



Investment project Regional Development Center "Industrial Park" Otvel"

1. General information

Title	Description
Type of the place	Industrial place
Total area	137 ga
Project location	Russian Federation, Penza Region, Bessonovsk district, Kizhevatovo settlement
Use of plot	Delimited areas for residents of RDC "Industrial park "Otvel"
Final product	RDC "Industrial park "Otvel" there different enterprises carry on their business, providing engineering, technology, transport and telecommunications infrastructures.
Contact Information	JSC «Penza Region Development Corporation» phone: +7(8412) 46 50 58 e-mail: info@krpo.ru Website: www.krpo.ru
Favorable conditions for the investment project implementation, key competences	Geographic location: proximity to major cities, convenient transportation and geographic location; Transportation: the distance to the city of Penza is 20 km. Availability of internal access roads: contiguity to federal highway M5 "Ural". The distance to railway is about 7 km. There is customs post and checkpoint on the territory of industrial park. High-quality human resources: specialists with different professions are graduated from the oldest educational institutions of the Penza region; The favorable regional legislation: tax privileges and preferences are provided for project implementation.

2. Transport and civil engineering infrastructure Transport infrastructure

Title	Description
Motor transport communication	Plot is adjacent to the federal highway M5 "Ural", which is part of the international transport corridor AN-6 Europe-Asia
Plot remoteness from the major cities	Penza – 20 km, Moscow – 640 km, Samara – 437 km, Saratov – 242 km, Nizhniy Novgorod – 424 km.
Railway communication	The Kuybyshevskaya Federal Railway - 7 km from the plot, nearest railway station is «Seliksa». There is no branch line.

Air communication	Nearest airport - the city of Penza, 22 km away from the plot.
Water communication	Nearest river port – the city of Syzran, 200 km away from the plot.
Security measures	It is fenced, has checkpoint.

Civil engineering infrastructure

Electricity supply	A high voltage power line with capacity of 8 mVt.
Gas supply	High-pressure gas pipeline (6800 m ³ /hr)
Water supply	Water supply system with capacity 7200 m ² /day.
Sewerage	Sewerage with capacity 7200 m ² /day, wastewater treatment plants will be set for feeding tank.
Heat supply	There will be own sources heat - boiler plants.
Communications	GSM 900/1800 mobile communication available; operators: Beeline, Megafon, SMARTS GSM. Wire telephone communication (Open Joint Stock Company "Volgatelekom").

3. Additional data

General characteristics of the region

The Penza region is incorporated into Privolzhsky Federal District. In the North it borders on the Ryazan Region and the Republic of Mordovia, in the East – on Ulyanovsk region, in the South – on the Saratov Region, and on the Tambov Region in the West. City of Penza situated on the Volga Uplands, on the river of Sura (It's tributary of Volga river), 709 km south-east of Moscow by rail and 629 km on the highway. Total area of Penza city is 290 square km. The region territory from west to east is 330 km, from north to south is 204 km, total area is 43.3 thousand km². Region's population is 1380 thousand people, including 920 thousand manpower recourses. The density public motor roads with hard surface is 136 km per 1000 sq. km² (in Russia - 31 km). That's why Penza is the site of railways and roads connecting the western and eastern regions of Russia.

Penza Region takes one of leading position in the Russian Federation on graduates of qualified specialists. There is Penza State university, Penza State Technology Academy. Own training centers are established in regional enterprises. They provide highly qualified workforce.

Outlook of long-term rating is "Stable".

The ratings reflect the good operating performance of the region and a moderate risk.

Schematic layout of RDC "Industrial park "Otvel"



Services of RDC "Industrial park "Otvel":

- Leasing of production facilities;
- Leasing of office space;
- Leasing of equipment;
- Providing of public services;
- Transport - logistical services.

Service users of RDC "Industrial park "Otvel":

- Potential and actual investors;
- The major Russian and foreign companies;
- Small and medium businesses.



Investment project Agro-industrial park in Serdobsk district

4. General information

Title	Description
Type of plot	Agricultural, industrial
Total area (m ²)	418,8 ga
Project location	Russian Federation, Penza Region, Serdobsk district, 2 km. to the north of Serdobsk city
Use of plot	Delimited areas
Contact Information	JSC «Penza Region Development Corporation» phone: +7(8412) 46 50 58, 59 31 33 e-mail: info@krpo.ru Website: www.krpo.ru
Favorable conditions for the investment project implementation, key competences	<ul style="list-style-type: none"> ❖ the priority role in satisfaction of requirements of the population of agricultural products; ❖ "Green" investment plots for project implementation with possibility to acquire ownership; ❖ plot has a flat relief: plot refers to the subarea II-B (for construction), situated in a zone of moderate continental climate moderately cold winters and warm (not hot) summer; ❖ all points of connection to engineering communications (water, gas, electricity) are located in close to plot; ❖ availability of transport and engineering infrastructure: 2 km to the highway Rtishchevo - Serdobsk, 0,5 km to the railway station.; ❖ Project support from the Penza Region Government: tax privileges and preferences are provided for project implementation.

5. Transport and civil engineering infrastructure Transport infrastructure

Title	Description
Motor transport communication	Regional roads link two roads of national importance, in the north Moscow – Samara, in the southern Tambov - Rtishchevo - Saratov. The nearest highway is Rtishchevo - Serdobsk - Penza (2 km from the plot). Distance from highway road is 1 km. Driveway is asphalt road (Serdobsk - Kamenka).
Plot remoteness from the major cities	Penza – 110 km, Moscow – 560 km, Tambov – 190 km, Saratov – 150 km, Rtichevo – 49 km.
Railway communication	The Kuybyshevskaya Federal Railway – 0,5 km from the plot, nearest railway station is «Serdobsk» (II intermediate class). There is branch line and urban storehouses..

Air communication	Nearest airport - the city of Penza, 110 km away from the plot.
Water communication	Nearest river port – the city of Syzran, 150 km away from the plot.
Security measures	Technical system security and surveillance are not available; The nearest fire station is 2 km away, the police station - 1 km from the plot.

