



Business Services in Lublin





Report prepared for City of Lublin
by the Association of Business Service Leaders (ABSLS)

in cooperation with JLL and Randstad



Project coordinator:

Janusz Górecki, Head of Research, ABSLS
www.absl.pl

Investor Services:

Investor Strategy and Services Department
Lublin City Hall
+48 81 466 25 00
www.invest-in-lublin.com

Layout and printing:

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1 | Why choose Lublin?

Lublin is the largest city in eastern Poland and one of the fastest-growing centers in the country. It is home to over 340,000 residents (with more than 700,000 in the metropolitan area). The city is eastern Poland's academic and cultural center, offering a high quality of life and a modern economy in which business services, including IT services, play an important part. The rapid rise in the importance of the business services sector in Lublin in recent years occurred, among other things, due to its convenient location and excellent accessibility (it has an airport), numerous infrastructure projects, a pool of skilled workers and a growing office market. The city's appeal as a business services location is supported by the success stories of the several dozen companies in that sector that currently operate in Lublin.

FIGURE 1
LUBLIN'S AWARDS AND RANKINGS

3rd place in Poland

Third place in the "Polish Cities of the Future 2017/18" ranking (fDi Intelligence, Financial Times) in the FDI strategy category.

City of the Year

Lublin was awarded the title at "Smart City Forum", the annual meeting of the IT and telecommunication sectors. It was awarded in the category "Smart City of 2015 with a population of between 100,000 and 350,000". The criteria included investment in a traffic management system and solutions in collective transport.

The 2017 Europe Prize

The highest level of the Prize that is awarded each year by the Parliamentary Assembly of the Council of Europe (PACE) to the town most active in promoting the European ideal.

5th place in Poland

Fifth place in the "Polish Cities of the Future 2017/18" ranking (fDi Intelligence, Financial Times) in the Human Capital and Lifestyle category.

Source: ABSL own study based on press information and the above-mentioned publications

FIGURE 2
KEY INFORMATION ON LUBLIN AS A BUSINESS SERVICES LOCATION



Dynamic growth of the business services sector

The vast majority of the business process outsourcing centers (BPOs), shared service centers (SSCs), IT centers and research & development (R&D) centers operating in Lublin were launched in the past five years. The majority of the jobs in the industry were also created during that time. The Lublin business services sector is notable for its rapid growth, which is supported by robust partnerships between companies from that sector and the commercial real estate industry, recruitment firms, city authorities, colleges and universities, and other business environment institutions.



BPO, SSC, IT and R&D services center success stories

The vast majority of Lublin's business services centers have broadened the scope of their activities since their launch. It is also worth noting that the level of advancement of the services offered by most entities has increased. These two aspects were also accompanied by an increase in the number of jobs. Among companies in the sector, more than ten international investors employ over 100 people in their services centers. The largest employers in the business services centers in Lublin are: Orange, Asseco Business Solutions and Generali.



Cost competitiveness

Operating and personnel expenses in Lublin are over 20% lower than in Poland's largest business services locations.



Growing conference and hotel facilities

Lublin has a pool of 30 hotels (including high-end hotels) capable of accommodating nearly 3,000 guests. More facilities are due to open in the next few years. The opening of the Lublin Conference Center (in 2015) and the Centre for the Meeting of Cultures (in 2016) further demonstrates the city's growing significance as a conference destination.



151,000 sq. m

The total amount of modern office space in Lublin. The city is the ninth-largest office market in Poland in terms of supply. It should be noted that the total amount of office space in Lublin has increased by 70% in the last five years.



Support for investors

Lublin City Hall offers the services of a professional investor support team, which provides comprehensive assistance at every step of the project and professional post-investment services for entities that already have a presence in the city.



18,000 graduates annually

The number of graduates from Lublin universities and colleges, including a significant talent pool with a business services profile (with particular emphasis on economic studies).

Source: ABSL own study

Why choose Lublin?

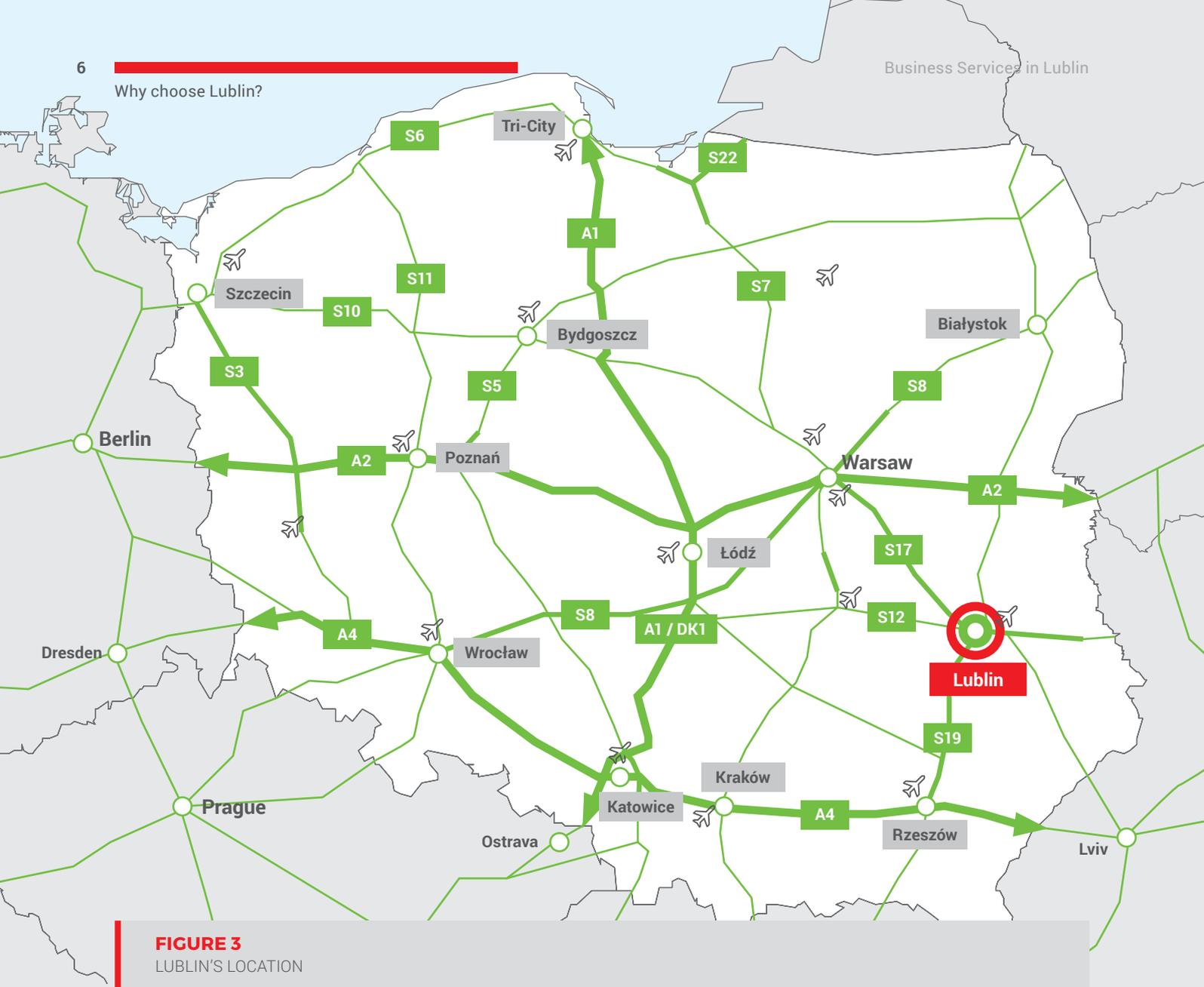


FIGURE 3
LUBLIN'S LOCATION

Source: ABSL own study

Lublin is located in the eastern part of Poland. The city is located along a major transit route between the Baltic States and Southern Europe (Via Carpathia). Access to the city has significantly improved in recent years thanks to its network of expressways that are currently being expanded (S12, S17 and S19). The convenient location makes it easy to get to Warsaw by car or train (170 km). Major European hubs (Munich) and several capital cities (London, Stockholm, Oslo, Dublin, and Kiev) can be reached from Lublin Airport (LUZ) which opened 12 km of the city center in 2012. It is the tenth busiest commercial airport in Poland. It is worth noting that investments in transportation infrastructure ensure that the city's accessibility increases year-by-year.

TABLE 1
DISTANCES AND ANTICIPATED TRAVEL TIMES TO SELECTED CITIES

	Distance from Lublin	Travel time	
		By car	By train
Warsaw	170 km	2h20min*	2h41min*
Kiev	608 km	7h30min	15h09min**
Berlin	739 km	7h00min	8h11min**

* 1h30min from 2020

** with layover

Source: Google Maps

FIGURE 4
AIR TRANSPORTATION – LUBLIN AIRPORT (LUZ)

-  Distance from the airport to the city center
-  Number of countries served
-  Number of airports served
-  List of airlines serving the airport
-  Total number of passengers (2016)
-  Number of direct flights operated per week to selected destinations and flight times

