

Azimuth Ltd.



The formation of land tracts and preparation of the investment projects in the Kaliningrad region



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Introduction

"Buy land, they're not making it anymore"

Mark Twen

For the long time land ownership in Russia was first of all connected with politics. Since coming into force of new land laws, City-planning Code and housing laws of the Russian Federation in years 2002-2005 its land market has been forming lively.

The purposes of land in Russia are of the following categories:

- Agricultural
- The land in settlements
- Industry, energy, transportation, communications, defense, etc.
- The land under specific control
- The land of forest resources
- The land of water resources
- Back-up land

On 24th of July 2002 the Federal Law on the turnover of lands of agricultural purpose No.101 FZ (edition of 08.05.2009) was passed, which launched regulations on land relations. For today about 25 per cent of land share owners apportioned their plots of land by physical demarcation from the lands (as a rule- not a single tract) some of them are in process, but the majority of owners has not started the procedure yet.

Former common agricultural fields are parceled now to 5-7 hectare land plots and most of them are unowned. The procedure of a land plot apportioning by physical demarcation from the lands and compliance of the formalities are long-time (about 2 years) and costly.

In this regard, the formation of investment- attractive land tracts is hindered. By this reason there is no supply of formed and properly owned land tracts on the market.

Intending to increase land tracts attractiveness for the investors, reasonable is to form them in the most attractive and beneficial places, for the most effective use.

In this paper we offer to the potential investors formed land tracts for building of housing “the final product”, as well as cooperation in the procedure of transfer of owned agricultural lands from one category into another, with the following development or selling.

I. The investment potential of the Kaliningrad region

The Kaliningrad region by virtue of its location, climate and infrastructural facilities is of big interest either for industrial investments or for considering it to be a probable personal residence.

The capitals of neighbor European countries are at average distance of 600 km away:

1. 160 km to Gdansk;
2. 350 km to Vilnius;
3. 390 km to Riga;
4. 400 km to Warsaw;
5. 510 km to Minsk;
6. 600 km to Berlin;
7. 650 km to Stockholm;
8. 680 km to Copenhagen;
9. 850 km to Oslo;
10. 940 km to St. Petersburg;
11. 1230 km to Amsterdam;
12. 1289 km to Moscow.



Kaliningrad is the biggest traffic center because of its international cargo and passenger airport Khrabrovo from where the direct flights to Poland, Germany, the Scandinavian countries, the Baltic States, Russia, and to the Common Independent States members are available. Besides, charter flights to Greece, Turkey, the United Arab Emirates and Bulgaria are available in summer.

There are 5 nonfreezing ports with transshipment capacity of 30 million tonne by 2011 and 50 million tonne by 2015. Besides, there is a ferry connection with Ust Luga (St. Petersburg) and Germany. By now the project to construct the yacht club and a sea-piece in Pionersky town is designed.



Kaliningrad has the railway connection with Russia, Belarus, Latvia, Lithuania, Ukraine, Poland and Germany.

The construction of transborder road Moscow –Kaliningrad – Berlin in the framework of international project “Via-Baltica” is nearly completed. Besides, the authorities of Kaliningrad provide the

construction of new roads. Such as the construction of “Maritime Ring” high-speed beltway along the Baltic Sea coast (178, 8 km the first stage is due for completion in 2009) picture.

According to RF Government Ordinance of 03.02.2007 in the Kaliningrad Region, the Curonian Spit National Park is the tourist and recreational special economic zone. On 17th of January 2008 RF Government decide on gaming zone “Yantarnaya” in the Kaliningrad region.

Also important is the involvement of the Kaliningrad region in the Government program of resettlement for compatriots residing abroad. The region is one of 12 the most beneficial Russian regions for compatriots resettlement residing abroad (the Government is planning to resettle more than 100 000 people to the Kaliningrad region).

Kaliningrad leads among the amount of joint enterprises. Besides, there are business relations with neighbor countries like Germany, Poland, Belarus and Lithuania. Intensively develop business relations with Sweden, France, Italy, Austria, the USA, the Netherlands, Denmark, Norway, etc.

According to the Russian Government, the construction of new cross-border points are planned to be constructed and capacity of the existing is going to be implemented.

For the intensive development of the Kaliningrad region the Federal Government adopted the target program “The Kaliningrad region development by 2014”, directed at infrastructure development of the region (more than 70 facilities are going to be constructed), 436 billion rubles budget.

The Program duration is 10 years. It affirms the particular attention of the Russian President to the development of the Kaliningrad region.

The Program implements:

- modernization and development of Khrabrovo airport;
- construction of the train ferry quay in Baltiysk;
- modernization of the Kaliningrad seaway;
- construction of the second unit of city Heating Power Plant (it is due for completion in 2010);

- construction of the main gas and between-settlements pipelines, underground gas storage of 800 million cubic meters, the amount of gas supply in 2010 is 2,5 billion cubic meters.
- construction of logistic centers
- construction of the Baltic nuclear power station is planned to be launched in February

In the Kaliningrad region the Federal Target Program “The Development of the Russian Transport System 2010-2015” is also being implemented. The Program provides:

- “Maritime Ring” along the Baltic Sea coast (178, 8 km the first stage is due for completion in 2009) is being constructed;
- Loop roads of Bagrationovsk, Chernyakhovsk, Sovetsk, Nesterov leading to the customs points are being constructed



The main benefit of the Kaliningrad region is the Special Economic Zone. On 1 April 2006 came into force the new Federal Law on the Special Economic Zone in the Kaliningrad Region (№ 16- FZ as of 10.01.2006). According to this law, the legal entities, the residents of the Special Economic Zone, invested at least 150 million rubles during 3 years are under the special procedure for payment of tax on the profit of organisations and tax on the assets of organisations (the first 6 years - at a rate of 0%, from 7 to 12 years - at a rate of 50% of the all-Russian rate for the respective period).

Besides, the according to the Law, the custom regime is of a free customs zone, which provides the importation and consume of goods in the Kaliningrad region out of customs fees and taxes.

All this together strengthens the Kaliningrad region as a European center of business and trade, increase its attractiveness for the investors, and as follows increase the demand on land.

The benefits of investment projects implementation in the Kaliningrad region

Russian Federation	➔	FTP “ The Kaliningrad region development by 2014” FTP “The Development of the Russian Transport System 2010-2015”. The involvement of the Kaliningrad region in the Government Program of resettlement for compatriots residing abroad.
The Kaliningrad region	➔	The Specific Economic Zone, privileged tax rate, privileged customs regime
Municipalities	➔	Intensive participation in land-use planning and interest in development of own territories
Municipalities	➔	Roads, railways, seaports

In this regard, the Kaliningrad region has all opportunities and its own benefits among other Russian regions for business development.

II. The research of OOO Azimuth on the land market and land relations in the Kaliningrad region

The regulations of land laws stipulate efficient and careful use of land resources. However often, after procedure of land ownership, shareholding for owners is unclear. They do not cultivate the land, neither even know where the land plot is located. Under these conditions, the demand on land tracts of different economic potential and perspectives occurs, which strengthens the development of land market in the Kaliningrad region and enables:

- lower risks for the investors after the purchase of land plot;
- development of farm enterprises on the proposed areas;
- attraction of investments in the Kaliningrad region through the most profitable land plot use;
- implementation of stable and intensive development of the Kaliningrad region on the basis of land use and construction of housing regulations*.

