HIGH COST EFFECTIVENESS
OF INVESTMENTS

LOGISTICS HUB
3 international transport corridors

MARITIME INDUSTRIAL HERITAGE

HIGHLY SKILLED LABOUR POOL

ADVANCED PORT INFRASTRUCTURE
Dear stakeholders,

Thank you for the interest in our city and hope to convert your interest into lasting partnership.

Mykolaiv was founded in 1789 as a major shipbuilding and maritime centre. Its rich industrial heritage, skilled human capital, technological capacity and access to Black Sea, all make Mykolaiv one of the frontier investment destinations in Ukraine and in Europe. The volume of export shipments handled by Mykolaiv ports has been steadily rising in recent years, reaching 40 mln metric tons in 2016.

As a native of Mykolaiv, I am convinced the city has more to it than the current numbers show. It is an honour for me to introduce you to the business opportunities Mykolaiv has to offer.

On behalf of the Mykolaiv City Council I would like to assure you that we would provide all possible assistance to investors choosing Mykolaiv as their next investment destination.

Olexander Senkevich
Mayor of Mykolaiv
Due to its location at the Ingul and Southern Bug rivers and access to the Black Sea, Mykolaiv is uniquely positioned for business in Southern Ukraine.
WHY MYKOLAIV

Population: 489 088
Students: 40 000
Waterfront: 137 km
67% of residents have no plans to leave Mykolaiv

International Republican Institute and the “Rating” Sociological Group
Population

Population 489,088

Labour pool 344,507

Population distribution:
- 25-39: 126,925
- 40-59: 137,988
- 60-64: 65,090
- 65+: 32,936
- 0-14: 26,986
- 25-39: 30,157

Students 40,000

- 70% (26,986)
- 30% (13,157)

13 Universities

28 Vocational schools

Students distribution:
- Liberal arts and sciences:
  - Management
  - Finances
  - Linguistics
  - Law
  - Other

- Natural sciences and arts:
  - Natural
  - Arts

- IT and engineering:
  - IT
  - Engineering
  - Other technical

Other majors:
- Other
Mykolaiv is well-placed for companies exploring new opportunities. A number of multinational companies have already made their choice of Mykolaiv and benefited from their investments in the city. Mykolaiv is ranked by several international and national agencies.

### Rankings and Ratings

<table>
<thead>
<tr>
<th>FDI INTELLIGENCE</th>
<th>FORBES</th>
<th>CREDIT-RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st place among top-10 mid-populated cities in the cost effectiveness ranking</td>
<td>5th place on top-25 most attractive cities for business in Ukraine</td>
<td>Rated uaBBB+ according to the independent rating agency “Credit-Rating”</td>
</tr>
</tbody>
</table>

### Current Investors

- LACTALIS
- PEPSICO
- NIBULON
- BÜNGE
- COFCO AGRI
- DAMEN
- KERNEL
- GlobalLogic
- TemplateMonster
- GeeksForLess
Mykolaiv Development Agency (MDA) assigns a dedicated team for investment projects entering the city. The team then supports the investor in acquiring necessary information, supplies data on available human capital, infrastructure etc. and provides assistance with legal procedures. The MDA team acts as a liaison office between the investor and various local government offices. The MDA can also provide support with feasibility studies, business plans, data analysis etc.

**Mykolaiv Development Agency (MDA)**

Established by Mykolaiv City Council as a non-profit municipal institution, MDA directly reports to the Executive Committee of Mykolaiv City Council. MDA facilitates local strategy development and implementation, supports stakeholders with relevant analytics, manages development projects and provides investment support services.
Mykolaiv has a population of 489,000. Its area covers 260 square kilometers located just 50 km from Black Sea. 137 km of waterfronts are situated within the city boundaries along the Southern Buh river, a navigable waterway. Mykolaiv is linked to other major Ukrainian metro areas by three European transport corridors and is served by Kherson International Airport. It is a major railway centre connected to other Ukrainian regions and Europe.

Mykolaiv has rich industrial heritage that centred around shipbuilding for over a century. This heritage defines current intellectual, technological and human capitals of the city. Mykolaiv can boast of large relatively untapped skilled labour pool, well-equipped industrial zones and facilities, with multiple sites available for investment purposes. Mykolaiv has successfully attracted large-scale investments and thus avails of necessary investment support know-how.
INVESTMENT FACTORS

- Competitive salaries level
- 70% of Ukrainian grain export
- Main logistics hub of Southern Ukraine
- Approved zoning
4 out of 70 premium-class yachts shipyards worldwide are located in Mykolaiv.

