**LOCATION OF THE SEZ**

Region’s transport infrastructure accessibility

- The third largest air hub in Russia – the Koltsovo airport, which receives flights from over 80 international destinations – is located just 186 km away from the SEZ.
- The R353 road connects the SEZ and Nizhny Tagil, and gives access to the city highway leading to Yekaterinburg and others of Russia’s transportation network.
- There is a railroad connecting Nizhny Tagil and Alapayevsk cities with its «Smychka» railroad station.
- The Salka experimental aviation airfield is within 20 km proximity to the SEZ.

**PROFILE OF TITANIUM VALLEY**

SEZ’S LAND AREA - 721.4 HA
YEAR OF CREATION – 2010
PLANNED LIFESPAN - 49 YEARS

PRIORITY SECTORS:
- Manufacturing of titanium products,
- Production of components and equipment for metallurgy and machinery,
- Production of construction materials.
SVERDLOVSK REGION
is Russia’s 3rd largest transport hub

Land plots area
194 300 SQ. KM

Population
4 327 000 persons
rated 5th among the Russian federal units

Region’s administrative city
Yekaterinburg

6 federal highways
7 major railroads
Koltsovo airport (SVX) – a hub for international connections

there is a network of logistics facilities and terminals for managing through transit, cargo storage and cargo processing.

rates 5th among Russian airports
services over 110 internationals flight destinations
more than 40 airlines land at Koltsovo

there are 30 941 km of motor roads, region’s road density amounts to 59.6 km per 1000 km² which is 1.9 times higher than the country’s average

rated 3rd among Russian regional railroads
operational length – 7.1 thousand km,
services 400 km of spur tracks,
over 12 000 industrial companies use regional railroad services
INDUSTRIES DEVELOPMENT OF THE SVERDLOVSK REGION

VERKHNYAYA SALDA
Production of titanium

KREMNIY
Production of silicon and aluminium

KAKHTYINSK
Production of aluminium oxide and aluminium

KACHKANAR
Production of iron ore raw materials

SEROV
Steel and cast iron production and rolling

VERKHNYAYA PYSHMA
Manufacture of locomotives; production of copper, gold and silver

PERVERDIMALSK
Manufacture of steel pipe and metalworking

POLEVSKOY
Manufacture of steel pipes

NIZHNY TAGIL
Steel and cast iron production; Manufacture of military machinery and road construction machinery, special-purpose railway cars and tank cars

KAMENSK-URALSKY
Manufacture of cast iron and steel pipes, hi-tech metal products; production of aluminium oxide and aluminium; non-ferrous metal machining

REVDA
Non-ferrous metal machining; manufacture of hi-tech metal products

TITANIUM VALLEY

YEKATERINBURG, the administrative centre of the Region.
Manufacture of equipment for metals, mining; oil production; power generation; chemical, wood and wood processing industries; manufacture of compressor and cryogenic equipment, current transformers, cable and general rubber goods

INDUSTRIAL SECTORS of the Sverdlovsk region (each sector’s percentage of the total volume of shipped industrial output) *

48 • FERROUS AND NON-FERROUS METALLURGY AND PRODUCTION OF FINISHED METAL PRODUCTS
13 • OTHER INDUSTRIES
11 • PRODUCTION AND DISTRIBUTION OF ELECTRICITY AND NATURAL GAS
6 • FOOD PROCESSING
5 • VEHICLES MANUFACTURING
5 • ELECTRICAL EQUIPMENT MANUFACTURING
4 • PRODUCTION OF VARIOUS NON-METAL MINERAL PRODUCTION
3 • MINING
3 • MACHINERY MANUFACTURING
2 • CHEMICAL INDUSTRY

* Data for 2014
Sverdlovsk Region’s Gross Regional Product*

1586,2 Billion Rubles

Growth of the Sverdlovsk Region’s GRP, Billions of Rubles

**Sverdlovsk Region**

The Sverdlovsk region falls within the top 10 regions of Russia that produce around 50% of the country’s industrial output. It also forms part of the top ten regions as per the volume of industrial goods shipped to the final customer.

Breakdown of volume of shipped goods and delivered services of own production according to industry, own works and services type - 1531,3 billion of rubles

*Information for 2013
INVESTMENT TO THE SVERDLOVSK REGION

CAPITAL INVESTMENTS TO THE SVERDLOVSK REGION, BILLIONS OF RUBLES
(IN ACTUAL PRICES)

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>200.4</td>
</tr>
<tr>
<td>2010</td>
<td>264.5</td>
</tr>
<tr>
<td>2011</td>
<td>333.5</td>
</tr>
<tr>
<td>2012</td>
<td>351.6</td>
</tr>
<tr>
<td>2013</td>
<td>352.9</td>
</tr>
<tr>
<td>2014</td>
<td>370.4</td>
</tr>
</tbody>
</table>

STRUCTURE OF CAPITAL INVESTMENTS ACCORDING TO THEIR SOURCES OF FINANCING, %

- **Corporate Equity**: 45.7%
- **Other Borrowings**: 26.5%
- **Bank Financing**: 10.3%
- **Federal Govt Budget**: 9.8%
- **Sverdlovsk Region’s Govt Budget**: 4.9%

