Prospective growth of Timber industry. Raw material security.
Forest resources distribution in 2015

<table>
<thead>
<tr>
<th>Country</th>
<th>Forest area, mln hectares</th>
<th>% of total country surface</th>
<th>% of world forest surface</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>3999</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>Russia</td>
<td>814</td>
<td>50</td>
<td>20</td>
</tr>
<tr>
<td>Brazil</td>
<td>494</td>
<td>59</td>
<td>12</td>
</tr>
<tr>
<td>Canada</td>
<td>347</td>
<td>38</td>
<td>9</td>
</tr>
<tr>
<td>USA</td>
<td>310</td>
<td>34</td>
<td>8</td>
</tr>
<tr>
<td>China</td>
<td>208</td>
<td>22</td>
<td>5</td>
</tr>
</tbody>
</table>
Forrest resources allocation in Russia

<table>
<thead>
<tr>
<th>Region</th>
<th>Forest territory, thousands hectares</th>
<th>Stock of timber, mln. m³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>794896</td>
<td>82790</td>
</tr>
<tr>
<td>Including:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Far Eastern Federal District</td>
<td>295082</td>
<td>20514,2</td>
</tr>
<tr>
<td>Siberian Federal District</td>
<td>276955</td>
<td>33394,9</td>
</tr>
<tr>
<td>North West Federal District</td>
<td>88502</td>
<td>10357,4</td>
</tr>
<tr>
<td>Ural Federal District</td>
<td>69513</td>
<td>8133,6</td>
</tr>
<tr>
<td>Privolzhsky Federal District</td>
<td>37758</td>
<td>5670,9</td>
</tr>
<tr>
<td>Central Federal District</td>
<td>22574</td>
<td>3945,6</td>
</tr>
<tr>
<td>South Federal District</td>
<td>2650</td>
<td>492,3</td>
</tr>
<tr>
<td>North Caucasian Federal District</td>
<td>1862</td>
<td>281,2</td>
</tr>
</tbody>
</table>
## Share of timber industry export


<table>
<thead>
<tr>
<th>Indicator</th>
<th>1990 y</th>
<th>2000 y</th>
<th>2015 y</th>
</tr>
</thead>
<tbody>
<tr>
<td>World merchandise exports, USD billion</td>
<td>3 496</td>
<td>6 452</td>
<td>16 552</td>
</tr>
<tr>
<td>Timber Industry Export, USD billion</td>
<td>100</td>
<td>145</td>
<td>229</td>
</tr>
</tbody>
</table>

### Russian timber industry structural changes in export

<table>
<thead>
<tr>
<th>Type of products/year</th>
<th>2000y</th>
<th>2015y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw timber</td>
<td>1 338</td>
<td>1 339</td>
</tr>
<tr>
<td>Lumber</td>
<td>733</td>
<td>3 017</td>
</tr>
<tr>
<td>Plywood</td>
<td>221</td>
<td>991</td>
</tr>
<tr>
<td>Particle board</td>
<td>11</td>
<td>170</td>
</tr>
<tr>
<td>Fibreboard</td>
<td>32</td>
<td>143</td>
</tr>
<tr>
<td>Paper and cardboard</td>
<td>836</td>
<td>1 567</td>
</tr>
</tbody>
</table>
## International trade

### Lumber
**1990-2015, mln m3**

<table>
<thead>
<tr>
<th>Year</th>
<th>1990</th>
<th>2000</th>
<th>2015</th>
<th>% of total trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>International trade</td>
<td>77,6</td>
<td>113,6</td>
<td>135,8</td>
<td>100</td>
</tr>
<tr>
<td><strong>Export</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>27,2</td>
<td>36,5</td>
<td>30,8</td>
<td>23</td>
</tr>
<tr>
<td>Russia</td>
<td>6,2</td>
<td>7,8</td>
<td>23,8</td>
<td>18</td>
</tr>
<tr>
<td>Sweden</td>
<td>6,3</td>
<td>11,0</td>
<td>12,8</td>
<td>9</td>
</tr>
<tr>
<td>Germany</td>
<td>1,3</td>
<td>3,9</td>
<td>6,9</td>
<td>5</td>
</tr>
<tr>
<td>Finland</td>
<td>4,2</td>
<td>8,4</td>
<td>7,9</td>
<td>6</td>
</tr>
<tr>
<td><strong>Import</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>1,3</td>
<td>6,1</td>
<td>27,6</td>
<td>20</td>
</tr>
<tr>
<td>USA</td>
<td>22,5</td>
<td>34,4</td>
<td>24,5</td>
<td>18</td>
</tr>
<tr>
<td>Great Britain</td>
<td>10,7</td>
<td>7,9</td>
<td>6,3</td>
<td>5</td>
</tr>
<tr>
<td>Japan</td>
<td>9,0</td>
<td>10,0</td>
<td>5,8</td>
<td>4</td>
</tr>
<tr>
<td>Egypt</td>
<td>1,6</td>
<td>2,0</td>
<td>5,8</td>
<td>4</td>
</tr>
</tbody>
</table>

