



# Business Summer in Poland



## Contents

<b>Welcome</b>	<b>2</b>
<b>Privatisation Project by the Ministry of the Treasury</b>	<b>4</b>
<b>Polish Business Climat by Polish Information and Foreign Investment Agency</b>	<b>7</b>
<b>Legal Environment in Poland by Łukowicz Świerzewski &amp; Partners</b>	<b>10</b>
<b>Office Market in Poland by Colliers International</b>	<b>14</b>
<b>Labour Market in Poland by Trio Management</b>	<b>17</b>
<b>Investment Incentives in Poland by Ernst &amp; Young</b>	<b>20</b>
<b>Special Economic Zones by Invest Park</b>	<b>24</b>
<b>Investment Opportunities by Azimutus Associates</b>	<b>27</b>
<b>New Technology News by IBM</b>	<b>32</b>
<b>Summer in Warsaw</b>	<b>35</b>

## Business Summer in Poland

Dear Reader,

We are pleased to present you with the first issue of our quarterly magazine on Poland and the Polish business environment. This quarterly has been prepared by entities operating in different areas of the Polish economy. In their articles, the Polish Information and Foreign Investment Agency, the law firm Łukowicz Świerzewski & Partners, Colliers International, Trio Management, Ernst & Young, Azimutus Associates, the Ministry of Treasury wish to familiarize you with the Polish business environment and update you on market developments. Should you have any questions regarding the articles or the field of activity of any of the partners or their projects, please feel free to contact us at any time.

In the SUMMER issue we encourage you to spend this year's summer in Warsaw, the capital city of Poland. Therefore, apart from strictly business-oriented information, we have prepared an overview of summer attractions in Warsaw as well as special offers in hotels and restaurants there. If you do wish to spend some time in Warsaw, we will be delighted to facilitate your stay by helping you in arranging

meetings that are in the scope of interest and providing guidance on how to have a great time in Poland.

With our warmest regards

The Authors

# PRIVATISATION PROJECTS

## BY THE MINISTRY OF TREASURY

*(...) The Privatisation Plan for the years 2008-2011, adopted by the Polish Government in 2008, contains schedules of privatisation for over 800 companies in which the State Treasury holds significant stakes.*



Ministry of Treasury of the Republic of Poland



## **PRIVATISATION PROJECTS**

### **by the Ministry of the Treasury**

Dear Sirs,

I have the great pleasure in introducing you to the essential assumptions for the largest Ownership Transformation Programme in Poland since 1990. The Privatisation Plan for the years 2008-2011, adopted by the Polish Government in 2008, contains schedules of privatisation for over 800 companies in which the State Treasury holds significant stakes.

The privatisation offer prepared by the Polish Government responds to the needs of investors operating businesses in various areas. The privatisation plan contains a list of companies from major economy sectors such as financial institutions, power industry, chemistry and petroleum industries. Also, it comprises companies from other sectors including the machine, electronic, metal and food sectors. The list of entities intended to be privatised contains also trading companies and service units as well as minority shareholding (residues) or companies from the NFI Program. The Privatisation Plan for the years 2008-2011

does not cover only those companies which are on the list of entities treated as strategic for the Polish economy, e.g.: PSE-Operator, Gaz-System.

The extensive privatisation offer of the Ministry of Treasury of the Republic of Poland is supported by measures intended to streamline the ownership transformation process and reduce its costs. These measures include a wide range of privatisation paths. This variety of privatisation paths enables customization of the process to suit the specific features and needs of a company and current economic situation. Additionally, the modification of privatisation regulations made in February 2009 facilitates this process.

Responding to the increasing interest of foreign investors in participating in the privatisation of Polish companies, the Ministry of Treasury of the Republic of Poland has launched a website in the English language dedicated primarily to potential investors. The website may be accessed at [www.msp.gov.pl](http://www.msp.gov.pl). In the "Investor Relations" tab, interested entities may find general information on the selected company. The website also contains a comprehensive database of profiles of companies expected to be privatised in the near future, or those for which the sales

procedure is pending. As new announcements concerning the beginning of the privatisation process are posted, profiles of other companies will be added and updated. They contain essential facts regarding the market on which a specific company operates, a description of the adopted development strategy, current financial data as well as the planned privatisation schedule and procedure. Also, the "Investor Relations" service gives the opportunity to go deeply into the available privatisation paths, news concerning the sales of stakes owned by the Treasury, or the Privatisation Plan for the years 2008-2010. Potential investors interested in obtaining information on companies to be privatised may use a contact form accessible on the website, or obtain information by sending requests to the dedicated e-mail address:

[investor@msp.gov.pl](mailto:investor@msp.gov.pl).

Currently around 400 privatisation processes are ongoing. In the next issues of the quarterly you will find more information on the selected parts of the privatisation processes.

I would like to encourage you to consider joining the process of economic transformation in Poland. Thanks to its optimum location in the heart of Europe, developed economy as

well as reliable and effective monetary and fiscal policies, Poland is an ideal place for capital investments.

Yours faithfully,

Aleksander Grad

Minister of Treasury

**For more information please contact:**

**Investor Relations Centre**

**Public Relations Office**

**Ph. (+48 22) 695 90 01**

**Ph. (+48 22) 695 90 02**

**[investor@msp.gov.pl](mailto:investor@msp.gov.pl)**

## **POLISH BUSINESS CLIMAT**

### **BY POLISH INFORMATION AND FOREIGN INVESTMENT AGENCY**

*(...) Poland expects more direct investment during the global downturn.*



## **POLISH BUSINESS CLIMAT**

### **by Polish Information and Foreign Investment Agency**

#### **Poland expects more direct investment during the global downturn**

**Poland is one of the few places in Europe which can offer investors a safe haven during the global economic downturn. Data concerning GDP for the first quarter of 2009 proves that Poland managed to avoid recession, and also shows that the Polish economy has been growing. Paradoxically, Poles were helped by the global economic downturn.**

According to Eurostat, Poland is one of only two European countries which recorded growth of the Gross Domestic Product by 1.9% year on year. At the same time, the Slovak economy shrank by 5.4%, the Hungarian by 4.7% and the Czech by 3.4%.

Experts from the Polish Central Statistical Office claim it was internal demand that exerted the greatest influence on the growth of Poland's GDP. The 38-million-strong nation forms a large, well-developed market where

a significant amount of goods and services generated in Poland may be sold.

