INVEST IN PENZA



LAND OF AMBITIOUS BEGINNINGS AND SUCCESSFUL INVESTMENTS





REASONS TO CHOOSE PENZA REGION





Rich resource and raw materials base

Scientific potential and available skilled labor force

Tax benefits and government support

Available infrastructure

Powerful industrial and IT potential

Trust of global brands

Business and event tourism

Cultural and historical heritage

Favourable environment

CONVENIENT LOCATION AND FAVORABLE LOGISTICS



NEAR THE CAPITAL!



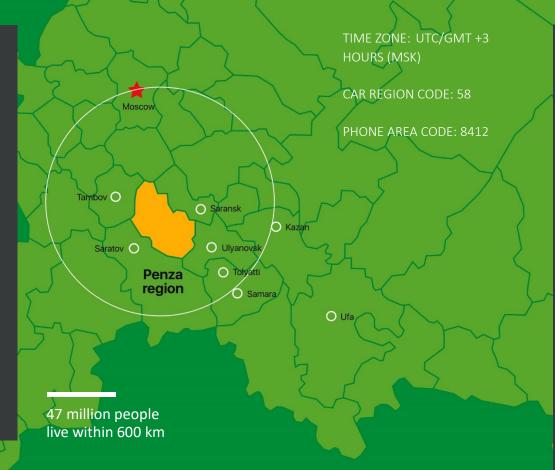
Distance from Penza to Moscow by highway

610 km



6 scheduled flights a day Moscow-Penza

Flight time – 1 hour





Penza – Kazan, flight time – 1 h 10 min

Penza – Nizhny Novgorod flight time – 1 h 40 min

Penza – Simferopol flight time – 2 h 30 min

Penza – Anapa flight time – 2 h 20 min

Penza – Sochi flight time – 2 h



HIGHWAYS

Federal highway M5 "Ural" (E 30)

Interregional highways:

- P158 "Nizhny Novgorod Saratov"
- P209 "Penza Tambov"



RAILWAYS

Kuybyshev Railway

South Eastern Railway

Euro-Asian Transport Corridor (TRACECA)

Direct access to Trans-Siberian Railwayy

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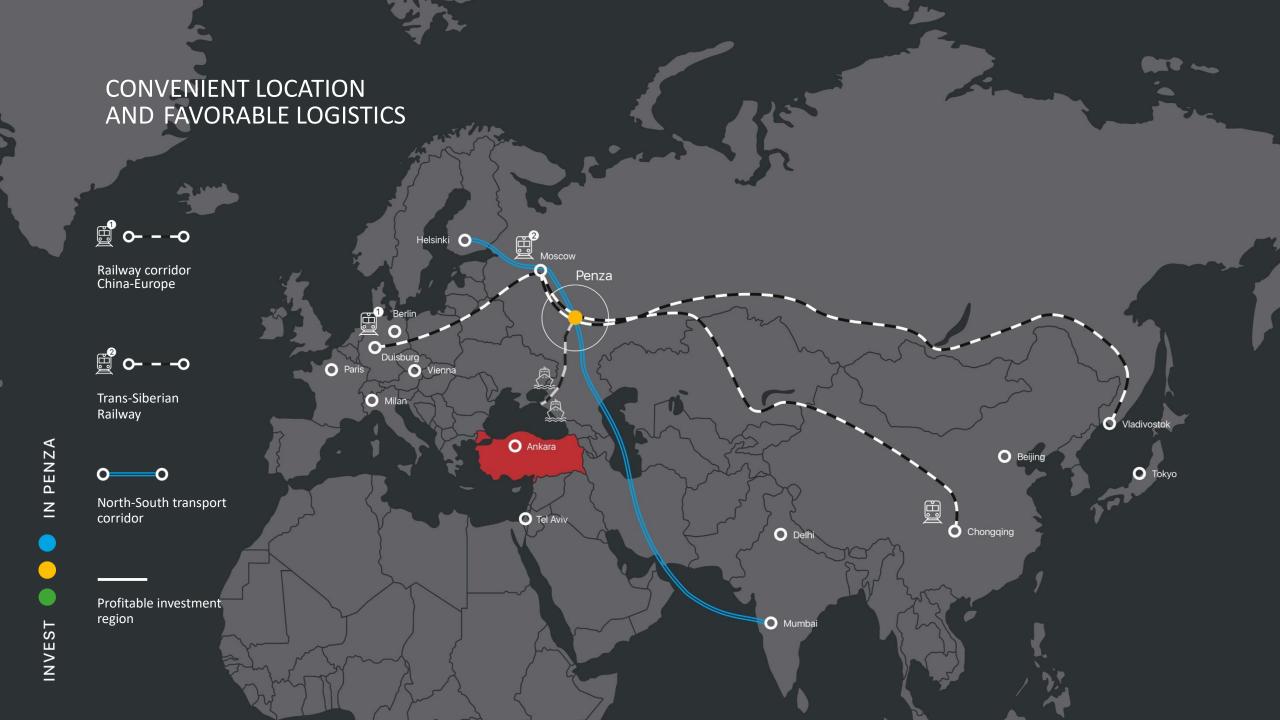
Territory 43,400 sq. km



