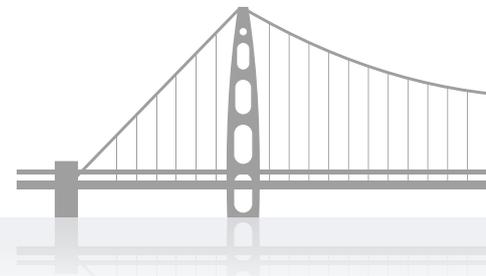




# Invest in Russia!

ANNUAL REVIEW 2013



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## RDIF at a Glance

The Russian Direct Investment Fund is a \$10 billion fund established to make equity investments primarily in the Russian economy in partnership with leading international co-investors.



**\$3.8**<sup>BLN</sup>

RDIF invested into leading Russian companies alongside some of the leading global investors.

“The Russian Direct Investment Fund is now up and running. Practically all of the world’s global centres of capital – the Middle East, China, Europe, the United States – are working with the Fund.”

VLADIMIR PUTIN PRESIDENT OF THE RUSSIAN FEDERATION

**\$10**<sup>BLN</sup>

Of foreign capital that RDIF has brought into the Russian economy through long-term strategic partnerships.

**+20**

Global high-profile investors have become RDIF’s long-term partners.

**12**

Deals closed since RDIF was created.

**>\$3 to \$1**

RDIF attracted \$3 from international co-investors for every \$1 of its own investment.

“The Russian Direct Investment Fund has already attracted strong interest from top global investors and its project pipeline is exciting.”

DMITRY MEDVEDEV PRIME MINISTER OF THE RUSSIAN FEDERATION

## RDIF: who we are

The Russian Direct Investment Fund (RDIF) is a \$10 billion fund established by the Russian President and representatives of the Russian Government to make equity co-investments in fast-growing companies and sectors in Russia alongside international partners. Every dollar invested by RDIF must be matched by an international co-investor.



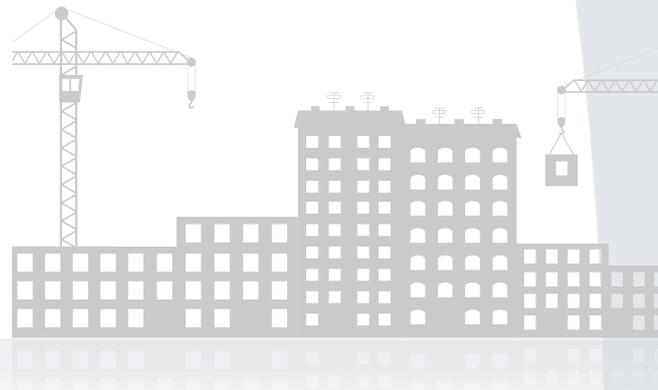
Since its foundation in 2011 RDIF has invested \$3.8 billion in Russian companies, of which \$2.9 billion has been committed from international investors. RDIF uses its unique local and industry expertise to identify attractive investment opportunities and act as a catalyst for growth in the Russian economy. Working with leading direct investment funds, RDIF has also developed a number of joint investment platforms, attracting over \$10 billion of foreign capital through partnerships with sovereign wealth funds of China, Japan, South Korea, the Middle East, Italy and France.

The combined expertise of RDIF's investment team makes them adept at carrying out detailed and quality analysis of deals and providing attractive investment opportunities for investors. The fund has a particular focus on healthcare, consumer, agriculture, infrastructure and industrials.

RDIF employs transparent and fully integrated investment and operational processes across its portfolio as it works towards fostering growth, modernisation and efficiency throughout the Russian economy.

Headquartered in Moscow, RDIF has recently opened an office in the Far East (Vladivostok) to support its ongoing activities in the region. RDIF's management company is a 100% subsidiary of Vnesheconombank.





“The Fund’s objective is to act as a catalyst for foreign direct investment, talent and technologies into Russia by attracting leading international co-investment partners.”

KIRILL DMITRIEV CHIEF EXECUTIVE OFFICER OF RDIF

#### FUND OBJECTIVES

- Act as a catalyst for foreign direct investment (FDI) into the Russian economy.
- Maximise returns on investment.
- To contribute to economic modernisation.
- To spur innovation and the exchange of ideas.
- To act transparently and exercise good stewardship of funds.

#### INVESTMENT FOCUS

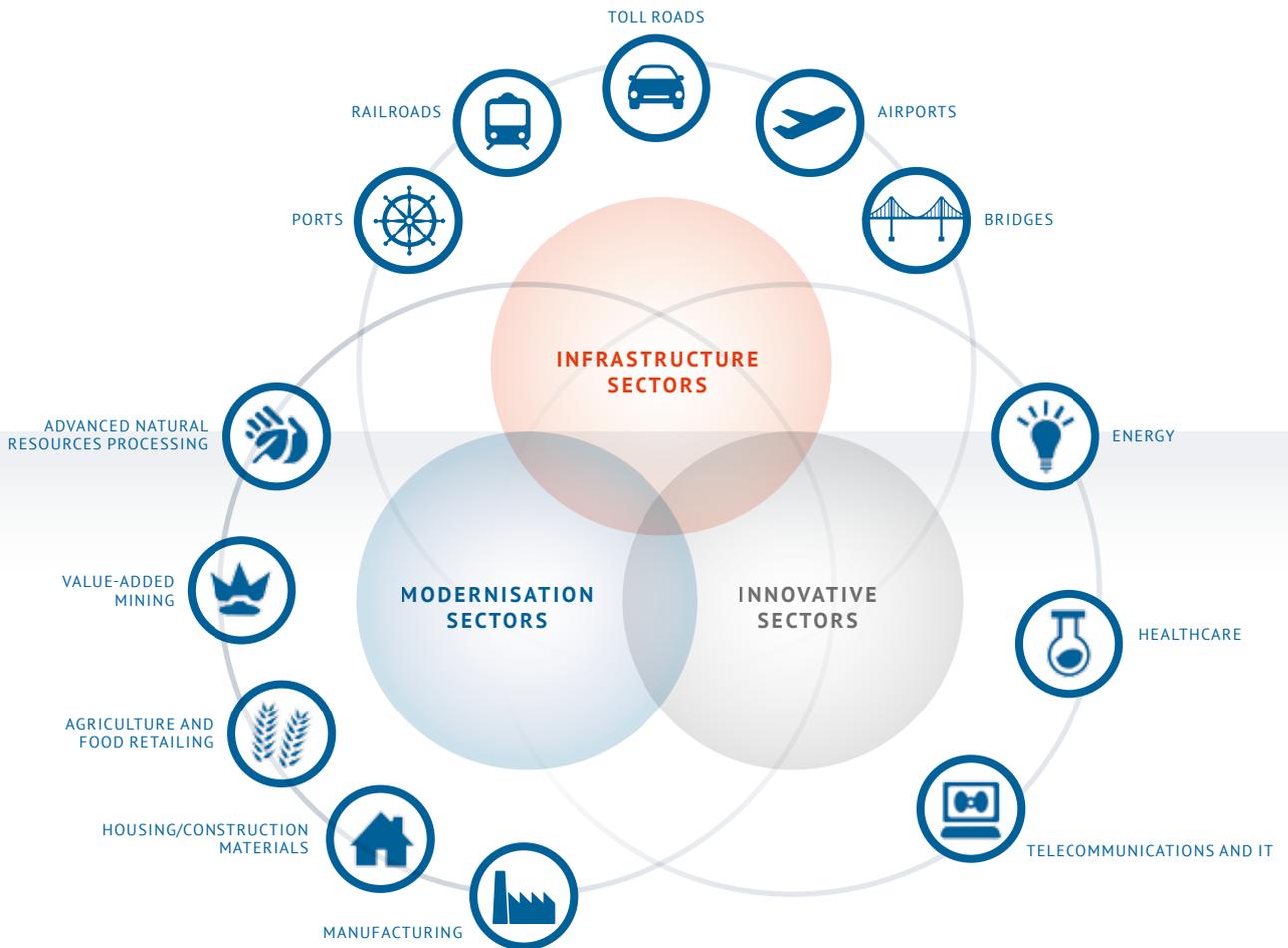
- Growing middle class.
- Improve domestic production and to reduce imports.
- Sectors where Russia has sustainable competitive advantages.
- Growing demand for new infrastructure.
- Opportunities to radically increase the efficiency of Russian producers.

