



CEE

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# LEGAL MATTERS

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



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# EDITORIAL: PAST IS NOT PROLOGUE – THE OPPORTUNITY OF COVID-19

By David Stuckey

Many of you know I play a lot of tennis. I had always played occasionally, but it was when I moved to Prague the second time, in 2014, that what had been an occasional diversion turned into something close to a passion. In Prague, I found myself playing, for much of the year, four or five or sometimes even six days a week, and even though that calmed down to twice a week when I moved back to Budapest in 2017, it has, in recent years, picked back up.

You would think that so much playing would lead to a fairly steady improvement in my game, and of course to some extent it has. But it's also made me aware of a strange and surprising phenomenon: when you do something every day, improvement can start to level off.

Muscle memory develops, certainly, and it is helpful to be able to return to the court quickly after a loss or bad performance to replace that memory with something more pleasant. But that very same muscle memory can be a problem, as little ticks or unfortunate flaws can, if you're not careful, be drilled into your game, and before you're aware of it, you're doing something counter-productive all the time, without thinking about it.

Taking some time off, counterintuitively, can lead to huge leaps forward. I've noticed, when I've been forced by injury or travel to spend a few weeks away from the court, that not only have I not lost much from the break, but I find myself moving forward, with my skills quickly improving well past where I was when I left off, until I settle into a routine again, and that improvement plateaus.

In other words, it's hard, when your head is down and your thoughts are focused on the making the next shot and winning the next point, it can be difficult to step back, look up, and grasp the big picture.

This phenomenon is hardly limited to the tennis court, of course. I've had similar experiences with language learning, cooking, and even time with friends. A distance, a break, a stepping-back, often allows us to take a breath, see things

from a different perspective, and think about what we want to do. Once we've left habit behind, we can replace it with strategy. And, rested, we bring new energies to what had become a slog.

The analogy to the legal industry is pretty clear, obviously. Everything we're hearing suggests that the Covid-related disruption of the normal course of business of law firms, in-house legal departments, and the courts has, in fact, significantly expedited the improvements in relevant technology, process-digitalization, and considerations of office space, tele-commuting, and other forms of human resources management. A process that was happening steadily, but slowly, was given a shot of nitrous oxide.

And everyone's talking about it. Courts have made filings easier and facilitated remote and on-line hearings, saving time for everyone involved. Office space can theoretically be shared (and thus shrunk), with people – especially those ever-pesky “younger generation” lawyers, demanding their “work-life balance”) – allowed to work from home much more than ever before. Online tools and case management systems are standardizing processes and speeding up the work – saving clients money. People were making those changes before, of course. The industry is always changing, slowly, carefully. But now, as things (oh so slowly) look like they'll be getting back to normal before too long, we can start to think about what we *want* “normal” to look like. We're not tied to bad habits. We're not limited to doing what we did before.

I know CEE Legal Matters has taken the opportunity to step back and create a plan, going forward, for what practices should be resumed and which abandoned. I trust you're all doing the same. I, for one, look forward to seeing what this industry looks like a year from now – and I look forward to seeing which firms have been most aggressive in embracing the opportunity.

And if I could develop a freaking back-hand too, even better. ■



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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: [press@ceelm.com](mailto:press@ceelm.com)

# GUEST EDITORIAL: THOUGHTS ON RECRUITING LAWYERS TODAY

By Agnieszka Pytlas, Managing Partner, Penteris



While reading an article from the Nov/Dec 2020 issue of the *Harvard Business Review*, I had the distinct impression that someone had read my mind. The article dealt with a study conducted by Christine Exley and Judd Kessler on the subject of self-promotion among men and women, which the researchers believed to be an understudied behavior that could have important implications for labor market outcomes.

According to the research, which involved over 4,000 participants, whenever asked to evaluate their own performance – whether in the course of recruitment or during annual development discussions – women consistently assess themselves 33% *harsber* than men. This finding held true across several experiments, showing that women’s self-evaluations were significantly lower than those of equally capable men, irrespective of actual test results.

## Mind the (Gender) Gap

The test results as such were of little interest to the researchers since, as they remarked on multiple occasions, the participants were equally matched. Instead, the study was meant to examine the *subjective* evaluation of those results by men and women.

The participants were judged on three aspects: (1) *confidence*, or how many questions they thought they answered correctly; (2) *performance*, or how well they actually did on the test; and (3) *self-promotion*, gauged by their answers to subjective questions about their abilities (for instance, the extent to which they agreed with the statement “I performed well on the test”). The researchers found that women invariably underestimated their own performance, while equally performing men did the exact opposite, thus creating a gender gap.

The researchers struggled to provide a clear-cut explanation for their findings. However, during the research itself, they took great pains to eliminate incentives to exaggerate performance (with the gender gap persisting whether or not the participants were told that their self-evaluations would be disclosed to a prospective employer). Bizarrely enough, the female participants – unlike their male counterparts – tended to underestimate their results even after being informed of their absolute and relative performance and once all financial consequences of such self-evaluations had been eliminated. On the

other hand, the gap disappeared the moment the participants were asked to evaluate anyone other than themselves, suggesting that it is specifically driven by self-evaluation.

## Change the System (or the Women)?

As one might expect, the researchers concluded that since self-evaluation could be distorted by gender bias, people making recruitment decisions or choosing whom to promote should ignore them in favor of more objective performance metrics. The researchers believe that, regardless of how it sounds, the most effective approach would be to “change the system” rather than “change the women,” possibly by decreasing the importance of self-evaluation in education and at work.

Having reviewed the researchers’ findings, it would be – objectively speaking – difficult to disagree with their recommendations. On the other hand, their conclusions arguably boil down to stating that whatever the candidate thinks of her own performance is of secondary importance since, as a rule, she will downplay her achievements relative to an equally capable colleague. This approach seems particularly perverse, if not downright derogatory, from the perspective of women striving to advance their careers and working hard to ensure equal treatment when it comes to hiring decisions and opportunities for promotion.

## Take the Initiative

I have conducted many job interviews that felt like a live version of this very experiment. Quite a number might not have happened at all because the candidate had felt so unprepared for the challenge that she had considered withdrawing her application or not applying in the first place – something unheard of among male colleagues. If asked to interview two candidates with similar background for the same position, it is a safe bet that the female candidate will focus on her supposed inadequacies, while her male colleague will not breathe a word of his own shortcomings.

As a lawyer and managing partner, simultaneously refusing to accept the *status quo* and very much aware of the fact that I have a lot of work to do in this regard myself, I would nevertheless suggest that “changing the women” is a better solution and that female candidates would do well to take the results of Exley and Kessler’s research to heart and learn from it by showing more initiative and taking the matter of their self-evaluation and self-promotion into their own hands. ■

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# ACROSS THE WIRE:

## DEALS SUMMARY

Date covered	Firms Involved	Deal/Litigation	Value	Country
16-Feb	BPV Huegel; EY Law; Gattai, Minoli, Agostinelli & Partners; Pelzmann Gall Gross	BPV Huegel advised the Irish Zeus Packaging Group on the acquisition of Austrian-based food packaging company Petruzalek from Italian investment holding company Italmobiliare. Gattai, Minoli, Agostinelli & Partners and Pelzmann Gall Gross – the Austrian office of EY Law – advised the sellers on the transaction.	N/A	Austria
17-Feb	Binder Groesswang; Schoenherr	Schoenherr advised Linz-based start-up Storyblok on its EUR 7 million Series A financing round. Mubadala Capital, the state investment company of the United Arab Emirates, participated in the current financing round, as did existing investors 3VC and Firstminute Capital, Binder Groesswang advised Mubadala Capital on the deal.	EUR 7 million	Austria
23-Feb	Binder Groesswang; PRK Partners	PRK Partners, working with Binder Groesswang, helped American restaurant chain Five Guys open its first restaurant in Vienna.	N/A	Austria
24-Feb	GSK Stockmann; Hogan Lovells	Hogan Lovells advised the HR Group hotel operating company on its acquisition of a hotel portfolio from the Vienna House Group, which was advised by GSK Stockmann.	N/A	Austria
26-Feb	Eisenberger & Herzog; KPMG Law	E+H advised Australian graphic design platform Canva on the acquisition of all of the shares of Austrian visual AI startup Kaleido AI GmbH. KPMG Law advised Kaleido AI and its founders on the deal.	N/A	Austria
4-Mar	Binder Groesswang; Wolf Theiss	Wolf Theiss advised the owners of the Janus Group, a Vienna-based provider of cleaning services in the hospital sector, on the sale of the company to Germany's Dussmann Group. Binder Groesswang advised the buyer on the deal.	N/A	Austria
4-Mar	CMS; Taylor Wessing	CMS advised US-based thermal management technology developer Modine Manufacturing Company on the sale of its Europe-based air-cooled automotive business to Austria's Schmid Metall GmbH. Taylor Wessing advised the buyer.	N/A	Austria
5-Mar	Brandl Talos; Herbst Kinsky	Brandl Talos advised Btov Partners on its EUR 1 million investment in Vienna-based startup Visplora. Herbst Kinsky advised Visplora on the deal.	EUR 1 million	Austria
9-Mar	Cerha Hempel; Hogan Lovells; Linklaters	Cerha Hempel advised payment and transaction services provider Worldline and its Luxembourg-based subsidiary Six Payment Services on the contribution of its merchant services business in Austria to PayOne, a joint venture of the Ingenico Group and Deutscher Sparkassen. Linklaters advised Worldline in Germany and Luxembourg and Hogan Lovells advised Deutsche Sparkassen and PayOne.	N/A	Austria
10-Mar	Schoenherr; Wolf Theiss	Schoenherr advised joint lead managers DekaBank, DZ Bank, Erste Group, Raiffeisen Bank International, and UniCredit on the successful issue of covered notes by Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung. Wolf Theiss advised Raiffeisenlandesbank Vorarlberg on the issue.	EUR 300 million	Austria

Date covered	Firms Involved	Deal/Litigation	Value	Country
1-Mar	Binder Groesswang; Dentons; Glimstedt	Dentons advised Kommunalkredit Austria AG on its provision of a EUR 23 senior term loan to Green Genius in Lithuania. Binder Groesswang and Glimstedt advised Kommunalkredit in Austria and Lithuania, respectively.	EUR 23 million	Austria; Lithuania; Poland
16-Feb	Dentons; Kirkland & Ellis; Stelios Americanos	Dentons and Cyprus-based Stelios Americanos advised Zubr Capital on the sale by it and the EBRD of Targetprocess to tech business management solutions provider Apptio. Kirkland & Ellis advised Apptio on the deal.	N/A	Belarus
8-Mar	Grata International	Grata International advised Multigroup Trade on the acquisition of Brestskoe Pivo, a Belarusian producer of alcoholic beverages.	EUR 2.5 million	Belarus
19-Feb	Zaiwalla & Co	Zaiwalla & Co helped Bulgarian gas distributor Overgas Group reach a settlement in a dispute with Russia's Gazprom.	USD 105 million	Bulgaria
5-Mar	Djingov, Gouginski, Kyutchukov & Velichkov; Hogan Lovells; Schoenherr	Schoenherr advised Germany's Osram GmbH on the sale of its Bulgarian business to the Sanmina Corporation. Hogan Lovells and Djingov, Gouginski, Kyutchukov & Velichkov advised Sanmina on the deal.	N/A	Bulgaria
8-Mar	Kinstellar	Kinstellar advised the KBC Group N.V. and its Bulgarian subsidiary DZI-Life Insurance EAD on their successful EUR 77.7 million bid for NN's Bulgarian pension and life insurance businesses.	EUR 77.7 million	Bulgaria
23-Feb	Divjak Topic Bahtijarevic & Krka	Divjak, Topic, Bahtijarevic & Krka advised Hungarian financial enterprise Bohemian Financing and Topaz Zagreb on the mandatory public offer of shares of Croatian tourist company Hoteli Jadran.	N/A	Croatia
3-Mar	Marohnic Tomek & Gjoic	Marohnic Tomek and Gjoic advised both Day One Capital and Orqa Holding Limited on the former's EUR 1.3 million investment in the latter.	EUR 1.3 million	Croatia
11-Mar	Deloitte Legal (Krehic & Partners); Vukmir & Associates	Krehic & Partners in cooperation with Deloitte Legal helped OMV-Indoil form a strategic partnership with AVK International through the sale of shares. Vukmir & Associates advised AVK International on the deal.	N/A	Croatia
16-Feb	Kinstellar	Kinstellar helped the Czech Banking Credit Bureau with an audit of its personal data processing activities, which the bureau was carrying out as the data processor of the Client Information Bank Register.	N/A	Czech Republic
17-Feb	Glatzova & Co	Glatzova & Co. helped Natland Bonds set up a bond program with the maximum nominal value of issued and outstanding bonds of CZK 1 billion.	CZK 1 billion	Czech Republic
19-Feb	Allen & Overy	Allen & Overy advised the Ball Corporation on its acquisition of land for the planned EUR 170 million construction of a manufacturing plant in the Borske Terasy industrial park in Pilsen.	N/A	Czech Republic
23-Feb	Havel & Partners	Havel & Partners advised D&FG Sumava I s.r.o. on the development and subsequent sale of three buildings of the Sumavske Strane Project to over 70 individual buyers.	CZK 220 million	Czech Republic
23-Feb	Allen & Overy; Nordbruis Clement	Allen & Overy advised W.A.G. Payment Solutions on an unspecified investment in Netherlands-based Last Mile Solutions. Nordbruis Clement advised Last Mile Solutions.	N/A	Czech Republic
23-Feb	Schoenherr; Tarpan Legal	Schoenherr advised Raiffeisen Bank International AG and Raiffeisenbank a.s. on the acquisition of Akcenta CZ a.s., a CEE/SEE provider of FX and payment services to European SMEs and high net worth individuals, from Akcenta Group SE and Milan Lacina. Tarpan Legal advised the sellers on the transaction.	N/A	Czech Republic
26-Feb	Marek Hoskovec; Kocian Solc Balastik	Kocian Solc Balastik advised Solitea, which develops business, accounting, and personnel systems, on the acquisition of the IT Services division of Czech company AspectWorks. Solo practitioner Marek Hoskovec advised the sellers on the deal.	N/A	Czech Republic

Date covered	Firms Involved	Deal/Litigation	Value	Country
1-Mar	De Brauw Blackstone Westbroek; White & Case	White & Case advised CTP B.V. on the latest drawdown of EUR 500 million 0.750% green bonds due 2027 under the Euro Medium Term Note Program, which are admitted to trading on the Global Exchange Market of Euronext Dublin. De Brauw Blackstone Westbroek advised CTP as to Dutch law matter.	N/A	Czech Republic
4-Mar	Glatzova & Co	Glatzova & Co helped Winstor Investicni Spolecnost, a manager and administrator of investment funds, get its investment operating license extended by the Central Bank of the Czech Republic.	N/A	Czech Republic
5-Mar	Kinstellar; Simkova & Partneri	Kinstellar advised EAG on its acquisition of Cebia. Simkova & Partneri advised the unnamed seller on the deal.	N/A	Czech Republic
9-Mar	CMS; Pierstone; White & Case	CMS advised Partech, the EBRD, Quadrille Capital, and the J&T Bank on a EUR 190 million Series B investment in the Rohlik Group. Index Ventures, R2G, and Enern also participated in the investment round. Pierstone advised Index Ventures and White & Case advised the Rohlik Group.	EUR 190 million	Czech Republic
11-Mar	Kinstellar; Linklaters; Uria Menendez; Weil, Gotshal & Manges	Kinstellar's Prague office, working with Linklaters, successfully advised the Carlyle Group on the sale of the majority stake in Logoplaste to the Ontario Teachers' Pension Plan Board. Weil, Gotshal & Manges and Uria Menendez advised the buyer.	N/A	Czech Republic
12-Mar	Kinstellar; White & Case	Kinstellar advised Czech sporting goods retail chain Sportisimo on its lease of a warehouse in Ostrava from Contera. White & Case reportedly advised the lessor on the deal.	N/A	Czech Republic
12-Mar	Havel & Partners; Rakovsky & Partners	Havel & Partners advised Moravia Containers on its acquisition of Contimade. Rakovsky & Partners advised the sellers on the deal.	N/A	Czech Republic
12-Mar	Havel & Partners	Havel & Partners advised Gi International on its acquisition of Work Service Czech and Work Service Slovakia.	N/A	Czech Republic; Slovakia
18-Feb	Sorainen	Sorainen advised Finnish state-owned company Vapo on the sale of its Nevel subsidiary to French private investment company Ardian.	N/A	Estonia
26-Feb	Blessner; Sorainen	Sorainen advised Skoda on its agreement to sell six trains to Eesti Liinirongid with an additional option to buy ten more in coming years. Eesti Liinirongid was advised on the procurement process by Blessner.	EUR 55.2 Million	Estonia
4-Mar	Ellex (Raidla); Sheridans	Ellex Raidla advised the Atomico investment firm on its participation in Katana's USD 11 million series A funding round.	EUR 11 million	Estonia
4-Mar	Rask; Sorainen	Sorainen advised BaltCap on its acquisition of Ridango, an Estonia-based provider of public transport services, from LipCap. Rask advised the seller on the deal.	N/A	Estonia
5-Mar	Cobalt	Cobalt advised technology-oriented venture capital fund Earlybird Digital East Fund on its provision of EUR 1.5 million in seed funding into Binalyze, a provider of advanced digital forensics and incident response solutions.	EUR 1.5 million	Estonia
8-Mar	Lextal (Ilv)	Lextal advised the unidentified owners of Raunistal on the sale of the company to Estonian-state-owned renewable energy company Enefit Green.	N/A	Estonia
9-Mar	TGS Baltic	TGS Baltic successfully represented Eesti Post in a proceeding before Estonia's Competition Authority initiated by direct marketing company Target Master.	N/A	Estonia
10-Mar	Eversheds Sutherland	Eversheds Sutherland helped IPF Digital AS obtain an e-money institution authorization, which allows it to issue e-money and provide payment services.	N/A	Estonia
11-Mar	Sorainen	Sorainen advised Japanese trading and investment business conglomerate Marubeni on an unspecified investment in Estonian energy storage technology developer Skeleton Technologies.	N/A	Estonia

Date covered	Firms Involved	Deal/Litigation	Value	Country
11-Mar	Sorainen	Sorainen helped Bolt obtain a EUR 20 million investment from the International Finance Corporation.	EUR 20 million	Estonia
12-Mar	Ellex (Raidla); Sorainen	Sorainen advised Mehilainen, a healthcare and social services provider in Finland, on the acquisition of occupational healthcare provider Qvalitas Arstikeskus and dental care chain Unimed Grupp from BaltCap. Ellex Raidla advised BaltCap on the deal, which remains contingent on regulatory approval.	N/A	Estonia
12-Mar	Sorainen	Sorainen helped to establish the Green Tiger Foundation in Estonia, a collaboration platform designed to boost environmental awareness and create a basis for a green economy.	N/A	Estonia
15-Mar	Ellex (Raidla); LLH Law	Ellex Raidla advised Estonia's Elektrilevi on its acquisition of the Imatra Elekter energy services provider from Imatran Seudun Sahko. Finland's LLH Law advised the sellers on the deal.	N/A	Estonia
17-Feb	Cobalt	Cobalt helped Swedbank with its internal restructuring in the Baltics, as a result of which the bank's existing subsidiaries in Estonia, Latvia, and Lithuania will continue under the ownership of the bank's new subsidiary, Swedbank AB.	N/A	Estonia; Latvia; Lithuania
24-Feb	Sorainen	Sorainen advised Fenner Dunlop, a part of the Michelin Group, on its acquisition of Technobalt Estonia.	N/A	Estonia; Latvia; Lithuania
5-Mar	Cobalt; Sorainen	Cobalt advised venture capital fund Karma Ventures on its follow-on investment in Vilnius-based CGTrader, which was advised by Sorainen. Evli Growth Partners, Karma Ventures, and LVV Group participated in the round, in which CGTrader raised USD 9.5 million.	USD 9.5 million	Estonia; Lithuania
16-Feb	Zepos & Yannopoulos	Zepos & Yannopoulos advised the Intrum Group on its acquisition made as part of joint venture with the EBRD of an unsecured non-performing exposure portfolio originated by Piraeus Bank, consisting of approximately 53,000 loans with total legal claims of about EUR 1.7 billion and a gross book value of EUR 0.7 billion.	EUR 700 Million	Greece
26-Feb	Alexiou-Kosmopoulos; Lambadarios Law Firm; Zepos & Yannopoulos	Zepos & Yannopoulos advised BrookLane Capital on acquisition financing and a long term financing arrangement with Alpha Bank as part of a broader leveraged buyout deal of Alpha subsidiary Alpha Investment Properties II. AKL and the Lambadarios Law Firm advised the Alpha Bank.	N/A	Greece
1-Mar	Zepos & Yannopoulos	Zepos & Yannopoulos advised Alpha Bank on Project Galaxy, which the firm describes as "the second largest NPE securitization in Europe."	N/A	Greece
2-Mar	Zepos & Yannopoulos	Zepos & Yannopoulos advised Bain Capital Credit on its acquisition of a non-performing corporate loan portfolio from the National Bank of Greece.	N/A	Greece
17-Feb	CMS	CMS advised OTP Group affiliate OTP Mobile, a Hungarian online payment platform, on a FinTech cooperation agreement with Raiffeisen.	N/A	Hungary
19-Feb	Act Legal Ban & Karika	Act Ban & Karika helped Swiss-based Elpro, a manufacturer of environmental monitoring solutions for the pharmaceutical, life science, biotech, and health care industries, establish its Hungarian office and implement relevant GDPR compliance procedures.	N/A	Hungary
1-Mar	Kapolyi	The Kapolyi law firm helped Connecticut-based international brokerage company Interactive Brokers establish its Central European headquarters in Budapest.	N/A	Hungary
10-Mar	Provaris	Provaris advised Hackrate on the development of an "ethical hacking services" offer for clients.	N/A	Hungary
11-Mar	Act Legal Ban & Karika	Act Ban & Karika is advising Peri Kft, a Hungarian construction company with a net sales revenue of over HUF 6 billion, on a variety of legal matters.	N/A	Hungary

Date covered	Firms Involved	Deal/Litigation	Value	Country
12-Mar	Lakatos, Koves & Partners	Lakatos Koves & Partners advised European logistics and semi-industrial real estate developer VGP on the construction of the new VGP Park Gyor Beta, in Gyor, Hungary.	N/A	Hungary
16-Feb	TGS Baltic	TGS Baltic advised real estate company AS Retail Mezaparks on the EUR 2 million sale of a 10,190 square meter property to SIA Plesko Real Estate for the construction of a Rimi supermarket in Riga.	EUR 2 million	Latvia
18-Feb	Glimstedt; TGS Baltic	TGS Baltic advised the shareholders of Mailigen SIA, including private equity fund FlyCap, on the sale of email marketing automation platform company Mailigen SIA to international customer relationship management systems company Pipedrive Ireland Limited. Glimstedt advised Pipedrive Ireland on the deal.	N/A	Latvia
26-Feb	Cobalt; Ellex (Klavins); Eversheds Sutherland	Ellex Klavins advised Duke I S.a.r.l. on the acquisition of 83.14% of the share capital of AS Valmieras Stikla Skiedra from the company's controlling shareholder group. In addition to the equity transaction, VSS debt was restructured with Duke I S.a.r.l becoming the second-largest secured creditor in place of Danske Bank A/S. Eversheds Sutherland advised VSS and Cobalt advised both Danske Bank and AS SEB Banka on their participation in the restructuring process.	N/A	Latvia
4-Mar	Cobalt	Cobalt helped AB Linas Agro Group with its application for approval from the Competition Council of Latvia for its acquisition of the Kauno Grudai group.	N/A	Latvia
5-Mar	Ellex (Klavins); Lextal (Rasa, Esenvalds, Radzins)	Ellex Raidla advised SG Capital Partners Fund I on the acquisition of a 90,000 square meter logistics complex near the Plavinieki and Dreilini districts in Riga by acquiring shares in SIA Beinits and SIA Balt Cargo Solutions from a group of private investors. The sellers were advised by Rasa, Esenvalds, and Radzins.	N/A	Latvia
8-Mar	Ellex (Klavins); Markvarte/Lexchange	Ellex Klavins advised the BTA Insurance Company on its acquisition of a residential portfolio in Riga from Rentejas. Markvarte/Lexchange advised the seller on the deal.	N/A	Latvia
10-Mar	Walless	Walless helped SIA Depo DIY with a property insurance claim regarding a fire in one of its stores.	EUR 5.8 million	Latvia
15-Mar	Vilgerts	Vilgerts successfully represented the interests of Rigas Piena Kombinats, which operates under the Food Union brand, in a dispute over the trademark for the specific tone of orange used for its curd snacks product.	N/A	Latvia
17-Feb	Cobalt; Sorainen	Sorainen advised Lithuanian-based UAB Scandagra on the acquisition of a majority stake in Silutes Girnos, a company operating grain storage facilities and related real estate. Cobalt advised the sellers on the deal.	N/A	Lithuania
17-Feb	Gowling WLG; Sorainen	Sorainen, working with London-based Gowling WLG, advised Reorg, a provider of financial and legal intelligence, on its acquisition of Aggredium Finance, a specialist in European sub-investment grade credit bond and loan data.	N/A	Lithuania
24-Feb	Motieka & Audzevicius	Motieka & Audzevicius persuaded the Supreme Court of Lithuania to reverse the ruling by the Court of Appeals dismissing the claims by bankrupt Lithuanian national airline company FlyLAL against airBaltic and the Riga International Airport and order the case returned for reconsideration.	N/A	Lithuania
24-Feb	SPC Legal	SPC Legal provided assistance to UAB Caverion Lietuva related to its construction of a production facility for the Thermo Fisher Scientific Baltics expansion.	N/A	Lithuania
25-Feb	Cobalt; Ellex (Valiunas)	Cobalt advised the shareholders of AGACAD, a Vilnius-based developer of building information modeling software, on the sale of the company to France's Arkance. Ellex Valiunas advised the buyer on the deal.	N/A	Lithuania
4-Mar	Cobalt; Sorainen; Walless	Sorainen helped 3D model trading platform CGTrader attract USD 9.5 million in a Series B funding round from Mikael Hed, Evli Growth Partners, LVV Group, and Karma Ventures. Walless advised Mikael Hed and Evli Growth Partners and Cobalt advised Karma Ventures on the deal.	USD 9.5 million	Lithuania

