Time to invest in Moscow

July 2021

Moscow Government

investmoscow.info
MOSCOW INVESTMENT PORTAL

Moscow is a leader in investment potential

POPULATION AND CONSUMPTION OF MOSCOW AGGLOMERATION

20 million

- including Moscow – **12,7 m people**
- 14% of Russia's total population

$201 bn

(₽ 13 tn)
in 2019
ranks 3rd in Europe

CAPITAL INVESTMENTS

$50 bn

(₽ 3,6 tn)
in 2020

~18%

Moscow share in total investments in Russia

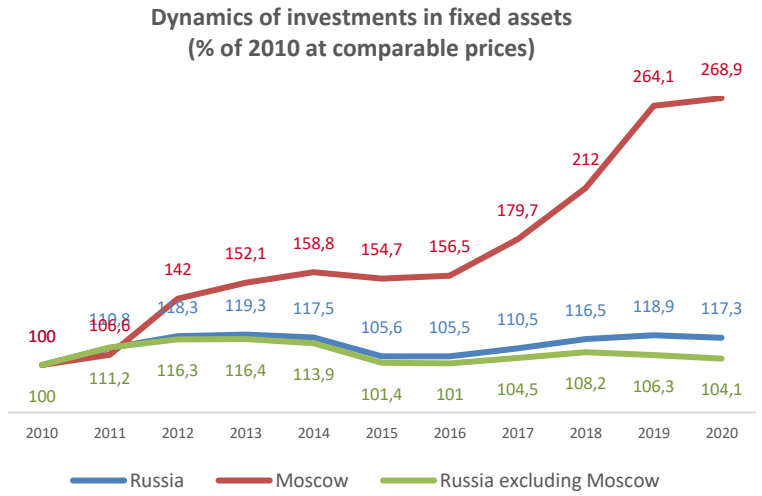
ACCUMULATED FOREIGN DIRECT INVESTMENTS

$249 bn

~50%

The share of Moscow in accumulated FDI of the Russian Federation

Dynamics of investments in fixed assets of the Russian Federation excluding Moscow, 2010-2020



Including Moscow's investments the Russian Federation grew by 17.3% in 2020 to 2010, excluding Moscow - by 4.1%

Moscow	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total investments, RUB bn	856	1220	1413	1542	1544	1712	2008	2485	3269	3568
%, г/г	*6,6*	*33,1*	*7,1*	*4,4*	*-2,6*	*1,2*	*14,8*	*18,0*	*24,6*	*1,7*

Moscow Megaprojects as Investment Driver

$27bn (₽1,8 tn)
Moscow's investment program for 2021-2023

70%
Transport infrastructure

Development of Moscow Transport System

Moscow Housing Relocation Program

International Medical Cluster (IMC)

₽ 1
of the city investment
~
₽ 3
of private investment

Budget investment to create conditions for private and PPP projects

Moscow – PPP development leader of Russia

>$17.7 bn (₽ 1.1tn)

volume of PPP project contracts, 2013 - May 2021

$ 1.4 bn
Concession projects

$ 9.2 bn
Life Cycle Contracts (LCC)

$ 4.4 bn
Long-term contracts with an investment component

$ 2.5 bn
Corporate PPP

$ 840 m
Real estate lease with Investment commitments

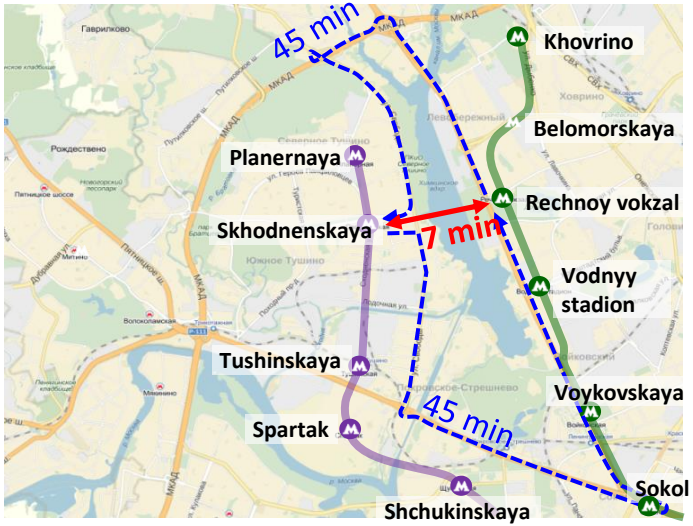
New concessions - Cable way

CREATION OF A MODERN CABLE WAY BETWEEN SKHODNENSKAYA AND RECHNOY VOKZAL METRO STATIONS

$50 m

Investments:
(no city investments)

2 years
construction time



BARTHOLET

In December 2019, the open competition ended. A 25-year concession agreement has been signed with the investor, who acts in partnership with the Swiss cable way manufacturer Bartholet

