



JESSICA

***JOINT EUROPEAN SUPPORT FOR
SUSTAINABLE INVESTMENT IN CITY AREAS***

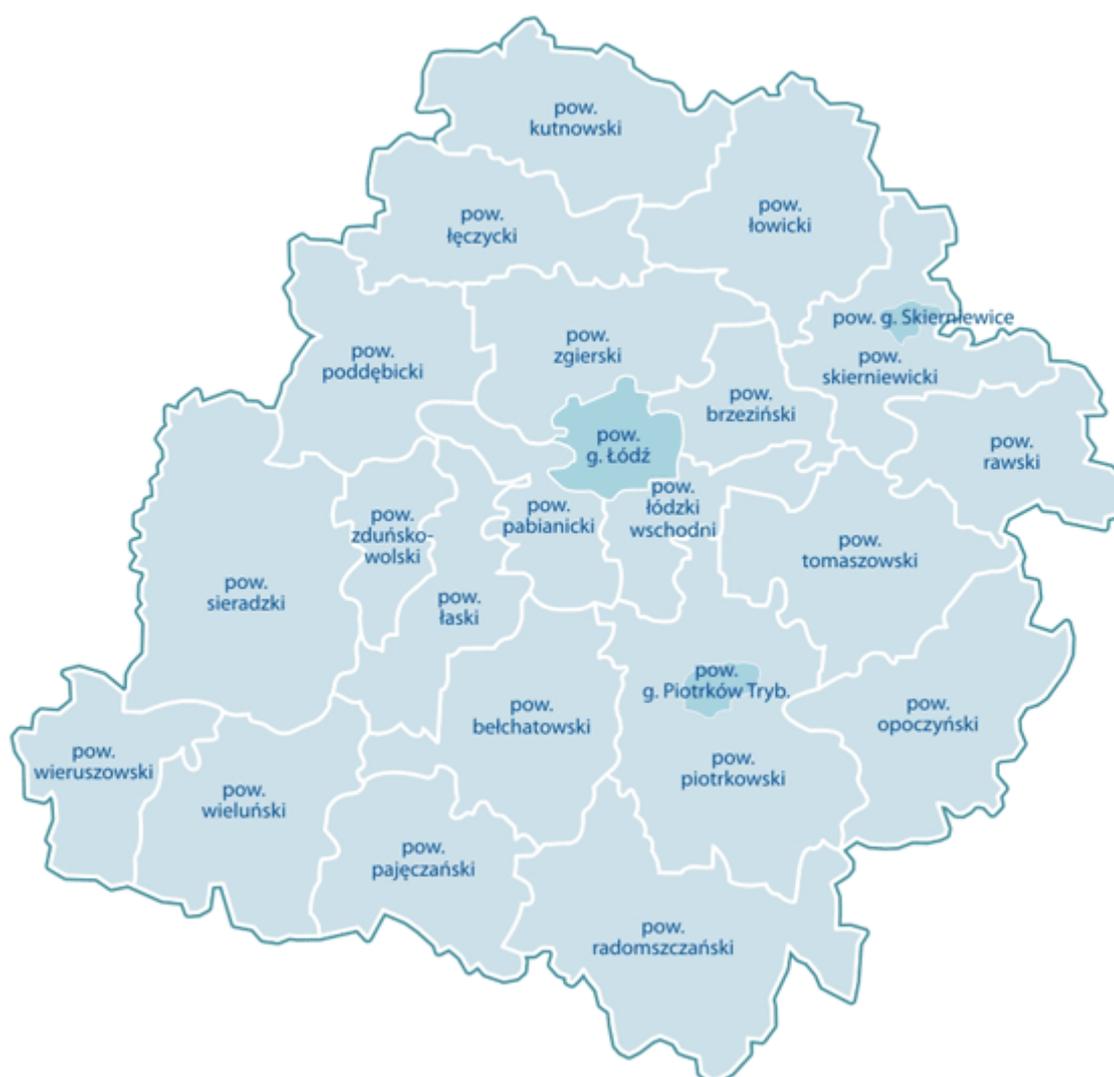
JESSICA Evaluation Study

***Implementing JESSICA Instruments in Łódzkie
Voivodship, Poland***

February 2011

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JESSICA Evaluation Study Implementing JESSICA Instruments in Łódzkie Voivodship, Poland



FINAL REPORT

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ABBREVIATIONS

EIB	European Investment Bank
HF	Holding Fund
IRR	Internal Rate of Return
IUDP	Integrated Urban Development Plan
LRP	Local Regeneration Programme
kPLN	One thousand Polish Zloty
MA ROP	Managing Authority for Regional Operational Programme
NDP	National Development Plan
NPV	Net Present Value
NSRD	National Strategy for Regional Development
NSRF	National Strategic Reference Framework
OP	Operational Programme
PPP	Public-Private Partnership
R&D	Research & Development
ROP	Regional Operational Programme
SC	Steering Committee
SMEs	Small and medium sized enterprises
UDF	Urban Development Fund

EXECUTIVE SUMMARY

The study was aimed at evaluation of potential and advisability for the implementation of JESSICA mechanism in Łódzkie Voivodship, in the framework of the Regional Operational Programme for the Łódzkie Voivodship for the years 2007-2013 (ROP ŁV), Priority Axis 6, Measure 6.1 “Revitalization of Problem Areas”.

Market situation

The Łódzkie region is of great importance for national economic development. Its central location and convenient infrastructure creates favourable conditions to expand economic activity and reinforce the role of the region within the country. The region is situated at the intersection of important national and international communication routes along the east-west and north-south corridors. The region remains not only one of the most competitive in Poland but has potentially wide development opportunities in the context of the European integration process.

The Łódzkie Voivodship has enormous needs in terms of revitalization. This is evident on both regional level and at the level of particular cities. On the regional level the problem of revitalization is widely described in *The Development Strategy for the Łódzkie region for the years 2007 – 2020* and in the ROP ŁV, under Priority Axis 6 “Revitalization of urban areas”, while on the level of individual cities these issues are addressed in the Local Revitalization Programmes.

Despite the obvious needs in terms of revitalization, there are limited alternatives of financing revitalization projects in Łódzkie Voivodship. Apart from commercial bank credits, EU grants and loans from the Voivodship Fund for Environmental Protection and Water Management (WFOŚiGW) are the only realistic forms of financing revitalization projects from external sources in the region. For this reason JESSICA would definitely enrich the limited scope and availability of existing financial instruments in the region.

Due to the fact that all funds under Priority Axis VI have been earmarked for key projects, the JESSICA mechanism will be funded entirely from the National Performance Reserve and the Technical Adjustment. The allocation is estimated at 30-50 million PLN (EUR 8-12 million). The total funds from the National Performance Reserve to be distributed among regions are equal to EUR 512 million. The initial distribution has been already made by the Ministry of Regional Development and the Łódzkie Voivodship should receive around EUR 30.5 million. Due to the relatively small amount of funds which will be transferred to the Holding Fund we find it advisable to consider a possible increase of the allocation from the National Performance Reserve dedicated to JESSICA. It will certainly have a positive impact on the interest of potential participants and beneficiaries.

Potential projects

In the course of the study we visited 12 cities of Łódzkie Voivodship with the number of inhabitants exceeding 25 000 (according to the Terms of Reference), namely: Bełchatów, Łódź, Kutno, Łowicz, Pabianice, Piotrków Trybunalski, Radomsko, Sieradz, Skierniewice, Tomaszów Mazowiecki, Zduńska Wola and Zgierz. The visits were preceded by sending to

the representatives of the City Councils questionnaires on the planned revitalization projects. Although those visits were aimed at verification of information which was provided to us and possibility to acquire information about new projects they also allowed us to inform local authorities about the characteristics of the JESSICA mechanism.

We obtained information on 22 revitalization projects. One of the most important criteria of project eligibility under JESSICA mechanism is *Maturity of the project*. It is understood as desired readiness for implementation, determined by availability of necessary documentation concerning all relevant urban regulations (feasibility studies, approvals from different authorities, etc.). The preliminary analysis of these projects allowed us to formulate a conclusion that most of them are in a very early stage of readiness for implementation under the JESSICA mechanism. This situation is caused by the fact that projects have been prepared with grant-based funding in mind.

Gathered information allowed us to divide projects into 4 groups:

- I. *Mature projects*
- II. *Advanced projects*
- III. *Preliminary projects*
- IV. *Conceptual projects*

First two groups (*Mature projects* and *Advanced projects*) contain projects which are the most advanced in terms of possible implementation under the JESSICA mechanism in this programming period. Projects which belong to these two groups already have a significant part of necessary documentation or project promoters were able to clearly define dates of their expected availability. According to the information received from respondents, implementation of those projects could start at the beginning of 2012. We identified 6 such projects from the total of 22, with aggregated value estimated at 126 640 000 PLN. These projects are as follows:

- Łódź City Hall: Revitalization of building "EC-1 South-East (Se-Ma-For)"
- The Aflopa Real Estates Ltd. (Pabianice): Factory "Centre" – comprehensive revitalization of post-factory building
- Skierniewice City Hall: Increasing the recreational and tourist attractions of Łódzkie Voivodship through revitalization of historic routes of Skierniewice in terms of rail route Warsaw - Vienna
- Zgierz City Hall: Modernization of the windmill for the cultural and entertainment purposes
- Zgierz City Hall: Building of restaurant in the Weaver House
- Zgierz City Hall: The council flats and business premises building

Planning conditions

In terms of the planning conditions in 12 cities of Łódzkie Voivodship the analysis proves that the cities are well prepared. Although none of the cities has the Integrated Urban Development Plan (IUDP), most of them updated their Local Revitalization Plans in

accordance with the IUDP guidelines which ensure the compliance of the projects which can be implemented under JESSICA with urban development plans. Those cities that have not changed their LRP yet are currently in the course of updating process or they are planning to do it in near future.

Both, the economic situation and the planning conditions of Łódzkie Voivodship foster the implementation of the JESSICA mechanism. The potential for revitalization is enormous as evidenced by the identified projects, as well as by evaluation of the regional conditions. Moreover, the ROP Managing Authority pays great attention to revitalization actions and presents enthusiasm towards implementing JESSICA in Łódzkie Voivodship.

Action plan for JESSICA

In the framework of the evaluation study we present the proposed organizational structure of JESSICA in Łódzkie Voivodship, as well as a path of its possible further development in the future. Implementing JESSICA would provide the region with a long term financing mechanism, creating a multiplier effect and interventions which will be sustainable in the long run, as well as the MA will gain experience and knowledge during this period. Alongside these future advantages, the following factors should be taken into consideration by determining the shape of the JESSICA structure at the beginning of its operations:

- Funds which can be transferred onto revitalization projects through JESSICA,
- Time left to utilize the available JESSICA funds,
- Degree of familiarity with the JESSICA mechanism at the city level.

Additionally, due to the fact that JESSICA mechanism will be fully funded from the National Performance Reserve the changes in ROP are necessary. This significantly affects the start of the JESSICA implementation process. According to information received from the Managing Authority the process of ROP ŁV amendment is expected to be finalised in December 2011. This means that it is formally possible to sign a Funding Agreement for the establishment of the Holding Fund no sooner than at the beginning of year 2012.

Bearing in mind the above mentioned factors we present 3 stages of JESSICA implementation in Łódzkie Voivodship:

- I. **Initial** – establishing a Holding Fund managed by the European Investment Bank and then setting up a single UDF (2012 – 2014),
- II. **Transitional** – expansion of JESSICA structures, setting up additional UDFs along with the increase of available funds in the following period (2014 – 2016),
- III. **Fully-Operational** – possible liquidation of the Holding Fund and taking control over the UDFs by the Managing Authority (after 2016).

Due to the fact that funds available via JESSICA loans are expected to support in the initial period only a few moderate revitalization projects, a single UDF dedicated to all types of projects (and regardless of geographic location in the voivodship) in the first stage of the

JESSICA implementation process is the most rationale solution which will ensure efficiency in managing the funds, A single UDF seems to be also a more justified option from the management costs perspective. In case of smaller amounts divided among several UDF managers their fees calculated as percentage of managed funds might not be satisfying to financial institutions potentially interested in supporting JESSICA.

As the supervision of the UDFs requires an in-depth knowledge of JESSICA functioning, as well as there is a growing challenge that because of the time required for JESSICA implementation projects' owners will have very little time for their actual execution, we find it advisable to entrust the management of JESSICA Holding Fund in the Łódzkie Voivodship to the European Investment Bank. Such a solution allows for swift establishment of HF structures (as it will not be necessary to prepare a time-consuming tender for the HF manager) and prompt start of UDF manager selection process (utilizing the EIB's broad experience in this area).

Potential participants

In the course of our study we have contacted several banks in order to gather their opinions on JESSICA implementation in Łódzkie. The most important conclusions from these meetings are the following:

- Banks still consider JESSICA (in the current programming period) rather as an exercise, not as a new area of profitable activities. This may change in the next programming period, for which the balance of returnable and non-returnable EU funds is expected to be considerably different.
- With the expected value of funds available for JESSICA in Łódzkie Voivodship, interest of more significant banks in managing the UDF may be limited as the management of the UDF of this size can be considered by them as unprofitable. However, financial institutions which are already involved in JESSICA might not see this as problematic as they are already familiar with the processes and administration. Another issue to overcome this challenge is that the funds can be expanded when the next programming period will commence. The structure will already be in place and the fund can be profitable and efficient. The financial institutions which will step in at this time will have an advantage over institutions which do not start at this time. The minimum threshold described by interviewers will be possible with this expansion of funds in the next programming period.

Conclusions for JESSICA

Launching a JESSICA pilot will allow potential beneficiaries to learn the mechanism and how to appropriately develop the projects for repayable financing. They would be able to redefine currently existing projects which were initially designed for the grant-based funding. From the whole region's perspective, implementation of JESSICA in the current programming period should positively influence Łódzkie Voivodship's prospects for 2014-2020 by giving direct experience in utilizing returnable EU funds, which are expected to be more widely used in the next programming period.

As mentioned before, one of the points to take into serious consideration arises from the limited amount of available funds which are available for this programming period. Along with the time required for establishing the organizational structure, this fact may lower the interest of potential JESSICA participants e.g. UDF managers, as well as discourage potential beneficiaries whose projects value is much higher. Therefore looking ahead to the next programming period is necessary to overcome these possible challenges.

Moreover, any delay in the launch of the initiative will shorten the necessary time for disbursement into projects. Therefore a decision on implementation JESSICA in Łódzkie Voivodship should be taken on a short notice.

INTRODUCTION

The Final Report has been produced within the framework of the *JESSICA Evaluation Study - Implementing JESSICA Instruments in Łódzkie Voivodship* project. It is meant to describe the outcome of work performed during the study and results obtained in investigated areas of analysis.

Particular chapters of this report cover the following topics:

- **CONTEXT FOR JESSICA IN ŁÓDZKIE VOIVODSHIP** - current economic conditions in Łódzkie Voivodship influencing absorption of EU funds, as well as existing strategic and administrative context at regional level.
- **JESSICA CASE STUDIES IN ŁÓDZKIE VOIVODSHIP** - description of how project information have been gathered, brief overview of Local Regeneration Programmes, detailed information on identified projects with JESSICA potential and their analysis (e.g. meeting JESSICA criteria and expected results and financial assessment).
- **JESSICA IMPLEMENTATION SCHEDULE** – analysis of expected timeframe regarding securing funds for JESSICA and probable schedule of establishing necessary organizational structure.
- **SHAPE OF JESSICA IN ŁÓDZKIE VOIVODSHIP** – suggested scenario regarding possible way in which JESSICA implementation seems most rational and promising in terms of efficient support for local regeneration projects.
- **EVALUATION STUDY PREPARATION MILESTONES** - presentation of project schedule.

According to the Terms of Reference, the overall objectives set upon the Evaluation Study are to analyse the potential for using the JESSICA instrument in the Łódzkie region and suggest recommendations for further steps towards introducing adequate financial engineering mechanisms. In other words, analysis of real-life situation in particular cities and suggestions of practical solutions for implementing JESSICA seem to outweigh academic discussion, particularly when time is not working in favour of the initiative.

Therefore we decided to refrain from elaborating on the general theory behind JESSICA (all the theoretical institutional/organizational/financial/thematic/legal aspects), which has been already broadly presented in first evaluation studies for Polish regions/voivodships, as well as in horizontal studies. Our goal was to rather focus purely on finding such a possible shape of JESSICA implementation that would suit the particular conditions in the Łódzkie Voivodship and allow running projects which seem to be most promising.

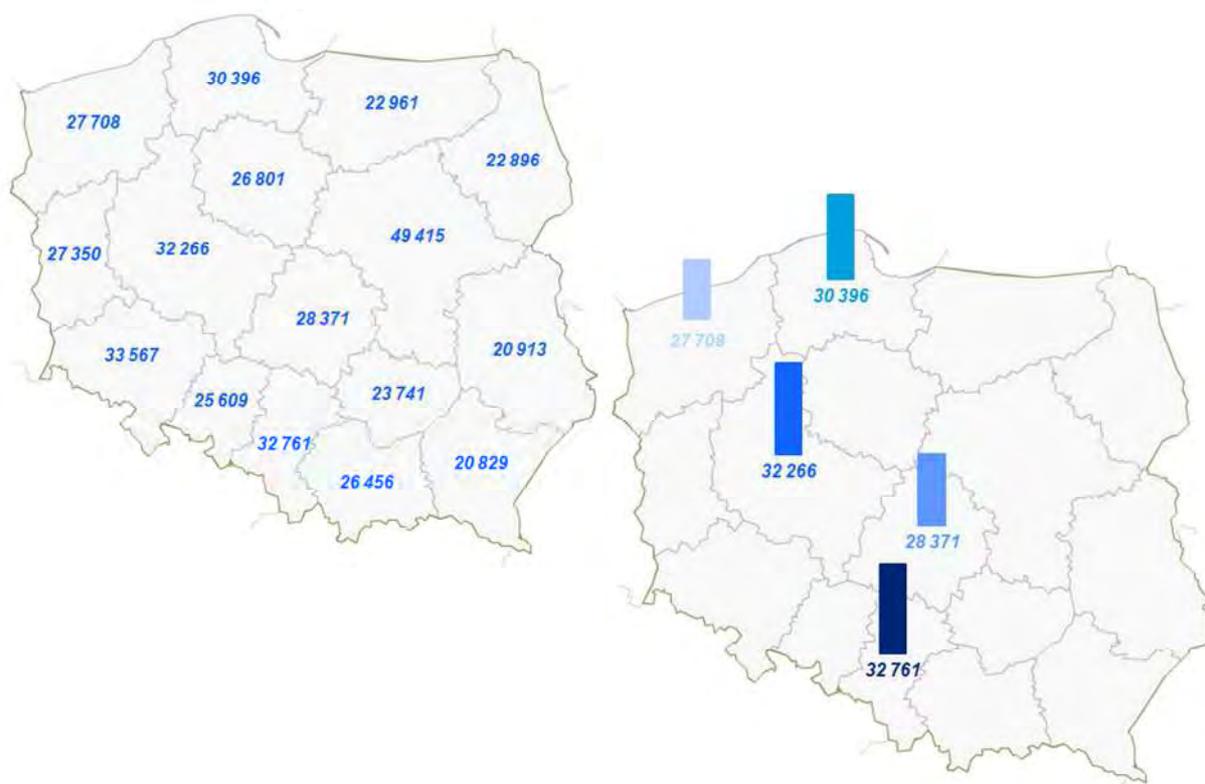
CONTEXT FOR JESSICA IN ŁÓDZKIE VOIVODSHIP

Application and potentials of the JESSICA initiative in Łódzkie Voivodship will turn out successful only if the current economic conditions influencing absorption of EU funds, as well as existing strategic and administrative context at the regional level are taken into account.

Economic situation of Łódzkie Voivodship

Łódzkie Voivodship produces 6,2% of the Polish GDP which gives this region the sixth position among 16 voivodships. The following voivodships won better ranking positions: Mazowieckie (22%), Śląskie (13%), Wielkopolskie (9%), Dolnośląskie (8%) and Małopolskie (7%). The region is also placed sixth in terms of the GDP per capita. It is worth mentioning, that a few years ago Łódzkie Voivodship occupied ninth position in this respect. This growth was a result of dynamic increase of investments in the region. Comparable increase was also recorded in terms of fixed assets per capita which accounted in average 6% per year, which gives this voivodship the third position among all voivodships¹.

Figure 1. GDP per capita in Łódzkie Voivodship, in comparison to overall of 16 voivodships and 4 voivodships, which began JESSICA mechanism implementation process.



¹ *Strategic Diagnosis of the Łódzkie Voivodship*, Spatial Planning Office of Łódzkie Voivodship, Łódź 2010, p.406.

The high employment rate (in general population - 54,9%; population in working age – 72,3%) is also a result of increasing developments of Łódzkie Voivodship. This rate is one of the highest in the whole country, although it also owns to demographic trends being one of the factors².

In terms of land revitalization - 12 cities within the Łódzkie Voivodship with the population of at least 25 000 people are in possession of post-industrial, post-military land and degraded urban sites eligible for the process of revitalization. These cities are in possession of the total of 3625,86 hectares of land designated for revitalization, which represents almost 5% of their actual area. The largest volume of land equal to 2121 hectares includes sites which are located in Łódź city. The largest share of area intended for revitalization as compared to the total area of the city (10,23%) is located in Zduńska Wola. On the other hand, the smallest portion of the land intended for revitalization (24,03 hectares) is located in Kutno³. This information clearly proves that the cities significantly need financing revitalization projects which are consistent with objectives of Measure 6.1 of the ROP ŁV “Revitalization of Problem Areas”. The detailed description of the measure is presented in the chapter “Regional context for Jessica”.

At the same time, the Voivodship has a strong potential in terms of development of innovative initiatives and numerous ventures consisting of technology parks and entrepreneurial development zones that have been set up. For decades, Łódzkie Voivodship has been a centre of traditional industry. Textile was a primary industry in this region. Therefore, it is extremely important to focus on development of innovative projects. A relatively high urbanisation level of the Łódzkie Voivodship creates an attractive market for the innovative ventures which will create a demand for development of the infrastructure for such ventures. Moreover, the region shows a relatively high activity in acquiring resources from Operational Programme Innovative Economy. It also needs to be said that in the Łódzkie Voivodship there is located a science and technology park, called the Łódź Regional Park of Science and Technology.

Strategic context for JESSICA

In terms for the complete delivery of the Lisbon Strategy the European Commission published, as one of the instruments to deliver the Lisbon Strategy, a draft of a strategic document indicating directions for the implementation of the EU cohesion policy in 2007-2013, i.e. Communication on Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines (CSG), 2007-2013. This document most of all proposed the guidelines, and within them the structure of the cohesion policy priorities at the Community level, constituting the basis for the preparation of the strategic and programming documents by the Member States.

The National Strategic Reference Framework (NSRF) was developed on the basis of a widely consulted draft of the National Development Plan, which was accepted by the Council of Ministers on 6 September 2005. It is a strategic document, as well as provides a brief description and justification of the selected priorities in the context of objectives and priorities

² *Local Government Statistical Handbook 2010*, Statistical Office in Łódź, Łódź 2010, p. 3.

³ *Identification of areas in need of revitalization in the 12 cities of Łódzkie Voivodship with a number of inhabitants exceeding 25 000*, Spatial Planning Office of Łódzkie Voivodship, Łódź 2009, p. 5.

provided for in the Community Strategic Guidelines and a brief description of the particular operational programmes delivered within its framework. Moreover, the document presents indicative allocations of funds for particular operational programmes and the implementation system. Important elements of the NSRF are actions relating to the sustainable urban development, including revitalization and regeneration.

The Development Strategy for the Łódzkie Region for the years 2007-2020 is a conception of intentional and systematic management of a long-term development of the region. The strategy itself has a general nature, since it must be focused on the most important matters. It presents conditions and describes objectives, as well as directions of the development. In further stages it will constitute the basis for development of detailed regional programmes essential in respect of the performance and development of the entire region. The implementation of these programmes will also be the implementation of the Strategy.

Persons responsible for preparing *The Development Strategy for the Łódzkie Region for the years 2007 – 2020* are aware of the conditions of urban areas, as well as the needs in this field. Therefore, according to this strategy, the revitalization of degraded areas, as well as the urban and post-industrial areas are the key measures to (re-)arrange the spatial development and to create the image of the Łódzkie region as a friendly and attractive place for cooperation, investment and living⁴.

Regional context for JESSICA

The Evaluation Study was targeted at the possibility and advisability of implementing the JESSICA mechanism in the Łódzkie Voivodship using EU funds allocated to non-grant support under Regional Operational Programme for the Łódzkie Voivodship 2007-2013 (ROP ŁV) under Priority Axis 6, Measure 6.1 "Revitalization of Problem Areas", which focuses on the economic and social revitalisation of degraded urban areas. Under this measure, the main goal of the JESSICA mechanism should be the promotion of entrepreneurship and job creation. Potential JESSICA investments may exploit the existence of "Special Economic Zones" in the region. Projects which will help achieving the Lisbon Strategy goals shall be given a special importance.

Considering priorities relevant for urban regeneration, the revitalization projects should include more than one of the below-mentioned types of projects⁵:

- renovation or modernization of buildings or objects (especially in degraded districts of cities, residential districts, post-industrial and post-military areas) or their adaptation to new functions contributing to the creation of new jobs and neutralization of disadvantageous social, economic and ecological phenomena,
- conservation, restoration works or other construction works permissible in case of historical buildings (respectively – historical objects) for the purpose of the adaptation of the above-mentioned objects to new functions or maintenance of previous functions,

⁴ *The Development Strategy for the Łódzkie Region for the years 2007-2020*, Łódź 2006, p. 32-37.

⁵ *Regional Operational Programme for the Łódzkie Voivodship for the years 2007-2013*, Łódź 2007, p. 86.

- preparation of terrains in the areas meant for revitalization for new economic investments (including the infrastructure for future investments, demolition of objects, preparation of objects for the needs of economic activity),
- a complex management of public space of revitalised areas, including the construction or reconstruction of small architecture and the creation or modernization of recreational places and green terrains,
- renovation of shared areas of multi-family flat buildings including the investments in the scope of building technical installations, actions in the scope of energy savings, renovation of main building structure elements which include: the roof, front elevation, window or door woodwork, staircases, internal or external corridors, entrances, elements of external building structure, lifts,
- renovation and adaptation of existing building, constituting the property of public authorities or the property of entities acting for non-profit purposes, in the scope in which it will enable the preparation for the usage of modern, social flat buildings.

Additionally all activities within the framework of this axis have to be aimed at the improvement of access of disabled people to the institutions supported under this axis.

Beneficiaries

Support envisaged under this priority axis will be awarded to, among others, the following major groups of beneficiaries⁶:

- local government units, their unions and associations;
- territorial self-government units with a legal identity
- social and economic partners
- non-governmental organisations
- churches and religious associations, and legal persons of churches and religious associations
- housing associations and communities and social building associations
- entrepreneurs⁷

According to the Lisbon Strategy objectives the Łódzkie Voivodship is obliged to undertake actions aimed at developing the innovative and competitive economic sector in the region. This objective should be achieved through:

- support for modernization and development investments in enterprises,

⁶ *Regional Operational Programme for the Łódzkie Voivodship for the years 2007-2013*, Łódź 2007, p. 88.

⁷ Within the meaning of Article 4, Journal of Laws of 2004, No 173, item 1807, *Act of 2nd July 2004 on Freedom of Economic Activity*.

- support for enterprises in gaining access to financing resources,
- support in the R&D activities and the activities of business support institutions aimed at the development of cooperation between the scientific sector and the business sector,
- improvement of attractiveness of the region with regard to recreation and tourism.

Actions concerning technology transfer and improvement of the cooperation networks between small businesses (SMEs) and other businesses and universities, post-secondary education establishments of all kinds, regional authorities, research centres and scientific and technological poles (*scientific and technological parks, technopoles, etc.*) are of great importance for urban regeneration in the context of implementation of the Lisbon Strategy assumptions in the Łódzkie Voivodship. The projects related to these actions should focus on:

- creation and development of industrial, technological parks, business incubators and newly-founded pro-innovative centres
- construction, expansion or modernization of existing technical infrastructure (e.g. building expansion, installation of engineering networks)
- development of the network of business support institutions of the local/regional range.

Financial sources currently available to revitalization projects on national and regional level

According to the financial tables included in *National Strategic Reference Framework 2007-2013 in support of growth and jobs (National Cohesion Strategy)* in the period of 2007-2013 Łódzkie Voivodship was granted the support from the ERDF in the amount of EUR 1 006 380 000 which along with the beneficiaries own contribution totalled EUR 1 282 340 000. Allocation of resources under Priority Axis VI can be estimated at EUR 118 397 754, of which EUR 100 638 091 comes from EU funds (ERDF). It should be underlined that all funds under Priority Axis 6 will be earmarked for key projects. Total amount of resources which will be transferred in the framework of JESSICA mechanism will come from the National Performance Reserve and the Technical Adjustment. The allocation is estimated at 30-50 million PLN (EUR 8-12 million). There is also a chance that the Holding Fund will be supported with additional financial resources coming from unspent funds for projects within the list of key projects.

PRIORITY AXIS VI Revitalization of Urban Areas			
Measure Revitalization of Problem Areas	6.1	Contribution from EU funds	93 072 135
		Contribution from National public resources	4 176 308
		The anticipated volume of private resources	12 248 186
Measure Renovation of Housing Substance	6.2	Contribution from EU funds	7 565 956
		Contribution from National public resources	1 243 759
		The anticipated volume of private resources	91 410
TOTAL			118 397 754

Source: Detailed Description of Priority Axis of Regional Operational Programme for the Łódzkie Voivodship for the years 2007-2013, Marshal's Office, Łódź 2011, p.151-155.

In the Łódzkie Voivodship there are limited alternatives of financing revitalization projects. Currently, the most common and possible to obtain sources of financing for this type of projects are:

- Own resources of Local Self-Government Units
- Resources of private investors
- Commercial bank credits
- Grants and loans from Voivodship Fund for Environmental Protection and Water Management

Although there are many institutions (e.g. BGK, National Fund for Environmental Protection and Water Management, BOŚ) which ensure financial support for investment projects, practically there is a limited number of options that project owners may really obtain. Although the commercial credits are the most common source of financing there are many obstacles which have led to a decline in demand for them. One of the most important impediments is the high level of indebtedness of the cities in the Łódzkie Voivodship, as well as unfavourable conditions for obtaining credit.

Apart from commercial bank credits, grants and loans from Voivodship Fund for Environmental Protection and Water Management (WFOŚiGW) are interesting and realistic form of financing revitalization projects from external sources in the Łódzkie region. WFOŚiGW financially supports projects for environmental protection and respecting its value in accordance with the principle of sustainable development. Operations of the WFOŚiGW focus mainly on supporting tasks concerning water protection and water management, air protection, soil protection, nature conservation, environmental education and monitoring, prevention and liquidation of environmental threats. The Fund allocates its sources for:

- Interest-bearing loans
- Subsidies to interest of preferential loans and credits
- Grants
- Award for environmental protection and water management in Łódź

To conclude, in the Łódzkie Voivodship, the availability of funding sources for revitalization projects is limited. Not only will the JESSICA initiative develop the existing sources but it will also contribute to increase of interest in revitalization projects among private investors.

JESSICA CASE STUDIES IN ŁÓDZKIE VOIVODSHIP

In this chapter of the Final Report we present 22 revitalization projects identified in visited cities with an indication of the key issues concerning eligibility under the JESSICA criteria. Furthermore, for the most mature projects we elaborated a preliminary financial assessment which shows their potential for repayment.

JESSICA funds are targeted at projects that fulfil the requirements of the Regional Operational Programmes and the following types of operations:

- Urban infrastructure
- Heritage of cultural sites (incl. tourism)
- Redevelopment of brown-field sites
- Office space of SMEs, IT and/or R&D
- University R&D studies and specialised facilities
- Energy efficiency improvements

Gathering of information on projects

Preliminary set of data related to projects potentially applicable for the JESSICA financing has been obtained via the analysis of Local Regeneration Programmes / Integrated Urban Development Programmes of the 12 cities.

In the second step local authorities have been asked to provide detailed data on selected projects and LRPs / IUDPs themselves, allowing application of defined set of project analysis criteria. Data has been obtained using a dedicated questionnaire available in English and Polish (distributed to the local authorities during the first weeks of the study preparation process). The questionnaire has been accompanied by a letter from the Marshal's Office, the aim of which was to increase its impact and help in achieving high response rate and detailed information on local regeneration strategies and planned projects.

Questionnaire for planned regeneration projects

The purpose of this questionnaire is to provide information regarding city area regeneration projects. Obtained data shall be used during the analysis of potential implementation of JESSICA instruments and their financial support for selected projects in the Łódzkie Voivodship.

Please use the drop-down list to select the city, for which you will provide information:

Please provide details of the person delivering information on projects:

Name and Surname:

Department / Unit:

Position held:

<input type="text"/>
<input type="text"/>
<input type="text"/>

Please click the buttons below and provide information on LRP and planned projects:

**Uzupełnij informacje nt. LPR
(Fill-in the information on LRP)**

**Uzupełnij informacje o projektach
(Fill-in the information on projects)**

After providing all the requested information on projects please click the following button or manually send the saved file to kburkot@deloitteCE.com

Wyślij plik (Send the file)

Examples of questions on LRPs / IUDPs:

- Does the commune currently have a formal document describing the strategy and planned activities in the area of regeneration?
- What's the type of this document (LRP / IUDP / other)?
- Which years does the document include?
- Are there any current activities or plans related to the update of LRP / IUDP?
- When is the update expected to be completed and the updated document implemented?
- To what extent do the documents describing regeneration strategy take into account undertaking actions (delivery of projects) under the PPP scheme?
- Does the commune have any experience in delivering projects (especially regeneration-related) with cooperation of private or public partners, particularly under the PPP scheme?

