Investment potential of Cherepovets
Investment potential of Cherepovets: On municipal entity

CHEREPOVETS IS THE LARGEST INDUSTRIAL CENTER OF THE NORTH-WEST OF RUSSIA

ADVANTAGES OF THE CITY:

- FAVOURABLE LOGISTICS
- PREFERENCES FOR INVESTORS
- SKILLED PERSONNEL
- TRADITIONS OF AN INDUSTRIAL CITY
- ONGOING PRODUCTIONS
- ECONOMIC DEVELOPMENT

CHEREPOVETS RANKING:

- РБК : 12 place «The fastest growing cities ranking», 2015
- Forbes : 13 place «30 best cities for business in Russia», 2013

CHEREPOVETS: Warm Heart of the Russian North
Investment potential of Cherepovets: On municipal entity

**MAIN ECONOMIC, SOCIAL AND GEOGRAPHIC FACTORS**

- **122 km** CITY AREA
- **319 thousand** POPULATION
- **130 billion** CAPITAL INVESTMENT IN THE LAST 5 YEARS, ROUBLE
- **600 km** REMOTENESS FROM MOSCOW AND ST.-PETERSBURG
- **50 million** HABITANCY WITHIN A RADIUS OF 600 KM
- **1,2%** VOLUME OF PRODUCTION SHIPPED BY ENTERPRISES OF THE CITY OF THE TOTAL VOLUME OF PRODUCTION SHIPPED BY ALL ENTERPRISES OF THE RUSSIAN FEDERATION
The city is located at the junction of all types of transportation lines: federal roads, railway roads, air-corridor from Europe to Asia (international airport), Volga-Baltic Route.
A defining role in the city’s economy play metallurgical and chemical industries, i.e. 87.8% of the overall production volume.
STRATEGIC GOAL UP TO 2022:
CHEREPHOVETS IS A SUCCESSFUL AND ECONOMICALLY DEVELOPED CITY

TERRITORY DEVELOPMENT
- Comfortable urban environment
- Efficient housing and utilities infrastructure
- Modern information technologies

ECONOMIC DEVELOPMENT
- Primary industry development
- Small and medium entrepreneurship development
- Increase of investment attractiveness

HUMAN DEVELOPMENT
- Well-educated city
- Healthy city
- Civilized city
- The city of a developed civil society

MUNICIPAL PROGRAMS
Examples:
- «Support and development of small and medium entrepreneurship in Cherepovets» for 2013 – 2017
- «Increasing investment attractiveness of Cherepovets» for 2014 – 2018

* * Approved by the Mayor’s office regulation «On Cherepovets development strategy approval up to 2022 «Cherepovets is the city of possibilities» dd. 08.07.2013 № 3147
There are two business support institutions in Cherepovets for economic development assistance:

- INVESTMENT AGENCY «CHEREPOVETS»
- URBAN DEVELOPMENT AGENCY

**THE MAIN TASK OF THE AGENCIES IS CREATING CONDITIONS FOR ENTREPRENEURSHIP AND INVESTMENT ACTIVITY DEVELOPMENT**

- «ONE-STOP SERVICE» FOR INVESTORS
- PRIORITY PROJECT PROGRAM
- GUARANTEE AND PLEDGE FUND
- ELECTRONIC BUSINESS COOPERATION
- COORDINATION COUNCIL
- INVESTMENT COMMITTEE OF THE MAYOR’S OFFICE
- INVESTMENT CONSULTING CENTER
- INVESTMENT COMPASS
THE GUARANTEE OF COMMUNICATIONS IS THE ADMINISTRATION OF CHEREPHOVETS
February 2017 – the kick-start of the project between «KipMetService Ltd. (Cherepovets) and VTT EXPERT SERVICES OY (Finland)

**Goal:** to facilitate the entry of Russian companies to foreign markets.
Investment sites and projects of Cherepovets
AREAS FOR DEVELOPMENT

**«NORTHERN SITE» 200 HA**
- INDUSTRIAL PARK
- CHEREPOVETS
- GREENHOUSE COMPLEX
- DAIRY CHEESE PLANT
- MECHANICAL ENGINEERING

