

Technology & Development Special Economic Zone “Istok” (T&D SEZ “Istok”)

T&D SEZ “Istok” was established on the territory of Fryazino urban district in Moscow region (Order of the Government of the Russian Federation № 1538 dated December 31, 2015)

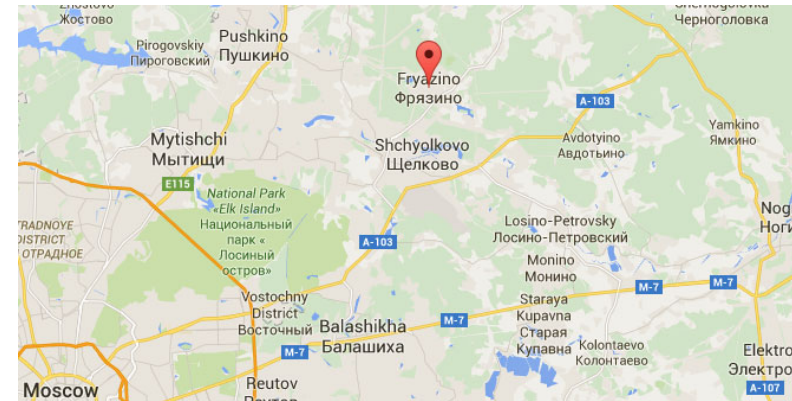


Fryazino - science town in Moscow region with high innovation potential



Population potential

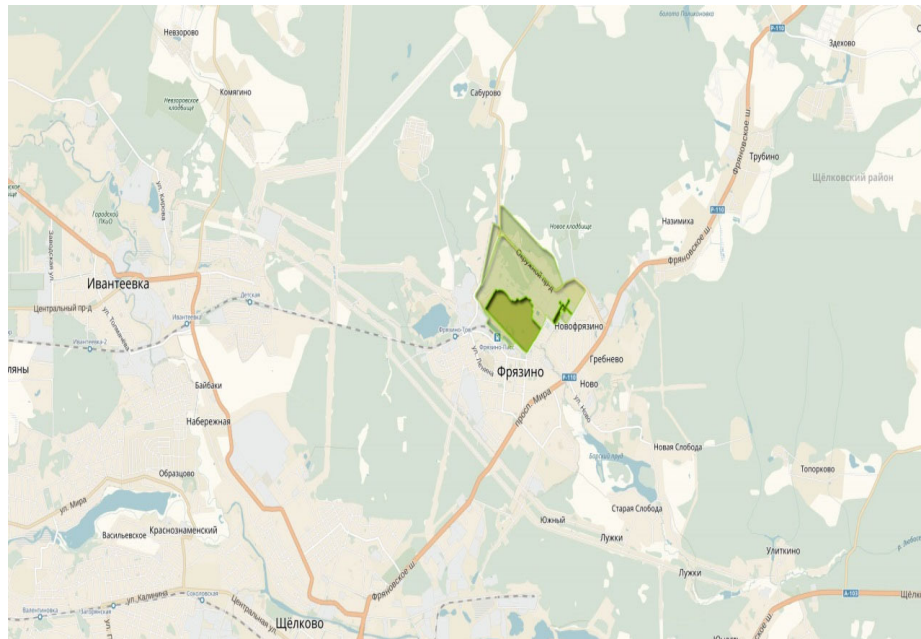
- 59.8 th inhabitants
- 364 inhabitants with Phd
- 16% are engaged in high technology industries
- 2 Research Institutes:
 - Federal Institute of Radio Engineering and Electronics Russian Academy of Science named after V.A. Kotelnikov
 - Special Design Office - Institute of Radio Engineering and Electronics Russian Academy of Science



Transport infrastructure

- Auto:
 - 25 km from MKAD by Shchelkovskoye Highway
 - 35 km from Moscow center
- Railway:
 - Regular commuter train
 - Separate cargo entrance
- Airports: Sheremetyevo (SVO), Domodedovo (DMO)
- River ports: 60 km from Moscow Southern, Northern and Western port complexes

T&D SEZ “Istok” last but not least among other Russian SEZs



- Current SEZ territory – 0.6 sq. km
- Perspective SEZ territory – 1.4 sq. km

- General
 - Brownfield
 - Since 2015
 - Valid within 49 years
 - 0% of state shareholders
- Specialization
 - Microwave electronics
 - Laser engineering
 - Complex system designing
- KPIs (2020):
 - Number of residents – 22
 - Number of employees – 883
 - Annual revenue – Rub 26 Bn
 - Foreign companies among residents – 10%

T&D SEZ “Istok” provides sufficient innovative infrastructure for residents



- Vital infrastructure

- Electricity

- Optional lines - 110/35/10 KW
 - Maximum power – 8.9 MW

- Central water and sewerage – 4,8 Th m3/day

- Central heating

- Provided capacity - 80 Gcal/hour
 - Full capacity - 160 Gcal/hour

- Gas supply

- Provided capacity - 29 Mn m3/year
 - Full capacity - 33,6 Mn gas TOE /year

- Innovation infrastructure

- Center for technologies transfer

- Cleanrooms

- Customs infrastructure

- Free custom regime

Exclusive privileges for residents in T&D SEZ "Istok"