12 km

9

12

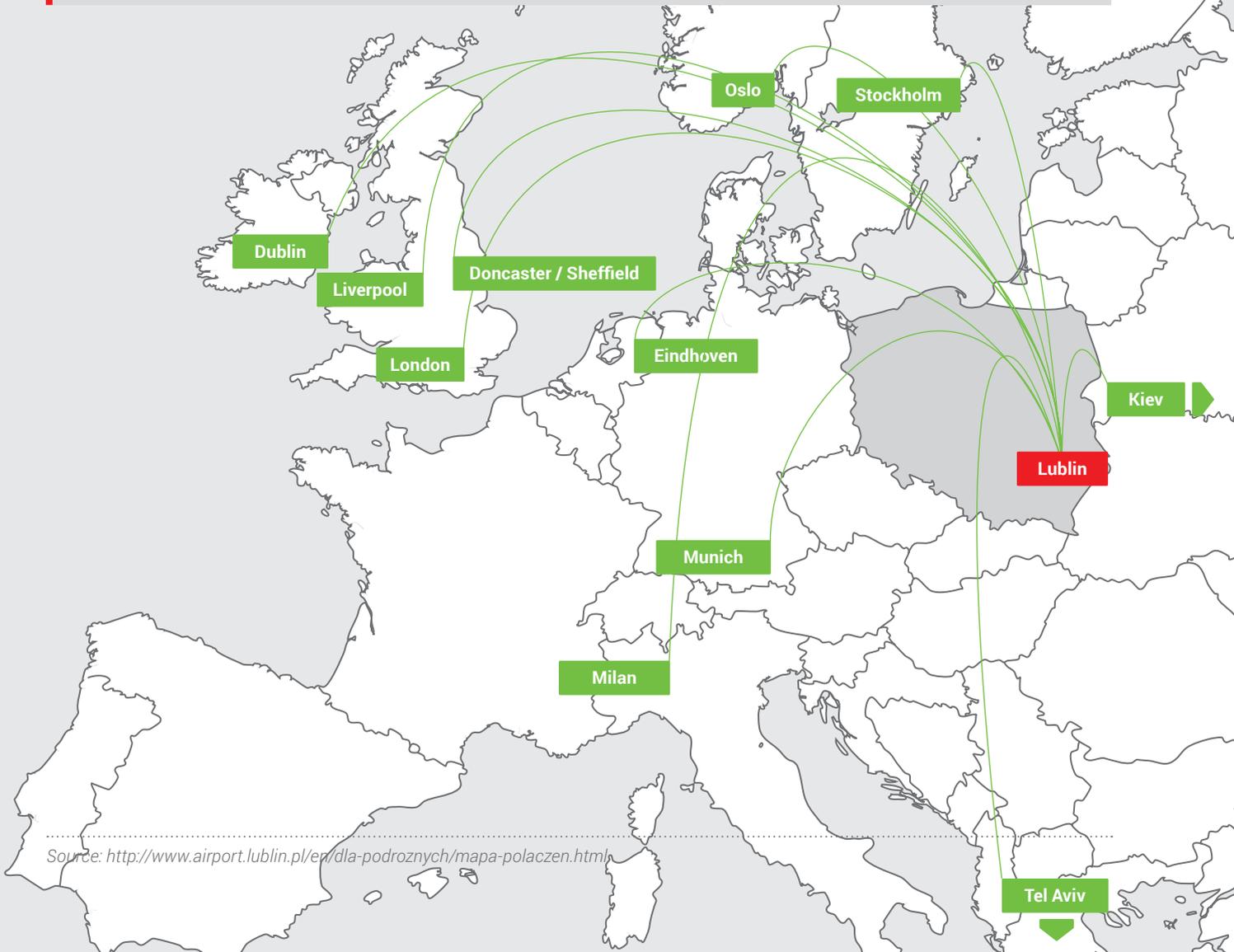
BMI Regional, easyJet, LOT Polish Airlines, Ryanair, Wizzair

377,606

Munich (MUC) – 7 (1h50min)
London (STN, LTN) – 11 in all (2h35min-2h45min)
Oslo (TRF) – 3 (2h05min)

Source: ABSL own study based on: <http://www.airport.lublin.pl/> and Google Flights

FIGURE 5
MAP OF SCHEDULED COMMERCIAL FLIGHTS OUT OF LUBLIN



Source: <http://www.airport.lublin.pl/en/dla-podroznych/mapa-polaczen.html>



2 | The business services sector in Lublin

Lublin is the ninth biggest business services location in Poland in terms of employment. It has the largest concentration of business process outsourcing centers (BPOs), shared services centers (SSCs), research and development centers (R&Ds) and, above all, information technology centers (ITs) in eastern Poland. The impressive growth in the number of newly established business services centers in recent years has transformed the economic landscape of the city, having a beneficial effect on its reputation as a business location.

The share of people in Lublin who are mobile, of working age and employed in this sector is among the lowest in Poland (4.3%), resulting in little pressure on the local labor market (in comparison with the country's largest cities). There is room for new centers, and for growth in existing entities in the city, which means the creation of thousands more new jobs in the sector is very likely in the coming years.

FIGURE 6

THE BUSINESS SERVICES SECTOR IN LUBLIN IN NUMBERS

**59**

The number of BPO, SSC, IT and R&D centers in Lublin (Q1 2017). There are 44 domestic capital centers, while the remaining 15 belong to foreign companies.

**5,700**

The number of people employed in business services centers in Lublin, including 3,000 in companies with foreign capital. Lublin had one of Poland's highest percentage growth rates in employment in the sector in the period from Q1 2016 to Q1 2017.

**53%**

The share of centers with foreign capital in the employment structure of the sector.

**97**

The average number of employees in Lublin's business services centers.

**IT**

The most important category of services provided in Lublin's centers is IT services (including software development). It generates more than half of the employment in the sector (55%), i.e. much more than the national average (30%), and features in the portfolio of 85% of the centers in Lublin.

**5**

The number of new business services centers established since the beginning of 2016 (Codete, PhlexGlobal, Team International, Tesseract Dev, ITMAGINATION).

**9,000**

Employment in the sector as forecast to 2020.

**8**

The number of languages used for serving business processes in Lublin's business services centers.

The business services sector in Lublin

There are 59 business services centers in Lublin belonging to investors from 8 countries. Most of them are Polish centers (44). Companies from the USA have four centers, companies from France have three, companies from the UK, Germany and Switzerland two each, and companies from Austria and Italy have one each. Business services centers in Lublin employ 5,700 people. Almost half of these employees (48%) work in Polish companies. French companies created 26% of the jobs in the sector, and Italian companies 9%. Businesses whose parent company headquarters are located in other countries account for 17% of employment in Lublin's business services centers.

IT centers clearly dominate in the structure of business services centers, with 46 of them operating (out of a total of 59 entities). Six units are BPO centers, four are R&D centers, and three are SSCs. IT centers dominate the employment structure by center type (52%). 31% of jobs are in SSCs, 12% in BPOs, and the

remaining 5% in R&D centers. An average of 97 people work in Lublin's business services centers (the median is 40). It should be added that the six largest business services centers in Lublin (with more than 250 employees) generate 47% of the total employment in the sector. It is also worth noting the significant share of local Lublin companies in the structure of business services centers in the city. Generally, company headquarters that don't have branches in other locations comprise almost half of all entities.

Thanks to new investments, employment in business services centers in Lublin has grown by about 2,500 people since 2012. Already existing entities have also developed intensively. Having considered the city's potential, companies' development plans and potential new investments, it can be anticipated that employment in the industry will reach 9,000 by 2020.



About the report:

This report presents the most important information on the business services sector in Lublin. It also discusses aspects of the local labor market, the office real estate market, quality of life in the city and forms of cooperation between business services centers and surrounding business institutions, and provides information on support for investors from local authorities.

Each business services center has been assigned to one of the primary types: business process outsourcing center (BPO), shared services center (SSC), information technology center (IT), or research & development center (R&D), taking into account the dominant profile of its operations. Contact centers providing services to external customers were classified as BPOs. Entities providing IT solution outsourcing services (incl. maintaining systems, applications, infrastructure, and technical support) and/or creating and selling (implementing) software for external customers were classified as IT centers. Please note that in the analysis, no account was taken of companies that only provide services domestically in Polish for customers located in Poland. This restriction does not apply to IT and R&D centers that offer software development, which, as a rule, requires the "product" to be developed in English.

It is worth noting that, in addition to the centers analyzed in this report, there are other entities in Lublin that focus on serving internal and external clients within Poland, in Polish only. These entities mainly provide customer services and employ more than 1,300 people, but were not considered in the report. Companies running such contact centers include PKO BP, Warta, Open Finance and Euronet, as well as Poltel's outsourcing center. Taking this type of employment into account, more than 7,500 people are estimated to be working in business services centers in Lublin.

We would like to thank all of the corporate and institutional representatives who took time to complete the ABSL questionnaire or prepare information used in this publication.

TABLE 2
SELECTED BUSINESS SERVICES CENTERS IN LUBLIN

Company	Type of center	Year activities began	Parent company headquarters location	Employment level	Activities profile
Asseco Business Solutions	IT	2012		>250	Producer of IT systems for corporate management. The company's offer includes ERP systems, ready-made programs for small and medium-sized businesses (SMBs), mobile solutions, and IT outsourcing and consultancy.
Billennium	IT	2012		100-250	The center develops IT products and services and provides IT outsourcing.
Britenet	IT	2011		100-250	A software house creating systems that support operations in many business areas.
Codete	IT	2016		<100	An IT center creating and developing internet and mobile applications for international customers, working on projects based on the Agile Scrum method.
Compugroup Medical	IT	1995		>250	A producer of software for the healthcare sector.
Convergys	BPO	2014		100-250	A customer services center with respect to telephone support.
Data Flow	IT	2015		<100	A software development center.
DataArt Lublin	IT	2014		100-250	A software development center.
eLeader	IT	2000		100-250	A software development center for mobility in the Field Force Management/Sales Force Automation (FFM/SFA) business.
Embiq	IT	2009		<100	A software development center.
Finanteq	IT	2014		<100	A software development center for solutions for m-banking and superwallets.
Generali	SSC	2011		>250	An SSC providing IT, financial and accounting, HR and customer services for Generali.
Genpact	BPO	2009		>250	An operations center specializing in financial and accounting process services.
Impaq	IT	2015		<100	A center creating and developing software in financial and telecommunications services. The company offers services in consultancy, system maintenance, and IT and business support and management.
Infinite	R&D	2002		100-250	The company creates IT solutions that make possible the automation and development of strategic business processes. To date, these have been applied in such industries as: FMCG, automotive, heavy industry, logistics, SHE and DIY.

