



CEE LEGAL MATTERS

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

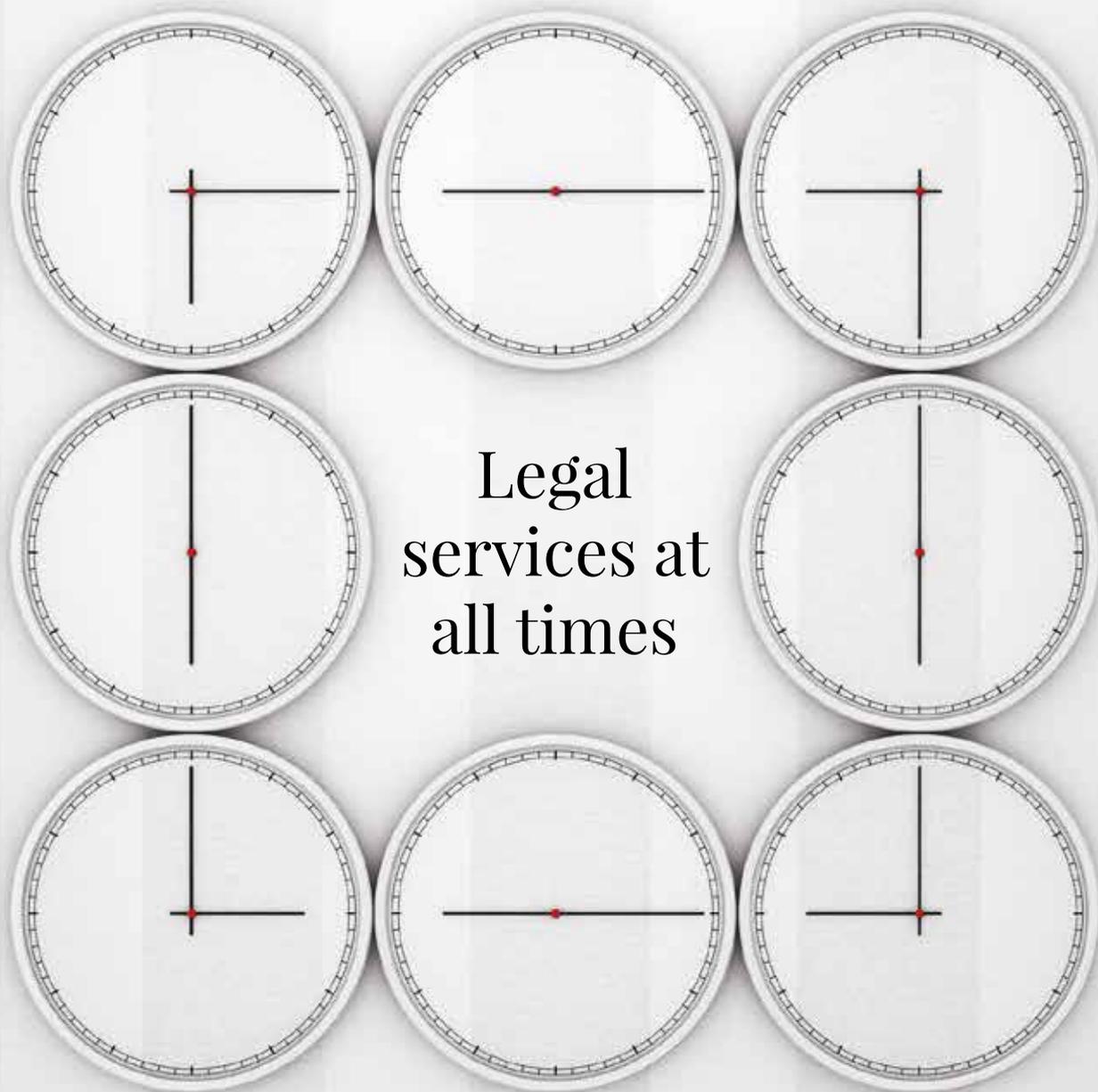
Guest Editorial by Konstantin Kroll ■ Across the Wire: Deals and Cases in CEE ■ On the Move: New Firms and Practices

■ The Buzz in CEE ■ The Corner Office: Legal Tech ■ The Confident Counsel: Escape from Reverse Delegation Land ■

Kinstellar: Strong in Sofia ■ Never Say Die: Restructuring in CEE ■ Market Spotlight: The Balkans ■ Guest Editorial by Dragan Karanovic

The Balkan Breakdown: Takeaways from the Second Annual Balkan GC Summit ■ Inside Out: Don Don Refinancing

Inside Insight: Interviews with Misa Vortovic of PMI and Jasmina Ginoska of Eurostandard Bank ■ Experts Review: Real Estate



Legal
services at
all times

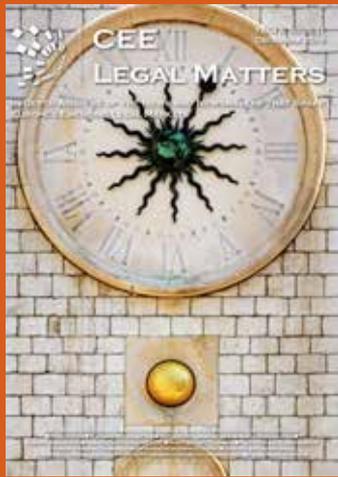
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IN-DEPTH ANALYSIS OF THE NEWS AND NEWSMAKERS THAT SHAPE EUROPE'S EMERGING LEGAL MARKETS



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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:

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Disclaimer:

At CEE Legal Matters, we hate boilerplate disclaimers in small print as much as you do. But we also recognize the importance of the "better safe than sorry" principle. So, while we strive for accuracy and hope to develop our readers' trust, we nonetheless have to be absolutely clear about one thing: Nothing in the CEE Legal Matters magazine or website is meant or should be understood as legal advice of any kind. Readers should proceed at their own risk, and any questions about legal assertions, conclusions, or representations made in these pages should be directed to the person or persons who made them.

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: WE'RE THE SMART BET

I am convinced that most law firms in the region – even those larger firms that have dedicated marketing teams – do a poor job of recognizing and acting on good opportunities.

Not all of them, of course. Certainly not your firm, dear reader. Your firm, I'm sure, is recognizing value, is ready to spend money to make money, and is aware that, to really capitalize on the business that is potentially available to you, you need to make smart and informed decisions about marketing and brand development.

But not everybody is as smart as you are. Not by a long shot.

We have, in our now 6+ years of operation, carefully listened to what the commercial lawyers in CEE's many legal market say they want, and we have worked tirelessly to provide it. Over and over we were told that firms want direct access to clients, for instance – so we limited the number of sponsorships to the annual GC Summit, to maximize the number of in-house counsel attendees who might otherwise stay away from a room full of card-carrying BD types, and to provide those firms that do sponsor the event virtually exclusive access to their desired target audience.

Over and over we were told that law firms were frustrated with the bias and lack of transparent methodology that drove both rankings and awards in the industry – so we rejected rankings, and created peer-selected awards with a fully transparent methodology.

Over and over we were told that it is referrals that matter to the domestic law firms in the region, and that what they want is to be connected with international firms – so we created the Dealer's Choice International Law Firm Summit, held first in Prague in 2018, and next year scheduled for April 23, 2020 in London, bringing the international and domestic firms together in one place.

Over and over we were told that firms care about tying their advertising spends to results, and we created, with the CEE Legal Matters magazine and CEELM website, platforms that

register over 40,000 unique visitors a day, with a recent banner providing 3309 click-throughs in a month.

Despite our best efforts, a surprising number of firms – again, even most of those which have dedicated marketing teams – seem content to stick with the tied-and-true, and willing to reject empirical data in favor of the familiar, the same, the routine. "If it ain't broke," they seem to be saying, "why fix it?"

The only answer to that is, as the markets continue to mature, competition will continue to increase, and sooner or later the old ways of doing something won't be good enough. And if you wait too long to innovate, to consider alternatives, to start doing your job smartly ... it may be too late.

Look, I'm not saying all marketing spends need to flow to CEE Legal Matters. What I am saying is, take the time to get the data, from us and from the other platforms in the market, and take some time to make strategic, informed, and smart decisions.

And – I have to admit, I'm pretty confident the results will point, at least partially, towards us. Talk to us about what you want and need. We really are committed to finding a way to provide it. Want us to bring GCs or CEOs to your office directly? We can do that. Want to create a strategic package of advertising and advertorial options for you? We can do that.

There are a lot of things we can't do, of course. Want us to clean your carpets? We can't do that.

But helping your business expand and flourish – we can do that. So failing to even talk to us about how is, simply, a missed bet.

I mean, for most law firms. Not for you, of course.



David Stuckey

GUEST EDITORIAL: THE CHALLENGES OF BEING AN INTERNATIONAL LAW FIRM PARTNER IN CEE



Why would a lawyer in private practice strive to make partner? That may come across as a strange question. An old saying holds that a soldier who doesn't aspire to become a general is a bad soldier. Partnership as an ultimate goal is often taken for granted.

Yet there is another old saying: be careful what you wish for. The reality is that many talented associates are not aware what partnership really entails.

Apart from the financial rewards, the prestige and recognition from the market and peers, partnership comes with responsibilities. Beyond being a reward for many years of hard work and past achievement, which of course it is, it is also the beginning of a new stage in a career in private practice.

To me partnership is not a badge of honor; but it is necessary to be able to build and develop a practice and realize full professional potential. In other words, partnership is not the end goal; it is a beginning.

A partner faces many challenges in any jurisdiction, but CEE presents many unique challenges as well. As someone who has observed the demands placed on partners of international law firms in the region for over a decade, I can testify that these challenges are growing.

Partners are expected to generate business and serve clients – fair enough. But the devil is in the details. It is not enough to win a client's confidence, to get work in a competitive market, to show commercial awareness, and deliver stellar legal advice. In addition, the business generated by partners needs to conform to specific criteria: partners need to charge hourly rates, cannot write-off fees above a certain threshold, and need to achieve certain utilization levels, both for themselves and their teams.

While everyone agrees that partners are supposed to be in control of their responsibility to win work and perform it to a high standard, the reality is that the metrics described above are largely beyond their control. To illustrate: hourly rates are often driven up by the demand of the headquarters of international firms, and so are the utilization and write-off thresholds. Fortunate are those local partners in CEE of international law firms who have final say on what the appropriate rates for their market are, what the realistic utilization rates for their associates are, and what levels of write-off will be palatable to their clients.

The truth is that these decisions are often made elsewhere, without proper awareness of the specifics of local markets.

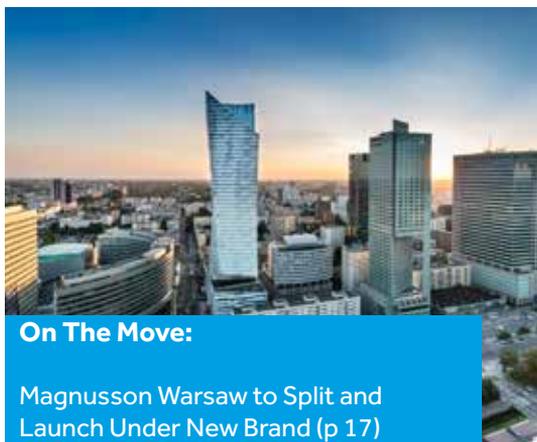
Hourly rates in most CEE markets have doubled (and in some instances tripled) over the past 20 years. The billable hours expectations at international law firms in the region have grown to match those of the New York and London markets, and the flexibility on write-off has diminished. At the same time, competition has toughened and clients have become more sophisticated and capable of doing more complex work in-house, thus they are, to a greater extent than before, able to extract the best value out of their outside legal advisers.

Why are partners in CEE jurisdictions not more forceful in explaining the peculiarities of business in their markets to global management? In fact, they are usually quite vocal – but only up to a point, so they do not start the global firm questioning whether the economic realities of a local CEE market match that global firm's benchmark for performance, potentially justifying the withdrawal of the firm from that jurisdiction.

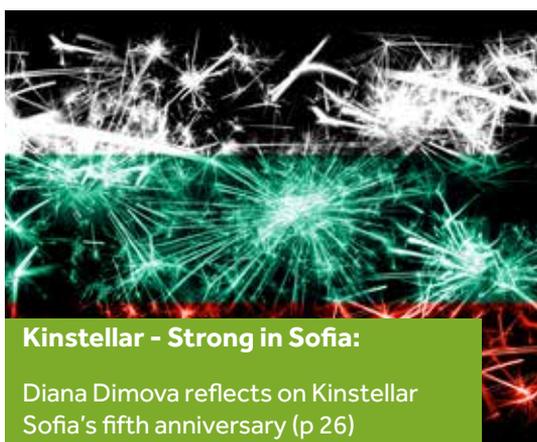
So here is the paradox. International law firms are driven by the goal of raising profitability, presumably for the benefit of their partners as the ultimate stake-holders in the business. This is similar to corporations striving to pay higher dividends to their shareholders and increase shareholding value. But there is a key difference between shareholders in a company and partners in a law firm. Shareholders will always be shareholders – while partners can only enjoy higher returns on their equity while they remain partners. And to remain partners they need to achieve metrics in their performance which may become incompatible with the market they operate. A Catch-22 scenario, no?

In my view the future in CEE belongs to those international firms able to recognize the need for greater flexibility in the local markets and delegate more power in decision-making to their local partners. Otherwise those partners may well decide that they will be better off operating their own independent practices and law firms – and isn't it freedom that many lawyers really seek when they aspire to become partner in the first place?

**Konstantin Kroll, Partner,
Dentons**

**On The Move:**

Magnusson Warsaw to Split and Launch Under New Brand (p 17)

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Diana Dimova reflects on Kinstellar Sofia's fifth anniversary (p 26)

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ACROSS THE WIRE: DEALS SUMMARY

Date covered	Firms Involved	Deal/Litigation	Value	Country
18-Oct	A.R.S Legal & Financial Services	A.R.S Legal & Financial Services became the official "advisory office" of the French Embassy in Albania.	N/A	Albania
15-Oct	White & Case; Wolf Theiss	Wolf Theiss advised Raiffeisen Bank International AG on the issue and listing of a EUR 750 million Green Bond. White & Case advised a syndicate consisting of Barclays Bank Ireland PLC, Credit Agricole Corporate and Investment Bank, Raiffeisen Bank International AG, Societe Generale, and UniCredit Bank AG on the issuance.	EUR 750 million	Austria
16-Oct	Allen & Overy; Binder Groesswang; Eisenberger & Herzog	Binder Groesswang advised the Gilde Buy Out Partners private equity fund and 17 other sellers on the sale of the Austria-based Powerlines Group GmbH to French energy group ENGIE Ineo. Allen & Overy and Eisenberger & Herzog advised ENGIE Ineo on the deal.	N/A	Austria
18-Oct	Cerha Hempel; Wolf Theiss	Wolf Theiss advised MRB FerCon on the acquisition of Iron Foundry in Herzogenburg, Austria, via a management buyout of George Fischer Casting Solutions, a division of George Fischer. George Fischer was advised by Cerha Hempel.	N/A	Austria
22-Oct	Cerha Hempel; Weber & Co.; White & Case	White & Case and Weber & Co. advised documentation agent, coordinator, and mandated lead arranger SEB on the provision of a EUR 1 billion financing to the Voestalpine steel and technology group. Cerha Hempel advised Voestalpine.	EUR 1 billion	Austria
24-Oct	Honert & Partner; Scwp Schindhelm; Wolf Theiss	Wolf Theiss advised Manzanita US Investments on the acquisition of a majority stake in high-end natural cosmetics company Susanne Kaufmann, including a share swap with a UK holding company. SCWP Schindhelm and Honert & Partner advised the shareholders of Susanne Kaufmann on the deal.	N/A	Austria
24-Oct	Brandl & Talos	Brandl & Talos advised Sportradar Group, a Swiss provider of sports data and content, on the acquisition of Optima, a Spanish sports betting and gaming omni-channel platform.	N/A	Austria
24-Oct	Dorda	Dorda advised real estate fund KGAL KETA Grundstucksgesellschaft mbH & Co. KG on the sale of two office buildings in Vienna to IW Property Tau GmbH Asset Deals and an unnamed investment fund company.	N/A	Austria
28-Oct	Schoenherr	Schoenherr helped found SASR Alpha Fifty-Seventh Investment Management GmbH – the first limited liability company in Austria ever founded by digital means.	N/A	Austria
30-Oct	Cerha Hempel	Cerha Hempel successfully represented Austrian Power Grid AG before the EU General Court in its challenge to the order by the Agency for the Cooperation of Energy Regulators that the German-Austria electricity price zone be separated.	N/A	Austria
31-Oct	Pastor & M.Monche Abogados; Schoenherr	Schoenherr and Pastor & M.Monche Abogados advised Black Toro Capital, the owner of the Spanish motorcycle manufacturer GasGas, on a joint venture with Austria's KTM Industries AG.	N/A	Austria
31-Oct	Cerha Hempel; Wolf Theiss	Wolf Theiss advised Erste Group Bank AG in its capacity as sole book-runner and sole lead manager of S Immo AG's EUR 100 million, 2%, 10-year bond issuance. Cerha Hempel advised S Immo.	EUR 100 Million	Austria

Date covered	Firms Involved	Deal/Litigation	Value	Country
31-Oct	Binder Groesswang; Wolf Theiss	Binder Groesswang advised industrial holding company Mutares SE & Co. KGaA on a notarized, binding offer to acquire the business of Q Logistics GmbH, a logistics subsidiary of Osterreichische Bundesbahnen-Holding Aktiengesellschaft. Wolf Theiss advised OBB on the transaction.	N/A	Austria
5-Nov	Dorda	Dorda advised Emmy, a Berlin-based electric scooter sharing company, on its expansion into Austria.	N/A	Austria
7-Nov	Herbst Kinsky	Herbst Kinsky advised Viennese FinTech start-up FINcredible GmbH on the acquisition by credit protection association KSV1870 of a 25.1% stake in the company.	N/A	Austria
15-Nov	DLA Piper; Wolf Theiss	DLA Piper advised European hotel developer UBM Development AG on the successful issue of a new EUR 120 million corporate bond, including an exchange offer. Wolf Theiss advised joint lead managers and book-runners Raiffeisen Bank International AG and M.M.Warburg & CO.	EUR 120 million	Austria
13-Nov	Sajic	Sajic successfully represented photographer Zivan Vanja Panic in a copyright infringement case heard by the Sarajevo Municipal Court.	N/A	Bosnia and Herzegovina
18-Oct	Karanovic & Partners	Karanovic & Partners acted as Serbian legal counsel for Vale Canada Limited on its acquisition of the option to earn-in in four of Mundoro Capital Inc's exploration licenses in the Timok mining complex.	USD 45 million	Bosnia and Herzegovina; Serbia
18-Oct	Dimitrov Petrov & Co.	Dimitrov Petrov & Co helped NEVEQ set up a new alternative investment fund valued at EUR 23.2 million for collective investment.	EUR 23.2 million	Bulgaria
22-Oct	Velchev & Co	Velchev & Co helped Iris Solutions OOD obtain a payment institution license from the Bulgarian National Bank.	N/A	Bulgaria
24-Oct	CMS	CMS Sofia advised Solar World Aquiris S.a.r.l. on a EUR 10.5 million financing of its 10MW photovoltaic plants in Bulgaria from the United Bulgarian Bank.	EUR 10.5 million	Bulgaria
24-Oct	Velchev & Co	Velchev & Co helped adp Gauselmann GmbH obtain a license to produce, distribute, and service gaming equipment from the State Commission on Gambling of Bulgaria.	N/A	Bulgaria
25-Oct	Georgiev, Todorov & Co.	Georgiev, Todorov & Co successfully represented BMF Port Burgas before the Court of Justice of the European Union in a Preliminary Reference Procedure initiated by the Administrative Court of Sofia regarding an administrative act by Bulgaria's Energy and Water Regulatory Commission relating to an electrical network connection dispute.	N/A	Bulgaria
4-Nov	Georgiev, Todorov & Co.	Georgiev, Todorov & Co. has successfully represented BMF Port Burgas EAD, the concessionaire of Bulgaria's Bourgas East 2 and Burgas West port terminals, before the European Court of Justice in a matter initiated by the Administrative Court of Sofia regarding the interpretation of Directive 2009/72/EC regarding the common rules for the internal market in electricity.	N/A	Bulgaria
15-Nov	Djingov, Gouginski, Kyutchukov & Velichkov; Kirkland & Ellis; Kyoseva Yakimova Dimitrova; Pillsbury Winthrop Shaw Pittman	DGKV has advised a consortium of lenders, including the London-based investment firm Blantyre Capital Limited, the EBRD, and the Bulgarian Development Bank, on the financial restructuring of Bulsatcom EAD – the largest Bulgarian TV and satellite operator. Kirkland & Ellis advised Blantyre Capital and Bulgarian Development Bank on matters of English law and Pillsbury Winthrop Shaw Pittman advised the EBRD. Bulsatcom was advised by Bulgarian solo practitioners Gergina Kyoseva and Liliya Tsoncheva.	N/A	Bulgaria
11-Nov	Divjak, Topic & Bahtijarevic	Divjak, Topic & Bahtijarevic helped Globe Trade Center obtain stage two financing from Erste & Steiermarkische Bank for the construction of the Matrix Office Park.	N/A	Croatia
17-Oct	Allen & Overy; Clifford Chance; CMS	CMS Prague advised Advent International on its sale of TES Vsetin to ARX Equity Partners. Clifford Chance advised the buyers on the deal, and Allen & Overy advised Raiffeisenbank a.s. on the acquisition financing.	N/A	Czech Republic
18-Oct	JSK	JSK advised the Catalyst Capital investment group on its acquisition of the Olympia shopping center in Olomouc, in the eastern part of the Czech Republic, from an unidentified seller.	N/A	Czech Republic
22-Oct	Weinhold Legal	Weinhold Legal assisted Lagardere Travel Retail, a global operator of duty-free shops, on its successful bid to operate travel essentials shops at Prague's Vaclav Havel airport.	EUR 6.23 million	Czech Republic
25-Oct	Allen & Overy; Pwc Legal	Allen & Overy advised Ceska Sportelna and Ceskoslovenska Obchodni Banka on their financing of Bike Fun International, a bike producer in the Czech Republic. PwC Legal advised Bike Fun on the deal.	N/A	Czech Republic
25-Oct	Clifford Chance; HVH Legal	Clifford Chance advised HID Global, a subsidiary of Swedish engineering and technology company Assa Abloy, on the acquisition of LUX-IDent, a provider of radio frequency identification components based in the Czech Republic. HVH Legal advised LUX-IDent on the deal.	N/A	Czech Republic

Date covered	Firms Involved	Deal/Litigation	Value	Country
28-Oct	BPV Braun Partners	BPV Braun Partners successfully represented the Czech Ministry of Finance in a dispute with the insolvency administrator of Viktoriagruppe.	EUR 5 million	Czech Republic
5-Nov	CMS; Freshfields; White & Case	Freshfields Bruckhaus Deringer and CMS advised Advent International and its European medicines producer Zentiva on Zentiva's acquisition of the Central and Eastern European business of Alvogen. White & Case advised Alvogen.	N/A	Czech Republic
8-Nov	Allen & Overy	Allen & Overy advised Ceska Sporitelna, UniCredit Bank Czech Republic and Slovakia, and Komerčni Banka on the Czechoslovak Group's exchange offer, issuance of new bonds, and partial cash settlement.	N/A	Czech Republic
15-Nov	Kinstellar	Kinstellar advised Czech real estate fund Investika on its acquisition and refinancing of the Galerie Butovice shopping center in Prague.	N/A	Czech Republic
7-Nov	DLA Piper	DLA Piper Hungary advised Hungarian telecommunication company Antenna Hungaria on its acquisition of a 25% shareholding in Telenor Hungary from the Czech Republic's PPF Group. White & Case advised the sellers on the deal.	N/A	Czech Republic; Hungary
6-Nov	Allen & Overy; Bondoc si Asociatii; Covington & Burling; Djingov, Gouginski, Kyutchukov & Velichkov; Sullivan & Cromwell; White & Case	White & Case advised the PPF Group on its USD 2.1 billion acquisition of Central European Media Enterprises. Bondoc si Asociatii advised PPF on Romanian law matters. CME was advised by Covington & Burling and Sullivan & Cromwell.	USD 2.1 billion	Czech Republic; Romania; Slovakia
15-Oct	Ellex (Raidla)	Ellex Raidla advised the Estonian Lottery on its agreement with the Quality Group Lottery Solutions GmbH for system upgrades.	EUR 1.92 million	Estonia
21-Oct	Derling Primus	Derling Primus advised the shareholders of Estonia's Linnamae Lihatoostus wild game meat producer on the sale of shares in the company to UP Invest.	N/A	Estonia
21-Oct	Nove	Nove successfully represented AS SEBE bus and transportation company in a public procurement dispute.	N/A	Estonia
24-Oct	Ellex (Raidla)	Ellex Raidla helped international transport and logistics company Operail open a subsidiary in Finland and invest EUR 50 million to begin freight transport on Finnish railways.	EUR 50 million	Estonia
24-Oct	Ellex (Raidla); Hannes Snellman; Magnusson	Ellex Raidla and Hannes Snellman advised Marrone Bio Innovations, Inc. on its USD 31.8 million acquisition of Pro Farm Technologies Oy. The Magnusson Law Firm advised the sellers on the deal.	USD 31.8 million	Estonia
24-Oct	Sorainen	Sorainen advised Livonia Partners and its portfolio company Thermory AS on the acquisition of a majority stake in Siparila Oy, a Finnish wood-processing company specializing in exterior and interior panels and cladding.	N/A	Estonia
25-Oct	Hansen Law; Sorainen	Sorainen, working with Sweden's Hansen Law, has advised Xlinc Nordic on the acquisition of Estonia's Replace OU.	N/A	Estonia
25-Oct	Ellex (Raidla)	Ellex Raidla advised Enefit Green and Nordic Environment Finance Corporation on the sale of their shareholdings in Vinni and Oisu biogas combined head and power plants to Infortar.	N/A	Estonia
28-Oct	Cobalt; Linklaters	Cobalt and Linklaters advised the Zeppelin Group on its acquisition of Tallinn's Baltic Marine Contractors from the Pon Group.	N/A	Estonia
28-Oct	Ellex (Raidla); Eversheds Sutherland	Ellex Raidla advised Arealis on the sale of the Microsoft Office Building in Tallinn to LHV Pension Funds and Lumi Capital. Eversheds Sutherland advised Lumi Capital on the deal.	N/A	Estonia
30-Oct	Ellex (Klavins)	Ellex Klavins advised Air Total International on the sale and transfer of its shares in SIA Gulfstream Oil.	N/A	Estonia
7-Nov	Sorainen	Sorainen advised Baltic private equity investment fund Livonia Partners on its acquisition of Klaasimeister, an Estonia-based glass processing company.	N/A	Estonia
18-Oct	Merkants; Pohla & Hallmagi; Proventus Law; Tgs Baltic	Pohla & Hallmagi, Merkants, and Proventus Law advised the shareholders of Nortire OU on the sale of the company to Global Rubber Industries Ltd. TGS Baltic advised GRI on the acquisition.	N/A	Estonia; Latvia; Lithuania
30-Oct	PwC Legal	PwC Legal advised Baltic cinema operator Forum Cinemas OU on its cross-border merger with SIA Forum Cinemas and UAB Forum Cinemas, Finnino OY's companies in Latvia and Lithuania, .	N/A	Estonia; Latvia; Lithuania
4-Nov	Cobalt; Sorainen	Sorainen advised Nordea Bank and DNB on financing they provided to the Luminor Group to develop Luminor's lending activities and group liquidity buffers and to refinance existing debt. Cobalt advised Luminor on the deal.	N/A	Estonia; Lithuania