* the cost price of new-generated ground with necessary category makes up 65% of its cadastral cost

OOO Azimuth intensively researches land in the Kaliningrad region, deals with formation of land tracts of different categories, as well as develops and implements the investment projects in the Kaliningrad region.

The work of OOO Azimuth fully meets the requirements of Federal Agency on Geodesy and Cartography of Russia according to the license №BAG -00191 and № BAG- 00192 K issued on 04 April 2007.

The company efficiently surveys and/or resurveys on a scale 1:500 – 1:1000 in land allocation file, cadastre, and engineer research. The work is made according to the Action Plan about realization of State Geodetic Inspection in the Russian Federation (GKINP – 17-002- 93).

OOO Azimuth: variety of services

1. Complex analysis on land market in Kaliningrad region.
2. Analysis on territory development, united land tracts formation, the development of projects on the most beneficial use of them, in case of changing categories.
3. Investigation of land plots location, ownership identification, ownership documents validation.
4. Harmonization of land plots borders with neighbor land plots owners
5. Definition of land plot borders. Topographic and geodetic surveying at the time of formation of land plot in the area, surveying, border harmonization either of a particular land plot or of the land tract.
6. Cameral treatment and land plots mapping.
7. Organization and holding of meetings of land owners, harmonization of land plots borders.
8. Organization of a land allocation file, providing of necessary law assistance to sign and register land plot ownership.
9. Preparation of all necessary documents for the Federal Registration Agency in Kaliningrad region to register lapse of right for the land plot ownership.
10. Preparation of all necessary documents and application to Kaliningrad Region Administration for transfer of category of land from agricultural into municipal according to the Federal Law "On the Land or Land Plots Transfer from One Category into Another" and Federal Law "On entry into force of the City-planning code of the Russian Federation" (191)

In case of land tract formation of different categories OOO Azimuth maintains the following tasks:

1. To form a land tract, appropriate for transfer from one category into another
2. To organize technical and economic basis for transfer from one category into another
3. To develop investment project for the most beneficial land plot use of different categories
4. Zoning of territories and previous engineer analysis
5. To develop and conform a candidate plan of territory use
6. To conform of a land surveying project
7. To plan communications network
8. To develop a construction project and to obtain a permission for construction.

In this regard, OOO Azimuth implements all list of tasks maintained for municipalities in order to develop territories.

For the development of municipalities, the City-planning Code of the Russian Federation requests:

1. Territory planning on the grounds of technical regulations
2. The development of land of municipalities
3. Improvement of the investment climate, in particular, by providing chooses of the most profitable use of a land plot.

Municipal authorities should:

1. Make a decision on preparation of documents for zoning and planning of territory, on which basics the land plot borders will be maintained.
2. Provide the technical and economic basis for candidate plan and municipal territory zoning, develop a general plan.
3. Find a reason for city-planning on the basis of planned territory development, containing formed land tracts.

OOO Azimuth has big experience in development and implementation of investment projects. As following:

- land plot is apportioned by physical demarcation from land, given to a customer as a land tract of 10 000 hectare
- land plots are apportioned by physical demarcation from land, the single land plot of 50 hectare is formed, later transferred into another category, its technical characteristics are collected, the project of pipelined and networks are developed, the permission for construction is obtained.

This experience of OOO Azimuth allows the potential investor by implementation of the project:

- to quicken return on investment
- to reduce risks on land plot purchase
- to reduce costs of construction
- to increase profits

III. The short analysis of the land market and land price dynamics in the Kaliningrad region (2007-2013)

"For the successful implementation of the national project "Affordable housing" the regions should significantly increase the amount of auctions for purposing land-use, intensify the construction of settlements development schemes"

Dmitry Medvedev, 2006

We face the following situation on Kaliningrad land market today:

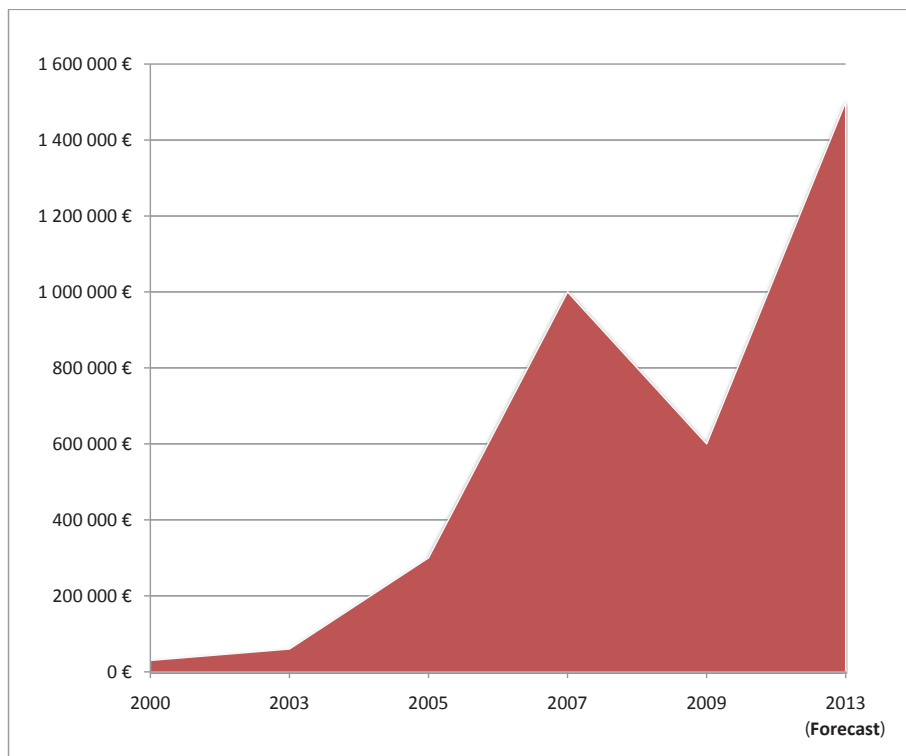
1. The deficit of inexpensive land plots for building of cottages
2. The lack of supply on inexpensive land plots for block housing construction, complex land-use. Due to this, the formation of a big land tract from the beginning is unprofitable. Because the land plots are separated and owned by different people. Besides, they have different legal status and change is of long-time (about 2 years)
3. The lack of supply on land with mineral deposits
4. The lack of supply on land plots for VIP- clients (estates)
5. The agricultural lands are owned by 2-3 organizations and are not offered for sale. There is no land for unrestricted agricultural use.

Land plot prices in the Kaliningrad region in 2008

Land category		Lease	Ownership
The land in settlements	Cottage construction	4 000 € for 100 sq. m.	4 000–50 000€ for 100 sq.m.
	High-rise houses construction	1 200 000 € for 1 ha	No supply
Industrial zone		100 000€ for 1 ha	250.000 € for 1 ha
Estates (private residents)		No supply	No supply
Mineral deposits		No supply	50 000 € for 1 ha
Lands for agricultural purpose		No supply	2 000 € for1 ha

The prices in 2009 are 30 % lower than in 2008, though for today there is no supply of land tracts of appropriate purpose

Price dynamics for 1 hectare land plot for construction of housing



The information is provided by independent expert center OOO Baltexpertiza

The average price on apartments in the new buildings in the Kaliningrad region

The average price on the apartments in new building in the Kaliningrad region (USD/ sq.m.)				
City	May 2006	May 2008	March 2009	February 2010
Kaliningrad	1 000	1 700	1300	1500
Zelenogradsk	700	1200	1000	1200
Svetlogorsk	800	2 000	1400	1500
Pionersky	600	1100	1000	1100
Gurevsk	800	1600	1000	1100
The average price for 1 square meter is \$1200. The increase of prices from March 2009 to February 2010 is at least 10%.				

