

TIME TO INVEST IN MOSCOW!

investmoscow.info



Association
of European
Businesses



May
2016

Investments are the priority of Moscow's economic policy



All areas of Moscow's economic policy are focused on attracting investments (including FDI)

Stable budgeting policy:

€25 bn

Moscow's budget
in 2015

1.4% GRP

public debt in
2015

€8 bn

city contract
volume in 2015

Stimulating tax policy:

- Arriving at equal taxation conditions
- Emphasis shift from profits to assets

Balanced utility rates policy:

7.6%

Average utility rates
increase for businesses
in 2015

16.6%

Annual average inflation

Active investment policy:

- Improving investment climate
- Attracting competitive investments

Investments: from leadership in volumes to leadership in quality



€ 23.7 bn

Volume of investments into fixed capital
in 2015. 70% - private investments



+61.3 %

Fixed assets investment growth
in 2011–2015

% compared to 2010 comparable prices in rubles



+41 m sq.

of real estate have been built in 2011–2015

- 10% of the city's real estate fund has been renovated

€ 7.5

bn

Volume of PPP contracts concluded
in 2013–2015

Ranked FIRST in Russia in PPP development (2015)

€ 80 bn

the volume of accumulated FDI

(equity participation, Russia's Central Bank's data)

50 %

Moscow's share in the volume of FDI
coming into Russia

Investment-focused budget

23%

budget's investment
expenses

€ 22 bn

the volume of Targeted Investment Programme
of Moscow (TIP) in 2015–2018

70 %

of the TIP expenses have been allocated
to transport infrastructure

The city to do business in



World Bank ranking Doing Business-2016

51st
place

out of 189
countries

**TOP
5**

in the number of
implemented reforms

124th
place

2010

**up 73
places**

2015

20th
place

2018

The city of the future

Attractive for foreign investments

“**Cities of the future**” The Financial Times

- ➔ **1st** place among Eastern European cities
- ➔ **12th** place among European cities
- ➔ **25th** place among the cities of the world

The city of innovations

2thinknow 2015 Innovative Citie’s ranking

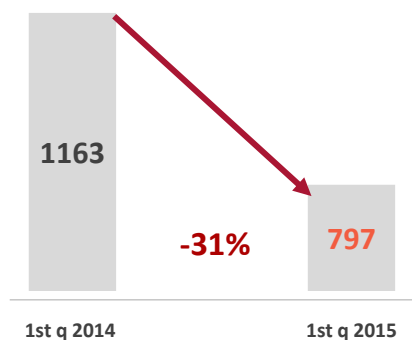
- ➔ **45th** place among **500** world cities
- ➔ **63rd** place in **2014**
- ➔ **74th** place in **2013**

Moscow's price competitiveness increased

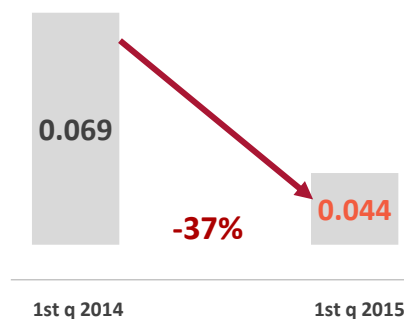


Moscow gained **additional competitive advantages** over the world's leading megalopolises. Business cost decreased by **30–55%** in foreign currency

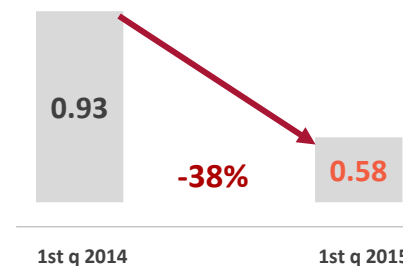
Average **wage**
(after taxes), €/month



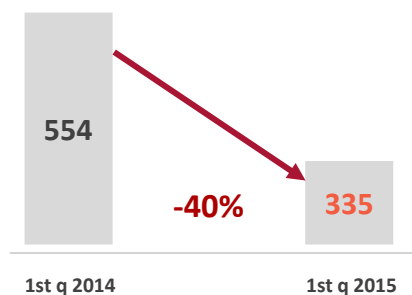
Electricity cost for businesses,
€/kWh



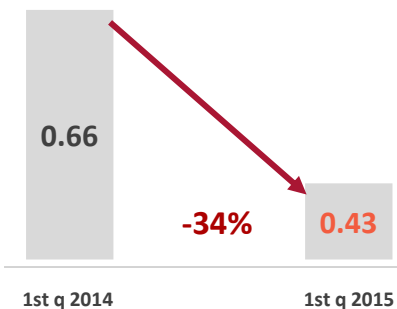
Water supply price
(including sewerage)
€/cbm