#### GEOGRAPHICAL FOCUS

- Predominantly Russian Federation.
- Up to 20% of the Fund can be deployed outside of Russia.

## RDIF: who we are CONTINUED

We believe that a number of attractive investment opportunities exist in the infrastructure, modernisation and innovation sectors in Russia.



## OVERVIEW OF TRANSACTIONS BY THE END OF 2013

### RFP Group

Russian forest products group

RDIF invested in Russian Forest Products, Russia's second largest timber industry company – the first investment of the Russia-China Investment Fund, the joint fund of RDIF and China Investment Corporation (CIC).



RDIF acted as the anchor investor in the IPO of the Moscow Exchange and it proactively sourced leading international co-investors from the US and China. Prior to the IPO, RDIF introduced a number of co-investors to the Exchange including China Investment Corporation (CIC), BlackRock, the European Bank of Reconstruction and Development (EBRD), and Cartesian Capital.



RDIF and Baring Vostok Private Equity Fund V announced a joint investment in Tigers Realm Coal Limited (TIG), an Australian listed company with coking coal assets in the Chukotka province in Russia's Far East. The funds will be used by TIG to further develop and continue exploration of deposits in the Far East.



RDIF has attracted a number of leading foreign investors including Templeton, East Capital, Union Investments, Capital International and Charlemagne into a consortium to invest in the IPO of ALROSA, a Russian diamond company. ALROSA is the world's largest diamond producer by output in carats.



A consortium of RDIF, Baring Vostok Private Equity and UFG Private Equity together with media entrepreneur Paul Heth acquired a controlling stake in KARO, one of Russia's leading and fastest developing cinema chains.



RDIF and General Electric (GE) signed an agreement to jointly invest \$100 million in construction of distributed power cogeneration systems (up to 25 MW) to meet the growing energy demand for the developing industrial infrastructure of the Russian regions.



RDIF and Deutsche Bank, one of the leading international banks, made a joint investment in one of Russia's largest telecommunications companies, Rostelecom. The investment will be used to further develop and strengthen the company's market position.



RDIF acted as the anchor investor in the IPO of the MD Medical Group (MDMG) bringing BlackRock, Russia Partners and other blue-chip institutions as co-investors. MDMG is the number 1 private network of prenatal clinics and hospitals in Russia.



RDIF led the consortium of investors including the European Bank for Reconstruction and Development (EBRD) and CapMan, one of the leading Nordic alternative asset managers. The consortium invested \$100 million in the growth of MAYKOR, the leading player in the Russian IT servicing and outsourcing market.



A consortium comprised of RDIF, One Equity Partners and Titan International Inc., a leading international strategic partner, agreed to jointly invest in Voltyre-Prom, the largest producer of agricultural and industrial tyres in Russia & CIS.



A consortium of RDIF, Macquarie Renaissance Infrastructure Fund (MRIF), AGC Equity Partners and Xenon Capital Partners acquired a blocking stake in Enel OGC-5, one of the leading power generating companies in Russia. This was the largest private equity deal in the energy sector in Russia. Investment by AGC in this deal was the largest ever investment by a Middle Eastern investor in Russia.

## Chairman's Statement

# RDIF's achievements in 2013 and key objectives for 2014



The role of the Russian Direct Investment Fund will continue to grow as increasing numbers of global investors realise the benefits of investing in Russia alongside the Fund.

Today, with the global economy in need of new growth drivers, foreign investment plays a more significant role.

As an investment proposition Russia has a number of key competitive advantages: the sixth largest global GDP by purchasing power parity; low unemployment and sovereign debt; a growing, consumer-demand driven middle class which has tripled over the last five years; and significant growth potential across multiple sectors and regions, especially in the infrastructure sector. We are confident that Russia is able to propose a pipeline of attractive mid- and long-term projects to its international partners.

In this regard RDIF provides a unique opportunity for Russia and potential international investors. RDIF's team has an unparalleled combination of investment experience and expertise with strong support from the state and \$10 billion under management. Their proactive involvement in the investment lawmaking processes in Russia makes the fund a strategic partner for external investors.

We expect Russia to see growth in consumer demand and real household incomes. This has mainly come as a result of Russia's improving business climate and the country's investment opportunities for entrepreneurs.

Our focus will be on public and private partnerships, a concession system which will give investors access to public infrastructure, cost cutting through increasing the effectiveness of regulatory processes in natural monopolies, supporting small and medium-sized enterprises and non-natural resources exporters; removing infrastructure restrictions, especially in transport and energy systems, including using the National Welfare Fund as a source for investments etc.

The role of the Russian Direct Investment Fund will continue to grow as increasing numbers of global investors realise the benefits of investing in Russia alongside the fund. This will be further bolstered by the support of the government authorities who have committed to assist RDIF's initiatives and its partners across legal and other investment processes.

**Alexei Ulyukaev**  
Minister of Economic Development of Russia  
Chairman of RDIF's Supervisory Board



# Chief Executive Officer's Statement



In partnership with international investors, RDIF has invested more than \$3.8 billion in Russia since its inauguration, with \$900 million of RDIF's own funding and over \$2.9 billion of this investment being generated from outside of Russia.

I am delighted to report on the achievements of the Russian Direct Investment Fund (RDIF) over a short, but productive lifetime. Since the Fund was established in 2011, we have structured its processes on principles of transparency and profitability and have created the top-class team of professionals from all over the world. Today RDIF is the first and unique sovereign wealth fund in Russia created by the Government to attract foreign investors into the country.

In partnership with international investors, RDIF has invested more than \$3.8 billion in Russia since its inauguration in 2011. Of this total, \$900 million has been invested by RDIF itself, and \$2.9 billion by the Fund's international investment partners. By the end of 2013 RDIF and its partners have closed 11 deals across a wide spectrum of high growth sectors in Russia from telecommunications to healthcare. Russia itself has become the third top-rated country in terms of direct foreign investments attracted in 2013 according to UNCTAD. This is the first time in many years that Russia has been positively perceived as an investment opportunity.