Date covered	Firms Involved	Deal/Litigation	Value	Country
9-Mar	Averus; Cobalt	Cobalt, working with lead counsel McCann FitzGerald, advised Irish aircraft lessor Genesis on its strategic alliance with Heston Aviation to create Heston Airlines. Averus advised Heston Aviation on the deal, which also included the leasing of a number of A320 aircraft.	N/A	Lithuania
12-Mar	Cobalt	Cobalt helped US-based Sezzle Inc. obtain an electronic money institution license from the Bank of Lithuania.	N/A	Lithuania
5-Mar	Mitroi, Damian, Serbu & Associates	Mitroi, Damian, Serbu & Associates and Ireland's Crowley Millar Solicitors successfully represented Romanian airline Just-Us Air in arbitration with Air Moldova, the largest Moldovan airline.	N/A	Moldova; Romania
16-Feb	Decisive Worldwide Szmigiel Papros Gregorczyk	Decisive Szmigiel Papros Gregorczyk advised Enel-Med on the establishment of a new medical center in Warsaw's Forest Business Park.	N/A	Poland
16-Feb	SSW Pragmatic Solutions	SSW Pragmatic Solutions advised Impexmetal S.A., a Polish enterprise operating mainly on the non-ferrous metals market, on the sale of a former aluminum factory to sustainable technologies company Johnson Matthey.	N/A	Poland
16-Feb	Radzikowski, Szubielska i Wspolnicy	Radzikowski, Szubielska i Wspolnicy successfully represented private individuals Eliza Kubarska and Dawid Kaszlikowski in a dispute with Joanna Onoszsko – the author of "The Secret Life of Butterflies" – and the Znak publishing house.	N/A	Poland
17-Feb	B2RLaw; Kaczor Klimczyk Puchar Wypior; Kondracki Celej	B2RLaw advised FinTech company SMEO on the injection of capital into the company by Finch Capital and Precapital. Kondracki Celej advised Finch Capital and KKPW Kaczor Klimczyk Puchar Wypior advised Precapital on the PLN 21 million investment round.	PLN 21 million	Poland
17-Feb	Gessel	Gessel advised Polskie Bank Komorek Macierzystych SA on its acquisition of a minority stake in two companies operating stem cell banks: the Czech Republic's Rodinna Banka Perinatalnich a Mesenchymalnich Bunek and Slovakia's Rodinna Banka Perinatalnych a Mezenniechnych.	N/A	Poland
18-Feb	CMS	CMS advised TR Warszawa on the construction of a complex of buildings at Plac Defilad in Warsaw.	N/A	Poland
19-Feb	Greenberg Traurig; SSW Pragmatic Solutions	SSW Pragmatic Solutions advised 7R on its entrance into an agreement with Zabka for the construction of a logistics center in Radzymin, Poland. Greenberg Traurig advised Zabka on the deal.	N/A	Poland
19-Feb	Domanski Zakrzewski Palinka; Watson Farley & Williams	Domanski Zakrzewski Palinka and Watson Farley & Williams advised Norddeutsche Landesbank Girozentrale on its EUR 45.5 million bridge financing of a wind farm portfolio in Poland that is being developed by Denmark-based European Energy.	EUR 45.5 million	Poland
19-Feb	Balicki Czekanski Gryglewski Lewczuk; WKB Wiercinski Kwiecinski Baehr	Wiercinski, Kwiecinski, Baehr advised the P. Van de Velde Group on the acquisition of Drukarnia Impresta's enterprise and production facility. BCGL advised Drukarnia Impresta and its shareholders on the deal.	N/A	Poland
22-Feb	Freshfields Bruckhaus Deringer; Wardynski & Partners	Wardynski & Partners, working with Freshfields Bruckhaus Deringer, is advising the Austrian group Mayr-Melnhof Karton on its acquisition of a paper mill in Kwidzyn, Poland, from International Paper, for almost EUR 670 million, and an additional EUR 33 million for payment of usufruct and operational leasing obligations.	EUR 703 million	Poland
23-Feb	Greenberg Traurig; SKJ Szybkowski Kuzma Jelen	Greenberg Traurig advised Polish real estate developer Torus on its sale of the Neon office building in Gdansk to DWS Grundbesitz. SKJ Szybkowski Kuzma Jelen advised the buyer.	EUR 80 million	Poland
23-Feb	Rymarz Zdort	Rymarz Zdort advised Canada's Northland Power Inc. on the forming of a joint venture with PKN Orlen S.A. involving the preparation, development, and operation of an offshore wind farm with a total capacity of up to 1.2 GW.	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
23-Feb	Dentons; Domanski Zakrzewski Palinka	Domanski Zakrzewski Palinka advised EnerCap Power Funds on the sale of a 22 MW onshore wind farm in Scieki to Macquarie's Green Investment Group, which was advised by Dentons.	N/A	Poland
23-Feb	Rymarz Zdort	Rymarz Zdort advised PGE on its entrance into a joint venture with Danish energy concern Orsted, involving the development, construction, and operation of the Baltica-3 Wind Power Plant with a capacity of approximately 1 GW and the Baltica-2 Wind Power Plant with a capacity of approximately 1.5 GW. Allen & Overy advised Orsted on the deal.	PLN 30 billion	Poland
23-Feb	DWF	DWF Poland helped Enter Air obtain PLN 287 million in financing under the Polish Development Fund's Financial Shield Programme for Large Companies.	PLN 287 million	Poland
24-Feb	Dentons; Rymarz Zdort	Rymarz Zdort advised the founders of Archicom S.A. on their sale of 66.01% of the share capital and 65.99% of the votes to Echo Investment S.A. Dentons advised Echo on the deal.	PLN 425.1 million	Poland
24-Feb	WKB Wiercinski Kwiecinski Baehr	WKB Wiercinski, Kwiecinski, Baehr helped French aerospace company Safran Aircraft Engines SAS and Germany's MTU Aero Engines AG obtain clearance from the Polish competition authority to form a joint venture.	N/A	Poland
25-Feb	Dentons; SSW Pragmatic Solutions	Dentons advised Stage Capital Management Limited and Mashav Energia on the sale of the Kanin Wind Farm to PKN Orlen. SSW Pragmatic Solutions advised the buyer on the deal.	N/A	Poland
25-Feb	Babiaczyk, Skrocki i Wspolnicy; SMM Legal	SMM Legal advised Perfect Eye Optic on its merger with Avenir Medical Poland. Babiaczyk, Skrocki i Wspolnicy advised Avenir Medical.	N/A	Poland
25-Feb	Baker McKenzie; Rymarz Zdort; White & Case	White & Case advised Delaware-based developer and publisher of video games Huuuge on its PLN 1.67 billion initial public offering on the regulated market of the Warsaw Stock Exchange. Rymarz Zdort and Baker & McKenzie advised joint global coordinators and joint bookrunners J.P. Morgan AG, Credit Suisse Securities, and Sociedad De Valores S.A., and lead manager Ipopema Securities S.A.	PLN 1.67 billion	Poland
25-Feb	Clifford Chance; Dentons	Clifford Chance advised a syndicate of banks including Santander Bank Polska, BNP Paribas Bank Polska, and PKO Bank Polski on the financing of a portfolio of four wind farm projects and 29 PV projects with a total capacity of 106 MW, belonging to Qair, an independent electricity producer. Dentons advised Qair on the PLN 479 million transaction.	PLN 479 Million	Poland
1-Mar	B2RLaw; Crido Legal; Linklaters	B2RLaw and Crido Legal advised Eagle JVCo on its acquisition of a student housing portfolio involving two development sites in Poland. Linklaters also advised the buyer.	N/A	Poland
1-Mar	Dentons; Linklaters	Linklaters advised Cornerstone Partners on a strategic joint venture with the Crestyl Group, a Czech developer of multi-purpose real estate projects. Dentons advised the Crestyl Group on the deal.	N/A	Poland
2-Mar	JDP	JDP helped a consortium of Budimex S.A., Tecnicas Reunidas SA, and Mitsubishi Power Europe GmbH settle a dispute with PGE GiEK S.A. involving a contract for the design and construction of a lignite power unit at Elektrownia Turow in Poland.	PLN 108 million	Poland
2-Mar	Clifford Chance; Greenberg Traurig	Greenberg Traurig advised Cyfrowy Polsat S.A. and Polkomtel sp. z o.o. on the sale of a 99.99% stake in subsidiary Polkomtel Infrastruktura sp. z o.o., to Cellnex Poland sp. z o.o., a subsidiary of European telecommunications infrastructure operator Cellnex Telecom, which was advised by Clifford Chance.	PLN 7 billion	Poland
3-Mar	Gut & Partners; Studnicki, Pleszka, Cwiakalski, Gorski	SPCG advised Immobiliaria Camins SAU on the sale of Immobiliaria Camins Polska to NOHO Investment. Gut & Partners advised the buyer on the deal.	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
3-Mar	Baker Tilly Woroszyńska Legal	Baker Tilly Woroszyńska advised EWT Automotive Polska on its acquisition of the Mercedes-Benz trucks sales and repair division in the north-eastern region of Poland from Auto Idea.	N/A	Poland
4-Mar	Clifford Chance; Linklaters	Clifford Chance advised Polish public construction company Budimex S.A. on the PLN 1.5 billion sale of its Budimex Nieruchomości subsidiary to Cornerstone Partners and Crestyl Real Estate. Linklaters advised the buyers on the deal.	PLN 1.5 billion	Poland
4-Mar	Clifford Chance; Rymarz Zdort	Rymarz Zdort advised WhitePress founders Paweł Strykowski and Tomasz Kwasny and fellow shareholder Grupa Netsprint on the sale of WhitePress to RTB House. Clifford Chance advised the buyer.	N/A	Poland
4-Mar	Allen & Overy; Studnicki, Pleszka, Cwiakalski, Gorski	SPCG advised the shareholders of Obido Sp. z o.o., which runs a service connecting residential developers with potential clients, on the sale of the company to OLX Global B.V. Allen & Overy advised the OLX Group on the deal.	N/A	Poland
5-Mar	CMS	CMS advised PFR Ventures on its investment in private equity funds British Apax Partners, French PAI Partners, and Poland-based Avallon MBO.	PLN 340 million	Poland
5-Mar	Kondracki Celej; Orrick	Orrick and Kondracki Celej advised PolSource on its sale to EPAM Systems Inc.	N/A	Poland
5-Mar	Rymarz Zdort	Rymarz Zdort advised BIF IV Europe Holdings Limited, an affiliate of Brookfield Renewable Partners, on an unspecified investment in Polish renewable energy producer Polenergia S.A.	N/A	Poland
8-Mar	Bendza Barszcz; Sadkowski i Wspólnicy	Bendza Barszcz advised Złota 44 on the sale of a package of apartments in the Złota 44 residential tower in Warsaw. Sadkowski i Wspólnicy advised the unidentified purchaser on the transaction.	N/A	Poland
8-Mar	Mrowiec Fialek & Partners; Rymarz Zdort	Rymarz Zdort advised Meliuz S.A. on its unspecified investment in e-commerce platform Picodi.com S.A. Mrowiec Fialek i Wspólnicy advised Picodi.com.	N/A	Poland
9-Mar	B2RLaw	B2RLaw advised Pinova Capital on the acquisition of a majority stake in German software company Raynet GmbH.	N/A	Poland
9-Mar	Rymarz Zdort; Schoenherr	Rymarz Zdort advised Allegro Group, an e-commerce platform in Central and Eastern Europe, on its lease of a 36,500 square meter space in the A2 Warsaw Park from Panattoni. Schoenherr advised Panattoni on the deal.	N/A	Poland
9-Mar	Mrowiec Fialek & Partners; Rymarz Zdort	Mrowiec Fialek & Partners advised the shareholders and the management board of Picodi.com on the sale of a majority stake in the company to Meliuz S.A., an investor listed on the Brazilian Stock Exchange. Rymarz Zdort advised Meliuz on the deal.	N/A	Poland
9-Mar	Clifford Chance	Clifford Chance advised the financial creditors involved in the sixth and final stage of Polimex Mostostal's financial restructuring.	PLN 2 billion	Poland
10-Mar	CMS	CMS has been advising IIAC, the operator of Seoul's Incheon Airport, on its successful bid to become the strategic advisor to Centralny Port Komunikacyjny sp. z o.o., the operator of the Solidarity Transport Hub Poland.	N/A	Poland
10-Mar	Clifford Chance	Clifford Chance advised Pekao Bank Hipoteczny on the update of its covered bonds program and on a PLN 250 million issuance under that program.	PLN 250 million	Poland
10-Mar	CMS; White & Case	White & Case advised a syndicate of Polish and international financial institutions on the closing of the more-than-PLN 5 billion financing of Grupa Azoty Polyolefins S.A.'s Police Polymers project. CMS advised Grupa Azoty on the deal.	PLN 5 billion	Poland
11-Mar	Rymarz Zdort	Rymarz Zdort advised European Logistics Investment on its acquisition of land for the development of a 37,000-square-meter warehouse complex in Krakow, Poland.	N/A	Poland
12-Mar	B2RLaw; Linklaters	Linklaters advised Czech investor Investika Realitní Fond, OPF on the acquisition of the Szyperska Office Center in Poznan from Wechta Nieruchomości sp. z o.o., which was advised by B2RLaw.	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
12-Mar	DZP Domanski Zakrzewski Palinka	DZP advised Portuguese bicycle manufacturer RTE on a agreement with Dekpol S.A. and Dekpol Budownictwo sp. z o.o. for the construction of a bicycle production facility.	N/A	Poland
12-Mar	DLA Piper; Gide Loyrette Nouel	DLA Piper advised Zabka Polska, a portfolio company of CVC Capital Partners, on the acquisition of Maczfit Foods, a dietary catering company based in Poland, from Resource Partners. Gide Loyrette Nouel advised Resource Partners and entrepreneur Maciej Lubiak on the sale.	N/A	Poland
12-Mar	Clifford Chance; White & Case	White & Case advised Mid Europa Partners on the financing of its acquisition of Sage sp. z o.o. from the Sage Group. The syndicated loan for the acquisition was granted by a consortium consisting of Bank Polska Kasa Opieki S.A., BNP Paribas Bank Polska S.A., and Santander Bank Polska S.A. Clifford Chance advised the banks on the deal.	N/A	Poland
12-Mar	Balicki Czekanski Gryglewski Lewczuk; Brzozowska & Barwinska	BCGL advised Bank Pekao on its provision of an unspecified investment and a revolving loan to the Genexo pharmaceutical company. Brzozowska & Barwinska advised the borrower on the deal.	N/A	Poland
22-Feb	Buzescu Ca; Orrick Herrington & Sutcliffe; Polsinelli	Buzescu Ca advised US web search company Algolia on its acquisition of the Romanian subsidiary of AI tech company MorphL AI, which was advised by the US's Polsinelli law firm. Orrick Herrington & Sutcliffe advised Algolia on US law matters.	N/A	Romania
26-Feb	DLA Piper; Kinstellar	DLA Piper advised Romanian mobile gaming studio Green Horse Games on an unspecified investment into the company from mobile game developer Miniclip. Kinstellar advised Miniclip on the deal.	N/A	Romania
3-Mar	Firon Bar-Nir	Firon Bar-Nir helped the Private School Association and a group of parents with a class action law suit against Romania's Ministry of Health, Ministry of Education and Research, and several other governmental bodies aimed at having in-person teaching in Romanian schools resumed.	N/A	Romania
3-Mar	Bondoc si Asociatii	Bondoc si Asociatii advised Ireland's Tapbury (Management) Limited on the acquisition of a Romanian company that is developing a wind farm project with approximately 60 MW installed capacity on around 150 hectares of land in Dobrogea region.	N/A	Romania
4-Mar	Schoenherr	Schoenherr advised Elevator Ventures, the corporate venture capital entity of Raiffeisen Bank International, on its participation in a seed round investment in Romanian fintech start-up Finqware.	EUR 500,000	Romania
4-Mar	Kinstellar	Kinstellar helped Ontario Power Generation, acting through its Canadian Nuclear Partners subsidiary, enter into a EUR 3.156 million contract to refurbish Reactor 1 of the Cernavoda nuclear power plant from Romania's S.N. Nuclearelectrica S.A.	EUR 3.156 million	Romania
5-Mar	Nestor Nestor Diculescu Kingston Petersen; Pacuraru, Iliescu, Mazareanu & Associates	NNDKP advised Clinica Victoria on the establishment of a partnership with EquiLiant Capital, an investment fund financed by Paval Holding. PIM & Associates advised EquiLiant on the deal.	N/A	Romania
5-Mar	Glodeanu & Associates; Nivaro Law Firm	Glodeanu & Partners, working with the Nivaro Law Firm, advised Impero Software on the acquisition of Danish-based Netop, which has a presence in Romania through two of its subsidiaries, from Consolidated Holdings A/S.	N/A	Romania
10-Mar	Cozmaciuc, Puiu & Asociatii; Kinstellar	Kinstellar advised VGP on its acquisition of a 250,000-square-meter plot of land from Willbrook. Cozmaciuc, Puiu & Asociatii advised the seller.	N/A	Romania

Date covered	Firms Involved	Deal/Litigation	Value	Country
12-Mar	Bondoc si Asociatii	Bondocsi Asociatii advised Solarealize SA, a Portuguese independent renewables company, on a development/partnership agreement with a Romanian company experienced in solar projects to develop a targeted 43.5 MW initial project.	N/A	Romania
16-Feb	Noerr	Noerr advised the Aluminium Rheinfelden Group on the sale of its assets to Russian aluminum manufacturer RUSAL.	N/A	Russia
18-Feb	Akin Gump; Debevoise	Debevoise & Plimpton advised the Ant Group on its agreements with Mail.ru Group, USM, Russian Direct Investment Fund, and MegaFon to create payments and financial services joint ventures. Akin Gump advised Mail.ru on the deal.	N/A	Russia
19-Feb	Andrey Gorodissky & Partners	Andrey Gorodissky & Partners advised Rose Group on its sale of the Tsvetnoy department store in Moscow to Bonum Capital.	N/A	Russia
22-Feb	Capital Legal Services; Castren & Snellman; Eversheds Sutherland	Eversheds Sutherland advised the Cherkizovo Group on its acquisition of meat processing company Pit-Product from the Atria Group. Finnish law firm Castren & Snellman and Capital Legal Services from Russia reportedly advised the Atria Group on the deal.	N/A	Russia
24-Feb	Intellectual Capital	"Russia's Intellectual Capital law firm persuaded the Moscow Arbitrazh Court that a requirement that participants in a Rosatom tender for legal counsel be ranked in Legal500 and Chambers & Partners was illegal and violated Russian competition law."	N/A	Russia
26-Feb	Morgan Lewis & Bockius	Morgan Lewis advised a consortium of investors led by the Russia-China Investment Fund on the establishment and development of the Binnopharm Group pharmaceutical holding.	N/A	Russia
26-Feb	Integrites	Integrites successfully represented the interests of China-based Foshan Vinmay Stainless Steel Co. Ltd in an anti-dumping investigation related to the import of welded stainless pipes, manufactured in China, into the Eurasian Economic Union.	N/A	Russia
2-Mar	Cleary Gottlieb Steen & Hamilton; DLA Piper	DLA Piper advised Elektrozavod Group, a Russian manufacturer of transformer equipment, on the RUB 30.5 billion sale of a 94.01% stake in JSC Elektrozavod and 100% in LLC Elektrokombinat to LLC Megapolis Invest, a joint venture between Sistema and Sberbank Investments. Cleary Gottlieb Steen & Hamilton advised the buyers on the deal.	RUB 30.5 billion	Russia
3-Mar	Intellectual Capital	Acting on behalf of firm client CD Land Contact LLC, Russia's Intellectual Capital law firm initiated bankruptcy proceedings against Fortes LLC.	RUB 5 million	Russia
4-Mar	Debevoise	Debevoise & Plimpton advised Russian e-commerce platform Ozon Holdings PLC on the issue of USD 750 million senior unsecured bonds due 2026, convertible into American depository shares, representing ordinary shares of Ozon.	USD 750 million	Russia
10-Mar	Dentons; Stepanovski Papakul And Partners	Dentons advised Sberbank on its acquisition of Yo-Engineering, the Russian developer of the Yo-mobile hybrid electric car, from Belarus-based KG Impex. Dentons was supported on Belarusian aspects of the deal by Stepanovski Papakul and Partners.	N/A	Russia
11-Mar	Dentons; Mayer Brown	Dentons advised GEM Capital Holdings on its all-cash offer for the entire issued and to-be-issued ordinary share capital of Volga Gas. Mayer Brown advised the issuer.	N/A	Russia
11-Mar	Dentons	Dentons advised the Puratos Group on its acquisition of Rushleb Research, a Russian manufacturer of biotechnological products for the baking industry.	N/A	Russia
12-Mar	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners helped the Samolet Group register the trademark of the group's brand with Russia's Federal Service for Intellectual Property.	N/A	Russia

Date covered	Firms Involved	Deal/Litigation	Value	Country
12-Mar	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners advised Russian retailer Lenta on its re-domiciliation from Cyprus to Russia.	N/A	Russia
17-Feb	Andrejic & Partners	Andrejic & Partners advised German listed company Eyemaxx Real Estate AG on providing collaterals and giving security for a EUR 10 million loan from Bank of China's Frankfurt branch.	EUR 10 million	Serbia
17-Feb	Andrejic & Partners	Andrejic & Partners advised Eyemaxx International Holding & Consulting, a member of the Eyemaxx Real Estate AG group, on its restructuring in Serbia.	N/A	Serbia
1-Mar	Karanovic & Partners; NKO Partners	Karanovic & Partners advised precious and base metals explorer Adriatic Metals on the acquisition of the remaining 90% of the shares in Ras Metals from Bulgaria-based Cuprum LTD and an unidentified Serbian individual. NKO Partners advised the sellers on the deal.	N/A	Serbia
4-Mar	Bojanovic & Partners	Bojanovic & Partners successfully represented football player Nemanja Nikolic in CAS arbitration between him and Israeli club Hapoel Tel Aviv.	N/A	Serbia
9-Mar	Advokatfirmaet Selmer; Karanovic & Partners	Karanovic & Partners, working with Advokatfirmaet Selmer, advised the Fortaco Group on its acquisition of marine industry supplier Rapp Zastava.	N/A	Serbia
12-Mar	NKO Partners; Zdravkovic & Partners	NKO Partners advised CTP on the acquisition of 27.5 hectares of land close to Belgrade's city center from the Roaming Group and Robne Kuce Beograd. Zdravkovic & Partners advised the sellers on the deal.	N/A	Serbia
4-Mar	Karanovic & Partners (Ketler & Partners)	Ketler & Partners, a member firm of Karanovic & Partners, advised ARX Equity Partners on its acquisition of Instrumentation Technologies and Red Pitaya, a handheld electronics lab, from its founders. The sellers were advised by Acuity Advisors.	N/A	Serbia; Slovenia
23-Feb	Dentons; Blumenfeld Legal; Ferro Legal; Law & Trust; Taylor Wessing; Wilson Sonsini	Dentons, working with Law & Trust, advised Slovak businessman Ivan Chrenko on the sale of his stake in Exponea to the US-based BloomReach e-commerce digital platform. Ferro Legal and Blumenfeld Legal advised Exponea, and Wilson Sonsini and Taylor Wessing reportedly advised the buyer on the deal.	N/A	Slovakia
8-Mar	Bartosik Svaby; Cerha Hempel	Cerha Hempel advised CA Immobilien Anlagen AG on the sale of the BBC1 and BBC1Plus office buildings in Bratislava to a fund managed by Wood & Co, which was advised by Bartosik Svaby.	N/A	Slovakia
23-Feb	CMS	CMS advised BeelN on its successful participation in a two-phase public tender to obtain access to 5G frequencies organized by the Communications Networks and Services Agency of the Republic of Slovenia.	EUR 970,000	Slovenia
16-Feb	Kinstellar	Kinstellar advised Hungarian medical device manufacturer Medicor on its investment in the construction of an incubator-production facility in Ankara, Turkey.	EUR 2 million	Turkey
17-Feb	Baker Mckenzie (Esin Attorney Partnership); Dentons (BASEAK)	The Balcioglu Selcuk Ardiyok Keki Attorney Partnership advised Yildiz Holding A.S. and Gozde Girisim Sermayesi Yatirim Ortakligi A.S. on the sale of their 100% stake in Kumas Manyezit Sanayi A.S., a producer and seller of customized refractory products, to Eregli Demir ve Celik Fabrikalari T.A.S. The Esin Attorney Partnership advised the buyers on the deal.	N/A	Turkey
25-Feb	Turunc	Turunc advised Bogazici Ventures on its USD 500,000 investment in Barakatech.	USD 500,000	Turkey
4-Mar	Gedik & Eraksoy; Paksoy	Paksoy advised the Ageas insurance company on its acquisition of a 40% stake in Turkey's AvivaSA life insurance company from British insurance group Aviva, for approximately GBP 122 million. Gedik & Eraksoy advised AvivaSA on the deal.	N/A	Turkey

Date covered	Firms Involved	Deal/Litigation	Value	Country
8-Mar	Kinstellar	Kinstellar advised Turkish technology start-up Dream Games on its generation of a USD 50 million Series A Round investment from lead investor Index Ventures, Balderton Capital, and the Makers Fund.	USD 50 million	Turkey
10-Mar	Caliskan Okkan Toker; Eversheds Sutherland; Paksoy	Paksoy, working with Eversheds Sutherland as global counsel, advised Siniora Food Industries Company PLC, a Jordan-originating multinational food company, on its acquisition of a 77% stake of Polonez - Trakya Et ve Sut Urunleri San. ve Tic. A.S., a Turkish processed meat products company. Caliskan Okkan Toker advised the selling Akkas Family members.	N/A	Turkey
12-Mar	Turunc	Turunc advised Wellbees on its angel funding round.	N/A	Turkey
12-Mar	BTS & Partners	BTS & Partners advised Midas, a Turkish commission-free trading platform, on its receipt of an unspecified investment from Deniz Ventures, backed by Deniz Bank.	N/A	Turkey
17-Feb	Asters	Asters helped Intreprinderea Mixta Zernoff S.R.L., an Eastern European manufacturer of spirits and strong alcoholic beverages, obtain approval from Ukraine's competition authority for its acquisition of Ukrspyr't's assets.	UAH 120 million	Ukraine
17-Feb	CMS	CMS advised a syndicate of banks led by mandated lead arranger ING Bank N.V. in relation to the extension of a pre-export facility for Ukraine's Kernel Group.	N/A	Ukraine
23-Feb	Aequo	Aequo helped Ukrainian agro-industrial group Rostok-Holding obtain merger clearance from the Antimonopoly Committee of Ukraine for the acquisition of Novgorod-Seversky Elevator, Novgorod-Seversky Agrarian Investments, and Demor.	N/A	Ukraine
26-Feb	Sayenko Kharenko	Sayenko Kharenko advised the European Fund for Southeast Europe on its provision of a loan to Bank Lviv.	EUR 5 million	Ukraine
3-Mar	Avellum	Avellum successfully defended the interests of PJSC A/T B.A.T.-Prilucky Tobacco Company – the Ukrainian subsidiary of British American Tobacco – in a dispute with the Antimonopoly Committee of Ukraine heard by the Northern Commercial Court of Appeal in Kyiv.	UAH 448 million	Ukraine
3-Mar	Avellum	Avellum helped Ukrainian supermarket chain Furshet obtain merger control clearance from the Antimonopoly Committee of Ukraine for the acquisition by the Fozzy Group of control over Furshet's retail assets.	N/A	Ukraine
4-Mar	Sayenko Kharenko	Sayenko Kharenko successfully represented claimant Ukrainian agricultural holding PJSC MHP at the International Commercial Arbitration Court at the Ukrainian Chamber of Commerce and Industry, as well as in Ukrainian courts, in connection with the unsuccessful attempt of the unidentified respondent in the case to set aside the ICAC's award.	N/A	Ukraine
9-Mar	KPD Consulting	KPD Consulting successfully defended PJSC Complex Lybidsky against an attempt to unlawfully seize its Loftpark auto center in Kyiv by Mokra Sprava.	N/A	Ukraine
9-Mar	Latham & Watkins; Sayenko Kharenko	Sayenko Kharenko, working with lead counsel Latham & Watkins, successfully represented the State of Ukraine in a USD 6.1 billion investment treaty arbitration at the Arbitration Institute of the Stockholm Chamber of Commerce against Littop Enterprises Limited, Bridgemont Ventures Limited, and Bordo Management Limited, the minority shareholders of Ukraine's oil and gas producer PJSC Ukrnafta.	USD 6.1 billion	Ukraine



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- Full information available at: [www.ccelegalmatters.com](http://www.ccelegalmatters.com)
- Period Covered: February 16, 2021 - March 15, 2021

### 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](mailto:press@ceelm.com)

# ON THE MOVE: NEW HOMES AND FRIENDS

## Russia: BGP Litigation Opens Life Sciences & Technology Practice

By Andrija Djonovic

Russia's BGP Litigation has launched a Life Sciences & Technology practice, led by former Pepeliaev Head of Life Sciences Alexander Panov.

According to BGP Litigation, the firm's Life Sciences & Technology practice will provide "full legal support on issues related to the regulation and circulation of medicines and medical devices, legal issues of healthcare and life sciences law, localization of production, legal aspects of FMCG companies, transactional work with technological assets, legal issues of data protection and circulation, anti-corruption compliance, and GR-interaction with regulatory authorities."

Panov has been practicing Life Sciences law for over ten years. According to BGP Litigation, his expertise covers manufacturing and registration of medicines, construction and equipment of healthcare facilities, and acquisitions of pharmaceutical assets. According to the firm, "Alexander's experience includes working in legal consulting, in major Russian and international companies, as well as liaising with state authorities." He is a graduate of HSE University.

"I am happy to become a part of BGP Litigation's successful and ambitious team," said Panov. "I hope that the synergy of the expertise of my team and the other practices of the firm will allow us to offer the market a new dimension in industrial legal competence, both in life sciences law and high technology."

"Alexander Panov's team has proven to be one of the most talented and efficient teams in the market," commented BGP Litigation Partner Alexander Vancev. "That legal services in pharmaceuticals are in high demand is beyond all question. In

a relatively short time, Alexander managed to build one of the most successful healthcare practices. And that is in keeping with the dynamic of our firm. In my view, that has made it only logical for his team to join our firm." ■

## Montenegro: PLK Advokati Announces Launch

By Radu Cotarcea



Former Karanovic & Partners attorneys Luka Prelevic, Stefan Lucic, and Djordje Kuzmanovic have opened PLK Advokati in Podgorica.

Prelevic specializes in corporate law, labor law, real estate law, and dispute resolution. He started his legal career with Jovovic, Mugosa & Vukovic in 2016 and joined Karanovic & Partners in 2018.

Lucic specializes in dispute resolution with a focus on commercial and civil litigation, restructuring and insolvency proceedings, and debt recovery. He had been with Karanovic & Partners since 2014, joining the firm after serving as the Head of Legal of Podgoricapromet.

Kuzmanovic specializes in banking & finance with an emphasis on corporate restructurings, capital market operations, business transactions, financing, and securitization. Before joining Karanovic & Partners in 2018, he spent three years as a Legal Officer with Societe Generale. ■

### Serbia: KSEL Advokati Opens Doors in Belgrade

By Djordje Vesic



Former Kinstellar lawyers Selma Mujezinovic and Ksenija Sorajic Bakovic have left that regional firm to establish KSEL Advokati in Belgrade. The founders will be supported by former Kinstellar colleague Una Draganic Vukovic.

Selma Mujezinovic began her career in the private sector as Legal Advisor at ZIB in 1998. From 2001 to 2012 she worked in association with Clyde & Co, although in different formats - first at Clyde d.o.o, then at Baklaja Igric Mujezinovic, and finally at Law Office Mujezinovic. From 2012 to 2020, she was with Maric i Mujezinovic in cooperation with Kinstellar. She obtained her Bachelor of Laws degree at the University of Belgrade Faculty of Law.

Ksenija Sorajic Bakovic joined Baklaja Igric Mujezinovic in 2010 and stayed with the firm through its several iterations until 2020. She obtained her Bachelor's degree in Law and her Master's degree in European Union Law at the University of Belgrade Faculty of Law in 2008 and 2012, respectively. ■

### Croatia: Vukelic Law Office Launches in Zagreb

By Radu Cotarcea



Former Zuric i Partneri lawyer Luka Vukelic has opened the Vukelic Law Office in Zagreb.

Vukelic spent a decade with Zuric i Partneri after joining the firm in 2011 as a trainee. He also gained experience with Stephenson Harwood in London as a secondee. He specializes in corporate and commercial, energy, labor, and real estate law as well as civil and commercial litigation.

He is a graduate of the Faculty of Law of the University of Split. ■



## Hungary: Gergely Juhasz Launches RF Brokers

By Radu Cotarcea



In January 2021, Hungarian lawyer Gergely Juhasz launched Risque Finance Brokers – an independent financial services start-up offering risk management consulting services for the M&A sector.

RFB represents a spin-off from Real Estate Risk Services, a mono-line W&I insurance broker for the CEE Real Estate market that Juhasz co-founded in 2018.

“We at RFB are approaching the transactional markets from a different angle, with a focus on insuring both corporate and real estate M&A transactions as well as advising clients on the management of special corporate and operational risks” Juhasz said, while noting that, while he is exiting Real Estate Risk Services, he will continue to consulting with it on certain ongoing matters.

