



Industrial Park “Safonovo”

Point of creation and application.
Industrial Park of composite technologies.

Managing company “Industrial Park “Safonovo” LLC
Safonovo, Smolensky region

May 2014

Project Briefly

Name

Industrial Park “Safonovo”



Main point

Implementation of the advanced international experience to provide best conditions for composite technologies creation and application.

Sector

Design, industrial engineering, production of modern composite materials, products and sub-components.

Project Goal

Creation of the leading industry manufacturing cluster in design, engineering and commercial production of composite materials and products, along with special equipment and manufacturing techniques.

Initiators

Avangard JSC- leader of Russian composite industry, part of NPO Mashinostroeniya Corporation.

Soyus KTI- professional non-profit association consolidating composite industry leading enterprises.

Project resources

Leading experts in new technology and materials design, engineering and production, more than 50-years experience, favorable business environment, representation of the Industrial Park and local and state authorities interaction assistance, 155 hectares Greenfield, engineering infrastructure.

Location

Safonovo, Smolensky region, Russia

Managing company

“Industrial Park “Safonovo”, JSC

Start

May 2014

Education Program

Human resources: Training and Education Center

May 2014



Reorganization of local educational institutions into Smolensk Academy of Professional Education. The Academy professors' retraining program has been initiated by Russian and foreign professionals and industry dedicated R&D enterprises.

September 2014



First course will start in September 2014.

December 2015



Adoption of the Professional educational standard by the ministry of education and science of the Russian Federation.

May 2016

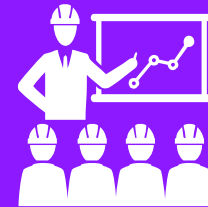


Establishing of an Educational program and specialized department at Smolensk Academy of professional education.

Goal:

Creation of major educational center

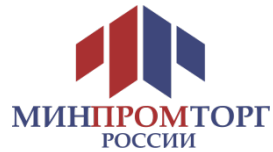
for productive specialists with tuition, training and retraining programs aimed to enhance quality of human resource in composite industry.



Industrial engineering center

Partners:

