GENERAL INFORMATION ABOUT LENINGRAD REGION
Population – 1.8 million people

Area of the region – 83.9 thousand km²

In close proximity to Saint Petersburg

Border with the European Union (Finland and Estonia)

Access to the Baltic Sea (through the Gulf of Finland)

4 seaports

Pulkovo International Airport (located in Saint Petersburg)

Access to the Baltic Sea

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4 seaports

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Access to the Baltic Sea
ECONOMY

STRUCTURE OF GROSS REGIONAL PRODUCT (GRP)

- Industry: 37.2%
- Transport and communications: 14.3%
- Trade: 11.7%
- Construction: 10.3%
- Real estate transactions: 9.7%
- Agriculture: 6.1%
- Other: 10.7%

GRP DYNAMICS, RUB billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>678.7</td>
</tr>
<tr>
<td>2014</td>
<td>703.3</td>
</tr>
<tr>
<td>2015</td>
<td>849.6</td>
</tr>
<tr>
<td>2016</td>
<td>913.8</td>
</tr>
<tr>
<td>2017</td>
<td>1,000*</td>
</tr>
</tbody>
</table>

Over 5 years GRP will increase by 47%

RATINGS

- National Regional Investment Climate Ranking (↑8): 12 place out of 85
- Long-term credit rating: BB+, stable forecast

In terms of the volume of industrial production among the subjects of the Russian Federation: 16 place out of 85

*according to estimates
INVESTMENT CLIMATE

INVESTMENTS STRUCTURE

- **Industry**: 40.4%
- **Construction**: 24.5%
- **Professional, scientific and technical activities**: 13.4%
- **Transportation and storage**: 5.4%
- **Financial and insurance activities**: 4.7%
- **Other**: 11.6%

INVESTMENTS, RUB BILLION

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>253.6</td>
<td>178.8</td>
<td>225.9</td>
<td>264.2</td>
<td>338.6</td>
</tr>
</tbody>
</table>

FOREIGN DIRECT INVESTMENT, USD BILLION

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3.8</td>
<td>4.7</td>
<td>3.4</td>
<td>5.8</td>
<td>5.3</td>
</tr>
</tbody>
</table>

338.6 billion RUB

Volume of investments in the economy of the region in 2017

+26%

Growth in comparison with 2016

5.3 billion USD

Volume of foreign investment in 2017

5 place among all Russian regions

In terms of the attracted foreign direct investment
PRIORITY DEVELOPMENT AREAS OF LENINGRAD REGION

- Automotive industry
- Shipbuilding
- Mechanical engineering
- Metallurgical industry
- Construction materials
- Oil, gas and chemical industry
- Tourism
HOW WE WORK
WITH INVESTORS
REGIONAL MODEL OF WORK WITH INVESTORS

- Front Office for Investor Relations of the Administration of Leningrad Region
- Center for Industrial Development of Leningrad Region
- Integrated regional information system Investment Development of Leningrad Region
- Investment portal of Leningrad region
- Tax benefits
- Industrial parks
INVESTORS SUPPORT ON “ONE-STOP-SHOP” PRINCIPLE WHICH IS PROVIDED FREE OF CHARGE

Informational and consulting support
- Information about investment advantages of the region
- Information about measures of government support
- Other information required for implementation of investment projects

Selection of investment sites according to the requirements of projects
- Selection of an investment site
  - Organization of visits to investment sites
  - Analysis of compliance of territorial planning documents to a project

Provision of engineering and transport support
- Analysis of the possibility to provide a land plot with engineering and transport infrastructure
- Assistance in interaction with resource supplying organizations
- Information about strategies and development plans, tariffs and other information
Investors

Associations, chambers of commerce and industry, trade representative offices and other organizations for work with business

Federal executive authorities

Regional executive authorities

Local authorities

238 investment projects receive support, including

36 projects with foreign investments
Investment portal provides access to the integrated regional information system
INVESTMENT DEVELOPMENT OF LENINGRAD REGION (MAP.LENOBLINVEST.RU)

The system includes information about:
- available industrial sites
- engineering and transport infrastructure facilities
CENTER FOR INDUSTRIAL DEVELOPMENT

CREATION OF FAVOURABLE CONDITIONS FOR BUSINESS DEVELOPMENT

- Development of industrial cooperation
  - Creation of new production plants
  - Release of new products
  - Creation of new jobs

- Creation and development of clusters
  - Implementation of joint projects
  - Reduction of production costs
  - Improvement of competitiveness of manufactured products

- Export support
  - Increase in the number of exporters
  - Increase in export volume
  - Expansion of export nomenclature

- Provision of personnel
  - Provision of qualified personnel for industry
TAX BENEFITS

