Production localization

Investment offer
We invite to establish long-term and mutually profitable cooperation!

**Government of the Ulyanovsk region**

Governor – Chairman of the Government  
**Morozov Sergey Ivanovich**

tel. +7 (8422) 41-20-78, 41-29-43  
fax +7 (8422) 41-70-20  
e-mail: mail@ulgov.ru  
http://ulgov.ru

**OJSC “Ulyanovsk Region Development Corporation”**

General director  
**Ryabov Dmitry Alexandrovich**

tel. +7 (8422) 44-45-73, 44-48-34  
fax +7 (8422) 44-45-73  
e-mail: info@ulregion.com  
http://ulregion.com
We recognize that attracting investment is the main tool for development of the region.

We consider Russian investments to be as equally important as foreign investments.

We give preference to projects with high labour productivity, energy efficiency and environmental friendliness.

We are ready to provide investors the most favourable conditions in Russia for implementation of projects.

We guarantee that the investor will be exempted from covering the costs not related to project implementation.

We put together an Integrated Project Team, made up of state and investor representatives, in order to implement projects efficiently.

We respect the investor’s right to free choice of suppliers or any other contractors.

We strive for creation of the conditions necessary to provide investment projects with highly qualified employees.

We believe that one of our main tasks is to create a comfortable environment for local residents and visitors to the region.

We are ready to take on new challenges and be flexible in order to conduct an effective investment policy.
Ten reasons for localization of production in the territory of the Ulyanovsk region

1. Logistic advantages of the region
2. Advanced transport infrastructure
3. High human and scientific potential
4. Comfortable living conditions
5. Administrative support of realization of investment projects
6. Preferences and benefits
7. Formed investment sites
8. Federal Special Economic zone
9. Results of the investment activity
10. We are recommended by our investors
Logistic advantages of the region

The Ulyanovsk Region is located in the south-east of European part of Russia in the center of the Privolzhsky Federal District.

Developed industrial base and high consuming potential

- **Industrial enterprises**
  - In the radius of 1,000 km: 193,000
  - In the radius of 500 km: 47,000

- **Share in industrial produce in Russia**
  - > 50%
  - 15%

- **Number of potential consumers**
  - > 44 million
  - > 22 million

Distance to other cities

<table>
<thead>
<tr>
<th>City</th>
<th>Distance to Ulyanovsk</th>
<th>Distance to Moscow</th>
<th>Distance to Saint Petersburg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazan</td>
<td>210 km</td>
<td>440 km</td>
<td>1,055 km</td>
</tr>
<tr>
<td>Samara</td>
<td>260 km</td>
<td>875 km</td>
<td>1,575 km</td>
</tr>
<tr>
<td>Nizhny Novgorod</td>
<td>440 km</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moscow</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saint Petersburg</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cost of cargo delivery from Ulyanovsk to Moscow is 3-4 times lower than cost of cargo delivery from Moscow to Ulyanovsk.
Major transport hub

**Airports** – two class “A” airports are capable to accept any aircrafts exploited all over the world:
- International Ulyanovsk-Vostochny airport with the largest runway in Europe, railway branch, running near the aircraft moorings, provides direct cargo transfer
- Airport “Ulyanovsk” named after N.M. Karamzin

**Highways** – two federal highways run across the Ulyanovsk Region. Optimal transport structure to the largest industrial centers of the European part of the Russian Federation allows to organize successful trucking.

**Railway connection** – railways connect the Ulyanovsk Region with the central regions of RF, Nizhny Volga region, Ural, Kazakhstan, Siberia railway. Lines of three departments of OJSC “Russian Railroads” run across the territory of the Ulyanovsk Region: Kuibyshevskaya, Gorkovskaya, Privolzhskaya RZD.