Poles have a right to regard themselves as relative winners in the crisis period. "Any country whose consumption is growing, whose financial system is not experiencing shocks and whose economy has been bolstered by a potent injection of €100 billion of structural funds can well regard itself as a winner. Those resources have been activated at the best possible moment to lubricate the economy." - says Mr Waldemar Pawlak, Deputy Prime Minister and Minister of Economy.

Ernst & Young's 2009 European attractiveness survey fully confirms Poland's economic power. Poland has kept the excellent 2<sup>nd</sup> position in Europe, following the UK, in regard to the number of new jobs generated by foreign direct investments (FDI). Polish neighbours and competitors in the region recorded substantial job losses: the Czech Republic fell by 7 positions (from 3<sup>rd</sup> to 10<sup>th</sup>) and Slovakia saw 57% less new workplaces created last year in comparison to the same period in 2007. In terms of new investments, the number of projects realised in the country in 2008 gave the 5<sup>th</sup> highest position (an improvement from 7<sup>th</sup> in the previous edition).

## Business Summer in Poland

Due to the country's economic and political stability as well as public aid to investors, Poland has been constantly attracting projects from sectors with the greatest value added, such as the electronics, aviation and renewable energy sectors. The extremely dynamic development of modern BPO centres has become, in recent years, one of the major

elements responsible for the growing competitiveness of the Polish economy.

Poland is becoming an increasingly significant player on Europe's economic map. This year, the nation at the heart of Europe will exceed Sweden and Belgium in terms of the value of its national product.



**For more information please contact:**

**Foreign Investment  
Department**

**Tel: +48 22 334 98 75**

**Fax: +48 22 334 99 99**

**E-mail: [invest@paiz.gov.pl](mailto:invest@paiz.gov.pl)**

**Polish Information and Foreign Investment Agency (PAIIZ)**

**ul. Bagatela 12, 00-585 Warsaw, Poland**

**[www.paiz.gov.pl](http://www.paiz.gov.pl)**

## LEGAL ENVIRONMENT IN POLAND

BY ŁUKOWICZ ŚWIERZEWSKI & PARTNERS



*(...) Poland is a member of the European Union. Therefore, the same rules for conducting business activity apply to Polish citizens as well as to foreign citizens from the European Union (EU) and the European Free Trade Agreement (EFTA) zone.*



## LEGAL ENVIRONMENT IN POLAND

### by Łukowicz Świerzewski & Partners

Poland is a member of the European Union. Therefore, the same rules for conducting business activity apply to Polish citizens as well as to foreign citizens from the European Union (EU) and the European Free Trade Agreement (EFTA) zone. This means that the same legal forms for doing business in Poland are available to Polish and foreign investors from EU and EFTA zone. We briefly examine such legal forms in this article.

Other investors, including those operating in a territory outside the EU and EFTA zone, may conduct their business activity in Poland only if they receive specific permits which allow them to settle in Poland and conduct business activity. Such investors may conduct their business activity in Poland only in the form of a limited partnership, a limited joint-stock partnership, a limited liability company and a joint-stock company. They also have the right to purchase and acquire shares in such companies.

The forms available for doing business in Poland are the following:

**SOLE PROPRIETORSHIP** (indywidualna działalność gospodarcza)

This is a popular form of conducting a small business by an individual. A person running business in the form of a sole proprietorship is liable for all obligations arising from it with all his or her personal assets and is subject to personal income tax (PIT).

**BRANCH OFFICE AND REPRESENTATIVE OFFICE**

Branch office

A branch constitutes a part of a foreign company. It is registered under the name of the foreign company with a supplementary 'branch in Poland'. A branch office does not have its own legal personality and it conducts business activity only in the scope of business of its foreign investor.

Representative office

A representative office, on the other hand, may only conduct business activity relating to promotion and advertising of its foreign investor. No other business activity may be

conducted in the form of a representative office.

### **CIVIL PARTNERSHIP**

This type of partnership may be established by at least two natural persons or legal entities. A civil partnership is regulated by the Civil Code. It has no legal personality and is not able to act in its own name. It is a civil partnerships' partners who are jointly and severally liable for the partnership's liabilities.

**COMMERCIAL PARTNERSHIPS** – regulated by the Code of Commercial Companies and registered in the Register Entrepreneurs of the National Court Register. Entities of this kind do not have a legal personality but they may incur obligations and be subject to court proceedings.

#### Registered partnership

The partners in a registered company are jointly and severally liable for the partnership's obligations and their liability cannot be excluded. However, debtors are obliged, in the first instance, to seek satisfaction from the assets of the partnership.

#### Limited partnership

There are two types of partners in a limited partnership – an unlimited partner who bears personal unlimited liability for the partnership's obligations and a limited partner whose liability is limited to the amount specified in the partnership agreement.

#### Professional partnership

This is a partnership established by its partners for the purpose of performing a free profession. The free professions are fully listed in the Code of Commercial Companies and include such professions as public notaries, barristers, dentists, architects, accountants or sworn translators. The key feature of a professional partnership is that a partner is liable only for obligations arising from actions of persons working for the partnership under his or her management and is not liable for the obligations of other partners.

#### Limited joint-stock partnership

A limited joint-stock partnership is a hybrid of a limited partnership and a joint-stock company. It requires two types of partners: at least one partner who is liable for all the obligations of the partnership and at least one

partner shareholder who is free from any obligations of the partnership but is obliged to acquire paid-up shares.

**COMPANIES** – the most popular forms of conducting business activity by foreign investors. The liability of shareholders in companies is limited to the amount of the share capital. Nevertheless, in the event of ineffective execution against the company, members of the management board may be jointly and severely liable for its obligations. Their liability may be released under terms specified in The Code of Commercial Companies. In order to establish a company, it is necessary to conclude a notary deed of incorporation and register in the National Court Register.

Limited liability company (Sp. z o. o.)

A limited liability company may be founded by natural or legal persons and their contribution may be paid in cash and/or in kind. It may also be established by a single shareholder with certain restrictions. A LLC has legal personality and is represented by its management board. The minimum initial capital of LLC is PLN 5,000.

Joint-stock company (S.A.)

A joint-stock company may be founded by natural or legal persons and their contribution may be paid in cash and/or in kind. It may also be established by a single shareholder with certain restrictions. This kind of legal form is necessary for certain types of business activity such as banks and companies listed on the Warsaw Stock Exchange. The minimum initial capital of a joint-stock company is PLN 100,000.

