Investor appreciates the Far East proximity to the markets of the Asia-Pacific region

Kolmar Group invites businesses to cooperation

Sochi Forum participants speak on the projects at the Far East

Technonikol is to export up to 70% of its products

The course for the priority development of the Far East is acknowledged
MAJOR ECONOMIC EVENTS
in the Far East (January – March 2017)

JANUARY 20
PRESIDENT OF RUSSIA VLADIMIR PUTIN MEETS WITH DEPUTY PRIME MINISTER OF RUSSIA AND PRESIDENTIAL ENVOY TO THE FAR EASTERN FEDERAL DISTRICT YURY TRUTNEV

President of Russia Vladimir Putin had a working meeting with Deputy Prime Minister of Russia and Presidential Envoy to the Far Eastern Federal District Yury Trutnev. They discussed the social and economic situation and development plans of the Far Eastern Federal District.

According to Yury Trutnev, great efforts have been made to fulfill the President’s task to accelerate social and economic growth of the Far East.

“As for the practical work, the last year the government support program helped launch 24 new enterprises and helped create more than one thousand new jobs. Five advanced development areas and four free ports were established. Today, the total number of investment projects that are being implemented is close to 500,” said Yury Trutnev.

Five federal laws aimed at improving the wellbeing and investment climate were adopted during the course of last year (see reference).

Yury Trutnev noted: “We are continuing this work. Currently, we are working on 11 bills for the current year and 22 Government Acts, including such complex ones as those dealing with the development of Komsomolsk-on-Amur.”

According to Yury Trutnev, “fifty new enterprises with over 2,000 new jobs are planned for commissioning in 2017. Investment projects are expected to total 900 by year end.”

At the meeting, they also discussed demographics, electricity supply tariffs, and projects related to allocation of land to residents of the Far East.

In December 2013 President of Russia Vladimir Putin declared: “developing Siberia and the Far East region is our national priority for whole XXI century.”

REFERENCE: FEDERAL LAWS AIMED AT THE DEVELOPMENT OF THE FAR EAST ADOPTED IN 2016

1.05.2016
FEDERAL LAW ON THE ALLOCATION OF LAND IN THE FAR EAST

Every resident is entitled to receive a land plot in the Far East free of charge and become its legal owner after five years.

If a resident invests RUB 50 million over three years or RUB 500 million over 5 years into such land, they are granted income tax and mineral extraction tax benefits

LAW ON REDUCTION OF ENERGY TARIFFS IN THE FAR EAST

Bringing energy supply tariffs charged on consumers in the Far East in line with the average levels in Russia.

23.05.2016
FEDERAL LAW ON TAX BENEFITS FOR INVESTORS IN THE FAR EAST

The Ministry for Development of Russian Far East proposed and introduced a new mechanism for development of the sector: fishing quotas secured by investment obligations

3.07.2016
LAW ON SIMPLIFICATION OF CRUISE TRAVEL RULES

One-window principle for cruise travel and simplified access of passenger cruises to border zones.

3.07.2016
AMENDMENTS TO THE FISHERIES ACT

The Ministry for Development of Russian Far East proposed and introduced a new mechanism for development of the sector: fishing quotas secured by investment obligations
JANUARY 20
Businesses will be granted 5,000 hectares of offshore area to develop aquaculture in the Far East

JANUARY 30
26 private investment projects have applied to be included in the government’s Far East development program

FEBRUARY 1
The third stage of the federal program to grant the “Far Eastern Hectare” to Russian residents has been launched.

FEBRUARY 3
The Ministry for the Development of the Russian Far East (Minvostokrazvitiya) is accepting offers for the business agenda of the Third Eastern Economic Forum

FEBRUARY 17
Two new ASEZs are being created – Neftekhimichesky and Svobodny

MARCH 7
President of Russia signed a law on simplified visa regime in the Free Port of Vladivostok

JANUARY 20
**BUSINESSES WILL BE GRANTED 5,000 HECTARES OF OFFSHORE AREA TO DEVELOP AQUACULTURE IN THE FAR EAST**

The Far East began allocation of offshore areas to develop aquaculture. It is expected that 54 plots with a total area of 5,000 hectares will be provided to the Far East’s fisheries sector in the first quarter of 2017. Plots located in the Sakhalin Oblast, Khabarovsk Krai and Primorsky Krai will be put out to public tender. Tender schedules have been posted on the websites of the Ministry for the Development of the Russian Far East and the Federal Agency for Fisheries and their regional units in the Far Eastern Federal District.

According to the Ministry for the Development of the Russian Far East, over 2 million hectares of Russian offshore area in the Sea of Japan and in the south of the Sea of Okhotsk may be used for aquaculture. Prospective aquaculture output in the Far East is one million tons per year, while less than one percent of this potential has been used so far.

JANUARY 30
**26 PRIVATE INVESTMENT PROJECTS HAVE APPLIED TO BE INCLUDED IN THE GOVERNMENT’S FAR EAST DEVELOPMENT PROGRAM**

The Ministry for the Development of the Russian Far East has selected investment projects to include in the state-financed program “Socio-economic development of the Far East and the Baikal Region” to provide non-financial government support. The selection process collected 26 bids offering RUB 600 billion in private investments.

Most bids are projects in the agricultural and animal husbandry sectors. Other bids were related to such economic sectors as oil and gas processing, mining, travel industry, logistics and construction.

According to the Minister of the Russian Federation for Development of the Far East Alexander Galushka, “government support of investment projects is critical to investors, who often need coordination and public support of their investment initiatives on the part of the Government of Russia.” The state-financed program provides exactly these types of non-financial forms of support for the selected projects.

FEBRUARY 1
**THE THIRD STAGE OF THE FEDERAL PROGRAM TO GRANT THE “FAR EASTERN HECTARE” TO RUSSIAN RESIDENTS HAS BEEN LAUNCHED.**

Every Russian resident may receive land in the Far East to use free of charge starting on February 1, 2017. Before this date, this federal law applied only to residents of the Far Eastern regions of Russia.

The Ministry for the Development of the Russian Far East reports that Russian residents are showing strong interest in this program. Special focus is given to various support forms and customized credit products that have been developed for this program. The Far East Agency for Human Capital Development developed 30 standard solutions for using the hectare. The Far East Development Fund and Post Bank will soon offer a program to procure goods required for land development at beneficial interest rates: starting at 8% per annum for up to 5 years.