According to the “Seatrial” International Yachts Magazine
### Commercial Real Estate

<table>
<thead>
<tr>
<th></th>
<th>Total area, m²</th>
<th>Number of Properties</th>
<th>Average rent EUR/m²/month*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business centres</td>
<td>40 000</td>
<td>12</td>
<td>4-5</td>
</tr>
<tr>
<td>Retail</td>
<td>128 000</td>
<td>11</td>
<td>8-10</td>
</tr>
</tbody>
</table>

### Average Gross Salary Range by Sectors, EUR/month*

<table>
<thead>
<tr>
<th>Activity</th>
<th>Junior staff</th>
<th>Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agriculture &amp; food processing (Agribusiness)</strong></td>
<td>153-263</td>
<td>352-661</td>
</tr>
<tr>
<td><strong>Engineering and Shipbuilding Industry</strong></td>
<td>219-308</td>
<td>528-617</td>
</tr>
<tr>
<td><strong>Apparel and Textile Industry</strong></td>
<td>131-219</td>
<td>308-352</td>
</tr>
<tr>
<td><strong>Construction</strong></td>
<td>175-308</td>
<td>440-528</td>
</tr>
<tr>
<td><strong>IT</strong></td>
<td>352-440</td>
<td>882-1764</td>
</tr>
<tr>
<td><strong>Logistics</strong></td>
<td>175-352</td>
<td>573-705</td>
</tr>
<tr>
<td><strong>Trade</strong></td>
<td>131-308</td>
<td>440-661</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>131-308</td>
<td>440-661</td>
</tr>
<tr>
<td><strong>Medicine and Health Care</strong></td>
<td>131-175</td>
<td>352-528</td>
</tr>
<tr>
<td><strong>Accounting &amp; Finance</strong></td>
<td>131-219</td>
<td>342-440</td>
</tr>
</tbody>
</table>

* - as of January 2017
Industrial Zoning

<table>
<thead>
<tr>
<th></th>
<th>Ha</th>
<th>Number of plots</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial zone</td>
<td>1718</td>
<td>27+</td>
</tr>
<tr>
<td>Warehousing and logistics</td>
<td>878</td>
<td>45+</td>
</tr>
</tbody>
</table>

Mykolaiv can boast of large relatively untapped skilled labour pool, well-equipped industrial zones and facilities, with multiple sites available for investment purposes. An area of 140 ha is designed for Mykolaiv Industrial Park. It has access points for electricity, gas, water supply and sewage. A railway line and loading facilities are adjacent to the area. The site is also well connected to road infrastructure.
Designated areas:
- Industrial park
- Terminals
Designated areas:

Marinas*

* Marina — a dedicated area with berths for mooring yachts and small boats, with accompanying hospitality (hotels, cafes, etc.) and maintenance (service docks etc.) facilities.
Recreational Zoning

<table>
<thead>
<tr>
<th></th>
<th>Ha</th>
<th>Number of areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parks</td>
<td>14 440</td>
<td>20+</td>
</tr>
<tr>
<td>Coastal area</td>
<td>958</td>
<td>15+</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2 398</td>
<td>35+</td>
</tr>
</tbody>
</table>

Mykolaiv is well-suited for recreation — longest in-city waterfront in Ukraine (137 km), large Southern Buh river surface area suitable for sailing and other water-based activities, a number of tourism sites, incl. Ukraine’s oldest zoo, — all in proximity to Black Sea (50 km). The city is in the need of marinas of various types catering for local residents and tourists alike.
Logistics Hub

DISTANCE FROM MYKOLAIV PORTS

Los Angeles

New York
Mykolaiv is situated in the centre of Southern Ukraine. Three European transport corridors cross the city. It also provides access to the New Silk Way via Black Sea link.
Mooring Areas

THERE ARE 4 PORTS AND 38 MOORING AREAS IN MYKOLAIV:

1. 24 mooring areas in the centre of the city

2. 7 mooring areas in the Korabelny district

3. 7 mooring areas in Halytsynovo

River fairway depth (upstream) is over 10 m

River depth (downstream) is about 6-8 m

Distance to the Black Sea – 50 km
Grain Export

70% of grain that Ukraine exports to the world markets passes through Mykolaiv. City ports are best-equipped for handling dry cargo in Southern Ukraine.

Dry Cargo Export

VIA MYKOLAIV PORTS

Dry cargo volumes handled by Mykolaiv ports have been steadily growing in recent years, topping impressive 600% growth rate in the last 10 years. The ports are investing into their capacity extension, with river bed dredging works, improved cargo servicing, etc.