Examples of questions on particular projects included in LRPs / IUDPs:

- What's the name of the project?
- Please provide a short description of the project.

- Please assign the project to one of the defined project types
- What years will the delivery of the project take place?
- Is the project going to be delivered under the PPP scheme or in any other type of co-operation with private or public partners?
- Is the project included in the current Local Regeneration Plan or Integrated Urban Development Plan?
- Would it be possible to include the project into LRP/IUDP during its next update?
- Is the project compliant with the Regional Operational Programme of Łódzkie Voivodship?
- Please provide the total value of the project (PLN)
- Please list all the financing sources, with contributed values (and their shares in total value of the project) and the status of their securing process.
- Does the project have potential to generate (directly or indirectly) revenues or savings?
- If not, would it be possible to rearrange the project's scope in order to start generating revenues or savings?
- Please provide the expected NPV and IRR of the project
- Does the project have a feasibility study or other comparable document (e.g. a business plan)?
- Does the project have a document presenting its financial projections (e.g. a financial model)?
- Please provide the scope and status of public consultations (if required)
- Please provide the status of environmental impact analyses

In the third step we visited each of the cities included in the study in order to provide the local authorities with more in depth knowledge about JESSICA and to discuss in more detail the characteristics of projects on which information had been provided. The scope of topics for discussion included inter alia:

- Details on Local Regeneration Programmes / Integrated Urban Development Programmes (scope, timeliness, compliance with JESSICA requirements etc.);
- Projects included in LRPs / IUDPs (their scope, status, prioritization, owners, financial parameters, eligibility to be financed via ROP and JESSICA, etc.);
- Availability of commercial credits or other financing sources assumed so far for the projects;
- Willingness to involve JESSICA mechanisms in financing of regeneration projects;
- Possibilities of updating the LRPs / IUDPs and redefining the shape of selected projects, in order to enable JESSICA financing;

- Experience from running previous local projects with the participation of private sector, especially under the PPP scheme
- Financial debt in 2009 and expected in 2010

Not surprisingly, during the meetings it turned out that some of the projects submitted by the cities do not seem aligned with JESSICA characteristics very well. On the other hand, better understanding of the instrument by local authorities resulted in ideas of new regeneration projects. For those reasons an update of some of the questionnaires was required, resulting in obtaining information of higher accuracy and more relevance to the evaluation study subjects.

Data from the updated questionnaires has been aggregated in a form allowing their further processing, including especially analysis of meeting particular criteria determining their eligibility for JESSICA financing and preparing a ranking list of available regeneration projects.

Brief overview of Local Regeneration Programmes

In this section we presented the most important information concerning Local Regeneration Programmes of twelve cities in Łódzkie Voivodship. All the data is based on information available on local authorities' websites.

City	Population	Local Regeneration Programme (LRP)	Compliance of the LRP with the IUDP guidelines	Number of projects	Total value of projects (PLN)	Methods of financing	Timeframe of LRP	Types of the projects
Bełchatów	64 600	Yes	Yes	17	63 500 000 Potential 22 700 000**	ROP, city budget, PPP	2015	Urban infrastructure
Kutno	48 466	Yes	No	24	42 980 000 Potential: N/A	City budget, EU grants, RSM Pionier	2013	Urban infrastructure, Heritage of cultural sites (incl. tourism)
Łowicz	29 809	Yes	Yes	19 (166 tasks)	14 801 052 (data for the years 2004-2007 concerning eight tasks)	City budget, EU grants, private funds, FOŚiGW	2020	Urban infrastructure, Heritage of cultural sites (incl. tourism)
Łódź	747 152	Yes	Yes	11	1 379 889 000 Potential: 300 000 000	City budget, private funds, loans	2013	Urban infrastructure, Heritage of cultural sites (incl. tourism), Redevelopment of brown field sites
Pabianice	70 743	Yes	Yes	91 (355 tasks)	470 616 840 Potential: 105 000 000	15%-25% city budget and private funds; 75%-85% EU grants EOG	2015	Urban infrastructure, Heritage of cultural sites (incl. tourism)
Piotrków Trybunalski	77 810	Yes	No	18	169 319 685 Potential: N/A	City budget, state budget, private funds, EU grants	2013	Urban infrastructure, Heritage of cultural sites (incl. tourism)
Radomsko	50 949	Yes	No	42 (107 tasks)	144 010 000 Potential: N/A	City budget, state budget, private funds, EU grants (ERDF, EFS)	"until 2013 and further years"	Urban infrastructure, Heritage of cultural sites (incl. tourism)

City	Population	Local Regeneration Programme (LRP)	Compliance of the LRP with the IUDP guidelines	Number of projects	Total value of projects (PLN)	Methods of financing	Timeframe of LRP	Types of projects
Sieradz	44 881	Yes	Yes	12	61 240 000 (data concerns only five projects carried out by the City of Sieradz) Potential: 9 000 000**	EU grants, city budget, FOŚiGW,	2013	Heritage of cultural sites (incl. tourism)
Skierniewice	49 016	Yes	Yes	22	70 060 000 Potential: 8 000 000	EU grants (ERDF, EFS), city budget, FOŚiGW,	2013	Heritage of cultural sites (incl. tourism), Redevelopment of brown field sites
Tomaszów Mazowiecki	66 232	Yes	No	9	88 375 097 Potential: N/A	EU grants (ERDF), city budget, state budget	2013	Urban infrastructure, Heritage of cultural sites (incl. tourism)
Zduńska Wola	43 969	No						
Zgierz	57 890	Yes	No	26	39 200 000 Potential: N/A	City budget, EU grants (ERDF), state budget	2013, programme will be developed until 2020 but provided data concerns period until 2013	Urban infrastructure

IUDP – Integrated Urban Development Plan

RSM Pionier – Robotnicza Spółdzielnia Mieszaniowa PIONIER (Labour Housing Co-operative PIONIER)

FOŚiGW – Fundusz ochrony środowiska i gospodarki wodnej (National Fund for Environmental Protection and Water Management)

ERDF - European Regional Development Fund

EFS – Europejski Fundusz Społeczny (European Social Fund)

EOG – Europejski Obszar Gospodarczy (European Economic Area)

** „XXX XXX” – total value of projects in the LRP

„Potential XXX XXX” – value of projects which probably have not yet started (financing sources may not have been finally agreed)

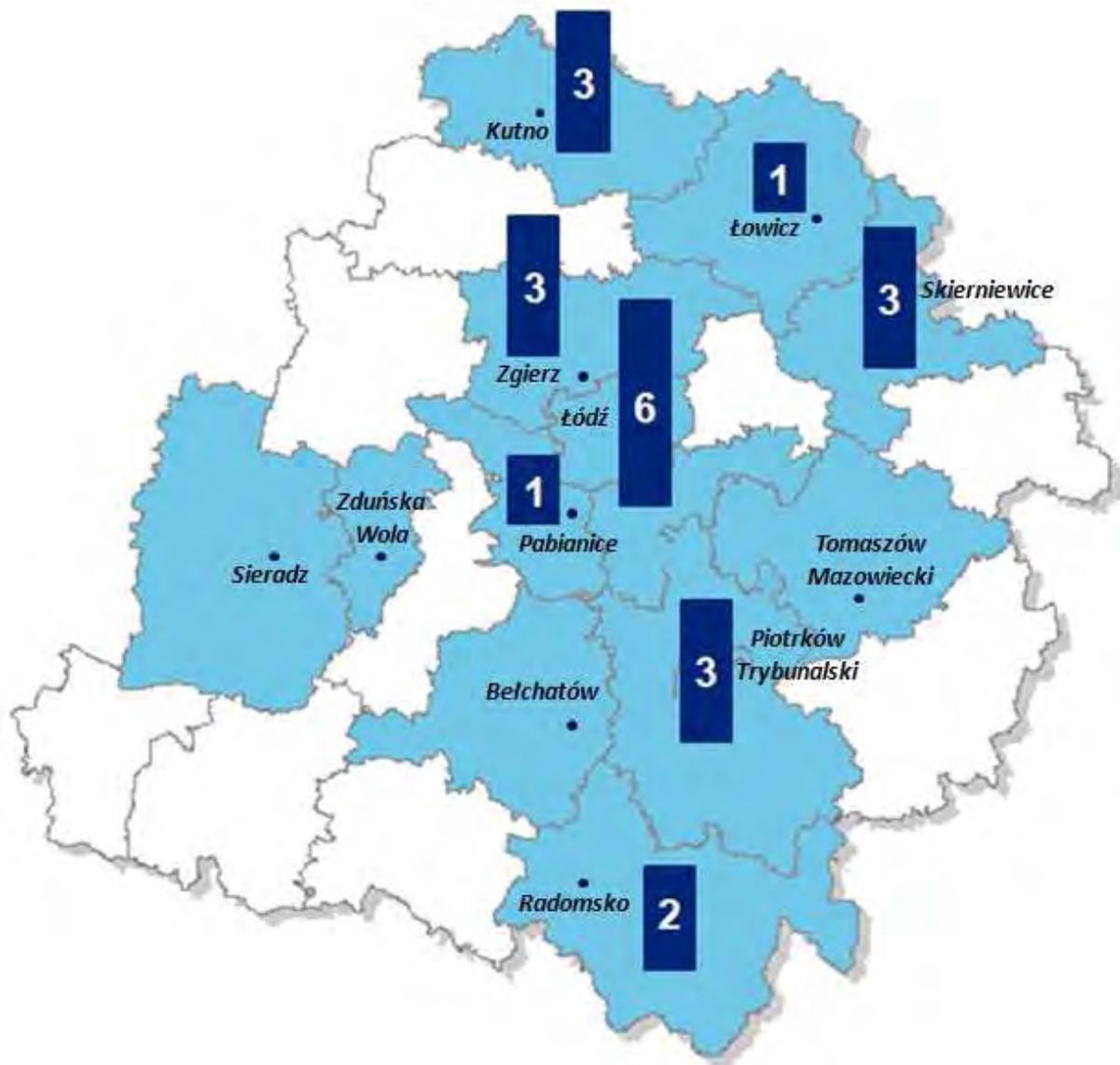
Identified projects with JESSICA potential

Detailed information about projects which have potential for co-financing via the JESSICA instruments, which have been identified during our hitherto work is presented in fiches on the following pages.

In the course of the study we visited 12 cities of Łódzkie Voivodship with the number of inhabitants exceeding 25 000. Those visits enabled us not only to introduce the mechanism of JESSICA to local authorities but to acquire information about revitalization projects which could be implemented under JESSICA mechanism. Information about 22 projects has been provided to us from 8 cities (Łódź, Kutno, Łowicz, Pabianice, Piotrków Trybunalski, Radomsko, Skierniewice and Zgierz). We have not received information on the projects from 4 cities (Bełchatów, Sieradz, Tomaszów Mazowiecki, Zduńska Wola). The reasons for lack of projects in those cities are:

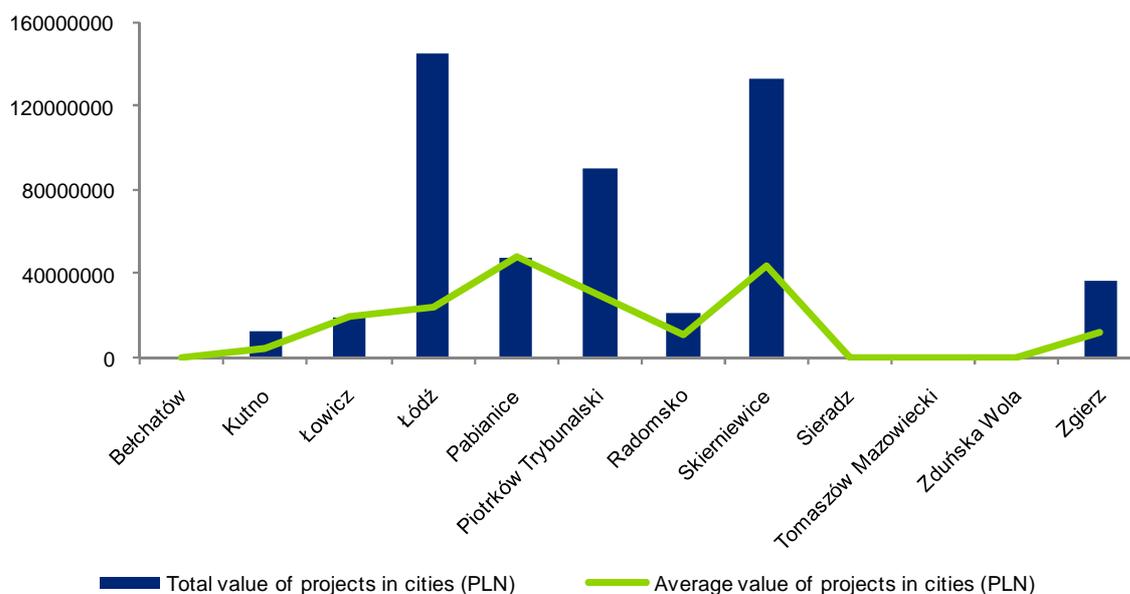
- Fear of the future financial obligations arising from loans obtained for implementation of revitalization projects increased by high level of current indebtedness of the cities – according to the Public Finance Act, the total amount of debt in the cities cannot exceed 60% of budget revenues in a given year
- Obtaining funding for the implementation of the revitalization projects under List of Key Projects in the framework of ROP - in some cities all of the planned revitalization projects have already received funds
- Lack of ideas for revitalization projects which could be implemented under JESSICA mechanism (projects which generate sufficient income)

Cities which have been visited in the course of the study, as well as the number of projects we identified in each of them, have been marked on the picture below.



As a result of a questionnaire study we gathered information on 22 revitalization projects. The total value of these projects is estimated at 506 485 000 PLN (126 621 250 EUR).

The greatest number of projects was reported by the Łódź City Hall (6 projects), while the Piotrków Trybunalski City Hall, the Skierniewice City Hall and the Zgierz City Hall presented 3 projects each. Łódź is characterized by the highest total value of the projects which is estimated at 145 345 000 PLN. Slightly lower value is presented by projects submitted by the Skierniewice City Hall (132 600 000 PLN). The most expensive project equals to 100m PLN is also planned for implementation there. On the other hand, the cheapest one is planned to be implemented in Kutno (2m PLN). The longest project implementation will last 8 years, in Skierniewice and the shortest will last 2 years, in Pabianice. The average total cost of all projects is 23 022 045 PLN and the average duration of the implementation process is 4,14 years.



- A significant number (7) of submitted revitalization projects concerns the renovation, reconstruction and adaptation of old and very often historic buildings (such as residences, windmill or an old travel inn etc) for new purposes. Revitalization process of these buildings is to transform them into modern restaurants, a bowling club or even a discotheque. All of the abovementioned projects were presented by the city halls. These projects often have a potential to provide revenues from rental of space or ticket sales. For example: *Modernization of the windmill for the cultural and entertainment purposes* in Zgierz.
- Another group of presented projects (7) involves revitalization of city centres and their most degraded districts, as well as revitalization of the post-industrial areas which are located in the hearts of the cities. The projects usually concern not only restoration of urban infrastructure and sites but also improvement of the value and image of the cities. Another reason for this kind of actions is also revival of the tourism. The best example of such projects is: *Increasing the recreational and tourist attractions of Łódzkie Voivodship through revitalization of historic routes of Skierniewice in terms of rail route Warsaw-Vienna.*
- Two of the submitted projects concern renovation and construction of buildings for residential purposes. Another two projects involve construction of sport facilities, such as a sport gallery and judo hall.
- Only one project which concerns the improvement of energy efficiency was reported.
- Among all 22 projects only one assumes implementation in PPP formula, as well as only one was presented by a private investor.

City	Number of projects	Total value of projects in cities (PLN)	Average total value of project (PLN)	Average duration of the project implementation (years)
Bełchatów	0	0	0	0
Kutno	3	13 000 000	4 333 333	2,67
Łowicz	1	19 500 000	19 500 000	3
Łódź	6	145 345 000	24 224 166	4,17
Pabianice	1	48 000 000	48 000 000	2
Piotrków Trybunalski	3	90 000 000	30 000 000	5
Radomsko	2	21 000 000	10 500 000	4,50
Skierniewice	3	132 600 000	44 200 000	5,67
Sieradz	0	0	0,00	0
Tomaszów Mazowiecki	0	0	0,00	0
Zduńska Wola	0	0	0,00	0
Zgierz	3	37 040 000	12 346 666	4
TOTAL	22	506 485 000	23 022 045	4,14

The projects selected for JESSICA case studies are eligible with Priority Axis VI. However, it is worth mentioning that some of them do not meet all the criteria due to the early stage of their readiness for implementation. Many of the projects are in the conceptual stage and most of the information is unavailable because of the lack of necessary documentation e.g. technical documentation, financial model, feasibility study etc. However, in order to present the potential of Łódzkie Voivodship in terms of revitalization, we decided to describe all the projects of which information have been provided to us. Some of the projects can be ready for implementation in the next financial perspective (2014-2020).

PROJECT ASSESSMENT CRITERIA FOR JESSICA

#	Criteria	Description
1	<i>Compliance of the project with ROP ŁV</i>	Compliance of the project with ROP ŁV – it is understood that a project meets all the assumptions of the ROP Łódzkie Voivodship and is eligible for co-financing in the framework of the ROP.
2	<i>Project implementation (expenditure of available funds) by 2015</i>	Project should be able to account for all JESSICA-financed expenditures by the end of 2015.
3	<i>Ability of the project to generate sufficient revenues</i>	Project ability to generate sufficient revenue is understood as the ability to provide realistic chance for repayment of JESSICA funds.
4	<i>Inclusion of the project to the Local Revitalization Programme</i>	Inclusion of the project in the Local Revitalization Programme means that the project is covered by a relevant LRP
5	<i>Project maturity</i>	Project maturity is understood as desired readiness for implementation. It is determined whether a project has necessary documentation concerning all relevant urban regulations (feasibility studies, approvals from different authorities, etc.). The maturity of a project is an essential selection criterion for JESSICA.

Kutno

Reconstruction and complex revaluation of the Saski Palace in Kutno		
<i>Compliance of the project with ROP ŁV</i>		<p>The project has been presented by the Kutno City Hall as consistent with the priority axis VI, measure 6.1.</p> <p>The project is a part of a more complex task concerning revitalization of the historic centre of Kutno. The Saski Palace is an old travel inn built for the Polish King August III, in the years 1750-1753. Today, it is the oldest relic in Kutno. It is a promotional lever of the city and its revitalization will contribute to tourism revival of Kutno.</p>
<i>Project implementation (expenditure of available funds) by 2015</i>		<p>The Kutno City Hall is the only beneficiary of the project. It is assumed that its contribution will not exceed 25% of the project value (own resources, loan). The rest of financing, the city is planning to obtain from EU grants or JESSICA mechanism. Total value of the investment is estimated at 8 000 000 PLN. Information received from the project owner indicates the finalisation of the project implementation by the end of 2013.</p>
<i>Ability of the project to generate sufficient revenues</i>		<p>The project has a potential to generate revenues from renting space intended for economic purposes, such as restaurant. At this level of the project preparedness it is assumed that the NPV will not be less than 0 and it will be able to generate sufficient revenue.</p>
<i>Inclusion of the project to the Local Revitalization Programme</i>		<p>The project is included in the current Local Revitalization Programme. However, the level of its readiness for implementation under JESSICA mechanism is very low. The project is in the conceptual stage and does not have the necessary documentation. Technical documentation will be prepared after receiving official information about the launch of the JESSICA initiative in Łódzkie Voivodship. Moreover, currently efforts are aimed at gaining the remaining 1/6 of the palace. The rest of the property already belongs to the Kutno City Hall.</p>
<i>Project maturity (status of necessary documentation)</i>		<p>A further detailed evaluation of the investment project was not possible at the current stage of analysis.</p>
<i>Value of the project</i>		<p>8 000 000 PLN (2 000 000 EUR)</p>

Revitalization of Chlewickich residence (Larch Manor) in Kutno

<p>Compliance of the project with ROP ŁV</p>	<p>✓</p>	<p>The project has been presented by the Kutno City Hall as consistent with the priority axis VI, measure 6.1.</p>
<p>Project implementation (expenditure of available funds) by 2015</p>	<p>✓</p>	<p>The project consists of a major renovation of Larch Manor in Kutno which involves strengthening of the foundations, as well as stabilization and renewal of the walls. The manor was built at the turn of XVIII and XIX century. Today, it is a resident of Society of Kutno City's Friends.</p>
<p>Ability of the project to generate sufficient revenues</p>	<p>✓</p>	<p>The Kutno City Hall is the only beneficiary of the project. It is assumed that its contribution will not exceed 25% of the project value (own resources, loan). The rest of the financing city is planning to obtain from EU grants or the JESSICA mechanism. Total value of the investment is estimated at 3 000 000 PLN. Information received from the project owner indicates the finalisation of the project implementation by the end of 2013.</p>
<p>Inclusion of the project to the Local Revitalization Programme</p>	<p>✓</p>	<p>The project has a potential to generate revenues from renting space intended for economic purposes. At this level of the project preparedness it is assumed that the NPV will not be less than 0 and it will be able to generate sufficient revenue.</p>
<p>Project maturity (status of necessary documentation)</p>	<p>■</p>	<p>The project is included in the current Local Revitalization Programme. However, the level of its readiness for implementation under the JESSICA mechanism is very low. The project is in the conceptual stage and it does not have the necessary documentation. Technical documentation will be prepared after receiving official information about the launch of JESSICA initiative in Łódzkie Voivodship.</p> <p>A further detailed evaluation of the investment project was not possible at the current stage of analysis.</p>
<p>Value of the project</p>	<p>3 000 000 PLN (750 000 EUR)</p>	

Revitalization of Troczewski residence in Kutno

<p><i>Compliance of the project with ROP ŁV</i></p>	<p>✓</p>	<p>The project has been presented by the Kutno City Hall as consistent with the priority axis VI, measure 6.1.</p> <p>The project consists of restoration of the Troczewski residence. At present, the Registry Office is located in the building.</p>
<p><i>Project implementation (expenditure of available funds) by 2015</i></p>	<p>✓</p>	<p>The Kutno City Hall is the only beneficiary of the project. It is assumed that its contribution will not exceed 25% of the project value (own resources, loan). The rest of financing the city is planning to obtain from EU grants or the JESSICA mechanism. Total value of the investment is estimated at 2 000 000 PLN and according to the information received from the Kutno City Hall it is going to be implemented by 2013.</p>
<p><i>Ability of the project to generate sufficient revenues</i></p>	<p>✓</p>	<p>The project has a potential to generate revenues from renting space intended for economic purposes. At this level of the project preparedness it is assumed that the NPV will not be less than 0 and it will be able to generate sufficient revenue.</p>
<p><i>Inclusion of the project to the Local Revitalization Programme</i></p>	<p>—</p>	<p>The project is not included in the current Local Revitalization Programme and in order to enable its financing from the JESSICA mechanism it is necessary to properly update LRP. Moreover, the level of its readiness for implementation under the JESSICA mechanism is very low. The project is in the conceptual stage and it does not have the necessary documentation. Technical documentation will be prepared after receiving official information about the launch of the JESSICA initiative in Łódzkie Voivodship.</p>
<p><i>Project maturity (status of necessary documentation)</i></p>	<p>—</p>	<p>A further detailed evaluation of the investment project was not possible at the current stage of analysis.</p>
<p><i>Value of the project</i></p>	<p>2 000 000 PLN (500 000 EUR)</p>	

Revitalization of the Old Town of Łowicz	
<i>Compliance of the project with ROP ŁV</i>	✓
<i>Project implementation (expenditure of available funds) by 2015</i>	✓
<i>Ability of the project to generate sufficient revenues</i>	✓
<i>Inclusion of the project to the Local Revitalization Programme</i>	✓
<i>Project maturity (status of necessary documentation)</i>	-
<i>Value of the project</i>	19 500 000 PLN (4 875 000 EUR)

The project has been presented by the Łowicz City Hall as consistent with the priority axis VI, measure 6.1.

The project concerns revitalization of a public space and adaptation of it for new purposes. Under the project, it is expected to rebuild the central part of the city centre, change of the traffic management, designation of cultural and entertainment zone, rebuild technical infrastructure i.e. water and sewage, power transmission, lighting and small architecture.

The Łowicz City Hall is the owner of the assets required for the project and it is the only beneficiary of the project. It is assumed that its contribution will be 15% of the project value (own resources / loan). The rest of the financing will come from EU grants or JESSICA mechanism. Total value of the investment is estimated at 19 500 000 PLN. Information obtained from the project promoter indicates the finalisation of the project implementation by 2013.

The project has a potential to generate revenues from renting ground and savings resulting from energy efficiency measures. At this level of the project preparedness it cannot be given any specific information concerning NPV and IRR.

The project is included in the current Local Revitalization Programme. However, the level of its readiness for implementation under JESSICA mechanism is low. According to the information received from the Łowicz City Hall the project does not have the necessary documentation i.e. feasibility study or technical documentation.

A further detailed evaluation of the investment project was not possible at the current stage of analysis.

Revitalization of building “EC-1 South-East (Se-Ma-For)”

Compliance of the project with ROP ŁV



Project implementation (expenditure available funds) by 2015



The project has been presented by the Łódź City Hall as consistent with the priority axis VI, measure 6.1. *Revitalization of problem areas.*

Former electrical workshop building is now the headquarter of the Film Foundation Se-Ma-For. The Museum of Cartoons and Se-Ma-For Film Production studio are located in the building which specializes in classic puppet animation. Productions of Se-Ma-For are awarded at international film festivals and other film competitions. The most important achievement is the film “Peter and the Wolf”, which won an Oscar in 2008.

Ability of the project to generate sufficient revenues



Design works for the object EC-1 South-East were realized by consortium of companies: The Office of Investment Realization “Fronton” Ltd. and Mirosław Wiśniewski Urbanism and Architecture Ltd., which won first prize in the architectural design competition.

The project consists of revitalization of a building EC -1 South-East. It is part of the programme *New Centre of Łódź*,

<p><i>Inclusion of the project to the Local Revitalization Programme</i></p>	<p>—</p>	<p>which covers revitalization of a part of the city located in the neighbourhood of railway station – Łódź Fabryczna.</p> <p>The project is planned to be implemented in partnership with the Film Foundation Se-Ma-For. Financing is expected to come from Foundation financial resources and from EU grants or JESSICA mechanism. Total value of the investment is estimated at 19 mln PLN (about 4,75 mln EURO) and according to information received from the project promoter it is going to be implemented by 2014.</p>
<p><i>Project maturity (status of necessary documentation)</i></p>	<p>✓</p>	<p>The project will generate revenues. The preliminary concept of it provides that the source of repayment of the liabilities could be the income from rental of the premises.</p> <p>The project is not included in the current Local Revitalization Programme and in order to enable its financing from the JESSICA mechanism it is necessary to properly update LRP.</p> <p>The project has a significant part of project documentation, including investor cost estimation and complete technical documentation with current building permission. However, there is no feasibility study.</p>
<p><i>Value of the project</i></p>	<p>19 000 000 PLN (4 750 000 EUR)</p>	

Revitalization, modernization and adaptation of the postindustrial building for public purposes

<p>Compliance of the project with ROP ŁV</p>	<p>✓</p>	<p>The project has been presented by the Łódź City Hall as consistent with the priority axis VI, measure 6.1. <i>Revitalization of problem areas.</i></p>
<p>Project implementation (expenditure of available funds) by 2015</p>	<p>✓</p>	<p>The project includes renovation and modernization of the post-factory building and adaptation of it for public purposes. It is assumed to keep the economic functions on the ground floor. The project assumes, as well, creation of a new public space with an area of 2 500 m² which will ensure improvement of access to the inside of square – passage linking Komuny Paryskiej St. with Piotrkowska St.</p>
<p>Ability of the project to generate sufficient revenues</p>	<p>–</p>	<p>The Łódź City Hall is the only beneficiary of the project. It is assumed that its contribution will be at amount of 7 mln PLN (1,75 mln EURO). The rest of the financing will come from EU grants or JESSICA mechanism (about 70%). Total value of the investment is estimated at 23 345 000 PLN. Information obtained from the project owner indicates the end of the project implementation by the year 2013.</p>
<p>Inclusion of the project to the Local Revitalization Programme</p>	<p>✓</p>	<p>The project in its current shape does not seem to be capable of generating revenues sufficient for full repayment of the JESSICA loan.</p>
<p>Project maturity (status of necessary documentation)</p>	<p>–</p>	<p>The project is included in the current Local Revitalization Programme. However, the level of its readiness for implementation is low. Except from architectural and spatial concept the project does not have the necessary documentation, including feasibility study or financial model. The necessary analysis will be prepared after receiving information concerning launch of the JESSICA initiative in Łódzkie Voivodship.</p>
<p>Value of the project</p>	<p>23 345 000 PLN (5 836 250 EUR)</p>	

Revitalization of urban buildings in the area of railway station - Łódź Fabryczna

<p>Compliance of the project with ROP ŁV</p>	<p>✓</p>	<p>The project has been presented by the Łódź City Hall as consistent with the priority axis VI.</p>
<p>Project implementation (expenditure of available funds) by 2015</p>	<p>✓</p>	<p>The project consists of renovation and modernization of urban tenements located on the Sienkiewicza 18, 20 and 22 St. in Łódź. Revitalization of tenements together with the adjacent surroundings will ensure the new development of the south-east land, which is located in the neighborhood of the railway station – Łódź Fabryczna and the EC-1 area. The project envisages that 80% of revitalization space will be allocated for housing purposes and the rest (20%) for commercial purposes (retail, offices). It is also planned to create a new public space which will provide connection between the former Meyer's Passage and the EC-1 area.</p>
<p>Ability of the project to generate sufficient revenues</p>	<p>■</p>	<p>The Łódź City Hall is the only beneficiary of the project. It is assumed that its contribution will be at amount of 8,25 mln PLN (2 mln EUR). The rest of the financing will come from EU grants or JESSICA mechanism (about 75%). Total value of the investment is estimated at 33 000 000 PLN. Information obtained from the project promoter indicates the finalisation of the project implementation by 2013.</p>
<p>Inclusion of the project to the Local Revitalization Programme</p>	<p>✓</p>	<p>The project in its current shape does not seem to be capable of generating revenues sufficient for full repayment of JESSICA loan (however, according to the information received from the project promoter it is possible to modify the project and increase space intended for economic purposes up to 40%).</p>
<p>Project maturity (status of necessary documentation)</p>	<p>■</p>	<p>The project is included in the current Local Revitalization Programme. However, the level of its readiness for implementation is low. Except architectural and spatial concept the project does not have the necessary documentation, including feasibility study or technical documentation. The necessary analysis will be prepared after receiving information concerning launch of the JESSICA initiative in Łódzkie Voivodship.</p>
<p>Value of the project</p>	<p>33 000 000 PLN (8 250 000 EUR)</p>	

Revitalization of buildings and their adaptation for new purposes

<p>Compliance of the project with ROP ŁV</p>	<p>✓</p>	<p>The project has been presented by the Łódź City Hall as consistent with the priority axis VI, measure 6.1.</p>
<p>Project implementation (expenditure of available funds) by 2015</p>	<p>■</p>	<p>The concept of the project involves revitalization of a building on the Tymienieckiego 3 St. (in which Art Factory, Łódź Art Centre and the Chorea theater are currently located) and revitalization of a historical school building. The project consists of the expansion of an existing building. The new part of a building will be dedicated to a hostel and for catering/entertainment purposes. The project will be complementary to the ongoing project Art-Incubator, under which it is expected to create an area, where entities operating within it will benefit from extensive assistance in various aspects of economic activity.</p>
<p>Ability of the project to generate sufficient revenues</p>	<p>✓</p>	<p>The project is in the conceptual stage and currently there is no information concerning formula in which it might be implemented. The Łódź City Hall is the owner of the assets required for the project. However, at this level of the project preparedness it is not possible to give specific data concerning the amount of the city contribution, as well as the necessary financial support from the JESSICA mechanism. Total value of the investment is estimated at 30 000 000 PLN. The project has a potential to generate revenues from renting premises.</p>
<p>Inclusion of the project to the Local Revitalization Programme</p>	<p>■</p>	<p>The project is not included in the current Local Revitalization Programme and it does not have the necessary documents, i.e. technical documentation or feasibility study.</p>
<p>Project maturity (status of necessary documentation)</p>	<p>■</p>	<p>A further detailed evaluation of the investment project was not possible at the current stage of analysis.</p>
<p>Value of the project</p>	<p>30 000 000 PLN (7 500 000 EUR)</p>	

Revitalization of a building “Otto Gehlig House” and its adaptation for new purposes

<p><i>Compliance of the project with ROP ŁV</i></p>	<p>✓</p>	<p>The project has been presented by the Łódź City Hall as consistent with the priority axis VI, measure 6.1.</p>
<p><i>Project implementation (expenditure of available funds) by 2015</i></p>	<p>■</p>	<p>Otto Gehlig House was built in 1830. It is a mansion in a very rare style in Łódź - German Neorenaissance and Netherlands Mannerism. The building was entered in the register of monuments on the 1st of June 2006. Currently, it is abandoned and needs renovation. The project involves revitalization of a building and its adaptation for new purposes</p>
<p><i>Ability of the project to generate sufficient revenues</i></p>	<p>✓</p>	<p>The project is in the conceptual stage and currently there is no information concerning formula in which it might be implemented. The housing association is the owner of the assets required for the project. However, at this level of the project preparedness it is not possible to give specific data concerning the amount of the city contribution, as well as the necessary financial support from the JESSICA mechanism. Total value of the investment is estimated at 10 000 000 PLN. The project has a potential to generate revenues from rental space for commercial purposes..</p>
<p><i>Inclusion of the project to the Local Revitalization Programme</i></p>	<p>■</p>	<p>The project is not included in the current Local Revitalization Programme and does not have the necessary documents, i.e. technical documentation or feasibility study.</p>
<p><i>Project maturity (status of necessary documentation)</i></p>	<p>■</p>	<p>A further detailed evaluation of the investment project was not possible at the current stage of analysis.</p>
<p><i>Value of the project</i></p>	<p>10 000 000 PLN (2 500 000 EUR)</p>	

Relocation of historic wooden houses

<p>Compliance of the project with ROP ŁV</p>	<p>✓</p>	<p>The project has been presented by the Łódź City Hall as consistent with the priority axis VI, measure 6.1.</p>
<p>Project implementation (expenditure of available funds) by 2015</p>	<p>■</p>	<p>The project involves relocation of wooden houses characteristic for Łódź City of the second half of XIX century and early twentieth century. Houses will be rebuilt in the city park and will be implemented with new functions, such as office space. This will create a very well equipped but also very original place which will be an alternative to high-class office building in the city. The project will also cover revitalization of a park and creation of places for the local community, e.g. playground for children.</p>
<p>Ability of the project to generate sufficient revenues</p>	<p>✓</p>	<p>The project is in the conceptual stage and currently there is no information concerning formula in which it will be implemented. The Łódź City is the owner of the assets required for the project. However, at this level of the project preparedness it is not possible to give specific data concerning the amount of the city contribution, as well as the necessary financial support from the JESSICA mechanism. Total value of the investment is estimated at 30 000 000 PLN. The project has a potential to generate revenues from sales and rental of office space which was previously occupied by the wooden houses.</p>
<p>Inclusion of the project to the Local Revitalization Programme</p>	<p>■</p>	<p>The project is not included in the current Local Revitalization Programme and does not have the necessary documentation, i.e. technical documentation or feasibility study.</p>
<p>Project maturity (status of necessary documentation)</p>	<p>■</p>	<p>A further detailed evaluation of the investment project was not possible at the current stage of analysis.</p>
<p>Value of the project</p>	<p>30 000 000 PLN (7 500 000 EUR)</p>	

Pabianice

Factory "Centre" – comprehensive revitalization of the post-factory building

Compliance of the project with ROP ŁV



The project has been presented by a private investor - The Aflopa Real Estates Ltd. is consistent with the priority axis VI, measure 6.1.