IV. The investment proposals database

"We should think how to intensify involvement of free land for development of individual housing construction"

President of Russia Dmitry Medvedev, June 2008

The construction of housing in the Kaliningrad region is mainly sited inside of residential quarters. Due to the limited supply of such territories on the market, its price is high, and this reflects the price for housing.

In Kaliningrad and the resort towns the price of such territories are from 4 to 50 USD for 1000 square meters while 1 hectare of in town land for mid-rise houses construction is up to 1 million USD. According to our assumptions the key problem of implementation of "Affordable housing" Program is to build districts on formed land tracts aside cities and other settlements. This will result the decrease of construction expenditure and lower housing prices. Thereby, the implementation of the Federal Program "Affordable housing" as well as the strengthening of the other economy sectors of the Kaliningrad region, closely connected with the formation of land tracts of different categories. OOO Azimuth proposes formed land tracts of different purposes.

We offer:*

1. 50 ha plot of land (property) 2 km away from Kaliningrad, settlement line is clarified, application for land purpose transfer is prepared. Appropriate for construction of districts and individually planned houses. Transfer procedure is 100 per cent completed.
2. 50 ha plot of land (property) in Gurevsk, 5 km away from Kaliningrad. Appropriate for high-rise constructions. Transfer procedure is 80 per cent completed.
3. 2 land plots of 50 ha each (property), for the construction of country houses, 5 km away from Kaliningrad.
4. Individual housing construction's ground area is located in about 4 km from Pionerskij health resort.
5. 50 ha plot of land (property) in recreational zone (on the Curonian Lagoon coast, has a view on the Curonian Spit National Park) for leisure time activities.
6. 100 ha plot of land (property) for industrial purpose near the Heating Power Plant and the pipeline.
7. 4 land plots of 30 ha each is located on the main crossroads of trans-border highway Kaliningrad- Berlin. Can be used for the construction of gasoline stations, car parks, docks.
8. 2-4 ha plot of land (property) near Yantarny town for the construction of estates.
9. 500 ha plot of land (property) available for purchase up to 30 000 ha for agricultural business development. There are 5 property units for agricultural production.
10. 2 land plots of 100 ha each (property) with mineral deposits (V clay=6 million cubic meters, V gravel=6 million cubic meters).
11. 11. By request land plots near Povarovka settlement can be formed (planned gaming zone) as well as near Mitino settlement, with further involvement into the settlement line.

* the cost price of new-generated ground with necessary category makes up 65% of its cadastral cost

Besides, the company obtains: the big secondary land market database; an office of legal and realtor assistance for quick estimation of land, legal accomplishment of purchase and selling of land, land and topographic surveying, inventory of land, building and property.

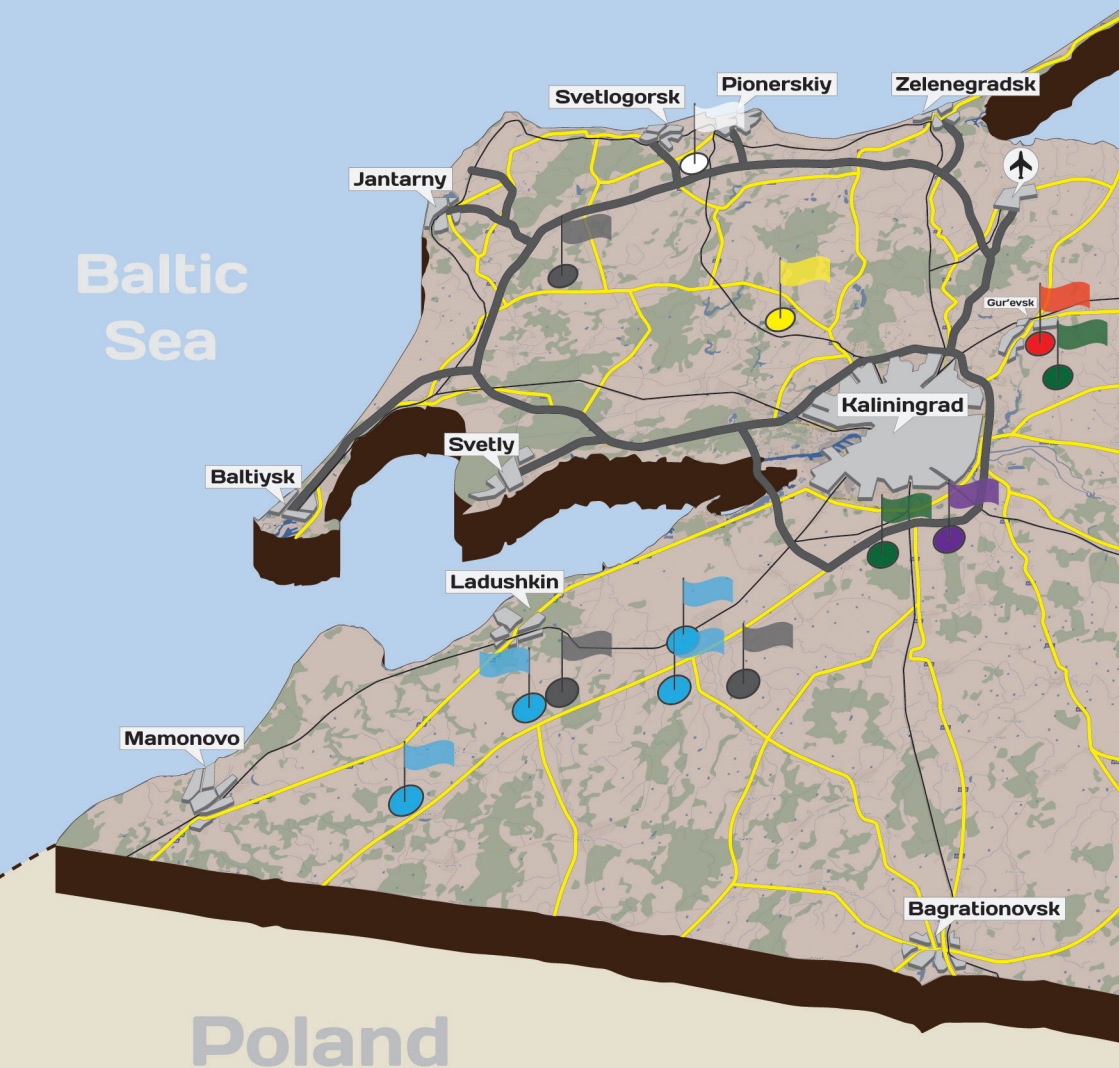
For today, the proposed land tracts help to decrease the deficit of the land plots for mass construction of housing, development of industrial facilities, leisure time organization, as well as agricultural development of the Kaliningrad region.