2005: 3,642,000 tonnes
2010: 9,679,500 tonnes
2015: 22,352,970 tonnes

600% increase

Export

FROM MYKOLAIV:

<table>
<thead>
<tr>
<th>Products</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Products</td>
<td>805,344,500</td>
</tr>
<tr>
<td>Equipment and Machinery</td>
<td>167,570,300</td>
</tr>
<tr>
<td>Oil Products and Lubricants</td>
<td>39,153,900</td>
</tr>
<tr>
<td>Timber and Forestry Products</td>
<td>17,152,200</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>more than $1.1 bln</strong></td>
</tr>
</tbody>
</table>
## Tax Rates

<table>
<thead>
<tr>
<th>Corporate taxes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income tax rate 18%</td>
<td></td>
</tr>
<tr>
<td>Freight withholding tax 6%</td>
<td></td>
</tr>
<tr>
<td>Dividends withholding tax 15%</td>
<td></td>
</tr>
<tr>
<td>Interest withholding tax 15%</td>
<td></td>
</tr>
<tr>
<td>Royalties withholding tax 15%</td>
<td></td>
</tr>
<tr>
<td>Advertising withholding tax 20%</td>
<td></td>
</tr>
</tbody>
</table>

### Personal income tax
- 18%

### Value-added tax (VAT)
- Standart rate 20%
- Import & supply of pharmaceuticals 7%

### Social security contribution
- Employer part 22%
- Employee part 4%

## Number of Companies in Mykolaiv

### 2015

- **Micro**: 4,670
- **Small**: 633
- **Medium**: 181
- **Large**: 6

## City Economy

- **21%** Agriculture, forestry and fishing
- **14%** Food industry
- **14%** Wholesale and retail trade
- **15%** Hotel services
- **11%** Government services
- **10%** Social services
- **9%** Transport and logistics
- **6%** Other services
EXPANDING & EMERGING MARKETS

MARITIME INDUSTRIES
- Ship, Boat & Recreation Craft Building Industries
- Marine Supplies Industries

MARITIME SECTOR SERVICES

RECREATIONAL SERVICES
- Boating & Sailing Sport Tourism
- Medical Services

PORT LOGISTICS & SERVICES
- Fish & Seafood Logistics & Processing
- Agricultural Commodities Logistics & Processing

INDUSTRIAL LOGISTICS & PROCESSING
Mykolaiv provides an ideal location for maritime equipment producers, both OEMs and 2-tier suppliers, seeking to serve Black Sea region or beyond. Convenience of the all-year river-sea port provides access to Black Sea region countries, whilst extensive road network links Mykolaiv with major Southern Ukrainian metros of Kyiv, Dnipro and Odesa.

With dedicated educational institutions and shipyards in the transformation stage, Mykolaiv boasts one of the largest maritime engineering and professional talent pool in Ukraine (11,000 professionals, EUR 280 average monthly gross salary). A range of municipal and privately owned land plots suitable for greenfield or brownfield projects as well as turn-key facilities (all with convenient access to port area and road connections) are available for rent or purchase. Mykolaiv Development Agency assists investors with site selection, road and engineering infrastructure provision as well as staff recruitment and training.

1. **Municipal ownership,** 3.38 ha • For purchase/rent
2. **Private ownership,** 2.100 m² • For rent
3. **Private ownership,** 10.000 m² • For rent
4. **Private ownership,** 17.000 m² • For purchase/rent

Conveniently located at the Ukrainian agricultural heartland, Mykolaiv is ideally suited for export-oriented agricultural and food products processing industries. Agricultural commodities could be sourced from the neighbouring areas, stored and processed in existing or purpose-built facilities and exported via Mykolaiv river-sea port. New investors could join an existing cluster of local and international companies (Bunge, Cofco, Kernel, Nibulon, etc.).

There are several municipal and privately owned land plots adjacent to industrial river docks that are available for investors. Mykolaiv Development Agency assists investors with site selection, road and engineering infrastructure provision as well as analysis of the target agricultural commodities markets in the region.

5. **Municipal ownership,** 3.75 ha For purchase/rent
6. **Municipal ownership,** 9 ha For purchase/rent
7. **Municipal ownership,** 140 ha • For rent designated industrial park area
Marina development is an attractive investment area in Mykolaiv. As a location of strategic industries, city of Mykolaiv was closed for visitors during the Soviet period. Thus, the city is lacking large-scale recreational facilities and industries, despite its natural and tourism assets, e.g. one of the oldest and largest zoos in Europe. Mykolaiv has designated several river-front areas for marina development, one of the few cities in Ukraine to do so in zoning documentation. The city offers three models for marina development outlined below.

