

INFORMATION:

Where to invest in Poland?

GENERAL

A potential investor who's attracted by Poland's positive economic data and its considerable market size must choose the location of his investment wisely.

This task is not made easier by the country's size (over 312.000 Km²) and its relatively large population (nearly 40 mln).



This makes knowledge of Poland's various regions and awareness of which are suitable for specific kinds of investments indispensable.

SCIENTIFIC ANALYSIS

We owe it to the



INSTYTUT BADAŃ NAD GOSPODARKĄ RYNKOWĄ

(„IBnGR“)

(„The Gdansk Institute for Market Economics“),

in Gdansk that the attractiveness of the Polish voivodships (administrative districts) and their sub-regions have been analyzed scientifically. Since 2005, the institute has published a yearly report under the title:

ATRAKCYJNOŚĆ INWESTYCYJNA

WOJEWÓDZTW I PODREGIONÓW POLSKI

(„Attractiveness of the Polish voivodships' and subregions' to Investors“).

These reports mainly target the administrations of the Polish voivodships. For this reason, they have been published only in Polish. The institute states that no translations of the reports have been planned yet.

You can download a Polish copy of this report from the web site of the “PAIiZ”, the Polish Information and Foreign Investment Agency (www.paiz.gov.pl).

Since the reports are particularly interesting for (foreign) investors in Poland, we have prepared an overview of the results of the report for 2007.

Because the findings in the report are so exhaustive, if you should have a specific interest in a given voivodship or its sub-region, it is worthwhile to familiarize oneself further with the detailed findings of the report.

Please do not hesitate to contact us if you desire in-depth information as to the region of your interest.

ADMINISTRATIVE STRUCTURE

Poland is divided into 16 voivodships:



These are (in alphabetical order):

<u>Polish</u>	<u>English</u>
Dolnośląskie	Lower Silesia
Kujawsko-Pomorskie	Kujavia and Pomerania
Łódzkie	Lodz
Lubelskie	Lublin

Lubuskie	Lubusz
Małopolskie	Lesser Poland
Mazowieckie	Mazovia
Opolskie	Opole
Podkarpackie	Sub-Carpathia
Podlaskie	Podlissia
Pomorskie	Pomerania
Śląskie	Silesia
Świętokrzyskie	Świętokrzyskie
Warmińsko-Mazurskie	Warmia and Masuria
Wielkopolskie	Greater Poland
Zachodnio-Pomorskie	Western Pomerania

SCIENTIFIC APPROACH

In its first step the institute has analysed the voidvodships for over-all attractiveness for investment.

This assessment was based on the following factors:

<u>Factor:</u>	<u>Weight in %</u>
Transport Accessibility	20
Labour Market	25
Market Size	15
Economic Infrastructure	10
Social Infrastructure	5
Public Safety	5
Activity of the voidvodship	20

Source : IBnGR

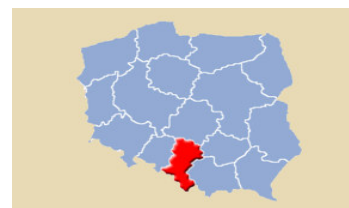
THE FIVE BEST

The institute established a ranking of the over-all attractiveness of the voivodships.

The five best rated in 2007 were:

Rank Voivodship:

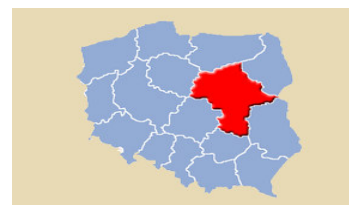
1 Silesia/Śląskie



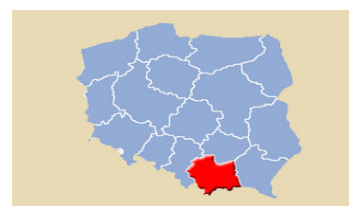
2 Lower Silesia/
Dolnośląskie



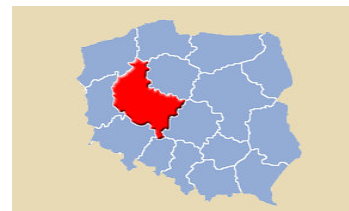
3 Mazovia/Masowieckie



4 Lesser Poland/
Małopolskie



5 Greater Poland /
Wielkopolskie



...AND THE THREE WORST

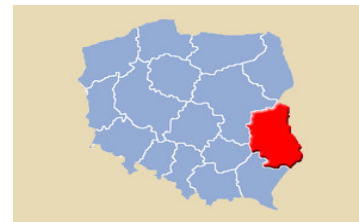
The institute ranked as the least attractive for investment:

Rank **Voivodship:**

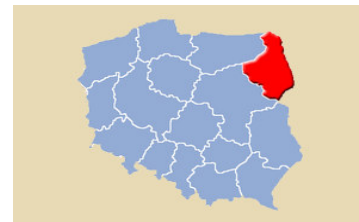
14 Świętokrzyskie



15 Lublin/Lubelskie



16 Podlaskia/Podlaskie



THE FULL LISTING

Please find the entire ranking of the voivodships below. This was taken directly from the institute's report for 2007.