Date covered	Firms Involved	Deal/Litigation	Value	Country
17-Oct	KLC	KLC was appointed as external legal counsel to the Hellenic Financial Stability Fund in relation to recent corporate governance reforms adopted by an unidentified Greek systemic bank.	N/A	Greece
17-Oct	KLC	KLC acted as external legal counsel to the European Investment Bank on its set-up of the Infrastructure Fund of Funds, designed to finance projects in the areas of energy efficiency, renewable energy, and sustainable urban infrastructure with funds up to a total amount of EUR 450 million.	EUR 450 million	Greece
18-Oct	Anagnostopoulos	The IAG law firm in Greece successfully represented the Board of Alpha Bank before the Athens Court of Appeals in a dispute involving charges of breach of trust in relation to multi-million loans granted to a well-known publishing company.	N/A	Greece
24-Oct	Kyriakides Georgopoulos	The Kyriakides Georgopoulos Law Firm advised EIB, Alpha Bank, and the National Bank of Greece on what the firm is describing as "the first-ever secondary PPP Deal in Greece."	N/A	Greece
24-Oct	Ballas, Pelecanos & Associates; Lambadarios Law Firm	Ballas, Pelecanos & Associates and the Lambadarios Law Firm helped Leidos Inc triumph in arbitration with the Hellenic Republic, bringing a decade-long dispute involving the C41 Olympic Security System for the 2004 Athens Olympic Games to a close.	N/A	Greece
25-Oct	Kelemenis & Co; Zepos & Yannopoulos	Zepos & Yannopoulos advised DECA Investments AIFM, the investment manager of Luxembourg's Diorama fund, on the acquisition of a minority stake in an unidentified generics pharmaceutical development group.	N/A	Greece
4-Nov	Koutalidis	The Koutalidis law firm advised a consortium of banks led by Goldman Sachs and JP Morgan on a EUR 525 million high-yield bond issue by WIND Hellas group and on the signing of a new EUR 75 million revolving credit facility.	EUR 525 million	Greece
5-Nov	Koutalidis	The Koutalidis law firm advised a consortium of banks led by Goldman Sachs and Credit Suisse on a EUR 500 million fixed-rate unsecured bond issue and tender for notes purchase by Hellenic Petroleum. The bonds are listed on the Luxembourg Stock Exchange.	EUR 500 million	Greece
12-Nov	Machas & Partners	Machas & Partners advised Greece's EUROXX Securities S.A. on the delisting of its shares from the Alternative Market and its listing on the Main Market of the ATHEX Stock Exchange.	N/A	Greece
13-Nov	Zepos & Yannopoulos	Zepos & Yannopoulos is advising Mohegan Gaming and Entertainment, a US gaming industry group, on its participation in an international tender for the concession of a casino operating license in the Hellinikon – Ag. Kosmas Metropolitan Pole, which was launched in February 2019 by the Hellenic Gaming Commission.	N/A	Greece
28-Oct	Jalšovszky; Peremiczki And Turi	Peremiczki & Turi advised LV Invest Befekteto and Terracotta on the sale of Terracotta Kfr and its wholly-owned subsidiary, Terra-Tozeg Kft, to a group of unidentified private investors. The buyers were advised by Jaslovsky.	N/A	Hungary
9-Nov	Herbert Smith Freehills; White & Case	White & Case advised Hungarian energy firm MOL on its USD 1.57 billion acquisition of Chevron's stake in an oilfield in Azerbaijan. Herbert Smith Freehills advised Chevron on the deal.	USD 1.57 billion	Hungary
24-Oct	Sorainen	Sorainen helped the VEFRESH association establish an urban smart solution testing area in the VEF district of Riga.	N/A	Latvia
29-Oct	Baker McKenzie; Cobalt; Cuatrecasas; TGS Baltic	TGS Baltic and Baker McKenzie advised Inspired, a global premium schools group, on its acquisition of the King's College, a British schools group. Cobalt advised the King's College on limited due diligence and Cuatrecasas advised King's College on the sale.	N/A	Latvia
15-Nov	Azanda & Partners; Primus Derling	Primus Derling advised AJ Power Recycling on the acquisition of SIA Latvijas Zalais Fonds. Azanda & Associates advised the sellers on the deal.	N/A	Latvia
15-Nov	Primus Derling	Primus Derling advised AS Sakret Holdings on its issuance of 5-year bonds worth almost EUR 4 million and the registration of collateral for them in Latvia, Lithuania, and Estonia.	EUR 4 million	Latvia
16-Oct	Ellex (Valiunas); Sorainen	Ellex Valiunas advised Moody's on a lease agreement with the SBA Group for office space in the Green Hall 3, a class A building developed by Urban Inventors in Vilnius. Sorainen advised SBA on the deal.	N/A	Lithuania
18-Oct	Sorainen	Sorainen helped Opal Transfer obtain an electronic money institution license in Lithuania.	N/A	Lithuania
18-Oct	Sorainen; TGS Baltic	TGS Baltic advised Schage Eiendom AS on its sale of the Quadrum Business City in Vilnius to German real estate manager Deka Immobilien. Deka Immobilien was advised by Sorainen on the deal.	EUR 156 million	Lithuania
24-Oct	Sorainen	Sorainen helped CBI Money obtain an e-money license from the Bank of Lithuania.	N/A	Lithuania
24-Oct	Sorainen	Sorainen advised the Baltic Horizon Fund on private placements of fund units, which raised a total of EUR 16.5 million.	EUR 16.5 million	Lithuania

Date covered	Firms Involved	Deal/Litigation	Value	Country
24-Oct	Walless	Walless helped Revolut Payments UAB get on the Bank of Lithuania's official List of Insurance Brokers, allowing Revolut to engage in insurance distribution activities.	N/A	Lithuania
25-Oct	Primus Derling; SPC Legal	Primus Derling advised GrECo International Holding AG on the acquisition of an 80% stake in Uzdaroji Akcine Draudimo Brokeriu Bendrove Sagaut, an insurance and reinsurance brokerage company operating in Lithuania. SPC Legal advised Sagaut on the deal.	N/A	Lithuania
13-Nov	Walless	Walless helped AS Inbank obtain authorization from the Bank of Lithuania to establish a bank branch and provide financial services in Lithuania.	N/A	Lithuania
13-Nov	Sorainen	Sorainen successfully represented Valdas Sarunas, a former manager of Lithuania's Kedainiu Aruodai grain collecting company, in the Lithuanian Court of Appeal, which upheld a first instance ruling in a case concerning damages related to company losses.	N/A	Lithuania
13-Nov	Sorainen	Sorainen advised Baltic Mill, a Baltic grain processing group, on its issuance of a two-year bond with a total value of EUR 3 million that was organized by Siauliu Bankas.	EUR 3 million	Lithuania
15-Nov	Cobalt; Triniti	Cobalt advised the shareholders of Danpower Baltic on the sale of 50% of their shares to French renewable energy group Idex – a subsidiary of Antin Infrastructure Partners. Triniti advised Idex on the deal.	N/A	Lithuania
15-Nov	CEE Attorneys; Cobalt	Cobalt advised LF Property on the sale of the Gostauto 40 business center in Vilnius to UAB AJ Projektai. CEE Attorneys advised UAB AJ Projektai on the deal.	N/A	Lithuania
15-Oct	Dentons; Linklaters	Linklaters is advising Hines European Value Fund, acting through its subsidiary Gisla, on the acquisition of the Wola Center office building in Warsaw from Develia. Dentons is advising Develia.	EUR 101.9 million	Poland
15-Oct	Soltysinski Kawecki & Szlezak	SK&S advised Portuguese Private Investment Ltd. in a Series B investment in Warsaw-based Tylko.	N/A	Poland
17-Oct	BSJP	BSJP represented SPIE Elbud Gdansk S.A. in a dispute with Polskie Sieci Elektroenergetyczne in the Regional Court of Warsaw regarding the interpretation and application of Poland's Public Procurement Law Act.	N/A	Poland
18-Oct	Weil, Gotshal & Manges	Weil, Gotshal & Manges advised Polski Standard Platnosci sp. z o.o., the operator of Poland's BLIK mobil payment system, on an agreement with Mastercard to establish a mobile payments system.	N/A	Poland
18-Oct	Gide Loyrette Nouel; Greenberg Traurig	Greenberg Traurig advised Eltel AB on the divestment of its Polish communication business, Eltel Networks Telecom, to Vinci Energies. Gide Loyrette Nouel advised Vinci on the transaction.	EUR 12.7 million	Poland
18-Oct	Allen & Overy; CMS	CMS advised Signify on the purchase of renewable energy for its operations in Poland from Green Investment Group's Kisielice onshore wind farm. Allen & Overy advised GIG on the deal.	N/A	Poland
21-Oct	Allen & Overy; White & Case	White & Case advised a syndicate of banks including Santander Bank Polska S.A., Bank Gospodarstwa Krajowego, Powszechna Kasa Oszczednosci Bank Polski S.A., Caixabank S.A., Oddzial w Polsce, and MUFG Bank N.V., on Energa's PLN 2 billion ESG-linked revolving credit facility. Allen & Overy advised Energa on the deal.	PLN 2 billion	Poland
24-Oct	Gessel	Gessel advised iBuying company SonarHome and its founders on venture debt financing received for the expansion of its operations from Maciej Noga and Ataxary Ventures.	N/A	Poland
24-Oct	Greenberg Traurig; Weil, Gotshal & Manges; White & Case	Greenberg Traurig advised the Wing Group on the acquisition of Lisala sp. z o.o. from Echo Partners B.V. Echo Partners is owned by affiliates of Oaktree and PIMCO, and through Lisala it holds 55.95% of the shares of Echo Investment S.A. Weil advised the sellers and White & Case advised the management board of Echo Investment on the transaction.	N/A	Poland
25-Oct	Weil, Gotshal & Manges	Weil, Gotshal & Manges advised Bank Pekao S.A. on the integration of its brokerage business within its capital group.	N/A	Poland
25-Oct	Kochanski & Partners; Kucharski & Partners	Kochanski & Partners advised Oxenwood Real Estate on its acquisition of the entire shareholding in the DHL logistics center located in Radzymin near Warsaw from a joint venture of Panattoni Europe and Bluehouse Capital. Kucharski & Partners advised the sellers on the deal.	EUR 13.5 million	Poland
25-Oct	CMS; Gessel	Gessel advised OEX S.A. on the PLN 65 million sale of ArchiDoc S.A. to Offsite Archive Storage & Integrated Services OASIS, an Irish entity held by the Montagu private equity fund. CMS advised OASIS on the transaction.	PLN 65 million	Poland
28-Oct	Mrowiec Fialek & Partners	Mrowiec Fialek and Partners advised Alvo Spolka z Ograniczona Odpowiedzialnoscia Spolka Komandytowa on financing received from the BHM Group.	N/A	Poland
28-Oct	Clifford Chance	Clifford Chance advised ING Bank Slaski S.A. on a facility agreement for PLN 44.5 million financing of the PV farms under construction by Polenergia Farma Wiatrowa 17 sp. z o.o., a subsidiary of the Polenergia private energy group.	PLN 44.5 million	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
28-Oct	Linklaters	Linklaters advised Panattoni Europe on its lease of a logistics facility of over 123,300 square meters in Central Poland to Leroy Merlin.	N/A	Poland
4-Nov	Linklaters	Linklaters helped Panattoni Europe negotiate the terms of lease agreements with DHL Parcel Polska for 8400 square meters of space in two built-to-suit logistics facilities in Poland.	N/A	Poland
4-Nov	Greenberg Traurig	Greenberg Traurig Poland advised Cyfrowy Polsat S.A. on its entrance into a joint venture with Discovery Communications Europe Limited and TVN S.A. to establish a new OTT streaming platform.	N/A	Poland
5-Nov	Act (BSWW); CMS	CMS advised REInvest Asset Management on the sale of Warsaw's Renaissance Plaza office building to Adventum International, a Malta-based boutique investment fund manager. Act BSWW advised Adventum International.	N/A	Poland
6-Nov	White & Case	White & Case advised the European Investment Fund as guarantor on a securitization by Alior Leasing sp. z o.o., the leasing subsidiary of the Alior Bank Group.	N/A	Poland
7-Nov	DWF; WKB Wiercinski Kwiecinski Baehr	WKB Wiercinski, Kwiecinski, Baehr advised Avallon and Euro Choice IV funds on the sale of a majority stake in Meyra Group S.A. to the H.I.G. Europe fund. DWF advised HIG on the deal.	N/A	Poland
8-Nov	DWF; Soltysinski Kaweck & Szlezak	DWF advised RWE Renewables on the acquisition of shares in project companies owning four offshore wind projects in Poland with a total generation capacity of more than 1.5 gigawatts from private owners and developers. SK&S advised the unnamed sellers on the deal.	N/A	Poland
11-Nov	CMS	CMS successfully assisted telecommunications operator P4 in litigation with Poland's Office of Competition and Consumer Protection concerning the introduction of mobile TV in 2008-2010.	N/A	Poland
11-Nov	Weil, Gotshal & Manges	Weil, Gotshal & Manges advised Santander Bank Polska S.A. on the integration of the brokerage business of Santander Securities S.A. with the operations of the Santander Biuro Maklerskie brokerage house – a separate organizational unit of Santander Bank Polska.	N/A	Poland
12-Nov	Gessel	Gessel advised Wirtualna Polska Media on its acquisition of AutoCentrum.pl from the Oponeo Group.	N/A	Poland
13-Nov	Gessel	Gessel advised Black Forest, an investment fund controlled by Polish businessman and rally driver Michal Solowow, on its investment in Polish startup Tikrow.	N/A	Poland
15-Nov	Dentons; Weil, Gotshal & Manges	Dentons advised Cavatina Holding on preliminary agreements for the sale of two Polish office buildings – Chmielna 89 in Warsaw and Tischnera Office in Krakow – to Globalworth. Weil Gotshal & Manges advised the sellers.	N/A	Poland
15-Nov	BDO Legal; Gessel	Gessel advised Polimex Mostostal on the acquisition of a majority stake in Energomontaz – Polnoc Belchatow, a specialized designer, producer, and installer of steel structures, power generation devices, and industrial operations. BDO Legal advised Energomontaz – Polnoc Belchatow on the deal.	N/A	Poland
15-Nov	Allen & Overy; Clifford Chance; DLA Piper; White & Case	Dentons advised Spain's Comsa S.A.U. on debt restructuring and its issue of new shares in Trakcja PRKił S.A., a Polish infrastructure and energy company listed on the Warsaw Stock Exchange. The program's value exceeds EUR 230 million and includes bridge and long-term financing provided by banks, insurance companies, and the Industrial Development Agency. DLA Piper advised Trakcja on the deal, White & Case advised the insurance companies, and Clifford Chance advised the Industrial Development Agency. Allen & Overy advised the banks.	EUR 230 million	Poland
16-Oct	Filip & Company; Linklaters	Filip & Company advised Digi Romania, DIGI Communications N.V., and DIGI Hungary on two medium-term loan facilities for an equivalent aggregate value of EUR 150 million from Citibank Europe plc, Romanian Branch, ING Bank N.V. Amsterdam and Bucharest Branches, and Unicredit Bank S.A. Linklaters reportedly advised the lenders on the deal.	EUR 150 million	Romania
17-Oct	Mcdermott Will & Emery Aarpi; Somlea & Asociatii; Stratulat Albuлесcu; Wolf Theiss	Stratulat Albuлесcu, Somlea & Asociatii, and Tuca Zbarcea & Asociatii advised PitechPlus on the sale of the majority stake held by its founder, Bogdan Herea-Buzatu, to Webhelp Romania. Wolf Theiss and McDermott Will & Emery AARPI advised Webhelp on the acquisition.	N/A	Romania
18-Oct	Eversheds Sutherland	Eversheds Sutherland Romania advised investment fund NEPI Rockcastle in its acquisition of a land plot for the construction of a new shopping center in Craiova, Romania.	EUR 110 million	Romania
22-Oct	Musat & Asociatii	Musat & Associates successfully represented Delta Antrepriza de Constructii si Montaj 93 S.A. before the Court of Justice of the European Union in a preliminary ruling procedure against Compania Nationala de Administrare a Infrastructurii Rutiere SA.	N/A	Romania

Date covered	Firms Involved	Deal/Litigation	Value	Country
22-Oct	PeliPartners; Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica & Associates advised Certinvest on the sale of Certinvest Pensii, which manages over RON 75 million in an optional pension fund that has over 9,500 participants, to Banca Transilvania subsidiaries BT Asset Management SAI and BT Investments. Peli Partners advised Banca Transilvania on the deal.	RON 75 million	Romania
22-Oct	Stratulat Albulescu	Stratulat Albulescu Attorneys at Law advised Morphosis Capital on its investment in Doc Process SRL.	EUR 5 million	Romania
28-Oct	Stratulat Albulescu	Stratulat Albulescu advised Corporate Finance House Group on the acquisition of the Day Tower class A office building in Bucharest from the Day Group.	N/A	Romania
15-Nov	Nestor Nestor Diculescu Kingston Petersen	Nestor Nestor Diculescu Kingston Petersen advised Edenred, a company issuing cards and benefits vouchers for employees, on its acquisition of Benefit Online, an extended platform for flexible extra-wage benefits in Romania.	N/A	Romania
15-Nov	Deloitte Legal (Reff & Associates); Wolf Theiss	Reff & Associates – the Romanian arm of Deloitte Legal – has assisted Denmark's Vestas Wind Systems on the sale of 80% of its subsidiaries owning the Pantelimon, Pegasus, and Apollo wind power plants, to IRI Investments, a Romanian subsidiary of the Ingka Group. Wolf Theiss advised the buyers.	EUR 136 million	Romania
18-Oct	Dentons; Nestor Nestor Diculescu Kingston Petersen	Dentons advised Raiffeisen Bank International AG and Raiffeisen Bank SA on a EUR 34 million facility agreement granted to VGP Park Timisoara SRL to refinance an industrial project, including four prime logistic buildings in Timis, Romania. Nestor Nestor Diculescu Kingston Petersen advised VGP Park on the deal.	EUR 34 million	Romania; Slovakia
15-Oct	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners helped the Aqua Investments Group and Kavminkurortresursy JSC establish their exclusive geographical indication rights to the Yessentuki N4 and Yessentuki N17 healing diets and mineralized healing water brands.	N/A	Russia
18-Oct	Rustam Kurmaev & Partners	Rustam Kurmaev & Partners successfully defended Bio-Rad Laboratories in a dispute with Rosstandart, the Russian Federal Agency for Technical Regulation and Metrology.	N/A	Russia
22-Oct	Clifford Chance	Clifford Chance advised Russia's SIBUR gas processing and petrochemical company on its benchmark USD 500 million 3.45% Eurobonds issue due 2024.	USD 500 million	Russia
25-Oct	Baker Mckenzie	Baker McKenzie successfully represented EPK Saratov at Rospatent in a dispute involving a patent on an axle-box with dual bearings.	N/A	Russia
28-Oct	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners provided pro bono legal consulting to Big Brothers Big Sisters in Russia.	N/A	Russia
28-Oct	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners successfully defended the interests of the founders of Transaero in a dispute over a loan that partially led to the air carrier's bankruptcy proceedings.	RUB 250 million	Russia
28-Oct	Dentons; Linklaters	Dentons advised Russia's Chelpipe on its debut issuance of USD 300 million 4.50% loan participation notes due 2024. Dentons acted as English, United States, and Russian counsel to Chelpipe.	USD 300 million	Russia
28-Oct	Dentons	Acting on behalf of Russia's Fund for Infrastructure and Educational Programs, Dentons prepared a "Concept" for regulating alternative finance methods in Russia.	N/A	Russia
28-Oct	Akin Gump	Akin Gump is advising Russian Internet and IT company Mail.ru Group Limited on the formation of a joint venture between its ESforce e-sports business and games producer Modern Pick.	N/A	Russia
30-Oct	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners successfully represented BlaBlaCar, a global long-distance carpooling service, in a dispute with an unidentified group of bus carriers in Russia.	N/A	Russia
30-Oct	Kachkin & Partners	Kachkin & Partners advised a consortium consisting of Gazprombank and BaltNedvizhService on an agreement to create 21-kilometer tram network in Saint Petersburg.	RUB 58 billion	Russia
4-Nov	Debevoise & Plimpton	Debevoise & Plimpton advised PJSC MMC Norilsk Nickel on its USD 750 million Eurobond offering due 2024 with a coupon rate of 3.375% per annum.	USD 750 million	Russia
21-Oct	BDK Advokati	BDK Advokati advised MediGroup on the acquisition of Zdravo Med, a healthcare clinic based in Subotica, Serbia, and helped its human laboratory division MediLab open its laboratories in the Serbian city of Nis.	N/A	Serbia
28-Oct	JPM Jankovic Popovic Mitic	JPM advised MTU Aero Engines AG on its agreement with the Republic of Serbia regarding skilled labor training.	N/A	Serbia
17-Oct	Allen & Overy; White & Case	White & Case advised Commerzbank Aktiengesellschaft, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, and Landesbank Baden-Wuerttemberg, as joint lead managers on the inaugural issuance of EUR 500 million, 0.01% covered mortgage bonds due in 2026 by Prima Banka Slovensko, a.s. Allen & Overy advised Prima Banka on the deal.	EUR 500 million	Slovakia

Date covered	Firms Involved	Deal/Litigation	Value	Country
22-Oct	Dentons; Orrick, Herrington & Sutcliffe	Orrick advised Salesforce Ventures on its participation in software provider Minit's EUR 7 million Series A funding round that was led by Target Global. Dentons advised Target Global on its investment.	EUR 7 million	Slovakia
14-Nov	LMCR; Noerr	Noerr, working with Itay's LMCR law firm, has advised the Nidec Corporation on the sale of its Secop Compressors division to ESSVP IV, advised by Orlando Management AG.	N/A	Slovakia
17-Oct	CMS	CMS advised German eye-wear company Fielmann AG on its acquisition of a 70% stake in Optika Clarus, Slovenia's largest retail optician and optometrist, from Planeta d.o.o. and Okulistika Clarus d.o.o.	N/A	Slovenia
13-Nov	Karanovic & Partners; ODI Law	ODI Law advised the Eta Invest Group on the refinancing of a development project encompassing 28 newly-constructed villas near Nova Gorica, Slovenia. The transaction included a transfer of claims held by various banking and non-banking entities to the Elements Capital Management investment fund, followed by the entrance into a Master Restructuring Agreement by Eta Invest Group and the investment fund. Karanovic & Partners advised Elements Capital Management.	N/A	Slovenia
13-Nov	Linklaters; Wolf Theiss	Wolf Theiss Slovenia advised Slovenia's Sava Re, d.d. reinsurance company on its issuance of a EUR 75 million subordinated bond. Linklaters advised sole structuring advisor and sole book-runner Erste Group Bank AG.	N/A	Slovenia
24-Oct	Dentons (Baseak); GKC Partners; Lexist Law Firm; White & Case	White & Case and GKC Partners advised Sisal S.p.A. on its successful bid, made with with Demiroren Holding affiliate Sans Digital ve Interaktif Hizmetler Teknoloji Yatirim A.S., for a ten-year contract to operate Turkey's Milli Piyango lottery that was tendered by Turkey's Wealth Fund. Balcioglu Selcuk Akman Keki Attorney Partnership advised Sans Digital, and the Lexist Law Firm advised Turkey's Wealth Fund.	N/A	Turkey
29-Oct	Paksoy	Paksoy advised the EBRD on its direct equity investment in the renewable arm of Turkey's IC Energy Holding.	N/A	Turkey
15-Nov	Paksoy	Paksoy advised Sofra Yemek Uretim ve Hizmet A.S., a subsidiary of Compass Group Plc, on its acquisition of Turkish catering services company Turkas from the Cokmez family. KKO Legal advised Turkas on the deal.	N/A	Turkey
21-Oct	Golaw	GoLaw successfully represented Vita Solar LLC, a Ukrainian subsidiary of TIU Canada, in criminal proceedings.	N/A	Ukraine
24-Oct	Integrites; Simmons & Simmons	Simmons & Simmons and Integrites advised NBT on its successful negotiations for Engineering, Procurement and Construction contracts with China Electric Power Equipment and Technology Co, Ltd. for the 300 MW second stage and 450 MW third stage of the Zophia Wind Park in Ukraine.	N/A	Ukraine
24-Oct	Vasil Kisil & Partners	Vasil Kisil & Partners advised Odasco on the acquisition of a 4.9-megawatt solar plant in the Cherkasy region of Ukraine from unidentified private sellers.	N/A	Ukraine
24-Oct	Avellum; Latham & Watkins; Sayenko Kharenko	Avellum acted as Ukrainian legal counsel to MHP Lux S.A. on its USD 350 million offering of 6.250% notes due 2029. Sayenko Kharenko and Latham & Watkins advised joint lead managers and joint book-runners ING Bank N.V., London Branch, and J.P. Morgan Securities.	USD 350 million	Ukraine
28-Oct	Doubinsky & Osharova	Doubinsky & Osharova successfully represented Lukoil in Ukraine in a trademark dispute against Luxoil, a Russian manufacturer of automobile oils.	N/A	Ukraine
30-Oct	Sayenko Kharenko	Sayenko Kharenko advised the EBRD on its provision of a four-year syndicated loan to The State Export-Import Bank of Ukraine to support renewable energy and energy efficiency investments in Ukrainian projects.	EUR 40 million	Ukraine
4-Nov	CMS; Everlegal; Orrick, Herrington & Sutcliffe	CMS advised EBRD on its issue of a USD 35 million loan to the Louis Dreyfus Company, a global agricultural trader, to help it establish its own railcar logistics business in Ukraine. Everlegal provided Ukrainian law assistance to lead legal counsel Orrick in advising the Louis Dreyfus Company on the deal.	USD 35 million	Ukraine
15-Nov	Sayenko Kharenko	Sayenko Kharenko advised the EBRD on a loan to Kronospan UA, a manufacturer of wood-based panels.	EUR 116 million	Ukraine

Full information available at: www.ceelegalmatters.com

Period Covered: October 15, 2019 - November 15, 2019

ON THE MOVE: NEW HOMES AND FRIENDS

Deskovic and Solt Lead Team Move from Benn-Ibler to Taylor Wessing in Vienna



The Vienna office of Taylor Wessing has announced that it will be joined by current Benn-Ibler Partners Ivo Deskovic and Peter Solt, along with another five lawyers and three assistants, at the beginning of next year.

“We are proud that with Ivo Deskovic and Peter Solt we were able to win over two such renowned experts,” commented Taylor Wessing CEE Managing Partner Raimund Cancola.

“With them and their team, we are substantially strengthening two areas of law that are of great importance to us. We are very much looking forward to the opportunities that the new constellation will open up for us.”

Deskovic and Solt have worked together for many years – first at Vienna’s Weiss-Tessbach, then (via merger) with DLA Piper, before moving to Benn-Ibler in 2010.

According to Taylor Wessing, “with more than 25 years of experience, Deskovic is one of the leading players on the Austrian legal market. Specializing in dispute resolution, and in particular large-scale proceedings, Deskovic and his team have already handled numerous cases, some of them of international renown, including investor litigation for a well-known Austrian private bank. Deskovic and his team of lawyers will complement the team around Taylor Wessing Partner Wolfgang Kapek, CEE Head of Dispute Resolution. [Deskovic] will also contribute his many years of experience as a party representative and arbitrator in international business arbitration proceedings.”

According to Deskovic, “Taylor Wessing has already been strong in the area of litigation, in Austria, but also across do-



mestic borders. Just think of Germany, where the firm supports VW in defending against consumer lawsuits in the diesel affair. Together we can achieve a lot. I am looking forward to the challenge!”

Taylor Wessing describes Solt, who joins Taylor Wessing’s Real Estate team, as having “many years of experience, most of them in energy and real estate law and related financing mandates.” According to the firm, “among other things, he specializes in real estate transactions and has recently assisted in the realization of property development and investment projects for residential properties. His aim is also to make use of his experience in the construction and marketing of large commercial properties – areas in which Taylor Wessing has traditionally been active and will now be increasingly so.”

“I am delighted to be able to bring my experience back to a large international team, particularly in CEE,” Solt commented. “Strategically, I now also have the opportunity to combine the core competence of Taylor Wessing in the Technology focus sector with real estate and thus promote advice in the future business field PropTech.”

By David Stuckey

Vasil Kisil & Partners Launches Anticorruption Practice



Vasil Kisil & Partners has launched a new Anticorruption practice.

The new practice will be led by Associate Anatoliy Pashynskiy who, according to VKP, “has for several years been developing this area at the firm.”

“Vasil Kisil & Partners has considerable experience in dealing with anti-corruption issues and has been successfully providing services related thereto since the time when the Law of Ukraine on Preventing Corruption was enacted in 2015,” Pashynskiy explained.

