC “Petersburg Mill Kombinat”  
• “Roseks”, LLC  
• International company “Petrolink Projects Ltd”  
• OJSC “Moscow wholesale and retail association” |
| **Nevsky district, St. Petersburg** | | | |
| Rybatskoe | 331.4 | Automotive manufacturing, heavy engineering | • CJSC “Wood-working plant No.5”  
• CJSC “LST-Metal”  
• CJSC “Avtokolonna 1989” |
| Neva | 273.6 | Production and warehouse facilities, engineering infrastructure of IV and V hazard classes, social and commercial real estate property | • OJSC “Asphalt plant No.1”  
• CJSC “Northwestern Eletromechanic Association”  
• JSC “PSB-GEM-HOLTZ” |
| **Petrodvortsovy district, St. Petersburg** | | | |
| Bronka | 243 | Production and warehouse facilities, engineering infrastructure of II and III hazard classes, social and commercial real estate property  
Water transportation facilities, including social and commercial real estate property | Multipurpose port complex “Bronka” |
<table>
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<tr>
<th>Name</th>
<th>Area, ha</th>
<th>Specialization</th>
<th>Residents</th>
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</thead>
<tbody>
<tr>
<td>Kronshtadtskaya koloniya</td>
<td>63.7</td>
<td>Production and warehouse facilities, engineering infrastructure of II and III hazard classes, social and commercial real estate property</td>
<td>Federal pipe company “Rostr”</td>
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<tr>
<td>Lomonosovskaya</td>
<td>199</td>
<td>Production and warehouse facilities, engineering infrastructure of II and III hazard classes, social and commercial real estate property</td>
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<td><strong>Primorsky district, St. Petersburg</strong></td>
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<td>Konnaya Lakhta</td>
<td>835</td>
<td>Production and warehouse facilities, engineering infrastructure of II and III hazard classes, social and commercial real estate property</td>
<td>• CJSC “British American Tobacco — SPb”</td>
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<td></td>
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<td>• Warehouse complex “Apteka Raduga”</td>
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<td>• CJSC “Lakhta terminal”</td>
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<td>• CJSC “Sautek”</td>
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<td>Kolomyagi</td>
<td>231.2</td>
<td>Production and warehouse facilities, engineering infrastructure of IV and V hazard classes, social and commercial real estate property</td>
<td>• OJSC “Asphalt plant No.1”</td>
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<tr>
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<td>• Chupa-Chups plant</td>
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<td>• CJSC “Metrobeton”</td>
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<td>• JSC “Nordpipe”</td>
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<td></td>
<td>• Production and logistics center “Shuvalovskiy” (Agro-Alliance)</td>
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<tr>
<td>Severo-Zapadnaya (North-Western)</td>
<td>261</td>
<td>Production and warehouse facilities, engineering infrastructure of II, III, IV and V hazard classes, social and commercial real estate property</td>
<td>• CJSC “First Furniture Factory”</td>
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<td></td>
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<td></td>
<td>• “LenPolygraphMash” holding</td>
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<td>• “Evropa” technopark</td>
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<td>• OJSC “LOMO”</td>
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<td>• CJSC “ARMATEK”</td>
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<td><strong>Pushkinsky district, St. Petersburg</strong></td>
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<td>Shushary</td>
<td>1859.8</td>
<td>Production and warehouse facilities, engineering infrastructure of IV and V hazard classes, social and commercial real estate property</td>
<td>• CJSC “Magna Cosma Shushary”</td>
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<tr>
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<td>• Toyota Motor, LLC St. Petersburg branch</td>
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<td>• Logopark “PNK-2”</td>
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<td></td>
<td>• CJSC “Logistica — Terminal”</td>
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<td>• Scania plant</td>
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<td>• Mann plant</td>
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<td></td>
<td></td>
<td></td>
<td>• Logopark “Shushary”</td>
</tr>
<tr>
<td>Pushkinskaya</td>
<td>145</td>
<td>Production and warehouse facilities, engineering infrastructure of IV and V hazard classes, social and commercial real estate property</td>
<td>• OJSC “Biocad”</td>
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<td>• OJSC “Geropharm”</td>
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<td>• OJSC “Samsonmed”</td>
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<tr>
<td><strong>Frunzensky district, St. Petersburg</strong></td>
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<tr>
<td>Obukhovo</td>
<td>330</td>
<td>Production and warehouse facilities, engineering infrastructure of II and III hazard classes, social and commercial real estate property</td>
<td>• OJSC St. Petersburg plant “Elevormelmash”</td>
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<td>• OJSC “LTS — Experimental plant”</td>
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<td>• OJSC Obukhovsky construction materials and structures plant</td>
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<td>• CJSC “Horticultural plant ‘Kupchino’”</td>
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<td></td>
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<td>• OJSC “Buer”</td>
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</tbody>
</table>
### St. Petersburg’s Special Economic Zone

