GEOGRAPHIC LOCATION

KALININGRAD REGION
TERRITORY OF OPPORTUNITIES

Cities and Distances:
- WARSAW
- PRAGUE
- MINSK
- BERLIN
- COPENHAGEN
- STOCKHOLM
- HELSINKI
- MOSCOW
- KALININGRAD
- REGION
- TERRITORY
- OPPORTUNITIES

Distances in kilometers:
- WARSAW to PRAGUE: 277 km
- WARSAW to MINSK: 662 km
- WARSAW to HELSINKI: 659 km
- WARSAW to MOSCOW: 1,088 km
- WARSAW to COPENHAGEN: 515 km
- WARSAW to STOCKHOLM: 535 km
- WARSAW to BERLIN: 529 km
- WARSAW to AMSTERDAM: 1,061 km
LOGISTICS ADVANTAGES

KALININGRAD REGION
TERRITORY OF OPPORTUNITIES

Branch A of the Pan-European transport corridor I

Branch B of the Pan-European transport corridor IX

Helsinki
Tallinn
Riga

Klaipeda

Elbląg
Gdansk
Berlin

Warsaw

Brest

Kaunas
Vilnius
Minsk

Track gauge 1520 mm

Track gauge 1435 mm
SPECIAL ECONOMIC ZONE (SEZ)

FIXED CAPITAL INVESTMENTS

50 MLN RUBLES FOR THE FOLLOWING SECTORS:
• TOURISM
• PROCESSING INDUSTRY
• FISHERY AND FISH FARMING
• AGRICULTURE

150 MLN RUBLES FOR OTHER SECTORS

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
<th>Year 11</th>
<th>Year 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax</td>
<td>Property tax</td>
<td>Income tax</td>
<td>Property tax</td>
<td>Income tax</td>
<td>Property tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0%</td>
<td>10%</td>
<td>0%</td>
<td>1,1%</td>
<td>0%</td>
<td>10%</td>
<td>0%</td>
<td>1,1%</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

50% OF THE CURRENT RATES
GUARANTEES FOR THE SEZ RESIDENTS

- **IMPORT OF RAW MATERIALS AND COMPONENTS WITHOUT CUSTOMS DUTIES AND VAT**
- **THE LAND RENT DOES NOT CHANGE DURING THE ENTIRE TERM OF THE LEASE**
- **NON-APPLICATION OF MEASURES INCREASING THE RESIDENT’S TAX BURDEN**
- **LABOUR MARKET SUBSIDIES**
- **RAILWAY TRANSPORTATION SUBSIDIES**

THE SPECIAL ECONOMIC ZONE COVERS THE ENTIRE TERRITORY OF THE REGION (IN EFFECT UNTIL 2031)
PRODUCTION GROWTH

INDUSTRIAL PRODUCTION INDEX,
% (2005=100)

Kaliningrad Region

Russian Federation

Kaliningrad Region, Territory of Opportunities

KALININGRAD REGION

TERRITORY OF OPPORTUNITIES
PRODUCTION GROWTH

PRODUCTION IN PROCESSING INDUSTRIES,
% (2015 к 2014)

<table>
<thead>
<tr>
<th>Product</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meat and by-products</td>
<td>120,4</td>
</tr>
<tr>
<td>Frozen fish (except for herring)</td>
<td>112,5</td>
</tr>
<tr>
<td>Crude oils</td>
<td>105,0</td>
</tr>
<tr>
<td>Whole-milk products</td>
<td>122,1</td>
</tr>
<tr>
<td>Timber</td>
<td>106,9</td>
</tr>
<tr>
<td>Steel constructions</td>
<td>113,1</td>
</tr>
</tbody>
</table>
ECONOMY OF THE REGION

EXPORT AND IMPORT OF THE KALININGRAD REGION
for 11 months of 2016.
TOP-5 countries, %

<table>
<thead>
<tr>
<th>Country</th>
<th>Export</th>
<th>Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td>12%</td>
<td>12.4%</td>
</tr>
<tr>
<td>Algeria</td>
<td>11%</td>
<td>10.9%</td>
</tr>
<tr>
<td>Germany</td>
<td>6%</td>
<td>10.6%</td>
</tr>
<tr>
<td>Lithuania</td>
<td>6%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Poland</td>
<td>6%</td>
<td>7.9%</td>
</tr>
<tr>
<td>China</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Korea</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paraguay</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
WORKFORCE QUANTITY AND GENDER DIVISION, thousand people