By Andrija Djonovic

Fernbach & Partners Joins KPMG Legal Romania



KPMG Legal Romania has merged with the Fernbach & Partners law firm, with Cristiana Fernbach joining the KPMG Legal Romanian management team as coordinating partner of the firm’s Technology, IP, and Privacy practice.

According to KPMG Legal Romania, the merger of the two firms represents “a strategic move to create the leading Technology law practice in Romania.”

Although Fernbach & Partners was only established in the spring of 2019, KPMG reports that it has “already established a strong footprint in the local startup ecosystem by advising startups on their legal issues and financing rounds.”

Head of KPMG Legal Romania Laura Toncescu commented: “As part of our global expansion strategy, we are constantly pursuing the most talented and promising lawyers, who have proven professional excellence, business development and management skills. In less than a year since she established her own law firm, Cristiana has done an impressive job in creating a solid business with international recognition in the most dynamic and least-explored practice of our profession.”

By Mayya Kelova

Ilyashev & Partners Opens Office in Odessa



Ilyashev & Partners has opened a new office in Odessa, the port city on the Black Sea in southern Ukraine. The new office will be headed by Attorney Sergey Nedelko.

According to Ilyashev & Partners, the new office will specialize on issues related to sea carriage, international trade, and cargo handling in ports.

“Opening an office in Odessa not only gives us an opportunity to provide professional services directly to our current clients in the south of Ukraine,” commented Ilyashev & Partners Managing Partner Mikhail Ilyashev, “but also strengthens a number of key practices of our firm, including maritime law.” According to Ilyashev, the office in Odessa will become an “entry point” for local companies that require legal services in other regions of Ukraine, as well as in Russia and Estonia.

Nedelko has ten years of experience in maritime and transport law. According to Ilyashev & Partners, he “has advised ship-owners, protection and indemnity insurance clubs, crewing, stevedoring, and forwarding companies, ports and terminals, and marine agents, defending their interests in litigation and international arbitration.”

“The Odessa region is the largest trading hub of Ukraine,” Nedelko commented. “The region is rapidly growing and attracting investments which ensures a strong and consistent demand for legal services. Having a permanent office in

Odessa is an added benefit for the firm’s clientele, allowing the firm to provide legal support of their business in the region quickly and effectively.”

Prior to joining Ilyashev & Partners, Nedelko spent nine years at the ANK Law Firm (under various permutations). He received his LL.M. degree in Civil and Commercial Law from the Odesa National Law Academy in 2010.

By Mayya Kelova

Firms in Former Yugoslavia Form Lex Adria Law Firm Alliance



Dokleštic Repić & Gajin has announced the establishment of Lex Adria, an alliance of independent law firms in the Adriatic region, to provide what the firm calls “seamless and premium legal support across the area.”

According to Dokleštic Repić & Gajin, the Lex Adria alliance will “further enhance the regional capabilities of DR&G and other members of the alliance, which will, through Lex Adria, continue to provide high-quality, uniform, and efficient legal support throughout the entire region of the former Yugoslavia.”

The founding partners of the alliance are Dokleštic Repić & Gajin from Serbia, Vidan Law from Croatia, Ulcar & Partners from Slovenia, and Georgi Dimitrov Attorneys from North Macedonia.

According to DR&G, membership in the alliance is based on a “one firm per jurisdiction” principle and is by invitation only. According to the firm, “each member firm was carefully selected and vetted to ensure that it meets the highest quality standards, the common culture of timely responsiveness, and client satisfaction.”

DR&G will, in addition to Serbia, also be covering the jurisdictions of Montenegro and Bosnia & Herzegovina.

By Andrija Djonovic

Magnusson Warsaw to Split and Launch Under New Brand



The Warsaw office of the Magnusson law firm will be leaving the multi-national firm and will continue operations under a new brand as of January 1, 2020.

The firm opened its office in Warsaw in 2001.

According to a statement released by Warsaw's Magnusson, Tokaj & Partners, "this move unlocks our potential as an independent practice, broadening domestic capabilities and opening up new paths of international cooperation with those who best match our clients' cross-border needs."

"Our 50-strong firm is all about getting things done, being ready to stand out, building long-term relations, and going that extra mile," explains Managing Partner Agnieszka Pytlas. "We will continue to serve as a gateway to CEE for international business."

"Launching under a new brand, after co-founding the previous organization, marks the opening of yet another chapter in our story," added Senior Partner Andrzej Tokaj.

Magnusson International Chairman Tomi Merenheimo commented on the change in Warsaw: "Magnusson International has recently made a strategy review and is now brand positioning towards stronger growth and profitability in local offices in the Nordics and Baltics. The strategy is based on building partnerships with key partners and clients based on shared values and core legal areas and industry sectors, aiming for clients to be at the center of the process." He added that: "We have nothing but respect for our colleagues in the Warsaw office and the decision to go separate paths after 15 years together is not an easy one. We have reached the stage where the time is right to embrace new challenges and pursue separate projects. We will stay friends with our colleagues in Warsaw and work together on shared legal projects and we will continue to support each other. We wish the Warsaw office the very best on their next step."

By David Stuckey

Miro Senica and Attorneys Becomes Slovenian Member of Andersen Global



Andersen Global has announced that it will collaborate with Miro Senica and Attorneys in Slovenia.

According to a Miro Senica and Attorneys press release, "Andersen Global is an international association of legally separate, independent member firms comprised of tax and legal professionals around the world. Established in 2013 by U.S. member firm Andersen Tax LLC, Andersen Global now has over 4500 professionals worldwide and a presence in over 154 locations through its member firms and collaborating firms."

Andersen Global has been expanding its footprint in the region over the past few years, having established similar relationships with Tuca Zbarcea & Asociatii and Tuca Zbarcea & Asociatii Tax in Romania, with Szabo Kelemen & Partners in Hungary, and with Turkey's Nazali Tax & Legal.

According to Miro Senica and Attorneys, the firm "will also be the coordinator within Andersen Global for additional firms in the region."

"With cooperation in Andersen Global, we have at Law Firm Miro Senica and Attorneys, Ltd., expanded our range of services to the area of tax consulting," said Miro Senica and Attorneys Managing Director Katarina Kresal. "We are guided by the highest professional standards in our work while being fully focused on the individual needs of our clients. We are already providing services to our clients throughout the region, and with Andersen Global we will provide our clients with legal and tax services with the help of top specialized experts worldwide."

"Miro Senica and Attorneys has a strong reach and an excellent reputation," said Mark Vorsatz, Andersen Global Chairman and Andersen CEO. "They work closely with several other firms in the region who will also be joining our organization. All these firms share our standard for excellence and passion for stewardship, transparency, and independence. Our expansion in the region is a milestone in our development and Katarina Kresal and her team at Miro Senica and Attorneys

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MOVING
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IN CEE

are laying the foundation. I look forward to their active involvement in our expansion as they will serve a coordinating function in the region.”

By David Stuckey

KIAP Part of Three-Firm Merger in Russia



Russia’s KIAP, DS Law, and Balashova Legal Consultants will be merging to form KIAP Digital & Smart, with current KIAP Managing Partner Andrey Korelskiy at the helm.

According to a joint press release, “the completion of the integration process will take at least six months and is expected to end by summer 2020. The new Russian legal firm will employ over 80 professionals, including 15 partners.”

KIAP, which was founded as a full-service firm in 2010, has 40 lawyers and counsels.

DS Law, which provides legal support to businesses in the high-tech segment, specializes in corporate and tax law, venture transaction support, private equity and M&A transactions, intellectual property, and dispute resolution. The firm has six partners and 25 associates, with offices in both Moscow and St. Petersburg.

Balashova Legal Consultants specializes in Russian and international labor and migration law, as well as serving the German-Austrian business community. According to BLC, its clients are “international and Russian companies operating in the fields of trade, services, manufacturing, automobile and machine building, construction, consulting, in the banking and investment sectors.”

“In April 2020, KIAP, Attorneys at Law, will celebrate its 10th anniversary,” explained KIAP’s Andrey Korelskiy. “Over these years, we have gone a long way to become a traditional law firm as we are today: we have built relationships of trust with our clients, developed our brand, and built a reliable and close-knit team. Now it is time to move on, and we are proud that our tenth anniversary will also see us taking such a big step forward. I believe that by joining our resources and efforts, we will become even stronger as a professional team of attorneys and lawyers and set a new trend of consolidation and cooperation for the local legal market.”

“We see this consolidation as an important milestone for our team and we are absolutely sure that this step will shape the Russian legal services market,” added DS Law Managing Partner Oleg Ponamarev. “Together, we will be able to aim at even bigger and more complex projects in different economy sectors and compete with the largest national and international legal firms in our legal services market. We will put all efforts into bringing the best practices and expertise from each of the parties of this consolidation process to our new team.”

“Employees are the key to success in any business,” noted BLC Managing Partner Elena Balashova. “We are happy to become a part of one of the largest players in the Russian legal services market and to bring our unique competences and experience in labor and migration law to the table and provide comprehensive support to international companies entering the Russian market.”

By David Stuckey

Dorda Announces Launch of New Construction Group



Dorda has launched a new Construction Group, co-led by Partner Stefan Artner and Counsel Gunnar Pickl.

The group will also involve Partner Bernhard Muller and Attorneys Philip Exenberger, Marie-Luise Pugn, and Magdalena Brandstette. According to Dorda, the group offers “comprehensive advice and support in all legal aspects of any kind of construction projects such as buildings, underground construction, and plants.”

Gunnar Pickl, the co-head of the Construction Group, commented: “Construction projects take place against the background of very diverse requirements and fields of law. The experts of the Dorda Construction Group have excellent knowledge and many years of experience in the relevant fields and are familiar with the peculiarities of the construction industry. This enables us to offer the necessary legal expertise from a single source in this highly complex field.”

By Mayya Kelova

PARTNER MOVES

Date Covered	Name	Practice(s)	Moving From	Moving To	Country
19-Oct	Cristiana Fernbach	TMT/IP	KPMG Legal	Fernbach & Partners	Romania
24-Oct	Michal Drozdowicz	Infrastructure/PPP/ Public Procurement	Wierzbowski Eversheds Sutherland	Dentons Warsaw	Poland
25-Oct	Magdolna Csider	Corporate/M&A	Deloitte Legal	Lakatos, Kovacs & Partners	Hungary
25-Oct	Dawid Demianiuk	Corporate/M&A	N/A	Magnusson, Tokaj & Partners	Poland
25-Oct	Wojciech Fabrycki	Corporate/M&A	N/A	Magnusson, Tokaj & Partners	Poland
25-Oct	Przemysław Kastyak	Real Estate	N/A	Magnusson, Tokaj & Partners	Poland
25-Oct	Daniel Klementewicz	Corporate/M&A	N/A	Magnusson, Tokaj & Partners	Poland
25-Oct	Tomasz Kudelski	Corporate/M&A	N/A	Magnusson, Tokaj & Partners	Poland
25-Oct	Agnieszka Pytlas	Real Estate	N/A	Magnusson, Tokaj & Partners	Poland
25-Oct	Tomasz Rysiak	Corporate/M&A	N/A	Magnusson, Tokaj & Partners	Poland
25-Oct	Katarzyna Sawa- Rybaczek	Banking/Finance	N/A	Magnusson, Tokaj & Partners	Poland
25-Oct	Marzanna Sobaniec	Infrastructure/PPP/ Public Procurement	N/A	Magnusson, Tokaj & Partners	Poland
25-Oct	Artur Swirtun	Energy/Natural Resources	N/A	Magnusson, Tokaj & Partners	Poland
29-Oct	Ivo Deskovic	Litigation/Disputes	Taylor Wessing	Benn-Ibler	Austria
29-Oct	Peter Solt	Real Estate	Taylor Wessing	Benn-Ibler	Austria
15-Nov	Andrey Korelskiy	Litigation/Disputes	KIAP Digital & Smart	KIAP	Russia
15-Nov	James Friedlander	Corporate/M&A	KIAP Digital & Smart	KIAP	Russia
15-Nov	Konstantin Astafiev	White Collar Crime	KIAP Digital & Smart	KIAP	Russia
15-Nov	Anna Grishchenkova	Litigation/Disputes	KIAP Digital & Smart	KIAP	Russia
15-Nov	Iya Ischuk	Competition	KIAP Digital & Smart	KIAP	Russia
15-Nov	Anton Samokhvalov	Corporate/M&A	KIAP Digital & Smart	KIAP	Russia
15-Nov	Dmitry Shnaydman	Litigation/Disputes	KIAP Digital & Smart	KIAP	Russia
15-Nov	Alexey Sizov	Litigation/Disputes	KIAP Digital & Smart	KIAP	Russia
15-Nov	Andrey Zuykov	Tax	KIAP Digital & Smart	KIAP	Russia
15-Nov	Elena Balashova	Labor	KIAP Digital & Smart	Balashova Legal Consultants	Russia
15-Nov	Anastasia Zaytseva	Labor	KIAP Digital & Smart	Balashova Legal Consultants	Russia

PARTNER APPOINTMENTS

Date Covered	Name	Practice(s)	Firm	Country
21-Oct	Vaclav Kubr	Corporate/M&A	White & Case	Czech Republic
21-Oct	Emre Ozsar	Corporate/M&A	White & Case	Turkey
14-Oct	Olena Sukmanova	Litigation/Disputes	Sayenko Kharenko	Ukraine
28-Oct	Elena Sokolovskaya	Infrastructure/PPP/Public Procurement	Pepeliaev Group	Russia
31-Oct	Onur Celiker	Litigation/Disputes	Pekin & Pekin	Turkey
12-Nov	Reka Versics	Banking/Finance	HP Legal	Hungary
14-Nov	Lukas Sommer	Energy/Natural Resources	Rowan Legal	Czech Republic
14-Nov	Jiri Votrubec	Infrastructure/PPP/Public Procurement	Rowan Legal	Czech Republic

IN-HOUSE MOVES AND APPOINTMENTS

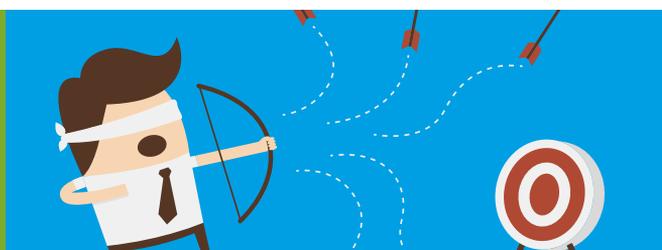
Date Covered	Name	Company/Firm	Moving From	Country
17-Oct	Andras Levai	Market Epito	Tesco	Hungary
18-Oct	Peter Paroczi	Qatar Fertiliser Company	Harman International	Hungary
24-Oct	Alexey Bardin	Eversheds Sutherland	Shell Exploration and Production Services	Russia

OTHER APPOINTMENTS

Date Covered	Name	Company/Firm	Appointed To	Country
13-Nov	Laura Codruta Kovesi	N/A	European Chief Prosecutor	Romania
30-Oct	Ivan Smirnov	Egorov Puginsky Afanasiev & Partners	Public Council of the Leningrad Department of the Federal Antimonopoly Service of Russia	Russia
20-Oct	Victor Constantinescu	Kinstellar	Managing Partner	Romania
24-Oct	Balazs Fazakas	Lakatos, Koves & Partners	Head of Litigation and Dispute Resolution	Hungary
18-Oct	Anatoliy Pashynskiy	Vasil Kisil & Partners	Head of Anticorruption	Ukraine
25-Oct	Jan Spacil	Deloitte Legal	Leader of Deloitte Legal in Central Europe	
4-Nov	Oleh Beketov	Eterna Law	Senior Partner	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



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.

BOSNIA & HERZEGOVINA: OCTOBER 25



"Things on the state level have been rather stagnant because the government on that level has not been formed yet, but much buzz was created around the Federation of B&H Government's proposed new Law on Contributions and new Income Tax Law," says Mirna Milanovic-Lalic, Partner at the Mirna Milanovic-Lalic i Jasmina Suljovic Law Firm in Sarajevo.

The proposed Income Tax Law increases the income tax from 10% to 13% and introduces a new tax on dividends, which Milanovic-Lalic says is "causing an uproar" in the business community.

The IT industry has been vocal in its opposition to the proposed legislation, as "it is a fast-growing industry, with IT companies employing a number of people with well above the average salaries, who will be affected by the new law," she ex-

plains. Milanovic-Lalic says that the government will see how the new law actually affects IT companies before considering making additional changes. "I am sure the government will engage to see if they can in any way accommodate specific requests from IT companies," she says, "but it is unlikely that they will be given special treatment."

According to Milanovic-Lalic, because the proposed Income Tax Law will tax parts of salaries that have not been taxed in the past, the opposition is insisting that a minimum salary is ensured, "so that employers do not use the new law to the disadvantage of employees." Milanovic-Lalic herself does not believe the government would introduce a minimum wage, saying that it "would be unfavorable to the business community and would be seen as a constraint that burdens employers."

When it comes to BiH's proposed Law on Contributions, which includes social security insurance, she notes, the major difference from the current system will be a lowering of the cumulative percentage of contributions from 41.5% to 32.5%, which will be payable against the gross amount of the salary, including payments that were previously exempt.

Eventually, Milanovic-Lalic says, both laws will affect business in the country, with "some companies looking for alternative business models, alternative arrangements, or alternative destinations, and a more favorable environment." She points out that doing business remains challenging, and unfortunately, she says, no market "can satisfy everybody."

By Mayya Kelova

SLOVENIA: NOVEMBER 26

“Well, the legal market is pretty much stable – all firms are staying firmly in their places, and there is not a lot of tectonic shift. All is quiet on the Western front,” smiles Robert Prelesnik, Senior Partner at Rojs, Peljhan, Prelesnik & Partners in Ljubljana. “Our economy has been rather stable too, even as we approach a period of slight stagnation – we are quite far away from a recession, which is a good thing in this day and age of Europe.”

Indeed, Prelesnik says, Slovenia is about to conclude its second straight year with a budget surplus. “The budget was voted on and adopted just last week, and we’re due to have a steady overflow of revenues over expenditure – EUR 400 million for 2020 and EUR 650 million for 2021.” This, Prelesnik says, in spite of the minority coalition government – a first in Slovenian history. “The government is – for a minority government – pretty stable,” he says, “and it is on course to remain as such, although one of the unofficial coalition partners, the left-wing, has just recently declared that it is withdrawing its support for government projects – but that won’t affect anything in an adverse fashion, at least not at the moment.”

Prelesnik says that business-friendly legislation may be passed soon. “Amendments to the Legal Protection in Public Procurement Procedures Act are currently in the legislative pipeline – this was a long time coming,” he says. These amendments are designed to make the process more efficient and provide for the possibility of the court review in the decision-making process, which is expected to create a more attractive investment climate. “The simplifications to the public procurement process should go a long way.”

Finally, talking about significant infrastructure developments, Prelesnik highlights the second railway track of the Divaca-Koper railway. “A couple of weeks ago a tender bid process was initiated for the second track of the railway, which should speed the entire undertaking up.” He describes the railway as “the most valuable infrastructure project in the history of Slovenia,” with a lot of companies in the bidding.

“We’ve got some 10 or 12 companies looking to get in on the action already,” he says, “and the application deadline for the submission of the applications in the first qualification phase is December 20. There are a couple of Spanish and Turkish firms, three or four Chinese firms, French, Austrian a lot of foreign capital interest, as the project is too large for a single Slovenian company to undertake it.”

By Andrija Djonovic

UKRAINE: NOVEMBER 10 AND 21

Aequo Partner Yulia Kyrpa focuses her update on the situation on Ukraine on the country’s finance sector, which she says “is the area that is developing the most rapidly.”

Kyrpa says that the abolishment of foreign currency restrictions earlier this year is part of a promising pattern, following 2014 reforms to the banking sector and a 2017 Association Agreement with the EU. “The change in the Foreign Exchange law was designed to remove barriers between foreign trade transactions and lending transactions in dividend payments for foreign companies present in Ukraine,” she says. In addition, she adds, the requirement that individual licenses be obtained from the National Bank of Ukraine for certain transactions was also eliminated.

According to Kyrpa, other instruments “broadly used in the West” have been adopted. Among them is a debt-to-equity swap – a new instrument in Ukraine that will let foreign investors lend funds to companies and convert them into equities.

In another change, agrarian receipts will, going forward be implemented in an international format. “In the past, these receipts could be used only between residents, while now they can be used between residents and non-residents,” Kyrpa explains.

Still, despite these changes, Kyrpa notes that some procedures in Ukraine remain more challenging than in the West. For example, she says there are still “heavy” requirements for reporting on foreign exchange transactions from Ukraine to

abroad, which she believes are designed to limit the outflow of currency from Ukraine to other countries. She is hopeful, however, that these restrictions will be abolished within few years as well, making Ukraine “completely integrated within the Western financial market.”

When it comes to current challenges, Kyrpa says that although the reform to the banking sector was completed in 2017, there are still many distressed debts in the system. The challenge, she says is “to dispose of such distressed debts and make sure that banks that remain in the system operate prudently.”

Further, she says, the consumer lending segment that became stagnant due to the recent crisis has started expanding. Kyrpa reports that the National Bank of Ukraine has created a pilot project, “Go FinTech,” including the establishment of an expert council for direct communication with companies and banks attempting to implement FinTech solutions. She explains that, as a result of the project, “each FinTech solution suggested by market participants can be considered for adoption in Ukrainian legislation.”

Moreover, Kyrpa says, the NBU has partially implemented Remote Bank ID, allowing banks to identify customers without requiring their physical presence. “It is a significant development, prescribed by the EU Directive on Payment Services Directive 2,” she says, noting that the measure has been well-received by banks. Once fully implemented, Remote Bank ID is expected to allow banks to provide almost all services online. First, though, she says, “it is necessary to bring other pieces of legislation in line and for the banks to develop their internal procedures to implement the regulation in full.”

Overall, Kyrpa says, for the first time in years Ukraine is financially stable, despite the tension in the country related to this year’s presidential and parliamentary elections.

While Kyrpa describes developments in the banking/finance sector, Zoryana Sozanska-Matviychuk, Partner at Redcliffe Partners, focuses on what she describes as a lack of confidence in the system as a whole. “It’s not that laws don’t exist – it’s the faith in the law, courts, and lawyers that is missing,” says Sozanska-Matviychuk. “What I hope we see from the new government is not any particular legislation; it is much better implementation. This will hopefully lead to more trust in the country’s legal system as a whole.”

“Following this year’s presidential and parliamentary elections in Ukraine, there has been a big change in the political elites, and a few interesting proposals are already at the center of attention,” Sozanska-Matviychuk reports. She says that time will tell how those proposals will turn out, and she insists that it is only tangible results, and not talk and promises, that can help build trust towards the government.

“Ukraine still offers very feed-in high tariffs on renewables, including wind and solar energy,” Sozanska-Matviychuk says.

“This has led to a surge of interest in that particular area. We are seeing intense discussions around reduction of the feed-in tariff in particular and hopefully the issue will be resolved in an investor-friendly manner.”

“We are seeing lots of proposals in other areas as well,” she says, “including changes to laws.” According to Sozanska-Matviychuk, the new government seems eager to address laws affecting large investment projects that have, in the past, stalled economic growth. For instance, she says, “for years improved laws regarding concessions couldn’t pass Parliament. Now, it seems like we are close to that kind of positive change finally happening.”

Changes to Ukraine’s Corporate and Company Laws are relaxing restrictions on investment as well, Sozanska-Matviychuk says. “The land market may be opened up as soon as next year and this is generally seen as a major driver for the growth of the economy.” In addition, she says, the government has promised a number of new infrastructure projects as well, including new airports and private toll roads.

“In terms of the economy,” she adds, “recent privatization efforts are among the greatest disappointments. There simply has not been much investor interest, which could be partly due to poor management of the privatization process.” She refers to recent announcements by the new government that the near future will see many more successful privatizations, but is reluctant to give them too much credulity. “As I said,” she adds, “now the market will only believe in real, measurable, and tangible results.”

Still, Sozanska-Matviychuk says she is optimistic about the economy and the market, with more investors expressing confidence in its prospects.

And while there have been few big deals in recent months, she reports a large number of deals overall. “As corporate and business laws are changed,” she says, “it is expected that this will lead to easier and more frequent M&A. What that will look like, only time will tell.”

Ultimately, Sozanska-Matviychuk says that she doesn’t expect to see much new significant legislation in the next few months. Instead, she hopes to see better implementation of existing laws. “Laws are fine,” she says, “but they don’t really prove to be useful. That’s why we need a system that actually works – which will hopefully lead to people having a greater trust in the legal system. “

“We can’t really know what the future holds,” Sozanska-Matviychuk concludes. “Given a few years of downturn, we hope that the tide is about to change.”

By Djordje Radosavljevic

Thank You To Our Country Knowledge Partners For Their Invaluable Input and Support



Bulgaria



Czech Republic



Hungary



Lithuania



Romania



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Croatia



Estonia



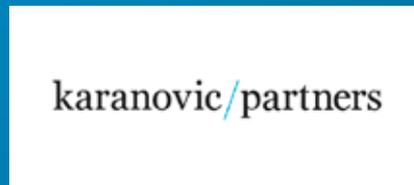
Latvia



Poland



Russia



Slovenia



Ukraine

KINSTELLAR: STRONG IN SOFIA

Managing Partner Diana Dimova reflects on Kinstellar Sofia's fifth anniversary

Rolling Up Sleeves and Carving Out Space

Kinstellar – the regional firm formed in 2008 from Linklaters' former offices in Bucharest, Budapest, Prague, and Bratislava – opened its office in Sofia in November, 2014. Kinstellar's Managing Partner in Sofia, Diana Dimova, says the decision to open in Bulgaria was not difficult. Bulgaria was an important part of the firm's regional strategy from the beginning, "so it just made sense to set up a presence here."

And there was little doubt what kind of work the firm would be pursuing in that Balkan nation. "We had a clear vision from the outset in terms of what the firm would be," she says. "Positioned for big ticket work and focusing on larger M&A, financing, and projects matters."

Of course, Kinstellar wasn't the only one with that plan. "When we opened five years ago, the Bulgarian market was already very saturated," Dimova recalls. "It was a very competitive environment with both strong local and international firms present on the ground with a much longer history."

Competing for that top end work, Dimova says, required both talent and ex-

perience, at both the local and regional levels. "The original team was comprised of quite experienced professionals," she says, "but of course a big part of its performance is a result of the support and the culture of the firm at a regional level." According to her, Kinstellar's structure as a fully-integrated firm "was a key factor for us as we had the ability to draw upon the experience of an already-existing solid team." This experience manifested itself, she says, both in institutional knowledge and specific client relationships.

In employing those tools, Dimova says, the firm's management was committed to achieving consistent results for clients, both over time and across borders. "Kinstellar's proposition is that a client's experience should not be too different in multiple jurisdictions, and our priority is to ensure that our clients have the same perception of the product regardless of the country they work with us in."

In fact, she insists, a reflection of that commitment to consistent service can be found in the firm's overall structure, which does not include a specific head office.

"Law firms spend a lot of time trying to figure out how to differentiate themselves

from competitors," remarks Dimova with a smile. "I think, generally, each firm has its unique selling propositions, but ultimately client choices tend to be circumstantial: relationship with the client, track record, background knowledge on the deal, cost, and so on."

Attitude and Awareness

Still, when pressed, Dimova admits she believes her team is special. "If I have to point to one factor that really set us apart," she reflects, "it is our entrepreneurial spirit. We were all coming in with a mindset of starting something new together and being committed to making it successful – and you could really sense a real level of ownership throughout the team."

And that mindset shaped her team's strategy, she says, which involves "a real focus on client relationships." Aside from a commitment to quality, effective communication, and availability, her team strives to identify opportunities for existing and potential clients and bring them to their attention. "We work hard to help our clients understand where there are opportunities in Bulgaria," she explains. "We are constantly monitoring what's going on and are always talking to investors and



other key stakeholders in any potential deal before it shows up on people's pipelines."