**River transport** – navigation on the Volga river gives Ulyanovsk access to the basins of the Caspian, Black and Baltic seas. Ulyanovsk’s deep-water river cargo port is the most northern port on the Volga which moorings are adapted for servicing “river-sea” ships. The navigating period makes 200 days.
Human potential

Labour cost
Average salary in the Ulyanovsk region – 16 400 rubles

Economically active population according to the level of education, %

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incomplete secondary</td>
<td>4%</td>
</tr>
<tr>
<td>Primary professional</td>
<td>18%</td>
</tr>
<tr>
<td>General secondary</td>
<td>24%</td>
</tr>
<tr>
<td>Higher</td>
<td>25%</td>
</tr>
<tr>
<td>Secondary professional</td>
<td>29%</td>
</tr>
</tbody>
</table>

Labour resources 807.2 thsd. people
Employed in economy 602.6 thsd. people

Employed in science
- 9 000 people
- 250 Doctors of science
- 1 400 Candidates of science

System of science and education
- Scientific research and development in the sphere of new technologies, materials and spare parts.
- System of personal training for enterprises of military Industrial complex, automobile production, aircraft production, etc.

17 higher educational institutions including 5 State universities
35 secondary specialized institutions

53.7 thsd. students
20.9 thsd. students
Comfortable living conditions

Transport accessibility
The presence of two airports, one of which “Ulyanovsk – Vostochny” is international. Daily flights “Ulyanovsk-Moscow” are carried out by three airlines ("RusLine", "UTair", "Polet").

Since 2013 air communication with Germany will be opened in Ulyanovsk. Flight “Ulyanovsk-Munich” will be operated twice per week.

The international airport Kurumoch, which is connected by air lines with almost all regions of the Russian Federation and foreign countries, is located at the distance of 200 km from Ulyanovsk.

Leisure
Availability of one of the oldest drama theatres in Russia, philharmonic, concert halls, cinemas, IMAX cinema and night clubs.

Public catering
Availability of a developed chain of public catering in Ulyanovsk (cafes, restaurants, fast-food institutions): MacDonald’s, Iolky-Palky, Shokoladnitsa, Il Patio, Grably and others.

Accommodation
More than 30 hotels operate in Ulyanovsk:
- hotel “Imperial Club Deluxe” (32 rooms)
- hotel “Marriott” (120 rooms) – commissioning in 2015.
- hotel “Venets” (287 rooms)
- hotel “Volga” (200 rooms)
- hotel “Barselona” (50 rooms)
- hotel “Goncharov” (15 rooms)
Comfortable apartments and cottages are available in all areas of the city.

Sport
Ulyanovsk Region possesses the developed touristic and recreational sector: sport complex “Leader”, which has an indoor ice rink, multi-purpose sports complex “Simbirskoye Koltso”, including a carting track, swimming pool, etc.

Medical treatment
Availability of high-qualified clinics in Ulyanovsk, including private, providing a full range of medical services. Availability of English-speaking medical personnel.
Every investment project realized on the territory of the region is supervised by the Vice-Chairman of the Government of the Ulyanovsk Region.

OJSC “Ulyanovsk Region Development Corporation” offers an investor a technical office and registered legal address at the initial stage of implementation of an investment project.

Full administrative support of the project in the “single window” regime is carried out by OJSC “Ulyanovsk Region Development Corporation”.

Operational monitoring of a project is implemented by the Governor – Chairman of the Government of the Ulyanovsk Region (in the framework of the Council on Investments).

For assistance in implementation of an investment project on the territory of the region there is created a project team of specialists. The group will solve all the issues during the preproject, construction and operation stage of the enterprise.
Ulyanovsk Region
Development Corporation

- Support of investors in the “single window” regime: localization of enterprises, organization of contacts, provision of information about the region, selection of personnel.

- Development of industrial zones, industrial parks and technoparks.

- Development of special economic port zone on the basis of the airport “Ulyanovsk-Vostochny”.

- Organization of financing of infrastructure projects.

- Organization and conduct of investment forums and exhibitions.

- Founder Government of the Ulyanovsk region (100% of the capital).