Project implementation (expenditure of available funds) by 2015



The project concerns a complex restoration of a building in which in XIX and XX century a factory of cotton fabrics was located. Revitalization will allow for creation of an unique object not only in Pabianice but in the south-west part of Łódzkie Voivodship. It will combine office, recreational, hotel and commercial functions.

Ability of the project to generate sufficient revenues



The Aflopa Real Estates Ltd. is the owner of the assets required for the project and is the only beneficiary of the project. It is assumed that its contribution will not exceed 30% of the project value (own resources). The rest of the financing the investor is planning to obtain from bank loans and EU grants or JESSICA mechanism. Total value of the investment is estimated at 48 000 000 PLN and according to information received from the project promoter it will be implemented by 2012.



Inclusion of the project to the Local Revitalization Programme



The project has a potential to generate significant revenues from rental and sales of space intended for economic purposes, e.g. sales centre, business centre, hotel and leisure centre and apartments.



Project maturity (status of necessary documentation)



The project is included in the current Local Revitalization Programme. Moreover, the level of its readiness for implementation under JESSICA mechanism is high. Both, feasibility study and technical documentations are in preparation. They will be ready in the first quarter of 2011.

Value of the project

48 000 000 PLN (12 000 000 EUR)

Piotrków Trybunalski

“In XXI century with LED lamps” – replacement of the street lighting in Piotrków Trybunalski

<p><i>Compliance of the project with ROP ŁV</i></p>	<p>✓</p>	<p>The project has been presented by the Piotrków Trybunalski City Hall as consistent with the priority axis VI, measure 6.1.</p>
<p><i>Project implementation (expenditure of available funds) by 2015</i></p>	<p>✓</p>	<p>The project consists of replacement of about 4 500 traditional lamps of street lighting with modern and energy saving LED lamps.</p>
<p><i>Ability of the project to generate sufficient revenues</i></p>	<p>✓</p>	<p>The Piotrków Trybunalski City Hall is the owner of the assets required for the project. It is assumed that its contribution will not exceed 15% of the project value (own resources, loan). The rest of the financing will come from private investors and EU grants or the JESSICA mechanism. Total value of the investment is estimated at 5 000 000 PLN and according to the information received from the project promoter the project will be implemented by 2015.</p>
<p><i>Inclusion of the project to the Local Revitalization Programme</i></p>	<p>■</p>	<p>The project has a potential to generate savings from reducing cost of street lighting. LED lamps consume a minimum amount of energy and work very long. However, at this level of the project preparedness no specific information on the value of savings can be given.</p>
<p><i>Project maturity (status of necessary documentation)</i></p>	<p>■</p>	<p>The project is not included in the current Local Revitalization Programme and in order to enable its financing from the JESSICA mechanism it is necessary to properly update LRP. Moreover, the project is in a conceptual stage and does not have the necessary documentation i.e. feasibility study or technical documentation.</p> <p>A further detailed evaluation of the investment project was not possible at the current stage of analysis.</p>
<p><i>Value of the project</i></p>	<p><i>5 000 000 PLN (1 250 000 EUR)</i></p>	

Building of the Sport Gallery “Bugajskie Błonia”

<p><i>Compliance of the project with ROP ŁV</i></p>	<p>✓</p>	<p>The project has been presented by the Piotrków Trybunalski City Hall as consistent with the priority axis VI, measure 6.1.</p>
<p><i>Project implementation (expenditure of available funds) by 2015</i></p>	<p>✓</p>	<p>The project consists of erection of a gallery, in the post-industrial part of the city, by the Bugaj Lake, which combines the sports, cultural and commercial functions. A multilevel parking will be also built in this area.</p>
<p><i>Ability of the project to generate sufficient revenues</i></p>	<p>✓</p>	<p>The Piotrków Trybunalski City Hall is the owner of the assets required for the project. However, at this level of the project preparedness it is not possible to give specific data concerning the amount of the city and private investors' contribution, as well as the necessary financial support from the JESSICA mechanism. Total value of the investment is estimated at 55 000 000 PLN and according to information received from the project owner the project will be implemented by 2015.</p>
<p><i>Inclusion of the project to the Local Revitalization Programme</i></p>	<p>■</p>	<p>The project has a potential to generate revenues from sales of tickets for events, rental of space for commercial purposes and parking fees.</p>
<p><i>Project maturity (status of necessary documentation)</i></p>	<p>■</p>	<p>The project is not included in the current Local Revitalization Programme and in order to enable its financing from the JESSICA mechanism it is necessary to properly update LRP. Moreover, the level of its readiness for implementation under the JESSICA mechanism is very low. The project is in the conceptual stage and it does not have the necessary documentation.</p>
<p><i>Value of the project</i></p>		<p>55 000 000 PLN (13 750 000 EUR)</p>

“Young Old City”

<p><i>Compliance of the project with ROP ŁV</i></p>	<p>✓</p>	<p>The project has been presented by the Piotrków Trybunalski City Hall as consistent with the priority axis VI, measure 6.1.</p>
<p><i>Project implementation (expenditure of available funds) by 2015</i></p>	<p>✓</p>	<p>The project involves a comprehensive redevelopment of area located between Zamkowa St., Starowarszawska St., Garncarska St., Zamurowa St. and Pereca St. It is planned to erect residential and commercial buildings and develop public space. The project consists also of renovation of municipal infrastructure and streets.</p>
<p><i>Ability of the project to generate sufficient revenues</i></p>	<p>✓</p>	<p>The Piotrków Trybunalski City Hall is the owner of the assets required for the project. However, at this level of the project preparedness it is not possible to give specific data concerning the amount of the city and private investors' contribution, as well as the necessary financial support from the JESSICA mechanism. Total value of the investment is estimated at 30 000 000 PLN and according to the information received from the project promoter the project will be implemented by 2015.</p>
<p><i>Inclusion of the project to the Local Revitalization Programme</i></p>	<p>■</p>	<p>The project has a potential to generate revenues from parking fees, sales of flats and rental of space for commercial and service purposes.</p>
<p><i>Project maturity (status of necessary documentation)</i></p>	<p>■</p>	<p>The project is not included in the current Local Revitalization Programme and in order to enable its financing from the JESSICA mechanism it is necessary to properly update LRP. Moreover, the level of its readiness for implementation under the JESSICA mechanism is very low. The project is in the conceptual stage and it does not have the necessary documentation.</p>
<p><i>Value of the project</i></p>	<p>30 000 000 PLN (7 500 000 EUR)</p>	

Radomsko

Reconstruction of the railway station in Radomsko		
<i>Compliance of the project with ROP ŁV</i>	✓	<p>The project has been presented by the Radomsko City Hall as consistent with the priority axis VI, measure 6.1.</p> <p>The aim of the project is to improve the standard and outlook of the railway station building, including the arrangement of adjacent square. Moreover, the project consists of enhancing commercial and service functions and giving new social functions to buildings in this area (improvement of technical infrastructure).</p>
<i>Project implementation (expenditure of available funds) by 2015</i>	✓	<p>The Radomsko City Hall is the owner of the area around the railway station. It is assumed that its contribution will not exceeds 3 000 000 PLN. The rest of the financing will come from private investors and EU grants or the JESSICA mechanism. Total value of the investment is estimated at 10 000 000 PLN and according to information received from the project promoter the project will be implemented by 2014.</p>
<i>Ability of the project to generate sufficient revenues</i>	✓	<p>The project has a potential to generate revenues from parking fees and renting space for economic purposes. However, at this level of the project preparedness no specific information concerning NPV and IRR can be given.</p>
<i>Inclusion of the project to the Local Revitalization Programme</i>	✓	<p>The project is included in the current Local Revitalization Programme. However, it is in the conceptual stage and it does not have the necessary documentation i.e. feasibility study or technical documentation.</p>
<i>Project maturity (status of necessary documentation)</i>	■	<p>A further detailed evaluation of the investment project was not possible at the current stage of analysis.</p>
<i>Value of the project</i>		10 000 000 PLN (2 500 000 EUR)

Revitalization of the area between Narutowicza St., Kościuszki St., 3rd May Sq. and Reymont St.

<p><i>Compliance of the project with ROP ŁV</i></p>	<p>✓</p>	<p>The project has been presented by the Radomsko City Hall as consistent with the priority axis VI, measure 6.1.</p>
<p><i>Project implementation (expenditure of available funds) by 2015</i></p>	<p>✓</p>	<p>It is planned that in the area covered by the revitalization plan an access road linking Narutowicza St. with Komuny Paryskiej St. will be built. Thus, the undeveloped land will become an integral part of the center. This determines a renewal of the facades of buildings in the direct neighborhood of the planned route and creation of green areas. The other part of the area which is not covered by the strict conservation protection will also be enriched with an access road linking Komuny Paryskiej St. with Kościuszki St.</p>
<p><i>Ability of the project to generate sufficient revenues</i></p>	<p>✓</p>	<p>The Radomsko City Hall is the owner of the assets required for the project. It is assumed that its contribution will not exceed 4 000 000 PLN. The rest of financing will come from private investors and EU grants or the JESSICA mechanism. Total value of the investment is estimated at 11 000 000 PLN and according to information received from the project promoter the project will be implemented by 2015.</p>
<p><i>Inclusion of the project to the Local Revitalization Programme</i></p>	<p>✓</p>	<p>The project has a potential to generate revenues from renting space for economic purposes. However, at this level of the project preparedness no specific information concerning NPV and IRR can be given.</p>
<p><i>Project maturity (status of necessary documentation)</i></p>	<p>■</p>	<p>The project is included in the current Local Revitalization Programme. However, it is in the conceptual stage and it does not have the necessary documentation i.e. feasibility study or technical documentation.</p> <p>A further detailed evaluation of the investment project was not possible at the current stage of analysis.</p>
<p><i>Value of the project</i></p>	<p>11 000 000 PLN (2 750 000 EUR)</p>	

Skierniewice

Increasing the recreational and tourist attractions of Łódzkie Voivodship through revitalization of historic routes of Skierniewice in terms of rail route Warsaw - Vienna

<p>Compliance of the project with ROP ŁV</p>	<p>✓</p>	<p>The project has been presented by the Skierniewice City Hall as consistent with the priority axis VI, measure 6.1.</p>
<p>Project implementation (expenditure of available funds) by 2015</p>	<p>✓</p>	<p>The project envisages development and modernization of degraded area of Skierniewice City, especially communication route from railway station, through Sienkiewicza St., Prymasowską St., Senatorską St., Batorego St. and John Paul II Sq.</p>
<p>Ability of the project to generate sufficient revenues</p>	<p>✓</p>	<p>The Skierniewice City Hall is the owner of the assets required for the project. It is assumed that its contribution will not exceed 15% of the project value (own resources). The rest of the financing will come from EU grants or the JESSICA mechanism. Total value of the investment is estimated at 22 600 000 PLN. According to the information received from the project promoter the project will be implemented by the end of 2013.</p>
<p>Inclusion of the project to the Local Revitalization Programme</p>	<p>✓</p>	<p>The project has a potential to generate revenues from tourism and rental of space intended for economic purposes. However, at this level of the project preparedness no specific information concerning NPV and IRR can be given.</p>
<p>Project maturity (status of necessary documentation)</p>	<p>■</p>	<p>The project is included in the current Local Revitalization Programme. The level of its readiness for implementation under the JESSICA mechanism is still relatively low. However, the technical documentation is in preparation and the feasibility study will be prepared by the end of 2nd quarter 2011.</p> <p>A further detailed evaluation of the investment project was not possible at the current stage of analysis.</p>
<p>Value of the project</p>	<p>22 600 000 PLN (5 650 000 EUR)</p>	

Building of a medical-spa facility which uses thermal water

<p><i>Compliance of the project with ROP ŁV</i></p>	<p>✓</p>	<p>The project has been presented by the Skierniewice City Hall as consistent with the priority axis VI, measure 6.1.</p>
<p><i>Project implementation (expenditure of available funds) by 2015</i></p>	<p>—</p>	<p>The concept of the project envisages building of:</p> <ul style="list-style-type: none"> • The treatment facilities along with necessary infrastructure and equipment, • Park with graduation towers.
<p><i>Ability of the project to generate sufficient revenues</i></p>	<p>✓</p>	<p>The Skierniewice City Hall is the owner of the assets required for the project. It is assumed that its contribution will be 15% of the project value (own resources). The rest of the financing will come from EU grants or the JESSICA mechanism. Total value of the investment is estimated at 100 000 000 PLN and according to information received from the project promoter it will be implemented by the end of 2020 which means that it is a potential project for the next programming period (2014 – 2020).</p>
<p><i>Inclusion of the project to the Local Revitalization Programme</i></p>	<p>—</p>	<p>The project has a potential to generate revenues from tourism and ticket sales. However, at this level of the project preparedness no specific information concerning NPV and IRR can be given.</p>
<p><i>Project maturity (status of necessary documentation)</i></p>	<p>—</p>	<p>The project is not included in the current Local Revitalization Programme. Moreover, it is in the conceptual stage and it does not have the necessary documentation i.e. feasibility study or technical documentation.</p> <p>A further detailed evaluation of the investment project was not possible at the current stage of analysis.</p>
<p><i>Value of the project</i></p>	<p><i>100 000 000 PLN (25 000 000 EUR)</i></p>	

JUDO hall

<p><i>Compliance of the project with ROP ŁV</i></p>	<p>✓</p>	<p>The project has been presented by the Skierniewice City Hall as consistent with the priority axis VI, measure 6.1.</p>
<p><i>Project implementation (expenditure of available funds) by 2015</i></p>	<p>✓</p>	<p>The concept of the project envisages a construction of a training and entertainment hall for practicing JUDO. It will allow the organization of international competitions. Additionally, under the project it is planned to create a hotel and catering facilities.</p>
<p><i>Ability of the project to generate sufficient revenues</i></p>	<p>✓</p>	<p>The Skierniewice City Hall is the owner of the assets required for the project. It is assumed that its contribution will be 15% of the project value (own resources). The rest of the financing will come from EU grants or the JESSICA mechanism. Total value of the investment is estimated at 10 000 000 PLN and according to the information received from the project promoter it is going to be implemented by 2014.</p>
<p><i>Inclusion of the project to the Local Revitalization Programme</i></p>	<p>✓</p>	<p>The project has a potential to generate revenues from tourism and ticket sales. However, at this level of the project preparedness no specific information concerning NPV and IRR can be given.</p>
<p><i>Project maturity (status of necessary documentation)</i></p>	<p>—</p>	<p>The project is included in the current Local Revitalization Programme. However, it is in the conceptual stage and it does not have the necessary documentation i.e. feasibility study or technical documentation.</p> <p>A further detailed evaluation of the investment project was not possible at the current stage of analysis.</p>
<p><i>Value of the project</i></p>	<p>10 000 000 PLN (2 500 000 EUR)</p>	

The council flats and business premises building

<p>Compliance of the project with ROP ŁV</p>	<p>✓</p>	<p>The project has been presented by the Zgierz City Hall as consistent with the priority axis VI, measure 6.1.</p>
<p>Project implementation (expenditure of available funds) by 2015</p>	<p>✓</p>	<p>The project consists of building of facilities in which council flats and business premises (on the ground floor) will be located. Buildings will be erected in the place of former wooden houses.</p>
<p>Ability of the project to generate sufficient revenues</p>	<p>✓</p>	<p>It is expected to implement the project in PPP formula, as well as in the license mode. The Zgierz City Hall is the owner of the assets required for the project. The whole financing will come from private investors and EU grants or JESSICA mechanism. Total value of the investment is estimated at 30 000 000 PLN and according to the information received from the project promoter it will be implemented by 2015.</p>
<p>Inclusion of the project to the Local Revitalization Programme</p>	<p>✓</p>	<p>The project has a potential to generate revenues for JESSICA loan repayment from renting flats and business premises.</p>
<p>Project maturity (status of necessary documentation)</p>	<p>✓</p>	<p>The project is included in the current Local Revitalization Programme. Moreover, the level of its readiness for implementation under the JESSICA mechanism is high. The project has a significant part of the project documentation, including feasibility study, architectural concept, as well as financial projections. After launching the JESSICA mechanism the rest of the necessary documentation can be prepared in a short time.</p>
<p>Value of the project</p>	<p>30 000 000 PLN (7 500 000 EUR)</p>	

Modernization of the windmill for the cultural and entertainment purposes

<p><i>Compliance of the project with ROP ŁV</i></p>	<p>✓</p>	<p>The project has been presented by the Zgierz City Hall as consistent with the priority axis VI, measure 6.1.</p>
<p><i>Inclusion of the project to the Local Revitalization Programme</i></p>	<p>✓</p>	<p>The project consists of modernization of the nineteenth-century windmill for the purposes of restaurant, bowling club and discotheque.</p>
<p><i>Ability of the project to generate sufficient revenues</i></p>	<p>✓</p>	<p>The Zgierz City Hall is the owner of the assets required for the project. The financing will come from the Zgierz City Hall own resources and EU grants or the JESSICA mechanism. Total value of the investment is estimated at 4 300 000 PLN and according to the information received from the project promoter it will be implemented by 2014.</p>
<p><i>Project implementation (expenditure of available funds) by 2015</i></p>	<p>✓</p>	<p>The project has a potential to generate revenues for JESSICA loan repayment from renting space for economic purposes.</p>
<p><i>Project maturity (status of necessary documentation)</i></p>	<p>—</p>	<p>The project is included in the current Local Revitalization Programme. The level of its readiness for implementation under the JESSICA mechanism is still relatively low. However, according to the information received from the Zgierz City Hall the feasibility study and the technical documentation will be prepared by August 2011.</p>
<p><i>Value of the project</i></p>	<p>4 300 000 PLN (1 075 000 EUR)</p>	

Building of restaurant in the Weaver House

Compliance of the project with ROP ŁV	✓	The project has been presented by the Zgierz City Hall as consistent with the priority axis VI, measure 6.1.
Project implementation (expenditure of available funds) by 2015	✓	The project consists of renovation of antique wooden house and its adaptation for <i>inter alia</i> restaurant.
Ability of the project to generate sufficient revenues	✓	The Zgierz City Hall is the owner of the assets required for the project. The financing will come from the Zgierz City Hall own resources and EU grants or the JESSICA mechanism. Total value of the investment is estimated at 2 740 000 PLN and according to information received from the project promoter it will be implemented by 2013.
Inclusion of the project to the Local Revitalization Programme	✓	The project has potential to generate revenues for JESSICA loan repayment from rental of space for economic purposes.
Project maturity (status of necessary documentation)	■	The project is included in the current Local Revitalization Programme. The level of its readiness for implementation under the JESSICA mechanism is still relatively low. However, according to the information received from the Zgierz City Hall the feasibility study will be prepared by August and the technical documentation by October 2011.
Value of the project		2 740 000 PLN (685 000 EUR)

Status of necessary project documentation

Assessing project maturity is a process that involves not only analysing degree of definition and planning, progress in discussions with partners, financial visibility, eligibility criteria for financing, etc, but also verifying the stage of required documentation in place for the respective project, as requested in relevant regulations. We have undertaken this task of verifying the documents for each of the 22 revenue-generating projects with the objective to assess the level of project preparedness for applying to a UDF in the short – medium term, fulfilling of course the eligibility conditions under ROP. We have also included (where, it was possible) estimates about the time needed to obtain missing documents. The situation of the 22 selected projects is described in the following table:

#	Project owner		Title	Status of Technical Documentation	Status of Financial Documentation	Status of Feasibility Study	Additional required permits	Comments (time to finalize documents and procedures)
1	Kutno Hall	City	Reconstruction and complex revaluation of the Saski Palace in Kutno	Not prepared	Not prepared	Not prepared	• Regional Conservator	<i>TD will be prepared after receiving information about launch of JESSICA in Łódzkie Voivodship</i>
2	Kutno Hall	City	Revitalization of Chlewickich residence (Larch Manor) in Kutno	Not prepared	Not prepared	Not prepared	• Regional Conservator	<i>TD will be prepared after receiving information about launch of JESSICA in Łódzkie Voivodship</i>
3	Kutno Hall	City	Revitalization of Troczewski residence in Kutno	Not prepared	Not prepared	Not prepared	• Regional Conservator	<i>TD will be prepared after receiving information about launch of JESSICA in Łódzkie Voivodship</i>
4	Łowicz Hall	City	Revitalization of the Old Town of Łowicz	Not prepared	Not prepared	Not prepared	• Regional Conservator	<i>The project is in an early stage. Further discussions are needed to develop an action plan for a project preparation.</i>
5	Łódź Hall	City	Revitalization of building "EC-1 South-East (Se-Ma-For)"	There is a complete technical documentation	Investor Cost Estimation	Not prepared	-	<i>The project is in a mature stage. The rest of the necessary documentation will be prepared after receiving confirmation about launch of JESSICA in ŁV.</i>
6	Łódź Hall	City	Revitalization, modernization and adaptation of the postindustrial building for public purposes	There is only the Architectural Spatial Concept	Not prepared	Not prepared	-	<i>The necessary documentation will be prepared after receiving information about launch of JESSICA in Łódzkie Voivodship</i>
7	Łódź Hall	City	Revitalization of urban buildings in the area of railway station - Łódź Fabryczna	Not prepared	Not prepared	Not prepared	-	-

#	Project owner	Title	Status of Technical Documentation	Status of Financial Documentation	Status of Feasibility Study	Additional required permits	Comments (time to finalize documents and procedures)
8	Łódź City Hall	Revitalization of buildings and their adaptation for new purposes	Not prepared	Not prepared	Not prepared	-	<i>The project is in the conceptual stage.</i>
9	Łódź City Hall	Revitalization of a building "Otto Gehlig House" and its adaptation for new purposes	Not prepared	Not prepared	Not prepared	-	<i>The project is in the conceptual stage.</i>
10	Łódź City Hall	Relocation of historic wooden houses	Not prepared	Not prepared	Not prepared	-	<i>The project is in the conceptual stage.</i>
11	The Aflopa Real Estates Ltd. (Pabianice)	Factory "Centre" – comprehensive revitalization of the post-factory building	<ul style="list-style-type: none"> • Complete building project • Executive project – in preparation 	In preparation	In preparation	<ul style="list-style-type: none"> • Regional Conservator 	<i>The project is in a mature stage. The necessary documentation will be prepared by the end of the first quarter of 2011</i>
12	Piotrków Trybunalski City Hall	"In XXI century with LED lamps" – replacement of street lighting in Piotrków	Not prepared	Not prepared	Not prepared	-	-
13	Piotrków Trybunalski City Hall	Building of the Sport Gallery "Bugajskie Błonia"	Not prepared	Not prepared	Not prepared	-	-
14	Piotrków Trybunalski City Hall	"Young Old City"	Not prepared	Not prepared	Not prepared	<ul style="list-style-type: none"> • Regional Conservator 	-
15	Radomsko City Hall	Reconstruction of the railway station in Radomsko	Not prepared	Not prepared	Not prepared	-	<i>The project is in the conceptual stage.</i>
16	Radomsko City Hall	Revitalization of the area between Narutowicza St., Kościuszki St., 3 rd May Sq. and Reymont St.	Not prepared	Not prepared	Not prepared	-	<i>The project is in the conceptual stage.</i>
17	Skierniewice City Hall	Increasing the recreational and tourist attractions of Łódzkie Voivodship through revitalization of historic routes of Skierniewice in terms of rail route Warsaw - Vienna	In preparation	Not prepared	Not prepared	<ul style="list-style-type: none"> • Projected date for decision concerning environmental conditions - first quarter of 2011 	<i>FS will be prepared by the end of II quarter of 2011</i>

#	Project owner	Title	Status of Technical Documentation	Status of Financial Documentation	Status of Feasibility Study	Additional required permits	Comments (time to finalize documents and procedures)
18	Skierniewice City Hall	Building of a medical-spa facility which uses thermal water	Not prepared	Not prepared	Not prepared	-	<i>The project is in the conceptual stage.</i>
19	Skierniewice City Hall	JUDO hall	Not prepared	Not prepared	Not prepared	-	<i>The project is in conceptual stage</i>
20	Zgierz City Hall	The council flats and business premises building	Architectural Concept	Prepared	Prepared	-	-
21	Zgierz City Hall	Modernization of the windmill for the cultural and entertainment purposes	Not prepared	Not prepared	Not prepared	-	<i>FS and TD might be prepared by the end of August 2011</i>
22	Zgierz City Hall	Building of restaurant in the Weaver House	Not prepared	Not prepared	Not prepared	-	<i>FS will be prepared by the end of August 2011; TD will be prepared by the end of October 2011</i>

Meeting JESSICA criteria

In order to analyse the degree of preparedness of the projects we have performed a general evaluation of their eligibility under Priority Axis 6, Measure 6.1 Revitalization of problem areas and possible key issues. Such an evaluation is particularly relevant in the context of elaborating the list of projects which are the most eligible to implement under the JESSICA mechanism as well as identifying potential problems.

The analysis is based exclusively on the project information summarised in the previous chapter.

GENERAL EVALUATION OF THE PROJECTS ELIGIBILITY			
#	Project owner	Project title	Comments / Key Issues
1	Kutno City Hall	Reconstruction and complex revaluation of the Saski Palace in Kutno	<ul style="list-style-type: none"> Conceptual stage of the project Lack of required documentation Unknown financial assumptions
2	Kutno City Hall	Revitalization of Chlewickich residence (Larch Manor) in Kutno	<ul style="list-style-type: none"> Conceptual stage of the project Lack of required documentation Unknown financial assumptions
3	Kutno City Hall	Revitalization of Troczewski residence in Kutno	<ul style="list-style-type: none"> Conceptual stage of the project Lack of required documentation Project not included in the current LRP Unknown financial assumptions
4	Łowicz City Hall	Revitalization of the Old Town of Łowicz	<ul style="list-style-type: none"> Lack of required documentation Unknown financial assumptions
5	Łódź City Hall	Revitalization of building "EC-1 South-East (Se-Ma-For)"	<p>In our opinion the project has good prospects to be implemented under the JESSICA mechanism. It meets the most important eligibility criteria of JESSICA and is one of the most mature projects among all described.</p> <p><i>Key issues:</i></p> <ul style="list-style-type: none"> Project not included in the current LRP Lack of feasibility study The risk of ineligibility under JESSICA due to the relatively high IRR
6	Łódź City Hall	Revitalization, modernization and adaptation of the postindustrial building for public purposes	<ul style="list-style-type: none"> Conceptual stage of the project Lack of required documentation The project in its current shape does not generate sufficient revenues

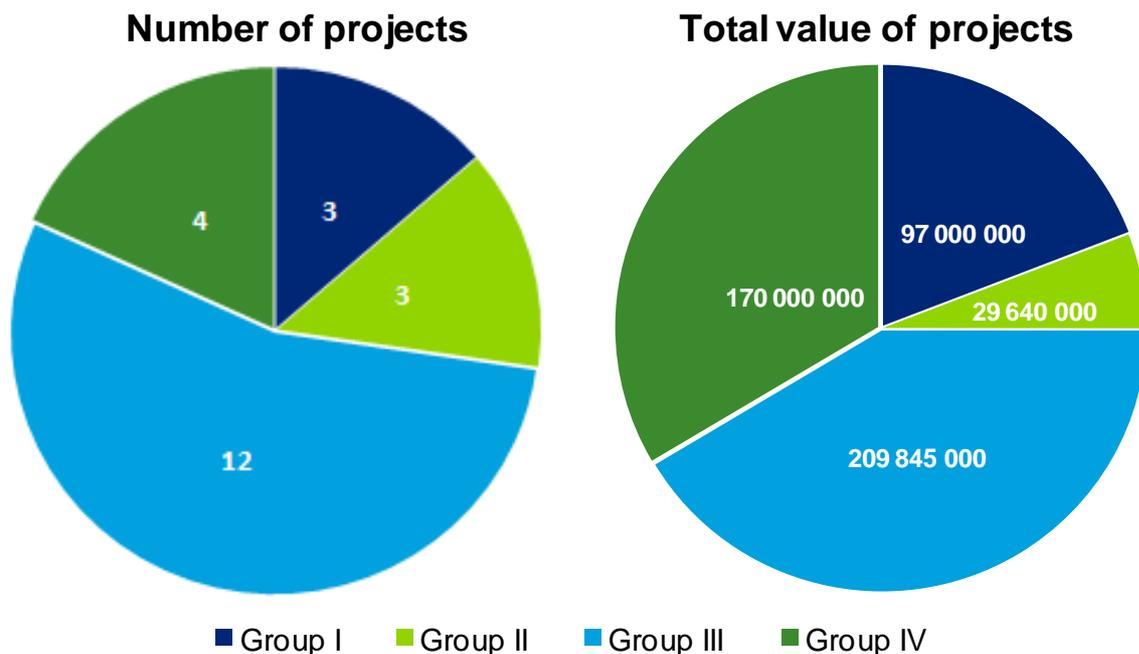
7	Łódź City Hall	Revitalization of urban buildings in the area of railway station - Łódź Fabryczna	<ul style="list-style-type: none"> ▪ Conceptual stage of the project ▪ Lack of required documentation ▪ The project in its current shape does not generate sufficient revenues
8	Łódź City Hall	Revitalization of buildings and their adaptation for new purposes	<ul style="list-style-type: none"> ▪ Conceptual stage of the project ▪ Lack of required documentation ▪ Project not included in the current LRP ▪ Unknown financial assumptions ▪ Project could be ready for implementation in the next programming period
9	Łódź City Hall	Revitalization of a building "Otto Gehlig House" and its adaptation for new purposes	<ul style="list-style-type: none"> ▪ Conceptual stage of the project ▪ Lack of required documentation ▪ Project not included in the current LRP ▪ Łódź City Hall is not the property owner ▪ Project could be ready for implementation in the next programming period
10	Łódź City Hall	Relocation of historic wooden houses	<ul style="list-style-type: none"> ▪ Conceptual stage of the project ▪ Lack of required documentation ▪ Project not included in the current LRP ▪ Project could be ready for implementation in the next programming period
11	The Ailopa Real Estates Ltd. (Pabianice)	Factory "Centre" – comprehensive revitalization of the post-factory building	<p>The only project submitted by the private investor and one of the most advanced in terms of readiness for implementation.</p> <p><i>Comment:</i></p> <p>The project has to be implemented in a short time and the investor might be not willing to wait for the launch of JESSICA in Łódzkie Voivodship.</p> <p><i>Key issues:</i></p> <ul style="list-style-type: none"> ▪ Probability of the project implementation before launching JESSICA mechanism ▪ Relatively high value of the project ▪ The risk of ineligibility under JESSICA due to the relatively high IRR
12	Piotrków Trybunalski City Hall	"In XXI century with LED lamps" – replacement of street lighting in Piotrków	<p>In our opinion the project has good prospects to be implemented under JESSICA mechanism for its impact on reducing energy consumption.</p> <p><i>Key issues:</i></p> <ul style="list-style-type: none"> ▪ Conceptual stage of the project ▪ Lack of required documentation ▪ Project not included in the current LRP ▪ Unknown financial assumptions
13	Piotrków Trybunalski City Hall	Building of the Sport Gallery "Bugajskie Błonia"	<ul style="list-style-type: none"> ▪ Lack of required documentation ▪ Project not included in the current LRP ▪ High value of the project ▪ The risk of ineligibility under JESSICA due to the relatively high IRR

14	Piotrków Trybunalski City Hall	"Young Old City"	<ul style="list-style-type: none"> ▪ Conceptual stage of the project ▪ Lack of required documentation ▪ Project not included in the current LRP ▪ The risk of ineligibility under JESSICA due to the relatively high IRR
15	Radomsko City Hall	Reconstruction of the railway station in Radomsko	<ul style="list-style-type: none"> ▪ Conceptual stage of the project ▪ Lack of required documentation ▪ Unknown financial assumptions
16	Radomsko City Hall	Revitalization of the area between Narutowicza St., Kościuszki St., 3 ^d May Sq. and Reymont St.	<ul style="list-style-type: none"> ▪ Conceptual stage of the project ▪ Lack of required documentation ▪ Unknown financial assumptions
17	Skierniewice City Hall	Increasing the recreational and tourist attractions of Łódzkie Voivodship through revitalization of historic routes of rail route Warsaw - Vienna	<ul style="list-style-type: none"> ▪ Lack of required documentation (in preparation) ▪ Unknown financial assumptions
18	Skierniewice City Hall	Building of a medical-spa facility which uses thermal water	<ul style="list-style-type: none"> ▪ Conceptual stage of the project ▪ Lack of required documentation ▪ Project not included in the current LRP ▪ Unknown financial assumptions ▪ Very high value of the project ▪ Implementation of the project by the year 2020
19	Skierniewice City Hall	JUDO hall	<ul style="list-style-type: none"> ▪ Conceptual stage of the project ▪ Lack of required documentation ▪ Unknown financial assumptions
20	Zgierz City Hall	The council flats and business premises building	<p>The only project which can be implemented in PPP form, as well as one of the most advanced projects in terms of implementation under JESSICA mechanism.</p> <p>In our opinion this project could be implemented under the pilot scheme of JESSICA.</p>
21	Zgierz City Hall	Modernization of the windmill for the cultural and entertainment purposes	<ul style="list-style-type: none"> ▪ Lack of required documentation (will be prepared by August 2011)
22	Zgierz City Hall	Building of restaurant in the Weaver House	<ul style="list-style-type: none"> ▪ Lack of required documentation (will be prepared by October 2011)

Status of projects readiness

In order to better present the results of project evaluation we decided to divide them into four groups which reflect the sequence of projects implementation in the following years. These groups are:

- I. *Mature projects* (which have the significant part of necessary documentation and can be implemented immediately after the launch of JESSICA in Łódzkie Voivodship).
- II. *Advanced projects* (which possess the part of necessary documentation or are in the course of acquiring them; implementation of these projects is scheduled for this programming period).
- III. *Preliminary projects* (which may obtain necessary documentation and according to LRPs should be implemented in this programming period, by the end of 2015).
- IV. *Conceptual projects* (which can be implemented during the next programming period 2014-2020).