That sensitive radar paid off recently with the 35-year Sofia Airport concession awarded to Kinstellar client Meridiam, the Paris-based investor and asset manager specialized in developing, financing and managing long-term public infrastructure projects, working with the Munich Airport. According to Dimova, the firm had been focused on winning a role in the EUR 3.9 billion project "well before the procedure was announced formally by the Bulgarian Government," and she speaks with obvious pride in her team's success. "There are more than 1500 national and EU legislative acts applicable to the airport as an infrastructure project. Between that and the wide range of stakeholders, a lot of coordination was needed to make sure everything in the bid ran smoothly." As a result, she says, "working on this kind of a deal required a lot of teamwork, and, most importantly, dedication."

Dimova says there's more big work to be had in the country, pointing to some major projects in the pipeline for 2020, such as the planned Belene nuclear power plant and several important gas and road

infrastructure projects. "This is of course good news for law firms as it will provide a lot of work for a lot of players," she says, though she sighs the country isn't where she would like it to be. "When you read about the TMT sector in Bulgaria, you are amazed by the progress that the country has made over the years. Salaries are growing and you hear amazing success stories, even at the global level. However, when you look at sectors such as healthcare or education in the country, the contrast is stark. We cannot have real progress without them and we need to get involved more on these fronts."

Accordingly, she says, Kinstellar participates in several educational initiatives in the country, such as a partnership with Teach for Bulgaria (TfB), part of the Teach for All network operating in 36 countries. "TfB is a highly professional and knowledgeable NGO," she says, "run by Harvard graduates, which is developing, with the support of leading local business players, a platform providing access to quality education to all children, regardless of where they live, which school they go to, and what the financial ability of their parents is." She is proud of her team's partnership with TfB, now beginning its fifth year. "I believe more people should be involved in projects and initiatives like that," she says. "We cannot afford to be just spectators and need to be proactive in solving issues in our com-

**Coming up to Speed
Representative Kinstellar Deals
in Bulgaria in 2018-2019**

- **2019:** Kinstellar Bulgaria part of multi-jurisdictional team advising Bain & Cinven-backed STADA Arzneimittel on acquisition of Walmark.
- **2019:** Kinstellar advises a consortium led by French infrastructure fund Meridiam on its winning bid for the 35-year concession to manage Sofia Airport.
- **2018:** Kinstellar advises Lion's Head Investments on office acquisitions in Bulgaria and Romania with a total transaction value exceeding EUR 310 million.
- **2018:** Kinstellar advised International Hotel Licensing Company S.A.R.L, a subsidiary of Marriott International Inc., on their first management agreement for a Marriott hotel in Bulgaria.
- **2018:** Kinstellar advises DZI, KBC's Bulgarian insurance subsidiary, on its acquisition of UBB-MetLife and on subsequent merger control approvals.
- **2018:** Kinstellar advises United Bulgarian Bank on its merger with Cibank.
- **2018:** Kinstellar advises the Adecco Group on the spin-off of its business in Bulgaria.

munities."

Five years on, and despite the challenges inherent in a competitive market, Kinstellar's bet has paid off, Dimova smiles. Although her team of fee-earners has grown from 7 to 17 in that time (with more coming soon), she waves away questions about headcount. "Are we looking to add a few more people?" she asks. "Sure. But my main driver is not to have the largest team in the country. Team size is simply not an ambition for us. The main focus for me is to develop the existing team because we have excellent lawyers and all have potential to grow." She smiles. "We had to build a team and a brand from scratch, but it was, and it continues to be, a great journey, and I am proud of the team that works with us and the projects we have worked on so far."

Radu Cotarcea

THE CORNER OFFICE: LEGAL TECH

In The Corner Office we ask Managing Partners across Central and Eastern Europe about their unique roles and responsibilities. The question this time around:

What was the most useful or valuable piece of software or new technology your firm has acquired in the past five years?



“Avellum was the first to use the *AxDraft* document automation software. It is super user-friendly and enables you to draft a term sheet in less than three minutes and a share purchase agreement in less than ten minutes. At the end, you get a very decent first draft which uses your own best practices and clauses, but also allows further revisions, since the document is in doc format. *AxDraft* requires you to upload your own templates onto the system while client care professionals at *AxDraft* help you embed all the necessary options into it. Our clients now use *AxDraft* extensively and you can even use third-party templates instead of creating your own. The *AxDraft* team was one of very few Ukrainian startups to win the Y-Combinator selection and successfully raised USD 1.1 mil in the seed round of investments in California. It is run by Yuriy and Oleg Zarembo – and we are proud that Yuriy Zarembo was once an associate in Avellum’s M&A practice.”

Mykola Stetsenko, Co-Managing Partner, Avellum



“After a long selection process, a few years ago we decided to go for *ISAK* – Czech software that helps us in our everyday work. Moreover, it does so in a very efficient way, and not only standard things like time recording, invoicing, and reminders, but also very developed and well-founded features which perform many tasks automatically and thus also efficiently replace human labor, such as monitoring the insolvency register, working with data from the commercial or even land registers. In addition, advanced document management software enables the automated saving of emails into correct files and advanced registering and monitoring of dates and deadlines, allowing, among other things, for the automated control of the office’s work flow. I would also praise the advanced system for the administration of more than 50 thousand court cases that

our 8-employee subsidiary uses, and very detailed reporting system for management, including profitability of individuals, units, and the office as whole, collection time, and so on. It is excellent and not expensive – but unfortunately at present it is only on the Czech and Slovak markets. I like not only the quality of the reporting which can be compared to *SAP*, which I used years ago, but also the links to electronic registers such as the commercial register and land register. And as a foreigner I am glad that it is to a certain degree smart, so I do not have to be exact as to accents in names, *etc.*”

Arthur Braun, Managing Partner, bpv Braun Partners



“Unfortunately (or fortunately), the most important computer programs we use in our office are custom-made. Of course, we work with regular operating systems and office packages, but our new information system, which includes case management, billing, and invoicing features, is custom made. Also, we have our own document indexing software and currently we are working on a new debt collection module.”

Josef Aujezdsky, Partner, Masek, Koci, Aujezdsky, Prague



“At Wolf Theiss, we recently introduced *Wolf Theiss Space*, based on the HighQ platform. *Space* is a new collaboration-and-transaction tool which was rolled out firm-wide in October 2018. We have already used it in around 80 transactions. The platform brings a number of benefits to both lawyers and clients, streamlining matter management and allowing us to provide new services to existing and potential clients. From basic data-rooms, keeping all the documents in one place with easy 24/7 access, to more advanced legal pro-

ject management, the flexibility of the platform allows us to quickly and easily tailor its use to each matter. We anticipate that in the near future, all law firms and clients will move away from the traditional manner of email exchanges of various iterations and markups of transaction documents in favor of collaborative platforms like *Wolf Theiss Space*.”

Bryan Jardine, Managing Partner, Wolf Theiss Romania



“New technology is emerging at a rapid rate within the legal sector. It’s crucial that law firms are constantly evaluating and implementing new technologies to complement their existing service delivery models. In 2016, DLA Piper partnered with *Kira*, a cloud-based contract analysis and provision extraction platform. This technology uses a combination of machine learning and workflow handling, enabling us to perform due diligence much more efficiently. *Kira* helps speed up the process when we are tasked with large scale contract review. Often we are able to get to a first cut of the data within hours instead of days. This allows our lawyers to stay focused much more on analysis of the complex issues rather than finding key points in large volumes of documents. The combination of people and technology increases the quality and accuracy of our work, enabling faster turnaround in time-pressured environments. We expect new technologies and AI solutions to improve our work in new ways so we are constantly assessing the industry to keep up with the best new developments, whilst never losing sight of the fact that these tools are designed to augment rather than replace our expertise. *Kira* was our first step in this direction.”

Miroslav Dubovsky, Managing Partner, DLA Piper Prague



“Regardless of the fact that we sometimes find ourselves in a comfort zone, with things running like clockwork, there is always room for improvement, the ultimate driver of success. That said, we had implemented over various stages a well-functioning IT platform, supporting regional cross-border information management and exchange. However, with the IT world seemingly changing at light speed these days, we realized that an upgrade would inevitably be required in order to properly keep with the latest trends, regardless of the fact that we were quite happy with what we had in place at the time. Consequently, we decided to implement a new AI-supported intelligent information management platform that allows for information processing regardless of the place of its actual storage, containing also an integrated conflict of interest management system. The core part of the platform is called *M-Files*, supported by certain custom-made apps.

While supporting seamless paperless workflows, the system allows for automated categorization of information, enhancing at the same time the security of the entire data working environment. With any such changes inevitably requiring time and significant efforts, we are more than happy with the new system in place as we already seem to be reaping dividends thereupon.”

Uros Ilic, Managing Partner, ODI Law



“An all-in-one office management system is essential to efficiency. Accordingly, our most valuable piece of software is a well-thought-out, tailor-made upgrade of the *Law Office* software developed by the Slovenian IT company Zaslou Telecom. *Law Office* was initially developed as a universal paperless solution for law firms, offering certain basic document storage, archiving, tracking and searching functions. Driven by the growth of our firm and our desire to implement a state-of-the-art e-management system, we have over the last two years, in close cooperation with developers, substantially upgraded and customised this software. The most important additional functionalities include automatic filing of e-mails into the relevant electronic case files, a comprehensive invoicing functionality, and valuable performance analytics. In the future, we are aiming to further utilise the existing capabilities to form a knowledge database, and to additionally develop CRM and HR functionalities of this software.”

Nina Selih, Managing Partner, Selih & Partnerji



“Next to your mug of coffee you can skip through the business just in seconds with *Timemind*, the integrated practice management system. The latest mails sent to the largest clients, the recent developments on your key matters, and even the unbilled hours are on one screen. The document management function has a Google-type search with preview option, complete versioning, and powerful compare functions. The time-tracker handles any fee arrangement a firm could meet in 20 years. The multi-currency billing can provide any version of *pro-forma* invoices which both clients and your finance team love. Its mobile functions are absolutely unique, and its call-catch function is an additional fee-earner for your team. *Timemind* provides tens of free minutes each day so you can drink your coffee and plan to stalk your next big client.”

Peter Lakatos, Managing Partner, Lakatos, Kovacs & Partners

NEVER SAY DIE: RESTRUCTURING IN CEE

CMS Partner Ana Radnev on developments in Restructuring/ Insolvency across CEE

CEELM: In June of this year, the European Parliament's proposal for a Directive on preventive restructuring frameworks, second chance and measures to increase the efficiency of restructuring, insolvency and discharge procedures and amending Directive 2012/30/EU was approved. Was this a positive step, in your opinion? .

Ana: We see the Directive as a recognition that out-of-court restructuring is most often the process which is likely to result in value retention and a successful outcome, and we believe the plan to legislate to enable consensual restructuring to allow parties to benefit from rights otherwise available only in formal processes as very positive. The Directive is designed to provide legislative protection and support to achieve a majority consensual process. There is further work to be done and the implementation process across CEE jurisdictions may not be advancing

at the same pace, but in itself the publication of the Directive is a positive sign to the market and has helped to foster a change in the approach towards restructuring in a market where the formal insolvency process, quite often resulting in bankruptcy, has traditionally been seen as the only option. Talking to market participants, banks as well as advisors, the shift in approach is welcome.

CEELM: Do you find overall awareness of restructuring options is strong across CEE?

Ana: Perhaps on the back of high-profile restructuring cases in CEE, awareness of complex restructuring processes and techniques has increased, and especially now that the NPL portfolio transactions that have kept the region busy the past few years have, by and large, been concluded, single-asset transactions are starting to take precedence. Single-ticket



transactions are attracting special-situation investors who are well-versed on restructuring techniques and are now testing local laws for implementation of these models. Such single-ticket transactions offer opportunities for better returns for investors – primarily direct lenders or special-situation/distressed investors



who are now fairly jurisdiction-agnostic, so that transaction circumstances and returns take precedence over geographies.

Generally, legislation has improved across the region, and the fact that very large and tiered transactions have been successfully executed has sparked confidence in the market. Also, with private equity investment increasing across CEE, capital structures have become more sophisticated and both private equity investors and incentivized management teams are approaching distressed situations from the perspective of interested stakeholders and looking at overall restructuring of the capital structure of companies they are invested in. It is also interesting to follow the dynamics of club or syndicated financings involving both local and international banks. Local banks have increasingly sophisticated workout teams who – in addition to their local experience – are now used to dealing with

consensual restructurings and evaluating capital structures from this perspective. We should not, however, minimize the regulatory pressure that commercial bank lenders are under, and restructuring processes and solutions should be mindful of regulatory and compliance requirements.

“Generally, legislation has improved across the region, and the fact that very large and tiered transactions have been successfully executed has sparked confidence in the market.”

CEELM: Which countries in CEE would you say offer the most effective and comprehensive insolvency/restructuring regimes, and which are the furthest behind?

Ana: In my view it is a matter of market practice and experience, so that, for example, in larger markets, such as Poland, where there is more activity, the insolvency and general restructuring regime is more tested. However, that being said, we generally find local laws sufficiently flexible to allow the implementation of traditional consensual restructuring solutions, and there are many examples of successful outcomes in Romania, Bulgaria, Hungary, Ukraine, and elsewhere in CEE. Many of the club or syndicated financings in the region are governed by English law and there are examples of successful schemes implemented in relation thereto. This is one of our strengths at CMS, where we have teams on the ground in CEE working with our colleagues in London to coordinate and implement restructuring options in local markets.

CEELM: Many fear that a downturn is coming – perhaps even another major

recession. Are CEE companies better prepared this time around than they were before the 2008 crisis?

Ana: I think this is ultimately a question of awareness and approach. Many companies have a CEE-wide presence and many depend on international suppliers or clients. This global interconnection is, I believe, better understood by management teams and owners that it was before, giving them a better understanding of restructuring options. As I noted previously, workout teams of local banks are now more experienced, and in many cases we see them looking to drive reassessment and pushing for adjustments or reorganizations. There are more turnaround advisors and the professional associations are busy advocating consensual restructurings as viable options. This and more sophisticated investors should mean that the mindset is changing and management teams and investors would be more open to and driving the restructuring of their business in a dialog with experienced financing providers.

CEELM: CMS has a widely-recognized Restructuring practice. Why has it been so successful?

Ana: Our focus on restructuring is not only from a financial restructuring perspective. Business models are being challenged and transforming, and we assist clients with this transformation – be it in terms of corporate reorganizations and disposal of non-core business lines or assets, reorganization of employment models to offer agile and flexible working conditions, reviewing contracting terms with suppliers, recapitalization, or financial restructuring. We have a cross-practice approach to restructuring and we believe a successful outcome can only be reached with a holistic assessment of the context. Our sector expertise informs our solution assessment and we are able to work closely with the stakeholders to identify and quickly implement suitable restructuring options.

David Stuckey



MARKET SPOTLIGHT: THE BALKANS

GUEST EDITORIAL: WINNING WITH INTEGRITY IN THE WESTERN BALKANS

The Future is Now

In 2018, the Western Balkans had a population of approximately 21.5 million, an aggregate GDP of around EUR 230 billion, and an average growth rate of 3.8%. Although the countries of the Western Balkans share the same history, and to a large extent the same language, there is more variety when it comes to political configuration and economic wealth. Only two of the seven Western Balkan countries are EU members, with all others aspiring to membership (some are in the process of joining and some not yet candidates). Most of the Western Balkan countries depend heavily on foreign investments, offering cheap labor and various investment incentives as competitive advantages. For example, Serbia has been recently recognized as a global leader in attracting foreign direct investments in relation to the size of its economy. Some of the countries are champions of hospitality, and some focus on the agriculture and processing industries, while others invest heavily in mining and energy. All countries have shown resilience during the turbulent last couple of decades. Businesses in the Western Balkans trade intensively with each other, consolidating more and more across the region.

Many Challenges

The challenges that the legal markets of the Western Balkans face are familiar around the globe. These days they revolve around demand pressure (with clients expecting more for less), supply pressure (an increased number of small and alternative legal providers), and technology pressure (the growth of commoditization and disruptive services). Furthermore, for the first time in history, four generations of lawyers are working together. We all have to be integrated, collaborate closely, work faster, and deal with more complexities than ever before. In addition, lawyers in the region face issues specific to each market as well, such as a general perception of high political risk, inefficient court systems, and corruption levels higher than elsewhere in Europe.

Commercial Legal Services Booming

Two and a half decades ago, when I started practicing law, commercial legal markets in the region were almost non-existent and most law practices were individual or family-owned. Today, there are many local, regional, and international law firms serving clients across the region. The commercial legal profession has bloomed in the past couple of decades, and firms are ready to face challenges, adapt, and embrace changes happening to the clients they serve. For example, Serbia is expected to

export EUR 2 billion of information technology services in 2020, which creates a perfect opportunity for the expansion of the legal profession into the digital technology field.

Keeping Up

Looking forward, the key question is how do we keep up in the Western Balkans. With the world becoming more and more global, there is a growing need to become “glocal.” Our clients expect a seamless combination of global expertise and local specifics. While mastering local know-how has never been a problem, having adequate industry-specific expertise does present an issue. It is difficult to gain this expertise working in small markets. One good way of addressing this could be to combine the experience of lawyers across the Western Balkans, working together and providing integrated assistance to the clients.

One thing which has not changed throughout time is that winning is paramount for our clients. In this context, risk-sharing is increasingly considered a key factor by clients for adequate motivation. The question is how to address this properly in an environment of political risk, inefficient courts, and perception of corruption. Solutions involving various shortcuts have been proposed. However, approaching the work with absolute integrity seems to be the best solution. The integrity test has to be applied to everything lawyers do. The firms in the region that value integrity, hard-work, and a commitment to the highest ethical principles will, over time, distinguish themselves from their competitors.

Furthermore, dedication becomes a crucial differentiating factor. Client expectations go beyond technical legal expertise, efficient project management, and a deep understanding of industry specifics. They want dedicated, trustful advisors who are not only responsive and knowledgeable but also care about their business. In other words, they want someone who cares, and not just a traditional lawyer.

To keep up in the years ahead, an integrated approach across the region could be a good solution, as well as applying consistently high ethical standards and stepping up from legal service to legal care. If we do this, all of us in the Western Balkans will be winning with integrity.



**Dragan Karanovic, Founding Partner,
Karanovic & Partners**

BALKAN BREAKDOWN

On October 10, 2019, senior in-house counsel from across the countries of the former Yugoslavia gathered in Belgrade for the second annual Balkan GC Summit, hosted by CEE Legal Matters and sponsored by Karanovic & Partners, BDK Advokati, Cipcic-Bragadin Mesic & Associates, Slaughter and May, and Zivkovic Samardzic. CEELM's Andrija Djonovic was there to summarize the proceedings.





GENERAL COUNSEL AS BUSINESS ADVISORS IN THE BALKANS

In addition to their traditional role guiding companies through legal and regulatory waters and managing disputes, General Counsels are increasingly called upon to provide input on strategic matters. An expert panel at the second annual Balkan GC Summit considered how this change in the nature of the General Counsel role is manifesting itself in the countries of the former Yugoslavia.

The Changing Role of the GC

Milica Milekic, Director Legal Affairs Non-EU at Swixx Biopharma, described a slow but a steady shift over the past ten years in the way people approach her department. According to her, there is now a proactive element to the legal function. “The question we’re getting asked,” she said, “is ‘can we do X so that we are protected legally,’” as opposed to thinking about lawyer involvement as an afterthought. Although she described herself as being “quite happy about this shift,” she noted that it means senior in-house counsel are now required to know a great deal more about their company’s business

than before to be able to provide the necessary feedback.

Iva Miscevic Leskovec, Head of Legal & Human Resources at Fructal, agreed that “for the past three years GCs have been bringing more to the table than just legal expertise,” and that being a good “risk manager” is now a critical part of the GC role. As a result, she said, “the first thing a GC needs to learn is ‘how to say ‘no’ to management; how to speak the language of the executives.”

“The first thing a GC needs to learn is ‘how to say ‘no’ to management; how to speak the language of the executives”

Milekic also suggested that this change meant that soft skills, including the ability to communicate critical legal considera-

tions to non-legal colleagues effectively, were often under-valued. “With many of your colleagues in a big company not coming from a legal background, you need to be able to translate legal to them and communicate clearly,” she said, noting that one benefit of the skill is encouraging non-legal team members to feel comfortable approaching the GC for consultation and advice.

Sonja Kovac, Head of Legal at Heineken Serbia, agreed that “the landscape we’re working in is changing, and changing fast.” According to her, the next generations of legal professionals will be more “spread out, and more fast-paced.” For the time being, however, the fact that new responsibilities are being added to the GC role reflects a lack of consensus about what exactly that role is in the first place. She said that, especially in larger companies, lawyers are “mostly left to themselves to define their own role,” describing that as a particularly challenging element of the job.

Thus, Kovac added, a GC is, properly un-

Panel Participants

- Miljan Mimic, General Counsel, Meridian Balkans
 - Sonja Kovac, Head of Legal, Heineken Serbia
 - Iva Miscevic Leskovec, Head of Legal & Human Resources, Fructal
 - Milica Milekic, Director of Legal Affairs for Non-EU Countries, Swixx BioPharma
 - Aleksandra Simic Nenezic, Compliance Officer and Data Privacy Officer for Serbia and Montenegro, Novartis Pharma Services (Moderator)
- (In photo left to right)

derstood, “by definition much more than a lawyer,” and that professionals in the role need to be both competent and organizationally savvy. “The legal function is being pushed out of the comfort zone, and your role needs to shift to handle both the external counsel and the manager.”

Are These Changes Welcome?

Miljan Mimic, the General Counsel of Meridian Balkans, insisted that the multi-faceted nature of the GC role is one of its most attractive aspects. “When working in a big law firm you don’t see the business side of it,” he said. “You just focus on the issue at hand and try to find a solution for it.” Working in-house – especially in a smaller company – lawyers can sit down with managers almost daily, he explained, allowing them to provide input on important business decisions *ab initio*. “You understand way better the drive behind certain business decisions and transactions,” he said, adding that, as it means the company can avoid bringing the lawyers up to speed later and correcting mistakes, ultimately saves significant amounts of both money and time.

Of course, there may be a downside to this expansion as well. “It’s easy to lose perspective because business goals can get ahead of you,” explained Mimic, “which is why credit must be given to external counsel as well for sometimes keeping companies in check.” Still, he insisted that full immersion in the company’s business allows a GC to “better understand a deal or a transaction and guide

it in the right direction.”

One of the most difficult elements of the newly-expanded General Counsel role is the occasional need referred to by Leskovic to say “no” to a management board proposal. Sonja Kovac noted that doing this isn’t simple, and is best done by “following up that ‘no’ with a ‘but’ – and providing some reasons and explanations to the board.” Providing sound reasons for your positions adds to the lawyer’s credibility, she said, describing it as a crucial part of “stakeholder management.”

“From my experience, people don’t always ask the right questions, so you have to understand the reasoning behind their inquiries in order to be able to give them the right answer,” Kovac continued. In this way, she said, a GC is able to “speak the same language as his or her colleagues.”

“It’s easy to lose perspective because business goals can get ahead of you, which is why credit must be given to external counsel as well for sometimes keeping companies in check.”

And while few challenge the idea that lawyers need to be business advisors as well, there should be sensitivity to the occasions where those two come into conflict. Miljan Mimic insisted that “one needs to draw a line between the position of a GC and an advisor.” According to him, “some ethical standards are needed to help you see this line – and you must not cross it,” but he conceded that “finding this line is a difficult task.”

Milica Milekic noted that “colleagues seem less willing to challenge the opinion of external counsel,” which is why communication skills are so valuable. “It’s a two-way exchange between us and the business, so it’s very important to know how to talk to our colleagues,” she said.

How the Changes to the GC Role are Felt in the Former Yugoslavia

Of course, with all the regional similarities between ex-Yugoslav countries, the region itself is, in some ways, different from the rest of Europe. Still, Simic Nenezic insisted, while “the transformation of GCs from pure lawyers to business partners happened much earlier in Western countries, in our Adriatic region the role of GC has changed very fast in recent years, especially because there is a need on the market and demand from business in all industries to have agile GCs.”

Miscevic Leskovec agreed that “the role of the GC in the corporate world has become increasingly more important and complex,” and she reported that she “recognized this in the ex-YU countries as well.” The countries in the region, she insisted, “have been strategically focused on the development of a sound legal framework, as well as on the implementation of business standards and best practices,” and said that, rather than focusing simply on one task, “a GC has become a principal member of the management team and helps with broader business issues.” She conceded that the traditional role of the GC may be changing “a bit slower in the ex-YU countries compared to the EU,” but that this does not mean that the region views the role as being any less important.

Sonja Kovac disagreed, insisting that “the position of a GC does not differ in the region, as compared to the EU.” Instead, she said, *all* GCs “share the same fate – which could be an advantage when sharing experiences and best practices, as well as tackling the challenges ahead together.” Mimic agreed that the market in the region is very similar to elsewhere in broader SEE, at least, and that any change in the former Yugoslavia is “more or less reflected in all SEE countries.”

Whatever its pace, there appears little doubt that the role of the General Counsel is changing in the former Yugoslavia as elsewhere in Europe.

Andrija Djonovic

LAWYERING IN AN AGE OF TRANSFORMATION

Concerns about how the legal profession will be impacted by the ongoing technological revolution are rampant across the industry. Artificial intelligence, distributed ledger technology (blockchain), and robots, among other things, are already altering the way lawyers serve clients in fundamental ways, and the influence of these new tools and technologies will almost certainly increase in years to come.

Indeed, the rate of innovation in the past 25 years has been staggering. Increasingly, it appears that change is a way of life, rather than a temporary period of transition. The question of what the legal industry will look like in 10, 20 or 50 years down the road is almost impossible to answer.

Undaunted by that challenge, two speakers at the 2019 Balkan GC Summit – one a senior in-house counsel and one a senior partner at a leading regional law firm – provided valuable insight about ways lawyers can not only survive this transformative era, but benefit from it.

The In-House Perspective

Misa Vorotovic, Senior Counsel for Southeast Europe at Phillip Morris In-

ternational, believes that the key to surviving this transformative period is to embrace and engage with it directly. “You cannot achieve different things by acting in the same manner,” he said. “You have to embrace a startup kind of behavior, as a contrast to the old corporate behavior that most big companies still have.”

Vorotovic believes that, when it comes to transformation and innovation, remaining open-minded to its ultimate significance is critical. “I am reminded of the old Red Flag Act in the UK at the turn of the nineteenth to twentieth century,” he said. “Automobiles had only just come on the market then, and due to their ‘riveting speeds’ they needed to have a person go in front of them with a red flag and herald their approach.” He smiled, noting that “the speed limit was 3km/h.” Ultimately, however, “this conservative approach to innovation almost killed the industry in the process.”

On the other hand, markets where innovation was welcomed, thrived. Vorotovic cited the United States’ different approach to the strange new metallic beasts. “In the USA, the legislator took an open-minded approach, and in most states a speed limit did not exist at the time. Ford launched the Model T with a top speed of 70



Misa Vorotovic

km/h, and the rest is history.” Thus, because regulators in the UK “equated cars with horse-drawn carriages,” the industry in that country suffered, while the USA recognized and immediately embraced the brand-new technology.

“And we see these contrasting approaches today as well,” Vorotovic explained. “Rarely are innovative products well-regulated.”

Thus, Vorotovic believes that new products should, in addition to their benefit to the company, benefit the company’s clients – and society as a whole. “In order to be able to achieve this, lawyers in firms must demark the areas of permissible



and unacceptable,” he posited. “In PMI we have a traffic light approach – labeling things red, green, and yellow – and it is the stuff that is yellow that is in the zone of counseling in uncertainty. That is the big challenge.”

Vorotovic stated that the best way to tackle innovation is through hypothesis-testing, and that “any issue in decision-making can be simplified in several actions – do or do not – and these actions may cause two types of errors: accepting the wrong hypothesis, or denying the right one.” Depending on the situation, the consequences of type of error or the other might change, he said. “Sometimes it is more important to avoid denying the right hypothesis than to accept the wrong, or the other way around.”

In order to conduct a thorough cost-benefit analysis, so that a “GC may see what types of costs and consequences are associated with an action,” Vorotovic believes that “close interaction with the relevant company business function is necessary.” This can put the GC in a better position to assess any errors in business judgment and ascertain the chances of them occurring. “Decision-making is no longer the sole prerogative of C-level executives. And GCs, and lawyers in general, must

be creative and innovative as much as the product their company makes.”

The Private Practice Perspective

“What does it mean to be in the present?” asked Rastko Petakovic, the Managing Partner at Karanovic & Partners. “Not to be an antique, and not yet quite an AI-powered law office?”