2011: men 230, women 250
2012: men 260, women 250
2013: men 270, women 250
2014: men 270, women 250
2015: men 270, women 250

STRUCTURE OF THE WORKING POPULATION: EDUCATION in 2015

- Higher education: 31%
- Secondary vocational education: 48%
AVERAGE SALARY IN THE KEY ECONOMIC SECTORS in 2015, euro

- Transport and connection: 5,280€
- Hotels and restaurants: 4,363€
- Construction: 5,135€
- Processing industries: 4,681€
- Agriculture: 4,186€
Specialized instruments of support for small and medium enterprises

- Securities on financial obligations of small and medium enterprises
  *Guarantee Fund of the Kaliningrad Region*

- Concessional micro-loans
  *Microfinance Fund of the Kaliningrad Region*

- General non-financial services:
  Consulting, educational services, events organization
  *Entrepreneurship Support Centre (Entrepreneurship Support Fund of the Kaliningrad Region)*

- Non-financial services for export-oriented enterprises: consulting, educational services, events organization
  *Export Support Centre (Entrepreneurship Support Fund of the Kaliningrad Region)*

Universal instruments of support for industrial organizations

- Partial compensation of expenses on equipment’s acquisition
  *Ministry on Industrial Policy, Entrepreneurship Development and Trade of the Kaliningrad Region*

- Concessional loans*
  *Industry Development Fund of the Kaliningrad Region*

- Provision of infrastructure for industrial parks
  *Kaliningrad Region Development Corporation*

*The instrument is in effect since 2017. The mechanism is being under consideration.*
Maximum amount of a security: 70% of the financial obligations’ amount of the loaner

Security fee: from 0.5% to 1.3% per annum

Use of the instrument in 2016:

- Amount of securities: 190.6 mln rubles
- Amount of contracted loans under securities: 351 mln rubles

39 securities
CONCESSIONAL LOANS TO SMALL AND MEDIUM ENTERPRISES

MICROFINANCE FUND OF THE KALININGRAD REGION

Maximum amount: 3 mln rubles
Maximum term: 36 months
Interest rate: 10%

Financing in 2017:
- 27 mln rubles, including
  - 17 mln rubles from the federal budget
  - 10 mln rubles from the regional budget
  + funds allocated previously and self-raised funds

Use of the instrument in 2016:
- Amount of micro-loans: 52 micro-loans, 62.3 mln rubles
- 58 created work places
- 370 created work places
GENERAL NON-FINANCIAL SERVICES FOR MEDIUM AND SMALL ENTERPRISES

ENTREPRENEURSHIP SUPPORT CENTRE
(ENTREPRENEURSHIP SUPPORT FUND OF THE KALININGRAD REGION)

Services
- consultations on:
  - financial issues
  - legal issues
  - information support
  - HR
- organization of workshops, forums, conferences, round tables
- educational programs

Financing in 2017
- 11,9 mln rubles,
  - including 7,5 mln rubles
    - from the federal budget
  - 4,4 mln rubles
    - from the regional budget

Use of the instrument in 2016

Quantity of consultations
- 49 workshops
- 10 forums, conferences, round tables
- 1 educational program
- 5246 on financial issues
- 2277 on legal issues
- 1091 on information support
- 1351 on HR

KALININGRAD REGION
TERRITORY OF OPPORTUNITIES
NON-FINANCIAL SERVICES FOR EXPORT-ORIENTED SMALL AND MEDIUM ENTERPRISES

EXPORT SUPPORT CENTRE
(ENTREPRENEURSHIP DEVELOPMENT FUND OF THE KALININGRAD REGION)

Services
- consultations
- trade missions abroad and reception of international delegations
- participation in exhibitions and fairs
- workshops, forums etc.
- creation of Internet websites
- preparation of presentation materials
- marketing research
- educational programs

Financing in 2017
- 4,9 mln rubles, including
  - 3,1 mln rubles from the federal budget
  - 1,8 mln rubles from the regional budget

Use of the instrument in 2016
- 50 consultations on export issues
- 7 trade missions abroad
- 4 enterprises participated in international exhibitions
- 5 created or upgraded websites
- 2 received international delegations
- 18 created profiles in the EEN network