Executive summary

	Transport accessibility		Labour market		Market size		Economic infrastr.		Social infrastr.		Public safety		Activities of voivodships		Investment attractiveness of voivodships	
	value	rank	value	rank	value	rank	value	rank	value	rank	value	rank	value	rank	value	rank
	20		25		15		10		5		5		20			
Weight (in per cent)																
1 Śląskie	0,39	6	1,42	1	1,57	2	0,91	2	2,12	1	-1,06	15	0,24	5	0,86	1
2 Dolnośląskie	0,61	1	0,00	5	0,47	5	1,00	1	0,88	3	-0,60	12	2,09	1	0,73	2
3 Mazowieckie	0,46	5	-0,17	10	1,82	1	0,62	3	0,40	4	-1,05	14	1,30	2	0,61	3
4 Małopolskie	0,29	8	0,50	2	0,69	3	0,44	4	1,94	2	-0,44	10	-0,45	11	0,31	4
5 Wielkopolskie	0,57	2	0,13	4	-0,04	8	0,03	7	-0,46	9	0,28	7	0,84	3	0,30	5
6 Łódzkie	0,17	9	0,25	3	0,04	6	-0,26	11	-0,18	7	-0,57	11	0,26	4	0,09	6
7 Pomorskie	-0,04	11	-0,18	11	0,56	4	0,06	6	0,25	5	-1,22	16	0,21	7	0,03	7
8 Zachodniopomorskie	0,54	3	-0,12	8	-0,15	9	-0,39	13	0,06	6	-0,69	13	0,23	6	0,03	8
9 Opolskie	0,29	7	-0,31	13	0,03	7	-0,03	8	-0,63	12	0,51	5	0,12	8	0,00	9
10 Lubuskie	0,53	4	-0,18	12	-0,18	10	-0,24	10	-0,74	15	0,04	8	-0,15	9	-0,06	10
11 Kujawsko-Pomorskie	-0,01	10	0,00	6	-0,80	14	-0,34	12	-0,29	8	-0,11	9	-0,65	13	-0,31	11
12 Podkarpackie	-0,79	14	-0,14	9	-0,67	12	0,09	5	-0,68	13	1,75	1	-0,57	12	-0,35	12
13 Warmińsko-Mazurskie	-0,58	13	-0,32	15	-0,68	13	-0,21	9	-0,50	10	0,43	6	-0,26	10	-0,38	13
14 Świętokrzyskie	-0,34	12	-0,11	7	-1,30	16	-0,52	15	-0,51	11	0,72	4	-1,08	15	-0,55	14
15 Lubelskie	-0,86	15	-0,32	14	-0,92	15	-0,73	16	-0,93	16	0,91	3	-0,90	14	-0,64	15
16 Podlaskie	-1,23	16	-0,44	16	-0,43	11	-0,41	14	-0,73	14	1,10	2	-1,23	16	-0,69	16

Source: IBnGR 2007

SUBREGIONS + SECTORS

In its second step the report goes beyond a simple comparison of the voidvodships.

Through in-depth analysis it assesses the sub-regions within the voidvodships that are the most suitable for investment in the respective sectors of

- Industry
- Services
- Advanced Technologies.

Below, we have quoted maps and tables prepared by the institute that show the most and least suitable sub-regions.

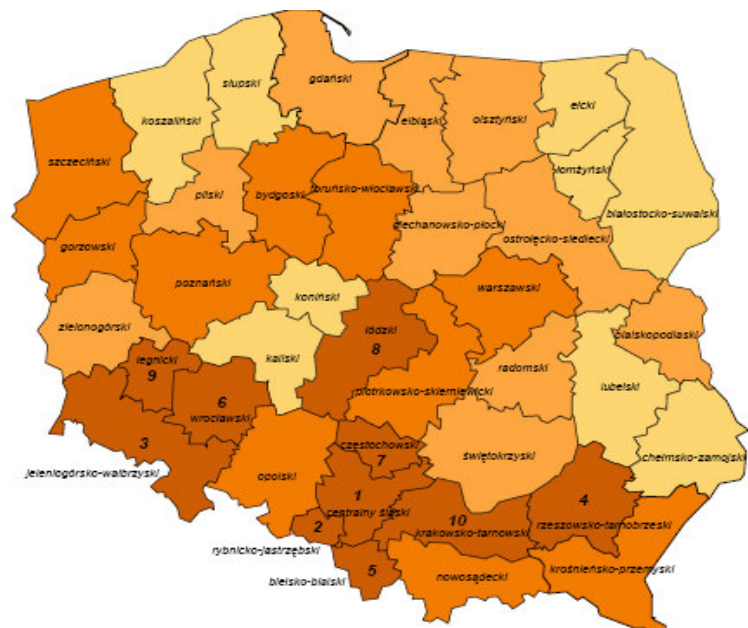
Since there is no translation for the Polish names of the sub-regions used by the institute, we have refrained from using English names. We will conclude the presentation for each sector with a bilingual list that will enable the reader to identify the relevant sub-regions. In addition, please note the numbering of the sub-regions on the maps.

