

CEE

Capital markets

Recommended firms

Tier 1

Clifford Chance
Linklaters
White & Case

Tier 2

Baker & McKenzie

Tier 3

Allen & Overy
Freshfields Bruckhaus Deringer
Skadden Arps Slate Meagher & Flom

While western Europe nervously awaits the return of the capital markets, the news didn't seem to reach Russia. Russian companies have been listing on the London Stock Exchange (LSE) in droves this year, characterised by VTB Bank's listing of shares and GDRs in Russia and London, and Sberbank's \$9 billion secondary offering of shares on the LSE.

Russia's debt markets have also been active, with many Russian banks and companies updating their high-value loan participation notes. Securitisation has also been steady in Russia despite market conditions, particularly in the consumer loans, car loans and mortgage sectors.

By now most of the prominent international law firms boast offices in Moscow, from where they operate their CIS practices. While only White & Case and Baker & McKenzie have offices on the ground in Kazakhstan, firms such as Skadden are increasingly winning mandates in the developing jurisdiction.

Kazakhstan's equity capital markets activity is driven by its significant energy and resources industries. Kazakh bank Alliance Bank's \$704 million offering was a highlight, as was the \$100 million listing of Zhaikmunai, which involved a change of law in the Isle of Man.

Ukraine also had a breakout year as a legitimate legal destination, with Clifford Chance even launching an office in the country in 2008 - an unofficial announcement of a country's coming-of-age. Ferrexpo's \$160 million IPO on the LSE this year made it the first Ukrainian company to list in the UK, and the market says it is unlikely to be the last. The country's debt markets have also been busy this year, with the highlight being the establishment of Alfa Bank's \$1 billion debt issuance programme.

While companies have tended to stay away from listing on the underdeveloped local stock markets, Warsaw has remained a solid destination for listings, as companies that list in Poland are allowed to receive funding from the substantial Polish retirement funds. This has led Warsaw to become the hub of central Europe for law firms - even those looking to close offices in the region, such as Linklaters, are still reluctant to close their Polish practices.

Clifford Chance

Clifford Chance is simply at the top of the tree in terms of capital markets work in central and eastern Europe, whether the work is done from its regional offices or from its London base. In fact, during the course of our extensive partner interviews, Clifford Chance was named by every single interviewee as the industry benchmark.

The firm has the back-up of its substantial London operation, along with offices in Russia, Poland, Hungary, Czech Republic and Romania, and has announced plans for a new office in Ukraine in the near future. These are routinely staffed by lawyers out of London, ensuring a high-quality of work throughout the region.

"They have the machinery to do the work," says one client. "They have the network and the experience, and in every market they're very impressive."

The firm's equity practice was particularly active this year, acting on a number of strong deals across the region. Russia was a plentiful source of deals, with Clifford Chance having a particular knack for landing roles advising the issuer. The firm advised Russian real estate company LSR Group on its \$772 million listing of shares and GDRs on the LSE in November 2007.

Vladimir Zotov, a counsel in Clifford Chance's Moscow office, followed this up in 2008 by advising Russian retail chain Magnit on its secondary offering of shares and GDRs in London.

Clifford Chance's Warsaw office has been very actively involved in Poland's booming equity market. The firm's highlight was winning a role advising the underwriter on the headline-grabbing \$400 million IPO of Polish media company Cyfrowy Polsat on the Warsaw Stock Exchange. Led by Agnieszka Janicka, the listing was the largest-ever on the exchange.

The firm is also advising real-estate company Warimpex on its dual listing in Vienna

and Warsaw. While the Warsaw and London offices are leading on the transaction, Clifford Chance's Prague office has completed the due diligence.

Clifford Chance wasn't quite as active on the debt side this year, but the deals it did work on were of the highest quality. The firm's highlight was representing the Russian Agricultural Bank as borrower on RSHB Capital's update of its \$5 billion loan participation note programme in May 2008.

The firm's Prague office advised Slovakian company J&T Finance Group on its €50 million subordinated notes issue, which was privately placed by Tabernia Securities in June 2007.

The Budapest office also acted on a rare central European securitisation deal in January 2008, advising Bank of America on a trade receivables securitisation involving a Hungarian subsidiary of a multinational group.

Linklaters

Linklaters is seen alongside Clifford Chance as one of the leading firms for capital markets work in CEE, with a specific focus on working for the banks. Linklaters' CEE work comes under the banner of its Emerging Europe, Middle East and North Africa department, which is to be headed by Nick Eastwell, who heads the firm's international capital markets department at present.

As was widely reported in the legal press, the firm is closing all its CEE offices in October apart from Warsaw and Moscow, replacing the offices with London-based virtual desks. While many were quick to accuse the firm of renegeing on its commitment to the region, the market does not expect the closures to be too much of a problem as most of Linklaters' work in the region is representing banks out of London anyway.

The firm's equity department was particularly active this year, with its strong London links helping it to win a number of mandates on the banks' side. Russia was a plentiful source of mandates for Linklaters, with one highlight seeing the firm advise the banks on the \$8 billion IPO of VTB Bank on the Russian Trading System Stock Exchange and the Moscow Interbank Currency Exchange, with the GDRs listed on the LSE. Led out of London by Jason Manketo, the offering was the largest international IPO in 2008 and the largest-ever Russian retail offering.

JP Morgan and Credit Suisse turned to Linklaters for advice as brokers and joint

bookrunners in Sberbank's \$9 billion secondary offering of shares and rights. Led by Bridgid Rentoul in London and Dmitry Dobatkin in Moscow, the offering was the second-largest in Russian corporate history after Rosneft.

Linklaters showed it could work outside of Russia when it advised Citigroup as global coordinator and bookrunner and Nomura International as co-lead manager on Slovenian bank Nova Kreditna Bank Mariobor's €263 million IPO.

The firm also acted as UK and US counsel to Kazakh bank Alliance Bank on Seimar Alliance Financial Corporation's \$704 million offering of shares in Alliance Bank. Seimar owned 72.5% of Alliance Bank before the offering.

Linklaters also advised JP Morgan and Deutsche Bank on US and UK law on the \$140 million IPO of Ukrainian iron ore producer Ferrexpo. This was the first Ukrainian company to list on the main board of the LSE.

Linklaters picked up some very good debt mandates in a difficult market. The firm advised the banks on two Russian loan participation note issues - Gazprombank's R10 billion (€271 million) issue, and stevedoring company Novorossiysk's \$300 million issue.

White & Case

White & Case has a very good reputation in the market for emerging markets activity, especially in CEE. The firm's already wide geographical spread was boosted this year with the addition of a Bucharest office. The firm focuses primarily on debt work in the region, advising a combination of banks and issuers.

Despite this extensive network, much of the firm's work is driven out of its London office. The UK was the main destination of new arrivals this year, with seven partners joining the capital markets practice.