FEBRUARY 3
**THE MINISTRY FOR THE DEVELOPMENT OF THE RUSSIAN FAR EAST (MINVOSTOKRAZVITIYA) IS ACCEPTING OFFERS FOR THE BUSINESS AGENDA OF THE THIRD EASTERN ECONOMIC FORUM**

The Eastern Economic Forum website (forumvostok.ru) is open for proposals related to the EEF 2017 business agenda. The Ministry for the Development of the Russian Far East invites all stakeholders to take part in forming the agenda of the event that will be held September 6-7 in Vladivostok.
**FEBRUARY 17**

**TWO NEW ASEZS ARE BEING CREATED – NEFTEKHIMICHESKY AND SVOBODNY**

The Governmental Sub-Commission for the Implementation of Investment Projects in the Far East and Baikal Region chaired by the Vice-Prime Minister and Russian Presidential Envoy in the Far Eastern Federal District Yury Trutnev approved the establishment of Neftekhimichesky ASEZ (the Primorsky Krai) and Svobodny ASEZ (Amur Oblast).

Rosneft will set up its Vostochny petrochemical facility in the Neftekhimichesky ASEZ. Private investments will total RUB 546 billion. Infrastructure will require RUB 137 billion in federal funds.

Two large-scale enterprises will be constructed in the Svobodny ASEZ. PJSC Gazprom announced the construction of the Amursky Gas Processing Plant with RUB 690.3 billion of private investments. The infrastructure will cost RUB 12.5 billion of federal funds. Sibur Holding announced the planned construction of the Amursky Gas Processing Plant with RUB 500 billion of private investments. The federal budget will provide RUB 20.4 billion. The investment resolution to construct the plant is currently under negotiations.

**MARCH 7**

**PRESIDENT OF RUSSIA SIGNED A LAW ON SIMPLIFIED VISA REGIME IN THE FREE PORT OF VLADIVOSTOK**

According to the law, foreigners arriving to the Free Port of Vladivostok may obtain a one-time visa under a simplified procedure as an e-document, with no need to pay a consular fee. The visa will be valid for 30 days and allow 8 days of stay in Russia.

On March 7, 2017, President Vladimir Putin enacted the law to introduce a simplified visa regime in the Far East, which provides for a special entry procedure for foreign travellers and investors. According to this law, foreigners will be granted a special electronic visa.

**KEY CHECKPOINTS IN THE FREE PORT OF VLADIVOSTOK:**

- Primorsky Krai:
  - International Airport
  - Vladivostok
  - Vladivostok Sea Port
  - Land checkpoints

- Kamchatka Krai:
  - Petropavlovsk-Kamchatsky Sea Port

- Sakhalin Oblast:
  - Korsakov Sea Port

*The list of foreign states eligible for e-visa will be determined by the Government.

**E-visa will entitle foreigners to travel within only that constituent the Russian Federation where the entry was made.

The e-visa will be introduced gradually. Please find out more details about e-visa travel to Russia before arriving in the country.

**RECEIVING AN E-VISA**

- International travellers* will complete an application form posted on the official website of the Ministry of Foreign Affairs.
- Processing will take 4 days or less.
- Visa will be issued for 30 days with a maximum 8-day stay in Russia**
- No consular fee will be charged for issuing an e-visa.

Participants of the Third Eastern Economic Forum are expected to become the first users of electronic visas in September 2017.
"WE DISCOVERED A REAL TREASURE TROVE"

Participants of the Russian Investment Forum in Sochi discussed their experience in the Far East

Vladimir Moshkovich, Chairman of the Board of Directors Rusagro Group

“The Far East has no locally manufactured goods, so import substitution is our priority. We are constructing the region’s largest pig breeding complex and ready-packed meat will be supplied to the local market by the middle of next year. We have established our own 80,000-hectare land bank, which has made us the largest agricultural manufacturer in the Far East, and this is just the beginning.

Next year, we will complete the investment phase, which is focused on import substitution, and we will also be ready to invest into production for export. Half of the people in the world live close to our border – in China, Japan, Korea and India. The Far East’s potential is a dozen times larger than its local needs. We have the capabilities to increase meat production ten-fold; and we are looking at milk consumption trends in China. With milk consumption growing by double digits annually, China’s supply shortfall is at least 20 million tons of milk. They have problems with the environment, water supply, feedstock and treatment of animal wastes. The Primorsky Krai has an unlimited potential, in terms of milk production. We are willing to invest at least one billion USD into the milk processing sector.

Water is one more sector that we think is worth while investing into: its market is unlimited. According to our estimates, if we can open up the markets in Japan, Korea and China, our company alone is willing to invest about half a trillion rubles.”

Rusagro Group (LSE:AGRO) is one of the top vertically integrated industrial holding companies in Russia. It is constructing a 112,000 ton pig breeding complex in the Mikhailovsky ASEZ.
"The planned benefits will total RUB 700 million during the next decade"

Vladimir Markov, General Director, TechnoNICOL Company – Construction Systems

"We have been operating in the Far East since 2007, but started sales there already in the late 1990s. It took us a long time to set up our production facilities, which we launched last year (RUB 2.1 billion of investments). The main reason is that the Far East is a huge area: it covers 6 million square kilometers with only 6 million residents, or 1 resident per 1 square kilometer. Goods delivery from the European part of Russia takes 40 to 45 days or even two months, if made to such regions as Kamchatka or Sakhalin.

Consumers are really tired of waiting so long and we should be able to bring our production closer to them, in order to be more flexible and mobile. By moving our production to Khabarovsk, we cut the logistics times of product delivery. This was our main reason for moving production to the Far East. Another reason is the closeness of China, with its 1.3 billion population. China’s construction materials (our profile business) market is from 6 to 7 times larger than all of Russian markets taken together.

China uses many outdated technologies that are focused on human labor, which are not modernized or automated, and therefore quality issues are really critical. We were awarded a large contract in Shanghai just three months ago, although our price was 50 percent higher than that of China-made construction materials. However, our technical specifications and the company’s status provided a great advantage, and we finally entered that market.

Business is interested in entering Asia’s markets. We have a huge track record in exports to neighboring states. We have been working together with Kazakhstan, from Russia, for 15 years already: we are running a plant in Bashkirtia that is located close to Kazakhstan, and we have a significant market share in that country. It is only now that we are beginning to construct our plant in Kazakhstan, as we are facing shortages in export resources, due to growing demand for construction materials in Russia.

Hopefully, the same will happen in the Far East. In our construction sector profile, every production line that will be set up in the Far East will have a larger capacity than the local market needs. We realize that we will have to export 60-70% of our materials to China and Japan. Recently, we made a large thermal insulator shipment to Canada.