As well as a high number of successful deals, last year was marked by the creation of investment platforms in strategic partnerships between RDIF and sovereign wealth funds and leading finance institutions from countries wishing to invest in the Russian economy. These include: Italy, France, China, Japan, Korea, the United Arab Emirates and Kuwait. Through these investment platforms over \$10 billion was invested in the Russian economy. The Abu Dhabi Department of Finance has alone pledged \$5 billion to invest in infrastructure projects in Russia.

Infrastructure has become another new important priority for RDIF in 2013. RDIF announced potential plans to invest in a number of infrastructure projects in Russia alongside leading global investment funds. These included automobile and railroad, toll road, airport and port projects as well as projects

aimed at improving the efficiency of the country's transport infrastructure as a whole. There is huge potential for Russia's infrastructure. With government support such projects will become profitable investment opportunities and significant drivers for growth of the Russian economy.

In 2013, RDIF began promoting investment into the Russian regions (as part of RDIF's 'Invest in Russia' programme). RDIF's investment strategy is based on the belief that regional growth will boost economic development. In December RDIF launched a centre to attract foreign investment to the regions of Russia. This will connect quality international investors guaranteed and recommended by RDIF with regional partners and share localised expertise. Our main focus will be on the Far East Region of Russia, where RDIF has already co-invested more than \$600 million alongside its partners and plans to triple this figure in 2014.

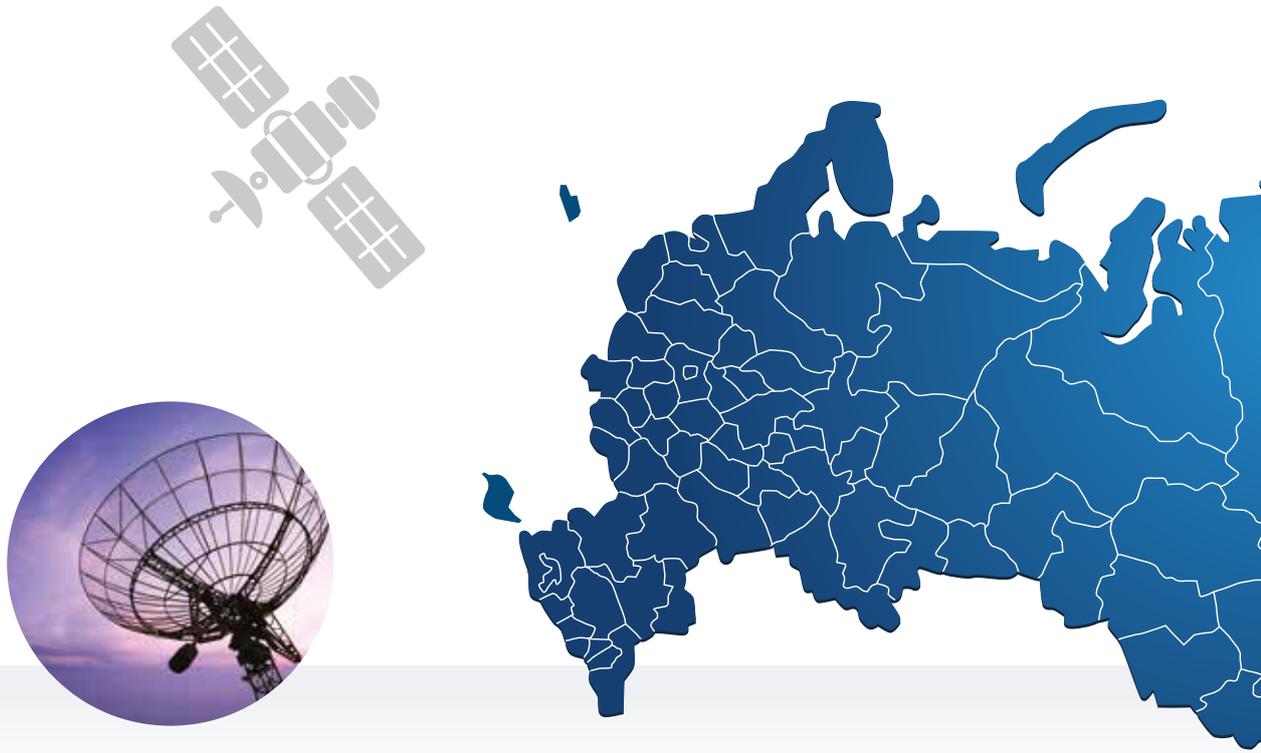
Acting in accordance with the best practice of corporate governance and transparency will remain a top priority going forward. RDIF's key goals are to make Russia more accessible and attractive to investors from all parts of the world, to identify and structure an investment pipeline in a wide range of sectors of the Russian economy and to develop investment tools to support all existing and future investment partners and strategies.

I would like to thank RDIF's investment partners for their support and contribution to the development of the Russian economy to date.

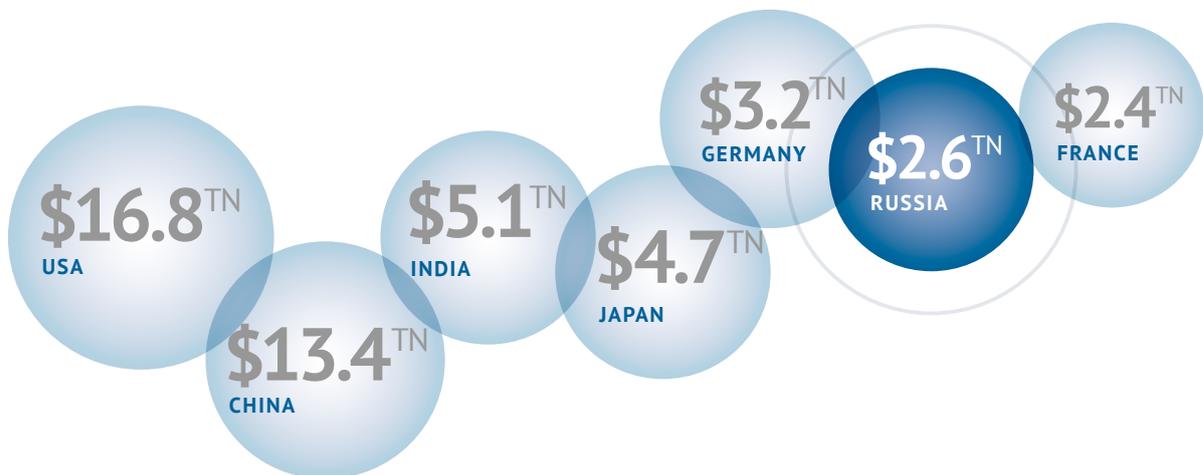
Together we will open a new Russia!

**Kirill Dmitriev**  
Chief Executive Officer of RDIF

## Invest in Russia



## Russia is the 6th largest economy in the world



**+70%**

Parties satisfied with investments in Russia.

**+82%**

Convinced that the country's large domestic market, developing consumer finance sector, growing levels of private savings and personal income present attractive investment opportunities.

Source: Investment Climate in Russia 2012: Existing and potential investors survey by Foreign Investment Advisory Council.