### Board production
**1990-2015, mln м3**

<table>
<thead>
<tr>
<th>Год</th>
<th>1990</th>
<th>2000</th>
<th>2015</th>
<th>% of total trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>International trade</td>
<td>30,6</td>
<td>56,9</td>
<td>85,2</td>
<td>100</td>
</tr>
<tr>
<td><strong>Export</strong></td>
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<td></td>
</tr>
<tr>
<td>China</td>
<td>0,9</td>
<td>1,2</td>
<td>15,3</td>
<td>18</td>
</tr>
<tr>
<td>Canada</td>
<td>2,4</td>
<td>10,8</td>
<td>7,7</td>
<td>9</td>
</tr>
<tr>
<td>Germany</td>
<td>1,4</td>
<td>4,6</td>
<td>6,0</td>
<td>7</td>
</tr>
<tr>
<td>Russia</td>
<td>0,8</td>
<td>1,4</td>
<td>4,5</td>
<td>5</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1,4</td>
<td>5,2</td>
<td>4,3</td>
<td>5</td>
</tr>
<tr>
<td><strong>Import</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>4,2</td>
<td>13,9</td>
<td>11,6</td>
<td>14</td>
</tr>
<tr>
<td>Germany</td>
<td>3,3</td>
<td>4,1</td>
<td>5,4</td>
<td>6</td>
</tr>
<tr>
<td>Japan</td>
<td>3,8</td>
<td>6,2</td>
<td>4,2</td>
<td>5</td>
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<tr>
<td>China</td>
<td>3,2</td>
<td>6,6</td>
<td>3,5</td>
<td>4</td>
</tr>
<tr>
<td>Canada</td>
<td>0,5</td>
<td>1,5</td>
<td>3,3</td>
<td>4</td>
</tr>
</tbody>
</table>
Sverdlovsk Region

Geographical location and the key facts

3rd Place
In cargo turnover after Moscow and St. Petersburg

4 Times Higher
Industrial production volume is 4 times higher than the average in the country

The Leading Region
of the Urals Federal District

Ekaterinburg
Is the business capital of the Urals and Siberia

14 consulates 12 honorary consulates 20 visa centers
Projected logging area in Sverdlovsk Region is 24.3 million m³ with a majority of it available for lease.

- **15 247,2** thousand ha of the forest resources
- **12 733,7** thousand ha of the area covered with forests
- **2 034,66** million of m³ of wood reserve

- **57,1%** pine wood
- **42,9%** soft broad-leaved wood
- **0,001%** hard wood

68,6% of the area of Sverdlovsk Region is covered with forest.
6.5 million of m3 of woodworking is done in Sverdlovsk Region annually. Regional logging enterprises are ready to cooperate with wood processing plants.

The local Timber industry leaders:

1. "Lesnoy Ural" LLC (logging, the sawn timber and chipboard manufacturing)
2. Non public Joint Stock Company "Sveza Verkhnyay Sinyachikha" (a plywood factory)
3. Tavda Plywood and Boards Factory (plywood),
4. "CBK-Invest" LLC (the paper and cardboard manufacturing)
5. "Turinsky Pulp-and-Paper Plant» (the paper and wallpapers manufacturing)
Sverdlovsk Region is one of the most industrially advanced regions of Russia which has an extensive transport infrastructure allowing raw materials and ready products to be delivered to any location.

Transport Infrastructure

- **37,348 km** of public roads
- **5,411 km** of hard surface roads
- **25,973 km** of dirt roads
- **18,618 km** of year-round operational roads
- **4,255 km** of railways
- **1,448 km** of the narrow gauge railroad
- **82,150 km** of woodworking roads
- **16,163 km** of the roads designed particularly for the timber transportation

A density of roads:
- **7.1 km**/thousand ha
- **4 km**/thousand ha - a density of roads suitable for timber transportation
We have done a research on the Forestry of Sverdlovsk Region and ready to present its characteristic features according to the geographical breakdown.