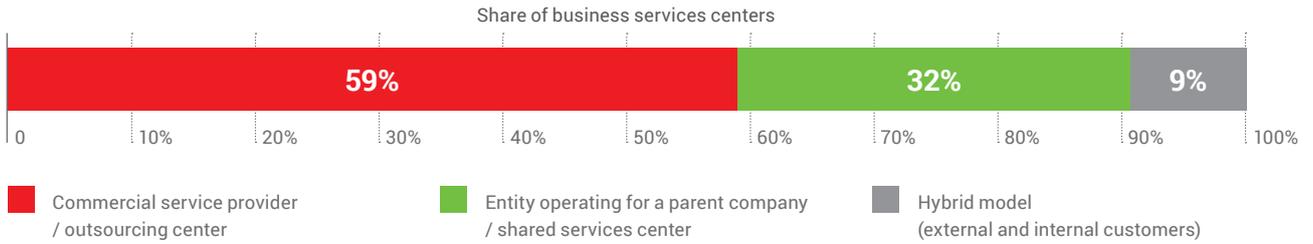
The business services sector in Lublin

Company	Type of center	Year activities began	Parent company headquarters location	Employment level	Activities profile
InteliWise	IT	2015		<100	Active in the area of development and provision of specialized IT solutions and services in the cloud, optimizing customer services and supporting online transactions based on artificial intelligence algorithms.
intive	IT	2014		<100	An IT center.
ITMAGINATION	IT	2016		<100	An IT center specializing in creating software to order, as well as providing cloud solutions and data management.
KS Engineering Technology (IBS GmbH)	R&D	2015		<100	An engineering center mainly active in the virtual development of complete production lines for manufacturing car bodywork.
Mobica	IT	2014		100-250	An IT center creating and developing software for automotive, financial and other industries.
OEX Group (Voice Contact Center)	BPO	2015		100-250	A center specializing in multichannel customer services: telephone, text message, e-mail, chat, social media and traditional correspondence. The Voice Contact Center also provides such services as: telesales, telephone debt recovery and telephone surveys.
OPTeam	IT	2010		<100	Consulting Designing and creating software in ASP. NET technology.
Orange (COK)	SSC	2006		>250	A services center providing accounting operation services for the Orange Group.
Orange Customer Service	SSC	2010		>250	A company from the Orange Group dealing with customer services.
PhlexGlobal	BPO	2016		<100	A documentation management center for the needs of clinical trials for companies from the pharmaceutical industry.
Sii	IT	2013		100-250	A center providing services pertaining to software development, IT infrastructure management, tests, service desks and others.
SoftSystem	R&D	2011		<100	A center creating and developing software for database management systems for medical institutions.
Sollers Consulting	IT	2012		<100	Implementing IT systems and creating solutions for customers from the financial industry.
Team International	IT	2016		<100	A software development center.
Transition Technologies	IT	2013		<100	An IT outsourcing center creating and developing software addressed to such market sectors as energy, gas, manufacturing, finance, banking and biomedicine.
uPaid	IT	2011		<100	An IT center providing technological solutions for banks and sellers of e-commerce and m-commerce.

Source: ABSL own study based on various sources, including the websites of internet companies.

FIGURE 7

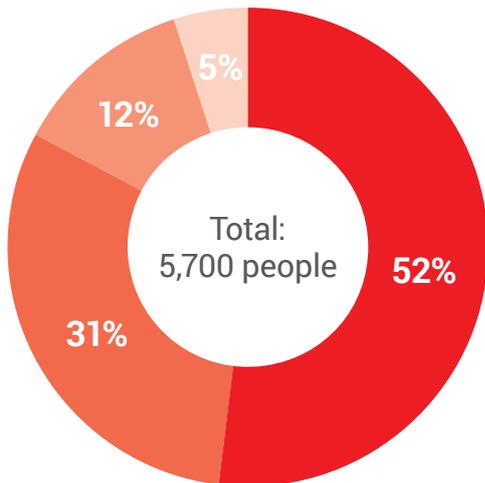
STRUCTURE OF EMPLOYMENT AT BUSINESS SERVICES CENTERS IN LUBLIN BY TYPE OF ORGANIZATION