The firm's strong presence in Russia and the CIS allowed it to win a number of debt mandates this year. Clients welcome the firm's presence in developing jurisdictions such as Kazakhstan: "We've done the majority of our Kazakhstan deals with them," says one. "They have an office over there, so they have a benefit over the magic-circle firms."

One of the highlights was advising a consortium of banks on Russian Agricultural Bank's update of its loan participation notes programme, increasing its limit from \$3 billion to \$5 billion. White & Case followed this up by acting for Russian oil company TNK-BP on a similar increase of the limit of its guaranteed debt issuance programme from \$3 billion to \$5 billion.

The firm also used its dominant position in the Kazakh market to win debt and equity mandates. The highlight was acting on for oil company Zhaikmunai on its \$100 million offering of GDRs on the LSE. This was the first GDR listing in London by a limited partnership, and involved a change in Isle of Man law to proceed.

White & Case followed this up by acting for UBS on Kazkommertsbank's \$125 million private note placement under the bank's EMTN programme.

Elsewhere in the CIS, White & Case scored a first when it advised Merrill Lynch on the Bank of Georgia's \$200 million loan participation note issue - the first international offering of debt securities by a Georgian entity.

The firm also advised long-term client UBS on Ukraine-based Alfa Bank's \$1 billion loan participation note programme. The programme, which was UBS's first for a Ukrainian borrower, was structured to take advantage of new UK securitisation rules.

White & Case also utilised its central European network this year, acting for the lender VTB Europe on Slovenian bank Abanka Vipava's issue of €120 million of floating-rate perpetual notes - the first-ever hybrid capital financing for a Slovenian bank.

The banks again turned to White & Case to advise them on the Slovak Republic government's \$4 billion EMTN programme - the country's largest-ever sovereign bond issue. The firm also represented CEZ as issuer on the establishment of its €2 billion EMTN programme, and a subsequent €500 million note issuance under the programme.

Baker & McKenzie

Baker & McKenzie's capital markets practice is well regarded for its high quality and geographical spread across CEE. The firm has a strong focus on CEE and boasts high-quality practices in a number of countries across the region.

The firm operates in eight countries, with the firm's Ukraine, Poland and Kazakhstan offices particularly noted by clients and partners for their positions in their respective markets.

"They have local practices in-house rather than having to use other firms, which is quite helpful," says one client.

The firm's equity practice is particularly active, and advises a fairly balanced combination of issuers and banks. It had a high volume of work this year, with one highlight advising the underwriters in central European company Orco Group's €172 million IPO - the first parallel listing of shares on the Warsaw, Budapest, Paris, Prague and

Budapest stock exchanges. In another innovative deal, Baker & McKenzie acted for Ukrainian iron ore company Ferrexpo in its £213 million IPO on the LSE - the largest-ever Ukrainian IPO at the time of writing.

The firm also showed it could work in countries where it didn't have a presence when it advised the Bank of Georgia on its \$139 million IPO on the LSE - the first listing of a Georgian bank in London.

The firm's debt practice was also busy this year, with one notable mandate seeing the firm advise OTP Bank Nyrt on an update of its €5 billion EMTN programme and subsequent €500 million benchmark issue.

Baker & McKenzie also advised Ukrainian bank TAS-Kommerzbank on TAS Finance's \$1.5 billion issue of loan participation notes to finance loans to joint-stock commercial bank TAS-Kommerzbank. The firm also acted as UK and Ukraine counsel to TAS-Kommerzbank on its issue of \$100 million of floating-rate notes.

The firm also advised Hungarian bank FHB Jelzálogbank on an update of its €3 billion mortgage notes programme in regards to its European Central Bank eligibility.

Securitisation was another market where Baker & McKenzie showed a particular prowess this year. The firm was very active in the surging Russian market, advising UniCredit Aton on the securitisation of an R8 billion public utility loan portfolio, which was originated by SCB Moscow Mortgage Bank and secured by municipal guarantees. This was the first securitisation of loans to small and medium-sized enterprises in Russia.

Standard Chartered Bank also turned to Baker & McKenzie for advice when the bank acted as arranger on the \$150 million auto loan securitisation by a leading Kazakh bank - the first securitisation of its type in Kazakhstan. In addition, the firm is acting for ABN Amro on a \$150 million residential mortgage warehouse facility securitisation by BTA Ipoteka.

Allen & Overy

Allen & Overy's capital markets practice has a strong presence across CEE, particularly on debt deals. The firm has a strong network of offices across the region, and added to it this year with the launch of an associated office in Romania.

The firm boasts strong connections with the banks, acting on the arrangers' side in a range of debt transactions. One highlight was acting for Barclays Bank on the passporting into the Czech Republic and listing in Prague of its £40 billion structured notes programme. This was the first public offering and stock

exchange listing of securities in the Czech Republic to be carried out by a UK issuer.

Allen & Overy also advised Gazprombank on Russian airline KrasAir's R3 billion issue of fixed-rate limited-recourse secured notes.

On the issuers' side, Allen & Overy advised Lehman Brothers International Europe in its offers of Ft1.5 billion (€6.5 million) and €4 million digital notes linked to the Russian Depository Index and the CECE Composite Index.

While peers don't necessarily see Allen & Overy as particularly visible on the equity side, the firm did land some notable mandates this year. The firm advised the joint bookrunners, Deutsche Bank and Renaissance Capital, on the \$274 million IPO of Bank Saint Petersburg on the Russian Trading System Stock Exchange. The transaction was only the second Russian bank IPO and the first Russian listing to use a temporary GDR programme.

Allen & Overy also acted for the underwriter's counsel on Cypriot technology company Asbisc's IPO on the Warsaw Stock Exchange.

Freshfields Bruckhaus Deringer

Freshfields' CEE capital markets department is headed by London-based Stephen Revell, who is a former US managing partner of the firm. The firm shut down its Budapest office this year, with much of its CEE work now coming out of London, Vienna and Moscow.

But clients aren't too worried about the closures. "They still have a close relationship with the lawyers from their old offices," says one. "From a client's perspective this works, and I don't see the difference as the network runs smoothly."

The firm's CEE practice is focussed on equity capital markets work, backed by its strong London base. One of the firm's highlights saw Revell lead a team advising JP Morgan as underwriter on the €286 million IPO of Croatian Telecom, which was listed on the London and Zagreb stock exchanges.

Revell backed this up to work alongside Sebastian Lawson to advise Morgan Stanley and UBS on Ukrainian industrial company Mironovskiy Hleboproduct's \$500 million flotation on the LSE in April 2008.

Freshfields' Vienna office was also active this year, with well-renowned Austrian partner Maria Pflügel leading a team to advise the banks in Austrian real-estate company Inmoeast's €2.75 billion capital increase in May 2007.

In Russia, Freshfields acted for the underwriters on the \$1.4 billion IPO of AFI Development - a Russian real-estate developer

controlled by Africa Israel Group - which included the issue of GDRs listed on the LSE.