Population 1.3 million people



Area of farmland 2.8 million hectares



ECONOMY OF THE REGION





1ST PLACE

- Growth rate of industrial production index in 2007-2017 (209%)
- Growth rate of agricultural production in 2007-2017 (177%)
- Road conditions are up to government standard



2ND PLACE

- Share of non-resource exports in total exports volume
- Growth rate of meat and fish production



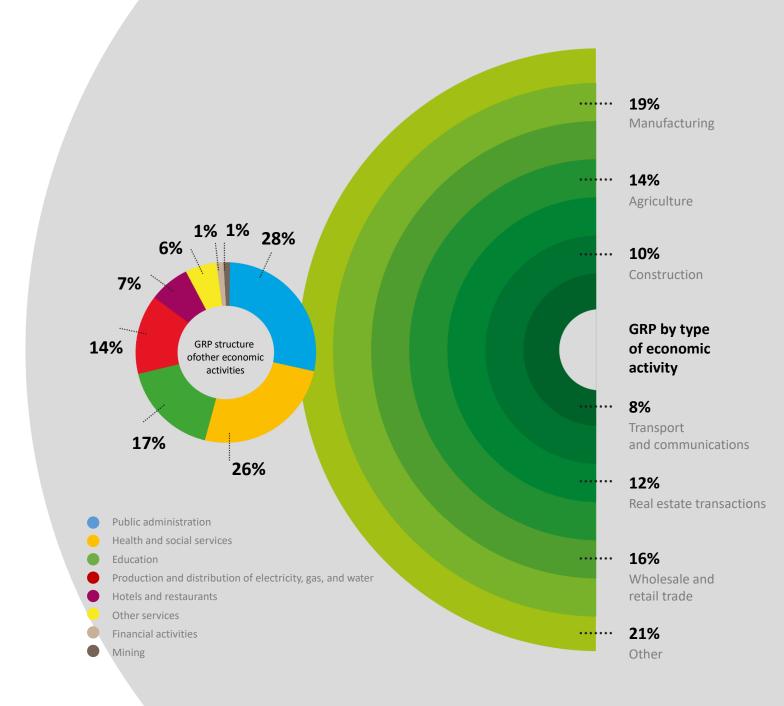
3RD PLACE

Number of youth creative innovation centers



21ST PLACE

In national rating of the investment climate of Russian constituent entities (improved by 24 places)



ECONOMY OF THE REGION

→ Rating in Volga Federal District

Government support of industry in the region: • special investment contract • industrial development fund • state programs of the Russian Federation • PSEDA• industrial parks and technological parks



Pastry cluster

40 enterprises, 4th in production in Russia



Biomedical cluster

21 enterprises, 65% of the production of heart valves in Russia



Information technology cluster

20 enterprises, 18 unique developments in 2016



Penza Instrument-engineering cluster "Security"