Civil engineering infrastructure

Electricity supply	Own substation with capacity of 50 MW is building. The specifications for the technical connection of a 21 MW 2 reliability category are received.
Gas supply	High-pressure gas line extends parallel to the plot. It is possible to connect and retrieve the technical limits of gas.
Water supply	Is planned to drill 3 boreholes with total capacity of 120 cubic m/hour water supply and construction of waterpipe. Estimates for construction are ready.
Sewerage	There is estimate for construction of sewerage.
Heat supply	Is planned to build own boiler plants.
Communications	GSM 900/1800 mobile communication available; operators: Beeline, Megafon, SMARTS GSM. Wire telephone communication (Open Joint Stock Company "Volgatelekom").

6. Additional data

General characteristics of the region

Agro-industrial park will be located on the plot with total area of 416 ga. Landmark is city of Serdobsk, Serdobsk district, Penza region. The plot is located approximately 2 km north from the landmark.

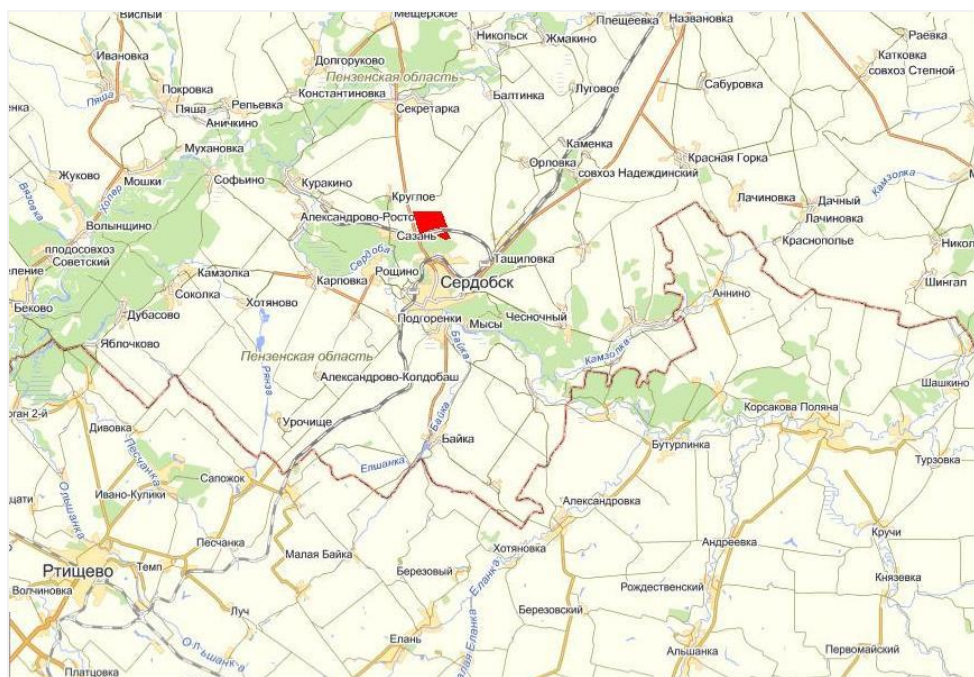
Serdobsky district is located in the south-western part of the region, covers an area of 169,508 ga. In the south of the region borders with the Saratov region.



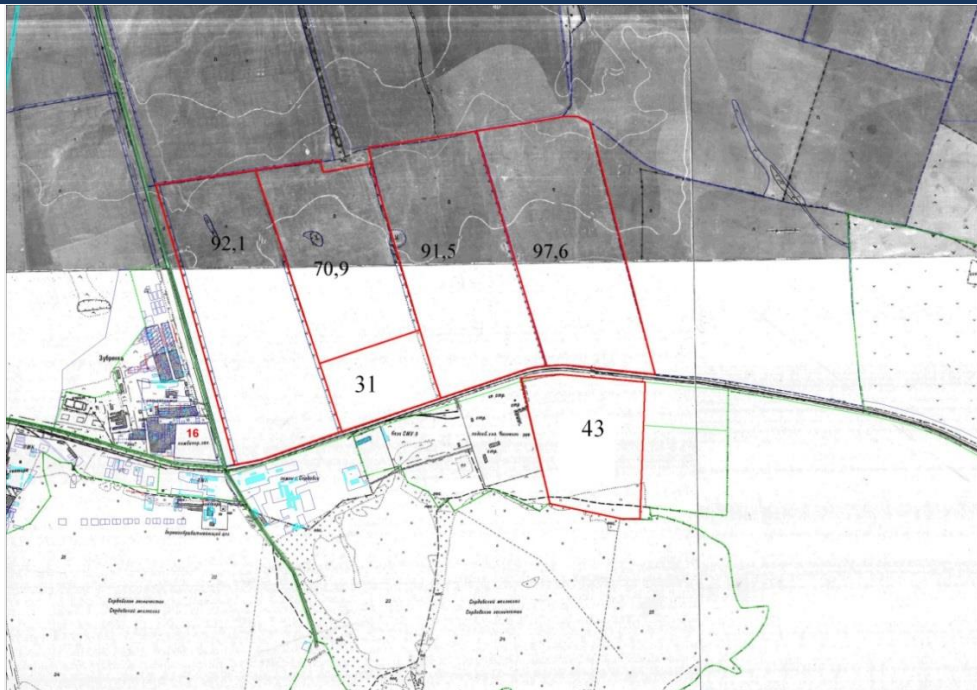
Pic.1 Map of the Penza region

The main preconditions of creation and successful operation of agricultural park in Serdobsk area are:

- favorable geographical position of the region;
- investment attractiveness of the region;
- rapid industrial and agricultural growth;
- a high level of infrastructure development;
- high quality workforce.



Pic.2 Location plan



Pic.3 Layout of agriculture park

Thy possible types of productions are:

- 1.greenhouse complex construction;
- 2.sugar plant construction;
- 3.poultry farm construction;
- 4.maltose plant construction;
- 5.grain complex construction;
- 6.vegetable storehouse construction;
- 7.vegetable shop construction;
- 8.packaging vegetables shop;
- 9.cattle farm construction;
10. meat and poultry processing workshop.

Park is interesting for:

- companies creating new production;
- companies interested to move existing production to regions with more favorable competitive conditions;
- foreign companies planning open production on the territory of Russian Federation.

Privileges and preferences for residents:

Preferences for the residents are developing at the legislative level.