Russia was also a source of much of the firm's debt work this year, with one highlight advising IFD Kapital on a \$1.26 billion issue of mandatory debt exchangeable for common stock over ADRs of Lukoil. The transaction was designed to fund the acquisition of equity in Russia heating group Southern Generating Company TGK-8, and is believed to be the first non-recourse equity-linked debt financing of this size and complexity to originate from Russia.

Skadden Arps Slate Meagher & Flom

While much of Skadden's biggest deals focus on Russia and the CIS, peers note that the firm is still seen widely across the whole CEE region.

"They're professional, diligent and they did what they said on the tin," says one client from a financial institution. "They're used across the city by banks and do the bigger Russian deals."

Skadden showed the strength of its equity capital markets department when it advised Eurasian Natural Resources Corporation on its £7 billion IPO on the LSE in December 2007. Led out of London by partners Hunter Baker and Danny Tricot, the listing was the largest on the LSE in 2007.

The firm's London office also led the way on the IPOs of Zhaikmunai (\$100 million) and Eurasia Drilling Company (\$720 million).

The Moscow office also saw a large amount of activity. One highlight was working alongside London to represent the banks on the IPO of Magnitogorsk Iron & Steel Works' shares and GDRs on the LSE in May 2007.

The same combination of offices followed this up in June 2007 to act for real-estate company PIK Group on its \$1.93 billion IPO on the LSE - the largest-ever real-estate IPO in Europe, and the largest stock market flotation by a private Russian company.

Skadden also showed it could act on big-ticket debt deals, with one highlight advising the banks as lead managers and bookrunners in Vimpel Communications' \$2 billion offering of loan participation notes. This was the largest US dollar-denominated bond issue by a Russian corporate issuer to date.

Other notable firms

Lovells had a strong year in CEE, particularly in the CIS. The firm's Moscow and London offices advised Alfa Bank on the update of its \$2 billion EMTN programme, and also acted

for the banks on Vostochny Express Bank's R5.4 billion debut issue of loan participation notes on the Irish Stock Exchange.

Lovells advised Urals Energy on a \$130 million share placement in connection with its acquisition of a stake in Russian exploration and production company Taas. The firm also represented Troika Dialog and HSBC as coordinators and bookrunners on the \$400 million private placement of preferential shares of Ursa Bank.

Poland was another busy jurisdiction for the firm. On one notable deal, Lovells' Warsaw office advised BRE Bank Hipoteczny on a Zl2 billion (€596 million) bond programme backed with loans to Polish municipalities - the first issue of public mortgage bonds on the Polish market. The firm followed this up to represent BPH, a subsidiary of Unicredito Italiano, as arranger and agent for the issue of Zl150 million revenue bonds by the City of Lodz - the second-ever issue of revenue bonds in Poland.

Banking

Recommended firms

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The CEE banking market has failed to duck the worldwide turmoil in the credit markets, and liquidity issues making life difficult for law firms' banking departments. The high cost of debt has limited the number of LBOs in the market this year, with partners noting that private-equity firms have been even less inclined to seek financing.

"Private-equity houses are profit driven. If they have to pay a sizable margin they're not bothering," says one partner.

But there is an upside for law firms, which are now getting more mandates from banks that are taking an ultra-cautious approach to lending in the current market conditions.

"The financing of M&A transactions has become very complex, and we've had to retain a lot more outside counsel than we did say two to three years ago," says one bank's in-house counsel.

But while the LBO market might have died away for the moment, the property finance market, especially in the regional property market, is doing very well. While the deal values might not be huge, the real-estate sector provides a steady stream of work while firms wait for the market to come back.

But these small deals are not to every law firm's taste, especially the larger of the international firms. The small, regional nature of the deals do not suit the likes of Linklaters, and goes some way to explaining the firm's office closures in CEE. The new spin-off regional practice (unnamed at the time of writing) will be free to act on these lower-value deals without pressure from a London base.

But Russia and the CIS stand as the exception to the rule: "They don't understand what the credit crunch is," jokes one partner. Russian resources companies such as Evraz and Rosneft took on multi-billion dollar facilities this year in spite of the worldwide markets, while Ukrainian banks are keeping law firms busy with a steady flow of mandates.

Allen & Overy

Allen & Overy is seen alongside Clifford Chance as one of the firms with the strongest connections to banks across CEE. The firm boasts a phenomenally strong London banking practice, which allows it to win a host of mandates from a number of prominent banks and their CEE subsidiaries.

One of the firm's highlights was acting for a syndicate of banks led by Bank Handlowy w Warszawie (the Polish branch of Citibank) on a financing facility to Anura for the acquisition of shares in Zabka, which operates a chain of Polish convenience stores.

Also in central Europe, the firm acted for Erste Bank on its Sk2 billion (€66 million) leveraged financing to Slovakia's ECM for its acquisition of Carrefour's Slovakian business.

Bank Polska Kasa Opieki also mandated the firm to provide advice on its granting of a Zl650 million (€197 million) credit facility to the Vectra group for the financing and refinancing of its cable television investments.

Allen & Overy acted for the banks on a number of facilities to Russian energy companies this year. ABN Amro turned to the firm for advice on a \$2.2 billion secured syndicated facility to Russian energy company Gazpromneft. Similarly, the firm acted for a consortium led by Deutsche Bank on a \$3.5 billion loan to Rosneft.

Clifford Chance

Clifford Chance has a strong tradition of acting for the banks on financing deals due to its

formidable reputation in the London market. The firm has an impressive number of partners on the ground in the region, with many deals being led out of the regional offices instead of being handballed back to London. The firm continued to boost its regional resources this year - in Russia in particular - adding a number of associates to its already formidable team.

Given Clifford Chance's strength in the corporate market, it's little wonder that the firm focuses on high-value acquisition finance mandates. On one of the firm's most recognised deals, Moscow partners Logan Wright and Victoria Bortkevicha led a team which advised ABN Amro on a \$3.2 billion trade finance and acquisition finance facility to Russian steel company Evraz.

Wright and Bortkevicha led a different team in June 2007 to advise Société Générale and BNP Paribas as lead arrangers, original lenders and agents on a \$6 billion acquisition financing facility for Norilsk Nickel's purchase of a publicly listed Canadian company.

Clifford Chance's Czech partners Vlad Petrus and Milos Felgr led a team which advised ING Bank on a high-profile €750 million facility to a consortium consisting of Lehman Brothers, Al Bateen and Mid Europa Partners for its acquisition of České Radiokomunikace. This was the largest private-equity acquisition financing in central Europe to date.

The Warsaw office has also managed to win a role advising Bank Pekao on its provision of an acquisition finance facility for its purchase of Lux-Med and Medycyna Rodzinna - the first LBO in Poland's medical sector.

The firm does not exclusively concentrate on acquisition finance facilities however, shown when Hungarian partner Gábor Felsen advised Barclays and DVB Bank on a \$1.3 billion financing facility for two Airbus A320-200 aircraft.

