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New prospects for financial asset securitization

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Despite having had few domestic securitization programmes in the past, Poland is experiencing a lot of interest in arranging further local and international transactions. The demand for more competitive financing instruments has heightened the need for innovative transaction structures, and new legislation has been introduced in response to these needs.

Two recent legislative events are likely to affect bank asset securitizations in Poland: the amendment of Poland's Banking Law, and the new Investment Fund Law.

Securitization transactions were possible even before this legislation was put in place based on general rules of the Polish Civil Code – that is, on assignment of receivables – and on the basis of the Polish Bond Act.

It is possible to transfer assets to a special purpose vehicle (SPV) to achieve a true sale for securitization purposes. This means that Polish courts will accept the transfer of assets by an originator to an SPV in return for securitization funding.

However, most transactions have avoided the actual sale of the originator's assets due to the resulting tax consequences. A stamp duty transfer tax of 1% to 2% is normally paid on every non-VATable sale, which makes such transactions prohibitively expensive. This form of taxation also introduces a level of uncertainty, as the local tax authority needs to be consulted for a ruling on the applicable VAT and stamp duty.

Tax and legal incentives

The new laws were intended to facilitate the securitization of bank assets in particular, to create tax and legal incentives for securitization, and to set up new, alternative mechanisms to assist it. Due to the tax incentives, banks are interested in selling irregular loans to securitization funds instead of debt collection firms. Consequently, banks are going to improve the quality of their credit portfolios.

As for today, Poland has an established special securitization framework. Its aim is to facilitate the securitization of Polish receivables by Polish securitization funds.

The new laws introduced a corporate investment fund issuing vehicle, where a corporate investment fund vehicle is designated as

a general purpose issuer of certificates to finance the purchase of receivables, after which all benefits and capital attached to the assets are transferred to the investment fund.

Under Polish tax legislation this type of investment fund vehicle is exempt from corporate income tax. Accordingly, using an investment fund vehicle could reduce the need for assessing the impact of taxation in cash-flow modelling and financial structuring. An investment fund may also be easier to manage for accounting purposes.

The positive impact of bank assets on securitizations also stems from recent amendments to Polish banking secrecy provisions. The strict statutory confidentiality requirements, which meant that details of a bank's asset portfolio could not be made public, have been amended. The potential for collateralized debt obligations is now an exciting prospect for the Polish securitization industry.

Applying the fund structure in conducting bank asset securitization makes it possible to apply a customer-approved form of participation in an investment fund managed by an investment fund association. However, preference for this form of securitization may limit transactions that would include assets other than bank assets. Applying a tested market formula may allow its rapid approval by individuals and institutional investors. Taking American experience into consideration, to achieve measurable benefits the Polish government may have to increase its involvement in developing a secondary credit market. For example, it would seem advisable to create an alternative source of financing for the real estate market. It will not be possible to evaluate the appeal of securitization as a method of enterprise funding and its full effects, including tax benefits, until these types of transactions are actually used in practice.

Some problems remain

Although the goal of creating a mechanism to assist securitization has been partially achieved, certain practical obstacles still exist.

One of the disadvantages is that the transfer of security rights still faces the practical problem of Poland's cumbersome and lengthy procedures. Mortgage rights, for example, can be legally transferred to an issuer, but need to be registered against the title deeds of each property in the land and mortgage register after a court application process.

There is also a disadvantage to using the vehicle stipulated in the Investment Fund Act, the cost of pre-funded capital being the equivalent of €150,000.

The above-mentioned amendments show a clear intention on the part of the Polish legislature to provide an effective and conve-

nient mechanism for securitization. Bank assets are most likely to be involved in Poland's expected securitization programmes, as they typically represent the bulk of securitizations. This would be both for funded programmes aimed at raising capital, as well as unfunded (synthetic) ones geared towards relieving capital adequacy ratios (CAR) through substantially reducing credit default risks from the bank's financials. In both cases the motivation for such transactions should increase, as the new Basle Accord's CAR is expected to rise.

Poland is still waiting for an all-new Securitization Act, which is also being discussed in the Polish parliament at the time of writing. However, it is uncertain when this law will be passed. This new law may be intended to bring securitization laws into a single, comprehensive act, instead of incorporating securitization mechanisms into legislation governing banks and investment funds. The new act, if passed, would presumably provide a general framework, making structured finance more workable and clear.

Although some legal and fiscal changes have been proposed in the past two years, securitization is still at an early stage of development in Poland. A number of obstacles, including legal and tax issues, still hamper the securitization of practically all asset classes. Despite the underdevelopment of securitization in Poland, transactions are still possible, although structuring is more complex than in countries with tailor-made legal systems.