The ministry of industry and trade of the Russian Federation

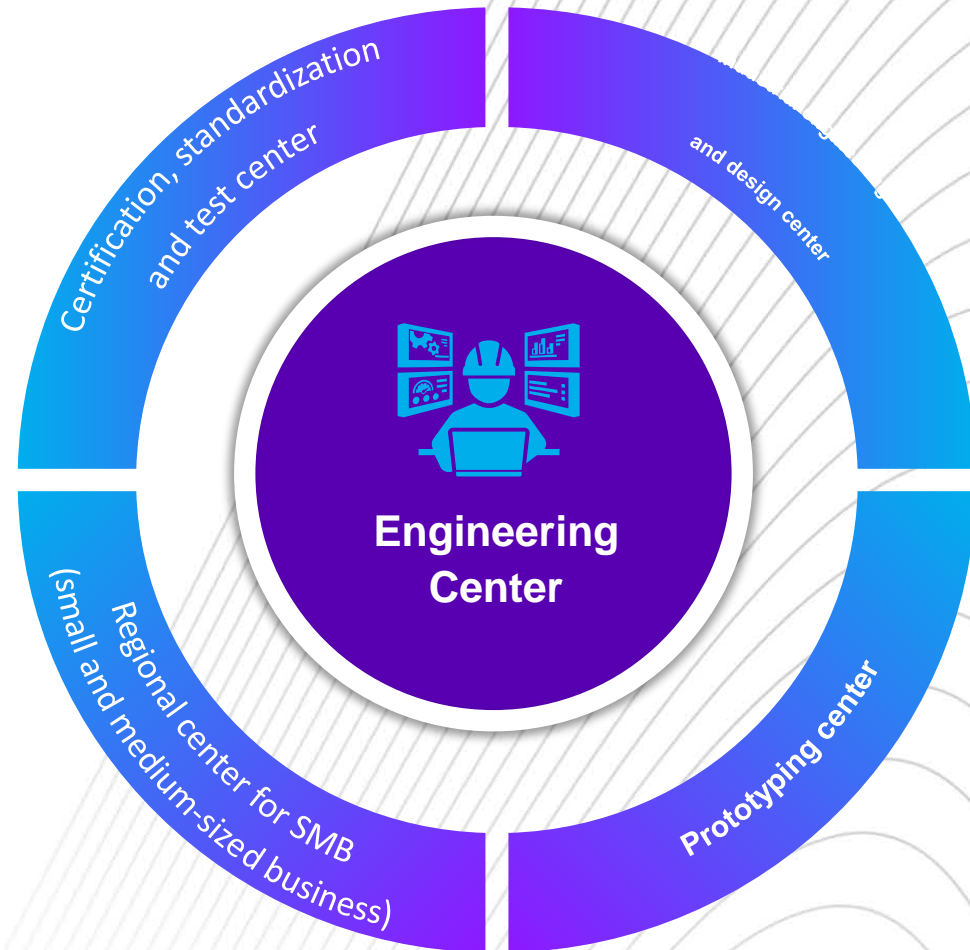


The ministry of economic development of the Russian Federation



Минэкономразвития России

The ministry of construction, housing and utilities of the Russian Federation



Launching parameters

Favorable business environment



Project is supported by local and state authorities.

Managing company represents Industrial Park residents.



Smolensky region

To provide **better investment environment, decrease administrative barriers and protect business** there was founded Smolensky regional fund for entrepreneurial support.



Preferential financial instruments

- **Free economic zone,**
- **Fiscal investments** and loan programs,
- Government **guarantees,**
- **Subsidized loans,** lease payments and bonds.



Tax relief program

15,5%

Income Tax

0%

Transport Tax

0%

Property Tax

0%

Land Tax

Launching parameters

Land area

Land area

2 plots of land (25 and 130 hectares) in the immediate vicinity. The power line divides 130 ha plot into two pieces. The topography of the plots is smooth. Permitted use of land is industrial production.