Prior to establishing RFB, Juhasz worked as a corporate and M&A lawyer for Allen & Overy, Bird & Bird, the Kettani Law firm, and Bitai & Partners. He also worked for AIG in London as a Compliance Officer and as an M&A Insurance Underwriter, and for Renault Credit International as a Legal and Compliance Manager and Member of the Board of Directors for RCI Insurance in Malta. ■

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## PARTNER MOVES

Date	Name	Practice(s)	Moving From	Moving To	Country
5-Mar	Markus Schifferl	Litigation/Dispute Resolution	Zeiler Floyd Zadkovich	BPV Huegel	Austria
25-Feb	Luka Vukelic	Corporate/M&A	Zuric i Partneri	Vukelic Law Office	Croatia
24-Feb	Luka Prelevic	Corporate/M&A; Labor	Karanovic & Partners	PLK Advokati	Montenegro
24-Feb	Stefan Lucic	Litigation/Dispute Resolution	Karanovic & Partners	PLK Advokati	Montenegro
24-Feb	Djordje Kuzmanovic	Banking/Finance	Karanovic & Partners	PLK Advokati	Montenegro
4-Mar	Mark Segall	Banking/Finance	CMS	Dentons	Poland
4-Mar	Rafal Grochowski	Capital Markets	Hogan Lovells	Domanski Zakrzewski Palinka	Poland
22-Feb	Alexander Panov	Life Sciences	Pepeliaev Group	BGP Litigation	Russia
25-Feb	Selma Mujezinovic	Corporate/M&A	Kinstellar	KSEL Advokati	Serbia
25-Feb	Ksenija Sorajic Bakovic	Competition	Kinstellar	KSEL Advokati	Serbia
16-Feb	Asli Tezcan	Corporate/M&A	Esin Attorney Partnership	Acar & Ergonen	Turkey

## PARTNER APPOINTMENTS

Date	Name	Practice(s)	Firm	Country
12-Mar	Magdalena Brandstetter	Real Estate	Dorda	Austria
12-Mar	Stephan Steinhofer	Litigation/Dispute Resolution	Dorda	Austria
12-Mar	Nino Tlapak	TMT/IP	Dorda	Austria
8-Mar	Donka Stoyanova	Infrastructure/PPP/Public Procurement	Dimitrov, Petrov & Co	Bulgaria
8-Mar	Pencho Stanchev	Litigation/Dispute Resolution	Dimitrov, Petrov & Co	Bulgaria
17-Feb	Maciej Pietrzak	Corporate/M&A	Greenberg Traurig	Poland
3-Mar	Michal Bochowicz	Corporate/M&A	Gessel	Poland
3-Mar	Adam Kraszewski	Labor; Life Sciences	Gessel	Poland
3-Mar	Karol Sokol	Corporate/M&A	Gessel	Poland
26-Feb	Otilia Vilcu	Competition	GNP Guia Naghi and Partners	Romania
10-Mar	Roxana Abrasu	Labor	NNDKP	Romania
19-Feb	Sait Eryilmaz	Banking/Finance	Clifford Chance	Turkey
12-Mar	Vasyl Andrusyak	Tax	Moris Group	Ukraine

## IN-HOUSE MOVES AND APPOINTMENTS

Date	Name	Moving From	Company/Firm	Country
4-Mar	Sergiy Ignatovsky	Mriya Agroholding	Redcliffe Partners	Ukraine
8-Mar	Kristine Mora	Mogo Finance	Vilgerts	Latvia
1-Mar	Anna Atanasow	CCC	Huuge Games	Poland
12-Mar	Sergey Viktorov	Novo Nordisk	Santen	Russia
12-Mar	Elena Kucheryavaya	Moet Hennessy	LifeScan	Russia

# 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.

## Ukraine:

### Interview with Svitlana Gurieieva of Sayenko Kharenko

By Djordje Vesic (February 24, 2021)



One of the most notable recent changes to Ukrainian law, according to Sayenko Kharenko Partner Svitlana Gurieieva, involves the Cabinet of Ministers’ approval of new resolutions aimed at starting town-planning reform.

“The resolutions provide for the liquidation of the State Architecture and Construction Inspection and the State Architecture and Construction service,” Gurieieva says, explaining that, in its place, the State Inspectorate of Architecture and Town-Planning of Ukraine (DAIM) has been created as a central executive body empowered to exercise architectural and construction control and supervision in the town-planning sector, although it will not issue permits and conduct registrations. “In the future,” she says, “the architectural and construction control, supervision, and registration functions will be transferred to three parties: DIAM, local authorities, and professional organizations accredited by the Ministry of Regional Development.”

Another significant legislative development, Gurieieva reports, involves amendments to Ukraine’s Law on Agricultural Land. “The amendment will enter into force on July 1, 2021, and it will allow Ukrainian citizens to acquire up to 100 hectares of land,” she says. “Furthermore, Ukrainian-owned companies will be allowed to acquire up to 10,000 hectares of land starting from January 2024.”

The Ukrainian economy, Gurieieva says, is not ideal. She reports that Ukraine largely echoes the levels of world trade. “Unfortunately, foreign exchange earnings in Ukraine are provided only by two industries: metallurgical and agricultural,” she explains. In addition, she says that a major source of foreign currency in Ukraine was money expats sent home from abroad, but “that source has dramatically diminished in 2020.”

Still, the pandemic has also brought new business to lawyers in Ukraine, and Gurieieva lists medical research, copyright disputes, and criminal cases, among other areas, as being on the rise. Furthermore, some large transactions are taking place, and Gurieieva names as significant last fall’s acquisition of Austria’s Billa, which operates a chain of 35 stores in Ukraine, by Novus. ■

The current political situation in Belarus remains strained, according to Sorainen Partner Maksim Salahub, from Minsk. Salahub reports that President Lukashenko held an “All-Belarusian Assembly” between February 11 and 12 – an event Salahub describes as “politically sterile.” According to him, “even though the event was supposed to seem all-Belarusian, the participants were carefully selected by the authorities so that the event would instead be attended by Lukashenko loyalists.” Nonetheless, Salahub says, many followed the event closely, hoping that some constructive ideas would be voiced and de-escalation measures proposed. Unfortunately, in Salahub’s opinion, the event only indicated that repression against the pro-reform groups would continue and that the same economic course would be followed as before.

The rigidity of that economic strategy is problematic, and Salahub says that the Belarusian economy has been stagnating for the last ten years in an outdated structure, with huge government involvement and resistance to privatization. With the COVID-19 pandemic in the mix, the economic woes have only been exacerbated. “I have not seen a green- or brown-field investment projects since July,” he sighs.

Still, he says, the situation is not entirely dire, yet. “The salaries, although lagging behind almost every other country in the region, allow for a more-or-less decent living, so no one is starving,” he says, and despite the political controversy, there has not yet been an exit of a major foreign investor from the market, suggesting that large investment projects are likely to continue, albeit at a slower pace and provided the situation does not deteriorate much further.

Salahub confirms that there has been some brain-drain from the Belarusian IT sector into Lithuania, Latvia, and Estonia, but he reports that the sector is far from dead. “We can still see newcomers to our High-Tech Park, which is a special economic zone for IT companies,” he says, although he concedes that, due to the crisis, newcomers are mostly startups, rather than mature IT companies.

According to Salahub, Belarus’s legal framework for investments has improved by leaps and bounds in the last twenty years, and it is soon to be bolstered by a new Law on Commercial Companies. The law will go into effect in April 2021 and, Salahub reports, will bring a more viable concept of shareholders’ agreements and better mechanisms for resolving issues between shareholders and company management. “Another major bit of legislation is the Law on Personal Data Protection,” he says, “which will bring us closer to the GDPR.”

Salahub reports that the legal market has had its share of turbulence in the past few months as well, with several prominent lawyers – including Maksim Znak and Liliya Vlasova – being arrested in connection with participating in the pro-change movement. Nonetheless, Salahub says that there have not been any significant exits or entries on the legal market. “Yet, the situation remains highly uncertain and we might be facing an entirely different picture even a few months from now.” ■

## Belarus:

### Interview with Maksim Salahub of Sorainen

By Djordje Vesic (February 25, 2021)



*Even though the event was supposed to seem all-Belarusian, the participants were carefully selected by the authorities so that the event would instead be attended by Lukashenko loyalists.*

## Serbia:

### Interview with Milos Gledovic of Samardzic, Oreski & Grbovic

By Djordje Vesic (March 1, 2021)



In this time of economic distress, many countries have suffered. Yet, reports Samardzic, Oreski & Grbovic Partner Milos Gledovic, Serbia has proven resilient. “The pandemic has not affected the number of transactions in our market, except in those industries directly affected by anti-Covid measures,” Gledovic says, and he describes the overall economic situation in the country as stable.

Gledovic reports that some sectors have even been on the rise recently – perhaps most notably real estate, where a boom in residential development continues and interest in logistics properties is higher than ever. Gledovic points to the sale by the Poseidon Group and Mitiska Reim of retail parks in the Serbian cities of Zajecar, Leskovac, Sombor, and Sabac to Austria’s Immofinanz AG, which, he says, demonstrates that even the retail segment of the real estate market remained active.

Gledovic says that the high demand for real estate includes residential properties; a trend that is explained in part by the availability of affordable loans and, he says, an inevitable form of group-think. “A herd mentality is present in the sense that, seeing how the sector is very active, people are rushing to buy,” he says. However, not everything is sunshine and roses even in Serbia’s burgeoning real estate sector, and Gledovic suggests that some companies might resort to sale and subsequent lease of their office space in order to secure working capital.

Another fairly stable part of Serbia’s economy is its financial sector, which Gledovic says has registered several significant events, including last spring’s sale of Komercijalna Banka to Slovenia’s NLB. Gledovic reports that the recent establishment of the U.S. International Development Finance Corporation in Serbia represents a valuable addition to the country’s financial sector and is expected to result in new investments in the market. ■

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*A herd mentality is present in the sense that, seeing how the sector is very active, people are rushing to buy.*

According to Rafal Rapala, Senior Partner at Kochanski & Partners, recent developments of interest in the Polish economy include, among other things, several investments by the state-owned Orlen oil company in several regional daily newspapers. This is another step in expanding the company's portfolio beyond traditional fuel production and distribution, following its 2020 acquisition of Ruch, one of Poland's biggest kiosk and press distributing companies.

The government's plan to impose additional taxes on various media – a so-called “ad tax” – is proving controversial, Rapala reports. “Last week all privately-owned Internet portals and radio and TV stations stopped broadcasting for one day,” he says. “The scale of the negative response from the media was tremendous – it was odd to see black screens on virtually every channel.” As a result of the pushback, Rapala believes that the government might step back from the idea.

Although the Polish economy is relatively stable, Rapala believes that the country is not developing as fast as it could. In addition, he says, some industries have taken noticeable hits – particularly the real estate sector. “Our office space market was booming before the pandemic, but lately there has been a drop in both the volume of construction projects and the rent prices.”

Recent changes to Polish legislation may also be cause for concern. “A new draft of the Commercial Companies Code has recently drawn attention,” Rapala says, who notes that, if passed, the law could be problematic, as it would allow holding companies to syphon funds, without liability, out of their subsidiaries until the brink of insolvency.

The troubling part, he says, is that management boards, except in narrowly defined cases, would not be able to refuse the instructions of their holding companies. “Since such a solution would be detrimental to the minority shareholders, we decided to take action,” Rapala says. “Kochanski & Partners is a member of several think tanks and Chambers of Commerce, which are very active in evaluating legislation,” he says. “I was a member of the panel of experts which presented several amendments of the draft to the Ministry of State Assets of Poland. Among other things, we proposed that, should the holding company change the articles of association of its subsidiary and thus jeopardize the minority shareholders, they should be allowed to exit the company.” He reports that the ministry accepted the proposal. ■

## Poland:

### Interview with Rafal Rapala of Kochanski & Partners

By Djordje Vesic (March 10, 2021)



*Our office space market was booming before the pandemic, but lately there has been a drop in both the volume of construction projects and the rent prices.*

## Czech Republic: Interview with Michal Nulicek of Rowan Legal

By Andrija Djonovic (March 23, 2021)



“The Czech Republic is currently among the worst-hit countries when it comes to Covid,” says Rowan Legal Partner Michal Nulicek. “We have more than ten thousand new cases every day – which is a lot, considering that the entire country has about ten million people living in it.”

The Czech Republic is under a heavy lockdown, with travel limited, schools closed, and a many businesses forced to test their workers twice a week, Nulicek reports. “Vaccination efforts are continuing,” he says, “but we have to wait for an increase in vaccine supply before we are able to roll it out to the general population.” In the meantime, he says, Covid-related measures are “changing all the time, so it’s not very transparent and predictable as to what will happen next.”

All of these efforts to combat Covid have slowed the government’s ability to make progress on other legislation, Nulicek says. “A lot of legislative activity has been postponed or placed on hold – even that which is related to implementing EU laws and directives.” As a result, he says, it appears those implementation efforts – despite rapidly approaching deadlines – will be delayed. The Czech Republic will have parliamentary elections in October, and Nulicek says that the overall situation is building momentum for the opposition. “It will be interesting to see what happens, come October.”

In the meantime, Nulicek says, the economy is not doing great. “The overall situation has started to take its toll,” he says. “Recently, a number of companies have declared their income for the past year and there has been a sizable decrease, especially in automotive industry companies like Skoda.” In addition, he says, “offline retail is heavily impacted, as are, of course, restaurants and hotels. We’ve also seen first major insolvencies with three Czech clothing companies – Pietro Filipi, Kara, and Blazek – all filing for bankruptcy.”

“Covid-related measures are changing all the time, so it’s not very transparent and predictable as to what will happen next.”

Nulicek reports that the price of residential housings is “constantly increasing as well.” Still, he says, “there are not many new developments when it comes to real estate transactions. There is a steady demand, but not a lot of supply, when it comes to residential units.” Nonetheless, he reports at least one major development project going on in Prague, with the Sekyra group seeking to “revitalize huge parts of the city, including the former railway station, the Smichov district, and other plots of land, primarily brownfield.”

Nulicek says that the Czech government has lowered taxes in the hope that people will start spending after the COVID-19 crisis ends. He says this may not last, however. “With all the subsidies towards businesses, the strain on the budget grows, and it is likely that the new government will have to increase taxes following the elections later on in the year.”

Finally, Nulicek describes a major effort to introduce a digital identity in the Czech Republic. “The government, in cooperation with the banking sector, is developing a project that should enable citizens to use their Internet banking details as a means of proving their identity and gain access to government and banking services online – all in one place.” The first things to get connected will be state services and state offices, but private companies are expected to join the project soon. “New legislation on the digital service that provides the framework for this has already passed,” he says. “Hopefully we’ll see the first state services exist online by the back half of 2021.” ■

## Slovenia:

### Interview with Suzana Boncina Jamsek of ODI Law

By Andrija Djonovic (March 24, 2021)

“Covid is still a very hot topic in Slovenia, I’m afraid,” reports ODI Partner Suzana Boncina Jamsek, from Ljubljana. “The vaccination efforts have somewhat stalled, especially with some problems that Europe seems to have been having with the AstraZeneca vaccine, and this is affecting the market and our daily work.” Boncina Jamsek says that the country still has some lock-down measures in place, but that these change “almost on a weekly basis,” and are not very strict at the moment. “Still, business meetings rarely take place in person, and this is still a hurdle for all of us,” she says.

The government is hoping for a stable finish to its term, Boncina Jamsek says, even though it has been experiencing issues lately. “The Education Minister has been questioned by the opposition in a parliamentary process, recently, but nevertheless the current government seems to still be on track to complete their mandate,” she says. The government is also preparing to take over the reins of the EU in the back half of 2021.

The government’s legislative agenda has not been entirely focused on corona-related efforts. Indeed, Boncina Jamsek says, “the government has passed a proposal for a new de-bureaucratization law which is currently being vetted by the parliament – this, if passed, will likely lead to a leaner administration.”

M&A transactions remain quite lively, Boncina Jamsek reports, although smaller than in previous years. “Still,” she says, “investment activity is high, despite corona.” She also says that the real estate market is very active and that there are a lot of investment funds establishing presences in the country.

Additionally, Boncina Jamsek says, there has been a boom in the private medical care sector. “There has been a lot of M&A activity with private clinics and diagnostic centers recently,” she says, describing it as “a very vibrant area of the Slovenian market, overall.”

Finally, she says that Slovenia’s banking & finance sector “has experienced a prolongation of credit arrangements, but not a lot of restructurings, unlike the last economic crisis of ten years ago.” According to her, “I think that this is because there are still a number of COVID-19 measures in place that ease the existence of businesses – after these run out, it remains to be seen what the situation will be like.” ■



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*Slovenia’s banking & finance sector has experienced a prolongation of credit arrangements, but not a lot of restructurings, unlike the last economic crisis of ten years ago. I think that this is because there are still a number of COVID-19 measures in place that ease the existence of businesses – after these run out, it remains to be seen what the situation will be like.*

# THE PONTES PERSPECTIVE ON CEE

By David Stuckey

The COVID-19 crisis continues to plague much of Europe. To get an overview of its effects across CEE – both on investment in the region and on the legal industry itself – we reached out to the members of Pontes the CEE Lawyers legal alliance, a Regional Sponsor at the upcoming Dealer's Choice International Law Firm Summit.



Pontes' annual retreat in Wroclaw, Poland, September 2019

**CEELM:** How is Covid affecting investments in renewable energy, and which CEE markets are particularly attractive in this regard?



**Christian Schnell (Poland):** The new European Green Deal will stimulate the economy after the COVID-19 crisis. To reach the Net Zero 2050 target, greenhouse gas reduction measures must accelerate significantly before 2030. The EU strategies published since July 2020 provide a technical outlook of how to achieve

Net Zero. Electrification of the heat and transportation sectors is key for the future energy system, so the demand for power will increase. Additionally, conventional power generation is becoming very expensive due to increasing prices for emission allowances. The post-COVID-economy will speed up investments in renewables, battery storage, heat pumps, e-mobility, and digitalization, and Poland seems to be the most attractive market in CEE.

**CEELM:** We've heard that the COVID-19 crisis has signifi-

cantly increased the pace of digitalization in the legal sector. Have you noticed that phenomenon in your business as well?



**Bernd Taucher (Austria):** What we have seen in the past year is an increase in on-line meetings, negotiations, and conferences, with transactions moving towards all-digitalized project implementation. However, this definitely did not come overnight, and was not primarily driven by the pandemic, although the crisis may have sped it up a little. The prevalence of legal-tech solutions is still more-or-less limited to electronic document management, CRM, co-working tools, and certain cloud-based applications. The legal industry seems to be approaching digitalization cautiously.

**CEELM:** What issues or phenomena are you paying attention to in each of the markets Pontes the CEE Lawyers operates in at the moment?

**Andrej Majernik (Slovakia):** A recent – and positive – de-



velopment in Slovakia is the establishment of the Supreme Administrative Court of the Slovak Republic. It will start to function on August 1, 2021, and in the hierarchy of general courts, it will have a footing equal to the Supreme Court as the court of highest authority in the field of administrative justice. The

new and specialized court is expected to improve the quality of jurisprudence and eliminate some of the long procedural delays that have plagued Slovakia. Recognized external professionals, including attorneys, may apply to become Supreme Administrative Court judges. The vacant judicial positions could be taken by lawyers with experience in issues related to governmental interventions into private business activities, and thus possessing a certain sensitivity to the private sector's needs. Upcoming years will show whether Slovakia will grab or miss this opportunity.

**Csaba Polgar (Hungary):** In



Hungary, a hot topic is the new Foreign Direct Investment control system introduced by the government during the state of emergency, which has raised some concerns. To control foreign investments into Hungarian companies during the pandemic, the government adopted a new Act

on the Transitional Rules and Epidemiological Preparedness Related to the Cessation of the State of Danger, which introduced the requirement of consent by the competent minister for transactions having an impact on strategic companies. A company is deemed "strategic" if its main or additional activity falls within the energy, transport, or communications sectors, or other strategic sectors defined in Regulation (EU) 2019/452. The minister's consent is also required for investments that are equal to or exceed HUF 350 million. In our experience so far, consent is granted for most M&A transactions. However, we are aware that the minister has already denied an acquisition regarding Hungary's state interest, so it appears that the consent requirement creates

a level of uncertainty in M&A transactions that may lead foreign investors to become more cautious with future investments in Hungary.



**Victor Gugushev (Bulgaria):** We

have recently seen a significant increase in interest by investors in renewable resources in Bulgaria and the capacity for development of this sector. The Government has committed to prioritizing green energy, innovation, energy efficiency, and nuclear and gas sources, as the share of

"clean" sources in final gross consumption is expected to reach 27.09% by 2030. Bulgaria aims to install 2.65 GW in electricity generation from renewable sources towards meeting that decarbonization goal, mostly in PV and wind plants, while ensuring maximum integration on the market and creating conditions for the development of captive consumption and energy communities. The stimulus is represented in various financial mechanisms and operational and national programs, while the preferential prices and premiums under already concluded contracts will continue. Bulgaria is focused on regional power market integration and trading European-wide through a market coupling.

**Ariana Pantea (Romania):**



Similarly, in Romania, there are great opportunities for green investments if the Government proves its commitment to the European Green Deal and assumes a coherent strategy. Romania's 2030 RES Target entails commissioning 7GW new generation capacities, so the process to

reshape the support framework for renewables has already started. A competitive and cost-effective mechanism is planned, with Contracts for Difference providing stability and revenue security, and greenfield power purchase agreements ensuring the bankability of new RES investments. This mechanism will mainly support mature technologies – especially onshore wind and ground-mounted

PV. Despite the pandemic, investors are acting fast, reviving old RES projects or assessing the feasibility of new ones, seeking access to EU funding, and energizing M&A deals. In the near future, we expect to see a rise of solar rooftop projects on industrial and commercial buildings, but large projects will also follow.

**Christian Schnell (Poland):** “Poland is very attractive for renewables investments due to the high wholesale prices for power, as the price increase of emission allowances has a visible market impact on coal-fired power generation. So power generation by renewables is very competitive. The tender support system awarding a premium to RES generators encourages investment. Due to a strict distance rule implemented in 2016, the pipeline of onshore wind farm projects has dried up, so utility-scale solar PV has become very attractive. However, we expect the government to ease the restrictions of the distance rule. The tender support system might change from 2022/2023 following current regulatory development in Germany implementing tenders for intermittent renewables to be supported by storage.”

**Bernd Taucher (Austria):** On the other hand, in Austria, the focus is on the development of the current market. To a large extent, Austria depends on Germany’s economic situation, and that of other Central and Eastern European countries. Austria is a wealthy and stable democracy located in the heart of Europe, with one of the highest GDP per capita in the EU, but its economy is highly export-oriented and dependent on foreign trade. The country trades mainly with its neighboring countries, with the manufacturing industry being particularly integrated into Germany’s value chain. Austria’s industry is characterized by numerous small and medium-sized enterprises, with the leading industrial sectors being automotive and chemical, mechanical engineering, electronics, life sciences and environmental technology. Following the outbreak of the COVID-19 pandemic, Austria was severely affected by the decline in trade due to the global economic crisis, and the recovery measures enacted by the Government are the main priority at the moment.

**Tomas Dolezil (Czech Republic):** In the Czech Republic, we have been witness to a rapid and accelerated digital evolution. Technology was already playing an important role for a long time even before the pandemic, and we are lucky that it was available to us. We just need to fully accept the new tools, show greater flexibility, and learn how to use them effectively in our day-to-day lives. The existing situation has changed how we deliver our legal services, for example. We can see

that the home offices and on-line communications have led to a different type of team dynamics than we were used to. We have also observed that on-line meetings – in particular negotiations – are quite surprisingly effective, and that even remotely we can create and keep the necessary momentum.



**CEELM:** Are Pontes offices engaged in pro bono initiatives? What kind?



**Gabor Bebok (Hungary):** Across all Pontes offices, pro bono initiatives are vital to our social responsibility policies, based on our shared mission and values. In Pontes Austria, each attorney provides legal assistance to people in need – around five cases per year in the areas of criminal, civil, or administrative law, in addition to providing pro bono legal assistance to refugees. For the past two years, Pontes Slovakia has been defending the right of freedom of expression and information on a pro bono basis for two non-profits: Humanny Pokrok (pushing for a ban on selling eggs from caged hens in supermarkets) and Za Nasu Vodu (which is leading a campaign for clean drinking water). In Hungary, I support the InDaHouse association, which provides education services to children at risk of dropping out of the educational system by helping them with various legal matters. Similarly, Pontes Bulgaria provides pro bono support to the For Our Children Foundation, which advocates for children’s rights. Amid the Covid crisis, the Czech office assisted the Technical University in Prague with the licensing process for emergency lung ventilation equipment and an on-line shop distributing face masks for fair prices in addition to other annual CRS initiatives. Pontes Romania was also all-hands-on-deck in these challenging times, offering legal support to multiple industries, explaining state support measures, aid schemes, and the impact of lockdown on permits and contracts. ■

# Gugushev & Partners

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# THE LONG PATH TO PARADISE: HUNGARIAN LAWYER AGNES MOLNAR FOLLOWS HER MUSE ACROSS THE WORLD

By Andrija Djonovic

Starting from modest beginnings in the small Hungarian city of Eger, **Agnes Molnar**'s career has taken her across the world, from small local law firms to the Magic Circle, from state entities to global banks, and from Budapest to London to Vienna to Montreal. Now, some 10,000 kilometers away from her home country, she is a **Partner** at **Travers Thorpe Alberga** in the Cayman Islands.

If, as the Chinese proverb has it, a journey of a thousand miles begins with a single step, Molnar is already half-way there.



Twins Leo and Adam, Zoe, Agnes, and Marc-Olivier Struggling to Survive the Winter

### Beginnings in Hungary

“I clearly remember being 12 years old when I decided I wanted to become a lawyer,” Molnar recalls. This came as a shock to her parents, who had been anticipating a very different career, perhaps one arising from her natural talent with music – especially the violin. “My father is a musician – and a very, very talented one at that – so he believed that I’d carry on the mantle,” she laughs. “I even had perfect pitch!”

Nonetheless, she was determined. “I am very grateful that I was fortunate enough to realize what I wanted to be at an early age,” she says. “It gave me such a strong drive to make it work.” Molnar got her law degree from Hungary’s University of Miskolc in 1998, then moved to Budapest and accepted a position at the Competition Office of the Hungarian Government.

“It was a really interesting time,” Molnar says, “because the country had just started growing beyond the confines of the former communist regime.” In moving towards a capitalist system, Hungary was creating new regulatory bodies to ensure the proper functioning of its nascent system. “Supervisory functions were quite new and unique, and I was thrust headfirst into overseeing the competition aspects of the banking and capital market sector,” she says. In addition to a steep learning curve, she says, she “had good fun, learned a lot, and had really great colleagues.”

Before long, however, Molnar felt that it was time for a change. “I always had a passion for forging close relationships – I am really a people’s person – and that’s exactly what the Competition Office lacked.” Eager to try something new and more client-facing, she moved into private practice in a small Budapest law firm led by former Hungarian Olympic Pentathlon gold medalist Ferenc Torok.

While learning the ropes, Molnar became aware that many of her former law school class-

mates were doing something more interesting. “Friends from law school that worked for newly established international law firms were working on cross border large deals,” she says. “It was a time of large privatization projects in the region, and this type of complex work excited me and made me wonder what could I do to work for those firms.”



The next step, she says, was obvious. “I realized that, in order to work for the international firms, I had to have immaculate knowledge of English – something that wasn’t that often found in those days due to the school system in Hungary focusing on Russian as a compulsory foreign language.” To that end, in 1999, she picked up and headed to the source. “I had no money for a plane ticket so I got myself on a bus – a 36-hour ride to be exact – and soon found myself in London! I was never abroad before that moment – I did not even have a passport!”

### Loving London Act I

In the English capital, and while working on her English, Molnar took a procession of small jobs – first as an *au pair* with a local family, then at a local bar, and, eventually, as an office assistant at Bookman & Co., a small accountancy firm. “The firm needed someone to file documents and send emails – PA type of work, but I was all for it,” she recalls. “I established a good relationship with Peter Bookman and when he learned that I already had a Hungarian doctorate in law, he encouraged me to get a degree in English Law.”

“It was amazing to us that Agnes would have to get a UK university degree in law in order to practice, given that she already had it from back in Hungary,” Bookman laughs. After all these years, he remembers Molnar’s worth ethic well. “She was one of the most driven and dedicated legal professionals we ever



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– Agnes Molnar,  
Partner,  
Travers Thorpe Alberga



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*Agnes had a tremendous amount of energy and ambition coming in – something she used to her advantage while navigating and adjusting to the job.*

– Rob Irving, Partner,  
Dentons



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*I was impressed with her academics and the experience she had already gained. It was clear that Agnes wanted to move to a larger office and take on more complex, cross-border work.*

– Dominic Griffiths,  
Global Head of Finance,  
Mayer Brown

encountered,” he says. “Her legal thinking was excellent and her approach to law was very, very practical.” He recalls that period with a smile. “We were carrying out court appearances as well, back in the day, and she had a real gift. That plus a high level of common sense. That’s what made her stand out.”

With the accounting firm sponsoring her student loan, Molnar was admitted to London South Bank University in 2002. It wasn’t, she recalls, easy. “It was a real challenge, just grasping the concepts in a language that was still quite foreign to me at the time. Getting my head wrapped around case law that even native speakers had issues with was a tough nut to crack.”

Bookman recalls Molnar tackling the difficult legal degree head on, with a purpose. “She just knuckled down and did it in nine months, it was downright an amazing sight to see,” he recalls. “She has a phenomenal personality, which was especially evident when it came to client-facing work. We were honored to encourage her on her career path, we saw great, great potential – and she returned us the favor twice-fold, with her work and commitment to the company.”

Molnar earned her degree with a commendation in 2003, but her studies were not yet complete, and, while continuing to juggle her other professional responsibilities, she enrolled in a legal practice course at London’s BPP Law School. About halfway through that course, she was contacted by a recruiter in Hungary with the news that a law firm back in Budapest was interested in talking with her. Although she hadn’t been planning on a return to her native land, yet, she decided to give the firm a call and see what they had in mind.

The firm was White & Case.

