



CEE

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LEGAL MATTERS

IN-DEPTH ANALYSIS OF THE NEWS AND NEWSMAKERS THAT SHAPE
EUROPE'S EMERGING LEGAL MARKETS

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We believe CEE Legal Matters can serve as a useful conduit for legal experts, and we will continue to look for ways to expand that service. But now, later, and for all time: We do not ourselves claim to know or understand the law as it is cited in these pages, nor do we accept any responsibility for facts as they may be asserted.

EDITORIAL: SATIATA EMPTOR

I recently bought a used car, and the friendly people at the dealership gave me a three-month warranty covering most of the car. The tire pressure warning light was on when I drove the car off the lot, but they reassured me that the sensor had recently been replaced and that the light on my dashboard would turn off soon.

I was skeptical, but I got a fairly good price on the car, so I figured I could afford to have a new sensor installed on my own, if necessary, and still come out ahead. Sure enough, that light never turned off.

So earlier this week I finally got around to going to a mechanic to get the sensor replaced. Imagine my surprise when he told me that I had four different brands of tires on the car ... at two different *sizes*. All of them needed to be replaced. On reviewing my warranty, I discovered that – surprise surprise – it does not cover tires, and the dealership did *not* respond to my suggestion that it help share the cost out of an enlightened business sense. As a result, my wallet was lighter by some USD 550.

There's more. After arranging to have the tires replaced, as I backed out of my parking space, and before I could shift to "drive" ... I felt an enormous *thump!* Looking up, I saw that a tow-truck behind me had released the car it was towing and allowed it to roll directly into my rear door, causing significant damage. The driver of the tow-truck immediately insisted the accident was my fault, claimed he had "forgotten" his insurance card, and quickly drove off. When I called the company directly to get their insurance information, they repeated abruptly that it was my fault and hung up the phone. My insurance is picking up most of the cost of the repair to the car, but not all. As a result, all told, my simple trip to get a EUR 45 tire pressure sensor ended up costing me over EUR 1000.

This unfortunate trip to the auto shop led me to think about the way businesses respond to complaints arising either from innocent accidents or deliberate choices. At CEE Legal Matters, of course, and despite our most diligent efforts, we sometimes make mistakes, ranging from innocent typos to mislabeled photos, and occasionally – though rarely – even more serious errors in the form of formatting screw-

ups, inaccurate quotes, or misstatements of fact. Those affected usually reach out quickly to let us know.

And sometimes, of course, people challenge things we've done deliberately. An example is our regular *CEE By the Numbers* issue. Although we get the data for the issue directly from law firm websites, and follow that up by contacting every firm to give them an attempt to confirm or correct it, inevitably some are angered by the results, insisting that our methodology is flawed and that we should have made a more diligent effort to contact them. Similarly, each year after the CEE Deal of the Year Awards, some firms (strangely enough, almost always those that failed to win) challenge the results, insisting – even though CEE Legal Matters plays no role in choosing the winners, which are selected by panels of lawyers and based entirely on firm submissions – that we should have done more to ensure the "correct" deals won.

In any event, and whether our offence (whether real or perceived) is accidental or deliberate, firms express their disappointment to us in ways ranging from polite inquiries to resigned understanding, to testy frustration, all the way to outright anger – in the latter case, often conveyed with many exclamation points, accusations, and stern warnings provided in CAPS.

Regardless – and unlike the used car dealership and towing company in my story – what you can expect from us is a willingness to engage constructively, an acknowledgement of our failings, and a commitment to improving. When we make a mistake, we publish corrections and express our apologies, or – where appropriate – refund payments or extend other forms of compensation. Not just empty words, but concrete actions. And when the complaint arises from a deliberate action, we do our best to explain our position, politely, fully hearing and acknowledging the offended party's disappointment.

Businesses don't *have* to be bastards. We hope we're an example of that.

Now ... if I can just find EUR 1000 lying around somewhere.



David Stuckey

GUEST EDITORIAL: BREXIT - HOW WILL IT AFFECT CEE?



I have been working as real estate lawyer in CEE for the past 20 years and at no time during that period have I been asked about one topic so much. Of course, I am talking about the b-word: *Brexit*. Questions range from “is it still going to happen?” to “how is the UK going to cope with what seems likely to be a ‘hard’ Brexit?” No matter what the question, it has been very interesting to gauge what the potential effect of Brexit will be on the CEE market and, in particular, on foreign institutional investment into the region.

There seem to be two trains of thought:

1. On the one hand, and especially from a real estate perspective, new, transactional, commercial real estate deals are down approximately 40% in the UK market. Investors have cash to invest but are less likely to invest in the UK until the uncertainty surrounding Brexit is resolved. A VP for an investment fund recently explained to me how his CEO would have him “hung, drawn and quartered” if he were to invest in a UK real estate asset now, only to have that asset reduce in value by another 10-15% after October 31, 2019 if there is a hard Brexit. He went on to say that this uncertainty is making him and his peers reassess their acquisition strategies and look at markets that they may have not thought about before – including those in CEE.

Countries in the Western Balkans have been of particular interest to certain investors. That includes both those countries which are already part of the EU or, for those with more of an appetite for risk, those that are not, such as Bosnia and Herzegovina, North Macedonia, Montenegro, and Serbia, where the returns on investment can be very attractive. Indeed, over the past 12 months I have had a number of specific enquiries into the Belgrade office market from investors looking at a potential yield of 6%+.

2. On the other hand, there are a number of commentators who firmly believe that Brexit will have a negative effect on investment in – and on the economies of – the CEE region. This view was reflected by the sharp, although short-term, depreciation of

CEE currencies immediately after the referendum results were announced back in 2016, when the Polish zloty and Hungarian forint slid by around 6% and the Czech krona by 4%.

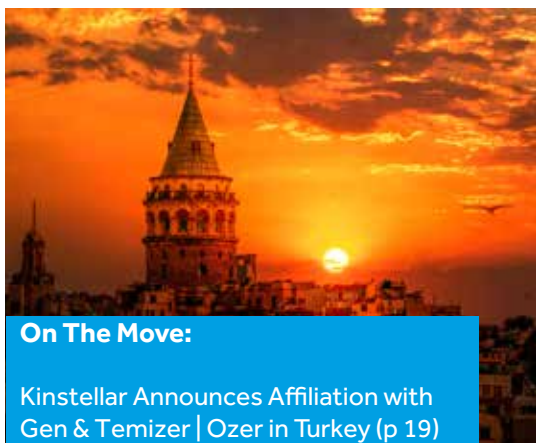
CEE economies are still seen by many international investors as emerging markets. Their economies are seen as much more volatile and vulnerable to economic and political instability than “core” European economies such as those in Germany or France. Accordingly, with all the instability surrounding Brexit (especially if there is a hard Brexit), both financial and green-field investors may be much more reluctant to invest in the CEE region, preferring to invest in the “safe haven” countries of Western Europe. This could have a knock-on effect, it is argued, making negative investor anticipation a realization!

Another argument concerns the UK’s role as an important trading partner for most CEE countries. For example, it is Poland’s third largest trading partner, with total annual Polish exports to UK amounting to EUR 10.5 billion. The UK is also an important export market for other CEE countries such as the Czech Republic and Hungary. The simple argument is that if the UK suffers, then so will its trading partners.

So what will happen? No one has a crystal ball to see into the future, so I recently decided to throw the question out to numerous audiences at conferences I attended this year in CEE in my capacity as partner at WFW and Deputy Chairman of the British Serbian Chamber of Commerce. The aggregate results were clear, with 68% believing that Brexit would not have a negative impact on investment in the CEE region and the economies of the CEE region as a whole, and only 32% thinking it would.

Let’s hope that the people’s view is right!

**Petar Orlic, Partner,
Watson Farley & Williams**

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ACROSS THE WIRE: FEATURED DEALS

Karanovic & Partners Helps ZF Open Factory in Pancevo



Karanovic & Partners advised Germany's ZF on matters related to the opening of its factory in Pancevo, Serbia, as part of the first phase of a EUR 160 million investment. The factory will produce machines, generators for hybrid and electric drives, gearshift switches, and microswitches.

The Serbian Government pronounced this project an investment of importance for the state's development. For the City of Pancevo, this is the first direct greenfield production-technological investment in the last 40 years.

ZF operates in 40 countries around the world and has a global workforce of over 146,000 employees. In 2017, it recorded sales of EUR 36.4 billion.

The Karanovic & Partners team was led by Senior Partner Marjan Poljak and included Senior Associates Ana Stankovic and Ana Lukovic.

karanovic/partners

Schoenherr Successful in EUR 800 Million Litigation Case for Electrica



Schoenherr Romania successfully represented Romanian electrical company Societatea Energetica Electrica S.A. in a EUR 800 million dispute against the Romanian Management Company for Ownership in Energy.

Societatea Energetica Electrica S.A. ("Electrica") won the first procedural phase in litigation against the Management Company for Ownership in Energy (SAPE), the Romanian public company which manages the state's portfolio in the energy sector. The case involved claims filed by SAPE against Electrica and other defendants for the payment of damages amounting to approximately EUR 800 million for alleged breaches of the post-privatization monitoring obligations regarding former distribution subsidiaries of Electrica. A series of international arbitration cases regarding these privatization contracts preceded this case.

The Schoenherr team worked alongside RTPR Allen & Overy.

Karanovic & Partners Advises Ionity on First HPC Stations for Electric Cars in Slovenia



Karanovic & Partners advised Ionity, a Munich-headquartered

joint venture of the BMW Group, Daimler AG, Ford, and the Volkswagen Group with Audi and Porsche, on opening its first 350 kW charging stations in Slovenia.

The Karanovic & Partners team was led by Senior Associate Ermina Delic Kamencic.

karanovic/partners

Cobalt Advises Shareholders of Veju Spektras in Sale of Shares to Quaero European Infrastructure



Cobalt advised UAB Veju Spektras, a company managing 21.5 MW wind farm in Silute, Lithuania, on the sale of 100% of its shares to Quaero European Infrastructure Fund, managed by the Swiss company Quaero Capital.

UAB Veju Spektras is a wind farm operator and owner in Lithuania that focuses on developing renewable and alternative energy projects.

Quaero Capital is an independent private equity fund management company based in Geneva with offices in Zurich, Luxembourg, Paris, and London.

The Cobalt team included Partner Eljuz Burgis and Associate Julija Timoscenko.



Avellum Advises on EUR 1 Billion Eurobond Issue by Ukraine



Avellum advised the Ministry of Finance of Ukraine on a EUR 1 billion Eurobond issue.

BNP Paribas and Goldman Sachs International acted as the joint lead managers of Ukraine's new benchmark.

The notes were issued for a period of seven years and bear interest at 6.75% per annum. This is the first EUR-denominated sovereign note issuance in more than a decade for Ukraine.

"This euro-denominated issue is a valuable addition to our public finance portfolio. Since Ukraine's return to Eurobond market in late 2017, Avellum has advised the Ministry of Finance on a number of well-received capital market deals. We are honored to continue that record and be part of the work behind the success of this deal."

– Glib Bondar, Senior Partner, Avellum

The Avellum team was led by Senior Partner Glib Bondar, supported by Associates Oleg Krainskyi and Mariana Veremchuk.

Sayenko Kharenko acted as Ukrainian legal counsel to joint lead managers BNP Paribas and Goldman Sachs International.



PwC Legal Advises on Deposit Insurance Agency of Serbia's NPL Portfolio Sale



PwC Legal advised the Deposit Insurance Agency of Serbia, acting in its capacity as the bankruptcy administrator for the banks, on the sale of the non-performing loan portfolios of Agrobanka Beograd, Nova Agrobanka Beograd, Privredna Banka Beograd, Razvojna Banka Vojvodine Novi Sad, and Univerzal Banka Beograd via tender to EOS Matrix.

This is the first tender sale of an NPL portfolio by the Deposit Insurance Agency on the Serbian market. The nominal value of the portfolio is around EUR 242 million. Financial details of the transaction were not disclosed.

EOS Matrix deals in international receivables management, including fiduciary collection, debt purchase, and business process outsourcing. It was advised by AP Legal on the acquisition.

Integrites Advises Scatec Solar on Financing of Photovoltaic Plants in Ukraine



Integrites advised Norway's Scatec Solar (Norway) on all aspects of the financing and construction of six photovoltaic plants in Ukraine worth a total of EUR 209 million.

The first of the plants identified by Integrites is a 55 MW solar PV plant in the village of Ratseve in the Cherkasy Region in central Ukraine worth a total of EUR 54 million. According to Integrites, "the project will be financed by the EBRD, The Nordic Environment Finance Corporation, and Swedfund. The credit facilities amount to EUR 37 million. The construction has started with expected commercial operation in first half 2020. The project will be realized under Ukraine's 10-year Feed-in-Tar-

iff scheme and is expected to deliver about 65 GWh per year. The PV plant will be producing clean energy for up to 28,000 households and contribute to avoid more than 36,000 tons of carbon emissions per annum."

The second plant identified by Integrites is a 30 MW solar PV plant in the Cherkasy region of central Ukraine worth a total of EUR 35 million. The EBRD and the Dutch development bank FMO have signed credit agreements for the non-recourse debt financing of the project. According to Integrites, "the credit facilities amount to EUR 24.5 million. The construction has started in May 2019 with commercial operation in fourth quarter 2019. The project will be realized under the country's ten-year feed-in-tariff scheme and is expected to produce about 39 GWh per year. Public land will be leased for a long period of time and the solar power plant is expected to deliver power also beyond the Feed-in-tariff period."

The next three plants are three 48 MW plants located in Progressovka, and Integrites reports that the "total project costs for all PV plants are estimated at approximately EUR 120 million." According to the firm, "the project will be implemented in collaboration with PowerChina Guizhou Engineering Co. Ltd. that will provide financing for the construction and Engineering Procurement and Construction (EPC) services, while Scatec Solar will be the equity investor and will provide EPC management, Operation & Maintenance as well as Asset Management services. The project will be realized under Ukraine's ten-year feed-in-tariff scheme and the solar power plant is expected to deliver power also beyond the feed-in-tariff period. Commercial operations of the plant are expected in the first half of 2020."

Integrites worked with the UK's Trinity LLP law firm on the deal. In addition, Dentons advised Chinese energy company PowerChina Guizhou on the implementation of the Progressovka project.

JPM Advises C.D Holding Internationale on Partnership Agreement with Emergo Sport



JPM Jankovic Popovic Mitic advised C.D Holding Internationale SAS on its entrance into a partnership with the current owners of Serbia's Emergo Sport d.o.o.

C.D Holding Internationale is a French cooperative group that

was established in 1964 and which operates in 19 countries worldwide. It offers solutions for management, communication, and exchange (vouchers, cards, web platforms and mobile applications).

Emergo Sport provides services to corporate entities and retail individuals of issuance, sale, and operation of a multi-gym/sport activities membership card, enabling access to sports facilities in Serbia. The company also operates through subsidiaries in Bosnia and Georgia.

Emergo Sport was advised by Bojovic Draskovic Popovic & Partners on the deal.

Noerr Advises Szallas.hu on Acquisition of MaiUtazas Group



Noerr advised Hungarian-based online travel portal Szallas.hu on its take-over of the MaiUtazas Group travel portal in a combined share and asset deal transaction. The acquisitions were financed with Szallas.hu's internal resources, as well as capital from the equity funds of Szallas.hu's owner, OTP Bank.

The Csetneki Law Firm advised MaiUtazas Group on the deal.

PRK Partners Advises on METRO Properties' Sale and Lease-Back of Portfolio of Cash & Carry Stores to FLE GmbH



PRK Partners advised Metro Properties on the more-than-EUR 250 million sale and lease-back of 11 Cash & Carry stores in

Poland, Hungary, and the Czech Republic to FLE GmbH, an Austrian subsidiary of French LFPI Group, investing on behalf of the AIF regulated fund.

The transaction was finalized in August 2019.

The properties include five Makro Cash & Carry stores in Poland (in Warsaw, Wroclaw, Krakow, and Lublin), three Metro Cash & Carry properties in Hungary (all in Budapest), and three Makro Cash & Carry markets in the Czech Republic (all in Prague). Metro Properties retains the ownership of several adjacent plots in Poland and the Czech Republic to develop mixed-use projects.

Metro is an international wholesale company with food and non-food assortments that specializes in serving the needs of hotels, restaurants, and caterers as well as independent traders. Metro Properties is the real estate company of Metro AG, an international wholesale and food expert, that operates in 36 countries and employs more than 150,000 people worldwide. The company, which is headquartered in Germany, also has operations in Poland and Turkey.

"We acted as an exclusive legal advisor to Metro Properties for the Czech part of the transaction, involving in total 11 sites across three CEE jurisdictions. Since there was only one buyer of the entire portfolio we were asked to align our transactional documentation as much as possible with advisors from other jurisdictions. This exercise revealed how different the three CEE jurisdictions are and how difficult it is to handle multi-jurisdictional deals."

– Roman Pecenka, Partner, PRK Partners

FLE GmbH, based in Vienna, is a subsidiary of LFPI group, an international multi-asset manager. The real estate funds managed by LFPI group are owners of more than 250 real estate properties with an estimated net value of approximately EUR 3 billion.

The PRK Partners team was led by Partner Roman Pecenka and included Associate Milan Sivy. The team worked together with DLA Piper in Poland and Oppenheim in Hungary.

FLE was advised by Allen & Overy, Novalia, and DLA Piper Hungary.

P / R / K

ATTORNEYS AT LAW

ACROSS THE WIRE: DEALS SUMMARY

Date covered	Firms Involved	Deal/Litigation	Value	Country
16-Aug	RPCK; Wolf Theiss	Wolf Theiss advised Swiss logistics group Kuehne & Nagel on the takeover of Austrian freight forwarding and transportation company Jobstl. RPCK advised Jobstl.	N/A	Austria
19-Aug	Eisenberger & Herzog	Eisenberger & Herzog advised SevenVentures Austria on its entrance into a "media for equity" agreement with shopping.at, the online marketplace of the Austrian Post.	N/A	Austria
16-Aug	DLA Piper; Schoenherr	Schoenherr advised the Tscherne family – the owners of Hotel Weismayr in Bad Gastein, Austria – on their entrance into a 20-year lease with the Selina hospitality group. DLA Piper advised Selina.	N/A	Austria
22-Aug	BPV Huegel; Herbert Smith Freehills; Proskauer Rose	BPV Huegel worked with lead counsels Herbert Smith Freehills and Proskauer Rose in advising AnaCap Financial Partners on the sale of its majority shareholding in its German fintech business to KKR.	N/A	Austria
23-Aug	Allen & Overy; Binder Groesswang; Dorda; Eisenberger & Herzog; Fellner Wratzfeld & Partner; Gleiss Lutz; Kirkland & Ellis; Latham & Watkins; Linklaters; Wolf Theiss	Fellner Wratzfeld & Partner, working with Linklaters, Wolf Theiss, and Gleiss Lutz, helped conclude a "Company Voluntary Agreement," paving the way for the financial restructuring of the Steinhoff Group. Binder Groesswang and Allen & Overy advised the international creditor coordinating committee consisting of banks and funds. Latham & Watkins and Dorda advised the Secondary creditor committee, while Eisenberger & Herzog and Kirkland & Ellis advised the convertible bondholder.	N/A	Austria