Source: ABSL own study

FIGURE 8

STRUCTURE OF EMPLOYMENT AT BUSINESS SERVICES CENTERS IN LUBLIN BY TYPE OF CENTER

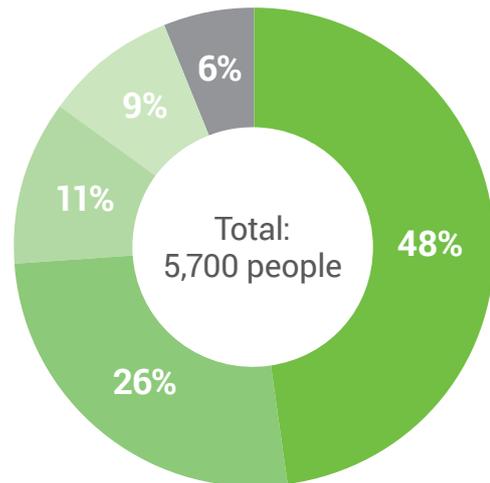


- IT
- SSC
- BPO
- R&D

Source: ABSL own study

FIGURE 9

STRUCTURE OF EMPLOYMENT AT BUSINESS SERVICES CENTERS IN LUBLIN BY PARENT COMPANY HEADQUARTERS LOCATION

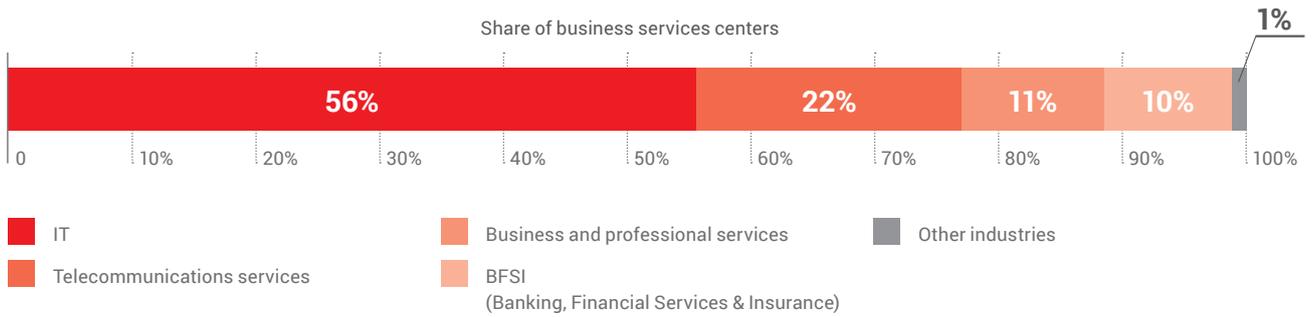


- Poland
- France
- USA
- Italy
- Other countries

Source: ABSL own study

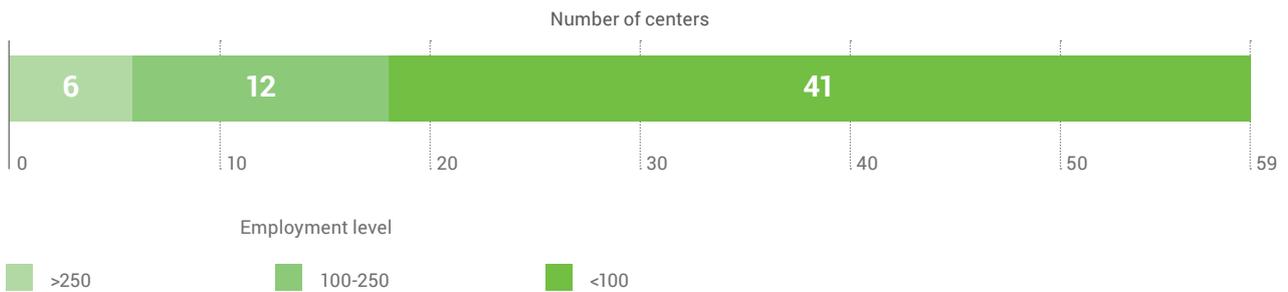
The business services sector in Lublin

FIGURE 10
STRUCTURE OF EMPLOYMENT AT BUSINESS SERVICES CENTERS IN LUBLIN BY INDUSTRY OF PARENT COMPANY



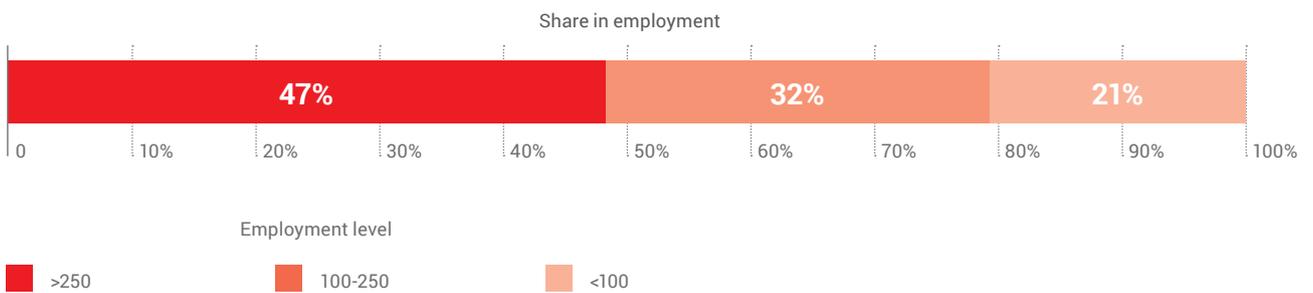
Source: ABSL own study

FIGURE 11
STRUCTURE OF BUSINESS SERVICES CENTERS BY EMPLOYMENT LEVEL



Source: ABSL own study

FIGURE 12
EMPLOYMENT STRUCTURE OF BUSINESS SERVICES CENTERS BY EMPLOYMENT LEVEL



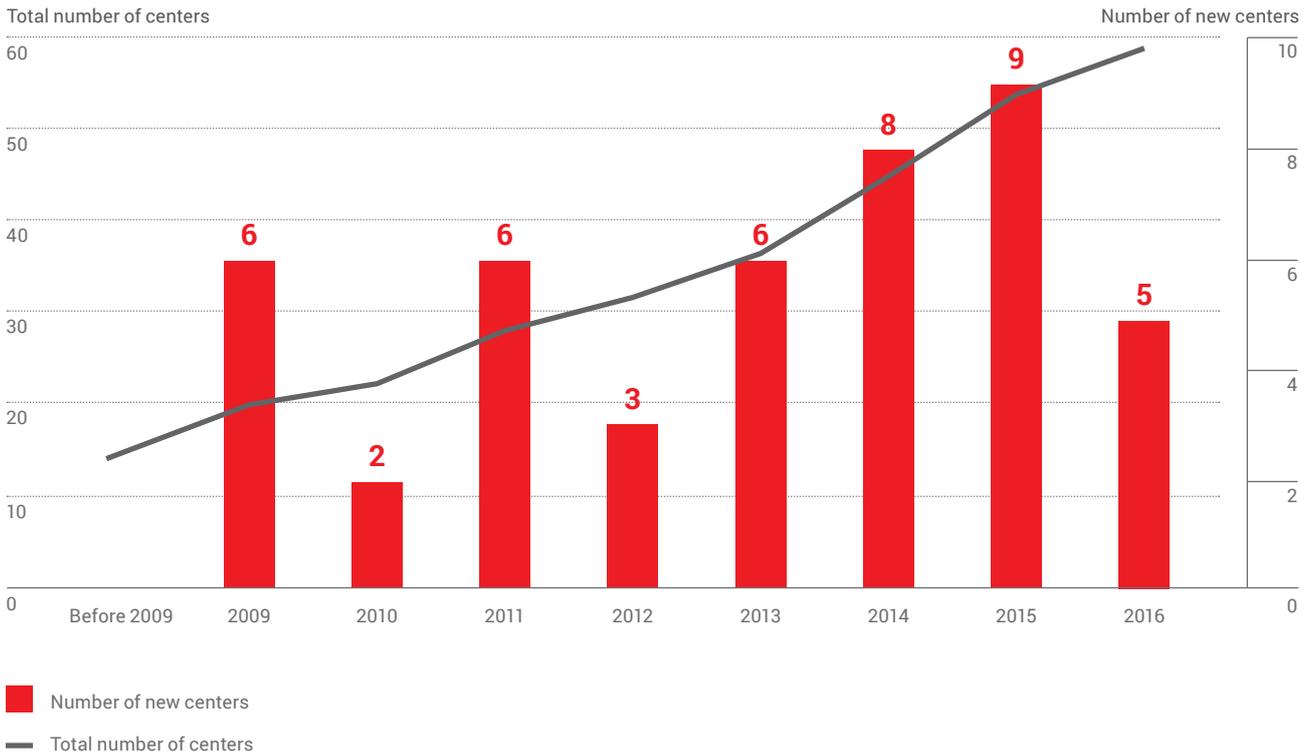
Source: ABSL own study



More than half of Lublin's business services centers have been set up since 2012, and these provide 38% of the total number of jobs in the sector (as at Q1 2017). It is worth adding that 14 new centers began operating after January 1, 2015, including Team International, PhlexGlobal, Codete, ITMAGINATION, OEX Group (Voice Contact Center) and Edge One Solutions. Assuming that the average for the past five years is maintained, it can be estimated that at least 80 BPO, SSC, IT and R&D centers will be operating in Lublin in 2020, employing a total of 9,000 people.

FIGURE 13

NUMBER OF BUSINESS SERVICES CENTERS IN LUBLIN BY YEAR ACTIVITIES COMMENCED



Source: ABSL own study

The business services sector in Lublin



6

Average number of new business services centers set up in Lublin in a given year (over the past five years).



53%

Share of business services centers created since the beginning of 2012 in the total number of centers in Lublin.

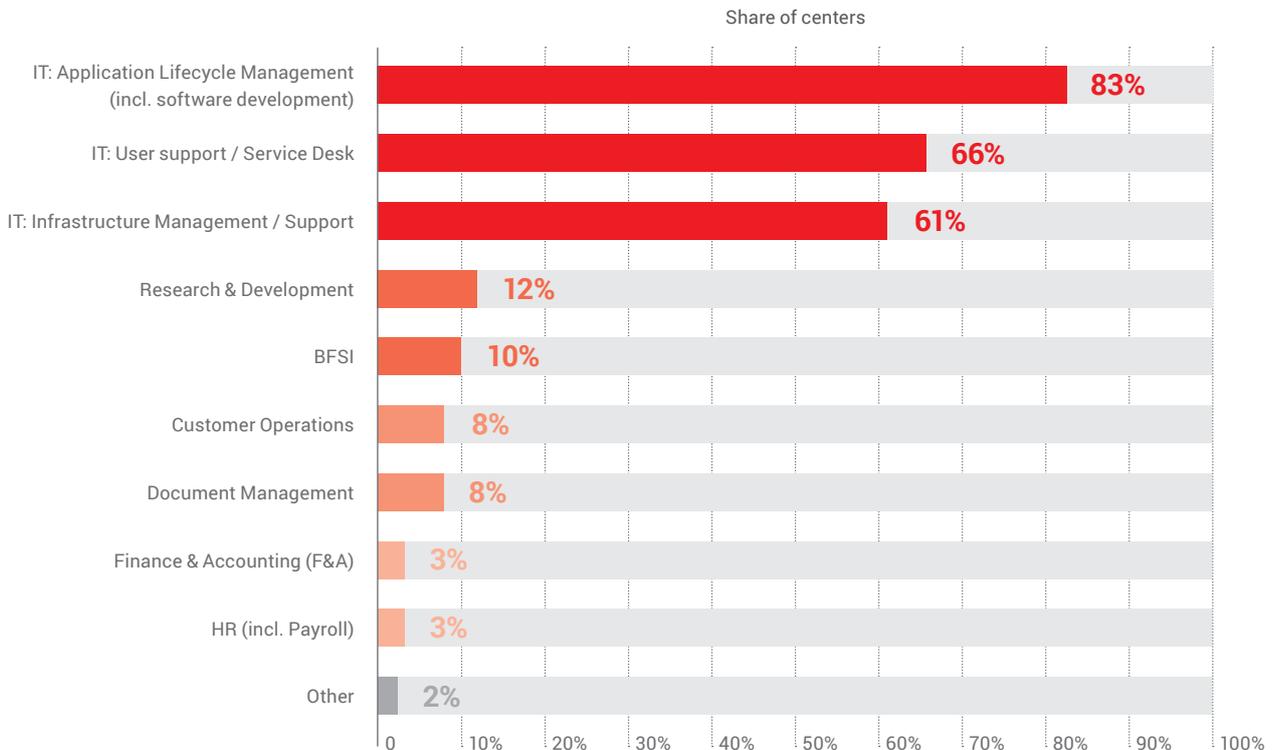


38%

Share of business services centers created since the beginning of 2012 in the employment structure of all centers in Lublin.

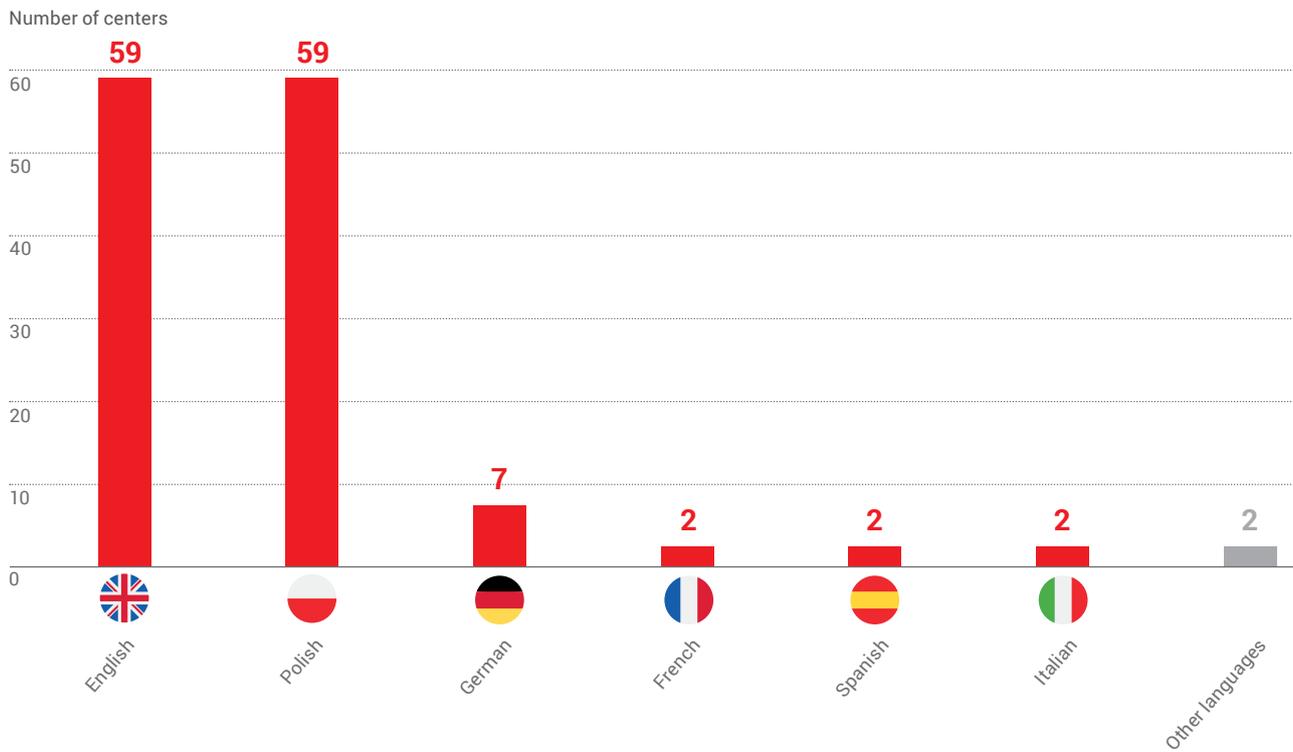
FIGURE 14

PROCESS CATEGORIES SUPPORTED BY BUSINESS SERVICES CENTERS IN LUBLIN



Source: ABSL own study

FIGURE 15
LANGUAGES USED AT BUSINESS SERVICES CENTERS IN LUBLIN



Source: ABSL own study

Specialization in Lublin

IT services is definitely an area of specialization in Lublin. The production and implementation of business software (mostly technologies and mobile applications) are services frequently offered by companies in Lublin, as well as integration services. Many companies also deal in IT outsourcing (including in the area of help desks). Due to little local demand, Lublin companies offer their services beyond the borders of the region and the country. This makes them very competitive, and they are growing rapidly.

One of the strengths of the IT industry in Lublin is the variety of products and services offered by local companies: from mobile software for the financial and fast-moving goods industries, through systems for the medical and pharmaceutical industries, to GIS and GPS solutions and the design of ICT systems.

