

INVESTOR'S GUIDE



P A N E V Ė Ž Y S



VISION OF THE CITY

Panevėžys is a Lithuanian metropolitan city, which has been integrated into the development of the world, Europe and its own country, which has a distinctive face, recognizable within the Republic and beyond its borders. It is the most important North Eastern gate of Lithuania, strategic connector of logistics, centre of modern technologies and industry of the country, attractive for business and investments, the capital of Aukštaitija.

The most attention is paid to educating a human being, who has his own attitude, is responsible for his words and actions. Panevėžys is a city, which has its own character, is famous for cherishing traditions of culture, art, sports and healthy lifestyle. It is a city, where it is safe and convenient to live and work.



CENTRE OF THE REGION

We are between Warsaw and Helsinki, Moscow and Stockholm, Riga and Vilnius. We live where the big roads of Northern Europe and Lithuania cross river Nevėžis. We are in Panevėžys.

A significant logistic unit is being formed here, at the crossroads of several international corridors, with the system of gas stations, motels and customs terminals as well as tourism service infrastructure which that meet the requirements of the EU. "Via Baltica" is the most intensive and most important highway in the country. Industry development is enhanced by the possibility to reach Klaipėda and Kaliningrad harbours by train.

Territory – 50 km²;

Population – 115,3 thousand;

Population density in 1 km² – 2306;

Distance to the capital Vilnius – 135 km;

Distance to Klaipėda harbour – 240 km;

Distance to Riga harbour – 150 km;

Distance to Warsaw – 550 km;

Distance to Moscow – 950 km.

7,1 percent of the gross national product (GNP) created in Lithuania falls for Panevėžys district and according to the direct foreign investments for one citizen the city is in the fourth place after Vilnius, Klaipėda and Kaunas.

Modern infrastructure, high competence of the employees of various fields and beneficial legal business environment create wonderful conditions for investments in Panevėžys.

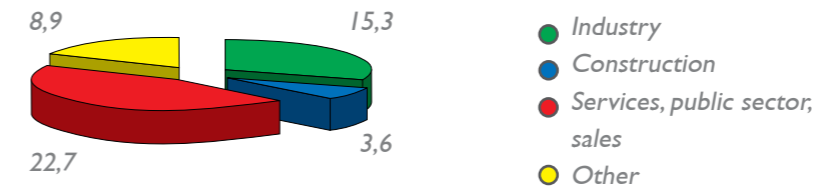


A CITY OF QUALIFIED SPECIALISTS

More than 43,9 thousand of people work in Panevėžys companies (38 percent of all citizens of the city). Local labour market is characterized by decreasing number of unemployed people, which comprises 4,3 percent (average in Lithuania is 3,7 percent). The average monthly gross wage is 1195 Litas.

Advantage of Panevėžys labour market can be indicated as educated employees of high qualification, who are able to adjust to dynamic needs of the market.

Employment of Panevėžys citizens according to the types of economic activity (in percent).



The number of qualified specialists every year is supplemented by the graduates of Panevėžys city educational institutions. Panevėžys Institute of Kaunas University of Technology, higher school Panevėžys College, Professional Training Centre, M. Rimkevičaitė's Technology School as well as Trade and Business Service School are successfully working in the city.

Educational institutions prepare qualified specialists of mechanical technologies, construction, engineering, light industry and services, marketing and administration, medicine and other spheres. Labour market training centre helps the citizens flexibly adjust to the changing needs of labour market by increasing their qualifications or acquiring new specialty.



