

# Lithuania

## Chamber of commerce:

Chambers of commerce:  
Association of Lithuanian Chambers of  
Commerce, Industry and Crafts  
J Tumo-Vaizganto g 9/1-63a  
Vilnius  
Lithuania  
Tel: +370 5 261 2102  
Email: info@chambers.lt  
Web: www.chambers.lt

## Professional body:

Lithuanian Bar Association  
Tilto g 17 / Radvilu g 4  
LT 01101 Vilnius  
Lithuania  
Tel: +370 5 262 4546  
Fax: +370 5 212 1859  
Email: la@advoco.lt  
Web: www.advoco.lt

## Public-private partnerships gain popularity in Lithuania

Jonas Saladzius and Jevgenija Kovaliova  
Saladzius & Partners  
Vilnius

Since the age of privatization is coming to an end (a few state-owned companies could still be subject to sale), new ways of attracting investments into Lithuania are being sought. The cooperation of public authorities and private companies to deliver a project or service traditionally provided by the public sector is becoming more and more popular.

### Definition and legal regulation of PPPs in Lithuania

There is no unanimous definition of the public-private partnership (PPP) in Lithuanian law. The public-private partnership in Lithuania is commonly referred to as a cooperation between representatives of the public and private sectors, based on a long-term agreement, the essence of which is to deliver a project or render services traditionally assigned to the competence of the public sector, and to develop the facilities necessary to render these services.

There is not a uniform legal act covering all the possible models of PPPs in Lithuania, as in some European countries. However, the legal basis for PPPs exists and is covered by the Law on Concessions; the Civil Code of the Republic of Lithuania; the Law on Local Self-Government; the Law on Management, Usage and Disposal of the State and Municipal Property; and other laws and by-laws. The following models of PPPs could be considered: concessions, joint activities (partnerships or joint ventures) and long-term leases.

### The concession as the most popular PPP model in Lithuania

The most developed and regulated method of cooperation between the public and private sectors in Lithuania is concession. Under a

concession, the state or municipal authority grants authority to the concessionaire in compliance with the concession contract: (a) to engage in economic activity (such as the design, construction, development, renovation, repair, management, use and/or maintenance of infrastructure objects); (b) to provide public services; and (c) to manage and/or use state-owned or municipal property, including the exploitation of mineral resources.

It should be noted that the concessionaire assumes under the concession contract all, or a major part of, the operating risk and undertakes the relevant rights and duties. A Lithuanian or foreign entity, or even a joint venture, can become a concessionaire, but a natural person can not. The Law on Concessions of the Republic of Lithuania provides a list of spheres where the concession could be used (such as energy, railways, waste management, telecommunications and roads).

PPPs lie somewhere between public procurement and privatization. Since privatization projects have almost been exhausted and the Government has stringent requirements on spending via public procurement, PPPs are gaining momentum in Lithuania. While in privatization the ownership of the property transfers from the state to the private company, under a concession the property is transferred only for the established period and only for management by a private company. Unlike public procurement agreements, a concession is a long-term agreement and it enables the concessionaire to provide a variety of services, including at the project, building, and operating stages.

Both local authorities and the Government perceive the concession as a beneficial instrument in public hands. The public sector enjoys financing opportunities in addition to the know-how and working methods of the private sector. The private sector also benefits from the opportunity to gain from public infrastructure. Concessions also enable the private sector to participate in public sec-

tor projects, and the state authorities may be considered as reliable partners throughout these projects.

### Recent changes to the legal regulation of PPPs

PPPs have great potential in Lithuania and their implementation in practice is improving constantly. Recent changes to the legislation include amendments to the Law on Concessions (2006), amendments to the Law on Local Self-Government (2006), and amendments to the Law on Management, Usage and Disposal of State and Municipal Property (2006).

There are certain developments in the legal regulation of concessions, which is presently a good legal environment. Recent changes to the Law on Concessions include a stipulation that the awarding authority shall appoint a commission to arrange and award the concessions. It was also established that the refusal of applications for tender offers shall be based on the grounds specified under the Law on Concessions. Furthermore, the authorities supervising concessions must be established by the Government.