In a world fraught with technological advances in sales, product delivery, and autonomous cars,” Petakovic noted, the legal industry is obviously impacted as well. “Current market surveys seem to suggest that the ‘middle ground’ is shrinking,” Petakovic observed, noting that “clients seem to want more facetime with their legal advisors as well as deep expertise.” As a result, he noted, the “firms in the middle” are taking a big hit. “It can currently be seen in the US, with the biggest and the smallest law firms seeing an increase in profitability, and the firms in the middle being slowly extinguished.”

Still, Petakovic reported, even though “global trends are changing, industries are changing, consumers are changing, and the workforce is changing ... legal seems not to be changing as much.” As before, “established, leading firms are still generating huge amounts of profit, growing their workforce, and engaging more clients.”

As a result, Petakovic insisted, it would be a mistake to rate the current situation in the legal industry as dire. Ultimately, he suggested, there are four crucial aspects to providing superior service to clients in the current era: “For starters, it is imperative that you provide flawless legal care – almost a healthcare-like service, to your clients. You must always be sharing with the client about pretty much everything. Fostering a feedback-rich environment will breed outstanding client care.”

Second, he said, law firms should offer “advanced support,” which “includes providing clients with e-learning programs and compliance training programs.” According to him, “you need to deliver stuff



Rastko Petakovic

instantaneously, via apps if need-be. Be sort of like a subscription-based service for your clients.”

Third, Petakovic said, it is important to embrace new technologies, as “using new tools, like RegTech systems, compliance decision trees, and the like” will lead to a more productive and efficient law office.

Finally, he said, a “zero-tolerance policy” must be implemented when it comes to information and security breaches – protection of confidentiality, data, and legal privilege must be absolute. “Both external lawyers and in-house teams must experiment with more startups and new tech in order to discern what best can they make of it.”

“I am looking forward to the time when a system will replace lawyers in producing content,” Petakovic concluded. “But in order for that to occur we must work with developers to create it.” The key is to see this period of change not as a potential threat to lawyers’ jobs, Petakovic said, but as a valuable opportunity. “The system will still need lawyers to experiment with it and guide it. We should learn how to think both like a developer and as a business analyst.”

Ultimately, demand for human lawyers will still exist, he smiled, for “as long as regulatory agencies are made up of people rather than systems – we’re still ahead of machines in figuring out how people think – and approach matters.”

Andrija Djonovic

BUILDING AND MANAGING A LEGAL TEAM



Panel Participants

- Gligorije Brajkovic, Head of Legal and Compliance, UniCredit Bank Serbia
- Miljan Malovic, Head of Business Legal Advisory, Banca Intesa
- Marijana Poznan, Regional Head of Human Resources and Regional General Counsel for Southeastern and Central Europe, Fresenius
- Misa Vorotovic, Senior Counsel for Southeastern Europe, Phillip Morris International

(In photo left to right)

Building a successful in-house legal department involves selecting the right people for the right positions, deciding which lawyers to assign to which tasks, instructing and training them, convincing them to work as a cohesive unit rather than a bunch of individuals, and of course addressing and resolving conflicts and crises – all while fulfilling the critical function of legal advisor to the rest of the company. It's not easy.

A panel of experts at this year's Balkan

GC Summit – all from heavily regulated industries, in which the legal departments are often placed under unusual pressure – provided insight on how they had overcome these challenges, to successfully build and effectively manage productive and efficient in-house legal teams.

The Interview Process

The size and importance of significant in-house legal teams is clearly growing. According to Miljan Malovic, Head of Business Legal Advisory at Banca Intesa, “experience suggests that having in-house lawyers may be a more adequate solution in the long run since they get to know the very core of the company and the industry.” As a result, he said, “it is crucial for any company to plan ahead and develop each position, with a clear succession plan in place.”

And a critical element of this process – perhaps the most critical – comes in identifying and hiring the right people. “In an environment as complex as legal you must learn what main tasks and com-

petencies should be taken into account when selecting a candidate,” said Marijana Poznan, the Regional Head of Human Resources and Regional General Counsel for Southeastern and Central Europe at Fresenius. “You pick the person as much as the person picks you. Often times the candidate does not have the chance to learn all the requirements of a position in advance, and so we give them a chance to get proper training and to integrate. We also try to detect pitfalls well in advance before investing in hiring someone.”

How to identify the best candidates is an inexact science, of course, but the specific questions asked during the interview can lead to important information. “Well, there are several key questions,” said Misa Vorotovic, the Senior Counsel for Southeastern Europe at Phillip Morris International, “but I think that a good thing to always ask is, at some point, what they believe to be their biggest shortcoming, and why. Honesty can be spotted right here, with this question, and this trait is in and of itself very important, as is

the self-awareness that a candidate can demonstrate as well.”

Malovic, by contrast, said that he approaches each interview differently, adapting his questions to the conversation. “I cannot really say that I have questions that I like more,” he said. “I really prefer pressure-free interviews. If you can relax in an interview with a candidate – that’s when you can feel that they are the *right* candidate.”

“From my experience, the most relevant question is a simple one: ask candidates to describe what they would do, or how would they handle, a conflict situation,” Poznan said, explaining that this question allows candidates to demonstrate a strong personality, as well as offering insight into how they would approach problems. Unfortunately, she admitted, “most candidates simply offer theoretical answers; rarely does anyone dive into the issue head first and really give a good answer.”

Some General Counsel like to pull the rug out from candidates to see how they react under pressure. Gligorije Brajkovic, Head of Legal and Compliance at Uni-Credit Bank Serbia, for instance, said he relies more on a situational change than a specific question, to try and put the candidate off. “I like to just switch to English at some point during the interview, to see how the candidate reacts and if they pick it up,” he said. This, he believes, allows candidates to demonstrate their ability to react quickly and communicate clearly.

Even with the most thorough interviewing process, not all hiring decisions are successful, of course. Brajkovic recalled a hire who, though an amazing candidate on paper, turned out to be something very different. “This person had a fantastic CV, rocked the HR process, made the whole selection sound like a fairytale – and this was for a senior position,” he said. “A few months later, this proved to be a total disaster. This person was unable to complete simple tasks, which is a *huge* issue when you work in legal. We realized that we overpaid, and at the end of the day what was done was not on par – not only not with a senior, but not even a very

young junior.” Still, even when necessary, terminations are difficult. “It was very hard to expel this person from the team later on,” Brajkovic conceded. “It was difficult for the team, a crash for them for sure. Justifying the call to them was not easy.”

“The most relevant question is a simple one: ask candidates to describe what they would do, or how would they handle, a conflict situation.”

“We have not had any hiring failures yet,” Vrotovic said. “All the people we hired at PMI were really good hires, speaking directly for our main legal team.” Which is not to say that everything is always rosy. “We did have some not-as-good experience on alternative forms of employment,” he conceded, referring to “a secondee that underperformed for a year.” Ironically, he said that, in that case, it was obvious to him within the first 15 days that what happened was “a bit underwhelming” but because the immediate superior to the secondee was “a great colleague and, in this case, a good person willing to help,” they were able to avoid the worst potential consequences.

A Smooth Integration

Once the candidate is hired, the next step is to integrate him or her into the team. “It’s very important to get people involved and introduce them to the firm, to help them learn whom they’d be communicating and working with most,” Brajkovic said. “We try and let new folks see who they will be sharing most of their time with, while also trying to plug them into team activities.” The frequency of the process can affect its smoothness, of course. “We don’t have frequent hires,” he said, “so the structure of this part of the team assembly process we wing on a little bit.”

Poznan says that, at Fresenius, “the first week can be quite intensive,” but claimed

the company’s holistic approach to the hiring process and corporate functions helps make the process more-or-less painless.

*“I cannot really say that I have questions that I like more. I really prefer pressure-free interviews. If you can relax in an interview with a candidate – that’s when you can feel that they are the *right* candidate.”*

Malovic explained how Banca Intesa makes sure its legal hires are performance-ready. “Once the newest addition to the team is on-boarded, we introduce them to team members as well as internal procedures and procedures to help them integrate into the organization,” he said. “After that, they work with their new mentors, their team lead, or me, and then we assign them a challenging task on purpose.” This process, he explained, “allows us to observe the new team member carefully and gain valuable insight into how they behave.”

“The most important thing is to have newcomers get to know the organizational structure and the business itself,” Vrotovic said. “Of course, there are a lot of internal rules and policies that must be processed – we give them a welcome package of sorts, on this – and we also assign a buddy to new people. The new hire follows their buddy, learns who does what, sits where, and what happens next. We have people who will work mostly with locations outside of our HQ travel to those places – say Bosnia, Macedonia, or other parts of Serbia – and get to know the team that works there. The best way to get to know the business is to talk to people from different departments, and this achieves just that.”

Having personnel based in offices abroad can be useful as well. “It may be fruitful to have somebody in a remote location,” Vrotovic said. “For the past few months

we have had a colleague abroad who is working directly as a team member in another affiliate management team and it has been rather successful cooperation. That person has helped the other affiliate of PMI and will come back richer for an experience that is not available in the home affiliate.”

Remuneration

And then comes the sensitive and potentially highly disruptive issue of remuneration. “Boy, this can be a tough one,” Brajkovic said. “Sometimes we do bonuses based on evaluations, and people can fall through the cracks here even if they performed admirably. Remuneration ceilings are defined on a curve, so it depends on the rest of the team as well, although we do have some clear indicators, like what time someone punches in and out, how many tasks they completed, and so on.”

Bonuses can be a key part of keeping team members happy as well. “Fresenius has a bonus system in place for all employees,” Poznan said, using “whatever we can quantify via tangible metrics, but considering certain company goals and qualitative goals as well, which are not as precise but are good indicators as to how somebody operates.”

Poznan insisted, though, that success in this regard comes from being clear-eyed and objective in the evaluation. “We try to be as objective as we can,” she said of Fresenius. “We know what people have done, we know what operations they are involved in, and we know what their appropriate bonus system would be like,” she said. “We follow people closely and reward them for the job they do.”

Similarly, Vorotovic reported that PMI has a “very precise reward scheme in place,” under which employees receive awards based on projects they work on if a task is fulfilled and if their personal contribution is worth rewarding. “The most important thing is that employees are adding value to the company,” he says. “The law department awards its people on a project basis, so there are clear windows in which employees are given a chance to shine and step up.”

Running the Team

Finally comes the process of actually managing the team on a day-to-day basis.

Vorotovic says that, in his small team, “the working environment and the atmosphere are really pleasant.” According to him, “with everyone knowing their portfolio and tasks, there is a clear division of duties,” but of course people are willing to pitch in when necessary. “More experienced colleagues in certain areas of work help others when need be, and vice versa.” He added that it is important that members of his team agree that “team spirit takes a more prominent place to individual goals.”

Vorotovic describes his management style as being “as natural as possible” while leading by example. “I am always honest with my people and give them feedback straight away when a situation occurs, rather than saving everything for the year-end review,” he said. All the same, he said, “I also learn a lot from my people, and I try not to micromanage them, but rather give them freedom in their work.” He reported that, so far, his style seems to have worked, as his team “reacts positively and responds with professionalism, team spirit, and dedication.”

Malovic reported that he strives to implement an impartial approach in managing his team. “This means that I make no decisions when I’m angry, and I make no promises when I’m happy,” he said. “I try to create an environment which is conducive for a positive feel in our team. I offer to give each member of the team a chance to express themselves, all in an effort to do a more efficient job, but also to make everyone happy.” Ultimately, he said, “team members know that they can always count on me, that I’m always there to listen to them, to help them, and to offer support.”

In Fresenius’ legal team, Poznan feels that the atmosphere is “rather friendly and supportive,” with everyone focusing on teamwork and getting all the gears in motion, working as one. She said that her leadership style is “democratic, actually – I like to be perceived as a source of

support for my teammates while striving to identify development opportunities and chances for everyone.” She proudly described her team as consisting of “exceptionally hard-working and talented people,” and noted that team members “have exposure to unlimited opportunities for personal growth each day, given the regional nature of our work.”

“To maintain a successful team along a healthy working environment is more challenging than one would expect,” Brajkovic laughed, noting that “permanent empowerment,” most efficiently provided in the form of continual professional development, is required to truly inspire employees. “This builds confidence for people and establishes a strong relationship within the team based on mutual respect and trust.” Ongoing professional education hones not only legal expertise, Brajkovic insisted, but also softer skills, including “strong ethics awareness, good overall business skills, and interest in new technologies.” According to him, “enabling team members to access various sources of knowledge (like training courses and joining associations dealing with regulatory issues) and encouraging the development of soft skills is key to building a strong and a successful team.”

Ultimately, Brojkovic provided a colorful analogy in describing his personal management style. “I see my way of team management as a coach would on a football or a basketball team: I focus on finding the right position for the right player, after conducting a lot of analysis in an effort to define their role precisely.” Although he laughed that some coaches use strong language when dealing with their players, he insisted that a “pleasant atmosphere is key to properly motivate members on a team,” and said that there is no upside to behaving like a drill sergeant. Ultimately, he said, respect, honesty, and integrity are key values to be communicated and passed on. “Transferring a spirit of responsibility onto the team, and simultaneously the client, is the main goal.”

Andrija Djonovic

INSIDE INSIGHT: JASMINA GINOSKA OF EUROSTANDARD BANK

An interview with the long-time Head of Legal at Eurostandard Bank in Macedonia

CEELM: Can you walk us through your career?

Jasmina: My 19 years of professional experience in legal matters started with the simple but important position of trainee attorney, during which time I prepared for the bar exam. I recall those two years with great pleasure, since what I learned then proved to be a solid base of expertise for today, including the insight that paying attention to every issue relevant to a legal matter is crucial for success, and if you are not enthusiastic about law, if you are not into legal matters, you won't be able to go through the thousands of pages of documents and spend many hours in the office and be happy with the job. The next two years, as an associate attorney at Georgi Dimitrov Attorneys, I focused on business law, and then I decided to accept an invitation to become legal adviser to the International Council of Investors – a business and investment community gathered in an

association of foreign investors – during which time I learned a great deal not only about the law, but also administrative and financial issues and project management. Five years later I made the change to the banking industry. I accepted an offer to become a legal officer at Eurostandard Bank, and was promoted after three years to Head of Legal Affairs, a role I have performed for the last eight years. In addition to a Bachelor's Degree in Law, I also hold two Master's degrees, in International Relations and Political Science, which expanded my professional outlook as well.

CEELM: What are the most significant changes you've seen in Balkan legal markets over your 19-year career?

Jasmina: In general, the most important changes have taken place after the members of the European Council declared in 2003 that the future of the Balkan countries lies in the European Union. This

set the stage for the EU-integration process, which required the reform of the legal and regulatory climates, the attraction of foreign investment, and the building of new institutions.

The inclusion of Balkan countries in the association and stabilization process and the granting of candidate status to them changed the legal market by implementing trade-related EU laws, reforming public administration and the judiciary, enhancing the business environment through a regulatory guillotine project, and reforming the tax regimes.

The Balkan countries have faced the long and hard process of adjusting to a market economy, and they started their transition later than most CEE countries, which affected the process of integrating into the EU. They have passed through the process of stabilization and reconstruction but continue to face the challenge of shifting to an environment of sustainable

development. The fact remains that the rule of law is inevitably a prerequisite for running all businesses.

CEELM: Tell us about Eurostandard Bank Skopje, and about the company's legal department. How big is your team, and how is it structured?

Jasmina: This year the bank turned 18 years old. It is a mid-sized bank, but it offers significant and fast access to its products and services thanks to its wide retail network, especially after it merged with Post Bank in 2014. This year is particularly important for Eurostandard Bank as the new management has announced its intention to turn it into one of the leading banks in the country. A new marketing campaign started in October with the introduction of a new Mastercard PrePaid Contactless GIFT card. New products and services are focused on the younger population, aiming at smart spending and an enhanced quality of living.

The bank's Legal department is structured as part of the Bank Secretariat. It operates successfully with two lawyers responsible for various legal matters, such as litigation, contract management, debt collection and enforced payment, and support to credit lines and operations. Considering this wide range of activities – and especially considering the significant success we have achieved so far – it is obvious that its strength lies in the strong qualifications, proficiency, and sensible management of the small team. In these circumstances, success can result only by adhering to a strict schedule, providing clear terms and defined deadlines, and observing the need for both individual focus and efficient teamwork. Fortunately, the tension should lessen soon, as the need to increase the department size has been recognized. To realize this goal, the bank plans to do what is necessary to attract highly-qualified lawyers.

CEELM: Are there changes you would like to see in Macedonian law that would make things easier for the bank?



Jasmina: In general there is a need for clearer definition of the law and relevant regulations.

Despite the fact that the banking industry is already heavily regulated, there is a room to enhance anti-money laundering and anti-bribery corruption measures in both the public and private sector that will facilitate the management of risk of financial crime. Also, in light of the increased reliance on external service providers, I would like to see the introduction of up-to-date principles and programs related to third party risk transfer and management.

CEELM: What is your typical day at work like?

Jasmina: Despite the outsourcing trends in litigation, in-house lawyers are challenged to efficiently solve any legal situation or issue that might occur on a daily basis, promptly and in compliance with regulatory standards and laws. This means that various issues might be on a daily menu, from providing legal advice and support to other departments (including top management) to creating good corporate and sustainable internal policies, tailored to the bank's organiza-

tional needs and processes.

Basically, members of the legal department are challenged on a daily basis to master the balance between the need to provide legal support to the credit department and the need to improve legal stability and minimize risk by offering legal assistance to each department at all levels in the bank. We also put special effort into managing contract risk, which so far has been very successful. Debt collection is a special aspect, as in the Balkans payment capability often varies, so that it can easily become either low or unstable, resulting in clients often becoming either debtors or defendants. Therefore we put significant effort into resolving any legal situation before it becomes mature, to avoid court or enforced payment, and that requires not only clear procedures of conduct, but also a strong business ethic, as well as professionalism and negotiating and persuasion skills.

The fulfilment of all these tasks, along with our management of various disputes and enforcement procedures, requires a dedicated and consistent daily effort, teamwork, and information exchange, which – along with the overall coordination, communication, and management –

mark every single one of my days.

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

Jasmina: I am convinced that trying different areas of practice and changing your professional environment allows you to feel the differences, to grow, to see other perspectives, to learn, and to push yourself forward. I am also convinced that experiencing various sectors and an advanced education are crucial for successful career development. Driven by my pursuit of these goals, I have managed to upgrade my educational background and extend my area of proficiency above the minimum needed to act as an attorney, and exactly this approach influenced my career choices.

From the other side, I strongly believe that my experience as an attorney significantly contributes to my success as an in-house lawyer. The shift to international surroundings and later the banking industry was motivated by the broadening and deepening of my experience.

This is why, beside the main focus on management and coordinating the overall legal service, including contracting, settling disputes, and litigation (which has been my main domain more than decade), I have also been appointed a member of various professional committees at the bank that needed my specific expertise, which itself is a confirmation that my professional background is recognized as desirable for success.

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

Jasmina: I am especially proud that, since my appointment as the person in charge of managing the increased legal risk which resulted from the merged litigation registers of Eurostandard Bank and Post Bank following their integration in 2014, there has been an 80% decrease in the number and value of court dis-

putes. In addition, we have achieved positive outcome in more than 80% of legal disputes, significantly decreased the number of court procedures initiated against the bank, and lowered third party risk to its lowest point, all of which positively contributes to the bank's reputation.

Also, the one thing that I am personally proudest of is that I was invited to deliver a lecture to students at the law faculty from which I myself graduated. This confirmed my efforts to become respected for my professional expertise – and inspired my ambition even more than the success itself.

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?

Jasmina: Fortunately, there are several of them – people from whom I have learned not only to understand what is behind the legal paragraphs and contract clauses, but also how to explain rights and obligations, how to negotiate, how to communicate clearly, how to make effective decisions and perform duties with professional integrity and ethics. Those are the attorneys I have worked for and my superiors, who gave me important legal insights and shared their experience without hesitation, and in this context I am particularly appreciative to my first employer, Attorney at Law Georgi Dimitrov.

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

Jasmina: In the realm of law, I am actually inspired by real characters – lawyers and law professors and their own examples and literature – which means that my favorite books and movies about lawyers are not about lawyers. They are actually about justice, integrity, and the charming persuasion of facts and truth – involving Hercule Poirot and Sherlock Holmes.

David Stuckey

READERS' VOICE

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.

INSIDE INSIGHT: MISA VOROTOVIC OF PMI

An interview with the Belgrade-based Senior Counsel CEE at Philip Morris International



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

Misa: Right after law school I started as a legal trainee in a Law Firm Dragan Rasic in Belgrade. There I learned a lot about the fields of civil and commercial law. I worked at that small law firm for three years. After that I had my own law office for approximately two years, where I continued to build my expertise in the fields of civil and commercial law, but also worked a lot in the real estate sphere.

In the following years I mainly worked in the banking sector, helping banks in their legal affairs as both in-house lawyer (with UniCredit Bank) and outside counsel (with the Roka & Partners law firm and CMS Belgrade).

Some 14 years ago I joined the legal team of Phillip Morris International as Counsel for Serbia and Montenegro. In less than a year I became the head of the legal department for those markets. In early 2016, I become Head of Legal SEE for PMI, covering six markets in the Balkans.

CEELM: What are the most significant changes you've seen in Balkan legal markets over your more-than-20-year career?

Misa: When I started, back in 1997, there were no big law firms in Belgrade and Serbia. There were only offices with one lawyer, or at most just a few. Also,

there was very little specialization around those days. Today we see more and more specialized lawyers, on the one hand, and much more sizable law firms, gathering different types of legal specialists on the other hand, in order to be able to respond to growing needs of their clients in different areas of laws, both in terms of the quantity and quality of legal work.

CEELM: Tell us about your legal team at Philip Morris International in Serbia. How big is it, and how is it structured?

Misa: We cover six markets (Serbia, Montenegro, Kosovo, Macedonia, Bosnia & Herzegovina, and Albania). We have six lawyers on our team. The work is split predominantly per territory. All the lawyers are based in Serbia (in the cities of Belgrade and Nis). Some of them are specialized in laws of other countries – for example Macedonia or Montenegro. We have a pretty flat structure, which, I believe, fits small types of organizations like ours, so almost all the lawyers report directly to me. In each market we have law firms that support us, and the lawyers from our team that are responsible for those markets work directly with those outside counsels. Less often, and in some specific areas of law, we have developed in-house experts that support other business functions on functional principles, irrespective of the territory.

CEELM: Are there changes you would

like to see in Serbian law (or other legal regimes in SEE) that would make things easier for PMI?

Misa: All SEE markets adapt their regulations in line with their specific EU accession paces. We encourage all changes which are in line with EU practices and which take into account the specifics of different industries.

As in any other sphere, there are always things that can be improved. For example, the current Serbian Law on Conversion of Usage Right into Property on Construction Land with a Fee, especially in combination with the Law on Planning and Constructing, is unfavorable for those investors who bought Serbian companies under the Privatization Law. These companies cannot use their earlier entitlements and develop the land on which they have the right of use, as they cannot get the necessary construction permit. So, despite the significant amount they paid initially, and additional investments they've made since, these companies cannot fully exploit the rights they acquired, without paying additional and often very significant fees. This is not a best practice and does not help to promote further

investments, as for all investors, especially the foreign ones, security of ownership rights is among the most important things to assess when deciding to invest. Things can definitely improve there.

On the other hand, I believe it is commendable that local legislation is more and more positive towards work from home and similar modern forms of work arrangements. That trend should be encouraged, as it can benefit both employees and employers.

CEELM: What is your typical day at work like?

Misa: The beauty of my job is that there are no typical days at work. Each day is a story of its own. The work is so dynamic so that it is very difficult to plan anything. I travel a lot. In SEE alone I have around ten locations that I need to visit several times during the year, including our own or our distributors'/partners' offices or factories in Belgrade, Nis, Skopje, Prilep, Tirana, Pristina, Podgorica, Sarajevo, and Banja Luka, among other places. Also, I travel very often to our HQ in Lausanne, and several times during the year we have meetings in other places around Europe and the world. So, I may say that my office is very often in an airplane, hotel, or even train. I work a lot on my smartphone and talk a lot over the phone. This is today's reality, especially in multinational companies. At times it is difficult, most of the time it's just interesting and exciting!

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

Misa: It was actually *never* my plan to go in-house – and then, when it happened, it was not my plan to stay. When I was a kid in primary school my dream was to become a lawyer and to have my own law firm. I was not dreaming of a big law firm because, as I explained above, big law firms did not exist at the time in Serbia. Over the years I worked towards making that dream come true, which at a later stage became my goal. I formally fulfilled my dream probably too early (in my late 20s). It was not easy to sustain the office on my own, and I first joined

a bigger law firm, then, soon after, I received a call from a bank. The financial offer was good and the salary was stable, so I accepted. After a while, I told myself that the in-house position was not for me and I joined a big law firm again.

After a while, although I had a great time being a member of a big law firm, I received an offer from PMI. I decided to accept the in-house challenge once again. I felt this time it could be different, and better. But this time I was more cautious. I even kept my status as an outside counsel alive for two more years (the maximum possible at the time). Now, after 14 years at PMI, I feel all my decisions were right. It is OK to try things in earlier stages of your career and to change more often in order to understand what suits you and to accumulate different types of experience. Today, I see the value of being both external and in-house, so I would recommend that each lawyer try both sides. Having experience on one side gives you a more complete view when you are on the other side, and vice versa.

Still, I am keeping my dream alive. (Smiles)

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

Misa: Well, things that you are the proudest of and your biggest achievements are normally the things, at least in our profession, that you should not speak openly about, because they are very confidential. But, nevertheless, I decided to open myself to your readers more than normal (smiles). So, for this occasion, I would pick our deal in Macedonia. We have a joint venture with a state-owned factory there. We have a Master Joint Venture Agreement and almost a dozen underlying agreements under its umbrella. Hundreds of pages of legal documents, as you may imagine. Cross-referencing all around – in and out! I dedicated almost a year to finalizing the deal (while continuing to manage all the other aspects of my job). It was challenging from various

sides: in terms of internal and external relationships but also legally because the deal itself was very complex. The thing I am proudest of is that in most of the negotiating sessions I was the only one from my company representing both the legal and the business side – which was not the case on the other side of the table. It was difficult, but the deal is still on and is paying dividends for both sides. Recently, we celebrated five years of the JV, and I felt the drinks I had at the party were among the most-deserved in my entire PMI career.

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 person?

Misa: Definitely Dragan Rasic, my first principal in the law firm where I served as a legal trainee. That man was a walking encyclopedia of law. His expertise was so strong that other (good and experienced) lawyers used to call him to ask for help with strategy in their own cases. He taught me how to approach each legal issue. I simply learned that being lawyer is an art and a craft at the same time. He also taught me about life – how to drive a car for example. I had a great and caring father from whom I learned a lot of important things, but for those three years of my traineeship I felt like I had a second father.

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

Misa: The Devil's Advocate. Vanity is truly one of the features of lawyers, especially those that are often in the court. The movie pushed me to look at my profession from the other side – more modest, honest, and down-to-earth. This is especially important in-house, when you are not a big star. The only star in companies is the business itself (in our case commercial roles), so most of the time your role is to contribute and do your best despite not being in the spotlight. There is not much room for vanity there.

David Stuckey

MARKET SNAPSHOT: THE BALKANS

CORPORATE GOVERNANCE IN SERBIA



Igor Zivkovski,
Partner,
Zivkovic Samaradzic

The main sources of Corporate Governance in the Republic of Serbia are the Law on Companies and the Law on Capital Market.

The Law on Companies recognizes four legal forms of companies: general partnership, limited partnership, limited liability company, and joint stock company. General partnerships and limited partnerships are colloquially called “personal companies,” as personal elements prevail. On the other hand, limited liability companies and joint stock companies are usually referred to as “capital companies,” as personal elements are less important (as in LLCs) or not important at all (as in JSCs – particularly public JSCs). This distinction is of great importance for corporate governance since corporate governance rules may be applied only to LLCs and JSCs (the rules are optional for LLCs and private JSCs and mandatory for public JSCs).

