Investing in Regions – Investing in Future

Tools to support the implementation of investment projects
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About Russian Direct Investment Fund
The Russian Direct Investment Fund (RDIF) is Russia's sovereign wealth fund with reserved capital of $10 billion under management. Working alongside the world's foremost investors, we make direct investments in leading, as well as promising, Russian companies.

RDIF was created in 2011 under the leadership of the President and Prime Minister of Russia to co-invest alongside top global investors, acting as a catalyst for direct investment in Russia.

RDIF has invested over 1.4 trillion rubles, of which RDIF alone invested over 100 billion rubles and over 1.3 trillion rubles came from partners.

RDIF also attracted over $40 billion of foreign capital into the Russian economy through long-term strategic partnerships.
ZAPSIBNEFTEKHIM

The construction of Russia's largest modern petrochemical complex

Among the TOP 5 global projects of polymer production (2 million tonnes), with more than 100 suppliers of equipment and materials from 35 regions of Russia. More than 20,000 jobs to be created. Construction to be completed in 2019. The substitution of polymer imports to Russia and increased export potential.

THE CONSTRUCTION OF SMALL HYDROELECTRIC POWER PLANTS

A nationwide revival of small-scale generation

Eco-friendly hydroelectric power plants in an energy-deficient region; 70% of technologies localized. The first project in Russia involving the New Development Bank established by the BRICS countries. The export of Russian technologies to the BRICS countries.
MOTHER AND CHILD
Russia's leading private medical company.

Over 30,000 children have been born at the group's hospitals since RDIF began investing in the company.

**RDIF EFFECT**

- Over RUB 20 BN has been invested in healthcare.
- The number of regions where the company operates has increased from 3 to 22.
- 32 new medical centres have been opened.
- Samara's most modern hospital was built in 18 MONTHS.

IMPROVING QUALITY OF LIFE

VOLTYRE-PROM
Russia's leading company for the production of agricultural tyres.

Thanks to the expertise of a foreign strategic partner attracted by the RDIF:

- The company's share of the Russian market has grown to 40%.
- There has been a 60% increase in exports over the last three years.
- There has been a 150% increase in labour productivity.
- An example of Russian-U.S. cooperation.

IMPORT SUBSTITUTION AND EXPORT POTENTIAL
COTTON WAY

Russia’s leading textile leasing and processing company – an example of how a non-core asset can be effectively spun off a state-owned company

**RDIF EFFECT**

- Primary provider for servicing Olympic facilities at 2014 Winter Games in Sochi
- Serves hospitals and hotels nationwide
- Revenue tripled since the company was founded
- Reduces core costs for clients up to 30%

DETSKY MIR

A leading chain of children’s goods stores

**RDIF EFFECT**

- More than 240 stores have been opened
- A total of 900 stores set to be opened by 2022
- Access to affordable children’s goods for 50 million people across Russia
- Improving Quality of Life
NATIONWIDE CANCER DIAGNOSIS AND TREATMENT NETWORK

Russia’s first pilot project for a PPP in nuclear medicine, with an initial launch in the Moscow Region

“The President of Russia Vladimir Putin, Address to the Federal Assembly 2018

I propose implementing a special nationwide programme to combat oncological diseases

RDIF EFFECT

43,000 diagnostic tests per year

Planned nationwide expansion up to 50 centers across the country

Radiation therapy for 5,000 patients annually

NATIONWIDE RAILWAY OVERPASSES

A pilot project being implemented without state subsidies in the Moscow Region

RDIF EFFECT

A 47% increase in capacity

Enhanced safety, a reduction in the accident and mortality rate, and improvement in environmental conditions

Traffic congestion on roads in the Moscow Region will decrease by 30%
**ELIMINATION OF DIGITAL INEQUALITY**

The project serves as the basis for digitalizing the entire country by providing internet access to residents of small settlements in Russia.

**RDIF EFFECT**

- Over **54,000 KM** of fibre-optic lines have been installed.
- Over **3,5 MN** people in Russia got access to broadband internet.
- The project is being implemented with co-investment from the National Wealth Fund.
- Access points are being provided to over **7,000** settlements in every federal district of Russia.
- **35%** increase in the number of internet sessions at access points.
- **27%** growth in the total amount of internet traffic.