The legal forms of conducting business activity described above are investor-friendly. There is, however, still room for improvement and Łukowicz Świerzewski takes active part in the project of Ministry of Economy which aims at ensuring better regulations for business in Poland.

**For more information please contact:**

**Lukowicz Swierzewski & Partners**

**Adrian Krzyzanowski**

**Managing Partner**

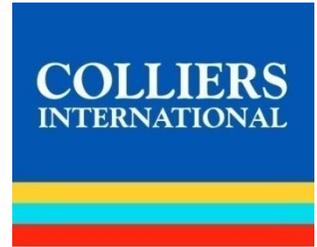
**Tel: +48 22 444 79 00**

**Fax: +48 22 444 79 01**

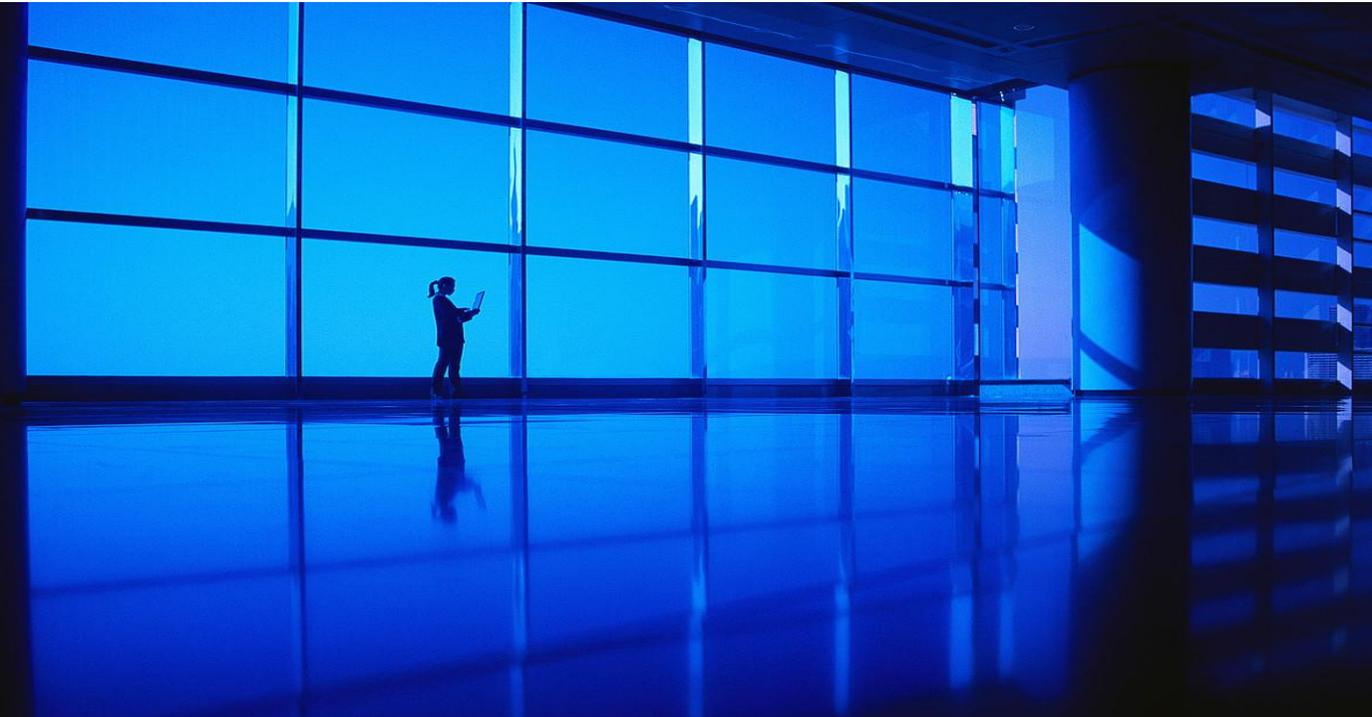
**E-mail: [akrzyzanowski@lukowicz.pl](mailto:akrzyzanowski@lukowicz.pl)**

# OFFICE MARKET IN POLAND

## BY COLLIERS INTERNATIONAL



*(...) Colliers International has the pleasure to present the results of its periodical research – OFFICE MARKET IN POLAND in the Warsaw area.*



## OFFICE MARKET IN POLAND

### by Colliers International

Colliers International has the pleasure to present the results of its periodical research – OFFICE MARKET IN POLAND in the Warsaw area.

#### SUPPLY

At the end of Q1 2009, the total office stock in Warsaw stood at 3,066,600 sqm.

Four new projects were delivered, offering in total 86,700 sqm of office space, including two large properties: Lipowy Office Park (38,450 sqm) in the South West zone and Horizon Plaza (31,500 sqm) in the Upper South zone.

#### DEMAND

Market activity dropped significantly in the previous quarter and it was only 45,500 sqm. In comparison with the parallel period in 2008 this represents a fall of almost 60%.

The highest level of demand was recorded in the Upper South zone, which still attracts significant interest from developers and

tenants, with as much as 38% of market activity recorded here.

The highest number of lease agreements concerned spaces between 100 and 500 sqm. The largest lease agreement was a renegotiation by Astra Zeneca in the Empark complex for 3,200 sqm. Renegotiations constituted 20% of all market activity.

Warsaw Office market		
Q1 2009		
Stock	Warsaw	3,066,600 sqm
	CBD	1,100,850 sqm
	Suburbs	1,965,750 sqm
Vacancy rate	Warsaw	4.47%
	CBD	5.30%
	Suburbs	4.01%

#### VACANT SPACE

In the last three months the vacancy rate in the Warsaw office market rose to 4.47%.

Currently, the largest amount of available space is in the Lower South zone – over 18%.

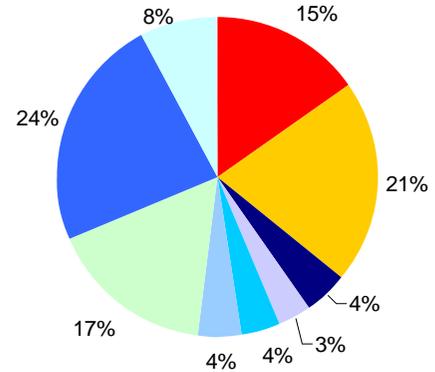
It is also worth mentioning that there is a high number of sub-lease offers available in the market. We estimate that there is around 40,000 sqm of modern office space available for sub-lease.