Investment project Penza Airport reconstruction

1. General information

Item	Description
Site type	Logistic
Purpose of the site use	Airport management and value-added services (logistic complex, hotel, cargo terminal, airport complex)
Site description	<p>Airport is equipped by the standardized lighting according to the international requirements (modernization of equipment is in progress).</p> <p>The Runway: length - 2100 m, width - 45 m, (at present the length of the runway is increased by 700 m; the apron and taxiway 4 are widened)</p> <p>The covering – RW is paved by concrete, on all the length. The second RW is the grass runway, its length is 2100 m, width is 60 m.</p>
End product	<ul style="list-style-type: none"> ❖ Exploitation of the airport including following kinds of activity: ❖ Offering of a complex of the airport equipment, vehicles and services to airlines for making flights to the airport; ❖ Offering of special equipment for providing landing and taking off the aircraft, disembarkation and checking in passengers, and other. ❖ Offering of services for registration, receiving, storage, loading and unloading of cargo, luggage and mail; ❖ Organization of transportation, storage and fuel realization, refueling ❖ Renting of different property; ❖ Trade activity.
Contact information	<p>Penza Region Development Corporation JSC Tel.: +7(8412) 46 50 58 e-mail: info@krpo.ru web-site: www.krpo.ru</p>
Favorable conditions for investment project realization	<ul style="list-style-type: none"> ❖ "Airport Penza" is the unique aviation enterprise in the territory of Penza region; ❖ "Airport Penza" has the modern terminal building. High-tech airport structure allowed to receive not only domestic but the foreign flights also; ❖ The airport is equipped with a complex of modern radar control equipment, allowing to handle aircraft in radius of 250 - 300 km, at a height up to 12000 m in Penza Asia Traffic Control Center. (for comparison: in the airport Saratov - radius of handling is 150 km, in the airport Ulyanovsk radius is 150 km, height - 6000); ❖ Airport has 30 units of special vehicles for service of runways and aircraft. Now we have a great possibility to buy new vehicles and the tender for their delivery is held; ❖ The airdrome is suitable for receiving of cargo and passenger aircraft of 2, 3 and 4 categories; ❖ When the reconstruction of Penza airport is completed, the airport will be able to receive the following types of

	aircrafts: Tu-204, Tu-214, Boing-737, Boing-757, Aerobus-320, Aerobus-321; ❖ Support for the project from the Penza Region Government.
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2. Marketing information

Item	Description
Market	Penza region, Volga Federal District, Russian Federation

Market specifics

The project aim:

- Satisfaction of requirements in passengers' transportations in Penza region and Republic of Mordoviya,
- Realization up to 30 % of cargo flights in the Volga region.

The period of validity and realization of the project:

- Till 2021 (it is calculated within 6 years).

A major precondition for the project:

Intensity of flights in air space of Penza ATC center during the summer period is 300 aircraft a day, 60 aircraft of them are from foreign countries, flying via airway «Green - 3».



Optimization of activity of the airport is reached by means of combination in management of «Airport Penza» and «Penza Air Traffic Control Center» that allows to minimize expenses and to reduce time of coordination procedures.

Directions for airport development :

Organization of cargo flights :

- to maintain trade activities of the Penza region enterprises;
- to redistribute a cargo stream in Volga region,
- to optimize cargo flights for republic Mordovia, the Saratov region and other parts of the Volga region using Penza airport.
- airport Penza is planned to be used as an alternate for Moscow, Samara, Saratov, N.Novgorod airports.

Increasing of passenger flights

- by organizing of the international passenger flights (business and tourist);
- by development of national passenger flights (business and tourist).

The airport Penza is located in the intensive flight area. Air traffic controllers handle flights of aircraft flying :

- from north - to South (Syktyvkar, N.Novgorod, Saratov,);
- from the Ural Mountains - to Southwest (Rostov, Voronezh, Ekaterinburg, Chelyabinsk);

- from the Central Asian regions to the West of Russia.

Such a favorable position of Penza airport will allow airlines to economize fuel in case of use of airport Penza as the alternate.



Favourable weather conditions

Penza airport has favourable weather conditions for receiving the aircraft 321 days a year. In the other days possibility of receiving aircraft is also obvious. Meteorological conditions of the other airports of Volga region (N.Novgorod, Samara, Saratov, Ulyanovsk) are the following: frequent fogs and low ceiling (clouds), overcast (because they are situated near the big river Volga), these phenomena essentially influence safety of take offs and landings of aircraft.

Topographical characteristics

- Penza airport is situated on the Central Russian plain. Adjoining territories to airdrome have no hills or mountains that provides favourable conditions for landing, taking off and approach in difficult meteorological conditions;
- The structure of soil allows to minimize expenses while runway maintenance.

Economic expediency

- Possibility of satisfaction of growing requirements for transportations of cargo in Penza region, Saratov region (airport of Saratov has no possibility to develop due to territorial limitation), republic Mordovia and other regions.

Works are completed

- the length of the runway is increased by 700 m;
- the apron and taxiway 4 are widened , (taxiway4A construction is nearly completed);
- special area for deicing is prepared;
- treatment facilities are constructed;
- the drainage system is constructed;
- radio navigation and landing equipment is modernized;
- new paved patrol roads and airport protection fence are built.

Work is in progress

- modernization of landing system (runway heading 287 °/107 °);
- modernization of the standardized lighting equipment RVR-1 RW heading 287 ° , RVR RW heading 107 °;
- modernization of search and rescue station equipment;
- widening of Taxiway-1.

Building of the cargo terminal, new passengers' terminal complex, hotel complex (350 people) is planned.

The airport Penza is used as a transit airport for passengers' flights in Russia, and alternate airdrome for the airports of the Moscow region and the airports of the Volga region.

Simultaneously, from the point of view of region flights development, the variant of cargo terminal building on the base of Penza airport for acceptance, processing of cargo and its further delivery to the cities of the Volga region is submitted for consideration. The obtaining of the international airport status for Penza airport and its further exploitation, as a transit airport for charter cargo flights of foreign airlines and also charter passenger flights from Europe to South East Asia and Middle East is in the long term plans.






Investment project Sura river embankment reconstruction

1. General information

Title	Description
Type of the project	Building
Project description	The building of the European level complex in the historical center of the city including the demolition of the present building and new high-tech district creation.
The site description	The central part of the city, Sura river embankment. Total plot area: 11,5 Hectare, area of the projectable building: 8,85 Hectare
Final product	<ul style="list-style-type: none"> - 25 stores trade center, - 25 stores hotel, - 7 business centers (from 5 to 35 stores), - 10 habitable houses «elite» (from 8 to 23 stores), - Trade and entertainment objects, - Parking.
Contact information	Penza Region Development Corporation JSC Tel.: +7(8412) 46 50 58 e-mail: info@krpo.ru web-site: www.krpo.ru
Favorable conditions for investment project realization	<ul style="list-style-type: none"> - Ineffective territory use in the historical part of the city center; - Ramshackle building of a little value; - There is no business district in Penza; - The territory renovation is required; - Convenient site – it is near the main transport highlights; - In the zone of the high purchase requirement; - Developed infrastructure; - Support for the project from the Penza Region Government.