**CONSTRUCTION OF SMART GRIDS**

A major project for installing smart electricity meters. The first step toward the digitalization of power grids throughout Russia.

**RDIF EFFECT**

- **220,000** smart meters have been installed in the Tula, Kaliningrad and Yaroslavl regions.
- More than **RUB 60 BN** to be saved annually by implementing the project nationwide.
- The project is being implemented with co-investment from the National Wealth Fund.
- **20%** reduction of energy losses nationwide.
VLADIVOSTOK INTERNATIONAL AIRPORT
A leading international airport in the Far East

“We need to rebuild and expand Russia’s network of regional airports.”

The President of Russia Vladimir Putin, Address to the Federal Assembly 2018

Passenger traffic to international destinations saw a 45% increase in 2018.

Serves more than 2.5 MN PASSENGERS annually.

2 new airlines added in 2018.

FIRST RAILWAY BRIDGE BETWEEN RUSSIA AND CHINA
The shortest entry point to the Chinese market for Russian exporters in the Far East.

RDIF EFFECT

Work on the project was resumed after being frozen in 2006.

Cargo transportation distance to China will be reduced by 700 KM.

The project will increase the capacity of railway routes between Russia and China by 54%.

Traffic volume increase by 20 MN TONNES annually.
**RDIF Success Stories**
Technological development projects examples

**Doctis**

**DOCTIS**
The building from scratch of a telemedicine leader in Russia

**RDIF EFFECT**
Instant access to healthcare across Russia’s regions

- **10 MN** users
- **2 MN** consultations annually by 2023

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**INFOWATCH**

**INFOWATCH**
A leading Russian developer of integrated data protection solutions

**RDIF EFFECT**
The production of Russia’s InfoWatch Taigaphone smartphon

The expansion of the business in the Middle East

**INVESTMENT LIFT**
Presence in **30** countries

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HEALBE
A unique health monitoring system. Health, workplace and military applications

**RDIF EFFECT**

The company developed **MORE THAN 20** patented technologies, furthering the success of Russian science

**RDIF EFFECT**

3 health monitoring technologies that have no equivalents anywhere else in the world

**100-FOLD** increase in sales by 2020

**SURGICAL ROBOT**

A leading Russian developer of mobile surgical robots

The technology is significantly superior to existing surgical robots, including the American Da Vinci robot, in terms of its accuracy and range of operations

**RDIF EFFECT**

An **80%** reduction in production costs

More than **400 ROBOTS**, capable of performing **180,000 OPERATIONS** annually will be manufactured by 2024

Potential for exports to international markets, including China
Investment project: key stages
Investment project phases

Concept development

1. Business plan development. Foundations of business engineering
2. Pre-feasibility studies

Pre-investment phase

3. FEED (Front End Engineering)
4. Feasibility study development
5. Development of design documentation

Investment subphases

Construction subphase
6. Documentation development
7. Construction
8. Commissioning

Operational subphase
9. Production and sales

Final subphase
10. Interest sale

Typical project entry points for an investor
Investment project phases: tasks for participating partners

Concept development
- Market analysis;
- Assistance in business plan and financial model development;
- Identification and assessment of risks.

Pre-investment phase
- Technology selection and adaptation to the Russian rules and regulations;
- Prefeasibility study;
- Input data collection and fine-tuning of the financial model;
- Getting approval of State Expert Appraisal of Design Documentation Commission.

Project operator

Financial investor
- Audits:
  - Technological, Environmental, Commercial Due Diligence of the project and the company;
  - Adjustment and verification of the financial model;
  - Potential Due Diligence of a project operator (reputational, tax, financial);
- Deal structuring;
- Project participants’ syndication.
- Development of project management scheme meeting requirements (of a bank, an investor, an owner, a technology provider/licensor);
- Financial audit.

Investment phase

Construction subphase
- Detailed design;
- Construction contractor selection;
- Selection of a project owner’s engineering service contractor;
- Construction management;
- Commissioning and market entry;
- Control over business plan implementation via participation in the Board of Directors;
- Participation in strategic investment decision making;
- Construction financing.