**CONTINUED ECONOMIC GROWTH**

**\$3<sup>TN</sup>**

The nominal size of Russia's GDP in 2017, according to the IMF.

**GDP PER CAPITA GROWTH**

**2.6<sup>TIMES</sup>**

Growth since 1999.

**DOMESTIC MARKET**

**8<sup>TH</sup>**

Largest in the world (of 142 countries).



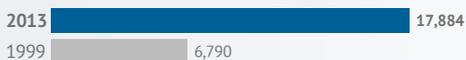
**CENTRAL BANK OF RUSSIA RESERVES \$BLN**



**CAPITALISATION OF RUSSIAN STOCK MARKET \$BLN**



**GDP PER CAPITA \$**



**RUSSIAN BANKING SYSTEM ASSETS \$BLN**



Source: IMF, Central Bank of Russia, Moscow Exchange, Russian Federal Treasury.

## International Advisory Board



**DING XUEDONG**  
CHAIRMAN &  
CHIEF EXECUTIVE OFFICER,  
CHINA INVESTMENT  
CORPORATION (CIC)



**BADER MOHAMMAD AL-SAAD**  
MANAGING DIRECTOR,  
KUWAIT INVESTMENT  
AUTHORITY (KIA)



**AHMAD MOHAMED AL-SAYED**  
CHIEF EXECUTIVE OFFICER,  
QATAR INVESTMENT  
AUTHORITY (QIA)



**HONGCHUL (HANK) AHN**  
CHIEF EXECUTIVE OFFICER  
& PRESIDENT,  
KOREA INVESTMENT  
CORPORATION (KIC)



**KHALDOON KHALIFA  
AL-MUBARAK**  
CHIEF EXECUTIVE OFFICER  
& MANAGING DIRECTOR,  
MUBADALA DEVELOPMENT  
COMPANY



**TADASHI MAEDA**  
MANAGING EXECUTIVE  
OFFICER, JAPAN BANK FOR  
INTERNATIONAL COOPERATION  
(JBIC)



**MAURIZIO TAMAGNINI**  
CHIEF EXECUTIVE OFFICER,  
FONDO STRATEGICO ITALIANO  
(FSI)



**STEPHEN SCHWARZMAN**  
CHAIRMAN &  
CHIEF EXECUTIVE OFFICER,  
BLACKSTONE GROUP



**LEON BLACK**  
CHAIRMAN &  
CHIEF EXECUTIVE OFFICER,  
APOLLO GLOBAL MANAGEMENT



**DAVID BONDERMAN**  
MANAGING PARTNER,  
TPG



**JOSEPH SCHULL**  
HEAD OF EUROPEAN  
OPERATIONS,  
WARBURG PINCUS



**DR. MARTIN HALUSA**  
CHIEF EXECUTIVE OFFICER,  
APAX PARTNERS



**KURT BJORKLUND**  
CO-MANAGING PARTNER,  
PERMIRA



**MAHMOOD HASHIM AL KOOHEJI**  
CHIEF EXECUTIVE OFFICER,  
MUMTALAKAT



# Supervisory Board



**ALEXEI V. ULYUKAEV**  
MINISTER OF ECONOMIC  
DEVELOPMENT OF THE  
RUSSIAN FEDERATION



**SERGEI B. IVANOV**  
CHIEF OF STAFF OF  
THE PRESIDENTIAL  
EXECUTIVE OFFICE



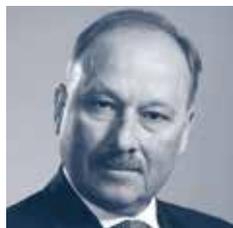
**ELVIRA S. NABIULLINA**  
GOVERNOR, CENTRAL BANK  
OF THE RUSSIAN FEDERATION



**ANTON G. SILUANOV**  
MINISTER OF FINANCE  
OF THE RUSSIAN FEDERATION



**ANDREI R. BELOUSOV**  
AIDE TO THE PRESIDENT OF  
THE RUSSIAN FEDERATION



**VLADIMIR A. DMITRIEV**  
CHAIRMAN,  
VNESHECONOMBANK (VEB)



**KIRILLA. DMITRIEV**  
CHIEF EXECUTIVE OFFICER,  
RUSSIAN DIRECT INVESTMENT  
FUND (RDIF)



**DOMINIQUE STRAUSS-KAHN**  
MANAGING DIRECTOR,  
PARNASSE SARL



**LAURENT VIGIER**  
CHAIRMAN & CHIEF EXECUTIVE  
OFFICER, CDC INTERNATIONAL  
CAPITAL (CIC)

## Investment Platforms

# Partnerships with leading global and long-term investors

RDIF's strategic investment partnerships, with some of the largest and most prominent sovereign wealth funds, are fundamental to attracting long-term investment into Russia.



Fondo Strategico Italiano

### €1BLN RUSSIAN-ITALIAN INVESTMENT PLATFORM

**Maurizio Tamagnini, CEO of FSI (2013):** "Fondo Strategico Italiano and the Russian Direct Investment Fund have a lot in common. Our key investment priorities include encouraging FDI and financing market-based investments important to our home countries. We seek potential joint investments in sectors such as food, engineering, machinery and other technology-based industries. We look forward to deploying our collective knowledge and expertise to further boost the economic cooperation between Italy and Russia."



### RUSSIA-FRANCE INVESTMENT FUND

**Laurent Vigier, CEO of CDC International (2013):** "We are delighted to further promote a robust relationship with RDIF. Together, we will seek to tap investment opportunities through the Russia-France Investment Fund, drawing on our combined expertise to generate long-term value and strengthen the special French-Russian economic partnership."



الهيئة العامة للإستثمار  
Kuwait Investment Authority

### \$500MLN AUTOMATIC CO-INVESTMENT MECHANISM WITH KUWAIT INVESTMENT AUTHORITY

**Bader Mohammed Al-Saad, CEO and Managing Director of KIA (2012):** "Russia's economy will continue to grow faster than those of developed countries. Co-investing with the RDIF offers us a good opportunity to invest in the real economy and gain diversification across all sectors. This is not a short-term investment in the stock market prone to volatility; it is an excellent and fair partnership with the RDIF and there is Russian government support for this partnership. We highly rate the skilled management team of the RDIF."



### RUSSIAN-KOREAN INVESTMENT PLATFORM

**Lee Dong-ik, CIO of KIC (2013):** "Today Russia is the 11th largest trade partner of the Republic of Korea with about 2.1% of our trade. There are over 1,200 Korean companies with capital invested in Russia. The launch of this joint investment platform will provide additional opportunities for businesses from both Korea and Russia to further develop these relationships."



### \$1BLN JOINT RUSSIAN-JAPANESE INVESTMENT PLATFORM

RDIF, Vnesheconombank (VEB) and the Japan Bank for International Cooperation (JBIC) have signed in 2013 a joint memorandum creating the Russian-Japanese Investment Platform. RDIF and JBIC will each invest \$500 million.



### \$2BLN CO-INVESTMENT FUND WITH MUBADALA

**Khaldoon Al Mubarak, CEO of Mubadala (2013):** "A partnership approach is at the heart of Mubadala's business philosophy, and given the track record and calibre of the RDIF team we are confident that our collaboration will deliver long-term financial returns and development opportunities."