The firm's Bucharest office was also active, with partner Daniel Badea advising JP Morgan as security trustee in relation to a £663 million corporate restructuring of the British Vista Group. Badea also advised Credit Suisse on a €270 million term, second-lien, restructuring and revolving facility and a €105 million mezzanine facility to the TMD Friction group.

Linklaters

While it would be easy to dismiss Linklaters as neglecting CEE after it announced the closure of many of its offices, the reality seems to suggest quite the opposite. Yes, the firm is losing on-ground capability in the region, but much of its work in the region this year was driven

from a combination of London, Moscow and Warsaw - three of the offices which are staying open.

Linklaters' highlight this year was advising a consortium of eight banks including ABN Amro, Barclays, BNP Paribas in a \$24.5 billion loan facility to Rosneft. The deal, led out of Russia by Dmitry Sushev, was the largest-ever financing facility in Russia and won awards from the *International Financial Law Review* for the European loan of the year and emerging markets loan of the year.

Moscow partner Michael Bott followed up by advising Vnesheconombank on a €102 million acquisition financing facility to AirBridge for its purchase of Hungary's Malev Airlines.

Mirthe van Kesteren of Linklaters' London office was called in to advise Kazakhmys on a \$2.1 billion pre-export finance facility. The deal included a funds certainty period of 12 months to enable the company to make acquisitions - the first time that funds certainty was used for a pre-export financing.

Van Kesteren also won mandates from the banks this year, advising a consortium of lenders in a \$240 million credit facility for Landmont and ISD Dunaferri Dunai. The funds were borrowed on-lend by way of intra-group loans, and were to be used by the companies for the purchase of a steel mill. Van Kesteren also advised the banks on a number of financing facilities to Interpipe Group of Ukraine.

In Poland, Linklaters' highlight was advising Penta Investments on a Zl300 million financing for the acquisition of a chain of convenience stores.

Linklaters also fielded a team from Prague, London and Dubai to advise Lehman Brothers, Al Bateen and Mid Europa Partners on their provision of a €750 million facility for the purchase of for České Radiokomunikace. The deal is the biggest central European buyout to date.

White & Case

White & Case occupies a solid position in the market on account of its wide geographical presence and high degree of integration. The firm acts for a combination of lenders and borrowers across the region, and while it doesn't necessarily have the same volume as other firms, it does work on some strong transactions.

Although White & Case's work is well respected in the market, the firm does not yet have the visibility in enough of the region's key deals to make the leap into the top tier. But with the firm promoting two partners in Prague and steadily growing in London, it

might not be long before the firm starts to shift upwards.

One of the firm's highlights was advising Goldman Sachs on an acquisition financing facility to Lion Capital for the buyout of Nidan Soki, which comprised senior, revolving, second-lien and payment-in-kind facilities. This was the first ever foreign sponsor-driven LBO in Russia.

Another standout mandate was advising Mid Europa Partners on its provision of a €300 million acquisition finance facility from Deutsche Bank for the purchase of Baltic mobile operator BITÉ Group. The transaction is the largest ever LBO in the Baltic region.

The strength of the firm's central European offices was shown when White & Case was mandated by Dresdner Kleinwort on a €190 million acquisition financing facility to 3i for the purchase of central European printing company Euro-Druckservice. The Prague and German offices led on the deal, which involved debt push-down structures in the Czech Republic, Poland and Hungary.

White & Case's strong Prague office took the lead when partners David Plch and Jakub Dostál advised UniCredit Bank Czech Republic on as arrangers on a Kc1.1 billion (€46 million) credit facility to United Bakeries Group. The facility included a term loan, a revolving loan, bank guarantee facilities and an overdraft facility.

In Hungary, Rob Irving led a White & Case team which advised Hungarian Telephone and Cable Corporation on a €90.5 million subordinated bridge loan facility for the purchase of 95.7% of Austria-based Memorex Telex Communications. The firm is also advising the company on the refinancing of a substantial portion of Memorex's €60.2 million debt.

Baker & McKenzie

With a network of strong local offices across the region, Baker & McKenzie is in a good position to advise local clients on large cross-border deals. Peers note that the firm has reduced its banking capacity in Warsaw in recent years, but the firm is still particularly strong in developing jurisdictions.

Baker & McKenzie's Ukrainian practice was very busy this year, advising both lenders and borrowers. One of the firm's highlights was fielding a multi-jurisdictional team to provide Ukrainian, English, Dutch and Swiss advice to metals company Metinvest on a \$1.5 billion pre-export revolving term loan facility.

German bank Bayerische Landesbank turned to Oksana Simonova to advise it on a \$200 million syndicated loan to Ukrainian

commercial bank PrivatBank in March 2008. The transaction was the lowest-priced significant syndicated loan to date in Ukraine.

Hungary was another busy country for Baker & McKenzie, with the highlight seeing Zoltán Martonyi advise Advent International on a €700 million senior term and revolving facility, and a second-lien facility agreement.

In Russia, the firm showed its capacity for key real-estate financing deals when it advised Eurasia on a \$747 million secured term-loan facility for the development of a warehouse complex and a logistics centre.

Baker & McKenzie was also active in some of the harder-to-reach jurisdictions. The firm advised on a rare Belarussian deal, acting for Bayern and Commerzbank on a dual-currency loan of €35.5 million and \$38 million to Belpromstroibank. The firm also advised Raiffeisen Zentralbank Österreich on a \$48 million syndicated loan to Bank Standard - an Azerbaijani bank. The firm advised on both Azerbaijani and English law in the deal, which was the largest syndication to a non-state bank in Azerbaijan.

CMS Cameron McKenna

CEE is CMS Cameron McKenna's pet area, having focused on the region under the guidance of Duncan Weston. The combination of Cameron McKenna's regional spread and its CMS network gives it access to a surprising number of jurisdictions across the region, from Croatia to Russia.

While some competitors say that the firm doesn't have the reputation for complex structured deals in the region, others think the network is underestimated and catching up quickly.

"They have a good management and a clever system, and need to be watched. If you don't pay attention, these are the firms who can overtake the big players," says one peer. "They're a good example that you don't need to be on panels to be successful."

The firm has a good track record of advising the lenders, with one highlight acting for UniCredit Group as lead arranger on the senior and mezzanine financing of Mid Europa Partners' purchase of Serbia Broadband. The deal, led by Paul Stallebrass from the Prague office, was Serbia's first LBO.

CMS Cameron McKenna advised Eurohypo in its first loan facility in Ukraine - a €75 million facility for the construction of an office building in Kyiv in April 2008. Credit Suisse has also turned to the firm's Sofia office for the bank's first residential financing project in Bulgaria.

The firm's Moscow office, which is undergoing merger preparations to combine the various CMS offices, won a role advising

Aareal Bank on a \$635 million structured syndicated loan to a Russian investment fund.