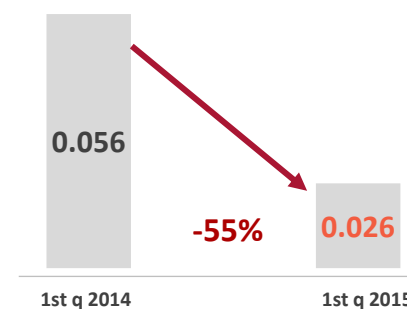
Lease cost **for class A office space**,
€/sq. m per year



Petrol cost, € /litre



Cell phone connection
(prepaid calling plan) €/min





Moscow's Investment strategy up to 2025 is focused on attracting investments into the city's real economy

- System of measures to support existing **efficient industrial enterprises and technoparks**
- Special conditions for **new investment projects** in priority sectors
- Additional **guarantees against non-commercial risk for investors**
- Developing infrastructure for **state-of-the-art manufacturing facilities and R&D centres**
- Complex **industrial zone development**, putting industrial-purpose lands **into active industrial use**

Developing of **scientific and industrial potential**, stimulating of **technological re-equipment** and innovative technologies implementation

Requirements:

- 1) Enterprises actively engaged in investing
- 2) "High-density" enterprises
- 3) Enterprises with highly-paid jobs
- 4) Enterprises with high added value per space occupied

Tax burden reduction

Industrial complexes:

(average reduction by 17%)

- Land rent: **80% reduction**
- Land tax: **99% reduction**
- Property tax: **50% reduction**
- Profit tax: **25% reduction**

Technoparks:

(average reduction by 25%)

- Land rent: **99% reduction**
- Land tax: **99% reduction**
- Property tax: **100% reduction**
- Profit tax: **25% reduction**

Preferences are given for the period of **10 years**

**May
2016**

- **16 applications** for support measures received
- **6 "Industrial Complex" statuses granted.** Tax burden reduction by **19%**.

Creating a better system for supporting new projects



Creating new production facilities, investing into the modernisation of existing production facilities and innovative infrastructure a part of the **special investment contract with the Moscow City Government**

Status: Investment Priority Project (IPP)

Investment volume requirements: no less than **€ 13 mn** (1 bn roubles)

Implementing a priority sector project*:

- Pharmaceuticals; medical equipment
- Electric equipment
- Food and drinks
- Optical, electronic, radio- and computer equipment
- Automobiles
- Construction materials
- R2D, IT

* including but not limited to

The Moscow City Government support

Tax burden reduction by 25%:

- Land rent: **99% reduction**
- Land tax: **99% reduction**
- Property tax: **100% reduction**
- Profit tax: **25% reduction**

Additional support measures:

- Non-competitive land plot provision
- Guarantees against non-commercial risks
- Special conditions for utility connection
- Other conditions (special investment contracts etc.)

Preferences are given for the period of **10 years**

Providing additional guarantees and compensations for investors



Particularly important for the projects with FDI



Risks against which guarantees are provided



Implications for investors in case of mentioned risks

- | | |
|---|---|
| <ul style="list-style-type: none">▪ Nationalization and requisition of property;▪ Termination of land title or other property rights due to the actions of the Moscow authorities;▪ Unfavourable changes to Moscow legislation;▪ Illegal actions (lack of action) by Moscow officials. | <ul style="list-style-type: none">▪ Inability to implement an investment project▪ Investor incur a major loss: increase in the implementation period by more than 18 months and/or cost increase of over 20% |
|---|---|