### \$2BLN RUSSIA-CHINA INVESTMENT FUND

**Lou Jiwei, Chairman and CEO of CIC (2012):** "We are delighted to work with RDIF. Together we will seek to tap investment opportunities through the new fund, in the quest for good returns and win-win solutions."



### \$5BLN COMMITMENT TO INVEST IN RUSSIAN INFRASTRUCTURE PROJECTS WITH ABU DHABI DEPARTMENT OF FINANCE

**Hamad Mohammed Al Hurr Al Suwaidi, Chairman of Abu Dhabi Department of Finance (2013):** "Our commitment to invest up to \$5 billion reflects our belief in the returns that can be generated from investing in Russian infrastructure. By sharing our collective international investment expertise and with RDIF's experience in Russia we expect to form a highly productive partnership."



### MUMTALAKAT MEMORANDUM ON INVESTMENT COOPERATION

**Mahmood Hashim Al Kooheji, CEO of Mumtalakat (2014):** "Mumtalakat is continuously looking to cooperate with established international peers to explore mutually beneficial investment opportunities in Bahrain and the GCC as well as internationally in sectors that create synergy and diversity within our portfolio and contribute to growing the wealth of Bahrain. The MoU with RDIF is a sure step towards exploring opportunities for growth across both economies and exchanging information, knowledge and expertise in the sectors and areas of common interest that could lead to mutually beneficial investment opportunities."

## Focus on the Asia-Pacific Region and the Middle East

Russia offers significant investment opportunities for sovereign funds and strategic investors from the Asia-Pacific Region and the Middle East.



>\$7<sup>BLN</sup>

Raised from the Middle Eastern funds.

+20

Potential projects in advanced stages of negotiations.

### Middle East Investment Cooperation

Since inception, RDIF has formed strategic partnerships with high profile investors from the Middle East, such as the Kuwait Investment Authority (Kuwait, \$500 million co-investment model), Mubadala (UAE, \$2 billion joint investment fund), Abu Dhabi Department of Finance (UAE, \$5 billion commitment to Russian infrastructure projects) and Mumtalakat (Bahrain, Memorandum of Understanding for investment cooperation). These partnerships demonstrate the strong appetite among Middle Eastern investors for opportunities across diverse sectors of the Russian economy. RDIF is currently in negotiation with a number of potential investment partners from other Middle Eastern countries, including one of the largest and most prominent funds in the world, the Abu Dhabi Investment Authority (ADIA).



China was the very first country to form a joint investment platform with RDIF. In 2012 RDIF and China Investment Corporation (CIC) established a joint \$2 billion Russia-China Investment Fund (RCIF).



**\$2**<sup>BLN</sup>

Of reserved capital held by RCIF, with potential to be increased up in future.

**+30**

Potential projects in RCIF's pipeline.

#### **Russia-China Investment Fund (RCIF)**

RCIF has already invested about \$200 million into RFP Group, the leading forestry company in the Far East of Russia. RCIF is currently looking at around 30 potential investment projects in sectors including mining; the processing of natural resources; infrastructure; and new services in both Russia and China. In the short term, RCIF will invest in the construction of the first bridge crossing which will connect Russia and China over the Amur River. The RCIF headquarters are located in Moscow and Beijing. RCIF's primary focus is on projects in Siberia and the Far East of Russia.

## Why Invest with RDIF?

Co-investing alongside RDIF offers a number of advantages for international private equity firms, strategic investors and sovereign wealth funds considering investing in Russia:



**ACCESS TO LARGE-SCALE INVESTMENT OPPORTUNITIES**



**EXPERIENCED RUSSIA-BASED TEAM**



**CAREFUL DUE DILIGENCE AND ONGOING MONITORING OF INVESTMENTS**



### CO-INVESTMENT MODEL

RDIF invests with a co-investor(s) provided that their investment share is equal to or exceeds RDIF's share.

RDIF co-invests up to 50% of the investment share with premier funds that have more than:

- \$1 billion of assets under management; or
- \$1 billion market capitalisation or turnover exceeding \$1 billion and EBITDA exceeding \$150 million.

### INITIATIVE

- Both RDIF and co-investors may initiate transactions and then invite others to participate.

### AGILITY

- For all transactions, RDIF will have binding agreements with its co-investors governed by international law.

### RESULT

- RDIF is committed to generating robust returns for both the Fund and for co-investors.

**“Companies and strategic investors who are here find Russia to be one of the most attractive emerging markets they're in.”**

**JAMES TURLEY** CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF ERNST & YOUNG (2001–2013)



## Investment Process

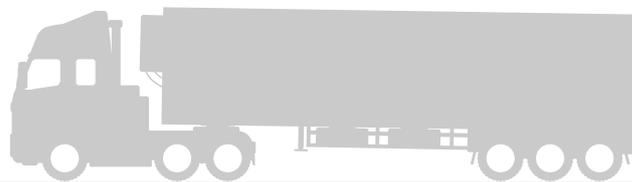
# \$50-\$100<sup>MLN</sup>

The range of RDIF's investments, implying a total equity commitment of at least \$100mln-\$1bln, given the co-investment requirements.



# 50%

The limit for RDIF's own stake; it can however own controlling stakes in companies in partnership with a co-investor.



### GLOBAL BEST PRACTICE

- RDIF acts in accordance with the highest standards and best practices set by the global private equity industry.

### SIZE OF INVESTMENT

- Target deal size of \$50 million-\$500 million equity investment (RDIF's share).

### OWNERSHIP

- RDIF's ownership in a company of up to 50%.

### INVESTMENT HORIZON

- Expected exit in 5-7 years (greenfield infrastructure may be longer).

### EXIT

- Public listing of the asset (IPO).
- Sale to strategic buyers.

“Partnering with RDIF is an excellent way to invest in a market with perceived difficulties but profitable opportunities.”

JOSEPH DOMINIC SILVA EXECUTIVE DIRECTOR OF KHAZANAH

# Review of the Year 2013



## JANUARY

### RDIF launched 'Invest in Russia' programme in Davos

In January, RDIF launched its 'Invest in Russia' programme aimed at promoting the country as an attractive investment destination. The special programme was presented to international investors by Kirill Dmitriev, CEO of RDIF, at the World Economic Forum where the Fund annually holds its own event for key international investors. The accompanying brochure included key facts and figures on the Russian economy which remain unknown to a wider audience and it also describes Russia's competitive advantages as a potential target for investment.



## FEBRUARY

### RDIF attracts new investors to the Moscow Stock Exchange

As part of a long-term strategy to promote the development of Russian capital markets and to broaden the international appeal of the Moscow Stock Exchange, RDIF attracted new investors before and after to the initial public offering of the Moscow Exchange, as well as investing itself. New investors included the European Bank of Reconstruction and Development (EBRD), Cartesian Capital, BlackRock and China Investment Corporation (CIC).



## MARCH

### Vnesheconombank, RDIF, CIC and RCIF promote investment in infrastructure and the Russian Far East projects

Three main investment themes provide the foundation for a range of future investments in the region; investment in projects with a growing demand for new infrastructure and logistics; in the development and processing of natural resources; and in leading manufacturing and services companies.