These amendments elaborate the essential terms of the concession agreement: it was established that concessions should not last more than 25 years, and that the concession agreement must describe the sharing of risk between the concessionaire and the awarding authority. The Law on Concessions also provides the possibility of setting up a special purpose company, controlled throughout the concession period by the concessionaire, to implement the project.

### Applications of the PPP in Lithuania

The concession can be applied to healthcare (construction, renovation and maintenance of hospitals), education (construction, renovation and maintenance of schools and other educational institutions), transport (design, construction and maintenance of roads and transport facilities), and collection and management of waste. Some high value projects in

the energy sector are also pending and there are a number of lower value projects at the municipal level.

## Capital markets

Recommended firms	
<b>Tier 1</b>	Bernotas & Dominas Glimstedt Lideika Petrauskas Valiunas ir partneriai
<b>Tier 2</b>	Norcous & Partners Sorainen Sutkiene Pilkauskas & Partners
<b>Tier 3</b>	Foigt & Partners/Regija Borenius Foresta Jurevicius Balciunas & Bartkus Saladzius & Partners

“There are not many IPOs in Lithuania” observed one analyst, “but they are happening now.” For several years memories of capital markets failures and a perception that the market was not able to absorb new share issuances discouraged companies from taking the initial public offering (IPO) route. Now the rapid growth of the economy, the integration of Lithuanian capital markets into global capital markets, and the increased interest of global investors have meant that Lithuanian equity capital markets have started to fizz again. The number of IPOs in the country is expected to increase in the years to come.

On the debt side, a trend has been emerging where domestic mid-tier Lithuanian banks, which lack strategic investors, are going to international capital markets and issuing debt instruments. Previously they had been regarded as too weak to be making such moves but there is now a feeling that they have reached a certain maturity. Their larger Lithuanian competitors, subsidiaries of Scandinavian banks, do not have the same compulsion as they receive funds from their parent operations.

### Bernotas & Dominas Glimstedt

Bernotas & Dominas Glimstedt is regarded by the market as a competent outfit which is able to draw on a range of talent in capital markets. Gediminas Dominas is considered to be one of the top lawyers in the country while all agree that Egidijus Bernotas is a leading lawyer “because he is very tough and a good negotiator” and “Elijus Burgis is very clever, shows initiative and gets good results”. The

firm is consistently rated as being among the top four firms in Lithuania for capital markets.

Highlights from the last year include assisting Levuo, a Lithuanian retailer of clothing and designer products, in its preparation for an IPO, and advising EuroChem Mineral and Chemical Company, a major Russian producer of chemical products, on a \$300 million debt issuance.

#### Leading lawyers

Egidijus Bernotas  
Elijus Burgis  
Gediminas Dominas  
Remigijus Jakutis

### Lideika Petrauskas Valiunas ir partneriai

Giedrius Stasevicius heads Lithuania’s pre-eminent capital markets legal team. Described by rivals as “one of the best” he is widely respected by competitors, one of whom said: “He is competent and knows the markets well – he has a good reputation.” Beneath him, Gediminas Reciuonas “is younger but has all the competencies to go far”. Clients turn to the firm because they know they will enjoy an “excellent quality of the service” and because they find the lawyers there “very responsive”.

The team continues to give counsel on the most significant transactions in the jurisdiction, most notably advising Olympic Entertainment Group on its €64 million IPO in October 2006. City Service’s €17 million secondary public offering in June 2007 was another more recent example of this. In other equity work, the practice has been assisting Franklin Templeton Investment Funds in its registration for public distribution in Lithuania.

Meanwhile, the firm’s debt capital markets endeavours include counselling Credit Suisse on a €325 million offering of senior secured floating-rate notes by French alcoholic drinks producer Belvédère in May 2006 and advising on €150 million Eurobond issue by Bankas Snoras a year later. At the time of writing the firm was engaged by the Republic of Lithuania to advise it on a Eurobond issue.

#### Leading lawyers

Gediminas Reciuonas  
Giedrius Stasevicius  
Zilvinas Zinkevicius

### Sorainen

Sorainen is looked upon as a well entrenched and active participant in Lithuanian capital markets. Kestutis Adamonis is the capital markets lawyer from Sorainen that competi-

tors report seeing most regularly in the market. The lawyer is “from a new generation” but has the credentials to match the country’s more established names. “He is very experienced and a good negotiator,” said a competitor.