Banking

Recommended firms

Tier 1

Allen & Overy

Clifford Chance Janicka Namiołkiewicz i wspólnicy spółka komandytowa

Tier 2

Baker & McKenzie Gruszczynski I Wspólnicy Attorneys at Law

Dewey Ballantine Grzesiak

Linklaters

White & Case W Danilowicz W Jurcewicz I Wspólnicy

Tier 3

CMS Cameron McKenna

Lovells

Norton Rose Piotr Strawa and Partners

Salans

Sołtysinski Kawecki & Szlezak

Wardynski & Partners

Weil Gotshal & Manges

Wierzbowski Eversheds

Tier 4

Beiten Burkhardt

Gide Loyrette Nouel

Gleiss Lutz

Hogan & Hartson

Miller Cranfield Paddock and Stone

Nörr Stiefenhofer Lutz

Allen & Overy

With a steady stream of referrals from the London base, as well as successfully winning domestic work, the Polish arm of Allen & Overy is frequently mandated to advise on high-value and complex matters. Among the highlights of the year, Allen & Overy

advised WestLB London on a €60 million credit facility for Telewizja Polsat, a major Polish television broadcaster, assisted the Polish branch of Société Générale and a consortium of banks on an unsecured €1 billion credit facility for PKN Orlen, Poland's and central Europe's largest refiner of crude oil and marketer of petroleum, and accepted an instruction from PKO, PKO BP and BRE Bank in connection with the financing of Huta Czestochowa, a subsidiary of Donbass.

In other work over the period, the practice was selected to advise HSBC on creating the terms and conditions of an e-banking service, advised Angel Trains, a subsidiary of the Royal Bank of Scotland, in connection with the legal and regulatory aspects of leasing rolling stock in Poland, and guided Citibank through local law aspects related to an export credit programme, Kuke. A competent agent in the field of aviation finance, Allen & Overy rounded off a successful year by preparing a memorandum for Swedish Aircraft Holdings regarding regulatory and legal issues of leasing aircrafts in Poland.

"Recognised as a banking law firm with an international reputation," Allen & Overy is "fully committed to banking work and their transactions are significant". Commentators also feel that what drives the firm (aside from referrals from London) is that it has "good connections with large borrowers" throughout the central eastern region. Lastly, *IFLR1000* respondents believe that Arkadiusz Pedzich is a leading light in the market, and is ably backed by a good crop of practitioners.

Leading lawyer

Arkadiusz Pedzich

Key contact partner

Arkadiusz Pedzich

Clifford Chance Janicka Namiołkiewicz i wspólnicy spółka komandytowa

"A recognised banking firm," Clifford Chance remains part of the dynamic duo in the premier tier. During the research process, rival practitioners predictably justified Clifford Chance's top-tier placing by stipulating that "they work on big ticket deals". But what makes its position all the sweeter is that peers believe "the preference is to go with them". The firm has certainly strengthened in personnel over the past year – the hire of four new associates and of Jan Zdzienicki as the co-head of the banking and finance department is seen as something of a coup. Gregorz Namiołkiewicz is once again pinpointed as a leader, variously described as a "very capable lawyer" and "technically good".

The transaction list for the term is a rich tapestry of achievement, with international banks queuing up for the necessary expertise. Deutsche Bank was one such institution, requiring the services of the firm in May 2006 for the financing of the acquisition of Sheraton hotels across Europe. Tracking back slightly to the latter quarter of 2005, there is further evidence of Clifford Chance's eminence on the market. During this time, the practice could be seen advising Barclays Bank on the financing for the acquisition of two warehouse facilities in Poland – the Fruco warehouse facility in Wrocław and the Olmar warehouse and distribution centre in Piaseczno.

Throughout the research process, commentators vouched that "Clifford Chance has a good reputation across a range of banks". The necessary consequence of this is that the firm is repeatedly instructed on the high-value work passing through the region. One such client, Credit Suisse International, required Clifford Chance's services during the €250 million leveraged buyout of Aster City Cable. In another standout deal, the practice ably

guided Bank BPH, the arranger and security agent for €60 million-worth of facilities to finance the acquisition of shares in a publicly traded company.

Leading lawyer

Grzegorz Namiotkiewicz

Key contact partners

Peter Deegen
Grzegorz Namiotkiewicz
Jan Zdzienicki

Baker & McKenzie Grszczynski I Wspolnicy Attorneys at Law

Baker & McKenzie's Polish banking team is led by the well-regarded Krzysztof Korzeniewski and receives frequent mandates from leading banks – quite a feat considering the relatively small size of the Warsaw outfit.

Over the past 12 months, the “very professional” Baker & McKenzie has been advising foreign credit institutions on three projects relating to the transformation of banks operating in Poland as wholly-owned subsidiaries of foreign credit institutions. The practice also put its credentials to the test when guiding borrowers Provim (the parent company of a major Polish grain-processing company) through a syndicated credit facility and related collateral security interests.

A further demonstration that Baker is a force in the market occurred when the practice was instructed by Bank Zachodni in connection with syndicated financings for the leveraged purchase of Atrium Plaza and the Atrium Center. For this complex €53 million deal, the firm advised the bank on facilities for each special purpose company and complex cross-collateral structure.