<table>
<thead>
<tr>
<th>Name</th>
<th>Area, ha</th>
<th>Specialization</th>
<th>Residents</th>
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</thead>
</table>
| Novo-Orlovskaya, St. Petersburg | 110.41  | Information technology and telecommunications, Pharmaceuticals and medical technology, Energy efficiency, Precision instrument manufacturing | • CJSC “ORION MEDIC”  
• CJSC “Vertex”  
• “Novartis Neva” LLC  
• CJSC “RCI Syntez”  
• “Crystal SET” LLC  
• “Quadro Electric Technology” LLC |

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<tr>
<th>Name</th>
<th>Area, ha</th>
<th>Specialization</th>
<th>Residents</th>
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</thead>
</table>
| Neudorf, Petrodvortsovsky, St. Petersburg | 18.99   | Information technology and telecommunications, Pharmaceuticals and medical technology, Energy efficiency, Precision instrument manufacturing | • CJSC “BIOCAD”  
• “Inmed” LLC  
• “Ring” LLC  
• “Rakurs Engineering” LLC  
• SPE “Lazernye Systemy” LLC  
• “MedProfit” LLC |

### St. Petersburg’s Industrial Parks

<table>
<thead>
<tr>
<th>Name</th>
<th>Area, ha</th>
<th>Specialization</th>
<th>Residents</th>
</tr>
</thead>
</table>
| Maryino, Petrodvortsovsky, St. Petersburg | 130     | Production and warehouse facilities of II and III hazard classes | • CJSC “Teknos”  
• “Admiral Terminal SV” logistics group  
• CJSC “Production Association ‘Diesel-Energo’”  
• “DSK ‘Plastic Omnium Energy’” |

<table>
<thead>
<tr>
<th>Name</th>
<th>Area, ha</th>
<th>Specialization</th>
<th>Residents</th>
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</thead>
<tbody>
<tr>
<td>A Plus Park Pushkin, Pushkinsky, St. Petersburg</td>
<td>8.3</td>
<td>Production facilities</td>
<td>“Darnitsa” holding</td>
</tr>
</tbody>
</table>

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<tr>
<th>Name</th>
<th>Area, ha</th>
<th>Specialization</th>
<th>Residents</th>
</tr>
</thead>
</table>
| A Plus Park St. Petersburg — 1 | 72       | Production and warehouse facilities                      | “Auchan” distribution center  
“Decathlon” distribution center  
Scania production and warehouse center  
ETM production and warehouse center  
“Perekrestok” distribution center |

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<tr>
<th>Name</th>
<th>Area, ha</th>
<th>Specialization</th>
<th>Residents</th>
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<tbody>
<tr>
<td>A Plus Park Kolpino, Kolpinsky, St. Petersburg</td>
<td>13</td>
<td>Production and warehouse facilities</td>
<td>AGC Production Complex</td>
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</table>

