



RZHEV CRANE-BUILDING FACTORY

Rzhev, Russia To: **Japan Association for Trade with Russia and NIS**
April 1, 2011

ROTOBO, Tokyo,
Attn: **Mr Takahashi**

Re: **Investment Project**

Dear Mr Takahashi!

I am proud to introduce you «Rzhev Crane-building Factory» public company which has been for twenty years one of the leading manufacturers of tower cranes and other lifting equipment in Russia .

Since 1986, the company has supplied more than 6,000 tower cranes which are still used at construction sites.

By 2008, Rzhev Crane-building Factory had significantly strengthened its presence and had a 23% market share in Russia. During the pre-crisis period, its production output increased at an average rate of 40% per annum.

Russia's entry into the economic crisis, which is still ongoing, has negatively impacted on the construction industry and dramatically depressed the building machinery market in the region (Russia and the CIS). The economic downturn caused a sharp decline in demand for tower cranes and sales revenues. In 2009/2010, as the crisis unfolded, the company's output fell well below the pre-crisis level and has not bounced back up to now.

The shareholders of the company acknowledge that it is vitally important to diversify the production and re-equip the manufacturing facilities, in order to sustain our position in the market segment and significantly improve sales revenues.

We understand that financial investments are the key factor which will allow us to gain the company's objectives and will be glad to discuss your potential participation in our investment project.



/ 2-13-51

32, Kranostroiteley street, Rzhev, Tver region, 172386, Russia
OAO RZHEV CRANE-BUILDING FACTORY
tel: +7 48232 2-25-01 / 2-04-03 / 2-10-53 ; fax: +7 48232 2-36-07

e-mail: info@rkz-rzhev.ru

www.rkz-rzhev.ru



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Location. The company's manufacturing facilities are situated in the town of Rzhev, 220 km north-west of Moscow. Rzhev is an important rail and motorway junction point linked with many regions of the country and abroad which makes the location of the factory even more favourable.

Production facilities. The main production area is equal to 90,000 m², including 14,000 m² of the storage building. The company possesses a private siding which connects the production premises with Moscow – Riga (Latvia) railroad. Trials of the prototype cranes are carried out at the own test site. The production capacity of the factory is 1,400 cranes of different types per annum.

Main production operations are the following: metal cutting, machining, assembling, welding, painting and steel erection .

Main activities:

- manufacturing of tower cranes (over 90% of the products), antenna masts, metal structures of different kinds, resistance boxes and electric motors for tower cranes;
- iron casting;
- design, diagnostics and inspection of tower cranes

Team. At the moment there are 500 employees on the payroll. We have assembled a strong team of industry experts: experienced managers, designers, production engineers, financial planners, marketing analysts as well as highly-skilled welders, turners, technicians and others

The company's short-term objective is to develop and launch new products into the market and increase the production capacity and sales revenues .

Its long-term objective (within the next five years) is to satisfy new market segments and expand our presence up to 30% market share in Russia.

To implement these objectives the company is seeking an investment of about 50 mln dollars USA. The funds would be used to purchase/install new equipment and expand



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the range of products.

A huge machine-building complex located at a convenient meeting point of highways and railways Moscow - St.Petersburg -Riga; an outstanding engineering potential and cutting-edge technologies; a wide base of customers and significant opportunities for its future growth through a network of our own offices and partnerships with regional dealers in Russia and the CIS countries, - these major prerequisites are to ensure the success of the investment project.

We are ready to consider different kinds of investor's participation in the capital of the company (acquisition of shares, bonds or other interests) as well as investor's own proposals concerning investment patterns. We welcome your ideas and proposals which could be successfully carried out at Rzhev Crane-building Factory.

If you are interested in our project, we'll be pleased to provide you with all the required information and will be happy to discuss this investment opportunity in person.

Don't hesitate to contact us for further information:

by phone +7 48232 20403 / 21351 or by e-mail: polonskaya@rkz-rzhev.ru

Contact person: Tatiana Polonskaya

Thank you for your kind attention!

Looking forward to mutually beneficial cooperation!

Best regards,



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VLADIMIR MURGA
Chairman of the Board



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LEASE OF LAND

Fertile land to be rented for agricultural purpose

Location: Rzhev district, Tver region, RUSSIA

Area:

- 306 ha
- 390 ha
- 390 ha
- 1438 ha

Details:

Located 40 -55km from the town of Rzhev, 220km from Moscow, 617 km from Saint-Petersburg.

Convenient access.

Includes lots of 1 ha to 65ha.

90% of the land is under cultivation (permanent grasses; pastures; arable land).

Picturesque scenery!

Dual-way access roads (asphalt or gravel and broken-stone). Close proximity to highway M9, which makes it possible to carry out efficient projects in agribusiness, recreation development, and even industrial manufacture.

Privately owned land, free of encumbrances.

Electricity provided along the lines of the lots. Gasification: planned

Water body: the Volga River / the Itomlya River

Premises: none

Coverage area: MTS, Beeline, Megaphone mobile operators (Russia)

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