Lublin's IT sector has grown tremendously in recent years compared to other centers in Poland and this is expected to continue, justifying Lublin's position as one of the country's most important IT locations.

Cooperation between business services centers and universities

A clear majority of the business services centers in Lublin cooperate with universities. Most frequently, this concerns recruiting future employees. Many Lublin companies offer internships and training for students, take part in job fairs, and organize open days,

workshops and lectures. A particularly intensive field of cooperation, the Lublin IT Upland (LWIT) project, is worth highlighting. Most Lublin IT companies are involved in numerous projects within it. Lublin also features such forms of cooperation as agreements for co-organizing specialized streams of study in which company representatives conduct lessons using materials they have developed.

TABLE 3

SELECTED EXAMPLES OF COOPERATION BETWEEN BUSINESS SERVICES CENTERS AND UNIVERSITIES IN LUBLIN

Company	Examples of activities
Convergys	<ul style="list-style-type: none"> » Cooperation with the Catholic University of Lublin. The company offers free workshops and training under the umbrella title of business services ("BPO and Your Career"), aimed at helping students find their place in the modern labor market, including work in corporations and business, and acquiring universal soft skills. » Cooperation with the Institute of German Studies and Applied Linguistics (Marie Curie-Skłodowska University, UMCS). Connected with the organization and implementation of a new course of undergraduate studies, "German Studies. The German Language in Business". This is a practically-oriented course that prepares students for work in the BPO sector, enabling them to find employment at Convergys immediately after graduating.
Genpact	<ul style="list-style-type: none"> » A cooperation agreement with UMCS involving consultation regarding the curricula, in order to best adapt these to the requirements of the corporate labor market. The agreement also foresees the possibility of student internships and training at Genpact.
Billennium Brittenet CompuGroup Medical Infinite Sollers Consulting Transition Technologies	<ul style="list-style-type: none"> » Cooperation with the Faculty of Mathematics, Physics and Computer Science, UMCS. Joint development of a Computer Science teaching program, lessons conducted by representatives of IT businesses, enabling students to engage in training in companies.

Source: ABSL own study based on the websites of companies and universities





3 | Lublin success stories

This section features testimonies from selected industry players who invested successfully in Lublin. The examples provided are the best indicator of the city's investor-friendly environment. It is worth noting that, during their presence in Lublin, the majority of the investors have broadened the scope of services provided and increased the number of jobs and the value of their operations. Therefore, encouraging cooperation between sector companies and business environment institutions has a direct bearing on the assessment of a city as a potential business location by representatives of the business services sector.



One of the world leading companies on the BPO market was looking for a perfect location to run the highest quality contact center for one of its key European accounts. This place was Lublin – the city of creative people.

Convergys is a global corporation with its headquarters in the United States. It is the second largest BPO provider and employs more than 130,000 people in 149 locations around the world, offering customer care services in 58 languages. Convergys serves companies from almost every business sector that needs to maintain exceptional relationships with their customers. As well as winning the tender to operate Telefonica Deutschland's nearshore contact centre, company decided to search for a location in Poland. The second subsidiary in the country (after Szczecin) needed to be located in a city with qualified human resources, A-class offices and an emerging business services sector.

Convergys chose Lublin and, in May 2014, opened a contact center to deal with inbound phone calls and emails for German mobile communications provider O2. Lublin was considered a better location than Bydgoszcz and Opole

Convergys – a leader in the customer care industry

thanks to outstanding growth perspectives and supporting business environment created by the Investor Relations Department of the City of Lublin. Convergys paid attention designing the Lublin Subsidiary to be ergonomic and employee-friendly and to ensure comfortable working conditions. Hence, after three years, Convergys in Lublin is ready to develop and serve other clients in more than 10 European languages.

Local authorities should understand business and and be keen to respond to its needs. That is how it works in Lublin. Moreover, local universities are amenable to cooperate in order to adapt their educational offer to business demands. Employees recruited in Lublin are very creative and ensure a high quality of customer service. It proves that Lublin is an ideal city for business services sector development.



Infinite has become one of the major EDI operators in Poland and 24 other countries. Its success is based on human resources pooled predominantly from among IT students attending Lublin universities.

The company was established in 2002 by a group of IT specialists who have been developing IT solutions since 1993. Infinite is part of the Emperia Group. Since its foundation, Infinite has become one of the major providers of IT services in Poland. One of its solutions, 'e-Wholesale Outlet' B2B platform, has been implemented in over one third of Polish FMCG and DIY shops. Infinite is expanding and is aiming to become the leader in EDI solutions in Europe.

The company set up in Lublin can provide its services to any part of the world. In spite of its dynamic growth and international expansion, the company's management have never considered relocating. Lublin provides favorable

Infinite IT Solutions – leading provider of business IT services (EDI, SFA, ECM)

conditions for running and developing business. This is still true today, when the ICT labour market in the city has become increasingly challenging due to actions undertaken by the Investor Relations Department team. Infinite's position on the market makes it a highly competitive employer among large, multinational enterprises.

Infinite's members of staff are predominantly graduates of Lublin universities. They are hired for their open-mindedness and willingness to work. It is frequently due to their unconventional ideas that the company can offer increasingly vast array of services. Therefore, Infinite gets involved in a number of student-aimed projects, e.g. 'Start with Infinite', which provides students with opportunities to develop in the company or get equity investment for promising startups or companies involved in Lublin IT Upland.



OPTeam S.A. is a public company providing IT solutions to businesses, higher education institutions and public bodies for over 25 years.

It leads in developing and integrating electronic card solutions and is a tycoon in implementing professional ERP systems. The subsidiary in Lublin was established in 2010 and specialises in business solutions that have been offered for over 10 years. OPTeam is the largest integrator of Comarch ERP XL in Poland. Currently, most of the services provided by the Lublin subsidiary involve project consulting and development of ASP.NET software. In the nearest future, the company's management is planning to hire new heads and develop new mobile technology solutions.

Because it is located in Lublin, this subsidiary shows enormous development potential. This academic city provides the company with countless opportunities for cooperating with higher education institutions in conducting various types of scientific research. These opportunities will

OPTeam S.A. – IT solutions integrator

result in the company's offer being extended and more customized. Moreover, OPTeam recruits new employees from the pool of students and graduates of Lublin's universities. The company is also open to IT specialists from Ukraine, who find Lublin an attractive place to live. The improving infrastructure in the city is an additional advantage which makes it easier to commute, travel and reach customers all over Poland.

OPTeam's staff are engaged in a number of activities and projects conducted by representatives of the local government. As a result, an IT-friendly ecosystem is being built. The company's representatives not only participate in business breakfasts organised by the team from the Municipal Government of the City of Lublin, but also in a variety of projects aimed at IT students. With regard to development, cooperation with the Lublin Science and Technology Park is also of great importance.



The Orange Polska Accounting Services Centre is one of the first shared services centres in Lublin, from which began the expansion of Lublin's B2B service sector.

The Accounting Services Centre was established to provide high quality financial and accounting services to companies of the Orange Polska group. Other locations in Poland were considered. Ultimately we decided to choose Lublin, due to its strong infrastructure, large academic population, low market saturation and the attractiveness of the city. Since October 2006, when our operations were launched, daily practice confirms it as the right decision, and the centre itself has won numerous awards from the international sector organisation The Shared Services & Outsourcing Network.

Lublin offers very good conditions to companies in the B2B sector. Namely, qualified employees, high schools, a rapidly developing office-space market, high quality

Orange Polska – the first Shared Services Centre in Lublin

of municipal services and also tourist attractions. Lublin is a place where you can have a good time. It is not yet as famous as the more popular tourist cities of Cracow, Wrocław and the TriCity, but this also means that the local market is not as saturated. Thus, Lublin is the ideal location for a second main branch, the existence of which is often necessitated by in-house standards and safety considerations.

The city's potential is further increased by its air and road links. Local government, meanwhile, supports contact between business and academia, with the objective of educating the skilled employees of tomorrow, and also offers assistance in finding suitable office space. The conditions have been created that enable the further dynamic development of B2B sector.