## APRIL

### Vnesheconombank, RDIF, and JBIC create joint Russian-Japanese Investment Platform

The aim is to develop economic cooperation, trade and investment between Russia and Japan, providing the foundation for investment in the Russian Far East and East Siberia. Investment will focus on infrastructure development, the latest healthcare technologies, alternative sources of energy and the creation of efficient urban environments (smart cities).





**MAY**

**RDIF and EBRD roundtable prepares recommendations on unlocking infrastructure investments**

Discussions centred on funding mechanisms to attract large-scale private investment to finance infrastructure projects, the creation of institutions to support investments and the role of international financial institutions (World Bank, IMF, EBRD) in attracting private capital. Global investment opportunities were identified in sectors such as transport, telecommunications and energy.



**JUNE**

**RDIF and Russian Grids sign a memorandum of cooperation**

RDIF and Russian Grids signed a memorandum of cooperation to attract foreign investment into the Russian power grid sector. They will work together to improve investor understanding of the sector's opportunities, to outline opportunities for investment in long-term infrastructure projects in the utilities industry and to explore funding mechanisms, including public-private partnerships, supporting the Russian Grids Group's investment programme.



**RDIF and Mubadala establish \$2 billion co-investment fund**

RDIF and Mubadala, the Abu Dhabi-based investment and development company, launched a \$2 billion co-investment fund to pursue opportunities in Russia. The fund will focus on long-term investment opportunities across a range of industry sectors, acting as a catalyst for direct investment in Russia. Mubadala and RDIF each agreed to commit \$1 billion.



**JULY**

**RDIF opens a representative office in Vladivostok**

Development of the Far East is a key priority for the Russian-Japanese Investment Platform, the Russia-China Investment Fund and the Russian-Korean Investment Fund.

# Review of the Year 2013 CONTINUED



**AUGUST**

## Infrastructure investment of the National Wealth Fund through RDIF approved

The government approved an investment by the National Wealth Fund through RDIF, by which they can provide funding through debt financing at the rate of inflation + 1%, making it more secure. In turn, RDIF will invest directly in the company's equity alongside its international co-investors. Part of the budget will be replaced by sovereign fund partners, which will improve transparency of project management and will focus on improving efficiency.



## RDIF, EBRD and CapMan Russia co-invest in Russian IT outsourcing provider MAYKOR

The three partners invested up to \$100 million in MAYKOR, allowing the group to grow its market share and increase the scale of its operations and diversification inside Russia. RDIF invested \$50 million – with the EBRD and the CapMan Russia II fund contributing the outstanding sum.



**SEPTEMBER**

## Abu Dhabi's Department of Finance contribute up to \$5 billion in partnership with RDIF for Russian infrastructure investment

Investments by the parties will be guided by the principle of obtaining attractive returns on invested capital. Abu Dhabi's Department of Finance invested up to \$5 billion in the partnership.



**OCTOBER**

## RDIF and Deutsche Bank invest in Rostelecom

This deal capitalises on recent developments in Rostelecom's corporate governance and is an important step in realising Russia's infrastructure potential.



**OCTOBER**

## RDIF, Titan International and One Equity Partners complete a deal for Russia's largest agriculture tyre producer with Cordiant

This was RDIF's first co-investment with a global industrial strategic partner and One Equity Partners' first investment in Russia.



## RDIF attracted leading foreign investors to invest in the ALROSA IPO

ALROSA is the largest diamond producer in the world by output in carats with its main mines located in Russia's Far East.





NOVEMBER

### RDIF and Caisse Des Dépôts International launch Russia-France Investment Fund (RFIF)

RFIF seeks attractive investments across a broad range of sectors and asset classes, including equity and debt securities, infrastructure and real estate in Russia and France, with a strong focus on opportunities to promote economic cooperation between the two countries and contributing to the growth and prosperity of both economies.



### RDIF and KIC launch Russian-Korean Investment Platform

The investment platform focuses on cross-border investments to fulfil Russian-Korean strategic interests, including companies and projects that facilitate trade and encourage investment cooperation between the two countries.



DECEMBER

### RDIF and Baring Vostok Private Equity Fund V invest in Tigers Realm Coal (TIG)

The funds will be used by TIG to complete a Bankable Feasibility Study (BFS) and develop the Fandyushkinskoye deposit (Project F) at the Amaam North coking coal deposit in Chukotka (the Far East of Russia), as well as continue exploration works at the Amaam deposit. The first coal sales at Project F are targeted for 2016.



DECEMBER

### RDIF and JASE-W sign memorandum to improve energy efficiency and use of renewable energy sources

The parties will invest in opportunities aimed at: improving the renewable performance of Russian power generation companies; promoting the development of cogeneration, smart grids and waste-to-energy technology; the installation of new equipment and implementation of advanced technologies to significantly reduce fuel consumption and guarantee the stable supply of electric power and heat for end users.



# Infrastructure Projects in Russia

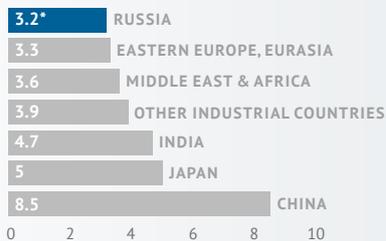


RDIF has unique access to the infrastructure projects in Russia.

RDIF is actively involved in the government's priority infrastructure projects. RDIF partners with major global sovereign and private investors, attracting significant capital for infrastructure projects under special terms. With Vnesheconombank as a parent company, RDIF is best positioned to attract significant long-term project debt financing for prospective infrastructure projects at attractive rates.

The Fund is currently leading discussions on investment structures in which capital expenditure would be partially financed by domestic pools of long-term capital, including pension savings and National Welfare Fund reserves.

**INFRASTRUCTURE SPENDING % GDP**



\* Including investment in oil/gas pipelines  
Source: OECD, IHS Global Insight, McKinsey

**SHARE OF TRANSPORTATION SPENDING % GDP**



\* Lack of investments in comparison to countries with developing infrastructure

\*\* Lack of investments in comparison to countries with developed infrastructure

Source: Boston Consulting Group



# Mechanism for infrastructure project co-investment by National Welfare Fund (NWF) and RDIF

## KEY PARAMETERS:

### STRUCTURE

Co-investment with RDIF and its co-investors in the form of debt capital as the most secure financing option.

### RATE OF RETURN

Inflation plus 1%.

### THRESHOLD INVESTMENT IN ONE PROJECT

Up to 50% of total infrastructure project financing.

### TOTAL INVESTMENT VOLUME

Up to 10% of total NWF reserves.



## Attracting private funding for infrastructure

### DEREGULATING INFRASTRUCTURE INVESTMENT RESTRICTIONS

RDIF and co-investors will only consider investments which have the potential to generate strong returns.

The co-investment mechanism significantly increases opportunities for RDIF and its investment partners to invest in infrastructure projects by decreasing total costs of financing the project.

### ATTRACTING FUNDING INFRASTRUCTURE

Growth of foreign investments supplementing direct budget support.