New Spheres of Life-Cycle Contracts Application

Efficient tool of budget cost optimization – **life-cycle contracts (LCC)** stipulating the product supply and service

$8.8 (₽571 bn)
Value of concluded LCCs

MAIN APPLICATION AREA: **PUBLIC TRANSPORT RENEWAL**

	Metro	**Surface transport**			**Healthcare**
Supply volume	1,576 metro cars	1006 busses	300 trams	600 e-busses	Med equipment
Contract time	30 years	7 years	30 years	15 years	10-12 years
Contract value	USD **5.4** bn	USD **274** m	USD **865** m	USD **933** m	USD **338** m

Construction of transport node (TN)

on lines under construction and existing metro stations and urban railway transport stations

≈9 m sq. m.
urban planning potential of TN

> $10.8 bn
estimated volume of private investments in TN

26 TN
already transferred to investors

$2.4 bn
planned capital expenditures of private investors

2,02 m sq. m.
permitted volume of construction of capital objects

Support Mechanism for Industry& Hitech Sector

REGIONAL TAX BURDEN REDUCTION*

17-25%

SPECIAL STATUS FOR EXISTING ENTERPRISES

25%

INVESTMENT PRIORITY PROJECT TO CREATE

Industrial complex

Technopark

Industrial park

* income tax, land tax and land rent benefits

Support Already Granted

Companies supported

124 companies

59 Industrial complexes

37 technoparks

15 anchor residents

Investment*	**$ 1.5 bn** (₽ 95 bn)
Sales revenue	**$ 7.9 bn** (₽ 598.5 bn)
Number of jobs, '000 people	**118,2**

13 Investment Priority Projects
investment
$ 492.3 (₽ 32 bn)

* 2014-2019

Offset Contracts

Public procurement with counter-localization obligations

Meets the requirements of 44-FZ

+ for Moscow:

- Supply price reduction;
- Import substitution, guaranteed supplies;
- New jobs and tax basis growth.

+ for investor:

- Solvent consumer;
- Long-term sales guarantee;
- Sole supplier register inclusion.

Priority areas for offset contracts:

Key conditions of Contracts

Up to 10 years

Contract term

>$14 m

volume of investment in construction, upgrading and/or production engineering

Russian-made goods procurement

Already concluded:

5 contracts

$181 m

Private investments (₽ 12.9 bn)

Offset Contracts Concluded

	1-st contract	2-nd contract	3-rd contract	4-th contract	5-th contract
Subject	22 drugs oncology/ immunomodulators	31drugs (wide range of diseases)	44 medical products for ostomy patients	38 baby food for milk distribution centers in Moscow	20 baby food for milk distribution centers in Moscow
Price	$196 m	$258 m	$120 m	$428 m	$15 m
Term	10 years	10 years	10 years	10 years	10 years
Investment in production lines	$45 m	$81 m	$14 m	$29 m	$14 m
Number of goods' types purchased	22 INN	31 INN	44 types of medical devices	38 product types	20 INN
Current status of the project	**Winner – Biocad** ▪ Factory built	**Winner – R-Opra (R-Pharm group)** ▪ Design is in progress	**Winner - Gemmamed** ▪ Construction completed	**Winner - Wimm-Bill-Dann (PepsiCo)** ▪ Contract signed	**Winner – Moscow Endocrine Plant** ▪ Contract signed

Sites for Localization

37
technoparks

Wide area of specialization :
- Preferential rental conditions
- Tax benefits for anchor residents

>1 950
residents

>42 000
jobs

>$728 m
of investments (₽52 bn)

SEZ Technopolis Moscow

207,5 ha
SEZ area

75
Tenants

$442 m
Investments (₽ 31.6 bn)

Special tax and customs conditions

47% **Regional tax burden reduction**

0%
- Income tax (regional)*
- Property tax*
- Land tax*
- Transportation tax*

Free customs zone

Preferential terms for land purchase

* benefits validity period is 10 years

Financial Support of Investors

1. Subsidies

▪ Interest on loans, construction and assembly work	Up to **$4.2 m pa**
▪ Interest on loans to purchase certain types of equipment	Up to **$2.8 m pa**
▪ Interest under financial lease contracts	Up to **$1.4 m pa**
▪ Utility connection	**50%** (not more than $1.4 m)

Financial Support of Investors

2. Preferential loans (the Moscow Fund for Industry and Entrepreneurship Support)

Granting loans **from $140 thousand to $4.2 m** (not more than 70% of the project financing) for a period of **up to 5 years**