Equally impressive in the financial services arena, the firm advised KBC on the merger and consolidation of four asset management companies of the KBC Group in Poland, and assisted the Bank of New York with setting up a fund management company and the first licensed private equity fund in Poland.

Further clients of Baker & McKenzie include Nykredit Realkredit, the Overseas Private Investment Corporation, Erste Bank der Oesterreichischen Sparkassen and Robecco.

Leading lawyer

Krzysztof Korzeniewski

Key contact partners

Konrad Konarski
Krzysztof Korzeniewski
Thomasz Stawicki
Piotr Swiecicki

Dewey Ballantine Grzesiak

With a reputation for advising the borrowers on a transaction, “Dewey Ballantine has had a good year”. Despite being more revered for its capital markets work, the market feels that Dewey Ballantine is constructed on solid foundations. The ultimate recognition arrived when Dewey Ballantine was announced as Polish law firm of the year at the *IFLR* Awards 2006.

Dewey Ballantine was successful in its representation of UniCredit before the Polish Banking Supervisory Commission with respect to the Bank BPH and Bank Pekao merger, as part of the larger UniCredito/HVB global merger. In another significant transaction for the jurisdiction, Dewey Ballantine advised on the sale of Bank Gospodarki Żywnościowej's non-performing loans (NPLs). The firm was equally busy when advising Bank BPH on the €55 million financing for the development of the second phase of Centrum Sztuki I Biznesu Stary Browar.

In other work, Dewey Ballantine could be seen advising borrower Orbis on the execution of a term credit facility agreement with Hekon Hotele Ekonomiczne as the guarantor and Bank Handlowy w Warszawie, Société Générale, Bank Zachodni and Cylon as the lenders. The funds were used to refinance the company's debt.

The firm also counts Bank Handlowy w Warszawie, Getin Bank and Deutsche Bank as clients.

Leading lawyer

Jaroslaw Grzesiak

Key contact partners

Jaroslaw Grzesiak
Jacek Michalski
Andrzej Wysokinski

Linklaters

“A firm that is seen a lot” and that boasts “a good domestic banking department,” Linklaters' Warsaw office is the keen recipient of instructions from a range of international banks. Despite losing Patrick Bell, considered by some to be a “force on the market,” the practice consolidated in a cool manner by slotting the experienced Jaroslaw Miller into Bell's place. Judging by market feeling and the fertile transaction sheet, Linklaters continues to be a power in the Polish banking arena.

In one of 2005's biggest financings, Linklaters advised Citibank and Société Générale on a €600 million loan facility and a €300 million revolving facility with multi-currency option for Polskie Górnictwo Naftowe I Gazownictwo. Eurohypo also selected Linklaters when it required advice on a €35 million complex refinancing, involving existing loan takeover and top-up financing.

In a further demonstration of Linklaters dexterity, the firm assisted Bank BPH (as original lender and agent) and Fortis Bank Polska (as original lender and security agent) on a secured multi-currency revolving and term loan facility to Hortex Group for General Corporate purposes. In other notable transactions, the firm could be seen advising the Eastbridge Group, the holder of a portfolio of 12 shopping centres, on unwinding a €74 million mortgage-backed securitization and secured loan financing.

Key contact partner

Jaroslaw Miller

Weil Gotshal & Manges

Summer 2006 proved a fruitful time for US firm Weil Gotshal & Manges, during which time it closed two high-profile financings. In the first, investment bank Credit Suisse instructed the practice to advise on matters of Polish law in a bridge financing for Belvedere for the purpose of a €375 million note issue. And in the second, the practice advised in connection with the release of security relating to loan agreements granted by Deutsche Bank London and Bank Handlowy in Warsaw to Polkomtel.

A further standout deal saw the firm assisting Netia in a €150 million credit facility. Regularly mandated with significant transactions, the Polish branch of Weil Gotshal is a recognisable banking outfit and comes highly respected by peers.

Leading lawyer

Pawel Rymarz

Key contact partners

Anna Frankowska
Pawel Rymarz
Artur Zawadowski

White & Case W Danilowicz W Jurcewicz I Wspolnicy

With four partners and eight associates, White & Case chose to beef up their banking practice wisely, at a time when “banks are hungry for loans” and complex transactions are becoming more frequent. With a strong team in this arena, rivals highlight Marek Król as a rainmaker.

In what constituted one of the largest LBOs in Poland to date, White & Case acted for Mid Europa Partners and its affiliates in relation to the Z11.6 billion (\$520 million) acquisition of shares in Aster City Cable. The firm also assisted with respect to the Polish aspects of the financing of Advent International’s acquisition of a majority interest in Herlitz, Germany’s leading manufacturer and supplier of stationery products.

In other work, ABN Amro, CIBC and Fortis Bank were advised as mandated lead arrangers on the Polish aspects of CVC’s acquisition from WMO Beheer of outstanding shares in Wavin, the Dutch plastic pipes manufacturer. The deal involved €720 million term and €145 million revolving facilities. In one of the largest credit facilities in the Polish telecom sector, White & Case advised a syndicate of lenders with respect to a €900 million financing for TP, the largest Polish telecoms company. This year White & Case also represented Deutsche Bank in relation to a \$600 million certificate of deposit programme to a major Polish industrial company.