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<th>Name</th>
<th>Area, ha</th>
<th>Specialization</th>
<th>Residents</th>
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</thead>
</table>
| Zvezda, Nevsky, St. Petersburg | 22       | Production and warehouse facilities                      | • FORMAN Products  
• Pro-bite (professional chemicals)  
• Treves—“Ergon”  
• Severny — Technopark  
• Skaala |
<table>
<thead>
<tr>
<th>Name</th>
<th>Area, ha</th>
<th>Specialization</th>
<th>Residents</th>
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<tbody>
<tr>
<td><strong>Kurortny district, St. Petersburg</strong></td>
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<tr>
<td>Voskov Technopark</td>
<td>4</td>
<td>Production and warehouse facilities</td>
<td>Over 50 residents</td>
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<tr>
<td><strong>Kirovsky district, St. Petersburg</strong></td>
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<tr>
<td>Narvsky</td>
<td>2.4</td>
<td>Production and warehouse facilities</td>
<td>10 residents</td>
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<tr>
<td><strong>St. Petersburg’s Technoparks</strong></td>
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<tr>
<td><strong>Vasileostrovsky district, St. Petersburg</strong></td>
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<tr>
<td>Smolenka Technopark</td>
<td>2</td>
<td>Machine-building industry</td>
<td>• Russkaya Trapeza</td>
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<td>• Artflex</td>
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<td>• RT- Conveyor</td>
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<td>• Silnye Mashiny</td>
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<td>ITMO University Technopark</td>
<td>1.7</td>
<td>Medicine and pharmaceutics; biotechnology; energy production; micro- and nanotechnology; optics and electronics; IT-technology; new materials and technologies; transportation; agriculture</td>
<td>• Optimalnoe Dvizhenie</td>
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<td>• Oriense</td>
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<td>• Priel</td>
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<td><strong>Kalininsky district, St. Petersburg</strong></td>
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<tr>
<td>Technopark Polytechnichesky</td>
<td>0.5</td>
<td>Biotechnology; energy production; micro- and nanotechnology; optics and electronics; IT-technology; new materials and technologies; nuclear technology</td>
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<td><strong>Petrogradsky district, St. Petersburg</strong></td>
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<tr>
<td>Technopark of the St. Petersburg State Electrotechnical University “LETI”</td>
<td>0.3</td>
<td>Electronics, IT-technology, telecommunication systems, medical instruments, software and hardware complex</td>
<td>• CJSC Desmo</td>
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<td>• OJSC “Dipolnye Struktury”</td>
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<td>• OJSC “NIC ETU”</td>
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<td>• CJSC “ELTECH-Med”</td>
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<tr>
<td>JSC Technopark “St. Petersburg”</td>
<td>0.2</td>
<td>Innovative enterprises, IT-technology, biotechnology</td>
<td>• MEDEL</td>
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<td>• Piligrim XXI</td>
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<td>• LastBackend</td>
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<td>• “Quantum communications”</td>
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<td><strong>Nevsky district, St. Petersburg</strong></td>
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<tr>
<td>First city business incubator</td>
<td>0.3</td>
<td>IT-technology, advertising, consulting, tool engineering, design, biomedicine, engineering</td>
<td>• OJSC “Inogen”</td>
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<td>• OJSC “OPPI-ONLINE”</td>
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<td></td>
