

**The Szczecin and Świnoujście Seaports Authority**

# **Information<sup>\*</sup>**

**Concerning lease of investment site designated for  
the Westpomerania Logistic Centre**

<sup>\*</sup> This information does not constitute a firm offer under Article 66 and further articles of the Civil Code

**Szczecin, February 2007**

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## **1. The information about investment offer**

The offer concerns a long-term lease of land property of about 20 ha of land in the Seaport of Szczecin designated to establish the Westpomerania Logistic Centre (WLC).

## **2. The offeror**

### **Company**

The Szczecin and Świnoujście Seaports Authority (ZMPSiŚ S.A.)

### **Address**

Ul. Bytomska 7, 70-603 Szczecin, Poland

### **Contact**

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## **3. General information about property offered**

### **Designation**

The property is designated to establishing the Westpomerania Logistic Centre (WLC). The intention of the Ports Authority is to provide the investor (developer, property agency or logistic operator) a large land property with full infrastructure, prepared from a legal and formal point of view to invest in warehouses and storage yards designated to production, logistic and other services while taking into consideration a specific location of the logistic centre in the seaport; a seaport which generates considerable flow of cargo transported by sea. Recipients of goods transported include companies operating within larger supply chains (transregional, international, global). Thus, the companies does not only operate in Poland, but also in other European countries situated southward from the node, which is the Szczecin Seaport together with two projects implemented in the port, namely the logistic centre and sea container terminal.

At the moment, the offeror is developing the basic infrastructure for the logistic centre at the site of about 20 ha, for which it is a 99-year lease holder. The investment includes the following:

- improvement of land of 14.5 ha (remaining part of land already has infrastructure);
- construction of a car park for 40 trucks with necessary infrastructure and sanitary facilities;
- construction of access roads of total 1850 m;

- extension of railway track and construction of 4 side tracks of total 1300 m;
- construction of a power supply node: transformer stations and 15 kV supply network, 0.4 kV LV network,
- lighting of internal roads,
- construction of a telecommunication network, storm water system, and water and sewage systems,
- construction of IT system infrastructure.

The prepared investment site can be released to the investor in the 3<sup>rd</sup> quarter 2007.

## Strategic location

The Port of Szczecin is situated at a crossroads of important north-south and east-west international transport routes (fig.1). Its favourable location on the estuary of the Oder River provides access to road, rail, sea, and inland waterway transport. It is situated on the shortest route to the sea, via inland waterways, for the agglomeration of Berlin and eastern Germany.