Operational subphase
- Business management;
- Financial audit.
- Control over business plan implementation via participation in the Board of Directors;
- Participation in strategic decision making.

Final subphase
- Search for a buyer or sale exercising investor’s put option right;
- Exit from the investment.
Pre-project stage
Team Training
RDIF and ASI Front office

Who can apply?
- Representatives of regional authorities responsible for raising investments;
- Management of regional development corporations and investment agencies.

What is the opportunity?
- Free of charge access to global best practices in raising investments and structuring investment projects, including the most complex ones;
- Access to industrial and investment expertise of the highly skilled RDIF and ASI team;
- Access to the unique expertise and experience of a wide range of the RDIF’s international partners and representatives of the Russian and international investment community;
- Consulting, administrative, organizational, and information support to regional investment projects at preparation and implementation stages.

Other support tools and institutions

Federal Resource Center for Organization of Management Training
Who can apply?
- Senior and medium-level managers.

What is the opportunity?
- Professional training course for managers;
- Inclusion in the federal database for further development of the management talent pool.

RANEPA Gradual School of Public Administration
Who can apply?
- Federal and local government officers, employees of regional development corporations and investment agencies.

What is the opportunity?
- Sharing experience in public administration and local governance;
- Expert support for regional and local government bodies.
**Business plan development**

**SME business navigator**

**Who can apply?**  
Small and medium enterprises.

**What is the opportunity?**  
Assistance on business plan’s creation and financial model’s development.

SEE MORE AT  
https://smbn.ru

**InfraVEB JSC**

**Who can apply?**  
Investment project originators at early stages.

**What is the opportunity?**  
Target loan;  
Equity financing;  
Deferral of payment under a consulting services agreement.

SEE MORE AT  
http://vebinfra.ru

**Site infrastructure preparation**

**One-company town Development Fund**

**Who can apply?**  
Administration of constituent entities of the Russian Federation and single-industry municipalities.

**What is the opportunity?**  
Subsidies for construction and/or reconstruction of infrastructure facilities required for the implementation of investment projects in one-company towns.

SEE MORE AT  
http://www.frmrus.ru

**Special economic zones, territories of priority social and economic development, industrial parks**

**Who can apply?**  
Investment project originators

**What is the opportunity?**  
Connection to ready-to-use utility infrastructure;  
Construction of infrastructure facilities using federal and regional budget funds, subject to residents’ applications.

SEE MORE AT  
http://www.indparks.ru  
http://economy.gov.ru  
https://erdc.ru
Site selection
RDIF Invest in Russia Platform

Who can apply?
- Regional authorities representatives responsible for raising investment;
- Representatives of regional development corporations, industrial parks, special economic zones, and territories of priority social and economic development;
- Site owners.

What is the opportunity?
- Site information available to a wide range of potential investors in four languages of the platform. Information is placed and translated into English, Chinese, and Arabic on the free of charge basis;
- Flexible system of search by key criteria important for potential investors;
- Site information available to a wide range of potential investors in four languages. (Russian, English, Chinese, and Arabic) Flexible system of search according to key criteria set up by potential investors. The platform audience exceeds 30,000 foreign visitors from over 30 countries. Over 90 foreign visitors daily. The platform is one of top 3 in Google search engine in all the website languages.

SEE MORE AT www.investinrussia.com

RDIF Strategic Investors Support Center

Who can apply?
- Foreign companies planning localization or expansion of the existing business in Russia.

What is the opportunity?
- Assistance with arranging of negotiations and visits to target regions;
- Assistance with site selection;
- Assistance with potential Russian partners search and negotiations arrangement;
- Information and analytical support.
- All the Center’s services are provided free of charge.

SEE MORE AT www.investinrussia.com
Site selection
Other support tools and institutions

**Association of Industrial Parks of Russia**

**Who can apply?**
- Russian companies;
- Foreign companies planning localization or expansion of the existing business in Russia.

**What is the opportunity?**
- Free of charge provision of primary information on localisation opportunities;
- Roadshow for potential investors in industrial parks;
- Specialized industrial consulting on production localisation in Russia.