**«SOUTHERN SITE» 300 HA**
- HI-TECH PARK
- MECHANICAL ENGINEERING
- WOODWORKING
- BIOTECHNOLOGY
- FOOD PROCESSING
- INDUSTRY

**«EASTERN SITE» 30 HA**
- SHIPYARD
- SHIP REPAIR

**«CENTRAL SITE» 27 HA**
- THE CENTRAL QUAY
- THE GALKSY MANOR
**Conception:** providing favorable conditions for development of small and medium business entities on the basis of organization of modern productions of traditional specialty and new segments of regional economy in a new industrial cluster

**TOTAL AREA OF THE INDUSTRIAL PARK «CHEREPOVETS»**

54,74 HA

**PROSPECTIVE DEVELOPMENT OF A SITE**

150 HA

**LAND PLOTS AVAILABLE FOR RESIDENTS**

✓

**UTILITIES DROP POINTS – ON BOUNDARIES OF LAND PLOTS**

✓
879.3 million rouble – co-financing the construction of engineering and transport infrastructure (Single-industry city development fund)

**ANNOUNCED RESIDENTS**

<table>
<thead>
<tr>
<th>Plant</th>
<th>New jobs</th>
<th>Investments, million rub</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chipboard plate and building panel plant</td>
<td>234</td>
<td>3 602</td>
</tr>
<tr>
<td>Emulsol plant</td>
<td>75</td>
<td>205</td>
</tr>
<tr>
<td>Plant of building metal structures</td>
<td>170</td>
<td>700</td>
</tr>
<tr>
<td>Plant of loose and ore materials</td>
<td>150</td>
<td>300</td>
</tr>
</tbody>
</table>

**LAND AND VACANT PLOTS**

- Land plots occupied by residents
- Vacant land plots
**LAND PLOT COST**

<table>
<thead>
<tr>
<th>From</th>
<th>0,26 €/m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approx</td>
<td>2,6 €/m²</td>
</tr>
</tbody>
</table>

**LAND PLOT RENT PRICE PER YEAR**

**LAND PLOT REDEMPTION VALUE**

**DESIGNED CAPACITY OF A PROJECT**

<table>
<thead>
<tr>
<th>Service</th>
<th>Capacity/Metric</th>
<th>Transport Type</th>
<th>Capacity/Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas</td>
<td>7000 m³/h</td>
<td>Railway transport</td>
<td>23 rail cars/day</td>
</tr>
<tr>
<td>Electric supply</td>
<td>26 Megawatt</td>
<td>Motor transport</td>
<td>124 cars/day</td>
</tr>
<tr>
<td>Water supply</td>
<td>72 m³/h</td>
<td>Utilities drop points</td>
<td>On boundaries of land plots of residents</td>
</tr>
</tbody>
</table>
NORTHERN INDUSTRIAL SITE.
NORTHERN ENTRANCE TO THE CITY

THE «NOVYI» GREENHOUSE COMPLEX

✓ LAND PLOTS AVAILABLE FOR RESIDENTS

94
2300

NORTHERN ENTRANCE TO THE CITY

DAIRY CHEESE PLANT

Investment potential of Cherepovets: Northern site

38
341

Investments, million rub

New jobs
Organize your business in the territory of «Severstal-metiz» - an international company which unites metal assets of PAO «Severstal»

- **100 Ha**
  - Total area of a production zone

- **>60**
  - Small and medium business residents

- Developed engineering and transport infrastructure

- Favorable conditions of lease and purchase of production areas and buildings

- Secured area

Distance to the city center: 5.9 km.
Transport connection with the city housing development

Distance to the nearest federal highway (A-114 Vologda — Novaya Ladoga): 13 km, railway lines

Distance to the nearest international airport: 23 km

Investment potential of Cherepovets: Northern site

**INVESTMENT SITE** (Brownfield type)
JSC «Severstal-Metiz» proposes the following freestanding building for lease /sale in the industrial site of Cherepovets.

