TITANIUM VALLEY
Special Economic Zone
Sverdlovsk Region
Russian Federation
the third largest airhub 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.

Location of the SEZ

Region’s transport infrastructure accessibility

The SEZ region’s transport infrastructure accessibility includes:

- The third largest airhub 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.

- rated 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

TITANIUM VALLEY

VERKHNYAYA SALDA
Production of titanium

Krasnoturyinsk
Production of iron ore raw materials

Kachkanar
Production of iron ore raw materials

SEROV
Steel and cast iron production and rolling

Nizhny Tagil
Steel and cast iron production; manufacture of military machinery and road construction machinery, special-purpose railway cars and tank cars

Pervouralsk
Manufacture of steel pipe and metalworking

Polievskoy
Manufacture of steel pipes

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

Krasnoturyinsk
Production of aluminium oxide and aluminium

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

* Data for 2014

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

- Ferrous and Non-ferrous Metallurgy and Production of Finished Metal Products: 48%
- Other Industries: 13%
- Production and Distribution of Electricity and Natural Gas: 11%
- Food Processing: 6%
- Vehicles Manufacturing: 5%
- Electrical Equipment Manufacturing: 5%
- Production of Various Non-Metal Mineral Production: 4%
- Mining: 3%
- Machinery Manufacturing: 3%
- Chemical Industry: 2%
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**

<table>
<thead>
<tr>
<th>Industry Type</th>
<th>Volume (Billion of Rubles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MANUFACTURING</td>
<td>1311,4</td>
</tr>
<tr>
<td>PRODUCTION AND DISTRIBUTION OF ELECTRICITY, GAS AND WATER</td>
<td>168,7</td>
</tr>
<tr>
<td>MINING</td>
<td>51,2</td>
</tr>
<tr>
<td>WHOLESALE AND RETAIL TRADE</td>
<td></td>
</tr>
<tr>
<td>MINING</td>
<td></td>
</tr>
<tr>
<td>REAL ESTATE</td>
<td></td>
</tr>
<tr>
<td>TRANSPORT AND COMMUNICATIONS</td>
<td></td>
</tr>
<tr>
<td>CONSTRUCTION</td>
<td></td>
</tr>
<tr>
<td>PRODUCTION AND DISTRIBUTION OF ELECTRICITY, GAS AND WATER</td>
<td></td>
</tr>
<tr>
<td>OTHER SECTORS</td>
<td></td>
</tr>
</tbody>
</table>

**GROWTH OF THE SVERDLOVSK REGION’S GRP, BILLIONS OF RUBLES**

- 2009: 825,3
- 2010: 1046,6
- 2011: 1291
- 2012: 1484,9
- 2013: 1586,2

**GRP STRUCTURE, IN %**

- MANUFACTURING: 26%
- WHOLESALE AND RETAIL TRADE: 21%
- MINING: 19%
- REAL ESTATE: 12%
- TRANSPORT AND COMMUNICATIONS: 11%
- CONSTRUCTION: 5%
- PRODUCTION AND DISTRIBUTION OF ELECTRICITY, GAS AND WATER: 4%
- OTHER SECTORS: 2%

*Information for 2013*
### INVESTMENT TO THE SVERDLOVSK REGION

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Equity</td>
<td>45.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Borrowings</td>
<td>26.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Financing</td>
<td>10.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Govt Budget</td>
<td>9.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sverdlovsk Region `s Govt Budget</td>
<td>4.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### COMPANIES 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

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

- 2009: 200.4
- 2010: 264.5
- 2011: 333.5
- 2012: 351.6
- 2013: 352.9
- 2014: 370.4
ECONOMIC ACTIVITIES OF FOREIGN COMPANIES IN THE SVERDLOVSK REGION*

EX Terports, 7667,9 MILLION USD

IMPORTS, 3063,3 MILLION USD

13 CONSULATES GENERAL
AZERBAIJAN
UNITED KINGDOM
HUNGARY
VIETNAM
GERMANY
R. OF CYPRUS
KYRGYZSTAN
P.R. OF CHINA
TAJIKISTAN
USA
FRANCE
CZECH REPUBLIC
UKRAINE

12 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, %**

1. FOOD COMMODITIES: 1%
2. METALS AND METAL PRODUCTS: 56%
3. CHEMICAL INDUSTRY’S PRODUCTS, RUBBER: 18%
4. MINERAL PRODUCTS: 3%
5. OTHER COMMODITIES: 3%

**STRUCTURE OF IMPORT, %**

1. RAW MATERIALS FOR LEATHER INDUSTRY PRODUCTION: 1%
2. MACHINERY, EQUIPMENT AND VEHICLES: 14%
3. TEXTILES: 14%
4. MINERAL PRODUCTS: 6%
5. FOOD COMMODITIES: 5%
6.OTHER COMMODITIES: 3%