Adamonis was most visible recently assisting Vilnius Akropolis, the largest developer and operator of shopping centres in Lithuania, in preparations to list on the Vilnius Stock Exchange, in what was expected to be the largest-ever IPO in the Baltics. Unfortunately, the client suspended the process at the very last stage.

In other business a team has been counselling a global food and beverage company on issues related to minority shareholders of the client’s subsidiary in Lithuania on the possibility of a squeeze-out to be executed after acquiring the status of the issuer through making an IPO of shares or debt securities.

The firm benefits significantly from the inclusion in its ranks of Algirdas Peksys, who joined the firm in 2005 after having spent seven years working as general counsel of the Vilnius Stock Exchange. One rival commented: “Peksys is very clever and is the rising star in capital markets.” The Vilnius Stock Exchange has continued to seek guidance from him on issues related to securities market regulations and, in particular, trading in securities and the listing and delisting of companies.

#### Leading lawyers

Kestutis Adamonis  
Algirdas Peksys  
Rita Svedaite

### Sutkiene Pilkauskas & Partners

Sutkiene Pilkauskas & Partners has a solid capital markets practice of which one tier-one competitor said: “I am most confident in the credentials of Sutkiene.” Jonas Pilkauskas in particular is identified as being “very good at what he does”. The team was further strengthened in April 2007 with the arrival of Vladas Bagavicius from the Central Securities Depository of Lithuania.

This said, it has been a fairly quiet year for the firm on the capital markets front, a reflection of the market as a whole. The firm’s biggest mandate in the last year came from FMI Finasta, the largest financial brokerage firm in Lithuania, which a team advised in relation to the public offering of shares in a Lithuanian real-estate development company.

#### Leading lawyers

Jonas Pilkauskas  
Eugenija Sutkiene

## Foigt & Partners/Regija Borenius

Despite some arrivals and departures of lawyers, and the subdued market, capital markets work has picked up for Regija Borenius over the last year and clients have appreciated “the quality, the speed and the cost of the services”.

In 2006 Regija Borenius advised strategic investor Imprimatur Capital on the subscription of newly issued shares in UAB Vittamed, and this year, together with the other Borenius Baltic offices, it advised leading Baltic media holding Ekspress Group in the preparation and launching of its IPO.

The practice also notably provided counsel to Deutsche Bank in relation to its €300 million securitization of loans to Bite Finance International, a parent company of Bite Lietuva, a Lithuanian mobile phone operator.

### Leading lawyers

Dalia Foigt  
Tomas Rymeikis

## Jurevicius Balciunas & Bartkus

Jurevicius Balciunas & Bartkus has grown from 26 lawyers to 46 over the last 18 months and in July 2007 Lina Mikaloniene and Iraida Zogaite were also promoted to partnership. Nevertheless the firm will miss Tomas Kairys who has left the practice during the same period. In other developments the firm became a member of the Pinsent Mason Luther Group in December 2006.

The team has ploughed on with work in the debt capital markets, most markedly providing advice to one of the largest Lithuanian banks on the issuance of more than €170 million Eurobonds on the London Stock Exchange.

## Banking

### Recommended firms

#### Tier 1

Lideika Petrauskas Valiunas ir partneriai

#### Tier 2

Bernotas & Dominas Glimstedt  
Norcou & Partners  
Sorainen  
Sutkiene Pilkauskas & Partners

#### Tier 3

Foigt & Partners/Regija Borenius  
Foresta  
Saladzius & Partners

Banks are benefiting from the flurry of M&A activity and there has been a lot of business in acquisition financing. Foreign banks have been keen to participate in the Lithuanian

market, often doing so without any presence on the ground. But there are rumours of change afoot: The Royal Bank of Scotland, which recently set up shop in Helsinki and is very active in the region, is one party that allegedly has plans to move into the Baltics.

## Lideika Petrauskas Valiunas ir partneriai

Many in the market share the opinion that in the field of banking the legal competence and experience of Lideika Petrauskas Valiunas ir partneriai, the Lithuanian arm of the Lawin network, is unmatched. And on the evidence of the firm's deal list and client feedback it is hardly surprising.