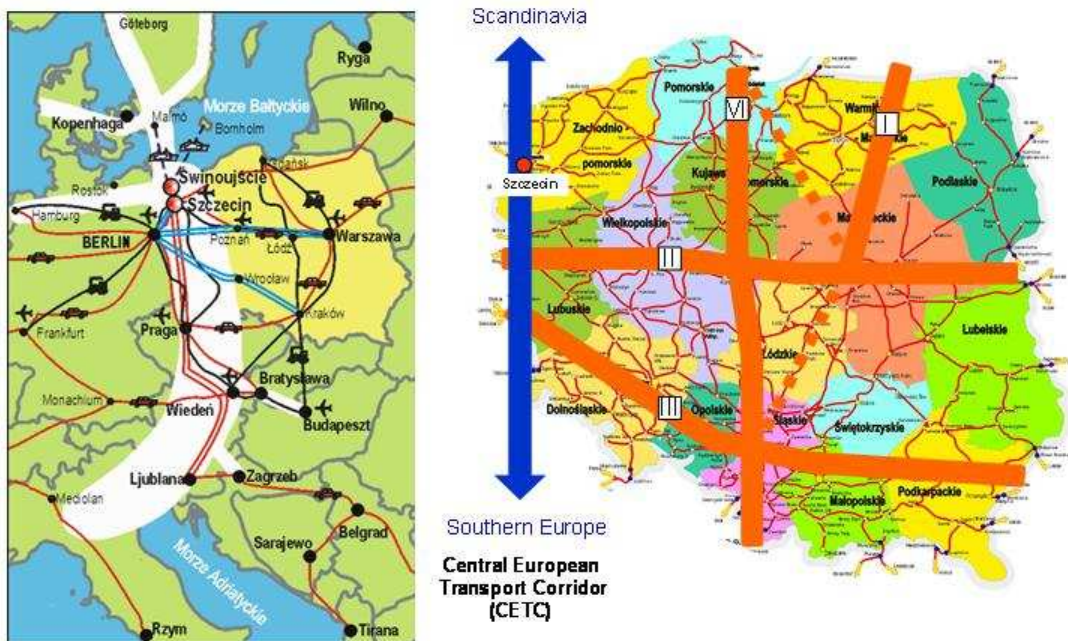


Fig.1 Proposed Central European Transport Corridor

Modernising roads and bridges in the city and direct link with the system of German motorways improved the accessibility of the port. Logistic operations in the ports of Świnoujście and Szczecin are in line with the project of establishing the Central European Transport Corridor. Apart from Poland and countries situated south of Poland, also Scandinavian countries are interested in including the corridor in the TEN-T system.

The location of the Westpomerania Logistic Centre has the following unique advantages:

- Ports of Szczecin and Świnoujście provide logistic services for the area of western and southern Poland, including the region of Silesia. For many years, Szczecin and Świnoujście have been the most important seaports for the Czech Republic and Slovak Republic and eastern part of Germany.
- Both ports and the logistic centre are the closest and the best linked nodal points in the logistic network, which enjoy exceptionally good access to the agglomeration of Berlin and the region of Brandenburg inhabited by 5 million people.
- The property is neighbours a new container terminal developed by the Seaports Authority as well as existing general cargo handling facilities, servicing regular container feeder lines to Hamburg and Bremerhaven, shipping lines to West Africa and Far East, short sea shipping links to Great Britain, Ireland, and Norway. As regards servicing the market of Berlin and Brandenburg, the location of the Szczecin Seaport on the shortest sea route to Eastern Baltic Sea and Germany is of particular importance.
- The Westpomerania Logistic Centre and the container terminal will service the growing stream of containerised cargo dispatched from various countries all over the world, inc including Far East, and from the Baltic Sea Region to clients in Poland, eastern Germany, Czech Republic, Slovak Republic, Austria and other countries in the Central and Eastern Europe.
- In Poland, WLC will operate as the closest intermodal node linking sea and land containerised cargo flows for the Lower Silesia Region, a region of high absorption of high-tech inward investment (region of Wrocław where global manufacturers of TV sets and monitors established their production plants. These include Philips, LG, Toshiba, JVC, and 3M<sup>1</sup>). Additionally, the region attracts large investment by manufacturers of white goods, such as Whirlpool and Electrolux, and automotive industry, including VW and Toyota. Close to Szczecin the demand for WLC is still growing due to investment in production plants by Bridgestone, a tire manufacturer based in Stargard Szczeciński, and producers based in the Goleniow Technological Park.
- In the port of Szczecin, in the immediate vicinity of the site, situated is the Duty Free Zone and the Border Veterinary Control Point.

The Logistic Centre will provide major logistic services for the growing stream of containerised cargo delivered by sea from Scandinavia and ports in Far East to the ports in Szczecin and Świnoujście. In 2006, the ports handled 42,425 TEU, which translates into an increase of 16.4% in relation to 2005. The forecast for the coming years indicates an annual increase in container handling at the level of about 15%. Growing production markets in the new EU member states (Poland, Czech, Slovak Rep., Hungary, Romania, Bulgaria) generate increased demand for raw materials and products of paper, automotive, electronic, electrical engineering, construction and chemical industries. The increase in consumption stimulates economic growth in those countries in particular consumption goods from Far East.

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<sup>1</sup> In 2010, a half of European production of TV sets and LCD monitors will come from Lower Silesia, Poland.

Additionally, logistic facilities in the ports of Szczecin and Świnoujście are particularly interesting due to cheaper labour for the absorptive market of eastern Germany and the agglomeration of Berlin of population 5 million people. Considering the fact that the unemployment rate in the Zachodniopomorskie Region is one of the highest in the country, the local labour market has become an additional advantage for establishing a logistic centre.

## Site description

The land property is situated in the Seaport of Szczecin (fig. 2), in the south-east part of the Łasztownia Island. It borders the Wrocławski Canal from the east, Kujota Street from the south, Hryniewieckiego Street from the west, and from the north a road leading to Ostrów Grabowski and a site of a dredging company. The investment is situated on the main transportation route in the vicinity of conventional general cargo handling area and in the immediate vicinity of a newly established container terminal at the Ostrów Grabowski Island (fig.3 and 4).