Date covered	Firms Involved	Deal/Litigation	Value	Country
22-Aug	DLA Piper; Schoenherr	DLA Piper advised a consortium of South Korean investors working with asset manager Mastern Investment Management on the acquisition, made as part of a joint venture with Munich-based asset manager Wealthcore Investor Management, of the Hilton Parkview Vienna. The sellers were represented by Investor United Benefits and advised by Schoenherr.	EUR 375 million	Austria
26-Aug	Dorda; Schoenherr	Dorda advised European hotel developer UBM Development and real estate developer S IMMO AG on the sale of the QBC 1&2 office properties in Vienna to EPH Eastern Property Holding. Schoenherr advised EPH on the deal.	EUR 233 million	Austria
28-Aug	DSC Doralt Seist Csoklich; Fellner Wratzfeld & Partner	Fellner Wratzfeld & Partner advised IKEA on negotiations with Jo & Joe Open House, a branch of the French hotel group Accor, regarding the construction of a hotel on top of the future IKEA Westbahnhof in Vienna. DSC Doralt Seist Csoklich advised Accor.	N/A	Austria
9-Sep	Cerha Hempel Spiegelfeld Hlawati	Cerha Hempel Spiegelfeld Hlawati acted as escrow agent on CA Immo's sale of a 35% stake in Airportcity St. Petersburg to Warimpex.	N/A	Austria
10-Sep	Cerha Hempel Spiegelfeld Hlawati	Cerha Hempel Spiegelfeld Hlawati advised SPAR on the issuance of bonds with a total volume of EUR 300 million and prepared the public offer prospectus.	EUR 300 million	Austria
16-Aug	Arzinger	Acting on behalf of the Incab manufacturer and seller of fiber-optic cables, Arzinger successfully protected the interests of it and six other producers of optical cables from Russia, Kazakhstan, and Belarus in an antidumping investigation initiated in 2018 by Rosnano's Optic Fiber Systems JSC in the Eurasian Economic Commission against US and Japanese producers of optical fiber.	N/A	Belarus
29-Aug	SBH Law Offices	SBH Law Offices advised Zubr Capital, a private equity fund from Belarus, on its investment in MediaCube, a developer of IT solutions for video creators and musicians.	N/A	Belarus
13-Sep	Bird & Bird; Revera; SBH	SBH advised the EBRD and Zubr Capital on their investment in the Mila group of companies, a wholesale distributor of beauty and personal care products that sells these products through its chain of Mila stores. Revera advised Mila on the deal and Bird & Bird reportedly worked with both sides.	N/A	Belarus
29-Aug	Maric & Co.	Maric & Co. represented former employees of Aluminij d.d. Mostar in an ethnic discrimination case against the company and the Government of the Federation of Bosnia & Herzegovina.	N/A	Bosnia and Herzegovina
23-Aug	Djingov, Gouginski, Kyutchukov & Velichkov	Djingov, Gouginski, Kyutchukov & Velichkov advised Patisha AD, a Bulgarian infrastructure construction company, on the sale of a 90% stake in the company to Zavodski Stroej PS Pazardzhik EAD, a construction company in Southern Bulgaria.	N/A	Bulgaria
21-Aug	Djingov, Gouginski, Kyutchukov & Velichkov; Greenberg Traurig; Orrick, Herrington & Sutcliffe; Tokushev and Partners	Djingov, Gouginski, Kyutchukov & Velichkov and Greenberg Traurig advised QuickBase Inc., backed by Vista Equity Partners, on its acquisition of CloudPipes Group Ltd. Tokushev & Partners and Orrick, Herrington & Sutcliffe advised CloudPipes and the company's sellers on the deal.	N/A	Bulgaria
28-Aug	Kambourov & Partners	Kambourov & Partners assisted international cargo operator Fleet Air International Kft. on the incorporation of its Bulgarian subsidiary and the relocation of Fleet's air fleet to Bulgaria.	N/A	Bulgaria
12-Sep	CMS	CMS Bulgaria helped Robert Bosch, a subsidiary of the German Bosch Group, secure a multi-million public procurement contract with EVN Bulgaria District Heating for the supply, installation, and operation of 19+1 MW water heating boilers.	N/A	Bulgaria
27-Aug	Divjak Topic Bahtijarevic	Divjak, Topic Bahtijarevic advised Energia Naturalis on its mandatory public offer for all outstanding shares in Luka Ploce.	N/A	Croatia
16-Aug	BPV Braun Partners	BPV Braun Partners advised Germany's Antaris group on the sale of two photovoltaic power plants with a total installed capacity of 4.2 MW to a German investment group.	N/A	Czech Republic
19-Aug	Glatzova & Co.	Glatzova & Co. advised Preciosa, a member of the Jablonec group, on the sale of a 50% share in glass stopper producer Vinolok to Corticeira Amorim.	N/A	Czech Republic
22-Aug	Dentons; White & Case	Dentons advised Czech real estate developer Sebre on the sale of the DRN building in Prague to KGAL Investment Management. White & Case advised KGAL on the deal.	N/A	Czech Republic
27-Aug	Kocian Solc Balastik	Kocian Solc Balastik advised the Solitea Group on its acquisition of Dotykacka and Smart Software.	N/A	Czech Republic
27-Aug	Hladky Legal; Weinhold Legal	Weinhold Legal advised Transdev on the acquisition of the 3CSAD group from CIDEM Hranice, which was advised by Hladky Legal.	N/A	Czech Republic
29-Aug	Clifford Chance; Wolf Theiss	Wolf Theiss advised Wilsonart Engineered Surfaces on its acquisition of Technistone, a global manufacturer of quartz. Clifford Chance advised Technistone on the transaction.	N/A	Czech Republic

Date covered	Firms Involved	Deal/Litigation	Value	Country
6-Sep	CEE Attorneys; Havel & Partners	Havel & Partners advised German-based investors Thomas Noglik, Thomas Strohe, and Jochen Berger, acting through their BrainWeb Investment GmbH, Pecunalta GmbH, and Quines Capital GmbH companies, on their acquisition of a 75% stake in the VSHosting Group. CEE Attorneys advised the unidentified sellers.	N/A	Czech Republic
23-Aug	Clifford Chance; Dentons; Latham & Watkins; McDermott Will & Emery	McDermott Will & Emery advised German automotive supplier Borges on its restructuring. Latham & Watkins acts as coordinating counsel to the bank syndicate on the restructuring, with the Prague and Warsaw offices of Clifford Chance advising the syndicate and Dentons lawyers in Frankfurt and Berlin advising Bank Ceska Sporitelna.	N/A	Czech Republic; Poland
2-Sep	King Wood & Mallesons; Kirkland & Ellis; Schoenherr	Schoenherr, working with lead counsel Kirkland & Ellis, advised Apax Partners on its acquisition of a majority stake in the ADCO Group. The ADCO Group's shareholders were advised by King Wood & Mallesons on the transaction.	N/A	Czech Republic; Poland
6-Sep	Allen & Overy; DLA Piper; Novalia; Oppenheim; PRK Partners	DLA Piper Poland, Oppenheim, and PRK Partners advised Metro Properties on the sale and lease-back of 11 Cash & Carry stores in Poland, Hungary, and the Czech Republic to FLE GmbH, an Austrian subsidiary of French LFPI Group, investing on behalf of the AIF regulated fund. Allen & Overy, Novalia, and DLA Piper Hungary advised FLE on the transaction.	EUR 250 million	Czech Republic; Poland; Hungary
19-Aug	Dentons; Legate; MCL Law Firm; Miks & Suk; Urban & Hejduk	The MCL law firm advised private equity group MiddleCap Partners on its acquisition of Czech and Slovak optical component retailers Fokus Optic a.s. and Fokus Ocna Optika a.s., as well as on related acquisition financing from Slovenska Sporitelna. Urban & Hejduk assisted MiddleCap Partners on Czech elements of the deal, with Czech law firm Miks and Suk and Slovak law firm Legate advising the sellers. Dentons advised Slovenska Sporitelna.	N/A	Czech Republic; Slovakia
22-Aug	Sorainen	Sorainen advised Lowell on the divestment of its Estonian subsidiary, Lowell Estonia, to Estonian-based debt collection agency Julianus Inkasso.	N/A	Estonia
22-Aug	Eversheds	Eversheds Sutherland Ots & Co advised the Apollo Group on its acquisition of the Piano Group OU, which owns Vapiano restaurants in the Baltics and Finland.	N/A	Estonia
23-Aug	Ellex (Raidla)	Estonia's Coop Pank has selected Ellex Raidla to assist with its preparations for its upcoming IPO."	N/A	Estonia
27-Aug	Cobalt; Ellex (Raidla); Simpson Thacher & Bartlett	Ellex Raidla advised BaltCap Private Equity Fund II on its sale of Estonia's auto24 automotive classifieds portal to Baltic Classifieds Group. Simpson Thacher & Bartlett and Cobalt advised the Baltic Classifieds Group.	N/A	Estonia
16-Aug	Papapolitis & Papapolitis	Papapolitis & Papapolitis advised lead underwriters Eurobank S.A. and Piraeus Bank S.A. on the EUR 175 million Attica Holdings bond issuance.	EUR 175 million	Greece
22-Aug	Karatzas & Partners; Zepos & Yannopoulos	Zepos & Yannopoulos advised CarVal Investors in its acquisition of an unsecured non-performing portfolio of credit cards, consumer loans, small business loans, and small & medium enterprises loans with a total principal amount of almost EUR 1.2 billion from the National Bank of Greece. NBG was advised by Karatzas & Partners.	EUR 1.2 billion	Greece
16-Aug	Zepos & Yannopoulos	Zepos & Yannopoulos is advising a consortium of funds advised by affiliates of Centerbridge Partners and Elliott Advisors on their acquisition of a secured NPL portfolio of approximately 12,800 secured non-performing small business lending and SME loans with an outstanding principal amount of approximately EUR 0.9 billion from NBG SA.	EUR 0.9 billion	Greece
2-Sep	Csetneki; Noerr	Noerr advised Hungarian-based online travel portal Szallas.hu on its take-over of the MaiUtazas Group travel portal in a combined share and asset deal transaction. The acquisitions were financed with Szallas.hu's internal resources, as well as capital from the equity funds of Szallas.hu's owner, OTP Bank. The Csetneki Law Firm advised MaiUtazas Group on the deal.	N/A	Hungary
5-Sep	Bird & Bird; Oppenheim	Oppenheim advised Immofinanz on the sale of the Central Business Center office building in Budapest's 2nd district to ConvergenCE. Bird & Bird advised ConvergenCE.	N/A	Hungary
9-Sep	Baker McKenzie; CMS; DLA Piper	CMS advised GTC Hungary on the sale of the White House office building in Budapest to Warburg-HIH Invest Real Estate. Warburg-HIH was advised by Baker McKenzie, and DLA Piper advised the financing banks.	N/A	Hungary
13-Sep	Baker McKenzie; Kinstellar	Baker McKenzie Budapest advised Hungarian entrepreneur Stefan Fritsch on his sale of 61% of the 11 Entertainment Group to the Genesis Private Equity Fund III, a private equity fund advised by Genesis Capital. Kinstellar advised Genesis Capital on the deal.	N/A	Hungary
19-Aug	Derling Primus	Derling Primus advised Skoda Vagonka on its agreement with Pasazieru Vilciens for the production and supply of 32 electric trains in Latvia.	EUR 242 million	Latvia

Date covered	Firms Involved	Deal/Litigation	Value	Country
28-Aug	Fort Legal	Fort Legal advised private equity fund ZGI-4 on its investment of EUR 2 million in HansaMatrix.	EUR 2 million	Latvia
3-Sep	Njord	Njord Latvia represented AbeBooks Inc. and AbeBooks Europe GmbH, subsidiaries of Amazon Inc., in a dispute with the Latvian operator of a website who allegedly infringed on the copyright of the companies by using text and images taken from the www.abebooks.co.uk website.	N/A	Latvia
6-Sep	Ellex (Klavins); TGS Baltic	TGS Baltic advised Vika Wood and Byko-Lat, members of the Bergs Timber group, on Latvian aspects of a refinancing transaction with Danske Bank and Svensk Exportkredit of senior term and revolving facilities worth SEK 622 million and EUR 12 million, where the Latvian companies acted as guarantors. Ellex advised Danske Bank and Svensk Exportkredit.	SEK 622 million and EUR 12 million	Latvia
9-Sep	TGS Baltic	TGS Baltic helped Procyone FZE obtain clearance from the Latvian Competition Council for its acquisition of decisive influence over Smart Aviation Holding, the parent company of SmartLynx Airlines.	N/A	Latvia
10-Sep	TGS Baltic	TGS Baltic helped Latvian hotel operator Mogotel register Melliore Asset Management, an alternative investment fund manager, and Melliore EF 1 closed-end AIF (with two sub-funds, Melliore EF 1 and Melliore RF 1), with Latvia's Financial and Capital Market Commission.	N/A	Latvia
22-Aug	Relegal; SPC Legal	SPC Legal advised East Capital Investment on the sale of an unidentified piece of real estate in Lithuania to a group of unidentified buyers, who were represented by Relegal.	N/A	Lithuania
26-Aug	Sorainen	Sorainen successfully represented the Luksiu Pienine milk producer in a dispute with another Lithuanian milk processor over alleged unfair competition and trademark infringement.	N/A	Lithuania
27-Aug	Sorainen	Sorainen advised Inion on the investment into the company of EUR 50,000 by Contrarian Ventures, a smart energy venture fund powered by Lietuvos Energija.	EUR 50,000	Lithuania
3-Sep	Sorainen; TGS Baltic	TGS Baltic advised KS Investicija on the sale of 45% of newly-issued shares in UAB VK Investicija to Swiss investor Marquess Global AG. Sorainen advised Marquess Global.	N/A	Lithuania
29-Aug	Wallless	Wallless assisted Litvalda during the merger clearance procedure related to its acquisition of sole control of 13 companies in the real estate rental market.	N/A	Lithuania
3-Sep	Averus	Averus advised the bankruptcy administrator of BUAB Lietuvos Juru Laivininkyste on the successful completion of bankruptcy procedures and the removal of the company from the Register of Legal Entities.	N/A	Lithuania
4-Sep	Wallless	Wallless helped the SumUp Group set up a subsidiary in Lithuania and obtain an electronic money license for it.	N/A	Lithuania
11-Sep	Cobalt; Wallless	Wallless advised the Baltic Horizon Fund on its EUR 20.7 million acquisition of the North Star business center in Lithuania from the UAB Prosperus Strategic RE Fund. Cobalt advised the Prosperus Strategic RE Fund on the deal.	EUR 20.7 million	Lithuania
11-Sep	Sorainen	Sorainen helped DappRadar, a Lithuanian platform for discovering and analyzing blockchain-based decentralized applications, raise USD 2.33 million in seed funding from Naspers, Blockchain.com Ventures, and Angel Invest Berlin.	USD 2.33 million	Lithuania
11-Sep	Ellex (Valiunas)	Ellex Valiunas represented Norwegian real estate investment company EECF on a EUR 40.5 million loan granted by Luminor that EECF will use to refinance the ten premises where Maxima stores are currently located.	EUR 40.5 million	Lithuania
23-Aug	ODI Law	ODI advised Turkish aircraft management and rental company Rey Airlines on the winding up of its Rey Airlines Europe LLC JV, which it established in partnership with a private individual in Skopje in 2016.	N/A	North Macedonia
22-Aug	ODI Law	ODI advised duty free shop operator ATU Macedonia on the granting of a EUR 0.5 million loan to its sole shareholder, Turkey-based ATU Turizm A.S.	EUR 0.5 million	North Macedonia
19-Aug	DWF; Eversheds Sutherland; Kondracki Celej; DWF	Wierzbowski Eversheds Sutherland has advised EEC Magenta on the PLN 13 million round B funding of Reliability Solutions, which was advised by Kondracki Celej. Icos Capital, advised by DWF, also invested in Reliability Solutions.	PLN 13 million	Poland
21-Aug	CMS	CMS advised Warbud S.A on its entrance into a public-private partnership investment project involving the reconstruction and expansion of a secondary school in Piastow, Poland.	N/A	Poland
19-Aug	Clifford Chance; Linklaters	Linklaters advised ING Bank Slaski on the acquisition of a 45% stake in investment fund management company NN Investment Partners TFI in Poland from NN Investment Partners International Holdings. Clifford Chance advised the sellers on the deal.	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
22-Aug	SSW Pragmatic Solutions	SSW Pragmatic Solutions advised the Thimm Group on the acquisition of 100% shares of United Packaging, a company that manufactures corrugated board.	N/A	Poland
23-Aug	Doktor Jerszynski Pietras; SSW Pragmatic Solutions	SSW Pragmatic Solutions advised Unilink Group on the acquisition of the Consultia group. Doktor Jerszynski Pietras advised Consultia on the deal.	N/A	Poland
19-Aug	Gessel; White & Case	White & Case advised Emperia Holding S.A. on the sale of its Infinite Sp. z o.o. subsidiary to Poland's DlalCom24 Group. Gessel advised the buyers on the deal.	N/A	Poland
22-Aug	Gessel	Gessel advised Stemlab, a subsidiary of the Polish Stem Cell Bank, on its acquisition of the remaining 65% of the shares of Portuguese stem cell bank Bebecord, giving it sole ownership of the company.	N/A	Poland
22-Aug	Zieba & Partners	Zieba & Partners advised Danish IT company EG A/S on its lease of office premises in Warsaw from Park Avenue 2010 sp. z o.o.	N/A	Poland
26-Aug	Act BSWW; Baker McKenzie	Act Legal Poland advised Inter-BudGroup on its lease of office space in the Fabryczna Office Park in Krakow to UBS. Baker McKenzie advised UBS on the deal.	N/A	Poland
30-Aug	Act BSWW	Act Legal Poland advised Finland's YIT Development on the purchase of a land lot in Sadyba, Warsaw.	N/A	Poland
27-Aug	Gessel	Gessel advised Sunfish Partners on the first round of financing to Molecule One sp. z o.o., a start-up that develops software for designing artificial synthesis models based on artificial intelligence.	N/A	Poland
28-Aug	Dentons	Dentons advised Solar Turbines Europe on its successful bid in a tender for the supply and maintenance of a set of compressor units for the Baltic Pipe project.	N/A	Poland
28-Aug	Dentons	Dentons advised Stadler Polska on its agreement to build and sell 12 FLIRT electric multiple units to PKP Intercity. The contract also provides for maintenance of the train units for 15 years.	N/A	Poland
6-Sep	Clifford Chance; Dentons	Dentons advised Atrium Poland on its acquisition of Warsaw's King Cross Praga shopping mall (minus the hypermarket part of the complex) from the PFCEE Dutch Holding fund, an affiliate of CBRE Global Investors. Clifford Chance advised PFCEE.	EUR 43 million	Poland
4-Sep	CMS; Domanski Zakrzewski Palinka	CMS advised the owners of Kino Swiat, a film distributor in Poland, on the sale to ITI Neovision S.A, the operator of the nc+ platform. Domanski Zakrzewski Palinka advised ITI Neovision on the deal.	N/A	Poland
29-Aug	Domanski Zakrzewski Palinka	Domanski Zakrzewski Palinka is advising Toyota Motor Manufacturing Poland on its manufacture of a second electronic continuously variable transmission for low-emission hybrid systems, which will work with a 1.5l engine.	N/A	Poland
2-Sep	Allen & Overy; Domanski Zakrzewski Palinka	Domanski Zakrzewski Palinka advised Impax Asset Management on the sale of a 42 MW wind farm in Kisielice, Poland, to a Green Investment Group investment fund managed by the Macquarie Group Ltd. Allen & Overy advised the buyers on the deal.	N/A	Poland
2-Sep	Baker Tilly	Baker Tilly Woroszylska advised TPA Poland, a Warsaw-based tax advisory, audit, accounting, and payroll outsourcing company that is part of the Baker Tilly International network, on its merger with Moore Stephens Central Audit Team, which includes over 60 tax, accounting, and auditing specialists.	N/A	Poland
3-Sep	Bird & Bird; Kancelaria Kozlowski	Bird & Bird advised Exeter Property Group on the acquisition of a logistics park in Sosnowiec, Poland, from Biuro Inwestycji Kapitalowych, which was advised by Kancelaria Kozlowski.	N/A	Poland
6-Sep	Greenberg Traurig; Linklaters	Linklaters advised UBM Development AG on the sale of a new Holiday Inn hotel in Gdansk, Poland, to an institutional investment fund managed by the German Union Investment Real Estate GmbH. Greenberg Traurig advised the buyer on the deal.	EUR 38.25 million	Poland
6-Sep	Domanski Zakrzewski Palinka	Domanski Zakrzewski Palinka successfully represented Dobra Energia Olsztyna in a challenge to its selection via a tender process to construct a new combined heat and power plant in Olsztyn by way of a public-private partnership.	N/A	Poland
9-Sep	DWF; Freshfields Bruckhaus Deringer; K&L Gates	DWF Poland, working with K&L Gates, advised Tauron Polska Energia S.A. on the acquisition of five wind farms located in the north of Poland with a total capacity of 180 MW from the In.Ventus Group. Freshfields Bruckhaus Deringer advised the In.Ventus group on the deal.	EUR 137 million	Poland
11-Sep	Grant Thornton; Skils; WKB Wiercinski Kwiecinski Baehr	WKB advised the CEZ capital group on Polish aspects of its acquisition of a majority of shares in Euroklimat, a provider of building installation services, from its founders and shareholders. The Czech Republic's Skils law firm was lead counsel to CEZ, and Grant Thornton advised Euroklimat and its shareholders on the deal.	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
11-Sep	Act BSWW	Act BSWW advised the Kliny Hospital in Krakow, Poland, on its purchase of an online training simulator from Intuitive Surgical for surgeons performing procedures with the da Vinci robot.	N/A	Poland
29-Aug	Botezatu si Asociatii The Counsel; CEE Attorneys	The Romanian office of CEE Attorneys advised the sellers on the final stage of the sale of the 7Card business to Sodexo. Botezatu si Asociatii The Counsel advised Sodexo Romania on the deal.	N/A	Romania
5-Sep	Stratulat Albulescu	Stratulat Albulescu advised London Partners on its acquisition of a 29,000 square meter plot in the Expozitiei area of Bucharest.	N/A	Romania
6-Sep	CEE Attorneys	The Romanian office of CEE Attorneys advised Austria's Simacek group on the consolidation of the facility management activities of its Romanian entities Simacek Cleaning and Simacek Gardening into one Group company.	N/A	Romania
19-Aug	Debevoise; Dechert	Dechert advised the Kinross Gold Corporation on its USD 283 million acquisition of the Chulbatkan heap leach development project from N-mining. Debevoise advised N-mining on the deal.	USD 283 million	Russia
19-Aug	Ilyashev & Partners	Ilyashev & Partners advised the Kraft Heinz Company in connection with its business development in Russia.	N/A	Russia
16-Aug	Liniya Prava	Liniya Prava advised Gazprombank on its joint role as "co-manager" (along with Otkritie FC Bank, Sovcombank, and the Eurasian Development Bank) and underwriter on the Republic of Belarus's placement of two bond issuances on the Moscow Stock Exchange.	N/A	Russia
19-Aug	Alrud; Deheng	Alrud advised China Gold, a state-owned Chinese enterprise, on its entrance into a development agreement related to the Klyuchevskoye gold deposit in Russia's Mogochinsky district. Deheng advised China Gold on matters of China and Hong Kong law.	N/A	Russia
19-Aug	Alrud; Fangda Partners; Macfarlanes	Alrud advised Ctrip, the largest online travel agent in Asia, on its acquisition of a minority stake in Russia's Avia Center. Fangda Partners provided Chinese law advice to Ctrip on the deal, while MacFarlanes provided English law advice.	N/A	Russia
22-Aug	Clifford Chance	Clifford Chance advised CDB Aviation, a wholly-owned Irish subsidiary of China Development Bank Financial Leasing Co., Limited, on a long-term lease of three Airbus A320neo aircraft to Ural Airlines.	N/A	Russia
26-Aug	Stuarts Legal	Stuarts Legal advised France's Savencia Fromage & Dairy on the construction of a soft cheese factory in the Russian Republic of Bashkortostan.	N/A	Russia
23-Aug	Alrud	Alrud advised Russia's state-owned VTB bank on the acquisition of more than 70% of shares in grain trading company Mirogroup Resources.	N/A	Russia
26-Aug	Egorov Puginsky Afanasiev & Partners	EPAM advised Toshiba Global Commerce Solutions Holdings Corporation on corporate issues related to the maintenance of its Russian subsidiary.	N/A	Russia
28-Aug	Pepeliaev Group	The Pepeliaev Group advised the Netherlands' Cupol Ventures Limited on tax matters related to its acquisition of the Chulbatkan gold project in Russia from N-Mining.	N/A	Russia
28-Aug	Bryan Cave Leighton Paisner	Bryan Cave Leighton Paisner Russia successfully challenged Russia's Rospatent's decision to cancel the trademarks of Prosveshcheniye Publishers.	N/A	Russia
3-Sep	Bryan Cave Leighton Paisner	Bryan Cave Leighton Paisner Russia advised Orion LLC, a member of the UST group, on its sale of fiscal data operator First OFD to the VTB Group.	N/A	Russia
30-Aug	Dentons	Dentons advised Raiffeisenbank on its agreement with the Etalon Group regarding the construction of an office center at the Nagatino I-Land business park in Moscow.	N/A	Russia
4-Sep	Egorov Puginsky Afanasiev & Partners	The St. Petersburg office of Egorov Puginsky Afanasiev & Partners successfully deflected a claim submitted by the bankruptcy trustee in the Transaero bankruptcy case.	N/A	Russia
16-Aug	Bojovic Draskovic Popovic & Partners; Jankovic Popovic Mitic	JPM Jankovic Popovic Mitic advised C.D Holding Internationale SAS on its entrance into a partnership with the current owners of Serbia's Emergo Sport d.o.o., which was advised by Bojovic Draskovic Popovic & Partners.	N/A	Serbia
29-Aug	Zivkovic Samardzic	Zivkovic Samardzic helped Halkbank a.d. Beograd, a subsidiary of Turkish Halkbank, harmonize its operations with the new Law on Personal Data Protection.	N/A	Serbia
29-Aug	BDK Advokati; Marovic	BDK Advokati advised Tvornica Duhana Rovinj, a member of the British American Tobacco Group, on the sale of its 25% stake in Veletabak, a Serbian tobacco products wholesaler, to Authoritas, giving Authoritas full ownership of the company. The Marovic law firm advised Authoritas on the deal.	N/A	Serbia
9-Sep	CMS	CMS advised the Slovenian branch of Sberbank on the financial restructuring of loans to Serbian companies Dijamant AD and Kikindski Mlin AD.	EUR 20 million	Serbia

