

## **Investment offer**

### **Creation of transport and logistics center**

The main idea of the investment project - the creation of transport and logistics center for general use (hereinafter - TLC) in the airport area Vitebsk "East". The aim of the project - the creation of suitable infrastructure for organizations involved in transport, storage and delivery of goods to the consumer, and industrial organizations and Vitebsk Novopolotsk industrial zones providing the full range of logistics services.

Vitebsk region is situated at the crossroads of major transport routes linking the major metropolitan regions in Europe - Moscow, St. Petersburg, Riga, Vilnius, Warsaw, Kiev (Crete Corridors № II and № IX). Distance to Moscow - 500 km, Warsaw - 800 km, the distance from the sea port of Klaipeda - 400 km.

Advantageous geographical position created by TLC, the presence in the immediate vicinity (1.5 km) airport of Class "B", allow him to become a future member of intermodal traffic, diverting part of the international transit flow, which goes through Belarus to the north-south, west East.

The relevance of the investment project is in the acute need of the Republic of Belarus in creating a modern logistics infrastructure on its territory, first of all, to reduce the cost of the Belarusian organizations of warehousing services, processing and transport of goods, and secondly, to make full use of the transit potential of the territory.

Currently, the Belarusian market for logistics services is at the beginning of its formation. Belarus trades with 170 countries of the world, but the logistics services account for only 7-8% of GDP.

According to experts, the potential of the Belarusian market of logistics services is estimated at 20 billion U.S. dollars, of which the share of cargo transportation and forwarding all modes of transport is 55%, warehouse services sector - 13%, services sector integration and supply chain management - 32%.

On the territory of the Vitebsk region aren't warehousing facilities that meet modern requirements. Wholesale organizing field have only warehouses of Class C and D. At the same time expanding geography Vitebsk enterprise creation and development of distribution networks requires not only the availability of modern warehousing, but also offers the full range of services for processing of goods.

#### Characteristics of the land proposed for construction.

For the investment project in the airport Vitebsk "East" investor is granted without an auction for the right long-term lease 99 years the area of 83.8444 hectares.

Cadastral value of land is 449 735.49 USD

The minimum fee for the right to conclude lease contract for sale at auction of U.S. \$ 147,805.57 (The initial price of U.S. \$ 140,767.21 plus 5%).

Price of land allocation - 38,227.52 USD year.

Composition of land:

5.67000 hectares - the arable land,

57.5100 hectares – meadow improved land,

8.7171 ha - land with trees and shrubs,

11.8573 hectares - wetlands,

0.0900 hectares - unused land.

The dedicated land is located in close proximity (0.1 km) to the highway of international importance M-8/E-95 border Russian Federation (Ezerische) - Vitebsk - Gomel - border Ukraine (Nova Huta), connected to the airport access road.

International Airport Vitebsk "East" has been certified by the International Civil Aviation

Organization, ICAO, and category IV «B" ie permit to operate the airfield in limited weather conditions, and provides airlines the full range of airport services. The runway is able to receive modern aircraft: Il-76, Tu-154, B-737-800, B-757-200, A-310-200 and other aircraft following the class and helicopters of all types. It has 6 sites for aircrafts. The airport has a cargo terminal, which provides the transfer of goods passing through the airport Vitebsk "East" to other Belarusian and foreign airports. Total warehouse area is 3200 m<sup>2</sup>. The capacity of the cargo terminal can handle about 60 tons of cargo per day. At 4,5 km distance is major sector of the Belarusian Railway Zaolsha Vitebsk-Smolensk-Moscow. Currently studying the opportunity to abstraction and a railroad to the warehouses lubricants airport, which requires the construction of railway lines -10 km. Through the dedicated land is a natural gas pipeline transmission line up to and over 1000 lines of communication and radio service that creates additional benefits for the necessary infrastructure of heat and electricity.