Fig.2 Location of the Westpomerania Logistic Centre

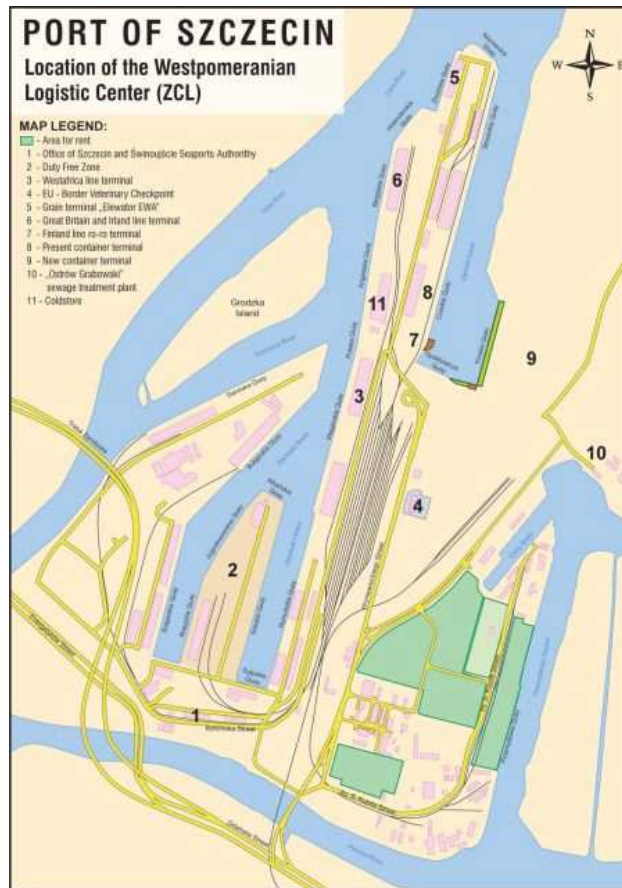


Fig.3 Location of WLC and excellent links with the external transport system

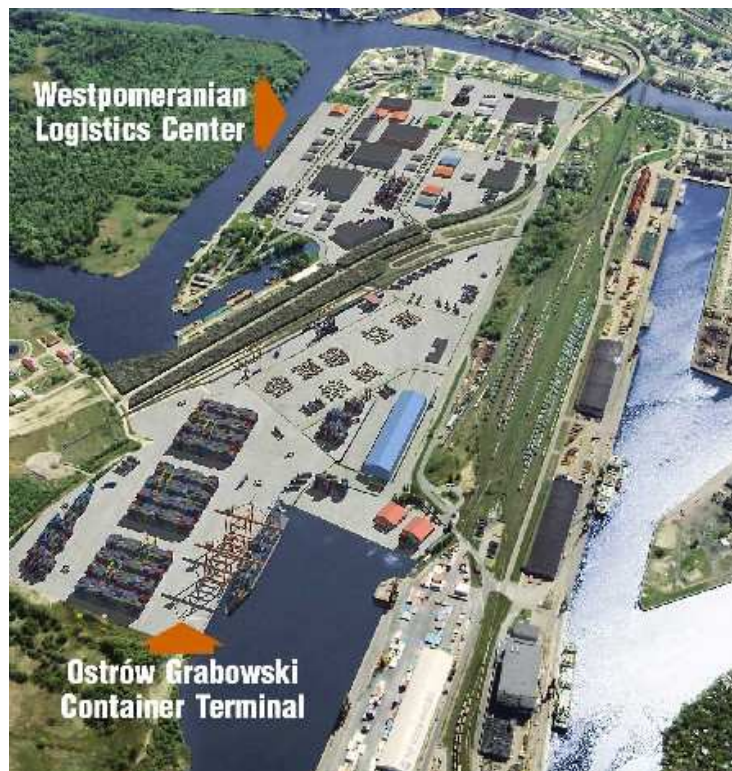


Fig.4 Location of the logistic centre and the container terminal

From the point of view of sea cargo flow between the container terminal and the logistic centre, their placement in a favourable distance between each other is very important (fig. 4). This provides the shortest road transport between the two without a necessity to use public roads. It applies in particular to cargo which will not be delivered directly to the container terminal but stored in the logistic centre.

### Surface area of the property

The surface area of the property offered is 20 ha in a single site with the possibility of further division into investment plots (fig. 5).