Benefits provided by the ASEZs are important. It is too early to assess the economic effects, as we have just launched our production facilities. However, we have received about RUB 13 million of benefits during a short period in 2016, and expect that planned benefits will total RUB 700 million during next ten years. This is quite a substantial support to business if we compare the RUB 2.1 billion of investments with the RUB 700 million of benefits. Our main asset is not money, but support from city and regional administration officials, who are personally involved in dealing with various business challenges. This is the most important thing when it comes to the ASEZs. They are committed to business and growth, and when we contact them on any issue, they are always attentive and helpful.

Today, we are looking at the following investment opportunities: one billion rubles into the same ASEZ, to construct a rolled materials plant. It will have a 50-60% focus on the Chinese market.

Logistics is an important business element that must be assessed in the Far East. For instance, shipment accounts for 60% of the cost of insulation in Petropavlovsk-Kamchatsky. As for exports, we have to acknowledge that the Far East Region’s export infrastructure is a challenge, as there are only two operating border checkpoints located at quite a distance from Khabarovsk. Moreover, shipment costs across Russia are two times higher than those in China. It is much cheaper to ship products to Shanghai by sea from Vyborg!

TechnoNICOL is one of the leading international manufacturers of reliable and effective construction materials. Today, it has 51 production facilities in seven countries around the world. It supplies products to 80 states. It is a resident of the Khabarovsk ASEZ in the Far East.
"Primorsky Krai is a region offering great opportunities"

Konstantin Bogdanenko, General Director, Aviapolis Yankovsky

“We are different in that we did not come to the Far East, we are locals. DNS is a retailer that has been trading hardware and software for 20 years already. After we completed our retail expansion across the country in late 2013-2014 (today, we operate more than 1,400 stores across Russia), we decided to diversify our business and found a treasure trove right under our feet. Primorsky Krai offers amazing opportunities with 500 million people living within a 500 km radius of Vladivostok. No other region in Russia has such a resource. It is vital to meet this market demand.

At the same time, there were no efforts made to develop infrastructure in Primorsky Krai. The region had about 20,000 square meters of ‘Class A’ warehouses in 2014. We decided to look at this sector. Aviapolis Yankovsky is a project focused on developing warehouse premises. We plan to commission more than 100,000 square meters of warehouse premises in 2017. Working on infrastructure projects, we realized that regional growth will lead to Primorsky Krai suffering from a housing shortage. So, we decided to set up an integrated housebuilding factory in the Nadezhdinsky ASEZ. We are planning to commission it in 2018, and will engage in manufacturing modern concrete slabs. Hopefully, this will help all the people involved in Far East development projects. We also intend to pursue our own construction projects, and market materials to construction companies. Our capacity is estimated at 100,000 square meters annually; however, we have room for growth.

We also launched the DNS-Les Company, a wood processing facility. Later this year, we will start manufacturing products that are needed for housing construction in Primorsky Krai. Our capacity has been limited thus far, but it can be expanded, depending on market demand.”

DNS was founded in 1998 in Vladivostok. It is one of the TOP-50 Forbes companies. The company distributes hardware and software across Russia and owns a computer and tablet production plant near Vladivostok, and several assembly plants in the Moscow Region and Novosibirsk. The group operates more than 1,200 stores in 400 cities across Russia. As a resident of the Free Port of Vladivostok, the company is implementing the Aviapolis Yankovsky project.

"We are surprised by the support we are receiving and the tempo of implementation"

Sergei Tsiviliev, General Director, Colmar Management Company

Colmar owns more than a one billion ton reserve of coking coals, which are ranked best in the world by quality. The company is building two mining and concentrating coal plants with a 20 million ton mining capacity and a terminal in Vanino Port in the Khabarovsk Krai to export coal to the APR region.

When we decided to pursue this business five years ago, we saw a great potential in the Far East, which is rich in minerals and lies very close to the APR market.

We have made amazing progress over the last three years: we have set up the infrastructure necessary to extract four million tons annually, and started the first sample well and concentrating plant This is all thanks to active Government support. Now we have to use this base to move forward.

Vanino-Transugol, a company that is building a terminal in the Khabarovsk Krai is a resident of the Free Port of Vladivostok. We are very much impressed by the support that we are receiving and progress of the implementation, which are encouraging us to move forward.

We have reached such a stage in project implementation, that now we can offer businesses to come and join us. We have prepared a 300-hectare area in the Denisovsky block. We have developed the first 50 hectares to set up the infrastructure there, including heat, water, and power supply, sewage and automobile and railway access routes. We are inviting partners to join us, as we need to establish a maintenance center for mining and open-cast machinery, and road and construction equipment.

We employ 2,000 workers and over 90% of these are men, whose wives are unemployed. So we decided to support the agricultural business, and are waiting for partners to join us in these projects. Our sites allow us to construct many greenhouses, which we are willing to supply with cheap heat.”

Founded in 2004, Colmar is now a top holding company, which brings together industrial enterprises focused on coal mining and processing, and is located in the Nerungri District of the Republic of Sakha (Yakutia). The company is implementing its investment project in the Yuzhnaya Yakutia ASEZ and receives government subsidies to set up the required infrastructure.
THE RESULTS OF THE ACTIVITIES FOR DEVELOPMENT OF THE FAR EAST

WORKFORCE
the average monthly salary in the Far East
RUB 42,800
$ 659.04

ELECTRIC POWER
USD/kWh
$ 0.06*/kWh

PROCESS WATER
USD/m³
USD 0.27*/m³

NATURAL GAS
USD/m³
USD 0.09*/m³

* Terms and conditions provided under the new instruments for development of the Far East

BUSINESS EXPENDITURE

INVESTMENT PROJECTS
Far East Development Fund

DATA AS OF MARCH 1, 2017

DEMAND FOR NEW DEVELOPMENT TOOLS IN THE FAR EAST

FREE PORT OF VLADIVOSTOK

INVESTMENT PROJECTS
Subsidies for infrastructure

INVESTMENT PROJECTS
Far East Development Fund

TOTAL
5,335
PROJECTS
14,750
RUB BILLION

Data as of March 1, 2017
CRAIG BALLANTYNE: I viewed this as an opportunity albeit a challenge at the same time

Interview with Craig Ballantyne, General Director of Tigre de Cristal.

Tigre de Cristal is the first casino to open in the Primorye Krai Integrated Entertainment Zone, on Russia’s Far East coast. Could you give us a little background on the start of gaming in Primorye Krai, and more specifically the position of Tigre de Cristal.