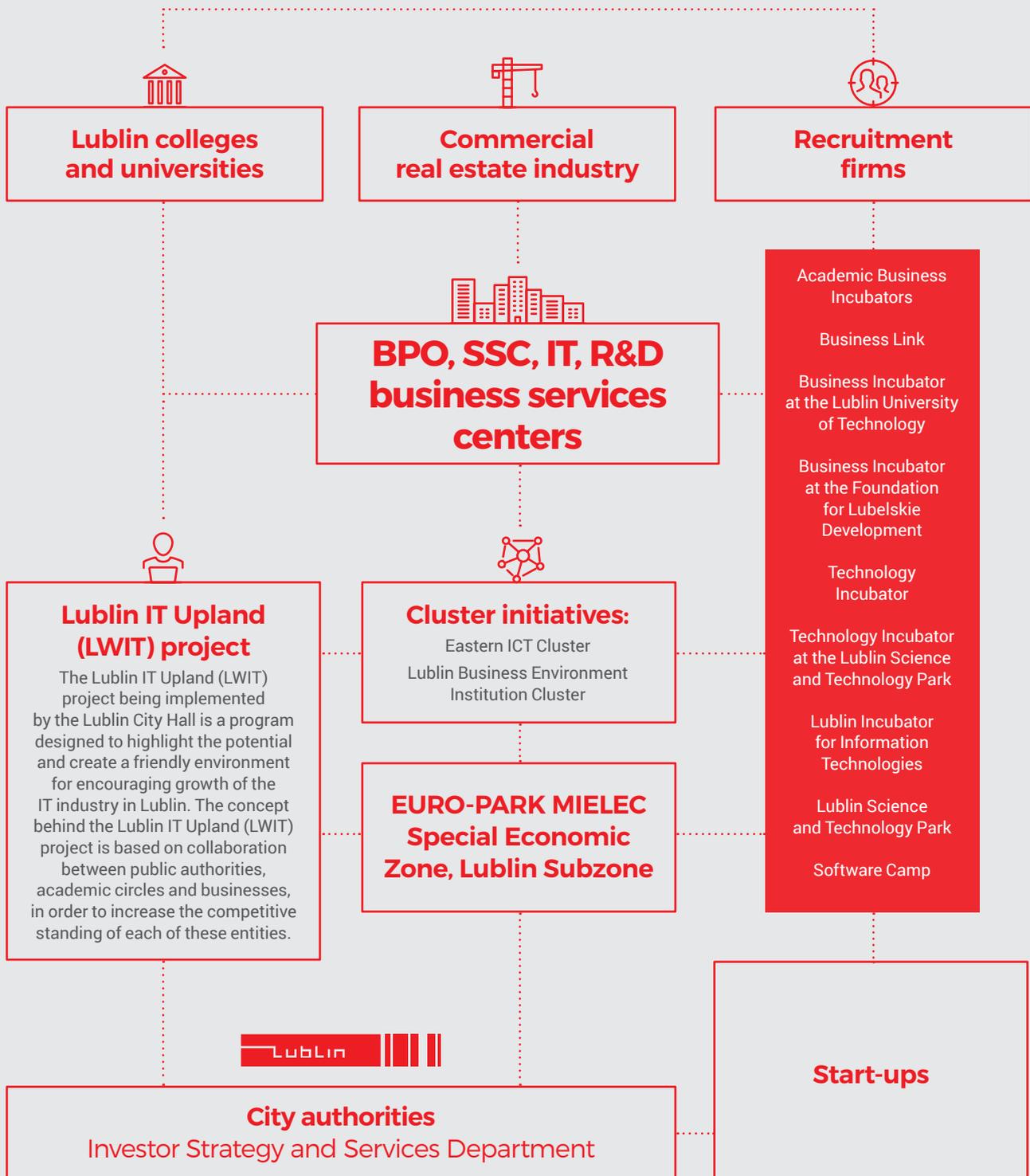


4 | Cooperation and business environment

The rapid growth of the business services sector in Lublin would not have been possible without effective partnerships and mutual relationships between business services centers (especially IT), the start-up environment and business environment institutions, including technology parks and incubators, technology transfer centers, the commercial real estate industry, recruitment firms, colleges and universities and the city authorities.

FIGURE 16

DIAGRAM OF THE ECOSYSTEM OF RELATIONSHIPS BETWEEN THE BUSINESS SERVICES SECTOR IN LUBLIN AND ITS LOCAL ENVIRONMENT



Source: ABSL own study



5 | Labor market

Lublin is the ninth largest city in Poland and the largest academic center in the eastern part of the country. Its nine universities provide academic training to 65,000 students with a broad spectrum of skills (which accounts for nearly 1/5th of the city's population). As one of Poland's major academic centers, Lublin has comprehensive and continually expanding educational opportunities that help boost the city's standing as a business services location.

Population structure in Lublin

FIGURE 17

OVERVIEW OF LUBLIN'S DEMOGRAPHICS



341,000

Number of residents of Lublin (as at June 30, 2016)



54%

Percentage of women in the overall population of Lublin (as at June 30, 2016)



341,000

Population (total)*



209,000

Working age population



133,000

Working and mobile age population**

Source: Central Statistical Office (June 30, 2016)

Educational potential in Lublin

FIGURE 18

NUMBER OF STUDENTS, GRADUATES AND COLLEGES AND UNIVERSITIES IN LUBLIN



65,000

Number of students in Lublin*
(of whom nearly 10% are foreigners, making Lublin one of Poland's most multi-cultural cities)



9

Number of universities in Lublin



18,000

Number of graduates in Lublin***

* rounded to the nearest thousand

** age range contained within the working age bracket and include persons who are able to move to a different position, place of work or re-train

*** rounded to the nearest hundred

Source: Central Statistical Office: Colleges and universities in the 2016/2017 academic year, preliminary data (students: as at November 30, 2016, graduates: as at the 2016/2017 academic year).

FIGURE 19

NUMBER OF STUDENTS ENROLLED IN EACH OF LUBLIN'S UNIVERSITIES*

Public universities**Private universities**

*rounded to the nearest hundred

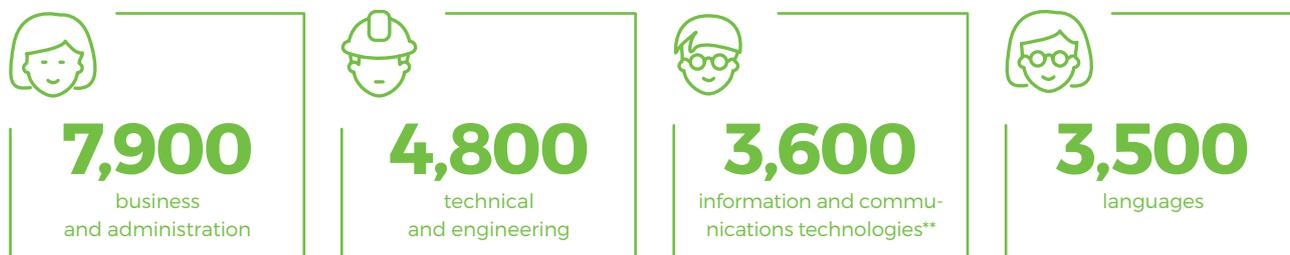
Source: Central Statistical Office: Colleges and universities in the 2016/2017 academic year

Nearly a third of Lublin’s college students pursue majors whose graduates most frequently find employment in the business services sector.

They are: business and administration, information and communications technologies, languages, and technical and engineering.

FIGURE 20

STUDENTS OF LANGUAGE, BUSINESS AND ADMINISTRATION, INFORMATION AND COMMUNICATIONS TECHNOLOGIES AND TECHNICAL AND ENGINEERING FACULTIES IN LUBLIN (2016/2017 ACADEMIC YEAR)*



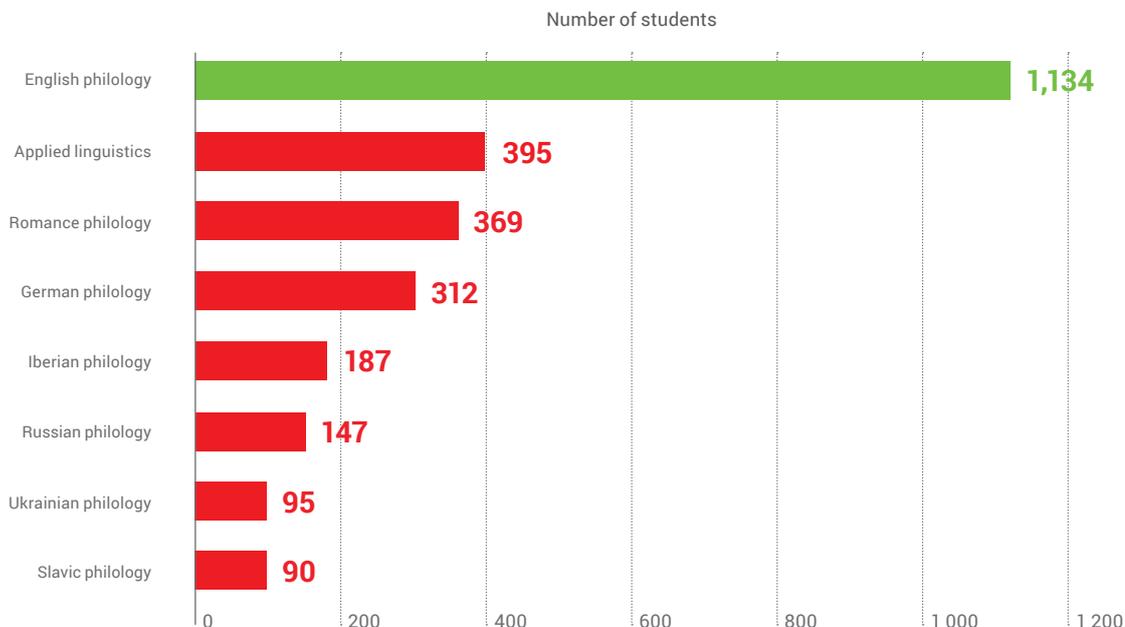
* rounded to the nearest hundred

** together with a subgroup of interdisciplinary programs and qualifications covering information and communications technologies

Source: Central Statistical Office: Colleges and universities in the 2016/2017 academic year, preliminary data (as at November 30, 2016).

FIGURE 21

NUMBER OF STUDENTS OF SELECTED PHILOLOGY PROGRAMS IN LUBLIN



Source: Central Statistical Office: Colleges and universities in the 2016/2017 academic year, preliminary data (as at November 30, 2016).

TABLE 4

AVAILABILITY OF POTENTIAL EMPLOYEES BY SPECIALIZATION IN LUBLIN (IN A THREE-MONTH PERIOD)

Specialization	10 FTE	20 FTE	50+ FTE
F&A: GL	High availability	Average availability	Limited availability
F&A: AP / AR	High availability	High availability	Average availability
Customer Service	High availability	High availability	High availability
IT: Service Desk	High availability	High availability	High availability
IT: Software Development	High availability	High availability	Average availability
IT: Infrastructure Management	Average availability	Average availability	Limited availability

■ High availability
 ■ Average availability
 ■ Limited availability

Source: Randstad, as at Q1 2017



TABLE 5

MONTHLY SALARY (PLN GROSS; INDIVIDUALS WITH B2/C1-LEVEL ENGLISH)

The salary chart was prepared on the basis of interviews with candidates and employers and an analysis of recruitment processes dedicated to the business services sector in Lublin.