Lease terms

25 ha plot - 15 years lease-purchase

130 ha plot - 49 years lease-purchase

130 ha

is municipal property





25 ha

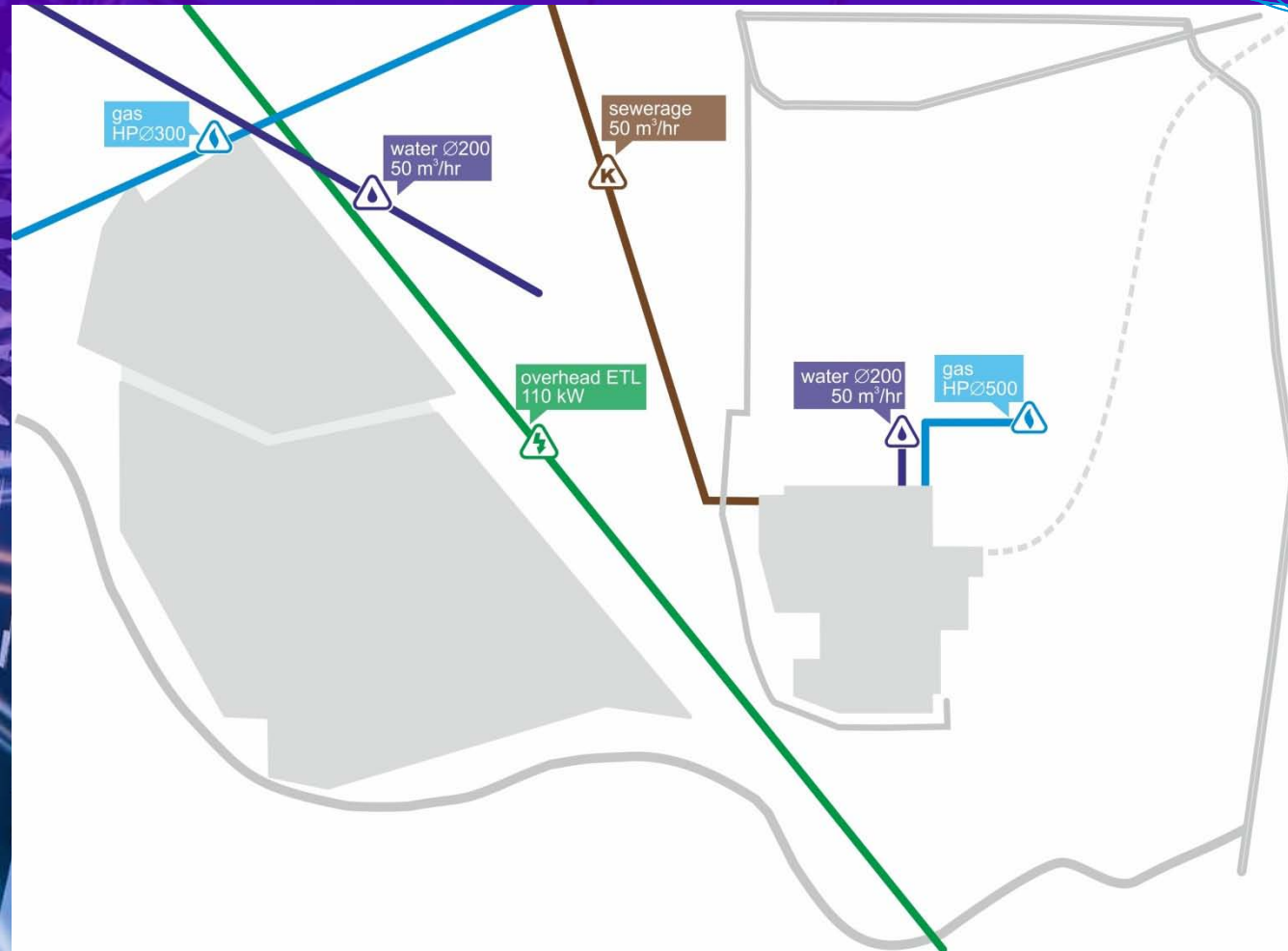
is a property of
"Avangard", JSC

Launching parameters

Engineering infrastructure

There are power and gas capacities, sewerage and water pipes. Total available output is up to 35MWt.

| | | Output | |
|--------------------|---|----------------------|----------------------|
| | | 130 ha | 25 ha |
| Gas |  | 300 mm | 500 mm |
| Water |  | 70 m ³ /h | 50 m ³ /h |
| Electricity |  | 20 MWt | 15 MWt |
| Heat |  | 50 Kkal/h | 50 Kkal/h |



Launching parameters

Road network

Three routes from the Federal highway Moscow-Minsk.

Route 1: 9,5 km

Route 2: 7,0 km

Route 3: 9,0 km



Launching parameters

Human resources

4

populated localities around Industrial Park "Safonovo"