<td>• OJSC “Expert-Garant”</td>
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<td>• JSC “VirtualPos”</td>
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<td>Function</td>
<td>Contact information</td>
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</tbody>
</table>
| Committee for Industrial Policy and Innovation of St. Petersburg      | Develops and implements the policy of St. Petersburg, coordinates activities of executive authorities in investment and integrated innovation policy, industry and agricultural sector | 190000 St. Petersburg  
16 Voznesensky prospect  
Tel.: +7 (812) 576 00 19  
Fax: +7 (812) 576 00 12  
E-mail: info@cppi.gov.spb.ru  
Website: www.cppi.gov.spb.ru |
| Committee for Investment of St. Petersburg                           | Implements St. Petersburg’s investment policy, supports investment projects, develops and promotes the city’s investment appeal                                                                         | 191060 St. Petersburg  
Smolny  
Tel.: +7 (812) 576 69 88  
Fax: +7 (812) 576 60 81  
E-mail: info@cisp.gov.spb.ru  
Website: www.spbinvestment.ru |
| Committee for External Relations of St. Petersburg                   | Implements St. Petersburg’s policy in the sector of external relations, interregional cooperation, coordinated development and realization of international technical assistance programs and business cooperation | 191060 St. Petersburg  
Smolny  
Tel.: +7 (812) 576 71 13, 576 72 04  
Fax: +7 (812) 576 76 33  
E-mail: kvs@gov.spb.ru  
Website: www.kvs.spb.ru |
| Committee for Entrepreneurship and Consumer Market Development of St. Petersburg | Develops and implements St. Petersburg’s policy, coordinates activities in the entrepreneurial sector, consumer market, licenses certain type of activities                                                      | 1190000 St. Petersburg  
16 Voznesensky prospect  
Tel.: +7 (812) 576 00 70  
Fax: +7 (812) 576 00 71  
E-mail: info@crppr.gov.spb.ru  
Website: www.crppr.gov.spb.ru |
| Committee for property relations of St. Petersburg                   | Controls and manages the state property owned by the City of St. Petersburg                                                                                                                               | 191060 St. Petersburg  
Smolny  
Tel.: +7 (812) 576 75 57  
Fax: +7 (812) 576 49 10  
E-mail: in@commim.spb.ru  
Website: www.commim.spb.ru |
| St. Petersburg State Institution "Investment management“             | Authorized organization that provides investment project support with a “one window” approach                                                                                                             | St. Petersburg  
60/129 A Moskovsky prospect  
Tel.: +7 (812) 332 22 32  
Fax: +7 (812) 332 22 32  
E-mail: info@stateinvest.spb.ru  
Website: www.spbinvestment.ru |
| St. Petersburg State Institution "City Agency for Industrial Investments“ | Implements industrial development programs in St. Petersburg, innovative development, investment development of territories intended for production, transportation, logistical, social, business and warehouse purposes | 190068 St. Petersburg  
88–90A Naberezhnaya Kanala Gribedova  
Tel.: + 7 (812) 320 50 16  
E-mail: dspp@dspp.cppi.gov.spb.ru  
Website: www.dssp.cppi.gov.spb.ru |
| Union of Industrialists and Entrepreneurs of St. Petersburg          | Comprehensive support of regional industry; support of business activities, high social and legal status, implementation of principles of fair competition, social responsibilities, entrepreneurial freedom, business ethics in the business community; the rise of the influence of industrialists and entrepreneurs on creation of favorable labor conditions and maintenance of dignified living standards for the population | 191060 St. Petersburg  
1 Smolny proezd, building B  
Tel.: + 7 (812) 576 76 81  
E-mail: spp@spp.spb.ru  
Website: www.spp.spb.ru |
<table>
<thead>
<tr>
<th>Name</th>
<th>Function</th>
<th>Contact information</th>
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<tbody>