Leading lawyers

Jacek Czabanski
Marek Król

Key contact partners

Jacek Czabanski
Marek Król

Other notable firms

CMS Cameron McKenna “have had some difficulty keeping their act together” according to a rival. After a number of lawyers left the firm, the future looked quite bleak for an outfit considered a solid banking firm by the market. However, in a booming time for banking work, Keith Ham’s team has gone about things the right way by winning business as opposed to simply relying on referrals. This was aptly demonstrated when the firm advised Depfa Bank on the financing of the development of Acqua Park in Wroclaw, and represented Eurohypo in relation to the €135 million acquisition of a chain of supermarkets.

It is also necessary to mention **Norton Rose** after the firm received numerous commendations from rival practitioners, one enthusing that having the firm on the other side of a banking deal was “a very good experience”. Also, the firm’s impressive head of banking Grzegorz Dyczkowski was announced as a rising star by the market.

Capital markets

Recommended firms

Tier 1

Allen & Overy
Baker & McKenzie Grszczyński I Wspolnicy Attorneys at Law
Weil Gotshal & Manges

Tier 2

Clifford Chance Janicka Namotkiewicz i wspolnicy spolka komandytowa
Dewey Ballantine Grzesiak
Linklaters
White & Case W Danilowicz W Jurcewicz I Wspolnicy

Tier 3

CMS Cameron McKenna
Chadbourne & Parke
Domanski Zakrzewski Palinka
Lovells
Oles & Rodzynkiewicz
Salans
Soltysinski Kawecki & Szlezak
Wardynski & Partners

Allen & Overy

“Very visible in the market” according to rivals, Allen & Overy has been mandated to act on many of Poland’s choice transactions over the year. The Polish Ministry of Finance was one such example, instructing the practice to act on its €20 billion euro medium-term note (EMTN) programme and drawdowns thereunder. In a further deal that closed in May 2006, Allen & Overy advised Bank Handlowy w Warszawie in its capacity as mandated lead arranger on the issue of Z1215 million (\$70 million) notes by the European Investment Bank.

In an arena rife with initial public offerings (IPOs), Allen & Overy was a trusty aid on some important listings. First, the practice could be seen advising CA IB on the \$60 million listing of AmRest Holding, and then guiding CA IB through the IPO of Zaklady Azotowe, worth Z1300 million. The firm also acted for the International Securities Market Association and the Bond Market Association on a validity opinion relating to the GMRA Agreement.

Active in the structured finance arena too, Allen & Overy advised the International Swaps and Derivatives Association on the netting opinion for Poland and its annual updates. The Ministry of Finance was a further important customer, seeking advice in preparing a standard schedule to the Polish Master Agreement for the purpose of negotiation with Polish counterparties, in preparing a standard Schedule to the ISDA Master Agreement for the purpose of negotiation with foreign counterparties, and the execution of the ISDA Master Agreement and Polish Master Agreement with a number of foreign and Polish banks. The firm also advised Kredyt Bank in connection with the sale of its NPL portfolio to a securitization fund.

Leading lawyer

Jacek Jonak

Key contact partner

Jacek Jonak

Baker & McKenzie Grszczyński I Wspólnicy Attorneys at Law

IFLR1000 respondents announced that Baker is “visible” in this arena and that it continues to jostle for a position in the first tier. Leading banks habitually mandate Baker on some significant transactions. In the largest issue of bank convertible bonds in 2005, the firm advised Bank Gospodarki Żywnościowej, on its \$100 million issue of convertible bonds, allowing for its future privatization. In a further test, the practice assisted Bank Gospodarstwa Krajowego with its €200 million issue of bonds, guaranteed by the Polish state treasury to finance the development of Polish motorways. Lastly, in a deal that closed in February 2006, Baker & McKenzie acted as transaction counsel on Lukas Bank’s \$200 million issue of unsecured general corporate purpose bonds.

Lively on the equity side too, Baker & McKenzie assisted the lead manger, CAIB, on the IPO of Amrest, which marked the offering of the largest restaurant operator in Poland and the listing of the first Dutch company on the Warsaw stock exchange.

It is in the area of structured finance, however, that the firm cements its position. This year the firm advised AIG on the securitization of the Ultimo Group’s NPL portfolio, assisted Rabobank Nederland on the \$350 million securitization of the NPL portfolio of Bank BGZ, and guided the Ultimo Group once again on the \$250 million securitization for the non-performing loan portfolio of Kredyt Bank. Last and not least, the practice acted for issuer Ghelamco, and manager CAIB, in the structured issue of mortgage-backed bonds to finance the development of two office buildings in Warsaw. In a first for the jurisdiction, this €65 million transaction represented the inaugural financing of office developments by the issue of bonds.