- Special administrative regime implemented in "single window" format that reduces administrative barriers



- Simplified migration regime for foreign citizens engaged by T&D SEZ residents; it refers to a category of highly skilled professionals



- State guarantees for the whole period of the T&D SEZ existence (49 years), which are secured by the Federal Law 116 22.07.2005



- Free customs regime with zero VAT and customs duties rates



- Low rates for office and industrial premises rent



- Special tax regime including a reduction in income tax and no taxes on property, land and transport

T&D SEZ “Istok” tax regime

	SEZ residents	Non SEZ residents
Tax on profits:		
local budget		
(from the moment of registration as SEZ resident)		
1 - 8	0%	18%
9 - 14	5%	18%
after 15th year	13,5%	18%
federal budget		
2016-2017 years	0%	2%
from 2018 year	2%	2%
Property tax:	0%	2,2%
(10 years from the property registration date)		
Land tax:	0%	1,5%
(5 years from the date of land ownership registration)		
Transport tax:	0%	10-150 Rub/hp
(5 years from the date of registration)		
Insurance payments on payroll:		
2016-2017	14%	34%
2018	21%	34%
2019	28%	34%
after 2020	34%	34%

To be a resident of T&D SEZ “Istok”

Rental rates

- Office space – 550 Rub/sq. M per month (EUR 7,9)
- Production space – 550 Rub/sq. M per month month (EUR 7,9)

Land buyout

- Not provided

Connection to utilities

- Free of charge

Customization of workspace

- To be discussed

Other support

- Accounting services (mainly in the form of a simplified system of taxation)
- Legal services (corporate Law)
- Investment consulting services (fundraising, business planning, etc.).
- Marketing services (assistance in domestic and international markets expansion)
- Human resource consulting (recruitment, coaching and staff motivation programs)
- Patent-licensing services (registration of intellectual property rights)
- PR events (conferences, competitions, seminars, forums, round tables, printed information materials)

First “anchor” residents of T&D SEZ “Istok”



Research and production corp. “Istok”, PLC

- Microwave electronics development and production
- Planned investments – EUR 600 Mn
- Stuff – 6 067 employees
- Planned annual revenue (full production capacity by B 2019) – EUR 300 Mn



“TechInvest Service“, LLC

- Production of portable gas turbine power plants
- Planned investments – EUR 5,14 Mn
- Stuff – 41 employees
- Planned annual revenue (full production capacity by B 2019)– EUR 52 Mn



“Research and production corp. “Magratep”, Ltd.

- Microwave electronics development and production
- Planned investments –EUR 2,4 Mn
- Stuff – 120 employees
- Planned annual revenue (full production capacity by B 2021)– EUR 5,8 Mn



“Istok Audio International”, Ltd.

- Medical equipment production
- Planned investments – EUR 0,4 Mn
- Stuff –195 employees
- Planned annual revenue (full production capacity by B 2019) – EUR 7,4 Mn

Average T&D SEZ “Istok” resident profile

Preferable specialization:

- Complicated technical systems
- Electronics
- IT-technologies
- Medtech
- Photonics
- Telecom

Other possible specialization:

- Biotechnology
- Energy saving and renewable energy
- Instrumentation
- Nanotechnology
- Nuclear physics
- Pharmaceuticals

Average T&D SEZ resident profile:

- Origin – SME company or start-up
- Activity – 100% innovative
- Investment volume – EUR 2 Mn
- Required space – 300 sq. m
- Annual revenue – EUR 0,7 Mn
- Compound annual growth rate – 20%
- Productivity – EUR 0,03 Mn
- Staff – 20 employees

To become a resident of T&D SEZ “Istok”

- 1 step**
 - Register of a Company in the urban district Fryazino Moscow region in accordance with the legislation of the Russian Federation
 - Not having subsidiary and/or representative offices
- 2 step**
 - Submit to the Management company for special economic zone «Istok» an application and business plan of the project which is to be implemented in the SEZ
 - Approve business plan via the SEZ Istok Supervisory Board
- 3 step**
 - Receive the approval of the business plan by the Expert Council at the Ministry of Economic Development
- 4 step**
 - Sign an Agreement on technological/innovation activities with the Ministry of Economic Development and the Management Company (during the operation of SEZ).
 - Become entitled with resident status
 - Perform technical/innovation activities, invest in your business

Innovation development model of an electronic cluster inside the special economic zone (SEZ)



T&D SEZ “Istok” is governed by
management company empowered for
full cycle resident support

Joint Stock Company «Management company for special
economic zone «Istok» (JSC «MC SEZ «Istok»)

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