Corporate governance rules are usually collected and systematized in an instrument of self-regulation called a corporate governance code. Two such codes are particularly important in Serbia. The first is the Corporate Governance Code issued by the Belgrade Stock Exchange, which applies only to listed companies (public JSCs, in other words). The other is the Corporate Governance Code issued by the Chamber of Commerce and Industry of Serbia that is intended for all “capital companies,” (unlike the previous Corporate Governance Code from 2006, which contained rules applying only to public JSCs). The most important reason why these two codes stand out is the “comply or explain” rule which they contain, and which was institutionalized in Serbia in 2011 with

the adoption of the Law on Companies. This very essence of the rule is reflected in these three words.

According to Article 368 of the Law on Companies, the statement of application of a corporate governance code is an integral part of each company’s annual report. This report shall be prepared by public JSCs and published in accordance with the Law on the Capital Market, and the statement of application shall include information regarding which corporate governance code the company is applying and an indication as to where it is publicly available. It must also contain all important information regarding the corporate governance practices exercised by the company, particularly those that are not expressly prescribed by the law, and identification about and explanation for all derogations from the rules of the corporate governance code which the company has selected, if any such derogations exist. More precisely, public JSCs shall provide a meaningful explanation as to why they have not complied with the rules contained in the code they chose to apply.

In order to foster good corporate governance, the most recent amendments to the Law on Companies included the introduction of Article 368a, which came into force on December 9, 2018, and which applies only to public JSCs. Under this article, JSCs are obliged to make the following accurate and up-to-date information about the members of a board of directors/supervisory board available on the company’s website: their profession and previous positions and information regarding current memberships they may hold in other boards and positions they may have in other companies.

However, even though Serbia does not lack corporate governance rules, as can be seen, corporate governance practice in the country seems to be very poor. The number of JSCs which have adopted their own corporate governance codes is quite modest and these companies are usually among the largest in Serbia (for example, Naftna Industrija Srbije a.d. Novi Sad) and the majority of JSCs rely either on the Cor-



porate Governance Code of the Belgrade Stock Exchange or the Corporate Governance Code issued by the Chamber of Commerce and Industry of Serbia. Also, despite its mandatory nature, there are still JSCs which have neither their own corporate governance codes nor a statement referring to others, and have not suffered any consequence as a result. This proves that Serbia is still far from reaching an acceptable level of corporate governance culture.

By Igor Zivkovski, Partner, Zivkovic Samardzic

INVESTMENT FUNDS INDUSTRY IN CROATIA



Tena Tomek,
Partner,
Marohnic, Tomek & Gjoic Law Firm

Investment funds represent a rather small part of the financial market in Croatia, but they are undeniably growing in presence and importance. Investment funds are recognized as a significant economic driver for business growth, joining the already well-established banks, insurance companies, and pension funds.

According to information published by the Croatian Financial Services Supervisory Agency, there were 136 investment funds in Croatia at the end of August 2019, divided between alternative investment funds (36) and UCITS funds (100). The net asset value at the end of June 2019 amounted to a total of EUR 3.2 billion, with EUR 0.5 billion coming from alternative investment funds and EUR 2.7 billion from UCITS funds. These numbers reflect significant growth in the last five years, as in 2014 110 total funds accounted for a net asset value of only EUR 2.1 billion. Investment funds are growing in every way; as the investment funds industry develops in terms of va-

riety of fund types and products it offers, its popularity is increasing. That results in a higher amount of assets available to investment funds for financing of business growth in Croatia.

Special attention should be paid to the alternative investment funds, such as private equity and venture capital, which play a key role in economic growth and are becoming ever more active on the Croatian market. The development and deployment of significantly larger amounts of money and the involvement of reputable and proficient investors in Croatia is seen in the context of an overall-maturing venture capital market in Europe.

Since 2014 the development of investment funds in Croatia has been happening within EU-funding frameworks. Financial support of economic development in a more general sense has been channeled through the European Structural and Investment Funds, jointly managed by the European Commission and the



Tonka Gjoic Tomic,
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Marohnic, Tomek & Gjoic Law Firm

member EU countries. Another program aimed at mobilizing significant investments is the Investment Plan for Europe (the "Juncker Plan"). A financial pillar of the Juncker Plan is the European Fund for Strategic Investments (EFSD), which was initiated by the European Investment Bank, the European Investment Fund (EIF), and the European Commission to overcome the current investment gap in the EU by mobilizing private financing for strategic investments. Local support is provided by the Croatian Bank for Reconstruction and Development (HBOR).

Several initiatives have been launched under this framework, and here we will name only some of the most prominent. The Croatian Venture Capital Initiative was established in June 2018 based on a funding agreement between the EIF and the Croatian Ministry of Regional Development and EU Funds in order to improve access to SMEs finance, under which the selected fund should invest EUR 42 million across the entrepreneurial spectrum ranging from the early stage to the growth stage of start-ups. This is supplemented by the Croatian Growth Investment Program – a EIF and HBOR joint EUR 70 million equity investment program launched in January 2019 to support Croatian SMEs and small midcaps and provide midcaps with access to growth and expansion equity capital and catalyzing additional private-sector investments into funds and companies.

Finally, a noteworthy initiative is the setting-up of Croatia's first social impact investment fund, under which the EIF plans to contribute EUR 15 million (almost entirely covered by the EFSD) and which – together with the amounts raised

by the social impact fund — will allow for a EUR 30 million investment into Croatian and Slovenian SMEs committed to having an environmental and social impact, in addition to generating profit. This fund is the first Croatian venture capital fund managed by a fully Croatian team.

To conclude, under the EU umbrella more funding is coming to Croatia through proficient investors (such as the EIF) which signals the maturing of the Croatian investment funds market and the development of sophisticated Croatian fund managers, and which will in the end result in increased investor confidence and enhanced financial markets and overall business environment.

**By Tena Tomek, and Tonka Gjoic Tomic, Partners,
Marohnic, Tomek & Gjoic Law Firm**

IS THE MARKET FOR MEDICAL DEVICES IN SLOVENIA AND WITHIN THE EU BECOMING MORE SIGNIFICANT?



Marko Ketler,
Attorney at Law

The significance of medical devices is most certainly on the rise, considering not only its importance to patients, for whom medical devices represent life enhancing products, but also developments in innovation, economics, and in the regulatory and legal sphere. Issues such as data privacy in the field of medical devices were

not noticeable until connectivity became a trend in medical devices and the GDPR was adopted. Similarly, the possibility of a cyber-attack on a medical device connected to the Internet became a possibility. Even though the question of product liability has always been present, recent decisions by the European Court of Justice provided new interpretations of existing legal terms and, importantly, introduced product batch liability.

The most recent development which will have a strong impact on the Slovenian and the EU markets in the years to come is the adoption of Regulation (EU) 2017/745 on Medical Devices (the MDR) that entered into force on May 25, 2017 and will become effective shortly. By May 26, 2020, manufacturers, authorized representatives, importers, and distributors of medical devices will have to meet strict new requirements imposed by the MDR and involve the so-called “notified bodies” in the approval process.

The European Commission’s aim in proposing the MDR was to ensure “a consistently high level of health and safety protection” when using medical devices, but also to provide for their free

and fair trade throughout the EU. Medical devices account for EUR 110 billion in sales and 675,000 jobs in the EU, which is a net exporter in the sector. The MDR is also expected to have a significant impact on the market for medical devices in Slovenia, as the medical devices sector, along with medicine and cosmetics, accounted for EUR 1.3 billion in (retail) sales in 2018, a 31.1% rise in sales over 2017 – the greatest jump of any sector.



Igor Angelovski,
Attorney at Law

Key Changes

The MDR brought several significant changes, including broadening the definition of medical devices (to include those medical devices not intended for a medical purpose), establishing and implementing a comprehensive EU database on medical devices and a Unique Device Identification (UDI) mechanism aimed at improved transparency, and requiring device manufacturers to reclassify medical devices according to their risk, contact duration, and invasiveness. The MDR also requires device manufacturers to identify a qualified person responsible for compliance with the MDR’s requirements and imposes stringent post-market surveillance authority by the notified bodies. Substantially, the MDR generally allows for no “grandfathering,” meaning that every medical device available on the EU market must comply with the MDR by its date of application.

The most significant changes relate to the renewed conformity assessment procedure, which is becoming more complex due to an enhanced scrutiny mechanism. Manufacturers will be required to provide relevant clinical studies and a scientific appraisal will be carried out by a panel of experts, which will issue a declaration of conformity following positive decisions. Corrective actions may also be requested. A negative decision may lead to restriction or even prohibition. Considering that the potential grounds for liability have been expanded, additional internal reviews of procedures as well as the possibility of insurance should be considered.

MDR Implementation in Slovenia

Due to the direct applicability of regulations, no specific implementation measures are required. Nevertheless, the Decree on the Implementation of the MDR was adopted in Slovenia, empowering the Agency for Medicinal Products and Medical Devices of the Republic of Slovenia to implement certain aspects of the MDR that will be relevant for notified bodies in Slovenia as well.

**By Marko Ketler, Attorney at Law, and
Igor Angelovski, Attorney at Law**

INSIDE OUT: DON DON DEBT REFINANCING

The Deal: In July, CEE Legal Matters reported that the Slovenian office of ODI Law had represented AIK Banka and SKB Banka (Societe Generale's Slovenian entity), on the EUR 36 million cross-border syndicated debt refinancing of the Don Don Group – a regional industrial bakers with plants in Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, and Bulgaria. Selih & Partnerji advised Don Don on the deal.

The Players:

■ **Counsel for AIK Banka and SKB Banka:** Suzana Boncina Jamsek, Partner, ODI Law

■ **Counsel for Don Don Group:** Mia Kalas, Partner, Selih & Partnerji

CEELM: Suzana, how did you and ODI Law become involved with AIK Banka and Societe Generale on this matter? Why and when were you selected as external counsel initially?

Suzana: ODI had assisted the bank syndicate (including Societe Generale's Slovenian subsidiary, SKB, and the EBRD) on the financing of the acquisition of Pekarna Grosuplje by Don Don back in 2015. We also worked with SKB on other

occasions, and as the deadline for this transaction was rather tight, we were selected very quickly after we provided our proposal, following the RfP.

CEELM: How about you, Mia? How did you and Selih & Partnerji become involved with the Don Don Group on this matter?

Mia: We have quite a history of advising the Don Don group. We first met in 2015 when they appointed us as their lead legal counsel in negotiating a syndicated multi-purpose facility used, among other things, to acquire one of the largest Slovenian bakeries. The greatest challenge of that initial financing was to align the quite different positions of the six lenders, and to overcome legal issues in several jurisdictions in a relatively short period of time to meet the closing deadline for the acquisition. We built a trustful relationship with the management of Don Don in that initial project, so our engagement in this refinancing of the 2015 facility was in a way a logical continuation of our mandate.

CEELM: What, exactly, was the initial mandate when you were retained for this project, at the very beginning?

Suzana: From the start, ODI was hired to draft collateral agreements in Slovenia, Croatia, and Serbia, and to draft corresponding legal opinions. The creditors initially planned to draft the facility agreements themselves, but soon after the terms of the transaction were agreed upon among the parties they decided that it would be much more efficient to let us draft the entire contractual documentation.

Mia: The client had been periodically turning to us on various topics deriving from the 2015 facility, so it is a bit difficult to exactly define the initial mandate or the moment we were first engaged. I understood quite early that the covenants of the existing facility became obstructive to the client's opportunities to grow its business, and that they were therefore considering refinancing. I would say the first part of our new mandate crystallized at the end of 2018, when we advised the client how and when to notify the existing lenders on the intention to refinance, predominantly with the view of reducing the prepayment fee as much as possible, and also considering the existing lender's right of first offer. In spring 2019, the client negotiated the main commercial terms with the new lenders, and then



Suzana Boncina Jamsek



Mia Kalas

asked us to assist in all legal work on the financing documents in mid-May 2019. All documentation was finalized within about a month, and the Slovenian conditions precedent for disbursement completed in June 2019.

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

Suzana: The transaction was led by me, in Slovenia, and Partners Branko Ilic in Croatia and Tamara Curovic and Milos Curovic in Serbia. The team included also Senior Associate Masa Drkusic and Associate Neza Grasselli.

Mia: I led our team and assisted in negotiations of the loan documentation with the banks, commented on the security documents, and supported Don Don at the notary meeting for establishment of collateral. Our Senior Associate Nika Bosnic commented on certain types of collateral, assisted in respect of the exist-

ing creditors' consents to establishment of collateral, and worked on the list of movable properties to be pledged. While on the outside such a list appears to be a technical task, I have in past practice actually seen it delay a deal as all data must match quite strict requirements, so it is important that it is composed flawlessly. In this deal very many movables needed to be pledged, so Nika's eye for detail was invaluable.

CEELM: How was the deal structured, why was it structured in that way, and what was your role in helping reach those arrangements?

Suzana: Financing involved two creditors and two borrowers and involved various jurisdictions. Due to regulatory restrictions under Serbian law the facility agreement was broken into several separate agreements in order to expedite the proceedings before the Serbian regulators. Namely, both parties were determined to conclude the deal before summer, which meant that all documentation needed to be aligned within a month. The matter also included a comprehensive legal due diligence of assets to be collateralized and negotiations with the insurance company that insured the claims.

Mia: I am afraid I cannot provide much detail due to confidentiality restrictions. What I can disclose, with the client's consent, is the following. Unlike the preceding syndicated deal with one LMA-standard agreement (monitoring and exercising of which proved to be quite demanding and rigid), this transaction entailed two syndicated loan agreements by two Slovenian banks, one for financing of the Slovenian part of Don Don's group operations and one for a revolving facility extended to the Serbian Don Don entity. This allowed for more flexibility and easier adaptation to jurisdiction-specific restrictions such as the Serbian forex regulations. Further interactions with the lenders should be also be more straightforward compared to aligning with six different banks in the past. Our role was particularly to make sure that, from the legal perspective, all relevant steps of

the process were timely agreed-upon and aligned, so that the disbursement could take place at the planned time.

CEELM: What's the current status of the deal?

Suzana: The deal was concluded before summer, the funds were drawn and the collateral established.

Mia: All conditions precedent for utilization have been completed and the term loans have been disbursed.

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

Suzana: The extremely tight timeframe and changing regulatory requirements in Serbia.

Mia: As before, unfortunately I cannot provide much detail. One particularly frustrating moment for the client was when, quite late in the process, they learned that the agent of the pre-existing financing facility was – due to the silence of one of the syndicate banks – reluctant to provide a certain consent which we absolutely needed to move forward. This was an unprecedented complication, and the time for direct negotiation with the silent bank had run out, so a different solution was needed fast. The client was relieved when the agent accepted our legal interpretation that, while the necessary consent was an “all lenders' matter,” the deadline for the silent bank to respond had passed, and thus the need to obtain its explicit consent had fallen away.

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

Suzana: The debtor and their legal counsel were very cooperative and easy to work with.

Mia: In my view, generally, the entire process was efficient and smooth, and we worked well with the ODI team on the other side. I was impressed by the quickness of the notary meeting for establishment of collateral, and the notary was really well prepared.

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

Suzana: It changed to the extent that we took over the entire drafting of the documentation.

Mia: Generally, the final result matched my initial expectation that our role would evolve as the project was continuing. I did, however, not expect that the loan agreements would be so complex, as initially they were supposed to be based on shorter templates of local banks.

CEELM: Suzana, what specific individuals at AIK Banka and Societe Generale directed you, and how did you interact with them?

Suzana: We worked with Roman Varga, Deputy Head of Legal at Gorenjska Banka (the Slovenian subsidiary of AIK Banka) and Maja Mencinger, Corporate Relationship Manager from Key Accounts Coverage/Large and International at SKB (the Slovenian subsidiary of Societe Generale). The working relationship with our client was pleasant and constructive. We met in person a few times and sat together until we solved all problematic issues.

Mia: Our main point of contact at Don Don in this project was Director Alenka Mozetic Zavrl. She led the negotiations from a strategic perspective. Don Don's CFO Marusa Tratnjek was responsible for financial details, such as preparing the required financial information for the banks and the proper calculation of financial covenants. We met several times for preparation, and regularly spoke on the phone. Our cooperation was smooth, as they have a well-developed strategy and clearly know their commercial preferences, so they are very efficient in making decisions. They are also very pleasant on the personal side, so I enjoy working with them a lot.

Exactly the same goes for the team of KJK Fund II – a minority shareholder in Don Don – led by the fund manager

Kustaa Aima. We have been providing legal support for their Slovenian investments since 2014, and also advised them in this transaction, predominantly on corporate law matters.

CEELM: How would you describe the working relationship with ODI Law on the deal?

Suzana: Our relationship with Selih & Partners was professional and constructive.

Mia: I am happy that, as always, our cooperation with ODI Law was constructive and efficient. We had a few differences of opinions on certain topics as is normal in any deal, but as both of our teams are responsive and ready to listen to arguments of the other side, it is never too difficult to find a workable compromise.

We had the luxury that the core teams of both sides are physically located in Slovenia, therefore the most important part of the loans negotiations were meetings in person, with representatives of our clients present as well. In my experience, best progress is usually achieved in face-to-face meetings. In this deal, all sides met in person twice, the second time in an intense all-day drafting session. Security documents which are more standard documents were aligned by email and by phone.

The entire process, from my first review of the draft loan agreement, to the completion of Slovenian conditions for disbursement, took less than six weeks. The major part of the commercial negotiations was completed before we joined the project, but in my view less than six weeks is still very fast. I believe the disbursement was actually completed a bit later due to the need to obtain certain regulatory approvals in Serbia, but this part was out of our and our client's hands.

CEELM: How would you describe the significance of the deal to Slovenia and/or CEE in general?

Suzana: The Don Don Group is one of

the biggest business groups in Slovenia, with a yearly turnover of approximately EUR 100 million, and this financing was one of the biggest cross-border financing deals in Slovenia in 2019. Furthermore, the entire transaction was concluded in record time, especially taking into account the regulatory requirements in Serbia.

Mia: Don Don is one of the leading industrial bakeries in the SEE region. The regular challenges of Don Don's business include the need to follow consumer preferences, implement the latest techniques, and deal with fluctuating wheat prices. However, Don Don also faces certain very specific challenges related to the historical position of the Grosuplje bakery in the Slovenian market.

The bakery business is tough and the branch has consolidated significantly in the last five years, so it is often "expand or be eaten." On the other hand, I have seen that financing banks are usually worried about (excessively) fast growth of the borrowers. If they address this concern rigidly, they will inevitably face a clash with the borrowers who, in the first year or two after utilization, are not ready to ignore further business expansion opportunities over the restrictions in their loan agreements.

In my view the most important general message from this deal is that with good will, careful planning, and appropriate effort, a medium-sized enterprise like the Don Don group can achieve refinancing under commercially better and less restrictive terms, which has not always been easy for medium sized enterprises of this type. I do believe that this new financing package will help Don Don further strengthen its position in the region, and hopefully also the consumers will get a fair share benefit of this. For example, I have just recently tried their brand new LCHF bread and can only say that it is fantastic. (I hope this does not sound too much like advertising, but it is completely true).

David Stuckey



EXPAT ON THE MARKET:

ALEXANDER POELS, DIRECTOR OF INTERNATIONAL RELATIONS, KARANOVIC & PARTNERS

CEELM: Run us through your background, and how you ended up in your current role with Karanovic & Partners.

Alexander: Born in Belgium, I grew up travelling the world for my father's work, typically moving from one country to another each three to five years. This gave me, before the age of 18, living and school experience on three continents and in some of the most amazing countries, including France, Germany, Australia, the USA, and Canada. With the desire to reconnect with my European/Belgian roots, I decided to return to Leuven to study law at the university which, alongside AB-Inbev and its Stella Artois, keeps Leuven's world fame standing untouched. Needless to say, the international outlook and environment of the university contributed to my desire to return to Europe. The itch to move around, however, prevailed and I spent a fabulous Erasmus semester in Reykjavik, Iceland. Intrigued by Iceland and the high North, I returned to Reykjavik immediately for an LL.M. program after obtaining my initial LL.M. in Leuven.

When the time was ripe to put theory into practice, I ended up in 2005 in Central Europe, joining Czech firm Peterka

& Partners, which was in an expansion mode. After a short stay in Bratislava, I moved in 2006 to Kyiv to establish the firm's Ukrainian office, which I soon afterwards led as Managing Partner until returning to HQ in Prague in 2013 to focus on the firm's global international relations and strategic clients. In 2017 I left after 12 great years to join Karanovic & Partners. I was at that time well aware of Karanovic & Partners' very solid reputation and unparalleled track record and awards, and I was delighted to learn that the firm's ambitions were aligned with my own. Moreover, having worked in Central Europe and CIS previously, working in South Eastern Europe would be a fit addition to my Eastern European adventure.

CEELM: What exactly is your role at Karanovic & Partners?

Alexander: Whereas I am truly an M&A lawyer by training, I have focused during the last six or seven years primarily on strategy, law firm development, and international relations-building and development. I greatly enjoy combining my legal skills and experience with traveling and relationship-building to further the growth of the firm, generate new clients,

and represent the firm at international forums such as the IBA or on a B2B level. This, in a nutshell, is what I do within the already well-developed structure of Karanovic & Partners. Whereas Karanovic & Partners has worked very hard to become an established and highly reputable brand among top tier law firms and the general counsel community in key hubs such as London and Vienna, I aim at extending this worldwide. Concretely, I travel about half of my time, primarily within Europe, North America, the Far East, Australia, and South Africa to meet our key clients and prospective clients, law firms, private equity firms, banks, M&A advisors, and other contacts who would facilitate investments into South Eastern Europe. In addition, I spearhead several initiatives within the firm, such as our Nordic desk and French desk, and play an important role in defining and implanting the future growth strategy of the firm.

CEELM: You certainly have moved around the world in your studies and professional career. Was it always your goal to work abroad?

Alexander: My upbringing was marked by moving around Europe and the world, so I have never known anything else. Cli-



ché as it may sound, one often hears from people who have often moved from place to place and country to country that this becomes a way of life in itself, and I can fully corroborate that and I genuinely feel a physical restlessness when staying too long in one place. I would not say that working abroad was my goal, per se, but rather a drive to discover new countries and cultures and work in different places, while building an exciting career listening to my wanderlust.

I always encourage youngsters, both the students I coach and young professionals, to experience living and working abroad. I am a staunch supporter of further extending international exchange programs such as Erasmus and making them accessible to everyone.

CEELM: How would clients describe your style?

Alexander: Alexander Poels – the truly international lawyer. Joking aside, there have been clients with whom I have had a certain chemistry and flare from the get-go, and other clients, with whom I have never established a deeper person-

al bond, apart from intense cooperation, countless hours of negotiations, and numerous glasses of a certain type of liquid that was not allowed in the US during the 1920's. There have been cases where I developed close bonds with clients that I worked with on simple matters years ago, and other cases where I would slip into oblivion for the clients soon after closing. What is unanimous, though, is that the clients tend to describe me as a lawyer with a great eye for detail and cultural aspects who has excellent business practices and a broad mindset, and who is very diplomatic in his approach – a good candidate for a UN position basically. I like to believe that my clients perceive me as being considerate of their counterparties, even in the heat of negotiations, where I would never lose respect and compassion for the other lawyers or in-house counsel, while being persistent in achieving the client's desired result at the same time.

CEELM: There are obviously many differences between the Belgian and Slovenian/Balkan judicial systems and legal markets. What idiosyncrasies or differences stand out the most?

Alexander: The Belgian legal system has gone through a long and steady evolution similar to most mature Western European legal markets; naturally, current Belgian legislation is greatly influenced by and engrained with EU law. Whereas the Slovenian legal system has also recently embedded EU law, it is clear that, given recent history, the evolution of the Slovenian (and, in general, the Balkan) legal system has happened in jumps rather than the gradual linear process that occurred over the last 250 years in Belgium (or what is today Belgium).

The Balkan legal systems (and certainly the Slovenian legal system) are rather closer to the German legal system, whereas the Belgian legal system is essentially based on the French one. This is reflected in an overly formalistic practice in Slovenia and the Balkan markets, whereas the Belgian practice is clearly less formalistic.

This being said, the concrete regulations

in place are not that different. As laws in Slovenia and other Balkan countries are more or less aligned with EU laws, especially in terms of corporate and compliance rules, I do not see many differences, except sometimes as regards the interpretation of certain regulations.

The greatest difference I see is in respect to public law. Although a small country, Belgium is a federal state with three tiers (Federal, Regions and Communities) and seven different parliaments, currently showing signs of a clear transition into confederalism. Compared to the sheer complexity of governance in Belgium, the configuration of even Bosnia and Herzegovina is a children's game.

CEELM: How about the cultures? What differences strike you as most resonant and significant?

Alexander: What strikes me most after spending close to two years in Slovenia is that Slovenes manage to strive for excellence and achievement beyond what larger Western European nations achieve and to let themselves slide into pitfalls and traps at the same time, which even far less developed nations tend to avoid. Good examples of the former are Slovenia's excellence in terms of management of nature and green economy, its safety record (it's the sixth safest country in the world), its excellent living standards and health conditions, its child-friendliness; examples of the latter are a succession of questionable governmental decisions and policies, a latent level of shady politically-motivated undertakings or at least the perception of corruption (the country is ranked only 32nd in the latest Corruption Perception Index), dodgy privatizations, and outright debacles (think of the recent bankruptcy filing of Adria Airways).

This dichotomy is somehow also transposed into Slovenian culture and results in extreme swings: when Slovenia became European basketball champions in 2017, it was perceived as if Slovenia had won the World Cup in football. In general, Slovenes take any achievement (in sports or in other fields) – even if it would not

be worth mentioning in any Western nation – as if they had conquered the entire world. Slovenes sometimes are slightly inclined to believe that the whole world is watching and taking notes. Slovenes also seem to genetically lack a sense of humor. We Belgians on the other hand have a patented sense of self-humor and hardly ever take ourselves too seriously (though that might be a consequence of living so close to the Dutch); it is probably the reason why we were insouciantly able to give to the world inventions such as plastic, the saxophone, the contraceptive pill, the world wide web, asphalt, electric trams, and the stock exchange principle, as well as celebrities including Peter Paul Rubens, René Magritte, Audrey Hepburn, Tintin, and the Smurfs (the latter two can most certainly not be beaten by any Slovene!). Oh, and don't forget that Belgium is the only country in the world producing beer worth naming ...

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

Alexander: I believe that my partners in the senior management of the firm would be better suited to answer this question. However, I believe that with my Western European and overseas upbringing and education and prior professional experience in CEE, I am able to bridge a cultural gap that sometimes may exist between Western clients and local Balkan lawyers, to translate the expectations that Western clients might have into a local context, to add a sense of nuance to local issues a Balkan firm faces on a day to day basis, to soften some of the most outspoken and often potentially-perceived-as-harsh characteristics of Balkan legal traditions, and to share patterns and developments that CEE went through ten years ago and that are now occurring in the Balkan region with my colleagues. By putting my Western European background and credibility in the equation when promoting our firm abroad, I believe that many prejudices which are still often connected to the Balkan region can be countered more easily.

I also believe that the firm benefits by getting access to new and different types of clients by getting the firsthand experience of someone who has seen the transitions in CEE in the past that are currently occurring in the Balkan region, and by tapping into the personal network of global contacts I have established over the last 25 years of studying, researching, and working in different regions and settings.

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

Alexander: Go back to Belgium with its mega-traffic jams (the other day I spent 2.5 hours on a 40 km stretch between a client in Antwerp and a client in Brussels), its constant political squabbling, its full urbanization, and its highest mountain at 694 meters? Thanks, but no thanks, for the time being. Although one can never exclude the possibility of it happening one day, I have spent only a small portion of my life in Belgium and I feel both emotionally and professionally much more attached to several other European and non-European countries. That being said, it is nice being Belgian.

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

Alexander: Just to be clear, as the question relates to countries other than the Balkan countries, I am barred from answering Slovenia or any other Balkan country. I have been fortunate to work in numerous CEE countries and to have travelled in all CEE countries very extensively. I greatly enjoyed spending five years in amazing Prague and have had the chance to get to know many unique places in Prague and the Czech Republic far off the beaten tourist tracks; I loved the vibe in Bratislava, a city which often struggled for its position amidst Prague, Vienna, and Budapest but managed to develop into a unique charming city; I always felt a great excitement when planning to visit or spend a prolonged time in Poland or Romania and have always been positively enchanted by Hungary and Russia, as well as the mysteriousness of Belarus.