50 enterprises, 1,500 types of unique products



Light industry cluster

27 enterprises

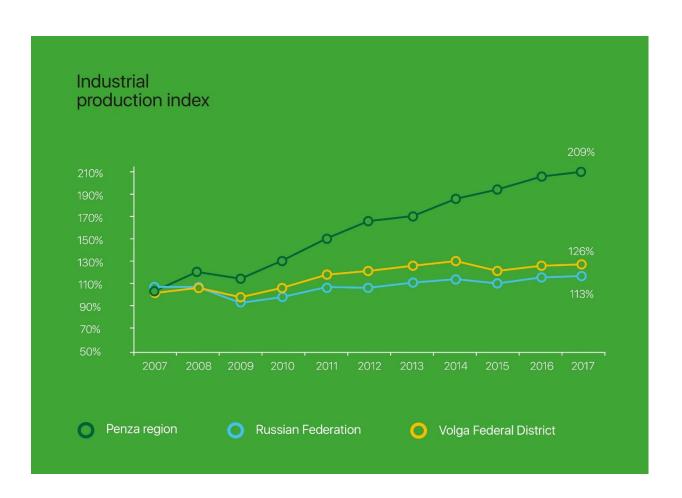






Furniture cluster

150 enterprises



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ECONOMY OF THE REGION

---> Agriculture

Rating in Volga Federal District

1ST PLACE

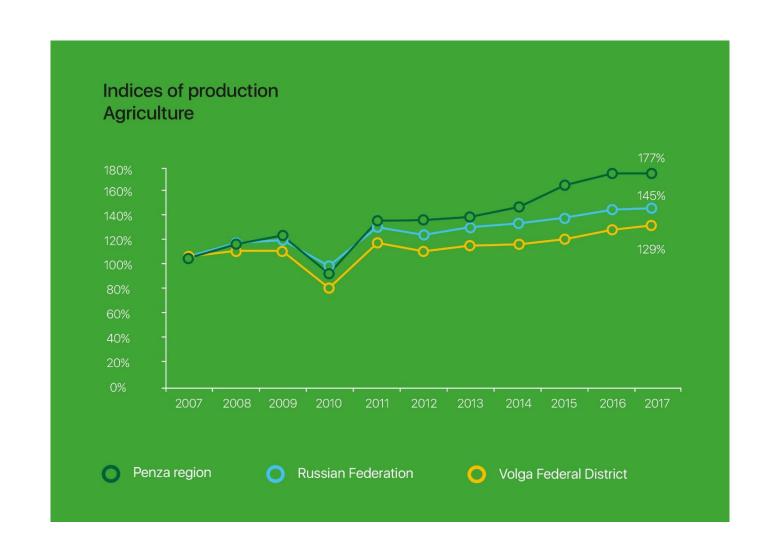
- Grain and pulses yield
- Growth rate of milk yield per cow
- Potato yield in agricultural organizations

2ND PLACE

- Gross harvest of sugar beet
- Growth rate and volume of meat production

3RD PLACE

Yield of sugar beet







IN PENZA

INVEST





27%

machine-building industry products

food industry products and raw materials



19%

metals and metalware



15%

other products



the 1st place in Russia for the export of technical security equipment



the 1st place in Russia for the export of artificial heart valves



the 4th place in Russia for the export of pastry

84 **COUNTRIES OF THE WORLD**

The Export map of the Penza Region enterprises



IN PENZA

THE PENZA REGION LEADING EXPORTERS





sugar production



security systems production



medicines production



plywood production



production of medical equipment, incl. heart valves



production of security and safety equipment



production of alcoholic and nonalcoholic drinks



nut snacks production



paper and cardboard production





SCIENTIFIC POTENTIAL AND AVAILABLE SKILLED LABOR FORCE







4 UNIVERSITIES

8 BRANCHES OF UNIVERSITIES

17 COLLEGES





414,000 graduates specialists

3,000 international students

17 INTERNATIONAL PROGRAMS

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TAX BENEFITS AND GOVERNMENT SUPPORT

TAX NAME	GENERAL CONDITIONS, %	ERAL CONDITIONS, % RATES FOR SPECIAL CATEGORIES			
		Newly created enterprises (less than three years old)	Agricultural producers	Projects with 8 billion rubles in investments (128 million \$)	Resident of Center for Regional Development and Industrial Park, for participants of regional investment projects
PROPERTY TAX	2.2	0	1.1	0	
INCOME TAX	20	16	-	15,5	13
TRANSPORT TAX	Depends on category and capacity of the vehicle	0	-	0	-
TERM OF BENEFITS		3 years from the date of commissioning the facilities provided by the project		5 years from the date of commissioning the facilities provided by the project	For the project's payback period