<tr>
<td>St. Petersburg’s fund for industrial development</td>
<td>Provision of targeted loans at 5% annual interest rate for up to 5 years in the amount of up to 100 million rubles.</td>
<td>191119, St. Petersburg 26–28 A Borovaya ulica off. 3H Tel.: +7 (812) 576 31 33 E-mail: <a href="mailto:info@frp.spb.ru">info@frp.spb.ru</a> Website: <a href="http://www.frp.spb.ru">www.frp.spb.ru</a></td>
</tr>
<tr>
<td>St. Petersburg import substitution and localization center</td>
<td>Support of industrial enterprises of St. Petersburg and Northwestern Federal District; Development of interregional interactions between Russian manufacturers; Increasing the share of domestic production in the civil sector with utilization of innovative military technologies.</td>
<td>St. Petersburg 103 Bolshoi prospekt V.O. Lenexpo exhibition complex, Pavilion 4 Tel.: +7 (812) 321 28 81 E-mail: <a href="mailto:mediacentr@expoforum.ru">mediacentr@expoforum.ru</a> Website: <a href="http://www.importnet.ru/main">www.importnet.ru/main</a></td>
</tr>
<tr>
<td>JSC “St. Petersburg Technopark”</td>
<td>Contributes to the city economy by ensuring quality of production, goal adjustment and provision of services, thus promoting the rise in the value of high-tech sector companies.</td>
<td>197022 St. Petersburg 3A Prospect Medikov Tel.: +7 (812) 670 10 85 E-mail: <a href="mailto:referent@ingria-park.ru">referent@ingria-park.ru</a> Website: <a href="http://www.ingria-park.ru">www.ingria-park.ru</a></td>
</tr>
<tr>
<td>Association of Industrial Enterprises of St. Petersburg</td>
<td>Protects the rights of the Association members, represents their common interest, coordinates entrepreneurship activities of the Association members</td>
<td>195009 St. Petersburg 41 Ul. Komsomola off. 210 Tel.: +7 (812) 740 20 61 Fax: +7 (812) 740 20 61 E-mail: <a href="mailto:appspb@appspb.ru">appspb@appspb.ru</a> Website: <a href="http://www.appspb.ru">www.appspb.ru</a></td>
</tr>
<tr>
<td>St. Petersburg Chamber of Commerce and Industry</td>
<td>Contributes to regional economy of the region, creates favorable conditions for Russian entrepreneurs, protects their interests, provides a wide range of business-related services</td>
<td>191123 St. Petersburg 46–48 Chaykovskogo Street Tel.: +7 (812) 719 66 44 Fax: +7 (812) 272 86 12 E-mail: <a href="mailto:spbcci@spbcci.ru">spbcci@spbcci.ru</a> Website: <a href="http://www.spbcci.ru">www.spbcci.ru</a></td>
</tr>
<tr>
<td>Fund for Small and Medium Business Credit Assistance, micro-financial organization</td>
<td>Implements microfinancing programs, where small and medium-sized businesses receive micro-loans up to 3 million rubles for a period up to 2 years, at a 10% annual rate (5% for enterprises involved in manufacturing) with no additional commissions. The fund provides small and medium businesses with collateral guarantees for loan agreements.</td>
<td>190000 St. Petersburg 2 Rimskogo-Korsakova prospect Tel.: +7 (812) 640 46 14 Fax: +7 (812) 640 46 14 E-mail: <a href="mailto:credit-fond@bk.ru">credit-fond@bk.ru</a> Website: <a href="http://www.credit-fond.ru">www.credit-fond.ru</a></td>
</tr>
<tr>
<td>First city business-incubator</td>
<td>Universal starting platform for launching and developing your own business. Provides comprehensive support for small St. Petersburg business startups</td>
<td>St. Petersburg 37A Ul. Sedova Tel.: +7 (812) 448 56 65 E-mail: <a href="mailto:info@start-business.ru">info@start-business.ru</a> Website: <a href="http://www.start-business.ru">www.start-business.ru</a></td>
</tr>
<tr>
<td>Center for development and support of entrepreneurship Integrated entrepreneurship center</td>
<td>Centralized service provision for organizations and individual entrepreneurs in different aspects of regulation of entrepreneurial activities.</td>
<td>St. Petersburg 61 Polustrovsky prospect +7 (812) 372 52 90 E-mail: <a href="mailto:info@crpp.ru">info@crpp.ru</a> Website: <a href="http://www.crpp.ru">www.crpp.ru</a></td>
</tr>
</tbody>
</table>
Contacts

190000, Russia, St. Petersburg, 16 Voznesenskiy Prospekt

Tel.: +7 (812) 315 51 52

www.cppi.gov.spb.ru