A Map of the Forestries
Ivdel Forestry

Species composition:
- 36% pine,
- 13% spruce,
- 25% birch,
- 19% aspen,
- 7% other species

Annual allowable cut - 2202 thousand m$^3$,

Actual logging - 98 thousand m$^3$.

The remaining part of the areas is of interest in the future, because it includes mainly young trees, about 5-6 m high. These areas will be suitable for logging within 5-10 years.

Transport infrastructure:
The road connecting the South and North of Sverdlovsk region, output to the Khanty-Mansiysk Autonomous District. The length of year-round roads, including forest roads is 5427 km. The length of winter roads is 2667 km.

Railway stations: Ivdel; Pelym.
Species composition:
36% pine,
13% spruce,
25% birch,
19% aspen,
7% other species

Annual allowable cut - 5503 thousand m³,

Actual logging - 1128 thousand m³.

Offering rental plots with a volume of logging about 2600 thousand m³, including areas with low-quality forest (bonitet 4-5) volume about 1000 thousand m³.

Distinctive features:
- availability of high-quality mountain forest,
- a small portion of the marshlands.

Transport infrastructure:
The road connecting the South and North of Sverdlovsk Region, output to the Khanty-Mansiysk Autonomous District.

The length of year-round roads, including forest roads is 13279 km. The length of winter roads is 3432 km.

Railway stations - Verkhoturye, Karpinsk, Krasnoturinsk, Lobva, Lyalya, Severouralsk, Serov, Sosva-novaya etc.
Gari and Tabory Forestries

Northeast Cluster

Species composition: Annual allowable cut - 2332 thousand m³, Actual logging - 180 thousand m³.
15% pine, Offering rental plots with a volume of logging
6% spruce, around 1200 thousand m³, including areas
45% birch, with low-quality wood volume of 600
30% aspen, thousand m³ that requires deep processing.
4% other species

Distinctive features:
- the greatest value during logging is a high quality birch wood;
- the quality of logged aspen requires deep processing;
- a considerable amount of plots located in marshlands and requires winter transportation;
- available ship transportation of wood.

Transport infrastructure:
The length of year-round roads, including forest roads is 608 km. The length of winter roads is 1328 km.

Railway station – Sosva-novaya.
Kushva, Nevyansk, Nizhny Tagil and Shalya forestries

Nizhny Tagil Cluster

Species composition:  
- 23% pine,  
- 13% spruce,  
- 35% birch,  
- 23% aspen,  
- 6% other species

Annual allowable cut - 2706 thousand m³,  
actual logging - 1060 thousand m³.

Major part of plots is rented, logging is active.  
Offering rental plots with a volume of logging  
about 200 thousand m³.

Distinctive features:  
- active logging;  
- qualitative composition of softwoods and hardwoods.

Transport infrastructure:  
The proximity of the industrial centers of Sverdlovsk region. The road connecting the South and North of Sverdlovsk region, output to the Khanty-Mansiysk Autonomous District. The length of year-round roads, including forest roads is 11413 km. The length of winter roads is 590 km.

Railway stations - Verkhnyaya Salda, Verkhnyaya Tura, Kirovgrad, Krasnouralsk, Kushva, Nevyansk, Nizhnyaya Salda, Nizhny Tagil, Shalya, etc.
Alapaevsk, Irbit and Sinyachikha forestries

Alapaevsk cluster

**Species composition:**
- 12% pine,
- 7% spruce,
- 38% birch,
- 38% aspen,
- 5% other species

**Annual allowable cut** - 2577 thousand $m^3$, **actual logging** - 1138 thousand $m^3$.

Offering rental plots mainly in the northern part of the bush (Sinyachikha forestry) with a volume of logging about 500 thousand $m^3$.

**Distinctive features:**
- Active logging, focused on the processing of all the species composition of the forest
- Good location nearby to wood-processing enterprises

**Transport infrastructure:**
Good transport infrastructure. The length of year-round roads, including forest roads is 27280 km. The length of winter roads is 6469 km.