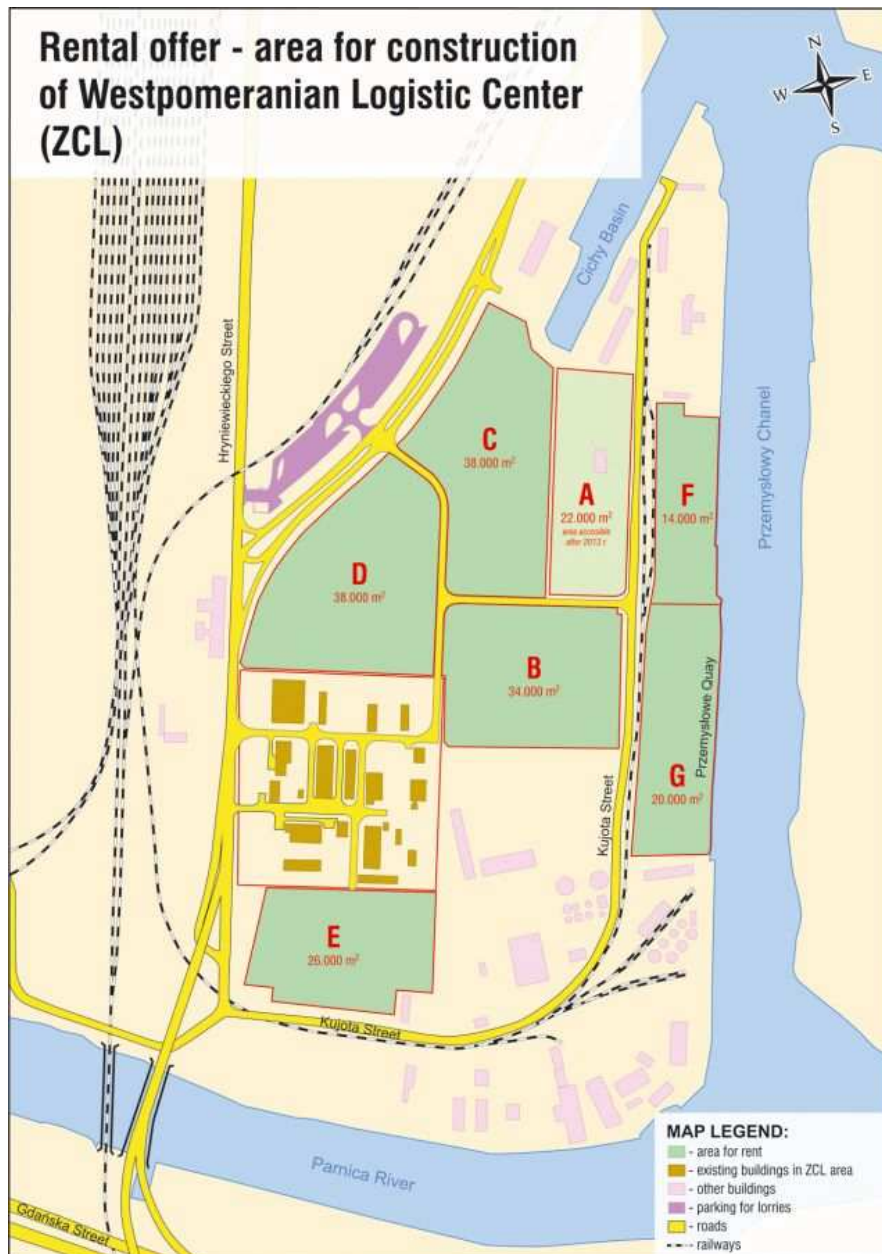


Fig.5 Property offered with proposed division into investment plots.

Investment plots in fig. 5:

Plot A - 22 000 m <sup>2</sup>	Plot E - 26 000 m <sup>2</sup>
Plot B - 34 000 m <sup>2</sup>	Plot F - 14 000 m <sup>2</sup>
Plot C - 38 000 m <sup>2</sup>	Plot G - 20 000 m <sup>2</sup>
Plot D - 38 000 m <sup>2</sup>	

Comments to fig. 5:

1. From the east, plots F and G have access to the Przemysłowy Canal. This creates a possibility to build in the future a quay for ships and barges of 6.0m in draught. Thus, these plots should preferably be used for investment in the access to water.
2. Between plots A and F, situated along Kujota Street, situated is a railway siding consisting of four tracks of 1281 m.
3. Neighbouring locations:
  - a) an area between plots D and E of 5.5 ha, which remains under 99-year lease of the Seaports Authority, situated are office buildings, warehouses, halls and other technical facilities. At the moment, the main activity there includes warehousing and production. In the future, there is a possibility to include this site into the WLC,
  - b) from the north an area of 5.5 ha around the Cichy Basin, situated is a base of the Dredging and Underwater Work Company,
  - c) a site adjacent from the south to plot B of 5.65 ha remains under 99-year lease of TIKKURILA. No activity is conducted on the plot, and the property is designated for sales. The Port has the pre-emptive right to the land. There is a possibility to acquire the land for the development of the logistic centre,
  - d) an area of 4.43 ha situated on both sides of Kujota Street, adjacent to plot G, remains under 99-year lease of Baltchem S.A., a company involved in production, transshipment and storage of liquid bulk cargo (mainly technical and plant oil).