## RENTAL RATES

During the last three months asking rents in the city centre of Warsaw fell and are now around **EUR 20-27 per sqm** in most buildings. In non central locations the rental rates are lower and approximately average **EUR 14-17**. The highest asking rents in non central locations are in the West and Northern zones.

## Total office stock in Poland

Share of zones in the stock



- City Centre Core
- City Centre Fringe
- East
- Lower South
- North
- South East
- South West
- Upper South
- West

## LABOUR MARKET IN POLAND

### BY TRIO MANAGEMENT

*(...) Before the slowdown, the market was focused on employee demands, however, market headlines changed expectations in many sectors.*



## **LABOUR MARKET IN POLAND**

### **by Trio Management**

#### **Human Resources Management in Poland in the economic slowdown**

Economic situation usually affects the situation on the labor market. The current slowdown is no exception. Before the slowdown, the market was focused on employee demands, however, market headlines changed expectations in many sectors.

According to the current study by Trio Management, about half of Polish companies (48%) have had to reduce their staffing levels because of economic situation. This has caused radical change in employees' approach. Previously, HR managers suffered from pressure of rising salaries whereas employees were active on the market, looking for competitive job opportunities, which caused many difficulties in effective human resource management. This situation appears to have changed. According to official data from the Central Statistical Office, the unemployment rate has slightly increased – from 7.7% in March to 7.8% in April (compared to 7.3% in April 2008).

Companies were forced to look for opportunities to save money on full time employees and usually decided not to continue cooperation with temporary employees and reduced bonus payouts. During the first quarter of 2009, many companies had to take quick cost-reduction actions, sometimes despite otherwise positive economic circumstances and forecasts.

In the second quarter, some companies decided to use this situation to launch organizational improvement projects. There are three main reasons for taking action now: due to reduced number of orders some employees have a smaller workload than usual and therefore they have time to engage in internal projects, all planned changes in HR solutions are easier to negotiate with employees' representatives and easier to implement – employees value their jobs more than before due to the fact that most companies (76% according to Trio Management study) put all recruitment processes on hold, because of higher access to well qualified workers, there is a market opportunity to replace medium-qualified employees with high salaries – hired about 6-9 months ago – with better qualified personnel for a smaller outlay.

This situation is one of important reasons why many companies (36%) view the current slowdown as an opportunity, at least to build a better brand for the employer.

Other important reasons could include organizational flexibility and the desire to respond to new market needs very fast. The obvious area for company to track the changing market is in its product offering. But HR is supposed to support current company strategy and to adjust current HR systems.

According to the study, over 40% of companies either plan to change their bonus schemes or have already done so. Changes usually mean lowering target bonus but it varies depending on the type of position. Most companies decided to change the balance between qualitative and quantitative elements as the trend is to increase weight of qualitative goals.

The time of economic slowdown is not a perfect moment for maximizing profits but it is a good opportunity to build up a company's

market share, for organizations with the ability to act quickly.

**For more information please contact:**

**Trio Management**

**Daniel Niedbalski**

**Partner**

**Tel: +48 22 444 79 00**

**Fax: +48 22 444 79 01**

**E-mail: [d.niedbalski@triomanagement.pl](mailto:d.niedbalski@triomanagement.pl)**

# INVESTMENT INCENTIVES IN POLAND

BY ERNST & YOUNG



*(...) Investment incentives include European Union funds as well as from domestic sources. Regardless of the form of support, the incentive system as a whole is compliant with the European Union requirements and includes regional, horizontal and sectoral aid.*



## INVESTMENT INCENTIVES IN POLAND

### by Ernst & Young

Investment incentives include European Union funds as well as domestic sources. Regardless of the form of support, the incentive system as a whole is compliant with the European Union requirements and includes regional, horizontal and sectoral aid.

Regional aid is the most popular type of aid for companies carrying out projects in Poland. It is granted for initial investments, which are generally defined as investments related to setting up a new enterprise, extension of an existing enterprise, diversification of output into new, additional products or a fundamental change in the overall production process of an existing enterprise. The maximum level of aid depends on project's location. Furthermore, regional aid admissible for a project carried out in the chosen location is calculated as a percentage of the higher amount out of:

- eligible investment costs, or
- value of two-year employment costs of newly created jobs.

In particular, the aid intensity for particular voivodships is as follows<sup>1</sup>:

- 30% of eligible expenses - Warsaw (the city), mazowieckie voivodship from 1 January 2011,
- 40% of eligible expenses – mazowieckie voivodship until 31 December 2010, pomorskie, zachodniopomorskie, dolnośląskie, wielkopolskie, śląskie voivodships,
- 50% of eligible expenses - the rest of the country (i.e. warmińsko-mazurskie, podlaskie, kujawsko-pomorskie, lubuskie, łódzkie, lubelskie, świętokrzyskie, podkarpackie, małopolskie, opolskie voivodships).

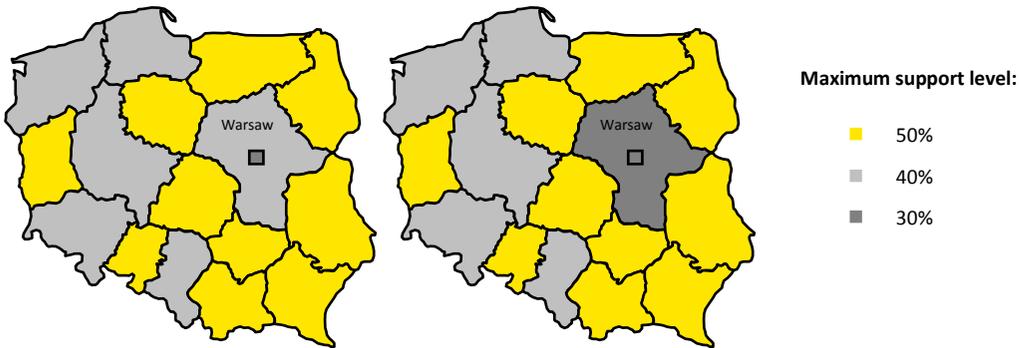
---

<sup>1</sup> Basic aid intensity levels are increased by 20 percentage points in case of small enterprises and by 10 percentage points in case of medium-sized enterprises.