Date covered	Firms Involved	Deal/Litigation	Value	Country
27-Aug	Freshfields; Hengeller Mueller	Hengeler Mueller advised Innogy SE on the sale of its 49 percent stake in the business of the Slovakian Vychodoslovenska Energetika Holding a.s. to RWE AG. Freshfields Bruckhaus Deringer advised RWE on the deal.	N/A	Slovakia
27-Aug	Jadek & Pensa; ODI Law	ODI advised Slovenia's MSIN Group on its sale of a majority stake in Keko Varicon to Bourns Limited. Jadek & Pensa advised Bourns on the deal.	N/A	Slovenia
19-Aug	Egemenoglu; Kinstellar	Egemenoglu advised DRD Fleet Leasing regarding its debt restructuring negotiations with 45 financial institutions as creditors including Credit Europe Bank, Abraaj Group, and ICD. Kinstellar advised the banks on the deal.	EUR 570 million	Turkey
22-Aug	Akin Gump; Clifford Chance	Akin Gump advised Turkish participation bank Kuveyt Turk Katilim Bankasi A.S., majority-owned by Kuwait Finance House, on its debut issuance of USD 200 million perpetual Tier 1 Capital Certificates, listed on the regulated market of the Irish Stock Exchange plc. Clifford Chance advised the sole manager on the transaction, KFH Capital.	USD 200 million	Turkey
5-Sep	Allen & Overy; Gedik & Eraksoy	Turkey's Gedik & Eraksoy and Allen & Overy advised United Initiators GmbH on its acquisition of 100% of the shares of Hidrojen Peroksit Sanayi ve Ticaret A.S.	N/A	Turkey
21-Aug	Avellum	Avellum advised A-Development on the sale of Smart Plaza Obolon, a newly constructed shopping and entertainment center in Kyiv, to URE Holding Limited.	N/A	Ukraine
22-Aug	Evris	Evris advised Vetropack, a European manufacturer of glass packaging for the food and beverages industry, on matters related to an intellectual property dispute in Ukraine.	N/A	Ukraine
16-Aug	Dentons	Dentons helped US-based multinational investment bank BCP Securities launch its commercial activity in Ukraine.	N/A	Ukraine
19-Aug	Asters	Asters advised Dobrobut, a Ukrainian network of private medical centers, on its acquisition of Kyiv's Boris medical center from unidentified sellers.	N/A	Ukraine
28-Aug	Dubinsky & Osharova	Dubinsky & Osharova successfully represented McDonald's interests before the Supreme Court of Ukraine in a dispute over the company's "Mc" trademark.	N/A	Ukraine
30-Aug	Aequo	Aequo successfully defended the interests of ProCredit Bank in the Supreme Court of Ukraine in a dispute over loan commitments.	N/A	Ukraine
6-Sep	Allen & Overy; Lenz & Staehelin; Linklaters; Redcliffe Partners	Redcliffe Partners and Linklaters advised the EBRD on a USD 56 million term-secured loan, including a USD 8 million tranche funded by the Clean Technology Fund, made to four Ukrainian members of the Kernel Group. Allen & Overy and Lenz & Staehelin advised the Kernel Group on the deal.	USD 56 million	Ukraine
5-Sep	Aequo	Aequo advised Raiffeisen Bank International AG on its extension of a five-year loan to Ukrainian DIY retailer EpiCentr Group.	EUR 4 million	Ukraine
10-Sep	Aequo; Egorov, Puginsky, Afanasiev & Partners; Reed Smith	Aequo advised the Cropio Group, on the sale of its business to Syngenta. Egorov, Puginsky, Afanasiev & Partners and Reed Smith advised Syngenta on the deal.	N/A	Ukraine
11-Sep	Sayenko Kharenko	Sayenko Kharenko acted as Ukrainian legal counsel to the EBRD on its grant of a financial package to Bank Lviv under the EBRD's Women in Business Programme.	EUR 5.3 million	Ukraine
11-Sep	Clifford Chance; Integrates; Redcliffe Partners; Trinity	Redcliffe Partners and Clifford Chance Amsterdam advised the Netherlands Development Finance Company, the Green for Growth Fund, and the Norwegian Guarantee Institute for Export Credits on EUR 37.8 million financing to Scatec Solar for the construction of a 54 MWp solar PV plant in Ukraine. Integrates and Trinity advised Scatec Solar on the transaction.	EUR 37.8 million	Ukraine

Full information available at: www.cleelegalmatters.com

Period Covered: August 15, 2019 - September 15, 2019

READERS' VOICE

Dear CEELM:

We contributed the Experts Review article from Ukraine titled “*The Gordian Knot of Ukrainian Gas Transmission System Unbundling*” in the September issue of the CEE Legal Matters magazine (6.8). As there have been immediate and significant changes in the Ukrainian law since then, we would like to provide your readers with a quick update.

On September 18, 2019, before the third round of trilateral Ukraine-Russia-EU talks on gas transit, the newly appointed Ukrainian Government approved a new GTS unbundling model. This time the Government, in its Resolution 840, opted for the Independent System Operator (ISO) model, having materially changed the initial unbundling plan.

The new ISO model foresees transfer of GTS related assets to the limited liability company “Gas Transmission System Operator” (GTSO), the specially established subsidiary of JSC Ukrtransgaz, with subsequent transfer of 100% in GTSO to the ownership of the JSC “Main Gas Pipelines of Ukraine” (MGU).

100% shares in MGU will be transferred to the Ministry of Finance of Ukraine. The latter has also been designated as the independent “transmission system owner” on behalf of the state.

The ISO unbundling is designed to be completed on January 1, 2020.

Thank you.

Best regards,

Maria Orlyk, Partner, CMS Ukraine

If you like what you read in these pages (or even if you don't) we really do want to hear from you! Please send any comments, criticisms, questions, or ideas to us at: press@ceelm.com

Letters should include the writer's full name, address and telephone number and may be edited for purposes of clarity and space.

ON THE MOVE: NEW HOMES AND FRIENDS

DLA Piper Takes Infrastructure Team from Hogan Lovells in Warsaw



Counsel Adriana Mierzwa-Bronikowska and Senior Associate Agnieszka Chylinska have moved from Hogan Lovells to DLA Piper in Warsaw, where Mierzwa-Bronikowska assumed the role of Head of Projects/PPP.

According to DLA Piper, Mierzwa-Bronikowska “will support our clients in structuring and preparing infrastructural projects, in proceedings aimed at concluding contracts, and in the process of obtaining financing as well as during the operation and maintenance of projects. Adriana has over 20 years of experience in advising on complex infrastructural projects, including those carried out under the PPP formula. She advises public entities, private partners as well as financial insti-

tutions. She has been involved in the majority of large PPP/infrastructure projects in Poland, including the concessions for the building and exploitation of the A1 and A2 motorways, the building and exploitation of two sections of motorways, the reconstruction and maintenance of a number of regional roads, the construction and maintenance of student accommodation in Krakow, the management of the International Congress Centre in Katowice, and the construction and maintenance of incineration plants in Olsztyn and Gdansk.

Mierzwa-Bronikowska had been with Hogan Lovells since January 2014 as Co-Chief of PPP and Infrastructure. She has also worked for five years at Chadbourne & Parke, two years at Wierzbowski Eversheds, and one year at Gide Loyrette Nouel. She received her Master’s in Science of Law from the Adam Mickiewicz University in Poznan in 2001.

Krzysztof Kycia, Co-Managing Partner and Head of Litigation and Regulatory at DLA Piper Warsaw, commented: “Adriana and Agnieszka constitute a further strengthening of our offer to clients in the infrastructure sector. We are very pleased to welcome two lawyers with such significant - and often unique - experience and expertise to our team, and we are happy that they have chosen to develop their careers with us.”

By David Stuckey



Kinstellar Announces Affiliation with Gen & Temizer | Ozer in Turkey



Kinstellar has formalized its affiliation with the Gen & Temizer | Ozer law firm in Turkey.

Gen & Temizer | Ozer was founded in 2011 by Baran Gen, Ebru Temizer, and Emre Ozer. It currently has a team of 15 lawyers.

“We are delighted and excited to team up with such a strong and professional team in Istanbul,” commented Kinstellar’s firm-wide Managing Partner Patrik Bolf. “Turkey is a strategic location for our clients and the leading international law firms

with whom we have strong referral relationships, and we are happy to have found a team complementary to our values and goals. They will be a fully integrated part of Kinstellar, aligned and committed to the same quality and consistent services. We are confident that Kinstellar will rapidly achieve a top-tier position in Turkey, and we look forward to working with this group of outstanding lawyers. We believe our expansion in Istanbul will provide tremendous opportunities for our clients and Kinstellar.”

Kinstellar had been cooperating with the CCAO law firm in Turkey, but, according to Kinstellar Istanbul Managing Partner Dan Torsher, “our cooperation with CCAO drew to an amicable close in 2018.”

By David Stuckey

Former CMS Partners Marek Sawicki and Jakub Marcinkowski Bring Team to DLA Piper



Former CMS Partners Marek Sawicki and Jakub Marcinkowski have moved with a team to DLA Piper in Warsaw, with Sawicki becoming Corporate Co-Head and Head of Private Equity.

Sawicki served as head of CMS’s Corporate/M&A practice in Warsaw and chaired the firm’s Life Sciences & Healthcare group in Poland. He graduated from the Nicolaus Copernicus University in 1992 with a degree in law and, in addition to CMS, worked with Baker McKenzie before joining DLA Piper.

Marcinkowski focuses on M&A, private equity, and venture capital transactions. He obtained his law degree from the University of Warsaw in 2004 and moved to CMS in 2007 after two years with Baker McKenzie.

In a joint statement, DLA Piper Warsaw Co-Managing Partners Krzysztof Kycia and Jacek Gizinski were enthusiastic about their new colleagues: “Marek and Jakub’s appointment is a key part of our growth strategy in Poland and the wider CEE region. They each bring an outstanding reputation, a high level of expertise and strong client relationships, which perfectly complement our global business. Marek and Jakub are market-leading practitioners, well recognized by the local market and we are confident that they will make a significant

contribution in further developing our corporate capabilities in the region.”

The team coming with Sawicki and Marcinkowski includes Counsel Rafal Kluziak, Senior Associates Izabela Gebal and Michal Gintowt, and Associates Karolina Stepaniuk and Jakub Szczygiel, all of whom, DLA Piper reports, “have significant experience in public and private M&A, private equity, capital markets, and financial instruments.”

By Andrija Djonovic

Nazali Legal Opens Russian and Moroccan Country Desks



Turkey’s Nazali Legal Services has announced the opening of new Russian and Moroccan country desks, led by Altinay Sheralieva and Esma Parmak, respectively.

Sheralieva, the new Legal Director for Russia & CIS at Nazali

Legal, joined the firm in May of this year. According to Nazali Legal, she “advises and represents Turkish companies doing business in Russia and CIS, she provides legal consultancy in a wide range of issues, including cross-border investment projects, multi-jurisdictional merger and acquisition projects, and litigation.” Before joining Nazali, the firm reports, Sheralieva “advised Turkish construction companies with regard to turn-key construction projects in Russia and CIS [and she] negotiated and drafted contracts within the scope of turn-key construction projects, including EPC contracts.” According to the firm, “she has worked as legal counsel of Turkish aviation company, has advised on corporate matters, contract law, aviation law and has lead litigation matters in Russia and CIS. Altinay advised and conducted acquisition of Turkish companies by Russian investors.”

Esma Parmak, the new head of the Nazali Legal Morocco Desk, began her professional career in 2001 in the Tax department of Arthur Andersen Turkey and then moved to Ernst & Young, where she stayed until the end of 2004. Since then she has worked at Carrefour Turkey, Global Investment Holding, Yapi Merkezi Construction, and Tabanlıoğlu Architecture, all of which, Nazali Legal reports, provided her with “extensive experience in various sectors such as local and international taxation and tax audits, company mergers, company setup on abroad, international accounting, reporting and auditing.” According to the firm, “Esma’s experience is mainly focused on international markets, especially in Middle Eastern, European, and African countries.”

By David Stuckey

IN-HOUSE MOVES AND APPOINTMENTS

Date Covered	Name	Company/Firm	Moving From	Country
3-Sep	Wolfgang Eigner	Baker McKenzie	Head of Office at Austria's Takeover Commission	Austria
29-Aug	Ivan Ferencz	Szabo, Kelemen and Partners	Fundamenta-Lakaskassza Zrt.	Hungary
10-Sep	Milica Topic	AIGO	Senior Legal Counsel at Schoenherr	Serbia
3-Sep	Oleg Makarov	Ukrainian Member of Parliament	Vasil Kisil & Partners	Ukraine

DID WE MISS SOMETHING?

We’re not perfect; we admit it. If something slipped past us, and if your firm has a deal, hire, promotion, or other piece of news you think we should cover, let us know. Write to us at: press@ceelm.com



PARTNER MOVES

Date Covered	Name	Practice(s)	Moving From	Moving To	Country
15-Aug	Florian Kuszner	Corporate/M&A	Schoenherr	Wolf Theiss	Austria
11-Sep	Eszter Zadori	Energy/Natural Resources	TENK Law Firm	Dentons	Hungary
16-Aug	Michal Petz	Corporate/M&A	K&L Gates	White & Case	Poland
26-Aug	Sasa Divjak	Corporate/M&A	Divjak, Topic & Bahtijarevic	Passed away	Poland
29-Aug	Piotr Laska	Real Estate	K&L Gates	Baker Tilly Woroszylska	Poland
3-Sep	Aleksandra Wos	Tax	Advicero Nexia	NGL Legal	Poland
3-Sep	Tomasz Ciecwierz	Corporate/M&A	Allen & Overy	NGL Legal	Poland
5-Sep	Marek Sawicki	Corporate/M&A; Private Equity	CMS	DLA Piper	Poland
5-Sep	Jakub Marcinkowski	Corporate/M&A; Private Equity	CMS	DLA Piper	Poland
9-Sep	Rafal Zakrzewski	Corporate/M&A	Clifford Chance	Baker McKenzie	Poland
10-Sep	Lukasz Jankowski	Energy/Natural Resources; Litigation/ Disputes	Wierzbowski Eversheds Sutherland	DLA Piper	Poland
4-Sep	Sergii Papernyk	Banking/Finance	Evris	Unknown	Ukraine
26-Aug	Ekaterina Larens	Corporate/M&A	Clifford Chance	VK Partners	Russia
9-Sep	Juraj Gyarfás	Corporate and M&A; Litigation/Disputes	Allen & Overy	Dentons	Slovakia
13-Sep	Artem Nagdalian	Corporate/M&A; Banking/Finance	Nobles	Marchenko Partners	Ukraine
13-Sep	Roman Shulyar	Banking/Finance	Nobles	Marchenko Partners	Ukraine

PARTNER APPOINTMENTS

Date Covered	Name	Practice(s)	Firm	Country
23-Aug	Dominik Geyer	Real Estate	BPV Huegel	Austria
10-Sep	Andris Lazdins	Litigation/Disputes	Ellex Klavins	Latvia
12-Sep	Aurelija Rutkauskaitė	TMT/IP	Triniti	Lithuania
26-Aug	Malgorzata Stefaniak	Banking/Finance	Act BSWW	Poland
2-Sep	Tijana Lalic	Competition; Banking/Finance; Litigation/Disputes	Prica & Partners	Serbia

OTHER APPOINTMENTS

Date Covered	Name	Company/Firm	Appointed To	Country
10-Sep	Rupert Hartzhauser	CMS	Chief Operating Officer	Austria
9-Sep	Raya Maneva	CMS	Head of Projects	Bulgaria
2-Sep	Karina Furga-Dabrowska	Dentons	Europe Chief Mindfulness Officer	Poland
3-Sep	Altinay Sheralieva	Nazali Legal Services	Legal Director for Russia & CIS	Turkey
3-Sep	Esmá Parmak	Nazali Legal Services	Head of the Morocco Desk	Turkey

THE BUZZ

In “The Buzz” we check in on experts on the legal industry across the 24 jurisdictions of Central and Eastern Europe for updates about professional, political, and legislative developments of significance. Because the interviews are carried out and published on the CEE Legal Matters website on a rolling basis, we’ve marked the dates on which the interviews were originally published.

LATVIA: SEPTEMBER 4



“Compliance and overall tightening of regulations are definitely hot topics in Latvia,” reports Maris Vainovskis of Eversheds Sutherland Bitans.

According to Vainovskis, companies in the finance sector and export-orientated businesses are the primary focus of increased anti-money laundering and know-your-client regulatory requirements and sanctions.

Vainovskis points to the recent efforts of the Latvian Govern-

ment to “promote the attraction of SME financing.” In order to achieve this goal, the Latvian Government has “designed a local support instrument” to be included in regulations related to the EU Structural Funds. According to him, the “key objectives of the state support instrument program,” include “increasing the number of local enterprises that use capital market instruments in attracting finance, ensuring access to alternative finance attraction tools, and expanding investment opportunities and encouraging institutional and private investor activity in the Latvian capital market.”

Additionally, Vainovskis says that, following the encouragement of the Foreign Investors Council in Latvia (which Eversheds Sutherland Bitans and other leading Latvian law firms participate in), the country’s Cabinet of Ministers has supported the creation of a specialized Court of Economic Affairs to “improve the business and investment environments in Latvia.” The process of creating this specialized court is expected to finish by 2021.

Finally, although Vainovskis reports that Latvia’s “overall political climate is good and stable,” he says that “there is some rumbling going on in the energy sector” connected to the “lack of clarity concerning the mandatory procurement payments system in green energy projects.” According to him, “a working group was set up last year to abolish the system of mandatory procurement payments.” Investors in the green energy production sector have already seen changes in the law



that affect their business plans, and Vainovskis reports that “this prevailing uncertainty has had some negative impact on the green energy sector in Latvia.”

By **Andrija Djonovic**

LITHUANIA: SEPTEMBER 5



“The Lithuanian legal market is really in a good moment,” says Cobalt Managing Partner Irmantas Norkus.

Norkus reports that the appearance of two major spin-off firms at the very end of last year – Wallis (spinning off from Ellex and then merging with Dominas) and WINT (led by

former TGS Baltic Partners Daiva Usinskaite-Filonoviene and Giedrius Danelius and former AAA Law Partner Andrius Iskauskas) – caused “much speculation and discussion.” He describes the attempt by the new firms to compete directly with the traditional major four firms atop the market (Cobalt, Sorainen, TGS Baltic, and Ellex), as “benchmark cases for us, to see whether it’s possible to establish a new venture after being part of large law firms for a long time.” And according to him, early reports seem to suggest there’s room for all. “It seems like they’re doing well,” he says of the new firms, “and although we don’t see them much on transactions yet, they’re active on marketing, and reports are that their initial financial results are better than expected.”

In addition, he says, “there could be other splits in smaller firms, partners leaving, lateral partner hires, so these are good times – people leaving easier, because they have higher expectations of their future.” In his opinion, both phenomena – successful spin-offs and the increasing willingness of lawyers to leave bad situations for better ones – represent “a good sign for clients and the market; it means more competition.”

And it appears there’s enough work to go around. Norkus reports that Cobalt’s Lithuanian office is “busy with work, and we continue to recruit lawyers.” According to him, and despite the increased competition, “we’re growing by 10% in all Baltic markets.”

Indeed, Norkus points to 3-4% GDP growth overall in all three Baltic states, with “interest from larger international investors, such as Blackstone and Providence, in the region.” In his opinion, “the future looks bright; firms are investing, and many of them relocating to new premises – another sign of success and expansion.”

Norkus doesn’t believe the good times will end next year or the year after. He suggests that the concerns many lawyers express about a potential recession around the corner reflect a natural reaction to good times – a certainty that they can’t last, and that every bubble is just about to burst. “You know this feeling when you’re doing well: You start to be cautious,” he says. “But I do not see any immediate changes or slow-down. The Federal Reserve Bank and European Central Bank are thinking about measures to keep the economies growing.” According to him, “I understand what others are saying, but this time could be completely different. The Central Banks are ready to act. So my hope is that this will continue at least through next year.” Still, he’s quick to concede that “of course nobody knows what will happen.”