Leading lawyer

Konrad Konarski

Key contact partner

Konrad Konarski

Weil Gotshal & Manges

Weil Gotshal & Manges continue to be well respected by rival practitioners, one peer stating that “they are a major competitor” with “an outstanding reputation as an equity capital markets firm”. This strength was evident during a period of activity last year. Among the quartet of deals that demonstrated this strength, Weil advised Poland’s largest natural gas distributor, state-owned Polskie Górnictwo Naftowe i Gazownictwo (the Polish Oil & Gas Company) on a widely-publicized privatization through an initial public offering. At €686 million, this was the third-largest public offering on the Warsaw Stock Exchange. The firm then followed this with advice to the Globe Trade Centre in relation to its €124 million secondary public offering, and advised on the public offering of shares of Polnord, a listed construction company.

The firm is by no means a one-trick pony, however, and also picks up work on the debt side. In a recent deal worth €375 million, Weil acted as legal advisor on matters of Polish law to Credit Suisse regarding the issue of senior secured floating-rate notes by French company Belvédère. The notes were secured by assets of various Polish subsidiaries of Belvédère, a leading producer and marketer of vodkas and other spirits in central Europe.

Also active in the structured arena, Weil was instructed by Varde Partners Europe to assist on the securitization fund formation and acquisition of NPLs, and acted on the acquisition of NPLs from Polish bank BGZ.

From among the team, Ania Frankowska once again attracts the most praise from the market.

Leading lawyer

Ania Frankowska

Key contact partner

Ania Frankowska

Clifford Chance Janicka Namiotkiewicz i wspólnicy spolka komandytowa

Market commentators decided that Clifford Chance’s deal flow over the past 12 months necessarily affected its ranking this year, but stipulated that “the firm’s quality is apparent” and as such it could easily be ushered back into the top tier next time around. *IFLR1000* respondents pinpointed the real strength of the practice as its debt capital markets work, although the firm’s instructions have been spread across the debt and equity markets.

This year Clifford Chance advised the arrangers, Bank Handlowy w Warszawie and Bank Pekao, on the €150 million issue of revenue bonds by municipal water company, Bydgoszcz, to finance its investment programme. ING Bank was a further notable client, selecting Clifford Chance to advise it on a €325 million high-yield bond issue by the Central European Distribution Corporation. In a further show of strength, in November 2005 the practice advised an investor in Bank Gospodarki Żywnościowej’s convertible bond issue.

On the equity side, meanwhile, Clifford Chance advised Teva Pharmaceutical Industries on the Polish aspects of the acquisition of the Ivax Corporation, the listed US provider of pharmaceuticals and veterinary products, for \$7.4 billion (plus an assumption of \$727.9 million-worth of net debt). At the time of writing, the firm was acting on the Polish and international aspects of the flotation of a major regional hotel and real estate developer, and could be seen assisting Franklin Templeton Investments Management on the passporting of a fund in Poland.

In a complex transaction spanning three jurisdictions, Clifford Chance acted for Dresdner Bank, KfW and Raiffeisen Zentralbank Österreich on the €450 million synthetic securitization transaction of an SME portfolio. And in a transaction that was set to close shortly after press time, Clifford Chance was advising on the proposed sale by tender of non-performing commercial loans, which will constitute one of the first NPL transactions to take place in Poland.

Leading lawyers

Nick Fletcher

Grzegorz Namiotkiewicz

Key contact partners

Agnieszka Janika

Grzegorz Namiotkiewicz

Dewey Ballantine Grzesiak

Dewey Ballantine Grzesiak’s sizeable five-partner, eight-associate capital markets team has built up an enviable reputation in recent years. Constantly seen on big-ticket transactions, Dewey Ballantine is regarded as a leading capital markets firm among peers.

The first example of Dewey’s work of merit saw the practice act as legal counsel to Nasdaq-listed Central European Distribution Corporation in connection with its €325 million high-yield bond offering, lunched to finance the purchase of Polish alcoholic beverage companies Polmos Białystok and Bols. The firm also advised Ivax in the \$7.3 billion offering of Teva Pharmaceutical’s shares to the shareholders of Ivax Poland in con-

nection with Teva's takeover and subsequent merger to create the world's largest generic drug company.

Lastly, at the time of writing Dewey Ballantine was advising the Getin Bank on the launch of its first international euro medium-term note (EMTN) programme. For this €1 billion deal, the bank will be able to issue three- or five-year bonds listed on the London Stock Exchange.

Leading lawyer

Jaroslaw Grzesiak

Key contact partners

Jaroslaw Grzesiak
Ireneusz Matusielanski
Piotr Szelenbaum

Linklaters

Linklaters' capital markets capabilities have been boosted this year by the hire of the experienced Marcin Chylinski as the new head of the capital markets group. The firm has obviously consolidated, as evidenced by its impressive deal list for the year. In a transaction set to close shortly after the time of writing, Linklaters was advising Merrill Lynch in connection with the first-ever car loan securitization from Dominet Bank, which marked the first securitization of banking debts in Poland.

