

1. Investment Opportunities in the Czech Republic

The Czech Republic has attracted a large amount of foreign direct investment (FDI) since 1990, making it one of the most successful transition countries in terms of FDI per capita. The introduction of investment incentives in 1998 stimulated a massive inflow of foreign direct investment in greenfield and brownfield projects. The Czech Republic's accession to the European Union in 2004 further boosted investment.

The Czech Republic's key advantages as an investment location include:

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| -- Central location in Europe | -- Compact and high-quality infrastructure |
| -- Political stability | -- Skilled workforce |
| -- Safe and secure environment | -- High share of secondary and tertiary education |
| -- Strong presence of foreign investors | -- Favourable labour costs and price stability |
| -- EU membership | -- Transparent system of investment incentives |
| -- Availability and quality of local suppliers | -- Mentality, culture and attitudes close to western countries |
| -- Existing platform for R&D | -- Enviably life style |

GREENFIELD, BROWNFIELD AND REAL ESTATE INVESTMENTS

In general, the Czech property market currently offers many good investment opportunities, especially with regard to office, industrial and residential spaces as demand for high-quality real estate of all types is growing. CzechInvest is able to identify real estate opportunities mainly involving industrial properties and facilities suitable for business support services or R&D. Please contact CzechInvest directly for further information on other areas of the real estate market, or you can contact Czech-based consultants or members of the Association for Foreign Investment (www.afi.cz) who can help you.

The Czech Republic offers excellent conditions both for greenfield and brownfield investments. CzechInvest maintains its own national business-properties database of suitable industrial sites and buildings around the country that have clear title, industrial zoning permission and developed technical infrastructure. The country has over 104 municipal industrial zones created through the government's industrial-zone development programme, in which CzechInvest plays a major role. Projects meeting the eligibility criteria can receive investment incentives, see Fact Sheet 04 for more information. Moreover, it is possible to receive additional financial assistance for brownfield projects, particularly from EU Structural Funds, see Fact Sheet 05.

JOINT VENTURES, LONG-TERM COOPERATION AND SUPPLIERS

If you are considering a joint-venture in the Czech Republic, CzechInvest can offer you recommendations of suitable companies through its detailed database of manufacturing firms, in which it is possible to filter companies according to their interest in forming a joint venture. We will help you to select potential partners and organise visits to their production facilities. Thanks to our partners from the Association for Foreign Investment (www.afi.cz), we are also able to arrange contacts to law offices and consulting firms that assist investors with the actual establishment of joint ventures.

According to CzechInvest's experience in the area of joint ventures, foreign investors expect from Czech partners primarily flexibility, an innovative approach and knowledge specific to the local environment. Conversely, small and medium-sized Czech suppliers are looking for stronger partners with the aim of gaining access to distribution networks, specialist knowledge and financial resources. Cooperation often begins with short-term projects and develops into a long-term partnership.

General Supplier Database

CzechInvest is also implementing a Supplier Development Project designed to boost the number of foreign investors that are increasing their use of Czech-based suppliers. Within this project, CzechInvest organises purchasing forums for multinational companies with operations in the Czech Republic.

CzechInvest's fundamental tool for seeking out suitable business partners is comprised of its sector databases of Czech companies. These databases contain over 3,500 high-quality records with a broad scope of information on Czech suppliers interested in long-term cooperation with foreign partners. The databases are regularly updated and supplemented according to the demands of foreign companies, and contain companies from the following sectors:

aerospace, automotive, electronics and electrical engineering, ICT, subcontracting – plastics, subcontracting – metal, materials, packaging and engineering, healthcare-pharmacy-biotechnology.

They are available at <http://www.czechinvest.org/en/czech-suppliers>.

MERGERS & ACQUISITIONS

CzechLink – Invest in Czech companies

The Czech company market offers a great opportunity to expand a footprint in a competitive location with favourable cost structure and skilled labour force. After a boom in the manufacturing and IT sector over the last several years, many Czech owners are considering their factory growth in cooperation with a strong foreign partner or selling the equity and retiring.

To support current market trends, CzechInvest launched the CzechLink project to facilitate the qualified investor search and enable the pre-audit project stage. Czech companies actively searching for investor have been provided with assistance in order to prepare information in an internationally understood configuration. The final information is summarized in the company prospect.

Investor information is prepared in English. Financial data are compliant to the local corporate income tax methodology and internationally transparent indicators. Company profiles are available to potential investors (manufacturing companies, private equity funds, mandated consultants, etc.) after signing the non-disclosure agreement. For more information and company profiles please contact us at czechlink@czechinvest.org.

INVESTMENT OPPORTUNITIES IN SPECIFIC SECTORS

Looking for the right place for your investment project? We understand that each sector has specific needs that must be met in order to prosper. The Czech Republic can satisfy the most demanding of those needs in many different sectors. CzechInvest focuses on the support of those sectors in which it sees significant potential for development:

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| -- Aerospace; | -- Nanotechnology & Materials; |
| -- Automotive; | -- Energy; |
| -- EE/Electronics; | -- Business Support Services; |
| -- Advanced Engineering; | -- Life Sciences |
| -- ICT | |

For each of these sectors, CzechInvest has a specialist who can provide investors with in-depth sector-specific information. If you are interested to find out more about investment opportunities in the Czech Republic, do not hesitate to contact us at fdi@czechinvest.org.

Manufacturing: Investment in high-tech manufacturing sectors offers excellent potential due to the Czech Republic's long and rich industrial heritage and is strongly supported through government aid programmes including the investment incentives scheme. Support for investment in high-tech manufacturing is at the core of CzechInvest's activities.

Utilities: All enquiries about producers and distributors in these sectors should be addressed directly to the Ministry of Industry and Trade (www.mpo.cz).

Business support services and technology centres: These include customer contact centres, shared services centres, expert solution centres, software development, research and development centres, design centres and high-tech repair centres. The Czech Republic aims to become the regional hub for these services and CzechInvest has made attracting foreign direct investment into business support services one of its priorities.

Financial services, tourism and other services: Privatization of the banking sector is complete but there are still some very good investment opportunities in the financial services sector as demand for these services is increasing. Nevertheless, CzechInvest regrets that it does not have the resources to play an active role in aiding investments in financial services, tourism and other services. Contact the Association of Foreign Investment (www.afi.cz) for help.

R&D: The Czech Republic's spending on R&D has increased continually over the past ten years. In 2004, the country became a member of the European Union, which spurred an additional increase of support for science and research. The country has gained access to a variety of European funds and programmes, such as EU Structural and Cohesion Funds. These funds can be used particularly for development of R&D infrastructure and companies' innovation activities. See Fact Sheet 12 for more information.