117,000

Total population

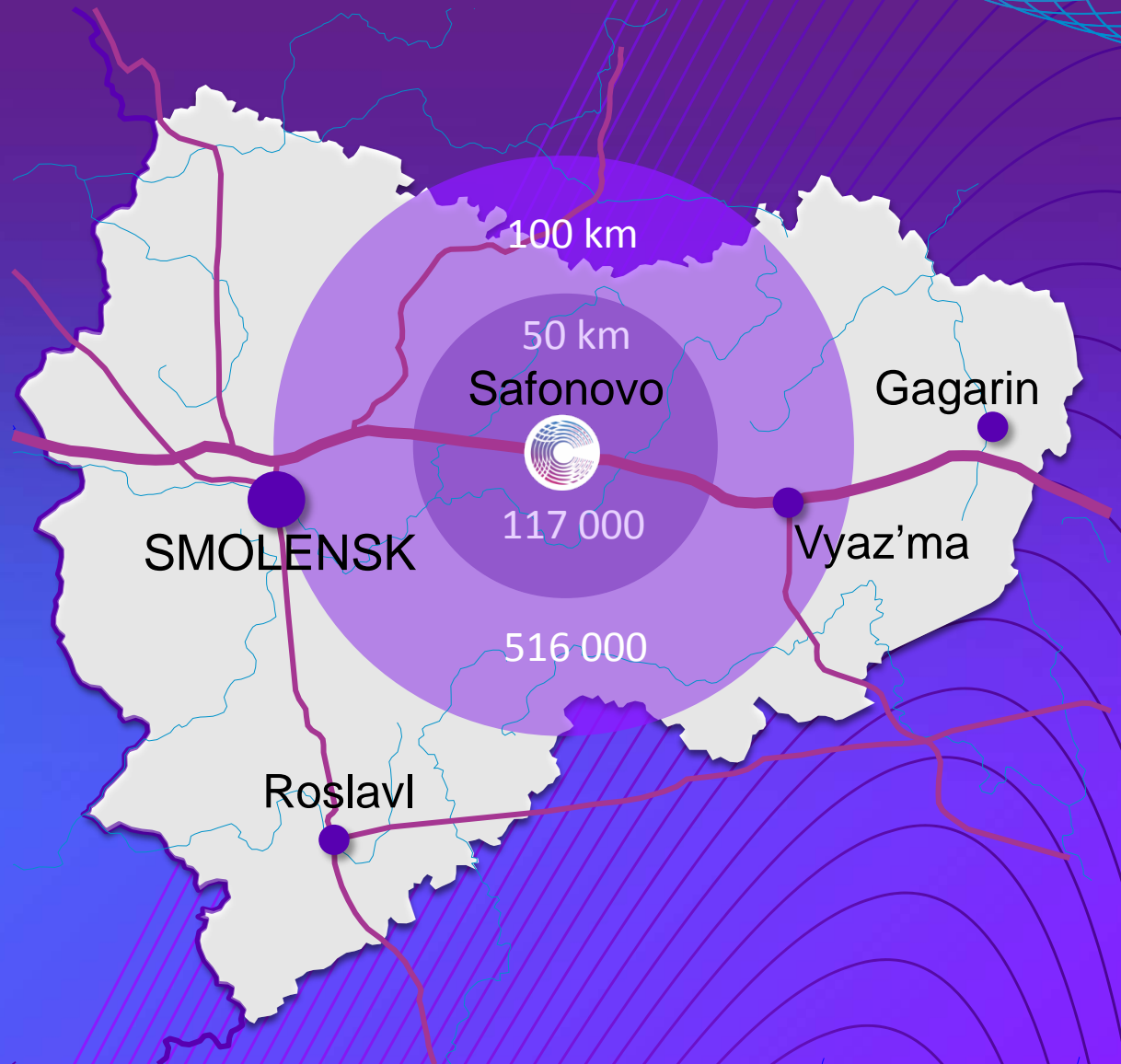
516,000

Total population within 100 km

52%

Economically active population.

Industrial Park "Safonovo" and Smolensk Academy of professional education initiated educational and training programs for composite industry specialists.



Launching parameters

Core entities

Avangard JSC

Russian leading producer of composite materials and large-dimensioned units. It is an affiliated entity within Military-Industrial corporation "NPO Mashinostroyenia". Avangard JSC produces disposal containers, rocket bodies, elements of armor.

The Union of pipes and composite materials items producers (Soyuz KTI) («Союз КТИ»)

was founded in 2010 as professional non-profit organization consolidating leaders of composite industry. It provides market leaders' R&D platforms, educational programs, international cooperation assistance and development, national manufacturing standards, government relations. For now the Union consists of 26 composite materials producers.

JSC «Avangard»

Location and Environment

Business environment



Smolensky region

Smolensky region has several significant advantages for industrial production:



Ability to source high-level personnel for low-level salary



Unique location close to main way from Moscow to Europe



Electric power surplus



Low level of lease and land price



Average level of salary

Monthly average level of salary in 2013

| | |
|-------------------------|------------------|
| Smolensky region | 16300 RUB |
| Tver region | 18000 RUB |
| Kaluga region | 21700 RUB |



Index Position in Russian region's list

| | |
|-----------------------|-----------|
| Energy balance | 4 |
| Average salary | 55 |
| Budget surplus | 72 |
| Investment risk | 45 |

Location and Environment

Transport infrastructure



Highway

Federal highway M-1 is the main way for trucking from Moscow to Europe. It passes Industrial Park “Safonovo” in 7 km.