### Map of regional aid intensities in Poland

until December 31<sup>st</sup>, 2010

from January 1<sup>st</sup>, 2011



Regional aid can be awarded in the form of support from EU funds (e.g. cash grants), support within the Multi-Annual Support Programme as well as a CIT exemption within the framework of Special Economic Zones. Importantly, different types of regional aid can be combined together. This means that if a company secures CIT exemption and was also awarded a grant on the same investment, the amount of tax credit will be reduced by the value of the grant accordingly.

We will deal with particular types of regional aid available in Poland in the subsequent editions.

Apart from the above, companies running business in Poland can also receive financial support for training projects (in the form of EU cash grants).

It is also possible to receive support for Research and Development activity. The incentives in this area include EU cash grants, but also tax benefits, e.g. when holding an R&D centre status (certain part of expenses can be recognised as tax deductible) or investing in R&D (expenses paid for purchase of new technologies can be partially deducted from the tax base).

*As Ernst & Young has broad knowledge and experience in helping companies to obtain and utilise state aid, we will be happy to answer your questions related to our publications in this scope. If you are considering developing new projects in Poland, we are also ready to provide you with any assistance needed when choosing the best location and deciding on utilising public funding opportunities.*

For more information please contact:

**Agnieszka Tałasiewicz**  
Partner  
Tax Advisory Services

**[Agnieszka.Talasiewicz@pl.ey.com](mailto:Agnieszka.Talasiewicz@pl.ey.com)**

**Tel: +48 (22) 557 72 80**

**Fax: +48 (22) 557 70 01**

**Paweł Tynel**  
Senior Manager  
Grants and Incentives Advisory  
Services

**[Pawel.Tynel@pl.ey.com](mailto:Pawel.Tynel@pl.ey.com)**

**Tel: +48 (22) 557 75 64**

**Fax: +48 (22) 557 70 01**

## **SPECIAL ECONOMIC ZONES – A SPECIAL PLACE TO INVEST BY INVEST PARK**

*A Special Economic Zone (SEZ) is an area where investors can run their businesses on preferential terms.*

*In this issue of our magazine, we have the pleasure to present you one of them – Walbrzych Special Economic Zone - INVEST-PARK.*



## **SPECIAL ECONOMIC ZONES – A SPECIAL PLACE TO INVEST**

### **by Invest Park**

**A Special Economic Zone (SEZ) is an area where investors can run their businesses on preferential terms. An entrepreneur wishing to invest in one of the fourteen Special Economic Zones is offered a specially prepared site for establishing a business as well as tax exemptions.**

**In this issue of our magazine, we have the pleasure to present you one of them – Wałbrzych Special Economic Zone - INVEST-PARK.**

**WSEZ INVEST-PARK Ltd.** is the company which manages the territory of Wałbrzych Special Economic Zone INVEST-PARK.

**Wałbrzych Special Economic Zone INVEST-PARK**, which operates since 1997, offers investment areas situated in south-western part of Poland in Lower Silesia, Opolskie, Wielkopolskie and Lubuskie Voivodships. It is composed of **38** Subzones and it occupies space of ca. **1,651.5 ha**.

The areas offered to the entrepreneurs who would like to conduct business activity within the territory of INVEST-PARK are greenfield areas with good communication within the Subzone as well as good communication with major industrial centers in Poland and Europe.

INVEST-PARK also offers the possibility of renting **office spaces** designated for service activity, located in three biggest industrial and educational centers of the region - Wrocław, Wałbrzych and Świdnica.

Investors wishing to start their business activity in INVEST-PARK will enjoy **tax exemptions** and incentives, which increases the investment capacities and possibilities. Attractive conditions for investment within the zone combined with good access to labor market, the economic potential of the region and a favorable location guarantee dynamic development for the investors.

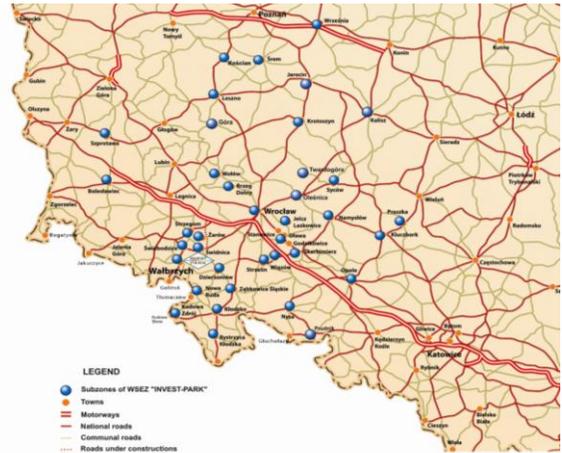
So far **126 companies** have obtained the permit for conducting business activity in the zone. **88** of them have already started their business activity.

## Business Summer in Poland

At the end of 2008 the total value of capital invested by entrepreneurs in INVEST-PARK amounted to over Euro 2.75 billion and the number of employees employed in factories operating in the INVEST-PARK zone reached 30,900 people.

The favorable investment conditions and professional service were appreciated by manufacturers such as **Toyota, Cersanit, Faurecia, NSK, General Electric, Metzeler, Henkel – Ceresit, Whirlpool, FagorMastercckok, Electrolux, Bridgestone, Colgate Palmolive, Cadbury Wedel, Marcegaglia** and many others.

We invite you to invest in the WSEZ “INVEST – PARK”. To find more on Invest-Park, please visit our website [www.invest-park.com.pl](http://www.invest-park.com.pl)



## INVESTMENT OPPORTUNITIES

### BY AZIMUTUS ASSOCIATES

#### POLISH ECONOMY IN ITS BATTLE AGAINST CRISIS

*(...) The crisis currently approaching the Polish economy, is commonly associated with bankruptcies, decreasing margins, a growing unemployment rate and drastically changing business environment*



## INVESTMENT OPPORTUNITIES

### by Azimutus Associates

#### POLISH ECONOMY IN ITS BATTLE AGAINST CRISIS

The crisis currently approaching the Polish economy, is commonly associated with bankruptcies, decreasing margins, a growing unemployment rate and drastically changing business environment. However, the crisis is also the time of verification - the verification of policies, business models and investment strategies. The crisis has badly affected a number of sectors such as residential real estate development sector. Not long ago this used to be one of the most popular business areas among investors. Now interest in it has largely disappeared. Multiple effects have profoundly influenced other sectors such as residential construction, real estate and the financial intermediary providers. Investing in a non-linear environment is particularly challenging and requires a broad perspective and the ability to foresee the course of crucial economic processes.