Finally, Norkus turns to the increasing attempts by the Lithuanian government to weaken the attorney-client privilege. He says, “we had a new unpleasant regulatory change recently – an amendment to the Law on Tax Administration that imposed a duty on those professional service providers who advise clients on cross-border tax arrangements and tax planning to inform the national tax authorities if their recommendations

can be qualified as ‘aggressive tax planning.’” He points out that “this means that advocates may be required to inform the tax administration of the kind of advice they’re giving. This is, in our view, a professional secret.” He says initial attempts to push back were unsuccessful. “The bar tried to submit our position, but it was ignored, with the law making no exceptions.” He reports that, “we are now figuring out and consulting with the Lithuanian bar what our options are so that our privilege is maintained, and that our right/duty to keep professional secrets is protected.”

This is part of an unfortunate trend, Norkus reports. “At the end of last year we had new guidance from the Lithuanian Bar about anti-money-laundering measures to be applied by lawyers.” He says, “the general point is that regulation is increasing and we have more rules about AML, and tax planning, and data protection. The profession is becoming more regulated.” He says this is ultimately unacceptable. “Our role is to ensure justice in society, so the balance between privileges and duties of an advocate should be maintained.”

By David Stuckey

ROMANIA: SEPTEMBER 12



Things continue apace in Romania, according to Schoenherr Partner Matei Florea. “It’s not slow, let me put it like this,” he says. “It’s the current new normal, with very diverse projects running at very diverse speeds. We’ve had it for a couple of years and it’s professionally both challenging and satisfying.”

According to Florea, changes to the fiscal regime that went into effect on January 1, 2018 have essentially ended the sale of NPL portfolios for the time being, but “single ticket distressed bank assets changing hands – that’s still happening,” he says, “and there is quite a lot of portfolio management and

servicing work that we assist with.” If the Government were willing to amend these changes, he explains, several NPLs portfolios would probably come to market. “There are still several billions out there to change hands, which would help the entire banking sector and the economy overall get in better shape.” But for that to happen, he says, “banks will need to lobby to change the tax regime.”

Similarly, consolidation in the banking sector has slowed at the moment. Florea says that “a couple of banks are rumored to come to the market, but when and whether they will actually happen is unclear, depending to a large extent also on the uncertainties resulting from numerous changes in legislation, such as the controversial Government Emergency Ordinance 114,” which, he explains, “was introduced at the end of 2018 and amended after only a few months due to pressure from the business environment and international organisms, [and] introduced new taxes for key sectors (banking, private pensions, energy, telecom) in the name of social justice.”

Still, work is coming from different areas. According to Florea, “we’re doing a lot more regulatory work, coming from a lot of sources, including changes in EU regulations – particularly involving e-commerce, cyber-security, and of course the GDPR – as well as from local/Romanian changes.” He also refers to “a number of changes in past practices and in the people who run various agencies in Romania, like the Consumer Protection Agency, leading to an uptick in high stakes retail banking-related litigation.”

The lead-up to the presidential elections scheduled for November, Florea says, has caused a chill on some deals – and the possibility that parliamentary elections otherwise scheduled for 2020 might be moved up to this fall as well hasn’t helped. According to Florea, “combined with the new tax on bank assets legislation, we had transactions that stopped immediately.” According to him, “obviously sellers and investors alike are holding back.”

Yet he emphasizes that he’s not unduly pessimistic. “There’s also positive. There are still opportunistic investors, in particular those looking at distressed assets, and we have been working more with PE funds looking at distressed situations. There’s more restructuring work than before (both before and during insolvency proceedings) and we are generally gearing up for even more restructuring work in Romania and the entire CEE region.” Indeed, he says, “we expect that to pick up now in the second part of the year. Equally, cross-border lending has continued to be a busy area for international law-firms, both bank and direct/PE lending, with an increasing number of multi-jurisdictional transactions. In the first half of 2019 we have also seen more local corporate lending than in all of 2018.”

By David Stuckey



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WELL-KNOWN TRADEMARK: HUNGARY'S DANUBIA AT 70





Hungary's Danubia Patent and Law Office traces its roots back almost three quarters of a century. Danubia Partners Eszter Szakacs and Zsafia Klauber explain how the firm has managed to stay on top of the market for so long, through significant periods of technological, political, legal, and historical transformation in the country and culture around it.

CEELM: Danubia has a long history. Can you tell us when the firm was set up and how it has evolved through the years?

Eszter: Danubia was founded in 1949 as a state-owned company primarily by patent agents with the main purpose in the beginning of helping mostly the innovative domestic Hungarian companies who wished to enter foreign markets with their products. After the change in the political regime in Hungary in 1989, it was privatized by some of the patent and trademark attorneys who worked here (many of whom still do). From then on, a different era began. The classic patent and trademark filing services expanded into something that was better focused on looking at ventures and companies coming to the Hungarian market, and offering a more holistic approach – not just to offer prosecution services but really understand what IP the given company had, what its aims were, and the potential of the market and to help the entities optimize their IP portfolio accordingly. This change in approach led to the expansion of the firm's portfolio and the creation of *Danubia IP*, which mostly deals with intellectual property management, and to *Danubia Legal*, which offers legal services provided by specialized IP lawyers. So this is how it evolved from Danubia Patent and Trademark Office into the three-pillar structure it has today and which is unique in the Hungarian market in terms of providing these umbrella-type services.

CEELM: Tell us about the firm now.

How big is it? What drives that growth?

Zsofia: The big change of course was the privatization, and in the last 30 years we have grown continuously. Since then, of course, competition has grown much greater. One can say it was a smart move to preserve the institutional know-how and expertise in the field when they turned the firm into a private company. It has always been important for the firm to maintain its reputation as a leading intellectual property firm in Hungary.

We now have 20-25 patent and trademark attorneys, four partner attorneys at law at Danubia Legal, and five associate lawyers. All in all, together with the paralegals and finance department, there are about 80 of us.

CEELM: Why do IP firms have such relatively large headcounts compared to traditional law firms – even those with IP departments?

Eszter: The patent field requires patent attorneys with different technical backgrounds (and in fact Danubia has more than one person for every technical field due to the workload). In addition, in this field professionals – patent agents and lawyers equally – have to take in a lot of technical information and legal history. Patent litigation files can be massive. There is a demand in terms of human resources to deal with all that. And especially in the area of IP, the field is getting more and more complex.

Zsofia: The other thing is that once a firm like Danubia establishes a leading market position, obviously more and more cases come. And that requires growth as well.

If we look at it from a client perspective, our clients come from all sectors of industry: Pharma, IT, Fashion, Entertainment, Food & Beverages, and so on. We assist our clients from the very beginning, when they first step into the market. We work with them not only to find both the company's name and the

brand, and we assist them in obtaining, maintaining, and enforcing IP rights, and this requires a lot of people.

CEELM: What's the main profile of your clients?

Eszter: It depends on which field you're looking at. One key portfolio aspect is the litigation work we do for foreign clients in Hungary in the field of IP. There, what we are very impressive in is handling very complex patent litigation matters for clients, specifically litigation that takes place in several jurisdictions in Europe. Very often we act as part of an international team, coordinating the same matter. I think if you look at the rankings, where Danubia is mentioned, it is often mentioned as being known for working on high-profile patent litigation matters – infringement and revocation – for large foreign companies, either on the side of the patentee or its opponents.

Zsofia: Another type of service is where we work for domestic clients – it can be litigation, the same way – but also helping them establish a contractual background for their innovative product or service which they launch, either in the Hungarian market or outside its borders. As a side note, I need to mention that the patent attorneys of Danubia are European patent attorneys as well, which means that they can proceed before the European Patent Office as well. So there is also a strong basis in domestic clients as well.

CEELM: Do you find that clients are now sufficiently aware of what protections they need, or do you still find the need to educate the market?

Zsofia: It depends on the size. Usually, bigger clients are more aware of the importance of IP, but there is often a need to convey the importance and pitfalls of IP to start-ups and IT companies, as they often do not have enough knowledge and awareness of potential IP conflicts on the market.

CEELM: How do you reach potential start-up clients to educate them?



Eszter Szakacs

Eszter: They often come to us, because of the reputation Danubia has on the market. We need to talk through what technology they have and what they want to do with it in order to learn about their IP needs and processes. The technical knowledge of Danubia's patent attorneys is very important here. You need a technical background to determine if that specific technology is capable of being protected by a patent, and then you need both legal knowledge and a very business-minded approach to decide strategically how to proceed. Of course, clients also need to realize that obtaining IP protection and taking care of their intellectual property requires a financial commitment as well – it's something they have to invest in.

CEELM: What kind of financial commitment?

Zsofia: Obtaining IP costs money. When you factor in the need to obtain the necessary intellectual property protection not only in Hungary but also in multiple other markets, the costs can get quite high – and you have to maintain those protections as well, so it's not just a one-time spend. And the more complex technology you have and the more versatile the protection you seek, the more it costs. It really makes it worth your time to consult with a professional, because there are situations where it might not serve the client's best interests to have an over-reaching protection, when there is in fact a more sophisticated approach. Ultimately, we are required to understand

what the client wishes to do on the market in order to help provide them with a tailor-made IP portfolio.

CEELM: You said the work is becoming more complex. How so?

Eszter: Let me limit myself to what I actually do, as that's what I know best. As an attorney-at-law, I'm involved mostly with multi-jurisdictional patent litigation. Legal disputes are becoming more and more multi-jurisdictional, and the amount of information we're dealing with is growing and becoming more complex – and the market goals of clients (because they are involved in multiple jurisdictions) are becoming more sophisticated, so we have to be very sensitive to those. We have to be able to react quickly and provide our services to work out a Hungarian litigation strategy, for instance, and implement it at a high level of quality, often under time-pressure.

CEELM: Is Danubia a member of professional associations or networks with firms in other countries?

Zsofia: This is of course an important part of our every-day business so we are of course present at most IP conferences and associations, such as the INTA, ECTA, MARQUES, AIPPI, LESI, and EPLAW, and everyone in the management of Danubia as well as Danubia Legal partners holds positions in several professional associations. Besides the networking aspects these involvements and commitments help us stay up to date with relevant trends and developments in the field and ensure that our service keeps up with the standards of major European patent attorney and law firms.

Because the UK is an important place in terms of patent litigation we have many contacts with UK lawyers and law firms. The same goes with German locations, which are equally important, such as Munich and Dusseldorf. But otherwise I wouldn't emphasize specific geographical areas. Ultimately, we get referrals from all over the world, in-

cluding of course other countries from CEE, and I am very often contacted to reach out to lawyers in Romania or Poland, and of course we have contacts there too.

CEELM: What are some projects in the last five years that you are most proud of?

Eszter: We managed to obtain a significant victory for Pfizer in Hungary regarding its patent for Viagra. This was an excellent example of how effectively to protect a patent by effective judicial measures. That required a lot of preparation and very hands-on handling of that matter. It was an example where we really thought through the strategy with the client from the very beginning, and that strategy played out very well. Ultimately, the process was really long and with unimaginable complexities – it went up to the Supreme Court twice, and in the end it was a success. It even involved legal questions that influenced cases afterwards. It really moved Hungarian judicial practice in patent litigation forward, set precedents, changing legal and judicial practice. It was long – it started in 2012 with a preliminary injunction – and the end of the revocation was last year.

We are also very proud of our work on two cases that went to the CJEU and ended with a favorable ruling, both in the field of pharmaceuticals, one being C-492/16 (Incyte) and the other C-688/16 (Bayer). Obviously, these cases affect patent litigation well beyond Hungary and it is a great honor for us to be involved in them.

Zsofia: We are also proud of our work for a German company, Green Dot. The importance is that it was going on in multiple jurisdictions, and the victory was that we were able to maintain the client's rights, when a third party tried to cancel the client's very famous and widely-used trademark. Because of our work, Hungary was one of the few jurisdictions in which the trademark was preserved, in fact, so we were very proud of our work here.



Zsofia Klauber

CEELM: Since a lot of your work is obviously involving litigation, how do your fees work, exactly? What's the spread of work between bread-and-butter registration work and the more high-profile litigations?

Eszter: Of course, a lot of our services don't depend on the blockbuster cases. Most clients, at least in litigation, still work on hourly rates. We are often asked to provide budget estimates in advance, which is very reasonable, but especially in litigation it's very difficult to predict, which comes with the nature of the service. However, for certain prosecution services, Danubia has fixed tariffs.

CEELM: After 70 successful years, what's in Danubia's future?

Eszter: New technology is always getting stronger, and what we do is about technology. I think one thing that is important for us is to be very open and adaptable – so that we remain able to handle these new technologies and new business models with the IP knowledge that we have. I think what is really required is to increase the thoroughness of the understanding of the ever-growing amounts of data and information that need to be covered in each case as well as the fast-changing technology and business models. Perhaps with that we can maintain the leading position that we have achieved over the years.

Radu Cotarcea

A FAMILY AFFAIR

The Hanslik brothers continue a family tradition in the law, leading the way with style at CMS Vienna and Taylor Wessing Prague

It's not easy to get to the top of a profession. Among lawyer in particular, there is fierce competition, great pressure, slim margins of error, and a number of people waiting to capitalize on mistakes. Making it to the top, and staying there, is a tightrope that must be walked over and over. And yet, the Hanslik family has not one but two such high achievers, in two different countries, as Austrian brothers Erwin and Guenther Hanslik have senior positions at offices of *two* of the most respected and successful international law firms in Europe.

Their success is indisputable. Erwin is Managing Partner of Taylor Wessing Prague, where he heads the office's

Real Estate & Infrastructure, Environment, Public & Regulatory, Energy, and Hotel & Leisure practice groups. At CMS Reich-Rohrwig Hainz in Vienna, younger brother Guenther runs the firm's Banking & Finance practice, is Head of the Transaction Finance team, is Head of the HR committee, and – with several colleagues – oversees the firm's 20-plus-person Transaction group. Both Hansliks have led multiple significant deals (See Box on page 33), and both have received significant awards and commendations from international ranking services, publications, and peers.

And they have done it with a blend of friendliness and charisma that stands

out in a demanding and stressful profession, where arrogance and self-importance are all-too common. Both Hansliks have developed a well-deserved reputation for impressing their clients, helping their colleagues, and encouraging the young lawyers working under their guidance, all with style.

Their roads to success started, unsurprisingly, at home in Vienna.

Erwin's Path to Prague

Having both a lawyer father and a lawyer grandfather made a strong impression on the young Hanslik brothers growing up in suburban Vienna. "When we were kids we saw the legal profession as a home for us," says Er-



win Hanslik, now Managing Partner at Taylor Wessing in Prague. He laughs. “Other kids wanted to be astronauts or firefighters – we wanted to work as lawyers.”

Erwin found the outlines of his father’s job interesting – having an office in the city center especially – and he decided he wanted to follow in his footsteps. “Our father never pushed any of us to study law,” he says. “It was our choice, maybe part of a child’s dream to ‘take over from Dad’ one day, even though that specific thing never happened.”

His first experiences with the law were less than wholly rewarding. “When I started studying law I discovered that

it was, in fact, a totally boring subject,” says Erwin. Having to learn “large quantities of dry matter” didn’t really inspire him, he says, and the experience he gained after accepting the invitation to work in his father’s office to get some hands-on experience didn’t help either. “After that one month in my father’s office I was sure of one thing – I would never become a lawyer!”

Thus, he said, he considered various options, and one in particular he found quite tempting. “During my studies, I had the chance to work with a PR agency in Germany – spent some time there and some time in Paris – and I thought it was amazing,” he remembers. “Having the opportunity to work in such a broad area with such open-minded people” was, he says, hard to resist. “The only catch was that I had to finish my studies before starting to work – they only hired people with a degree – any degree.” He laughs. “This led to me finishing law ... but I never went back to PR.”

Eventually, Erwin chose to study at “a smaller, more intimate place” so he went to Salzburg and finished his studies there. While in Salzburg, in 1994, he was offered a three-month internship in Prague’s Balcar Polansky law firm. “At this point, I’m thinking ‘I love Prague, it’s a wonderful city, why not give it a go?’ so I accepted,” he recalls, “regardless of the fact that I still didn’t want to become a lawyer.” In Prague he discovered that his ability to speak both German and English “gave clients from these countries confidence, being able to speak to someone at the firm who knew their language.”

Ultimately, although he was asked to stay, Erwin decided to go back to Salzburg to finish his doctoral studies. He returned the following year, in 1995, planning to stay only a year. “The rest is history,” he says. “I stayed in Prague, started learning the language so I could pass the bar exam (which I did in 2000), and I got a job as an attorney at law

with ENWC soon after.” He became a Partner with ENWC in 2007 and later, when ENWC merged with Taylor Wessing in 2012, he became Managing Partner.

He never lost his enthusiasm for PR, however, and he admit that he considers it a “second career, at heart.” He tries to keep a hand in, even in his current position. “I do like to divide my time now, at the office, devoting enough attention to both BD and PR, being involved in those operations as well – it’s exciting and it speaks to my inner PR flame.”

Guenther’s Voyage to Vienna

Guenther Hanslik recalls, as a child, being particularly attracted to the freedom in the way his grandfather and father worked. “Looking at the two of them, they had no bosses – just clients that they had to make happy,” he laughs. “They were their own bosses and this seemed very appealing to me.”

Still, like his brother, he was not immediately convinced that his future lay in the law. “I started studying both law and business/economics,” says Guenther. “Giving them both a try seemed reasonable at the time. However, I chose law for two reasons: I was fascinated with both the history and philosophy of it, especially with first-year studies of Roman law.” He laughs, noting the second, less romantic, explanation. “Accounting was a bit boring, so I stuck with law.”

While his brother headed 200 miles to the north, Guenther headed west – far, far west. “After law school, I had the opportunity to spend a year working with Jones Day in Pittsburgh,” he says. “This gave me a completely different perspective on the job – this was a large office, whereas both our father and grandfather were solo practitioners.” He found himself drawn to the communal environment. “Even though the Pittsburgh office was not especially large, it was big by Austrian standards.



Guenther (left) and Erwin at 3 and 5 years old

Still, I felt like part of a group; we all knew each other and it was this team effort that I liked best.”

When he returned to Vienna in 1998, Guenther joined Sattler & Schanda, a much smaller firm. “We had a young family at the time, my son was just born, and I didn’t want to start in a large firm right away,” he recalls. However, after a few years, he says, he “missed the international pull,” and, when approached by CMS in 2001, he decided to give it a go for “a few years.” Eighteen years later, he’s still there.

Though that permanence wasn’t inevitable, Guenther says. He recalls that, despite his many years at CMS, there



Guenther (left) and Erwin celebrate their successful completion of the Berlin marathon

was a time he thought of making a change. “Just before I became an equity partner,” he says, “I considered moving back to a small firm and cutting back on the workload, but then they invited me to become an equity partner in 2006.” He laughs, describing his choice as an easy one: “That’s not the kind of offer you turn down.”

And he says he has enjoyed the relationships he has had the good fortune to develop with clients over the years. “I like making clients happy, essentially,” he says. “Working as a transactional banking lawyer I’ve had fewer clients than I might have had in other practices, but we formed more lasting relationships.” He adds that “it’s great to see people develop within client companies, to kind of be with them on their path.”

He points with pride to the relationships he’s built with his colleagues as well. “Here at CMS, you really feel that we are all pulling on the same string, all working together – which is why it is, also, a fun job and why I feel so fulfilled here.”

Taylor Wessing Partner Ivana Menhartova has a unique perspective on the dual Hansliks, as she used to work with Guenther as a member of CMS’s Banking & Finance team before moving to Taylor Wessing and teaming up

with Erwin. Menhartova emphasizes the politeness, humor, and professionalism the brothers exhibit to both colleagues and clients. “They are both so very pleasant and enjoyable to work with,” she says. “They are very precise and exact in their work but at the same time quite considerate towards their team members and employees.” She thinks this may be “simply in the genes for them, given their extensive family background in law.” Indeed, she suggests that it may be that history “that makes them so well-adjusted to working with people, and to applying such care to maintaining good relations with people – clients and employees alike.” Ultimately, she says, both Hansliks are “very down to earth and have a lot of respect for the work itself.”

Brotherly Rivalry or Respectful Professionalism?

Looking back at their divergent paths to similar destinations, the two brothers report pride in each other’s success – a pride that is, fortunately, not threatened by any direct competition. “We were always very close, born just two years apart,” Guenther says. “There may have been some kind of a rivalry when I left abroad and Erwin stayed home, maybe, but this was never a thing. Later on, with Erwin studying in Salzburg and moving to Prague – there was no room for us to compete, which is great.”

Erwin agrees. “Privately we meet a few times a year, outside of work, but seeing as how we work for different markets and in different practices – we rarely meet professionally,” Erwin says. “We never went up against one another, on the battlefield of law – I work in Real Estate and Guenther works in Banking & Finance.” He adds that he can “hardly imagine” going against Guenther for a client mandate. “It would be quite a strange thing, to have your brother as an adversary.”

That doesn’t mean their professional paths never cross, of course. “Some-

times funny things happen,” Guenther laughs. “It happens every now and then that a client will call up either me or Erwin, only to realize halfway into the conversation that he called up the wrong Hanslik.” And he recalls happily the time an opposing counsel “typed up an angry email during a tense round of talks we had during a business deal in Germany – he put his client in the cc, made all sorts of bold statements and claims – and then sent the email to Erwin instead of me.”

All in the Family

While “peas in a pod” is perhaps not completely accurate, both brothers agree they are more similar than different. When Erwin is asked to identify some differences, he calls it “a tricky question.” After putting the question to members of his family, he reports that “my mother said that she is not aware of any difference. Guenther’s wife Nicole said that I am older and taller, but that Guenther runs faster (which is correct). My brother Florian answered that when we smoke (which happens very rarely), I smoke cigars and Guenther cigarettes, [and] that I like whiskey and Guenther beer (which I actually like as well).” Ultimately, he concedes, “we are both family-oriented and even share the same hobby of running (we even took part in a couple of marathons together).”