The release of the site will be divided into stages:

- The area available at the moment is 17.36 ha (plots B-G). Additionally, within the boundaries of the logistic centre situated is plot A of 2.2 ha, which is owned by the City of Szczecin. The city leased the plot. The lessee declared to make the plot available for establishing of the logistic centre after 31.10.2013. Since the Port enjoys pre-emptive rights to the plot, it will secure the availability of the plot to develop the centre.
- After 2013 the total area available for lease will be 19.56 ha (plots A-G).

## Transport infrastructure

### Road transport

#### International roads

Road no 3 (E-65): Szczecin – Gorzów Wlkp. – Zielona Góra – Jelenia Góra – Jakuszyce (Prague), crossing Motorway A6 in Szczecin,

Road no 6: (Berlin) Kołbaskowo – Szczecin – Goleniów – Koszalin – Gdańsk situated in the south of the city, a section of a bypass road, used mainly by inbound transit traffic

#### National roads

Road no 10: Lubieszyn – Szczecin – Bydgoszcz – Toruń – Płońsk.

Road no 31: Szczecin - Kostrzyn on Oder (border crossing) - Słubice/Świecko (border crossing).

### Rail transport

**Line C-E59** (AGTC<sup>2</sup>): Świnoujście - Szczecin - Rzepin - Zielona Góra - Wrocław - Chałupki (state border) with branches: C-E59/1 Wrocław - Kłodzko - Międzyzylesie (state border), C-E59/2 Nowa Sól - Zgorzelec - Dawidów (state border).

**Line E-59** (AGC<sup>3</sup>): Świnoujście - Szczecin - Poznań - Wrocław - Chałupki (state border).

Both railway lines are linked with international latitudinal lines:

**C-E20** Rzepin - Poznań - Warszawa - Małaszewicze (C-E59 in Rzepin, E-59 in Poznań),

C-E30 Zgorzelec/Horka - Wrocław - Katowice - Kraków- Rzeszów - Medyka (C-E59/1 in Węglińiec, C-E59, C-E59/2 and E-59 in Wrocław).

According to PKP, railway lines CE-59 and E-59 are scheduled for modernisation in 2007-2013 which should improve the quality and accessibility of rail infrastructure for companies using the logistic centre.

### Inland navigation

The Ports of Szczecin and Świnoujście enjoy direct access to European inland waterway networks through the Oder River and Oder-Havel Canal, and to national inland waterways. In land waterways leading directly to the port of class Vb, and thus they can be classified as international waterways. Port basins and quays are fully adjusted to navigation and servicing barges. Inland shipping vessels can be serviced at all port quays. Additionally, there is a possibility of building further quays for servicing ships and barges along plots F and G.

### Direct access to the property

**Roads:** from national road no 10 about 250 m along Hryniewieckiego Street and a bridge over Parnica, approx. 8km from the A6 Szczecin-Berlin motorway and E65 international road (part of national road no 3).

<sup>2</sup> AGTC – The European Agreement on major international combined transport lines and accompanying facilities made in Geneva on 1 February 1991.

<sup>3</sup> AGC – The European Agreement on major international railway lines made in Geneva on 31 May 1985.

**Rail:** track leading directly to the site. A distance between the railway station Szczecin Port Centralny, which provides connection with the logistic centre, and railway lines C-E59 and E-59 is 800 m.

The main links in the rail system channelling traffic from those lines to the port is the marshalling yard of Szczecin Port Centralny. "Park Wrocławski" provides general cargo handling. This site is linked to the Port Centralny Station with a railway line passing on two overpasses above Gdańska and Rybnicka streets and 1 bridge over the Parnica River. From Park Wrocławski, side tracks lead to transshipment quays.