#### WIND ENERGY

As some sectors are shrinking, other become vibrant. There are still some areas hardly affected by the financial turbulence. For example, the wind energy sector achieved in 2008 a growth rate of 71%, as the total installed capacity increased from 276MW to 471MW and, in all probability, this rapid pace will be maintained with the 2010 target of 2000MW of total installed capacity. "In these difficult times investors are looking for safe havens with reasonable and stable cash flows that can easily be found in the Polish wind energy sector nowadays" – says Witold Hruzewicz – Managing Partner at Azimutus. "The largest obstacle for potential investors is the quality of potential projects – the market is at an early stage of development and there are many projects that have not been professionally prepared, hence one has to be very selective", adds Hruzewicz.

#### SHELTERED ACCOMODATION

Another sector that seems to be doing well in current economic situation is nursing home services. The ageing population combined with growing wealth and changes in the family structure will drive the demand for long-term services for the elderly. Currently, a very young

society, within 15-20 years Poland will be the fastest aging society in the EU. By 2025, the number of people over 65 will increase by 65% and the number of people over 80 by over 170%. “We see high interest among investors as well as some interesting projects” – says Michal Skrzypek, an investment banking specialist at Azimutus.

### INFRASTRUCTURE

It is worth mentioning that even in declining sectors there are areas that are stable or showing top line growth, whilst at the same time achieving high margins. While the construction sector is currently going through tough times, the infrastructural and road construction sectors do not share such problems. Those projects are long-planned and lasting investments, financed in great part by European Union funds, which makes them much more resistant to the economic fluctuations. Most of the infrastructural and road companies such as PBG or Hydrobudowa, had contracts for the next 2 - 3 years when the crisis arrived, which enables them to sign further contracts selectively and without any pressure. Such examples can be found in almost all sectors, even in those harmed deeply by the economic downturn. Even in the real estate sector there is at least one example,

namely shopping centers. No construction of a single major shopping centre in Poland has been suspended, although yields have increased somewhat. The occupancy rates at shopping centers remain stable as companies realize that sales is the very last area to cut costs on and consequently they have kept the number of points of sales unchanged.

Together with changing business reality, sectors that catch investors’ attention have changed as well. Investors are nowadays looking for stable and secure cash flows, concentrating on sectors where the future is relatively easily and precisely predictable. Infrastructural projects in general and wind energy projects in particular as well as sectors supported by major demographical changes perfectly meet those requirements. “Investors focus less on future and more on today’s cash flows, in these turbulent times such an approach is very reasonable” – comments Jacek Byrt, a Partner at Azimutus.

## POTENTIAL INVESTMENT TARGETS IN POLAND

### NURSING HOME

Situated in Kostancin near Warsaw – one of the most prestigious suburbs of Poland's capital city, the nursing home represents **80 years of tradition** in long-term high quality care. The nursing home is recognized within the industry and enjoys a strong reputation on the Warsaw market.

The facility currently has 61 rooms occupied by up to 81 residents, with the possibility to open the new wing of the building at the end of 2009, which will bring 33 additional rooms. This way, the total capacity will reach **94 rooms that can accommodate 140-160 residents**. Further extensions are also possible.

The facility belongs to Evangelical-Augsburg Parish which is considering **selling the operations** (without the real estate) or **entering into joint venture** with an investor-operator.

### Basic financial and operational data

The facility can become highly profitable. The improvement levers consist mainly of additional places in the new building, high occupancy rate as well as pricing and staff-level optimization. The sizable 5 ha plot of land provides an **opportunity for development of additional services such as fitness, spa, or rehabilitation centers** servicing the Warsaw market.

### WIND POWER PLANT IN POLAND

Poland, as an EU-member, is obliged to meet green energy production targets which boost the wind power market. Its attractiveness is increased by the system of green certificates and EU-donations. Despite dynamic growth, wind power energy density in Poland is one of the smallest in Europe. Installed capacity per capita is 0.0037 kW, whereas per sq. km of land area the figure amounts to 0.45 kW. Below, we present you three power plant projects – **22 MW** and **6 MW**.

**Wind power plant project – 22 MW**

The plant is located in favourable part of northern Poland, where the average wind speed equals to ca. 6.3 m/s.

**Power production**

Total installed power: 22 MW  
Power produced per year: 59 487 MWh  
The recipient of energy: ENEA  
Average wind: 6.3 m/s  
Turbine producer: Vestas V 90 (11x2 MW)  
Height of the pole: 105 meters

**Wind power plant project – 6 MW**

The plant is located in favourable part of northern Poland, where the average wind speed equals to ca. 6.4 m/s.

**Power production**

Total installed power: 6 MW  
Power produced per year: 16 590 MWh

The recipient of energy: ENERGA PŁOCK  
Average wind: 6.4 m/s  
Turbine producer: Gamesa G90 (3x2 MW)  
Height of the pole: 105 meters