For his part, Guenther suggests of his elder brother that “maybe he is a bit more classic in his leadership style,” laughing that Erwin once told him that he “had discussions with male colleagues about their shaving style – where I would never dare to give my opinion.” In addition, he says, Erwin “also thinks that I and my wife have a more anti-authoritarian approach than he does, which he is skeptical of us about.” He describes this, smiling, as “a classic first-son approach by him, who was used to things going his way.”

The Hanslik family relationship with the law hasn’t stopped with Guen-

Mutual Success Story
Significant Deals Led by the Hansliks Over the Years

Erwin Hanslik

- **Advising Bank Austria Creditanstalt Real Invest on its 2006 sale of a portfolio of office buildings in the Czech Republic and Poland.**
- **Advising Hypo Real Invest Group on multiple real estate transactions in 2010.**
- **Advising S+B Gruppe AG on the 2018 sale of multiple office buildings in Prague.**

Guenther Hanslik

- **Advising UniCredit Bank Austria AG and Raiffeisen Bank International in connection with the financing of Wealthcore’s 2019 acquisition of the Hilton Vienna Am Stadtpark hotel from two Austrian companies, represented by Investor United Benefits, and valued at around EUR 350 million.**
- **Advising UniCredit Bank Austria and Erste Bank on the financing of the acquisition of one of the Plus City shopping centers – one of the largest shopping centers in Europe – near Linz, Austria.**
- **Advising the lenders on the “highly complex” acquisition financing of EUR 350 million underlying the acquisition of Kaufhof, the largest German retail chain.**
- **Helping major German department store chains Kaufhof and Karstadt form a joint venture after Hudson’s Bay sale of half of its European business to Signa Holding.**

ther and Erwin, either. Their younger brother Florian, who also holds an LL.M. degree, is a tax advisor in Zurich, and their sister Susanne, the youngest in the family, is married to a lawyer. Guenther’s two sons are both studying law as well.

But the more relaxed style of the past, which allowed for more family time, is long gone. Erwin remembers being able to spend a lot of time with his father, Erhard – something which is often difficult these days, where successful commercial lawyers are forced to spend long hours in the office. “We were happy that our dad was there for breakfast every day, he drove us to school, and he was home for lunch,” he says. “These days it’s a good day if I can share breakfast with my kids and make it home in time for dinner – the job has changed.”

Perhaps as a result, he reports, “we

don’t really talk shop during large family lunches. This would just bore everybody, even though we are such a law-oriented group.” And Guenther agrees that “with all those folks around one table when the entire family is there – law is rarely a topic. We tend to keep shop talk for private moments, just to sort of exchange how we feel about work at that time.” Still, those private conversations can be useful. “Sometimes, just knowing that another large firm is facing similar hiccups makes your life a little bit less tense.”

The two brothers seem to approach most things that way. With a smile, a relaxed professionalism, and an appreciation for their families and friends, as well as an obvious affection for one another. As a model, you could do much worse.

Andrija Djonovic

MARKET SPOTLIGHT: CZECH REPUBLIC

At a Glance:

- 2019 IMF GDP Estimate: EUR 225.04 Billion
- 2018 FDI: EUR 8.669 Billion
- 2018 GDP Growth: 2.9%
- Number of Ranked Firms on Legal500: 42
- Sectoral Breakdown in 2017:
 - Services 60.8%,
 - Industry 36.9%,
 - Agriculture 2.3%
- Sitting President: Milos Zeman

GUEST EDITORIAL: ANOTHER SUCCESSFUL YEAR FOR M&A AND PE/VC TRANSACTIONS

No doubt we all agree that a good lawyer should not only have extensive legal knowledge and experience, but should also constantly monitor the market. In reviewing the state of the Czech legal market over the past six months, I would like to point out several issues I personally find interesting or important.

Deal Activity and Trends

The first half of 2019 has been marked by a consistent flow of transactions and investments on the Czech M&A and private equity market. Personally, I have found a slight increase in the number of deals compared to the steady (high-volume) amount in 2017 and 2018. The Czech PE/VC market so far has focused mainly on divestments and fundraising with the market witnessing a couple of major divestments, such as (finally) the successful exit in KIWI.com, a leading and rapidly growing online travel booking platform, and the strategic investment by Apax Partners, a leading global private equity advisory firm engaged mainly in the tech & telco, services, healthcare and consumer segments, which recently acquired a majority stake in ADCO Group, the operator of the DIXI and TOI TOI brands providing portable toilet and sanitation equipment rental and services worldwide. Generally, activity in the technology and start-up sectors has further room to grow, and I suspect the trend will carry on into 2020.

Corporate Case Law Developments

Five years after the new Czech Civil Code and Business Corporations Act came into force, we can already see examples of conclusively establishing practice, *e.g.*, rules on corporate dividends pay-offs. In addition, several new issues have emerged, such as case law impacting on traditional corporate governance rules in SHA, which now requires a rethinking of the traditional approach as seen in Dutch or English law. I would say that case law is progressing towards ever greater detail.

FDI Regulation on the Horizon

The long-awaited Foreign Direct Investment Regulation should be in place in the Czech Republic no later than the second half of 2020. As in Germany, France, and Italy, foreign investors from countries outside the EU will be under supervision in the Czech Republic and the state must approve all investments in strategically important sectors. If, for example, an investor interested in a domestic company does not prove the identity of its ultimate beneficiary owner, the state may stop the entire transaction. This regulation is aimed at protecting strategic sectors, such as energy, the armaments industry, and technology firms that develop communication or IT systems for both civil and military purposes. It is estimated that in the Czech Republic the audit could cover up to 300 investments per year, but the special analytical team working under the Ministry of Industry and Trade of the Czech Republic will not examine all of them. There are expected to be several dozen cases per year. If the Ministry officials determine that a transaction is unsafe, they may not immediately propose rejection to the government, but must agree with the investor on terms that would minimize the potential risk and must subsequently monitor the execution of the agreed terms. In each case, it will be interesting to see how the FDI regulation will be put in place considering the current political environment in the Czech Republic, as well as prospective economic developments, where we can see signs of a slowdown in traditional industries. Regardless, I believe 2019 will be another successful year for M&A and PE/VC transactions.



Vladimir Cizek, Partner, Schoenherr Prague

PROOF POSITIVE: PRK PARTNERS' RELAXED PATH TO SUCCESS





In the 36 years since its launch in 1993 by Marek Prochazka as a Prague banking and finance boutique, PRK Partners has added offices in Bratislava and Ostrava and grown into one of the largest and most successful law firms in the Czech and Slovak Republics. That growth, the firm's partners maintain, is a by-product of the firm's traditions of flexibility, professionalism, and innovation, rather than the result of a predetermined plan.

"We are not a firm that puts together a strategic plan and then works under it for ten years," says Partner Robert Nemeč. "We like to look to the future, of course, but at the same time we are more or less flexible, and we pursue various ways and try various methods as to how to remain up to date. I think it speaks for itself that today we have 14 partners and we have this kind of democracy in the firm. We don't have one strong leader who would set up one big plan and then pursue it." He smiles. "It might be a bit different from other firms, but we are what we are."

That relaxed business ethic has put the firm on the map, and kept it there. PRK Partners has worked on a number of extremely high-profile deals in recent years (see Box), it is consistently listed at the top of the market in international rankings, and it has won multiple local and international industry awards.

Part of the firm's success is tied to its flexibility and innovation. Nemeč and fellow Partner Roman Pecenka point proudly to new software the firm has created and is promoting with legal publisher Wolters Kluwers. Nemeč describes the software, known as *Vzorne Pravo*, as "a kind of automated document creator, which allows medium to small entrepreneurs – even in-house lawyers – to create their legal documents online with an interactive system."

According to Pecenka, the PRK Partners team is "providing the legal know-how as to the form and content of the documents," and "the idea, at the end of the day, is that rather than taking documents from the Internet, users can create them



Robert Nemeč

interactively. Of course, they can also communicate with real lawyers if their needs are more complicated.”

Pecenka’s enthusiasm for the new software is infectious, and he believes its simplicity and ease-of-use – “the instructions to the people working on the documents were to keep things as simple as possible,” he says, “and that’s a prevailing demand from our clients as well: to keep things user-friendly, with no 200-page documents” – will make it extremely valuable for users.

He reports that the process of creating and overseeing the software has proven useful internally as well. “It’s allowed us to see how simple some contracts can be, and we focus on keeping the Czech as simple as possible,” he says. “So we’re learning from it as well.” In addition, he says, “the second benefit for the firm is that we were forced to organize our internal know-how, so we can offer some of our clients services based on this kind of effective drafting of contracts. For example, in the Real Estate market, we are able to draft lease agreements based on a term sheet in a standard form. So it makes our work for our clients very effective.”

Ultimately, Pecenka says, “it helps us a lot to start thinking about how we believe legal services will be used in the future. This is a new experience for the lawyers drafting the legal documents. We are trying to keep up-to-date.”

This reflects an impressive flexibility and awareness of the way client demands and expectations change. Thus, in 2018, the partnership expanded via the promotion

of Pharma/Life Science expert Monika Moshkova and the addition of former Baker/McKenzie IP/IT Partner Michal Matejka. Nemeč reports that the firm has recently strengthened its Compliance department as well.

Still, now at over 100 lawyers, Nemeč reports that PRK Partners is likely to stay more or less at its current size. “The limit on growth is the potential conflicts of interest that start arising,” he explains, “so we’re staying in this range.”

In addition to concern about conflicts,



Roman Pecenka



A Remarkable Record

A Selection of Significant Deals PRK Partners Has Helped Make Happen Over the Past 5 Years

- **2019:** Advised Metro Properties on Czech aspects of its sale-and-lease-back of 11 Cash & Carry stores in Poland, Hungary, and the Czech Republic.
- **2017:** Advised the SABMiller group on Czech and Slovak issues related to the EUR 7.3 billion sale of its CEE businesses, including Czech brewery Pilsensky Prazdroj and Slovak brewery Pivovary Topvar, to the Japanese Asahi Group
- **2016:** Represented Credit Suisse, Goldman Sachs, Morgan Stanley and other lenders in connection with senior loan facilities valued at EUR 1.875 billion granted to Lone Star for its acquisition of the Xella Group from PAI Partners.
- **2015:** Provided legal advice to Hewlett-Packard in connection with the company's worldwide internal restructuring involving various business activities and companies in the Czech Republic and Slovakia.
- **2015:** Represented a consortium of private transport infrastructure developers consisting of Cintra/Ferrovial, Porr, and Macquarie on the largest PPP project in Slovakian history: The construction of the D4 and R7 motorways.
- **2013-2014:** Advised Holcim on the divestment of its Czech operations to Cemex.
- **2013:** Advised Deutsche Bahn on the takeover of Veolia Transdev's business operations in CEE.

The PRK Partners

the number of lawyers is affected by economic realities, and the partners at PRK Partners are aware that the recent boom in the Czech Republic may be slowing. "Generally things are going pretty well, I would say," Nemecek reports, "but we are obviously conscious of the fact that some economists are talking about potential financial slowdowns." As a result, he says, "we are rather careful, and we are trying to keep our costs under control, to stay prepared." All things considered, he says, "we are quite prepared for a slow-down

in any area of business."

In the meantime, the firm's partners exude a relaxed confidence and camaraderie. Matejka reports being pleased at the positivity he found among his new colleagues. "Baker McKenzie in Prague has a reputation for being a very friendly environment, and I was very pleasantly surprised to see that PRK Partners is as well." But, he says, commenting on the significant role he is playing in the development of the Vzorne Pravo software,



Michal Matejka

the firm is hardly resting on its laurels. "We always try to be ahead of the market, especially in terms of using AI in our work."

With attention to detail, a commitment to innovation and technology, and a flexibility that allows the firm to respond to a dynamic market, PRK Partners is moving forward in style.

David Stuckey

INSIDE OUT: CTP'S EUR 1.9 BILLION UNDERWRITING PACKAGE



The Deal: Earlier this year, CEE Legal Matters reported that Clifford Chance Prague had advised CTP, an industrial developer in the CEE region, on a EUR 1.9 billion underwriting package agreement with Erste Group Bank AG; Ceska Sporitelna a.s.; Societe Generale S.A. and Komerčni Banka a.s.; and UniCredit S.p.A. and UniCredit Bank Czech Republic and Slovakia a.s. White & Case advised the lenders on the agreement, which covered CTP's Czech industrial portfolio consisting of over 200 buildings and covering 2.7 million square meters of industrial space.

The Players:

■ **Counsel for CTP:** Milos Felgr and Emil Holub, Partners, Clifford Chance

CEELM: How did you and Clifford Chance become involved in this matter? Why and when and by whom were you selected as external counsel initially?

Milos: We had experience with CTP historically but in recent years before the transaction we had not done much work for the company as there often had been a cheaper offer for more routine real estate financing. Last summer we were contacted by CTP Group CFO Richard Wilkinson with a request for proposal. Based on the pitching process and face-to-face meetings, we were selected by CTP as their advisor.

CEELM: What, exactly, was the initial mandate when you were first retained by CTP for this project?

Milos: We were mandated to assist with structuring and advice on a multi-layer refinancing of the Czech part of the CTP Group consisting of more than forty companies.

CEELM: Who were the members of your team, and what were their individual responsibilities?

Milos: I was in charge of the overall coordination of the Clifford Chance team. Senior Associate Marian Husar focused on the senior finance documents. Associate Dominik Vojta supported Marian with respect to the finance documents and worked on all other transactional aspects. Associate Jan Strnad focused on the sections related to corporate changes



and on corporate aspects relating to the transaction.

Last but not least, Real Estate Partner Emil Holub, supported by Senior Associate Milan Rakosnik, was in charge of coordinating the real estate aspects of our mandate and was critical in helping to implement the material publicity concept in the due diligence exercise and its acceptance by the lending institutions.

CEELM: Please describe the final agreement in as much detail as possible: How was it structured, why was it structured in that way, and what was your role in helping it get there?

Milos: The final structure of the financing was an LMA-based set of documents

consisting primarily of the senior syndicated facility agreement with investment and development facilities, the intercreditor agreement, and a significant number of security documents and other ancillary documents such as hedging agreements.

The documentation had many innovative aspects and is ready for other layers of financing. For example, it complies with the requirements for Pfandbrief eligibility. It was quite a complex process to achieve this given that the concept of Pfandbrief is not known to Czech law and, as far as I am aware, has never been used in the Czech Republic in the context of a financing anywhere near as complex as this transaction. We and our colleagues at White & Case spent a significant amount of time finding and refin-

ing a workable solution to make the documentation Pfandbrief eligible without imposing unnecessary administrative or legal limitations on CTP or non-Pfandbrief lenders. In the end, all parties that were involved – the client, the arrangers, and the syndicate lenders – benefit from a flexible financing structure that is acceptable to a large number of various types of lending institutions.

CEELM: What was the most challenging or frustrating part of the process?

Milos: The most challenging was clearly the size and complexity of the transaction including related due diligence, especially with respect to the title. The key for the due diligence was to use all available legal concepts protecting title to real estate and so limit the scope and depth of the review exercise which had to be undertaken by counsel to the lenders.

Emil: We helped the lending institutions to accept only limited title due diligence based on the principle of newly introduced reliance on the records of the Czech Cadastral Register in relation to certain historical title transactions. We have, among others, contacted and coordinated leading experts from the academic and legislative sectors and other leading law firms to obtain confirmatory expert opinions supporting our view on the principle of material publicity.

And thus we created in essence something which creates a legal revolution and has the potential to establish a new market standard and which completely changes the landscape of the real estate legal framework in the Czech Republic.

As a result, the review of title was much shorter and cheaper for the client and for secured lending generally as the debt was secured by the mortgages created with reliance on the so-called “principle of material publicity.” Although this principle has been in place since the beginning of 2014, it came into full practical effect only in 2018, and, in short, it represents a statutory protection of any new right

with respect to real estate property created by an owner who has been registered (as owner) in the Cadastral Register for more than three years as long as the beneficiary acts in good faith. This guarantees the rights under the mortgages as newly created rights, despite not remedying potential owner's title defects with respect to properties, which also gives the financing institutions greater certainty.

Milos: As far as we are aware, this is the very first time that this new concept of material publicity was successfully used in this market. And I consider this to be an excellent achievement as the lenders were able to rely on this principle for almost EUR 2 billion financing.

CEELM: Was there any part of the process that was unusually or unexpectedly easy?

Milos: Definitely cooperation with the client. The clients' team was very cooperative and professional. Moreover, decisions on the clients' side were made very quickly.

CEELM: Did the final result match your initial mandate, or did it change somehow from what was initially anticipated?

Milos: The initial mandate was to help with the structuring of the financing and financing as such without outlining the particular structure so yes, the initial mandate, to help the client to achieve refinancing of its Czech portfolio, was achieved. The use of the principle of material publicity was also discussed during the pitching process and my impression is that this was one of the key points for the client.

CEELM: What specific individuals at CTP directed your team's work, and how did you interact with them?

Milos: The key persons instructing us on behalf of the client were Richard Wilkinson – the Group CFO who was in charge of the overall supervision of the transaction and a key decision maker on the commercial aspects of the transaction; Kveta Vojtova – the Head of M&A and

Transaction Legal, the leader of the CTP legal team for this transaction, and our primary client contact for all legal matters; and Zdenek Raus – the CFO for the Czech Republic and Slovakia, our primary contact for finance and development matters.

CEELM: How would you describe the working relationship with White & Case on the deal?

Milos: White & Case is certainly a top firm which is very experienced in similar types of mandates. We had numerous negotiations over the period of nine months on our regular lawyers conference calls followed by slightly less frequent all-party-calls with a couple of large physical meetings towards the end of the transaction. These communication streams were supported by one on one communication among the White & Case and Clifford Chance team members, with leading Partners Jan Linda [from White & Case] and I communicating on a daily – and in peak times almost-hourly – basis.

Emil: I can only support this – the working relationship with White & Case was very professional. Although we often had different views on certain legal aspects, which is usual in the use of similar innovative concepts, we were always able to find the middle ground and come to a solution which worked for both sides of the transaction as well as both law firms. We would like to extend our thanks to them for their cooperation throughout the deal.

CEELM: How would you describe the significance of the deal to the Czech Republic, or to the region?

Milos: As to some extent mentioned before, this deal was extremely interesting and challenging for us, given its scale, legal complexity, and regionality – with its EUR 1.9 billion to refinance more than 40 properties within the CTP Group it was the largest real estate transaction to date in Central and Eastern Europe.

The use of innovative legal solutions (such as reliance on material publicity)



Milos Felgr



Emil Holub

and structures enabling multilayer financing and Pfandbrief eligibility in the context of such a large transaction with the corresponding attention and focus of all-involved lending institutions, including major CEE and European banks.

Emil: The complexity of the deal is also uncommon in the region. Especially in regards to the number of participants involved on the lending side, some of which had very limited experience in the Czech market and had to understand and overcome related Czech law issues.

The key factor of which we are especially proud is the use of material publicity. Without overstating the point this has changed the Czech legal landscape – being, to our knowledge, the first time that it has ever used in this market, in particular given the size of the transaction which was nearly 2 billion euros.

David Stuckey

THE CHALLENGE OF IMPLEMENTING CLASS ACTION REGULATION IN THE CZECH REPUBLIC



Robert Nemeč,
Partner,
PRK Partners

One of the challenges of introducing class actions to the Czech legal system is the finding of a proper balance between the interests of clients and those of attorneys. While the default position is that attorneys are to protect the justified interests of their clients and place them before their own (within statutory limits,

of course), a careful balancing exercise will need to be carried out if class actions are to be allowed. While class action law is still at the stage of an initial proposal in the Czech Republic, this proposal is demonstrative of the direction the Czech Ministry of Justice intends to take.

A perfect example of the trickiness of this balancing exercise is the determination of the remuneration payable to attorneys representing claimants in class actions. There are many examples from other jurisdictions (including the USA in particular) that clearly demonstrate the difficulty of the task as well as the extremes that can occur when sufficient safeguards to protect relevant interests are not put in place (including, for example, when attorneys' fees significantly exceed the damages received by the claimants, whether as individuals or even a group).

The current proposal in the Czech Republic allows for the possibility of attorney remuneration on the basis of a percentage share of the awarded damages, up to 25% of the awarded amount. While this structure is generally allowed in the Czech Republic, it is not an entirely traditional form of attorney remuneration. Historically, it was permitted only in exceptional circumstances, and even today the Czech Bar Association's Code of Conduct requires that remuneration on this basis be proportionate and generally amount to a maximum of 25% of the awarded amount.

Even though this proposed system of remuneration in the context of class actions may, at first glance, seem somewhat noble – it does, after all, provide access to justice to even the poorest of claimants – steps must be taken to ensure that it does not serve as an incentive for claimants (and their attor-

neys) to file frivolous claims forcing defendants to choose between entering into costly settlements or even more costly litigation. It must also be ensured that an attorney is not motivated by this form of remuneration to pursue a class action against the interest of his or her clients. It is questionable whether a limit of 25% can do this.



Azibeta Hermankova,
Associate,
PRK Partners

Concerns in relation to remuneration as percentage of the award have also been voiced by the European Parliament's Committee for Legal Affairs, which has proposed an amendment to the proposal for a Directive of the European Parliament and of the Council on Representative Actions for the Protection of the Collective Interests of Consumers and Repealing Directive 2009/22/EC, which reads: "*Member States shall ensure that the lawyers' remuneration and the method by which it is calculated do not create any incentive to litigation, unnecessary from the point of view of the interest of any of the parties. In particular, Member States shall prohibit contingency fees.*"

It should also be noted that despite the popularity of the class action instrument in the USA, some US states have now also started restricting the use of contingency fees or limiting the remuneration awarded to attorneys.