TAX BENEFITS AND PREFERENCES TO RESIDENTS OF PSEDA



TAX BENEFITS TO PSEDA PARTICIPANTS

- Income tax to the federal budget 0%
- Income tax to the regional budget 5%
- Mineral extraction tax 0%
- Corporate property tax − 0%
- Land tax 0%
- Contributions to social funds 7.6%



TAX BENEFITS TO PSEDA PARTICIPANTS

- Simplified VAT refund procedure
- No-cost connection to infrastructure facilities
- Favourable lease of land

- Provision of land for lease without bidding
- Consulting support
- Reduction of income tax up to 13% (for participants of regional investment projects)



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IN PENZA

INVEST

BUSINESS TERMS AND CONDITIONS





YABLOCHKOV TECHNOLOGICAL PARK

www.pnztp.ru



- IT
- Precise instrument making
- Materials science

Lease of premises:

- \$30/sq. m/year Office space
- \$30/sq. m/year Production space

Equipment lease:

- 1 year 1.5% of equipment cost
- 2-3 years 2.2% of equipment cost
- 4 years subsequent years 3% of equipment cost



RAMEEV TECHNOLOGICAL PARK

www.technopark-rameev.ru

Specialization:

- Medical devices
- IT

Lease of premises:

- \$54/sq. m/year Office space
- \$36/sq. m/year Production space

Equipment lease:

• 5% of equipment cost per year

RATES FOR UTILITY SERVICES CONNECTION:

- Electric network: from \$88 per 1 kW/h
- Gas networks: from \$995

OFFICE SPACE:

- Class A \$191/sq. m/year
- Class B \$113/sq. m/year
- Class C \$34/sq. m/year

WAREHOUSE AND PRODUCTION SPACE:

- Class A \$191/sq. m/year
- Class B \$113/sq. m/year
- Class C \$34/sq. m/year

TARIFFS FOR UTILITY SERVICES:

- Electricity \$0.08 per 1 kW/h
- Gas supply \$0.08/cu. m
- Water supply \$0.38/cu. m
- Water disposal \$0.25/cu. M

COMMERCIAL SPACE:

- Class A \$337/sq. m/year
- Class B \$145/sq. m/year
- Class C \$56/sq. m/year

AVERAGE CONSTRUCTION PERIOD:

- Logistics centers 1 year
- Production floor 8 months
- Multi-story buildings 1 year
- Buildings of the warehouse 4-5 months





«Arbel» company

production, processing of cereal and leguminous crops





«Agsen» company

growing and processing of cereal crops



«Kaynak» company

production of pastry and flour-based food









PRIORITY PROJECTS

Land of ambitious beginnings and successful investments





PROJECT FOR ADVANCED PROCESSING OF WHEAT AND CORN

(succinic, gluconic, itaconic, glutamic, citric, lactic, xylonic, tartronic acids, polylactide, polyamides, polyethylene terephthalate)

Market conditions for project implementation:

- Separation of all valuable components of grain
- Production of high value-added products
 Products are used in various industries
- Growth in economic efficiency of grain production
- High opportunities for import substitution
 Growth of export demand for biodegradable lactic acid-based plastics
- Steady growth in demand for project products

Resource base:

• Grain surplus in Penza region – 1 million tons

Government support:

- Government stimulates grain production
- Infrastructure-provided site in the PSEDA Regional tax benefits

IRR - 7%

Sales market:

- Russian market
- Export to foreign markets

250,000 tons of raw materials

188 million dollars

Investment amount





CREATING A CHEESE CLUSTER

(dairy farms + processing plant)

Market conditions for project implementation:

- Cheese imports are 25% of the market volume
- Demand has opportunities to growth
- High opportunities for import substitution
- Growing shortage of raw milk in Russia.
- Presence of skills in the region in the production and processing of marketable milk, feed production, education and science

Resource base:

- Large dairy farms and small businesses.
- Stable growth in the production of marketable milk to 210,000 tons