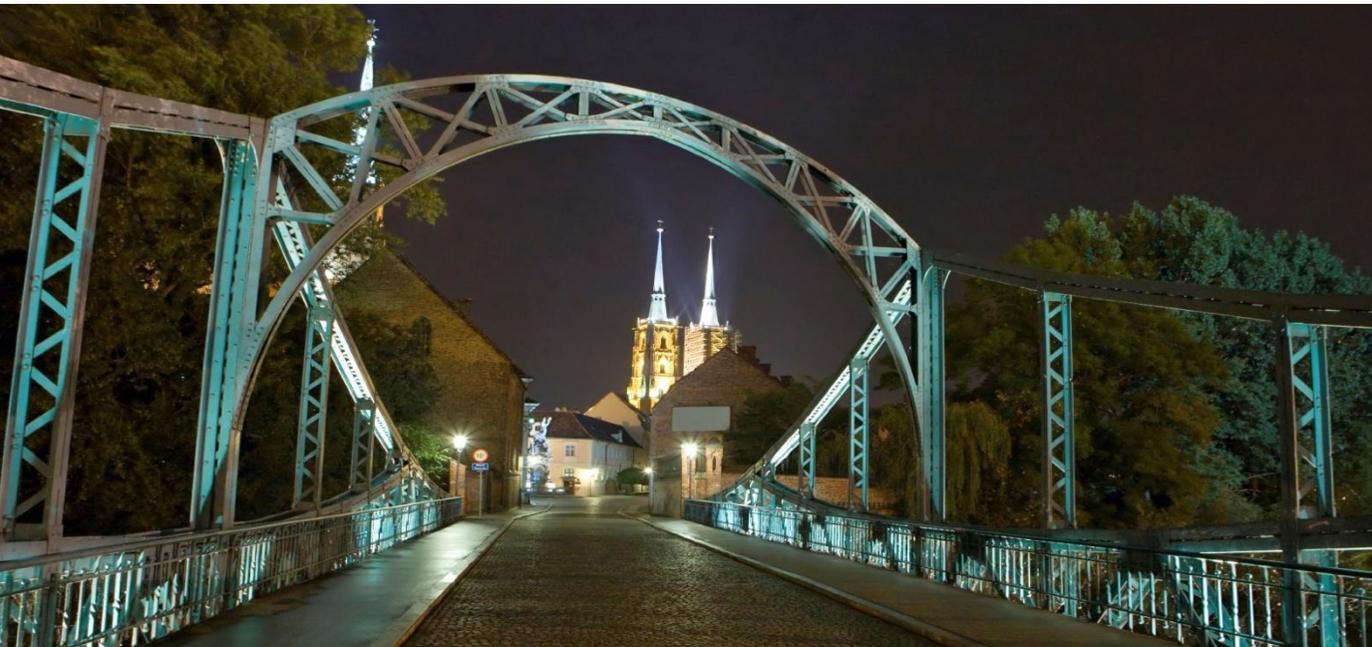
## NEW TECHNOLOGY NEWS

BY IBM

**IBM research collaboration with Polish scientists**



*(...) At the end of May, the Wroclaw Research Center, European Institute of Technology Plus (WRC EIT+) and IBM have agreed to collaborate on the advancement of scientific research, graduate education and technological development in fundamental and applied sciences.*



## NEW TECHNOLOGY NEWS

### by IBM

#### **IBM research collaboration with Polish scientists**

At the end of May, the Wrocław Research Center, European Institute of Technology Plus (WRC EIT+) and IBM have agreed to collaborate on the advancement of scientific research, graduate education and technological development in fundamental and applied sciences. The host of the signing ceremony was the Ministry of Science and Education.

WRC EIT+ and IBM are discussing several collaborative projects in the area of nanotechnology, life sciences and intelligent systems intended to deliver long-term and sustainable benefits.

Scientists from IBM Research will support the WRC EIT+ in providing training, education and consulting for their research staff, including project management, research infrastructure management and R&D management.

“From the very beginning, supporting collaboration between business and science

has been a priority for the Polish government. We have a full understanding that it is a necessary element of technological advancement. We believe in a real synergy of this cooperation with benefits for Polish science and economic development” – says Prof. Barbara Kudrycka, Minister of Science and Education.

“There are several areas for research and development in Poland where we see a large opportunity for collaboration with IBM, for instance water management, energy consumption and transportation systems where we hope to tap into IBM’s global best practice”, said Prof. Mirosław Miller, Chairman of Wrocław Research Center EIT+.

“IBM is working with governments and companies around the world to develop smarter systems and technologies that support economic development and bring long-term societal value,” said Kenneth Keating - Business Development Director, IBM Research. “Poland has rich heritage in science and technology and through this agreement we will work alongside some of Poland’s leading scientists and technology experts on projects that are important to Poland’s national agenda.”

### **Future of healthcare**

At IT Forum 2009, IBM also announced the launch of the study on the innovative application of real time high definition 3D rendering.

Nautilus supercomputer used by ICM Center, and built by IBM for University of Warsaw, reached the top spot and set the world record on the green 500 list of the most ecological supercomputers in the world. As a result of the innovative approach to computer architecture, the new platform can accelerate the process of rendering a single image from many minutes to fractions of a second. This capability is crucial in allowing scientists working interactively with highly complex models in high definition, and thus significantly increases the quality of the research which is being conducted.

“At ICM, the IRT will be used initially for the visualization of medical data, such as 3D images of human bones and internal organs. This will allow doctors and therapists to increase the quality of their diagnostics by allowing them, for example, to work with MRI or CT data interactively in great detail,” said Professor Marek Niezgódka, Director of ICM at the University of Warsaw.

“A year ago IBM published its second “Next Five in Five” report presenting 5 innovative solutions which have the potential to change our lives within the next 5 years. One of the innovations presented was the enhanced medical diagnosis based on 3D visualization of the human body. We can be proud that research on this very matter will be conducted in Warsaw,” said Anna Sieńko, Country General Manager of IBM Poland.

## SUMMER IN WARSAW

The capital of Poland offers you numerous attractions in the summer period. June and August is the time when both the citizens of Warsaw as well as tourists can enjoy jazz as well as classical music concerts.

### 14<sup>TH</sup> INTERNATIONAL JAZZ AT THE OLD TOWN SQUARE FESTIVAL

Warsaw, Old Town Square, July 4th - August 29th 2009

For more details please visit [www.ikaart.pl](http://www.ikaart.pl)

International Open Air Festival - Jazz at the Old Town Square is one of the most popular and largest, considering the public participation, jazz festivals in Poland. It also is one of the oldest European festivals with open admission, where the public has the opportunity to listen to the stars of jazz music. In the Old Town Square in Warsaw, three to four thousand people gather each Saturday in July and August, which brings the attendance of jazz fans of all ages to around 50 000. The Festival is an artistic representation of Warsaw as well as cultural and tourist attraction which gathers



music lovers, tourists from Poland and abroad. The Festival is a permanent part of popular and respected artistic events in Poland. From the very beginning the leading idea of the Festival is to present various jazz trends and styles. The carefully chosen program is the key to our success. Some of the international stars who performed at previous Festival included: Scott Hamilton, Duffy Jackson, Dr.Lonnie Smith, Dean Brown, Dave Liebman, David Murray, Archie Sheep, Richard Galliano, Chico Freeman,

Dino Saluzzi, Avishai Cohen, Tony Lakatos, Paul Brody, Lars Danielsson, John Taylor, Caecilie Norby, Marilyn Mazur. Also the most outstanding Polish musicians such as: Tomasz Stańko, Michał Urbaniak, Zbigniew Namysłowski and Leszek Możdżer presented their premiere projects.

