Time to Invest in Moscow

investmoscow.info

MOSCOW INVESTMENT PORTAL

Moscow Government

2018
Moscow is one of the world’s largest agglomerations

**Population** of Moscow agglomeration

- **20 million**
  - including Moscow – **12.4 m people**
  - 14% of Russia’s total population

**Capital investments** in Moscow in 2017

- ~**$34 bn**
  - ($1.97 tn)
  - +77% Against 2010
  - >12% Moscow share in total investments in Russia

**Consumption** in Moscow agglomeration

- **$177 bn**
  - (₽ 10.3 tn)
  - in 2017

**Accumulated** Foreign Direct Investments

- **$260 bn**
  - >50% The share of Moscow in accumulated FDI of the Russian Federation
Improving Business and Investment Climate

**Doing Business Ranking**
(when calculating the RF ranking the share of Moscow values is 70%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total countries</td>
<td>183</td>
<td>189</td>
<td>189</td>
<td>190</td>
<td>190</td>
</tr>
<tr>
<td>Doing Business Ranking</td>
<td>123</td>
<td>62</td>
<td>51</td>
<td>40</td>
<td>35</td>
</tr>
</tbody>
</table>

**National investment climate ranking (ASI)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total regions</td>
<td>76</td>
<td>85</td>
<td>85</td>
<td>85</td>
</tr>
<tr>
<td>National investment climate ranking (ASI)</td>
<td>13</td>
<td>10</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>
Positioning in the international rankings

**Global Cities Outlook ranking** (AT Kearney)

<table>
<thead>
<tr>
<th>Year</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>49</td>
</tr>
<tr>
<td>2016</td>
<td>35</td>
</tr>
<tr>
<td>2017</td>
<td>10</td>
</tr>
</tbody>
</table>

**European Cities and Regions of the Future ranking** (FT - fDi Intelligence)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cities/Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/2015</td>
<td>&gt;25</td>
</tr>
<tr>
<td>2016/2017</td>
<td>12</td>
</tr>
<tr>
<td>2018/2019</td>
<td>6</td>
</tr>
</tbody>
</table>

468 cities and regions
294 cities
301 cities
Sufficient reserves created for new investments

Heat supply system reserve capacity
~50%

Water supply system reserve capacity
>50%

Electric power supply system reserve capacity
>50% or 4,3 thousand MWA

Share of vacant office space
(2 q. 2018)
13,6% Class A
10,3% Class B

Share of vacant shopping capacity
(2 q 2018)
7,7%

Share of vacant warehouse space
(1 q 2018)
6,1%
Moscow Implements Large-Scale Development Program

Targeted investment program (TIP) in 2013-2020, $ bn

- 2013-2016: 26.7
- 2017-2020: 35

Development of transport infrastructure

- >70% TIP expenses

Plans for 2017-2020

- 54 Metro stations
- >300 km of roads
- >300 Social objects
- +54 km of light rail

Targeted investment program (TIP) in 2013-2020, $ bn

- 2013-2016: 26.7
- 2017-2020: 35

Development of transport infrastructure

- >70% TIP expenses
Moscow is the PPP development leader of Russia

~$14 billion
Volume of PPP project contracts in 2013 – July 2018

1st place in the PPP development ranking of Russian regions

13th place 2013
3d place 2015
1st place 2016/2017/2018

INCLUDING:

$1.1 billion
Concession projects

$7 billion
Life Cycle Contracts (LCCs)

$3.7 billion
Long-term contracts with an investment component

$2 billion
Corporate PPPs

$269 million
Property lease with investment commitments
Industrial Investment Support Opportunities

1. Support measures for existing companies and new investment projects in Industry&Hi-Tech. (Moscow Government resolution №38-PP)

2. Special sites with preferential terms for localization (Technoparks, Moscow SEZ, International Medical Cluster)

3. Conclusion of long-term contracts with counter investment commitments (Offset Contracts)

4. Measures of financial support (targeted subsidies, preferential loans, etc.)
Support for Industry and High-Tech

Special status for operating enterprises

Industrial Complex | Technopark | Industrial Park

Reduction of regional tax burden *

17-25%

Investment priority project for the creation of

Industrial Complex | Technopark | Industrial Park

25%

*- benefits for income tax, land tax and land rent fee
Requirements for Support

Property and economic criteria:

- Actively investing companies
- High-density production
- Works with high-paying jobs
- Production with high added value per floor area

Reduced economic requirements

for socially significant branches of industry (food industry, pharmaceuticals, etc.)
Support Already Granted

Companies supported: **78** companies

- **40** industrial complexes
- **33** Technoparks
- **5** anchor residents of Technopark

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment, USD</strong></td>
<td><strong>1.4 bn</strong></td>
<td>(₽ 83.8 bn)</td>
</tr>
<tr>
<td><em><em>Sales revenue,</em> USD</em>*</td>
<td><strong>5.5 bn</strong></td>
<td>(₽ 318.4 bn)</td>
</tr>
<tr>
<td><em><em>Number of jobs,</em> ′000 people</em>*</td>
<td><strong>97.5</strong></td>
<td></td>
</tr>
</tbody>
</table>

* for the last 5 years
Offset Contracts

New localization support tool

The possibility of concluding long-term government contracts with the supplier's counter obligations on investments (offset) is stipulated in 44-FZ.

Key conditions of Contracts

- **Up to 10 years**
  - Contract term

- **$17.1 m**
  - Volume of investment in construction, upgrading and/or production engineering

- Price indexation is allowed based on the **price formula**
First Offset Contract of Moscow - Concluded

Subject of the contract: Medicinal products (oncology/ immunomodulators)

22 INN
quantity of drugs purchased (international non-proprietary names, generic)

$240 m
initial maximum contract price (IMCP)

10 years
Contract term

~50%
decrease in IMCP by the results of auction
First Offset Contract of Moscow - Concluded

> $51.4 m of investments

SEZ Technopoliis Moscow (Alabushevo)
Production facilities location

Current Status:
- SEZ Resident status received
- Land lease agreement concluded
- The design is being completed
- Construction will begin in 2018
Second Offset Contract of Moscow – Tendering Procedure

Contrast subject: drugs (wide range of diseases)

31 INN
Drugs to be procured

$377 m
Initial max. contract price

10 years
contract term

NEW PRODUCTION SET-UP
4 YEARS
PRODUCT SUPPLY
7 YEARS

$51.4 m
Investments in new production
Special sites for localization: SEZ Technopolis Moscow

<table>
<thead>
<tr>
<th><strong>207,5 ha</strong></th>
<th><strong>46 Residents</strong></th>
<th><strong>~5300 Work places</strong></th>
<th><strong>$274 m Investments</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Space of SEZ</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work places</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Possibility to conduct both technical/innovative, and production activities
2. Special tax and customs conditions

<table>
<thead>
<tr>
<th><strong>47%</strong> Reduction of regional tax burden</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Profit Tax *</td>
</tr>
<tr>
<td>- Property tax*</td>
</tr>
<tr>
<td>- Land tax*</td>
</tr>
<tr>
<td>- Transport tax *</td>
</tr>
</tbody>
</table>

**Free customs zone:**

- VAT and duties on imported foreign goods and equipment – **0%**

* - validity of benefits is **10 years**
Special sites for localization: SEZ Technopolis Moscow

3. Privileged conditions for renting and redemption of land plots connected to engineering networks

- Free connection to engineering networks
- Privileged purchase of land plots (1%)

4. Potential to locate new SEZ residents’ projects

<table>
<thead>
<tr>
<th>Green-field Projects</th>
<th>Brown-field Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Free land plots from 4.2 ha - total space</td>
<td>Technopolis Moscow</td>
</tr>
<tr>
<td></td>
<td>Alabushevo (Zelenograd)</td>
</tr>
<tr>
<td></td>
<td>106.300 m²</td>
</tr>
<tr>
<td></td>
<td>28.500 m²</td>
</tr>
</tbody>
</table>
Special sites for localization: Technoparks

33 technoparks (incl. 5 state-run)

31 technoparks + 2 technopolises

> 1,750 residents  > 47,000 jobs

>$840m of investments

Located in different city zones:

Wide range specialization:
- Preferential rental conditions
- Tax benefits for anchor residents
Special sites for localization: International Medical Cluster

Application of OECD international standards and rules:

- Medical activities
- Medicines, medical technologies and products development
- Education and research activities
- Construction of facilities of the International Medical Cluster