Sales market:

- Domestic market of the Penza region
- Russian market

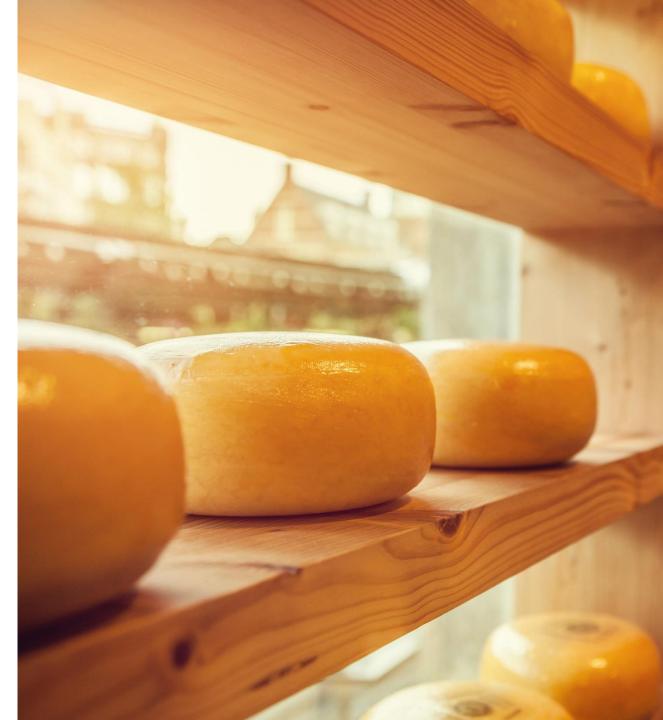
Government support:

- Income tax on agricultural producers 0%
- Reimbursement of CAPEX 30% (farm)
- Preferential loan rate 1-5%
- Obtaining land plots for lease without bidding
- Subsidies to purchase livestock
- Reimbursement of part of milk production costs
- Subsidizing insurance costs
- Subsidizing 30% of the cost of machinery and equipment for dairy cattle ranching

12,500 tons of products per year 29 million dollars

IRR - 22%

Investment amount









PRODUCTION OF MACHINE TOOLS AND MACHINING CENTERS



Market conditions for project implementation:

- Government support of the production of machine tools and accessories.
- Government support of localization of foreign production in Russia
- Existence of region's skills in this industry
- High potential for import substitution of machinery (80%)
- Devaluation of the ruble exchange rate relative to foreign currencies brings advantages when exporting products

Sales market:

- Domestic market of the Penza region
- Russian market
- Export to foreign market

Government support:

- Targeted loans at a rate of 1-5% per annum for up to 7 years in the amount of 0,7 to 11 million dollars
- Developed infrastructure of industrial parks
- Benefits for residents of industrial parks



ORGANIZATION OF FOUNDRY PRODUCTION



Market conditions for project implementation:

- Presence of demand for products on the part of regional beverage companies
- High export potential
- Devaluation of the ruble exchange rate relative to foreign currencies brings advantages when exporting products
- High share of imported products

Sales market:

- Domestic market of the Penza region
- Russian market
- World market

Government support:

- Targeted loans at a rate of 1-5% per annum for up to 7 years in the amount of 0,7 to 11 million dollars
- Guaranteed demand for domestic products in government procurement
- Creation by the government of a mechanism to form demand for foundry products



LOCALIZATION OF INSTRUMENT MAKING



Market conditions for project implementation:

- Great potential for import substitution the share of imported equipment ~ 100%
- Active government support of the modernization of Russian industry, organization of new industries, and provision of import substitution
- High demand in domestic microelectronics of state enterprises
- Projected growth in market volume

Sales market:

- Domestic market of the Penza region
- Russian market

Government support:

- Targeted loans at a rate of 1-5% per annum for up to 7 years in the amount of 0,7 to 11 million dollars
- Guaranteed government purchases of Russian civil microelectronics

Projected capacity:

1,000 machines and machining centers per year

Investment amount:

23 million dollars

Projected capacity: 3,000 tons per year

Investment amount: 10 million dollars

Projected capacity: 5% of the Russian market

Investment amount:

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PRODUCTION OF EQUIPMENT FOR FOOD INDUSTRY



Market conditions for project implementation:

- High share of imported products in the industry
- Government support for development of domestic production

Sales market:

- Domestic market of the Penza region
- Russian market

Government support:

• Subsidies in the amount of 15% of the equipment price excluding VAT (but no more than 0,2 million dollars)



PRODUCTION OF AGRICULTURAL MACHINERY



Market conditions for project implementation:

- Active government support of the modernization of Russian industry, organization of new industries, and provision of import substitution.
- High speed of development of agricultural and processing industry.
- High market share of imported machinery in the domestic market (46%)
- High market growth possibilities

Sales market:

- Domestic market of the Penza region
- Russian market

Government support:

- Subsidies to Russian manufacturers of agricultural machinery (20%)
- Compensation of a part of expenses to machine manufacturers
- Developed infrastructure of industrial parks
- Benefits for residents of industrial parks
- Preferential loans from the Industrial Development Fund



PASTRY PRODUCTION

(Eastern sweets)



Market conditions for project implementation:

- Growing demand for organic products
- Predicted increase in consumption of project products

Resource base:

• Production of 6% of sugar in Russia

Sales market:

- Domestic market of the Penza region
- Russian market

Projected capacity:

750 tons of products per month

Investment amount: 13 million dollars

Investment amount: 11 million dollars





PRODUCTION CANNED FRUITS AND VEGETABLES FOR BABY FOOD



Market conditions for project implementation:

- Presence of a stable base for agricultural production
- Need to establish a balanced diet for young children

Resource base:

• Gross harvest of vegetables and potatoes at farms of all categories is 8,100 tons

Sales market:

- Domestic market of the Penza region
- Russian market



PRODUCTION OF ANIMAL FEED



Market conditions for project implementation:

- Predicted increase in demand for project products.
- Presence of a trend in marketable production of aquaculture

Sales market:

- Domestic market of the Penza region
- Russian market

Government support:

- Income tax on agricultural enterprises 0%
- Preferential loan rate 1-5%



SHEEP AND GOAT RANCHING



Market conditions for project implementation:

- Low share of industrial production (7.7% of the market)
- Steady demand for manufactured products by a growing Muslim population
- Increased demand for marketable meat of sheep and goats
- Sustained possibilities of lamb exports to the Asia-Pacific regions

Resource base:

Large grazing pastures

Sales market:

- Domestic market of the Penza region
- Russian market
- Export to foreign market

Government support:

- Income tax on agricultural enterprises 0%
- Preferential loan rate 1-5%

Investment amount:

11 million dollars

Projected capacity: 170,000 tons

Investment amount: 28 million dollars

Projected capacity:

Meat 6,000 tons Breeding stock 65,000 head Investment amount:





Market conditions for project implementation:

- Possibilities for substitution of imported products
- Presence of skills in the region
- High share of imported products (22%)

Resource base:

• Development of raw materials base

Sales market:

- Domestic market of the Penza region
- Russian market
- Export to foreign market

Government support:

- Income tax on agricultural enterprises 0%
- Preferential loan rate 1-5%
- Subsidizing insurance costs



FISH FARMS CREATING

(installation of closed water supply)



Market conditions for project implementation:

- Predicted increase in demand for project products.
- Presence of a trend in marketable production of aquaculture

Sales market:

- Domestic market of the Penza region
- Russian market

Government support:

- Income tax on agricultural enterprises 0%
- Preferential loan rate 1-5%



GROWING SOYBEANS IN OPEN GROUNDS WITH IRRIGATION SYSTEMS

(including seeds)



Market conditions for project implementation:

- Availability of water infrastructure for irrigation
- Proximity to industrial consumers
- Presence of skills in scientific support of the project (Penza Agricultural Research Institute)
- Possibility of inclusion in the rotation of existing enterprises
- Trend of reduced imports of soybean meal
- Growth in commercial herds of farm animals and poultry in the Penza region

Resource base:

• 476,000 hectares of land are not involved in crop rotation

Sales market:

- Domestic market of the Penza region
- Russian market

Government support:

- Income tax for agricultural enterprises 0%
- Preferential loan rate 1-5%
- Reimbursement of CAPEX 30%

Projected capacity:

Meat 4,000 tons 9,000 head

Investment amount:

33 million dollars

Projected capacity:

500 tons of marketable fish 500,000 planting stock fish per year

Investment amount:

12 million dollars

Projected capacity:

Cultivation – 5,000 ha Processing – 660,000 tons/year

Investment amount:

29 million dollars cost of processing plant is 51 million r dollars.