### Leaving London and Back to Budapest

“I was pleasantly shocked!” Molnar recalls. “The Budapest office of White & Case was led by a veritable legend – Istvan Reczicza, now Managing Partner at Dentons’ Budapest – and it all became much more interesting.” Molnar accepted the firm’s offer, and in June, 2004, she moved to Budapest to start her work as a trainee solicitor. “I was working on the financing of the construction of the M6 motorway with the remarkable private equity expert of White & Case Budapest, Rob Irving, and also had some fascinating banking deals with Karoly Foti,” she says. “It was hard work, but we had so much fun! I was the only one who commuted to BPP London from Budapest to finish my LPC course!”

“I was the one that interviewed Agnes for the position,” recalls Irving, now Co-Chair of Dentons’ global Private Equity group. “Agnes had a tremendous amount of energy and ambition coming in – something she used to her advantage while navigating and adjusting to the job.” During her time with W&C, Irving says, she revealed herself to be open to learning new things and working hard, and demonstrated a quick wit. According to him, “she was very engaged with whatever she was handling – clearly quite committed to making the transformation to a top tier corporate lawyer.”

Before long, opportunity knocked again. In 2007, while completing her Hungarian Bar exams – which she describes as “the hardest thing I have ever done, by far,” she learned that Dominic Griffiths, then a senior finance lawyer from the London office of White & Case, would be joining Mayer Brown (where he became Global Head of Finance). “I had worked with Dom before so I emailed him sending my congratulations,” Molnar recalls. “I was ecstatic when I received his response asking me to pop in to see him the next time I was in London.”

Molnar made an immediate impression on Griffiths, who described her as “clever, engaging, with bags of character and ambition!” In

addition, he says, “I was impressed with her academics and the experience she had already gained. It was clear that Agnes wanted to move to a larger office and take on more complex, cross-border work, and I was also interested in the Central and Eastern European angle – having a bi-lingual lawyer in London familiar with the legal regime in Hungary and surrounding nations.”

Soon after, Molnar ended up moving back to London to join the Structured Finance team at Mayer Brown.

### Bagging Budapest, Loving London (II), and a Canadian Caper

“It was immediately obvious that we had made the right decision in offering Agnes a position with Mayer Brown in London,” Griffiths continues. “She threw herself into the work and very soon became an excellent deal lawyer – tenacious and commercial as well as hard working.” And more. “Not only did Agnes perform well in transactions, but she also helped immensely in marketing activity and conferences,” he says. “She became an expert in Central and Eastern European securitization, writing articles, presenting to clients, and appearing on stage at conferences, in London as well as Vienna.”

Soon after joining Mayer Brown, Molnar completed her third and final Hungarian bar exam and was admitted to the Budapest Bar. The Law Society of England and Wales, acknowledging her significant time with international law firms, waived the two-year training requirement, and she was admitted as a solicitor of the Senior Courts of England in 2007 as well.

That same year, on a trip to Vietnam and Thailand, Molnar met Marc-Olivier Chenevert, a French-Canadian restaurateur. “It was love at first sight,” Molnar says. “We had a long-distance relationship for two years, commuting between London and Montreal. After that, we got quite serious and he asked me to move in with him, in Montreal!” She was, as ever, undaunted. “I remember thinking that an English-qualified finance lawyer could work anywhere in the world,” she recalls with a laugh. “So why not?”

She soon found out. To work in Quebec, Molnar would have to sit for *another* bar exam – this time, with an extra challenge. “I soon saw a major hurdle – I could take the bar in English, but all of the preparation material was in French.” This, it turned out, was a bridge too far. “It was really tough, having to try and learn yet *another* language in order to be able to practice law, after a doctorate in Hungary, post-grad, and an LPC in the UK.” Regret fills her voice. “I tried, I really did and I gave it my best – but we decided that was just too much!” In 2010,

she and her now-husband moved back to London.

Upon returning to London, Molnar moved in-house, helping first GE Capital and then Wells Fargo cope with the fallout of the global financial crisis.

Then, in 2013, just as it seemed that things were calming down and she had settled in – Molnar got another phone call.

### Veering Towards Vienna

Freshfields Bruckhaus Deringer Partner Attila Csongrady was calling from Vienna. “Attila was the Head of the English Law Finance desk at Freshfields and I was very excited to get a call from him – I just simply could not say no!” Molnar says. “CEE was always close to my heart, I had had a lot of CEE-related work at Mayer Brown, and this seemed like a most enticing turn for my career.”

“I vividly remember interviewing Agnes, in London,” recalls Freshfields Partner Friedrich Jergitsch. “She was quite formidable, quite convincing, handling her own – not an easy feat to accomplish when you’re facing five senior lawyers crisscrossing you with questions, confronting you, and discussing all things legal. But she was quite, quite good.”

Molnar was welcomed with open arms at Freshfields, although, ironically, Csongrady himself had moved on before she got there. Jergitsch describes Molnar as “a very pro-active, business-minded person. She constantly seeks out opportunities, is an amazing networker, and was an excellent addition to the team.”

“I had a really, really good time with Freshfields in Vienna,” Molnar recalls. “I made a lot of good friends, and had the opportunity to work on a lot of really good financing transactions and securitizations – it was a great time of my life.”

However, three years later, in 2016, Molnar felt that it was time to move again. It didn’t surprise her colleagues. “There is no denying that Austria may be on a bit of a periphery of the English-law world,” Jergitsch laughs. “While we do have some transactions that bear merit, the true epicenter of this is London. Agnes had the knack to make it big there, and she has always wanted to get in the grit of things.”

### Last Time in London

Moving back to London for the third time, Molnar joined the Fund Finance group at Reed Smith. “While there, I focused on investment funds and their financing,” she says. “I had



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*She constantly seeks out opportunities, is an amazing networker, and was an excellent addition to the team.*

– Friedrich Jergitsch,  
Partner, Freshfields  
Bruckhaus Deringer

the great pleasure of advising on the first ever fund-financing deal in Romania, acted for funds investing in real estate assets in Serbia and Poland, and advising on financing the acquisition of sub-performing and non-performing loan assets in Kazakhstan and Greece. – I have actively pursued opportunities in the Eastern European emerging markets.”

She spent three and a half years in London this time. Then – yes – the phone rang again.

#### The Call to the Caymans

This time the call came from the other side of the Atlantic – the Cayman Islands, in the Caribbean Sea. “I’ve spent all of my career offshore and the network of recruiting consultants we have at our disposal, at this point, is significant,” says Travers Thorp Alberga Senior Partner Anthony Travers. “People come onto our radar by way of reference – good client work, excellence in handling complicated matters – and we spotted Agnes in the same way.”

Travers says that he and his colleagues realized that Molnar possessed the necessary drive and determination, and her unique background was a strong selling point.

“Her story is one of triumph in the face of adversity,” he says. “Coming to England without knowing any of the language, working her way up from the very bottom – amazing. I am reminded of a quote of Martin Luther King Jr.’s about how it is not a matter of color but the content of one’s character – looking at Agnes, at her tremendous will-power and her fierce determination, it is clear that overcoming adversity is exactly her story.”

Molnar says that Travers Thorp Alberga turned out to be a perfect match for her as well. “I

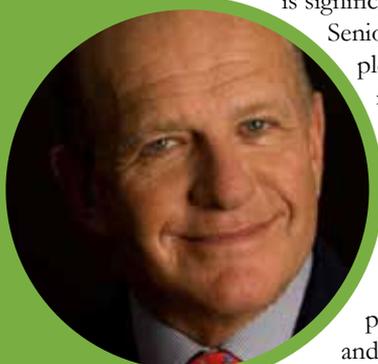
was skilled, by that time, in 2019, in thinking through the entire life-cycle of an investment fund, foreseeing potential borrowing and liquidity needs, and anticipating roadblocks, so their invitation to join their Investment Funds team seemed like a natural continuation of my work.”

She claims, now, to be truly content. “Tending to the needs of investment funds first hand, to the investments they need, helping them structure their investment vehicles in such a way as to have an optimized funding structure, complying with regulatory requirements – I am finally in a position to be able to provide truly holistic advice to clients,” Molnar says. “Having to think outside the box, seeing the big picture for the clients – this is a position in which there is never a dull moment and, after twelve years of pure finance, to be able to do *this* – it feels really amazing.”

“Agnes is at the top of her profession and has been a great success already,” Travers says of his Hungarian colleague, describing her as “not only a very positive technical lawyer but a person with quite a charming demeanor who spreads a great aura around the office.” As a result, Travers predicts that Molnar – whom he calls the firm’s “Magyar Princess” – will have a terrific career with the firm, not only because of her “warrior-like mentality, but also because she is an inspiration to us all.”

#### Content in the Caribbean

“I’m impressed that Agnes has gone from strength to strength in the legal industry and am immensely proud of her, having been an early colleague and mentor,” Dominic Griffiths says, from London. “We keep in touch and compare notes on the market often. Agnes made discerning career moves at relevant times over the years that have made a lot of sense for her and her family. It is wonderful to see a clever, successful woman such as Agnes make such progress in our profession.”



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– Anthony Travers,  
Senior Partner,  
Travers Thorp Alberga

For her part, Molnar claims to be content, living in paradise with Marc-Olivier, their twin 9-year old boys Adam and Leo, and their 4-year old daughter Zoe. And to some extent her path has come full circle. “The Grand Cayman,” she says, “which is the largest of the three islands of Cayman Islands, itself has about 60,000 people – much like the town of Eger, where I grew up in back in Hungary – so everybody knows everyone.”

Though, perhaps, not *quite* the same as Eger, Budapest, Vienna, or London. “Here, I have a chance to stop and smell the roses – we go out snorkeling every week, my husband regularly kite-surfs, I swim every day, run, and do yoga,” she says. “It’s a very, very different experience and a true change of pace compared to how life was back in Europe. Back there it was all much faster, in a way, running around, commuting, rarely getting a chance to spend time with the family – I really appreciate the change in that regard.”

Still, Molnar concedes that she misses the cultural aspects of the old country – “I miss the Budapest Opera House, to be honest, and museums and theaters” – but she insists she doesn’t have many regrets. “I focus on all the things that are here, and first and foremost its safety – there haven’t really been any Covid cases in the Cayman, with the island being closed off to the rest of the world – so it’s very safe here and life, in most ways, moves along at a normal pace.” And the turquoise ocean doesn’t bother her either.

Still, Molnar doesn’t rule out the possibility of returning to Europe. “Life is short and you have to do what makes you happy. My family loves Budapest – both my husband and my children – so I cannot really rule out moving back to Hungary or Europe somewhere one day,” she says. “But, I feel supported and valued here and that makes me very happy.” ■



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# MISSION STATEMENT: TRANSFORMING LAW FIRMS INTO HIGH-PERFORMANCE DIGITAL ORGANIZATIONS

By Radu Cotarcea

According to its website, “Amberlo takes care of your busy-day so you can focus on what matters most,” and the company is “on a mission to help law firms transform into high-performance digital organizations.” CEE Legal Matters spoke with Amberlo Co-Founder and CEO Aidas Kavaliauskas to learn more about how the company’s cloud-based case management software built for legal professionals does just that.



**CEELM:** Tell us a bit about Amberlo, its mission, and its products.

**Aidas:** Amberlo is an all-in-one cloud-based law practice management platform that automates business processes at law firms, from client acquisition to payment management. It was born with the mission to transform law firms into high-performance digital organizations. During the past few

years, we have accomplished the transformation for hundreds of law firms.

**CEELM:** When was the company founded, who were its founders, and what was the source of inspiration in setting up the company?

**Aidas:** The Amberlo idea was born in 2015 between me and a few friends. We were involved with some legal projects and

did not like the way they were organized. We thought that lawyers and their clients deserved better tools than Outlook and Excel. We checked the market and saw a gap. There was a lack of user-friendly and affordable law practice management software in the EU. The US had Clio, but it was not localized and did not support local billing and reporting requirements. Most European software providers either focused on top law firms or had quite basic products for small and medium-sized law firms. Cloud solutions were only starting to gain momentum, and we saw an opportunity. We used our 15+ years of experience in developing cloud solutions for top enterprises in Europe to create the legal software. Amberlo was launched in 2017.

**CEELM:** What did you find were the main reasons firms turned to Amberlo?

**Aidas:** At the very beginning, law firms were not rushing to use Amberlo. We had a dozen law firms who were participating in the pilot project. Then we started adding more law firms. During the pilot phase, which lasted another two years, we polished the product. We used all the feedback from our pilot customers and looked into the best of breed products from other business areas to create a seamless experience for lawyers. Law firms started using our solution at a certain point because it worked for them, not the other way around. Also, they saw other law firms using our software. And all of them stayed with us because, besides being easy to use, Amberlo created enormous value. Our clients were reporting a 20-30% increase in productivity after starting to use Amberlo.

**CEELM:** What were some of the main concerns from early adopters and how did you address them?

**Aidas:** Security, the business continuity of the company, value, and price were among top concerns from early adopters. Law firms were not sure if they could trust us, and if we could protect their data. Another concern was a value perception problem: lawyers were unsure if they needed Amberlo, if they could use it effectively, if their team members would accept it, and if the software was worth the price. But most of those who started are still with us. Over time, they all saw that (a) the software does the job, (b) we are still releasing new features every three weeks, and (c) we are still answering questions on the same day.

**CEELM:** What did year one look like? What were some of the main hurdles you had to overcome and what was the team's first win?

**Aidas:** There is a joke about the difference between a German and an American startup: an American startup will have two sales guys, one marketing guy, and two engineers; the German startup will have five engineers. We were like a German startup. Instead of focusing on sales and marketing, we focused on product development and started seriously selling in 2020. The first big win came in the second year, when we on-boarded the first international law firm, successfully imported the historical data from the last 15 years, and launched in four countries.

**CEELM:** And how have the company and its products evolved since then?

**Aidas:** Today Amberlo is used by law firms from 23 countries. We have 19 team members in three countries, and Amberlo is among the most user-friendly legal software on the market.

**CEELM:** Are those 19 team members still all engineers?

**Aidas:** Half of our team members are engineers, and the other half do sales and marketing.

**CEELM:** Last year, Amberlo raised EUR 1 million from four venture capital funds and several private investors. What do you believe made the company particularly attractive to these investors?

**Aidas:** Investors trust the product, the team, and the market opportunity. Lawyers like Amberlo because it does the job well. It is one of the few legal platforms that offers Open API, which provides access to all platform functions and data for third party apps. Our own web and mobile applications use the same API, making it very easy and reliable to integrate with. We have unprecedented development speed and state-of-the-art security. Our billing workflow and Microsoft365 integrations are some of the best on the market. The team made this possible. Before Amberlo, we, as a team, spent 15+ years delivering cloud-based solutions to top enterprises in Europe and around the world. This year we see law firms massively moving to the cloud, and we are here with all the experience, happy customers, and state-of-the-art technology.

**CEELM:** And what is the capital raised intended for? What can we expect from the company next?

**Aidas:** With the new investments, we will enter Spain, Germany, and France. Next, we plan to introduce AI tools to assist lawyers in 24 languages. ■

A professional portrait of Kamil Lewandowski, a man with short dark hair and light eyes, wearing a dark blue suit, white shirt, and patterned tie. He is standing with his arms crossed, looking directly at the camera. The background is a blurred indoor setting with warm, golden bokeh lights.

**INSIDE INSIGHT:  
KAMIL LEWANDOWSKI,  
HEAD OF LEGAL POLAND –  
ASSET MANAGEMENT AT  
THE CPI PROPERTY GROUP**

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By Djordje Vesic

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

**Kamil:** I have qualifications in both law and finance. However, law has always been what I wanted to focus on. Therefore, after graduating from law school, I joined the Real Estate team at Hogan Lovells. At a later stage of my career I practiced with other law firms – both K&L Gates and Eversheds – specializing mainly in the Real Estate sector. In the meantime, I received my Master's degree from the Regensburg University. Finally, more than three years ago, I joined CPI as Head of Legal for Poland.

**CEELM:** Why did you decide to join CPI?

**Kamil:** It was quite an easy decision, as after the first meetings with CPI's former Country Manager and General Counsel, I already knew I wanted to be a part of the team. The philosophy behind CPI and the business approach and expanding plans appealed to me. Moreover, becoming an in-house lawyer after more than ten years in law firms seemed to be a natural step forward. Having a solid background as a legal advisor, I knew I was ready to test myself on the first line. You cannot be any closer to business than as an in-house advisor.

**CEELM:** Tell us about CPI Property Group and about its legal department. How big is your team, and how is it structured?

**Kamil:** Currently, our legal department consists of seven lawyers. The structure is rather flat and strictly connected with the type of work we deal with on a daily basis. Each lawyer is responsible for a specific type of building portfolio. This part of work encompasses negotiations of lease or fit-out agreements as well as providing support for an on-site team. Additionally, each of us is a specialist in a different field: corporate law, building law, administrative proceedings, GDPR and compliance, *etc.* Therefore, we are able to keep the majority of legal work in-house.

Due to the enormous increase of CPI's portfolio, half a year ago we split the legal team into two independent units: Asset and M&A. My colleague Marcin Zaskurski, as co-head, is responsible for further transactions and development work, while I supervise Asset & Corporate work.

**CEELM:** Was it always your plan to go in-house? If so, why? If not ... how did it happen?

**Kamil:** I had been truly convinced that the best environment to practice law in was in a law firm until I received an offer from CPI. After the first two weeks as an in-house lawyer I changed my mind completely. To be honest, now I can hardly imagine myself working in a law firm. I presume this may be due to two major factors. First, being an in-house lawyer means working on a huge number of issues at the same time and being forced to leave your comfort zone from day one. Second, from an in-house perspective, you can deal with the entire project. You can see how the business works in practice, and how parties benefit from it in the long term. Additionally, I'm truly passionate about real estate as a whole, therefore guiding a real estate owner provides me with a sense of achievement.

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*Moreover, becoming an in-house lawyer after more than ten years in law firms seemed to be a natural step forward. Having a solid background as a legal advisor, I knew I was ready to test myself on the first line. You cannot be any closer to business than as an in-house advisor.*

**CEELM:** What was your biggest single success or greatest achievement with CPI in terms of particular projects or challenges?

**Kamil:** When I joined CPI, the Polish portfolio consisted of a couple of office buildings, two retail parks, and two shopping centers. Within the next two years we acquired an additional office building complex and a portfolio of retail parks. Both transactions were quite challenging, but the greatest achievement happened in the fourth quarter of 2019. In only three months, under the leadership of a new Country Manager – Barbara Topolska – CPI acquired (or secured via preliminary agreements) seven office buildings in some prime locations in Warsaw (including one of Warsaw's most iconic office buildings (WFC) and one of its biggest (Eurocentrum)). We nearly tripled our Polish portfolio. Those last three months of 2019 were the most intensive and challenging of my professional carrier. The speed of the process and the value of the investments were unimaginable. Furthermore, CPI in Poland rapidly expanded from approximately 25 employees to the 100 we currently have. All of these factors allowed CPI to become the biggest owner of office buildings in Warsaw.

**CEELM:** How would you describe your management style? Can you give a practical example of how that manifested itself in the legal department or helped you succeed in your position?

**Kamil:** I believe the most important role of a team leader is to create a proper working environment for the team and the (internal) clients. This should derive from individual beliefs, the kind of work you are dealing with, and the kind of internal clients you are supporting. Bearing this in mind, I have created a flat structure and supported the independence of the team members. To achieve proper cooperation within this scheme, there are some prerequisites. To begin with, a proper recruitment process is a must. You can give up micromanaging and support independence only if you are sure you have the right people on board. Second, you should support knowledge sharing and create common internal standards. Furthermore, you must always be fair towards your team members and remember that each of your co-workers has a different character and requires an individual approach. There is no one-size-fits-all strategy. Last but not least, you must always work on and support team building. This requirement does not only concern having a common goal, but is even more connected with the relationships among the team members. The better they are, the better the team works. To illustrate the point, nothing brings us together more than brainstorming about the best birthday gift..

I am convinced that strong relations within our team helped us go smoothly through the rapid development of our company and later during the COVID-19 crisis.

*Last but not least, you must always work on and support team building. This requirement does not only concern having a common goal, but is even more connected with the relationships among the team members. The better they are, the better the team works. To illustrate the point, nothing brings us together more than brainstorming about the best birthday gift.*

**CEELM:** Do you have any personal habits or strategies you employ that may not be common but that really help you succeed in your role? Things you've developed yourself over

the years that might not be obvious?

**Kamil:** Allow me to rephrase the question a little bit. Within my practice, I have noticed two areas which are not obvious, but need to be taken into account. The first one is conflict management. From time to time, even in the most organized teams, misunderstandings happen. You must not hide from them, but rather resolve those conflicts as soon as they arise. Crises happen, and managing them is one of your tasks. The second one is connected with the role of an in-house team. Traditionally, legal teams were recognized as cost centers. You must be proactive to change this approach and promote the legal team within your organization. This also involves educating your colleagues, as in the majority of cases everyone should benefit from the permanent legal support and early involvement of the legal team within new deals. Additionally, the legal team role should constantly expand into new and evolving areas – compliance and risk management are recent examples.

**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?

**Kamil:** I was privileged to start my professional carrier in a team led by Jolanta Nowakowska-Zimoch, one of Poland's most recognized real estate lawyers. I fully agree with the belief that your first boss is the most important one. I learned a great deal from her regarding a business approach and negotiations skills. It is obvious that the sooner you get familiar with these skills, the better. Of course, later on I met other great lawyers from whom I have learned a lot, but from my perspective the most significant mentoring was given to me by the first one.

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

**Kamil:** Luckily, thanks to John Grisham, there are a lot of great movies about lawyers. I also truly enjoyed *A Few Good Men*, with its epic court examination of Jack Nicholson's character by Tom Cruise's. Moreover, I like movies that tell a story about one man standing against an unbeatable organization, such as *Erin Brockovich*, *A Civil Action*, and, more recently, *Dark Waters*. Al Pacino's *And Justice for All* is a remarkable one, too. Besides, I have read a couple of Richard Susskind's books. Despite the fact that I do not agree with some of his predictions about the future of the legal profession, I find it a useful lesson. ■

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# MARKET SPOTLIGHT AUSTRIA

# GUEST EDITORIAL: THE LEGAL MARKET IN AUSTRIA DURING A PANDEMIC

By Elke Napokoj, Partner, BPV Huegel

The global COVID-19 crisis has led to a significant change in the field of M&A, both in Austria, and worldwide. In my more-than-twenty years of experience, I have not seen anything change the Austrian legal market so incredibly. Starting in March 2020, as a first step, several transactions in Austria were at least temporarily put on hold. As a result, the total number of transactions decreased in 2020. However, this trend was not unique to Austria, but represents a worldwide paradigm shift caused by increased uncertainty about the future of business.

The increased volatility that was a consequence of the changed economic landscape persisted until activity rebounded strongly in the third and fourth quarters of 2020, when, as in previous economic downturns, top performers sought opportunities in a context of discounted assets and lower valuations. This caused a more-than-increased workload for many M&A lawyers and advisors in Austria.

In addition, both the European Union and national governments - not least because of the COVID-19 crisis - are trying to protect their economies.

Austria has implemented its version of the new European foreign investment framework, controlling investments by non-EU residents in fields like energy, information technology, traffic, health, food, telecommunications, media, and data processing. I expect that this new regime will significantly extend the scope of transactions requiring approval, and as such, delays in transactions that have to be considered when structuring them. Nonetheless, inbound transactions have continued to rise, carried out primarily in the technology, media, and telecommunications sector, as Austria has many hidden champions in niche markets that are interesting for foreign investors. Most such deals, last year, were executed in the fields of technology, industry, and real estate. In contrast, the recovery to pre-crisis levels of outbound transactions is proceeding at a much slower pace as Austrians are typically more cautious and more risk-averse.

Unlike previous years, 2020 was also characterized by the

Austrian legislator's adoption of relief measures for companies and corporate transactions. As an example, the legislator allowed notarial deeds to be executed through video conferences, allowing transactions to be carried out without the physical presence of contracting parties.



Moreover, the obligation of a company to file for insolvency in the case of over-indebtedness has been suspended until March 31, 2021. This is also a reason why, despite the global economic downturn, corporate insolvencies declined significantly in 2020. Consequently, the number of companies at risk of insolvency is currently rising and a sharp increase in corporate insolvencies is expected in 2021. That brings me to the area of distressed M&A, which has been on an upward trajectory since the end of 2020. It is expected that this upward trend is to continue in the current year as government stimulus programs and deferments expire.

Another implication of the global COVID-19 crisis is that it has accelerated a lot of trends. Whether it is digitization, automation, big data, decentralized finance, sustainability, remote working, digital shopping or going from global to local, acquiring companies – or their assets – can lead to new opportunities and help companies keep up with the pace of change. Such trends do not stop even for us lawyers. I have never spent as much time in video conferences in my life as I did last year.

While 2020 proved that nobody can predict the future, I remain bullish in my outlook for the Austrian M&A market in 2021, as the underlying key economic drivers are solid: The costs of debt financing are still at historically low levels and many companies and investors have amassed considerable amounts of cash. In addition, the announcement of positive vaccine news provides further impetus for a recovering economy and higher levels of corporate transactions. It is essential for me as a lawyer to have a strong team, to be flexible, and to have ideas to react to a changed environment. ■

# A LASTING LEGACY: THE VIENNA STOCK EXCHANGE CELEBRATES ITS 250TH ANNIVERSARY

By Andrija Djonovic

The Vienna Stock Exchange was founded in 1771, during the reign of Empress Maria Theresa. Initially launched as a market for state-issued bonds – only bonds, bills of exchange, and foreign currencies could be traded – it expanded rapidly. In 1818, the Austrian central bank – which had itself been founded only two years earlier – became the first joint-stock company to be listed on the exchange (and one of the first shareholders was Ludwig van Beethoven, who bought eight shares in 1819). In 1863, the Suez Canal Company had become the first foreign company to be listed on the Vienna Stock Exchange, and in 1865, there was a further foreign listing with premium bonds issued to fund Turkish railway lines (“Turkenlose”). When the Frankfurter Bankverein applied for a listing of the Turkenlose bonds on the VSE, the Exchange Chamber decided to introduce rules for the admission of foreign securities, and thus, in 1873, the “Italian bond” became the first official foreign listing by means of a formal application. In December 1997, the Vienna Stock Exchange Chamber was merged with the Austrian Futures and Options Exchange to form a new exchange operating company, Wiener Borse AG, and in subsequent years the business spectrum of the Vienna Stock Exchange broadened to include market data dissemination and index calculation as well as IT services and central securities depository services.

Now, on the occasion of its 250th anniversary, the Vienna Stock Exchange, which is owned by Austrian banking institutions and listed companies, also owns and operates the Prague Stock Exchange and lends market infrastructure to the stock exchanges of Budapest, Ljubljana, and Zagreb. Next to the Deutsche Borse Nasdaq and the ever-growing Euronext, it is perhaps the most prominent exchange in Europe.

The VSE has a market capitalization of EUR 108.18 billion, with 88 trading members (including 62 from outside Austria), and it is a market data hub for the Vienna, Albania, Banja Luka, Belgrade, Budapest, Kazakhstan, Ljubljana, North

Macedonia, Prague, and Zagreb stock exchanges, as well as the EXAA Energy Exchange Austria, collecting and distributing data from these sources to market data clients. The VSE composition is 42% financials, 30% basic industries, 12% industrial goods and service, 11% utilities, 3% technology and telecom, and 1% consumer products.

And business – despite the pandemic – is good. Austria’s capital market capitalization of 2020 was higher than it was in 2018, and equity turnover in Austria grew by 11% in comparison to 2019. “The decline in valuations that followed March of 2020 was balanced by a very strong catch-up in third and fourth quarters,” says Vienna Stock Exchange CEO Christoph Boschan. “We can’t complain a whole lot. Year-on-year, the Austrian Traded Index doubled since hitting a low in March last year, when global stock markets plummeted. According to analysts, cyclical stocks saw a strong comeback with the rollout of the vaccine.”

## Stocks and Bonds

Schoenherr Partner Christoph Moser avoids grandiose language, describing the Vienna Stock Exchange as “a niche, small market,” and reporting that, “it has not, unfortunately, mirrored the strong developments of the IPO markets in the US, UK, or Germany.” Moser says that the market was somewhat silent from 2011 to 2018/2019, with just a few “IPOs and other equity issuances, with some de-listings and demergers leading the pack.” Still, he says, “in 2019, we saw some IPOs in Vienna, like Marinomed Biotech and Frequentis, that indicated an upwards trend in equity capital markets.” Moser says that this was set to be the case for 2020, with some equity projects in the pipeline, but the market ebbed in early spring with the onset of the pandemic.

“Traditionally, Austria never really had strong activity in equity capital markets, due to a lack of eligible issuers,” agrees Wolf Theiss Partner Claus Schneider, and he notes that “there were

no notable new issuances and very few capital increases last year.” Still, he points to another source of activity at the VSE. “During the pandemic, we saw a nice number of bond issuances taking place, but no new debt issues, rather roll-overs and re-financings due to low interest rates, particularly by real estate companies, and banks that needed to build up certain forms of capital and eligible liabilities in large sizes.”

Indeed, the VSE claims to be the fastest-growing stock exchange in Europe in terms of listed bonds, and a strong competitor to the exchanges in Luxembourg and Dublin. “We have invested in promoting debt activities and have launched a bond listing initiative as part of our overall strategy,” says Christoph Boschan, referring to a program that started in 2018. “I believe we are more and more becoming an EU center for debt listing of any kind, not just for those with instruments that are intended to be traded internationally, but also for those seeking a listing for regulatory or compliance reasons.”

Moser agrees that debt capital markets have played a large role in Austria in re-

cent years. “Last May, June, and July saw corporate bonds still playing an important role – with a higher risk premium for sure, but working smoothly.” He says that investor demand for corporate bonds remained strong, even as uncertainty on the equity side saw share prices plunging. “After the initial shock, it was like the debt market kept speeding up back to its pre-pandemic pace,” he says. “Some companies raised huge amounts of money.” OMV’s raising of a combined EUR 4.5 billion via three senior unsecured and hybrid bond issuances in 2020 is an example. “The debt market is still robust and solid,” he says, “and I see no reason for it to slow down, especially on the corporate side.”