<table>
<thead>
<tr>
<th>Project participants:</th>
<th>Hadassa Medical Center, Israel (September 2017)</th>
<th>Bundang Hospital, Seoul National University (South Korea)*</th>
<th>Roman Fernandez Clinic (Spain)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects:</td>
<td>Diagnostic building (~12 thousand sq.m.)/ therapeutic building (~20 thousand sq.m.)</td>
<td>Smart hospital of the future (~47,5 thousand sq.m.)</td>
<td>Cancer treatment center (~3 thousand sq.m.)</td>
</tr>
<tr>
<td>Start-up:</td>
<td>September 2018 / 2021</td>
<td>2022</td>
<td>2022</td>
</tr>
</tbody>
</table>

*A system of tax and customs privileges is introduced for cluster members

* The medical organization passed the Expert and Supervisory Council

≈60 ha Plots space
≈420 thousand sq.m built-up area

Projects:
- Diagnostic building (~12 thousand sq.m.)/ therapeutic building (~20 thousand sq.m.)
- Smart hospital of the future (~47,5 thousand sq.m.)
- Cancer treatment center (~3 thousand sq.m.)
## Financial Support of Investors

### 1. Targeted subsidies

<table>
<thead>
<tr>
<th>B&amp;I</th>
<th>To pay interest on loans for building and installation works (B&amp;I)</th>
<th>Up to <strong>$5.1 m PA</strong> (₽ 300 m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>To pay interest on loans for purchase of certain types of equipment</td>
<td>Up to <strong>$3.4 m PA</strong> (₽ 200 m)</td>
</tr>
<tr>
<td>Utilities</td>
<td>To pay interest on finance rent (leasing)</td>
<td>Up to <strong>$1.7 m PA</strong> (₽ 100 m)</td>
</tr>
<tr>
<td>Utilities</td>
<td>To connect to utilities</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No more than $1.7 m (₽ 100 m)</td>
</tr>
</tbody>
</table>

**Focus of support:** residents of Technoparks, SEZs, investment priority project status holders (IPP), export-oriented companies, etc.
### Financial Support of Investors

2. Preferential loans (Moscow Fund for Support of Industry and Entrepreneurship)

| Provision of loans for **up to 5 years** | **from $0.2 m to $1.7 m**  
(no more than 70% of project financing volume) |
|-----------------------------------------|-----------------------------------------------|
| **2% per annum**  
For technoparks or SEZ residents; holders of special statuses | **5% per annum**  
For industrial and scientific enterprises of Moscow |

**Loan purpose:** equipment purchase, working capital financing, R&D expenditures, etc.  
**Additionally for exporters:** foreign exhibitions/conferences expenditures; expenditures for certification, acquisition of patents and certificates abroad
Financial Support of Investors

3. Guarantees (Moscow Small Business Lending Assistance Fund)

$168 m
Fund capitalization

Providing a guarantee (additional collateral) for loans, bank guarantees, leasing agreements, 0.5-1% per annum

78 Partner banks

Up to $1.7 m (₽ 100 m)
(no more than 70% of the total need for collateral)

$1.1 bn
Guarantees provided

$2.2 bn
Loans for SME's provided with funds guarantees
Moscow City Investment Agency

- **Support** for investment projects
- **Advisory and information support**
- **Raising investments**
- **Promotion** of investment opportunities

Information resources:

[investmoscow.info](http://investmoscow.info)
### Moscow Investment Portal

#### Indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Jan-Jun 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique visitors per day</td>
<td>2554</td>
<td>4400</td>
<td>5100</td>
<td>&gt; 6100</td>
</tr>
<tr>
<td>Foreign visitor’s share</td>
<td>5%</td>
<td>10%</td>
<td>~20%</td>
<td>~20%</td>
</tr>
<tr>
<td>Investor’s accounts created (cumulative)</td>
<td>2 400</td>
<td>6 050</td>
<td>14 020</td>
<td>&gt;17 000</td>
</tr>
</tbody>
</table>

>1.7 m visits in 2017

> 1.1 m visits for the 1st half of 2018

17 online services (3 introduced in 2018):

- Hot line for Investors:
  - 1.285 appeals in 2017
  - 673 appeals in the 1st half of 2018

- Moscow Investment Digest:
  - >110.000 (monthly)
    Mailing list (investors, business-media, etc.)
Thank you for attention

MOSCOW CITY INVESTMENT AGENCY

Moscow Government

www.investmoscow.ru

investmoscow@mos.ru