Three-storey building with the total area of 6000 sq. m
Possibility to lease 4 ha premises

**INFRASTRUCTURE FACILITY CAPACITY:**

<table>
<thead>
<tr>
<th>NAME OF RESOURCE</th>
<th>UNIT OF MEASURE</th>
<th>PRESENCE/ VALUE OF RESOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>megawatt</td>
<td>4,8</td>
</tr>
<tr>
<td>Gas supply</td>
<td>m3/hr</td>
<td>available</td>
</tr>
<tr>
<td>Heating</td>
<td>Gcal</td>
<td>available</td>
</tr>
<tr>
<td>Drinking water</td>
<td>m3/hr</td>
<td>available</td>
</tr>
<tr>
<td>Sanitary sewer system</td>
<td>m3/hr</td>
<td>available</td>
</tr>
<tr>
<td>Railway transport</td>
<td>wagons/week</td>
<td>2-3</td>
</tr>
<tr>
<td>Motor transport</td>
<td>cars/day</td>
<td>5-10</td>
</tr>
<tr>
<td>Frame crane</td>
<td>tons</td>
<td>5</td>
</tr>
<tr>
<td>Frame crane</td>
<td>tons</td>
<td>2</td>
</tr>
<tr>
<td>Electric hoist</td>
<td>tons</td>
<td>1</td>
</tr>
<tr>
<td>Electric hoist</td>
<td>tons</td>
<td>1</td>
</tr>
</tbody>
</table>

Ceiling height from 4,8 m up to 10,8 m
Photo fixation of buildings and spaces

Former boiler house building (administration and amenity block)

Shower rooms

Workshop (ceiling height 4 m)  Workshop (ceiling height 6 m)

Modern shower rooms, administration and amenity blocks (rooms), WC facilities
JSC «Severstal-Metiz» proposes the following freestanding building for lease/sale in the Cherepovets industrial site.

Rent and energy cost for residents*

<table>
<thead>
<tr>
<th>Services rendered</th>
<th>Unit of measure</th>
<th>Unit price</th>
<th>Tax rate</th>
<th>Cost inc. VAT, rouble</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office rental (without utilities)</td>
<td>sq.m./month</td>
<td>178</td>
<td>18%</td>
<td>210</td>
</tr>
<tr>
<td>Production space rental (without utilities)</td>
<td>sq.m./month</td>
<td>72</td>
<td>18%</td>
<td>85</td>
</tr>
<tr>
<td>Electric supply</td>
<td>thousand kWh</td>
<td>3 406</td>
<td>18%</td>
<td>4 019,08</td>
</tr>
<tr>
<td>Heat supply</td>
<td>Gcal</td>
<td>797</td>
<td>18%</td>
<td>940,46</td>
</tr>
<tr>
<td>Drinking water</td>
<td>thousand cubic meters</td>
<td>17 686</td>
<td>18%</td>
<td>20 869,48</td>
</tr>
<tr>
<td>Waste water</td>
<td>thousand cubic meters</td>
<td>15 498</td>
<td>18%</td>
<td>18 287,64</td>
</tr>
</tbody>
</table>

*resident is a legal entity or a private entrepreneur, a registered taxpayer of Vologda region which leases premises/buildings or owns property in the territory of the Cherepovets industrial site of «Severstal-metiz»
The cluster conception assumes organization of about 35 enterprises in the sphere of consumer goods, food, engineering and other industries (i.e. productions which do not create environmental pressure).

The cluster area will include a hi-tech park in the sphere of forest industry complex and manufacturing industries which will unite educational, research and development and pilot-scale production sectors.
**HI-TECH COMPLEX SERVES TO UNITE 4 DIRECTIONS:**

<table>
<thead>
<tr>
<th>PROFESSIONAL TRAINING OF ENGINEERING AND TECHNICAL PERSONNEL</th>
<th>RESEARCH AND DEVELOPMENT</th>
<th>PILOT PRODUCTION</th>
<th>SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Professional competence center</td>
<td>✓ Russian engineering timber industry production center</td>
<td>✓ Spaces for pilot production</td>
<td>✓ Telecommunication service (Internet, telephone, postal service)</td>
</tr>
<tr>
<td>- classrooms</td>
<td>✓ Center of timber industry production certification, standardization and testing</td>
<td>✓ Education and production classrooms</td>
<td>✓ 370-seat conference hall</td>
</tr>
<tr>
<td>- meeting rooms</td>
<td>✓ Prototyping center and consultant engineering agency on fire protection technologies</td>
<td>✓ Cherepovets Integrated Engineering Competence Center</td>
<td>✓ Production equipment repair centers</td>
</tr>
<tr>
<td>- administration block spaces</td>
<td></td>
<td></td>
<td>✓ Office space complex</td>
</tr>
<tr>
<td>✓ Youth innovation creativity center</td>
<td></td>
<td></td>
<td>✓ Coworking center</td>
</tr>
<tr>
<td>✓ Education and production classrooms and laboratories</td>
<td></td>
<td></td>
<td>✓ Instant print center</td>
</tr>
<tr>
<td>✓ Forest museum</td>
<td></td>
<td></td>
<td>✓ Hotel complex</td>
</tr>
</tbody>
</table>