The situation is a bit different for financial institutions, Moser says. “Several banks usually refinance parts of their business with mortgage covered bonds,” he says, “but there is so much cheap money that banks can access via the central bank that some banks have no need to access capital markets.” He cites this ease of access as the reason for less mortgage-covered bond activity in the second to fourth quarter of 2020, but he says that this could change, if “the



*It may never be the size of, or compete with, Frankfurt or Paris, but it is for sure to remain a key player in its extended home markets.*

– Claus Schneider,  
Partner, Wolf Theiss

central banks decide to turn off the tap, should they deem it prudent, in an effort to conserve funds.”

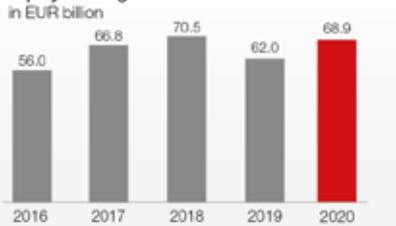
#### Preparing for Post-Covid

“In the history of world economies ... it is a given that those economies with developed financial markets have recovered faster, have shown higher growth rates, and have developed more sustainably,” says Christoph Boschan. “We at the exchange firmly believe that Austrian capital markets will remain strong. A year and a half ago, the government confirmed its desire to foster capital market growth via the introduction of tax relief for investors that hold their investments for a certain period of time.” Once it becomes law, he says, the incentive will make stock investments more attractive.

In the meantime, listed companies in some industries have been hit harder by the pandemic than others. “For example,” Claus Schneider says, “the European Central Bank – and in its wake the Austrian Financial Markets Authority – has issued a ‘recommendation’ that

## Trading on the Vienna Stock Exchange 2020

### Equity Trading Volume



### Bond-Listings



### Top Performer 2020



### Capital increases & Equity-Listings



Source: Wiener Börse AG, December 2020



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*We may expect to see some IPO activity in the near future – a solid two or three this year or in early 2022.*

– Christoph Moser,  
Partner,  
Schoenher

credit institutions be restricted from making dividend distributions as a response to the pandemic, which has made their shares less attractive – especially as banks reported nice profits, which they could not pay out to their shareholders for the time being.” In some other industries as well, Schneider reports, there were dividend restrictions or governmental efforts to discourage companies from paying large dividends. Still, he says, “I firmly believe that there very well might be a ‘catch-up’ effect once the pandemic is over,” with profit reserves quickly distributed to shareholders. In addition, he says, “one thing I could imagine happening after the pandemic is capital increases by companies that are in trouble as a consequence of the crisis, due to a need to fill up equity cushions and restart their business.”

Moser agrees that, heading into 2022, there should be more equity transactions in the field. “We expect to see a trend for equity financing for corporates,” he says, “especially those that suffered due to the pandemic, in order to reduce their gearing and to finance future growth projects.” Moser believes that Austria has several hidden champions – successful companies operating out of the spotlight – that investors would be interested in. According to him, many successful Austrian companies are family-owned or with concentrated private shareholders, who see no value, at the moment, in going public. “There is no reason to go to the market if you can strike a deal with just a few people – it’s faster and more cost-effective,” he says. Still, he notes, “if there were a tax incentive for public equity investments in place, or another sort of a regulatory nudge to stimulate an IPO – this might change the landscape.” According to him, “to have a more mature equity market, you have to start with the companies themselves and give them an

attractive incentive to go public.”

One way or another, he says, “we may expect to see some IPO activity in the near future – a solid two or three this year or in early 2022.” According to him, “if capital markets remain solid, and current trends are not disrupted, I think that private equity exits will play a role in IPOs this year and in 2022.”

Boschan notes that more capital flowing in from individual investors would spur the economy. “Activating private capital is possible, which would definitely help the public budget,” he says. “The capital is there, it’s just a matter of tapping into it, and the current government agrees – which is why they are endeavoring to increase financial literacy and incentivize private entrepreneurship even more.” In the meantime, he says, it is up to the VSE to make sure that all and any investors, including those from outside the country, “feel no hurdles when doing business in Austria – there must be no local obstructions that would slow capital down.” And he seconds the call for governmental action. “What is lagging now is that specific measures need to be implemented. COVID-19 has slowed legislative efforts down – but this is the case everywhere in Europe,” he says. “The government ought to implement bold and broad measures and to follow up on its stance that capital markets should be developed. And the current coalition included strong measures in their government program, like fostering financial literacy and lifting the capital gains tax for investment holding periods of over one year.” According to him, “swift implementation would promote the local capital market.”

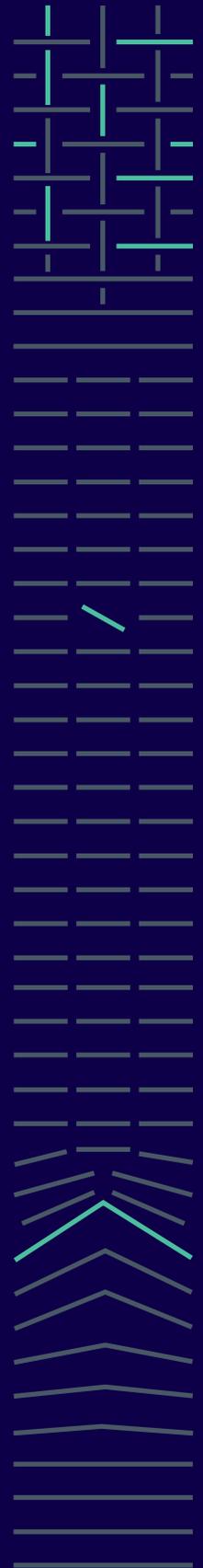
Ultimately, Schneider says, the Vienna Stock Exchange has developed remarkably in recent years, and both its equity and debt markets will continue to grow. “It may never be the size of, or compete with, Frankfurt or Paris,” he says, “but it is for sure to remain a key player in its extended home markets.”

If past is prologue, after 250 years, you can put your money on that. ■

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*The government ought to implement bold and broad measures and to follow up on its stance that capital markets should be developed.*

– Christoph Boschan,  
CEO,  
Vienna Stock Exchange



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## MARKET SNAPSHOT: AUSTRIA



# OPPORTUNITIES IN THE LIFE SCIENCE SECTOR

By Rainer Kaspar, Partner, PHH Rechtsanwälte



According to the *Life Science Report Austria*, Austrian biotech companies recorded a turnover of USD 379.3 million in 2017, with USD 206.3 million – or 54.6% – flowing into research and development.

Companies in this sector found increased interest from venture capitalists, which meant an increase in financing via venture capital or private equity to USD 166.8 million – three times the amount of the previous year. A strong intellectual property environment, a well-developed and well-funded health-care system, established local players, and a growing international profile are making Austria a market worth keeping an eye on.

Austrian companies and start-ups in the life sciences sector form a dynamic, rapidly evolving environment for research, making Vienna a CEE biotech hotspot. Although the outlook is positive and promising, the sector still faces some difficulties. The sector, as profitable as it is, is known for both enormously high research costs and time-consuming development processes, which require lots of funding from the very first stage. This proves to be a hurdle for many innovative young start-ups currently fighting for a spot in the market with multinational conglomerates. Most start-ups expect to be bought out “midterm” by larger market players and often fail in the process. Opportunity lies, however, in structured advice and financing plans set up from the beginning with business angels and other advisors. In Austria, there are some hubs supporting young entrepreneurs, including AWS or

INiTS, which take on intermediary roles.

There are also quite a number of private equity investments in the sector, but there is much more capital and a lot of dry powder that could be utilized. However, this sector is not necessarily the ideal environment for private equity due to its long product cycles, which do not comply with the desired exit horizon of three to five years (with some exceptions in the generics market). Private equity investors have a crucial role in bringing the life science sector to the next level – not only because they have the necessary expertise, but also because they already have well-established, professional teams to facilitate investment processes smoothly. Besides, the kind of problems there sometimes are with large strategic investors in the post-merger integration of young companies when it comes to raising synergies are rare in this context, because private equity companies mostly see themselves in the role of financiers and often have no interest in creating synergies.

The vehicle of choice often is a limited liability company (in German, a “*Gesellschaft mit beschränkter Haftung, GmbH*”) since it allows direct shareholder influence and has limited corporate governance requirements. A stock company (an “*Aktiengesellschaft, AG*”) might, however, be interesting if the business is considering a multinational structure and is thinking of bringing a large number of partners or shareholders on board. In addition, with an AG one always has the possibility of listing on the stock exchange, and the assignment of shares is easier than with a GmbH, which requires a notarial act for each transfer.

With the current pace of development in the life science sector, an upswing in the market is inevitable, and with it, the time to ignite the long-awaited dry powder by private equity investors. ■

# TRENDS AND DEVELOPMENTS – HANDLING DISPUTES IN TIMES OF COVID PANDEMIC

By Bettina Knoetzi and Florian Haugeneder, Partners, Knoetzi



As does every crisis, the COVID-19 pandemic has created an influx of high-profile litigation matters. A significant disparity has emerged during the crisis: Larger litigation departments – like our firm – are extremely busy, while some solo practitioners are suffering severely from the economic downturn.

## Austrian Courts

While Europe seems horribly slow in getting its citizens vaccinated, the Austrian justice system has shown remarkable flexibility, enabling the courts to remain open – and almost fully operational.

The use of videoconferences for full court hearings has expanded significantly since being implemented in spring 2020. However, in order to provide a fair, human rights-compatible trial, its use requires express consent by all parties. As opposed to arbitration proceedings, court hearings must be public. Justice must not only be done, but also seen. Therefore, not all hearings can be held with the help of video conference equipment, especially if the underlying facts are hotly disputed, and evidentiary proceedings play an important role. Then, cross examinations in person are clearly preferred. Often, both judges and parties opt for hearings with at least the local parties being physically present.

Judges have become open to hybrid hearings, in which foreign witnesses or parties are heard via video-conference, and the locals are present. To facilitate this, courts have started to offer COVID-19 tests every morning before hearings start (so, for instance, at 7:45 a.m.), provided everybody agrees. Otherwise, FFP2 masks will be required and a two-meter distance maintained. At the entrance of the courthouse, body temperatures will be measured and, where no air conditioning is available, courtroom windows will be kept wide open, even at freezing temperatures (so we encourage those who will be attending to bring their warmest down coats along). If many participants are expected, we have seen judges move the proceedings to large hotel rooms or halls to allow for the necessary social distancing. Although such alternative arrangements can cause delay, overall, Austrian courts have adjusted incredibly well to the challenges and litigation practices across the country are booming.

## Arbitration

Arbitration was also affected by the challenges of the last year. The sudden travel restrictions made necessary by the COVID-19 pandemic required quick changes to Arbitration practice to ensure the progress of pending proceedings. Courts and tribunals all over the world had to decide if and under which circumstances oral hearings could be conducted remotely, and whether an arbitral tribunal could order a remote hearing over the objections of a party. As in most jurisdictions, Austrian arbitration law does not explicitly address this issue.

In July 2020, the Austrian Supreme Court issued a landmark decision favoring the admissibility of remote hearings and confirming that arbitral tribunals had the power to order remote hearings over the objection of a party. According to the Court, remote hearings do not *per se* violate the principles of equal treatment of the parties or the right to be heard, nor do they affect the recognition or enforceability of an award. Furthermore, the court concluded, a hearing held via videoconference over the objections of a party does not violate Art. 6 of the European Convention on Human Rights, as the right to a fair trial encompasses not only the right to be heard, but also the right of access to justice. Particularly in times of a pandemic, remote hearings allow a reconciliation of the right to be heard and the right to effective access to justice. Even though the decision was undoubtedly influenced by the restrictions brought about by the COVID-19 pandemic, the Court's acceptance of remote hearings is likely to survive even once the pandemic has subsided.

Patience is required. Overall, we must prepare for slower, more fraught court processes. However, attorneys who are well equipped, both virtually and physically, to creatively apply know-how, are available to clients even in times of crisis. Also, the Supreme Court's decision that holding a hearing via videoconference despite the objections of a party does not violate Art. 6 of the ECHR not only underlines the nature of arbitration as a flexible dispute resolution mechanism that swiftly adapts to the needs of the parties, but also offers an interesting insight into the Court's understanding and interpretation of Art. 6 ECHR. ■



## THE UNPREDICTABLE

By Florian Klimscha, Partner, and Franz Tengg, Principal Associate, Freshfields Bruckhaus Deringer



The first rumors of a new infectious disease outbreak in late December 2019 initially only drew modest attention. Soon it became clear that the world had underestimated the spreading pandemic, and, despite Austria's distance from the region of origin in Asia, by March 2020, the spread of COVID-19 in Europe had become a focus of concern. As hospitals

struggled to deal with increasing numbers of coronavirus cases, governments throughout Europe – including Austria – imposed lockdowns that brought society as we know it to an abrupt halt. Overnight, European cities became ghost towns, with shops and services shuttered. Revenues vanished and, through no fault of their own, businesses had to face a difficult financial reality.

### Governments Step In

On March 20, 2020 Austria's Minister of Finance announced that the Austrian government would save jobs and safeguard Austria's economy, whatever the cost. A wide range of measures to safeguard Austria's economy was introduced, including short-time work, subsidies, state-backed financings, and deferrals of tax and social security payments. Furthermore, the obligation to open insolvency proceedings was suspended, allowed only to apply to those already insolvent prior to COVID-19 or without enough liquidity to pay their debts.

### Insolvencies at an All-Time Low

The efficiency of these measures will be under review for a long time. Yet one fact cannot be denied: the number of business insolvency proceedings in 2020 decreased significantly – down nearly 40 percent from both 2019 and 2018, and 56.1% from the post-financial-crisis year of 2009. Only a few insolvencies and restructurings involving large corporates have so far made headlines in Austria.

Why has the insolvency wave not yet hit Austria's economy? It seems that the Austrian government's deferral of tax and social security payments, together with government-backed financings and subsidies, has so far sufficiently eased the liquidity pressure on entrepreneurs. As claims did not become due, fiscal and social

security authorities did not have to apply for the commencement of insolvency proceedings.

### Beyond the Pandemic

Some argue that this is the calm before the storm. The Austrian economy has obviously been hit hard by the pandemic, and the government's deferrals and subsidies clearly cannot be maintained forever in their current form. The scaling back of government support has already started. Most entrepreneurs will struggle or simply be unable to recoup lost revenues in the short- to medium-term, even after lockdown measures are finally lifted.

Exploring ways to deal with the economic effects of the pandemic will be of utmost importance. The financial crisis in 2008 has shown that long-term state-backed (re)financings are an efficient way to support and eventually save a struggling sector, such as the banking industry. As Oesterreichische Kontrollbank and its banking partners have a long track record of refinancing Austria's economy by way of governmental guarantees, Austria is well-placed to adapt this model to deal with the economic effects of the pandemic and to provide long-term assistance to Austrian businesses.

Outside of this bank-led refinancing option, the EU-Restructuring Directive and its transposition into Austrian law may just be what the doctor ordered to deal with the aftermath of the pandemic. The EU-Restructuring Directive's tool kit is tailored to facilitate solvent restructurings. This may be the way to fairly distribute the economic effects of the pandemic while allowing businesses to survive and save jobs.

### Prospects for the Future

Quite a few areas of Austria's economy will continue to be significantly affected by the impacts of the pandemic. It remains to be seen to what extent the Austrian government will be prepared and in a position to do to further support the economy post-COVID-19. In addition, the transposition of the EU-Restructuring Directive might well turn out to be a crucial piece of legislation in this pandemic. Only time will tell if and when a restructuring wave will sweep over the country (as well as others). ■



# OLD CONCEPTS REVISITED FOR NEW LOCATIONS: BUILDING RIGHTS FOR LOGISTICS COMPANIES IN AUSTRIA

By Klaus Pfeiffer, Partner, Weber & Co



Austria – in particular Vienna, the capital and second largest German speaking city in the world, as well as Linz and Graz – is conveniently placed at crossroads of international trade routes providing excellent access to major European economies in all four directions.

In the last decade, an increased demand for suitable real estate and a shift in interest between asset classes have accelerated the increase of prices in the logistics market. In addition, companies are focusing ever more on urban areas in order to satisfy requests for same or next day delivery. The so-called “Building Right” offers an alternative to the acquisition of land for developers, reducing initial costs while providing legal certainty for up to 100 years.

Under Austrian Law, the ownership of land and buildings must be united and cannot be separated. Superstructures (*i.e.*, buildings newly erected on leased land), and Building Rights (*i.e.*, a right registered in the land register according to which land and use including the right to erect a building are separated), constitute the only two exceptions to the general rule.

Building Rights are similar to leases, but contain stronger elements of ownership and are exclusively regulated by the Building Right Act 1912. The Building Right must be granted for a minimum of ten and a maximum of 100 years and can only be terminated for non-payment of consideration for two consecutive years. Additional contractual termination reasons are void.

Building Rights must be registered in the electronic land register and can subsequently be transferred, mortgaged, encumbered, or rented out. A Building Right can be established for existing or future buildings, as it only refers to the land and not to specific buildings. The owner is allowed to establish condominium own-

ership (for example, making each logistics building one unit.)

There is no specific minimum or maximum consideration. The parties can agree on one single payment or on annual or monthly payments, with the latter being more common. Unlike rent, there is no service charge as the owner of the Building Right pays all costs directly. Naturally, when renting out, owners of Building Rights include their consideration and their operational costs in the tenant’s rent (under Austrian law there is no specific limitation on rent, provided that the building permit is dated on or after May 30, 1953).

Generally speaking, the owners of Building Rights enjoy more rights and freedoms than tenants, although many land owners restrict them in the contract. Owners of Building Rights are treated as real owners and not mere tenants under construction laws and do not need the land owner’s consent to apply for building or operation permits, which makes development easier.

As a Building Right may be granted for up to a century, the term may consist of several investment and refurbishment cycles. While the Building Right Act 1912 allows the owner of the Building Right to claim one fourth of the value of the building at termination, the parties may deviate in the contract. Many contracts include reasonable solutions to prevent litigation, particularly for logistics properties, as the owner of the Building Right may have to refurbish in the last years of the contract in order to let the premises.

Increased demand for Building Rights and continuing criticism of the comparatively old Building Right Act 1912 have resulted in pressure to make legislative amendments. The current coalition between the conservative and green parties have included the modernization of the Building Right Act 1912 in their agenda, specifically to make construction land more available.

While we will have to wait to see which changes are planned, the Austrian Building Right has already become very attractive for developers in the last ten years. This trend is very likely to continue. ■

## RELOCATION TO AUSTRIA OPENS INTERESTING POSSIBILITIES

By Lukas Roeper, Partner, Evgeny Rodionov, Counsel, and Matthias Fucik, Senior Associate, PHH Rechtsanwälte



Lately, the effects of COVID-19 have caused a significant surge in interest by high net-worth individuals (HNWIs) on global migration, as political stability and safety, access to well-functioning healthcare and education systems, and the ability to maintain a high standard of living became even more important.

Unsurprisingly, a rising number of these individuals have shown interest in migrating to Austria, as the country maintains high levels of peace and stability and offers a high standard of living, recognized as it is, for example, as an international center for culture, history, and art. Furthermore, Austrian citizenship also allows visa-free or visa-on-arrival access to 186 destinations, including the EU, the US, Canada, Japan, and Australia, and therefore is also very attractive for those HNWIs who travel frequently.

In addition, Austria also offers a very attractive tax regime, under which HNWI's can enjoy various tax benefits, some of which are worth explaining in more detail.

### Benefits of Becoming a Tax Resident in Austria

First-tax residency can be setup fairly easy in Austria, as it is only necessary to establish a domicile (in German, a *“Wohnsitz”*) or habitual abode (a *“gewöhnlicher Aufenthalt”*) in the country to become an Austrian tax resident. Thus, Austrian tax residency is not based on citizenship.

Second, assets held by a HNWI that is becoming an Austrian tax resident can be stepped-up, meaning that the book value of such assets is stepped-up to their fair market value at the time the HNWI establishes his or her tax residency in Austria. Future taxation of capital gains on the disposal of stepped-up assets will

be calculated on the basis of the stepped-up fair market value of the disposed assets, while prior to the step-up it is the book value of the assets that is decisive for the calculation of the taxable capital gain.

Austria also offers attractive perspectives regarding estate planning, which is inevitably of importance for HNWIs, as the country currently levies neither gift nor inheritance taxes.

Finally, of particular interest for HNWIs, who usually operate their businesses in multiple jurisdictions, is that Austria has entered into double tax treaties with around 90 jurisdictions worldwide, including the US, UK, Russia, and a majority of CIS/CEE jurisdictions, in order to avoid double taxation on cross-border income.

### Tax Benefits Under the Double Tax Treaty Between Austria and Russia Remain in Place

As Russia has recently revised its double tax treaties with Cyprus, Malta, and Luxembourg (and announced plans to do so with Hong Kong, the Netherlands, and Switzerland), dividend and interest payments, which were previously exempt from withholding tax, are now generally subject to a withholding tax rate of 15%, so that company structures that once were beneficial for their ultimate beneficial owners may now have lost their advantages.

HNWIs who are affected by this may find that the migration and relocation of their assets to Austria could turn out to be particularly favorable, as Austria is currently not on Russia's revision list and therefore it is rather unlikely that the withholding tax on dividends (5% to 15%) and interest payments (0%) will be increased in the near future.

Thus, in cases in which certain tax privileges have been restricted due to Russia's amendments to certain double tax treaties, for example with Cyprus and Malta, HNWIs may still take advantage of such benefits if they relocate their businesses and assets, as under a company restructuring program, to Austria. ■

# INSIDE INSIGHT: PASCALE RAHMAN, VICE PRESIDENT & GENERAL COUNSEL EMEA AND INDIA AT FLEX

By Andrija Djonovic

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

**Pascale:** I had the opportunity to study both the civil law and common law systems while I was a student, first at Pantheon Assas in Paris and later at Oxford, which was a really great starting spot for my later career.

I worked for a number of years with large international law firms in London, Paris, and Brussels. While practicing with these firms, I mostly did commercial work, after which I moved into antitrust. After about ten years of doing that, in 2006, I moved in-house with a large manufacturing co-supplier in the commercial automotive space as General Counsel and that's how I started on the path that led me to Flex in 2009.

Currently, I'm General Counsel for Flex for EMEA and India, but I am the chief lawyer for our Global Operations function which extends beyond EMEA.

**CEELM:** Why did you decide to join Flex?

**Pascale:** They came and found me, to be honest! I was working for a large industrial group, operating in the automotive sector all over the world. Flex was interested in my international and operational background and wanted me to build up their European team. Naturally, I was very interested in the opportunity – it was a job that required building things from the ground up, and I love creating and building teams!

**CEELM:** Tell us about Flex, and its legal department. How big is your team, and how is it structured?

**Pascale:** Flex is a leading global manufacturing and supply chain company, servicing a number of industries, including medical, automotive, industrial, communications, and consumer devices, to name just a few. My role coming in was to build up the company's European team here at the Vienna

headquarters.

Currently, we are a team of between five and seven lawyers for Europe, in total, with our biggest footprint being in the CEE region, mostly in Hungary, Romania, Poland, and Ukraine. We provide a wide range of legal support, including on commercial contracts and on regulatory, compliance, employment, and M&A matters – a wide mix really.

My role with Flex, in Europe, involves handling things on a broader scale as well – covering the whole ambit of legal support for all operating sites in CEE and beyond, which means some 30,000 employees in the region.

Globally, my position as the primary legal support to Global Operations of the company extends to India, Mexico, Brazil, and North America. We have teams in all of these locations, but we tend to mix and match their input to a great extent, so as to not allow geographical boundaries to divide them. This global team consists of about 40 people.

Before last year, which forced us to work completely virtually, I visited all of our locations at least once a year. Presence, be it virtual or physical, is the key when it comes to running a good high performing team, and I try to stay in touch with all of the offices and communicate with them as often as possible.

**CEELM:** Was it always your plan to go in-house?

**Pascale:** By essence – being part French and part Indian – I am an international person and I wanted to work in an international context. Also, I love tackling problems head-on and offering practical solutions. The best part of practicing law



is the ability to apply yourself directly to solving a problem, rather than simply analyzing it from the sidelines. Flex was the perfect setting for that.

Not only does the company have a large international footprint – we operate in over 30 countries – but it is also a very diverse and inclusive environment. The international context played perfectly to my experience in both common and civil law systems, and I felt right at home with the company. Here, I have the opportunity to look beyond the country I'm currently operating out of and focus on the global business.

Also, I like the business side of things, and I always believed that in-house positions are more exposed to it. Here at Flex, I really feel like *part* of the business.

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

**Pascale:** I think it's keeping a high level of engagement and motivation within the team, especially this year.

We've had a lot of hurdles in 2020 that could have obliterated that, but we kept going, day in and day out, and we never lost our sense of purpose. Flex creates life-improving products – for example we did a lot of work on producing sorely needed ventilators for people last year. This kept our focus.

Knowing the importance of our work, never once dropping the ball and losing sight of why we work – that was our greatest achievement. The team remained completely dedicated and involved and continued operating and delivering in key areas, and I could not be more proud of that.

**CEELM:** How would you describe your management style?

**Pascale:** I think my style is one of being a 'federator' (smile). I try to connect people, issues, and practices, across our entire network.

I don't stare at a problem, I like to be able to be part of the solution and instill that in the team. I'd say that this management style is an inclusive one. Also, I set expectations and I believe in keeping myself and others accountable to those expectations, but doing so in a humane way.

I like to think of myself as a compassionate leader and one that believes very strongly in a sense of collaboration. I deeply believe that people ought to reach out when they need help, and give help when they see others who need it – and I try

very hard to nurture this environment with my global teams.

**CEELM:** Do you have any personal habits or strategies you employ that may not be common but that really help you succeed in your role? Things you've developed yourself over the years that might not be obvious?

**Pascale:** Mixing and matching! I think that people, often, tend to get fixated on geographical boundaries as a source of division, but I firmly believe that this needs to be overcome.

I am a big advocate of a way of thinking that counters the more traditional approach – that global roles must be run out of one single HQ. Just because I happen to be situated in Vienna does not mean that I should have any problem focusing on more than EMEA. Precisely because of this, I like to mix and match my teams, getting the most out of them all, and getting them to share their experiences and best practices. If a team in India adopts an approach that reaps benefits, there is no reason why teams in Europe, Mexico, and Brazil, for example, can not use it as well.

By transcending boundaries, you gather a motivated, engaged, and innovative team, which breeds synergy and grows the entire team. After all, the world is global – there's no reason why teams shouldn't be as well.

**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?

**Pascale:** I don't think I can point to a single person. I'd say I have been fortunate to learn many things from many teachers in all areas of my life; personal, family, professional from friends, colleagues, and bosses. We are, after all, the sum of our experience. I find that surrounding yourself with great people gives you the best chance to learn from each one. Collecting the best from each one is a journey of continuous improvement.

**CEELM:** On a lighter side, what is your favorite book or movie about lawyers or lawyering – and why?

**Pascale:** The best book about lawyers, honestly, and the one that resonates the most with me, is *To Kill a Mockingbird* by Harper Lee. Seeing small town lawyer Atticus Finch staunchly defend the rights of a wrongly accused African American in that specific historical setting really shows the value and importance of always doing the right thing and defending the underdog. No matter the cost. ■

# EXPAT ON THE MARKET: INTERVIEW WITH MARCELL NEMETH OF WOLF THEISS

By David Stuckey

**CEELM:** Run us through your background, and how you ended up in your current role with Wolf Theiss in Vienna.

**Marcell:** Once upon a time – and not yesterday – I started my career in Budapest where, after graduating from law school in 1993, I got my first job with Shearman & Sterling. In a few months, I found myself in the firm’s Paris office, on a secondment to the US capital markets team, and I have to say I quite liked the international environment, the intensity of the work, and trying to read some small bits of those scary big volumes of US securities laws. I also spent some time in the firm’s London office, again with the US securities group that was handling IPOs of Hungarian blue chip companies in London or New York.

Funnily enough, it was in Paris where, as a trainee, I was asked to deliver a claim form to a district judge, which – and this is now a historical fact – was my first official appearance in court. And, as I soon started to specialize in finance transactions, I am really not sure if I went to a court hearing in any other countries afterwards.

To cut a long story short, I liked the idea of working abroad, and soon after joining Allen & Overy in Budapest, an additional secondment followed in London. I thought that adding an English qualification to my original Hungarian could help in broadening the scope of deals I could handle, and as English law seemed to be particularly relevant in finance, I hoped that this would allow me to operate on a wider CEE/SEE footing – which I very much wanted to do. In 2008, I joined Pinsent Masons, moved back to London again and spent a few years there as a partner. However, these were the years of the financial crisis, which did not make a transition easy, and due to a variety of factors – including personal reasons – my family’s steering committee decided that we would come back to “our” region. Because there was an opportunity in Vienna at UniCredit, in 2013 we ended up in Vienna. So I spent two fascinating years with that bank, working on super-interesting deals, primarily on the Russian and CIS markets, which unfortunately dried up, to a large extent due to political events in 2014.

At the end of the day I always wanted to go back to private practice, and a chance to do that came up late in 2014 with Wolf Theiss, which I thought would be a good idea given the firm’s regional presence and a strong commitment to this market – located, so-to-say, between Germany and Russia. I decided to go for it, and that’s the sort of regional finance work that I have been up to during the last six years now.



**CEELM:** Budapest is just down the road, of course. What value does it add – either for the firm or for you personally (or both) – for you to be in Austria?

**Marcell:** Yes, absolutely, the old country is around the corner, and accordingly, it is easy to jump in the car, which gives you a horrible stressful journey on the motorway, or on the train, which gives you a lovely relaxed two hours which you can spend reading or working (except in the winter of course, when, as happened to me once, the train stops somewhere due to a casual snow storm in the border area and the heating goes off after five hours or so, leaving one to wonder why people need so much mobility and develop an even fuller understanding of why Leo Tolstoy preferred horse coaches to trains).