2% per annum

Technopark and SEZ residents, special IPP status holders

3-5% per annum

Moscow's exporters

INTEGRATED DEVELOPMENT OF TERRITORIES

PURPOSE : ENSURING THE DEVELOPMENT OF INEFFICIENTLY USED TERRITORIES OF INDUSTRIAL ZONES

ADVANTAGES OF TDC

- For the territory of the TDC in the LUDR of Moscow, the maximum parameters of permitted construction and reconstruction of capital construction objects are set
- The decision on the development of documentation on the layout of the territory is made by the copyright holder independently
- Approval of the draft planning and land surveying project without holding public hearings
- Conclusion of the contract on TDC on the initiative of the copyright holders without holding an auction for the right to conclude the contract
- Provision of a land plot from state ownership for lease for the construction of infrastructure without bidding

MECHANISM OF IMPLEMENTATION OF THE TDC

THE COPYRIGHT HOLDER IS READY TO IMPLEMENT THE TDC PROJECT

CONCLUSION OF THE TDC AGREEMENTWITH THE COPYRIGHT HOLDER
Article 46.9 OF THE RF CIVIL CODE

THE COPYRIGHT HOLDER IS NOT READY TO IMPLEMENT THE TDC PROJECT

HOLDING AN AUCTION FOR THE RIGHT TO IMPLEMENT THE PROJECT TDC
Article 46.10 OF THE RF CIVIL CODE

INTEGRATED DEVELOPMENT OF MOSCOW'S TERRITORIES

100% OF INDUSTRIAL AREAS SURVEYED

THE PURPOSE OF THE CRT IS TO STIMULATE AND ENSURE THE DEVELOPMENT OF INEFFICIENT INDUSTRIAL AREAS

134 territory TDC

1900 ha

STRUCTURE OF THE INDUSTRIAL TERRITORIES OF THE CITY OF MOSCOW

industrial territories of Moscow
14.8 thousand ha

3000 ha
INDUSTRIAL ENTERPRISES

5400 ha
POTENTIALLY SUITABLE FOR THE DEVELOPMENT OF THE TERRITORY (TDC/ LSIP)

6200 ha
DO NOT RELATE TO INDUSTRIAL ACTIVITY

TOTAL URBAN DEVELOPMENT POTENTIAL

area of urban development potential
35.4 m sq. m

13.2 m sq. m
RESIDENTIAL DEVELOPMENT, INCLUDING HOUSING UNDER THE RENOVATION PROGRAM

10.6 m sq. m
PRODUCTION PURPOSE

11.6 m sq. m
PUBLIC AND BUSINESS USE

THE TDC PROJECTS PROVIDE FOR :

487 thousand
CREATING NEW JOBS

RUB 7.4 tn
THE VOLUME OF INVESTMENTS IN THE IMPLEMENTATION OF PROJECTS

RUB 3.1 tn
BUDGET EFFECT

Moscow Investment Portal

- The largest specialized **information portal** for investments;
- A **single entry point** and a **business navigator;**
- Convenient **online services;**
- An effective **feedback mechanism** from business (direct line);
- A single **trading platform** with information about all urban property put up for auction;
- Ability to **apply online for support measures.**

>12 млн
visits since 2014

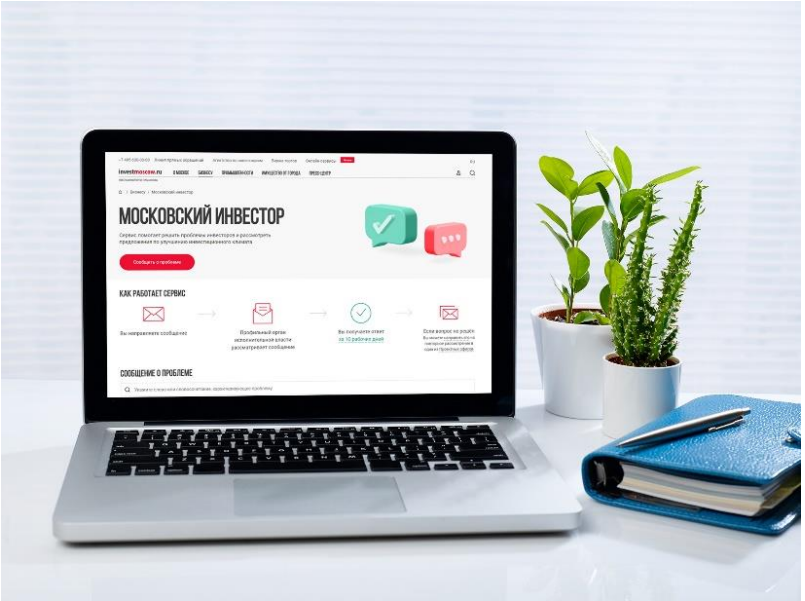
>3 тыс.
objects at auction

~20%
foreign visitors share

>8,5 тыс.
unique visitors per day

Moscow Investor-solving business problems in 10 days*

Using a new online service investmoscow.ru the investor can report problems that arise during the implementation of investment projects in the capital.



* In exceptional cases, the deadline for preparing a response may be extended, but it will not exceed 30 calendar days from the date of registration of the message.