However, my heart was truly captured by Ukraine, a country of unparalleled natural beauty and potential, warm and hard-working people, exquisite cuisine, and a sense of relativity and down-to-earthiness that I have not found elsewhere in CEE. I worked in Ukraine during probably its most thriving years since its independence and continued to visit the country during its recent periods of difficulties and turmoil; the people I met and talked to have never failed to convey a very positive and solid impression and a genuine eagerness to build a proud and solid nation. I have traveled extensively throughout Ukraine, visited both its main hotspots and many small towns that hardly ever see foreigners strolling (or driving) by, seen true hardship and struggle, as well as the most exhilarating joy and happiness by people who have materially hardly anything. I make a point in returning to Ukraine at least twice each year and even though sometimes I spend merely 48 hours there, I always feel rejuvenated and reenergized when boarding a plane at Boryspil airport back to the West.

CEELM: What's your favourite place to take visitors in Ljubljana?

Alexander: I have taken a lot of pride in showing Ljubljana to my friends and family from abroad. The capital of Slovenia has a lot to offer as a small town with a long and fascinating history, and even more fascinating architecture and landmarks.

Among my favorite places is the lesser-known Railway Museum. I genuinely enjoy this small, somewhat off-the-radar and underfinanced museum which is most of the time void of any other visitors. Another favorite to show foreign visitors to Ljubljana is the famous 32 km barbed wire walking path, which follows the barbed wire which the Italian occupying forces established in 1942 to ring-fence the city that was a stronghold of resistance fighters; the path is scattered with commemorating posts and is a great avenue of tranquility and connectedness with nature.

David Stuckey

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EXPERTS REVIEW: REAL ESTATE

“Real estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is about the safest investment in the world.”

American President Franklin D. Roosevelt’s confidence in the significance of Real Estate justifies our selection of it as our subject for Experts Review. And, to stick with the theme, the articles from Real Estate experts from around CEE are presented in order of the percentage of arable land in each country. As a result, the article from Ukraine – with the third highest percentage of arable land in the world, behind only tiny Bangladesh (59%) and Denmark (58.1%) – is first, and the article from Hungary, with sixth-highest percentage in the world, is second.



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UKRAINE

Changes in Ukrainian Real Estate Regulations in 2019



Maksym Maksymenko

Ukrainian commercial and residential real estate markets continue to be dynamic and are becoming more and more attractive to both local and foreign investors. The new Ukrainian Parliament, elected in summer 2019, has already passed some laws necessary for the development of the real estate sector and attracting investments to it. Below you will find an overview of the most significant changes in Ukrainian real estate legislation regarding buildings and construction in 2019.

New Concession Legislation

On October 20, 2019, the Law of Ukraine “On Concession” No. 155-IX (the “Law on Concession”), vital in attracting more than USD 30 billion in investments to modernize Ukrainian infrastructure, entered into force.

The Law on Concession envisages that a concession term should be not less than five years (ten years for concessions of highways) and should not exceed 50 years.

A private legal entity-resident of Ukraine can be a concessionaire if complies with: (i) applicant and participant guidelines, approved by the grantor, and (ii) restrictions on participation in concession tenders prescribed by the Law on Concession.

The Law on Concession provides for three separate private partner selection procedures, namely: (i) a concession tender, (ii) competitive dialog, and (iii) direct negotiations with a tenant of state property. Generally, these procedures may last from six to 18 months.

According to the Law on Concession, parties to the concession agreement may: (i) provide for the application of foreign law, and (ii) choose a dispute resolution venue and procedure.

Despite some controversial provisions of the Law on Concession (e.g., a questionable mechanism of terminating third party rights to the land plots, which are required for concession projects, and the impossibility of changing the concessionaire except through a new tender) we believe that the Law on Concession will enable the successful implementation of concession projects in Ukraine.

New Legislation on Lease of State and Municipal Property

On October 3, 2019 the Ukrainian Parliament adopted the draft “On Lease of State and Municipal Property” law (the “Law on

Lease”). The Law on Lease is expected to become effective on February 2, 2020 with some provisions to enter into force on October 1, 2020.

The Law on Lease sets a new framework for leasing state and municipal objects, by: (i) revising the categories of landlords and tenants, and establishing restrictions for the latter; (ii) providing that state and municipal property may be leased based on a competitive (via electronic auctions) or non-competitive basis; (iii) expanding the list of objects that may not be leased; and (iv) elaborating on the main aspects of the procedure of transfer of state and municipal objects into lease.

However, the detailed procedure for state and municipal property leases is expected to be set by a resolution of the Ukrainian Government, and none has yet been adopted.

Possibility to Privatize New Kinds of State and Municipal Objects

On October 20, 2019, the Law of Ukraine “On List of State Objects that are Not Subject to Privatization” No. 847-XIV expired. Thus, privatization of more than 500 state-owned objects (e.g., the Boryspil International Airport in Kyiv, JSC Ukrzaliznytsia (i.e., “Ukrainian Railways”), and JSC Ukrposhta), which was prohibited for 20 years, is now possible (although state property located in temporarily-occupied territories is not subject to privatization until the full restoration of the constitutional order of Ukraine within such territories is established).

Abolition of Social Development Contributions for Developers

As of January 1, 2020, developers will not be obliged to contribute to the development of social infrastructure in order to commission the object.

Currently, local self-government authorities determine the amount of a mandatory contribution, which may not exceed: (i) 10% of the construction value for commercial objects, and (ii) 4% of the construction value for residential objects.

The abolition of the mandatory social development contribution was prompted by: (i) the absence of effective legal mechanisms to ensure that collected sums were used specifically for the development of social infrastructure (i.e., and not for other purposes of local self-government authorities), and (ii) an insufficient number of developers complying with the obligation to pay it to local budgets.

Conclusions

We believe that Ukraine will not only successfully implement the necessary reforms in the real estate, infrastructure, and construction sectors, but also that measures will be taken to make sure these reforms cannot be reversed.

Maksym Maksymenko, Head of Real Estate, Avellum

HUNGARY

How Long Does BIM Have to Wait in Hungary?



Janos Toth

Contrary to all expectations, Hungary still does not require the use of building information electronic modelling (BIM) tools in tenders for public works contracts, despite the excitement in the construction industry about the possibility that the tools would be made mandatory as early as 2014.

Back then, the European Parliament proposed an amendment to the then-draft EU Public Procurement Directives (2014/24/EU and 2014/25/EU) requiring contracting authorities in all Member States to use BIM tools in tenders for public works contracts and design contests. Ultimately, however, the EU Public Procurement Directives allowed the Member States to determine for themselves whether to make BIM tools (or other, similar tools) compulsory or voluntary.

The Hungarian legislator has, for the time being, decided against making any firm commitment on this front. A Governmental Decree from 2015 appointed the *Lechner Competence Centre* – a background institution to the Prime Minister's Office in the field of architecture and urban planning – to create a Hungarian national standard for BIM, although the Hungarian Act of Standards had already vested all such responsibilities and competences in the Hungarian National Institute for Standardization.

In order to further complicate the picture, in a recent Governmental Decree from July 2019, two competent Ministries were assigned the specific task of exploring the possibility of requiring BIM in certain instances in procurement tenders in Hungary (e.g., where certain project value thresholds are exceeded) and setting the relevant conditions. The deadline for this assignment is the end of 2019.

Accordingly, at the moment, BIM is not unequivocally set out in Hungarian laws and there is no binding obligation on public authorities in Hungary to use it. Of course, contracting authorities still have the *option* of imposing BIM on tenderers, but this has not happened so far.

The momentum towards complete digitization has been progressing in the EU, and Hungary will not be able to stand apart for long. In the UK, the Netherlands, the Scandinavian countries, and Austria, BIM is already largely mandatory for contracting authorities. BIM projects have also been initiated in the Visegrad countries and many market players – for example in the construction industry – have long been proficient in BIM.

It cannot be denied, however, that clients wishing to use BIM – which has proven to reduce risk by eliminating inefficiencies and redundancies while improving collaboration and communication, ultimately enhancing overall project productivity – face considerable practical challenges. Structural problems such as the standardization of terminology, processes, and interfaces still need to be resolved. Ideally any resolution to such problems should also factor in the progress already achieved in the BIM field, mainly by the Technical Committee 442 of CEN (European Committee for Standardization) which was established to standardize all information in the digitalization of the built environment. Consequently, it will take several years (many believe between three to five), until a structured set of standards, specifications, and reports can be fully developed.

With respect to the legal challenges, BIM tenders have to be designed to remain “contestable” in terms of (public) procurement law and must address a large number of construction law issues in accordance with general contract law. Additionally, various aspects of specific sectorial laws, such as copyright and software law and laws affecting data privacy, data security, and big data, among others, must be carefully considered as a result of BIM's nature as a highly collaborative process combining efforts and contributions from contractors and designers in high-value projects.

A few examples of the kind of legal issues that will need to be addressed include the need to define the responsibilities and the allocation of risks for design errors vis-à-vis the owner, liability owed to third parties who rely on the accuracy of the model, wider ranges of uses for copyrighted material held in the BIM environment, the handling of intellectual property rights to the significant amounts of information and data created during the modelling, joint authorship rights held by the designers, restrictions on the use of commercially sensitive data, and legal protection from risks such as cyber-attacks, viruses, system failures, or user errors (such as accidental deletions).

Therefore, the pioneer Hungarian individual to face and live up to these challenges will probably not arrive anytime soon.

Janos Toth, Partner, Wolf Theiss Budapest

ROMANIA

Investment in Agricultural Land in Romania - Land Rush Close to the End?



Simona Chirica

The interest of foreign investors in acquiring real estate in Romania has grown significantly since the January 1, 2014 expiration of the country's prohibition against EU citizens and businesses acquiring agricultural land. Land is available at competitive prices, compared with many other European countries, and other advantages

include the facts that Romania holds an important share of the European crop land due to its grain production, has a favorable position within export routes, has high-quality soil, and has a climate suitable for a wide range of agricultural investments.

With the liberalization of the Romanian land market, Romanian legislators, in a desire to protect one of the country's main strategic resources, enacted Law no. 17/2014 in March 2014, regulating the sale of agricultural lands located outside the area in each locality where construction is allowed (*i.e.*, *extra muros*).

Law 17/2014 introduced a more restrictive framework for the acquisition of agricultural lands located *extra muros* by both Romanian and EU entities and individuals. The law imposes a special procedure for the sale of land and a ranking of pre-emption rights, in the following order: to co-owners; to tenants who exploit the land; to neighbors of the land being sold; and, finally, to the Romanian state.

The seller should follow the procedure set out in Law 17/2014 along with any applicable municipal requirements and others set out by the Romanian Ministry of Agriculture. The owner should make sure that the offer of sale is published at the com-

petent City Hall, along with the relevant documentation. The seller's offer remains valid for 30 days following publication at the City Hall (and if applicable, on its Internet page), during which time the pre-emption right holders may notify the City Hall on the acceptance of the offer.

Once the 30-day period has ended, the seller must select the party with the highest-ranked pre-emption right who has accepted the offer. The seller must notify the relevant City Hall of the selection. The City Hall will then notify the Ministry of Agriculture and relevant local agencies. The parties can proceed to the sale only after the Ministry of Agriculture and relevant agencies issue their approval.

If no pre-emptor accepts the offer, the sale can be performed freely based on a certificate issued by the City Hall. The sale will be regarded as null and void if the seller fails to meet these requirements or alters the terms of the deal without repeating the pre-emption process.

Currently, the Romanian Parliament is working on a legislative amendment to Law No. 17/2014 that will further regulate the sale of agricultural land in Romania. The draft law has been submitted to the Chamber of Deputies as the decision-making chamber and is now under debate in front of the competent commissions.

If enacted, it will favor people who are involved in agriculture by establishing a new right of pre-emption for co-owners and first-degree relatives, lessees, young farmers, owners of neighboring agricultural land, and the Romanian state.

Moreover, the draft law will impose an obligation to use the lands for agricultural activities from the date of purchase on landowners and will limit the transfer of agricultural lands acquired based on the preemption procedure for a period of 15 years. According to the draft law, agricultural land located *extra muros* may not be subject to securing loan agreements, except for credit agreements concluded with credit institutions or non-banking financial institutions.

Pursuant to the draft law, Law 17/2014 will also apply to transfers in lieu of payment, to in kind contributions of the share capital of companies, or to any other legal deed between living parties transferring the ownership right or establishing another real right that ensures the possession and use of agricultural land located *extra muros*, if the conclusion of such acts supercedes the law.

It remains to be seen if and when the draft will be enacted and what the impact on the Romanian land market will be.

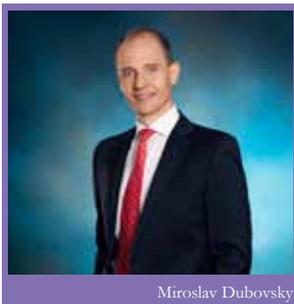


Madalina Mitan

Simona Chirica, Partner, and Madalina Mitan, Senior Attorney at Law, Schoenherr Bucharest

CZECH REPUBLIC

Real Estate Boom Hindered by Infrastructure and Law



Miroslav Dubovsky

The Czech Republic has – due to its strategic location in the heart of Europe – always been an important transportation and business hub. It has one of the highest densities of railway networks in Europe, with almost 1,200 km of track for every 10,000 square kilometers in the country, and it is also an important road transportation hub.

It is therefore no surprise that the Czech warehousing and logistics market is growing at a record pace, as it is across most of Europe. Partly this trend is influenced by issues such as Brexit, with British companies increasing their logistics and transportation capacities in anticipation of the changes Brexit will bring. Another important factor is the steady rise of e-commerce as a source of business for warehousing and logistics companies. The Czech Republic is an interesting market for traditional as well as new companies. In any case, and for whatever reasons, the total warehouse area in the Czech Republic has more than doubled in the last decade, to eight million square meters.

There is also a huge demand for office space, especially in Prague. The Czech Association for Real Estate Market Development puts the office vacancy rate in the Czech Republic at less than 5%. The total area of newly-constructed offices in

Prague alone will reach 75,000 square meters in 2019, and we expect this rate of construction to accelerate in coming years. Demand for office space is created both by local companies as well as by international companies drawn to Prague because of its lower living costs, talented workforce, and strategic location in the center of Europe. This also increases the pressure on the residential real estate market, where we see a substantial increase in purchase prices and rents. Since 2010, the price of a newly-built flat has risen by an average of 35% -- much quicker than household income.

The growth of co-working centers is a new phenomenon, not limited to the Czech Republic. We expect the total area occupied by co-working operators to increase from less than 5% to over 20% in coming years. We have seen almost a two-fold increase of co-working office space created in the last two years alone – from less than 50,000 to almost 90,000 square meters. The demand for co-working centers is created both by SMEs as well as corporations, which usually use co-working centres for smaller teams focused on innovation or new product development. Many international companies and start-ups have also started sending teams to the Czech Republic to scout for and make use of local talent (especially software developers) and finding homes for them in co-working space.

In logistics the factor that is the biggest obstacle to even more robust growth is the very slow rate of development of highways and roads in the country. This problem has plagued the Czech Republic for many years. In 2018 only four kilometers of new highways were opened. Only once in the last decade has the country created more than 20 kilometers of new highways in a year. Equally frustrating is the slow pace of renewal, reflected in the apparently interminable reconstruction of the main connection between the two biggest Czech cities – Prague and Brno.

Indeed, construction of many parts of the highway system has not even begun. Many Czech highways do not reach the border, making connections to some neighbouring countries inconvenient. This is most striking in the south, where there is no main connection to Austria – even though on the Austrian side the highway to the border was just recently finished.

Couple that with the fact that the process of acquiring a building permit is generally extremely time-consuming, and you end up with a very challenging business.

However, currently Czech construction laws are being changed to substantially streamline and simplify the permitting process. This is expected to allow for rapid growth of construction across all sectors and further stimulate the Czech economy so that we can make the most of of the current real estate boom.

Miroslav Dubovsky, Country Managing Partner, DLA Piper Prague

SERBIA

Does Serbia Need a Special Law on the Lease of Business Premises?



Ivan Gazdic

With a total stock of over 800,000 square meters of office space and several large-scale office projects underway, Belgrade aims to further strengthen its position as a top choice for headquarters of investors operating in Serbia and SEE.

The country is witnessing a booming retail market with the opening of new shopping centers in Belgrade and the continuous development of retail parks throughout the country, as well as the expansion of industrial and logistics facilities.

So-called triple net leases (“NNN Leases”), under which a tenant pays all the expenses related to the property – including property tax, insurance, and maintenance (all of which are normally paid by the landlord), in addition to rent and utilities – are commonly used when renting A-class office or retail space. However, it is very common for such complex NNN Leases to contain provisions that may be challenged from a Serbian law perspective.

In some circumstances, parties choose to sign a simple one-page lease contract, in which case general legal provisions apply to all matters that are not explicitly governed by the contract. The problem is that the general rules that are traditionally applied are, in some circumstances, unclear or inappropriate.

For example, if the lease is concluded for an indefinite period without defining a notice period, the statutory notice period applies. In Serbia, this statutory notice period is only eight days, which is hardly enough time for a tenant to relocate its business to a new office without incurring significant losses and damages.

In fact, the legislation and practice of neighboring countries has

addressed the need for special regulation of commercial leases. In Croatia, for instance, the statutory notice period for commercial leases concluded for an indefinite period is 30 days, although parties may stipulate a shorter notice period.

In Slovenia, the statutory notice period for the lease of business premises cannot be less than 12 months.

The Serbian Law on Obligations regulates the concept of lease in general (without making any distinction between leasing movables and immovable assets), instructing the legislator to enact a separate piece of legislation which will govern the lease of business premises in more detail. However, this task has not yet been addressed in a satisfactory manner.

Therefore, it is legitimate to consider whether we need special legal treatment for commercial leases. Some of the points that might be considered are: (i) written and enforceable forms of the lease agreement; (ii) the purpose of the use of the leased premises; (iii) regulation of common costs and service charges; (iv) regulation of fit-out works; (v) stipulation of a longer notice period if the contract is concluded for indefinite period; (vi) the right of sub-lease should be excluded unless the parties explicitly agree otherwise, *etc.*



Igor Djordjevic

We emphasize that most of these special rules should not be mandatory, and that the parties should be free to regulate their mutual relations in a different way, provided that it is not contrary to the mandatory provisions of applicable law.

All of these topics, and many others, have been appropriately addressed in specific regulations governing the lease of business premises in most neighboring countries, as well as in many other countries throughout Europe.

In Serbia, we anticipate that a special regulation (either through amendments to the existing Law on Obligations, as in Montenegro, or through the enactment of a separate law, as in Croatia) should mainly serve three purposes: (1) to stipulate a minimum of essential and mandatory provisions for the lease of business premises which cannot be amended by contract, in order to protect tenants who are sometimes effectively unable to negotiate terms of complex NNN leases; (2) to envisage an efficient mechanism for protecting landlords from tenants who do not pay rent, allowing easier enforcement of rent collection and eviction penalties (*e.g.*, explicitly stipulating a written, notarized, and enforceable form of the lease); and (3) where the parties have concluded a one-pager, to answer most questions and reduce legal uncertainty.

Ivan Gazdic, Head of Projects & Infrastructure, and
Igor Djordjevic, Associate, CMS Belgrade

POLAND

Perpetual Usufruct Right Becomes More and More Similar to Freehold



Iwona Huryn

With GDP growth for 2019 projected to be approximately 4%, the Polish economy remains strong, and the country's real estate sector continues to set new records. The low availability of housing, strong domestic consumption, and stable industry production have boosted the profitability of real estate investments. Demand

for land is high and developers compete fiercely for the shrinking number of attractive spots. In August 2019, a new law came into force which may make real properties held in a right of perpetual usufruct (RPU) more attractive than they used to be.

RPU is very similar to ownership, as the title holder (the perpetual usufructuary) has almost the same rights as the owner of the property. There are a few main differences: (i) the usufructuary's obligation to pay an annual fee to the owner, (ii) it is limited by time (usually 99 years); and (iii) the manners in which the land may be developed are restricted to those set out in the relevant instrument (whether administrative decision or agreement) that created the RPU. Before the appearance of the new law, this last difference was often problematic, as many RPU instruments were issued in the early 90s and restricted the permitted development to the manner of use at the time. As a result, there are many formerly industrial RPU properties allowed only to

be used for industrial purposes which are now located in areas zoned as residential or office. Such situations created risks for developers. First of all, amending the allowed-use RPU to match the zoning plans of indented developments required the consent of the owner – who could either refuse to grant it, or could demand an additional fee to do so. For example, the City of Warsaw used to ask for up to 12.5% of the land value for such modifications. Moreover, construction authorities sometimes refused to issue building permits, arguing that the intended development, even if in line with local zoning provisions, infringed the RPU's conditions.



Marcin Zak

The August 2019 amendment has created a more favorable situation for developers, as both the owner and the perpetual usufructuary may now request a change of the purpose of perpetual usufruct if there is a permanent change in the manner of use of the property stipulated in the decision or agreement. If the perpetual usufructuary submits such a request, the relevant authority must reply within two months. If the authority does not agree to change the purpose of perpetual usufruct or does not reply, the perpetual usufructuary may file a claim in the common court requesting that the court order the change of purpose. In addition, if a change in the purpose of perpetual usufruct reduces the applicable interest rate of the annual fee (for example, from 3% of the land value to 1% when the purpose of perpetual usufruct changes from office to residential), the parties will be able to set a one-off fee for the benefit of the property owner – but no more than twice the current annual fee for perpetual usufruct. This is a major change, as previously the issue of payment for alteration of the RPU agreement was not addressed. Therefore, owners are no longer entitled to force the perpetual usufructuaries to pay extra to be able to develop the land or to simply deny the modification of the RPU conditions.

The August 2019 amendment has created a more favorable situation for developers, as both the owner and the perpetual usufructuary may now request a change of the purpose of perpetual usufruct if there is a permanent change in the manner of use of the property stipulated in the decision or agreement. If the perpetual usufructuary submits such a request, the relevant authority must reply within two months. If the authority does not agree to change the purpose of perpetual usufruct or does not reply, the perpetual usufructuary may file a claim in the common court requesting that the court order the change of purpose. In addition, if a change in the purpose of perpetual usufruct reduces the applicable interest rate of the annual fee (for example, from 3% of the land value to 1% when the purpose of perpetual usufruct changes from office to residential), the parties will be able to set a one-off fee for the benefit of the property owner – but no more than twice the current annual fee for perpetual usufruct. This is a major change, as previously the issue of payment for alteration of the RPU agreement was not addressed. Therefore, owners are no longer entitled to force the perpetual usufructuaries to pay extra to be able to develop the land or to simply deny the modification of the RPU conditions.

The construction rules were also amended so that authorities are no longer entitled to refuse a building permit for investments contrary to the RPU's designated purposes. Thus the position of the perpetual usufructuary has also been strengthened in this respect.

The changes affecting RPU properties are designed to make RPU as ownership-like as possible, which may eventually lead to the liquidation of the RPU and the transformation of current RPU holders into owners. The new law makes many RPU properties more attractive as their development potential is enhanced and costs are limited.

Tomasz Stasiak, Partner, Iwona Huryn, Senior Associate, and Marcin Zak, Associate, Wolf Theiss Poland

SLOVAKIA

Apartments and Suites – Tearing City and Developers Apart



Silvia Hlavackova

In recent years, the Slovak Real Estate market has experienced significant growth thanks to extensive construction, especially in the capital, Bratislava. This is mainly due to the high demand for apartments, which is also reflected in their price.

The current zoning plan of Bratislava, which was adopted in 2007, stipulates the functional use of different city areas. In principle, apartments can be constructed in areas defined as residential, civic amenities, and mixed areas of housing and civic amenities. In residential areas, the share of housing must account for at least 70% of the total floor area. In the mixed areas of housing and civic amenities, the share of apartments cannot exceed 70%, and in areas of civic amenities the share of apartments must not exceed 30%.

Due to the lack of available land for housing development, developers look to extend the construction of residential buildings or multifunctional buildings with a prevalence of housing units for sale to such places where further housing development is not allowed. They try to do this without the need to amend the zoning plan.

Where You Cannot Build apartments, You Build Suites

Still more development projects use the layout of residential and non-residential premises only to pay lip service to the regulations. For example, in areas with civic amenities, developers design such projects so that only 30% of the area is made up of apartments and the rest is non-residential premises. However, most of these non-residential premises fulfill the function of civic amenities only formally. In fact, they are so-called “suites” – premises meant for temporary or seasonal housing.

The Slovak law differentiates between apartments, non-residential premises, and suites. While the former two are clearly

defined by the law and are usually not confused, a suite is situated somewhere in between. According to the law, a suite is a set of rooms intended for the accommodation of guests, to which the legislation imposes lower construction standards than for apartments, such as lower daylight for living rooms, higher noise limits, or a



Ondrej Skvarka

lower number of required parking spaces. This is because suites are designed for temporary or seasonal housing, and their primary purpose is a short-term stay. By including suites in a development project, even those parts of a building that do not comply with the statutory constructional or hygienic parameters required for apartments are made available for housing. Also, by applying these practices, developers introduce housing to areas where it is not permitted according to the zoning plan. Subsequently, these suites are sold to the customers in the same way as apartments.

From the point of view of the zoning plan, suites – formally being classified as non-residential premises – are not considered to be residential buildings, but civic amenities. Thus, some developers have managed to stay within the above-mentioned thresholds of housing in civic amenities areas or in mixed areas, although in fact they build and sell suites for housing. Because of mass construction Bratislava suffers from high population density, while the lack of real civic amenities such as kindergartens, sports facilities, and transport infrastructure is more and more noticeable.

New Governance, New Approach

In December 2018, the new City management declared its clear disapproval of construction which circumvents the zoning plan. The City of Bratislava has already issued several negative opinions refusing to recognize suites – which are *de facto* used as apartments – as civic amenities. In this way, the City insists on adherence to the approved zoning plan. The City does not intend to tolerate hiding apartments as suites and thus letting developers’ uncontrolled games with the zoning plan continue. At the same time, the City will insist that civic amenities for public benefit be constructed, depending on the needs of particular areas.

Also, the City is aware that, in certain areas, the threshold for civic amenities could be set at a lower rate, provided that this would comply with public interest. The new zoning plan should therefore reflect the needs of citizens and could also adjust the requirements for civic amenities. Taylor Wessing is the legal advisor of Bratislava’s new Mayor, and we understand and share this progressive approach.

Silvia Hlavackova, Partner, and Ondrej Skvarka, Associate,
Taylor Wessing Slovakia

TURKEY

The Rise of the Flexible Workplace



Birturk Aydin

The footprint of flexible workplaces (*i.e.*, co-working spaces) continues to expand as more and more global businesses embrace the modern workforce and the increasing options for work arrangements. Turkey has joined the flexible workplace trend.

Both global businesses and remote workers such as freelancers and start-up entrepreneurs find flexible workplaces attractive, as these spaces provide cost-efficiency, wider networking opportunities, and increased productivity.

Flexible workplaces afford global businesses the flexibility they need in the current dynamic economic climate. We are witnessing technological advancements moving at an unprecedented pace and transforming how and where work is done.

Nature of Flexible Workplace Agreements

As a co-working operation is a combination of lease, services, and even hospitality, there is no standard description for the agreements executed with the operators of such workplaces. In Turkey, operators refrain from defining these agreements as leases to avoid the mandatory lease provisions of the Turkish Code of Obligations No. 6098, which have a pro-tenant approach. Instead, operators usually attempt to classify their flexible workplace agreements as “membership contracts” or “service contracts,” and to describe the users/occupiers of a co-working site as “members” or “customers.”

However, users and occupiers can range from a single self-employed freelancer needing just a desk to an international company that requires a dedicated room or office space for a medium-to-longer term across multiple jurisdictions.

For example, for longer-term arrangements of dedicated spaces, users/occupiers seek membership/services contracts that (i) provide them with greater control of the space, and (ii) protect

their usage rights. Such contracts usually evolve into traditional lease agreements.

Application of the Lease Provisions of the Turkish Code of Obligations to Flexible Workplace Agreements



Kerem Kuscü

The Turkish Code of Obligations defines a lease agreement as an agreement whereby the lessor allows the lessee to use a specific property for a specific period and the lessee undertakes to pay a fee or rent in return. The flexible workplace concept is quite new in the Turkish market and is not regulated by any specific legislation.