We identified 3 mature projects which possess a significant part of necessary documentation and can be implemented just after the launch of JESSICA. The estimated value of these projects is 97m PLN. The second group *Advanced projects* also consists of 3 projects. However, this is the smallest group in terms of the total value of the projects (29 640 000 PLN). Project owners are in the course of acquiring permits and other essential documents. Based on information received from city hall they should be ready by the end of the year 2011. The Group III *Preliminary projects* is the largest group which consists of 12 projects. Most of the projects are in the initial stage of preparation. Total value of this group is estimated at almost 210m PLN. The fourth group contains 4 projects which are in the conceptual phase. Estimated value of them is 170m PLN.

GROUPS OF PROJECTS			
Groups	Project owner	Project title	Value (PLN)
Group I <i>Mature projects</i>	<i>Łódź City Hall</i>	<i>Revitalization of building "EC-1 South-East (Se-Ma-For)"</i>	19 000 000*
	<i>The Aflopa Real Estates Ltd. (Pabianice)</i>	<i>Factory "Centre" – comprehensive revitalization of the post-factory building</i>	48 000 000*
	<i>Zgierz City Hall</i>	<i>The council flats and business premises building</i>	30 000 000
Total Value			97 000 000
Group II <i>Advanced projects</i>	<i>Skierniewice City Hall</i>	<i>Increasing the recreational and tourist attractions of Łódzkie Voivodship through revitalization of historic routes of Skierniewice in terms of rail route Warsaw - Vienna</i>	22 600 000
	<i>Zgierz City Hall</i>	<i>Modernization of the windmill for the cultural and entertainment purposes</i>	4 300 000
	<i>Zgierz City Hall</i>	<i>Building of restaurant in the Weaver House</i>	2 740 000
Total Value			29 640 000
Group III <i>Preliminary projects</i>	<i>Kutno City Council</i>	<i>Reconstruction and complex revaluation of the Saski Palace in Kutno</i>	8 000 000
	<i>Kutno City Hall</i>	<i>Revitalization of Chlewickich residence (Larch Manor) in Kutno</i>	3 000 000
	<i>Kutno City Hall</i>	<i>Revitalization of Troczewski residence in Kutno</i>	2 000 000
	<i>Łowicz City Hall</i>	<i>Revitalization of the Old Town of Łowicz</i>	19 500 000
	<i>Łódź City Hall</i>	<i>Revitalization, modernization and adaptation of the postindustrial building for public purposes</i>	23 345 000
	<i>Łódź City Hall</i>	<i>Revitalization of urban buildings in the area of railway station - Łódź Fabryczna</i>	33 000 000
	<i>Piotrków Trybunalski City Hall</i>	<i>"In XXI century with LED lamps" – replacement of street lighting in Piotrków</i>	5 000 000
	<i>Piotrków Trybunalski City Hall</i>	<i>Building of the Sport Gallery "Bugajskie Błonia"</i>	55 000 000*
	<i>Piotrków Trybunalski City Hall</i>	<i>"Young Old City"</i>	30 000 000*
	<i>Radomsko City Hall</i>	<i>Reconstruction of the railway station in Radomsko</i>	10 000 000
<i>Radomsko City Hall</i>	<i>Revitalization of the area between Narutowicza St., Kościuszki St., 3rd May Sq. and Reymont St.</i>	11 000 000	

	<i>Skierniewice City Hall</i>	<i>JUDO hall</i>	10 000 000
Total Value			209 845 000
Group IV Conceptual projects	<i>Łódź City Hall</i>	<i>Revitalization of buildings and their adaptation for new purposes</i>	30 000 000
	<i>Łódź City Hall</i>	<i>Revitalization of a building "Otto Gehlig House" and its adaptation for new purposes</i>	10 000 000
	<i>Łódź City Hall</i>	<i>Relocation of historic wooden houses</i>	30 000 000
	<i>Skierniewice City Hall</i>	<i>Building of a medical-spa facility which uses thermal water</i>	100 000 000
Total Value			170 000 000

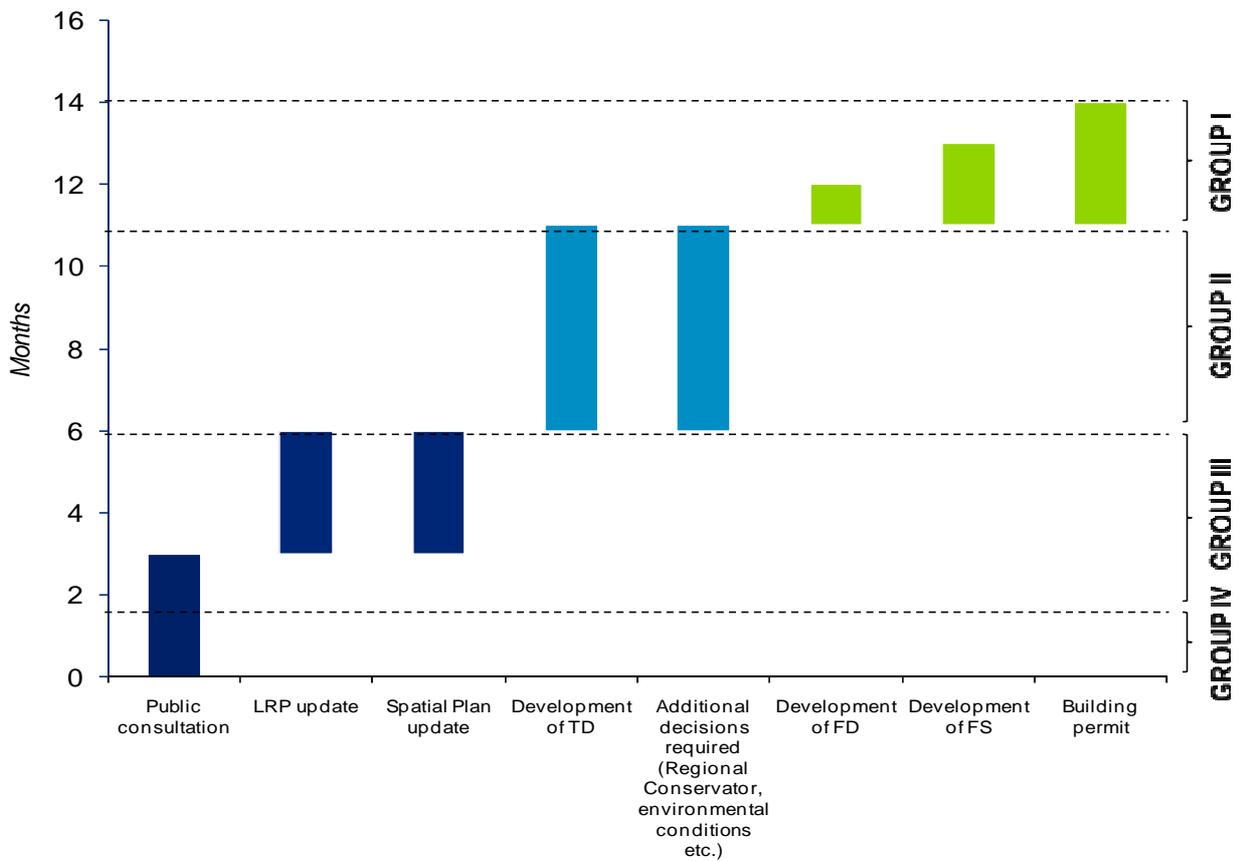
** IRR of those projects may exceed the market failure borderline - further analysis are required for a the UDF manager to verify projects' operating assumptions*

We decided to prepare a schedule of the revitalisation project preparation process to present the estimated time needed for a project to become mature and ready for implementation under the JESSICA mechanism. However, it is important to underline that data represent the average time and duration of each stage strictly depends on project type, its complexity, as well as other external factors.

We divided the process of project preparation into 8 main steps:

1. Public consultation
2. Update of Local Revitalization Programme and inclusion of project in LRP
3. Update of Spatial Plan
4. Development of Technical Documentation
5. Obtaining additional decisions if necessary (Regional Conservator, environmental conditions etc.)
6. Development of Financial Documentation
7. Development of Feasibility Study
8. Obtaining building permits.

Duration of each step, as well as the level of advance of individual groups of projects is presented in the following picture.



Based on the collected information an average duration of the entire process of project preparation is estimated at 14 months (as some of the steps can be carried out simultaneously). Those numbers are of course heavily dependent on type of project implemented, its scope, complexity and organizational agility of its owner. Therefore please bear in mind that they have been presented only as a reference for initial assessment of time potentially required in case of particular project groups to reach maturity necessary for implementation under the JESSICA mechanism.

Preliminary financial assessment of projects

In this section we will focus on the assessment of projects' potential for repayment of any loans which might be obtained for their financing. Although the character of this analysis is quite preliminary, it should be helpful during the preliminary verification of projects' credits absorption capabilities. All the numbers have been calculated based on project operating assumptions originating exclusively from the project promoters.

Gathering data for financial assessment

In the final step of gathering information promoters of the most advanced projects, in terms of the implementation under the JESSICA mechanism, have been asked to provide financial data which would allow us to make preliminary financial assumptions of projects concerning their potential of repayment. Data has been obtained using an additional questionnaire. The questionnaire consisted of three areas of questions:

- Revenues
 - Space sales (*surface, price per m², etc.*)
 - Rental of revitalized space (*types and area of available space, expected frequency of renting, rent per m²/day, etc.*)
 - Sales of tickets, passes (*sales volume, price per ticket, etc.*)
 - Sales of goods (*souvenirs, press/books, etc.*)
 - Resources generated by the savings resulting from project implementation (*lower energy/water consumption, etc.*)

- Capital expenditures
 - Costs of project documentation (*cost of feasibility study, technical and architectural concepts etc.*) and project management
 - Costs of obtaining necessary real estates (land and assets) (*types of real estates, price per m²*)
 - Real estate construction/regeneration costs (*construction expenditures divided into main categories, for example individual areas of the project*)
 - Equipment (*all equipment expenditures*)

- Operating expenditures
 - Costs of salaries (*total cost of salaries related to the project*)
 - Costs of electricity/water/sewage etc.
 - Real estate maintenance costs (*repairs, regular replacement of equipment*)
 - Other operating costs (*marketing and sales support costs, other services etc.*)

Availability of financial/operating data

Request for financial information was sent to promoters of the projects for which financial data was claimed to be available or possible to prepare (according to initial questionnaires or as stated during our visits in the cities). We received completed financial questionnaires for the following projects.

- Łódź City Hall: Revitalization of building "EC-1 South-East (Se-Ma-For)"
- Łódź City Hall: Revitalization, modernization and adaptation of the postindustrial building for public purposes
- Łódź City Hall: Revitalization of urban buildings in the area of railway station - Łódź Fabryczna
- The Aflopa Real Estates Ltd. (Pabianice): Factory "Centre" – comprehensive revitalization of post-factory building
- Piotrków Trybunalski City Hall: Building of the Sport Gallery "Bugajskie Błonia"
- Piotrków Trybunalski City Hall: "Young Old City"
- Zgierz City Hall: Modernization of the windmill for the cultural and entertainment purposes
- Zgierz City Hall: Building of restaurant in the Weaver House
- Zgierz City Hall: The council flats and business premises building

For some of the projects information was quite detailed, as it was based on previously prepared financial documents and simulations (e.g. *The council flats and business premises building* submitted by the Zgierz City Hall). However in most of the projects' owners were able to provide preliminary financial assumptions regarding investment, expected sources and values of revenues and basic operating costs. Often project owners were not able to provide us with the full set of requested financial information (which made introduction of some assumptions necessary).

Calculation assumptions and parameters

In order to be able to obtain comparable figures regarding financial efficiency of projects it was necessary to introduce a number of general calculation rules and assumptions. These include the following cases:

- Data on project operating revenues, expenditures and results provided by project promoters has not been altered/overwritten, apart from the further mentioned de-discounting (in selected cases); it has also not been verified against any benchmarks, as detailed analysis of assumptions is expected to be performed by UDF manager at the stage of applying for JESSICA funding;
- Whenever the project lifetime was not provided, it was assumed to be equal to 20 years (starting from the end of the investment period), without residual value;

- As different approaches to data discounting might have been originally applied for particular projects, all the information has been initially de-discounted to present only raw (and therefore comparable) operating figures;
- Once assumptions concerning project financing (see below) have been applied, projects' results have been discounted using a discount factor equal to the Lombard rate of the National Bank of Poland (5,0%⁸) in order to obtain their comparable NPV.

Due to the yet unknown financial sources for particular projects only figures related to operating activities could be gathered. In order to take into account the impact of financing costs onto projects' results, we have conducted an analysis of financial efficiency of projects assuming the following calculation rules:

1. The starting point was the overall description of terms for financing revitalization projects published during the contest for JESSICA co-financed projects in the Wielkopolskie Voivodship⁹. The UDF manager stated that loans will be granted on the following terms:
 - a. Up to 75% of eligible project expenditures
 - b. Duration of max. 20 years
 - c. Interest rate equal to the Reference rate of the National Bank of Poland (currently 3,50%), decreased by a social factor of the project (0-2 pp)
2. Using publicly available online loan payment calculators¹⁰, we have prepared the following summary presenting estimated monthly loan repayment in case of simple loans of PLN 1 million PLN for 10-20 years and interest range from Reference rate minus 2pp to Reference rate plus 2pp.

Monthly payment for a simple loan of PLN 1000000

Interest rate Duration \	1,50%	2,00%	2,50%	3,00%	3,50%	4,00%	4,50%	5,00%	5,50%
10 years	8 979 PLN	9 201 PLN	9 427 PLN	9 656 PLN	9 889 PLN	10 125 PLN	10 364 PLN	10 607 PLN	10 853 PLN
11 years	8 223 PLN	8 446 PLN	8 673 PLN	8 904 PLN	9 138 PLN	9 377 PLN	9 619 PLN	9 864 PLN	10 114 PLN
12 years	7 593 PLN	7 817 PLN	8 045 PLN	8 278 PLN	8 515 PLN	8 755 PLN	9 000 PLN	9 249 PLN	9 502 PLN
13 years	7 060 PLN	7 285 PLN	7 515 PLN	7 749 PLN	7 988 PLN	8 231 PLN	8 479 PLN	8 731 PLN	8 987 PLN
14 years	6 603 PLN	6 829 PLN	7 061 PLN	7 297 PLN	7 538 PLN	7 783 PLN	8 034 PLN	8 289 PLN	8 548 PLN
15 years	6 207 PLN	6 435 PLN	6 668 PLN	6 906 PLN	7 149 PLN	7 397 PLN	7 650 PLN	7 908 PLN	8 171 PLN
16 years	5 862 PLN	6 090 PLN	6 325 PLN	6 564 PLN	6 809 PLN	7 060 PLN	7 316 PLN	7 577 PLN	7 843 PLN
17 years	5 557 PLN	5 786 PLN	6 022 PLN	6 264 PLN	6 511 PLN	6 764 PLN	7 022 PLN	7 287 PLN	7 556 PLN
18 years	5 286 PLN	5 517 PLN	5 754 PLN	5 997 PLN	6 247 PLN	6 502 PLN	6 763 PLN	7 030 PLN	7 303 PLN
19 years	5 043 PLN	5 276 PLN	5 514 PLN	5 759 PLN	6 011 PLN	6 269 PLN	6 533 PLN	6 803 PLN	7 079 PLN
20 years	4 825 PLN	5 059 PLN	5 299 PLN	5 546 PLN	5 800 PLN	6 060 PLN	6 326 PLN	6 600 PLN	6 879 PLN

3. In order not to be overoptimistic, during project assessment it was assumed that the interest rate will not be reduced by a social factor, so it will be equal to the current Reference rate of the National Bank of Poland (3,50%). The payment period accepted for simulation is equal to 20 years (duration preferred by local authorities).

⁸ <http://www.nbp.pl/homen.aspx?f=/en/dzienne/stopy.htm>, valid on 2010-12-20

⁹ <http://www.bgk.com.pl/index.php?module=site&catId=944&pl> (in Polish)

¹⁰ <http://www.calcamo.net/loancalculator/>

Annual repayment for a simple loan of PLN 100000 (option selected for project assessment)

Interest rate Duration \	1,50%	2,00%	2,50%	3,00%	3,50%	4,00%	4,50%	5,00%	5,50%
10 years	107 750 PLN	110 416 PLN	113 124 PLN	115 873 PLN	118 663 PLN	121 494 PLN	124 366 PLN	127 279 PLN	130 232 PLN
11 years	98 672 PLN	101 351 PLN	104 075 PLN	106 845 PLN	109 660 PLN	112 520 PLN	115 425 PLN	118 374 PLN	121 367 PLN
12 years	91 110 PLN	93 802 PLN	96 543 PLN	99 334 PLN	102 174 PLN	105 063 PLN	108 001 PLN	110 987 PLN	114 021 PLN
13 years	84 715 PLN	87 420 PLN	90 178 PLN	92 991 PLN	95 856 PLN	98 774 PLN	101 745 PLN	104 767 PLN	107 841 PLN
14 years	79 235 PLN	81 954 PLN	84 730 PLN	87 563 PLN	90 454 PLN	93 402 PLN	96 405 PLN	99 465 PLN	102 579 PLN
15 years	74 489 PLN	77 221 PLN	80 015 PLN	82 870 PLN	85 786 PLN	88 763 PLN	91 799 PLN	94 895 PLN	98 050 PLN
16 years	70 339 PLN	73 084 PLN	75 895 PLN	78 772 PLN	81 714 PLN	84 720 PLN	87 789 PLN	90 922 PLN	94 116 PLN
17 years	66 678 PLN	69 438 PLN	72 267 PLN	75 165 PLN	78 132 PLN	81 167 PLN	84 270 PLN	87 439 PLN	90 673 PLN
18 years	63 427 PLN	66 200 PLN	69 047 PLN	71 967 PLN	74 959 PLN	78 024 PLN	81 159 PLN	84 364 PLN	87 638 PLN
19 years	60 520 PLN	63 307 PLN	66 171 PLN	69 113 PLN	72 131 PLN	75 224 PLN	78 392 PLN	81 633 PLN	84 946 PLN
20 years	57 905 PLN	60 706 PLN	63 588 PLN	66 552 PLN	69 595 PLN	72 718 PLN	75 918 PLN	79 195 PLN	82 546 PLN

4. Based on the calculations and assumptions above, an annual loan payment of PLN 69595 will be applied for each million of PLN of JESSICA credit financing.
5. In case of projects implemented by local authorities it is assumed that JESSICA loans can finance 75% of total project investment. For private companies, due to the public aid based restrictions, up to 50% of total project investment is assumed to be financed with JESSICA loans.
6. For the sake of calculation simplicity/transparency, loan repayment starts in the first year after the JESSICA investment in the project (no interest or charges are assumed for this year).
7. Should a project fall into cash deficit, it is assumed that additional funding will be provided by the project promoter (marked as *Increase of investor's own funds* in the financial summaries).
8. Due to yet unknown organizational scheme of project implementation, impact of tax shield (on JESSICA loan interest) is not taken into account.

Although effort has been made to perform assessment of particular projects with regard to available financing, the possible error margin is considerably wide because of the scarcity of detailed operating data and assumptions.

Results of the financial assessment

Results of preliminary financial assessment of projects with currently available data have been presented on the following pages.

In case of each project the information consists of six blocks:

- **Main calculation assumptions and parameters** – summary of project-related data obtained via questionnaires.
- **Non-discounted operating results (w/o financing costs)** – charts and tables presenting pure operating revenues, expenditures and results of particular projects; these values allow for preliminary estimations of their potential for loan reimbursements, as they present the expected amount of generated cash which might be utilized to repay the loan.

- **Operating performance estimations** – expected pre-financing NPV and IRR of particular projects.
- **Financing scenario** – estimation of JESSICA-financed share in total investment and expected annual loan repayment (under the previously described assumptions).
- **Cash-flow summary** – brief summary of operating, investment and financial cash-flows, taking into account the loan repayment expenditures; presentation of total project cash separately for each year and cumulatively.
- **Comments on obtained results** – a few bullets summarizing key aspects of assessed projects' expected financial performance.

While reviewing the presented results with regard to JESSICA financing, please take notice of the following points:

- Convergence of assumed project lifetime and duration of loan (both equal to 20 years) means that at the end of the project functioning the principal JESSICA loan (minimum) will have been re-paid. In such a situation JESSICA loan repayment period ends in the last year of presented charts for most projects.
- The most important question for JESSICA: “Can the project repay the loan?” can be preliminarily answered by comparing the annual operating results on the first chart with estimated size of annual JESSICA loan repayment.
- Although it's a bold simplification, in case of such initial analysis and under the applied calculation scheme it may be understood that a project will be able to handle the JESSICA loan repayment (on average, throughout the whole lifetime) if its IRR is at least equal to the loan's interest rate.
- The Net Present Value measures the difference between the present value of future cash inflows and outflows. It takes into account the assumption that money loses value (1 PLN in a year's time will be in real terms worth slightly less than 1 PLN today), utilizing a discount factor reflecting inflation and required returns. A project is considered profitable if (simplifying) the sum of discounted future inflows exceeds the today's required outflow. The Internal Rate of Return shows on the other hand what would have to be the abovementioned discount factor for a project to have its NPV equal to 0 (to be on the edge of investment attractiveness).
- Under the applied assumptions and calculation scheme it is possible that a project with a (slightly) negative NPV will still be capable of repaying the JESSICA loan - if its IRR, although below the applied discount factor of 5%, is still above the expected cost of capital / loan interest rate. However, if the project doesn't even ensure the return of initial investment it is not expected to be able to repay the full JESSICA loan.
- All the analyses have been prepared particularly to present the projects' capability of handling JESSICA loans. Therefore in order to avoid blurring the key conclusions regarding this aspect we refrained from calculating additional ratios concerning the projects' financial profitability (payback period, profitability index etc.).

Łódź City Hall: Revitalization of building "EC-1 South-East (Se-Ma-For)"

Main calculation assumptions and parameters:

Information category	Received operating/financial data				
Investment timing	2010	2011	2012	2013	2014
Project documentation	417 kPLN				
Obtaining necessary real estates					
Preparation of construction area					
Construction/regeneration costs	6 000 kPLN		8 000 kPLN	5 000 kPLN	
Equipment					
Total	417 kPLN	6 000 kPLN	8 000 kPLN	5 000 kPLN	0 kPLN
Operating revenues	Source: rental of regenerated space Space to be rented: 2582m2 Rental fees: 100PLN/m2/month				
Operating expenditures	Staff wages and salaries: 12kPLN/year Electricity/water/sewage etc.: 25kPLN/year Maintenance costs: 10kPLN/year				

Non-discounted operating results (w/o financing costs):



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Required investment	0 kPLN	-417 kPLN	-6 000 kPLN	-8 000 kPLN	-5 000 kPLN	0 kPLN	0 kPLN					
Operating revenues	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN
Operating expenditures	0 kPLN	0 kPLN	0 kPLN	0 kPLN	-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN
Operating results	0 kPLN	0 kPLN	0 kPLN	0 kPLN	-47 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
3 139 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN	3 139 kPLN
-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN	-47 kPLN
3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN

*grey fields: estimates (data n/a)

Operating performance estimations:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating results (quasi EBITDA)	0 kPLN	0 kPLN	0 kPLN	0 kPLN	-47 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN
Required investment	0 kPLN	-417 kPLN	-6 000 kPLN	-8 000 kPLN	-5 000 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Quasi net operating cash-flow	0 kPLN	-417 kPLN	-6 000 kPLN	-8 000 kPLN	-5 047 kPLN	3 092 kPLN						
Discount factor	0,91	0,95	1,00	1,05	1,10	1,16	1,22	1,28	1,34	1,41	1,48	1,55
Quasi discounted net operating cash-flow	0 kPLN	-438 kPLN	-6 000 kPLN	-7 619 kPLN	-4 578 kPLN	2 671 kPLN	2 544 kPLN	2 423 kPLN	2 307 kPLN	2 197 kPLN	2 093 kPLN	1 993 kPLN

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
3 092 kPLN													
0 kPLN													
3 092 kPLN													
1,63	1,71	1,80	1,89	1,98	2,08	2,18	2,29	2,41	2,53	2,65	2,79	2,93	
1 898 kPLN	1 808 kPLN	1 722 kPLN	1 640 kPLN	1 562 kPLN	1 487 kPLN	1 416 kPLN	1 349 kPLN	1 285 kPLN	1 224 kPLN	1 165 kPLN	1 110 kPLN	1 057 kPLN	

Net Present Value (2011)	16 316 kPLN	Internal Rate of Return	12,6%
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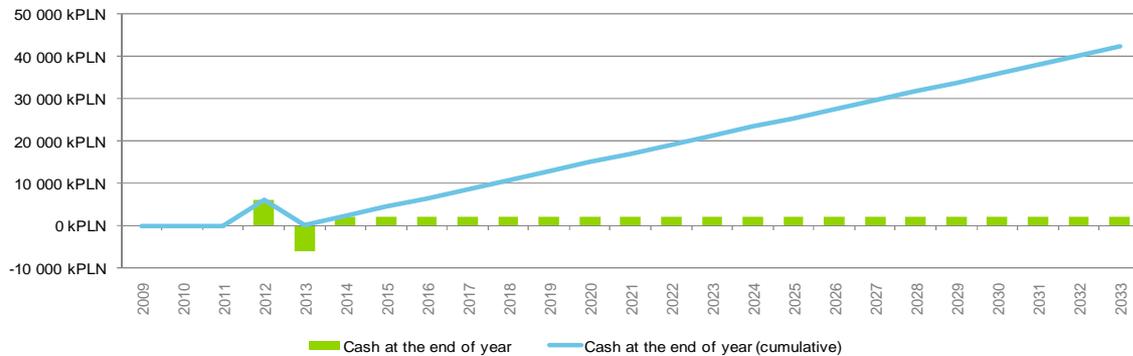
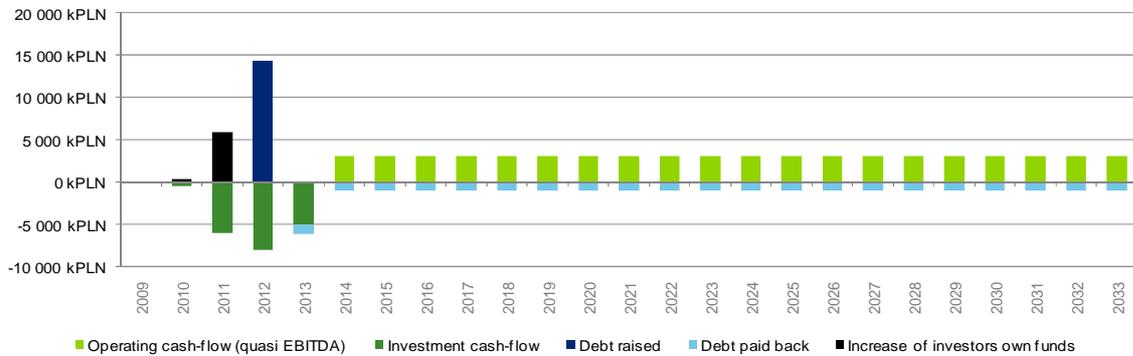
Financing scenario:

Total investment	Investor's own funds	JESSICA loan	Est. payment per 1 million PLN of loan	Est. annual loan repayment for project
19 000 kPLN	4 750 kPLN	14 250 kPLN	69,6 kPLN	992 kPLN

Cash-flow summary:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating cash-flow (quasi EBITDA)	0 kPLN	0 kPLN	0 kPLN	0 kPLN	-47 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN	3 092 kPLN
Investment cash-flow	0 kPLN	-417 kPLN	-6 000 kPLN	-8 000 kPLN	-5 000 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt raised	0 kPLN	0 kPLN	0 kPLN	14 250 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt paid back	0 kPLN	0 kPLN	0 kPLN	0 kPLN	-992 kPLN	-992 kPLN	-992 kPLN	-992 kPLN	-992 kPLN	-992 kPLN	-992 kPLN	-992 kPLN
Increase of investors own funds	0 kPLN	417 kPLN	6 000 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Cash at the end of year	0 kPLN	0 kPLN	0 kPLN	6 250 kPLN	-6 039 kPLN	2 100 kPLN	2 100 kPLN	2 100 kPLN				
Cash at the end of year (cumulative)	0 kPLN	0 kPLN	0 kPLN	6 250 kPLN	211 kPLN	2 312 kPLN	4 412 kPLN	6 512 kPLN	8 612 kPLN	10 713 kPLN	12 813 kPLN	14 913 kPLN

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
3 092 kPLN	3 092 kPLN												
-992 kPLN	-992 kPLN												
0 kPLN													
2 100 kPLN													
17 013 kPLN	19 114 kPLN	21 214 kPLN	23 314 kPLN	25 415 kPLN	27 515 kPLN	29 615 kPLN	31 715 kPLN	33 816 kPLN	35 916 kPLN	38 016 kPLN	40 116 kPLN	42 217 kPLN	



Comments on obtained results:

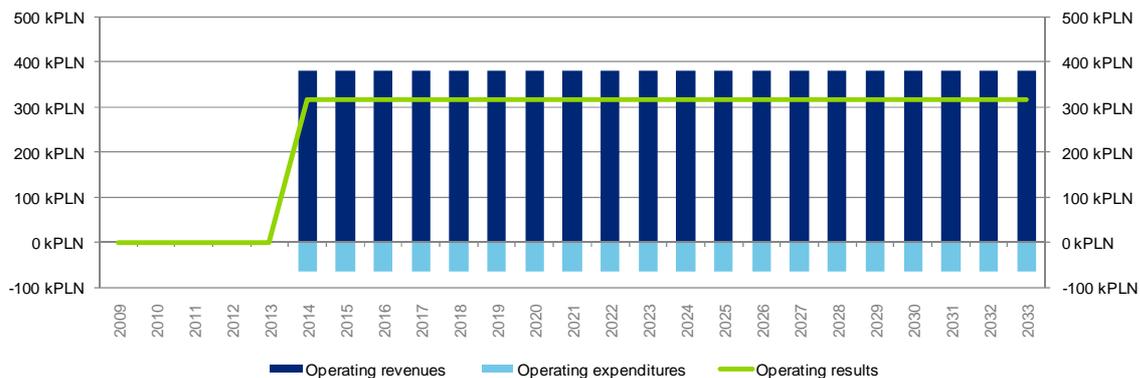
- Project operating assumptions obtained from its owner have been utilized almost without any modifications. The only change concerned assumed generation of revenues during the final year of project implementation – we assume that during construction works no revenues are generated.
- The project should be capable of generating revenues sufficient for JESSICA loan repayment.
- It is expected to generate a positive NPV (2011, 20-years, d=5%) of over 16 million PLN.
- Internal Rate of Return equal to 12.6% is very high, which indicates meeting JESSICA criterion of $IRR > 0\%$. Further analyses may be however required for a UDF manager to confirm the operating assumptions and to determine whether the IRR does not exceed the regular private sector requirements for this kind of projects (may be above the market failure borderline).
- Around 2.1 million PLN of free cash is expected to be generated by the project each year after the initial investment phase.