### **Quality of transport infrastructure in the immediate vicinity of the property and linked with it**

The Westpomerania Logistic Centre together with the container terminal situated next to it have excellent transportation links with Gdańska Street, the main outbound road, through a bridge over the Parnica River. The bridge was build as a part of a national project of Improving Access to Ports.

The Port gradually modernises road infrastructure within the port. At the moment, the Port applied for funding from the Sectoral Operational Programme for Infrastructure and Environment in 2007-2013 to modernise the whole road system in the port.

### **Access to public transport**

Bus stop for line no 76 at Hryniewieckiego Street; distance to tramline no 7 and 8 about 500 m, distance to railway and coach station 1.5 km. 30 km to the nearest airport in Goleniów, Poland, and 180 km to Tegel Airport in Berlin, Germany, via a motorway.

### **Availability of transport services**

In the immediate vicinity of plots C and D the Port built a car park for 40 trucks. There are plans to build a house for drivers. The house will contain all relevant facilities, including cafeteria, bar, showers, and toilets. The car park will be fenced and guarded. In the vicinity of the port along access roads, situated are several petrol stations. Hotels are located in the city centre and can easily be reached by roads (about 10 minute drive from the port to the city centre)

## **4. Market conditions**

### **Basic macroeconomic figures**

The Zachodniopomorskie Region occupies 22 896 km<sup>2</sup>. The population of the region is nearly 1.7 million people, which is 4.4 % of the total population of Poland. About 69.3 % of inhabitants live in urban areas. The capital of the region is Szczecin with population of 414.0 thousand. About 206 thousand companies are based in the region. In 2005 regional GDP was PLN 34,545 million, which

accounts for 4.3% of the national GDP. In the same period investment in the region was PLN 4,923 million (4.1% of total investment in Poland).

### **Investment attractiveness of the region**

In the opinion of the Institute for Market Economics<sup>4</sup>, the Zachodniopomorskie Region was ranked 8 as regards its investment attractiveness. Factors determining the position in the ranking included in particular second best, after the Wielkopolskie Region, transport accessibility, and high level of social infrastructure and economic development. While assessing the investment attractiveness of Polish regions on the basis of seven sectors, the same Institute ranked the Zachodniopomorskie Region as class B on the scale from A to E. The same B ranking was assigned as regards the level of social infrastructure.

The attractiveness of Szczecin has been confirmed by Fitch Ratings Ltd., an international rating agency, which highlighted a stable economic situation in the city and good development prospects. Moreover, Szczecin received a *Fair Play Municipality 2006 certificate* showing the appreciation for local governments creating the best conditions for investing and running business activity, applying ethical standards and achieving high level of administrative services to investors.

### **Local warehouse space market**

The Zachodniopomorskie Region is lagging behind as regards modern warehouse space available. At the same time, low saturation of the region with modern warehouse facilities is a significant opportunity for the logistic centre to succeed. Additionally, the character of the centre does not have a direct link with local demand, and warehouses in the Westpomerania Logistic Centre will face smaller competition than in regions of higher local demand and with larger supply of warehouse space.

Three main arguments highlighting the attractiveness of Szczecin and the region as the best location for investment in modern warehouse space in the nearest future are the following:

- 1. Improvement in quality and transport accessibility of the sub-region (2<sup>nd</sup> place in ranking of investment attractiveness of Polish regions as regards transport accessibility<sup>5</sup>),**
- 2. Availability of labour force at a full range of education and professional qualifications,**
- 3. Previous low investment in modern warehouse space.**

Fig. 6 shows areas of major concentration of modern warehouse space. Nearly 98% of the space is situated in central and southern Poland. It results from the current and expected transport accessibility (existing and future motorways) and absorption of local markets. The situation led to a

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<sup>4</sup>Investment attractiveness of Polish regions and sub-regions in 2006. Institute for Market Economics. Gdańsk 2006.

<sup>5</sup> ibidem

high supply of warehouse space in those sub-regions and strong competition to attract tenants resulting in reduced rent levels. This places the Zachodniopomorskie Region in a favourable situation regarding investors.