On each map the “quality class” of the given sub-region in the respective sector (Industry, Services, Advanced Technologies) from A (class A: best) to D (class D: worst) has been marked according to the following colour scheme:



INDUSTRY

The institute has found the 10 sub-regions shown on the map below to be the most attractive for locating industrial investments (Nos. 1 to 10):



Source: IBnGR

The institute has established the following ranking for the sub-regions (in Polish: podregion) which are most attractive for industrial investments:

Podregion	Pozycja 2005	Pozycja 2006	Pozycja 2007
centralny śląski	1	1	1
rybnicko-jastrzębski	2	2	2
jeleniogórsko-wałbrzyski	4	3	3
rzeszowsko-tarnobrzesci	6	6	4
bielsko-bialski	5	4	5
wroclawski	7	9	6
czestochowski	11	10	7
łódzki	9	7	8
legnicki	8	5	9
krakowsko-tarnowski	3	8	10

Źródło: Opracowanie IBnGR.

Source: IBnGR

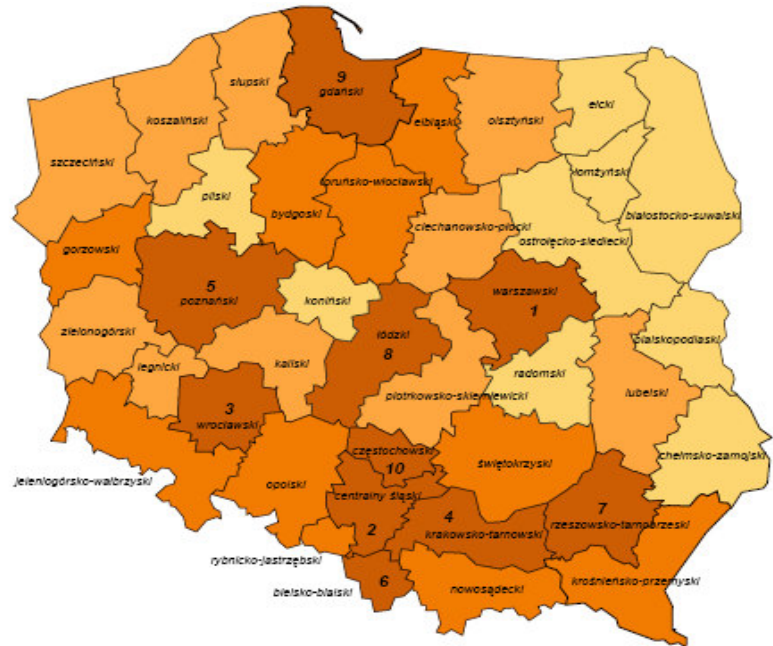
Henceforth, in 2007 the best sub-regions for industrial investments were:

Rank	Subregion	in Voivodship:
1	Central Silesia	Silesia/Śląskie
2	sub-region around the cities of Rybnik and Jastrzębie Zdroj	Silesia/Śląskie
3	sub-region around the cities of Jelenia Góra and Wałbrzych	Lower Silesia/Dolnośląskie
4	sub-region around the cities of Rzeszów and Tarnobrzeg	Sub-Carpathia/Podkarpackie

Please note that the best sub-regions for industrial investment are located in Southern Poland. On the other hand, the Capital region of Greater Warsaw is not counted among the areas which are most attractive for industrial investments.

SERVICES

Results are different when it comes to choosing the most attractive location for an investment in the service sector. We quote another map prepared by the institute showing the most attractive sub-regions for investment in the service sector.



Source: IBnGR 2007

This leads to the following ranking of the best sub-regions (Polish: podregion) in 2007 for investments in the service sector:

Podregion	Pozycja 2005	Pozycja 2006	Pozycja 2007
warszawski	1	1	1
centralny śląski	2	2	2
wrocławski	3	3	3
krakowsko-tarnowski	4	4	4
poznański	6	5	5
bielsko-bialski	5	6	6
rzeszowsko-tarnobrzegi	8	8	7
łódzki	9	7	8
gdański	10	9	9
częstochowski	7	10	10

Źródło: Opracowanie IBnGR.