Market conditions for project implementation:

- Tomato production deficit
- Imposing of food embargo increases the sales market and helps reduce the project's payback period

Resource base:

- Availability of land plots fully equipped with infrastructure
- Possibility of low-cost electricity supply
- Possibility of low-cost heat supply

Sales market:

- Domestic market of the Penza region
- Russian market

Government support:

- Income tax on agricultural enterprises 0%
- Preferential loan rate 1-5%
- Reimbursement of CAPEX 20%
- Tax benefits under PSEDA

Projected capacity:

Area of greenhouses 100 ha Production of 67,000 tons of vegetables per year

Investment amount:

194 million dollars

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ESTABLISHING OF PERENNIAL ORCHARD, SMALL-FRUIT CROP AND OTHER FRUIT CROPS



Market conditions for project implementation:

- High share of imported products on the market (29-60%)
- Presence of skills and specialists
- Volume of imported fruits and berries in the Penza region is 63,900 tons/year
- Based on natural and economic conditions, the Penza region is recognized as favorable for production of high-quality strawberries, raspberries, currants, gooseberries and other fruit crops

Resource base:

• Availability of land plots equipped with infrastructure

Sales market:

- Domestic market of the Penza region
- Russian market

Government support:

- Income tax 0%
- Subsidizing CAPEX 3,3 dol/HA
- Preferential loan rate 1-5%

Projected capacity:

Garden area 300 ha Network of farms of 5-10 hectares

Investment amount:

28 million dollars

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PRODUCTION OF MUSHROOMS

(except champignons)



Market conditions for project implementation:

- Favorable climate
- Low competition and high market capacity
- High export possibilities

Resource base:

• Availability of land plots equipped with infrastructure

Sales market:

- Domestic market of the Penza region
- Russian market
- Export to foreign market

Government support:

- Income tax 0%
- CAPEX subsidies 20%
- Preferential loan rate 1-5%

Projected capacity:

Investment amount: 34 million dollars

7.500 tons









TRANSPORT AND LOGISTICS COMPLEX



Market conditions for project implementation:

- Reduction of transport costs and time costs to deliver products to consumers
- Presence of demand for manufactured products

Sales market:

- Domestic market of the Penza region
- Russian market



ESTABLISHMENT OF GARMENT FACTORY



Market conditions for project implementation:

- High opportunities for import substitution
- Stimulating demand for domestic products in Russia and abroad

Sales market:

- Domestic market of the Penza region
- Russian market

Government support:

- Tax benefits when placed in PSEDA
- Infrastructure-equipped sites in industrial parks



PRODUCTION OF FURNITURE FITTINGS



Market conditions for project implementation:

• 4% of all furniture in Russia is produced in the Penza region, but it lacks production of furniture fittings. All fittings are possibilities of products

Sales market:

- Domestic market of the Penza region
- Russian market
- World market

Government support:

- Advantages of domestic products when participating in government procurement
- Benefits for residents of industrial parks
- Preferential loans from the Industrial Development Fund



4 million dollars

Projected capacity: 132,000 products/year

Investment amount: 5 million dollars

Investment amount:



CEMENT PRODUCTION



Market conditions for project implementation:

- Presence of demand for manufactured products
- Demand of the construction industry of the Penza region is more than 1.5 million tons

Resource base:

• Availability of raw materials in the region – own deposit of chalk and clay with a capacity of 90 million tons (up to 50 years of production)

Sales market:

- Domestic market of the Penza region
- Russian market

Government support:

- Availability of a site provided with infrastructure
- Availability of a license to develop the deposit



PRODUCTION OF FABRICS FOR FURNITURE INDUSTRY



Market conditions for project implementation:

- 4% of all furniture in Russia is produced in the Penza region, but it lacks production of furniture fabrics. All fabrics are imported
- High export opportunities
- High opportunities for import substitution volume of imported products on the market is 85%

Sales market:

- Domestic market of the Penza region
- Russian market

Government support:

- Benefits for residents of industrial parks
- Preferential loans from the Industrial Development Fund





Market conditions for project implementation:

- Presence of demand for products on the part of regional beverage companies
- Presence of skills and production facilities in the region
- Demand of the food industry are met through imports, the volume of which is ten times higher than exports. Russian producers do not meet the need for glass containers

Resource base:

 Availability of raw materials in the region – deposits of glass sands

Sales market:

• Domestic market of the Penza region

Projected capacity:

1.5 million tons of cement/year

Investment amount: 262 billion dollars

Projected capacity: 200,000 linear meters of fabric/year Investment amount:

10 million dollars

Projected capacity:

550,000 tons of enriched sand 850 million bottles **Investment amount:**







MEDICAL DEVICES INDUSTRY



Market conditions for project implementation:

- Great opportunities for import substitution share of imported products is 75%
- Plan to increase the share of domestic products
- Availability of skills in the industry

Sales market:

- Domestic market of the Penza region
- Russian market

Government support:

- Subsidizing part of the cost of implementing projects for the creation of import substitution industries
- Subsidizing part of the cost of implementing projects for the creation of innovative medicines
- Benefits for residents of industrial parks
- Preferential loans from the Industrial Development Fund

Investment amount:

11 million dollars



PRODUCTION OF SOLID **PHARMACEUTICALS** AND DIETARY SUPPLEMENTS



Market conditions for project implementation:

- Growth of the Russian pharmaceutical market by 7-8% per year on average
- Growth in exports of Russian pharmaceutical products by 13% per year on average
- Increasing consumer interest in healthy living and natural products to support health and longevity
- Availability of competencies: more than 25 patents for invention, 3 patents for a utility model, 5 patents for an industrial design in pharmaceutical production

Resource base:

 more than 1,000 hectares of medicinal herbs in central Russia

Sales market:

- Domestic market of the Penza region
- Russian market
- Export to foreign market

Government support:

- Subsidizing part of the cost of implementing projects for the creation of import substitution industries
- Subsidizing part of the cost of implementing projects for the creation of innovative medicines
- Opportunity to carry out research and participate in international events as a Skolkovo resident

Investment amount:

144 million dollars



CONSTRUCTION OF 4-STAR HOTEL COMPLEX congress hotel in the city center



Market conditions for project implementation:

• Lack of business class hotel services

Sales market:

• Domestic market of the Penza region

Government support:

• Assistance in selecting land for the site

Projected capacity: 100 rooms 6,000 sq. m

Investment amount:









CONSTRUCTION OF HELIPAD



Market conditions for project implementation:

- Regional consumers demand for helicopter services
- Large volume of the interregional transport market
- Opportunities for government procurement of municipal transport services
- Availability of a secured site for project implementation

Sales market:

- Domestic market of the Penza region
- 15 regions within a radius of 700 km

Government support:

• Government procurement of helicopter transportation services for EMERCOM needs



CONSTRUCTION OF "PENZA-EXPO" CONGRESS AND EXHIBITION CENTER



Market conditions for project implementation:

- Advantageous complex location among technological parks, industrial parks, near the airport
- Regional businesses demand for presentation of their projects
- Project implementation in the finished building of the industrial park

Sales market:

• Domestic market of the Penza region

Government support:

- Preferential rate for land lease
- Providing the facility with infrastructure



INVESTMENTS IN HEALTH SERVICE: SPA RESORTS, REHABILITATION CENTERS



Market conditions for project implementation:

• Availability of government demand for the facilities

Sales market:

- Domestic market of the Penza region
- Russian market

Government support:

• Cooperation as Public Private Partnership

Investment amount:

4 million dollars

Projected capacity:

Total exhibition area – 6,000 sq. m

Investment amount:

7 million dollars

Projected capacity:

Medical complex – 3,000 sq. m

Investment amount:



LAND OF AMBITIOUS BEGINNINGS AND SUCCESSFUL INVESTMENTS

GOVERNMENT OF THE PENZA REGION

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