F&A: GL	Min	Opt	Max
Junior Accountant (1-2 years' experience)	3,500	4,000	4,500
Accountant (2-3 years' experience)	4,500	5,500	6,300
Senior Accountant (over 3 years' experience)	6,000	7,500	8,500
Team Leader (team of 5-15 people)	8,500	12,000	15,000
Manager (team of up to 50 people)	10,000	13,000	15,000

F&A: AP / AR	Min	Opt	Max
Junior Accountant (1-2 years' experience)	3,000	3,300	3,700
Accountant (2-3 years' experience)	4,000	4,600	6,000
Senior Accountant (over 3 years' experience)	5,500	6,000	8,000
Team Leader (team of 5-15 people)	7,500	8,000	10,000
Manager (team of up to 50 people)	9,500	11,000	14,000

IT	Min	Opt	Max
1st Line Support (2 years' experience)	4,000	5,000	5,500
2nd Line Support (2 years' experience)	4,550	5,500	6,800
3rd Line Support (2 years' experience)	5,500	6,500	9,800
IT Administration (3 years' experience)	6,000	8,000	10,500
Network / Security (3 years' experience)	7,600	9,120	13,500
Business / System Analyst (3 years' experience)	7,220	9,000	12,500
Developer (3 years' experience)	7,600	11,020	13,300
Tester (3 years' experience)	5,320	7,220	10,260
Team Leader (team of 5-15 people)	8,000	11,500	15,500
Project Manager (team of up to 50 people)	11,000	15,000	19,000

Customer Service	Min	Opt	Max
Junior Specialist (without experience)	2,500	3,500	4,000
Specialist (over 1 year experience)	3,500	4,000	4,500
Team Leader (team of 5-15 people)	4,500	6,000	7,500
Manager (team of up to 50 people)	7,000	8,500	10,000

Source: Randstad, as at Q1 2017



6 | Office market

Lublin ranks 9th among the all established office markets in Poland and is the largest office hub in Eastern Poland. The modern office stock in the city is estimated to be about 151,000 sq m.



Chapter content provider: **JLL**

JLL is a leading professional services firm that specializes in real estate and investment management.

At year-end 2016, JLL had nearly 300 corporate offices, operations in over 80 countries and a global workforce of more than 77,000. More information: www.jll.pl

FIGURE 22

LUBLIN OFFICE MARKET IN NUMBERS

**151,000** sq m

of existing office space in Lublin

**70%**

increase in the amount of office space in the last five years

**37,000** sq m

of office space will be delivered in 2017

**45,400** sq m

under construction

**10.5-11.5** €

monthly rents per sq m for the best locations in Lublin

**18,500** sq m

of existing office space remains vacant

**18**

office buildings of less than five years old in Lublin

Property development in Lublin

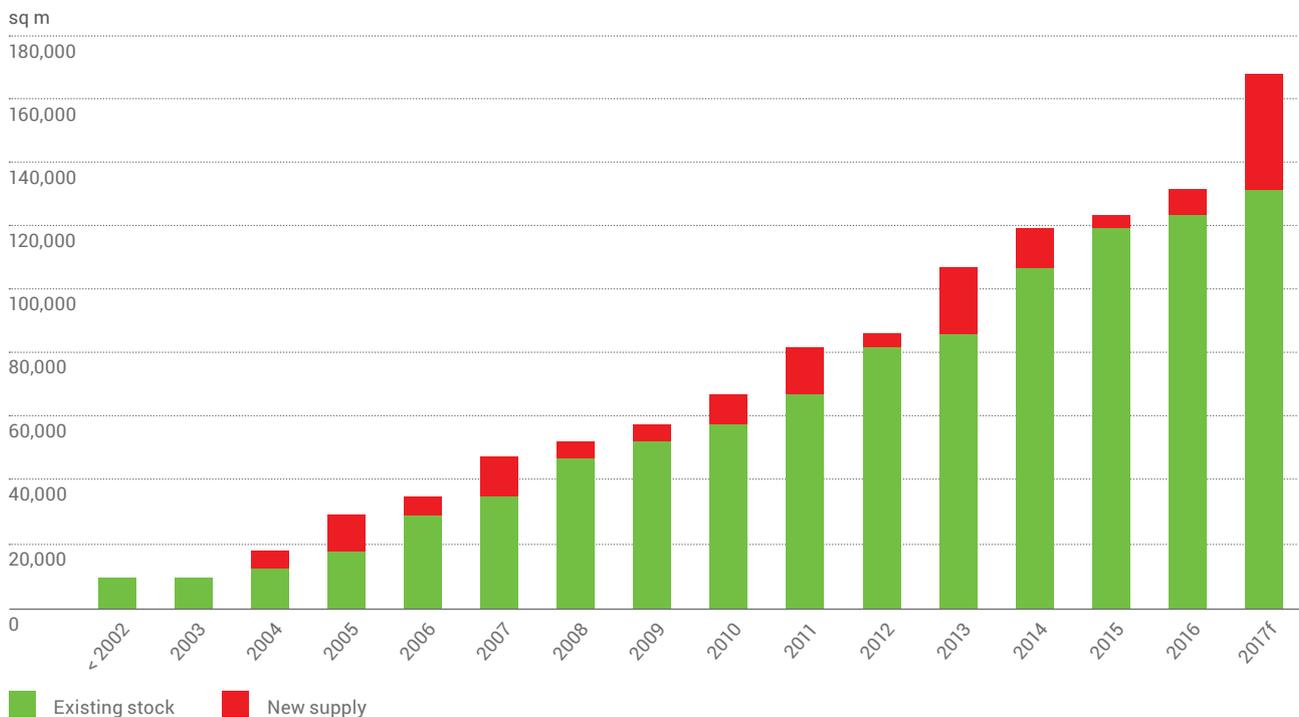
Lublin emerged as a location for modern office space at the start of the millennium, when the first buildings began to appear. Zana 39/39a, also known as Zana Centrum I, was the first modern office development in the city (9,200 sq m, completed in 2001). Years 2011 and 2013 were record breaking in terms of the new supply in Lublin. Along with the completion of such office projects as Gray Office Park A and Związkowa Centre in 2011, 16,000 sq m of the modern A class office space entered the market that year and almost 20,000 sq m in 2013 (in such developments as Nord Park B&C, JPBC Business Center or TBV Office Center). The Gray Office Park A is currently the largest office building in the city (13,000 sq m). In 2017, modern office modern stock in Lublin will increase by at least 37,000 sq m, including the CZ Office Center A (20,000 sq m), which will surpass the Gray Office Park A in available space for lease.

The office market is clearly dominated by local developers and, due to the fact that the majority of the potential sites designated for the future office developments have already been obtained by them, we expect this situation to remain unchanged in the nearest future.

In July 2017, about 45,400 sq m of office space remained under construction, which will increase the existing supply by almost one-third. Most of these projects are due to be delivered in 2017. The main under construction developments include: CZ Office Center A (approx. 20,000 sq m, 2017) and the office building at 2, Spokojna Street (18,600 sq m, 2018). A further 109,000 sq m is at planning stage, awaiting the key pre-let in order to start the construction (e.g. Soul – 19,000 sq m or the next phases of the CZ Office Park e.g. B & D, two office buildings of approx. 28,700 sq m in total).

FIGURE 23

EXISTING OFFICE STOCK AND NEW SUPPLY IN LUBLIN (SQ M)



Source: JLL, PORF, June 2017, f-forecast

Modern office stock location

TABLE 6

MAJOR OFFICE LOCATIONS IN LUBLIN

Office area along Zana and Wallenroda streets – the area where the first office blocks appeared (Centrum Zana II, Zana 39&39a and Zana 43). Currently, this region is home to about 53,900 sq m (35% of all existing office stock in Lublin). The largest complex located here is Gray Office Park – four office buildings offering 33,200 sq m (2007-2011).

The area along Szeligowskiego and Północna streets (9% of stock) – the location of the Nord Office Park complex (three office blocks, 13,500 sq m in total).

Other office locations in the city include the area along: Witosa, Wojciechowska, Obywatelska, Lubartowska, Lucyny Herc, Jana Pawła II and Związkowa streets.

Source: JLL

After the completion of the CZ Office Park, the intersection of Nałęczowska Street and Kraśnicka Avenue will become another important office area in Lublin.

It is worth emphasizing that the most sought after office region, especially by banks and law companies, is the Krakowskie Przedmieście region and the neighboring streets such as Chopina, Jasna, Krótka and Lipowa, where the renovated tenements offering up to 200 sq m are located.

Demand for office space and vacancy rate

In the 2016/2017 academic year, 65,000 students were in Lublin, which is a significant talent pool for potential investors. Many companies have already taken advantage of that fact and located their activities in the city, such as: DataArt, Genpact, Orange, Asseco Business Solutions, Sii and Mobica. The latest, because of its dynamic development, decided to move its operations to the CZ Office Park. Other major tenants present in the city are represented by companies from the banking, finance and insurance sectors.

Up to the end of 2012, the vacancy rate in Lublin was one of the lowest in Poland (2-4%). At the moment over 18,500 sq m is vacant in the existing buildings in the city and this is the reason for the 12.3% vacancy rate. Eight office buildings offer more than 1,000 sq m for rent (i.e. JPBC Business Center, Technic Office Park A & B, CHM 13, Imagine, Nord Office Park B&C, G5 and Makrochem).

Tenants looking for larger office space, especially those from the business services sector, should consider pre-letting options in under construction or planned projects. As of now, about 18% of the developments underway are secured with the pre-let agreements.

Rents

Prime headline rents for modern office space in Lublin currently range from €10.5 to €11.5 / sq m / month. The upper rent value is applicable to the office projects offering the highest space standard, e.g. Gray Office Park A or Nord Office Park.

In the case of the A-class office buildings, rents are quoted in €; in B-class projects and in renovated tenements in PLN. Service charges are quoted in PLN.