The firm also received an instruction from the Eastbridge Group, the holder of a portfolio of 12 shopping centres in central locations in eight cities across Poland, to advise on the unwinding of a mortgage-backed securitization and secured loan refinancing. This deal proved to be complex because of the multi-jurisdictional elements, including a UK issuer and Dutch and Luxembourg parties, and carried a sizable transaction value of €74 million.

In a politically turbulent IPO worth Z12.6 billion (\$843 million), meanwhile, Linklaters advised HSBC in its capacity as financial adviser to the issuer, oil and gas company Polskie Górnictwo Naftowe i Gazownictwo. Linklaters proved its equity credentials further when it assisted SkyEurope Airlines on the equity offer by SkyEurope Holding, SkyEurope Airlines' newly-transformed Austrian holding company. With a market capitalization of €120 million this was a particularly challenging IPO because it was the first equity listing in Vienna since the implementation of the EU Prospectus Directive. Citibank was another key client, seeking advice in its capacity as financial advisor to Peakes in its IPO.

Key contact partners

Marcin Chylinski
Tadeusz Komosa
Jolanta Tropaczynska
Cezary Wisniewski

White & Case W Danilowicz W Jurcewicz I Wspolnicy

Market commentators were undecided about the positioning of White & Case. On the one hand, they believed that the firm had been involved on a number of high-profile mandates, and in particular is "among the leaders of the rapidly expanding securitization field". On the other hand, though, peers believed that White & Case requires consolidation in other capital markets work to truly stamp its authority on the market.

However, the firm has certainly set about this in an effective way. In a challenging transaction due to the unique privatization scheme and new regulations governing capital markets activity in

Poland, White & Case represented Fortum Heat Polska, part of the Fortum Corporation, with respect to its acquisition of a majority block of shares in MPEC Wrocław.

The best example of White & Case's securitization work, meanwhile, came in April 2006, when the firm acted for GE Debt Management on setting up the GE Debt Management Closed-Ended Securitization Fund, and obtaining all relevant regulatory permits from the Polish securities regulator.

In other work, White & Case advised KBC on the acquisition of a majority shareholding in Warta from Kulczyk Holding, which included a tender offer and squeeze-out (the second on the Polish stock exchange) and was valued at Z1400 million, and acted on the public tender for the acquisition of substantial block of shares in Netia.

Leading lawyers

Janusz Fiszer
Witold Jurcewicz

Key contact partner

Janusz Fiszer

Other notable firms

Oles & Rodzynkiewicz was the recipient of particularly warm praise from market commentators, described by one client as "very competitive in pricing" and noted by a peer as having "a good relationship with Polish brokers".

Another native firm, Wardynski & Partners, has also proved well respected in the market, with peers remarking that the practice is involved in many transactions on the Polish stock exchange. A successful year for the firm was made all the sweeter when international law firm network Lex Mundi's board of directors voted to admit the firm as its exclusive member for Poland.

This year's rankings have also been strengthened by the inclusion of Chadbourne & Parke after respondents invariably picked the firm out as missing from the rankings.

Mergers and acquisitions

Recommended firms

Tier 1

Dewey Ballantine Grzesiak
Weil Gotshal & Manges

Tier 2

Allen & Overy
Baker & McKenzie Gruszczynski I Wspolnicy Attorneys at Law
Clifford Chance Janicka Namotkiewicz i wspolnicy spolka komandytowa
Linklaters
Soltysinski Kawecki & Szlezak
White & Case W Danilowicz W Jurcewicz I Wspolnicy

Tier 3

Beata Gessel & Paerners
Chadbourne & Parke
CMS Cameron McKenna
Domanski Zakrzewski Palinka
Gide Loyrette Nouel
Lovells
Norton Rose Piotr Strawa and Partners
Salans
Wierzbowski Eversheds

Dewey Ballantine Grzesiak

In what is described by commentators as the hardest sector to rank, “Dewey Ballantine is in the right place,” according to contemporaries. A firm that “has had a prosperous time,” Dewey Ballantine’s transaction list confirms that it remains “very strong, with a strong presence in the market.”

Dewey Ballantine acted for the UniCredit Group this year when it reached agreement with the Polish government to allow the Italian bank to exercise its voting rights in BPH and pursue the takeover of BPH by Pekao (also controlled by UniCredit) in exchange for selling a certain part of BPH’s operations. The deal resulted from weeks of tough negotiations between UniCredit and the Polish government to resolve a dispute over UniCredit’s acquisition of BPH as part of its takeover of HVB Group, in what was Europe’s biggest cross-border bank merger.

In other work, Dewey Ballantine acted as counsel to Citigroup and Bank Handlowy w Warszawie in relation to the \$44.5 million sale of TFI Banku Handlowego and Handlowy Zarzadzanie Aktywami to LM. As part of the Polish transaction, many of the business relationships between Citigroup, BH and the asset management businesses needed to be terminated and replaced with transition arrangements or restructured in other ways.

Lastly, the firm acted as counsel to PepsiCo in the acquisition of Star Foods, a leading snack-food manufacturer and distributor in Poland, from its indirect owners. The acquisition was finalized following a lengthy competition authority review and approval process.