In Hungary, CMS Cameron McKenna acted for CIB Bank and Hypo Alpe-Adria Leasing on the €59.5 million financing of a hotel complex in October 2007. The firm also advised Hypo Real Estate on a €234 million facility for the development of a shopping mall in Bucharest, and represented Grupa Lotos on its provision of a €400 million inventory facility from four Polish banks.

Freshfields Bruckhaus Deringer

Freshfields' banking department is headed by Willibald Plesser and Stephen Revell, who run the banking deals from London and Vienna. Banking in CEE isn't as much of a focus of the firm as other areas, and the majority of its mandates are geared towards Austria and Russia.

"Their strategy is to target CEE deals from Vienna," says one banking lawyer. "I don't think this strategy will work, as clients tend to use firms with offices in the region."

Arguments about strategy aside, the firm's Austrian office did work on some solid cross-border mandates this year. One highlight saw Maria Pflügl advise Citigroup and ING Bank as arrangers on a \$500 million secured syndicated facility to Romanian data company RCS & RDS. Pflügl backed this up to act for Bank Austria as arranger on a €500 million syndicated financing to the largest oil-and-gas producer in Romania and southeastern Europe.

The firm also advised Bank Austria and brick manufacturer Wienerberger on a €110 million acquisition refinancing facility. Freshfields also advised a CEE insurance group as borrower on a \$600 million M&A bridge financing, and acted for the arranger on a \$200 million secured syndicated financing to a large CEE telecoms group.

The firm also won roles on the lender side in Russia, acting for Russian Railways on a \$1.1 billion syndicated loan and a further two facilities totalling \$292 million for the purchase of eight high-speed trains.

Other notable firms

While not seen too regularly by its peers on deals, Lovells nonetheless had a strong year, particularly in the CIS. The firm's London office led a team which advised Natixis as lead arranger in a \$900 million trade facility to Ukrainian bank Alfa Bank. The facility consisted of an initial \$660 million loan, and a subsequent subscription to take it up to \$900 million.

The London office was again active when the firm acted for Barclays Capital as arranger of a \$550 million syndicated loan facility to

the State Administration of Rail Transport of Ukraine.

The firm showed its Russian credentials when it acted for Bank of Moscow as borrower in a \$600 million syndicated term loan facility. The loan was increased from the initial amount of \$450 million and was one of the largest loans to the Russian banks after the onset of the credit crunch. Lovells also advised two substantial banks in Poland on a Z11 billion financing, which was Poland's largest domestic syndicated loan in 2007.

With Austrian banks keen to explore their backyard, there has been a steady stream of work for Austrian law firms in the region. While none have significant practices in the key markets of Poland and Russia, they are slowly making a name for themselves in a number of countries in the region.

Schoenherr has been one of the standout non-UK and non-US firms in the region, advising on a number of deals which contain an Austrian element.

Private-equity house Advent International turned to the firm to advise on the Austrian and Romanian legs of a €700 million acquisition financing facility for the purchase of Takko Group in April 2008. Advent again turned to Schoenherr to advise it on the financing of the acquisition of a Bulgarian ceramic manufacturing plant.

The firm also worked on the lenders' side, advising Investkredit Bank on a facility to a Ukrainian borrower in the Austrian, Ukrainian and Romanian leg of the transaction in July 2007.

Wolf Theiss is also active in the region, with a particular focus on acting for banks and insurance companies. Serbia was a strong jurisdiction for the firm this year, as it advised Hypo Alpe-Adria Bank on Austrian and Serbian law on a \$560 million structured financing facility for metals company RTB Bor.

The firm is advising Unicredit Markets & Investment Banking on an €83 million syndicated secured facility to Mid Europa Partners for its acquisition of Serbia Broadband, the first sponsor-driven LBO in Serbia.

Wolf Theiss also provided Croatian law advice to Raiffeisen Zentralbank Österreich on Croatian law on the secured financing of the acquisition of real estate in Slavonia, Croatia.

Mergers and acquisitions

Recommended firms

Tier 1

Clifford Chance
Linklaters
White & Case

Tier 2

Allen & Overy
CMS Cameron McKenna
Freshfields Bruckhaus Deringer

Tier 3

Baker & McKenzie
Skadden Arps Slate Meagher & Flom
Weil Gotshal & Manges

The beginning of 2008 was particularly tough for lawyers in central Europe. Through the haze of their New Year hangovers, they had to digest two damning reports on the health of the region's private-equity industry.

One of them, a confidence survey by auditing firm Deloitte, reported growing pessimism from private-equity firms in central Europe. Its starkest features were a sharp decrease in respondents' confidence of obtaining debt financing, and a decrease in expectations for the region's overall economy.

Squire Sanders & Dempsey followed up with an equally sobering report. It concluded that a mixture of management issues and debt financing restrictions was dampening private-equity enthusiasm.

Given the European market's general mood lately, the reports' findings are hardly exceptional. But what is depressing is the sudden deflation of faith in the region. Many investors, tired of the flagging markets in the west, had seen jurisdictions like Poland and Hungary as a beacon of hope.

There are still mid-cap deals around, say partners, but they are being bogged down by overcautious banks. "A lot of transactions that we are working on are stuck now," says one partner. "We will probably get the deals off but the main difference is that every step is being reviewed more carefully."

However, there has been an increase in the level of regional consolidation, particularly in central Europe. Many smaller, well-known but weaker companies in the region are performing cross-border mergers to make a larger, targeted, multi-jurisdictional company. This makes them not only financially stronger but also more attractive to buyers, who can then sell them on to larger private-equity houses or list on a regional exchange.

"I can't think of one of our business cases that is limited to one country," says one partner. "What we've noticed when working for

private-equity funds is that they're working on a national level less and less."

Clifford Chance

Clifford Chance shares the top spot in CEE's M&A market, with commentators almost unanimously recommending it as one of the region's leading law firms. Boasting an extremely strong London practice and a strong network of offices in all the key CEE cities, the firm is very well positioned to work on corporate mandates across the region.

The firm has bulked up its well-renowned M&A practice this year, particularly in Russia. The firm transferred partners Bleddyn Phillips, Alex Erasmus and David Griston to Moscow, while the Warsaw office welcomed a busload of associates. While the firm did lose Zoltán Faludi to Wolf Theiss, the Czech office added partner David Kolacek from White & Case.

"Clifford Chance is strong and continues to get stronger," says one partner at a competing practice.

The firm's Russian work was particularly strong this year, with the firm advising on a number of high-value and high-profile deals. On one standout mandate, the Moscow office advised the shareholders of Russian oil company Alliance on its reverse takeover of West Siberian Resources. On completion, the combined company will have a market value of \$2.5 billion.

The Moscow office was on deck once again when it advised Lebedyansky on the spin-off of its juice business to PepsiCo for \$2.01 billion, and acted for Barclays on its \$745 million acquisition of Expobank, a Russian retail and commercial bank.