* 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>
<tr>
<td></td>
<td>20%</td>
<td>2.2%</td>
<td>1.5%</td>
<td>X% depends on engine horsepower</td>
<td>5% to 20%</td>
<td>10% to 18%</td>
</tr>
<tr>
<td>RUSSIA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></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
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: 3,646 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

IF LEASED

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

IF PURCHASED

- 125,496.00 rubles per ha

The exact lease price depends on the invested amount (7% below the property's cadastral value)

Internal roads network

Railroad transportation network

Communications networks

Gas supply network

Water supply network

Power supply 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
000 Ural Factory innovation
LLC New metallurgy
000 Ural Institute Welding-Metallurgy Ltd. Foundry UBM
LLC Ingimet
LLC APM-Rus
LLC SKEYLIM
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

MAP PARTICIPANTS TITANIUM CLUSTER IN SVERDLOVSK REGION

NIZHNY TAGIL
360 000 inhabitants
LLC Enkon Service
JSC Corporation VSMPO-AVISMA
IPZ
Titanium Valley
000 VSMPO-New Technologies
JSC Ural Boeing Manufacturing
LLC Sinersis
000 Ural plant Promelectronica

VERKHNYAYA SALDA
46 900 inhabitants

MANUFACTURERS

Order to develop a manufacturing technology
RESEARCH, INNOVATION AND EDUCATION ENTITIES

Yekaterinburg

Nizhny Tagil

Order to develop a manufacturing technology

Patents. R&D results.

SMALL-SCALE INNOVATION BUSINESS
* Refinement of processes and products
* Trial Implementation

COMPETENCE CENTER
(Urals University Complex and Regional Engineering Center)
* R&D center
* Trials
* Licensing and certification
* Staff training for the new processes

TECHNOLOGY PARK AT THE TITANIUM VALLEY SEZ

Commercialized manufacturing technology

SUCCESSFUL MANUFACTURING TECHNOLOGY

Order to develop a manufacturing technology

TECHNOLOGY PARK AT THE TITANIUM VALLEY SEZ

Commercialized manufacturing technology

SUCCESSFUL MANUFACTURING TECHNOLOGY
### ALGORITHM FOR OBTAINING SEZ’S BUSINESS RESIDENT STATUS

<table>
<thead>
<tr>
<th>1 MONTH</th>
<th>2 MONTH</th>
<th>3 MONTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letter of Intent between the Titanium Valley SEZ and the Company, enclosed with a Project Passport</td>
<td>Draft business plan complying with the criteria established by RF Ministry of Economic Development</td>
<td></td>
</tr>
<tr>
<td>week</td>
<td>3 week</td>
<td></td>
</tr>
<tr>
<td>Supervisory Board (recommendational)</td>
<td>Registration as a legal resident within Verkhnyaya Salda City District</td>
<td></td>
</tr>
<tr>
<td>3 week</td>
<td>1 week + 3 day</td>
<td></td>
</tr>
<tr>
<td>Submission of the application, together with the complete set of project-related documents</td>
<td>1 week + 3 day</td>
<td></td>
</tr>
<tr>
<td>Approval by the Expert Council</td>
<td>4 week + 2 day</td>
<td>Conclusion of an agreement on conducting industrial-production operations within the SEZ</td>
</tr>
<tr>
<td></td>
<td>1 week + 3 day</td>
<td></td>
</tr>
</tbody>
</table>
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

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

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

“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

“VSMPO-NEW TECHNOLOGIES”, LLC
Setting up of production and machining of forged titanium-alloy products for aviation

“TITANIUM” ELECTRICAL SUBSTATION
110/10 kV Upgradeable to 40 MW

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

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

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

Adjacent territory
*Business and hospitality infrastructure
*Residential and social infrastructure

Nizhny Tagil – Nizhnyaya Salda motor road
Railroad Nizhny Tagil - Alapaevsk

“INFERCOM-URAL”, LLC
Setting up of production of manganese alloys
INTERNATIONAL AND REGIONAL COOPERATION WITH BUSINESS - ASSOCIATIONS AND UNIONS

- American Chamber of Commerce in Russia
- CERBA
- ROTOBO
- AHK
- GIFAS
- TUSKON
- CCI France Russie
- Advantage Austria
- Russo-British Chamber of Commerce
- CCBLR.com
- Regional employers' association Sverdlovsk Regional Union of dustrylists and Entrepreneurs

Member
CONTACT DETAILS

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Verkhnyaya Salda
Sverdlovsk region
Russian Federation

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E-mail: so@midural.ru

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MR. ARTEMIY KYZLASOV
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Cellphone: +7 (912) 040 1333