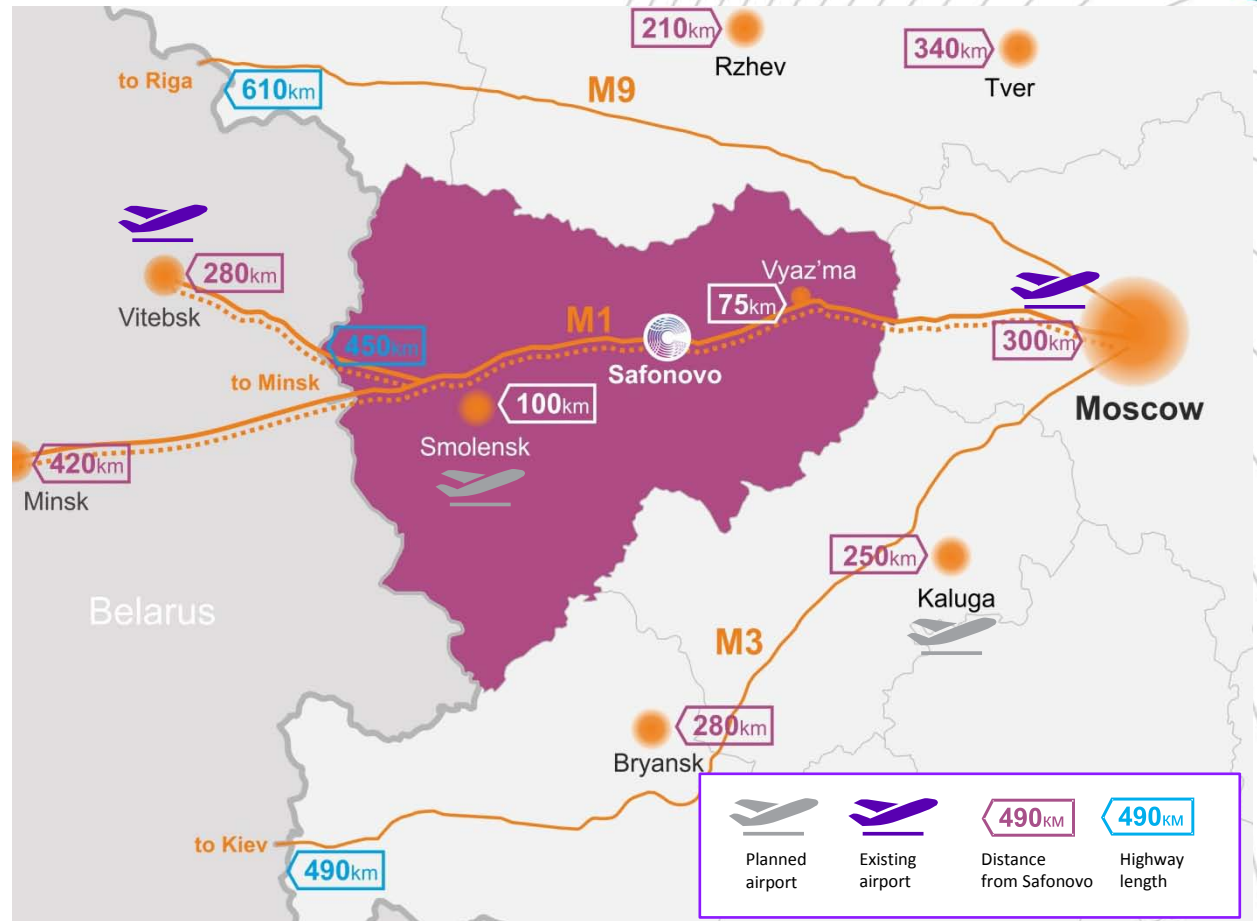
Railway

Railway freight **Russia-Europe traffic passes** by Safonovo. Industrial Park has an immediate access to the branch line of it; Russian railway corporation plans to arrange high-speed passenger line by 2020.



Airport

There are **3 airports** in Moscow (300 km) and 2 in Belarus (Vitebsk /280 km/, Minsk /420 km/).



Location and Environment

Smolensk region summary

49 779 sq. km.

Area

975 000

Population

183 bln. rub.

Gross regional product

22%

Industrial production in GRP



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