**Railway stations** - Alapaevsk, Verkhnyaya Salda, Egorshino, Irbit, Nizhnyaya Salda, Sinyachikha, Taliy Klyuch etc.
Baikalovo, Kamyshlov, Tavda, Talitsk, Tugulym and Turinsk forestries

Baykalovsky Cluster

Species composition:  
10% pine,  
7% spruce,  
37% birch,  
40% aspen,  
6% other species

Annual allowable cut - 4307 thousand m$^3$, actual logging - 958 thousand m$^3$.  
Offering rental plots with the total logging volume about 1000 thousand m$^3$. About 60% of the plots are in marshlands with the possibility of export of the wood in winter.

Distinctive features:  
- scattered location of plots for logging in combination with a large territory  
- more than half of the plots are located in marshlands and suggests export of the wood in winter

Transport infrastructure:  
Roads and railways connecting the Sverdlovsk region with the Tyumen region. The length of year-round roads, including forest roads is 10089km. The length of winter roads is 868 km.

Railway stations - Alapaevsk, Verkhnyaya Salda, Verkhnyaya Sinyachikha, Egorshino, Irbit, Nizhnyaya Salda, Taliy Klyuch etc.
Berezovsk, Bilimbaevsk, Verkh-Isetsk, Egorshinsk, Sverdlovsk, Sysert', Sukholozhsk и Rezh forestries

Central Cluster

Species composition:
38% pine,
16% spruce,
22% birch,
15% aspen,
9% other species

Annual allowable cut - 3392 thousand m³,
actual logging - 1063 thousand m³.

Distinctive features:
- active logging;
- the largest concentration of settlements.

Transport infrastructure:
Good transport infrastructure. The proximity to the administrative center of the Sverdlovsk Region - Ekaterinburg. International Airport of Koltsovo. The length of year-round roads, including forest roads is 9654 km. The length of winter roads is 211 km.

Railway stations – Aramil, Berzovskiy, Bilimbay, Verkhnyaya Pyshma, Ekaterinburg, Pervouralsk, Polevskoy, Revda, Sredneuralsk, Sysert etc.
Krasnoufimsk, Nizhniye Sergi forestrizes

Western Cluster

**Species composition:**
- 17% spruce,
- 8% pine,
- 8% fir,
- 36% aspen,
- 15% linden,
- 9% birch,
- 7% other species

**Annual allowable cut:** 1301 thousand m³,

**Actual logging:** 523 thousand m³.

**Offering rental plots with a volume of logging about 200 thousand m³.**

**Distinctive features:**
- species composition, different from the rest of the territory of Sverdlovsk region;
- scattered location of plots, the presence of water obstacles.

**Transport infrastructure:**
Roads and railways connecting the Sverdlovsk Region with Perm Krai. The length of year-round roads, including forest roads is 5518 km. The length of winter roads is 45 km.

**Railway stations – Bisert, Krasnoufimsk etc.**
We will assist you to avail a forest plot for logging without bidding and at reduced leasing rate if the project is to be developed in Sverdlovsk Region (50% off the regular rate).

Forest plots included in the Forestry Fund are in the ownership of the Russian Federation however the forests in these areas are managed by the Government of Sverdlovsk Region.

### The Standard procedure of obtaining the forest plots through the bidding

- A participation in the Auction for an Opportunity to Sign an Agreement to lease the forest plots
- Signing the Agreement to lease the forest plots
- Obtaining the forest plots for a lease with 100% payment plus the cost of the timber withdrawal

### Obtaining the forest plots through the Priority Investment Project without the bidding

- Submitting an Application for acquiring the Status of the Priority Investment Project
- Coordinating the Application with the Federal Forestry Agency of the Russian Federation
- Approval of the Application by the Ministry of the Industry and Science of Sverdlovsk Region
- Coordinating the Application with the Ministry of Industry and Trade of the Russian Federation and awarding the Status of the Priority Investment Project

The Standard procedure of obtaining the forest plots through the bidding
The Special Commission of the Government of Sverdlovsk Region established specifically to assist business in developing the investment projects

4 Steps together with the Development Corporation of Middle Ural towards entering the regional market

1. **To evaluate how the economic potential of Sverdlovsk Region could benefit your particular business**

2. **To choose the right industrial facility**

3. **To apply for privileges and other industrial facilities**

4. **To organize and launch manufacturing (provide assistance with receiving required licenses and certifications)**
Contacts

The Development Corporation of Sverdlovsk Region

Head of Projects
Mr. Ilya Pachkay
тел.: +7 343 385-95-58, ext. 129
mob.: +7 963 03 50 199
pin@investural.com
www.investural.com