Out-of-court compensation from the budget of Moscow

Developing infrastructure for modern production facilities



Over 20 facilities*
Of innovative infrastructure

18 Technoparks 2 Technopolises

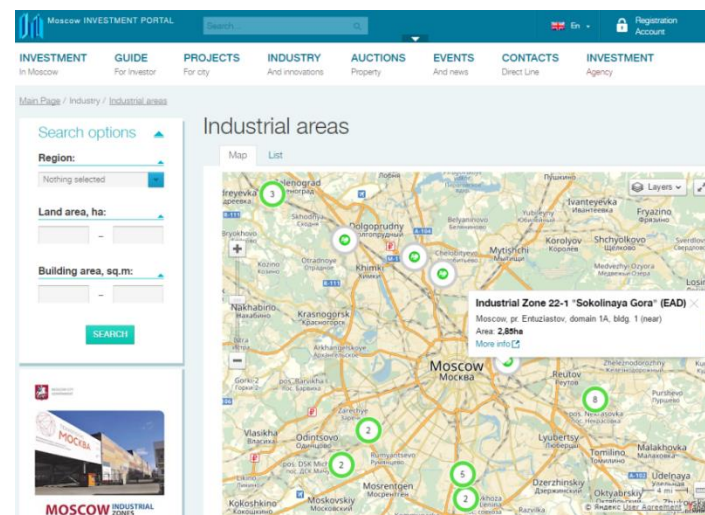
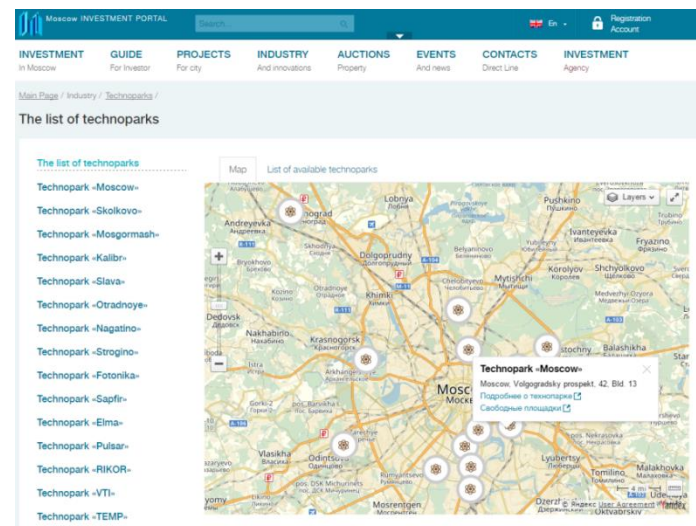
Zelenograd
Special Economic Zone

* 6 technoparks and Zelenograd SEZ in 2014

Over 30 land plots (60 ha)
for new industrial manufacturing facilities

- ready for auction
- connected to utilities

For more detailed information see: www.investmoscow.info

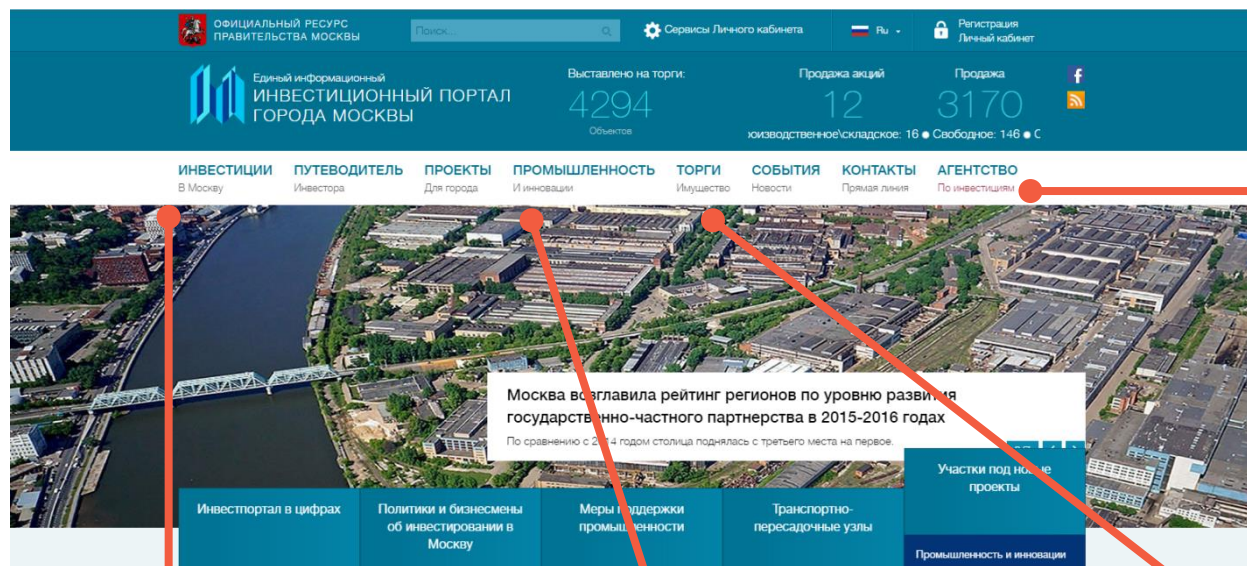


Working with investors: Moscow Investment Portal



 www.investmoscow.info

6 languages: Russian, English, German, Spanish, Arabic, Chinese



Moscow City Investment Agency

Entry point for new projects in Moscow

- Prompt interaction with the Moscow City Government
- “One-stop-shop” project assistance

Investing into Moscow

- Investment climate factors
- Up-to-date statistics and analytics

Industry and innovations

- Industrial infrastructure
- Technoparks and technopolises

Auctions

- Single site for the city bidding on land and property
- Interactive bidding map

Thank you for your attention!



Maxim Reshetnikov

Moscow City Government Minister

**Head of the Department of Economic Policy and
Development of Moscow**

www.depr.mos.ru

www.investmoscow.info