2. Marketing data

Item	Characteristics
Marketing outlet	Penza citizens and guests
Market specifics	
<p>Project initiator Penza city administration</p> <p>Project description The territory of the building is the historical center of the city; it is close by the main administrative buildings with the city and region meaning.</p> <p>The structure of the complex: 25 stores trade center, 25 stores hotel, 7 business centers (from 5 to 35 stores), 10 habitable houses «elite» (from 8 to 23 stores), Trade and entertainment objects, Parking.</p> <p>All buildings are equipped with vertical connection – by panoramic and freight lifts.</p> <p>Underground parking is horizontal, with clear division of the traffic steam and service functions. Foreshow cleaning, reconstruction of the Sura embankment and mooring building are provided by the project.</p> <p>Key project indexes Site area: 11,5 ra. Estimated total volume of investments: 136 Mln. \$. Term of realization: 4 года Payback period: 4 года</p> <p>Project phase Town planning concept</p> <p>Location The city of Penza, central part of the city, Sura river embankment.</p> <p>Proposal realization Core Russian and foreign investors interested in habitable and commercial real estate will be involved in project realization, with further management by professional operators.</p> <p>Normative legal documents General town planning scheme, voted by Penza City Duma resolution from 28.03.2008 № 916/44/4.4.</p>	  



Investment project Construction of a plant for glass sand production and processing, realization of glass industry

1. General data

Item	Description
Site type	Resource
Purpose of site use	Construction of a plant for glass sand production and processing, realization of glass industry investment projects
End product	State Standard 22551-11 "Quartz sand, ground sandstone, quartzite and veiny quartz for glass industry. Specifications", State Standard 8736-93 "Sand for construction works"
Deposit name	Ivanovskoye - 2
Natural resource	Glass sand, mortar sand
Site location	Ivanovka, Gorodishchensky District, Penza Region, Russian Federation
Local site situation	1 km north of Ivanovka, 8 km south of the glass-manufacturing plant, 18 km north-north-west of Gorodishche and 40 km north of Kanaevka railway station on the Kuybyshevskaya Railway
Current lands status	Forest estate lands
Buildings on site	None
Owner	Under the Forest Code of the Russian Federation (art. 8) regional forest parcels within the forest estate lands shall be federally owned.
Contacts	JSC Penza Region Development Corporation Tel.: +7(8412) 46 50 58 e-mail: info@krpo.ru Web page: http://krpo.ru
Favorable conditions for investment project realization	A growing demand for glass sand from glass-manufacturing plants all across Russia caused by a gain in building and construction work and an improvement in the social standard of living; Closely located major customer market, including the Nikolsk glass business cluster: Human resources: able-bodied population as of 01.01.2015 – 17,8 ths of them unemployed; Labor costs minimization possibility: average pay in 2015 in Penza Region was 23 000 RUB. Transport and civil engineering infrastructure: 25 km to the M5 Ural Federal Highway, 40 km to the railway station; Auction documentation ready for a tender for the site; Support for the project from the Penza Region Government.

2. Transport and civil engineering infrastructure

2.1. Transport infrastructure

Item	Characteristic
Motor transport communication	Nearest federal highway - the M5 highway (Moscow - Chelyabinsk), 25 km away from the site. Nearest motorway-like road - 2 km away from the site. Access ways - a dirt road.
Nearest major cities	Penza - 45 km; Moscow - 682 km; Samara - 376 km; Saratov - 231 km; Nizhny Novgorod - 485 km.
Railway communication	The Kuybyshevskaya Federal Railway, 40 km away from the site; nearest station - Kanaevka railway station, 40 km away from the site. No branch line on site.
Air communication	Nearest airport - the city of Penza, 55 km away from the site.
Waterway communication	Nearest port - the city of Syzran, 200 km away from the site.
Security measures	No fence, technical security system or video monitoring. Nearest fire station - 4 km away from the site, nearest police station - 3 km away from the site.

2.2. Civil engineering infrastructure

Electricity supply	Service company - Open Joint Stock Company "Penzaenergo". A 10 kW power line is 100 m away from the site.
Gas supply	Service company - Limited Liability Company "Penzaregiongaz". A 110 mm 0.6 MPa gas pipeline is 1 km away from the site. A gas-distribution station is 3 km away from the site.
Water supply	Service companies - Municipal Engineering Company and Gorkomavtoservis. There is a water tower in the village of Steklozavod. No boreholes on site.
Sewerage	No sewerage system in the immediate surrounding. No sewage disposal plants or sewage collectors on site.
Heat supply	No heat supply network nearby. No on-site heat sources.
Communications	GSM 900/1800 mobile communication available; operators: Beeline, Megafon, SMARTS GSM. Wire telephone communication (Open Joint Stock Company "Volgatelekom").

3. Deposit data

Item	Characteristic
Deposit name	Ivanovskoye - 2
Mineable natural resources	Glass sand
Resource properties (chemical composition)	Sand grain size range is 0.63-0.1 mm in 94,71 % of the sand. Average content of base sand components within the target layer in all samples: SiO ₂ -97,23%, Fe ₂ O ₃ -0.33%, Al ₂ O ₃ - 1.39%.