[See more at http://www.indparks.ru](http://www.indparks.ru)

**Regional development and investment agencies**

**Who can apply?**
- Russian companies;
- Foreign companies planning localization or expansion of the existing business in Russia.

**What is the opportunity?**
- Assistance with potential sites that meet the investors’ requirements search;
- Information and analytical support.

**Regional industrial sites maps**

**Who can apply?**
- Russian companies;
- Foreign companies planning localization or expansion of the existing business in Russia.

**What is the opportunity?**
- Free information on industrial sites available in the regions.
Project implementation
### Greenfield projects implementation

#### RDIF financing

**Key criteria for project selection**
- Clear investment plan, financial model, and pre-project market and competition research;
- Economic attractiveness and adequate risk level of the project;
- Project originator’s own funds must be part of the financing structure;
- Adequate guarantees of RDIF investment return (e.g. loan or surety);
- RDIF and partners’ investments in the project starting from RUB 1 bn.

**What is the opportunity?**
- RDIF participation in the company's equity of up to 50% in line with the best international standards for direct investments;
- Wide range of projects structuring opportunities. Extension of financing syndication capacities;
- Establishment of a corporate governance system in line with the global best practices.

**Other support tools and institutions**

#### Industry Development Fund

**What is the opportunity?**
- Preferred loans from RUB 5 mn to RUB 500 mn at the rate of 1% to 5% for a period of 24 to 84 months under eight financing programs;
- Subsidized interest rate and/or coupon profit for implementation of new investment projects in priority civil industries.

[See more at www.rdif.ru](http://www.rdif.ru)

#### Special investment contract

**What is the opportunity?**
- Stable tax and regulatory conditions. Tax incentives;
- Obtaining the “Made in Russia” status for products with a deferred localization requirements;
- Access to government contracts;
- Industrial subsidies;
- Ready-to-use infrastructure, developed by regions. Special conditions for land plot leasing.

[See more at http://frprf.ru](http://frprf.ru)
Greenfield projects implementation

Other support tools and institutions

Far East Development Fund

What is the opportunity?
- 5% interest loans for projects qualified for the region’s development requirements;
- Subsidized interest rate for SME borrowers.

Project financing support program

What is the opportunity?
- Preferred loan at a rate not exceeding the refinancing rate of the Central Bank of the Russian Federation under this support program, plus 2.5 percent per annum.

Banks (Sberbank, Gazprombank, VEB, etc.)

What is the opportunity?
- Project financing;
- Mezzanine financing;
- Guarantee and suretyship;
- Equity financing.

One-company Town Development Fund

What is the opportunity?
- Preferred loans from RUB 100 mn to RUB 1 bn at the rate of 5% for up to 8 years;
- The Fund’s equity participation up to 49%.

Project Financing Factory

What is the opportunity?
- Financing a project using the syndicate model (VEB as a loan manager);
- Hedging interest risks of borrowers and lenders using subsidies from the Government of the Russian Federation;
- Target government guarantee of the Russian Federation;
- Special procedure for calculation of capital sufficiency and forming loan reserves for Russian lending institutions.

See more at
http://www.fondvostok.ru
www.frmrus.ru
https://new.veb.ru/
Modernization and expansion of existing facilities and companies

RDIF financing

**Key criteria for project selection**
- Business plan, including investment plan. FEED in case construction is required;
- Economic attractiveness adequate for a risk level;
- Own funds of the project originator in the financing structure;
- Acceptable debt burden;
- At least 3 years of track record;
- RDIF and partners’ investments in the project from RUB 1 bn.

**What is the opportunity?**
- RDIF participation in the company’s equity of up to 50% in line with the best international standards for direct investments;
- Access to technologies and best practices of RDIF foreign strategic investors partners;
- Extension of financing syndication capacities;
- Access to new markets.

**Other support tools and institutions**

**SME Corporation**

**What is the opportunity?**
- Preferred leasing of equipment to small and medium enterprises at 6% per annum (for domestically manufactured equipment) and 8% (for foreign equipment).