Łódź City Hall: Revitalization, modernization and adaptation of the postindustrial building for public purposes

Main calculation assumptions and parameters:

Information category	Received operating/financial data				
Investment timing	2009	2010	2011	2012	2013
Project documentation	57 kPLN		450 kPLN		
Obtaining necessary real estates					
Preparation of construction area					
Construction/regeneration costs				11 000 kPLN	11 840 kPLN
Equipment					
Total	57 kPLN	0 kPLN	450 kPLN	11 000 kPLN	11 840 kPLN
Operating revenues	Source: rental of regenerated space - 760m ² x 25PLN/m ² /month - 2900m ² x 4,35PLN/m ² /month				
Operating expenditures	Staff wages and salaries: 14kPLN/year Electricity/water/sewage etc.: 41kPLN/year Maintenance costs: 9kPLN/year				

Non-discounted operating results (w/o financing costs):



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Required investment	-57 kPLN	0 kPLN	-450 kPLN	-11 000 kPLN	-11 840 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Operating revenues	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	380 kPLN	380 kPLN	380 kPLN	380 kPLN	380 kPLN	380 kPLN	380 kPLN
Operating expenditures	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	-64 kPLN	-64 kPLN	-64 kPLN	-64 kPLN	-64 kPLN	-64 kPLN	-64 kPLN
Operating results	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
380 kPLN	380 kPLN	380 kPLN	380 kPLN	380 kPLN	380 kPLN	380 kPLN	380 kPLN	380 kPLN	380 kPLN	380 kPLN	380 kPLN	380 kPLN
-64 kPLN	-64 kPLN	-64 kPLN	-64 kPLN	-64 kPLN	-64 kPLN	-64 kPLN	-64 kPLN	-64 kPLN	-64 kPLN	-64 kPLN	-64 kPLN	-64 kPLN
316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN

*grey fields: estimates (data n/a)

Operating performance estimations:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating results (quasi EBITDA)	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN
Required investment	-57 kPLN	0 kPLN	-450 kPLN	-11 000 kPLN	-11 840 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Quasi net operating cash-flow	-57 kPLN	0 kPLN	-450 kPLN	-11 000 kPLN	-11 840 kPLN	316 kPLN						
Discount factor	0,91	0,95	1,00	1,05	1,10	1,16	1,22	1,28	1,34	1,41	1,48	1,55
Quasi discounted net operating cash-flow	-63 kPLN	0 kPLN	-450 kPLN	-10 476 kPLN	-10 739 kPLN	273 kPLN	260 kPLN	248 kPLN	236 kPLN	225 kPLN	214 kPLN	204 kPLN

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
316 kPLN												
0 kPLN												
316 kPLN												
1,63	1,71	1,80	1,89	1,98	2,08	2,18	2,29	2,41	2,53	2,65	2,79	2,93
194 kPLN	185 kPLN	176 kPLN	168 kPLN	160 kPLN	152 kPLN	145 kPLN	138 kPLN	131 kPLN	125 kPLN	119 kPLN	113 kPLN	108 kPLN

Net Present Value (2011)	-18 156 kPLN	Internal Rate of Return	NA (-0)
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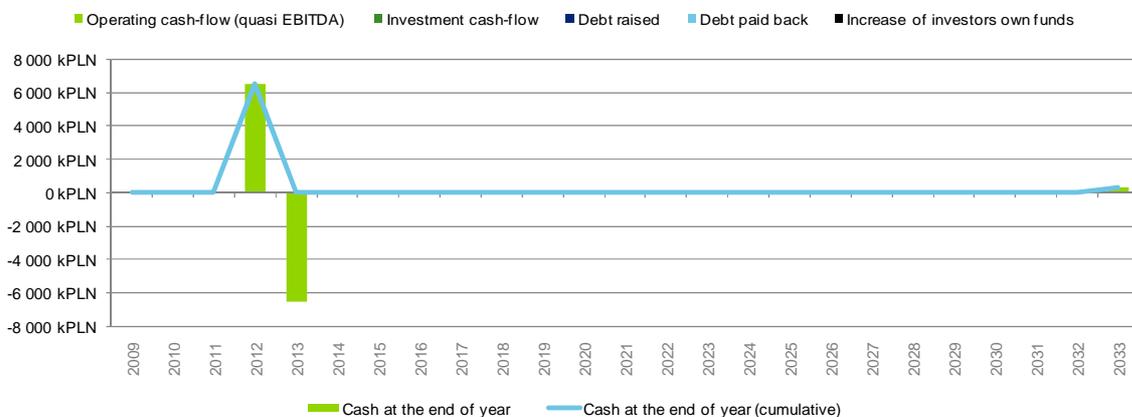
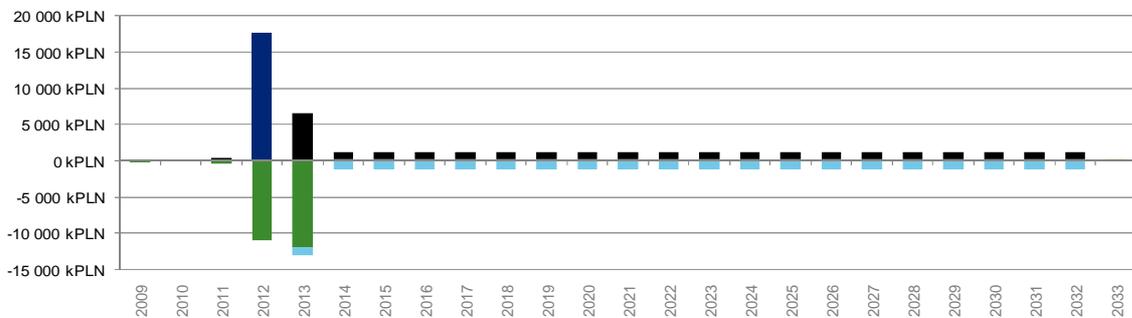
Financing scenario:

Total investment	Investor's own funds	JESSICA loan	Est. payment per 1 million PLN of loan	Est. annual loan repayment for project
23 347 kPLN	5 837 kPLN	17 510 kPLN	69,6 kPLN	1 219 kPLN

Cash-flow summary:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating cash-flow (quasi EBITDA)	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN	316 kPLN
Investment cash-flow	-57 kPLN	0 kPLN	-450 kPLN	-11 000 kPLN	-11 840 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt raised	0 kPLN	0 kPLN	0 kPLN	17 510 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt paid back	0 kPLN	0 kPLN	0 kPLN	0 kPLN	-1 219 kPLN	-1 219 kPLN	-1 219 kPLN	-1 219 kPLN	-1 219 kPLN	-1 219 kPLN	-1 219 kPLN	-1 219 kPLN
Increase of investors own funds	57 kPLN	0 kPLN	450 kPLN	0 kPLN	-6 548 kPLN	903 kPLN	903 kPLN	903 kPLN	903 kPLN	903 kPLN	903 kPLN	903 kPLN
Cash at the end of year	0 kPLN	0 kPLN	0 kPLN	6 510 kPLN	-6 510 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Cash at the end of year (cumulative)	0 kPLN	0 kPLN	0 kPLN	6 510 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
316 kPLN	316 kPLN											
-1 219 kPLN	0 kPLN											
903 kPLN	0 kPLN											
0 kPLN	316 kPLN											
0 kPLN	316 kPLN											



Comments on obtained results:

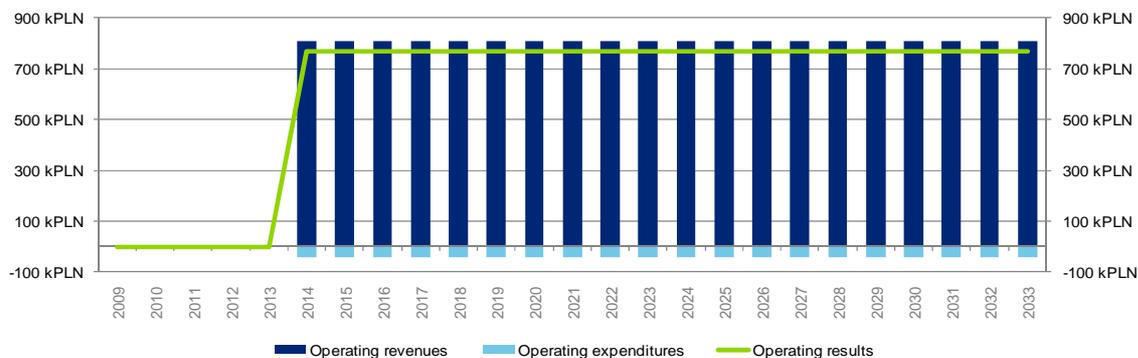
- Project's operating assumptions obtained from its owner have been utilized without any modifications.
- The project in its current shape does not seem to be capable of generating revenues sufficient for full repayment of JESSICA loan.
- It is expected to generate a negative NPV (2011, 20-years, d=5%) of below -18 million PLN.
- Internal Rate of Return can't be calculated, as the initial investment is not expected to be returned during the assumed project lifetime. This indicates not meeting JESSICA criterion of $IRR > 0\%$.
- The project seems not to be able to generate free cash. With its current shape it is expected that the project owner will have to cover a deficit of around 900 thousand PLN each year after the initial investment phase.

Łódź City Hall: Revitalization of urban buildings in the area of railway station – Łódź Fabryczna

Main calculation assumptions and parameters:

Information category	Received operating/financial data				
Investment timing	2009	2010	2011	2012	2013
Project documentation	2 kPLN		600 kPLN		
Obtaining necessary real estates					
Preparation of construction area					
Construction/regeneration costs				14 000 kPLN	18 400 kPLN
Equipment					
Total	2 kPLN	0 kPLN	600 kPLN	14 000 kPLN	18 400 kPLN
Operating revenues	Source: rental of regenerated space Space to be rented: 2700m ² Rental fees: 25PLN/m ² /month				
Operating expenditures	Staff wages and salaries: 25kPLN/year Maintenance costs: 15kPLN/year				

Non-discounted operating results (w/o financing costs):



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Required investment	-2 kPLN	0 kPLN	-600 kPLN	-14 000 kPLN	-18 400 kPLN	0 kPLN	0 kPLN					
Operating revenues	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	810 kPLN	810 kPLN	810 kPLN	810 kPLN	810 kPLN	810 kPLN	810 kPLN
Operating expenditures	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	-40 kPLN	-40 kPLN	-40 kPLN	-40 kPLN	-40 kPLN	-40 kPLN	-40 kPLN
Operating results	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
810 kPLN	810 kPLN	810 kPLN	810 kPLN	810 kPLN	810 kPLN	810 kPLN	810 kPLN	810 kPLN	810 kPLN	810 kPLN	810 kPLN	810 kPLN
-40 kPLN	-40 kPLN	-40 kPLN	-40 kPLN	-40 kPLN	-40 kPLN	-40 kPLN	-40 kPLN	-40 kPLN	-40 kPLN	-40 kPLN	-40 kPLN	-40 kPLN
770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN

*grey fields: estimates (data n/a)

Operating performance estimations:

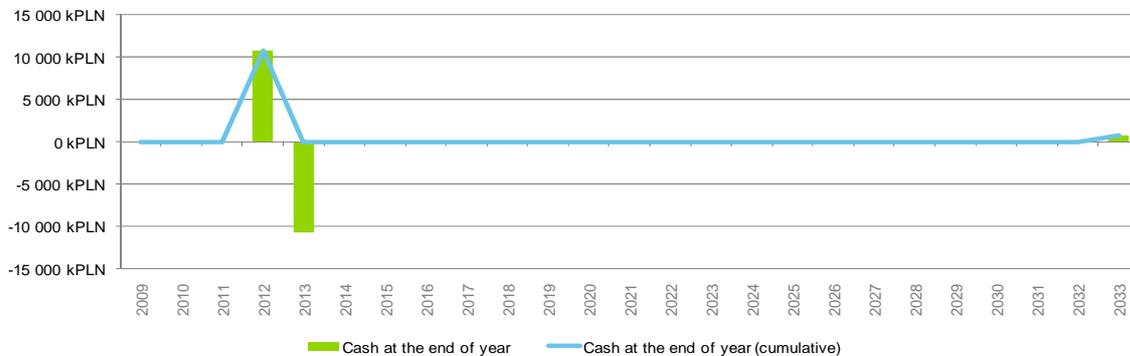
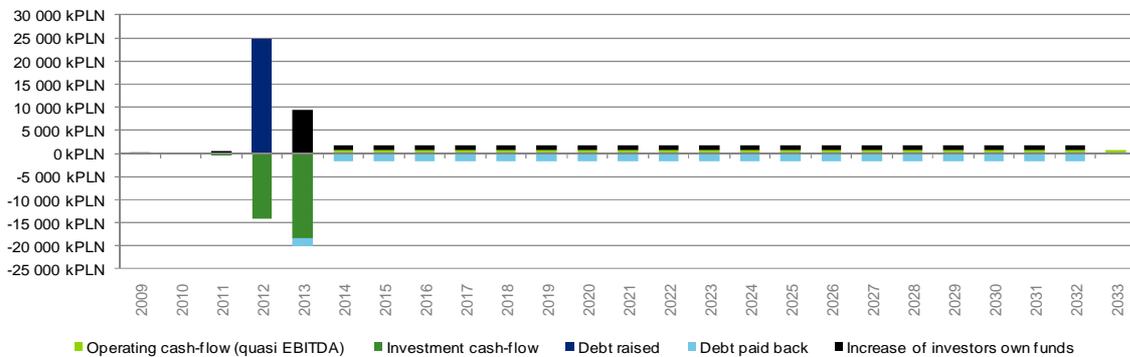
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating results (quasi EBITDA)	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN
Required investment	-2 kPLN	0 kPLN	-600 kPLN	-14 000 kPLN	-18 400 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Quasi net operating cash-flow	-2 kPLN	0 kPLN	-600 kPLN	-14 000 kPLN	-18 400 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN
Discount factor	0,91	0,95	1,00	1,05	1,10	1,16	1,22	1,28	1,34	1,41	1,48	1,55
Quasi discounted net operating cash-flow	-2 kPLN	0 kPLN	-600 kPLN	-13 333 kPLN	-16 689 kPLN	665 kPLN	633 kPLN	603 kPLN	575 kPLN	547 kPLN	521 kPLN	496 kPLN
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN
0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN
1,63	1,71	1,80	1,89	1,98	2,08	2,18	2,29	2,41	2,53	2,65	2,79	2,93
473 kPLN	450 kPLN	429 kPLN	408 kPLN	389 kPLN	370 kPLN	353 kPLN	336 kPLN	320 kPLN	305 kPLN	290 kPLN	276 kPLN	263 kPLN
Net Present Value (2011)			-21 921 kPLN				Internal Rate of Return			NA (-0)		

Financing scenario:

Total investment	Investor's own funds	JESSICA loan	Est. payment per 1 million PLN of loan	Est. annual loan repayment for project
33 002 kPLN	8 251 kPLN	24 752 kPLN	69,6 kPLN	1 723 kPLN

Cash-flow summary:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating cash-flow (quasi EBITDA)	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN
Investment cash-flow	-2 kPLN	0 kPLN	-600 kPLN	-14 000 kPLN	-18 400 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt raised	0 kPLN	0 kPLN	0 kPLN	24 752 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt paid back	0 kPLN	0 kPLN	0 kPLN	0 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN
Increase of investors own funds	2 kPLN	0 kPLN	600 kPLN	0 kPLN	9 371 kPLN	953 kPLN	953 kPLN	953 kPLN	953 kPLN	953 kPLN	953 kPLN	953 kPLN
Cash at the end of year	0 kPLN	0 kPLN	0 kPLN	10 752 kPLN	-10 752 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Cash at the end of year (cumulative)	0 kPLN	0 kPLN	0 kPLN	10 752 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN	770 kPLN
-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	-1 723 kPLN	0 kPLN
953 kPLN	953 kPLN	953 kPLN	953 kPLN	953 kPLN	953 kPLN	953 kPLN	953 kPLN	953 kPLN	953 kPLN	953 kPLN	953 kPLN	0 kPLN
0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	770 kPLN
0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	770 kPLN



Comments on obtained results:

- Project operating assumptions obtained from its owner have been utilized without any modifications.
- The project in its current shape does not seem to be capable of generating revenues sufficient for full repayment of JESSICA loan.
- It is expected to generate a negative NPV (2011, 20-years, d=5%) of almost -22 million PLN.
- Internal Rate of Return can't be calculated, as the initial investment is not expected to be returned during the assumed project lifetime. This indicates not meeting JESSICA criterion of $IRR > 0\%$.
- The project seems not to be able to generate free cash. With its current shape it is expected that the project owner will have to cover a deficit of around 950 thousand PLN each year after the initial investment phase.

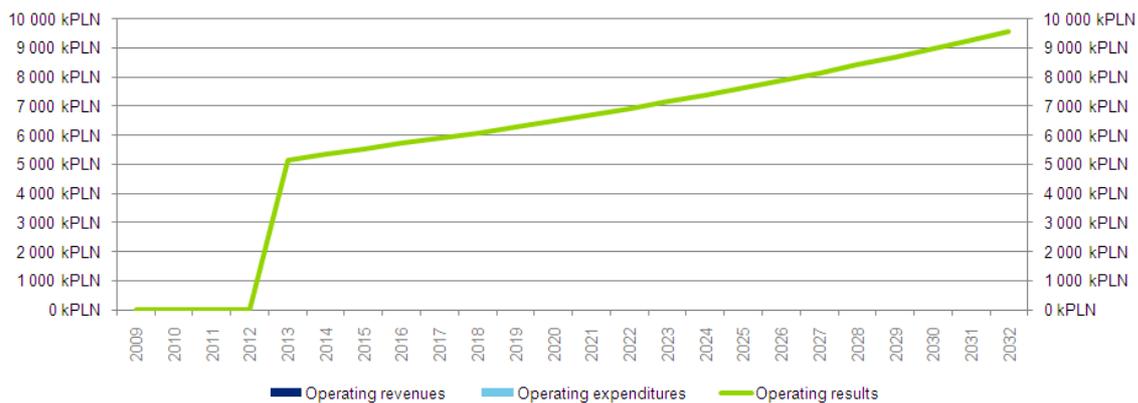
The Aflopa Real Estates Ltd. (Pabianice): Factory “Centre” – comprehensive revitalization of post-factory building

Please note that the dates below reflect initial plans concerning project implementation (preparation in 2009-2010, construction works in 2011-2012).

Main calculation assumptions and parameters:

Information category	Received operating/financial data				
Investment timing	2009	2010	2011	2012	2013
Project documentation		450 kPLN	450 kPLN		
Obtaining necessary real estates	2 900 kPLN				
Preparation of construction area	400 kPLN	100 kPLN	300 kPLN	400 kPLN	
Construction/regeneration costs			20 000 kPLN	13 000 kPLN	
Equipment			5 000 kPLN	5 000 kPLN	
Total	3 300 kPLN	550 kPLN	25 750 kPLN	18 400 kPLN	0 kPLN
Operating revenues	Source: rental of regenerated space Space to be rented: n/a Rental fee: n/a				
Operating expenditures	Maintenance, management, marketing and other costs: from 557 to 765kPLN/year				

Non-discounted operating results (w/o financing costs):



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Required investment	-3 300 kPLN	-550 kPLN	-25 750 kPLN	-18 400 kPLN	0 kPLN	0 kPLN	0 kPLN					
Operating revenues	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Operating expenditures	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Operating results	0 kPLN	0 kPLN	0 kPLN	0 kPLN	5 160 kPLN	5 364 kPLN	5 535 kPLN	5 713 kPLN	5 884 kPLN	6 079 kPLN	6 281 kPLN	6 489 kPLN
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
6 704 kPLN	6 926 kPLN	7 154 kPLN	7 390 kPLN	7 633 kPLN	7 884 kPLN	8 143 kPLN	8 410 kPLN	8 686 kPLN	8 970 kPLN	9 264 kPLN	9 566 kPLN	

fields: estimates (data n/a)

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Operating performance estimations:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating results (quasi EBITDA)	0 kPLN	0 kPLN	0 kPLN	0 kPLN	5 160 kPLN	5 364 kPLN	5 535 kPLN	5 713 kPLN	5 884 kPLN	6 079 kPLN	6 281 kPLN
Required investment	-3 300 kPLN	-550 kPLN	-25 750 kPLN	-18 400 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Quasi net operating cash-flow	-3 300 kPLN	-550 kPLN	-25 750 kPLN	-18 400 kPLN	5 160 kPLN	5 364 kPLN	5 535 kPLN	5 713 kPLN	5 884 kPLN	6 079 kPLN	6 281 kPLN
Discount factor	0,91	0,95	1,00	1,05	1,10	1,16	1,22	1,28	1,34	1,41	1,48
Quasi discounted net operating cash-flow	-3 638 kPLN	-578 kPLN	-25 750 kPLN	-17 524 kPLN	4 680 kPLN	4 634 kPLN	4 554 kPLN	4 476 kPLN	4 391 kPLN	4 321 kPLN	4 251 kPLN

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
6 489 kPLN	6 704 kPLN	6 926 kPLN	7 154 kPLN	7 390 kPLN	7 633 kPLN	7 884 kPLN	8 143 kPLN	8 410 kPLN	8 686 kPLN	8 970 kPLN	9 264 kPLN	9 566 kPLN	
0 kPLN	0 kPLN												
6 489 kPLN	6 704 kPLN	6 926 kPLN	7 154 kPLN	7 390 kPLN	7 633 kPLN	7 884 kPLN	8 143 kPLN	8 410 kPLN	8 686 kPLN	8 970 kPLN	9 264 kPLN	9 566 kPLN	
1,55	1,63	1,71	1,80	1,89	1,98	2,08	2,18	2,29	2,41	2,53	2,65	2,79	
4 183 kPLN	4 116 kPLN	4 049 kPLN	3 984 kPLN	3 919 kPLN	3 855 kPLN	3 793 kPLN	3 731 kPLN	3 669 kPLN	3 609 kPLN	3 550 kPLN	3 491 kPLN	3 434 kPLN	

Net Present Value (2011)	33 200 kPLN
Internal Rate of Return	10,8%

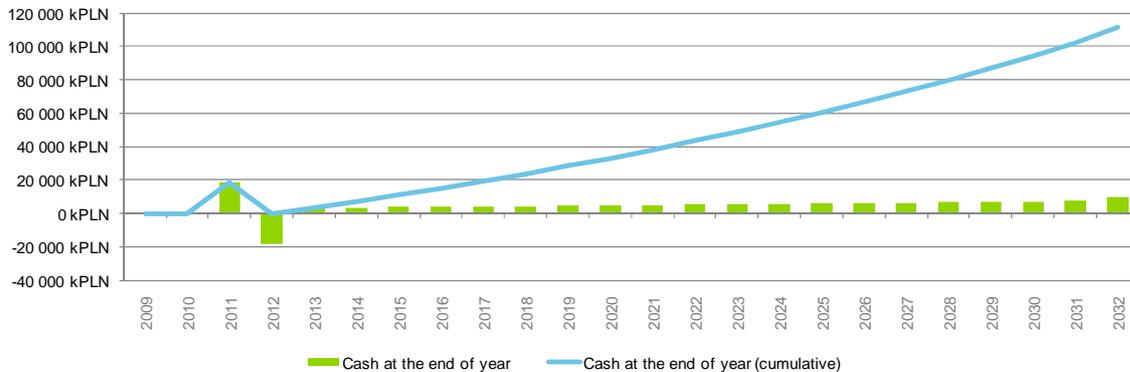
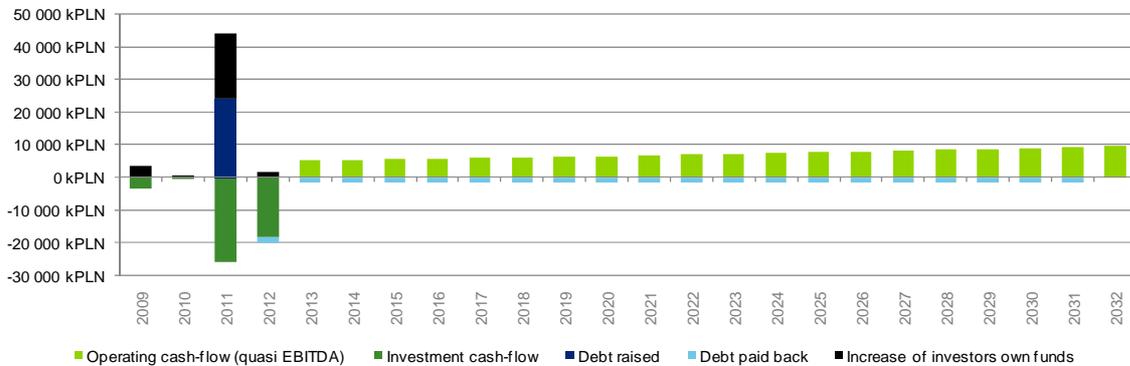
Financing scenario:

Total investment	Investor's own funds	JESSICA loan	Est. payment per 1 million PLN of loan	Est. annual loan repayment for project
48 000 kPLN	24 000 kPLN	24 000 kPLN	69,6 kPLN	1 670 kPLN

Cash-flow summary:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating cash-flow (quasi EBITDA)	0 kPLN	0 kPLN	0 kPLN	0 kPLN	5 160 kPLN	5 364 kPLN	5 535 kPLN	5 713 kPLN	5 884 kPLN	6 079 kPLN	6 281 kPLN
Investment cash-flow	-3 300 kPLN	-550 kPLN	-25 750 kPLN	-18 400 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt raised	0 kPLN	0 kPLN	24 000 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt paid back	0 kPLN	0 kPLN	0 kPLN	-1 670 kPLN	-1 670 kPLN	-1 670 kPLN	-1 670 kPLN	-1 670 kPLN	-1 670 kPLN	-1 670 kPLN	-1 670 kPLN
Increase of investors own funds	3 300 kPLN	550 kPLN	20 150 kPLN	1 670 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Cash at the end of year	0 kPLN	0 kPLN	18 400 kPLN	-18 400 kPLN	3 489 kPLN	3 694 kPLN	3 865 kPLN	4 042 kPLN	4 214 kPLN	4 409 kPLN	4 611 kPLN
Cash at the end of year (cumulative)	0 kPLN	0 kPLN	18 400 kPLN	0 kPLN	3 489 kPLN	7 183 kPLN	11 048 kPLN	15 090 kPLN	19 304 kPLN	23 713 kPLN	28 324 kPLN

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
6 489 kPLN	6 704 kPLN	6 926 kPLN	7 154 kPLN	7 390 kPLN	7 633 kPLN	7 884 kPLN	8 143 kPLN	8 410 kPLN	8 686 kPLN	8 970 kPLN	9 264 kPLN	9 566 kPLN	
-1 670 kPLN	0 kPLN	0 kPLN											
0 kPLN	0 kPLN	0 kPLN											
4 819 kPLN	5 034 kPLN	5 256 kPLN	5 484 kPLN	5 720 kPLN	5 963 kPLN	6 214 kPLN	6 473 kPLN	6 740 kPLN	7 016 kPLN	7 300 kPLN	7 593 kPLN	7 896 kPLN	
33 143 kPLN	38 177 kPLN	43 433 kPLN	48 917 kPLN	54 637 kPLN	60 600 kPLN	66 814 kPLN	73 287 kPLN	80 028 kPLN	87 043 kPLN	94 343 kPLN	101 937 kPLN	111 503 kPLN	



Comments on obtained results:

- Project operating assumptions obtained from its owner have been utilized without any modifications, apart from its de-discounting (in order to present comparable operating figures). Please note that this also means simulated project's preparation starting in 2009 and construction works starting in 2011.
- The project should be capable of generating revenues sufficient for JESSICA loan repayment.
- It is expected to generate a positive NPV (2011, 20-years, d=5%) of over 33 million PLN.
- Internal Rate of Return equal to 10.8% is quite high, which indicates meeting JESSICA criterion of $IRR > 0\%$. Further analyses may be however required for the UDF manager to assess whether the IRR does not exceed the regular private sector requirements for this kind of projects (may be above the market failure borderline).
- From 4 to 10 million PLN of free cash is expected to be generated by the project each year after the initial investment phase.