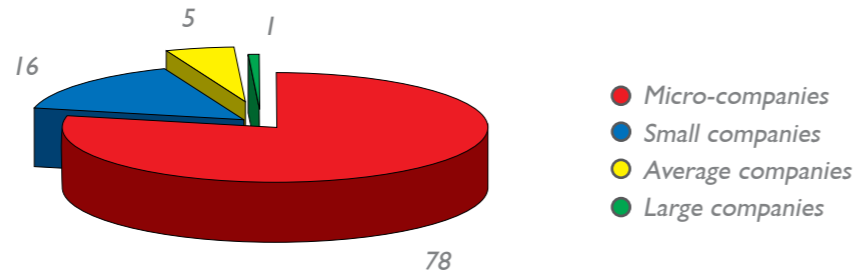


THE CENTRE OF INDUSTRY AND BUSINESS

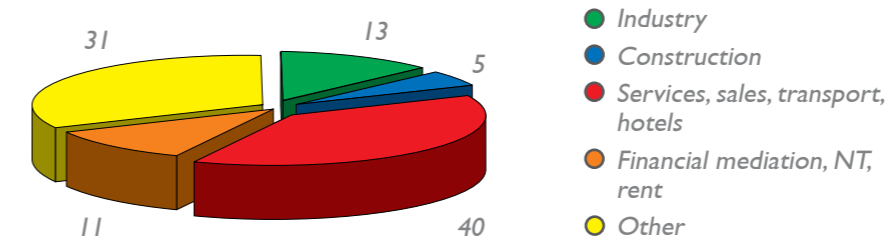
3 307 companies were operating within the territory of Panevėžys city municipality in 2006 (56 percent of economical subjects registered in the county). The titles of the companies of the city and their trademarks are well-known not only to Lithuanian consumer, but also to many foreign countries, that is associated with reliability and high quality.

According to the legal form, sole proprietorships in the city compose 55 percent, limited liability companies and private limited liability companies - 33 percent and other companies - 12 percent of all the active economical subjects.

Distribution of the companies according to the size (in percent).

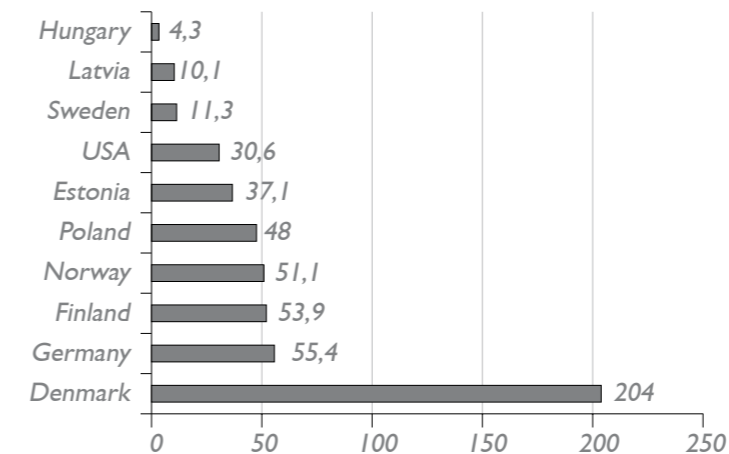


Distribution of the operating companies according to the fields of activity (in percent)



More than half of all the industry companies of the county operate in Panevėžys. The sold production of the industry comprises about 70 percent of all sales of the city. Intensive development of the service sector is also characteristic to the city. The following foreign countries have chosen Panevėžys for successful development of their business: Denmark, Germany, Finland, Norway, USA, Poland, Sweden, Estonia, and Latvia.

The main countries investing in Panevėžys county (in 2006), in millions of Lit



Micro and small companies dominate in Panevėžys city, 78,6 percent of which have less than 10 employees; 15,7 percent – from 10 to 49 employees; 4,9 percent – from 50 to 249 employees. Companies, which have more than 250 employees, compose 0,8 percent.





Both large companies of Panevėžys, like **AB “Kalnapilio - Tauro grupė”**, **AB “Lietkabelis”**, **AB “Linās”**, **AB “Malsena”**, **AB “Danisco Sugar Panevėžys”**, **AB “Panevėžio stiklas”**, and the small and average companies, like **UAB “Schmitz Cargobull Baltic”**, **UAB “Viking Malt”**, **AB “Nevėžis”** and others are well known in the world markets, where they successfully sell their production.

AB “Panevėžio statybos trestas” and **AB “Panevėžio keliai”** are construction companies, which carry out the works not only in Lithuania, but also abroad.

Export comprises 61 percent from all sales of industry companies. The largest amount of the production produced within the city is exported to European, Asian and Commonwealth of Independent States (CIS) countries. These include linen and glass ware, wires and cables, coachworks, trailers, clothes.



The main economic indicators	Panevėžys	Lithuania
Income for the sold goods and services (in 2005), in millions of Litas	4 832	130 263
Income for the sold goods and services for one person in thousands of Litas	41,9	38,3
Gross national product, (in 2005), in millions of Litas	5 040,7*	71 200
Export (in 2006), in millions of Litas	1 638*	28 092

** In Panevėžys county*

The interests of businessmen of Panevėžys city are represented by Panevėžys Trade, Industry and Crafts Chambers, Association of Panevėžio Businessmen and Industrialists.