The Integrated Entertainment Zone in Primorye is a key part of the original vision of V. Putin to drive economic growth via tourism and infrastructure development in the Far East. Our Chairman and largest shareholder, Mr. Lawrence Ho chose to become a pioneer investor in the region due to its prime location in the heart of NE Asia, vastly improved infrastructure, and supportive government policy environment.

TDC has managed to achieve an EBITDA positive position and continues to grow its client base and attract more foreign tourists. TDC has considerable first mover advantages and is currently working on plans for Phase II to develop a 120,000 sq metre project comprising approximately 500 hotel rooms, shopping mall, food court, restaurants and bars, MICE, spa and health club, additional parking areas, and the likely construction of a championship golf course on adjacent land.

What are the target markets of Tigre de Cristal?

Our key target feeder markets are the surrounding countries in NE Asia.

How do junkets factor into Tigre’s mix?

International VIP players are an important target market and segment within the business. We endeavor to provide an international luxury standard entertainment, lodging, and dining experience that exceeds the expectations of our foreign and domestic customers.

You came on with Tigre de Cristal prior to their opening. Could you give us an overview of your previous experiences in the industry, and what brought you here?

I have been in the industry since 1972 and since 1979 as a Casino G. M. From 1991 I moved out of the UK, into emerging markets, initially to Poland then in several international gaming jurisdictions. The experience and knowledge gained working in several countries, my familiarity with different cultures and different sets of legislation and regulations gave me some recognition and I was introduced to Lawrence Ho of Melco and John Wang of Summit Ascent.

What impact are you expecting to have at Tigre de Cristal?

That we become quickly recognized as a leading player in the Far East integrated resort market.

How do you describe your leadership style?

Assertive, disciplined, while leading by example and at the same time ensuring that all personnel are trained to a high standard.

Tigre de Cristal is positioned as an all-round tourist destination on Russia’s
Pacific coast. What are some of the iconic features within the property helping advance the property as one of the region’s leading entertainment destinations?

Entertainment is an important part of the overall proposition for our guests with a weekly show program, international headline artists and special events throughout the year like the Broadway Talent Contest in the genre of the “The Voice” that attracted more than 8000 visitors during the exciting finals held over 5 weeks at the property.

With guests being offered experiences away from the casino, could you highlight the value the non-gaming options add to Tigre’s overall operations?

The non-gaming options are an important part of the overall value proposition for an integrated resort. Tigre de Cristal provides guests with a variety of exciting dining options from casual Chinese and Western cuisine in the Pan Asian restaurant 88 to the wonderful delights found in the “art of steaks” fine dining restaurant Cascade. The restaurants are complemented by a variety of bars providing guests with the opportunity to choose a quiet, intimate area to enjoy a cocktail and snack or be entertained by the live music. For guests who’s passion is golf, Cristal Golf features the most state of the Art golf simulators in Russia is designed to give golf lovers an amazing experience playing more than 50 signature golf courses from around the world. With 121 rooms, the hotel at Tigre de Cristal is the most luxurious in Vladivostok and is a favorite of local and international guests staying for business or pleasure.

Are there restrictions on Russian nationals in getting into the casino?

Russian nationals can play at the casino provided they are of sufficient age and have registered. It is a legal requirement for all visitors (local and foreign) to register with their passport and other personal information before entering the casino.

Which types of slot machine and multi player slots does the casino offer? What are the preferred slots machines?

We regularly assess the appeal of all the games and the mix of machines on the floor. Currently the most popular slot machines are Novomatic and Speilo.

What types of table games does Tigre de Cristal currently offer, and are they expected to expand?

We currently offer baccarat, roulette, blackjack, Sic Bo, poker, and Russian poker. We believe our table mix and allocation is sufficient for our current needs.

Does Tigre de Cristal host gaming tournaments? If so, what are the more popular tournaments?

We will schedule additional tournaments for local players on both slots and tables (American Roulette, Russian Poker) in the coming months. There are no immediate plans to host an international baccarat tournament but we have had several inquiries regarding hosting an international Texas Holdem tournament.

How does social media play into the marketing mix?

In addition to our in-venue marketing the social media outlets are an integral part of our marketing program.

With the high-profile of many of the site’s visitors, it would be expected data security is a priority. Is the security system developed specifically for the site, or is it commercially available to other casinos?

As with all casinos data security is of the highest importance and we have developed a bespoke process and firewall system to maintain the security of sensitive information. The original system is one that is commercially available but it has been customized to our specific requirements.

The full version of the interview was published by Casino Life magazine,
OPINION

China is still more interested in the Far East than all other regions of Russia

At the opening ceremony of the Russian-Chinese Business Year 2017, held by the Russian-Asian Union of Industrialists and Entrepreneurs (RAUIE), Deputy Head of the China Development Bank Zhiao Huntu discussed reasons that encourage China’s businesses to enter the Russian Far East.

Zhiao Huntu, Deputy Head of the China Development Bank

"China is still more interested in the Far East than all other regions of Russia. Firstly, it is a close neighbor, and secondly, its geographic location. The first reason is more important. A close neighbor is not just the one who lives nearby, it is someone with whom you have close relations and understanding. The Far East attracts our strong interest as a Chinese bank that operates in the Russian market. We have always made a point of encouraging cooperation with the Far East and were interested in it.

Another favorable factor for the Bank’s development in the Far East is support from the core federal authority, represented by the Ministry for the Development of the Russian Far East, which is most convenient to work with, as it offers a strong platform of opportunities, in particular, business connections and specific projects. The Bank plans to promote the businesses of China’s state-owned companies in the Far East, as this territory is primarily occupied by the country’s private companies, which is not quite fair. At the same time, there are hardly any projects in the Far East with China’s participation, which may be called fully successful, since the very business cooperation mechanism is at its pilot stage here.

I do not see any specific barriers to business in the Far East. The main challenge is that China has limited knowledge of the Far East, in particular, its regional policy. There is no transparency in local consumption, that is, understanding of demand in specific regions. Unclear definition of economic benefits for Chinese business in the Far East is a negative factor. New benefit frameworks that are available in the Far East are not clear enough. It will take some time to encourage China’s business community to take advantage of these benefits.

Russia lacks consistency in its economic policy and policies to encourage direct investments into Russia and in the Far East in particular. And there is not enough domestic demand to promote China’s investments into raw materials, agriculture or transport. Lack of language knowledge and different mindsets prevent efficient cooperation between Russia and China. This difference often shows itself in negotiations, when China seeks to pursue a golden mean or a fifty/fifty approach, according to Confucianism, and Russia seeks to get more benefits for itself."