In Poland, Clifford Chance advised Bridgepoint Capital in its acquisition of a 75% stake in CTL Logistics, the biggest private rail freight operator in Poland, from its founder. The transaction's value has not been disclosed, but it is reported as the biggest private-equity buyout of 2007 in Poland and the second-biggest in Poland's history.

Warsaw partner Agnieszka Janicka followed this up in March 2008 to win a role advising energy company PGNIG on a \$108 million exploration and production sharing agreement in Libya.

The Prague office advised private-equity house GML on its sale of GTS, a regional telecoms operator, to a consortium of private-equity houses. Alex Cook also led the firm when it advised Unipetrol on the sale of its interests in Synthesia and Agrobohemia to Deza.

The Romanian office was also active, advising Morgan Stanley and Lehman Brothers on their acquisition of a significant

stake in Adama, a large portfolio of real-estate assets in Romania, Ukraine, Moldova and Croatia.

Linklaters

Linklaters has had a strong year on M&A transactions, using its network to act for a range of acquirors and targets across the region. But while the firm won a number of mandates in its remaining Russian and Polish offices, a significant proportion of its deals were done out of the offices it intends to close. Market commentators say they will be watching intensely to see how the closures will affect the quality of Linklaters' mandates.

But the closures aside, without a doubt the firm's best mandates came from its Russian office. One of the highlights was advising two parties in the \$30 billion merger of Rusal, Sual and the aluminium and alumina assets of Glencore - the largest M&A transaction in Russian history. Linklaters fielded two separate teams on the deal, which were both led out of London with support from the Moscow office.

The Moscow office also advised the selling shareholders in the \$1 billion sale of Absolut Bank to KBC Group. Denis Uvarov led the team on the deal, which was the largest financial services and banking M&A deal to date in Russia.

In Poland, Tadeusz Komosa and Daniel Cousens led a team which advised NFI Empik Media & Fashion on its purchase of a 65% stake in Ukrainian joint-stock company Bookva.

David Davies in the Budapest office won a role representing Telenor on its €1.51 billion quasi-privatisation. The sale involved the formation of an SPV and the transfer of the operator's relevant assets and the issue of a new licence to the SPV.

The Bucharest office was also involved in a Turkish deal, advising a private-equity consortium including Citigroup Venture Capital International and Partners in Life Sciences on the LBO of Biofarma.

The Budapest and Bucharest practices also teamed up to act for Axa's Belgian arm in the acquisition of Hungary's Ella Bank and MortgageServ in Romania.

White & Case

Not many people could argue with White & Case's strength in the regional M&A market. The US firm's wide regional coverage was boosted this year with the addition of a Bucharest office, which gives it access to the developing eastern and southeastern European countries. White & Case also added four partners this year across the Bucharest,

Prague, Moscow and Bratislava offices, further boosting its corporate capabilities.

The firm's highly-rated Almaty office is the envy of many, and no wonder when it manages to land a role advising Kazakhstan's ATF Bank on its \$2.18 billion sale to Italian bank UniCredit. This was the first significant investment in central Asia by a prominent European financial services group.

Yuriy Maltsev backed this up by advising shareholders of JSC Bank and CenterCredit in relation to its sale of a strategic stake to Korea's Kookmin Bank. This follows on from Kookmin's initial investment of \$634 million.

Russia is another stronghold for White & Case, with the firm boasting a strong showing in the domestic market. The highlight this year was advising Soci t  G n rale on its \$2.3 billion, multi-stage acquisition of Rosbank, Russia's leading private consumer bank, from the Interros Group.

Hungary is also a strong jurisdiction for mandates. White & Case advised private-equity firms GMT Communications Partners and Mid Europa Partners in the €470 million sale of the share capital of Matel Holdings - which owns 99.9% of Invitel T vk zleti - to Hungarian Telephone & Cable.

The firm also advised Mol, a listed Hungarian oil-and-gas company, on its acquisition of Russian oil company Matyushkinskaya Vertikal from Russian private individuals. Matyushkinskaya Vertikal owns the license to the subsoil under the Matyushkinsky block in western Siberia, one of Russia's main oil-producing provinces.

White & Case London partner Paul Finlay also got involved in a Hungarian deal, leading a team which advised BAA on the £1.31 billion sale of its 75% (minus one share) stake in Budapest Airport to a consortium led by Hochtief Airport.

Allen & Overy

Allen & Overy's corporate work is well-respected by the market, but it is not seen as having the same focus on the sector as the top-tier firms. The firm's CEE regional head Jane Townsend oversees the firm's corporate department, which was nevertheless seen in key deals in a range of countries across the region this year.

Allen & Overy was particularly active in central Europe, with one highlight advising Bank Austria on the \$229 million acquisition of a 10% stake in the International Moscow Bank from the European Bank for Reconstruction and Development (EBRD).

The firm utilised its Czech office to act for Belgium's KBC Bank on its €350 million acquisition of Bawag's operations in Slovakia - one of the most widely covered deals in the

country this year. Rabobank International also turned to Allen & Overy's Polish office for advice on its purchase of a 13% stake in Polish bank Gospodarki _ywno_ciowej from the EBRD.

Further east, the firm showed its private-equity credentials to advise AIG Capital Partners on the tender for the €1.5 billion sale of Bulgarian Telecommunications, in the largest M&A deal in Bulgaria to date.

Allen & Overy also advised Kazakhmys, a Kazakhstan mining company, on its acquisition of the Ekibastuz coal-fired power plant and the Maikuben West coal mine in Kazakhstan from AES Corporation.

In Russia, one highlight was acting for Unified Energy System of Russia and its financial consultant, ZAO IFC Alemar, on the R11.8 billion (€325 million) sale of its stake in Russian turbine manufacturer OAO Power Machines.

CMS Cameron McKenna

CMS Cameron McKenna's corporate team is well regarded by its peers for its strong focus on covering CEE. "CMS is seen to be making some effort in the region. They've done well in private-equity work," says one rival partner.

The big news this year was Duncan Weston's move from head of CEE to become CMS Cameron McKenna's managing partner. The firm's push into CEE was seen as Weston's personal project, so commentators are waiting to see if there will be any shift in strategy.

CMS Cameron McKenna certainly showed its intent to bolster its Ukraine office this year, hiring Adam Mycyk from Chadbourne & Parke and Olexander Martinenko from Baker & McKenzie in a show of intent. The bold move met with consternation from some competitors in Ukraine, who blame the firm's strategy for the spiralling wage demands of the country's lawyers.

But law is business, and clients appreciate the firm's commitment to the region. "They are fantastic. We have a very longstanding experience with them, especially in the M&A market, as we have bought lots of banks recently," says one client. "They're very good at financing transactions, and just generally really great on all matters."

Helen Rodwell comes in for specific praise by clients: "She is our key account manager and definitely our key contact in the region - she does so much behind the scenes."