Piotrków Trybunalski City Hall: Building of the Sport Gallery “Bugajskie Błonia”

Main calculation assumptions and parameters:

Information category	Received operating/financial data
* Data for particular years not available (following split assumed for calculation purposes by the consultant)	
Investment timing	2011 2012 2013 2014 2015
Project documentation	3 000 kPLN
Obtaining necessary real estates	
Preparation of construction area	4 500 kPLN
Construction/regeneration costs	15 833 kPLN 15 833 kPLN 15 833 kPLN
Equipment	
Total	0 kPLN 3 000 kPLN 20 333 kPLN 15 833 kPLN 15 833 kPLN
Operating revenues	Source 1: rental of regenerated space - Space to be rented: 20000m2 - Rental fees: 30PLN/m2/month Source 2: sales of tickets - Sales volume: 5.5k tickets/event, 4 events/month - Ticket price: 30PLN
Operating expenditures	Management costs, incl. wages: 1 million PLN/year Electricity/water/sewage etc.: 300kPLN/year Maintenance costs: 300kPLN/year

Non-discounted operating results (w/o financing costs):



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Required investment	0 kPLN	0 kPLN	0 kPLN	-3 000 kPLN	-20 333 kPLN	-15 833 kPLN	-15 833 kPLN							
Operating revenues	0 kPLN	0 kPLN	0 kPLN	15 120 kPLN	15 120 kPLN	15 120 kPLN	15 120 kPLN	15 120 kPLN	15 120 kPLN					
Operating expenditures	0 kPLN	0 kPLN	0 kPLN	-1 000 kPLN	-1 000 kPLN	-1 000 kPLN	-1 000 kPLN	-1 600 kPLN	-1 600 kPLN	-1 600 kPLN	-1 600 kPLN	-1 600 kPLN	-1 600 kPLN	
Operating results	0 kPLN	0 kPLN	0 kPLN	-1 000 kPLN	-1 000 kPLN	-1 000 kPLN	-1 000 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Operating revenues	15 120 kPLN	15 120 kPLN	15 120 kPLN	15 120 kPLN	15 120 kPLN	15 120 kPLN	15 120 kPLN	15 120 kPLN	15 120 kPLN	15 120 kPLN				
Operating expenditures	-1 600 kPLN	-1 600 kPLN	-1 600 kPLN	-1 600 kPLN	-1 600 kPLN	-1 600 kPLN	-1 600 kPLN	-1 600 kPLN	-1 600 kPLN	-1 600 kPLN				
Operating results	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN				

*grey fields: estimates (data n/a)

Operating performance estimations:

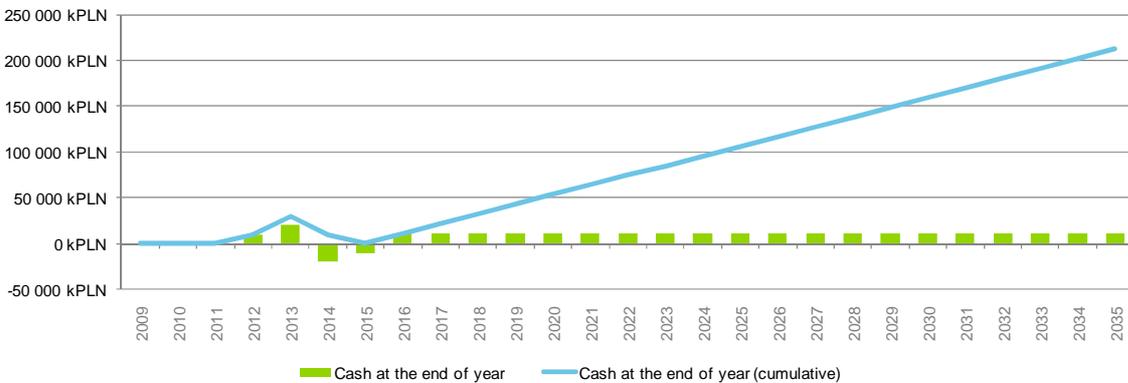
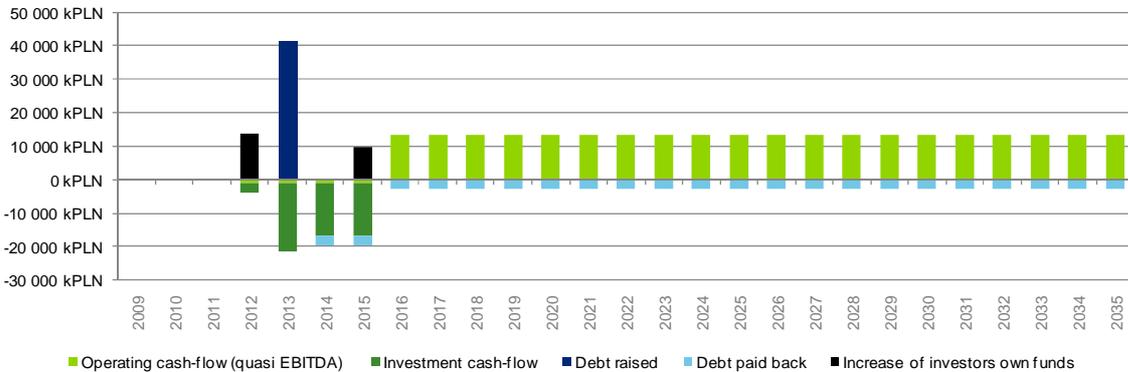
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Operating results (quasi EBITDA)	0 kPLN	0 kPLN	0 kPLN	-1 000 kPLN	-1 000 kPLN	-1 000 kPLN	-1 000 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	
Required investment	0 kPLN	0 kPLN	0 kPLN	-3 000 kPLN	-20 333 kPLN	-15 833 kPLN	-15 833 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	
Quasi net operating cash-flow	0 kPLN	0 kPLN	0 kPLN	-4 000 kPLN	-21 333 kPLN	-16 833 kPLN	-16 833 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	
Discount factor	0,91	0,95	1,00	1,05	1,10	1,16	1,22	1,28	1,34	1,41	1,48	1,55	1,63	
Quasi discounted net operating cash-flow	0 kPLN	0 kPLN	0 kPLN	-3 810 kPLN	-19 350 kPLN	-14 541 kPLN	-13 849 kPLN	10 593 kPLN	10 089 kPLN	9 608 kPLN	9 151 kPLN	8 715 kPLN	8 300 kPLN	
2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	
0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	
13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	
1,71	1,80	1,89	1,98	2,08	2,18	2,29	2,41	2,53	2,65	2,79	2,93	3,07	3,23	
7 905 kPLN	7 528 kPLN	7 170 kPLN	6 829 kPLN	6 503 kPLN	6 194 kPLN	5 899 kPLN	5 618 kPLN	5 350 kPLN	5 096 kPLN	4 853 kPLN	4 622 kPLN	4 402 kPLN	4 192 kPLN	
Net Present Value (2011)			87 067 kPLN					Internal Rate of Return			17,9%			

Financing scenario:

Total investment	Investor's own funds	JESSICA loan	Est. payment per 1 million PLN of loan	Est. annual loan repayment for project
55 000 kPLN	13 750 kPLN	41 250 kPLN	69,6 kPLN	2 871 kPLN

Cash-flow summary:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating cash-flow (quasi EBITDA)	0 kPLN	0 kPLN	0 kPLN	-1 000 kPLN	-1 000 kPLN	-1 000 kPLN	-1 000 kPLN	13 520 kPLN					
Investment cash-flow	0 kPLN	0 kPLN	0 kPLN	-3 000 kPLN	-20 333 kPLN	-15 833 kPLN	-15 833 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt raised	0 kPLN	0 kPLN	0 kPLN	0 kPLN	41 250 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt paid back	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN
Increase of investors own funds	0 kPLN	0 kPLN	0 kPLN	13 750 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Cash at the end of year	0 kPLN	0 kPLN	0 kPLN	9 750 kPLN	19 917 kPLN	-19 704 kPLN	-9 963 kPLN	10 649 kPLN					
Cash at the end of year (cumulative)	0 kPLN	0 kPLN	0 kPLN	9 750 kPLN	29 667 kPLN	9 963 kPLN	0 kPLN	10 649 kPLN	21 298 kPLN	31 948 kPLN	42 597 kPLN	53 246 kPLN	63 896 kPLN
2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN	13 520 kPLN
-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN	-2 871 kPLN
0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
10 649 kPLN	10 649 kPLN	10 649 kPLN	10 649 kPLN	10 649 kPLN	10 649 kPLN	10 649 kPLN	10 649 kPLN	10 649 kPLN	10 649 kPLN	10 649 kPLN	10 649 kPLN	10 649 kPLN	10 649 kPLN
74 544 kPLN	85 194 kPLN	95 843 kPLN	106 492 kPLN	117 141 kPLN	127 790 kPLN	138 440 kPLN	149 089 kPLN	159 738 kPLN	170 387 kPLN	181 037 kPLN	191 686 kPLN	202 335 kPLN	212 984 kPLN



Comments on obtained results:

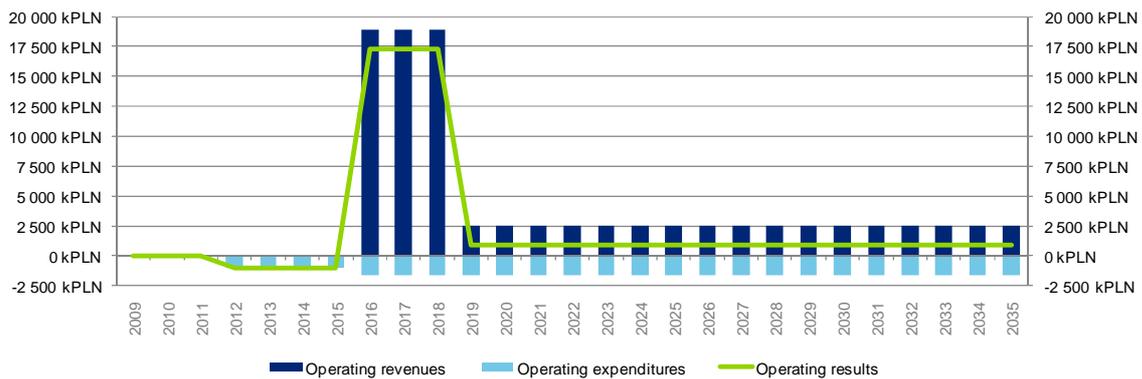
- Project operating assumptions obtained from its owner have been utilized without any modifications (apart from splitting the obtained total figures onto years).
- The project should be capable of generating revenues sufficient for JESSICA loan repayment.
- It is expected to generate a positive NPV (2011, 20-years, d=5%) of over 87 million PLN.
- Internal Rate of Return equal to 17.9% is very high, which indicates meeting JESSICA criterion of $IRR > 0\%$. Further analyses may be however required for the UDF manager to confirm the operating assumptions and to determine whether the IRR does not exceed the regular private sector requirements for this kind of projects (may be above the market failure borderline).
- Over 10 million PLN of free cash is expected to be generated by the project each year after the initial investment phase.

Piotrków Trybunalski City Hall: “Young Old City”

Main calculation assumptions and parameters:

Information category	Received operating/financial data				
<i>* Data for particular years not available (following split assumed for calculation purposes by the consultant)</i>					
Investment timing	2011	2012	2013	2014	2015
Project documentation		1 500 kPLN			
Obtaining necessary real estates					
Preparation of construction area			1 000 kPLN		
Construction/regeneration costs			9 167 kPLN	9 167 kPLN	9 167 kPLN
Equipment					
Total	0 kPLN	1 500 kPLN	10 167 kPLN	9 167 kPLN	9 167 kPLN
Operating revenues	Source 1: rental of regenerated space				
	- Space to be rented: 7000m2				
	- Rental fees: 30PLN/m2/month				
Operating expenditures	Source 2: sale of regenerated space				
	- Space to be sold: 14000m2				
	- Sale price: 3,5kPLN/m2				
Operating expenditures	Management costs, incl. wages: 1 million PLN/year				
	Electricity/water/sewage etc.: 300kPLN/year				
	Maintenance costs: 300kPLN/year				

Non-discounted operating results (w/o financing costs):



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Required investment	0 kPLN	0 kPLN	0 kPLN	-1 500 kPLN	-10 167 kPLN	-9 167 kPLN	-9 167 kPLN																					
Operating revenues	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	18 853 kPLN	18 853 kPLN	18 853 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN	2 520 kPLN
Operating expenditures	0 kPLN	0 kPLN	0 kPLN	-1 000 kPLN	-1 000 kPLN	-1 000 kPLN	-1 000 kPLN	-1 600 kPLN																				
Operating results	0 kPLN	0 kPLN	0 kPLN	-1 000 kPLN	-1 000 kPLN	-1 000 kPLN	-1 000 kPLN	17 253 kPLN	17 253 kPLN	17 253 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN	920 kPLN

*grey fields: estimates (data n/a)

Operating performance estimations:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating results (quasi EBITDA)	0 KPLN	0 KPLN	0 KPLN	-1 000 KPLN	-1 000 KPLN	-1 000 KPLN	-1 000 KPLN	17 253 KPLN	17 253 KPLN	17 253 KPLN	920 KPLN	920 KPLN	920 KPLN
Required investment	0 KPLN	0 KPLN	0 KPLN	-1 500 KPLN	-10 167 KPLN	-9 167 KPLN	-9 167 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN
Quasi net operating cash-flow	0 KPLN	0 KPLN	0 KPLN	-2 500 KPLN	-11 167 KPLN	-10 167 KPLN	-10 167 KPLN	17 253 KPLN	17 253 KPLN	17 253 KPLN	920 KPLN	920 KPLN	920 KPLN
Discount factor	0,91	0,95	1,00	1,05	1,10	1,16	1,22	1,28	1,34	1,41	1,48	1,55	1,63
Quasi discounted net operating cash-flow	0 KPLN	0 KPLN	0 KPLN	-2 381 KPLN	-10 128 KPLN	-8 782 KPLN	-8 364 KPLN	13 518 KPLN	12 875 KPLN	12 262 KPLN	623 KPLN	593 KPLN	565 KPLN

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
920 KPLN														
0 KPLN														
920 KPLN														
1,71	1,80	1,89	1,98	2,08	2,18	2,29	2,41	2,53	2,65	2,79	2,93	3,07	3,23	
538 KPLN	512 KPLN	488 KPLN	465 KPLN	443 KPLN	421 KPLN	401 KPLN	382 KPLN	364 KPLN	347 KPLN	330 KPLN	315 KPLN	300 KPLN	285 KPLN	

Net Present Value (2011)	16 370 KPLN
Internal Rate of Return	16,9%

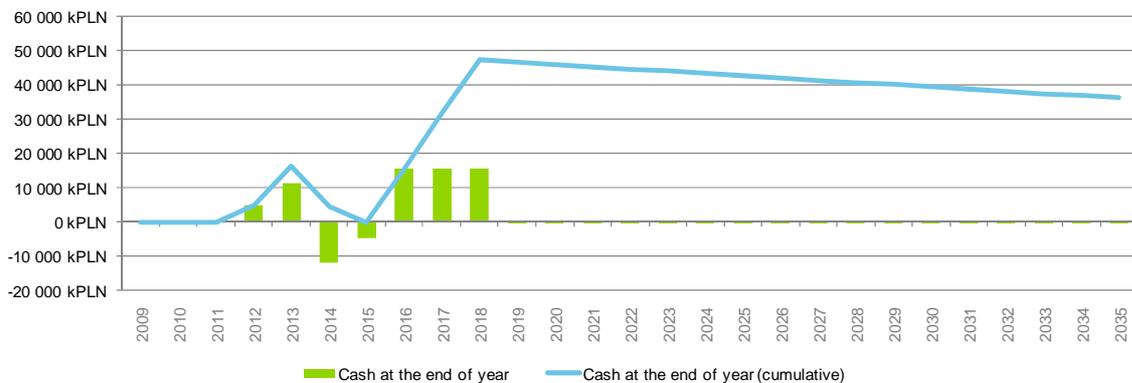
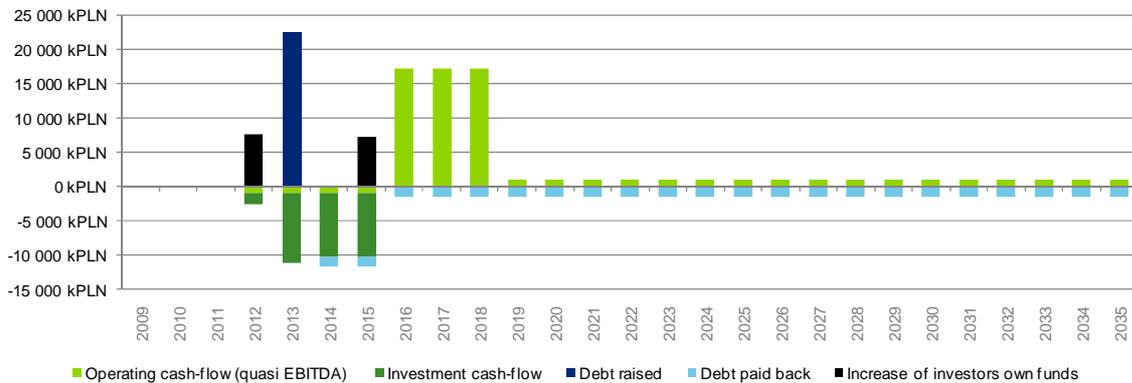
Financing scenario:

Total investment	Investor's own funds	JESSICA loan	Est. payment per 1 million PLN of loan	Est. annual loan repayment for project
30 000 KPLN	7 500 KPLN	22 500 KPLN	69,6 KPLN	1 566 KPLN

Cash-flow summary:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating cash-flow (quasi EBITDA)	0 KPLN	0 KPLN	0 KPLN	-1 000 KPLN	-1 000 KPLN	-1 000 KPLN	-1 000 KPLN	17 253 KPLN	17 253 KPLN	17 253 KPLN	920 KPLN	920 KPLN	920 KPLN
Investment cash-flow	0 KPLN	0 KPLN	0 KPLN	-1 500 KPLN	-10 167 KPLN	-9 167 KPLN	-9 167 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN
Debt raised	0 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN	22 500 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN
Debt paid back	0 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN	-1 566 KPLN	-1 566 KPLN	-1 566 KPLN	-1 566 KPLN	-1 566 KPLN	-1 566 KPLN	-1 566 KPLN	-1 566 KPLN
Increase of investors own funds	0 KPLN	0 KPLN	0 KPLN	7 500 KPLN	0 KPLN	0 KPLN	7 132 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN	0 KPLN
Cash at the end of year	0 KPLN	0 KPLN	0 KPLN	5 000 KPLN	11 333 KPLN	-11 733 KPLN	-4 601 KPLN	15 697 KPLN	15 697 KPLN	15 697 KPLN	46 416 KPLN	46 416 KPLN	46 416 KPLN
Cash at the end of year (cumulative)	0 KPLN	0 KPLN	0 KPLN	5 000 KPLN	16 333 KPLN	4 601 KPLN	0 KPLN	15 697 KPLN	31 375 KPLN	47 062 KPLN	46 416 KPLN	45 771 KPLN	45 125 KPLN

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
-1 566 KPLN														
0 KPLN														
-646 KPLN														
44 479 KPLN	43 833 KPLN	43 187 KPLN	42 541 KPLN	41 895 KPLN	41 249 KPLN	40 603 KPLN	39 958 KPLN	39 312 KPLN	38 666 KPLN	38 020 KPLN	37 374 KPLN	36 728 KPLN	36 082 KPLN	



Comments on obtained results:

- Project operating assumptions obtained from its owner have been utilized without any modifications (apart from splitting the obtained total figures onto years).
- The project should be capable of generating revenues sufficient for JESSICA loan repayment, provided that funds obtained from regenerated space sales will not be fully withdrawn from the project.
- It is expected to generate a positive NPV (2011, 20-years, d=5%) of over 16 million PLN.
- Internal Rate of Return equal to 16.9% is very high, which indicates meeting JESSICA criterion of $IRR > 0\%$. Further analyses may be however required for a UDF manager to confirm the operating assumptions and to determine whether the IRR does not exceed the regular private sector requirements for this kind of projects (may be above the market failure borderline).
- Significant amount of free cash is expected to be generated by the project during the period of regenerated space sales (assuming three years with sales: over 15 million PLN per year). However, after this period a shortage of around 650 thousand PLN is expected to occur each year.

Zgierz City Hall: Modernization of the windmill for the cultural and entertainment purposes

Main calculation assumptions and parameters:

Information category	Received operating/financial data				
Investment timing	2011	2012	2013	2014	2015
Project documentation	200 kPLN				
Obtaining necessary real estates					
Preparation of construction area	100 kPLN				
Construction/regeneration costs	2 000 kPLN				
Equipment					
Total	200 kPLN	2 100 kPLN	2 000 kPLN	0 kPLN	0 kPLN
Operating revenues	Source: rental of regenerated space Space to be rented: 800m2 Rental fee: 50PLN/m2/month				
Operating expenditures	Staff wages and salaries: 30kPLN/year				

Non-discounted operating results (w/o financing costs):



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Required investment	0 kPLN	0 kPLN	-200 kPLN	-2 100 kPLN	-2 000 kPLN	0 kPLN	0 kPLN					
Operating revenues	0 kPLN	0 kPLN	0 kPLN	0 kPLN	120 kPLN	480 kPLN	480 kPLN	480 kPLN	480 kPLN	480 kPLN	480 kPLN	480 kPLN
Operating expenditures	0 kPLN	0 kPLN	-30 kPLN	-30 kPLN	-30 kPLN	-30 kPLN	-30 kPLN	-30 kPLN	-30 kPLN	-30 kPLN	-30 kPLN	-30 kPLN
Operating results	0 kPLN	0 kPLN	-30 kPLN	-30 kPLN	90 kPLN	450 kPLN	450 kPLN	450 kPLN	450 kPLN	450 kPLN	450 kPLN	450 kPLN

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Operating revenues	480 kPLN												
Operating expenditures	-30 kPLN												
Operating results	450 kPLN												

*grey fields: estimates (data n/a)

Operating performance estimations:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating results (quasi EBITDA)	0 kPLN	0 kPLN	-30 kPLN	-30 kPLN	90 kPLN	450 kPLN	450 kPLN	450 kPLN	450 kPLN	450 kPLN	450 kPLN	450 kPLN
Required investment	0 kPLN	0 kPLN	-200 kPLN	-2 100 kPLN	-2 000 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Quasi net operating cash-flow	0 kPLN	0 kPLN	-230 kPLN	-2 130 kPLN	-1 910 kPLN	450 kPLN						
Discount factor	0,91	0,95	1,00	1,05	1,10	1,16	1,22	1,28	1,34	1,41	1,48	1,55
Quasi discounted net operating cash-flow	0 kPLN	0 kPLN	-230 kPLN	-2 029 kPLN	-1 732 kPLN	389 kPLN	370 kPLN	353 kPLN	336 kPLN	320 kPLN	305 kPLN	290 kPLN

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
450 kPLN													
0 kPLN													
450 kPLN													
1,63	1,71	1,80	1,89	1,98	2,08	2,18	2,29	2,41	2,53	2,65	2,79	2,93	
276 kPLN	263 kPLN	251 kPLN	239 kPLN	227 kPLN	216 kPLN	206 kPLN	196 kPLN	187 kPLN	178 kPLN	170 kPLN	162 kPLN	154 kPLN	

Net Present Value (2011)	1 096 kPLN
Internal Rate of Return	7,8%

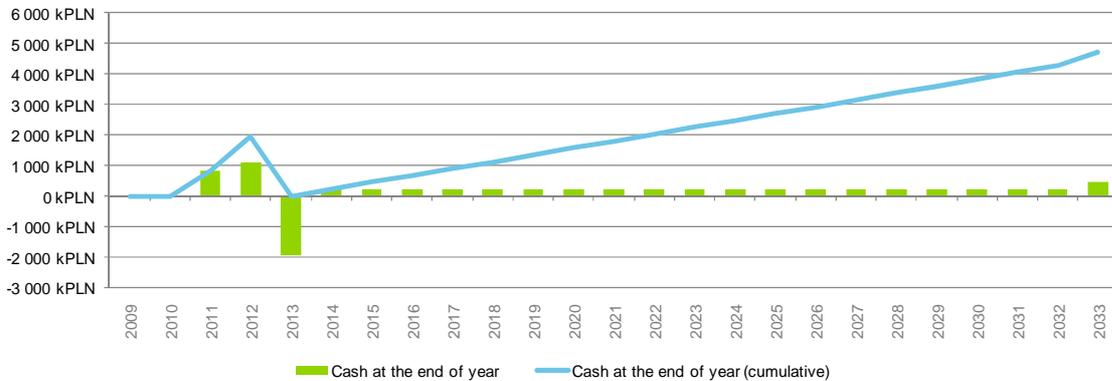
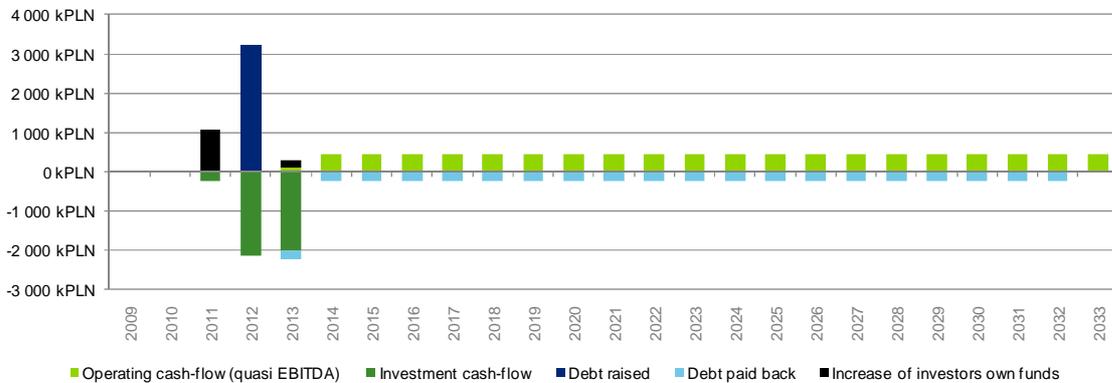
Financing scenario:

Total investment	Investor's own funds	JESSICA loan	Est. payment per 1 million PLN of loan	Est. annual loan repayment for project
4 300 kPLN	1 075 kPLN	3 225 kPLN	69,6 kPLN	224 kPLN

Cash-flow summary:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating cash-flow (quasi EBITDA)	0 kPLN	0 kPLN	-30 kPLN	-30 kPLN	90 kPLN	450 kPLN	450 kPLN	450 kPLN	450 kPLN	450 kPLN	450 kPLN	450 kPLN
Investment cash-flow	0 kPLN	0 kPLN	-200 kPLN	-2 100 kPLN	-2 000 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt raised	0 kPLN	0 kPLN	0 kPLN	3 225 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt paid back	0 kPLN	0 kPLN	0 kPLN	0 kPLN	-224 kPLN	-224 kPLN	-224 kPLN	-224 kPLN	-224 kPLN	-224 kPLN	-224 kPLN	-224 kPLN
Increase of investors own funds	0 kPLN	0 kPLN	1 075 kPLN	0 kPLN	194 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Cash at the end of year	0 kPLN	0 kPLN	845 kPLN	1 095 kPLN	-1 940 kPLN	226 kPLN	226 kPLN	226 kPLN	226 kPLN	226 kPLN	226 kPLN	226 kPLN
Cash at the end of year (cumulative)	0 kPLN	0 kPLN	845 kPLN	1 940 kPLN	0 kPLN	451 kPLN	677 kPLN	902 kPLN	1 128 kPLN	1 353 kPLN	1 579 kPLN	1 804 kPLN

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
450 kPLN													
-224 kPLN	0 kPLN												
0 kPLN													
226 kPLN	450 kPLN												
1 804 kPLN	2 030 kPLN	2 256 kPLN	2 481 kPLN	2 707 kPLN	2 932 kPLN	3 158 kPLN	3 383 kPLN	3 609 kPLN	3 834 kPLN	4 060 kPLN	4 286 kPLN	4 512 kPLN	4 738 kPLN



Comments on obtained results:

- Project operating assumptions obtained from its owner have been utilized without any modifications.
- The project should be capable of generating revenues sufficient for JESSICA loan repayment.
- It is expected to generate a positive NPV (2011, 20-years, $d=5\%$) of just above 1 million PLN.
- Internal Rate of Return equal to 7.8% is expected for this projects, which indicates possibility of meeting JESSICA IRR criterion for co-financing ($IRR>0\%$, but below private sector requirements for this kind of projects).
- Around 226 thousand PLN of free cash is expected to be generated by the project each year after the initial investment phase.

Zgierz City Hall: Building of restaurant in the Weaver House

Main calculation assumptions and parameters:

Information category	Received operating/financial data				
Investment timing	2011	2012	2013	2014	2015
Project documentation	120 kPLN				
Obtaining necessary real estates	20 kPLN				
Preparation of construction area		100 kPLN			
Construction/regeneration costs		1 000 kPLN	1 500 kPLN		
Equipment					
Total	140 kPLN	1 100 kPLN	1 500 kPLN	0 kPLN	0 kPLN
Operating revenues	Source: rental of regenerated space Space to be rented: 500m2 Rental fee: 50PLN/m2/month				
Operating expenditures	Staff wages and salaries: 20kPLN/year				

Non-discounted operating results (w/o financing costs):



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Required investment	0 kPLN	0 kPLN	-140 kPLN	-1 100 kPLN	-1 500 kPLN	0 kPLN	0 kPLN						
Operating revenues	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	300 kPLN	300 kPLN	300 kPLN	300 kPLN	300 kPLN	300 kPLN	300 kPLN	
Operating expenditures	0 kPLN	0 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	
Operating results	0 kPLN	0 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Operating revenues	300 kPLN	300 kPLN	300 kPLN	300 kPLN	300 kPLN	300 kPLN	300 kPLN	300 kPLN	300 kPLN	300 kPLN	300 kPLN	300 kPLN	300 kPLN
Operating expenditures	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	-20 kPLN
Operating results	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN

*grey fields: estimates (data n/a)

Operating performance estimations:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating results (quasi EBITDA)	0 kPLN	0 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN
Required investment	0 kPLN	0 kPLN	-140 kPLN	-1 100 kPLN	-1 500 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Quasi net operating cash-flow	0 kPLN	0 kPLN	-160 kPLN	-1 120 kPLN	-1 520 kPLN	280 kPLN						
Discount factor	0,91	0,95	1,00	1,05	1,10	1,16	1,22	1,28	1,34	1,41	1,48	1,55
Quasi discounted net operating cash-flow	0 kPLN	0 kPLN	-160 kPLN	-1 067 kPLN	-1 379 kPLN	242 kPLN	230 kPLN	219 kPLN	209 kPLN	199 kPLN	190 kPLN	180 kPLN

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
280 kPLN													
0 kPLN													
280 kPLN													
1,63	1,71	1,80	1,89	1,98	2,08	2,18	2,29	2,41	2,53	2,65	2,79	2,93	
172 kPLN	164 kPLN	156 kPLN	148 kPLN	141 kPLN	135 kPLN	128 kPLN	122 kPLN	116 kPLN	111 kPLN	106 kPLN	101 kPLN	96 kPLN	

Net Present Value (2011)	560 kPLN
Internal Rate of Return	7,3%

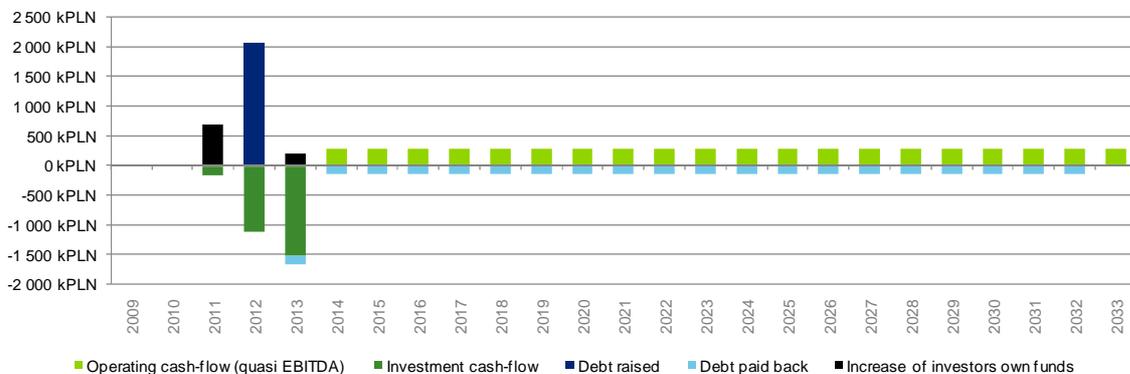
Financing scenario:

Total investment	Investor's own funds	JESSICA loan	Est. payment per 1 million PLN of loan	Est. annual loan repayment for project
2 740 kPLN	685 kPLN	2 055 kPLN	69,6 kPLN	143 kPLN

Cash-flow summary:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating cash-flow (quasi EBITDA)	0 kPLN	0 kPLN	-20 kPLN	-20 kPLN	-20 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN	280 kPLN
Investment cash-flow	0 kPLN	0 kPLN	-140 kPLN	-1 100 kPLN	-1 500 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt raised	0 kPLN	0 kPLN	0 kPLN	2 055 kPLN	0 kPLN	0 kPLN	0 kPLN	-143 kPLN	-143 kPLN	-143 kPLN	-143 kPLN	-143 kPLN
Debt paid back	0 kPLN	0 kPLN	0 kPLN	0 kPLN	-143 kPLN	-143 kPLN	-143 kPLN	-143 kPLN	-143 kPLN	-143 kPLN	-143 kPLN	-143 kPLN
Increase of investors own funds	0 kPLN	0 kPLN	685 kPLN	0 kPLN	203 kPLN	0 kPLN						
Cash at the end of year	0 kPLN	0 kPLN	525 kPLN	935 kPLN	-1 460 kPLN	137 kPLN	137 kPLN	137 kPLN	137 kPLN	137 kPLN	137 kPLN	137 kPLN
Cash at the end of year (cumulative)	0 kPLN	0 kPLN	525 kPLN	1 460 kPLN	0 kPLN	137 kPLN	274 kPLN	411 kPLN	548 kPLN	685 kPLN	822 kPLN	959 kPLN

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
280 kPLN	280 kPLN												
-143 kPLN	0 kPLN												
0 kPLN	0 kPLN												
137 kPLN	280 kPLN												
1 096 kPLN	1 233 kPLN	1 370 kPLN	1 507 kPLN	1 644 kPLN	1 781 kPLN	1 918 kPLN	2 055 kPLN	2 192 kPLN	2 329 kPLN	2 466 kPLN	2 603 kPLN	2 740 kPLN	



Comments on obtained results:

- Project operating assumptions obtained from its owner have been utilized without any modifications.
- The project should be capable of generating revenues sufficient for JESSICA loan repayment.
- It is expected to generate a positive NPV (2011, 20-years, d=5%) of over 0.5 million PLN.
- Internal Rate of Return equal to 7.3% is expected for this projects, which indicates possibility of meeting JESSICA IRR criterion for co-financing (IRR>0%, but below private sector requirements for this kind of projects).
- Around 137 thousand PLN of free cash is expected to be generated by the project each year after the initial investment phase.

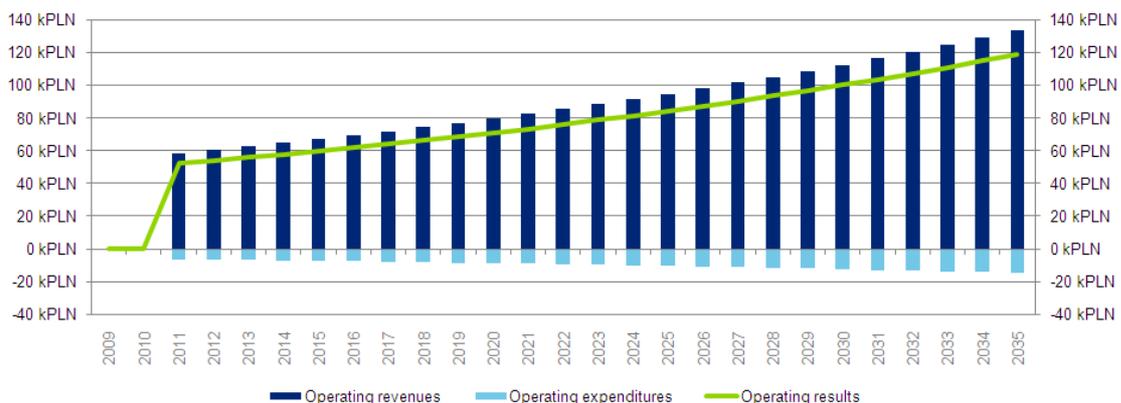
Zgierz City Hall: The council flats and business premises building

Please note that in this case due to limited financial data availability the assessment covers only a part of the whole project. This part can however be implemented as an independent task. The dates below reflect initial plans concerning its implementation (start in 2010).