COMPUTER WITH FOREIGN PARTICIPATION*

- **Number of Companies with Foreign Capital Participation (as of the end of the year)**: 311
- **Average of Staff Past-Times (not counting any external)**: 143,800
- **Companies * Turnover, Bin Rubles**: 832,5

* Information for 2014
ECONOMIC ACTIVITIES OF FOREIGN COMPANIES IN THE SVERDLOVSK REGION*

EXPORTS, 7667,9 MILLION USD

IMPORTS, 3063,3 MILLION USD

13 CONSULATES GENERAL

AZERBAIJAN
UNITED KINGDOM
HUNGARY
VIETNAM
GERMANY
R. OF CYPRUS
KYRGYZSTAN
PR. OF CHINA
TAJIKISTAN
USA
FRANCE
CZECH REPUBLIC
UKRAINE

12 HONORARY CONSULATES

AUSTRIA
HUNGARY
ITALY
R. OF KOREA
D.R. OF CONGO
MONGOLIA
SEYCHELLES
SLOVAKIA
NICARAGUA
LUXEMBOURG
SPAIN
TURKEY

* Information for 2014
FOREIGN ECONOMIC ACTIVITIES IN THE SVERDLOVSK REGION*

STRUCTURE OF EXPORT, %

- Food Commodities: 1%
- Metals and Metal Products: 18%
- Chemical Industry’s Products, Rubber: 56%
- Timber: 3%
- Mineral Products: 3%
- Other Commodities: 5%

STRUCTURE OF IMPORT, %

- Raw Materials for Leather Industry Production: 55%
- Machinery, Equipment and Vehicles: 14%
- Timber: 2%
- Mineral Products: 3%
- Textiles: 6%
- Chemical Industry’s Products, Rubber: 14%
- Metals and Metal Products: 14%
- Food Commodities: 5%

* Information for 2014
WHY DO INVESTORS CHOOSE THE TITANIUM VALLEY SEZ?

30%
Investors’ costs reduced on

PROXIMITY TO MARKETS
REDUCED RATES ON ALL INFRASTRUCTURE
FREE CONNECTION TO UTILITIES
TAXATION INCENTIVES
FREE PORT-LIKE CUSTOMS REGULATIONS
NO ADMINISTRATIVE BARRIERS, THE ONE STOP SHOP SYSTEM
INCENTIVES FOR INVESTORS
PREFERENTIAL CUSTOMS AND TAX TREATMENT
Titanium valley special economic zone - a site with a distinct legal status providing special customs/tax treatment for resident businesses as well as fully-functional industrial, commercial and social infrastructure

<table>
<thead>
<tr>
<th>TAX</th>
<th>CORPORATE PROFIT</th>
<th>PROPERTY</th>
<th>LAND</th>
<th>TRANSPORTATION</th>
<th>IMPORT DUTIES</th>
<th>VAT</th>
</tr>
</thead>
<tbody>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RUSSIA</td>
<td>20%</td>
<td>2,2%</td>
<td>1,5%</td>
<td></td>
<td></td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>5% to 20%</td>
<td></td>
<td>0%</td>
<td></td>
<td>10% to 18%</td>
<td></td>
</tr>
<tr>
<td>TITANIUM VALLEY SEZ</td>
<td>2%*</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

2% - during the 10 years from receipt of profit
7% - from the 11th to 15th year from receipt of profit
15.5% - from the 16th year from receipt of profit
BUSINESS-READY INDUSTRIAL INFRASTRUCTURE

AVAILABILITY OF RESOURCES

- Water supplies:
  - Domestic and drinking water: 262,8 thousand m³/year
  - Industrial and fire-fighting water: 383,25 thousand m³/year

- Gas supplies: 175,2 million m³/year

- Power supplies: 76 MW

RATES FOR UTILITIES

- Domestic and drinking water: 33 rubles per m³
- Industrial and fire-fighting water: 9 rubles per m³
- Natural gas: 3646 rubles per 1000 m³
- Electricity:
  - MV: 4,0 rubles per kWh
  - HV: 2,3 rubles per kWh
  - LV: 4,5 rubles per kWh

A PLOT WITH ALL THE NECESSARY UTILITIES NETWORKS IN PLACE

- Communications networks
- Gas supply network
- Water supply network

IF LEASED

- From 17 928.00 rubles per ha
- To 35 856.00 rubles per ha

IF PURCHASED

- 125 496.00 rubles per ha

(7% below the property’s cadastral value)

The exact lease price depends on the invested amount

Internal roads network

Power supply network

Railroad transportation network
ACCESSORY INFRASTRUCTURE
SATellite DEVELOPMENTS NEXT TO THE TITANIUM VALLEY SEZ

BUSINESS AND HOSPITALITY INFRASTRUCTURE

- Business Center, S= 13 000 m²
  - shopping
  - offices
  - food courts

- Hotel Complex, S= 15 000 m²
  - hotel accommodations
  - conference facilities
  - entertainment facilities

ACCOMMODATIONS AND WELL-DEVELOPED SOCIAL INFRASTRUCTURE

Low-rise residential development complete with all the necessary social amenities serves to ensure optimum living conditions for the staff of Titanium Valley’s resident companies.