Source: IBnGR 2007

Henceforth, the best sub-regions for investments in the service sector are:

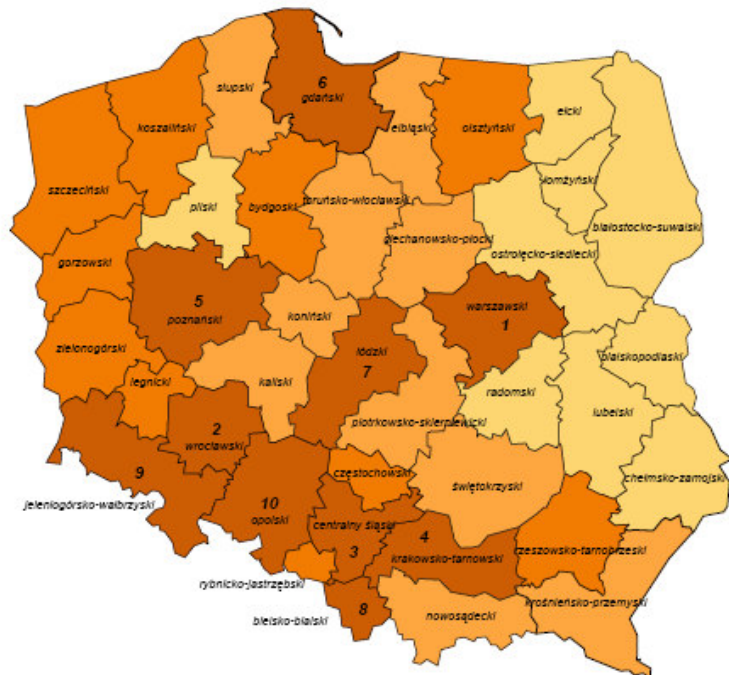
<u>Rank</u>	<u>Sub-region</u>	<u>in Voivodship</u>
1	Greater Warsaw area	Mazovia/Masowskie
2	Central Silesia	Silesia/Śląskie
3	Greater Wrocław area	Lower Silesia/ Dolnośląskie
4	sub-region around the cities of Cracov and Tarnow	Lesser Poland / Małopolskie

Greater Warsaw is by far Poland's leading area in the service sector.

This is reflected by the amount of newly built office and business space. Traditionally, newly built space of this kind in the other major cities (Wrocław, Cracov, Lodz, Gdansk, Szczecin) is only a fraction of that in Warsaw.

ADVANCED TECHNOLOGIES

The institute has rated the following sub-regions best for locating investments in the Advanced Technology sector:



Source: IBnGR 2007

The institute established the following ranking of the ten best:

Podregion	Pozycja 2005	Pozycja 2006	Pozycja 2007
warszawski	1	1	1
wrocławski	2	2	2
centralny śląski	3	3	3
krakowsko-tarnowski	4	4	4
poznański	5	5	5
gdański	7	6	6
łódzki	8	8	7
bielsko-bialski	6	7	8
jeleniogórsko-walbrzyski	20	13	9
opolski	10	12	10

Źródło: Opracowanie IBnGR.

Source: IBnGR 2007

Hence, in 2007 the most suitable sub-regions for locating an investment in the area of Advanced Technologies are:

Rank	Sub-region	in Voivodship:
1	Greater Warsaw Area	Mazovia/Masowski
2	Central Silesia	Silesia/Śląskie
3	Greater Wrocław Area	Lower Silesia/Dolnośląskie
4	sub-region around the cities of Cracov and Tarnów	Lesser Poland/Małopolskie

SUMMARY

The Rankings show a North-South divide as well as a West-East divide.



There are significant differences in investment attractiveness even between the Lubusz/Lubuskie voivodship and the Lower Silesia/Dolnośląskie voivodship, both adjacent to the Polish/German border in the West.

Also the Western Pomerania / Zachodniopomorskie voivodship has been falling significantly behind the Lower Silesia/Dolnośląskie voivodship.

Mazovia, with Warsaw, the Capital City of Poland, as its heart plays a special role. The discrepancies between cost of living and of per capita income in Warsaw and the rest of Poland, even in the rest of Mazovia, are enormous.

Each (potential) investor should thoroughly assess the up-sides and down-sides of the envisaged location for his investment.

The criteria reported in this document cannot be the sole basis for decision making, but the investor can certainly take some pointers from it on where it is better to search for a location.

Please do not hesitate to contact us if you want to discuss the choice of the future location of your investment in Poland!