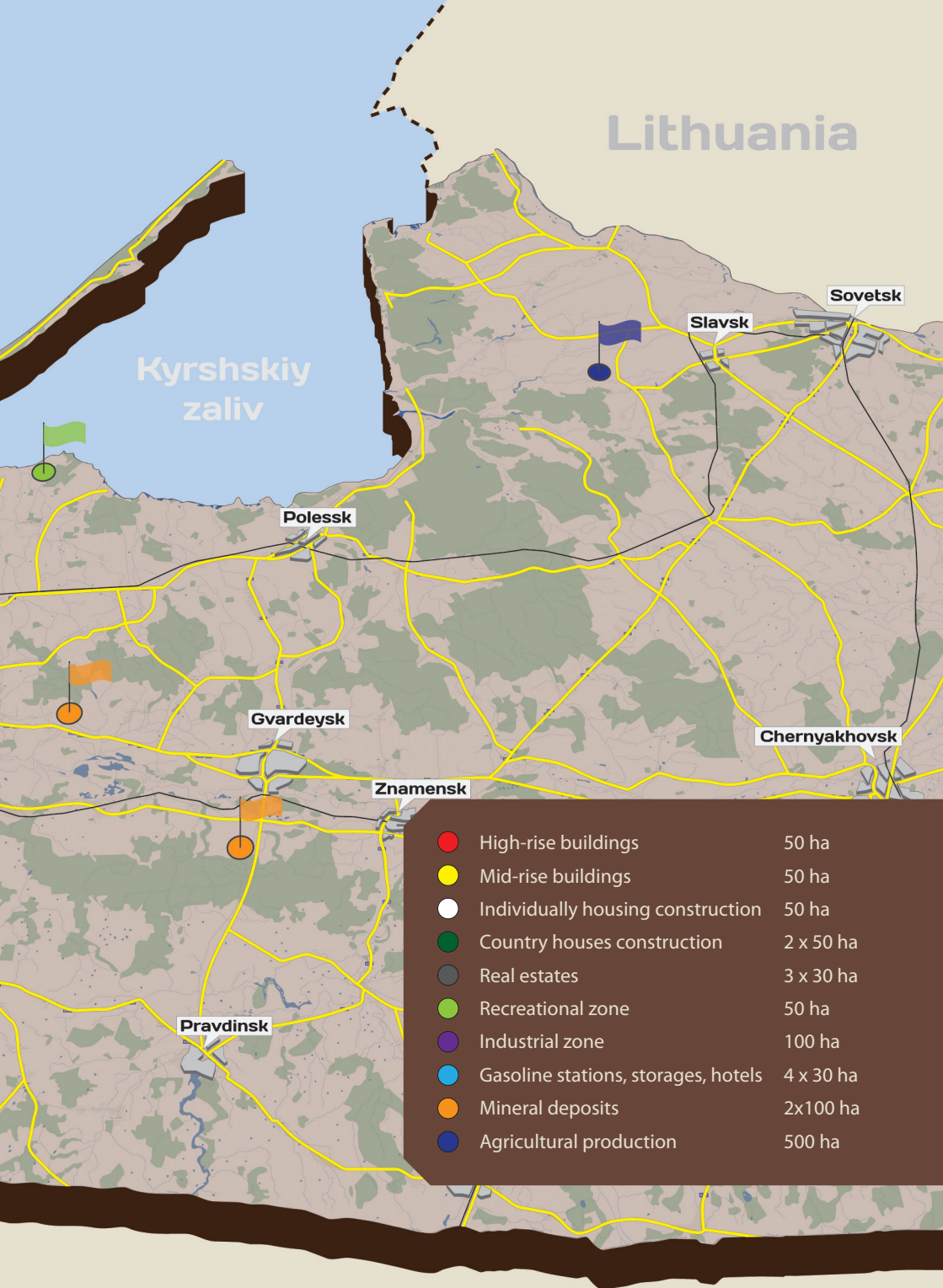
OOO Azimuth offers the land plots of different purposes:

High-rise buildings	50 ha
Mid-rise buildings	50 ha
Individually housing construction	50 ha
Country houses construction	2 x 50 ha
Real estates	3 x 30 ha
Recreational zone	50 ha
Industrial zone	100 ha
Gasoline stations, storages, hotels	4 x 30 ha
Mineral deposits	2x100 ha
Agricultural production	500 ha

(layout at the next page)

The investment proposals database
(The formation of land tracts of different
categories) In the Kaliningrad region





V. The investment project “Townhouse” in the framework of the priority national project “Affordable and comfortable housing for citizens of Russia”

“The price for 1 square meter of affordable housing on the primary market should be no higher than 30 thousand rubles”

Dmitry Medvedev, June 2009.

“The reducing of price on housing must be implemented through the affordable low-rise apartments building”

Vladimir putting, Prime Minister of Russian Federation

Short description of economic profits of the project

1. The building footprint for construction of townhouses takes about 50-60% from the whole territory. The most profitable is to construct 2 or maximum 3 - level buildings. For calculations, the ratio of 2,5 is taken.
2. To consider the project's economic efficiency, where made the following suggestions:
 - the size of land- to building is 2 ha
 - the land-to-building ratio is 40%
 - the amount of building's levels is 2
 - the contribution to the region authorities is 10% of the whole construction expense
 - the rate of exchange is 31 rubles = 1 USD
 - the price of 1 square meter building is 600 USD
3. the area of construction is 2 ha = 20 000 square meters
4. the building footprint 20 000 square meters x 40% = 8000 square meters
5. the content of construction is 8000 square meters x 2 = 16 000 square meters
6. planned area allocation:
100% for 2-levels building
7. Construction area

2-level buildings:	3-level buildings:
1 st type- 150 square meters	1 st type – 200 square meters
2 nd type 180 square meters	2 nd type- 240 square meters
8. Total amount of buildings is 100
The construction is 16 000 square meters x 600USD = 9 600 000 USD

9. The price/ lease of land plot is $2 \text{ ha} \times 400\,000 \text{ USD} = 800\,000 \text{ USD}$. For 1 square meter of building the land price is 50 USD. Concerning construction of "Townhouse", necessary is to notice that due to the low-rise building construction, it is possible to use 2 artesian wells instead of main water, the construction of gas-generation plant with the use of gas pipe of average pressure. On this area is necessary to construct the public buildings including one for local administration– 240 square meters, for the security –200 square meters, multifunctional building- 1000 square meters, herewith the last of the light construction.
10. The total expenditure on communications, public buildings is 1 600 000 USD. For 1 square meter of building is $1\,600\,000 \text{ USD} : 16\,000 \text{ square meters} = 100 \text{ USD}$.
11. As a result the 1 square meter construction costs 750 USD
12. The total amount of costs are 11 200 000 USD.
13. Taking into consideration while designing this program that the typical projects and new technologies of construction will be used, the construction period is from 8 to 12 months.
14. As a result of calculations, the price for 1 square meter in the high-rise houses in the suburbs of Kaliningrad and Sveltogorsk can arise up to 1000USD
15. Under this circumstance the profit from selling of 1 square meter in the framework of this project is $350 \text{ USD} \times 16\,000 \text{ square meters} = 5\,600\,000 \text{ USD}$
16. The period of implementation of the project is from 12 to 15 months in case of local and federal authorities are engaged. Taking this into consideration the return of capital employed is 50% per year.