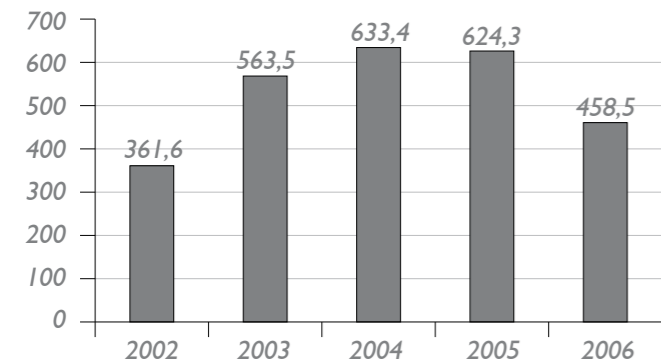


DIRECT FOREIGN INVESTMENTS

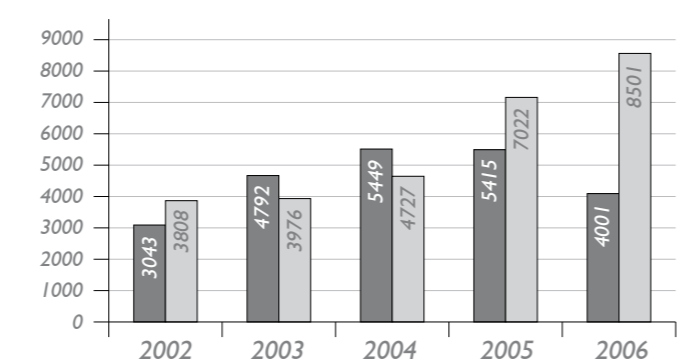
Direct foreign investments at the end of 2006 composed 458,5 millions of Litas. 4 001 Litas of direct foreign investments fell for one inhabitant of the city. Compared to the biggest Lithuanian cities, according to the direct foreign investments, falling for one inhabitant, Panevėžys is surpassed by Vilnius, Kaunas and Klaipėda.

More than 3 percent of all the foreign capital invested in Lithuania was invested into companies in Panevėžys. The largest amount of investments from abroad was attracted by AB "Kalnapilio - Tauro grupė".

Dynamics of direct foreign investments in Panevėžys (in Millions of Litas)



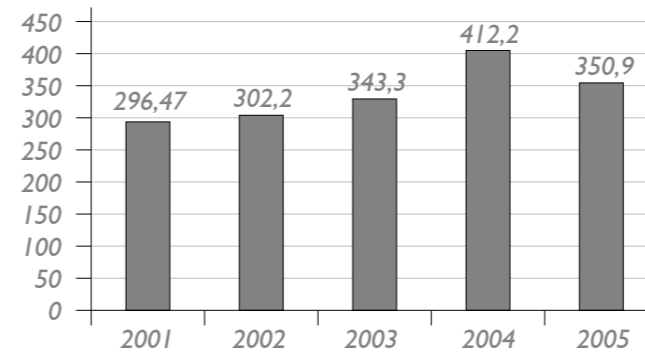
Dynamics of direct foreign investments for one person in Panevėžys and Lithuania



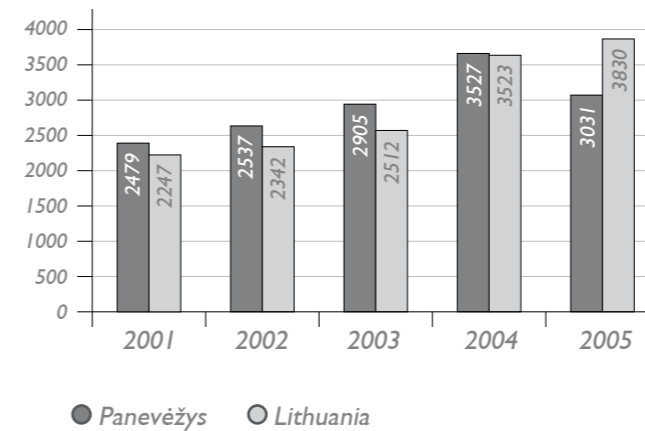
MATERIAL INVESTMENTS

Material investments at the beginning of 2006 composed 350,9 millions of Litas. Material investments for one inhabitant of Panevėžys during 2005 composed 3031 Litas.