Leading lawyers

Lejb Fogelman
Jaroslaw Grzesiak
Lukasz Redziniak

Key contact partners

Lejb Fogelman
Jaroslaw Grzesiak
Lukasz Redziniak

Weil Gotshal & Manges

Fully aware that Weil Gotshal’s “international and cross-border work has increased in the last year,” pundits secured the firm’s positioning as a front-runner. The practice that “has been doing some strong transactional work” is spearheaded by the “very good” Pawel Rymarz and rising star Pawel Zdort.

The firm’s capabilities come to fore when it is instructed to act on complex transactions, and the past year has provided Weil Gotshal ample opportunity to display these capabilities. For example, the firm acted for PKN Orlen, central Europe’s largest refiner of crude oil, in connection with the acquisition of 53% of shares in Lithuanian company Mazeikiu Nafta from Yukos International for \$1.5 billion. PKN then signed agreements with the Lithuanian government to acquire 30% of the shares for \$852 million, with an option to purchase an additional 10% stake for \$280 million. The deal marked the largest foreign acquisition in Poland’s history.

In a further headline-grabbing deal, Weil Gotshal advised CEZ, the biggest Czech company listed on the Prague Stock Exchange, on the acquisition of Skawina and Elcho, two southern Polish electricity and heat generators, from PSEG Europa. At €383 million, these transactions were the biggest-ever cross-border acquisitions made by a Czech company.

The firm could also be seen advising on a reverse merger between public company Ster-Projekt and the privately held ABG, in a deal worth €82.6 million, and acting for Netia

Ventures and Netia Globe in relation to their €135 million sale of 70% of the shares in Netia Mobile.

Leading lawyer

Pawel Rymarz

Key contact partner

Pawel Rymarz

Allen & Overy

Commentators decided that Allen & Overy tends to be better known for its fantastic finance practice, but that it is nonetheless more than capable in the corporate arena. Preeminent on significant transactions, Allen & Overy could be seen assisting Rabobank International this year in relation to its Z1510 million (\$165 million) investment in BGZ. Société Générale also instructed the firm in connection with the acquisition of Euro Bank.

In other transactions, Allen & Overy advised Aegon in connection with its \$73 million acquisition of Nationwide Towarzystwo Ubezpieczen na Zycie, and picked up a role assisting Bank Austria in connection with the Z1180 million sale of its stake in Bioton.

Leading lawyer

Jaroslaw Iwanicki

Key contact partner

Jaroslaw Iwanicki

Clifford Chance Janicka Namiotkiewics i wspolnicy spolka komandytowa

The past year has proved a successful period for Clifford Chance, with a litany of impressive mandates and the hire of a group of highly regarded practitioners from CMS Cameron McKenna.

This year Clifford Chance advised the sellers, including private equity funds Advent and Copernicus, on the disposal of Star Foods (Poland’s third-largest maker of salted snacks) to the PepsiCo Group, and assisted Norwegian company Klif Holding on the €150 million sale of its portfolio in Poland through a share sale of 100% of shares in Polinvest, a company that owns shopping centres and office buildings.

Elsewhere, Clifford Chance guided Energis Polska’s shareholders (including National Grid, private equity fund Innova and members of the company’s management) through the sale of 97.5% of its share capital to GTS, and acted for Thomson Multimedia Polska on the Polish aspects of its restructuring through the disposal of its cathode ray tube activities in China, Mexico and Poland to Indian group Videocon.

Key contact partners

Nick Fletcher
Agnieszka Janika

Linklaters

Despite the decreasing amount of privatizations in Poland, the M&A market continues to grow as the country is seen as an increasingly more attractive prospect for foreign investors. An entrant to this arena in 2001, since that time Linklaters has endeavoured to ensure a steady stream of mandates. The practice is competently skippered by the “very experienced” Cezary Wisniewski.

Skandinaviska Enskilda Banken (SEB) instructed Linklaters this year on a much-publicized corporate dispute that resulted in the sale of 47.5% of shares held by SEB in Polish listed bank, Bank Ochrony Srodowiska. In a demonstration of the sort of deal which is typical of a firm of Linklaters’ international standing,

Wisniewski's team advised Telekomunikacja Polska on the planned purchase of the remaining 34% stake in the mobile telephone operator, PTK Centertel. With a transaction volume of €1.22 billion, it was the largest M&A transaction in Poland in 2005.

In a further cross-border transaction, the firm advised on the \$270 million sale by Rémy Cointreau and the Takirra Investment Corporation of Polish vodka production and distribution company, Bols, the third-largest distiller in Poland and a leading importer of wines and premium spirits into Poland.

In a significant transaction for the Polish insurance market, meanwhile, Linklaters acted for Trygvesta on the disposal of its Polish property insurer, TrygPolska, and the firm also advised ING Bank on the sale of Huta Czestochowa by Towarzystwo Finansowe Silesia to Ukrainian company Donbas, a deal that involved complex restructuring issues because control over the target was achieved through the acquisition of receivables rather than as a simple share acquisition.