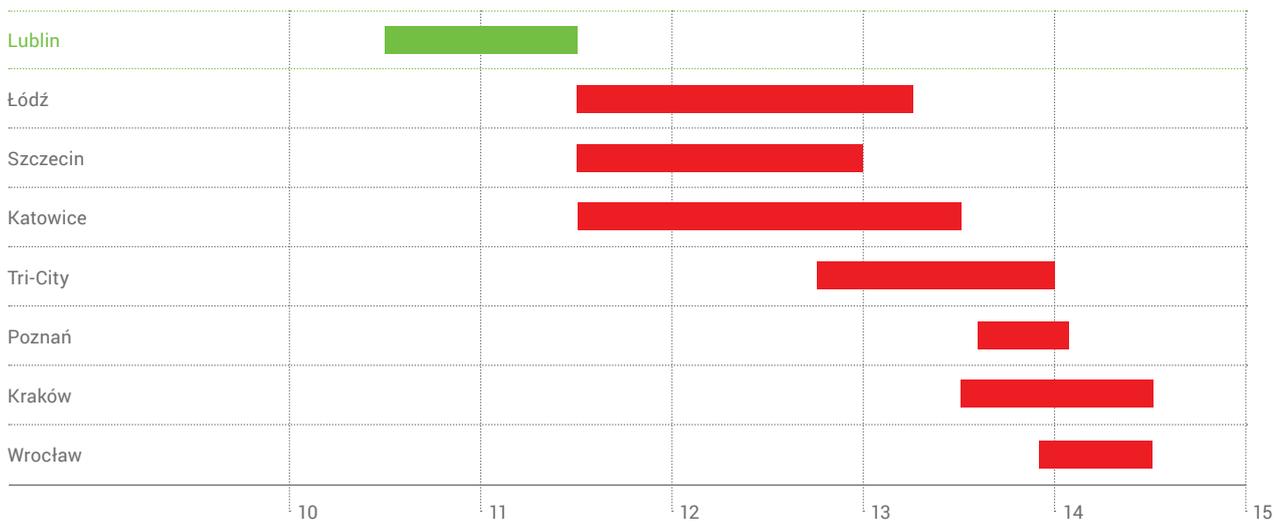
Forecast

Due to the quite extensive future new supply in Lublin (approx. 56,000 sq m to be delivered within the next two years), the vacancy rate may even surge to more than 15% in 2017. This will contribute to an increase

in rental options both for companies developing in the city and those considering locating in the capital of Lubelskie voivodship.

FIGURE 24

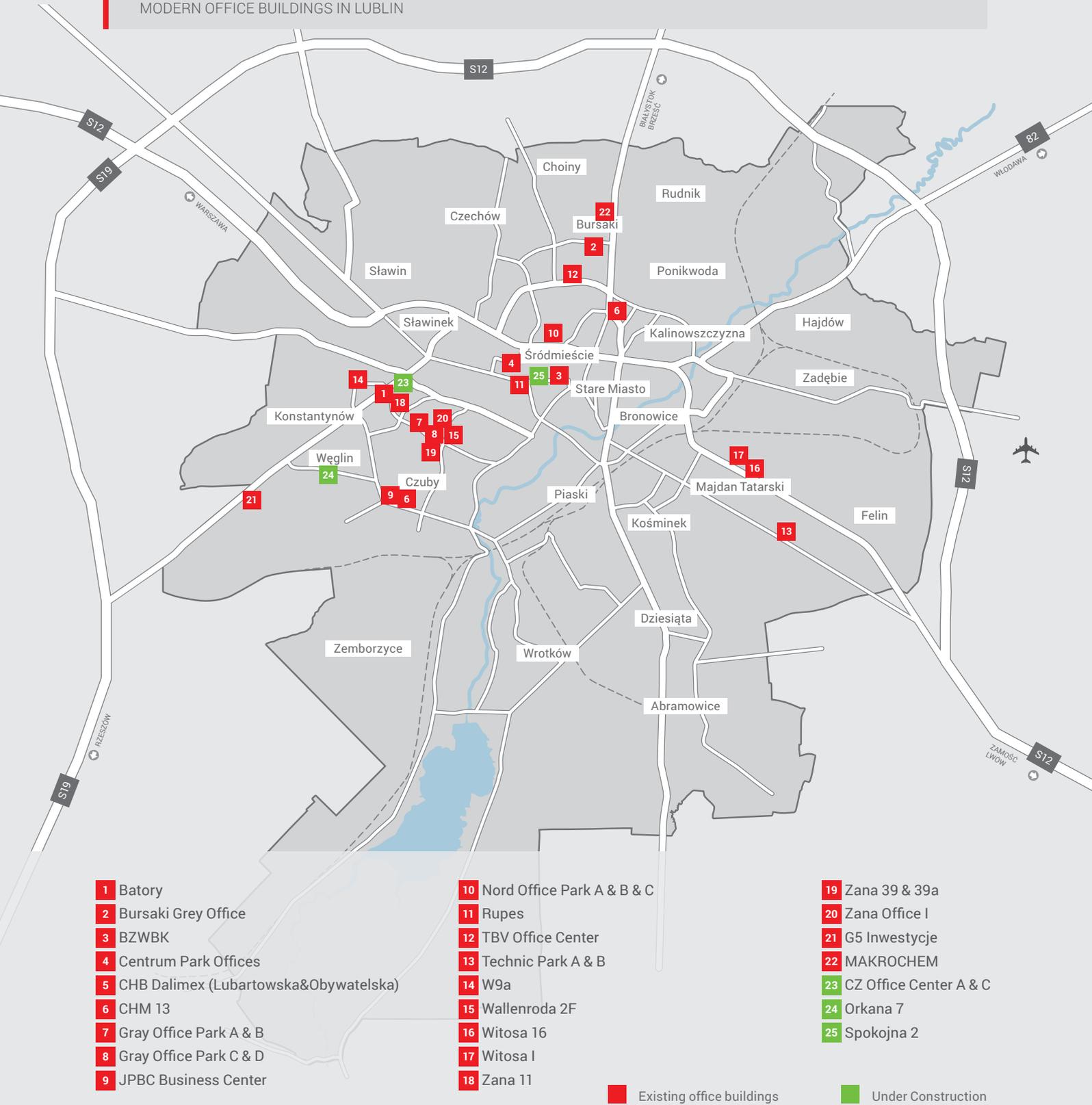
RENTAL LEVELS IN LUBLIN VS. OTHER OFFICE MARKETS IN POLAND (€ / SQ M / MONTH)



Source: JLL, July 2017



FIGURE 25
MODERN OFFICE BUILDINGS IN LUBLIN



Source: JLL, July 2017



7 | Quality of life

Lublin is a diverse, welcoming city that is believed to have one of the highest quality of life factors in Poland. This is confirmed by publications such as the report “Polish Cities in 2015” (PwC) and the 2016 “Open Cities Ranking”. (Gazeta Prawna in association with Deloitte). Lublin is home to a variety of interesting cultural events with a unique format. For many years, the city has hosted numerous international movie, theater and music events, such as the Magicians Carnival, the Jagiellonian Fair and the European Festival of Taste. It is worth noting that the city’s sustainable growth, its openness and use of modern technologies to increase the accessibility of public services all help reinforce Lublin’s reputation as a great place to live.



FIGURE 26

SELECTED INFORMATION ON CULTURAL FACILITIES AND HOTEL AND CONFERENCE FACILITIES IN LUBLIN



8

Number of movie theaters



23

Number of museums



5

Number of theaters



18

Number of art galleries



21

Number of locations with conference facilities



30

Number of hotels

1



5



21



1



2





8 | Investor services

Lublin City Hall is very serious about building direct relationships with business partners. To this end, it supports the investment process from commencement to completion, in compliance with current market practice. Business support is handled by the Investor Services Team – a unit operating under a model typical for the corporate market in accordance with business standards and forms of communication accepted around the world. The investor services system is based on a precise classification of industries, dedicated care, and an excellent understanding of procedures, resources and relationships.

Areas of support in the investment process



Dedicated Project Manager

The process of serving investors is carried out by an effective, well-prepared team selected by a Project Manager specializing in a particular sector. Project Managers are people with commercial market experience. A Project Manager's main task is to provide assistance throughout the investment preparation and implementation process, from identifying and researching the market to locating the business.



Provision of analytical information

The Investor Services Team continually monitors and collects up-to-date information, prepares forecasts, and creates micro strategies for particular industries, vital when profiling individual investment offers. The dedicated Project Manager helps obtain comprehensive analytical information on human resources, business infrastructure, public transport, the labor market, education, and the competition.



Invest-in-Lublin.com – a primary source of economic information

The English-language portal Invest-in-Lublin.com is a platform for communicating with investors. Its purpose is to provide direct access to complete analytical and statistical data on Lublin's economy, not processed by external entities. This increasingly complete data, when combined with the expanding content of the portal, will be available for downloading in the form of reports and data spreadsheets enabling investors to carry out capital assessment and to evaluate the city's economic and investment potential in terms of purchasing or leasing real estate or locating production and services.



Organization of reconnaissance visits

The Investor Services Team organizes reconnaissance visits at the request of investors. A tailor-made program can include visits to the city and potential investment locations, meetings with officials of the city, region and universities, and meetings with representatives of the real estate and HR industries. It can also include meetings with other investors or potential business partners.



Networking

Project Managers have exhaustive knowledge of the local market and the companies operating on it. They build and maintain relationships and take part in periodic industry meetings with local businesses, the academic community, experts and advisers participating in the investment process. They have essential contacts and references.



Relations with business

As a "third party", the city focuses on stimulating the functioning of the network of mutual connections, on initiating contacts, and on maintaining relations. It does so through clustered initiatives, networking programs for selected industries, and projects that activate or support specific groups – universities, startups, creative industries and small traders. The main partners in this area are Lublin businesses, business environment institutions, the academic community, and specific industries.



Lublin IT Upland (LWIT) program

The Lublin IT Upland is a program initiated by the city that promotes Lublin's ICT potential and supports the development of an IT ecosystem in Lublin by monitoring the resources, initiatives and needs of the IT community in the city. The management concept of the Lublin IT Upland is to create a friendly atmosphere for doing business, to activate an ecosystem whose main features are the effective exchange of information and genuine cooperation among the scientific community, small and large IT companies, and business environment institutions. Information about the program is available at the www.lwit.lublin.eu portal, and the program community is integrated and connected through a wide variety of offers of trade fairs, meetings, lectures and presentations addressed to high school and university students and representatives of the ICT industry.



Contact

Investor Strategy
and Services Department
Lublin City Hall
+48 81 466 25 00
www.invest-in-lublin.com

Łukasz Goś
Head of Investor Relations
lukasz.gos@invest-in-lublin.com

Michał Grabowiecki
Investor Relations Manager
michal.grabowiecki@invest-in-lublin.com

Karol Piekarski
Investor Relations Manager
karol.piekarski@invest-in-lublin.com



Lublin

the most dynamic office space market
in Eastern Poland



158 000 sq m
of existing office space in Lublin



34 000 sq m
of office space will be
delivered in 2017



10,50-11,50 €
monthly rents per sq m for
the best locations in Lublin



70%
increase in the amount of
office space in the last five years



48 000 sq m
under construction



20 000 sq m
of existing office space
remains vacant