Despite the evident shift in the approach to class actions (and attorney remuneration in relation thereto) and the experience in other jurisdictions, the Czech Ministry of Justice has failed to take into account extensive (and constructive) criticism of the draft law by professional bodies, courts, and other legal professionals. The draft law therefore still contains the concept of remuneration as a share of the amount awarded and does not, as yet, incorporate sufficient safeguards and guarantees to ensure that the system of collective redress would not be abused.

**By Robert Nemeč, Partner, and
Azibeta Hermankova, Associate, PRK Partners**

EXPAT ON THE MARKET

FRANCES GERRARD OF CMS

Frances Gerrard, a member of CMS's Corporate and M&A team in Prague, is a long way from her home in Australia. We spoke to her about the path that brought her to the Czech capital.

CEELM: Run us through your background and how you ended up in your current role with CMS in Prague.

Frances: I went to law school in Australia and took on my first graduate legal role in 2008 at Dawson Harford & Partners, a boutique corporate and commercial law firm in Auckland, New Zealand, starting as a trainee while working towards and finishing my admissions exams. Although I grew up in Australia, my family has very strong ties to New Zealand and I spent a great deal of time there over the years. In late 2010 I moved in-house in Sydney with Metminco Limited, a mining exploration company with operations in Chile and Peru, again focusing primarily on corporate and commercial matters and M&A. Throughout those years, I spent a lot of time travelling to Europe, mostly to visit the Alps over the European winter, and a move to Europe was always in the back of my mind. It's not uncommon for Australian-qualified lawyers to ex-

plore and take opportunities in London; however, with plentiful M&A opportunities, a unique emerging market feel, and offering a difficult cultural experience, Central Europe was more on my radar. I came across an online advertisement for what eventually turned into my current role current while I was working in Australia and thought it could be a perfect fit. As luck would have it, our managing partner, Helen Rodwell, is also Australian, and it didn't take much for her to sell Prague and the opportunities at CMS. I joined the firm in January 2012.

CEELM: Tell us briefly about your practice, and how you built it up over the years.

Frances: My practice focuses primarily on acting for international investors (strategics and private equity) on acquisitions and disposals across Central & Eastern Europe. I specialize in private M&A, often on large-scale cross border

transactions – managing the deal process from Day 1 through closing. I also routinely act for a number of insurers on the provision of warranty and indemnity insurance across the region. CMS has a fantastic breadth of presence and expertise across CEE and I work closely and in parallel with my colleagues in the Czech Republic, Slovakia, Poland, Romania, and Hungary (to name a few!) who are invaluable in the entire process.

Although I am based in Prague, the clients that I work with are based anywhere from London to New York to Asia. CMS has an incredible global network and the demonstrable number and quality of deals done by us in the CEE region year on year is a great credential. I am a firm believer in building a good rapport with individuals on both sides of a deal and in maintaining existing relationships after a deal is done. Building a network and a practice is an exercise in longevity – nothing happens overnight, but good relation-



ships go a long way and are a key factor. Visibility and presence is also important, so I also try to frequent various networking events in Prague and international conferences in the region, particularly in the private equity and M&A space.

CEELM: How would clients describe your style?

Frances: Commercial, pragmatic, and responsive.

CEELM: There are obviously many differences between the English and Czech judicial systems and legal markets. What idiosyncrasies or differences stand out the most?

Frances: Primarily the various document and registration formalities involved in getting the deal done and the incorporation of English law concepts into Central and Eastern European transaction documentation, where there is not, in many

cases, a significant body of case law. That said, deal documentation in the Czech Republic is more aligned than ever with what I would see as international market standard and the legal market here is well developed. Market trends in M&A also tend to differ when looking at CEE deals, as too do the specific issues or risks that crop up across the region, which make local knowledge and expertise important factors in every deal (as they would be in any jurisdiction).

CEELM: What particular value do you think a senior expatriate lawyer in your role adds – both to a firm and to its clients?

Frances: As my focus has primarily been on complex and cross-border transactions throughout the region, I have become aware of some of the key differences between, for example, transaction

structures that would be possible in one jurisdiction but not another, and I have developed a feel for the rigidity of authorities in certain countries. I believe that particularly on multi-jurisdictional deals clients appreciate having a single point of contact that is aware of local differences that may affect the transaction and that can interpret various areas of advice provided by the local colleagues in the context of the wider transaction.

CEELM: Do you have any plans to move back to Australia?

Frances: While my friends and family back home might have something to say about it, I do not have any immediate or medium term plans to move back to Australia. I am from Sydney, which is a fabulous city; however, from both a professional and personal perspective, I feel very much at home in the Czech Republic and it is hard to pass up the quality of work/deal flow and European lifestyle.

CEELM: Outside of the Czech Republic, which CEE country do you enjoy visiting the most, and why?

Frances: That is a tough one as I tend to enjoy most of the CEE countries I visit. Although, I spent a couple of months in Bucharest on a deal a few years ago and always look back fondly on the city. There are some great open, green spaces in and around the city and the city has a very interesting mix of old and new, which I like.

CEELM: What's your favorite place to take visitors in Prague?

Frances: Prague becomes more and more cosmopolitan every year – the food scene in particular. I like to take visitors on a bit of a culinary tour of my favourite, new, and longstanding spots. If the season is right, I also like to explore the various food markets – the Naplavka farmers' market is always a hit – and of course the beer gardens in Letna and Riegrovy Sady are a great place to enjoy the sun with some spectacular views of the city.

David Stuckey

MARKET SPOTLIGHT: SLOVAKIA

At a Glance:

- 2019 IMF GDP Estimate: EUR 100.478 Billion
- 2018 GDP Growth: 4.1%
- 2018 FDI: EUR 434.363 Million
- Number of Ranked Firms on Legal500: 24
- Sectoral Breakdown in 2017:
 - Services 61.2%,
 - Industry 35%,
 - Agriculture 3.8%
- Sitting President: Zuzana Caputova

GUEST EDITORIAL: REDISCOVERING THE WIDER ROLE OF LAWYERS IN SLOVAKIA

The legal profession in Slovakia will shortly celebrate 30 years of independence. And as the country itself is not much older than that, the profession-building and country-building have taken place side by side, going through ups and downs.

Considering the odds, Slovakia has achieved some decent successes and is a stable and functioning country, at least within the standards of the region. The professions of lawyer and attorney-at-law have been closely connected with the growth of the country, including with the growth of its (albeit selective) prosperity. At the same time, the Slovak legal market, due to the country's size, isn't as internationalized as neighboring EU countries, making it to date a largely domestic affair.

I will not talk about growth in terms of turnover and market share – the profession is doing fine there. Some recent developments (not least the continued investigation of the murder of investigative journalist Jan Kuciak and his fiancé Martina Kusnirova, including the extensive communication of the suspects with members of the judiciary and the legal profession) are forcing us to take a different perspective on the country as well as our role in it – in particular, regarding the role of lawyers in the development of the country going forward. Looking back, many key decision-makers (including five of our prime ministers) have been lawyers. And lawyers are not uncommonly perceived by the public to be among those best at capitalizing on economic and political developments. Key scandals evolved often around lawyers. The provision of legal advice to the state became a matter of an instant suspicion. The performance of the legal profession was (often unjustly) believed by the public to be some form of dark, behind-the-curtains lobbying, and as little more than a means of amassing a quick fortune.

The number of law graduates soared, and the legal market grew. However, the reputation of lawyers wasn't positive – and the necessary role of the legal profession in a democratic society was largely overlooked by the public.

This became a concern for many of our colleagues in recent years. For those lawyers practicing law and assisting clients in an ethical and compliant way the negative perception of the profession became unacceptable. It has thus become an obligatory part of awards ceremo-

nies and similar events to talk about the need to improve the reputation of the profession. Although the talk was often not met by deeds, and often came from a not-so-trustworthy source, nonetheless, slowly, a change is happening, in particular among the firms that my colleagues and I at Cechova & Partners consider to be our peers.



Lawyers are now often at the forefront of initiatives for the rule of law and a more transparent and non-corrupt society in Slovakia. When I attended protests following the murder of Jan Kuciak and Martina Kusnirova, I kept meeting my peers on every corner. I recently attended an event of an anti-corruption foundation we support and was astonished by the long list of law firms thanked by the hosts for their contribution. Numerous law firms act on a pro bono basis in matters of public interest beyond standard charity work. A non-lawyer friend of mine active in the movement for change recently admiringly told me that a large proportion of volunteers they have are lawyers. And when we meet and interview young lawyers, the questions of law firm social responsibility and anti-corruption stance often come up, not as self-promotion by the firm but as a critical area of interest for the applicants on the other side of the table.

The market has noticed this, too. Where a firm stands on social engagement is now relevant for many. Clients like the assurance that your compliance statements are not mere declarations. Also, thanks to more positive media coverage and the activities of the bar association, the importance of the role of lawyers in the defence of fundamental rights is becoming better understood by the general public.

It seems we can (again) proudly introduce ourselves as lawyers.

Tomas Rybar, Partner, Cechova & Partners



INSIDE INSIGHT: INTERVIEW WITH PETER MALOVEC OF HB REAVIS

Peter Malovec is the Group Head of Legal at HB Reavis in Bratislava. He joined HB Reavis in 2010 after spending seven years in private practice with the BBH law firm. We reached out to him to learn more about his background, style, and strategies.



CEELM: Can you walk us through your career leading you up to your current role?

Peter: Of course. I'm glad to say that it won't be an exhibition of tons of brands. I was lucky enough to find two companies that I've spent my working years with so far.

I joined a group of lawyers, who later formed the first one, BBH, in 2003. After spending seven years there, I moved to HB Reavis. See the tiny letter game there? It's just a little twist from BBH to get the "HB" in HB Reavis where I've been almost ten years. Quite funny, isn't it?

I've been through a lot with my teams over the decade at HB Reavis, an international workspace provider. And the "lot" here can even be taken literally. Since 2011, we have managed transactions with an overall worth of EUR 1 billion. Can you imagine? Fortunately, all those deals turned out well, so maybe that's why I made it to the current role of Group Head of Legal, right? Just joking. But it's been quite a ride, really!

CEELM: What are the most significant changes you've seen in Slovakia's legal market over your 16/17-year career?

Peter: The trend is clear here. As the market goes global, the most crucial thing is to understand the extent of the local law in the context of foreign aspects of law and international contracts. The moment foreign investors and international companies came in, every lawyer in the country got a much more sophisticated agenda to deal with.

The "general" lawyers that could handle it all are still there, but we need specialists more and more to discuss the thousands of angles of particular cases with. Plus, now more than ever, we need to soak up all the trends, news, and best practices that are constantly emerging.

CEELM: Are there changes you would like to see in Slovakian law that would



make things easier for HB Reavis?

Peter: I would say that practically anything that helps to make things simpler - by which I basically mean recodification - is always welcome.

Just imagine: the Slovak Civil Code was issued in 1964 and it remains effective, with amendments, today. 1964 is, by the way, also the year my childhood tennis hero Miloslav Mecir was born. And you know what? He won the Olympics in 1988 in Seoul. A full 24 years after the Code was published, but still so long ago.

So, it is no wonder the Civil Code doesn't meet today's needs. Maybe the new Czech Civil Code that has been in effect since 2014 can be an inspiration. Overall, real estate law is quite rigid. One cannot miss noticing that the whole industry has shifted from concrete and stone to soft issues such as well-being and the impact

of workspace on employees' health. The segment varies in content very much and it's so vivid with plenty of interdisciplinary facets, but the development of the legal system is unfortunately still playing catch-up.

CEELM: Tell us about HB Reavis and the company's legal department. How big is your team and how is it structured?

Peter: As I mentioned, HB Reavis is an international workspace provider, meaning we no longer identify ourselves as a classical developer. In recent years, we've gone far beyond that. We focus on people-centric design, bearing people in mind at all stages of workplace development. We do our best to design offices that not only enhance people's productivity, but also their well-being.

The structure of the legal team is divided into HQ and local levels. This means the HQ "group" team is here to, among other things, manage the M&A and banking finance deals, "mark the boundaries," and be the point of advice for the regional legal teams in Slovakia, Poland, Hungary, the Czech Republic, Germany, and the UK. Overall, I manage a team of about 40 lawyers. Apart from the countries mentioned above, we have colleagues in Luxembourg and the Netherlands.

Even though our legal execution is naturally restricted by our territory, I love having discussions with my teams all over Europe. We're not like some kind of a "warrior commando" waiting to be called into battle only when the company gets into trouble. We're part of the process, accompanying our colleagues from various departments to support them at any given stage of real estate cycle activities.

I was also part of creating our HQ team, helped deal with acquisitions and divestments by always being ready to help local teams by sharing experience, worked on the standardisation of outputs, and continue to ensure the overall complexity of our approach to legal issues.

CEELM: What is your typical day at work like?

Peter: I wish there were at least two typical days a week by law! That would be so relaxing. (laughs). Nay, I guess that most of the respondents, not only those from the legal field, answer this question the same as I will: there is no such thing as a typical working day for me.

Every second week I spend two days with the local teams. If I ever decided to leave the legal world, I could easily start a travel agency. Oh gosh, I travel so much! Even though lawyers are generally seen as very conservative, I'm doing my best to transform this image by being present at meetings with my team, trying out new things, and enjoying the managerial perspective my role offers. I need to be a good leader too, not just a lawyer with a black and gold pen sitting in a big office with a pair of glasses at the point of my nose. The legal department needs to be as lively as the others. I try to pump as much energy into it as I can every single working day.

I also somehow stick to simple rules I've set up for myself to help me be truly effective. I always review my agenda for the upcoming day the night before. During the working day, I ideally have all my meetings done by lunchtime. After that, I have enough space for the agenda and tasks themselves. Almost everyone at HQ already knows that I don't start the day without having a cappuccino in our office café after driving my son to school. Those rides and father-son discussions recharge me so much!

CEELM: Was it always your plan to go (and stay) in-house?

Peter: I would love to say that I developed a precise plan when I started my professional career, stuck to it, kept on working really hard for all those years and voilà: here I am today, exactly where I intended. However, we all know that things just don't work like the motivational posters say they do, right? (laughs). Of course it was not this straightforward. Even

though there was everything – the plan, dedication, hard work – I’m an in-house lawyer now as you see, even though my original career plans had me aiming to become a partner in a big law firm.

Why? I believe that your career path is mostly defined by the people you meet along the way rather than by ticked boxes of “I want to work for” and “never ever.” Of course, you have those no-goes, but from time to time an opportunity belonging to some kind of “grey zone” comes along and then the personal sympathies come in.

And that’s exactly what happened. The moment I met Marcel Sedlak, the current CEO of HB Reavis Germany, the fit just felt so natural that I couldn’t help but join the team. I also realized that as a corporate lawyer, I could work on very big and interesting projects, gaining immense volumes of experience in a very short period of time.

CEELM: What was your biggest single success or greatest achievement with HB Reavis in terms of particular projects or challenges? What one thing are you proudest of?

Peter: Just please don’t take this as if I’m boasting, but I surely can’t name just one. All the stories that pop up in my mind are “the greatest” in some way. Some I see as super huge team achievements and some are just huge by their nature.

I don’t want to repeat myself, but as for my professional achievement list, I still see the volume of managed transactions at HB Reavis at the top. That EUR 1 billion is very simple to put into words, but if you imagine cutting it into those hundreds of projects and thousands of working hours, then it comes to reveal its huge size. I truly see it altogether as the biggest professional challenge I’ve faced so far - to put it in a corporate way. Honestly, sometimes it felt just like a long dark tunnel with the light at the end being seemingly turned off. But we finally reached the switch in every single case.

As for the biggest team success (and of course, even the one mentioned above was a team thing), I would say it was the moment when our legal team was selected as one of the top in house legal teams in the CEE in one of the rankings in 2018, saying we are shaping the legal industry.

And those great by nature: I see every HB Reavis project as a success already, even those that are under construction. If you think about how large the schemes are that we’re developing, how many square meters, what special features they’ll have, and what makes them unique For example, Europe’s tallest tower, at Varso Place, it’s just unbelievable. Just outside the office window in Bratislava, I watch the construction of New Nivy every day, the biggest site in Europe. I wish us the best of luck in completing all those wonderful projects!

CEELM: What’s your relationship with the Board of Directors at HB Reavis? Do you provide business advice or is your role strictly legal?

Peter: Here the idea of commando warriors waiting to be called upon arises again. And I’d just like to restate that it’s not like that. I’m an official member of senior management, therefore my advice directly impacts the business decisions of the company. I’m part of all discussions, supporting our teams in various business cases, especially with acquisitions and divestments. So it’s definitely far more than being strictly a legal entity.

CEELM: What one person would you identify as being most important in mentoring you in your career — and what in particular did you learn from that position?

Peter: Oh, I need to do it again. I know you’re asking for one, but I definitely need to mention at least four, which distorts your nicely put question. I’m sorry! (laughs). However, every one of them showed me things from a particular per-

spective, and if there was just one of them, I’d have never become the kind of lawyer I am now.

But I promise to put it briefly in return. At BBH it was Olga Belanova (Managing Partner), at HB Reavis it was Marian Herman (CEO) and Marcel Sedlak, who I already talked about as being the former General Counsel that helped me on the way up to my current role. Plus, Zdenko Kucera, our former Group Head of Legal, taught me a lot about the human approach in the legal agenda.

CEELM: Slovakia is going through serious political upheaval these days. Do you see these changes as steps forward or reflective of dysfunction?

Peter: This is obviously a tricky one. As a lawyer, I try to remain apolitical to the greatest extent possible. However, it would be super-superficial not to say that having considered all that has happened in the country recently, I support the changes that are going on.


But the success of such efforts is always measured in a retrospective way. And as you see, I don’t carry a crystal ball around to see how this is all going to turn out, even though I’m not saying I wouldn’t be tempted to do so - assuming I find a briefcase the ball fits in. (laughs). Let me just wrap it up by saying that after the whole situation we had last year, the fact that things have started to move is more than welcome.

CEELM: On the lighter side, what is your favourite book or movie about lawyers or lawyering?

Peter: Oh, you nailed it with this one! My classmate borrowed my favorite book 20 years ago. It’s been so long that I’ve forgotten the author’s name. But it’s called *A Civil Action*. So, if you’re reading this, Juraj, you’re more than welcome to bring it back. Thanks!

David Stuckey

EXPERTS REVIEW: BANKING/FINANCE



Banking/Finance forms the basis of Experts Review in this issue. In honor of that focus, the articles are presented in the number of commercial bank branches per 1000 adults in each country, in 2018 (as obtained from the Financial Access Survey of the International Monetary Fund). Thus, the article from Bulgaria, which has a whopping 52.7 branches for every 1000 adults, comes first, and the article from Croatia, which has 30.1/1000, comes second. The article from Ukraine – which, with only 0.4 branches for every 1000 adults, is dead last not only in CEE, not only in Europe, but in the entire world – comes last.

By way of comparison, the global average is 12.728 branches per 1000 adults, while the average in the European Union is 21.1 and the average in the Euro area is 20.7. The United States and the United Kingdom both have between 30 and 31 branches per 1000 adults, while China has 8.8. Tiny San Marino leads the world with 181.2, with Mongolia, surprisingly, second, with 68.7.

What does all this mean? Frankly, we have no idea.



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BULGARIA

Risk-Free Rates and the Future of LIBOR: A Bulgarian Perspective



Dimitar Zviatkov

In 2013, a wide range of changes were introduced in relation to the London Inter-Bank Offered Rate. A staple for a wide range of financial products, LIBOR has been the dominant rate for syndicated loans, bonds, and derivatives entered into on the Bulgarian, CEE, and wider European markets. However, following a series of problems over the past decade, the need to move away from LIBOR has become apparent. As panel banks would not be required to submit their references by the end of 2021, the question has become what the alternatives to LIBOR are and how they can be implemented.

At present, LIBOR is published for seven different borrowing periods in five different currencies: the US dollar, the Euro, the British pound sterling, the Japanese yen, and the Swiss franc. The main characteristics of LIBOR are its incorporation of banks' credit risks for long-term lending activities and the fact that it is a forward-looking rate. However, none of the alternative risk-free rates (RFRs) put forward to replace LIBOR have comparable characteristics, and a single equivalent replacement rate has not been formulated. In addition, not all proposed RFRs are published yet (and their publishing times vary), and having multiple RFRs would potentially lead to IT hindrances for the currently operated systems.

Overnight Risk-Free Rates

As term-rate solutions have still not been put into effect, overnight RFRs are currently the viable alternative to LIBOR. Due to the lack of a concerted effort on the international level to come up with a single replacement rate for LIBOR, different overnight rates have been advanced for the various currencies currently published by LIBOR. These include: (i) SONIA (Sterling Overnight Index Average) – an unsecured overnight rate administered by the Bank of England; (ii) ESTER/€STR (Euro Short-Term Rate) – an unsecured overnight rate administered by the European Central Bank; SARON (Swiss Averaged Rate Overnight) – a secured overnight rate administered by the SIX Swiss Exchange; (iii) TONA (Tokyo Overnight Average Rate) – an unsecured overnight rate administered by the Bank of Japan; and (iv) SOFR (Secured Overnight Funding Rate) – a secured overnight rate administered by the Federal Reserve Bank of New York.

These RFRs are not suitable for the purposes of the syndicated

Term-Rate Alternatives to LIBOR

loan markets. Thus, term-rate alternatives have to be established, with the two main alternatives put forward by the Loan Market Association (the LMA) based on either (i) forward-looking overnight index swaps that reference RFRs, or (ii) backward-looking term rates that are compounded over a certain period of time.



Ivan Gergov

At present, no forward-looking rates have been established. The various working groups are at different development stages, with: (i) a term rate for Sterling that may be available for Sterling in the first three months of 2020, depending on the liquidity of the overnight index swaps market; (ii) the ARRC working on having an administrator to produce a forward-looking rate for US dollars, but only once the SOFR market for derivatives is liquid enough; and (iii) the Euro Working Group set to produce a plan for evaluating fallbacks to EURIBOR which are either forward- or backward-looking.