Source: EastRussia.ru
INVESTMENTS

Yuzhnaya Yakutia ASEZ welcomes new residents

The first ASEZ residents are developing sites for small and medium-size projects

Yuzhnaya Yakutia ASEZ, established in accordance with Government Decree dated December 29, 2016, welcomed its first residents – Inaglinsky Mining and Processing Plant and Denisovsky Mining and Processing Plant. The companies construct mining and processing plants for production of coking coals and high-quality coal concentrate. Both investment projects were initiated by the Colmar Group Companies.

The 2017-2019 CAPEX program of the Inaglinsky Mining and Processing Plant totals approximately RUB 17.4 billion and will create 1,000 new jobs. The plant will include the Inaglinsky Open Cut and Mine, Inaglinsky-2 Processing Plant to process high ash coal. Today, open mining produces up to two million tons of coal per year and processes two million tons per year of coking coal.

Plans call for the commissioning of the Inaglinsky Open Cut and Mine, Inaglinsky-2 Processing Plant to process high ash coal. Today, open mining produces up to two million tons of coal per year and processes two million tons per year of coking coal.

Denisovsky Mining and Processing Facility expects its CAPEX to total approximately RUB 11 billion, with 600 new jobs. The project aims at the development of the existing Denisovsky Deposit (Denisovsky Mine) to expand the existing mine in the deposit center to include resources in the eastern part and set up the Denisovskaya Processing Plant.

The idea to establish the ASEZ based on coal production sites in South Yakutia was first voiced in October last year. Along with the Colmar Group, the new ASEZ plans to implement five other coal mining and processing and logistics industrial projects.

ASEZ residents may also include partners of large-scale companies and service entities. This process is facilitated by a low entry threshold to become an ASEZ resident (RUB 500,000) and availability of development sites for small-sized projects. Denisovsky Mining and Processing Plant has already developed a site to construct maintenance and service centers for mining equipment and agricultural businesses. The necessary utility systems – heating, water, power supply, sewage and motor and railway roads – have been provided by the Colmar Company.

A CONCRETE PRODUCT PLANT WILL BE CONSTRUCTED IN NADEZHHDINSAYA ASEZ

Primorye Integrated Homebuilding Factory, a resident of Na- dezhdinskyaya ASEZ, commenced implementation of an investment project to manufacture prefabricated housing concrete structures in the volume of 84,000 cubic meters annually, with RUB 772.8 million of investments. The homebuilding plant will start construction of objects upon reaching 80% operational readiness. The production will be launched in mid-2018.

THE INVESTOR WILL SET UP A PRODUCTION CLUSTER IN THE KOMSOMOLSK ASEZ

AKOR Instrument Company became a resident of the Komsomolsk ASEZ, and plans to launch a plant for the production of metal-cutting tools and mills in Komsomolsk-on-Amur, with a capacity of 250,000 tools annually and RUB 647.7 million of investments. The plant will be launched in December 2017.

TECHNONICOL PLANT IN THE KHABAROVSK ASEZ REACHED FULL DESIGN CAPACITY

TechnoNICOL Far East, a resident of the Khabarovsk ASEZ, reached its design capacity of 750,000 cubic meters of basalt heat insulation early in 2017. The production line is set to produce 100 different kinds of insulation products. The plant started making deliveries to 12 regions in the Far East and East Siberia. China became its first foreign customer.
FREE PORT OF VLADIVOSTOK RESIDENT NEWS (January - February 2017)

JANUARY 18
Vanino Free Port to implement four investment projects

JANUARY 21
China's investor to launch wood processing plant in the Free Port of Vladivostok

FEBRUARY 1
Supervisory Board of the Free Port of Vladivostok approved 38 investment projects

FEBRUARY 1
A resident of the Free Port of Vladivostok will build a luxury hotel on Kamchatka

FEBRUARY 2
A resident of the Free Port of Vladivostok will set up a sea shipping and logistics cluster

FEBRUARY 10
The first resident of the Free Port in Korsakovo will construct a large fish processing complex

FEBRUARY 22
A resident of the Free Port of Vladivostok launched a household chemicals production plant

VANINO FREE PORT TO IMPLEMENT FOUR INVESTMENT PROJECTS
The Khabarovsk Krai hosted a visiting session of the Supervisory Board Commission of the Free Port of Vladivostok, which approved four projects proposed by investors for implementation in the Vaninsky District.

Tokinsky Brick Plant plans to launch a construction materials manufacturing plant in the village of Toki. The plant's estimated capacity is 5 million bricks per year with RUB 14 million investments during the first phase.

Forum DB LLC is constructing an on-shore facility to transship oil products from road to sea transport. This 150,000-ton per year project will require RUB 8.4 million in private investments. The facility will be commissioned in the first quarter of 2017.

Carbon-DB is working on a project to process timber processing wastes into carbon chips. The capacity is estimated at 200,000 m3 per year, with RUB 173 million of investments.

Prichal LLC, a RusAl subsidiary, intends to construct a 1.5 million ton alumina terminal in Vanino Port, with RUB 5 billion of investments.

SUPERVISORY BOARD OF THE FREE PORT OF VLADIVOSTOK APPROVED 38 INVESTMENT PROJECTS
The meeting of the Supervisory Board of the Free Port of Vladivostok chaired by Yury Trutnev discussed new investment projects. The meeting approved 38 projects with a total of RUB 12 billion of investments.

The projects include aquaculture and fish processing sectors, construction of logistics and warehousing facilities. Some projects involve the commissioning of construction materials plants. Some are related to social infrastructure. The Primorsky Krai will set up a children's mountain ski school, a multifunction cultural center, a family recreation park, and construct low-rise houses and hotels. Some projects are relate to the processing of natural resource, including placer gold.

CHINA'S INVESTOR TO LAUNCH WOOD PROCESSING PLANT IN THE FREE PORT OF VLADIVOSTOK
A production facility for plywood boards, OSB and shuttering plywood will be launched in the Ussuriysky Urban District (Free Port of Vladivostok) in the spring of 2017. A RUB 154.4 investment project is being implemented by China's Zhunda Wood Processing Company. The plant will be fitted with lines to manufacture veneer, plywood and OSBs. Zhunda plans to set up a high-tech wood processing waste-free production, in order to manufacture advanced construction materials.