Main calculation assumptions and parameters:

Information category	Received operating/financial data				
Investment timing	2010	2011	2012	2013	2014
Project documentation					
Obtaining necessary real estates					
Preparation of construction area					
Construction/regeneration costs	1 125 kPLN				
Equipment					
Total	1 125 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Operating revenues	Source: rental of regenerated space Total space to be rented: 375m ² , including 225m ² of council flats and 150m ² of business premises Rental fees: * case I - 5PLN/m ² /month for council flats and 20PLN/m ² /month for business premises * case II - 5PLN/m ² /month for council flats and 30PLN/m ² /month for business premises (calculation was performed for the average values of both cases) Project lifetime: 25 years				
Operating expenditures	Council flats maintenance and management from 6,5 to 15kPLN/year; in case of business premises costs borne by tenants				

Non-discounted operating results (w/o financing costs):



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
Required investment	0 kPLN	-1 125 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN		
Operating revenues	0 kPLN	0 kPLN	59 kPLN	61 kPLN	63 kPLN	65 kPLN	67 kPLN	69 kPLN	72 kPLN	74 kPLN	77 kPLN	80 kPLN		
Operating expenditures	0 kPLN	0 kPLN	-6 kPLN	-7 kPLN	-7 kPLN	-7 kPLN	-8 kPLN	-8 kPLN	-8 kPLN	-8 kPLN	-9 kPLN	-9 kPLN		
Operating results	0 kPLN	0 kPLN	52 kPLN	54 kPLN	56 kPLN	58 kPLN	60 kPLN	62 kPLN	64 kPLN	66 kPLN	69 kPLN	71 kPLN		
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
83 kPLN	85 kPLN	88 kPLN	91 kPLN	95 kPLN	98 kPLN	101 kPLN	105 kPLN	109 kPLN	112 kPLN	116 kPLN	120 kPLN	125 kPLN	129 kPLN	134 kPLN
-9 kPLN	-9 kPLN	-10 kPLN	-10 kPLN	-10 kPLN	-11 kPLN	-11 kPLN	-12 kPLN	-12 kPLN	-12 kPLN	-13 kPLN	-13 kPLN	-14 kPLN	-14 kPLN	-15 kPLN
73 kPLN	76 kPLN	79 kPLN	81 kPLN	84 kPLN	87 kPLN	90 kPLN	93 kPLN	97 kPLN	100 kPLN	104 kPLN	107 kPLN	111 kPLN	115 kPLN	119 kPLN

Operating performance estimations:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating results (quasi EBITDA)	0 kPLN	0 kPLN	52 kPLN	54 kPLN	56 kPLN	58 kPLN	60 kPLN	62 kPLN	64 kPLN	66 kPLN	69 kPLN	71 kPLN
Required investment	0 kPLN	-1 125 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Quasi net operating cash-flow	0 kPLN	-1 125 kPLN	52 kPLN	54 kPLN	56 kPLN	58 kPLN	60 kPLN	62 kPLN	64 kPLN	66 kPLN	69 kPLN	71 kPLN
Discount factor	0,91	0,95	1,00	1,05	1,10	1,16	1,22	1,28	1,34	1,41	1,48	1,55
Quasi discounted net operating cash-flow	0 kPLN	-1 181 kPLN	52 kPLN	51 kPLN	51 kPLN	50 kPLN	49 kPLN	48 kPLN	48 kPLN	47 kPLN	46 kPLN	46 kPLN

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
73 kPLN	76 kPLN	79 kPLN	81 kPLN	84 kPLN	87 kPLN	90 kPLN	93 kPLN	97 kPLN	100 kPLN	104 kPLN	107 kPLN	111 kPLN	115 kPLN	119 kPLN
0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN									
73 kPLN	76 kPLN	79 kPLN	81 kPLN	84 kPLN	87 kPLN	90 kPLN	93 kPLN	97 kPLN	100 kPLN	104 kPLN	107 kPLN	111 kPLN	115 kPLN	119 kPLN
1,63	1,71	1,80	1,89	1,98	2,06	2,16	2,25	2,41	2,53	2,65	2,79	2,93	3,07	3,23
45 kPLN	44 kPLN	44 kPLN	43 kPLN	43 kPLN	42 kPLN	41 kPLN	41 kPLN	40 kPLN	40 kPLN	39 kPLN	38 kPLN	38 kPLN	37 kPLN	37 kPLN

Net Present Value (2011)	-81 kPLN	Internal Rate of Return	4,4%
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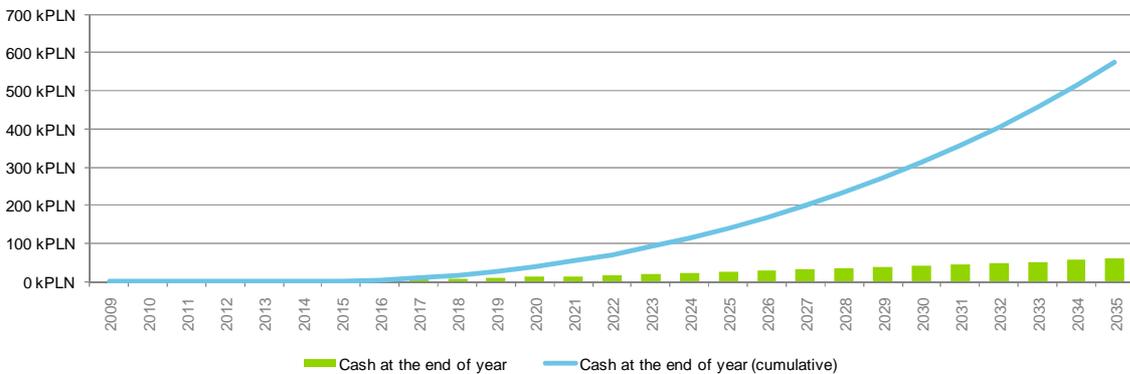
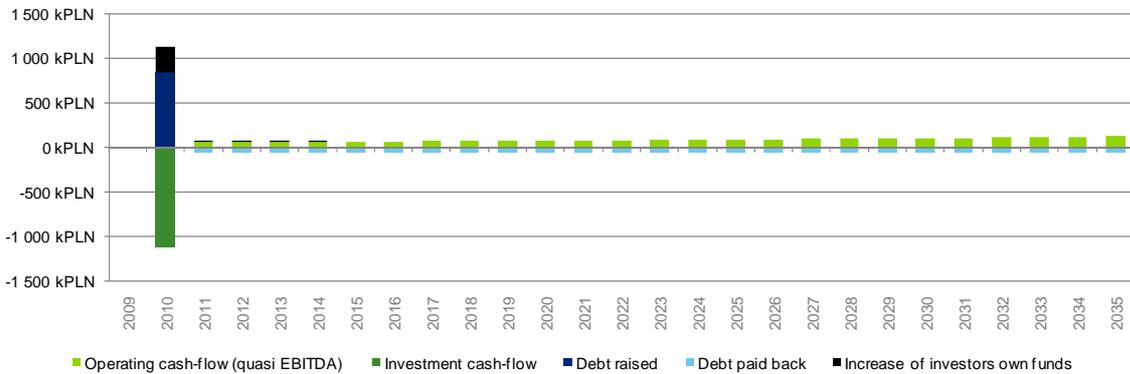
Financing scenario:

Total investment	Investor's own funds	JESSICA loan	Est. payment per 1 million PLN of loan	Est. annual loan repayment for project
1 125 kPLN	281 kPLN	844 kPLN	69,6 kPLN	59 kPLN

Cash-flow summary:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating cash-flow (quasi EBITDA)	0 kPLN	0 kPLN	52 kPLN	54 kPLN	56 kPLN	58 kPLN	60 kPLN	62 kPLN	64 kPLN	66 kPLN	69 kPLN	71 kPLN
Investment cash-flow	0 kPLN	-1 125 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt raised	0 kPLN	844 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN
Debt paid back	0 kPLN	0 kPLN	-59 kPLN	-59 kPLN	-59 kPLN	-59 kPLN	-59 kPLN	-59 kPLN	-59 kPLN	-59 kPLN	-59 kPLN	-59 kPLN
Increase of investors own funds	0 kPLN	281 kPLN	7 kPLN	5 kPLN	3 kPLN	1 kPLN	0 kPLN					
Cash at the end of year	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	1 kPLN	4 kPLN	9 kPLN	17 kPLN	27 kPLN	33 kPLN	33 kPLN
Cash at the end of year (cumulative)	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	0 kPLN	1 kPLN	4 kPLN	9 kPLN	17 kPLN	27 kPLN	33 kPLN

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
73 kPLN	76 kPLN	79 kPLN	81 kPLN	84 kPLN	87 kPLN	90 kPLN	93 kPLN	97 kPLN	100 kPLN	104 kPLN	107 kPLN	111 kPLN	115 kPLN	119 kPLN
-59 kPLN														
0 kPLN														
15 kPLN	17 kPLN	20 kPLN	23 kPLN	25 kPLN	28 kPLN	31 kPLN	35 kPLN	38 kPLN	41 kPLN	45 kPLN	48 kPLN	52 kPLN	56 kPLN	60 kPLN
53 kPLN	71 kPLN	90 kPLN	113 kPLN	139 kPLN	167 kPLN	198 kPLN	233 kPLN	271 kPLN	312 kPLN	357 kPLN	406 kPLN	458 kPLN	514 kPLN	574 kPLN



Comments on obtained results:

- Project operating assumptions obtained from its owner have been utilized without any modifications. Please note that this also means its simulated implementation starting in 2010.
- The project should be capable of generating revenues sufficient for JESSICA loan repayment.
- It is expected to generate a negative NPV (2011, 25-years, d=5%) of -81 thousand PLN. In case of simulated project lifetime equal to 20 years, the NPV is expected to fall to -271 thousand PLN.
- Internal Rate of Return equal to 4.4% is expected for this projects, which indicates possibility of meeting JESSICA's IRR criterion for co-financing (IRR>0%, but below private sector requirements for this kind of projects). In case of simulated project lifetime equal to 20 years, the IRR is expected to fall to 2.4%.
- From 1 to 60 thousand PLN of free cash is expected to be generated by the project each year after the initial investment phase.

Aggregated cash-flow of presented case studies

Aggregated results for projects which are expected to be self-repayable (should be capable of generating revenues sufficient for JESSICA loan repayment)

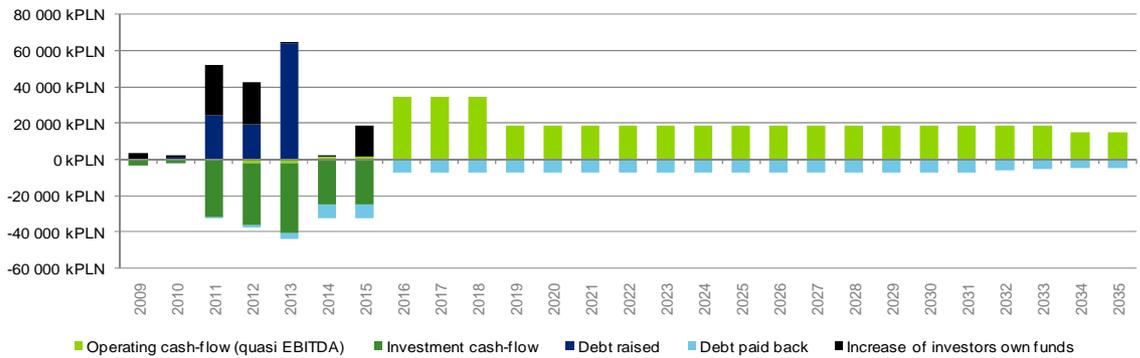
Operating performance estimations:



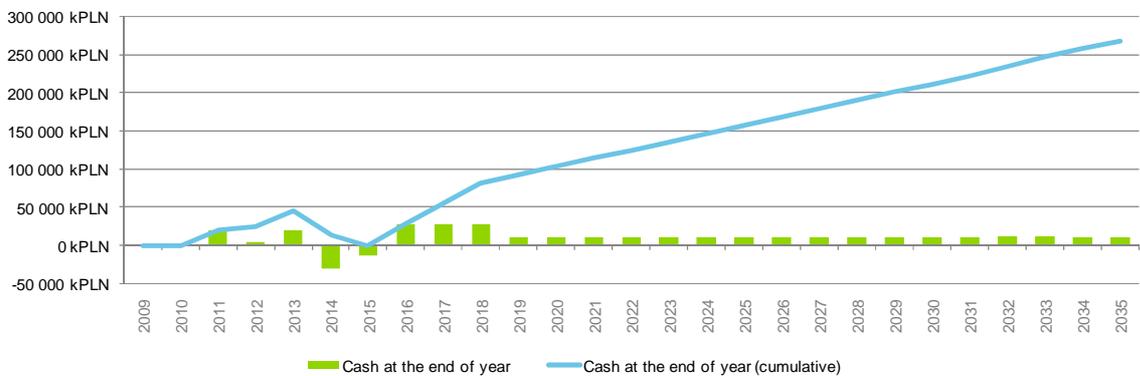
Non-discounted operating results (w/o financing costs):



Cash-flow summary:



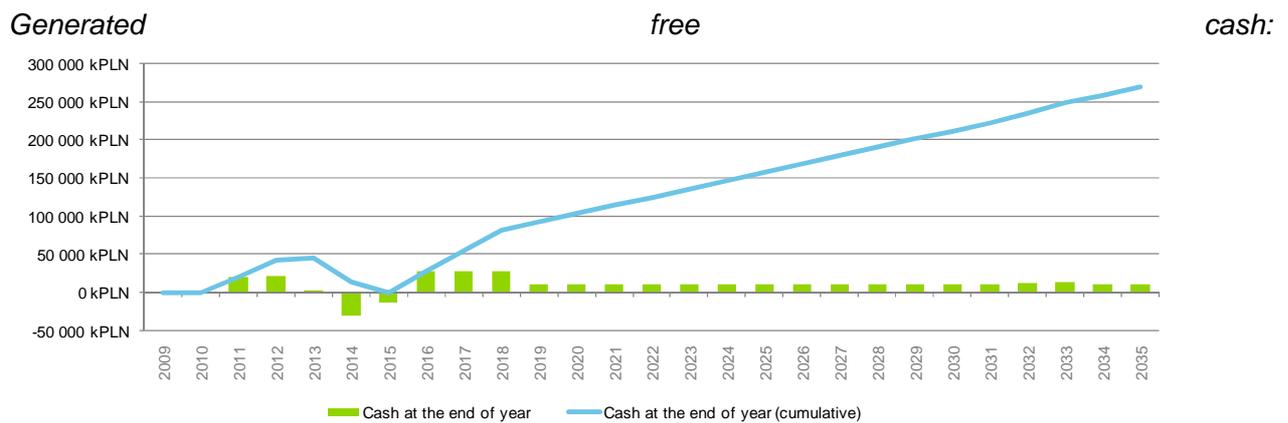
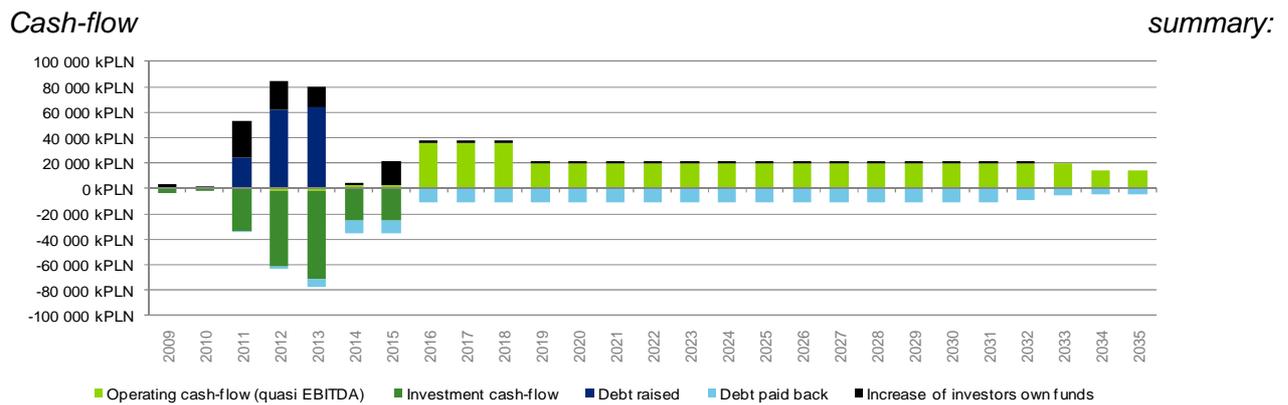
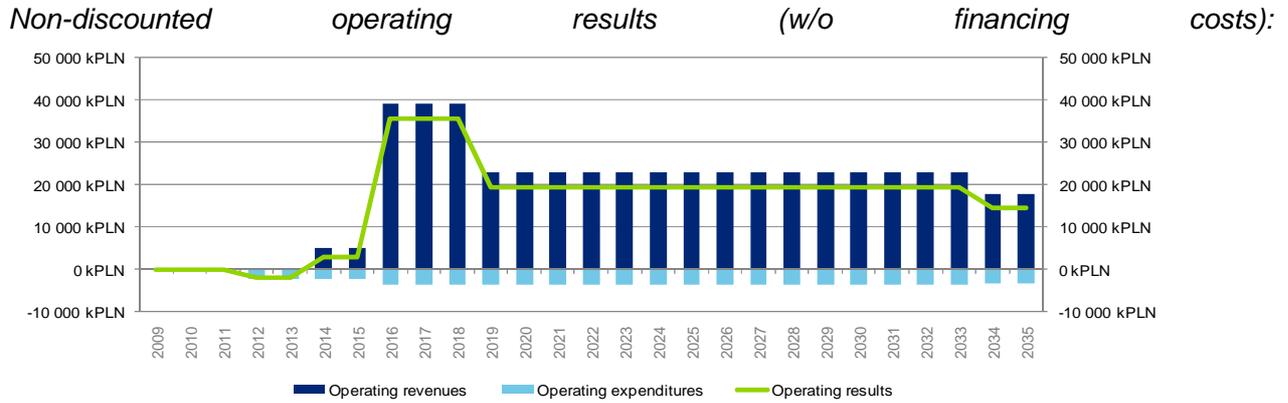
Generated free cash:



Aggregated results for all projects with available financial assumptions

Operating performance estimations:

Aggregated Net Present Value (2011)	33 760 kPLN	Aggregated Internal Rate of Return	6,7%
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Comments on aggregated results:

- Assessed projects treated as a sum should be capable of generating revenues sufficient for JESSICA loan repayment. Their non-discounted operating results sum up to over 18 million PLN per year (after the investment phase).
- The projects are in total expected to generate a positive NPV (2011, 20-years, d=5%) of over 73 million PLN. When including non-self-repayable projects, the NPV falls to about 33 million PLN.
- An overall Internal Rate of Return is expected to be equal to 9.6% (6.7% with non-self-repayable projects).
- Total investment for *self-repayable projects only* is equal to over 160 million PLN. Out of that in the analyzed scenario over 108 million PLN could be covered by JESSICA loans. Investors' own contribution would be equal to almost 73 million PLN, including coverage for operating losses of projects in the very first years of their functioning.
- An annual JESSICA loan repayment of over 7 million PLN is expected in the *self-repayable projects only* scenario. Taking into account this repayment, additional free cash of over 10 million PLN per year is expected to be generated by projects.

JESSICA IMPLEMENTATION SCHEDULE

In this chapter we present the expectations regarding the process of earmarking funds to be utilized by JESSICA. Our intention is also to capture some of the actions that took place up in the recent years, relevant for the implementation of the JESSICA instrument in Poland. Based on that information we will try to estimate the time required for implementing JESSICA in Łódzkie.

Securing funds for JESSICA



According to information received from the RPO ŁV Managing Authority all funds under Measure 6.1 *Revitalization of Problem Areas* have been allocated into the key projects. This means that currently there are no financial resources from RPO which could be transferred to the JESSICA mechanism. The initiative will be funded using sources from the National Performance Reserve (these are additional financial resources which are granted to the particular regions on the basis of their efficiency in the implementation of the RPOs or priorities). In order to use these funds, changes in ROP are necessary. This significantly affects the start of the JESSICA implementation process.

The total funds from the National Performance Reserve to be split among regions are equal to EUR 512 million. The initial split has been already made by the Ministry of Regional Development and the Łódzkie Voivodship should receive around EUR 30.5 million. The distribution of the resources was officially approved by the Coordinating Committee of National Strategic Reference Framework on February 9, 2011¹¹.

It is possible that JESSICA will be supported with some additional money coming from the technical adjustment of allocation to Member States (the value of amount based on the overall economic performance). It is estimated that Poland will receive around EUR 150 million. If we assume that each voivodship receive 1/16, the Łódzkie Voivodship will obtain about EUR 9 million.

¹¹ http://www.mrr.gov.pl/aktualnosci/fundusze_europejskie_2007_2013/Strony/DT_i_KRW_podzielone_09022011.aspx

Once the total amount granted from the National Performance Reserve and technical adjustment is available, the Voivodship Board will start the process of distribution of acquired resources among particular axes and measures of the ROP. It is expected that around PLN 30-50 million (EUR 8-12 million) will be allocated to the JESSICA mechanism. According to information received from the ROP Managing Authority final decision of the Voivodship Board is expected to be made in July/August 2011.

Once the decision on allocation of granted funds is made by the Voivodship Board, the new shape of ROP has to be negotiated with the European Commission. The negotiation process is expected to last till the end of the year. Final approval of the updated ROP is expected to take place around December 2011.

Additionally, following the final decision on the allocation of funds into JESSICA, it seems particularly important to organize promotional events concerning the JESSICA initiative in order to inform potential beneficiaries/stakeholders about the availability of additional resources. Funds from technical assistance of ROP ŁV can be used to finance such events.

Bearing in mind all the abovementioned facts and dates concerning earmarking funds for JESSICA it is formally possible to sign an agreement regarding establishment of the Holding Fund at the beginning of year 2012.

Experience of JESSICA implementation in Poland¹²

Four Polish voivodships have already started the process of implementing the JESSICA mechanism.

EIB Holding Fund mandate		Implementation progress						Theme	
Managing Authority	Volume (EUR m)	0	1	2	3	4	5	6	Investment focus / Main area of activity
HF - Wielkopolska (PL)	67								Revitalisation of problem areas / Business enhancement institutions in urban areas /
HF - Andalusia (ES)	96								Urban regeneration (tourism, culture / sports, housing)
HF - Lithuania (LT)	227								Energy efficiency in housing
HF - Portugal (PT)	130								Urban regeneration and energy efficiency
HF - WestPomerania (PL)	33								Urban regeneration / Urban infrastructure / Revitalisation of Szczecin
HF - London (UK)	110								Energy efficiency in urban infrastructure
HF - NorthWest England (UK)	110								Urban regeneration
HF - Sicily (IT)	140								Area-based development and energy efficiency
HF - Moravia Silesia (CZ)	20								Brownfield revitalisation
HF - Campania (IT)	100								Urban regeneration
HF - Scotland (UK)	55								Urban regeneration, workplace innovation, energy efficiency
HF - Greece (GR)	430								Urban regeneration, solid waste management
HF - Silesia (PL)	60								Brownfield and city regeneration
HF - Pomerania (PL)	57								Brownfield and city regeneration, public transport, energy infrastructure, energy
HF - Bulgaria (BG)	33								Urban regeneration and energy

Key implementation stages: 0 – HF agreement to be signed / 1 – HF Agreement signed, Investment Strategy, Investment Board / 2 – Call(s) for Expression of Interest in preparation / 3 - Call(s) for Expression of Interest launched / 4 - Call(s) for Expression of Interest closed / 5 – UDF(s) selected / 6 – Operational agreement(s) in place (HF/UDF)

Source: EIB, “JESSICA implementation in the EU Member States – State of play”, 29 November 2010, Brussels.

¹² Based on Ewa Wnukowska, „Implementation of JESSICA initiative in Poland. Status of regulations for public assistance in context of the initiative”, Ministry of Regional Development – Coordination and Implementation of Regional Programmes Department, Seminar “Jessica and Jeremie – practical aspects of implementation”, Warsaw, 14-10-2010.

Wielkopolskie Voivodship

- On October 16th, 2008 the Memorandum of Understanding was signed between the EIB and the MA of Wielkopolskie Voivodship.
- On April 29th, 2009 the MA for Wielkopolska ROP and the EIB signed the Funding Agreement for the establishment of the Holding Fund. Wielkopolskie Voivodship became the first region in Europe which started implementation of JESSICA.
- On May 29th and July 13th, 2009 contribution equal to 66 264 706 EUR was transferred to the Holding Fund (50 875 000 Euro comes from the ERDF and 15 389 706 EUR comes from the state budget).
- March 22 – April 8, 2010 EIB (HF Manager) launched a Call for EoI for Urban Development Funds (UDFs) which will provide returnable financial instruments for public-private partnerships and other projects included in the Integrated Plan for Sustainable Urban Development.
- On September 29th, 2010 the Operational Agreement with selected entity (BGK) was signed.
- An open call for Urban Projects was launched in October 2010 and is in progress now.

Zachodniopomorskie Voivodship

- On July 30th, 2009 the Funding Agreement between the MA for Zachodniopomorskie ROP and the EIB was signed.
- On August 31st, 2009 a contribution in the amount of 33 082 000 EUR to establish the HF was transferred to the account of the EIB.
- On May 28th, 2010 EIB launched a Call for EoI. Bids could be submitted until 12th of July 2010.
- On December 28th 2010 the Operational Agreement with the first selected entity (Bank Ochrony Środowiska) was signed. BOŚ will manage the UDF in respect of investments in urban projects outside Szczecin Metropolitan Area.
- Agreement with the second selected UDF is expected to be signed soon.

Śląskie Voivodship

- On January 29th, 2010 the EIB and the MA for Śląskie ROP signed the Memorandum of Understanding.
- In March 2010 the MA for Śląskie ROP and the EIB started formal negotiations on the establishment of HF.
- On July 9th, 2010 the Funding Agreement between the MA for Śląskie ROP and the EIB was signed.

Currently, the European Investment Bank has begun the process of preparation for selecting the UDF manager.

Pomorskie Voivodship

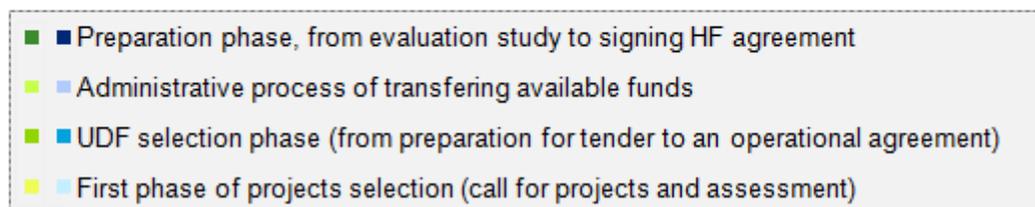
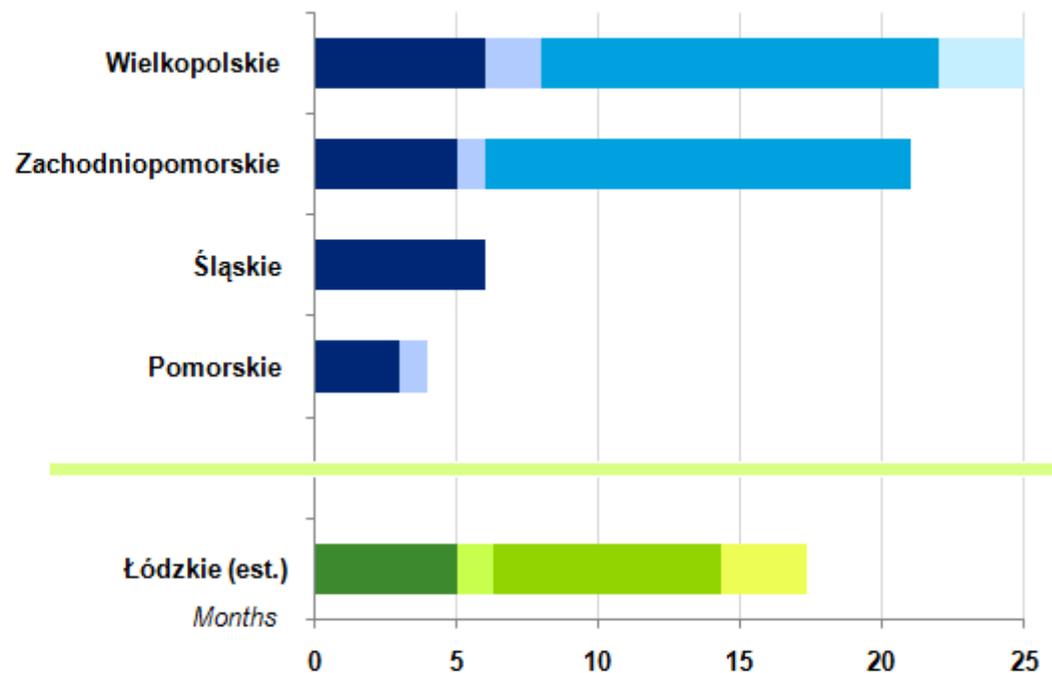
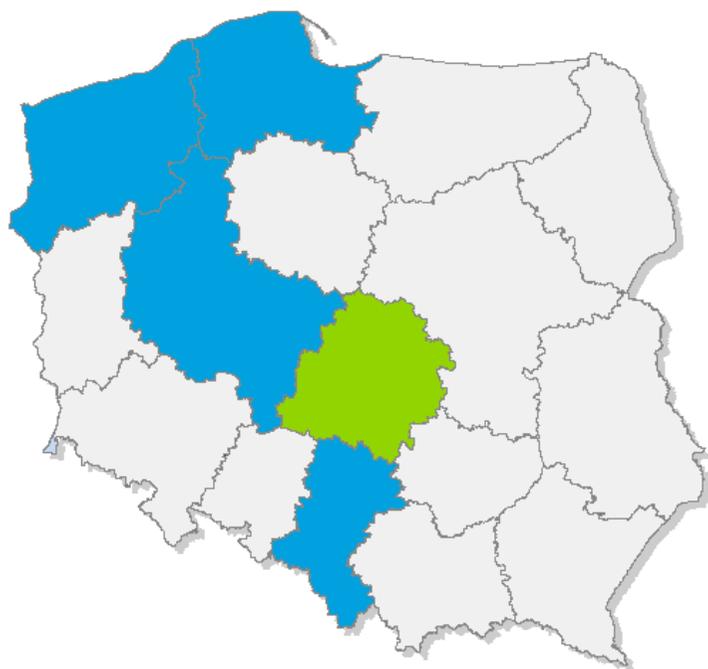
- On July 12th, 2010 the EIB and the MA for Pomorskie ROP signed the Funding Agreement to establish the Holding Fund.
- In August 2010 the funds from the ROP for Pomorskie Voivodship were transferred to the Holding Fund (56 800 000 EUR).

Currently, the EIB, in cooperation with the MA of ROP is engaged in the process of identifying and selecting Urban Development Funds in Pomorskie Voivodship.

JESSICA implementation perspectives in Łódzkie Voivodship

Based on experience regarding JESSICA implementation in other Polish voivodships it is possible to prepare a rough schedule presenting the process of setting up required institutional structures and sign the Funding Agreement in Łódzkie.

State of play for four voivodships and forecasts for the Łódzkie Voivodship:



It is important to remember that the duration of particular phases in voivodships presented on the previous page concerned some of the very first UDFs established in this part of Europe. For this reason, it is completely understandable that on the basis of the lessons learned by the EIB within numerous Member States, the process can nowadays be adapted quickly to regions which express their interest in JESSICA. As a result the implementation of JESSICA, starting from establishing a Holding Fund to selecting a UDF will be less than one year.

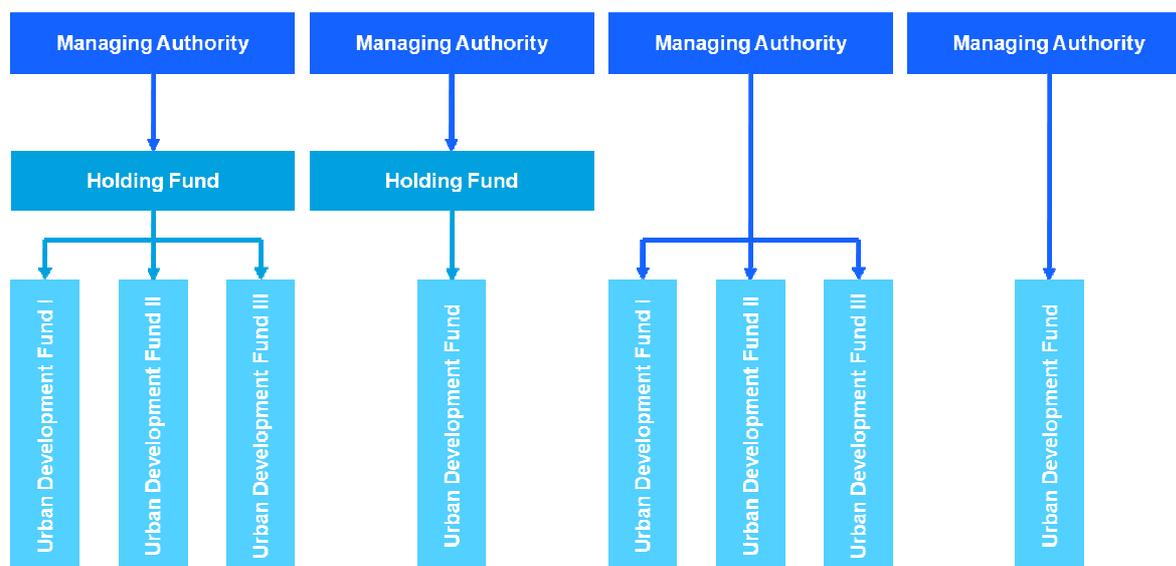
Once the funds are earmarked for JESSICA (end of 2011), under the above conditions the first realistic date for starting the process of collecting project applications is Q1 2013. Project funding agreements could be signed during Q2 2013, allowing for a 2-2.5 years long funds utilization period (giving the projects promoters reasonable time for their preparation and implementation). Theoretically, this process can be accelerated by usage of experience of other regions in implementing JESSICA.