Project expenses minimization

After the project is considered and the calculations are taken, there is a real possibility to reduce expenses and better use of the budget. In particular, it was implicated to pay the commercial price and at the same time contribute to the local authorities. In case of rejection from one or another- the profits from project significantly increase.

By consideration of building price (600USD for 1 square meter) a significant assumption is the use of “foreign” building technology. By construction of private technological chain, even by construction of only 20 000 square meters, the construction of the simplolit-blocks factory is significantly reasonable and reduce the price for 1 square meter to 100 USD.

The investment project «Townhouse» (2 ha land plot area) – Possible maximum profitable use of territory						
Construction area (square meters)	Construction volume (square meters)	Land price for 1 square meter towards Housing price for 1 square meter in USD	Price for 1 square meter of communication construction in USD	Price for 1 square meter of housing construction in USD	Working costs of 1 square meter of building in USD	Selling of 1 square meter of housing in USD
8 000	16 000	50	100	500	750	1100

VI. The candidate plan of housing complex, located on 14, 4 hectare land plot

The calculation of survey area

The area of boundary survey is 144 000,0 square meters

The territory for survey is determined from the formula:

$S \text{ of survey} = S \text{ territory of survey} - S - S \text{ territory of streets, roads, squares}$

$S \text{ of survey} = 144\,000,0 \text{ square meters} - 34\,589,5 \text{ square meters}$

Summary:

After implementation of territory survey plan in Kholmogorovka settlement on the borders of cadastral land plot 39:05:06 11 18: 0010, 39:05:06 11 18: 0009-

Being formed:

- 72 plots of land for construction of housing, individually designed houses, common construction area is 83597,9 square meters;
- 2 plots of land for construction of housing, block houses construction, common construction area is 17119.9 square meters;
- 4 plots of land for construction buildings of social infrastructure, common construction area is 8692,7 square meters

The main technological and economical data of housing constructions planned, service calculations, territory purposes

Housing building

№№ п/п	Building	Amount of buildings/ blocks	Amount of levels	Amount of apartments in 1 building/ block in square meters	Final square area in 1 building/ block in square meters
1	2	3	4	5	6
I. Planned low-rise housing building					
1.	individually designed houses with next- to house plots of land	72	1-3	1 72	180,0 12960,0
2.	1 square block	48	2,5-3	1 48	120,0 5760,0
	Summary:	120	1-2-3	120	18720,0

The main technological and economic data of parcel plan

№№ п/п	Configuration	Measuring unit	Development
1	2	3	4
	Survey area	Square meters	144000,0
1.	Total survey area, including -	-«-	109410,5
1.1	Area for construction of housing	-«-	100717,8
	Including:		
	- construction area of individually designed houses	-«-	83597,9
	- construction area of blocked houses	-«-	17119,9
1.2	Area for construction of social infrastructure facilities	-«-	8692,7
2.	Total area not purposed for survey	-«-	34589,5
	Including -		
2.1	Streets, passages	-«-	34589,5

The territory is divided on purposes:

№№ п/п	Territory purpose	Hectare	Final percentage
1	2	3	4
1.	Total construction area for construction of housing, including:	10,1	70,1
	- planning of individually designed houses with next- to house plots of land	8,4	58,3
	- planning of block houses construction	1,7	11,8
2.	Area for construction of social infrastructure facilities	0,9	6,3
3.	Transportation area (framed by the red lines)	3,4	23,6
	Summary:	14,4	100,0

1.	Total area of planned housing complex including:	18720,0 000 square meters
	— Construction of individually designed houses with next- to house plots of land	12960,0 000 square meters
	— Construction of block houses	5760,0 000 square meters
2.	Total amount of apartments in planned housing construction	120 apartments in one house/ block
3.	Total amount of residents (house, block for 3-4 people)	420 чел.
4.	Average housing density in project (420 people in 14, 4 ha of land)	29 persons/ ha

The development plan of housing complex, located on 14,4 hectare land plot

05:061118:0010

39:05:061118:0009

ГЛАВНЫЙ - АРХИТЕКТОР
Администрации муниципального образования
Переселенческое поселение
Зеленоградский район
Калининградской области Российской Федерации
СОГЛАСОВАНО
29 декабря 2010 г.
Подпись: [Signature]

Л.Р. ПОСОЛОВА

Legend

- Land survey line
- Red lines
- Construction control line
- Earlier formed land plots
- Cadastral land plot

Land plots being formed

- Line of lands plots being formed
- Land plots for farmstead construction
- Land plots for blocks construction
- Land plots for public and business facilities construction
- Land plot for pre-school institution construction
- Land plot for sports complex construction

The development plan of housing complex, located on 14,4 hectare land plot

39:05:061118:0009

ГЛАВНЫЙ АРХИТЕКТОР
Администрации муниципального образования
Переславский район
Калининградской области Российской Федерации
СОГЛАСОВАНО
29 декабря 2009
ПОДПИСЬ