Anyhow, in the pre-pandemic times I visited Budapest a lot and kept in touch with many clients. Hungary will always be the country where I grew up, where I got my first degrees, started to work, and learned what young lawyers need to know to embark on this job. On the other hand, given the jobs I am tasked with at Wolf Theiss, I (used to) travel quite often to other capitals in CEE/SEE, which I also very much like, and I think this whizzing between CEE/SEE countries

and capitals as well as looking at these places as one unit for the purposes of the work I do is probably where I try to add value to what the firm wants to achieve. I have noticed that in Vienna, because it is really an international city with many expats and foreigners working all over the place – including in the banks that tend to be our main clients – there is a sentiment developing that there is some distinctive feature in assisting businesses in their cross-border activities in this area. Quite often the clients categorize me simply as a “CEE/SEE lawyer.” I’m not sure that exists as a strict legal profession, but there is something in it as an approach to practice perhaps.

**CEELM:** Was it always your goal to work outside of Hungary?

**Marcell:** If not a definite goal, as I said earlier, I always wanted to run deals across borders and I tried to make moves with my career and be in geographies where this goal could be achieved – and in this sense I was ready to accept jobs outside Hungary if I thought they could provide these opportunities. But, of course, Budapest is a financial center too with regional players in finance, so this sort of work can be attacked in a variety of places in CEE.

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

**Marcell:** My practice is essentially based on loan products, and my transactions always involve a loan agreement in one way or another, be it a refinancing, or a transfer of the loan, or occasionally other forms of lending – involving debt securities, for example. As I was originally trained as a leveraged finance lawyer, this type of financing still lies very close to my heart, and I really like the dynamics of financing acquisitions. But I do other forms of finance too, of course, including real estate, which is bread and butter in the region, or projects where I personally believe the CEE/SEE offers, in which home-grown knowledge and local presence, combined with international experience, will be a key factor for law firms. Our firm typically appears on the side of lenders, but we do borrower or sponsor work as well in the project finance area.

**CEELM:** How would clients describe your style?

**Marcell:** In addition to providing skilled legal advice, I try to approach transactions holistically, as a process, where next steps and responses to the moves of the other players need to be planned and anticipated. I hope to be able to bring that sort of experience to the table – a bit of leadership, perhaps, in helping the client make the next move and then the next

move again. I would describe this as a politely hands-on attitude, without interfering in the decisions that must be made at the commercial level, but definitely not completely hands-off (which to me at least means that counsel answers questions but does not anticipate and drive things ahead). I hope some clients at least would say that I am able to preserve some sense of humor and a good spirit when navigating through deals, but I also appreciate that when one says these things about oneself, the magic is easily gone. So let’s just say I hope that’s what people think ...

**CEELM:** Are there any significant differences between the Hungarian and Austrian judicial systems and legal markets? Which stand out the most?

**Marcell:** Quite frankly, I am not sure I am best placed to answer this question right here and right now because my deals tend to be mainly English-law driven, or, if different, loan agreements are, let us face it, fairly similar in most instances, when one works with the accepted international standards. That being said, as I do deals in various countries in our region, certainly in the area of finance, I find that broadly similar (if not identical) answers are given to similar questions. In light of the civil-law-based jurisprudence and the many resemblances in respect of how one takes security, for example, from my perspective at least, the region does not present widely differing approaches when it comes to the legal environment, at least when it comes to origination and securing loan assets (although restructuring can be a very different experience). Anyway, I have a secret blue notebook in which I note if and when an answer on a legal technical question is strikingly different from what is usually received in other countries, and my credulity is challenged a little.

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

**Marcell:** As you often hear from politicians, I thank you for the question. I could fill up volumes with answers, and we could launch a periodical if you are interested. But jokes aside, the difficulty in answering properly really lies in the relatively minor differences that crop up at every corner. Everything is very similar, yet everything is quite different. I know for a fact that some people simply could not cope with this, while other enjoy it thoroughly. I really don’t think – but the beauty of these things is that others may deeply and fiercely disagree (that’s the meaning of culture) – that as between Austria and Hungary, an expat would face a cultural shock (even postal cheques look very familiar, both ways), but differences exist and adaption may be necessary. Ultimate-

ly, this is what I personally like about being exposed to the CEE/SEE region; while a capital city in one of the Northern countries is extremely different to a capital city in the Balkans, traces of a more-or-less shared past and history can be felt, and a good understanding of this cultural background helps, even in doing business, with the caveat that differences await at every corner.

In the cultural sense, CEE is a complex equation with many x-es to it, but discoveries or solutions to an x in country A could give you a key to another x in country B. Or not, of course. My daughter, for example, is still a relative food conservative, which means that she does not always embrace the culinary experience of tasting food originating in distant places, but as long as we have schnitzel, goulash, and apricot jam pancakes (and we are really not picky about the way these goodies are spelled and pronounced in various places), we are quite at home.

**CEELM:** Do you have any plans to move back to Hungary?

**Marcell:** Everything is possible, nothing is excluded, but probably not immediately, no.

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

**Marcell:** As said earlier, I (used to) travel a lot within CEE and I do have my favorite places, but I will not say which, because my other favorite places may take an issue with that. The truth is that wherever I go, I have absolutely fantastic colleagues in our offices in the country, and I get on-the-spot, top-end advice on cultural things, places to go, places not to go to, things not to do, and then it is just fine. I receive an amazing introduction, a nice evening out, and yes, that city becomes a favorite too.

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

**Marcell:** This is an interesting question. I really to attempt to be a good host, and offer all these lovely opportunities with the beautiful palaces in Vienna, or sites and vineyards around Vienna, or indeed the Opera, which is clearly one of the best on the planet. I do not say I never ever get a positive response, and of course we do go to these places, but most visitors in fact demand the Christmas Market. Obviously, this is also a very nice thing to do, and we like it too (although no visits last year, for obvious reasons), but the tendency is clearly observable. I shall and try to concentrate invitations on the summer, and I'll see what people wish to do then. ■

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# MARKET SPOTLIGHT SERBIA



# GUEST EDITORIAL: CORPORATE LAWYERING EVOLUTION IN SERBIA

By Natasa Zavisin, Founding Partner, Zavisin Semiz & Partneri

I started practicing law in the mid-1990s, during a turbulent period in Serbia's recent history. Corporate law, however, really took off in 2001 when the country opened its doors, after a full decade of isolation. Even then, it was unlike other Eastern European countries – instead of a stampede by major global law firms opening local offices in the hope of landing big privatization deals, only a few regional outfits sauntered into town to test the waters of the newly accessible Serbian legal market.

As anywhere else, corporate lawyering is intricately linked to the ebb and flow of the country's economic fortunes, and the economy has changed rapidly over the past 20 years; the country transitioned from a freshly discovered frontier market full of legal landmines to one with relative stability that is on the path to EU accession. In the first decade of this century, foreign investors were mostly Western companies, and they invested a lot of time and resources into receiving detailed legal advice before making a move. Orders of magnitude were also different – the value of some of the largest privatizations back then would barely cover the price of a mid-sized office building in today's Belgrade. For corporate lawyers, those were good times – things moved at a pedestrian pace (it was not uncommon to have weeks to draft a transaction agreement!) and clients were willing to pay for what now seems mundane advice (I still remember formal legal opinions on directors' powers of representation and reviews of corporate bodies of Serbian LLCs).

Things became more feverish in the run up to the Great Recession of 2008 and transactional lawyers came under increasing pressure to turn documents around quickly and drag deals over the line. This mirrored the changing structure of the clients, as we saw fewer and fewer strategic investors and more private equity and opportunistic funds, along with a mixed bag of other groups. Suddenly, speed of response and succinct, to-the-point advice were the most sought-after qualities in a corporate lawyer.

As Serbia emerged from the Great Recession, the changes in investor structure accelerated – we started seeing fewer Western strategic investors in traditional sectors, more regional private equity-style players, and an influx of Middle- and Far-Eastern investors, the latter especially in the infrastructure sphere. Fast forward to today: The local IT industry is in the

midst of a boom and there is a wave of Serbian-bred entrepreneurs in old economy sectors who started out decades ago, survived and thrived in the market economy, and are now looking to unload their businesses and cash-out – a big driver in the lower and mid-market M&A segment. Burgeoning mid-market activity fueled by exits of original founders has resulted in the emergence of law firms specializing in providing a one-stop shop service to mostly individual sellers, in what are usually the deals of their lifetimes. We are also witnessing a rise in large global deals involving acquirers who mop-up Serbian affiliates of the target, almost as an afterthought. Requests for super high-level legal diligence reports of local affiliates with a 48-hour turnaround have become commonplace.

In parallel with the economic changes, Serbia's path to EU accession has thrown up a specific set of problems – a plethora of new laws and regulations have been introduced, with far too little investment in training, implementation, and compliance. In developed countries, the rollout of new regulations is accompanied by significant investment in training and compliance, creating a boom for lawyers and other consultants. This is simply not the case in Serbia, where public entities and many businesses are reluctant to spend big on professional fees – leaving Serbian lawyers with a corpus of EU-style worded rules but with little understanding of what they mean and how they should be properly implemented, leading to often confusing decisional practice and red tape.

In keeping with all of this, there have been seismic shifts in corporate lawyering since I started – long gone is the time of academic deliberation and a highbrow approach to legal advice. What clients are looking for (and are willing to pay for) now is first and foremost a “nothing-is-impossible” attitude – a no-nonsense, nimble team of lawyers capable of drafting high-quality documents in record time, while filtering essential information from the noise created by our ever-evolving legal environment. Advising on the content of the law is these days pretty much a non-billable activity, save maybe in certain highly specialized areas. Knowledge of the law and practice is a given, and success depends on how fast and smooth one can wrap-up a local deal in keeping with Western drafting standards. ■



# A PEARL ANNIVERSARY: JPM CELEBRATES 30 YEARS

JPM Jankovic Popovic Mitic was launched in Belgrade 30 years ago, in 1991. CEE Legal Matters used the anniversary as an excuse to reach out to Senior Partners Nikola Jankovic, Nenad Popovic, Milos Mitic, and Jelena Gazivoda for a walk down memory lane.

By Radu Cotarcea



**CEELM:** Congratulations on the anniversary! How are you planning to celebrate it?



**Nenad:** Thanks a lot. Yes, 30 years is something of an achievement, especially in Serbia. JPM is now the oldest commercial law firm in Serbia.

Our annual parties and especially anniversary parties are quite famous in Belgrade for their atmosphere, lots of people having fun, good music, and excellent food.

For this anniversary, we wanted to bring this to a completely new level, and we started planning before we were rudely interrupted by Covid in 2020. Depending on the situation we will decide how to proceed. Even the Olympic games got postponed for a year, so we can do that as well, if we have to.

**CEELM:** How did the firm first come to be? Who were the initial founders and how large was the team, at the beginning?



**Nikola:** Nenad, Milos, and I were young lawyers determined to start practicing law together. We knew each other personally and we considered ourselves a good match since we were about the same age, had similar interests, and shared the same ideas on the legal profession.

From today's perspective, it is hard to tell if we were brave or just foolish to start on our own in 1991 when it was obvious that Yugoslavia was falling apart.

However, we started small – just the three of us, a secretary, and one young trainee (who now has had his own private practice for some 25 years – in a small office in the center of Belgrade. But we had a lot of trust in ourselves and we managed, despite the circumstances.

**CEELM:** What do you recall from year one? What were the highlights that stuck with you over the years?



**Milos:** Usually, just fragments of some major things stick in memory, like moving into our first office, getting our first international clients, making the first additions to our legal team with younger colleagues, learning by doing, and being able to observe our overall progress in every aspect of our life and work.

**CEELM:** Looking back at your 30 years of operations, what would you identify as the three most important transactions for the firm?

**Nenad:** In the course of those 30 years, we participated in many landmark transactions. But the sale of Oil Industry of Serbia to Gazpromneft, and the sale of Maxi to Delhaize (still considered the largest private transaction in Serbia ever) would be my top choices.



**Jelena:** Our engagement in the South Stream gas pipeline and its now active sibling – the Balkan Stream – is one of the biggest deals ever performed in the region in terms of the sheer value and overall legal involvement.

**CEELM:** Similarly, what are the three deals you are most proud of having worked on?

**Nenad:** They say that the first cut is the deepest, so the Messer acquisition of Tehnogas in 1995 is something that comes first to my mind. Also, the acquisition of Knjaz Milos, the largest Serbian producer of mineral water and soft drinks – the first and so-far only hostile takeover in Serbia – is also a deal we are very proud of.

**Milos:** From my side, participating in the establishment of Raiffeisen and Unicredit in Serbia (Bank Austria Credit Anstalt at the time) – the first two foreign-owned banks in Serbia since 1939 – is something we are still proud of. We took part in something entirely new and exciting from a legal standpoint. In a way, we were creating history.

**CEELM:** The firm never planted a flag outside of Serbia. Was that something you ever considered?

**Nikola:** That is not entirely true. In fact, we were the first firm to establish our presence outside of Serbia. In cooperation with our Austrian partners at that time, we established JPM in Sarajevo. It was at the beginning of 2002, if I remember correctly. It was really a big step for us, and the business was progressing well. Most of the initial major transactions in Bosnia were done by our office.

However, we always considered ourselves lawyers, not businessmen, and working in two jurisdictions proved to be little too much. We had problems with dividing our work/life between Belgrade and Sarajevo, as Serbia's market was booming at that time and, frankly, we had too much on our plate. So, unfortunately, we decided to pull out in 2005.

We are quite satisfied with providing legal services in the juris-

dictions of the former Yugoslavia via TLA, an association of top-tier law firms operating in the region, which we co-founded in 2014.

**CEELM:** What about the team? How has it evolved over the years, and how do you imagine it will continue to do so?

**Jelena:** Our team has at all times been our core asset, contributing to our growth both as professionals and as individuals. Each year brings new projects and new team members. We are now a strong and compound team of around 40 lawyers of different expertise, different approaches, and different energy, but a true team that shares the same values, same vision, and same attitude towards our clients and business. We believe the years to come will add new professional and personal gems to the JPM story and we trust in the power of the new generation's synergy, ambition, inspiration, and motivation, as well as the accumulation of experience, knowledge, and new attitude reflected by the young members of our team.

**CEELM:** What is it about the past 30 years that you look back at with the most fondness?

**Milos:** After all these years, we remain true to our initial partners' agreement, for better or for worse. We never really considered changing anything. Even more, we stayed friends and colleagues. With Jelena's addition, we gained fresh blood, additional expertise, and some new and better perspectives. What's more, all our major decisions proved to be right, both from a business and human/personal perspective.

**CEELM:** On the flip side, what is one thing you regret not yet having a chance to do?

**Nenad:** It is hard to tell. "What if" is not something that we usually do. Probably we missed some chances on occasion but that doesn't mean that we were necessarily wrong in the long run. In hindsight, we probably needed to be more market aggressive at times and/or go regional before, but all in all, we are quite content with what we have achieved so far.

**CEELM:** Where do you imagine the firm 30 years from now?

**Nikola:** That would make us around 90 [laughs]. I believe that 30 years from now JPM will continue to be a prominent name in the Serbian legal market.

We are confident that our successors will remain true to JPM's original ideas and spirit. ■

# MARKET SNAPSHOT: SERBIA

## DEVELOPMENTS IN THE SERBIAN ENERGY SECTOR

By Ana Calic Turudija, Partner, and Ana Krstic, Associate, Prica & Partners



The Ministry of Mining and Energy of the Republic of Serbia has recently concluded a period of public debate on a package of amendments to the country's energy laws. The draft law that has attracted the most attention certainly is the Law on Renewable Energy Sources (the "RES Draft Law"), but there is also a Draft Law on Energy Efficiency and

Rational Energy Use (the "EE Draft Law"). Serbia already has laws governing this subject matter—renewable energy sources and rational use of energy—which raises a question about what has influenced the Ministry to propose that these two areas be governed in more detail in the future.

One of the reasons for the Ministry's actions is that Serbia has failed to reach the goal of having 27% of final gross energy consumption come from RES by 2020. There are several causes for the current failure to meet the goal: (i) current legislation does not provide an adequate level of legal certainty to international financial institutions for financing purposes, which is why investment goals in this sector were not met; (ii) feed-in tariffs as incentives were not effective enough, therefore the RES Draft Law proposes market-premium system as an additional incentive; (iii) inappropriate length and complexity of procedures for construction and connection of RES; (iv) biofuels were not present in the market by 2019, due to late adoption/implementation of regulations related to biofuels; and (v) lack of statistical data in some energy subsectors. The new RES Draft Law (and subordinate legislation—the Ministry deems that as many as 15 subordinate laws will be necessary to ensure the implementation of the new law) should create a stimulating business environment for more dynamic investment in the RES sector in order to achieve goals set under public policy documents by removing these barriers, providing a higher level of transparency, and ensuring the long-term profitability of investment in the RES sector. Once the new law is enacted, it is to be expected that

investment in the RES sector, which has been gradually increasing since 2016, will speed up.

Apart from the failure to reach RES goals, another reason for proposing the RES Draft Law is to harmonize Serbian legislation with comprehensive EU legislation, *i.e.*, the Renewable Energy Directive (RED II) and Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018. Amendments to another piece of energy legislation, the Energy Law, introduce an Integrated National Energy and Climate Plan, in accordance with the EU legislation. The NECP is to be adopted by the end of 2021, and it will define the national targets in RES by 2030.



When it comes to the EE Draft Law, its purpose is to increase the competitiveness of the economy, reduce the impact of the energy sector on the environment and climate change, provide a sustainable use of natural and other resources, and harmonize Serbian law in the sector with EU legislation. The good news is that there will be a special government agency in charge of allocating incentives for energy efficiency projects and proposing such projects. In addition to financial incentives for EE projects, there will also be non-financial incentives for highly efficient cogeneration—simultaneously producing thermal and electrical or mechanical energy in the same process—and new participants in the market. In terms of energy efficiency, it should be noted that Serbia has just adopted its first Law on Climate Change.

Both drafts provide for the digitalization of procedures in their respective fields, which should simplify these procedures and allow for the adequate collection of data as well. It seems that, years after introduction of the first energy efficiency law and legislation governing the RES sector, Serbia is finally ready to allocate substantial resources to implement its targets in energy sector, especially the crucial RES sector, which is explicitly defined as a sector of public interest for Serbia. ■

# GDPR-BASED DATA PROTECTION LAW IN SERBIA: THE FIRST 18 MONTHS

By Bogdan Ivanisevic, Partner, BDK Advokati



Serbia's data protection authority (the "Commissioner") recently issued a publication which allows data protection lawyers and the public at large to get a better understanding of the Commissioner's practice under current legislation.

Serbia's Data Protection Act of 2018 became applicable in August 2019. The law for the most part copies provisions of the GDPR. As the Commissioner only publishes its decisions online in exceptional cases, it is difficult, or even impossible, to anticipate its position on a particular issue not expressly regulated by the Data Protection Act. For that reason, the *Commissioner's Viewpoints and Opinions, vol. 6*, published on January 28, 2021, serves as a helpful tool for understanding and predicting its approach.

A good number of the decisions included in the *Viewpoints and Opinions, vol. 6* read as a primer on data protection law, because they restate the law's provisions on basic things such as the conditions for valid consent and the elements of a data processing notice.

More seasoned data protection practitioners will nevertheless find useful and non-obvious pronouncements by the Commissioner. One example deals with the provisions in the Data Protection Act that might be read as departing from equivalent GDPR provisions. In places, Serbian words denoting the key concepts in the relevant provisions of the Data Protection Act do not exactly match those in the GDPR. The linguistic differences in fact reflect imprecisions in the translation, rather than the specific intent by the Serbian legislator to depart from the GDPR. Therefore, it would only make sense to disregard the translation oversights and interpret the provisions in their GDPR meaning. Indeed, the Commissioner took this approach in a decision from December 2019, explaining that the term "seat" in the law's provision on its territorial scope should be read and interpreted as the term "establishment" in the equivalent GDPR provision. This is an important clari-

fication – even if made public with a one-year delay – which impacts the applicability of the law to branches and representative offices of foreign companies in Serbia. Those branches and offices are "establishments" (not "seats"), but the Data Protection Act nevertheless applies.

This approach is not taken in all cases, however. In a decision of September 11, 2020, concerning the legal processing of job candidates' personal data, the Commissioner did not favor an interpretation consistent with the GDPR. In a decision that is important due to its potentially precedential nature, it seems, from the excerpt that the Commissioner published, that the only legal bases for the processing of personal data of job candidates are compliance with the employer's legal obligation and the exercise of official authority vested in the employer. If true, this would mean that employers cannot process personal data of job candidates on the basis of a legitimate interest or when taking steps at the request of the candidate prior to entering into a contract. The Commissioner arrives at this reductionist view by relying on a reference in the Data Protection Act to the employment laws as additional sources applicable to the processing of personal data in the employment context. A reference to employment laws also exists in GDPR Article 88, however it does not result in a similar narrowing of legal bases for the processing of job candidates' data. Several decisions in the publication, from September and November 2019, are helpful applications of the law's general principles and rules to the specific context of video surveillance. The clarity and comprehensiveness of the analyses makes those decisions informal "laws" on video surveillance for companies and other data controllers who consider using video surveillance but cannot find explicit guidance in the Data Protection Act itself.

The Commissioner's publication would have benefitted from restating the statutory provisions less and reciting the facts more, because vivid descriptions of the real-life situations would help the reader to better understand data protection law "in action." The *Viewpoints and Opinions, vol. 6* is nevertheless an important contribution to the development of data protection law in Serbia. For further, faster development, making the Commissioner's decisions public in real time, rather than with a year- or longer delay, would be essential. ■

## WHAT TO KEEP IN MIND WHEN “LEGALIZING” AN EXISTING WORK-FROM-HOME ARRANGEMENT

By Dragana Bajic, Head of Regional Employment Practice, Zajednicka Advokatska Kancelarija Maric in cooperation with Kinstellar



Over the past year, many employers have had their employees switch to working from home, since this was considered to be the best preventive measure against the spread of COVID-19 among the workforce.

When Serbia entered its state of emergency last year, the Serbian Government adopted the Decree on Organization of Work of Employers During State of Emergency, which prescribed that all employers allow their employees to work from home, where possible. Under this Decree employers could introduce work-from-home by simple unilateral decision, and many employers have continued to keep their employees working from home based on such decisions, even after the state of emergency ended and could no longer be used as a valid legal basis. Under Serbia's Labor Law, work-from-home can be introduced only with the explicit written consent of the employee, by amending the employment contract. The Labor Law sets out a list of elements that must be included in employment contracts involving working from home, including rules on working hours and schedule, measures for supervision and quality control of the work, equipment provided by the employer or compensation for use of the employee's own equipment, and reimbursement of expenses incurred due to working from home. The Labor Law does not allow for any exceptions, which means that the employers must also amend the employment contracts for those employees who will be working from home only temporarily due to the COVID-19 pandemic.

At the end of January 2021, the Serbian Ministry of Labor, aware that a significant percentage of the Serbian workforce is working from home in the absence of any specific regulations on safety for this type of work, published Guidelines for Safe and Healthy Work from Home. The Serbian Law on Health and Safety at Work does not even appear to apply to work-from-home, since it defines the workplace as a place of work which is under the direct or indirect control of the employer.

However, by publishing the Guidelines, the Ministry of Labor expressed its view that the Law on Safety and Health at Work and all applicable bylaws on risk assessment and work safety measures apply to work from home, to the extent possible.

As Chair of the Labor Regulations Committee of AmCham in Serbia, I recently moderated an online AmCham panel in which member companies could hear firsthand from representatives of the Serbian Directorate for Health and Safety at Work and the Labor Inspectorate what the authorities deem mandatory and will look into when it comes to work-from-home.

According to the representatives of the Directorate, employers are required to undertake a work-safety risk assessment for each employee working from home and amend the relevant company's Act on Risk Assessment accordingly. However, they said, the Labor Inspectorate will allow an exception to this rule for temporary work from home arrangements made as a preventive measure against COVID-19. The Directorate recommended that employers use the checklist published as part of the Guidelines to help them collect relevant information for the risk assessment from the employees. This checklist was taken from the website of the European Health and Safety at Work Agency and can be adapted by employers to adjust to their specific organization. It is also necessary to train employees on how to work safely from home. Even though this training can be conducted online, the Labor Inspectorate will still insist that the employer keeps records of it in hard copy, with the wet signature of the employee.

To sum up, in order to legalize the existing work-from-home model, an employer needs to adopt a work-from-home policy including work-safety rules, have employees sign annexes to their employment contracts, conduct formal risk assessments, and train employees on work-safety measures. Once employers start asking their employees to formally accept working from home on a massive scale, it will be interesting to see how the employers will cope with refusals, as the Labor Law does not provide a proper mechanism for forcing employees to work from home. ■

## SERBIA - AMENDMENTS TO MINING LEGISLATION

By Dragoljub Cibulic, Senior Partner, BDK Advokati



The Serbian Ministry for Mining and Energy started 2021 in a busy fashion, initiating simultaneous public debates on draft amendments to key legislation in the energy and mining sectors. In the mining sector, the Ministry has offered draft amendments to the Mining Act for public hearing. The official reasons given for

the reform are said to be the need to create better conditions for the development of mines, simplify administrative procedures, ensure environmental protection, and increase fiscal revenues.

The most controversial proposed amendment was to Article 4 of the Mining Act, introducing the competitive award of mining concessions for strategic resources (*inter alia*: copper, gold, boron, and lithium ores). Existing holders of exploration rights over strategic resources were supposed to be protected by the right of first refusal to negotiate a concession agreement with the Government of Serbia.

However, the solution proposed in the draft created legal uncertainty for the existing holders of exploration licenses, as it did not ensure the protection of their acquired rights. According to the draft, if an investor having a right of first refusal and the state fail to agree on the terms of the concession agreement, the investor would lose its exploration rights without even being compensated for the investment made in the exploration phase.

Ironically, it was the mining investors who asked to have the investment security and creation of a solid contractual relationship with the State bolstered. An investment agreement between the mining investor and the host state is standard in many less-developed mining jurisdictions. A contractual relationship between the investor and the host state is usually an important element of the project's bankability, as it enables the investor to have international arbitration in case of dispute, obtain protection from adverse changes in law, and oblige the host state to develop or – at least assist in developing – the infrastructure needed for the operation of the mining project. Equally, the state may use an investment

agreement to impose additional commitments on the investor, such as making investments into the local community, meeting environmental protection standards, and creating additional domestic value chains from the mineral resources being mined.

The industry has unanimously rejected the initial version of the draft. Mining companies that have exploration rights and/or reserve certificates acquired under the existing legislation requested that this concept be either deleted from the draft or amended to enable them to choose whether to proceed with the development of their projects on the basis of an administrative exploitation approval under the existing legislation or to enter into a concession agreement with the Government. The new version of the draft published following the public debate shows that the Ministry has completely changed its approach on this issue. The procedure of awarding mining concessions is now limited to those mining projects where the Republic of Serbia owns the results of the exploration works.

In all other cases, the Ministry has envisaged an investment agreement which may be concluded between the Republic of Serbia and the investor in the mining project. Under the current draft, the investment agreement is supposed to cover points such as the development of missing infrastructure, environmental protection, pre-emption rights over the mining product in favor of a domestic producer, fiscal and legal benefits in relation to the project, and so on.

Most interesting here is the possible introduction of a contractual pre-emption right over raw materials in favor of domestic producers – an obvious push by the Government to build the local manufacturing ecosystem around the extraction of lithium from Rio Tinto's Jadar project.

The readiness to entertain the requests of mining investors does not come free of charge – the mining tax will, most likely, be significantly increased to ensure that the Government will get its share of the profits from the lithium, gold, and copper projects under development.

The Government has not yet adopted the final draft and it remains to be seen what the final position on these points will be – the future of investments worth billions of euros may very well depend on it. ■

## AN OVERVIEW OF SERBIA'S BANKING SECTOR

**Branislav Maric, Managing Partner, and Tijana Arsenijevic, Senior Associate, Zajednicka Advokatska Kancelarija Maric in cooperation with Kinstellar**



Since the emergence of the COVID-19 pandemic, the Government of the Republic of Serbia has, on several occasions, introduced measures aimed helping businesses maintain liquidity and working capital. These measures have included, among other things, direct subsidies

worth a total of EUR 200 million in the form of loans available to entrepreneurs, cooperatives, micro-, small-, and medium-size businesses, state guarantee schemes to encourage banks to extend loans to businesses, and a moratorium on the repayment of loans which lasted until September 30, 2020.

Following the expiration of that moratorium, banks have engaged directly with clients on a case-by-case basis to rearrange loan repayment terms in order to prevent workout scenarios and, more broadly, a potential increase in NPLs. At least so far, these measures seem to have helped prevent loan defaults on a large scale. According to a report prepared by the National Bank of Serbia at the end of December 2020, the total ratio of NPLs was 3.7%, representing a moderate increase from the record minimum NPL ratio of 3.4% recorded in September 2020. As reported by the NBS, the main methods used by the banks to achieve NPL reduction are write-offs and transfers to third parties. Given the forex restrictions, transfers of domestic loans can only be made to Serbian banks and legal entities (in case of due and non-performing corporate loans), which remains one of the main impediments to initiating a cross-border sale of NPLs.

Although no progress has been made in abolishing the forex restrictions, the NBS introduced amendments to certain bylaws which will further streamline lending by international financial institutions and make project finance structuring less complex when the security provider is a Serbian resident. Namely, in January 2021, amendments enabled IFIs that Serbia is a member of or with which Serbia has signed an agreement governing their activities in the country, and with articles of incorporation or an agreement governing their activities in Serbia that has been ratified (such as the EBRD), to freely agree on repayment terms in their loan agreements,

without having to observe the previously applicable requirement that the loan repayment period could not be less than one year from the date of the loan drawdown, or six months from the date of drawdown of each tranche where the loan is drawn in tranches.