Reduction of tax

**Up to 13.5%** (regional part)
corporate income tax

**Up to 0%**
corporate property tax

**Minimum volume of investments**

300 million RUB for several districts – from 50 million RUB

SPECIAL INVESTMENT CONTRACT

Reduction of tax

**Up to 5%** (regional part)
corporate income tax

**Up to 0%**
corporate property tax

Volume of investments

**50 billion RUB**

BENEFITS ARE GRANTED:

- FROM 3 TO 6 YEARS (up to 8 years for automotive manufacturers)
- UP TO 10 YEARS (for corporate income tax up to 2025)
INDUSTRIAL PARKS

LENINGRAD REGION HAS:

- 28 industrial parks, including:
  - 10 operating
  - 14 under construction
  - 4 planned

- Over 300 investment sites which differ in terms of available engineering infrastructure
- 3 state-owned industrial parks (Pikalevo, Tosno, Nanopark Gatchina)
- 25 private industrial parks in different districts of Leningrad region

Greenfield sites: without buildings and facilities
Brownfield sites: with buildings and facilities

Information about industrial parks is included in the integrated regional information system Investment Development of Leningrad Region (map.lenoblinvest.ru)
TERRITORY OF ADVANCED SOCIAL AND ECONOMIC DEVELOPMENT PIKALEVO

Territory of advanced development Pikalevo was established on **16 March 2018** for 10 years

- **20.2 thousand people*** population
- **282 km** distance to Saint Petersburg
- **38.9 thousand rubles*** average salary
- **27 km** distance to the regional center

**INDUSTRY SPECIALIZATION**

- aluminum industry
- chemical industry
- cement industry
- agricultural industry
- and other

**BENEFITS FOR THE RESIDENTS**

- **Corporate property tax**
  - 0% first five years
  - 1.1% next five years

- **Payments to extrabudgetary funds**
  - Reduction from 30.2% to 7.6%

- **Corporate income tax**
  - Regional part
    - 5% first five years
    - 10% next five years
  - Federal part
    - 0% first five years

- **Land value tax**
  - 0% ten years
COMMERCIAL SEAPORT OF UST-LUGA

DYNAMICS OF CARGO TURNOVER OF THE SEAPORT OF UST-LUGA, MILLION TONNES

<table>
<thead>
<tr>
<th>Year</th>
<th>Cargo Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>87.9</td>
</tr>
<tr>
<td>2016</td>
<td>93.4</td>
</tr>
<tr>
<td>2017</td>
<td>103.3</td>
</tr>
<tr>
<td>6 months of 2018</td>
<td>49.1</td>
</tr>
</tbody>
</table>

TERRITORY OF PROSPECTIVE DEVELOPMENT NEAR THE SEAPORT OF UST-LUGA

- Total area: 4,927 ha
- Available area: 4,843 ha

Specialization: chemical industry, oil and gas processing

- 61 km to the regional center (town of Kingisepp)
- 131 km to Saint Petersburg
- 151 km to Pulkovo Airport
FACTORS OF SUCCESSFUL INVESTMENTS IN LENINGRAD REGION

Favourable geographical location
Borders with Saint Petersburg – the second largest city in Russia, with the European Union (Finland, Estonia), only 600 km away from Moscow – the largest city in Russia

Second largest consumer market in Russia with high purchasing power
Population of Leningrad region together with Saint Petersburg – 7.2 million people

Low transportation costs
The second largest transport and logistics hub in Russia located at the intersection of a Pan-European transport corridor and International North-South Transport Corridor; multimodality of transportations including marine transportations via the largest port in the Baltic Sea – Ust-Luga

Access to skilled labour force
due to developed labour market (labour force of the region – 1 million people)

Low implementation costs for investment projects
due to efficient measures of government support
SUCCESS STORIES

ARISTON
Production of water heating and heating equipment

JOTUN PAINTS
Production of paints and coatings

LORENZ SNACK-WORLD
Production of snacks

HENKEL
Production of cleaners and detergents, cosmetics and personal hygiene products

NOKIAN TYRES
Production of car tires

JACOBS DOUWE EGBERTS RUS
Production of coffee and tea

TIKKURILA
Production of paints and varnishes

FORD MOTOR COMPANY
Automobile manufacturer

CATERPILLAR
Production of mining trucks and excavators

SIBUR PORTENERGO
Production and export of liquefied petroleum gas

ROCKWOOL
Production of stone wool insulation

SIEMENS GAS TURBINE TECHNOLOGIES
Production and maintenance of gas turbines
THANK YOU FOR YOUR ATTENTION!

Front Office for Investor Relations of the Administration of Leningrad Region

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