Dynamics of material investments in Panevėžys (in millions of Litas)



Dynamics of material investments for one citizen in Panevėžys and Lithuania (in Litas)



A CITY OPEN FOR INVESTORS

The following real estate and state land rent as well as tax on land deductions are applied by Panevėžys city municipality to investors:

- For establishing companies which have concluded a land rent contract (or submitted a request for concluding a land rent contract) during the first year from company registration date the state land rent, land and real estate taxes can be reduced even by 100 percent.
- For small and average business subjects, depending on the created and retained places of work the state land rent, land and real estate taxes can be reduced from 30 to 80 percent.

Land and real estate

Land, Litas/ are

Of commercial purpose	5000-20000
At the city centre	20000-50000
In the suburbs	3000-12000

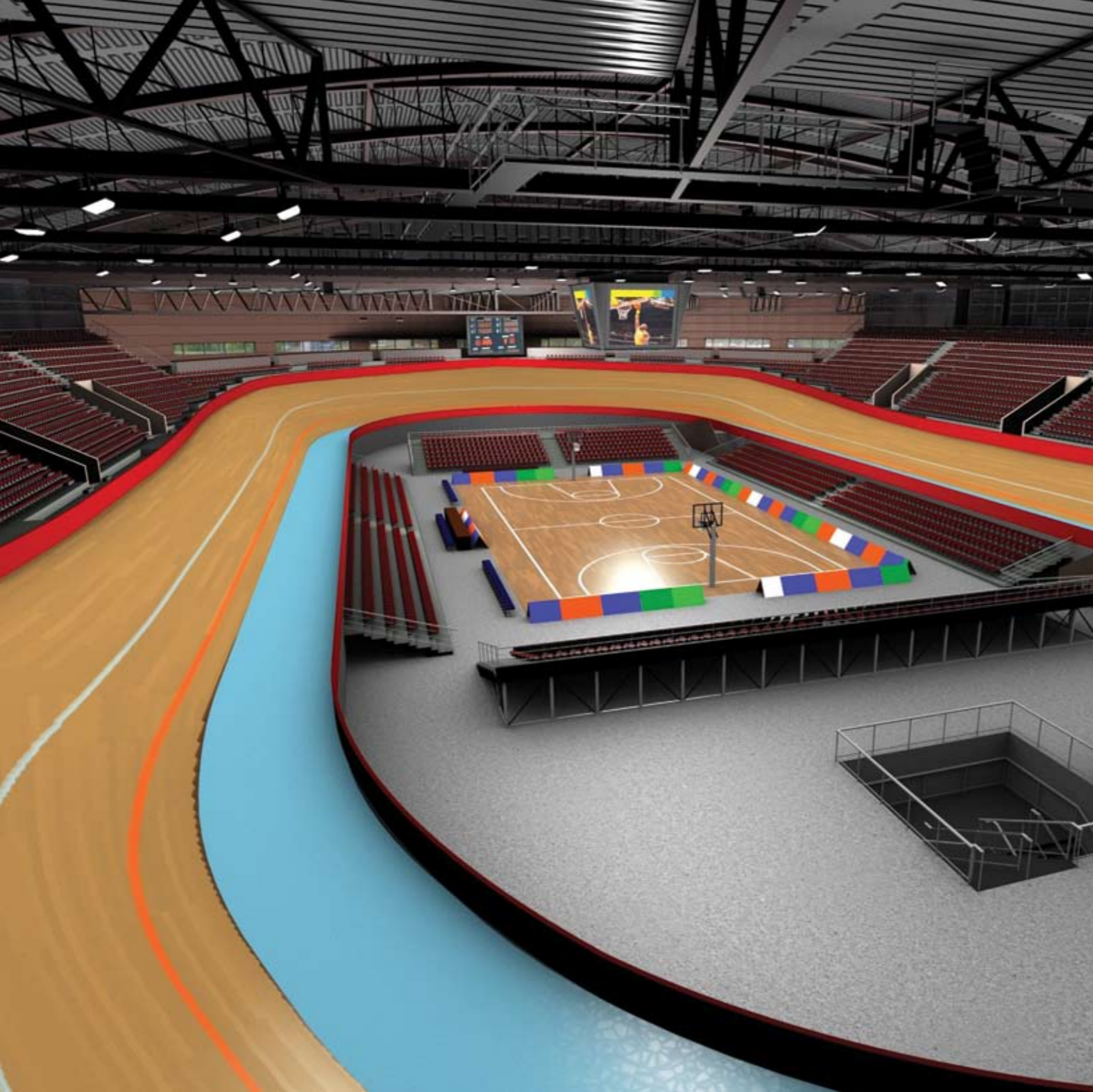
Flats,

Litas/ square meters 1000-3000

Private house, LTL 200000-500000

1 EUR = 3,4528 LTL





Sports and entertainment centre

The purpose of the project is to establish a new sports and entertainment centre (PPSC) in Panevėžys region, which would provide high quality entertainment and tourism products and services.