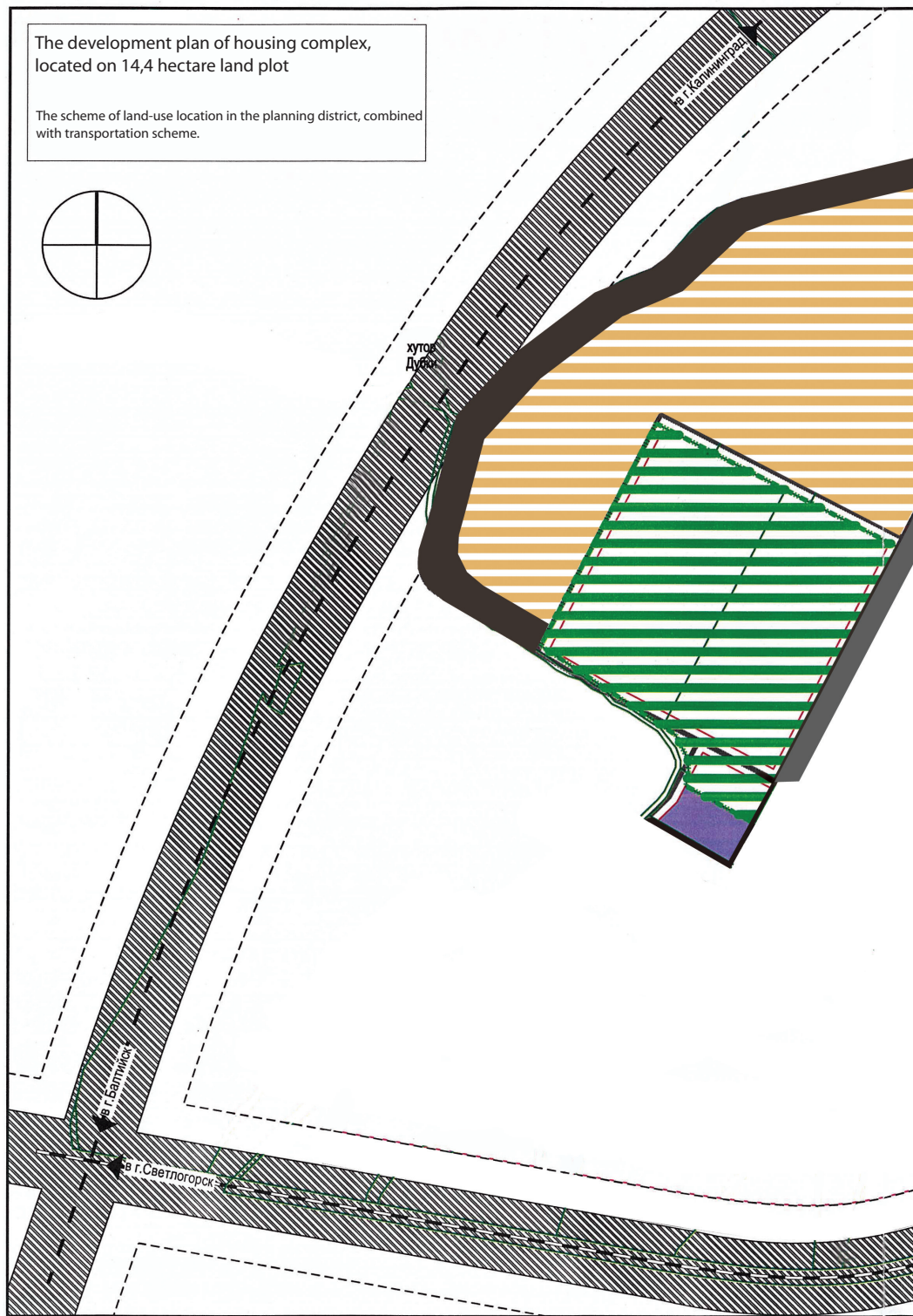
Легенда

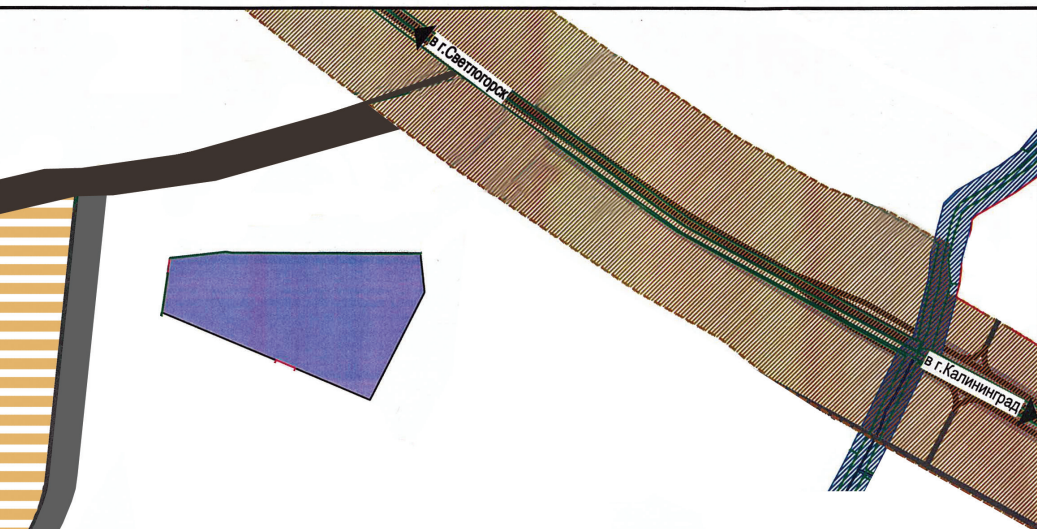
- Land survey line
- Red lines
- Construction control line
- Earlier formed land plots
- 39:05:061118:0009 Cadastral land plot
- Land plots being formed
- Line of lands plots being formed
- Land plots for farmstead construction
- Land plots for blocks construction
- Land plots for public and business facilities construction
- Land plot for pre-school institution construction
- Land plot for sports complex construction

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The development plan of housing complex,
located on 14,4 hectare land plot

The scheme of land-use location in the planning district, combined
with transportation scheme.





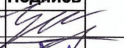
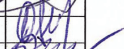
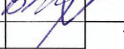

Legend

-  Land-use planning territory (1 stage of construction)
-  Land-use planning territory (2 stage of construction)
-  Engineering infrastructure
-  Existing railway
-  Railway planned
-  Road access to Kaliningrad
-  Streets and roads
-  Red lines
-  Expensive to put in action
-  Expensive to design

Заказчик: ООО "РОССТРОЙ-4"

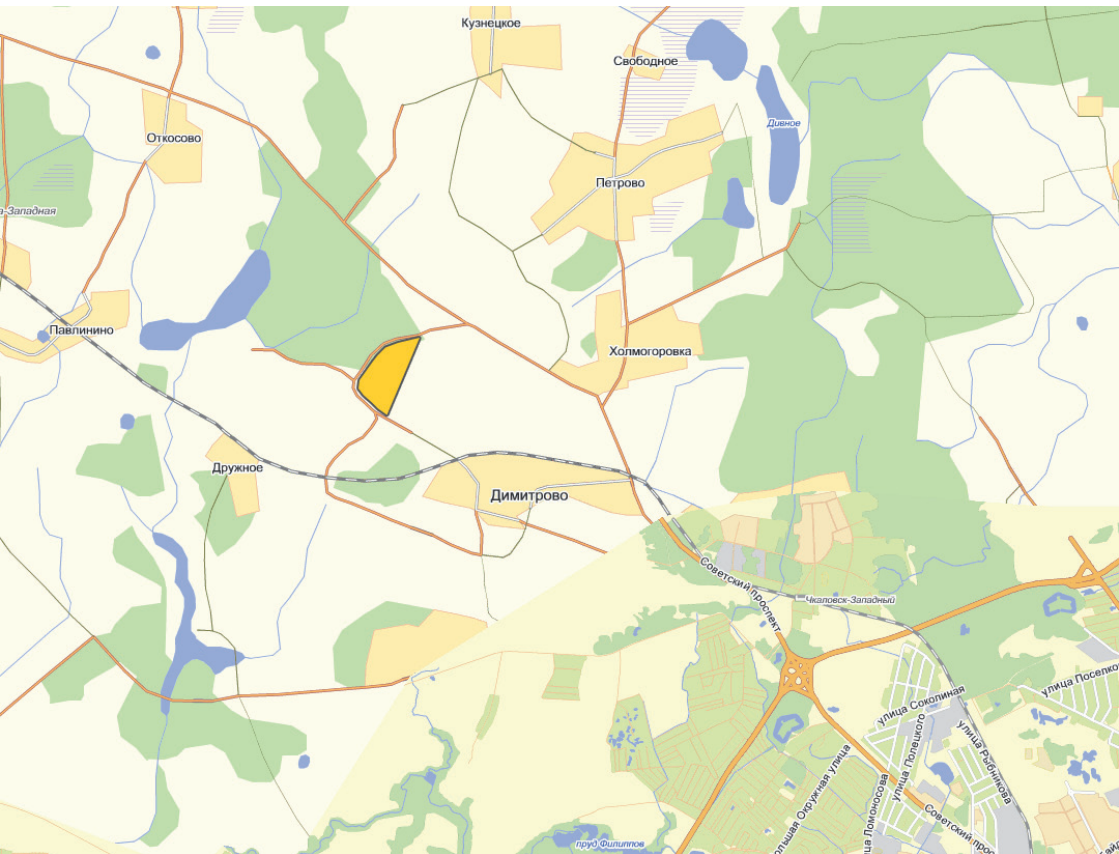
Год выпуска: 2009

Масштаб
1:6/м

			Год выпуска: 2009			Масштаб 1:6/м		
Должн-ть	Фамилия	Подпись	Kaliningrad region, Kholmogorovka Municipality "Pereslavskoye settlement"					
Директор	Ефимова Н.И.		Land- use planning for construction of housing complex Municipality "Pereslavskoye settlement"			стадия	лист	листов
ГАП	Чепиного Н.И.					ПП	1	
Инж.Экон.	Русанова С.Н.							
Арх.	Белуга М.В.							
			The scheme of land-use location in the planning district			ТО "Архстудия" ООО"НИКОР ПРОЕКТ"		