**TOTAL AREA OF SPACES: 6 818 SQ. M. (RENTABLE SPACE 5 050 SQ. M.)**

- Cherepovets State University
- METLA Research forest institute of Finland
- Cherepovets Technical School, Sokol forest polytechnic school etc
- Non-profit organization «Wood housing association»
- Anchor companies of the Cluster: 38 organizations of timber processing complex including JSC “Cherepovets plywood and furniture plant”, OJSC “Sokol wood-working plant” and others
- «KIPMETSERVIS», LLC
- «Vzlet-Cherepovets», LLC
- «GorMash-YuL», LLC
- DSR International Consulting Group
- Joensuu science park (Finland)
- Fund on development of construction and housing and communal services “Finedu Finland”
CENTRAL SITE.

TOURIST AND RECREATION CLUSTER «THE CENTRAL QUAY OF THE CITY»

Conception: integrated development of coastal territories of the city central part, creation of tourist, public and recreation infrastructure facilities.

WE KINDLY OFFER BUSINESS TO CONSIDER THE POSSIBILITY OF PROJECT IMPLEMENTATION IN THE SERVICE SECTOR: HOTELS, RESTAURANTS, CAFES AND RECREATION CENTERS

- Private investment: 817 Million rouble
- Federal funds: 194 Million rouble
- Funds of regional and municipal budgets: 82 Million rouble

The cluster is included into The Federal Special Purpose Program in a part of engineering and transport infrastructure construction.
Investment potential of Cherepovets: Eastern site

EASTERN SITE.
ORGANIZATION OF A SHIPYARD IN THE SHEKSNA WATER AREA

CONTENT:

construction of a repair facility in Cherepovets for river and river-sea going vessels cruising in inland waterways with a lightship weight of up to 2600 tons, length of up to 140 m, width of up to 18 m, with prospects for further development of shipbuilding/
construction of base on production of small size vessels

RESULT:

all vessel repair service/production of small size vessels

AIM:

creation of a shipyard and development of transregional cooperation in a new segment of regional economy
An investment site of 8,9 Ha on Belinskogo street was reserved for project implementation in Cherepovets.

**INVESTMENT SITE**

**ADVANTAGES OF THE SITE**

Access to the Baltic Sea, the North Sea, the Black Sea, the Azov Sea and the Mediterranean Sea through the **Volga-Baltic waterway** system.

A large industrial port on Rybinsk Reservoir and passenger port on the Sheksna river can provide the shipyard partial load.

Possibility to attract customers of the North-West and the Central part of Russia.

The shipbuilding sector was being historically developed in the city. Since 1947 the Cherepovets Shipyard has been working. Technical capacity of the shipyard allowed to build and repair vessels with a lightship weight of up to 1200 tons.
Investment project implementation – support measures
THE MAIN STAKEHOLDERS

REGIONAL LEVEL

Vologda Region Government

LOCAL LEVEL

Severstal
FOSAGRO AG
CITY POPULATION

FEDERAL LEVEL

Single-industry city development fund
Agency for Strategic Initiatives

The Ministry of Economic Development of the Russian Federation
The Ministry of Industry and Trade of the Russian Federation
The Ministry of Culture of the Russian Federation
The Ministry of Transport of the Russian Federation
CHEREPOVETS IS A PRIORITY SOCIAL AND ECONOMIC DEVELOPMENT AREA

Ministry of Economic Development of the Russian Federation provides the status of a Priority social and economic development area for single-industry towns. It involves the establishment of a special tax regime for businesses for 10 years.

GOALS:
Formation of an enabling environment to attract investment, to ensure the accelerated development of the economy and creation of favorable conditions for the population.