Backward-looking rates are being evaluated by all working groups.

Changes to the Credit Documentation and the Bulgarian Perspective

The LMA has issued several notes and recommendations for the upcoming transition, including a new clause in the loan documentation for replacing screen rates. The purpose of such a clause is to produce a solution for the new credit lines in the transition period, whereas for the existing exposures the lenders will propose amendments to the loan documentation already in force. The expectation that lenders will propose such amendments could be problematic, especially if the exposure occurs during the restructuring phase or if the borrowers do not agree with the approach being proposed. In this respect, the LMA is proposing to work on a form of reference rate selection agreement that can be entered into by parties to an LMA-based facility agreement to streamline the amendment process.

The Bulgarian syndicated market makes no exception to the use of LIBOR. As the majority of the lenders in Bulgaria are majority-owned by larger European financial groups, the intention on the local market is to wait for a group decision to be put in place, and subsequently to follow suit. In practice, Bulgarian banks are well-positioned to transition to an alternative rate, as they went through a similar exercise in the past year: in June 2018, the Bulgarian National Bank stopped publishing the SOFIBOR term rate, which forced the local credit institutions to amend a significant number of loan documents within a short period of time. Thus, the market will not be unprepared to face the challenges that will arise through the discontinuation of LIBOR.

Dimitar Zviatkov, Partner, and Ivan Gergov, Associate, CMS Sofia

CROATIA

Can Securitization Wake Up Croatia's Capital Market?



Jelena Nushol

When investors think of attractive and developed capital markets, Croatia's is probably not the first to come to mind. Can that be changed?

Croatia has put a great deal of effort into developing its capital market legislation over the past ten years, mainly to align it with

the EU *Acquis*. Nonetheless, the country's capital market continues to share many characteristics with still-emerging capital markets.

What we have been looking into lately are specific instruments commonly seen on larger capital markets, such as bonds issuances, covered bonds, securitization, and so on. Securitization – which inevitably means thinking of its not-too-good reputation following the 2008 financial crisis – could stir things up in Croatia's capital market. To remove securitization's post-crisis stigma and to create a quality securitization market, the EU Parliament and the Council of the EU have adopted Securitization Regulation (EU) 2017/2402, which introduces an important legislative framework, specifically addressing requirements for simple, transparent, and standardized securitization.

With EU legislation for “post-crisis stigma-free” securitization and with companies regularly getting their funding the old-school way (*i.e.*, bank financing, shareholder loans, and the unfortunately-rare public offerings of shares and bonds), accessing funds through financing alternatives and enabling diversification of funding sources while distributing risk at the same time through securitization could be the next interesting trend on the market.

Breaking Down Securitization

What is securitization? In a nutshell, it is a type of structured financing that enables the “originator” of claims, or in simple legal terms, the assignor, to refinance a set of claims. The examples of originators are banks, leasing companies, companies with certain volume of claims, such as electricity or highway companies, *etc.* The originator selects, pools, and repackages a portfolio of its claims, organizes them into different risk categories for different investors, and assigns them to a “securitization special purpose entity.” Upon the transfer the special purpose entity issues debt securities (for example, bonds) to investors on the capital markets. Generally such securities reflect the proceeds from the underlying claims. The special purpose entity collects payments from the underlying claims and uses the proceeds to make payments on the issued debt securities to the

investors. The securitization may include other process participants such as a sponsor financial institution which purchases claims and exposures from another for purposes of a securitization transaction. In practice, securitization is highly complex and requires a lot of preparatory and structuring work. It also includes number of other participants, the most important being an underwriter, credit rating agencies, third-party credit enhancers, a swap counterparty, a servicer, and a trustee.



Ivan Ivandic

Securitization in Croatia

Well-structured securitization can be appealing for banks and other financial institutions, as it represents a method of refinancing claims and gaining capital relief, allowing banks to obtain more breathing space. It is also appealing to other market players, attracted by the opportunity to obtain capital from a source other than borrowing. In a bank-based financial system such as Croatia's, securitization is another source of financing that, at the same time, increases the level of financial market participation.

More than a decade has passed since Croatia's first attempt to regulate securitization in a specific act. Despite the working group's efforts to identify and understand all elements important for securitization and then draft an act, none was ever enacted by the Croatian Parliament. One of the reasons often cited is the financial crisis of 2008, which highlighted how misuse of securitization can amplify the effects of a crisis. For whatever reason, no legislative securitization framework has been created since.

As it directly applies in all member states, the EU's Securitization Regulation became applicable in Croatia without needing to be transposed into national law. Still, in response to the Securitization Regulation, Croatia's legislator recognized the need to enact secondary legislation to enable the legal framework set out in the Securitization Regulation to function in Croatia's legal system. Thus, as a part of this alignment of Croatian law with the Securitization Regulation, amendments to Croatia's UCITS and AIF Acts are currently working their way through parliament.

Croatia's legal system recognizes the main legal concepts necessary for securitization, although additional legislative steps are necessary to ensure that the legislative framework set out in the EU's Securitization Regulation can function easily in the country. As the recent efforts by the Croatian legislator show movement in a positive direction, there is reason to hope that Croatia's legal system will be ready for securitization soon.

Jelena Nushol, Partner, and Ivan Ivandic, Associate, CMS Zagreb

SLOVENIA

Implications of Benchmark Rates Reforms in Slovenia



Marko Ketler

The wide usage of benchmark rates and their key role in the financial system requires that they be reliable and defiant to any manipulation. To ensure this, the EU undertook to reform the benchmark rate determination process and improve market confidence in them, resulting in the adoption of the EU Benchmarks Regulation (the BMR).

(the BMR).

The most widely-used European benchmark rates are EONIA and EURIBOR. The latter is widely used in Slovenia, while EONIA is not as popular. According to the data from the European Securities and Markets Authority and Bank of Slovenia, as of May 31, 2018, 99.7% of all contracts were tied to EURIBOR and only 0.3% of the contracts to EONIA. Both EONIA and EURIBOR are being reformed to meet the requirements of BMR. While EONIA will be replaced with the new benchmark €STR on October 2, 2019, a new (hybrid) calculation methodology will be implemented for EURIBOR, and it is not yet clear whether EURIBOR will be re-authorized under the BMR.

The reference rate transition will be challenging for financial institutions as both time-consuming and costly. Slovenian financial institutions are already taking steps to include fallback clauses in both legacy and new contracts to secure an alternate base rate in the event of a permanent cessation of the relevant benchmark or pre-cessation trigger - *i.e.*, when the relevant benchmark is no longer representative. Fallback clauses used in legacy agreements are generally triggered only by the temporary unavailability of benchmark rates due to temporary disruption and are thus an unsuitable solution for permanent cessation. When drafting a new fallback clause, local laws will have to be thoroughly analyzed and strictly respected to minimize litigation, regulatory, and reputational risks.

The Slovenian Consumer Credit Act provides that the values of the reference interest rate in consumer loans have to be clear, accessible, objective, and verifiable at all times. Reference rates have to be published on the creditor's website and visible in its business premises. The interest rate cannot be changed to the detriment of the consumer if the loan agreement does not stipulate the conditions under which the interest rate can be changed. Such provisions will have to be considered when drafting the fallback clause - which should not contain the possibility of unilateral changes by the bank in consumer loans, since such a clause may be considered an unfair contractual provision.



Ermina Delic Kamencic

Because consumers benefit from stringent consumer protection regulations, even when an adequate fallback clause is drafted, its implementation in legacy loan agreements will likely be a cumbersome task. Since, in accordance with the Consumer Credit Act, the loan interest rate and the conditions for its applicability and amendment have to be explicitly stated in the loan agreement, the bank cannot change the loan interest rate unilaterally, and an amendment to the loan agreement must be concluded with the consumer. If the consumer does not agree to the proposed change, the bank has no leverage to unilaterally change the terms of the agreement, and the parties may have different interpretations as to which interest rate should be applied.

The implementation of the fallback clause in legacy corporate loan contracts appears to be a tough nut to crack. While some legacy contracts provide for an obligation of the debtor to conclude an amendment to the loan agreement, giving the bank the right to accelerate the loan or temporarily terminate or cancel the debtor's right to utilize the loan if the debtor does not conclude an amendment within the set deadline, the question of how to convince the debtor to conclude an amendment where the legacy contract does not include such an obligation remains to be answered.

Unilateral changes of the interest rates by the banks will likely result in litigation, with the outcome of the validity of the interest rate provision or the entire agreement likely to depend on the general contract law rules applied by the court.

Security documents should also be amended, and where required by law these changes should be entered in the relevant pledge registers. The question of who will bear the cost of such changes will depend on the existing contractual provisions, as the Consumer Credit Act provides that consumers shall not bear costs which are not clearly set out in the contract.

Marko Ketler, Partner and Independent Attorney at Law, and Ermina Delic Kamencic, Independent Attorney, in cooperation with Karanovic & Partners

SERBIA

Mergers and Merging on the Serbian B&F Market



Darko Jovanovic

Some might say that Serbia's banking sector is blooming and steadily consolidating. Others may argue that actual consolidation is still far away. Either way, players on the local market are changing. This is clear now following the exit of Societe Generale, BNP's Findomestic, and two

Greek banks, followed by the bold revamp of Hungary's OTP and the strengthening of domestic investors such as AIK and Direktna Bank.

BNP's subsidiary Findomestic was only recently sold to local Direktna Banka – which also acquired Serbia's NKBM subsidiary and the Greek Piraeus Bank. OTP acquired NBG Group's Vojvodjanska Banka and the local champion Societe Generale. The domestic AIK Banka swiped up the Greek Alpha Bank, while Telenor Banka ended up in the Czech PPF Fund's lap. This trend has been followed by NPL transfers outside of the banking sector, leaving the NPL ratio at a slim 5.7%. Now, all eyes are on the privatization of the largest state-owned bank, Komercijalna Banka. The EBRD and IFC, like other significant shareholders of Komercijalna Banka, are willing to sell their respective participations. Potential buyers to look out for seem to be the Slovenian NLB, Raiffeisen Bank International AG, AIK, and the consortium of Direktna Banka and EuroBank. With EU banking groups – such as Banca Intesa, UniCredit, ProCredit, Addiko (post IPO), and Erste – and newcomers such as MiraBank (UAE) and Bank of China, the local banking market, whether consolidated to fully meet the needs of Serbian citizens or not, truly represents an exciting blend of different banking cultures.

Serbia's central banking authority – the National Bank of Serbia (NBS) – still orchestrates the local banking market, retaining an instrumental role in all licensing procedures, supervising foreign exchange, balancing foreign currency oscillations, and steering the reference (base) rates (indeed, the key base rate has recently been decreased to a record low of 2.5%). The NBS also has a significant role in scrutinizing and regulating various fintech products in the banking and financial services industry, such as crowd-lending platforms and microfinancing.

Project finance is still critical, especially in real estate and energy/renewable financing. The local banks have been successful in securing their position in the residential, retail, and office space sectors, including several significant projects, such as the Belgrade Waterfront (EagleHills), Central Garden (ShikunBinnui), and SkyLine (AFI) on the residential side; BW Galerija (EagleHills) and the AdaMall Shopping Centre (GTC) on the retail side; and the Business Garden (AFI) and Green Heart (GTC) in the office sector. Energy/renewable financing, especially windfarm financing, remains primarily reserved for IFIs (the IFC and EBRD), but we can also see an increased role for commercial banks, at least in certain participation schemes.

Financing in Serbia always had local law challenges, primarily originating from foreign exchange requirements, young and undeveloped registries for immovable ownership titles, mortgages and pledges, and inconsistent court practice. However, banks and investors, as well as their advisors, have managed to shape the Serbian legal landscape, so that it now provides a relatively high level of certainty. Professional associations are trying to relax foreign exchange restrictions fortified by the NBS. Title checks and collateral registries have become, to a large extent, reliable and efficient; the security agent concept is widely recognized in law; and private bailiffs have been introduced to relax the courts' lack of capacities and should enable judiciaries to turn towards more sophisticated legal questions.

Recently, Serbia has been investing intensively in all areas of its infrastructure, including air traffic, railways, roads and highways, and ports and river transportation projects. This opened the floodgates to different forms of financings: traditional public procurements in which the government either finances a project from its own budget or through external financing (from, *i.e.*, the EIB and World Bank Group); bilateral treaties-based funding in which the government directly awards the project to a contractor originating from the treaty country and where financing is secured by loans being disbursed directly to the contractor (primarily in connection with treaties concluded with China, Russia, UAE and Turkey); and public private partnerships, in which the private partner secures the funding. Two recent public private partnerships of note, in terms of their complexity, importance, and magnitude, are the Nikola Tesla Airport concession (which went to France's Vinci), and the Vinca waste management project in Belgrade (which went to Suez-Itchu).

Serbia is well-placed to benefit from even more opportunities in the banking and finance area in its journey toward EU accession. This is indeed a fairly bold statement, as we live in a strange world, with the deadline of October 31 still looming and the question of Greenland's future an unexpected issue; but it appears that the prospects of the banking and finance market's further development in Serbia are fairly strong.

Darko Jovanovic, Senior Partner, Karanovic & Partners

NORTH MACEDONIA

Less is More Consolidation of the Macedonian Banking Market Improves Competition



Marija Filipovska

The main characteristics of the Macedonian banking market are its small size and the relatively large number of players. According to the latest reports of the National Bank of North Macedonia, out of fifteen active banks, five have significantly higher market shares than the rest. The combined market share of these five

biggest banks is 74.4%, with a significant discrepancy between the bank that owns the largest amount of assets (a market share of 22.7%) and the one with the lowest (a market share of 0.5%).

In respect to the assets owned, eleven active banks majority-owned by foreign shareholders have a combined market share of 71.1%. The highest market share of these foreign-owned banks – 79.9% – is in the segment of loan activities.

According to the National Bank's Quartal Reports for 2017 and 2018, competition among banks, based on the Herfindahl-Hirschman Index, is shrinking. Indicators of the level of competition are the number of market players and the quantity of their market share. Due to the large number of banks with a small market share, the Macedonian banking market qualifies as a non-competitive environment.

Many believe that a non-competitive environment is not good for a country's economy, as a competitive banking market lowers costs and extends the products portfolio for consumers and stimulates the banks to innovate. Thus, it comes as no surprise that the EBRD has highlighted the consolidation of the banking market as a priority in its Transition Report for North Macedonia 2018-19. The main benefit of the proposed consolidation

would be a strengthening of the market, which should enhance the flow of goods and services in the country's economy.

The need for consolidation of the banking market has been recognized by the National Bank of North Macedonia as well. The Governor of the Bank, Anita Angelovska-Bezoska, has stated that lowering the number of banks should increase competition in the market, thereby expanding the portfolio of products offered by the banks.



Dushica Bojkovska

It is left to the National Bank of North Macedonia to determine the most appropriate measures to take in consolidating the banking market. In preparing its strategy to build up the national banking market, the National Bank will have to consider best practices in other countries, as well as the specifics of the Macedonian market.

The Bank must be careful, as the stability of the banking market is crucial and any instability may spread by contagion to the whole economy by distorting the interbank lending market as well as credit availability and could ultimately lead to recession. Some characteristics of the banking market, such as tight regulations, entry barriers, and strict supervision, differentiate it from other traditional markets. Therefore, the manner of encouraging competition within the banking market should be adjusted to its characteristics.

The most compelling argument for consolidating the banking market is the fact that larger banks are able both to diversify risks and utilize the economy of scale to reduce costs by increasing the size of the business. Studies show that less-competitive banking markets can be costlier and exhibit a lower quality of services, with a consequent reduction in the effective demand for external financing and discouraging economic growth.

On the other hand, other studies emphasize that in a non-competitive banking environment banks can form long-term relationships with borrowers and lend more, with a lower interest rate, than banks in a competitive environment, due to their belief that they will be able to extract a large portion of the future surplus of the borrowers.

It is obvious that theory alone is unclear about the consequence of reducing the number of banks and increasing competition in this market. As a result, the consequences of the consolidation and increase of competition in the banking market in North Macedonia will need, ultimately, to be assessed empirically, by using both theory and best practices from elsewhere in the EU.

Marija Filipovska, Partner, and Dushica Bojkovska, Associate, CMS Skopje

CZECH REPUBLIC

An Amendment to the Bonds Act Aims to Strengthen the Rights of Retail Investors



Bond financing has recently become quite popular in the Czech Republic and companies often finance their business needs by issuing corporate bonds instead of the more usual credit financing. Obviously, the popularity of corporate bonds is also associated with the greater willingness of investors to buy them. Bonds are perceived by the general public as a safe and conservative investment instrument. Nevertheless, recent market developments show that corporate bonds issued by private companies may not always be a safe investment, as evidenced, for example, by the insolvency of online fashion store Zoot, which funded its expansion by issuing bonds.

The Czech Ministry of Finance acknowledges that retail investors are not always sufficiently informed about the investment risks and creditworthiness of borrowers. It has therefore prepared an amendment to the Bonds Act that should strengthen the protection of retail investors, in particular with respect to bonds issued without a public prospectus. To better understand this amendment, it is useful to recall a few basic facts related to bond issues and the possibility of a public offering.

The general documents for the issuance of bonds are the prospectus and emission conditions. As the prospectus contains a lot of information not only about the bonds but also about the issuer, some issuers try to avoid it by issuing bonds with-

out following the Czech National Bank's approval procedure. This is possible in two cases: First, for a below-the-limit bond issue with a value less than EUR 1 million (within a 12-month period), or second, for an issue valued at over EUR 1 million that is offered only to qualified investors (without limitation to the number of such investors) or as a private offer to unqualified investors (*i.e.*, to a limited number of investors). Under law a maximum of 149 private offers can be made, but the Czech National Bank (CNB) interprets the term "public" more strictly, as it considers the public to be more than 20 people (for the purpose of financial market regulations), which limits the number of private offers.



Ondrej Havlicek

For a public offering of bonds, the CNB must approve the bond prospectus, but this approval is only formal, *i.e.*, a verification that the prospectus contains all statutory requirements. If bonds are offered to retail investors based on the above-mentioned exemptions from the obligation to publish a prospectus, the main source of information for investors is the emission conditions. Although in accordance with the Bonds Act the emission conditions contain enough information about the issued bonds, they contain almost no information about the issuer and its financial situation, which raises doubts about the ability of the emission conditions to protect investors. Therefore, the amendment to the Bonds Act proposes to modify the existing regulation in two respects.

First, all bond issues should now be assigned an identification number under the International Securities Numbering System, which should ensure their proper registration. Second, the emission conditions should include information on whether and to what extent the CNB is supervising the issue and their issuer. If the prospectus is approved by the CNB, the emission conditions should state that: i) the prospectus is assessed solely for the completeness of the information contained therein; ii) the CNB does not assess the issuer's financial results or financial situation when approving the prospectus; and iii) approval of the prospectus does not guarantee the issuer's future profitability or its ability to repay the bond's yields and nominal value.

Of course, the real question is whether these amendments are enough to protect retail investors. Although a retail investor will be sufficiently informed that the CNB does not verify the creditworthiness of the issuer, this does not guarantee that such an investor will be able to correctly assess the suitability of his or her investment in the bonds.

Ondrej Havlicek, Head of Banking & Finance, Schoenherr Prague

TURKEY

Challenges of Turkish Financial Restructuring



Muhsin Keskin

The concept of financial restructuring was introduced in Turkey following the currency crisis of August 2018. Financial restructuring became the major item on the agenda of Turkish financial institutions, and regulators intervened immediately, working to create a useful legal framework for the process. The joint efforts of the

Banking Regulatory and Supervisory Authority (the BRSA) and the Banks Association of Turkey (the BAT) resulted in the Framework Agreement. Nevertheless, restructurings commenced pursuant to the Framework Agreement are progressing very slowly, and in most cases have reached an impasse.

Comparing the concepts behind the Framework Agreement to those in international restructuring regimes such as Chapter 11 in the United States and Administration and Scheme of Arrangement in the United Kingdom reveals some of the obstacles to effective financial restructuring in Turkey.

Lawmaking: Following the entry into force of the Financial Restructuring Regulation (the “Regulation”), Turkey enacted the Framework Agreement, but both required amending shortly after their creation following criticism from international and Turkish financial institutions. These criticisms first led to the preparation of a draft law proposing amendments to the Banking Law (the “Draft Law”), then to the preparation of a separate law focused on financial restructuring. The Draft Law was enacted in July 2019. Shortly thereafter, the BAT circulated two new versions of the Framework Agreement – one for large corporates and one for SMEs.

As the currency crisis is under control and financial restructurings will take place over the longer term, there might be an opportunity to holistically contemplate the proposed legislation, taking all stakeholders’ opinions into account.

NPL Issue: Banks must maintain their capital adequacy while restructuring their receivables, and one solution is for banks to sell NPLs in their balance sheets. There are various licensed asset management companies operating in Turkey, but it would be unfair to expect the companies whose job is to buy and collect NPLs to undertake the major NPL burden alone. At this point,

an option may be to attract investment in NPLs from international funds focused on NPL work-out. Various tax exemptions granted to asset management companies are not available to international funds’ purchases, which increases the costs of funds and renders the option of shifting the NPL burden to these international funds unfeasible. Turkish tax and NPL laws must be amended in order to convert the international interest in Turkish NPLs into actual investments.

Tax Costs: One of the critical objectives of restructuring regimes is to facilitate the provision of additional funds to the debtor in default, which is likely experiencing a shortage of working capital. Naturally, it would be unfair to expect Turkish banks that cannot collect their receivables to undertake the additional financing burden alone. The funding gap could be closed with the help of international funds that provide specialized funding (mezzanine, distressed, DIP finance, *etc.*). Since international funds are not considered financial institutions under Turkish tax laws, the loans they provide are subject to additional taxes. To overcome these obstacles, tax exemptions must be granted to the loans provided by these funds.