SHAPE OF JESSICA IN ŁÓDZKIE VOIVODSHIP

In this chapter we will present the initial ideas concerning possible JESSICA characteristics in the Łódzkie Voivodship, taking into account evolving challenges standing upon the accepted organizational structure as the situation in the area of EU funding changes in the following years.

Overall organizational structure

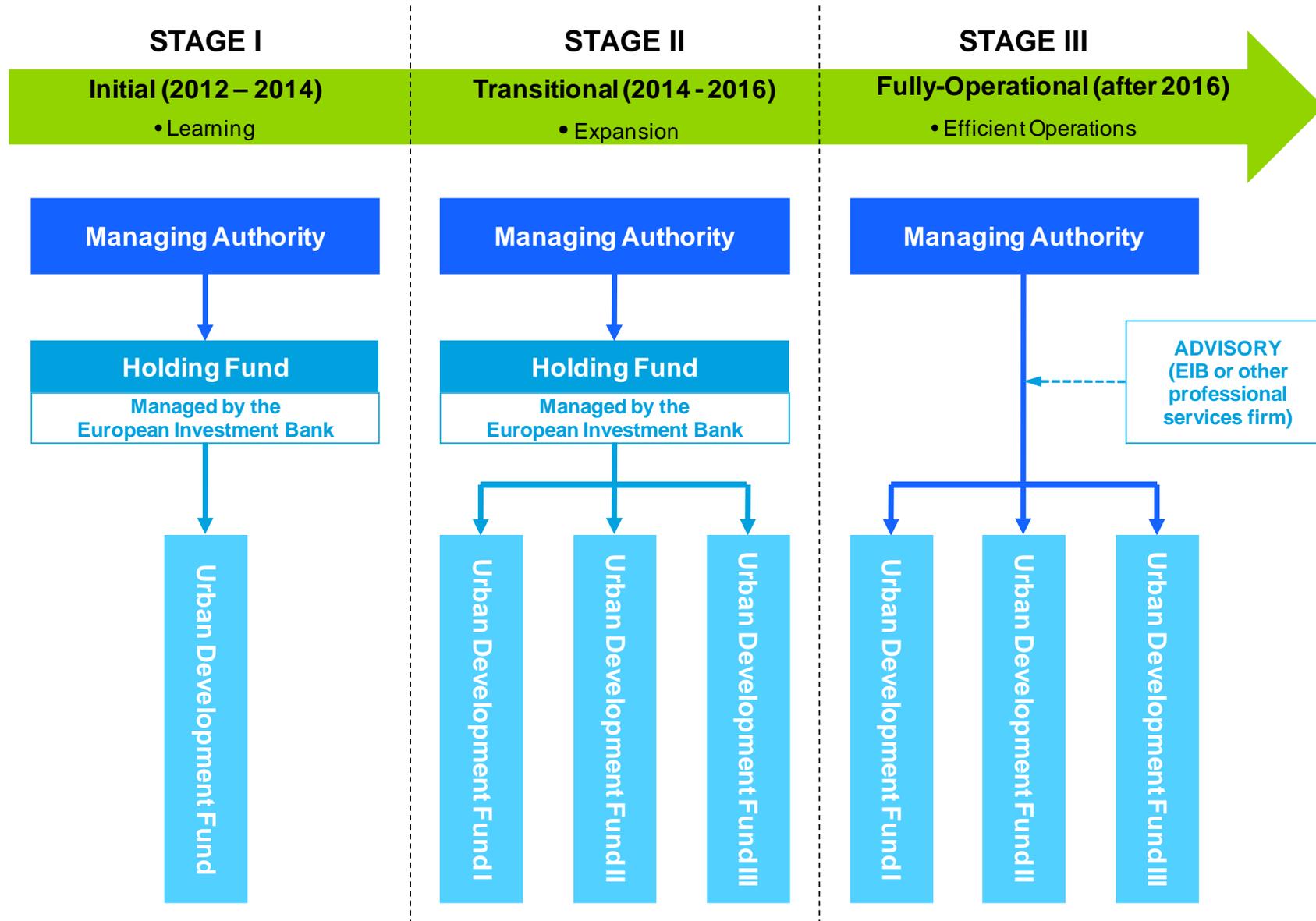
Four most basic options of JESSICA organizational structure have been presented on the following scheme:



Analyzing advantages and disadvantages of each of them (as described e.g. in previous evaluation studies or the JESSICA horizontal studies), it is possible to determine which option seems most suitable for the Łódzkie Voivodship at the beginning of JESSICA operations and which might be more efficient in the future.

Proposed shape of JESSICA structure in Łódzkie Voivodship

Summarizing all the information from previous chapters and taking into account the time factor (implementation of projects by 2015), as well as all the financial conditions (available funds, efficiency of their management etc.) and the perspective of diverting a significant share of EU funds to revolving instrument in the next programming period, we suggest the following organizational structure of JESSICA mechanisms in Łódzkie Voivodship:



Stage 1 (“Initial” 2012-2016)

There are three critical factors determining the above presented shape of JESSICA structures at the beginning of their operations:

- **Limited sources which can be transferred onto revitalization projects through JESSICA in this programming period**

Due to the fact that funds available via JESSICA loans are expected to support only a few moderate revitalization projects, there seems to be no rationale behind splitting the money onto a number of Urban Development Funds. A single UDF should be able to efficiently manage the funds among the available projects.

A single UDF seems to be also a more justified option from the management cost perspective. In case of smaller amounts divided among several managers their fees calculated as percentage of managed funds might not be satisfying to financial institutions potentially interested in supporting JESSICA.

- **Degree of familiarity with JESSICA specifics**

Although it is possible to supervise UDFs directly by Managing Authorities, real life examples show that such role requires in-depth knowledge of JESSICA, including particularities of legal environment and financial settlements. Therefore, it is highly recommended – at least in the initial stage – to introduce the intermediate stage of JESSICA structure (the Holding Fund) and, if necessary, hire professionals to ensure its efficient functioning.

- **Relatively little time left to utilize the available JESSICA funds**

In order to increase the chances of success it is crucial to focus on solutions allowing swift development of JESSICA structures.

For this reason we find it advisable to entrust the management of JESSICA Holding Fund in the Łódzkie Voivodship to the European Investment Bank. Such a solution ensures both, swift establishment of HF structures (as it will not be necessary to prepare a time-consuming tender for the HF manager) and prompt start of UDF manager selection process (utilizing the EIB’s broad experience in this area).

In case of number of Urban Development Funds, the aforementioned option of creating at the moment only one UDF seems additionally supported by the limited time that will be available for the process of selecting UDF managers in the voivodship.

Furthermore, during the first stage of JESSICA implementation (*Initial*) we find it advisable to consider the possible use of Technical Assistance under the ROP ŁV. Sources from this measure could be used to support activities aimed at accelerating, improving the JESSICA projects preparation and development the projects pipeline.

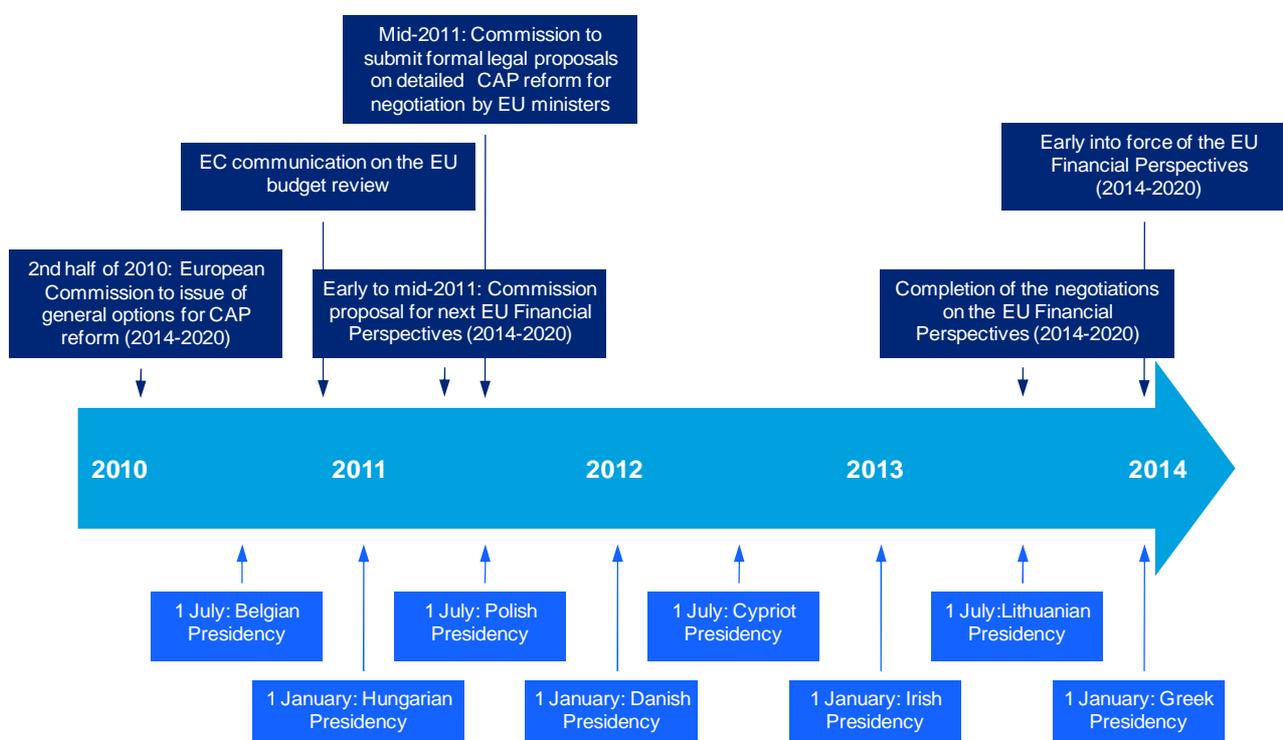
Considering the factors above, we believe that a structure with Holding Fund managed by the European Investment Bank and one Urban Development Fund managed by a financial institution

and dedicated to all types of projects (and regardless of geographic location in the voivodship) will be most suitable for the first few years (period of 2011-2014) of JESSICA operations in Łódzkie.

From the point of view of the Managing Authority and the European Investment Bank, the priority for this stage should be to gain experience in running JESSICA on the Łódzkie ground and perfectly understand all the local factors potentially influencing the efficiency of adopted structure.

Stage 2 (“Transitional” 2014-2016)

The second stage of JESSICA development in Łódzkie should begin at the moment when key data concerning the funds available for the next programming period is revealed and appropriate regulations/formal document are prepared (including the next Regional Operational Programme). Once it is clear, what are the priorities set upon the EU funding for 2014-2020 in the area of revitalization projects and revolving financial instruments, expansion of JESSICA operations may begin. Because of the uncertainty of dates related to the events above, the timeframe of this JESSICA implementation stage can be roughly described as 2014-2016. The figure below presents the estimated duration of the negotiation process on the next Financial Perspective (2014 – 2020).



Source: Mikaela Gavass, *Background Note: Financial European development cooperation: the Financial Perspectives 2014-2020*, Overseas Development Institute, November 2010, p. 4.

It is expected that in the future years a significantly higher share of EU funds will be devoted to investments (revitalization projects) generating returns (financial engineering). As a result allocation of all the funds to a single UDF might potentially lead to inefficiency of their use. This then seems to be the perfect moment to start the process of expanding the JESSICA structures by creating further Urban Development Funds. With increased allocation, it should be possible to create UDFs that would be dedicated to specific revitalization project types. Additional split among subregions of the voivodship or even particular cities (or groups of cities) may be also rational, depending on the availability of projects eligible for JESSICA co-financing.

This stage should be then used by the MA and EIB to efficiently plan the allocation of funds available in the next programming period onto particular categories of projects. As a result of this step, HF manager is expected to execute the process of selecting managers for the new Urban Development Funds. At the end of this stage the extended JESSICA structure would be expected to be in place and ready for operations.

The priority for ROP's Managing Authority should be cooperation in designing the target shape of JESSICA structure and learning the particularities of UDF supervision (with stress on best practices in risk management and financial settlements).

Stage 3 (“Fully-Operational” after 2016)

In this stage it is assumed that the Managing Authority, based on the experience gained in 2011-2016, might consider to take over the supervision of Urban Development Funds. This stage can be considered as optional, with its launch depending on the efficiency of JESSICA development process in Łódzkie.

We believe that after around five years of JESSICA functioning (and once the target structure of UDFs for the next programming period is created) the presence of a dedicated Holding Fund may not be any more indispensable. The HF's tasks may be transferred to the MA, which from this point will be fully responsible for allocation of available sources onto particular UDFs and supervision over their operations. Naturally, it is expected that at least at the beginning of this stage the MA may require additional help in the form of advisory services from the EIB or other professional services firms.

Such a step should additionally boost the financial effectiveness of the overall JESSICA structure due to decrease in management fees.

UDF manager selection process

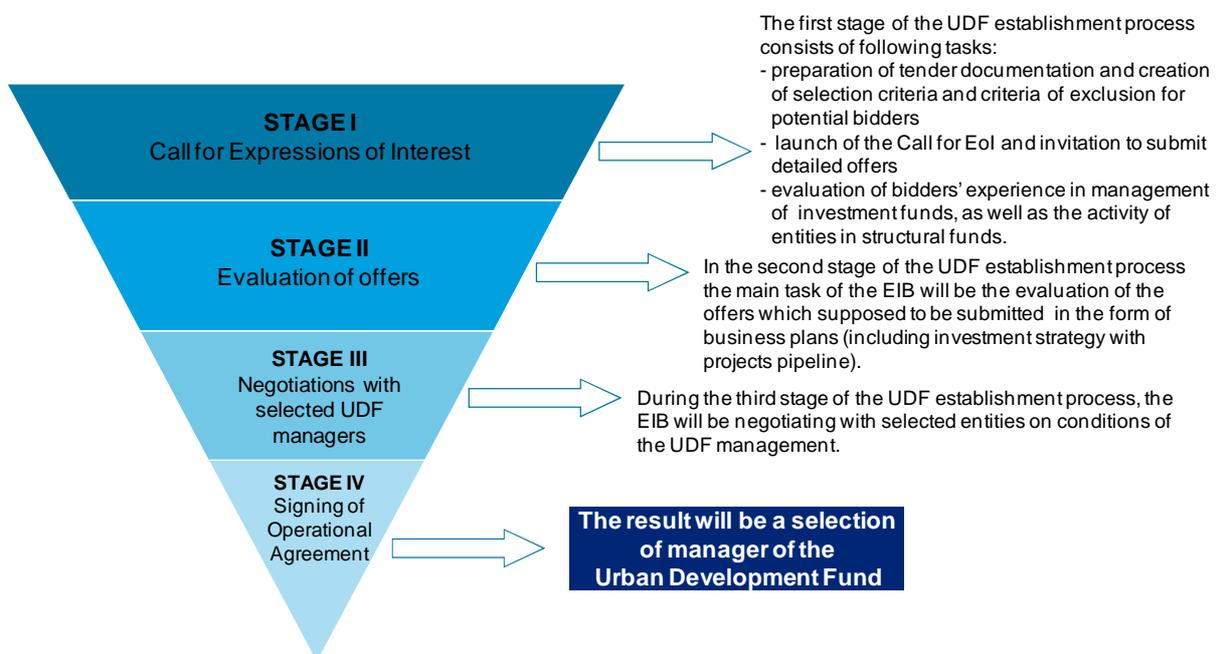
Particular attention should be paid to the UDF selection phase, as according to the previous implementations of JESSICA mechanism this phase is characterized by the relatively longest duration. This is due to the number of activities that fall within its scope i.e. preparation of tender documentation, evaluation process, negotiations with potential UDF managers. It seems that based on the experience from other regions and using a methodological approach to the selection process this stage can be significantly speeded-up. Therefore, to ensure the possibility of quick usage of financial resources it is necessary to take into consideration the following indications.

- Establishing Urban Development Funds

Based on several years of the JESSICA mechanism functioning it seems that the most efficient way of establishing UDF is its creation in four stages.

- Stage I *Call for Expressions of Interest (Call for EoI)*
- Stage II *Evaluation of offers*
- Stage III *Negotiation with selected UDF managers*
- Stage IV *Signing of Operational Agreement*

According to international experience, it should be possible to limit the duration of this process to 6-8 months.



- In order to speed-up the selection of the UDF manager it is very important to elaborate effective criteria of preliminary assessment of applicants in the course of the UDF establishment process¹³. Their elaboration requires that the MA should have:
 - Clear vision of the wanted Urban Development Fund and the fundamentals of its expected investment strategy. This can be achieved through the answers to the following questions:
 - What is expected UDF size in terms of the amount of funds?
 - What are the project types most preferred to be supported (urban infrastructure, heritage of cultural sites, energy efficiency etc.)?
 - What is the range of acceptable financial conditions of financing projects?
 - Which cities will be invested in geographical areas?
 - Specific knowledge about the market including demand for financing (projects meeting JESSICA criteria) and market supply (available financing sources). This can be achieved through the answers to the following questions:
 - What is the interest in the management of the UDF?
 - What is the potential of projects ready for implementation?

- Elaboration of Award Criteria

In the second stage of business plans analysis it is crucial to use a methodological approach, with four groups of award criteria as pillars of the assessment process. Factors which are in the highest extent responsible for elaboration of the efficient award criteria have been presented in the picture on the next page¹⁴.

¹³ Frank Lee - Head of Holding Funds and Advisory, Northern Europe (EIB), "*Holding Fund implementation - lessons learnt from calls and selection of UDFs*", Conference on JEREMIE & JESSICA, 29-30 November 2010, Brussels

¹⁴ Based on Frank Lee - Head of Holding Funds and Advisory, Northern Europe (EIB), "*Holding Fund implementation - lessons learnt from calls and selection of UDFs*", Conference on JEREMIE & JESSICA, 29-30 November 2010, Brussels



Investment strategy/Project portfolio – the manager of the UDF should present a credible strategy, as well as prepared credible pipeline for urban projects.

Governance – the manager of the UDF should stand out by having independent, competent and reliable decision making system, well-developed risk management system and characterized by the complementarity of the processes occurring inside.

Leverage and/or risk sharing – the UDF manager should be ready / able to make a financial contribution at the UDF level or project level.

Fees – the potential manager of the UDF should be able to present appropriate management fee structure which takes into account factors relevant for the region.

Potential of financial institutions in UDF management

In the course of our study we have contacted several banks in order to gather their opinions on implementing JESSICA in Łódzkie, with particular emphasis on potential interest in managing the planned UDF. It is important to underline that not only banks can participate in a tender to become the UDF manager but also other financial institutions. However, according to the previous implementations of JESSICA banks are institutions which express the greatest interest to engage in the JESSICA structure.

Experience of Polish banks relevant for managing UDF

Most likely, one ideal bank candidate for the UDF management would have, apart from experience in managing urban investment schemes, good familiarity with Structural Funds rules and experience in collaborating with local authorities. The table below includes a general overview of the 20 biggest banks in Poland that grant loans for EU funds application and state collaborating with local authorities through different loan products. The data is based exclusively on data found on the banks websites and in the press.

#	BANKS	ACTIVE STRUCTURAL FUNDS	IN LOCAL AUTHORITIES	PRODUCTS FOR LOCAL AUTHORITIES
1	Bank BPH	Yes	No	
2	Bank Gospodarki Żywnościowej	Yes	No	
3	Bank Gospodarstwa Krajowego	Yes	Yes	
4	Bank Handlowy w Warszawie	Yes	Yes	
5	Bank Millenium	Yes	Yes	
6	Bank Ochrony Środowiska	Yes	Yes	
7	Bank PEKAO	Yes	Yes	
8	Bank Polskiej Spółdzielczości	Yes	No	
9	Bank Zachodni WBK	Yes	Yes	
10	BNP Paribas Fortis	Yes	No	
11	BRE Bank	Yes	Yes	
12	Deutsche Bank PBC	No	No	
13	DnB NORD	Yes	Yes	
14	GETIN Bank	No	No	
15	ING Bank Śląski	Yes	Yes	
16	Kredyt Bank	Yes	No	
17	Lukas Bank	No	No	
18	NORDEA Bank	No	No	
19	PKO BP	Yes	Yes	
20	Raiffeisen Bank Polska	Yes	Yes	

Key conclusions from meetings with financial institutions

Our interviewees were usually managers responsible for banking products supporting the usage of EU funding or tailored for regional and local authorities.

The following conclusions regarding particular aspects of JESSICA implementation resulted from our discussions:

1. Revitalization projects and JESSICA in general:

- Engagement into projects implemented under the PPP scheme would be interesting for banks mostly because of splitting project risk among more entities. Banks are however aware of potential organizational and legal challenges connected with supporting such projects with EU funds.
- With the current total value of JESSICA funds in Poland in comparison to grant-based EU funding or traditional bank loans for public authorities engaging into JESSICA is still considered rather as an exercise, not as a new area of profitable activities. This may

change in the next programming period, for which the balance of returnable and non-returnable EU funds is expected to be considerably different.

2. Interest in UDF management:

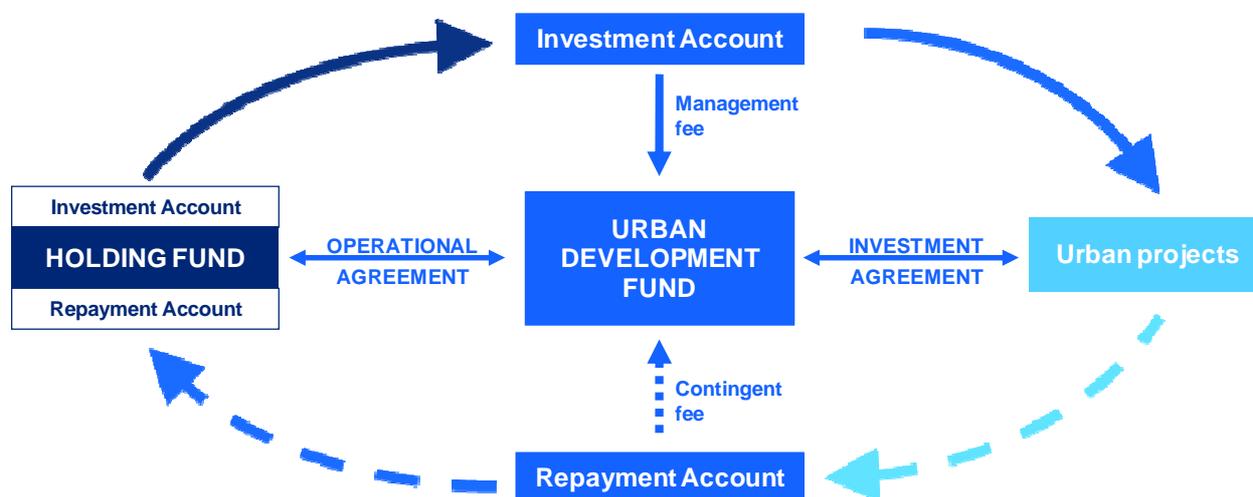
- With the expected value of funds available for JESSICA in Łódzkie Voivodship, interest of more significant banks in managing the UDF may be limited as the management of the UDF of this size can be considered by them as unprofitable. However, financial institutions which are already involved in JESSICA might not see this as problematic as they are already familiar with the processes and administration. Another issue to overcome this challenge is that the funds can be expanded when the next programming period will commence. The structure will already be in place and the fund can be profitable and efficient. The financial institutions which will step in at this time will have an advantage over institutions which do not start at this time. The minimum threshold described by interviewers will be possible with this expansion of funds in the next programming period.
- There seems to be no upper, value-determined border for UDF size. The only reason for splitting available funds among a few UDFs (apart from geographic or thematic division) mentioned by representatives of banks was the potential HF's willingness to distribute responsibility and risk among a few UDF managers.

3. UDF selection and operations:

- Regional Development Agencies (in case of loans) and investment funds (in case of equity) have been mentioned as potential bidders in the tender. However, banks themselves are rather interested in loans, as with this type of project financing they may at least partly utilize their already possessed experience from commercial market. At the same time it is expected that the management fees for equity-based UDFs would be higher to be attractive in comparison to managing a loan-based UDF.
- Larger projects (at least several million PLN) would be preferred by banks during the management of UDF, as splitting the available funds among a smaller number of significant projects requires a lot less administrative work than supporting multiple, but low-value projects. Possibility to dedicate all the attention to a limited number of larger projects may also mean more precise knowledge of their characteristics.
- Different opinions have been presented regarding the maximum engagement of UDF-based loan into a project. In some cases the stated maximum engagement was equal to about 50% of investment. In other ones the degree of support was not limited (apart from limits resulting from the ROP and other relevant state aid regulations) in case of debt incurred by public authorities, as such loans are considered as guaranteed to be repaid.

Flow of funds within the JESSICA mechanism

The scheme below presents an overview of JESSICA funds circulation among the Holding Fund, Urban Development Fund(s) and revitalization projects' owners:¹⁵



Source: *Implementing JESSICA operations in practice. The perspective of Holding Funds and Urban Development Funds*. Eugenio Leanza, Warsaw, 14th October 2010

It is a commonly accepted practice that financial institutions managing UDFs are rewarded via a management fee, based on the value of funds transferred from the Holding Fund. Such a situation is pretty much similar to the one in regular investment funds. However, in order to promote highest possible efficiency of JESSICA funds utilization among UDF managers an option of rewarding them based on reinvestment efficiency might be considered.

In the context of previously described stages of JESSICA implementation in Łódzkie Voivodship, starting from the stage 3 (JESSICA target structure already established) the remuneration of UDF managers could be based on two major groups of factors:

- how well they can ensure repayment of previous loans (value of annual repayments, annual repayment to total loans ratio, share of losses in the total investment etc.), and
- how quickly they are able to invest the freed-up funds into further revitalization projects (value of annual investments, invested funds to managed funds ratio etc.)

Such an approach should be the clearest incentive for fund managers to aim at a near 100% allocation of available means onto projects at all times.

¹⁵ *Implementing JESSICA operations in practice. The perspective of Holding Funds and Urban Development Funds*. Eugenio Leanza, Warsaw, 14th October 2010

Threats and opportunities for JESSICA in Łódzkie

Implementation of JESSICA mechanism in Łódzkie Voivodship will have significant impact on the process of revitalization in the region. It is also supposed to imply changes in the approach to development of regeneration projects. In this part of the report we would like to indicate key identified opportunities and challenges for JESSICA in Łódzkie.

Main opportunities for JESSICA in Łódzkie

Current programming period	Next programming period
<ul style="list-style-type: none"> • Huge market for revitalization projects in Łódzkie Voivodship • Presence of projects almost ready for JESSICA or easily adaptable to its requirements • Increasing experience in JESSICA implementation with each voivodship deciding to implement the mechanism • Willingness of the Managing Authority to encourage JESSICA promotion • Limited availability of alternative instruments for financing regeneration projects • General public support for revitalization activities • Expected increase in JESSICA public awareness with beginning of its actual implementation (e.g. press coverage potentially resulting in finding additional projects in currently weakly informed private sector) 	<ul style="list-style-type: none"> • Expected significant rise in the amount of funds dedicated to revitalization via JESSICA, allowing increased efficiency of operations • Growing awareness of repayable EU funding mechanisms among potential beneficiaries • Enough time to efficiently redefine existing projects initially designed as grant-based onto revenue generating ones • Higher interest of financial institution in managing UDFs (competition driving down management fees) • Possibly growing popularity of PPP or comparable revitalization project implementation schemes with cooperation of private sector

Challenges and their potential implications

#	JESSICA and its promoters	Project beneficiaries
Challenges and their potential implications	Problems with securing funds for JESSICA (e.g. small allocation of funds for JESSICA, delays in negotiations of updated ROP etc.)	
	<ul style="list-style-type: none"> • Delays in implementation schedule • Low importance of JESSICA in comparison to “traditional” EU funding, causing lower interest in this mechanism 	<ul style="list-style-type: none"> • Difficulties in implementing projects before 2015
	Relatively small value of funds to be transferred to JESSICA	
	<ul style="list-style-type: none"> • Lower financial efficiency of the whole mechanism • Lack of effect of scale • Little interest of media causing limited public awareness • Low interest of financial institutions in managing the UDF 	<ul style="list-style-type: none"> • Limited availability of funds in comparison to the potential market value • Difficulties in obtaining financing in case of projects which are good, but not the best (relatively higher competition)
	Late implementation with regard to the end date of current programming period	
	<ul style="list-style-type: none"> • Some funds may not be utilized in case of the extension of projects implementation process 	<ul style="list-style-type: none"> • Quite limited time left for actual project implementation (max. 2-2.5 years)
	High level of indebtedness of the cities in the Łódzkie Voivodship	
	<ul style="list-style-type: none"> • Necessity to narrow down the list of potential, JESSICA-eligible revitalization projects to only those coming from not indebted cities 	<ul style="list-style-type: none"> • Low interest of local authorities in engaging JESSICA as a project owner
Passive attitude of cities towards implementing revitalization projects in cooperation with private entities		
<ul style="list-style-type: none"> • Lower awareness of opportunities arising from JESSICA in private sector 	<ul style="list-style-type: none"> • Aborting implementation of project non-profitable with regular market financing, but which could be successful with JESSICA 	
Delays in preparing formal documents for the next programming period (particularly the new ROP)		
<ul style="list-style-type: none"> • Potential waste of first months/quarters of the new programming period (if ROP is not ready from the very beginning) 	<ul style="list-style-type: none"> • Necessity to temporarily suspend the projects' implementation in case of the delays in documentation preparation 	

Conclusions for JESSICA

Launching a JESSICA pilot will allow potential beneficiaries to learn the mechanism and how to appropriately develop the projects for repayable financing. They would be able to redefine currently existing projects which were initially designed for the grant-based funding. From the whole region's perspective, implementation of JESSICA in the current programming period should positively influence Łódzkie Voivodship's prospects for 2014-2020 by giving direct experience in utilizing returnable EU funds, which are expected to be more widely used in the next programming period.

Additionally, market opportunities and the obvious need for the revitalization of cities in Łódzkie region is a long-term factor and good motivator to implement projects with application of revolving instruments.

Our recommended shape of JESSICA mechanism should ensure the success of its management. Most of all a single UDF dedicated to all types of projects in the first stage of the JESSICA implementation process is the most rationale solution which will ensure efficiency in managing the funds and reasonable management fee. Moreover, entrusting management of JESSICA Holding Fund to the European Investment Bank will allow for swift establishment of HF and provide the necessary experience and assistance in managing the mechanism.

One of the point which should be taken into serious consideration arises from the limited amount of available funds which are available for this programming period. Along with the time required for establishing the organizational structure, this fact may lower the interest of potential JESSICA participants e.g. UDF managers, as well as discourage potential beneficiaries whose projects value is much higher. Therefore looking ahead to the next programming period is necessary to overcome these possible challenges.

Moreover, any delay in the launch of the initiative will shorten the necessary time for disbursement into projects. Therefore a decision on implementation JESSICA in Łódzkie Voivodship should be taken on a short notice.

Another factor which may have impact on JESSICA success in Łódzkie Voivodship is high indebtedness of the cities. While obtaining funding from the EU resources had no influence on the cities indebtedness rate so far, in the case of the project implementation under JESSICA the cities have to be aware that it will affect this rate and increase it.

EVALUATION STUDY PREPARATION MILESTONES

The table below lists all major milestones of the project.

#	Milestone	Short description	Deadline	Week
1	Project kick-off	Kick-off meeting of EIB, Managing Authority and Deloitte	November 10 th , 2010	-
2a	Draft Inception Report	Initial version of the Inception Report describing the approach to preparation of the study	November 17 th , 2010	1
2b	Comments to the Draft Inception Report	EIB's comments / remarks to the initial version of Inception Report	November 24 th , 2010	2
2c	Final Inception Report	Final version of the Inception Report, taking into account potential changes discussed with EIB	December 1 st , 2010	3
3a	Draft Interim Report	Initial version of the Interim Report describing the progress of work done during preparation of the study and first results obtained in selected areas of analysis	December 22 nd , 2010	6
3b	Comments to the Draft Interim Report	EIB's comments / remarks to the initial version of Interim Report	January 12 th , 2011	9
3c	Final Interim Report	Final version of the Interim Report, taking into account potential changes discussed with EIB	January 19 th , 2011	10
4	Steering Committee #1	First Steering Committee – presentation of initial results of the Evaluation Study	TBD	TBD
5a	Draft Final Report	Draft version of the Evaluation Study	February 2 nd , 2011	12
5b	Comments to the Draft Final Report	EIB's comments / remarks to the initial version of Final Report	February 16 th , 2011	14
5c	Final version of the Final Report	Final version of the Evaluation Study to be assumed by EIB	February 23 rd , 2011	15
6	Steering Committee #2	Second Steering Committee, including seminar for presenting final JESSICA Evaluation Study for the Łódzkie Voivodship	TBD	TBD
	Report	Meeting / Steering Committee		