### IMPROVING INFRASTRUCTURE PROJECT EFFICIENCY

Expertise of RDIF and leading global infrastructure investors.

### MITIGATING NWF INVESTMENT RISKS

Investment of NWF reserves in the form of a debt to be repaid prior to repayment of the external investors' and RDIF's funds.

### INCREASED RETURNS ON NWF RESERVES

Investment of NWF reserves in priority Russian projects with return exceeding the current level.



## Russia's Regions

RDIF believes that Russian regions offer highly attractive opportunities to foreign investors. We see the middle class growing and developing across the regions and have set up a resource to help foreign investors and local authorities successfully communicate with each other. We intend to work actively with regional agencies which have an important role to play in this process.

In December 2013, RDIF launched a centre to attract investment in the Russian regions. The structure aims to increase the provision of information about regional projects to potential investors. International best practices and RDIF's experience of working with foreign partners will also seek to help regional projects in the Russian regions to find foreign co-investors. As part of the project RDIF has developed its own 'Invest in Russia' internet portal dedicated to investment opportunities and attractive projects for foreign investors in Russia's

regions. It will become an additional investment tool for those who intend to discover a new Russia.

RDIF has also signed memorandums of cooperation with a number of Russian regions, including Tatarstan, Bashkortostan, Kaluga, Krasnoyarsk, Saratov, Leningrad and Primorsky regions. RDIF has already invested around \$600 million in Russia's Far East regions along with its international partners from the Asia-Pacific region, the EU and the US.



**“Russia's regions are a source of future economic growth for the country.”**

KIRILL DMITRIEV CHIEF EXECUTIVE OFFICER OF RDIF



POPULATION

146<sup>MLN</sup>

As of 1 May 2014.

REGIONS

85

As of May, 2014.

\$382<sup>BLN</sup>

PEI attracted for the last 10 years.

LITERACY RATE

99.4%

First among the BRIC countries.

Source: UN, Rosstat, KPMG.

LEADERS IN ATTRACTING PRIVATE EQUITY INVESTMENT (PEI)

Moscow  
St. Petersburg  
Kaluga region  
Nizhny Novgorod region

20

Special economic zones.

## Our Team



**KIRILL DMITRIEV**  
CHIEF EXECUTIVE OFFICER

Prior to becoming CEO of RDIF in 2011, Kirill Dmitriev headed a number of large private equity funds and completed a series of landmark transactions, including the sale of Delta Bank to GE, Delta Credit Bank to Société Générale, STS Media to Fidelity Investments, etc. He is deputy chairman of the investment council under the chairman of the State Duma of Russia, vice president of the Russian Union of Industrialists and Entrepreneurs, a member of the BRICS and the APEC councils and was selected as 'Young Global Leader' by the WEF. In 2011 he was the only Russian representative in the list of '100 most influential private equity professionals of the decade' (Private Equity International). He graduated with honors from Stanford University (BA) and from Harvard Business School (MBA).



**MAXIM AREFYEV**  
DIRECTOR

Prior to joining RDIF, Maxim was deputy head of investment banking, Renaissance Capital, being responsible for origination and execution of equity transactions in healthcare, agriculture, retail, and for partnerships with international PE funds. He also worked at Troika Dialog, Deutsche UFG and ING Barings. During his 13 years experience in the investment banking industry, Maxim participated in a large number of transactions with companies including: MTS, Wimm Bill Dann, X5/Perekriostok, IBS, Musa Motors, Imarko, Lenta, Dixy, Victoria and many others. He graduated from the International University (Russia) and the London School of Economics. Maxim holds a Ph.D. degree in economics.



**ANATOLY BRAVERMAN**  
DIRECTOR

Prior to joining RDIF, Anatoly was head of the department of development and acquisition of assets of Gazprom Neft, one of the largest oil producers in Russia. He also worked at LUKOIL, where he participated in a number of transactions totaling more than \$2.5bln of investment: acquisition of the Europa-Mil company, acquisition of the 49% stake in ISAB Oil Refinery (Italy) from ERG S.p.A and purchase of the 45% stake in TOTAL Raffinaderij Nederland N.V. from Total S.A. He graduated from the Higher School of Economics (Russia) and the London School of Economics.



**SEAN GLODEK**  
DIRECTOR

Prior to joining RDIF, Sean was a director at Darby Private Equity. He also worked as vice president of mergers and acquisitions at Lehman Brothers (New York). He participated in a number of high-profile transactions, including the launch of a joint venture between SABMiller and MolsonCoors. Sean also worked at Deutsche Bank in New York (M&A department). He graduated from Stanford University and the Wharton School of the University of Pennsylvania (MBA).



**EKATERINA KUZNETSOVA**  
CHIEF FINANCIAL OFFICER

Prior to joining RDIF, Ekaterina was CFO at Alfa Capital Partners, responsible for accounting, tax and finance functions and supporting the funds' investment teams. She also worked as CFO for one of the companies of MDM Group, based in Cyprus, and was responsible for financial and accounting departments of more than 60 companies of the group. Ekaterina also served as a staff accountant and an auditor for three international audit firms including KPMG. She graduated from the Moscow State University (faculty of economics).



**VITALY PYLTSOV**  
CHIEF OPERATING OFFICER

Prior to joining RDIF, Vitaly worked as COO at Ernst & Young CIS where he provided services to global and local clients on audit, transactions and due diligence engagements. He started his career in 1992 at Ernst & Young in Moscow in the audit department. He graduated from the Financial Academy under the Government of the Russian Federation (faculty of international economic relations). He is a certified Russian auditor and a certified public accountant (United States, CPA), and also a member of the American Institute of Certified Public Accountants (AICPA).



**SERGEY KUZNETSOV**  
DIRECTOR, GOVERNMENT AND PUBLIC RELATIONS

Prior to joining RDIF, Sergey worked at Basic Element as a director of the government relations department. He has more than 10 years experience in GR. Sergey also worked at the State Duma Administration as a consultant for the committee on natural resources and ecology. He graduated with honors from the Moscow State University, where he specialised in global economic geography.



**MIKHAIL MARKOV**  
GENERAL COUNSEL, HEAD OF LEGAL DEPARTMENT

Prior to joining RDIF, Mikhail worked as managing director and head of the legal department of investment company A1 (Alfa Group's private equity arm). He also worked at Freshfields Bruckhaus Deringer and the Moscow Court of Arbitration. He graduated from the Moscow State University and the Booth School of Business of the university of Chicago (MBA).





**KISHAN PANDEY**  
DIRECTOR, CHIEF RISK OFFICER

Prior to joining RDIF, Kishan was managing director, international private equity of GE Asset Management (Hong Kong). Over a career of more than 20 years in GE he was one of the key senior managers responsible for attracting investment from international funds, investing in business globally. He also worked at Deutsche Bank and ICRA, a credit rating and investment information company based in India, an affiliate of Moody's Investors Service. Kishan graduated with honors from the university of Delhi, India. Kishan is a CFA charter holder and also certificated as a chartered accountant and a company secretary.