A RESIDENT OF THE FREE PORT OF VLADIVOSTOK WILL BUILD A LUXURY HOTEL ON KAMCHATKA
Novy Dom, a construction company on Kamchatka, responsible for construction of an advanced hotel facility in Petropavlovsk-Kamchatsky, was granted resident status in the Free Port. The investments will amount to RUB 1.3 billion. A nine-floor hotel building with 140 rooms will be built on a 12,000 square meter lake-site in Petropavlovsk-Kamchatsky.
Kultuchnoye. Planned construction of a multifunction facility to include a business center, tourist, athletic and cultural sites and a visitors center in Petropavlovsk-Kamchatsky.

The investor intends to occupy the new free 4-5 star niche in the hotel market. The investor has already commenced construction. Completion and commissioning is expected by late 2019.

A RESIDENT OF THE FREE PORT OF VLADIVOSTOK WILL SET UP A SEA SHIPPING AND LOGISTICS CLUSTER
Seroglavzka Terminal (NOREBO Group) became the second resident of the Free Port of Petropavlovsk-Kamchatsky. The investor plans to set up an advanced sea refrigerator terminal.

It will construct a 15,000 ton refrigerating facility, berthing structures, refrigerating and warehousing sites until 2027, with RUB 709 million in private investments.

The company plans to increase container freight transshipment in Petropavlovsk-Kamchatsky Port up to 800,000 tons per year, to become the region’s largest logistics center for supplying fish products, with annual turnover of refrigerated freight of 300,000 tons, and arrange direct deliveries to APR ports and Europe via the Northern Sea Route.

THE FIRST RESIDENT OF THE FREE PORT IN KORSAKOVO WILL CONSTRUCT A LARGE FISH PROCESSING COMPLEX
Yuzhny Terminal signed an agreement with the Far East Development Corporation and became the first resident of the Free Port in Korsakovsk. The investor plans to set up a fish processing logistics center, with a total of RUB 998 million of investments. The total area of 23,000 square meters will house refrigerators for fish products, a sorting facility with rooms for auctions and product exhibitions, a fish processing shop and container sites.

A RESIDENT OF THE FREE PORT OF VLADIVOSTOK LAUNCHED A HOUSEHOLD CHEMICALS PRODUCTION PLANT
Vostok-Polikor, a resident of the Free Port of Vladivostok, has completed a RUB 17 million project, involving the creation of a plant, in Primorsky Krai, to produce household chemicals and polyurethane products for the cleaning of surfaces. The company commenced construction in August 2016 by establishing a 750 square meter production shop in the city of Artyom. Today, the product line capacity is 40 tons of finished products per month. The company plans to increase its output to 200 tons per month.

The investor plans to launch full production involving raw material procurement and manufacturing of components and finished products. Up to 50% of output is planned for export to China and South Korea.

FREE PORT OF VLADIVOSTOK
The Free Port of Vladivostok, pursuant to the Federal Law of the same name, extends to the territory of 15 municipalities of the South of Primorsky Krai, as well as Khabarovsk Krai (Vanino Port), Sakhalin Oblast (Korsakov Port), Kamchatka Krai (Petropavlovsk-Kamchatsky Port), and the Chukotka Autonomous Okrug (Pevek Port). Residents receive both administrative preferences and tax benefits. Far East Development Corporation JSC is the managing company.

BECOMING A RESIDENT
To become a resident of the Free Port one must file the appropriate application to the Managing company. After filing the application, the applicant and managing company shall sign an agreement on activities in the Free Port, under which the resident is issued the respective Certificate.

REFERENCE: BENEFITS GRANTED TO THE FREE PORT RESIDENTS

<table>
<thead>
<tr>
<th>Benefit</th>
<th>For Non-Residents</th>
<th>For Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance fees during 10 years</td>
<td>7.6%</td>
<td>0%</td>
</tr>
<tr>
<td>(for non-residents this is 30%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax during the first five years</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>(the following 5 years – 12%)</td>
<td></td>
<td></td>
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<tr>
<td>(for non-residents this is 20%)</td>
<td></td>
<td></td>
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<tr>
<td>Property tax during the first five years</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>(the following 5 years – 0.5%)</td>
<td></td>
<td></td>
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<tr>
<td>(for non-residents this is 2.2%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land tax benefits during the first five years</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>(for non-residents this is 0.3-1.5%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Leasing of land without bidding, based on cadastral value.
- No-quota employment of foreign workforce: up to 20% for all residents. Over 20% upon permission of the supervisory board.
- Less time spent on scheduled audits.
- Less time spent on non-scheduled audits.
- Residents of the Free Port of Vladivostok can use the free customs zone regime (FCZ). The FCZ involves duty-free and tax-free imports, storage and use of foreign-made goods.
SUCCESS STORY

Looped Freedom

PrimRing Sports Center, an FPV resident, is set to start Phase Two

The Supervisory Board of the Free Port of Vladivostok (FPV) held a ceremony of handing out the first resident certificates to seven corporate investors less than a year ago. Primorskoje Koltso LLC, an investor in the PrimRing Tourist Complex, was among them. The company is now completing Phase One, with machines roaring and stadium stands being filled at the PrimRing, the investor is undertaking even more ambitious tasks.

Oleg Safonov, Head of the Federal Agency for Tourism, visited Primorskoje Koltso in 2015 and said: “I have seen nothing of this kind in any other regions of Russia, this is a unique idea with high quality of implementation. This is a benchmark project for Primorsky Krai.” It was clear that the project is going to be much more than just a site for drift competitions, but the investor is hardly able to manage it without government support. Although, there are plans to set up a universal regional venue for large-scale events to attract both athletes and tourists.

Today, the project includes motocross and carting race tracks and a 24,000 square meter asphalt site to host sports, cultural and entertainment events.
The key event is the annual D1 PrimRing Grand Prix drifting competition, involving the best athletes from Russia and Asia and tens of thousand of viewers. Primorsky Koltso stands are intended for 5,800 viewers with 3,000 parking places. PrimRing hosts professional and amateur competitions in carting, motocross, drifting, rally sprint, leased carts, jeep trials, marathons and international athletic events, such as the Rainforest Challenge East Russia.

As an FPV resident, the investor was granted land to construct facilities of the tourist cluster with a decreasing coefficient. In 2016, the federal budget provided support to the company under the government-financed program for tourism business development. Co-financing will total RUB 197 million, including RUB 40 million for road construction; RUB 98 million for access roads; and RUB 59 million for utilities, said project manager Vitaly Verkeyenko.

Today, the facility, along with motor sites includes the children's playground Ringo Park, drifting school, buggy and quad rentals for off-road driving experience and paint-ball sites. It also houses a unique Tu-154 aircraft with a cabin designed as a cafe. Phase One of PrimRing construction received approximately RUB 500,000 of investments.