Explored reserves volume	<p>As of 01.01.2011 glass sand reserves at the "Ivanovskoye-2" deposit amount to 236 kt according to industrial standards. (A - 7 kt; B - 94 kt; C - 135 kt).</p> <p>The site area is 124.87 ha according to the P1 standard. Total overburden volume - 3 246 510 m³ Target layer thickness - 4.6 m, stripping ratio - 0.57. Evaluated sand glass reserves - 5 743 820 m³ or 8730.60 kt.</p>
Approval by the territorial reserves committee	<p>236 kt approved by the State Reserves Committee, the P1-standard reserves are to be further explored and registered.</p>
Additional information	<p>The expected reserves were additionally evaluated in all the sand distribution area on the basis of their possible use for construction works according to the State Standard 8736-93 "Sand for construction works". Total site area 1144.2 ha. Target layer average thickness - 7.68 m; overburden average thickness - 1.5 m. Evaluated mortar sand reserves - 83 617 220 m².</p>



Investment project Construction of a logistical complex class «A»

1. General information

Title	Description
Type of the place	Industrial place
Direction of cooperation	Construction of a logistical complex class «A»
Final product	Logistical complex class «A», realized according to system «build-to-suit».
Contact Information	JSC «Penza Region Development Corporation» phone: +7(8412) 46 50 58 e-mail: info@krpo.ru Website: www.krpo.ru
Favourable conditions for the investment project implementation, key competences	<p>Geographical location: in immediate proximity to big cities, convenient means of transport; Transport availability: Distance to Penza – 21 km. The presence of</p> <p>Geographical location: affinity of the big cities, a convenient transportno-geographical position; Transport availability: Distance to Penza – 21 km. Presence of inner roads: an adjunction to Federal highway M5 "Ural". Distance to railroad network – about 6 km. Customs post on territory of the industrial park.</p> <p>Next to the main customers: The logistical complex will be on the territory of the industrial park "Kizchevatovo". The quantity of residents is planned to be 15 industrial enterprises, which suppliers and clients is going to use warehouse for the long term storage of finished goods, semifinished products, raw materials etc.</p> <p>High manpower quality: experts in the sphere of logistics are graduated by the oldest educational institutions of the Penza region.</p> <p>The favorable regional legislation: tax privileges and preferences are provided for project implementation; Absence of competitors: there are only warehouses complexes class B, C, D which do not satisfy the requirements of modern storage and transfer of the goods.</p>

2. Marketing Information

Title		Description			
Product market		Penza region, Volga federal district			
Market characteristics					
Distribution of warehouses on the economically effective areas of Volga federal district.					
Nº п/п	Region	Class «A»	Class «B»	Class «C»	Class «D»
1	<u>Samara region:</u> Total Price per m ² , rbl.	150 thous. m ² 410	90 thous. m ² 190	220 thous. m ² 140	110 thous. m ² 70
2	<u>Nizhny Novgorod region:</u> Total Price per m ² , rbl.	150 thous. m ² . 370	70 thous. m ² 190	180 thous. m ² 140	90 thous. m ² 60

Currently, the market of warehouse in the Penza region doesn't correspond to requirements of large manufacturers, distribution and trading networks which start their work in the region.

According to the field marketing research, a total area of free warehouse on the territory of Penza makes approximately 200 thousand m² and about 100 thousand m² as a whole in Penza region. Mainly it is small warehouses (the area less than 1000 m²) which main lack is absence of a necessary warehouse infrastructure.

Total area of warehouse offered for rent according to classes on territory of the city of Penza

	Class «A»	Class «B»	Class «C»	Class «D»
Total area, m ²	0	7 thous.	150 thous.	40 thous.
Price m ² /rbl.	-	220	130	70

Total area of warehouse offered for rent according to classes on territory of the Penza region

	Class «A»	Class «B»	Class «C»	Class «D»
Total area, m ²	0	5 thous.	40 thous.	55 thous.
Price m ² /rbl.	-	180	110	50

As it could be seen from the above-stated tables on the market of warehouse of Penza and Penza region prevail class C and D warehouses. There is essential deficiency of warehouse complexes of a class «B» and total absence of warehouse complexes of a class «A».

Because of the absence of the offer have to rent low class warehouse, to use logistical complexes in other regions or to build own warehouse complexes that isn't always favourable. Modern companies usually require area from 200 to 1 000 m² for storage.

Extrapolating the structure of warehouse from Samara and Nizhniy Novgorod regions to the conditions of the Penza region it is possible to predict the requirement for 100 thousand m² of class "A" warehouse in the city of Penza.

Warehouse, as a rule, is offered by the enterprises which had limited the manufacture or do not possessing sufficient capacities because of the various reasons. These factors have led to necessity of warehouse complex of a class «A» creation in the industrial park "Kizhevatovo".

The large logistical complex of a class "A" with wide spectrum of services becomes the decision of logistical problems of the park residents, the enterprises of the Penza region and Volga federal district.



Investment project

The building of the hothouse complex for vegetables production

1. General information

Title	Description
Type of the place	Industrial place
Total area (m2)	3020000
Investment project	The building of the hothouse complex for vegetables production
Final product	GOST (statestandard) 1726-85 Fresh cucumbers, GOST (statestandard) 1725-85 fresh tomatoes. RST RF 668-82
Project location	Russian Federation, Penza region
Contact Information	JSC «Penza Region Development Corporation» phone: +7(8412) 46 50 58 e-mail: info@krpo.ru Website: www.krpo.ru
Favorable conditions for the investment project implementation, key competences	<ul style="list-style-type: none">❖ the priority role in satisfaction of the requirements on fresh vegetables during out-of-season time belongs to hothouse vegetable growing;❖ According to the Russian Federation Concept of a state policy in the field of a healthy food for population and a strategic objective of a state policy on food security there is a need for restoration and development of the hothouse branch;❖ hothouse market capacity is more than 1.4 mln tones per year (in medium-term period – 2.5 – 3 mln. tones according to the project of healthy nutrition);❖ the territory for project implementation is flat, the height difference on the of 300 hectares is 1 m;❖ Availability of transport and engineering infrastructure;❖ Tax privileges and preferences are provided for project implementation;❖ Project support from the Penza Region Government.



**Investment project
«Wood processing plant
on the territory of Yursovsky forest district »**

Characteristic	Description
Site type	<u>Brownfield</u>
Purpose of site use	Wood processing plant
Site location	Russian Federation, Penza region, Zemetchinsky area
Contacts	Penza Region Development Corporation JSC Tel.: +7(8412) 46 50 58 e-mail: info@krpo.ru Web-site: www.krpo.ru Administration of «Yursovsky forest district» Phone: (84155) 3-34-42 Fax: (84155) 3-34-42
Engineering infrastructure	
Electricity	
The availability of electricity:	OOO* «Energotreiding» <small>*-limited liability company</small>
Power of the overhead power line:	10 000 kW
The nearest electrical substation from the site (km):	0,05
Gas supply	
The nearest electrical substation from the site (km):	1,5
Pipe diameter(mm):	159
Pressure (mPa)	1,2
Water supply	
The nearest electrical substation from the site (km):	0,05
Transport infrastructure	
Motor transport communication	Nearest federal highway – M-5 ”Ural” highway -80 km away from the site.
Nearest major cities	Penza – 240 km; Ryazan – 260 km; Saratov – 430 km; Moscow – 450 km; Samara – 660 km; Nizhny Novgorod – 390 km.
Railway communication	On the territory of the forest district there is a federal railway «Kuybyshev Federal Railway», nearest railway station Zemetchino.
Air communication	Nearest airport – Penza 240 km away from the plot

Short description

Pashkovo – village in Zemetchenskii area of Penza Region. It is an administrative center of Yursovsky forest district.