#### Privileges and preferences.

In accordance with the legal and regulatory base of the Republic of Belarus and the investor (or) organization, created with his participation in the implementation of this investment project are exempt from:

- transferred to the republican– budget payments for the right to conclude a lease of land - 147,805.57 USD;
  - compensation for loss of agricultural production caused by the withdrawal of land for an investment project - U.S. \$ 1,256,461.10;
  - payment of import customs duties and value added tax (except for payment of VAT when importing goods into the territory of the Republic of Belarus from the territory of the Russian Federation) for import into the customs territory of the Republic of Belarus, equipment and spare parts for the objects associated with the implementation of investment project ;
- To speed up the implementation of investment projects to investors and (or) organization established with its participation, the right to:
- preparation of necessary documents for allotment of land together with the implementation of construction works;

construction, investment project, in parallel with the development, examination and approval in due course the necessary design and estimate documentation for each of the stages of construction with the simultaneous design of subsequent phases of construction;

The rent for the land, determined at the date of the lease, can not rise during the life of the investment project.

#### Total value of investment incentives is 1404.3 thousand USD

Furthermore, in accordance with the Decree of the President of the Republic of Belarus of August 6, 2009 № 10 "On creation of additional conditions for investment activity in Belarus" by the investment agreement with the Republic of Belarus may provide other benefits and privileges given the amount of invested capital and value of the investment project for the Vitebsk region and the Republic of Belarus.

#### Approximate volume of investments in the creation of TLC is 30-40 million. Including:

- pre-investment costs (holding design and survey work, preparation of design estimates, etc.) - 1.5 million dollars;
- construction works 25-33– million dollars;
- equipment acquisition and installation , 2,7-4,3 million dollars;
- increase in net working capital - 0,8-1,2 million.

Given the structure of the economy of Vitebsk region and the current needs of organizations in the transportation and logistics services in the warehousing of TLC can

be provided:

- temporary storage (3000 m<sup>2</sup>);
- common stock (10000 m<sup>2</sup>);
- warehouse fridge for food (6000 m<sup>2</sup>);
- customs warehouse (2500 m<sup>2</sup>);
- outdoor area, equipped with gantry crane;
- open parking, parking of heavy– vehicles near the warehouse.

According to the requirements for the formation of TLC, in its territory is planned to establish a business center, an estimated area of 5500-6000 m<sup>2</sup>, including:

- office space,
- bank branch,–
- insurance company,
- customs clearance office
- operation point
- liaison office
- hotel for 30-50 visitors
- Café for 36-60 visitors
- Leisure Centre
- Shope.

Provision is also weighted with awnings, gas stations, service station car parking for official, personal and guest vehicles, a garage (120 m<sup>2</sup>), repair and construction workshops, a charging station for charging the battery forklift, warehouse for household needs.

In addition, for the operation of TLC will require the construction of communication facilities:

- artesian well;
- water tower;
- transformer substation;
- communication networks, electricity, gas, domestic sewage systems, storm sewer; treatment plants;
- intrasite roads;
- landscaping and planting areas.

The option of connecting to communication facilities Airport Vitebsk "East" is possible.

The approximate average number of employees amount to 120-130 people. The close proximity of the regional center will attract the necessary number of qualified specialists.

Evaluating the effectiveness and return on investment is the investor.

Established range of warehouse and office facilities will provide the following services:

- rent warehouse space (approximate price doll./m<sup>2</sup> 4,8);
- rent office space (12 doll./m<sup>2</sup>);
- outdoor storage of goods in warehouses general use (1,5 U.S. \$ / ton);
- shelving storage of goods– in warehouses general use (0,8 USD / pallets);
- storage container yards (4.4– dollars per container per day);
- placement and delivery of goods– to (from) the zone of shelf storage (2,2 U.S. \$ / pallet);
- unloading, loading, auto-(air) transport (1,5 U.S. \$ / pallet);
- packing, marking of goods (U.S.– \$ 3,2 / pallet);
- sorting, consolidation,– fragmentation of the goods, the formation of shipments (U.S. \$ 2,3 / pallet).
- provision of parking,– additional car services (2190 dollars / parking space).