Investments – about 100 millions of Litas.

Investment environment. PPSC will be a complex of four objects: universal sports arena (more than 5000 seats will be mounted, around 9 sports, music and trade events and about 300 000 of visitors per year are planned), health centre (with a pool of 25 meters), ice arena and drilling field (it will be possible to play football). The only Olympic bicycle track in the Baltic states of 250 meters will be mounted in the universal sports arena.

60 millions of Litas was drawn up for the construction of the arena from European Union structural funds and state means. For the construction of other buildings of the complex the municipality is planning to rent the land based on concession for a period of 25 - 30 years.

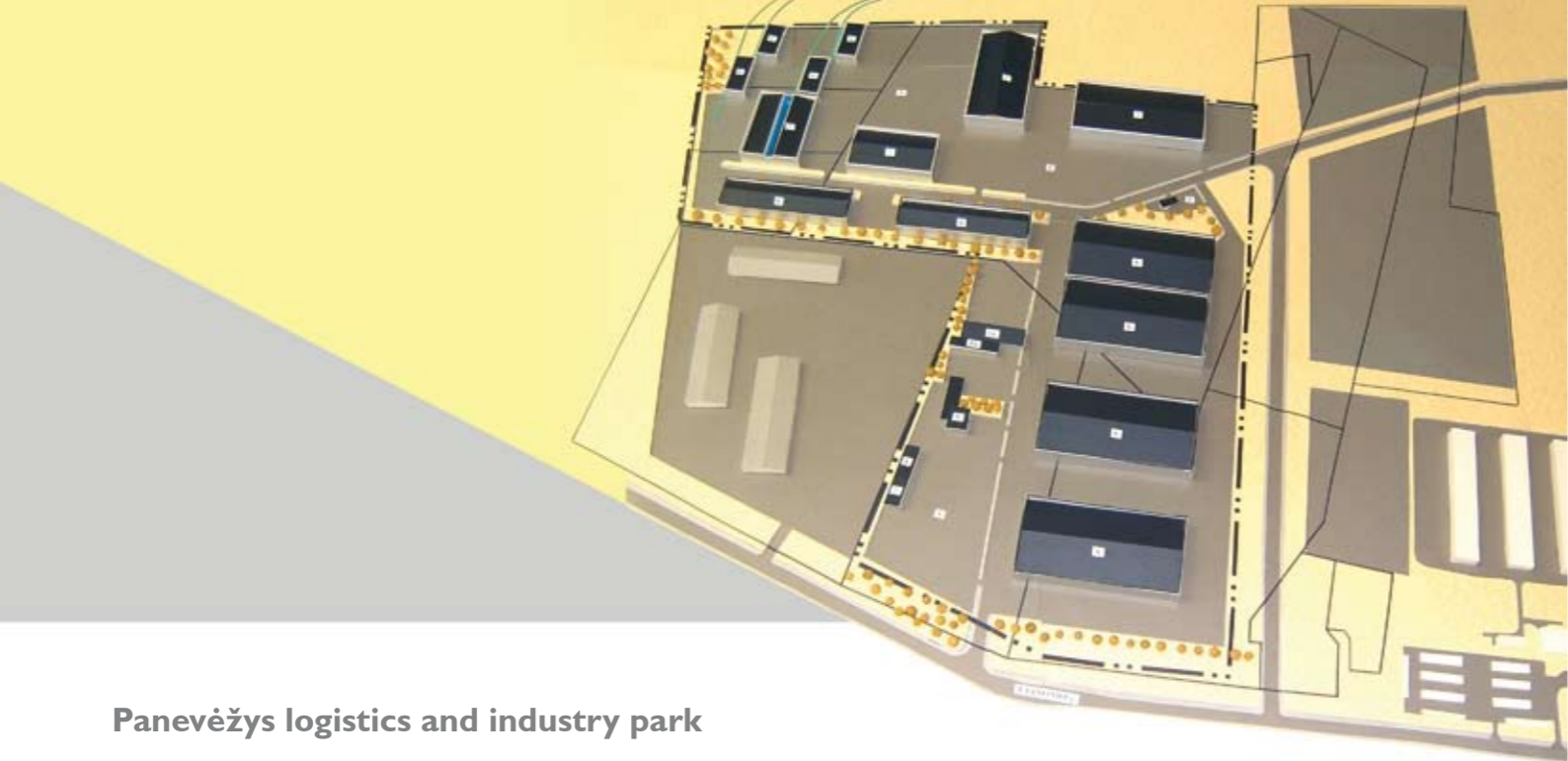
Area of the territory – 47 ha

Infrastructure: infrastructure is under development.