OJSC Ulyanovsk Region Development Corporation functions as a single coordinating center optimizing the process of investor’s entry into the region.
Law of the Ulyanovsk region “On the development of the investment activity in the territory of the Ulyanovsk region” on March 15, 2005 №019-Z0

**Tax incentives and subsidies**

<table>
<thead>
<tr>
<th><strong>Tax Incentive</strong></th>
<th><strong>Duration</strong></th>
<th><strong>Rate</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport Tax</td>
<td>10 years*</td>
<td>0%</td>
</tr>
<tr>
<td>Corporate Property Tax</td>
<td>10 years*</td>
<td>1.1%</td>
</tr>
<tr>
<td>Land Tax</td>
<td>8 years*</td>
<td>11.1%</td>
</tr>
<tr>
<td>Corporate Profit Tax</td>
<td>10 years*</td>
<td>13.5%</td>
</tr>
</tbody>
</table>

**Subsidy 10 years***

- 13.5% Reimbursement from the budget

**Incentive 15 years***

- 20% Tax rate in the RF
- 4.5% Tax incentive volume in Ulyanovsk
- 15.5% Tax rate in Ulyanovsk
- 13.5% To the budget of the region
- 2% To the budget of the RF

*From the moment of emergence of the taxable base.

The period of the validity of Tax incentives does not depend on the moment of the beginning of payback period.

The cumulative effect for the investor makes **30-50% OF ECONOMY OF INVESTMENT EXPENSES**
**Territory for development of the Ulyanovsk region**

**The competitive advantage of the Ulyanovsk region** – sites with the modern centralized engineering and transport infrastructure for production localization. 4 industrial zones and 2 industrial parks are created in the territory of the region.

**Industrial zones of “Greenfield” type**
- Industrial zone “Zavolzhye”
- Industrial zone “Karlinskaya”
- Industrial zone “Novoulyanovsk”
- Industrial zone “Novospasskoye”

**Industrial parks of “Brownfield” type**
- Industrial park DAAZ
- Industrial park UAZ
Ulyanovsk region

Industrial parks

Industrial park on the base of OJSC “Ulyanovsk automobile plant” UAZ
Free area: 50 thousand m²

Industrial zone “Karlinskaya”
Area: 350 Ha

Industrial zone “Novoulyanovsk”
Area: 150 Ha

Industrial zone “Novospasskoye”
Area: 300 Ha

Industrial park on the base of OJSC “Dimitrovgrad autoaggregate plant” DAAZ
Free area: 70 thousand m²

Construction of the industrial parks is conducted with the financial support of Sberbank of Russia.
Industrial zone “Zavolzhye”

Advantages:
- Contemporary network of roads, railway
- Availability of city public transport
- Junction to the existing industrial zone
- Availability of advanced civil engineering infrastructure
- Possibility of redemption of land plots into the property at once without tenders

Distance to:
- Federal highway — 0 km
- Cargo river port, capable of accepting passenger and cargo ships of the “river-sea” type — 12-15 km
- Railway station “Verkhnyaya Terrassa” — 7.5 km
- Railway station “Promyshlennaya” — 2 km
- Railway branch crosses the industrial zone towards the territory of “Ulyanovsk-Vostochny Airport”
- International airport “Ulyanovsk-Vostochny” — 5 km
- Special Economic Port Zone — 5 km
- Residential district (population is 220 thousand people) — 5 km

Land plots are even, integral, belong to the category of industrial land. The land plots are divided by the inter roads and communal zone. The area is of 623 hectares.

Certificate of industrial park №003-AIP on April, 21, 2011
Industrial zone “Zavolzhye”

The layout of the territory is made by the company “Assman Beraten+Planen” (Germany)

Legend:
- road
- gas pipeline
- water pipeline
- rainfall sewage
- household sewage
- railway
- the point of cut-in
- Land plot (rent)
- Land plot (ownership)
- Building restriction line

Electric substation in the territory of the industrial zone

Plant "TAKATA Rus, LLC"

“Mars, LLC” – plant on production of pet food

Company “EFES RUS”

Class IV

3,56 ha Class II

6,69 ha Class V

22,34 ha Class IV

2,6 ha Class IV

10 ha Class IV

22,19 ha Class IV

14,03 ha Class IV

10,44 ha Class IV

10,44 ha Class IV

4,16 ha Class IV

80,8 ha Class III

14,55 ha Class V

4,16 ha Class IV

8,34 ha Class II

14,55 ha Class V

6,3 ha Class V

8,34 ha Class II

8,34 ha Class II

2,6 ha Class IV

14,96 ha Class V

1,59 ha Class III

6,69 ha Class V

14,96 ha Class V
Industrial zone “Karlinskaya”

Functional content
The zone is aimed at placement of industrial enterprises.