**IDF leasing loans**

**What is the opportunity?**
- Preferred loans from RUB 5 mn to RUB 500 mn at the rate of 1% for up to 5 years to finance from 10% to 90% of the advance payment of the lessee.

**Banks (Sberbank, Gazprombank, VEB, etc.)**

**What is the opportunity?**
- Mezzanine financing;
- Guarantee and suretyship;
- Equity financing;
- Export support.

www.rdif.ru
Modernization and expansion of existing facilities and companies

**Investment lift: RDIF financing**

- Business plan, including investment plan;
- Economic attractiveness adequate for a risk level;
- Support by at least one more institution participating in the Investment Lift mechanism;
- The project products are not related to trade, transportation, real estate operations or construction and operation of infrastructure facilities;
- RDIF investments in the project from RUB 150 mn.
- Export revenue or export potential.

**What is the opportunity?**

- RDIF participation in the company’s equity of up to 50%. Provision of mezzanine financing;
- Assistance in entering the international markets using the RDIF’s international contacts.

**Key criteria for project selection**

**Investment lift: other institutions’ financing**

**From IDF:**
- Preferred loans for implementation of industrial investment projects at 1% and 5% per annum from RUB 5 million to RUB 750 million for up to 5–7 years (5 financing programs).

**From the SME Corporation:**
- Guarantee support from 50% to 75% (together with the suretyship by the regional guarantee organization) of the loan amount for up to 15 years (the cost of such a guarantee is 0.75% per annum);
- Loan and guarantee support (the cost of financing is from 9.6% to 10.6% per annum).

**From the Russian Export Center:**
- Insurance support to export of Russian goods and services (up to 90% of the possible loss) and Russian investments abroad;
- Financing export operations.

**What is the opportunity?**

- RDIF participation in the company’s equity of up to 50%. Provision of mezzanine financing;
- Assistance in entering the international markets using the RDIF’s international contacts.

**SEE MORE AT**

- www.rdif.ru
- http://frprf.ru/partnery/investlift/
- https://corpmsp.ru/finansovaya-podderzhka/programma-inv-list/
- https://www.exportcenter.ru
Modernization and expansion of existing facilities and companies

Industrial support programs

What is the opportunity?

- Subsidies for compensation of a part of the costs for R&D and testing of wheeled vehicles;
- Subsidies for compensation of costs for manufacture of wheeled vehicles, including those meeting the Euro 4 and Euro 5 standards;
- Subsidies for compensation of loan interest and/or payment of bond yields to truck manufacturers;
- Subsidies for compensation of costs for production, sales, and export of agricultural equipment;
- Subsidized interest for loans and leasing contracts to companies in the aircraft industry;
- Compensation for part of the costs involved in the implementation of projects aimed at the entry of aviation instrumentation enterprises into the global market as suppliers of level 2–4 components;
- Subsidized interest for loans and leasing payments of fishery companies;
- Subsidies to compensate for interest under loans involved in the implementation of projects related to the establishment of ship building facilities.

Other support tools and institutions

- Subsidies to compensate for the costs of clinical tests for implantable medical devices and medicinal products;
- Subsidies to compensate for the costs of producing medical devices and managing the production of medicinal products and pharmaceuticals;
- Subsidies to compensate for R&D costs of machine tools development and costs for production and sales of pilot batches of production machine tools;
- Asset contributions for implementing projects aimed at establishing commercial production of machine tools;
- Subsidies to compensate manufacturers for the costs of gas engine equipment and above-ground electric urban transport;

- Subsidies to compensate for interest under loans involved in the implementation of projects related to the establishment of ship building facilities.

Governmental leasing programs

What is the opportunity?

- Subsidized advance payment and leasing interest rate;
- Subsidized loan to a lessee for making an advance payment and for a leasing company for financing acquisition of a leased item.

SEE MORE AT https://gisp.gov.ru
Implementation of infrastructure and PPP projects

RDIF financing

Key criteria for project selection
- Advanced project stage — availability of a prefeasibility study, a business plan, a financial model, and an investment return scheme;
- Economic attractiveness adequate for a risk level;
- Adequate guarantees for RDIF’s return on investment (including surety or a government guarantee);
- Government support for the project;
- RDIF and partners’ investments in the project from RUB 1 bn.