Furthermore, the amendments scaled down certain other restrictions related to the provision of collateral by Serbian legal entities for foreign-to-foreign lending transactions. Namely, Serbian legal entities must still obtain counter-collateral in return for warranting or otherwise securing loans between non-resident(s) seated in the EU (securing loans between non-resident(s) that do not have their seat in the EU is still allowed, but only if the non-resident debtor is majority owned by the Serbian resident securing the loan), but such obligation no longer exists in situations in which a resident-company is guaranteeing for another resident-company that obtained loans from abroad. However, the NBS has failed to clarify which type of counter-collateral and what value would be required in these situations in these latest amendments. Overall, the current lending climate remains positive, and both domestic and foreign banks are involved in lending to both corporate and retail clients. Although major financial restructurings have not yet been seen in practice, it is likely that such processes will start rolling out once the effects of the relevant Covid measures have been fully exhausted.

Serbia's Government also continues to improve the existing framework in various emerging areas by increasing digitalization and introducing other novel solutions. For instance, in December 2020, the Law on Digital Assets was adopted, which, when it enters into force on June 30, 2021, will include Serbia in the small group of countries that has codified rules on, among other things, the issuing of digital assets (including cryptocurrency and digital tokens), secondary trading with digital assets, the provision of services connected to digital assets, initial public offerings of digital assets, and other related issues. It remains to be seen whether being among the pioneers in regulating cryptocurrencies in Europe will bring additional players to the Serbian financial market. ■

# SERBIAN CORPORATE RESTRUCTURING

By Milos Vulic, Managing Partner, Vulic Law



Under Serbian law, insolvency proceedings for companies facing financial difficulties may be conducted as a bankruptcy or a restructuring.

Two types of restructuring are present in Serbia's legal framework. Restructuring can be carried out through a Pre-Prepared Reorganization Plan (PPRP) or through a Reorganization Plan (RP) filed in bankruptcy proceedings (for convenience sake, we will refer to both PPRP and RP as "Restructuring Plans").

There are two main types of Restructuring Plans: a) *liquidation restructuring plans*, where the main measure is the sale of a debtor and all of its assets, and, after creditors are settled with out of the proceeds of the sale, the debtor is liquidated; and b) *recovery restructuring plans*, in which measures are implemented that enable a debtor to continue its business activities and settle with creditors from ongoing business activities, without liquidation.

Since 2009, when the major innovations of the bankruptcy regulations in Serbia occurred, it became possible to use PPRP and to file a Restructuring Plan *prior* to the initiation of bankruptcy proceedings. PPRPs are carried out in the early stages of illiquidity, when the trust between the company and the creditors has not yet been broken. As the name suggests, it is a plan that is submitted in advance together with the proposal for initiating bankruptcy proceedings. The most important benefit of PPRP is that, upon its adoption by creditors before the court, a company avoids the quite severe consequences that accompany the commencement of bankruptcy proceedings. Upon adoption, the PPRP represents the new agreement between a company and all its creditors.

After the introduction of the PPRP into Serbian law a couple of major issues related to the plan became obvious. First, as

soon as the PPRP was introduced into the Serbian legal system, companies started to file them in significant numbers. In order to avoid bankruptcy proceedings, debtors were incorporating in a PPRP whatever measures they needed to earn the support of creditors – very often despite lacking any capacity to actually fulfil those obligations. On the other side, creditors were in general supportive of PPRPs, hoping that the plans would help them collect on their claims, and disregarding the infeasibility of the PPRPs. Consequently, a very small number of adopted PPRPs were actually implemented. Since then, however, creditors have become much more careful in reviewing the capacities of debtors before approving PPRPs, and consequently the number of approved PPRPs has decreased.

The Court manages each restructuring process under Serbia's Bankruptcy Law. However, Serbian regulations set out only a few – and rather formal – requirements which any Restructuring Plan must satisfy before creditors are given the opportunity to approve it by vote. One of the mandatory conditions is that a Restructuring Plan must provide a better recovery to creditors than they would have gotten in a standard bankruptcy proceeding. In addition, all creditors within one class must be settled in the same manner (in other words, treating creditors of the same class differently is strictly forbidden). The Restructuring Plan contains a list of all creditors segmented into different classes depending on their status (secured, unsecured, tax authorities, *etc.*) and is deemed adopted for one class of creditors, if creditors who hold the simple majority of claims in respect to the aggregate claims of creditors in that class have voted for it. As a result, creditors have been given much more control over the process, while the involvement of the court is quite limited.

The Serbian market is expecting amendments to the insolvency and restructuring regulations. The most significant of these amendments will solve the aforementioned issues and shorten the restructuring process. ■

# INSIDE OUT: EMBRACER GROUP'S ACQUISITION OF MAD HEAD GAMES

By David Stuckey

On November 20, 2020, CEE Legal Matters reported that BDK Advokati, working alongside Sweden's Gernandt & Danielsson Advokatbyra, had advised Embracer Group AB on its acquisition of all issued shares of Mad Head Games d.o.o., a game development studio from Novi Sad, Serbia. SunjkaLaw advised Mad Head Games shareholders Nenad Tomic, Uros Banjesevic, and Aleksa Todorovic on the deal.

## The Players:

■ **Counsel for Embracer Group AB: Vladimir Dasic, Senior Partner, BDK Advokati**

■ **Counsel for Mad Head Games: Tomislav Sunjka, Founder and Principal, SunjkaLaw**

**CEELM:** Libor, Vladimir, how did you and BDK become involved in this matter? Why and when were you selected by the Embracer Group as external counsel initially?



**Vladimir:** As in most of international transactions, the clients leave the choice of the local law firms to their legal counsels. In this deal, Embracer Group worked along with Swedish law firm Gernandt & Danielsson Advokatbyra and this is where the instruction came, as G&D used to work on IP matters with our SEE Legal colleagues from

Slovenia (Selih & Partners) and they rightfully trusted that we would be equally good.

**CEELM:** What about you, Tomislav? How did you and SunjkaLaw become involved in this matter?



**Tomislav:** SunjkaLaw is a law office well known in Serbia and Novi Sad, as we are a specialized and focused law firm, and have been such for 21 years. The scope of our work, among other things, includes consulting and representing clients in the IT industry.

This comes from our expertise in all matters connected with business, and from the fact that Novi Sad is considered the IT capital of Serbia. In light of our reputation for handling complex

legal matters, and the brand we have built when counselling and representing clients in the IT industry, Mad Head Games chose us as their legal counsel for each stage of the representation in this project.

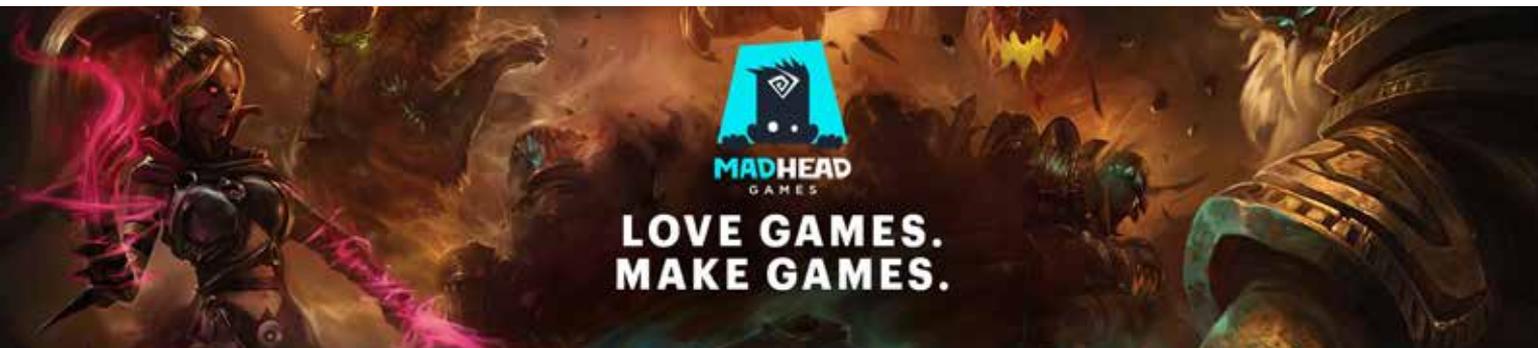
**Vladimir:** What, exactly, was the initial mandate when you were each retained for this project, at the very beginning?

**Vladimir:** The initial request was to confirm that the deal could be closed within two weeks, since Embracer Group – in parallel with this deal – was negotiating 11 other game studios acquisitions and all of them were supposed to be executed and announced on Nasdaq Stockholm on November 17. Hence, we had to thoroughly discuss the process with the sellers and their lawyers and fix the timeline and step plan that would take us to the agreed signing date, as otherwise there would be no deal.

**Tomislav:** We were hired to advise and represent the shareholders from day one until the fulfilment of all the obligations set out in the Sale Purchase Agreement – six years in all.

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

**Vladimir:** On the Corporate/Tax side our Counsel Tomislav Popovic had a lead role along with Associate Sanja Dedovic. Our IP Partner Bogdan Ivanisevic and his team were responsible for IP and Data Protection issues as this is most sensitive segment in the game studios business – along with HR issues, which were covered by Associate Marija Gligorevic. My main responsibility was to manage the overall process, assist in relation to local law inputs and due diligence findings



in the SPA, and assist in the deal structuring, which was very complex, due to time constraints and various issues we had to resolve along the way.

**Tomislav:** The members of the team on this project were Velibor Repaja, who was responsible for Corporate matters, Jelena Bajin, who was responsible for Corporate and IT, IP, and Data Protection matters, Ivan Strbac for Employment issues, Junior Associate Andrea Fluture, for technical execution support, and me, Tomislav Sunjka, the Principal of SunjkaLaw, as a case manager for the transaction and negotiator.

**CEELM:** Please describe the deal in as much detail as possible, including your (and your firms') roles in helping make it happen.

**Vladimir:** The goal of our client was to acquire 100% of the equity in MHG and at the end this was agreed with the sellers. As G&D had a lead role on the SPA, one of our prime responsibilities was the due diligence of MHG, especially agreements with their main customers, games distributors, and suppliers, as well as the online platforms where their games can be downloaded. Game studios are very specific kinds of companies and the business environment they operate in is different from standard sectors we are seeing on other deals, and this was the biggest challenge for us: to understand their business and the commercial arrangements they have, and to spot any risks in those agreements.

**Tomislav:** First, the project included the initial negotiation of the ground principles of the project and commercial issues. After these were determined and negotiated, the analyses and mark-ups of the Sale Purchase Agreement were fairly normal, and there were only a lot of mostly-technical issues to deal with – the transfer of shares, intellectual property issues, earn-out issues, manner of payments, and so on. The project also included the Sale Purchase Agreement itself. Everything was done successfully and smoothly, through the cooperation of each party and the cooperation of the advisors. The

difficulty was structuring the sale purchase price, followed by setting the time frame for fulfilling the obligations of the Sale Purchase Agreement, as well as the demand of the purchaser that the deal closing should be done at an exact moment.

**CEELM:** What is the current status of the deal?

**Vladimir:** The deal has successfully closed and MHG is now integrating successfully within Embracer Group.

**Tomislav:** The entire project successfully closed in December 2020 but parts of the mutual obligations set out in the Sale Purchase Agreement will need to be fulfilled over the next six years, and we will monitor and work on that.

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

**Vladimir:** The biggest challenge was the deadline of November 17, and being aware that you have a limited amount of time to complete a process that usually lasts at least three times longer. Luckily, we had closed another deal, at the beginning of 2020, in which our client, Logo, sold 60% of its shares to GetSwift, where we had one week from the day when we were instructed and when the term sheet was signed until the closing, so we knew it was doable, with the right team and a lot of strong coffee.

**Tomislav:** I would not say there were any parts that were frustrating, since everything that the project included was part of my regular day-to-day work, which I still enjoy, and it is something that I have been doing successfully for over 20 years. It was somewhat challenging to define the “ground rules,” in the sense of negotiating the basic principles of the transaction each side would not back out from, but even that was done with good communication and with understanding by the other side, without much drama. It was very time-focused, including overnights and working over the weekend, but nothing unusual.

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

**Vladimir:** The cooperation with Gernandt & Danielsson Advokatbyrå was very easy and enjoyable. Also, the main deal team at the Embracer Group was very direct, to the point, and ready to come up with pragmatic solutions.

**Tomislav:** I can say that most of the project went fairly smoothly, from the negotiating part to the execution part. All the advisors who participated were highly professional and we understood each other very quickly.

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

**Vladimir:** Yes, it did.

**Tomislav:** Yes, as I mentioned above, the initial mandate never changed. There were some changes in the legal actions that were taken during the transaction, but the goal remained the same the entire time.

**CEELM:** Vladimir, what specific individuals at Embracer instructed you, and how did you interact with them?

**Vladimir:** Andrey Iones, the COO, headed the negotiations for Embracer. He is a great negotiator with a pragmatic deal approach and a focus on relevant aspects of the transaction. When Nasdaq Stockholm announced this deal and when we realised that, in addition to MHG, Embracer had also negotiated and agreed on 11 other acquisitions, I was stunned to find out that in addition to our long and complex discussions and the enthusiasm he had in getting this deal done, he was going through the same process on 11 other deals. Don't tell me that AI will replace humans in M&A.

**CEELM:** Tomislav, what about you? What specific individuals at Mad Head Games instructed you, and how did you interact with them?

**Tomislav:** There were four shareholders – Aleksa Todorovic, Uros Banjesevic, Ivan Zorkic, and Nenad Tomic – and we communicated with all of them regularly. Day-to-day communications mostly went through Nenad Tomic, as he was the CEO of the company.

**CEELM:** How would you describe the working relationship with each other on the deal?

**Vladimir:** The cooperation with the seller's lawyer, Mr. Sunjka, was very smooth. We have known each other for several years but have never worked together. He was very cooperative,

and although at the beginning we had quite opposite positions in reaching the deal closing, we managed to agree on a structure that was accepted and implemented successfully by our clients.

Although Novi Sad, where Mad Head Games is based, is just 40 minutes away from Belgrade, we had to have all meetings via Teams and Zoom due to the pandemic.

**Tomislav:** Working with BDK Advokati was, as it always is, a pleasure, since their level of professionalism is very high, and that is something that I personally take as a must in all legal communications, including this one. Also, we had great communication and dealt with all the issues that arose with understanding and efficiency. In light of the project's time limits, the negotiations were effective and straight-forward, and the entire deal, including the procedures before the relevant authorities, did not last more than a month, in total. We usually communicated by phone, teams, zoom, or email, since at this time the COVID-19 pandemic was in full swing, and we all felt that we should be responsible and have meetings in person only when absolutely necessary.

**CEELM:** How would you each describe the significance of the deal?

**Vladimir:** For BDK Advokati the significance of this deal was in building our experience in games studios transactions, as there will be many more deals of this (and even greater) size. The business of games studios and development of new games is linked with the latest IT technologies and the growth of social networks and apps, and only when you have the opportunity to be involved in a deal like this can you understand the legal challenges and issues in the gaming industry and how to recognize the risks they might create for the transaction. Deals like this also give you a huge advantage in approaching other games studios and helping them build not only corporate and commercial departments, but also a compliance structures, as this is one of the biggest challenges in this industry, especially when you have reputable investors from US and EU.

**Tomislav:** The deal is significant as it is, to my knowledge, the first investment of the Embracer Group in this part of the world. It shows that a company from Novi Sad, Serbia – if it has talented and hard-working people – can achieve great things in the IT sector. It also shows the strength of the IT sector in Serbia – the fastest developing sector, full of highly educated and motivated young people, who, with a little support, can amount to world class IT companies. ■



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# EXPERTS REVIEW: TRANSPORTATION AND INFRASTRUCTURE



The theme of Experts Review this time around is **Transportation and Infrastructure**, and the articles are presented in order of the results of a “Quality of Road Infrastructure” survey conducted by the World Economic Forum in 2015. Thus, the article from Austria, which – according to the survey – respondents gave the 8th highest marks in the world, comes first (Austria also has the greatest total length of paved highways per capita in the entire world, at 24.96 km per 1000 people), and the article from Ukraine, which respondents to the survey ranked close to the bottom of the 136 countries included in the list, comes last.

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# AUSTRIA: NEW RULES FOR A PUBLIC CHARGING POINT REGISTER IN AUSTRIA

By Thomas Hamerl, Partner, and Georg Gutfleisch, Attorney at Law, CMS Vienna



The increasing use of electric vehicles (EVs) in Austria means the supporting infrastructure requires constant development. The Austrian federal government program 2020-2024 envisages expanding the Austrian network of charging points for alternative fuels as an essential pillar of its drive towards implementing sustainable mobility solutions. In September 2020, the Austrian government followed through with its agenda

by proposing the Austrian Renewable Energy Expansion Act (Erneuerbaren-Ausbau-Gesetz, EAG), which includes an amendment of the Austrian Act on Uniform Standards for Alternative Fuels Infrastructure Developments (Bundesgesetz zur Festlegung einheitlicher Standards beim Infrastrukturaufbau für alternative Kraftstoffe, BGFS). The EAG has recently been approved by the government and is now subject to discussions/approval by the Austrian parliament. The cornerstone of the amendment, which is expected to enter into force in the second half of 2021, involves establishing a public charging point register so that EV drivers can locate publicly accessible charging points when they need them and obtain other relevant information.

Given the rapid development of and innovation in electric mobility, instituting appropriate infrastructure measures is becoming ever more important. With this step forward, the Austrian government has given the starting signal for accelerating the implementation of a comprehensive Austrian charging point network.

## Status Quo

In Austria, electrifying road traffic has been identified as one of the most important contributions the country can make to reaching the 2030 EU climate targets. Recent measures implemented on the basis of the Austrian national “Clean Energy in Traffic” policy framework (derived from Directive 2014/94/EU on the deployment of an alternative fuels infrastructure, aimed at achieving a resource-efficient transport system and reducing fossil fuel use), such as increasing public subsidies, exempting certain taxes, and reducing the cost of the private or commercial purchase of alternative-fuel vehicles and charging points, triggered a significant demand for EVs in Austria. The Austrian Statistics Office reports that the number of new EVs registered in Austria increased by 391% in 2020, to a total of over 60,000 (compared to approximately 5 million vehicles with combustion engines).

In line with Directive 2014/94/EU, the Austrian legislator introduced the BGFS, which took effect in July 2018. The BGFS introduced binding rules on constructing and operating publicly accessible charging points for vehicles with alternative fuel systems (including electricity, hydrogen, biofuels, synthetic and paraffinic fuels, natural gas,

and liquefied petroleum gas). The BGFS thus sets out the technical requirements for publicly accessible charging points and alternative fuel stations, enables charging point operators to supply electricity from third-party energy producers, and obliges operators to let users charge their vehicles without entering into a continuing contractual relationship (on-demand charging).



## Establishment of an Austrian Charging Point Register

Although not mandated on a European basis, Austria had already paved the way for a public charging point register in 2018 by requiring the Austrian Energy Control Authority (“E-Control”) to develop one. In November 2019, E-Control presented the beta version of its public charging point register (Ladestellenregister). Finally, by passing the EAG, the Austrian legislator will provide the legal basis for the register’s further deployment, maintenance, and operation. Subject to details still to be determined by the Austrian Climate Change Minister, the charging point register shall contain certain user-relevant information on publicly accessible EV charging points (including location, technical parameters, and the price for punctual charging) that must be made available to users in an open and non-discriminatory manner. To ensure the completeness and accuracy of the data, operators must submit relevant information about their publicly accessible charging points directly to the charging point register and update such information on a regular basis. If an operator discontinues a publicly accessible charging point, they must report it within two weeks. E-Control has to implement further measures to improve price transparency of publicly accessible EV charging points, which are still to be determined.

## Outlook

With the upcoming BGFS amendment, the Austrian legislator has taken a further step towards the mobility turnaround and a climate-neutral society. Based on the rather narrow scope of the rules, the new Austrian charging point register will, however, also raise interesting legal and practical questions for the operators of publicly accessible charging points in Austria. These include, for instance, questions regarding the addressee of the obligations targeted at the operators of publicly accessible charging points (*i.e.*, is it the landowner, the lessee, or the technical operator?), the inclusion of charging points other than EV charging points (*e.g.*, hydrogen, biofuels), the prevention of discriminatory treatment of operators, and the scope and form of data to be submitted to the register. The answers to these and other questions will need to be sought in practice. ■

## CROATIA: TRANSPORTING OURSELVES OUT OF THE CRISIS, ONE STEP AT A TIME

By Ema Skugor, Partner, Divjak, Topic, Bahtijarevic & Krka



Just over a year ago, 2020 was shaping up to be a good one for the Croatian Transportation and Infrastructure sector. Croatia was presiding over the Council of the EU, and the Ministry of Transport & Infrastructure, one of its most active ministries, had several interesting projects in the pipeline. Osijek was due to become the first 5G city in Croatia by year's end, and major investment deals were planned to strengthen existing road and railway infrastructure. But then COVID-19 happened and dealt a complicated hand to both transport and infrastructure.

To be precise, transport itself wasn't a problem; the absence of it was. For a while, both taking the bus to town and flying overseas were dangerous undertakings you were either prohibited from or seriously advised against. Many found comfort in the positive environmental effects of this forceful travel abstinence, only to realize that dolphins never really reached the Venetian channels. Croats scarcely had time to notice any of it.

Much like everywhere else, transportation was one of the sectors in Croatia most severely hit by the pandemic. But unlike everywhere else, domestic travel restrictions in Croatia were shaped by a natural disaster. On a Sunday morning in late March, Zagreb was violently torn from her sleep by the strongest earthquake in the last 150 years. Reluctant to stay in the shaky capital, hundreds of families fled the city within hours. But this risked spreading the virus, so a nation-wide lockdown was put in place on Monday, prohibiting travel outside one's registered residence or current place of stay, except for serious reasons. This made sense from an epidemiological standpoint, but the rushed decision failed to consider its applicability within a complex network of municipalities, criss-crossing landscapes and city areas alike.

The resulting frustration was immense, as thousands were forced to undergo an approval procedure for a permit, just to get to work or to shop in a larger store. Although the authorities maintained their view and claimed the measure crucial for protection, such was not the prevalent public opinion in the aftermath. Moreover, it likely led to a decline in public trust for national authorities in charge of fighting

COVID-19.

Room for criticism was found in the Transport and Infrastructure sector too. The drastic decrease in intra-city traffic which followed the travel ban was seen by many as providing the government with a unique opportunity to undertake overdue public works without interrupting daily life, but instead the competent Ministry turned its attention towards supporting ongoing projects in large road and railway infrastructure projects. A number of such projects managed to keep going at a steady pace throughout the lockdown, which helped the Government make good on its early 2020 plans to invest 20 billion HRK in transport infrastructure through various projects in the course of the year.

The electronic communications infrastructure also benefited from pandemic-created public criticism. Upon the spring lockdown, Croatian public authorities were confronted with a choice: go digital or go bust. Opting for the former, the proverbially lethargic Leviathan had only days to prepare for remote work. This seemed a bit much for a country that ranks 38th out of 79 countries on Huawei's GCI list for 2020, but local public officials beat the odds. Armed only with existing capabilities and infrastructure, they took Croatia digital practically overnight. But this brief period of administrative bliss ended abruptly. As soon as the lockdown was lifted, in mid-May, all digital tools were quickly and quietly put back to their "Emergencies only" casings.

But the Croats had had a taste of digitally efficient administration, and were not about to go back to queuing. Responding to public sentiment, certain ministries were quick to recognize the pandemic as a useful beacon for digitalization opportunities. In December, 2020, Croatia landed a 770.6 million HRK project, backed by EU funds, for the construction of its national backhaul broadband infrastructure. Hopefully this trend will continue and will help propel Croatia towards digital acceleration and transformation.

These transformative changes are bound to become increasingly meaningful in our daily lives as we come to terms with the sombre realization that 2020 will not be remembered as "the COVID-19 year," but as "the first COVID-19 year." The New Normal setup will no doubt rely on developments in the Transport and Infrastructure sector – a challenge which it seems prepared to meet. ■

# TURKEY: TURKEY'S TRANSPORTATION LEAP AND THE 1915 CANAKKALE BRIDGE AND HIGHWAY PROJECT

By Done Yalcin, Partner, and Taner Elmas, Associate, CMS Turkey



## The Breakthrough for Transport and Infrastructure

Strong investments in the Turkish infrastructure sector have been the driving force behind Turkey's economic development. In the last decade, several investments referred to as "mega-projects" have gained much attention, such as the completed Eurasian Tunnel in Istanbul, a road

transport tunnel running under the Bosphorus to connect the European and Asian sides of Istanbul; the new Istanbul Airport, increasing capacity from over 100 million to over 200 million passengers per year; the third Istanbul Bridge, still one of the largest projects with construction costs of around TRY 4.5 billion (although it fell short of expectations and required USD 2.7 billion in refinancing from ICBC and still could not be executed due to the pandemic). One of the most recent projects is the 1915 Canakkale Bridge and Highway Project.

Most such projects are implemented under the Build-Operate-Transfer model, which is usually the preferred type of PPP in Turkey for such large projects.

### 1915 Canakkale Bridge and Highway Project

Canakkale, divided by the strait of the Dardanelles, is a city in Western Turkey of great historical importance for Europe. It lies between Europe and Asia and, like Istanbul, connects two continents; but unlike Istanbul, due to the width of the strait, Canakkale has never had a bridge connecting the two separate parts of the city – until now.

The idea of building a bridge across the strait was first raised in the 1980s. In 1994 the bridge project was put back on the political agenda, leading to a tender in 1995. However, the tender winner withdrew from the project due to its infeasibility. On March 3, 2016, Turkey's Minister of Transport, Maritime Affairs and Communications finally announced that the project would be launched and the name of the bridge would be "1915 Canakkale Bridge," after the famous Gallipoli campaign of the First World War.

Following this announcement, a tender was launched on January 26, 2017. Four consortia allied with international and Turkish parties submitted bids. The first consortium was Korean-Turkish, involving Daelim (South Korea), Limak (Turkey), SK Engineering & Construction (South Korea), and Yapi Merkezi (Turkey). The proposed project

cost was approximately TRY 10.35 billion and the total concession period was 16 years, 2 months, and 12 days, including a construction period of five and a half years.

The second proposal came from a Japanese-Turkish consortium involving IHI (Japan), Itochu (Japan), Makyol (Turkey), Nurol (Turkey), and Japan Expressway. The project cost was around TRY 10.5 billion with a total duration of 17 years, 10 months, and 24 days.

A third proposal was a Chinese-Turkish cooperation between Cengiz Insaat (Turkey), Kolin Insaat (Turkey), and CRBC (China) with a total project cost of approximately TRY 10.3 billion and a total duration of 18 years, 8 months, and 19 days.

The fourth and final proposal was Italian-Turkish, by IC Ictas (Turkey) and Astaldi (Italy), with a total project cost of approximately TRY11.6 billion and a duration of 18 years, 5 months, and 15 days.

The Korean-Turkish consortium was awarded the project and the contract was signed on March 21, 2017, with an effective date of March 16, 2018. The duration of the contract and the total investment costs were as stated in the original bid. The EUR 2.265 billion financing package was also signed on March 16, 2018, with 17 foreign financial institutions providing 70% of the loan amount. The term of the loan is 15 years, with five years repayment-free.

The consortium plans to complete the project by 2022, with an operational date of March 18, 2022. So far, the towers and walkway of the bridge have been completed and construction continues. We understand from clients in the sector that the project is on schedule.

### What Happens Next?

According to the forecasts and targets announced by the Ministry of Transport and Infrastructure, Turkey aims to reach a motorway length of more than 8,000 kilometers by 2035. As of 2020, the figure was around 3,500 kilometers. As in previous years, such mega-projects are attracting significant attention, such as the planned Istanbul Canal, nuclear power plants, a production facility for Turkey's TOGG hybrid vehicle, and the triple-deck tunnel for trains and cars, though not all may be realized. Having said that, more transport infrastructure projects can undoubtedly be expected as the country continues its ambitious economic development. ■



## CZECH REPUBLIC: CZECH PAYERS OF GERMAN TRUCK TOLL MAY REQUEST PARTIAL REFUNDS

By Barbora Urbancova, Partner, Stepan Gresak, Associate, Peterka & Partners, and Hagen Albus, Lawyer, Roos Nelskamp Schumacher & Partner



Due to Germany's economic importance and its strategic position at the heart of Europe, it certainly rings true to many Czech motor carriers that (almost) "all roads lead to Germany." The dependence on the vagaries of German toll

policy, however, have forced Czech motor carriers to swallow two bitter pills in the past four years. First, back in July 2018, the German government extended tolls to all federal roads, which led to some 40,000 kilometres of roads now being part of the toll system. This was met with some resentment from motor carriers across Europe, as using federal roads instead of motorways presented a way to save a non-negligible part of transportation costs. Then, in 2019, German authorities decided to increase the toll itself. Motor carriers thus saw tolls on German roads increase by between 20% and 60%. This development put an additional financial burden on those competing in this already highly competitive area of transportation, where every operational cost adds up.

Many of those running a transportation business therefore became very interested in recent legal developments across the Czech Republic's western border.

On October 28, 2020, the European Court of Justice decided that the truck toll levied by the Federal Republic of Germany violated European law. The reason for this decision was that German authorities included the costs of traffic police in the toll, although European law only allows the costs of infrastructure to be taken into account in calculating tolls. Consequently, the ECJ ruled that the calculation of the toll, at least to the extent it was based on the costs of traffic police, was contrary to European law, and that, at least to this extent, motor carriers were being charged in excess of the amount allowed by European law. According to initial estimates, this cost overrun meant that approximately 4% of the toll paid was being charged unlawfully. The ECJ ruled that the German authorities were not only obliged not to include the costs of traffic police in the toll amount, but that all those who paid the German HGV toll, which had been inflated as a result, were entitled to a refund.

To many motor carriers, it therefore appeared as if Christmas had come early. According to calculations, if every eligible motor carrier pursued a toll refund for 2017, the total amount of refunds would amount to almost EUR 1.3 billion. According to the Czech Association of Road Transport Operators, the refund claims by Czech motor carriers could amount to up to EUR 30 million for 2017, 2018, 2019, and 2020, combined.