Phase Two should be implemented in 2017-2018, and will involve the completion of a 150-room hotel, an Su-27 restaurant, a shooting club, visitor and children's center, a shopping alley, recreation and resort center. To implement phase two, the resident plans to construct its own customs control zone and apply customs benefits granted by the Free Port of Vladivostok for importing of materials, components and equipment. Phase two financing will total RUB 1.2-1.4 billion, and the entire project will cost RUB 10 billion. During Phase Three, PrimRing will add an attraction park, aqua park, golf-club, a five-star hotel, residential facility, car maintenance centers and a greenhouse facility to promote agricultural tourism.

The PrimRing project is being implemented by the Sumotori Technical Holding Company. Starting its business in 1998, the company is an official dealer of Ford, Mazda, Kia, Skoda, Subaru, Suzuki, Volkswagen, Hino, JCB, Faw, TCM, and Chetra, and provides a full range of services related to trading of equipment, spare parts and maintenance. Sumotori includes the Primorskoye Koltso Regional Development Fund, working on attracting Russian and international partners to contribute to the development of regional business projects. The fund's stocks are traded on the Voskhod investment site.
**POLYMERS PRODUCTION PLANT (SIBUR)**

**REGION:** Primorsky Krai  
**SECTOR:** Petrochemicals  
**VOLUME OF INVESTMENTS:** USD 30 million  
**EBITDA:** USD 10 million  
**IRR:** 20%

**Project Description:** Construction of an industrial facility for polyethylene (layered film) production near Vostochny Port. SIBUR is the project originator and key investor.

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**BEEF-BREEDING FARM FOR 2,500 FORAGE-FED COWS**

**REGION:** Primorsky Krai  
**SECTOR:** Agriculture  
**VOLUME OF INVESTMENTS:** USD 13 million  
**EBITDA:** USD 1 million  
**IRR:** 10%+

**Project Description:** The second beef-breeding farm for 2,496 forage-fed cows in the village of Alexeyevka, Primorsky Krai. Expanding the existing farm facility by 1,800-head of milking cows. Milk supply to the company’s dairy plant in the city of Artyom (facility being renovated to reach 150 tons milk output per day).

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**GROWING OF RICE AND SOY-BEANS IN PRIMORSKY KRAI**

**REGION:** Primorsky Krai  
**SECTOR:** Agriculture  
**VOLUME OF INVESTMENTS:** USD 38 million  
**EBITDA:** USD 15 million  
**IRR:** 20%+

**Project Description:** Land bank of arable lands will total 12,000 hectares during Phase I. The planned aggregate total of the land bank is 30,000 hectares. Key production indicators: 30,000 tons of rice and 5,000 tons of soybeans. Growing rice using Japanese technology.
INVESTMENT PROJECTS OF THE FAR EAST

VINEGAR ACID PRODUCTION PLANT (ESN GROUP)
REGION: Primorsk Krai or Amur Oblast
SECTOR: Petrochemicals
VOLUME OF INVESTMENTS: USD 160 million
EBITDA: USD 23 million
IRR: 20%

Project Description: construction of a vinegar acid production facility at the site owned by ESN Group or National Chemical Group. Estimated output is 150,000 tons of vinegar acid per year.

TITANIUM PARTS MACHINING PLANT
REGION: Khabarovsk Krai
SECTOR: Engineering
VOLUME OF INVESTMENTS: USD 135 million
EBITDA: USD 80 million
IRR: 20+%

Project Description: construction of a plant for the machining of titanium, aluminum and steel parts. The company signed a long-term contract with Sukhoi PJSC and plans to enter into agreements with two other aircraft industry players.

CARBIDE TOOL PLANT
REGION: Khabarovsk Krai
SECTOR: Engineering
VOLUME OF INVESTMENTS: USD 100 million
EBITDA: USD 67 million
IRR: 20+%

Project Description: construction of a carbide tool plant for supplies to the United Aircraft Corporation in Komsomolsk-on-Amur and China. The estimated output will be 500,000 tools per year.

CONTACTS

The main purpose of the agency is to attract investments in the Far East of Russia. We are actively involved in the investment process, have a deep knowledge of each project, and assist investors in cooperation with project initiators and authorities. The agency will be happy to help you with the search and implementation of attractive investment projects in the Far East. Contacts:

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www.investvostok.ru
RUSSIA - INDIA

A Diamond Story

It took 20 years for an Indian entrepreneur to build a large international jewelry network. And all this began in Yakutia.

Rajesh Gandhi, an Indian businessman, founded Choron Diamond in 1999, with assistance of the Government of the Republic of Sakha (Yakutia). Foreign investments made up 100% of the stock capital. The company focused on diamond cutting and jewelry production.

Developing dynamically, the company established an entire production-supply chain (from diamond cutting at its own plant in Yakutia to sales of finished jewelry products to customers) and created an international business. According to the company’s profile, Yakutia became the starting point for its fast growth. Here, Choron Diamond found the purest diamonds to create its jewelry masterpieces that have won over buyers all over the world. The Choron brand has a symbolic meaning. «Choron» is a Yakut word that means a drinking vessel symbolizing hospitality and brotherhood.

The investor, Mr. Ghandi, comes from a family of jewelers. The first family workshop was set up in India as far back as 1930. Rajesh Gandhi often recalls his first visit to Russia: «My first impressions of Russia are related to the things that our people have in common. When I first came to Yakutsk, the temperature was minus 40°C, and a movie theater in the city center displayed posters of Shree 420, starring Raj Kapur. I could hardly believe my eyes, but I thought that this was a good sign from God – I would succeed in my business!»

According to Mr. Ghandi, «There have always been challenges and these are rooted in the fact that I am a foreigner in Russia. Moreover, I am a vegetarian. When I first came to stay in Russia, it was very hard to get used to the blistering cold of Yakutia’s winters. This country has always remained an exotic place for me. My mindset was developed in a different way and Russia has a very different reality, which I had never encountered before. I also had issues with logistics, as transport communications between Yakutia and my native India could hardly be called well-established. However, I would like to emphasize once again that Yakutia provided me with invaluable experience. I was given official support and the local people were very hospitable. In short, people here treated me as one of them. So, Choron Diamond owes its success to contributions made by all of Yakutia.»

«You have to stand out against an endless sea of companies worldwide to make customers aware of you,» says the company’s founder. «This is why we are continuously inventing in new projects.» In 2010, Choron Diamond made headlines across Russia when it became an official sponsor of the Russian Cup and created a unique football made of gold as well as black and white diamonds.