The firm is a favourite for international clients because its lawyers have a good understanding of the local law and are able to adapt that to London-originated financings”, according to one. The client added that they “work exceptionally hard to deliver the product on time”. Giedrius Stasevicius, who leads the team, is particularly esteemed, with clients reporting he is “responsive, professional and thorough” while at the same time “approachable and friendly but with gravitas”. The team has been reinforced with a couple of signings in the last year, most notably of Ausra Cukauskaite who had been a senior specialist at the EU programmes management department of the Ministry of Finance.

The firm has been cashing in on the booming M&A market with a number of acquisition financings. In the largest a team advised JPMorgan Europe, the security agent in an €8.9 billion syndicated loan for the acquisition of TDC Group. The practice also counselled ING bank on the €825 million refinancing of the acquisition of Paroc Group, and Credit Suisse on the €300 million finance for the acquisition of Lithuanian mobile telecom company Bite.

In other recent work the firm advised on the €30 million syndicated loan to Siauli Bankas arranged by HSH Nordbank and Raiffeisen Zentralbank Österreich.

### Leading lawyers

Gediminas Reциunas  
Giedrius Stasevicius

## Bernotas & Dominas Glimstedt

Along with Lideika Petrauskas, Bernotas & Dominas Glimstedt is the firm that market participants report seeing most regularly in banking and finance transactions, and the team is held in very high regard. One rival summed up the market consensus: “Bernotas and Dominas are very highly regarded experts in the Lithuanian market”.

With this enviable reputation the firm counts among its clients investment firm Finvesta, Hermis Finansai, Scandinavian Baltic Development, Inter IKEA Holding Services and Pinus Proprius.

In 2006 the practice's most notable transaction came when it was engaged by Hypo Real Estate Bank International to give counsel on the €33 million financing of Dawnay Day Carpathian, a British investment fund.

### Leading lawyers

Egidijus Bernotas  
Gediminas Dominas

## Norcous & Partners

Norcous & Partners capitalized on a spate of defections from Regija Borenius, snapping up eight of its lawyers as part of a recruitment drive that has seen the firm grow by a third over the last year.

This is another practice that has been profiting from the active M&A market, most noticeably assisting a Lithuanian special-purpose vehicle managed by Citigroup Property Investors on obtaining a term loan and a VAT loan for financing a €15 million acquisition of real estate.

The firm has also been active on the regulatory side, advising MAN Investment on the provision of cross-border investment services into Lithuania and the offer of interest in investment funds, as well as counselling a subsidiary of a US bank, authorized by the UK Financial Services Authority, on the provision of cross-border financial services into Lithuania under the Banking Consolidation Directive.

### Leading lawyers

Ruslanas Bronikovas  
Irmantus Norkus

## Sorainen

Led by Kestutis Adamonis, Sorainen's eight-lawyer banking and finance team has been thriving on the increased activity of foreign banks and financial institutions in Lithuania and the rest of the Baltics. The firm has represented a string of global financial institutions in recent times. But it has also continued to advise the key local players including the two largest banks in Lithuania, Hansabankas and SEB Vilnius Bankas, and has been involved in more than 50 cases in the field in the last year.

Among the year's highlights the firm advised HSH Nordbank on the on a €38.5 million syndicated loan to Lithuanian bank Nefco in granting loans to a number of farmers in Lithuania; and Citycon, a Finnish shop-

ping centre business, on financing an acquisition in Lithuania.

The firm has also been very active on the regulatory side. One representative example of the firm's clientele is Coface Austria, which the practice has been counselling on developing trade credit insurance products in the Baltics.

#### Leading lawyers

Kestutis Adamonis  
Rita Svedaite

### Sutkiene Pilkauskas & Partners

"[Jonas] Pilkauskas and [Eugenija] Sutkiene are lawyers of high reputation," said one market observer, and everybody else seemed to agree. Clients praised the "creativity" of the pair and the speed of their service.

Over the last year the firm's banking practice has been most active undertaking regulatory assignments advising clients such as Bank Polski, the largest commercial bank in Poland, and MoneyGram Payment Systems on regulatory issues related to setting up their operations in Lithuania.

The team also notably acted for the Association of Lithuanian Brokerage Firms in parliament during the adoption of amendments to the Law on Public Trading in Securities. Additionally the practice represented Danske Bank and its pension fund management subsidiary in obtaining regulatory permits from the Bank of Lithuania and the Lithuanian Securities Commission.