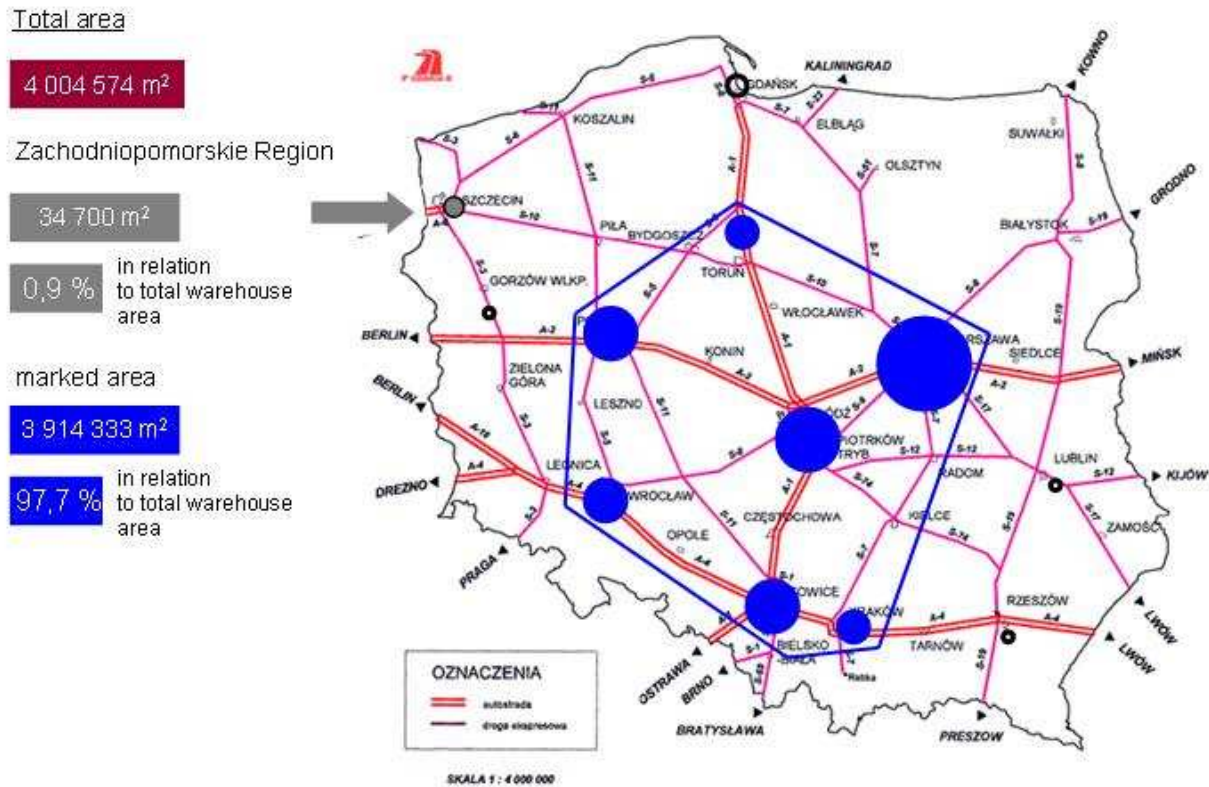


Fig.6 Modern warehouse space in Poland in 2006  
Source: ILiM; map by GDDKiA

## Local labour market

In 2005, in the period of 12 months, the average unemployment rate in the region was 26%. In the same period, in Szczecin, the unemployment was 14.8%.

In 2005, in Szczecin, the number of unemployed people was 25,484. There were 2,500 unemployed people with higher education, 4,615 with middle vocational education, 2,113 with middle general education, 6,147 with basic vocational education, and 10,109 unemployed with junior secondary and primary education. In comparison with other Polish regions, Zachodniopomorskie has the highest unemployment rate.

## **Local education market**

Szczecin has 17 higher education institutions including 5 public and 12 non-public ones. There are nearly 100 thousand students. In the regions situated are 8 middle schools educating forwarder and logistic specialist. Five of them are in Szczecin.

## **Public sector and local community**

Local authorities show positive attitude towards investors. They are familiar with and support the concept of building the WLC.

The Investor and end users of the logistic centre may count of finding employees on the local labour market. Unemployed people with experience in shipbuilding and maritime sectors are well qualified, and the cost of labour is relatively low due to a high unemployment rate, higher than in other Polish regions. The local community includes a large number of graduates from middle and higher schools, who are prepared to managerial jobs and possess good command of foreign languages.

# **5. Specific information on property offered**

## **Form of disposal**

The site will be offered under a competitive public tendering for a long-term lease. A lease contract will be made for a specified period indicated by the prospective lessee, however not shorter than 10 years and not longer than 30 years. According to the law on seaports, the Port cannot sell land<sup>6</sup>. Lease conditions will be defined in the tendering procedure.