Cramdown: Benchmark restructuring regimes allow for write-down or other restructuring of debt, and debt for equity swaps, without minority creditor or shareholder consent. The Framework Agreement does not go so far because a write-down specifically requires the unanimous consent of creditors. Additionally, it does not contemplate debt-for-equity swaps without shareholder consent. Where a debtor balance sheet requires right-sizing, the absence of those tools could lead to a material issue because they curtail possible solutions. The Framework Agreement must be updated to provide these tools.

Contractual Rather Than Universal Effect: The Framework Agreement is just an agreement; it is not a proper collective insolvency procedure. Proper collective procedures operate vis-à-vis the world at large, including all creditors. The only parties who are bound by the Framework Agreement are those who signed it. As such, many parties who commonly operate in the credit markets in Turkey will work outside the Framework Agreement, and compromises struck by the parties to the Framework Agreement will not bind non-signatories.

Enforcement Procedures: The ability of creditors to enforce rights, including security rights, are imperative for tidying up financial markets. Where it is desirable that outside parties relieve incumbent holders of distressed debt, potential purchasers will wish to know that the path to enforcement is as smooth and efficient as possible, and that proper recourse can be had against debtors and their assets. The more straight-forward the enforcement processes, the more attractive local loans are to international investors, and the quicker they enter the market to acquire them and thereby resolve local banks’ balance sheet issues.

Muhsin Keskin, Partner, Esin Attorney Partnership

HUNGARY

Quo Vadis Hungarian Insolvency Laws?



Gabor Borbely

The organic development of the Hungarian insolvency laws was interrupted by the era of the socialist planned economy, which ended in 1990. The novel Insolvency Act of 1991 (IA) may have satisfactorily served the economy in the first years of the transition period, but due to the profound changes in the socio-economic environment in subsequent years,

the statute has become obsolete. Successive governments over the past three decades have made multiple efforts to keep the IA up-to-date and to follow the numerous demands made by the various players of the market and interested legal professionals, but the more than one hundred (!) amendments have rendered the system opaque and relatively difficult to use.

The European Commission reported that Hungary ranks 25th among EU Member States when it comes to the effectiveness of insolvency proceedings. The recovery rate for secured creditors is 43% – lower than the EU average – with, more often than not, no assets (proceeds) to be distributed to unsecured creditors. There are only two types of insolvency proceedings available in Hungary – bankruptcy proceedings (reorganization) and liquidation (involuntary winding-up) proceedings – and no formal pre-insolvency proceedings are available. A striking deficiency of the Hungarian insolvency regime is the lack of functioning reorganization proceedings: only 24 successful composition agreements (out of 109 reorganization proceedings) were approved in 2017, although the number of new liquidation cases exceeded 15,000. In addition, the IA fails to provide efficient protection to post-commencement financing (*i.e.* super-priority creditor status) diminishing the chances of a successful reorganization, as well as missing the practical possibility of the sale

of the assets as a going concern in liquidation proceedings. Furthermore, the IA provides insufficient protection to creditors and ineffective judicial control in insolvency proceedings and contains uncertainties regarding the qualification and selection of insolvency practitioners as well as deficiencies regarding their remuneration.



Zoltan Fabok

The IA's regimes are still considered “secured-creditor friendly,” and a number of recent changes to the law strengthen secured creditors' position even more. The equal treatment of certain fiduciary security with traditional security interest (pledges) and the clarification of long-debated matters like the treatment of future receivables used as collateral show a clear intention towards modernization. However, due to the history of the IA, the realistic level of consistency and coherence of the statute has more or less reached its full potential. There are also a number of areas of the IA where we could expect further progress and the taking of a close look by the codification teams from a secured creditors' point of view, including the settlement of cash and other financial collaterals, the enforcement of option rights, and the enhanced control of the dominant creditors over sale processes. The question of allowing group insolvencies or the combination of insolvency proceedings for creating larger asset pools may also be considered.

Insolvency legislation has recently been a shifting landscape in Europe. After having addressed the cross-border aspects of insolvency in the recast Insolvency Regulation, the European legislator has launched the partial harmonization of the substantive insolvency laws of the Member States by adopting the Directive on Restructuring and Insolvency. In the same vein, in 2018 the Ministry of Justice of Hungary set up a working group to reform the Insolvency law consisting of stakeholders from the business, regulatory, judicial, and insolvency community. The objective is to adopt a modern insolvency law promoting efficient reorganization (including pre-insolvency proceedings) or, alternatively, an expedited insolvent liquidation process providing higher distribution rates to creditors. The concept paper of the new insolvency law is expected to be published in the fourth quarter of 2019.

This is a long-awaited and unique opportunity to elevate the Hungarian insolvency laws to the level of the modern, efficient, and well-functioning systems in Europe. We are proud that our colleague Zoltan Fabok, Counsel at DLA Piper, has been invited to participate in the working group, which enables us to contribute to the improvement of Hungary's insolvency framework.

Gabor Borbely, Partner, and Zoltan Fabok, Counsel,
DLA Piper Hungary

AUSTRIA

Austrian Supreme Court Rules on Cash Pooling: Take It with a Grain of Salt!



Miriam Simsa

Cash pooling is a staple of corporate treasurers as an efficient way to allocate liquidity and reduce financing costs within a group of companies. Despite its commercial importance, neither Austrian statutory law nor the Austrian Supreme Court has provided any guidance as to whether cash pooling is permissible under Austrian

law – in particular whether it is compatible with Austria’s strict capital maintenance laws.

Under capital maintenance law, transactions between a company and its shareholders and sister companies must either comply with a strict arm’s length test or be otherwise commercially justified. This test is not provided for in statutory law but has been established by the courts, which continue to specify various aspects of the test. Any transaction that fails to comply with the test is null and void between the company and its shareholder or sister company, and, in certain circumstances, against a third party; for example, the security provided by the target for an acquisition financing is often considered void to the detriment of the financing bank as well.

Given these strict rules, the legality of cash pooling arrangements has been the subject of much debate in Austria. The Supreme Court has now issued a long-awaited first decision on the matter. Unfortunately, it provides less guidance than it seems at first glance.

In the case underlying the Court’s decision, the insolvency administrator of an Austrian company (the “Participant”) sued a bank in connection with a notional cash pooling implemented between the Participant, its holding company, and several other group members.

As the cash pool was a notional pool there was no automatic cash sweep. However, the holding company had to ensure that no participating account was in overdraft at the end of any one day. Thus, while the text of the decision is ambiguous in this regard, there may have been certain transfers between the members of the cash pool. In addition, the members pledged any surplus on their accounts to the bank as security for any debt of another member of the cash pool.

Unbeknownst to the bank, the holding company instructed the Participant to provide any excess cash flow to the cash pool.

The group’s financial situation deteriorated, the bank terminated the cash pool arrangement and enforced its security over the Participant’s bank account. The Participant filed for insolvency and the insolvency administrator filed a claim against the bank for repayment of the funds obtained by the enforcement. The administrator argued that the cash pooling arrangement, including the pro-*vision* on security over bank accounts, violated Austrian capital maintenance rules and therefore was also null and void towards the Bank.

The Supreme Court concluded that: (i) although cash pooling arrangements can never meet the arm’s length test (as no company would enter into such an arrangement with a non-group company), they may be commercially justified; (ii) notional cash pooling is less controversial than actual cash pooling but may still violate capital maintenance rules; (iii) providing security for obligations of group companies is critical under capital maintenance rules, but can be commercially justified; (iv) the fact that the Participant was, at least vis-à-vis the bank, allowed to transfer funds to accounts held with other banks was an argument for the legality of the cash pool; (v) it is vital for a member of a cash pool to have information rights to be able to evaluate the financial situation of other cash pool members and the right to unilaterally terminate the cash pool; and (vi) the fact that the Participant initially received financing from the cash pool suggested that there was a commercial justification to join the cash pool.

In the end, the Supreme Court did not decide on the admissibility of the specific cash pool arrangement but only on the standard of care applicable to the bank as a “third party.” According to its decision, the bank did not have to suspect a breach of Austrian capital maintenance law and did not act with gross negligence when accepting the security. The bank was allowed to assume that there was a commercial justification for granting the security.

The Supreme Court’s decision reiterates that third parties – in particular banks – must be grossly negligent in order to face consequences under capital maintenance law. Alas, the decision gives hardly any guidance on the legality of cash pooling arrangements.

Miriam Simsa, Partner, Schoenherr

LITHUANIA

LITHUANIA LIGHTED UP ON THE MAP OF FINTECH WORLD: WHAT'S NEXT?



Eva Suduiko

Amazingly, the Lithuanian FinTech ecosystem report of 2018 revealed that there were 170 FinTech companies based in Lithuania – reflecting 45 percent growth over the previous year – with some 2,600 employees working in FinTech companies, more than 700 of which were newly-employed in 2018. The numbers are

still growing this year.

Nevertheless, FinTech companies in Lithuania may face considerable challenges in the years to come, including stricter oversight by the Bank of Lithuania, the growing need for qualified specialists, and difficulties in communicating with credit institutions.

Supervision of Licensed FinTech Companies is Tightening

Recently-adopted amendments to the Law on the Bank of Lithuania have tightened the bank's supervision of financial institutions and increased the fines and liability for non-compliance with the law, while issues of risk management are regularly raised at the inter-institutional level.



Justina Milauskiene

Following the entry into force of the new version of the Board of Bank of Lithuania's Resolution on the Preparation and Submission of Reports, the amount of information that FinTech companies are required to provide has increased significantly. To meet these requirements, FinTech companies need to hire and train

additional staff and appropriately redesign existing IT systems. For FinTech companies with 10 to 15 employees, therefore, these requirements impose a quite heavy administrative burden.

Thus, companies licensed by the Bank of Lithuania cannot lay back: they must constantly update their internal procedures, assess internal and external risk factors, and apply state-of-the-art risk management measures. It is significant that highly trained

and qualified employees are needed to properly manage internal processes and meet increased requirements.

Difficulties for FinTech Companies in Collaborating with Credit Institutions

One of the main problems that FinTech companies face is the refusal of banks to allow them to open accounts. The main options to safeguard client funds include: (i) holding or separating funds from those of other natural or legal persons; (ii) insuring the funds; or (iii) obtaining a letter of guarantee or warranty issued by an insurance company or credit institution of the Republic of Lithuania (including a branch of a foreign insurance company or credit institution established in the Republic of Lithuania) or another EU Member State. FinTech companies may invest these client funds in safe, liquid, and low-risk assets as determined by the supervisory authority.

As the market for investing such funds is currently unfavorable, FinTech companies typically opt to safeguard the funds in a separate account with the central bank or ensuring the funds – although this latter approach is less popular due to the limited supply of insurance products and high fees. However, FinTech companies often face an unfavorable attitude from the banks when they apply to open a customer funds account or issue a guarantee.

This cautious position of the banks may be due to their unwillingness to take risks for the relatively small return these accounts generate. Usually banks attribute higher risk to FinTech companies due to uncertainty about the origin of funds held in such separate accounts, the companies' shareholder structures, internal procedures, *etc.* In addition, the evaluation process required for FinTech companies requires additional resources from the banks. For all of these reasons, banks often refuse to open an account for a FinTech company.

However, the supervisory authority now possesses a tool to deal with this situation. Following the entry into force of the new wording of the Law on Payments, a credit institution refusing to open a payment account for payment institution or an electronic money institution must immediately notify the supervisory authority and declare the reasons for its refusal. This allows the authority to monitor whether the reasons for refusal are well founded and whether the decision is based on the principles of objectivity, non-discrimination, and proportionality. Unfortunately, in practice, such notifications are rarely sent to the supervisory authority.

How can FinTech companies run more smoothly? The solution would be if there were more alternative and realistic options in the market of safeguarding customers' funds, such as new insurance products or investing in other directions that provide investment return.

Eva Suduiko, Associate Partner, and
Justina Milauskiene, Senior Associate, Cobalt

ESTONIA

New Estonian Covered Bond Regime



Marina Kotkas

Earlier this year the Estonian parliament enacted long-awaited dedicated covered bond legislation, finally allowing local banks to enter both regional and European-wide covered bond markets and to gain access to a reasonably priced and stable source of long-term funding for their key banking businesses (most impor-

tantly for funding the issuance of mortgage loans). Additionally, under the new legislation, local covered bond issuers able to meet prudential requirements under the Capital Requirements Regulation (CRR) will be able to benefit from certain forms of preferential treatment afforded to covered bonds. For the local banking sector that, at the moment, remains dominated by Scandinavian banking groups, the new legislation also creates a viable alternative to the parent funding.

The new law, which entered into force on March 1, 2019, has been warmly welcomed by the larger players in the regional banking sector, including Luminor Bank, the third-largest bank in the Baltics (a majority stake of which was recently acquired by Blackstone), which announced its intention to launch its first covered bond programme just weeks after the law was passed. LHV Bank has also indicated its intention, eventually, to partially finance its recent acquisition of approximately EUR 470 million of Danske's Bank's Estonian private loan portfolio with a covered bond issuance. Likewise, the issuance of covered bonds by local credit institutions is seen as an important and positive development by regional institutional investors, including pension funds, and many hope it will help revive the local capital markets generally.

As it was prepared in parallel with early parts of the legislative process relating to the European Commission's Covered Bond Directive, the Estonian covered bond law already, to a certain

extent, includes elements of the Directive, which is expected to speed up the transposition of the Directive into Estonian law. However, the law will still need to be further aligned with the changes that were incorporated in the Directive later in the process, including the requirement to specifically define objective triggers for extending the maturity of covered bonds in the national law.

In a nutshell, Estonian law allows issuers holding a specialized authorization to issue two types of covered bonds: mortgage-covered and mixed pool-covered. Specialized authorizations for issuers able to satisfy detailed requirements set out by law demonstrating that their internal processes and procedures are secure enough to reliably keep track of and ensure the eligibility and high quality of the assets in the cover pool are issued by the Estonian FSA. In this context, it is important to note that Estonian covered bond law follows an "on-balance sheet" model, in which the issuer retains formal ownership of the cover pool securing the covered bonds until they are fully redeemed, but the eligibility and sufficiency of the cover assets is monitored by an independent cover pool monitor who is required to periodically report to the Estonian FSA. On the occurrence of bankruptcy, moratorium, and certain other events, the covered bond portfolio is segregated from the issuer's assets and a court-appointed cover pool administrator takes over the administration thereof, although the cover assets legally remain on the issuer's balance sheet until sold. Following this segregation, the cover pool is legally deemed to be ring-fenced and unaffected by the issuer's bankruptcy and can only be used to satisfy the claims of the covered bondholders and to discharge liabilities under the derivative instruments included in the cover pool. Regardless of the segregation of the cover pool, the covered bondholders retain the dual-recourse in relation to claims arising from the covered bonds against the issuer and against the separated cover pool.

Given the smallness of Estonian market and the pan-Baltic operations of the largest local banks, one of the important goals of the local covered bond legislation has been to create a workable framework for issuance of covered bonds secured by a pan-Baltic cover pool, to enable Baltic banks to reach a critical volume that would be attractive enough for European investors. While the new law addresses the relevant aspects from local perspective, we are of the opinion that, in order for certain features of the legal framework (such as ring-fencing of cover pool assets in third party enforcement proceedings) to seamlessly work across all three Baltic jurisdictions, the laws of all three jurisdictions need further improvements. The need to address these pitfalls has been discussed with the Estonian Ministry of Finance and there is hope that Estonia, Latvia, and Lithuania will soon be able to agree on an approach that will create a well-functioning pan-Baltic covered bond framework.

Marina Kotkas, Partner, Cobalt Estonia

UKRAINE

Recent Developments on the Ukrainian Finance Market



Olexiy Soshenko

Ukraine is undergoing a period of structural reform throughout its financial and banking sectors that is unprecedented in its scale and complexity. The reform of the currency control regime culminated in the full cancellation of a 26-year old system and the introduction of a legislative road map for the gradual implementa-

tion of the free movement of capital. The reform gave a critical impetus to the development of the securities market and foreign investments, with Clearstream opening a direct securities account at the National Bank of Ukraine (the NBU) to provide easier access to hryvnia-denominated sovereign bonds. Ukrainian banks were authorized to grant short-term loans in local currency to foreign investors so they could invest in the bonds and hedge the FX risks of such transactions. The introduction of the IBAN standard is another example of the ongoing process of harmonizing the Ukrainian payment landscape.

One of the most notable tendencies on the lending market in Ukraine is the increased interest in project financing for renewable energy and infrastructure projects. The newly implemented electricity market reform is incentivizing renewable energy producers with an attractive feed-in tariff coupled with state guarantees of full and timely payments and the positive track record of the state off-taker, resulting in a huge appetite for extending debt and equity financing. In broad terms, the project financing deals on the Ukrainian market can be categorized as classic project financing, restructuring, or quasi-project financing.

Under “classic” project financing, long-term secured loans and sponsor equity funding are provided to Ukrainian SPVs for the construction of power plants. Typically, multilateral financial institutions (IFIs) such as OPIC, EBRD, IFC, BSTDB, NEFCO, and international development institutions (DFIs) such as Finnfund, Green for Growth, IFU, Proparco, DEG, and FMO, extend long-term financing, with international developers providing sponsor equity financing on a non-recourse basis. One of Redcliffe Partners’ most significant project financing breakthroughs is advising EBRD, NEFCO, BSTDB, Finnfund, IFU, Proparco, and J. P. Morgan Securities plc on EUR 262.6 million financing to SyvashEnergProm, with NBT and Total Eren providing sponsor support for the construction of a 250MW wind power plant with an overall cost of EUR 380 million, making the project the largest investment ever in the renewables energy sector in Ukraine. The transaction was innovative primarily because it was the first ever implementation of

a full-scale onshore and offshore project accounts structure, which became possible after the recent reform and with the NBU’s support. A similar large-scale project, EuroCape, with the first phase financed by OPIC, is ongoing.



Olena Polyakova

Redcliffe Partners has also recently acted as Ukrainian legal counsel to FMO, the Green for Growth Fund, and GIEK with respect to EUR 37.8 million financing to a 54MWp solar PV plant. The participation of the export credit agency in the project financing was particularly interesting and innovative for the Ukrainian market.

Under the refinancing model, the financing is provided to refinance development costs incurred by sponsors at the construction stage for commissioned and ready-for-operation projects.

The participation of foreign commercial banks in project financing remains limited, however, due to the lack of consideration of country risk in long-term financing, certain bankability issues with power purchase agreements, and negative feed-in tariff experience in other jurisdictions. In this respect, unlocking a political risk insurance for Ukraine from such providers as OPIC, MIGA, and EXIMBANK could open the gate to the active participation of foreign commercial banks in project financing.

Among recent “quasi” project financing transactions – basically a working capital term secured loan for the construction of the renewable energy facilities – are a EUR 25 million loan to MHP for financing a 10MW biogas plant and a USD 56 million loan to Kernel for financing four biomass plants with an aggregate capacity of 47MW.

Infrastructure project financing is not as active as expected, although sometimes provided by IFIs. Among recent infrastructure deals are the USD 74 million financing by the EBRD and IFC to MV Cargo in connection with a new private grain terminal in the Port of Yuzhnyi and the USD 50 million financing by EBRD to Nibulon for the expansion and modernization of the grain logistics river infrastructure.

Another interesting potential opportunity is financing through the PPP model. The EBRD and IFC have been assisting the Ukrainian government to implement, as pilot projects, financings of Ukraine’s Olvia and Kherson ports using this structure.

In addition to project financing, both syndicated pre-export finance facilities and bilateral loans to large Ukrainian agricultural producers and exporters are still quite active, with IFIs, DFIs, and commercial banks all extending short- to mid-term financing.

Olexiy Soshenko, Managing Partner, Olena Polyakova, Counsel, and Evgeniy Vazhynskiy, Senior Associate, Redcliffe Partners

In Memoriam: Divjak, Topic & Bahtijarevic Founding Partner Sasa Divjak

Croatia's Divjak, Topic & Bahtijarevic is mourning the unexpected passing of Founding Partner Sasa Divjak.

DTB describes Divjak, who co-founded DTB in 1994 and was head of the firm's Corporate, Employment, and IT practice groups, as "a recognized and accomplished attorney, with 25 years of continuous counseling market leaders in the Croatian and regional business community. He received his law degree in 1990 at Zagreb University's Faculty of Law. He was admitted to the Croatian Bar Association in 1994. He was a founding partner with the Divjak Topic & Bahtijarevic law firm, which he co-founded with Damir Topic and Emir Bahtijarevic. He advised corporations on all aspects of running their business in Croatia, from specialized advice on corporate and labor matters, telecommunications, media, and IT industries, to commercial insurance and other regulated industries." The firm describes him as "an exceptional attorney and a tireless businessman, active in many social and professional events in Zagreb, Croatia and abroad."

In addition, according to DTB, "Sasa cherished his family above all else. He is survived by his wife, Senia, children Vita and Sven, mother Iva, father Bosko, and sister Tanja. Our hearts and thoughts go out to them in this time of deep sorrow."

Finally, the firm reports, "Sasa Divjak was larger than life. He was a leader and a mentor in our law firm and the legal community. Sasa's inexhaustible capacity to give, his kind heart and generous spirit made him unique and special to all who knew him. He will be missed, but his legacy will live on through DTB's work and through all the lives he touched."

A testimonial on Divjak's LinkedIn page describes him as an "excellent lawyer [and] a good co-worker, friend, and person who you can trust in any way."



And his colleagues at the SEE Legal alliance, of which DTB is a founding member, expressed their sorrow as well. According to a statement on the alliance's website, "we all have great memories of at least 16 years of friendship and partnership and will remember him for his calm, friendly but always professional approach to solving problems DTB and SEE Legal faced from time to time. Sasa was a model as a husband and parent and now, when he will no longer be with us, we understand how much we are going to miss him."

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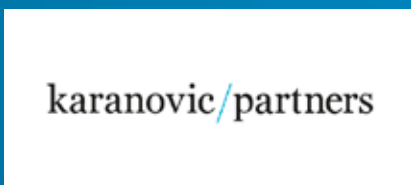
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