What is the opportunity?
- Raising money from leading global sovereign funds and institutional investors;
- Raising money from the National Wealth Fund — RDIF was the first in Russia to invest the National Wealth Fund’s capital in infrastructure projects.

Other successful participants of PPP projects

The State Company Russian Highways

What is the opportunity?
- Investment in highway construction projects, expressways, and roadside infrastructure based on concession agreements and long-term investment agreements.

Leader Management Company

What is the opportunity?
- Raising money from non-governmental pension funds for financing PPP scheme infrastructure projects.

Banks (Sberbank, Gazprombank, etc.)

What is the opportunity?
- Access to long-term (more than 10 years) RUB sources;
- Access to best practice for the placement of infrastructure bonds on the local market.
Technological development projects implementation

RDIF Technology platform

Key criteria for project selection
- Focus on development and implementation of new technologies with international replication potential;
- Advanced project stage - developed prototype, verified business model and scalable sales channels;
- Self-sufficiency of a project is a plus. Otherwise there should be a clear roadmap towards self-sufficiency;
- Economic attractiveness adequate for a risk level;
- RDIF and partners’ investments in the project from RUB 300 mn.

What is the opportunity?
- Raising money at a relatively early stage, when funding options for mature businesses are not available;
- Promotion on the Russian and global markets;
- Partnership with the leading international technological investors.

Other support tools and institutions

Rusnano
What is the opportunity?
- Equity participation in a venture;
- Loan or guarantee on a venture’s third-party obligations.

www.rusnano.com

Russian Venture Company
What is the opportunity?
- Investments from one or several funds with the participation of RVC capital.

https://www.rvc.ru

Russian Technological Development Fund
What is the opportunity?
- Preferential loans from RUB 50 million to RUB 300 million at a rate of 1% for up to 5 years.

http://government.ru
Technological development projects implementation
Other support tools and institutions

Skolkovo Foundation
What is the opportunity?
Grants from RUB 30 mn to RUB 300 mn, mini-grants up to RUB 5 mn and micro-grants of up to RUB 1.5 mn

Fund for Infrastructure and Educational Programs
What is the opportunity?
Financing the establishment of nanotechnology centers, technological engineering companies and small innovation companies.

Technological parks and technology and innovation special economic zones
What is the opportunity?
Tax credits and customs privileges; Access to infrastructure and equipment. Special rental conditions.

Industrial support programs
What is the opportunity?
Compensation of costs for development of innovative medicinal products;
Subsidized interest rates on loans to support Russian high-tech exports;
Compensation of exporter certification costs for high-tech products;
Partial advance financing of a cost for the promotion of high-tech and innovative products in export markets;
Compensation of costs for a registration of intellectual property abroad;
Partial compensation of the costs for a research and technological groundwork for the development of basic technologies to produce priority electronic components and equipment;
Compensation of R&D costs under complex investment projects in machine tool's building, and priority development areas for the aircraft industry.

http://sk.ru
http://www.rusnano.com/infrastructure
http://government.ru
https://gisp.gov.ru
Exit Strategies
Exit strategies

Exit from the investment is one of the most important stages for a Financial Investor like RDIF or its institutional partners, as this is the stage when a financial investor realizes big chunk of an investment’s economic effect.

This should be considered by the Project Operator from the very beginning, when attracting Financial Investors to the project.

A number of benefits occur for the Project Operator due to the Financial Investor’s exit, despite a possible disparity between their interests at this stage.

Key RDIF Exit strategies

Sale to strategic investor

What is the opportunity for the Operator? Unique knowledge and competences from top global and Russian industry leaders.

Sale to institutional investor

What is the opportunity for the Operator? Increase in capitalization and reputation potential, expansion of fund raising opportunities due to the leading global institutional investors holding a share in company’s capital.

Sale to business partner

What is the opportunity for the Operator? Full control over a company with capitalization and reputation goodwill higher, than before RDIF investments.

IPO

What is the opportunity for the Operator? Additional fund raising opportunities. Growth of company’s prestige and financial reputation.
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