**KONSTANTIN RYZHKOV**  
DIRECTOR

Prior to joining RDIF, Konstantin was managing director and advisor to the president of International Investment Bank. He has more than 16 years of investment and private banking experience in Russia, USA, UK, Mongolia, Vietnam and Eastern Europe. He also worked as a team leader responsible for setting up the investment banking department at VTB. Konstantin started his career at NationsBank Securities (USA). He graduated from Davidson College (USA).



**TAGIR SITDEKOV**  
DIRECTOR

Prior to joining RDIF, Tagir worked as managing director at A1 (Alfa Group's private equity arm). He has more than 10 years of private equity experience. Tagir participated in a number of landmark PE transactions including investment into the leading Russian beer producer Baltika with the subsequent exit through the sale of the stake to the majority shareholder BBH Group, and acquisition together with Goldman Sachs of the 50% stake in one of the largest car dealerships Nezavisimost. He graduated from the Plekhanov Russian University of Economics (Russia) and the Booth School of Business of the university of Chicago (MBA).



**STANISLAV SONG**  
DIRECTOR

Prior to joining RDIF, Stanislav was a chief strategist and managing director at Xenon Capital Partners where he also managed the largest Russian utilities fund, Rusenergofund. He also worked as head of M&A at J.P. Morgan in Russia. Stanislav graduated from the New Economic School (Russia) and the Moscow State Bauman Technical University (specialised in economics and computer science).



**RICHARD OGDON**  
SENIOR ADVISOR

Prior to joining RDIF, Richard was chief risk and capital officer at Troika Dialog. He also worked at Uralsib Financial Corporation as head of corporate finance and co-head of private equity. During these years he has led several pre-IPOs and IPOs including the pre-IPOs of Novatek and Amtel, and IPOs of Kalina, Mechel and other companies. Mr. Ogdon has spent over 15 years working in Russia as an investment banker. He graduated from the Eton College and the university of Oxford.



**JYRKI TALVITIE**  
INVESTOR RELATIONS  
DIRECTOR

Prior to joining RDIF, Jyrki worked at VTB where he was responsible for investor relations and financial institutions. He also headed the Moscow office of East Capital and managed the East Capital Financial Institutions Fund, a private equity fund specialising in financial institutions in Russia and CIS. Jyrki also worked for various Russian and international financial institutions in Moscow, London, Paris and Helsinki. He is currently a board member at Fortum Corporation. He graduated from Helsinki University (law degree) and the London Business School (Executive MBA).



**OLGA KEVORKOVA**  
VICE PRESIDENT,  
HEAD OF PROTOCOL

Prior to joining RDIF, Olga worked for the Russian President and Prime Minister in the office of protocol for more than 10 years. She was responsible for providing protocol and organisational support for the country leaders' international visits and events inside and outside of Russia. Olga also helped to organise the Russian government officials' participation in the APEC, G8, G20, SCO. She graduated with honors from the Russian State University for the Humanities (Russia).



**MARIA MEDVEDEVA**  
MEDIA RELATIONS DIRECTOR

Prior to joining RDIF, Maria worked at leading financial PR agencies in London and Moscow, focused on international profile building. She also worked as head of international media relations at Severstal and has more than 8 years experience as a producer at CNN and Associated Press TV. Maria graduated from the Academy of Labor and Social Relations (Russia). She is a recipient of the Emmy Award for her part in CNN's reporting from Afghanistan and the DuPont-Columbia University Award for her work in the news coverage of the 2004 Asian Tsunami.

## RDIF Initiatives



- RDIF chairmanship in B20 Infrastructure and Investment Task force is a part of Russia's presidency in G20.
- The Task force has offered the entire G20 membership-specific recommendations aimed to address key issues in international investment and infrastructure projects, also using case studies of Russian pilot projects.



- Joint study with E&Y and MSU's National Intellectual Reserve Centre on defining the real scale and breakdown of Russia's capital outflow.



- RDIF actively cooperates with APEC member countries as part of the dialogue initiated at the APEC summit in Vladivostok in August 2012.
- The key matter of discussion is the development of a mechanism to attract foreign direct investment from APEC countries in the Russian economy.



- RDIF actively participated in the creation of the Investment Council, an advisory body under the Chairman of the State Duma of the Russian Federation to improve the existing rules and regulations to stimulate the investment demand and supply.



- The Russian Direct Investment Fund (RDIF) has launched the Centre to attract investment in the Russian regions. The Centre was created to form a centralised pool of information on doing business in Russia, as well as the specific investment opportunities available across the regions of Russia. Supported by RDIF's considerable experience of working with foreign partners, the Centre aims to promote the adoption of global best practices.



- RDIF is a significant contributor to the World Economic Forum, actively participating in key sessions and hosting its own events in Davos with the world's leading investors.



- RDIF is a significant participant in the St. Petersburg International Economic Forum, actively shaping key sessions and hosting some of the most important VIP events, including a regular meeting of leading global investors with the President of Russia Vladimir Putin.
- The most recent meeting in June 2013 was dedicated to investments in Russian infrastructure, and the President offered his full support to RDIF's current and future co-investors at a closed dinner session.



# RDIF Achievements

## AWARDS AND PRIZES

- Private Equity Leaders Award 2013 and 2014 (Russia & CIS) from Private Equity Russia & CIS Journal in categories 'Best private equity firm in Russia' and 'Person of the year on Russian private equity market' (CEO of RDIF Kirill Dmitriev).
- Financial Elite of Russia 2013 – Grand prix 'Private equity fund of the year'.
- ACQ Global Awards 2013 in the 'Russia – Investment fund of the year' category.
- Acquisition International M&A Awards 2013 in the 'Large Private Equity House of the Year – Russia' category.

## RDIF'S DEALS HAVE ALSO RECEIVED A NUMBER OF AWARDS

- 'Deal of the Month' by Acquisition International Magazine for the joint investment with EBRD in Cotton Way company.
- 6th Annual International M&A Advisor Awards in the 'Industrial Manufacturing/Distribution Deal of the Year' category, for the acquisition of Voltyre-Prom by RDIF, Titan International and One Equity Partners.
- Investor Awards 2013 from 'Stock market' magazine and Investor.ru portal in the 'private equity and venture capital: Deal of the year' category for investment in IPO of MD Medical Group.
- 3rd Annual ACG New York Champion's Awards in the 'Sector Transaction of the Year – Technology, Media and Telecom' category for the investment in KARO cinema chain.
- 5th Annual International M&A Award in the 'M&A Deal of the Year (Over \$100 million to \$250 million)' category for the investment in KARO cinema chain.
- 5th Annual International M&A Award in the 'Deal Financing of the Year' category, for the investment in KARO cinema chain.

# Directory

## INVESTOR RELATIONS DEPARTMENT

**Jyrki Talvitie**, Director

**Nikolay Vukolov**

**Elisabeth Bremer**

**Alexander Pilishin**

ir@rdif.ru

## MEDIA RELATIONS DEPARTMENT

**Maria Medvedeva**, Director

**Maria Uvarova**

**Evgeny Basmanov**

**Vasily Kudinov**

media@rdif.ru

## ADDRESS

Presnenskaya Nab., 8/1

Russia 123317 Moscow

Tel. +7 495 644 34 14

Fax +7 495 644 34 13

[www.rdif.ru/eng\\_index](http://www.rdif.ru/eng_index)



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# Notes