The village located in 22 km to the North-West from Zemetchino, on the edge of a large woodland area and near Ursov river. It is also a station of Zemenchino-Sasovo rail road.

There are hospital, pharmacy, school, community center, library in the village. Yursovsky forest district's office located here.

The forest district distance from North to South is 55 km, from East to West is 43 km.

The total area of the forest district is about 69033 Hectares, among them wooded lands 65308 Hectares, non-forested area (farm fields, hay lands, roads, wetlands, village halls and so on) – 3725 Hectares. The areas covered with forests are 63822 Hectares, among them planted forests 14754 Hectares, free growing forest cultures – 586 Hectares.

Coniferous plantings take the area of 15500 Hectares, total yield is about 3358,4 thousand m³, average age of stand 44 years.

Hard-leaved forest take the area of 7115 Hectares, total yield is about 1204,5 thousand m³, average age of stand 61 years.

Soft-leaved forest take the area of 41143 Hectares, total yield is about 6181,1 thousand m³, average age of stand 39 years.

Rated wood cutting (annual allowable cutting rate) of all kinds of felling in Yursovsky forest district is about 184,5 thousand m³ merchantable woods, including coniferous plantings 46,1 thousand m³.

Conventional minimal rate per unit of the forest resources (non-specific m³ of lumber) is 79.6 rubles in Yursovsky forest district.

Average minimal cost of wood harvesting is 500 rubles per 1 m³. Depending on the distance minimum cost of transporting is starting from 400 rubles per m³.

Favorable conditions for investment project implementation

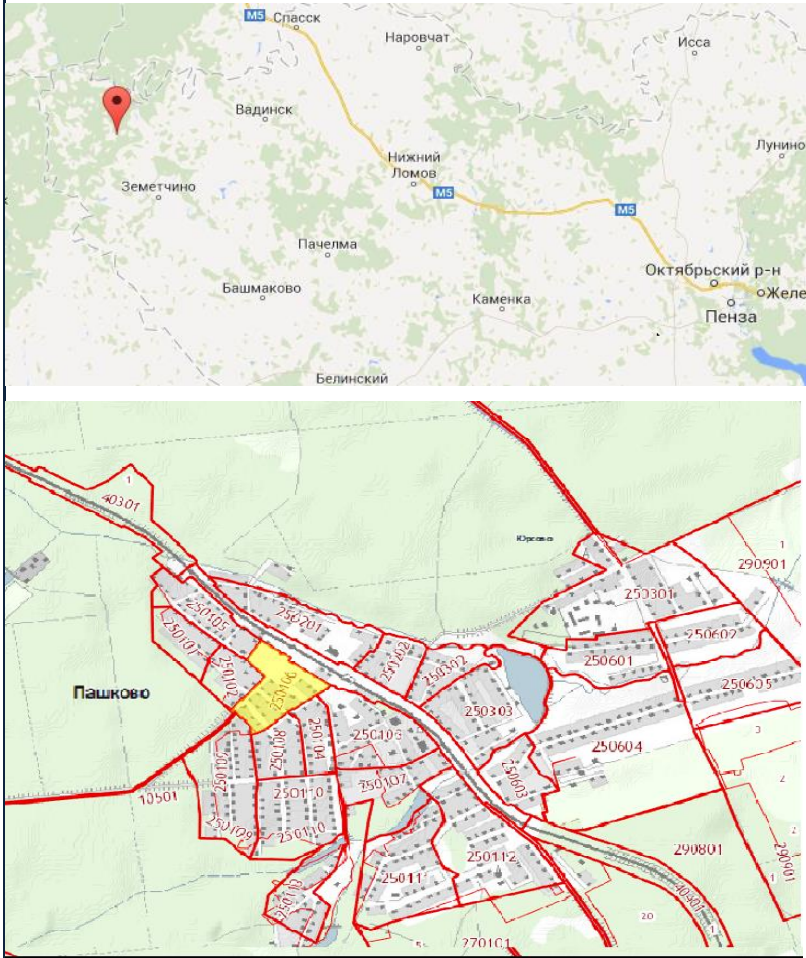
Geographical location: Zemetchinsky district is located in the North-West part of the Penza region. The distance from the regional center is 220 km. Nearest republics, oblasts and districts: Mordovia Republic, Tambov, Ryazan oblasts, Bashmakovsky and Vadinsky areas of the Penza region.

Access to transportation: there is a railway in the district, the presence of the equipped stations, railheads, warehouses.

The presence of the inner approach roads: In the center of the district and to the most communities are cut the roads with hard surface. The stretch of the all-purpose roads with hard surface is 212 km. The density of the all-purpose roads with hard surface is 100 km on 1000 sq.km. of the territory.

Favorable legal framework: preferential taxation for investors, who implement priority investment projects on the territory of the region.