INNOVATION, TECHNOLOGY DEVELOPMENT, AND BUSINESS INFRASTRUCTURE

- Science and Technology Park, S= 19000 m²
  a site for developing the infrastructure to implement the interconnections between the industrial capacities of the Titanium Valley’s resident companies and the research and development potential of the Urals’ scientific and engineering institutions.

PROFESSIONAL TRAINING OF HUMAN RESOURCES

Integrated system for providing just-in-time and quality-oriented staffing solutions to the resident companies of the Titanium Valley SEZ.
TITANIUM CLUSTER OF THE SVERDLOVSK REGION

Diagram of production cooperation of the members of the Sverdlovsk region's titanium business cluster.

**YEKATERINBURG**
1 461 000 inhabitants
- OOO Ural Factory Innovation
- LLC New metallurgy
- OOO Ural Institute Welding-Metallurgy Ltd. Foundry UBM
- LLC Ingimat
- LLC APM-Rus
- LLC SKEYLM
- LLC NTP Radial-pro
- JSC Ural university complex
- JSC Regional Centre
- Laser Technology
- JSC Ural Scientific research Institute of Technology
- JSC SEZ Titanium valley
- The Ural Federal University. BN Yeltsin
- Ural Branch Russian Academy of Sciences
- JSC Regional Engineering Center

**NIZHNY TAGIL**
360 000 inhabitants
- LLC Enkon Service
- JSC Corporation
- VSMPO-AVISA
- IPZ
- Titanium Valley
- OOO VSMPO-New Technologies
- JSC Ural Boeing Manufacturing
- LLC Sinersis
- OOO Ural plant Promelektronika

**VERKHNYAYA SALDA**
46 900 inhabitants
- JSC Corporation
- VSMPO-AVISA
- IPZ
- Titanium Valley
- OOO VSMPO-New Technologies
- JSC Ural Boeing Manufacturing
- LLC Sinersis
- OOO Ural plant Promelektronika

**MAP PARTICIPANTS TITANIUM CLUSTER IN SVERDLOVSK REGION**

- Commercialized manufacturing technology
- Successful manufacturing technology
- Order to develop a manufacturing technology
- Patents, R&D results.

**RESEARCH, INNOVATION AND EDUCATION ENTITIES**
- SMALL-Scale INNOVATION BUSINESS
  - Refinement of processes and products
  - Trial implementation
  - Competence Center (Ural's University Complex and Regional Engineering Center)
  - R&D Center
  - Trials
  - Licensing and certification
  - Staff training for the new processes
ALGORITHM FOR OBTAINING SEZ’S BUSINESS RESIDENT STATUS

1 MONTH

Letter of Intent between the Titanium Valley SEZ and the Company, enclosed with a Project Passport

week

Draft business plan complying with the criteria established by RF Ministry of Economic Development

3 week

Supervisory Board (recommendational)

2 MONTH

Registration as a legal resident within Verkhnyaya Salda City District

3 week

Submission of the application, together with the complete set of project-related documents

1 week + 3 day

3 MONTH

Approval by the Expert Council

1 week + 3 day

Conclusion of an agreement on conducting industrial-production operations within the SEZ

4 week + 2 day

1 week + 3 day
OPTIONS FOR LAUNCHING A PRODUCTION FACILITY

PREPARED SITE WITH INFRASTRUCTURE AND THE REQUISITE CONSTRUCTION PERMIT

SELF-ORGANIZED PRODUCTION
Construction by resident

FINISHED PRODUCTION FACILITIES WITH THE REQUIRED INFRASTRUCTURE
Construction by the management company

PURCHASE RENT LEASE
CURRENT RESIDENTS OF THE TITANIUM VALLEY SEZ

"SYNERSYS", LLC
Setting up of production of power-saving high-voltage equipment

"STROYDIZEL-COMPOSITE", LLC
Setting up of production of nanostructured glass-reinforced plastic pipes

"URALS OPTICAL FACTORY", LLC
Setting up of manufacturing of fiber-optic cables, to subsequently produce primary materials for optical fiber within the scope of imports substitution

"PRAXAIR TITANIUM VALLEY", LLC
Construction of a high-tech filling station for refilling pressure vessels with natural or special gas

"TITANIUM" ELECTRICAL SUBSTATION
110/10 kV
Upgradeable to 40 MW

JSC "AS PROM"
Setting up of production of concrete products manufactured under a resource-conscious technology

"INFECOM-URAL", LLC
Setting up of production of manganese alloys

CJSC MICROMET
The organization of manufacture of products from metal powder by the method of additive technologies

SEZ ADMINISTRATION AND OFFICES BUILDING
Setting up of production and machining of forged titanium-alloy products for aviation

Adjacent territory
* Business and hospitality infrastructure
* Residential and social infrastructure
INTERNATIONAL AND REGIONAL COOPERATION WITH BUSINESS - ASSOCIATIONS AND UNIONS
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