WHO CAN BECOME A RESIDENT?
A resident of a Priority social and economic development area can become any enterprise developing its business in Cherepovets with an investment of no less than 20 million rouble within 10 years and creation of minimum 20 jobs within 1st year.

TAX RELIEFS:

Profit Tax
1-5 years
0%
10% 6-10 years instead 20%

Property tax
1-10 years
0%
instead 2,2%

Land tax
1-10 years
0%
instead 1,5%

Contributions to non-budget funds 1-10 years
7,6%
instead 30%

* this reduced rate of insurance is used in regard to residents which have received such a status not later than within three years from the day of a Priority social and economic development area establishment in a single-industry city
### REGIONAL TAX BENEFITS PROVIDED FOR PRIORITY INVESTMENT PROJECTS

<table>
<thead>
<tr>
<th>Investment Volume</th>
<th>Organizations income tax</th>
<th>Organizations property tax</th>
<th>Transportation tax</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INVESTMENT VOLUME 100 - 500 MILLION ROUBLE</strong></td>
<td>Lowered to 13,5% for 3 years</td>
<td><strong>100% tax exemption for 3 years</strong></td>
<td><strong>100% tax exemption for 3 years</strong></td>
</tr>
<tr>
<td><strong>INVESTMENT VOLUME 500 MILLION - 1 BILLION ROUBLE</strong></td>
<td>Lowered to 13,5% for 4 years</td>
<td><strong>100% tax exemption for 3 years, later on – tax rate lowered to 1,1% for 1 year</strong></td>
<td><strong>100% tax exemption for 4 years</strong></td>
</tr>
<tr>
<td><strong>INVESTMENT VOLUME OVER 1 BILLION ROUBLE</strong></td>
<td>Lowered to 13,5% for 5 years</td>
<td><strong>100% tax exemption for 3 years, later on – tax rate lowered to 1,1% for 2 years</strong></td>
<td><strong>100% tax exemption for 5 years</strong></td>
</tr>
</tbody>
</table>

For residents implementing an investment project at the total cost of over 100 million rouble and which is included into the List of priority investment projects of the region, Decree of the Government of Vologda region "On procedure for forming the list of priority investment projects" dd. 28.10.2013 N 1114
POSSIBLE PREFERENCES FOR INVESTORS IN CASE OF LAND PLOT ASSIGNMENT

**1,5%**

Fixed basic annual rent in auction setting - 1,5% of land plot cadastral values without the procedure of market price evaluation by an independent assessor

Decision is made at the Investment committee of the Cherepovets mayor's office for investment projects being implemented in the strategically important direction for economic development of the city

**Obtaining a land plot on lease with no tendering process**

Decision is made at the Investment committee of the Governor of Vologda region for large-scale investment projects of the region
THE FIRST INTERNATIONAL INDUSTRIAL FORUM CHEREPOVETS. SEPTEMBER 2017

PURPOSE: ATTRACTING INVESTORS THROUGH THE PRESENTATION OF THE INVESTMENT POTENTIAL OF THE CITY

DIRECTIONS:

- Social and Economic Priority Development Area: factors of industry development and benefits for the investor
- The international cooperation in the areas of woodworking and mechanical engineering
- Business-cooperation
- Certification and standardization
- New technologies: woodworking
- Business for export
- B2B-negotiations, business-tour to the enterprises and investment sites, excursions

250 PARTICIPANTS:

- enterprises and trade associations of the woodworking and engineering branch of Russia;
- trade representations, branch associations and enterprises of Finland, Germany, Poland, England, Netherlands;
- representatives of business and government development institutions
Our team kindly invites You for cooperation!

Cherepovets is open for investors!

For more information on sites, business ideas and proposals please visit our website ia-cher.ru

CONTACTS:

Mayor of Cherepovets
Kuzin Yuri Aleksandrovich
8 (8202) 50-39-48 (reception)
mayor@cherepovetscity.ru

Deputy mayor with responsibility for social and economic development of the city
Ananin Mikhail Anatolyevich
8 (8202) 50-17-70 (reception)
priemnaya4@cherepovetscity.ru

General director of autonomous noncommercial organization «Investment agency «Cherepovets
Andreeva Oksana Rudolfovna
8 (8202) 20-19-28 (reception)
or@ia-cher.ru