Plot orientation



Penza region

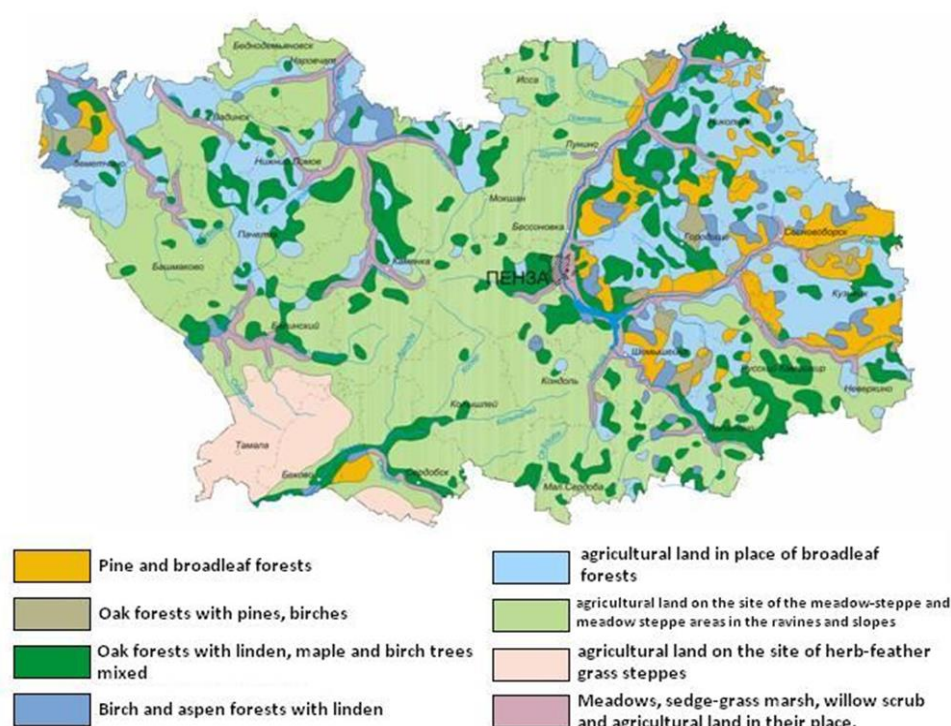
Zemetchinsky area

Marketing information

Market	Penza region, Volga Federal District, Russian Federation
Market specifics	
<p align="center">General information</p> <p>Penza Region is located in the center of European Russia and is bordered on the north by the Republic of Mordovia and Ryazan region, in the east - the Ulyanovsk Region, in the south - the Saratov region and the west - the Tambov region. The greatest extent of the area from north to south - 204 km, from west to east - 330 km. The total area is 43.3 thousand sq. km. or just over 0.3% in Russia. The area is divided into 27 districts (rural), has 3 cities of regional importance, 8 towns of district level, 16 working villages and 376 village councils. The population is 1369 thousand people.</p> <p>Larger part of the region territory located in forest-steppe zone. Forest areas located in the North-East and East areas. South and South-West parts are heath areas with steppe vegetation. The central regions has a mix of vegetation. Overall in the region forest areas estimate for 21,4% of the whole territory.</p> <p>The total forest area of the Penza region amounted to 831 100 hectares, total amount of plantation is 139,04 million m³.</p> <p>Most forests have a natural origin, forest forming species are: pine, oak, birch, European aspen. Pinery is a dominant type (30,8%), less widespread – oak wood (17,7%), birch-trees (20,9%), aspen wood (19,3) and lime trees (8,5%). Overall wood stock is around 140 million m³</p>	

The distribution of forest on the composition of wood species and location:

Vegetation map of the Penza region



According to forestry standing orders annual rated wood cutting in Penza region (annual withdraw of the wood substance) taking into account all kinds of felling is 1633,2 th.m3 of merchantable wood.

Annual rated wood cutting on the felling of maturity stand and overripe wood is settled on the value of 1149,2 th.m3 , incl.:

- Coniferous working group – 126,9 th.m3;
- Hard-wooded broad-leaved working group – 161,1 th.m3 of wood;
- Soft-leaved working group – 861,5 th.m3.

Annual volume of the cleaning cuttings, salvage and failed wood cutting is 483,7 th.m3.

The main timber procurers are lessees of forest areas.

Potential directions in the wood treatment

Leading branches of the wood production realized in the internal and external markets are round forest products, saw-timbers, plywood and wood plates.

The region has considerable wood and the timber industry potential, favorable geographical position concerning internal and the foreign markets, developed transport systems.

Total volume of wood export of the Penza region is saw-timbers and plywood. Among other wood-treatment products are business wood (99,2 %) and plywood (occupies 43,2 %). Other kinds of wood production (matches, the wooden houses made on factories, door blocks and wooden containers) are completely sold on home market.

	Lumber	Plywood	Fiberboard
Export	69,6	-	32
Regional market (Penza)	18,8	17,4	43,2
Internal market (Russian Federation)	11,6	82,6	24,8

Due to the high rate on the traditional energetic resources (electricity, oil-products and others) the theme of utilization and recycling of waste became an actual issue, especially its usage as biofuel. According to practice technology of wood treatment, waste wood is 20%, sawmill residues – 35-55% from by volume of production, waste wood by the plywood production – 60%

by volume of production, waste wood by the wood items production, furniture and others production – 50% by volume of production.

This new bioenergy material opens the new potential markets in the forest-based sector. The issue of wood pellets production is the most popular. Almost all products are export oriented.

The development of bioenergy can provide solving some forestry problems – in reclaiming and processing of aspen and other overripe (as a rule, deciduous) trees, cull for industrial felling.

Foreign markets, nowadays and in future will stay appealing for the Russian exporters of wood.

As for the Asian market, the consumption of the wood materials growth faster than production. Till 2017 the gap in resources is forecasted on all main kinds of wood materials:

- Round wood – 135 mil.m³;
- Industrial wood – 63 135 mil.m³;
- Chipboards - 51 mil.m³;
- Cellulose - 52 mil.m³;
- Paper and cardboard – 45 mil. m³.

On the timber and paper markets in the Asian countries (Japan, China, Korea) Russia is mainly raw wood supplier.

As a result, the existing tendency offers a great opportunity for the Russian forest-industry complex. Russian has the largest forests in the world (the first place). Herein Russian wood has a very good quality according is natural, physicals, mechanical and silvicultural parameters.

Unfortunately, the Russian market share on the wood markets is not very large. Russia has the first place in round wood export only (more than 26%). But in the last years it increases the share in the world production of the industrial wood (6%), boards (3.5%), paper and cardboards (2%).

From the manufactured products are imported: converted wood – 36%, plywood – 62.8%, cellulose – 66%, blank new paper – 60%. In the structure of wood export dominates round wood, its share in the currency earnings is more than 30%, treated wood – more than 20%, cellulose – 10%, plywood – 6%, blank new paper – 7%. Russia comes short of developed forestry countries, in the export share of which dominates added value wood processing products.

Consequently, todays markets of wood treatment are illimitable. According to estimates of the Forest research institution (NIPIEIllesprom), the long range demand on commercially dry lumber, wood laminate plastic, OSB boards, paper and cardboard will increase. It offers challenge to the wood and wood processing industry.