Explanatory note

The territory planned for construction is on the 5th km of road between Kaliningrad and Svetlogorsk. Transport connection with Kaliningrad is enabled through Kholmogorovka- Svetlogorsk road of the 4th technical grade, the main road of the settlement. In the south the settlement has border with access road to Kaliningrad, the 3rd technical grade. There are one and two leveled houses constructions in the settlement, with next- to the house 0,12-0,25



ha plots of land for per one apartment and blocked houses with the front garden. The roads in the settlement are of hard surface, primer. In the north of the settlement there is a forest with scenic lakes.

In 2008 the population of Kholmogorovka settlement is 0,6 thousands of people. In the settlement, there is a production plant of agricultural enterprise "Avtotoragroholding" (1 branch). In Kholmogorovka, there is also a privately –owned factory on meat processing, with 20 people personnel. In the center of Kholmogorovka, there is a museum of 43 army command post in the historic building.

Service for settlement's population:

- the recreation center with 2 people personnel, located in the federally owned building
- the medical and obstetric centre with 2 people personnel, located in the privately owned building
- the library with 2 people personnel, located in the federally owned building
- post office with 2 people personnel
- infant school for 25 children with 6 people personnel, planned to be widened to 50 children and 14 people of personnel.

There are three private enterprises of commercial business in the settlement, the total shopping area is 60 square meters with 6 people personnel.

There is one privately-owned catering facility- eating house for 40 seats

There is an orphan asylum "Istok" for 22 children and 27 people of personnel

The area planned for construction is to the south from this settlement on the free from construction territory, behind the access road to Kaliningrad

The configurations of the area planned for construction:

- Advantageous location (35 km away from resort-town Svetlogorsk, 30 km to resort-town Zelenogradsk)
- The territory free from land-use purposes
- There is a sand hill prospected 300 000 cubic meters
- The construction of the seaside ring road, connecting cities and settlements of the Baltic Sea coast

The proposed 14, 4 ha plot of land is under the category of land –use in the populated area, owned and permitted for “cottage building with infrastructure facilities”, conformed with candidate plan and land survey plan (total area of cottage building is 20 000 sq. m., total area of blocks and mid-rise buildings is 10 000 sq.m.

Option1. Upon availability of existing energy capacity, there is an opportunity to construct detached houses with total area of 20 000 sq. m. The primary cost of construction is 25 000 RUR for 1 sq. m. The proposed disposal price is 45 000 RUR for 1 sq. m.

Option2. Upon availability of supplemental reserve service, there is an opportunity to construct 100 000 sq. m. of housing. This is the most profitable use of this land plot.

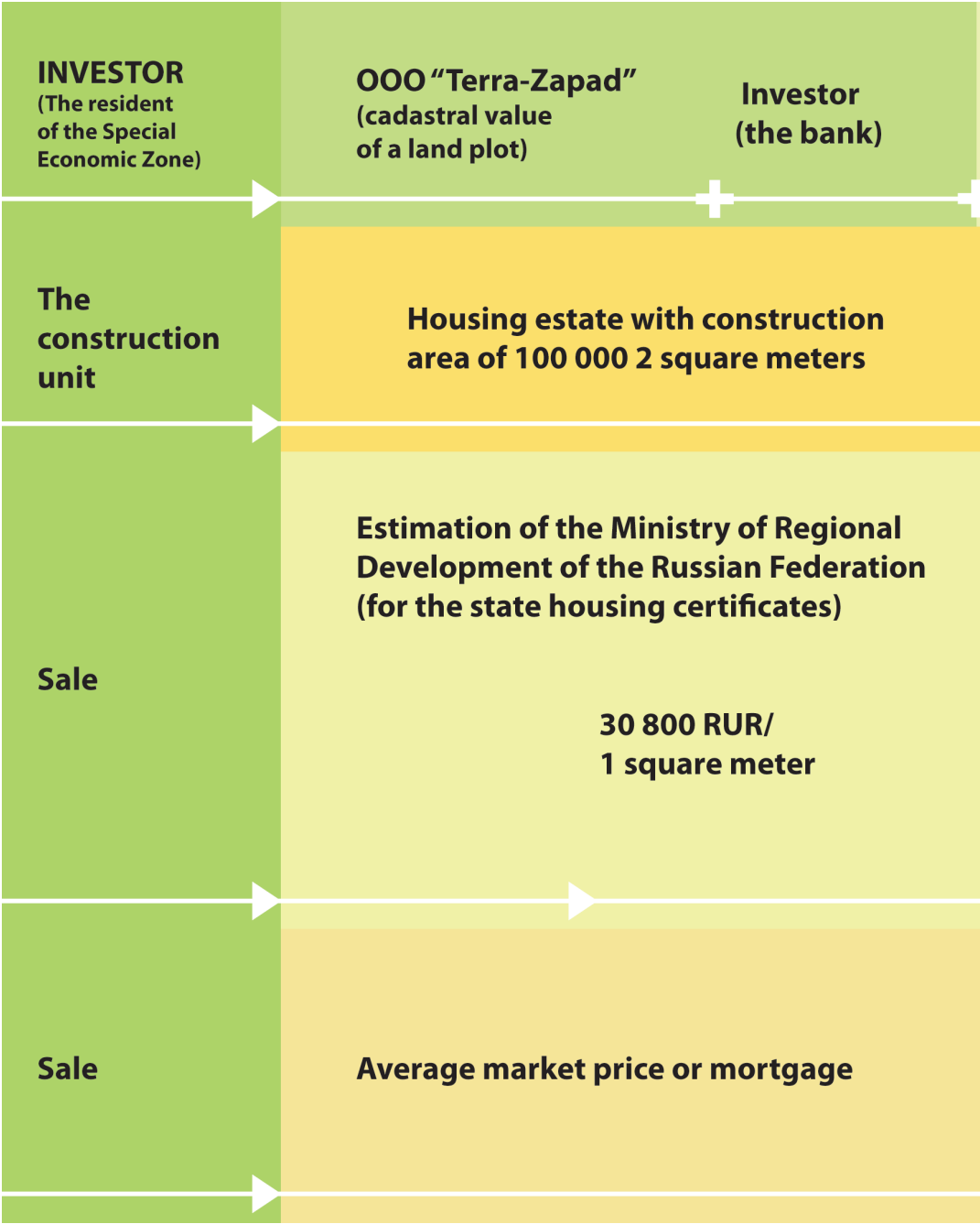
When this occurs, the primary cost of construction is 22 000 RUR for 1 sq. m., taking into account the implementation of investment project “Townhouse” and use of simplolit construction materials as well as the purchase of land plot and construction of utility systems.