#### Leading lawyers

Marius Matonis  
Jonas Pilkauskas  
Eugenija Sutkiene

### Foigt & Partners/Regija Borenius

The firm has responded to a series of departures, most notably of notably Austra Mudenaite, by bringing in some fresh talent in the form of Julija Kirkiliene and Jurgita Karvele.

The practice's banking mandates are mainly for legal opinions to local commercial banks and advice to foreign banks on local regulatory issues. In these respects the firm counselled Depfa Bank on public procurement procedures with respect to providing financing for various public-sector entities, as well as delivering a legal opinion regarding the repayment of the €70 million loan granted by the Lithuanian Division of Nordea Finland to Sanitas Polska.

The firm had a taste of more glamorous work when it acted as local adviser to

Deutsche Bank concerning its provision of short-term and long-term loans totalling €300 million for the acquisition of the leading Lithuanian mobile phone operator Bite Lietuva.

#### Leading lawyers

Dalia Foigt  
Tomas Rymeikis

## Mergers and acquisitions

Recommended firms	
<b>Tier 1</b>	Bernotas & Dominas Glimstedt Lideika Petrauskas Valiunas ir partneriai
<b>Tier 2</b>	Norcous & Partners Sorainen Sutkiene Pilkauskas & Partners
<b>Tier 3</b>	Foigt & Partners/Regija Borenius Jurevicius Balciunas & Bartkus
<b>Tier 4</b>	Foresta Saladzius & Partners

M&A is very lively in Lithuania across the board, but particularly in the real-estate sector. Private-equity funds are extremely active and are now closing many more of the larger deals than industrial conglomerates. Increased competition for targets has created a sellers' market and public tenders are becoming more and more popular. Scandinavian investors have been active in the market for years, but recently there has also been a great inflow of investment into Lithuania from Poland, with notable acquisitions in the pharmaceutical and energy sectors.

### Bernotas & Dominas Glimstedt

Bernotas & Dominas Glimstedt has been thriving on the recent M&A boom, picking up much of the biggest-ticket work because of its solid standing in the market. Remigijus Jakutis in particular is singled out by the market for being "top of the M&A tree". One rival said: "Remigijus Jakutis is very good. He is results-oriented and we recommend him." And Gediminas Dominas is a favourite of clients, who praise him for being "calm and creative in negotiations".

This year the practice has turned heads counselling an investor in the €500 million acquisition of the leading Lithuanian mobile operator; providing legal support to a Lithuanian investment company on the acquisition of a textile producer Drobe; and

for its involvement in the sale of a controlling stake in Siauliu Plentas, a Lithuanian road construction company.

Last year the firm notably advised a syndicate of Lithuanian and foreign investors on the acquisition of a group of Lithuanian producers of industrial equipment, comprising Rolvika, Robiga and their related companies.

#### Leading lawyers

Egidijus Bernotas  
Gediminas Dominas  
Remigijus Jakutis

### Lideika Petrauskas Valiunas ir partneriai

Lideika Petrauskas Valiunas ir partneriai has consolidated its premier status making two recent lateral hires, most noticeably Rimantas Stanevicius from Norcous & Partners in October 2006. With 16 lawyers now specializing in M&A, it boasts the largest corporate law team in Lithuania.

The firm has also been prospering from the flurry of M&A activity and its activity in this respect is only rivalled by Bernotas & Dominas Glimstedt. Dovile Burgiene comes in for special mention from competitors for being "extremely efficient" and the team as a whole is commended by clients for having "good transactional management skills".

The practice worked on the largest M&A transaction in Lithuania in recent years, advising Yukos on the €1.15 billion sale of its equity and associated interests in Mazeikiu Nafta, both the largest Lithuanian company and the largest oil refinery, oil pipeline and offshore terminal complex operator in the Baltic States. In another standout deal a team worked on the transfer of a communications networks business to international joint venture Nokia Siemens Networks.

This level of activity had not abated at the time of writing with the firm busy helping Incape with its acquisition of the wholesale and retail chain of Ford, Mazda, Hyundai and Mitsubishi vehicles in Lithuania, while also counselling ECE Group on an investment in a joint venture for the construction and operation of a shopping mall in Vilnius.