Investment project “Construction of the dairy complex”

Item	Description
Type site	Plot
Purpose of the site use	The establishment of the dairy complex, the main focus of which will be to supply Penza and the nearby regions with milk and dairy products, 9500 heads
End product	Milk and dairy products
Contacts	JSC "Penza Region Development Corporation" Director General - Shelementev Sergei Viktorovich +7 (8412) 46-50-58 info@krpo.ru
Favourable conditions for investment project implementation	<p>These are the following benefits to locating production in the Penza region:</p> <ul style="list-style-type: none"> - The shortage of milk on the Penza region market; - The experience in implementing major investment projects in dairy husbandry, including foreign investments; - The progressive regional legislation, offering incentives to potential investors; - The staff competence: the training system for agricultural industry has been developed and worked through with investors; - The great variety of animal feed suppliers: there are 15 feed mills with a total production capacity of 2550 tons/day located on the territory of the region - Existing "brownfield" and "greenfield" investments for implementing the project with option to purchase the property; - The introduction of the embargo on milk and dairy products including cheese, as a domestic support measure; - The project is supported by the Penza region Government

Marketing information

Currently, the dairy industry is experiencing a truly historic moment. Due to the embargo on milk and cheese products it's difficult to find more favourable time for the project implementation in the dairy industry than now.

It's worth noting that three "Dairy Giants" – "Danone", "Wimm-Bill-Dann", "Unimilk" occupied almost all dairy market in Russia. The policy of these companies is to purchase regional enterprises and produce their own products on their basis. Thus, "Danone", "Wimm-Bill-Dann" and "Unimilk" are absolute leaders in the production of

milk and dairy products in Russia.

The milk processing enterprises of the Penza region purchase raw milk for 16-18 roubles in summer and 21 roubles in winter. Consumer prices for pasteurized milk in Russia are characterized by stable growth, which makes the industry attractive. According to experts, the milk and dairy products market will continue to grow. It is explained by high demand for milk and dairy products in Russia.

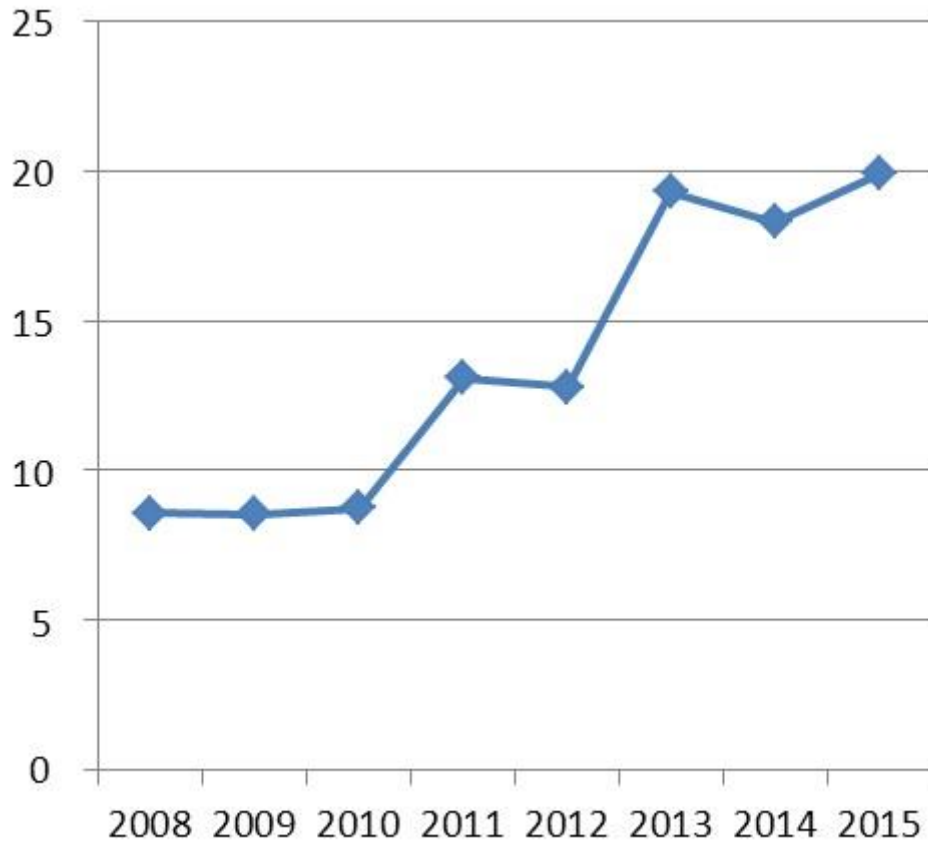


Chart 1. Dynamics of average disposal price of milk by agricultural producers, RUB

The milk production keeps growing with each passing year on the territory of the Volga Federal district. Over the past three years the most intense period of this increase is 2010. In 2015 milk production volume amounted to 4708 thousand tons. The Republic of Udmurtia, Bashkortostan and Tatarstan are the leaders in milk production in the Volga Federal district. Milk production in the Penza region for the same period amounted to 151,6 thousand tons (3.3% Volga Federal District).

The Penza region lacks for raw milk, however, on the territory of the region there are companies that are seriously involved in its production.

Table 1. Regional companies, involved in the raw milk production

№	Company name	Information about the company
1.	LLC "Russian dairy company"	LLC "Russian dairy company" ("RUSMOLCO") was established in October 2007. The company specializes in dairy farming and crop production and comprises nine farms which are located in Bashmakovo, Pachelma, Penza, Kuznetsk, Narovchat, Nizhniy Lomov and Kamenka. It's the largest producer of raw milk in the region.
2.	LLC "Penzamoloko"	The company is engaged in the following activities: 1) raw milk production; 2) meat production; 3) livestock and poultry production; 4) grain production.
3.	CJSC "Petrovskij bread"	The company is engaged in the following activities: 1) raw milk production; 2) meat production; 3) grain production.

The dairy products industry has always been considered strategic for the Penza region, that's why the regional administration pays close attention to it. In the near future, the Penza region Government plans to establish dairy farms. The actions mentioned above will help reduce the shortage of raw milk in the region, creating conditions for intensive development of dairy enterprises of different profiles on the territory of the Penza region. Dairies requiring resource base are mainly interested in the acquisition and development of their own farms. Investing in dairy farms is profitable due to the shortage of milk. The milk price hike has made agriculture more profitable than milk processing, which profitability is 35% for small-sized enterprises now.