Transport infrastructure
The land plot is situated in the territory in the proximity to the federal road A151 “Ulyanovsk-Tsivilsk” at 1km from crossing of the roads to Moscow, Samara, Syzran, Nizhny Novgorod, Cheboksary. Along the northern border there is a railway line.

Human potential
Thanks to the placement within the borders of Ulyanovsk city the industrial zone is provided with human resources.

Engineer’s infrastructure
- Main gas pipeline
- Water pipe line: Ø 1200 mm
- Sewage
- Electricity supply line: 2 lines 110 kW
- Heating: Heat electric station №1

Distance from industrial zone “Karlinskaya”
- to Ulyanovsk – 0,5 km
- Airport “Ulyanovsk” named after N.M. Karamzin – 1,5 km
- to the nearest railway station – 2 km

Location:
the Leninsky District of Ulyanovsk city
Area: 350 ha
Industrial zone “Karlinskaya”

Legend
- Boarder of the industrial zone
- Existing water pipeline
- Projected water pipeline
- Existing power line
- Projected power line
- Projected domestic sewage
- Communal zone
- Projected railway
- Existing railway
- Existing gas pipeline
- Projected gas pipeline
- Projected storm water sewage

Federal highway “Ulyanovsk-Tsivilisk”

Investment site
Industrial zones

Industrial zone “Novoulyanovsk”

Situated within 10 km from Ulyanovsk city in the immediate proximity from Novoulyanovsk city.
The land plots are even, integral and belong to the category of land for industrial use. The area is 150 Ha.

In the vicinity of Novoulyanovsk there are big deposits of raw materials for cement production. In the city there is one of the largest cement plants in Europe, plants of asbestos cement products and ferroconcrete constructions, rolled roofing materials. 80% of industrial production of the city is the production of construction materials.

Advantages:
• railway lines, automobile roads, river quay
• qualified labour force
• territory belongs to especially guarded objects
• “transparent” status of land plots

Characteristics of logistics and transport network:
• distance to the federal highways – 1 km
• distance to the airport – 15 km
• distance to the cargo river port (quay in Novoulyanovsk) – 3 km

Industrial zone “Novospasskoye”

Situated: in the southern part of the Ulyanovsk region, at the distance of 160 km from the regional center. In the territory of the region there are conducted extraction and refining of oil, production of construction materials.
The land plots are even, integral and belong to the category of land for industrial use. The area is 300 Ha.

Advantages:
• railway lines (in the vicinity of the site there is a railway Moscow-Samara-the Far East), automobile roads (the site is situated in the territory adjoining the federal highway M-5 “Ural”
• qualified labour force
• territory belongs to especially guarded objects
• “transparent” status of land plots

Characteristics of logistics and transport network:
• distance to the federal highways – 1 km
• distance to the airport – 15 km
• distance to the cargo river port (quay in Novoulyanovsk) – 3 km
Advantages of the industrial parks

- Free production premises and prepared land plots for localization of production
- High availability of power and stable provision with necessary energy resources
- Availability of trained production staff
- All necessary transport infrastructure in the investment site

Industrial parks OJSC “DAAZ” and OJSC “UAZ”

- Total area: 69,000 sq. m
- Production area: 50,000 sq. m
- Functional purpose: Localization of production of automotive components

- Total area: 840,000 sq. m
- Production area: 70,000 sq. m
- Functional purpose: Localization of production of automotive components
Special Economic Port Zone

Federal law №116-FZ “On special economic zones in the Russian Federation”
- Exemption from VAT (value added tax) on the main activity
- Exemption from excises
- Compensation of VAT from the moment of placement of goods in Special Economic Port Zone
- Exemption from tax on property for 15 years
- Exemption from land tax for 10 years
- Reduction of the rate of tax on the profit by 0 % (in the part to be paid to the regional budget)
- Exemption from customs duties

Strategic location
Distance from Special Economic Port Zone to:
- Federal road - 7 km
- Cargo river port capable of servicing passenger and cargo vessels of “river-sea” type - 17 km
- Railway station, connected with the airport by railway line - 7,5 km
- Runway of the airport “Ulyanovsky-Vostochny” - 1,5 km
- Industrial zone “Zavolzhye” - 5 km