#### Leading lawyers

Dovile Burgiene  
Zilvinas Zinkevicius

### Norcous & Partners

Norcous & Partners has had a role on a number of the jurisdiction's larger transactions over the last year and one leading rival opined that the firm is the third most powerful legal M&A operation in the country.

The practice has certainly been taking advantage of the roaring real-estate market, representing Arco Real Estate, for example, in the auction sale of the SEB Vilniaus Bankas portfolio. This consisted of 26 properties in 11 cities. The firm has also benefited from banking consolidation, advising a client in the purchase of one of the leading banks in Baltic region.

The practice also had involvement in the sale of UAB Bite's subsidiaries in Lithuania and Latvia. The team represented the seller, TDC, in one of the largest deals in Lithuania over the past few years, with a value exceeding €400 million.

Another recent deal saw Norcoux & Partners counsel a Lithuanian retailer in consumer goods on a Lit1 billion (€290 million) merger with a competing chain.

**Leading lawyers**  
Irmantas Norkus

### Sorainen

Sorainen has experienced significant growth in both business and personnel, growing from 18 to 30 fee earners in 2006. The M&A team was boosted in particular by the arrival of two partners, Laimonas Skibarka and Tomas Milasauskas, and senior associate Agne Jonaityte. The firm is becoming a Lithuanian M&A powerhouse, underlined by its involvement in all of the five largest transactions in Lithuania in 2006. Respect from market participants is especially reserved for Raminta Karlonaite who is reputedly "very good at finding the solutions".

In the largest transaction in the Baltics in 2006, the practice assisted Poland's PKN Orlen with its \$2.34 billion takeover of Mazeikiu Nafta, the largest oil concern in the Baltics, which enabled the client to gain a leading position in the central and eastern European oil processing market.

On the private-equity front a team advised Citigroup Venture Capital International and Amber Trust on an investment in the Lithuanian pharmaceutical company AB Sanitas, the objective of which was the indirect acquisition of Jelfa Pharmaceutical Company, a Polish pharmaceutical company. The total transaction value was €150 million and the deal was one of the largest private investments in the Baltics.

Among the year's other highlights, Sorainen counselled Citycon, a Finnish shopping centre business, on its €14.6 million acquisition of the entire share capital in UAB Rimvesta, which owns the Mandarinas shopping centre in Vilnius. The firm also gave guidance to one of the largest mobile operators in Poland and a private-equity fund

focusing on the communications sector in Europe as a short-listed bidder in the acquisition of Bite.

**Leading lawyers**  
Kestutis Adamonis  
Raminta Karlonaite

### Sutkiene Pilkauskas & Partners

Sutkiene Pilkauskas & Partners has an impressive line-up of corporate lawyers, which was recently bolstered by a few acquisitions of its own: Ignas Darguzas and Ramunas Svencionis. Eugenija Sutkiene is considered to be one of the best M&A practitioners in the market and "clients really like her for her business approach". One client said: "Eugenija is helpful in finding solutions when negotiations are in a stalemate because she's creative." Vilius Bernatonis also goes down well with clients, one reporting that he is "very calm and never gets personal", adding that he is a strong negotiator.

Sutkiene Pilkauskas & Partners has certainly welcomed the influx of private-equity funds into the country, assisting a host of them with investments into the jurisdiction. A team from the firm notably represented a consortium of funds on its intended acquisition of mobile phone operator Bite Lietuva. The practice also advised Arcapita on its €225 million acquisition of a rock wool insulation manufacturer, Paroc Group, in September 2006.

At the time of writing the firm was advising Ukio Banko Investicine Grupe, one of the biggest Lithuanian private-equity investors, on the privatization of Tvoronica Lakh Metala, a Croatian producer of aluminium products, while at the same time counselling the same client on the privatization of Aluminijs Mostar in Bosnia and Herzegovina.

**Leading lawyers**  
Jonas Pilkauskas  
Eugenija Sutkiene

### Foigt & Partners/Regija Borenus

Foigt & Partners/Regija Borenus has been left reeling by a number of recent departures. But clients were still very complimentary of the service they have received, commenting that the remaining lawyers are "very precise in their advice and explain the practicalities well" and that they have found them "good at explaining how the system works and what we needed to do".

Although competitors say that they see less of Regija Borenus than in recent years, the firm was present in the controlled auction

procedures for the sale of shares in Bite Lietuva, representing one of the leading Scandinavian mobile phone operators.