One of the firm's highlights this year was advising Pinnacle Real Estate and its owner - Merrill Lynch - on the sale of Pinnacle to Bahraini investment fund Arcapita. The transaction involved acquisitions in four CEE countries, including the Czech and Slovak

Republics, Poland and Bulgaria, and also involved English and Luxembourgian law advice.

CMS Cameron McKenna's Romanian office was called upon to advise Cadbury Schweppes in its acquisition of 93.32% of Kandia-Excelent from Austrian private-equity house Meinel Bank. Led by Todd Robinson and Horea Popescu, the deal was reported as Romania's largest public takeover in terms of value on the Bucharest Stock Exchange.

Sarka Robinson and Horea Popescu from the Bucharest office also advised private-equity fund Advent International in its €123 million acquisition of Romania's LaborMed Pharma.

The firm provided Bulgarian, Croatian and Turkish advice to Landmark Properties on the €210 million sale of its property portfolio. The deal, which involved more than a dozen companies over six jurisdictions, was the largest real-estate deal in Bulgaria to date.

In Poland, the firm advised Transcom Worldwide in its acquisition of Cent, a Polish debt collection business, while in Hungary Erika Papp and Péter Tóth advised CIB Bank on its merger with Inter-Európa Bank, part of the Intesa Sanpaolo Group.

Freshfields Bruckhaus Deringer

Despite the closure of its CEE offices, Freshfields' strong name in the region's corporate market has translated into a second-tier position. Willibald Plesser and Stephen Revell lead the firm's CEE corporate practice, which operates out of London and Austria.

One of the firm's highlights this year was advising Kontrakt Sofia on the €185 million sale of 70% of Bulgarian insurer DZI Insurance to Belgium financial group KBC in July 2007.

Vienna-based Willibald Plesser backed this up to lead a team advising Ringier on the sale of its TV Magazine business in Romania, the Czech Republic and the Slovak Republic to Heinrich Bauer for SFr41 million (€25 million) in October 2007.

The London office was involved in some notable CEE transactions this year as well. Adrian Maguire led a team which advised Warburg Pincus on its acquisition of Czech internet company NetCentrum, while Julian Long is advising Dutch financial services company PPF Group on the planned acquisition of an 80.9% stake in Czech pharmaceutical group Zentiva.

Other notable firms

Baker & McKenzie's strength in the corporate market according to peers is its Ukraine office. The firm's highlight was acting as

English and Ukrainian law counsel to the controlling shareholders of Pravex-Bank, one of the fastest-growing Ukrainian retail banks, on its \$750 million sale to Intesa Sanpaolo through a tender procedure.

The firm was also active in central Europe, advising Czech drinks company Kofola on the merger of Kofola Holding with Hoop to produce one of the largest soft-drinks producers in central Europe.

Project finance

Recommended firms

Tier 1

Allen & Overy
Clifford Chance
Linklaters
White & Case

Tier 2

CMS Cameron McKenna

Tier 4

Chadbourne & Parke
DLA Piper
Freshfields Bruckhaus Deringer
Gide Loyrette Nouel
Norton Rose
Lovells

The impact of the credit crunch has been an unexpected boon for the project finance market in CEE. As banks have tightened their belts from August 2007, many investors have viewed project financing as a safe and reliable investment. CEE has been a logical target for many investors, given its improving economic situation and need for significant investment in the infrastructure and power sectors.

Road projects have been a particular focus for investors this year, although the sector hasn't been without its issues. A general nationalist, left-wing view among many CEE governments has thrown up questions of ownership of the roads. Hungary has been the shining star in the roads sector, with a high-profile expansion of its M6 and M60 motorways which connect Budapest to the south of Hungary.

The energy industry has also been another source of mandates for firms this year, as EU rules require countries to construct or develop their power stations to make them safe and clean. Nuclear power is being considered by more and more countries, with Lithuania beginning construction of an €8 billion power plant this year to replace a recently decommissioned power plant.

Russian work has won a lot of attention from firms, especially in the energy sector. Multi-billion dollar deals are being closed at a staggering pace, with liquefied natural gas (LNG) facilities being a particular popular sector of work this year. But it is the oil-and-gas sector which yields the big-ticket mandates, with the highlight of recent years being the \$25 billion development of the refinery on Sakhalin, an island off Russia.

While there is an increasing drive to do these deals out of firms' regional offices, nearly all of the larger deals are coordinated from London. But this year has seen firms' Moscow offices take much more of a leading role in transactions, a sign of the importance that firms place on the Russian market.

Allen & Overy

The strength of Allen & Overy's connections to the London banks means that the firm has no problem landing roles on some of CEE's most prominent transactions. The firm has a very strong track record in conventional and PPP project finance in both the energy and infrastructure sectors. Anne Baldock heads up the firm's global projects practice, which contains the well-recognised lawyers such as Arkadiusz Pedzich of the firm's Polish office.

Polish power projects kept Allen & Overy's Warsaw office busy this year. One highlight saw the firm advise WestLB on the financing of a gas-fired combined heat and power (CHP) plant in Nowa Sarzyna. The transaction was funded through a combination of syndicated facilities and project bonds, and was the only project financing in the power sector in Poland in 2007.

The firm followed this work up by advising Dresdner Bank and BNP Paribas on the transfer of a project finance loan granted to Elcho CHP plant from the banks to Czech power company CEZ - the first project finance loan buyout by a project sponsor in Poland.

On the infrastructure side, the firm is advising Vinci Concessions and Skanska Infrastructure Development on a Slovak road-building project.

Further east, Allen & Overy dipped its toe into the emerging Ukrainian market by scoring a role advising BRE Bank on the financing of the development of Ukraine's Kryzhopol sugar plant.

Allen & Overy showed it could land roles advising sponsors as well as lenders when it won a role acting for Trans-Balkan Pipeline Company on the financing of the construction of the Burgas-Alexandroupolis crude-oil pipeline. The pipeline's construction will be financed on a limited-recourse basis and will

be supported by host-governmental agreements.

Other notable Russian mandates include advising Nadzemniy Express and project management company Nadex on the PPP financing for the development of the Nadex light rail network in St Petersburg; the firm also acted for BRE Bank on the construction of a mini-power plant in Rodniki, Russia.

Clifford Chance

While there is a feeling amongst Clifford Chance's peers that the firm is devoting more time and resources to its Middle East and Asian project finance departments, the firm appears in the top tier after a raft of positive comments from clients.

"Generally speaking, they are our first port of call in central and eastern Europe. They are simply outstanding," says one client of Clifford Chance's CEE projects group. "They've got great experience with us and our transaction history, and we are certainly very, very happy with them."

Clifford Chance was heavily involved in the spate of Hungarian road financings this year, with one highlight acting for the Hungarian government on the €1.1 billion extension of M6 motorway segment between Szekszard and Boly, and the M60 highway segment between Boly and Pecs.

The firm must have done a good job, as it was mandated by Mota Engil, Macquarie Bank and Mahid2000 on the financing for the second phase of the M6 motorway PPP project.