As explained above, flexible workplace agreements have the nature of a mixed contract. The expectation and intention of both the operator and the user in entering into a flexible workplace agreement is different than a traditional lease agreement, since traditional lease agreements limit the parties’ flexibility.

Users without a dedicated space – such as individual self-employed freelancers – usually pay for access to the flexible workplace to benefit from the services provided by the operator (such as Internet, printer, kitchen facilities, meeting room, reception, *etc.*), while utilizing a free space (desk, chair, *etc.*) to work. As this type of arrangement does not meet the conditions described under the Turkish Code of Obligations, we believe that the users may not be protected by it. Instead, this arrangement is similar to “members club” or “gym” memberships.

However, where the operator allows the user/occupier to use a specific property for a specific period in return for a fee, as described under the Turkish Code of Obligations, it can be argued that flexible workplace arrangements offering a dedicated space may be deemed a lease agreement.

Considering these facts and the complexity of flexible workplace agreements, it is difficult to come to a decisive conclusion as to whether or not the flexible workplace agreements are subject to the lease provisions of the Turkish Code of Obligations.

The number of co-working spaces are increasing in Turkey, and global businesses prefer flexible workplaces over offices. As the application of the Turkish Code of Obligations is currently uncertain, the number of potential disputes arising from flexible workplace agreements may increase in the future. In the absence of specific regulations focused on co-working space arrangements, court precedent and scholars’ opinions will provide guidance on the interpretation of these agreements. Thus, time will show how users/occupiers’ usage rights, confidential information, trade secrets, data privacy, brands, and talent will be protected while operating in these shared environments.

Birturk Aydin, Partner, and Kerem Kuscü, Senior Associate,
Esin Attorney Partnership

LATVIA

New Chapter in Latvian Construction Law?



Dace Silava-Tomsone

The Baltic real estate and construction markets remain active, with a number of sizeable transactions completed during the first few months of 2019 and investment pouring into the development of infrastructure, commercial, and residential projects. For the past decade, the Estonian and Lithuanian real estate markets

have been more active than the Latvian market. Now, however, with Estonian and Lithuanian markets becoming more and more saturated, Latvia is attracting an increased amount of interest from developers and investors.

This increased activity is providing an additional push for streamlining the construction process to facilitate the absorption of investment and deliver more projects to the market. The long-awaited reforms of the construction law finally seem to be ready for launch. The Ministry of Economics, the institution responsible for construction policy in Latvia, has released draft laws which promise improvement in a number of aspects.

Diminishing Regulatory Control

In line with the decrease of regulatory control over construction that has become a trend across Europe, the proposed amendments to the Construction Law of Latvia narrow the scope of review of designs to be performed by public authorities supervising the construction processes (i.e., “construction boards”). Under these proposed amendments, construction boards will control the architectural quality of designs only to the extent required to preserve the landscape and urban environment and to ensure compliance with zoning requirements and requirements for the building’s location. The amendments aim to end a long-lasting discussion about whether construction boards are entitled (or even required) to review technical solutions. Going forward, overseeing compliance with building regulations and standards will be the exclusive responsibility of certified archi-

ects and engineers. The decreased regulatory control is expected to speed up construction processes, which can currently be significantly delayed by the need to obtain approvals (although in fact current construction board review is largely formal due to a lack of staff and competence).

Yet another innovation will be the introduction of the principle of “silence as acceptance.” Under this principle a construction board or other public authority that fails to issue a decision within the timeframe required by the construction laws will be deemed to have granted its approval for the intended activity. Likewise, owners of networks and roads who fail to coordinate the construction documents within the terms set by law will be deemed to have consented to the works within the protective zones of the relevant networks or roads.

Effective Insurance

Surprisingly, the hottest area of debate related to the improvements in construction regulations involves the division of liability. Although there is no doubt that each party must bear liability for its own mistakes, the industry found it difficult to reach a compromise on which party should bear the risk of third parties suffering damages or injuries as a result of accidents on the construction site.

It is well known that determining the cause of accidents may take years and involve significant expense. The current Latvian system, under which each participant of the construction process (designer, expert, contractor, supervisor, etc.) must carry its own third-party liability insurance policy, is not functioning, as no compensation is paid by insurers until the determination of the responsible party is concluded, and few third parties have the resources or the patience to wait. As a result, suits brought by third parties against all the construction participants involved (or at least against the deepest pocket) are common.

The solution of this problem lies in comprehensive insurance, covering all the participants of the construction process. Since there is no strict liability of building owners in Latvia, developers found it difficult to accept that they would be held liable for risks related to faults of their contractual parties. Eventually, a compromise seems to have been found: customers will be obliged to procure third-party liability insurance covering all the construction participants. Only if the customer fails to procure the insurance will it be liable towards a third party, up to the limit of mandatory insurance. It will be an additional cost for the customer, but it will end the search for the deep pocket – which most often is the developer itself.

If these legislative proposals are adopted by the end of 2019, another step forward will have been taken towards making the Latvian market more attractive for developers.

Dace Silava-Tomsone, Managing Partner, Cobalt Latvia

AUSTRIA

Airbnb in the Crosshairs



Arabella Eichinger

Tourism in Austria is booming. The capital, Vienna, has reported a 9.9% increase of overnight stays, to 7.94 million, in the period from January to June 2019, a new record. Demand for common rental platforms, such as Airbnb, has increased even more. For several years now, Austria's federal states, municipal administrations,

legislators, and competitors (in particular the hotel industry) have been kept busy with the business model of commercial short-term rentals.

Airbnb was created in San Francisco in 2007, when – allegedly – all hotels were fully booked due to a design conference in the city. The three founders had the idea of inflating a couple of air mattresses in their flat and inviting potential guests on a website to “Airbed and Breakfast.” This business idea went around the world, and Airbnb now offers more than five million accommodations in 191 countries and 81,000 cities.

Austria's Supreme Court first dealt with short-term rentals in residential buildings in 2011. Since then they have addressed the issue from various perspectives in several additional decisions. Austria aims to foster the protection of co-owners and co-tenants against commercial short-term rentals, which has far outgrown the occasional (sub)rental of private apartments to become a lucrative business model. Indeed, the majority of lessors listed on Airbnb offer considerably more than one apartment – in 2017, around 290 accommodations were offered by

only ten lessors in Vienna.

Regarding residential property law, the Austrian Supreme Court ruled (in a 2014 decision), that the rental of a condominium via an online platform such as Airbnb constitutes a change in the designated use of the condominium, which – unless already covered in the condominium contract – requires the express consent of all other condominium owners in the building or complex. If the Airbnb lessor does not obtain this consent, the other condominium owners may be entitled to obtain an injunction against him or her.

As for apartments, where subletting is not excluded contractually and the lease agreement is subject to Austrian tenancy law, a tenant may sublet his or her apartment. In a recent decision from 2018, however, the Austrian Supreme Court ruled that a lease agreement may be terminated by the lessor for cause if the tenant sublets his or her apartment at a price significantly higher than the rent (based on short-term comparison).

Some Austrian city administrations have also taken action: In 2018, the Viennese state parliament amended the Viennese building regulations to stipulate that short-term rentals may only be made outside of “residential zones” – areas self-designated by local authorities to preserve urban structure, urban development, and diversity, as well as (permanent) urban living space. Living space, particularly in inner-city areas, shall be preserved for the general public and shall not be permanently withdrawn through lucrative short-term rentals.

Last but not least, the Austrian Administrative Court has confirmed that Austrian trade law applies to Airbnb lessors – especially if they explicitly address tourists on the platform. Where more than ten guest beds are offered or services such as cleaning or the supply of laundry are provided in addition to the mere renting of dwellings, the trade regulations apply, and thus various trade or operating permits may be required in order to meet the protection requirements of guests (e.g., fire protection, escape routes). Airbnb providers must also pay all applicable local taxes – in Vienna, for example, local taxes amount to 3.2% of the assessment basis per person and accommodation. In accordance with the Vienna Tourism Promotion Act, operators of online platforms have also been obliged to transmit the relevant data in Vienna since 2017. We expect that other municipalities in Austria will follow this example.

All trends in Austria point towards stronger regulation of short-term rentals. This will likely satisfy competitors in the hotel industry, who are at a considerable competitive disadvantage. It will also satisfy co-owners and co-tenants, who suffer from inappropriate noise, pollution, and damage caused by short-term tenants. It remains to be seen how the Airbnb business model will evolve in the future under increasingly stringent conditions.

Arabella Eichinger, Partner, Schoenherr

CROATIA

Silver Cities – The Real Estate Implications of an Aging Population?



Ana-Marija Skoko

The world is getting older by the minute, and this is a fact.

According to data from *World Population Prospects 2019*, by 2050, one in six people in the world (16%) will be over age 65. The number of persons aged 80 years or over is projected to triple, from 143 million in 2019 to 426 million

in 2050. In the EU, the total cost of ageing (including public spending on pensions, health care, long-term care, education, and unemployment benefits) is expected to increase to 26.7% of GDP by 2070.

With advancements in medicine and healthier lifestyles, there are more people entering retirement age now than ever before. According to official reports across the board, the old-age dependency ratio has been on a rapid rise over the years, including in SEE.

The aging population is poised to become one of the most significant forms of social transformation in the twenty-first century. The rapid rise of average life expectancy will necessitate improvements in nearly all sectors of society and specifically shape the investment climate for autonomous senior housing solutions. Residential alternatives, including retirement living, will be on the rise. According to the recent CMS Study on Urban Living, 92% of real estate professionals expect demand for retirement living to increase over the next five years, making it the most popular residential asset.

As a result, there is now real momentum behind the senior housing sector. Supply is low and demographic factors – as per above – point to increasing demand. Businesses will be targeting third-generation people more and more, developing projects that offer not only tailored housing to senior members of the

society but comprehensive lifestyle support services.

From a legal point of view, it will be interesting to see how governments respond to this low supply/increased demand situation, especially as the SEE senior housing solutions market is still in early stages of development compared to similar markets in the United Kingdom and Holland, which are seen as pioneers in senior housing innovations.

Indeed, both the United Kingdom and Holland offer trailblazing solutions, recognizing that psychological and environmental factors significantly influence the quality of life of senior citizens.

Holland, for instance, has launched a number of pilot projects to address the psychology of aging. One such project allowed students to live rent free alongside elderly residents, in return for a commitment to spend a specified number of hours supporting their elderly neighbors. The project was intended to promote the relationship between the generations, while at the same time allowing the elderly to stay in the homes in which they have lived for years.

The United Kingdom's senior housing market is very diversified. Retirement villages have become popular, offering their residents a wide range of social and leisure facilities. Residents are able to live independently and maintain an active social life and access to additional learning in their golden years, while having access to home and personal care services.

Finally, both markets acknowledge the financial restrictions on affordable housing solutions. To address the issue, seniors are encouraged to make early retiring planning, while at the same time, steady pressure has been put on the government to increase spending to adjust for the rising aging population.

The demographic situation in Croatia is following the aging trend, as 19.72% of inhabitants are currently over the age of 65, and this percentage is increasing. At the same time, there are just over 160 nursing homes for a population of 4.1 million, and there is a substantial waiting list. Stay in nursing homes is still privately funded, with no subsidies available on a state level. The market is, however, slowly activating due to the increased demand for (alternative) housing solutions. We expect see an increasing number of options over the next decade that allow seniors to take care of themselves as independently as possible, to have a purpose, to live their lives as they want, capitalizing on the expected medical and technical advantages, while at the same time offering a range of options for pay-in participations and subsidies to lower the financial burden. Regardless of the path that this development takes, one thing is certain: the housing market needs to grow and develop now.

Ana-Marija Skoko, Partner, CMS Zagreb

ESTONIA

Case Law Developments Support the Commercial Real Estate Market



Aivar Taro

Estonia's commercial real estate sector is enjoying steady growth in practically all segments, with the construction of numerous new office buildings, logistics centers, hotels, and industrial buildings. Even though the majority of transactions are still being made by local property funds, there is an increasing inflow of

foreign capital looking for decent returns in a stable environment. One critical aspect facilitating foreign investments into Estonia's property market is the favorable legal environment.

First, it is worth pointing out that Estonia uses the so-called strong land register principle, which means that individuals can rely on data in the Land Register. Buyers of real property can rely on the register's identification of the owner of a real property, without the need to trace all historical transactions involving the property. A buyer can also rely on the absence of encumbrances (*e.g.* mortgages, servitudes) on the property, unless they are registered in the Land Register. Coupled with very low transaction fees, this makes acquiring real property in Estonia straightforward and cost-effective.

When buying commercial real estate, buyers are primarily interested in steady cash flow deriving from leases. It is therefore

critical that term leases are indeed enforceable for the whole term of the agreement. In this respect, Estonian court practice has been favorable towards landlords. The Supreme Court has confirmed that a tenant may not easily exit a lease agreement concluded for a fixed term. Tenants may terminate a lease agreement prematurely under certain specific circumstances — such as a lay-off or the need for more space — but in such cases landlords are entitled to full compensation for their loss.

Tenants who simply do not need the premises any more and would like to terminate the lease agreement may do so only with their landlord's consent. If the tenant simply walks away, the landlord may keep the lease agreement alive, in which case the tenant would still be liable for full payment of the rent and accessory expenses.

Where the tenant is in material breach of the lease agreement and the landlord terminates the lease agreement due to the breach, the landlord is again entitled to full compensation for loss. Significantly, the parties cannot agree in advance in the lease agreement on a penalty to be payable by the tenant upon termination of the lease. According to court practice, such agreement is null and void. This means that a landlord can not rely on a liquidated damages provision, but has to prove damages.

The landlord's loss to be compensated by the tenant would normally include the loss of rental income during the period when the premises are vacant and, where a new tenant pays a lower rent, the difference until expiry of the originally-intended lease term. Of course, the landlord is under an obligation to mitigate losses where possible — for example by making efforts to find a new tenant on market terms. According to a recent decision, landlords who sell their properties after termination of a lease at a price that is lower due to the vacancy may also be entitled to compensation by the tenant.

Estonian law establishes an automatic pledge of the landlord over all assets situated in the leased premises. The Supreme Court has ruled that the pledge extends also to third party property in the leased premises, unless third party rights were communicated to the landlord in time. Depending on the nature of the business of the tenant, this statutory pledge may provide a significant additional collateral for the landlord.

All in all, it can be concluded that Estonian real estate-related legislation and case law supports a healthy and reliable property market. Coupled with steady economic growth and an innovation-driven society, this makes the Estonian property market an attractive destination for foreign capital.

Aivar Taro, Partner, Cobalt Estonia

MONTENEGRO

Mortgage Extension with Special Reference to the Montenegrin Supreme Court's Legal Position



Ana Lukovic

Claims from Loan Agreements are generally secured by establishing a mortgage over a certain property on the basis of a Mortgage Agreement or a Pledge Statement.

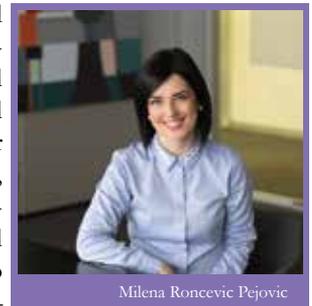
Establishing a mortgage over the land for the purpose of securing a contractual claim for land on which an object will be constructed in the future represents a scenario that often occurs in practice. In these cases, the mortgage debtor often argues that the mortgage does not extend to the object, once it is constructed, while the mortgagee creditor often argues the opposite.

Competent Montenegrin courts took different approaches on this question, resulting in frequent reversals on appeal and cases being returned for retrial, until the Montenegrin Supreme Court issued a final ruling on the issue of mortgage extensiveness, giving guidance to lower courts.

According to the Supreme Court of Montenegro, if a mortgage is established on land on which an object or objects is/are subsequently constructed, even though the mortgage is not registered on those objects with the competent authority, the mortgage will extend to the newly-built objects. That means an established mortgage on the land extends to objects which are built on that land, in accordance with Art. 309 para. 2 of Montenegro's Law on Ownership Rights. If the value of the land increases for the duration of the mortgage, the mortgage also

applies to the improvement of the land.

Mortgage extension is the legal principle by which a mortgage extends to all improvements on and increases in the value of the land (or property in general) that occur after the mortgage is established, such as adaptations, upgrades, reconstructions, new plantings, and so on. The mortgage is related to the property and not to the person, so that where there is a change of ownership on the mortgage-burdened property, the mortgage continues to exist for the new property owner as well, since the same property represents the legal instrument for the initially-secured debt.



Milena Roncevic Pejovic

An ownership right to the land under the object cannot exist separately from the ownership rights to the object itself, so after the construction of the object and its appertaining geodetic registration, the mortgage extends to the object (and all of its parts), in accordance with the principle of mortgage extension.

A mortgage on a newly-built object is established by law, and any decision of the competent authority on mortgage registration has only declaratory significance, since it defines an already-existing legal situation. In essence, in the event of a dispute over the determination of the mortgage extension, the court would only be required to determine whether the mortgage exists in accordance with Article 309 para. 2 of the Law on Ownership Rights, and not whether mortgage was registered in the Land Registry. As, by definition, objects that are erected on land after a mortgage is registered could not have been included in that mortgage agreement, the value of the property is improved through the construction of new objects, and the mortgage is automatically transferred to all improvements of property.

To accept the opposite view – that a mortgage established on land does not extend to subsequently-constructed buildings on that land – would lead to an undermining of the legal (as well as economic) interests of the mortgage creditor, who, in accordance with the principle of mortgage extension, claims the right to establish a mortgage as an instrument of security over the newly-constructed object.

To conclude, in Montenegro, where land on which an object is constructed is burdened by mortgage, that mortgage extends to objects that are subsequently constructed on the land and registered in the Land Registry.

Ana Lukovic, Head of Real Estate, and Milena Roncevic Pejovic, Head of Montenegro Practice, independent attorneys at law in cooperation with Karanovic & Partners

SLOVENIA

Bridging the Gap to Get the Deal Done



Blaz Ogorevc

The recent upturn of the Slovenian real estate market has yielded a raft of new logistics projects and residential developments, as well as substantially increasing the scope and number of retail real estate transactions. A significant share of Slovenian retail properties changed hands, mostly as a consequence of the financial

or organizational restructuring of the previous holders. This opened the market to both institutional and strategic investors.

Acquisition of a large real estate portfolio is complex, as it usually entails not only the asset transfer, but also significant negotiations with the financing parties and the holders of any existing security over the assets. Sometimes, the creation and/or termination of a trust structure or finance lease over the assets is required, and since Slovenia is a small market, usually at least one of the creditors is based abroad. Such deals typically involve many parties, each coming from diametrically different commercial and legal starting points.

These diverse starting positions require a considered legal approach to ensure the simultaneous fulfilment of each party's obligations, including securing the transfer of the assets, paying the purchase price, providing fresh security over the assets to the banks financing the acquisition, and releasing any existing security. Such security can only be fully released once the purchase payment has been made, and the existing financing in turn repaid.

In real estate asset deals, various rules and mechanisms provided by the land registry laws enable the aforementioned approach to work. Typically, buyers and their banks can rely on: (a) a first come - first registered principle, (b) the publication of unresolved filings by way of annotation, and (c) the possibility of pre-securing the rank of transfer. Combined with the escrow services of notaries, such mechanisms also provide comfort to the sellers and their banks that the deal can be structured and completed in a safe-yet-streamlined manner.

Recently, however, a new challenge has arisen from some foreign financing banks. These banks have, in some cases, required that their primary security – the mortgage – be fully registered with the land registry as a condition precedent to drawing the loan. This deviates from past practice and from the current practice of Slovenian banks, where an annotation to the register evidencing that a filing has taken place is usually adequate. This new requirement results in a *Catch-22* situation: if the seller will not transfer the title prior to receiving the purchase price, then the buyer will be unable to mortgage the asset, in which case the financing bank will not release the loan necessary for the buyer to make the purchase.

Sometimes sellers are themselves willing to mortgage the assets prior to the title transfer. However, sellers are often reluctant to agree to such a structure or, if they do agree, may still demand an indemnity from the buyer or even the bank. In certain situations, this approach may have a negative impact on timing, where, for example, prior pending registrations delay the registration of the mortgage and, consequently, the title.

Another alternative is to adopt a more traditional approach, placing the purchase price in notary escrow, and relying on annotations of filings to transfer title and the purchase price, while the buyer additionally procures an insurance policy in the form of “gap” coverage, insuring themselves and the financing bank until the completion of mandatory registrations. This solution is costlier and requires additional legal work and negotiation, but the availability of gap insurance products can be decisive in getting the deal through.

In my personal experience, both of these solutions are effective. However, consideration should be given as to whether either is, in fact, required in any given transaction. This is especially so if the banks' new requirements arise from mistrust of the counterparties or even of Slovenian courts and officials. While in certain deals this approach may pass a cost-benefit test and could provide some additional comfort, in my view parties most deals would be better served by showing more trust in the Slovenian legal system and its well-established market practice. An experienced and practical lawyer will provide both robust legal advice and the strong foundations for such trust.

Blaz Ogorevc, Partner, Selih & Partnerji Law Firm

THE CONFIDENT COUNSEL: ESCAPE FROM REVERSE- DELEGATION LAND

In our new The Confident Counsel feature, prominent CEE law firm consultant Aaron Muhly will share his thoughts and suggestions on ways lawyers in the region can communicate more effectively, and more profitably, to clients, colleagues, and peers.



Have you ever delegated a writing assignment to a colleague, but when you received his work-product, it was so awful that you completely rewrote it? The fancy word for this is reverse-delegation, and it's not good.

When you allow your colleagues to re-delegate work to you, you are acting like a CEO who happily accepts a mop from the cleaning staff and starts wiping the floors. You are not fulfilling the supervisory role expected by your firm's management, and more importantly, you risk upsetting clients by billing for junior work at an inflated rate.

There are ways, however, to escape the nightmare of reverse-delegation, by providing feedback that delivers long-term results.

Beware the Red Pen

You don't always rewrite the work of your colleagues. Instead, you probably sometimes engage in the "Red Pen Method."

I had the pleasure of experiencing this method while working as a law firm associate in Chicago. For every writing assignment, I had to provide my supervising partner with a printed-out draft. He would take his red pen and cover my drafts with so many comments and corrections that the paper looked like it came from a crime scene. After he was done, he would toss the paper on my desk and gently remind me "not to be such a jerk to his clients."

Although you can use this method to help your colleagues fix the problems in current writing assignments, this method isn't very effective for avoiding problems in future assignments. Imagine that you are an associate receiving a draft email covered in red. You will see that you have some problems to fix, but you probably can't see which of these problems are the most important (*i.e.* the problems that you should focus on in future assignments). As a result, you are likely to re-commit the same major mistakes next time.

To avoid this trap, go beyond the red pen and focus your colleagues' attention on the most important problems in their writing. In other words, sit down with them and point out the specific mistakes driving you crazy. This sounds time-consuming, but in the long run it's more efficient than doing their work for them.

Choose Mistakes with Solutions

When you pick a mistake, make sure you can provide a practical solution. Supervisors often provide ambiguous and unhelpful solutions to recurring mistakes. For example, have you ever told your colleague that her sentence is too complex? Al-

though your comment might be correct, when she goes back to her desk, how exactly should she solve this problem?

Let me demonstrate how to provide a more practical solution. Read the following text:

If there are creditors' claims reported within the 40-day period following the publication of the commencement of the liquidation in the Company Gazette, the Opening Balance Sheet must be adjusted accordingly (the "Adjusted Opening Balance Sheet"). New receivables and liabilities, deferrals, valuation reserves, provisions, write downs, adjustments and extraordinary depreciation may also be accounted for in the Adjusted Opening Balance Sheet.

Although you had little problem reading the first sentence in that passage, you didn't feel good about the second sentence (e.g., you felt lost). With English writing, readers typically get confused if you start your sentence with new or unfamiliar information. To correct this, try starting the second sentence with something familiar, such as an important actor or some words from the previous sentence. If applied to the example above, that leads to this:

If there are creditors' claims reported within the 40-day period following the publication of the commencement of the liquidation in the Company Gazette, the Opening Balance Sheet must be adjusted accordingly

(the "Adjusted Opening Balance Sheet"). The Adjusted Opening Balance Sheet may also account for new receivables and liabilities, deferrals, valuation reserves, provisions, write downs, adjustments and extraordinary depreciation.

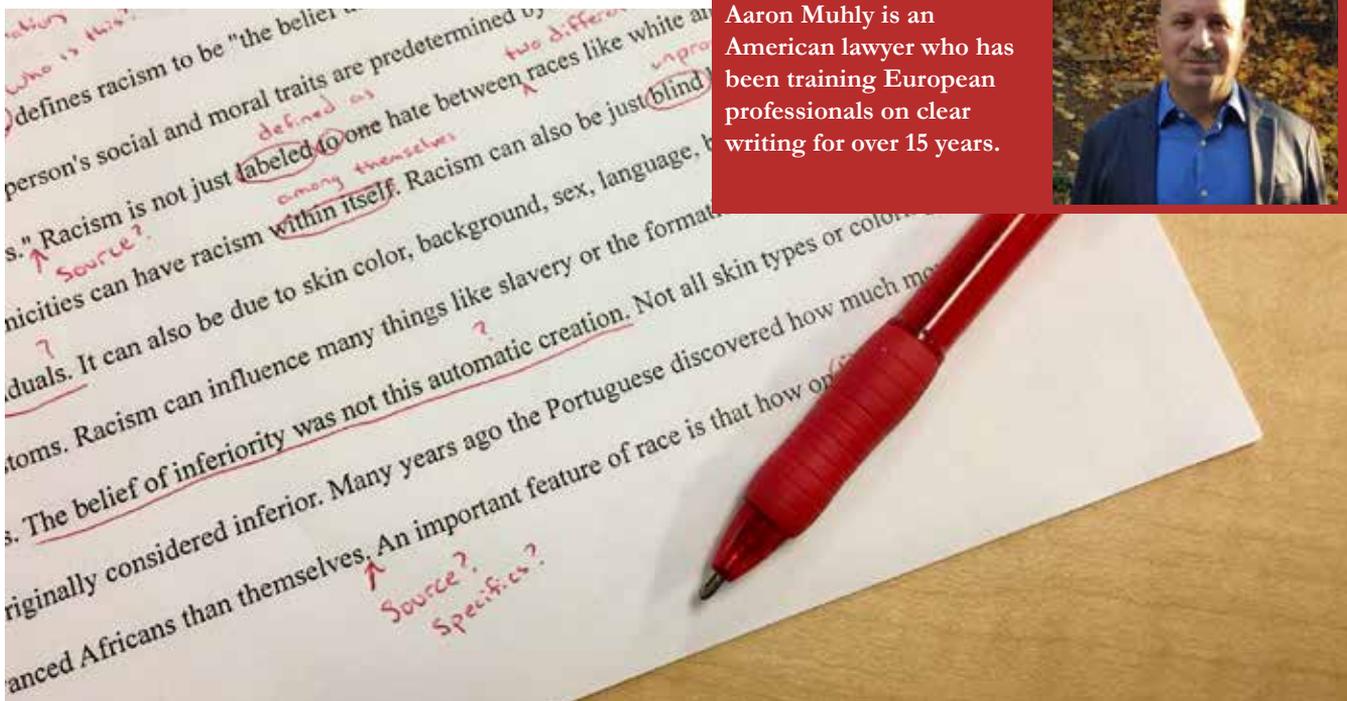
Much better.

Give a Roadmap

Once you help your colleagues understand their major problems and solutions, you want to ensure that they will follow your advice back at their desks. For this reason, give them a roadmap that tells them what to do, step-by-step. For example, tell them, before they push the button to send you a draft email, to take five minutes and do the following:

Identification: For each sentence, underline the words up to your first verb. Did you underline information that is *familiar* to your reader (*i.e.*, an important actor or words that you discussed in the previous sentence)?

Solution: If your answer is no, do the following: If you are using the *passive voice*, try using the *active voice* to place an important actor at the beginning. If you can't get an important actor in the beginning, search for the words in your sentence that *link back* to the previous sentence (*i.e.*, words you used in the previous sentence). Restructure your sentence to move these words to the beginning.



Aaron Muhly is an American lawyer who has been training European professionals on clear writing for over 15 years.

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