For years the Festival is present in the most important Polish and foreign media. BBC World used a spot from the Festival to promote Warsaw worldwide and four years ago TV Deutsche Welle made a documentary about the Festival. Over its fourteen years of existence - the Festival, which became a trademark on its own, brought together over half a million of people who listened to 130 concerts.



## **CHOPIN CONCERTS IN ŁAZIENKI PARK**

Warsaw, Łazienki Park - Chopin statue, May - September 2009

The statue of Fryderyk Chopin by the great sculptor Wacław Szymanowski (1859-1930), was erected in Warsaw's Łazienki Park in 1926. Destroyed during World War II, it was reconstructed and unveiled again in 1958. As of 1959, Chopin concerts are held on Sundays at Fryderyk Chopin's statue, performed by the greatest pianists.

They have included Barbara Hesse-Bukowska, Krystian Zimerman, Dang Tai Son, and Rafał Blechacz. The concert season lasts from May to September. The recitals are held every Sunday at 12 noon and at 4 p.m.

The Chopin Concerts in Łazienki Park attract admirers of Chopin's music from all over the world. Every concert brings in an audience of over 3,000, which means almost 120,000 listeners in a single season. A high artistic standard is guaranteed by the Fryderyk Chopin Society, which hires the pianists for the entire concert season.



## WHERE TO STAY

### Mamaison Le Regina

Mamaison Le Regina is an elegant and sophisticated five star hotel, opened in June 2004, which offers sixty-one individually designed rooms and suites on three levels of a historic building in Warsaw's Old Town area. It was faithfully restored to the style of an eighteenth century palace and outfitted with all the modern amenities.

Mamaison Le Regina is situated in a predominantly residential area, the New Town which is a part of Warsaw's historical Old Town district. It happens to be the first, and only, hotel in this cultured and prestigious part of the city. There are numerous landmarks of historic importance in close proximity to the hotel, including The Royal Castle and The National Opera House.

The comfortable lobby and lounge welcomes visitors with a cozy fireplace. Guests can relax in a spa area, which features a swimming pool, massage room, basic fitness equipment and a sauna.

Our fine dining La Rotisserie Restaurant can host up to 40 people and expands into a lovely summer Patio where we serve seasonal specialties by Chef Paweł Oszczyk. His culinary concept is based on a gourmet menu. He takes the freshest and most unique ingredients and blends them into perfect compositions by means of his culinary expertise, artistic serving style and elegance typical of classic French cuisine.



Our hotel would not be complete without sophisticated meeting capabilities, which can accommodate up to one hundred and fifty people. The facilities consist of two conference rooms, which, interestingly, are located beneath our courtyard. Tastefully decorated

and furnished with functional furniture, we conceived the conference rooms to convey an atmosphere especially favorable to meetings and various receptions. For the private meetings for up to 12 people we offer elegant living rooms of our Le Regina and Presidential Suite.



Mamaison Le Regina is a member of Virtuoso and Signature Travel Network. It is also the first Polish member of Small Luxury Hotels of the World. In 2006 Le Regina was awarded by "Forbes" magazine as the most prestigious hotel in Poland and in 2008 we were voted as one of the top 100 Best Luxury Hotels in the World by TripAdvisor's readers.

### **Mamaison Residence Diana**

Mamaison Residence Diana is located in the historic Diana Passage close to Nowy Swiat, one of Warsaw's most popular streets. It showcases the finest level of quality the city has to offer. Catering to both: business people and families living abroad, the residence has been completely restored, designed and equipped to ensure a perfect stay for its' guests. Stylish interior design provides a vanguard atmosphere staffed by a professional and attentive team who are permanently at your service.

Mamaison Residence Diana offers 46 spacious apartments with a home-like atmosphere to make your stay unforgettable. They are designed with different shapes and sizes to perfectly match our guests' expectations. We provide excellent comfort in luxurious suites with relaxed and pleasant atmosphere. Each apartment offers enough space to rest in a spacious living area with a sofa and comfortable armchair. All apartments have a ergonomic working desk with unique lighting and free high speed Internet access and large

## Business Summer in Poland

windows to allow the guests admire various views.

Mamaison Residence Diana offers two conference rooms with the day light, which are located on the ground floor. We provide free Internet connection either wireless or wired. As an alternative we offer to hold a meeting in one of our spacious apartments with catering on request.



## EATING OUT

### Belvedere Catering

Belvedere has functioned in the catering market for 17 years, offering highest quality restaurant and catering services. The excellent location of our restaurants, constantly enhanced cuisine and efficient service have helped us win numerous eminent guests from the world of politics, business and culture.

Our catering activity has brought us significant success. We may boast the largest and most modern catering cuisine in Poland, allowing us to cater for the orders for several thousand people with the highest standards and quality maintained. We have the honour and pleasure to organize receptions for the main institutions of state administration, for the largest companies and corporations and to participate in important cultural events.

Belvedere guarantees a high level of services confirmed by references from many of our customers. We hope that this will contribute to establishing cooperation between our companies. We offer beneficial discounts, especially if you sign an exclusive catering services agreement.



### Kitchen in Belvedere Catering

Belvedere has the largest and most modern catering kitchen in Poland. Thanks to the equipment and self-sufficient logistics and transport fleet, employees of Belvedere may prepare suppers served for 3000 guests, buffet tables with the length of half a kilometre or prepare 3000 dinners every day.

In Piaseczno 550 m<sup>2</sup> of air-conditioned and ventilated kitchen space was built from scratch and equipped in 4 months, including 100 m<sup>2</sup> of refrigeration space. The kitchen is equipped with devices produced by Kuppertsbusch and the best induction ovens produced by Rational. Belvedere is the first in Poland to transport chilled dishes and heat them on the spot thanks to the unique mobile regeneration oven

## Business Summer in Poland

which may heat to the temperature of up to 90° C within 30 minutes. Meals served in this way have optimal humidity, retain all nutritive values and, most importantly, preserve their taste.

In order to bring harmony between Polish and European Union regulations of food law, all Polish enterprises functioning in the food industry are required to use the HACCP (Hazard Analysis Critical Control Points) system which analyses threats and critical points of control of production and storage of foods. The HACCP is aimed at locating threats to the health of consumers and at ensuring the highest quality healthy food.

Thanks to the latest technological solutions related with mass catering, the kitchen in

Belvedere complies with strict requirements of the European Union with regard to the production, storage and transportation of meals.



Business Summer in Poland



Ministry of Treasury of the Republic of Poland