The firm's Romanian office was also busy this year, advising Morgan Stanley on the structuring of green-energy projects through emissions trading-based financing.

But it is Clifford Chance's Russian office which does the majority of its big-ticket project finance work. While many of its deals are confidential, one publishable highlight was advising BNP Paribas in relation to a \$2 billion syndicated loan for Taneco for the construction of an oil refinery in Tatarstan, Russia.

White & Case

White & Case's projects capabilities are very well-known in the market, and the firm is frequently called upon both by lenders and borrowers. The firm's unique offering in the market is its Almaty office, which has helped the firm clinch roles on some very high-value energy and mining projects. This, along with a thriving Moscow office, gives the firm one of the most rounded CIS practices in the market.

The firm's CIS work is very well regarded by its clients. "We've mainly worked with

them in Russia recently, and they've supported us on two very large deals, and they've just been excellent," says one client. "I think what sets White & Case apart in the region as always is their commercial approach, which is especially useful given that Russia is so complex."

White & Case's CEE head of projects Philip Stopford also comes in for praise from clients: "He's a great lawyer. He has a great ability to push bankers in the right direction, which is what you need at this level."

One of the firm's highlights was its role advising the lenders in the \$5.3 billion project financing of the second phase of the Sakhalin LNG project in Russia. Peter Finlay and Jason Kerr led the firm on the deal, which was the world's largest limited-recourse oil-and-gas financing, and Russia's largest-ever foreign investment and project financing.

Kerr was again active when he advised ABN Amro on a \$200 million upstream financing for Imperial Energy Corporation for the development of its production assets in Siberia, Russia and Kazakhstan.

Kerr also teamed up with Stopford and Glen Ireland to act for the sponsors, Hydro OGC and Rusal, on a \$3.2 billion project financing of the construction of a hydropower plant and an aluminium smelter in Siberia.

Also in Russia, Craig Nethercott was mandated by BNP Paribas on Rusal's \$500 million refinancing of the construction costs of the Rusal Khakas aluminium smelter. This was the first aluminium production facility to be built in Russia in the past 20 years, and had the longest tenor for a project finance deal in Russia to date.

The firm's Kazakh highlight was its role representing Atoll in its proposed \$6 billion financing of an ethane extraction unit and an integrated petrochemicals complex in Kazakhstan.

Linklaters

"Linklaters is a wonderful brand, and partner Clive Ransome is brilliant - a great guy to work with," says one rival partner of Linklaters' projects practice. The vast majority of the firm's work is led out of London under the gaze of the firm's global head of projects, Ian Andrews.

The closure of its Budapest, Bucharest, Prague and Bratislava offices is unlikely to affect Linklaters' projects work as most of its big-ticket mandates focus on Russia and the Baltics.

One Russian highlight saw Stuart Salt, James Douglass and Matthew Hagopian win a role advising Gazprom, Shell, Mitsui & Co and Mitsubishi Corporation as sponsors on their provision of a \$25 billion facility for the

development of two oil-and-gas fields off the northeast coast of Sakhalin Island, Russia, and the year-round export of crude oil and LNG.

Gazprom turned to a Linklaters team for advice on a \$6 billion facility for the development and financing of a natural-gas pipeline linking Russia with western Europe. In addition, Total E&P Activités Pétrolières mandated the firm on a \$30 billion facility for the development of a natural-gas and LNG project in Russia.

Away from Russia, the firm represented Lietuvos Energija on an €8 billion project finance facility for the construction of a nuclear power plant in Lithuania, which replaces an existing plant which was decommissioned upon the country's entry into the EU.

CMS Cameron McKenna

CMS Cameron McKenna's main selling point is its regional spread, and its deal list certainly shows the benefit of this approach. The firm worked on PPP and conventional project finance all across the region, with some led from London but mostly led by partners from the regional offices.

Alex Doughty heads the CEE projects practice, and had a lead role in a number of the firm's standout deals this year. Doughty led a team which advised Grupa Lotos on its provision of a \$2.25 billion financing facility, as part of an overall \$2.8 billion extension to its oil refinery in Gdansk.

CMS Cameron McKenna also provided counsel in relation to some notable deals in the Hungarian energy sector this year. Doughty led a deal alongside Erika Papp from the firm's Budapest office to advise the lenders on a \$600 million debt financing facility for the establishment of strategic and commercial gas storage capacities in Hungary. The firm is also advising on the project financing of a €278 million bioethanol power station and biofuels plant.

Richard Bacek of CMS Cameron McKenna's Czech office won some notable mandates this year as well, advising Bouygues Batiment International as a bidder on the Czech Republic's biggest PPP deal - the €78 million reconstruction of a regional hospital.

Bacek is also acting for the Czech Republic Ministry of Justice on the public tender process for the CKr4 billion (€164 million) construction of justice courts in Ústí nad Labem and Karlovy Vary, Czech Republic. This is the pilot PPP project in the Czech Republic in the justice sector.

In addition, CMS Cameron McKenna advised Aareal Bank on a \$635 million structured syndicated loan to a Russian investment

fund to refinance its existing debt and to finance new projects in Russia.

Other notable firms

Chadbourne & Parke is noted by the market as having a specific energy focus, particularly representing lending and export credit agencies looking to finance projects in Russia. “Chadbourne is more focused on the CIS and they seem to have carved out a niche,” says one competitor.

One highlight was representing the European Bank for Reconstruction and Development on its granting of a €300 million secured loan to steel company Severstal for equipment and upgrades, which was the largest financing in the Russian energy efficiency sector.

The firm also represented Gazprom on the structuring and financing of the \$20 billion Shtokman LNG project.

DLA Piper is being seen more and more around the region, and is seen as especially aggressive on pricing in the projects sector. “The people I know there are good guys, but I question whether taking on work at a low price is a sustainable model,” says one peer.

Freshfields Bruckhaus Deringer is seen almost exclusively in Russia under Michael Schwartz and Innokenty Ivanov. One of the highlights was advising the developer of the \$7.3 billion Western High Speed Diameter project - the first road concession in modern Russia.

Ivanov is also leading a team advising Russian state-owned water company Vodokanal on the structuring of the first water and wastewater infrastructure concession in the region.

Lovells is another firm which competitors are seeing more regularly on CEE projects. Andrew Briggs leads the firm’s practice from London, but most of the CEE projects are led out of the regional offices.

The firm worked on a number of wind farm projects in the region this year, advising Iberdrola in relation to a number of wind farms in Bulgaria, the Czech Republic, Hungary and Poland. Lovells also acted for EAB Projektbau on the establishment of a Polish wind farm.

Lovells also represented Bank BPH as arranger and agent for a bond issuance by a company owned by the City of Lodz, Poland, to finance an infrastructure project co-financed by EU grants. The firm also acted for Deutsche Bahn subsidiary Railion on the establishment of a joint venture to operate the Railway Transport Corridor Number 2 between Berlin, Warsaw, Minsk, Moscow and Nizhny Novgorod.