## **Acceptable built-up area**

A planning permit issued in relation to the development of infrastructure for the Westpomerania Logistic Centre<sup>7</sup> provides for 80% of built-up area. The permit limits the height of development of 90 m, which fully meets requirements of prospective investors and users of the centre as regards warehouse facilities.

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<sup>6</sup> Act of 20 December 1996 on seaport and marinas (Polish Journal of Laws of 1997 No 9 item 44 and No 121 item 770, of 1999 No 62 item 685 and of 2000 No 120 item 1268) as amended.

<sup>7</sup> 1. Decision No II/343/2003 of 29 September 2003 of the City of Szczecin, marked WUiAB.IIA.RJ.7331/03/K-124 UNP:37034/WUiAB/XX/03 on conditions of building and land development for the 'Construction of infrastructure of the Westpomerania Logistic Centre in the Port of Szczecin' (planning permit).

## Particulars

### Site conditions

The plot is flat, ground improved and prepared for investment.

### Ground

A ground survey will be provided after removing a compacting embankment in mid 2007. No flood or ground settling risk. No underground or surface obstacles.

### Previous development

The property is undeveloped and prepared for investment, including a network of access roads and a car park.

### Utilities

**Power:** *power supply available at the plot; 3 MW (15 kV and 0.4 kV).*

**Gas:** distance between gas connection and plot boundary is 500 m; calorific value of 35.894 MJ/m<sup>3</sup>; pipe diameter of 180 mm, volume available 1500 m<sup>3</sup>/h.

**Water:** sanitary and industrial water available at the site. Drinking water connection at the plot boundary from three connections: two of 100 mm in diameter and one of 80 mm of total nominal flow about 300 m<sup>3</sup>/h. Distance between connection and plot boundary is 25 m; volume available: no limits. Fire and technological water directly from a port canal.

**Sanitary sewage system:** along the plot situated is a wastewater main of 315 mm in diameter. Possibility of discharging sewage without limitations.

**Wastewater Treatment Plant:** municipal sewage; 1500 m<sup>3</sup>/day.

**Telecommunication:** provided. Unlimited number of available analogue and ISDN lines.

### Access

The access to the property is not restricted. If needed, any number of entrances can be established for users of the logistic centre.

### Obstacles at the site

No obstacles can be found at the site, such as cables, mains, overhead lines with restricted zones, etc.

### Conservation zones or similar restrictions to develop or use

none

### Certificate on compliance with property tax

The property offered is not indebted due to property tax liabilities. No other debt has been incurred that may result in any limitation to its use.

### Mortgage

There is no mortgage on the property.

## **Documents**

From formal and legal points of view the property is fully prepared for investment. Documents, referred to in appendix no 1, concerning the property offered are available in the seat of the offeror.

## **Kind and scope of assistance to the investor**

### **Provided by the offeror**

The Szczecin and Świnoujście Seaports Authority declares its close cooperation with the investor at all stages of the investment and offers to act as a paid substitute investor.

### **Provided by the local administration**

The investment is supported by the Regional Government and the City of Szczecin. Both authorities declare their will to assist the investor.

Appendix no 1

## List of documents related to the offer

1. Decision No II/343/2003 of 29 September 2003 of the City of Szczecin WUiAB.IIA.RJ.7331/03/K-124 UNP:37034/WUiAB/XX/03 on conditions of building and land development for 'Building the infrastructure of the Westpomerania Logistic Centre in the Port of Szczecin'.
2. Design for land development project of 'Building the infrastructure of the Westpomerania Logistic Centre in the Port of Szczecin'. Design no A-169/II/1/2004, Szczecin, February 2004.
3. Decision No 91/2004 of 30 June 2004 of the Zachodniopomorskie Governor's Office in Szczecin RR.I.AL. - 711/100.9/04 concerning the approval of a technical design and building permit for 'Building the infrastructure of the Westpomerania Logistic Centre in the Port of Szczecin' near Hryniewieckiego and Kujota Streets.
4. Entries to the Land Register for plots no 21/5, 21/6, 21/13, 22/5, 37/2, 64/2 comprising the property offered.
5. Copies of entries to the Mortgage Register no KW 97699, KW 97471, KW 97472, SZ1S/00097473/4, SZ1S/00097474/1, SZ1S/00097476/5, SZ1S/00150290/7,
6. Certificate for the Szczecin and Świnoujście Seaports Authority on compliance with tax obligations of 5 January 2007.

Documents are available at the seat of the Szczecin and Świnoujście Seaports Authority, ul. Bytomska 7, 70-603 Szczecin.