Pursuant to German law, however, claims for toll refunds are barred if they are not asserted by the end of the third calendar year following the creation of the claim. As a result, those motor carriers who neither submitted a toll refund request with the German authorities for 2017 nor initiated any further measures to prevent the statute of limitations for the toll refund claim of 2017 from running out are therefore eligible to request a toll refund only for 2018, 2019, and 2020. Motor carriers may request toll refunds for truck tolls paid for trucks of a minimum gross weight of 7.5 tons.

The case now rests with the Supreme Administrative Court in Muenster. The court now has to decide how the toll is to be correctly calculated according to the requirements set out by the ECJ. It is thus possible that the final amount of unlawfully charged toll may lie somewhere north of 4%, as the breakdown of costs which made up the unlawfully charged toll may reveal additional irregularities. This decision is, however, unlikely to be made before the summer of 2021 – and probably not until autumn. It is unclear now whether and to what extent this decision will then become final and whether the Federal Republic of Germany will abide by it or appeal against it.

It remains to be seen how the events currently unfolding in Germany will affect motor carriers' bottom lines. Depending on the wording of each of the individual contracts of carriage concluded for the purpose of transportation of goods, there may arise disputes between the motor carriers and their customers as to which ought to actually benefit from the refund. ■

# HUNGARY: TRANSPORTATION AND INFRASTRUCTURE IN HUNGARY

By Richard Lock, Founding Partner, Lakatos, Kovacs & Partners



In any economy transport infrastructure is vital for enabling the flow of goods and people. Two salient features of the transport environment in Hungary are the country's location "between East and West" and, within the country, the significant work which has been done to develop the motorway network. Many of the issues referred to below can be traced back to one or both those factors.

**Supply Chains.** Hungary has developed and maintains an important position in many global supply chains. Whether for companies from outside Europe seeking a manufacturing or distribution base in Europe, or for German or other Western European companies seeking a cheaper but reasonably proximate manufacturing base, Hungary's location and its motorway network, effectively bringing most of Europe within a 24-hour truck journey from a plant in Hungary, are attractive.

**Logistics.** Both to support those supply chains and generally – and specifically in the post-COVID world – to enable efficient distribution, logistics are vitally important. Our firm has seen significant work for our Real Estate practice in the continuing development of logistics parks and distribution centers, dealing with both domestic and international distribution, and for our Corporate team, advising the Hungarian company Waberer's, which is one of Europe's largest transportation and logistics companies.

**Electric Vehicles.** The automotive industry is heavily invested-in in Hungary and currently we see significant activities in relation to electric vehicles, with car plants in Hungary being among the first to re-tool for electric vehicle production. In addition, car battery manufacture is becoming important, with, for example, several battery plants being currently constructed, and suppliers to these plants are establishing operations. Much of this activity is being led by Korean and Japanese corporates. Building out electric-vehicle-charging infrastructure is expected to generate activity, requiring as it does the extensive reconfiguration of service stations.

**Autonomous Vehicles.** The Hungarian government has actively encouraged development in this area, with the establishment of a vehicle test track, and several companies – including Bosch, JLR, Continental, Knorr-Bremser, and ThyssenKrupp – have associated

R&D facilities in the country.

**Air Transport.** Taking advantage of Hungary's geographical location and the increasing importance of its position in supply chains, air transport is increasingly important, with freight representing a significant proportion of Budapest Airport's activity. The last year has seen both an investment in a new cargo terminal and, because of Covid, a significant growth in the proportion of the airport's traffic represented by freight. On the passenger side, WizzAir has grown in the last decade to become one of the leading and more dynamic carriers, both within Europe and beyond, replacing former national airline Malev as the main airline operating from Hungary. Lakatos Kovacs & Partners' market-leading Aviation practice has been closely involved in that development, in particular on the financing of the Wizz fleet (currently standing at over 120 aircraft).

**Rail.** Rail forms a vital part of the logistics infrastructure, with, for example, both Audi in Győr and Daimler in Kecskemét relying heavily on it both to bring parts to their plants and to transport the engines and vehicles they produce to their plants in Germany and West European markets and ports for shipment worldwide. Further growth in the use of the rail network and the resulting need for the network to be upgraded can be anticipated arising from environmental factors that favor the use of rail and the possible growth in popularity of long distance rail travel. A notable project in this sector is the development of the Belgrade-Budapest rail link being financed and developed by the Chinese, forming part of China's Belt and Road Initiative and providing work for our firm's Banking & Finance practice.

**River Transport.** Certain heavy goods are transported by boat, and at least pre-Covid, there was a significant flow of cruise ships on the Danube. However substantial development of the ports on the Danube and of intermodal logistics systems has been inhibited by the inability to guarantee navigability at all times because of the lack of sufficient water levels throughout the year. For both exports (for example, of cars) and imports (for example, of liquefied natural gas), the rail links to ports such as Koper in Slovenia are more important.

However digital our world becomes and however quickly the Internet of Things develops, actual *things* still need to be moved around, even when, because of lockdowns, people cannot move. In Hungary, as elsewhere, transport and transport infrastructure will continue to be vitally important, to require major investment, and to generate significant business activity in coming years. ■

## POLAND: GOOD CLIMATE FOR PPP IN POLAND

By Marcin Bejm, Partner, and Bartłomiej Słemp, Associate, CMS Poland



The coronavirus pandemic and accompanying restrictions introduced by the majority of countries around the world are having a major impact on the development of global and local economies. It seems that carrying out infrastructure investment projects may help with rebuilding the economic and financial condition of countries negatively affected by the coronavirus.

Given the above, the public-private partnership model could be one of the most suitable solutions on the market, because it allows for the initiation of numerous investment projects (on both a small and large scale), while at the same time releasing the public funds needed to carry them out.

To better understand the range of uses of PPP the Polish market currently offers, let us first take a look at how the Polish economy, in particular the infrastructure market, is managing to deal with the pandemic. As analyses show, over the previous year the most affected sectors have been culture and entertainment (around an 85% drop in activity), as well as hotels and restaurants (a drop of 70%). In general, the construction market did not record a decrease in 2020. Private and public construction have been continued under strict health requirements.

However, although large construction companies will probably not experience significant decreases in 2021 for the obvious reason that they carry out the largest and often long-term investment projects in the country, smaller players may well experience a decrease in revenues.

The government also supports the construction sector by initiating central procurement projects. Special changes have been made in ongoing public procurement processes. For example, it is possible to make an extraordinary amendment to a public procurement contract due to COVID-19 disruptions. Contracting authorities cannot deduct liquidated damages from the contractor's remuneration during the epidemic. Specific regulations for EU grants have also been passed. These include the possibility of changing the schedule of disbursement and settlement of funds. In mid-2020, the public aid program provided about EUR 20 billion to around 670,000 micro, small, and

medium enterprises. Large companies also received around EUR 6 billion in support. During the second coronavirus wave, about EUR 3 billion in public aid was allocated to only those groups of businesses most affected by the pandemic.

With regard to PPP investment projects, 2020 was quite successful. A PPP agreement was signed for the design, construction, and maintenance of a tram line in Krakow (value of the agreement: over EUR 250 million). This is the third-largest PPP project in Polish history in terms of the value of the investment outlays. A PPP Waste-to Energy project in Olsztyn that also recently reached financial close – at a value of over EUR 800 million – is the largest PPP project in Polish history.

The situation for planned undertakings also looks promising. Proceedings are underway to choose a concessionaire to construct and operate the External Port in Gdynia (estimated value: over EUR 900 million). There are also plans to extend the Central Port in Gdansk (estimated value: over EUR 2.5 billion). PPP proceedings are underway for the construction and maintenance of provincial roads in the Wloclawek region (estimated value: over EUR 100 million). In addition, a range of PPP projects in the construction / real estate sector – including car parks, public utility structures, and urban development projects, among others – are either already underway or are being planned.

Thus, despite the ongoing pandemic, the infrastructure market is doing quite well in Poland, and the potential financial gap resulting from state budget limitations could be filled by private capital through the use of PPP. This allows us to look ahead quite optimistically.

Also, the regulatory environment is attractive for PPP undertakings in Poland. New public procurement legislation has recently entered into force that should make the process of selecting a private partner more efficient, have a positive impact on the negotiations of the provisions of the PPP agreement, and lead to an increase in interest in PPP projects on the part of contractors and financing institutions. ■



## NORTH MACEDONIA: TRANSPORT AND INFRASTRUCTURE – SECTOR OF EXPANSION

By Svetlin Adrianov, Associate Partner, and Jana Nikodinovska, Law Manager, EY Law North Macedonia



The year of 2020 was marked, in North Macedonia as elsewhere, by the COVID-19-induced economic crisis, which will obviously extend well into 2021. Despite the high hopes that the pandemic would be brought under control with mass vaccination programs, the North Macedonian economy's return to pre-Covid status within the current year is highly unlikely.

COVID-19 imposed a unique reality on both the public and private sector, which hardly any government or company in the world, including those in North Macedonia, was prepared to embrace. Struggling to harness unemployment and maintain social stability, the North Macedonian Government deployed various state aid measures and incentives, while at the same time keeping a steady level of capital expenditure in the state budget in order to boost the Macedonian economy in the post-Covid period, with more than EUR 350 million in the state budget for 2021 allocated in capital investments. Under these conditions, the already stagnating Macedonian economy showed some movement in the Transport and Infrastructure sector (as well as in the Energy sector in the context of replacing old carbon-based with renewable energy sources).

According to official statistical data, the portfolio of ongoing infrastructure projects in North Macedonia includes the construction of 400 kilometers of country-wide infrastructure, including more than 50 kilometers of highway, 100 kilometers of express roads, and 20 kilometers of local roads. The construction of the Kicevo-Ohrid highway in the southwest part of the country, valued at over EUR 350 million, which started in 2014, is approaching its final phase. Construction is also ongoing on Corridor 8, which connects countries from the Adriatic Sea to the Black Sea and passes through North Macedonia. Along with the Corridor 8, the first part of the construction of a railway connection between North Macedonia and Bulgaria, which is projected for 2023, is already almost complete.

In Skopje, the capital of North Macedonia, citizens are waiting for the implementation of the bus rapid transit system. This project, which is expected to resolve transportation issues in the capital, was selected following a feasibility study in which various transport models were evaluated, including the possibility of a Skopje metro.

The main infrastructure project in the country is the gasification of

North Macedonia – a project valued at EUR 350 million. The public announcement of the initiation of a public-private partnership for the financing, design, construction, management, maintenance, and development of the gas distribution network in North Macedonia was made in 2020. This project is designed to ensure an additional energy source for North Macedonia and reduce the cost of energy for Macedonian citizens, companies, and institutions, while at the same time increasing the competitiveness of the local economy and preserving a clean and healthy environment.



The gasification project in North Macedonia will be implemented in three phases, starting in the industrial area of Skopje and neighboring municipalities where the initial gas infrastructure is in place, and developing the gas network towards cross-border connections. The contract duration is set at 35 years. The subject of the contract includes the construction of a gas distribution network, investment in connections to the network for the final consumers, the development and maintenance of the gas distribution system, and investment in heating energy facilities and the adaptation of existing facilities for production of heating energy. This project is also expected to prompt other energy efficient projects along the gas network, such as gas turbines, cogeneration turbines that produce heating and electrical energy, and other energy production plants.

As far as the regulatory framework in North Macedonia for implementing transport and infrastructure projects is concerned, the Law on Concessions and Public-Private Partnerships of 2012 sets the grounds for concessions and public-private partnership contracts. While the model of concession is well established and has been implemented in a number of concession projects to date, the practice of public-private partnerships in the country is limited and yet to be developed.

We expect expansion in the Transport and Infrastructure sector in North Macedonia to continue in 2021 with the connection and integration of the Western Balkans into the EU, which is on the EU Accession Agenda for North Macedonia as well as for Albania. This trend of course depends on the normalization of the economy in the upcoming period and recovery in all types of transport and communications. ■

# MONTENEGRO: TRANSPORTATION AND INFRASTRUCTURE IN MONTENEGRO – STRUGGLE IN A TIME OF CRISIS

By Igor Zivkovski, Partner, Zivkovic Samardzic Law Office



Despite its diverse terrain and impassable regions, Montenegro has made remarkable progress in developing its infrastructure and transport network over the last couple of years.

One of the most important infrastructural projects in Montenegro is the construction of the Bar-Boljare highway. The highway is part of Corridor 11, which will link Serbia and Montenegro with the European Union countries, and will expand from Timisoara in Romania, through Vrsac, Belgrade, Cacak, Pozega, and Podgorica, to Bar, and eventually will be connected to Bari, in Italy, across the Adriatic Sea.

Also, another infrastructure project being considered is a section of the Adriatic-Ionian highway that would be the fastest connection between Eastern and Western Europe, and which – together with the Bar-Boljare highway – would significantly contribute to the development not only of Montenegro but of the entire region.

In February 2017, the Government of Montenegro adopted the Railway Development Strategy for the Period 2017-2027. The main goal of the Strategy is to develop the entire railway system, integrating it into the Single European Railway Area (SERA). The overall goal of SERA is to revitalize the railway sector and make European railways more innovative and competitive compared to other models of transport. One of the main goals of Montenegro is to develop a railway system that is market-oriented and sustainable, and which facilitates the development of the country's economic and tourism sector.

As Montenegro has 288.2 kilometers of coastline on the Adriatic Sea, maritime transportation has a significant role in the country's economy, tourism, and everyday life. There are six ports in Montenegro currently open for international traffic: Bar, Budva, Kotor, Port Kumbor-Portonovo, Tivat, and Zelenika. These ports are important centers not only of maritime traffic of Montenegro, but also of the entire Adriatic coast. A significant contribution to *inland* maritime transport is the ferry, that transports passengers on the domestic

route from Lepetani to Kamenar (Boka Kotorska).

In terms of air transportation, pursuant to the Law on Concessions on October 11, 2019, the Government of Montenegro has adopted a concession act to sell the concessions for Montenegro's Tivat and Podgorica International Airports to the competitively-selected best bidder, who will establish and register a legal entity with a seat in Montenegro for performing the concession activity. The subject of the concession is the construction, reconstruction, modernization, maintenance, and use of the Airports of Montenegro. On December 25, 2020, the Government of Montenegro announced its decision to close indebted flag carrier Montenegro Airlines at the end of December and set up a new air carrier, ToMontenegro, which should become operational in 2021. Montenegro Airlines had been struggling with financial problems for many years, and the COVID-19 pandemic and associated restrictions on movement were the final blow.

The COVID-19 pandemic has had a negative effect on transportation and infrastructure all around the world, and Montenegro is no exception. The Government of Montenegro adopted measures regarding transportation restrictions in order to contain the spread of COVID-19 infections.

Consequently, there has been a significant decline compared to previous years in the area of transportation of passengers and goods, affecting road, air, rail, and maritime transport. The situation has had an extremely negative impact on Montenegro's economy – especially in the tourism sector, which has suffered unfathomable damage.

Due to the COVID-19 pandemic all of the Government of Montenegro's attention has been focused on preventing the transmission of the virus and preserving human health, while minimizing the negative consequences of the COVID-19 pandemic on the country's economy. Therefore, all planned infrastructure and transportation projects have been significantly slowed down.

Bearing all circumstances in mind, it may be a while before Montenegro is able to return to the path of economic development it was on before the pandemic struck. ■

## SERBIA: DEVELOPMENT OF TRANSPORTATION INFRASTRUCTURE A PRIORITY FOR SERBIA

By Katarina Obradovic Baklaja, Head of Construction and Real Estate, Baklaja Igric Tintor



The development of infrastructure has been a long-standing priority in Serbia. The National Investment Plan (Serbia 2025) announced by the Serbian Government in December 2019 anticipated the allocation of approximately EUR 14 billion to major development projects to be completed by 2025. Most of the funds are to be allocated for infrastructure projects, including road, rail, air, and water upgrades.

The plan to allocate over 60% of those funds in a five-year period – approximately EUR 9 billion – to the development of transportation infrastructure clearly indicated the importance of that sector to the Serbian Government. Some EUR 5 billion is allocated for road infrastructure, including the reconstruction of 5,000 kilometers of roads, and the construction of new ones. One of the key projects in the road infrastructure sector is the Sumadija Corridor (approximately 220 kilometers in length and estimated at over USD 2 billion), where construction began in February 2020. Another EUR 3.33 billion in a five-year period is to be allocated for railway infrastructure, including EUR 1.7 billion for the first phase of the Belgrade metro project.

The Belgrade Metro Project's official status is "Project of Particular National Importance," and it represents the largest and most complex infrastructure project in the country's history. Building a metro system in Belgrade has been one of the development priorities of urban and suburban public transport in the capital for many decades.

The SMART Plan of 2017 (the Transport Master Plan of Belgrade) has laid the groundwork for the development of high-capacity rail systems in Belgrade by 2033. It estimates that the number of vehicles on Belgrade road network will increase by 50% by 2033 if there is no improvement of public transport in terms of high-capacity rail systems.

At this time, the development of the Belgrade metro project is in the phase of technical documentation preparation. An FIDIC-based Client/Consultant Services Agreement was signed on July 21, 2020 between the City of Belgrade/PUC Belgrade Metro & Train and Egis Rail for the preparation of Technical Documentation for the

Metro Line 1. Once the technical documentation is prepared, the project should be ready for the next stage – procuring contractors for required civil and system works, and the design and commencement of the works.

In order to create strategic partnerships for the growth of the infrastructure sector, Governments of Serbia have, over the past decade, signed multiple Memoranda of Understandings and Intergovernmental Agreements. The most recent are the Inter-Governmental Agreement between the Government of Republic of Serbia and the Government of Republic of France on Cooperation in the Sector of Implementation of a Priority Project in the Republic of Serbia, signed on November 26, 2020, defining the financing of certain projects (or parts of projects) in the Republic of Serbia (phase 1 of the Transport System of Belgrade Metro was named as one of them), and the Memorandum of Understanding for the Belgrade Metro project concluded on January 22, 2021 between the Republic of Serbia, the City of Belgrade, and PUC Belgrade Metro, and Train and ALSTOM Transport SA, Powerchina International Group Limited, and Egis Rail, declaring the willingness and intention of the parties to work together on the project.

Despite presenting the key preconditions, the allocation of funds and political will for infrastructure development are, without more, insufficient to develop this vital part of Serbia's economy. Creating legislative and institutional frameworks to foster the planned projects is crucial. Thus, the Law on Special Procedures for Realizing Projects for the Development and Reconstruction of Line Infrastructure Objects of Particular Importance to the Republic of Serbia, stipulating expedited and simplified expropriation procedures, was adopted in February, 2020.

Since Serbia is developing a metro system for the first time in its history, a regulatory framework will be necessary. The two main areas to be regulated are, first, the safety and technical control of the metro system, and second, at a later stage, passenger transport operation. Although it is possible to regulate this area with the laws and regulations on railway, most EU countries (including Austria, Germany, and France) have separate laws for metro system and city rail, due to those systems' different needs and characteristics.

The completion of major infrastructure projects and the launch of new ones, as well as the creation of a favorable legal framework governing their construction, will have a positive impact on the further development of Serbia's economy. ■

## ROMANIA: EUROPE'S EASTERN TRANSPORTATION HUB

By Andreea Hulub and Lucian Danilescu, Partners, Danilescu Hulub & Partners



The development of Romania's infrastructure must make smart use of the EUR 30 billion anticipated from EU's Recovery and Resilience Facility, as the expansion and modernization of Romania's transport infrastructure are of paramount importance not only for the country, but for the entire EU, given Romania's geo-strategic position at Europe's maritime borders with Asia.

Four transport passing through Romania are of great strategic and economic importance for the country and EU alike: (a) the Pan-European Corridor IX, connecting Western Europe to the Black Sea, essentially using the Danube River as a vector; (b) the Rail-to-Sea corridor, providing a rail connection from the Baltic Sea (Gdansk Port) to the Black Sea (Constanta Port); (c) the Three Seas Initiative, ensuring a motorway connection from the Baltic Sea to the Black Sea (Constanta Port), and (d) the Caspian-Black Sea Corridor, an alternative to China's BRI, connecting Central Asia to Western Europe via Caspian Sea ports in Turkmenistan and Azerbaijan and Black Sea ports in Georgia and Romania. These transportation corridors will not only ensure further connectivity and geo-political independence for the EU but will also unlock bottlenecks in merchandise flows from Asia to Europe and inside the EU.

Inland navigation represents more than 20% of total transport in Romania. Bottlenecks and low water levels are the main hindrances for the use of the Danube River corridor. The main goal of local and EU planning is to ensure navigation conditions on the Romanian-Bulgarian common sector of the Danube for safely conducting transport on the Danube throughout the entire year. In addition, Romania plans to prioritize the digitalization of the entire water transport system.

Port infrastructure projects are on the rise, as traffic volumes in Constanța Port continue to increase, despite the pandemic. The port management body has taken a more active role, speeding up investments (including dredging and infrastructure modernization), and several private investment projects were launched as well. Also, recent amendments to framework port law OG no. 22/1999 provide for a stable, predictable environment for fresh investments.

The status of Romania's rail network is not encouraging – infrastructure is undersized, poorly maintained, and characterized by poor connectivity and a lack of inter-modality. The requirement for modernization generates an estimated funding need of EUR 13.5 billion for the next five years, according to Romania's National Recovery and Resilience Plan (PNRR). This generates great potential for players in the rail construction field and for rail component manufacturers.

2020 has seen an impressive push from the authorities' side in terms of speeding up public tender processes and streamlining public contract management – we particularly note the active role taken by DGOIT (the management body of EU funds for transport/mobility projects) in helping work advance at a faster pace than it has previously.



While air transportation has taken the biggest hit during the pandemic, local airport infrastructure projects were not halted. Procedures for granting the concession of the operation of the Brasov International Airport – the only greenfield investment in this field in the past 50 years – are ongoing and flights are expected to launch this year. The development of Otopeni International Airport's second terminal is also moving forward – expropriations were finalized and work could start in 2021 if financing, estimated to exceed EUR 500 million, is secured.

Systemic transformation and modernizing are necessary and expected. Following the models of the Antwerp and Zeebrugge ports, the merger between the authority managing the Danube-Black Sea Canal and the Port Authority of Constanța (CNAPM) is expected to resolve issues concerning tariffs and the tax regime applicable to goods in transit, while strengthening the position of the Constanța Port within the regional supply chain.

BVB outperformed all the other EU markets in 2021, with a post-pandemic increase of 48%. Timing could be good for the intended IPOs of transport state owned enterprises like Tarom (the national flag carrier), CNAPM, and CNAB (the Otopeni Airport authority).

Digital transformation will be one of the main drivers of growth in the field: PNRR proposes EUR 4 billion for digital transformation – 20% of the entire value of the plan. Digitalization of transport infrastructure and operation is pivotal. Under PNRR, Constanța Port will receive a budget of more than EUR 20 million for that purpose. The main scope is integrating the Maritime National Single Window with the Port Community System. Moreover, some subsequent investments are meant to harmonize the RFD Directive with the VTMS Directive.

While Romania does have a grey history as regards implementation of infrastructure projects, recent years have seen notable improvements, with authorities taking up a more active role, and legislation adapting, all in all contributing to a better investment environment in the country. ■

# UKRAINE: TRANSPORT AND INFRASTRUCTURE – PROGRESS TOWARDS THE PROMISE

By Svitlana Teush, Partner, Redcliffe Partners



Ukraine's transport and infrastructure system plays a key role in the country's economy, particularly with its role in export and trade in the agricultural, industrial, and other sectors. Ukraine is conveniently located on different transport routes. However, it does not fully capitalize on its geographical benefits and does not fulfill its potential as a transit country, as it is not yet well-integrated in international transport networks, lacks modern infrastructure, and has limited market opportunities in certain segments (for example, railway services).

Under the EU-Ukraine Association Agreement, Ukraine has to liberalize the market and increase competition, improve the quality of transport services, implement European technical rules and standards, and develop multimodal, TEN-T-connected networks. The Government approved the National Transport Strategy and subsector-specific strategies and programs. However, implementation is not uniform and needs to speed up to meet the applicable timelines. Progress with the sector reforms so far is largely due to IFIs such as the IFC, the GIF, the World Bank, and EBRD, which have provided technical and financial support, including the creation of the new concession framework and the launch of PPP projects.

## High on the List of Priorities

Attraction of private investment is among state priorities. Transport and infrastructure projects account for 40% of some 100 priority investment projects shortlisted by the Government for 2021-2023. An unprecedented "Big Construction" program was launched to modernize the country's infrastructure. Recently, the "On the State Support of Investment Projects with Significant Investments in Ukraine" Law was adopted, providing for state support to projects which have a total investment value of over EUR 20 million. State support can take different forms, including tax exemption, creation of the supporting infrastructure by the state, facilitation of access to the grid, and granting of preemptive rights to use or own land. The total amount of state support cannot exceed 30% of the investment volume.

## Pilot Concession Projects Catalyzed by the New Concession Framework

In 2019, the new, long-awaited "On Concessions" law was adopted, facilitating the launch of pilot concession projects. The law streamlined tender procedures and improved the balance of responsibilities

and increased protections for investors, including the right to select the foreign governing law and to enter into direct agreements. The outlook for bankability of PPP projects has hence been improved. Based on the new framework, the property of state stevedoring enterprises in the ports of Kherson and Olvia was granted as a concession. At an estimated USD 120 million, the Olvia project, implemented by QTerminals, a Qatari company, in the Mykolayiv region, represents one of the largest foreign direct private investments in Ukraine's history.

## OPRC to Improve the Outlook for the Road Sector

In November 2020, the first Road PPP Program was announced, involving long-term (20+ years) output and performance-based road contracts with availability payments to be made from the State Road Fund. Notably, the investors will not have to undertake the traffic risk. Several pilot projects have been shortlisted, with the first tenders expected in autumn 2021.

## What is Next for the Industry?

Despite the progress, much work still lies ahead. In the near term, budget laws have to be changed to provide long-term budget commitments for PPP projects and to prioritize the availability payments. With the State Road Fund as an example, other sector-specific funds – including airports and inland waterways, among other things – have to be introduced. The landlord port model has to be implemented to enable port authorities to consolidate and grant land and other property within seaports to investors. A new law on railway transport is required to demonopolize the rail market and enable rail carriers, whatever their ownership structures, to provide services and obtain nondiscriminatory access to the rail infrastructure. An independent transport regulator has to be introduced, and systemic capacity-building efforts are needed to improve performance of the public sector.

The regulatory reforms will greatly influence the launch and success of investment projects. Following the pilot concessions, more such projects across different sectors are likely, including concessions for the railway and ferry complex and freight terminals in the Chornomorsk seaport; concession for the passenger terminal in the Odessa seaport; concessions for berths in the Berdiansk seaport; and concessions for railway stations in Kyiv, Kharkiv, Dnipro, and Mykolayiv, among other cities. Certain facilities, including those of several regional grid operators and stevedoring companies, are waiting to be offered for privatization. However, the primary focus and expectation remains on PPP projects as the main instrument of private investment in the sector. ■

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# THE CONFIDENT COUNSEL: THE ENGLISH PROBLEM – A MISDIAGNOSIS

By Aaron Muhly



The following situation would cause me to pull my hair out – if I had any left.

Frequently, I hear students apologize for their English. For example, they will hand me writing samples with an embarrassed look on their face and try to lower my expectations with some strange excuse like “my English teacher was previously my parent’s Russian teacher.”

Such apologies drive me crazy because they are completely unnecessary. In 99% of the cases, after I review their sample, I discover that their English is more than adequate for their job.

Unfortunately, however, this mistaken mindset retards their skill development as lawyers. There is nothing more disappointing for me than seeing young lawyers struggle in a negotiation or while making a speech because they incorrectly fear that their colleagues will laugh at their English.

If you count yourself as one of these unfortunate souls, read on to discover why your English is probably not your problem.

## Do Mistakes Really Matter?

Please read the following two versions of the same legal text and select the version that your clients would prefer.

1. Pursuant to the French Public Procurement Act, a request that the ECJ provide a preliminary opinion in accordance with the EC Treaty may be initiated by the Arbitration Committee. In the event of such a decision by the Arbitration Committee, it suspends the proceeding (therefore the 60 + 30 day deadline is not affected). In our estimation, the likelihood that the Arbitration Committee requests a preliminary opinion from the ECJ does not exceed 50 percent.

2. Pursuant to the French Public Procurement Act, the Arbitration

Committee may request that the ECJ provide a preliminary opinion according to the EC Treaty. If the Arbitration Committee decides to make such a request, it suspend the proceeding (therefore the 60 + 30 day deadline is not affected). In our estimation, the Arbitration Committee is not more than 50 percent likely to request a preliminary opinion from the ECJ.

If you are like most readers, you prefer the second version, the version that is filled with English mistakes. In sentence 1, I misused “according to” instead of “in accordance with.” In sentence 2, I incorrectly used the plural form, “suspend,” instead of “suspends.” In sentence 3, I misspelled the word “percent.”

Despite the flaws, readers prefer version 2 because it uses reader-friendly sentence structures. For example, each sentence in version 2 begins with the same important story element – the Arbitration Committee. Such repetition helps the reader tie the sentences together into a coherent narrative.

I am not saying that English mistakes are not a turn-off for clients. But clients are unlikely to care about or even notice your mistakes if you focus on utilizing reader-friendly writing structures. Another way of saying this is: you could have the best English on the planet, but clients aren’t going to like your writing if you can’t structure it to match their needs. In this case, does it really make sense for you to be obsessing over your English?

## What If I Still Have an English Problem?

If you still have concerns about your English, you are probably struggling with the absurd complexity of legal English terminology. In this case, I recommend that you order yourself a copy of Professor Bryan Garner’s *Dictionary of Legal Usage*. Professor Garner is *the* expert on legal English usage (e.g., he is the editor of Black’s Law Dictionary). In his *Legal Usage* book, he helps lawyers choose the right words and also explains common misuses of legal English. ■

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

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

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