640 Ha total area of SEPZ, including 120 Ha 1st start-up complex

Creation of engineering and transport infrastructure at the expense of budget funds
Tax customs preferences for 49 years
Special Economic Port Zone

First residents:
- VOLGA-DNEPR
- TECHNICS ULYANOVSK
- INTERAVIONICS
- AAR-RUS (USA)
- AVIATION PLANT "VITYAZ"

Inner infrastructure of SEPZ
- production zone
- logistics zone
- customs infrastructure zone
- zone of engineering constructions
- zone of technical maintenance of aircrafts
Results of the investment activity

Doing Business in Russia-2012
National rating of the conditions of doing business in Russia is prepared by The World Bank and IFC
1st place among 30 participating cities

Investments into the region (bln rub.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>6.9</td>
</tr>
<tr>
<td>2004</td>
<td>11.4</td>
</tr>
<tr>
<td>2005</td>
<td>12.9</td>
</tr>
<tr>
<td>2006</td>
<td>21.7</td>
</tr>
<tr>
<td>2007</td>
<td>32.5</td>
</tr>
<tr>
<td>2008</td>
<td>47.8</td>
</tr>
<tr>
<td>2009</td>
<td>48.7</td>
</tr>
<tr>
<td>2010</td>
<td>44.8</td>
</tr>
<tr>
<td>2011</td>
<td>61.7</td>
</tr>
<tr>
<td>2012</td>
<td>69.9</td>
</tr>
</tbody>
</table>

1st place among the regions of the Volga Federal District

2010 on the growth rates of FDI
2011 on the index of physical volume of investments into fixed assets in the Volga Federal District
We are recommended by our investors

Heads of the largest companies name region’s special investment climate and efficient administrative support as key advantages of the Ulyanovsk region

James Wilson, General director “SABMiller RUS LLC”:
- The investment project together with the Government of the Ulyanovsk region make investments in the amount of $220,000,000. It is more than 6 billion rubles invested in creation of brewery, producing high-quality, fresh production. We expect to make about 3,000,000 hectoliters of beer and we will create more than 300 workplaces at our enterprise. Our choice has fallen to Ulyanovsk after detailed study of all possible variants. In the autumn of 2006 we chose the Ural-Volga region as the most perspective for placement of a new brewery based in Ulyanovsk. We estimated different platforms by many criteria. And the Ulyanovsk region drew our attention due to highly-skilled personnel and infrastructure. Ulyanovsk turns out to be a convenient logistical centre what in turn has proved our choice. One of the main advantages of the Ulyanovsk region is its particular investment climate and attentive relation of the regional government to our questions and issues that allows us to be assured of our investments.

Richard Smite, President “MARS LLC”:
- We have decided to construct two factories in the Ulyanovsk region. Our factory of pet forages with capacity of 45 thousand tons is under construction in the Mirny settlement. The chocolate factory will be constructed in the Cherdakly settlement in 30 km from Ulyanovsk and produce 35 thousand tons of confectionery products. Within the next 5 years we expect increase in capacity to more than 100 thousand tons. Total investments will make about 5 billion rubles, what will provide over 500 new workplaces. We have chosen the Ulyanovsk region because we run powerful business in Southern and Privolzhsky regions, and local transport infrastructure is developed enough, there are skilled human resources. Moreover support and help of the Government of the Ulyanovsk region are also very important. We have great big plans in Russia.

Shigehisa Takada, President of Takata Corporation (Japan):
- Constructing our first plant in Russia we are planning to extend the structure of our supplies and also we hope to contribute to development of the automotive industry in the Ulyanovsk region which pays much attention to the safety of road traffic.

Heinrich Binder, Chairman of the Board of Takata-Petri AG (Germany):
- In Ulyanovsk there coincided three main components: inestimable support of the Governor, advantageous logistic location and skilled personnel.

Alexander Koepcke, General Director of Takata-Petri Rus, LLC (Russia):
- Many regions of Russia were interested in building of such a plant in their territory. The team of representatives of TAKATA-PETRI visited them and explored all the conditions in each region very thoroughly. Our management also met with the heads of different regions as a result the choice was made in favour of the Ulyanovsk region because there we found a qualified approach to resolving issues, good infrastructure, skilled personnel, convenient location. Also we obtained great administrative support from the Government and Ulyanovsk region Development Corporation.