Today, Choron ranks among the world’s top companies in its market segment and has won a range of important awards and prizes. It was awarded multiple diplomas and titles at various Russian and international contests and exhibitions. All this acts as a proof of Choron Diamond’s talent level and its commitment to continuous growth and always being on the leading edge.

Source: mass media and Choron Diamond website

This unique trophy is made of 2.5 kg of 585-grade gold with 33,140 white and 10,728 black diamonds.
If you want to make your winter really hot, you should always try something new. Meet Sakhalin: the perfect destination for peaks’ champions!

High season at the island lasts almost six months, from December till the end of April. Hills that sparkle under the sun welcome their guests during holidays’ time and in spring when vacation time is over and there are less people at the tracks. Winter at vacation destinations (i.e. Youzhno-Sakhalinsk) is mild, average snow depth is 2 mm, other conditions for skiing and snowboarding is excellent as well. There are tracks for experts and for beginners, for skiers and for snowboarders, there are cable cars and many routes for mounting – so the choice is only yours.

Air of freedom

The heart of Sakhalin, Gorny Vozdukh Complex, annually hosts tens of thousands tourists from all around the world. Here took place the Far East Cup that gathered the best athletes from Russia, China, Japan and South Korea. Besides, it is at Gorny Vozdukh where Russian national team is training for the Olympics 2018, so it guarantees you a unique chance to see and to be seen.

Gorny Vozdukh boasts a unique history and traditions: it began to operate in 1960s, then had a great fame in 1970s and fall into oblivion in 1990s but, finally, 2000s brought its great prosperity again. A lot has been done for that: today’s complex occupies a huge 800 ha territory, around which there are 35 cozy hotels that suit any taste and pocket. One can choose a quite hotel for family vacation with kids or a loud place with parties. Do not miss Gorny Vozdukh and Liana cafes at the central complex site where you will admire a stunning panoramic view on Yuzhno-Sakhalinsk and sip some hot mulled wine by a fireplace while little ones are having fun at the kids’ room with trampolines.

But, of course, the main reason to visit this resort are 14 tracks of various levels of difficulty with total length of 25 km; the longest one is 4.4 km. There are red tracks for speed skiing fans and black ones where real adventurers can try themselves. Slopes of 601 m high Bolshevik Mountain offer zones for beginners: if you mastered skies not long ago or prefer to enjoy slow downhill and gorgeous landscapes, then choose green tracks. Snow cover is always firm and if the weather disappoints the snowmaking system of artificial snow will save the situation.

Right now there is only one cable car that lifts tourists to the top, but up to the...
end of the year there will be two more: one will be 1600 m long at the southern slope and the other will be 900 m long at the northern one. Make yourself comfortable: heated chairs make local landscapes admiring even more enjoyable.

Tourists’ comfort is very important on Sakhalin: from this season, tour selecting has become complex. Gorny Vozdukh internet portal enables you to book a hotel and pay once for everything: accommodation, flight, lessons with a ski or snowboard instructor. Also there you can rent your equipment or pay for a ski pass. For refilling it, use a mobile application.

School for pros
To real pros Gorny Vozdukh offers not only a warm welcome but a great opportunity to power up their skills. From May 11 to 20, instructors from the complex and the training center of Russian Alpine Ski and Snowboard Federation carry out several training programs. Every day students will have 5 or 6 hours of intense practice: perfect your slalom technique, master carving with sharp turns or freeride – extreme downhill along forested slopes. The most advanced skiers and snowboarders are able to pass an attestation at the instructors’ school and get a certificate. Training costs 14 thousand rubles, accommodation and food are from 1 to 1.5 thousand rubles per day and ski pass is offered with 50% discount.

Northern Safari
Sakhalin possesses a unique nature that is definitely worth seeing in its splendid beauty, from tall bamboo forests to taiga and covered with ice seashore. Tracking to the most hard to access and picturesque places is organized by Sakhalin Safari Company – it is an excellent example of combining eco and adventure tourism. Go on a exciting trip to the south or the harsh north of the island: in summer you can enjoy deep forests, diving or rafting along rushing rivers. There are tours for hunting or fishing enthusiasts who feel like taking home some trophies together with bright memories.

TOURISM INVESTMENT PROJECTS OF THE FAR EAST

COUNTRYSIDE SPA HOTEL MANAGED BY AN INTERNATIONAL OPERATOR
REGION: Kamchatka Krai
INDUSTRY: Tourism
INVESTMENT VOLUME: 20 mln USD
IRR: 23%

Project description: the project presents a spa hotel for recreational and health improving holidays, getaway events and conferences, as well as for outdoor activities tourists who can use the hotel as their base.

INVESTMENT PROJECT: KAMCHATKA IN ONE DAY COUNTRYSIDE ENTERTAINMENT CENTER
REGION: Kamchatka Krai
INDUSTRY: Tourism
INVESTMENT VOLUME: 10 mln USD
IRR: 28%

Project description: the project is a general exposition of Kamchatka highlights presented with miniatures, installations, full-size constructions, state of art technologies (interactive panels and 3D visualization). Objects are located outdoors as well as indoors.

INVESTMENT PROJECT: CITY HOTEL MANAGED BY AN INTERNATIONAL OPERATOR
REGION: Kamchatka Krai
INDUSTRY: Tourism
INVESTMENT VOLUME: 12 mln USD
IRR: 22%

Project description: the project envisions a landmark, quality hotel managed by an international operator.
High season: beg. of November till the mid. of April
Average temperature: from -17°C to -6°C

MAXIMUM HEIGHTS:
- Gora Moroznaya: 1100 m
- Gorny Vozdukh: 601 m
- Kholdomi: 751 m

HIGH SEASON:
- Gora Moroznaya: beg. of November till the mid. of April
- Gorny Vozdukh: beg. of November till the mid. of April
- Kholdomi: beg. of November till the mid. of April

AVG. TEMPERATURE:
- Gora Moroznaya: from -17°C to -6°C
- Gorny Vozdukh: from -17°C to -6°C
- Kholdomi: from -17°C to -6°C

MAIN SKI RESORTS IN THE FAR EAST OF RUSSIA:

**Kamchatka Krai**
- Gora Moroznaya: 4 chairlifts, 5 tracks

**Sakhalin Oblast**
- Gorny Vozdukh: 9 chairlifts, 14 tracks

**Khабаровский край**
- Kholdomi: 2 chairlifts, 8 tracks

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