The total area of the buildings – 6,85 ha

Implementation period. Construction period 2007 - 2008.





Panevėžys logistics and industry park

The purpose of the project is to make Panevėžys an important transport connector, activate the movement of cargoes, using various ways of transportation, and integrate Panevėžys logistics centre into the network of logistics centres of the Baltic Sea region.

Investments – about 600 millions of Litas.

Investment environment. Favourable conditions for the creation of cargo distribution centres and warehouses, servicing the market of the Baltic states and Russia. Panevėžys logistics centre will be established in the Western part of the city. The area, which will be used for the implementation of the inter-modal logistics centre project, is near the highway “Via Baltica” and a railway line, connecting Russia and Klaipėda as well as Kaliningrad harbours. Geographically, the logistics centre will be on the halfway between two capitals of the Baltic States (Vilnius and Riga), therefore, it will be attractive for the activity of distribution companies. Companies will be able to use common loading equipment in the logistics centre, customs and auto service will be operating there, office rent services will be provided. Access is planned to the created international railway highway “Rail Baltica” (2014).



Area of the territory – 55 ha

The total area of the buildings – 450 000 square meters.

Infrastructure. It is necessary to develop communications and engineering networks.

Implementation period

Construction period 2007 - 2009.

Panevėžys science and technology park

The purpose of the project is to establish science and technology park (MTP) in Panevėžys. That would encourage the establishment of new small and average companies, applying the most up-to-date technologies, cooperation of science, industry and business institutions.

Investments – about 30 millions of Litas.

Investment environment. Panevėžys is characterized by favourable environment for the creation of mechatronics cluster due to strong scientific and technical potential of Panevėžys Institute of Kaunas University of technology and strong machine and metal processing companies. Wonderful conditions for commuting with the international highway “Via Baltica”.

Area of the territory – up to 1000 square meters.

Infrastructure. Buildings (2 200 square meters) belong to the municipality, new buildings will be constructed (about 1000 square meters). 1 ha of land around the buildings will be used for the development of Panevėžys MTP in the future. Near the city centre and “Via Baltica” highway. Engineering networks and car parking place will be developed.

Total area of the buildings – 3 200 square meters.

Implementation period

Construction period 2007 - 2008.





BABILONAS. A city within a city

Purpose of the project is to implement the conception of “Babilonas” – sales and entertainments city, an attraction centre.

I stage – entertainment and sales centre “Babilonas” of 27 200 square meters. Opened in 2005.

II stage – “Kesko Agro” agricultural technologies sales and servicing centre of 3 000 square meters. Opened in 2007. “Cramo” construction equipment centre will be established in a building of 5 000 square meters (700 square meters). The envisaged end of construction is 2009.

III stage – the second part of entertainment and sales centre “Babilonas” of 19 000 square meters with ice arena and 6 storey office building. Opened in 2007.

IV stage – other regions of “the city within the city”: interior centre, region of residential houses, office building, auto-business square, hotel, cinema theatre, casino, sports grounds and playgrounds.

Investments – more than 517 millions of Litas.

Investment environment – in Panevėžys, due to convenient geographical location (about 3 millions of citizens at the radius of 150 km), there are favourable conditions for business, development of the trade and other investments. The city is surrounded by the highway “Via Baltica”, about 60 km to the international railway connection, about 130 km to Vilnius and Riga international airports, about 240 km to sea port.

Area of the territory – 80 ha. **The total area of the buildings** – more than 500 000 square meters.

Infrastructure. Engineering networks are developed.

Implementation period:

I stage – completed.

II stage – under implementation.

III stage – under implementation.

IV stage – planned.

The end of the whole project is year 2009.





Compiled and published by
Panevėžys city municipality, Laisvės a. 20, LT-35200 Panevėžys
Telephone +370 45 501 350, fax +370 45 501 352. E-mail savivaldybe@panevezys.lt
www.panevezys.lt

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