**Greenfield**

There are several land plots available for greenfield marina development in northern and southern areas of Mykolaiv near major residential areas. All plots are designated for marinas in the current zoning, have necessary engineering infrastructure. Mykolaiv City Council will auction the plots to investors and will reconstruct road infrastructure leading to marinas.

- **Municipal ownership,** 0.75 ha • For purchase/rent • 360 m waterfront

**Brownfield**

Qualified investors could enter into joint venture agreements to upgrade and modernize assets of oldest marina in Mykolaiv - City Yacht Club (HORECA, maintenance facilities etc.) located in the city centre. The Yacht Club is owned by Mykolaiv Oblast (regional authority).

- **Public ownership,** 4.2 ha • For rent • 300 m waterfront

**Public-Private Partnership**

There are two land plots owned by the Mykolaiv City Council and located near the city centre. Both are ideally suited for marina development, - major residential areas nearby, great recreational value, road and engineering infrastructure access. Already earmarked for marinas in the zoning, the plots will have spatial plans elaborated in 2017. The City Council will invest in feasibility study and project documentation and enter into the public-private partnership with an investor on BOT (build-operate-transfer) terms for up to 50 years.

- **Municipal ownership,** 6.8 ha, 610 m waterfront
- **Municipal ownership,** 6.1 ha, 1.300 m waterfront
Testimonials

Iryna Kozlova

Company: PepsiCo Ukraine
Position: General Manager

PepsiCo is closely associated with Mykolaiv region for 10 years, since Sandora — a leader of Ukrainian juice market — has joined the Company. Our production facilities are located in the largest region of fruit and vegetables in Ukraine in close proximity to the city of Mykolaiv — a sustainable source of qualified, highly-educated workers. It is of vital importance for our Company, as a major international trade operator, to have immediate access to ports, which, in turn, contributes towards TEU shipping, together with effective work of customs office. Openness of local authorities towards dialogue with investors improves investment climate in the city and the region as a whole.

Ihor Furkalo

Company: Lactalis Mykolaiv
Position: General Manager

French Group Besnier (today - PJSC Lactalis-Ukraine) built up its business on the base of Mykolaiv dairy production facility back in 1996. Proper transport junction, good access to raw milk resources, extensive science and technology infrastructure – this is what we need for harmonious development of our enterprise. Year-on-year growth and strengthening position of Lactalis Group on national and international markets is a sharp evidence of an advantageous investment climate in this region.
The company I have joined is working on challenging projects for American, Canadian, European and Asian clients. Mykolaiv is an excellent location for GeeksForLess as:
- there are great many technical universities educating IT professionals;
- the city economy is still developing allowing the company easier access to talent in comparison to other Ukrainian cities;
- there is excellent technical infrastructure, with reliable Internet connections and power supply.

Ihor Kyrylchuk
Organization UNIDO (United Nations Industrial Development Organization)
Position National Co-ordinator

I do second the idea of Mykolaiv being one of the top areas for industrial companies in Ukraine. Good technical education, advanced transport infrastructure, and industrial heritage all talk in favour of Mykolaiv. It just needs some input of innovation to re-invent its industrial base for new age.

Victor Onoshenko
Company GeeksForLess
Position Vice President

The company I have joined is working on challenging projects for American, Canadian, European and Asian clients. Mykolaiv is an excellent location for GeeksForLess as:
- there are great many technical universities educating IT professionals;
- the city economy is still developing allowing the company easier access to talent in comparison to other Ukrainian cities;
- there is excellent technical infrastructure, with reliable Internet connections and power supply.
Western NIS Enterprise Fund (WNISEF) is a $150 million regional fund, a pioneer in Ukraine and Moldova with more than two decades of successful experience in investing in small and medium-sized companies. WNISEF was funded by the U.S. government via the U.S. Agency for International Development (USAID). Since its inception, WNISEF’s cumulative investments total over $168 million to 118 companies employing around 25,000 people and made it possible to unlock $1.4 billion for companies in Ukraine and Moldova.

In 2015 WNISEF has launched a $35 million legacy program focused on export promotion, local economic development, impact investing and economic leadership. WNISEF is funding innovative, high-impact, reform focused programs and aims to support Ukraine and Moldova at this critical period by developing sound economic policy and leadership. Visit www.wnisef.org
Ukraine, Mykolaiv
20, Admiralska str.

095 646 5909
www.investinmyk.com
info@mda.mk.ua

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