The average market price of 1 sq. m. housing in the Kaliningrad region is 40 000 RUR. The citizens are interested in buying of apartments in the new-constructed buildings at such price due to the lack of its supply on the market. This guarantees its disposal on the market and payment of the whole price or mortgage.

The quicker disposal of housing on the market is possible by taking into consideration the fact of housing demand of military people, which is at the beginning of the year is minimum 4000 apartments. The Ministry of Regional Development of the Russian Federation sets the average market price of 30 800 RUR for 1 sq. m. housing in the Kaliningrad region for the first quarter of 2010. The federal housing certificates based on this price are being given to the military people, transferred to the reserve people and others. Thus, the demand on constructed housing of 100 000 sq. m. area, at the price set by the Ministry of Regional Development of the Russian Federation is guaranteed.

At present the construction documents for building services are developed, the confirmation of project is planned at the end of first quarter 2010.

VII. The investment project “Townhouse” in the framework of the priority national project “Affordable and comfortable housing for Russian citizens”



**High technologies
"Townhouse"**

**"Simprolit"
factory**

**22 500 RUR/
1 square meter**

Housing estate management

**Management
company**

The State Housing Certificates

(for military men, employees of the Ministry of Internal Affairs, the Federal Security Service of Russia, the Ministry of Emergency Situations of Russia, the Federal Service for Execution of Punishment, border guards, retired captains, Chernobyl victims, displaced persons, inhabitants of the extreme north).

"The Maternity Capital" and "the young family" programs.

Mortgage.

**income:
33 percent
per annum**

**period
of 10-12 months**

35000 RUR/ 1 square meter

**income:
33 percent
per annum**

**period
of 10-12 months**

VIII. The average cadastral value of 1 square meter land in urban districts of the Kaliningrad region.

№	Urban district	The average cadastral value of 1 square meter land /RUR					
		In the urban district	Groups of purposes				
			Multi-storey constructions	Individual housing construction	Recreational zone	Industrial zone	Agricultural production
1	2	3	4	5	6	7	8
2	Guryevsk district	552,21	951,22	564,76	713,53	601,68	1,40
3	Zelenogradsk district	749,74	1 209,85	842,27	1 656,94	282,72	2,75
4	Kaliningrad district	1 538,76	3 945,49	1 605,08	1 114,28	1 103,33	3,14
5	Sveltogorsk district	714,03	1 787,72	2 465,22	2 259,17	1 059,28	3,49

IX. The investment project of energy network company development

At present in some parts of the city and in the region there is a lack of energy capacity. It is closely connected with the fact that the capacity is determined by the energy consumers. The most urgent deficit is to be faced in Oktyabrsky district of Kaliningrad and in the neighborhood city parts of Zelenogradsk and Gurievsk districts.

At present, according to confirmed data, utility owners and plots of land owners requested more than 25 MW of energy in the city network companies. All requests were denied, due to complicity of modernization of the existing department. For the last 8 years and to this day no real steps to change it were taken.

We offer an effective salvation of this problem: the development of the competitive network company. If needed, OOO Azimuth offers its assistance to purchase a plot of land in the most beneficial place for construction.

The companion of OOO Azimuth is well experienced in construction and modernization of similar utilities in the Kaliningrad region: modernization of units: "Leningradskaya" and "Centralnaya", the installation of 110 kV grid in the region etc.

The development of switchgear unit substation				
Approximate cost* (Million RUR)	switchgear unit substation capacity (MW)	Primary cost for 1 kV (RUR)	Primary cost for access 1 kV (RUR)	Period of construction
200	25	8000	18 000 – 23 000	1,5 year

* Turnkey construction project, including implementation and confirmation of construction documents, obtaining permission for construction and substantial completion.

The project of development of electric networks in the Kaliningrad region till 2022.



X. The investment project of gasoline stations chain construction in Kaliningrad and in the Kaliningrad region.

We offer one more project- the development of gasoline stations chain. The competitive advantages of new developed company are:

- beneficially located area for petroleum supply depot
- ability for vessels of 5000 tonne freight-carrying capacity
- beneficially located plots of land for construction of 20 gasoline stations.

In this regard, there is an opportunity to develop a chain of 20 gasoline stations with its own distribution center and ability for tankers unloading in on-site terminal.

This makes it possible to reduce to the region fuel delivery price and its distribution among gasoline stations. This makes the project more advantageous.

Summary

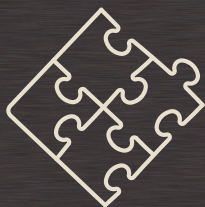
In conclusion we would like to say that, the Kaliningrad region is of big investor's interest due to the following factors:

- law (force of the new Federal Law on the Special Economic Zone in the Kaliningrad Region which gives to its residents significant benefits);
- politics (the development of the region is under strict observance of the President and the Government of the RF, the Federal programs on the development of the region and its traffic infrastructure are being implemented as well as international cooperation programs with the EU);
- infrastructure (the developed chains of roads and railways, sea ports, international airport, big amount of logistic centers and customs terminals);
- resources (the Kaliningrad region 100 per cent meets its gas demand, the development of energy production and construction supplies are in process);
- taxes (0%- profit tax, property levy during first 6 years and 50% tax rate from next 7 to 12 years)
- preferential customs regime (customs regime of a free economic zone which implements importation and consume of goods in the Kaliningrad region out of customs fees and taxes);
- location (the region is located in the heart of Europe);
- climate and recreation (mild climate in comparison with geographically European part of Russia, the development of tourist and recreational zone of the SEZ, gaming zone).

These factors attract domestic and foreign investors, who implement their own investment projects in the Kaliningrad region, reduce investor expenditure and as a result quicken return on investments.

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4. Federal Law № 101-FZ as of 24.07.2002 entitled "On the Circulation of Lands of Agricultural Destination" (edition of 18.07.2005);
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6. FTSP «Russian transport system development (2010-2015) endorsed by RF Government Ordinance №377 of 20.05.2008;
7. RF Government Decision No 73 of 3 February 2007 «On the Establishment of a Tourist and Recreation Special Economic Zone in the Zelenogradsk District of the Kaliningrad Region»;
8. Decree of the Russian Federation Government of 17.01.2008 № 13-r on "Yantarnaya" gaming zone in the Kaliningrad region;
9. The Kaliningrad Regional Government Decision of 09.03.2007r №95 "Kaliningrad Regional Strategy of Social and Economic Development in the Medium and Long Term";
10. Kaliningrad Regional Government <http://gov39.ru/>
11. Ministry for Regional Development of the Russian Federation <http://minregion.ru/>
12. Ministry of Transportation of the Russian Federation <http://www.mintrans.ru>
13. Ministry for Economic development of the Russian Federation <http://www.economy.gov.ru/>
14. Ministry of Energy of the Russian Federation <http://www.minenergo.gov.ru/>
15. The Gazprom Investment Program <http://www.gazprom.ru/>



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