Enterprises participated in brokerage events abroad
Enterprises used our presentation materials prepared on foreign languages
Organizer of the contest: Entrepreneurship Support Fund of the Kaliningrad Region

Amount of the subsidy: 50% of the expenses’ amount but not more than 20 mln rubles

Financing in 2017: 30 mln rubles, including 30 mln rubles from the regional budget

Use of the instrument in 2016:

Amount of the allocated subsidies: 29,5 mln rubles
Loans of the regional industrial development fund

Industrial Development Fund of the Kaliningrad Region

5% interest rate

Amount of the concessional loan
from 10 to 50 mln rubles
but not more than 50% of the project’s budget

5 years maximum term of the concessional loan

Financing in 2017

150 mln rubles, including

150 mln rubles from the regional budget + self-raised funds

Joint loans of the regional and federal industrial development funds

Industrial Development Fund of the Kaliningrad Region
(in cooperation with the Russian Foundation for Technological Development)

5% interest rate

Amount of the concessional loan
from 20 to 100 mln rubles
but not more than 50% of the project’s budget

7 years maximum term of the concessional loan
INDUSTRIAL SITES

BALTTECHPROM
INDUSTRIAL PARK

KHRABROVO
INDUSTRIAL PARK

CHERNYAKHOVSK
INDUSTRIAL PARK

DANOR
INDUSTRIAL PARK

ECOBALTIC
INDUSTRIAL PARK

TECHNOPOLIC GS

private

state-owned

KALININGRAD REGION
TERRITORY OF OPPORTUNITIES
KHRABROVO INDUSTRIAL PARK

- Distance to Kaliningrad: 20 km
- Distance to the airport: 3 km

- Power supply: 39 MW
- Gas supply: 20 mln m³/year
- Water supply: 2500 m³/day
- Water disposal: 2500 m³/day
- Motorway: A217

TOTAL AREA
271 ha

KALININGRAD REGION
TERRITORY OF OPPORTUNITIES
- Total area: 1,116 ha
- Distance to Kaliningrad: 80 km
- Distance to the border checkpoint (Lithuania): 50 km
- Distance to the border checkpoint (Poland): 42 km
SPECIAL INVESTMENT CONTRACTS (SIC)

SPECIAL INVESTMENT CONTRACTS:
MUTUALLY BENEFICIAL FORM OF COOPERATION BETWEEN GOVERNMENT AND BUSINESS

FULFILMENT OF CONDITIONS ON CREATION/MODERNIZATION AND MASTERING OF THE INDUSTRIAL PRODUCTION

- RUSSIAN FEDERATION
- KALININGRAD REGION
- MUNICIPALITY

INCENTIVE MEASURES

SIMPLIFIED ACCESS TO THE STATE ORDER
an opportunity to be a SIC production supplier on the non-competitive basis

TAXES
non-increase of the tax burden + an opportunity to reduction of the federal and regional part of the income rate to 0% + accelerated capital allowances

RUSSIAN PRODUCT
an accelerated and simplified procedure of obtaining the status of a Russian producer

OTHER INCENTIVE MEASURES
depending on a sector, Including provision of a land plot in the state or municipal ownership for lease without holding tenders
AUTHORISED EXECUTIVE BODIES
OF THE KALININGRAD REGION

Ministry of Industrial Policy, Entrepreneurship Development and Trade of the Kaliningrad Region
236007, Kaliningrad, ul. Dm. Donskogo, 1
+7 (4012) 599–337
fax: +7 (4012) 599–334
minprom@gov39.ru

FUNDS OF INVESTORS’ SUPPORT

Entrepreneurship Support Fund of the Kaliningrad Region
- Entrepreneurship Support Centre
- Export Support Centre
236000, Kaliningrad, pl. Pobedy, 10, 6 floor., room 608, 611
+7 (4012) 593–169
info@fpmp39.ru

Microfinance Fund of the Kaliningrad Region
236022, Kaliningrad, Sovetsky pr., 13, 2 floor, room 221
+7 (4012) 570–472
mf@fpmp39.ru

Guarantee Fund of the Kaliningrad Region
236022, Kaliningrad, Sovetsky pr., 13, 2 floor, room 215
+7 (4012) 570–475
gf@fpmp39.ru