In a standout deal in 2006, the practice represented Icelandic transportation company Eimskip in its acquisition of Kursiu Linija, a sea freight delivery line.

In other highlights in the same year, the firm acted for CapMan, a private-equity house, in the acquisition of Tamro MedLab business unit from Tamro Group, and helped Codan increase its interest in Lietuvos Draudimas, a Lithuanian insurance company. The deal involved the acquisition of shares from the European Bank of Reconstruction and Development and the International Finance Corporation.

**Leading lawyers**  
Dalia Foigt  
Tomas Rymeikis

### Project finance

#### Recommended firms

##### Tier 1

Bernotas & Dominas Glimstedt  
Lideika Petrauskas Valiunas ir partneriai

##### Tier 2

Foigt & Partners/Regija Borenus  
Norcoux & Partners  
Saladzius & Partners  
Sorainen  
Sutkiene Pilkauskas & Partners

##### Tier 3

Foresta  
Jurevicius Balciunas & Bartkus

At the national level, the political will needed for project finance is lacking. These structures can attract controversy and criticism, and are considered by Lithuania's delicately balanced government to be a political risk too far.

But this is not the case at the municipal level, where a number of public-private partnerships (PPPs) are underway. "Municipalities are more dynamic and under greater financial pressure," explained one lawyer. "There is stronger economic pressure and incentive for municipalities to do PPP because they have less money and must provide adequate services."

One recent development has caused the politicians of Vilnius to relax their cautious stance. The EU has ordered the country to shut down its elderly Ignalina nuclear facility, which was activated in 1984. Lithuania has adopted a law to enable the construction of a replacement plant, at a potential cost of Lit22 billion (€6.37 billion). This will be funded by investors from the country's Baltic neighbours, as well as from Poland.

If the development is successful, it may yet instil confidence in project finance among the jurisdiction's many doubters.

### **Lideika Petrauskas Valiunas ir partneriai**

Giedrius Stasevicius heads Lideika Petrauskas Valiunas ir partneriai's eight-lawyer finance and tax group, which is responsible for some of the largest project financings in the jurisdiction.

Among the firm's noteworthy mandates, it has been advising Lietuvos Energija, Lithuania's largest power company main operator, on the €300 million Lithuania-Poland electricity interconnection project.

The practice is also counselling DEG, a subsidiary of KfW Bankengruppe, with respect to the €52.5 million project financing of a polyethylene terephthalate plant in Klaipeda and assisting UAB Nordetanolis on the project financing of a new bioethanol plant.

#### **Leading lawyers**

Dovile Burgiene  
Giedrius Stasevicius

### **Foigt & Partners/Regija Borenus**

Foigt & partners/Regija Borenus has not been very active on the project finance front over the last year. The firm did however counsel the operator of Technopolis, a technology park, regarding the investment possibilities for foreign investors.

Other recent work includes numerous land transfers and real-estate developments. For example the firm has advised YIT Kausta, a Finnish construction company, on the development of various housing projects.

#### **Leading lawyers**

Tomas Rymeikis

### **Sutkiene Pilkauskas & Partners**

Sutkiene Pilkauskas & Partners is a beneficiary of the trend towards municipal PPPs and has earned itself quite a reputation for expertise in this area.

For this reason the practice was engaged by the country's public Tuberculosis and Infectious Diseases University Hospital to conduct a legal feasibility study on a potential PPP project.

The firm also acted for a client in two concession projects related to the provision of healthcare services and management in Vilnius, as well as advising the Vilnius municipality on the implementation of one of the

first PPP projects in Lithuania related to the reconstruction and management of educational establishments in the city.

The team received a boost with the arrival in May 2007 of Jolita Mikalkeviciute from a position as head of the legal department at SEB, the largest commercial bank in Lithuania.

#### **Leading lawyers**

Jonas Pilkauskas  
Eugenija Sutkiene

### **Other notable firms**

**Jurevicius Balciunas & Bartkus's** practice has a strong project finance element. Recently the firm demonstrated its prowess advising Bouygues Batiment International, a French construction company, in one of the biggest Lithuanian concession projects. This concerns the construction and operation of a sports and entertainment arena with a value of more than €100 million.