Leading lawyer

Cezary Wisniewski

Key contact partners

Tadeusz Komosa
Jolanta Tropaczynska
Cezary Wisniewski

White & Case W Danilowicz W Jurcewicz I Wspolnicy

"Obviously impressive, but they haven't done as much M&A work in Poland recently" was the consensus of practitioners of White & Case's M&A practice. Nevertheless, commentators also noted that this could be down to the subdued activities of the firm's clients, something that the firm cannot control. Reputed to offer "much quality" on a transaction, it is the "sharp and business orientated lawyer" Witold Danilowicz who oversees the dynamic practice.

In a deal worth Zł300 million, White & Case was instructed by KBC to act on the successful tender offer for the outstanding shares of Warta Insurance. The firm rallied once again when assisting RR Donnelley & Sons on its successful tender offer for the shares in Polografia for around \$55 million.

Ever-versatile, White & Case advised on the leveraged recapitalization of PolCard, whereby a significant portion of shares held by Innova Capital were sold to a G-Tech subsidiary followed by a reverse merger. At the time of writing White & Case remained busy, this time acting for Mid Europa Partners and its affiliates in connection with the Zł1.6 billion acquisition of shares in Aster City Cable, the leading provider of media and communications services in Poland, from Hicks Muse, as well as advising on the related acquisition financing.

In other work, White & Case advised HDI with respect to all tax issues related to the acquisition of a Polish insurance company, a move that considerably strengthened HDI's position in Poland.

Lastly, White & Case gave its experience to Polimex, a major Polish construction company, and its subsidiary, the publicly listed Mostostal Siedlce, with respect to the merger of both companies. The project involved a precedent-setting reverse merger of privately-held Polimex-Cekop with its publicly-listed subsidiary Mostostal Siedlce, by way of a new issue of shares in Mostostal Siedlce to the current shareholders of Polimex-Cekop.

Key contact partner

Witold Danilowicz

Other notable firms

"Growing [and] often seen on the Polish side of a transaction," Domanski Zakrzewski Palinka is considered a worthy addition to the rankings. The market also emphasised that Soltysinski Kawecki & Szlezak should be mentioned because "they possess an important M&A practice and are systematically growing," and both Chadbourne & Parke and Gide Loyrette Nouel were pinpointed because their Polish M&A operations are considered "small, but respectable." Lastly, Baker & McKenzie Gruszczynski I Wspolnicy Attorneys at Law is also noteworthy due to its high activity level in the market.

Project finance

Recommended firms

Tier 1

Allen & Overy
Baker & McKenzie Gruszczynski I Wspolnicy Attorneys at Law
CMS Cameron McKenna
Wardynski & Partners

Tier 2

Clifford Chance Janicka Namiotkiewicz i wspolnicy spolka komandytowa
Dewey Ballantine Grzesiak
Weil Gotshal & Manges
White & Case W Danilowicz W Jurcewicz i Wspolnicy

Tier 3

Chadbourne & Parke
Gide Loyrette Nouel
Gleiss Lutz
Hogan & Hartson
Linklaters
Lovells
Nörr Stiefenhofer Lutz
Salans
Soltysinski Kawecki & Szlezak

Allen & Overy

In a transaction that registered as the first project financing in the petrochemical sector in Poland, Allen & Overy guided KBC Bank, Société Générale, Bank of Tokyo and Kredyt Bank through the €350 million project financing for the construction of two Hostalen and Propylene petrochemical plants in Poland, to be built by a joint-venture company formed by PKN Orlen and Basell. A further consortium, comprising Bank Pekao, BRE Bank, the European Bank for Reconstruction and Development (the EBRD), Export Development Canada and West LB, instructed Allen & Overy in relation to the €226.5 million and Zł134 million (\$43 million) project financing facilities granted to Elektrownia Patnów II in relation to the construction and operation of a 441MW lignite-fired power plant in Patnów.

In another demonstration of the firm's credentials, Allen & Overy advised on the first project financing in the harbour sector in Poland when it acted for Macquarie Bank and DCT Gdansk on a €100 million financing of a container terminal in Gdansk, Poland. Arkadiusz Pedzich's team also assisted BRE Bank in rela-

tion to financing the purchase and installation of the turbine modernization of a combined heat and power plant.

Leading lawyer

Arkadiusz Pedzich

Key contact partner

Arkadiusz Pedzich

CMS Cameron McKenna

A sizeable firm, comprising seven partners and eight associates, CMS Cameron McKenna has developed an impressive international client list, on which appear such names as Prisma Energy, PSEG, Plasma Leasing and Dalkia. Although “good for advising sponsors,” rivals were undecided as to whether the firm’s contraction in personnel would affect its performance in this arena.

At the time of writing the firm was advising Energetyka (a subsidiary of KGHM and one of the world’s largest copper and silver producers) on the €180 million project financing of a new 180MW gas-fired combined heat and power plant valued at €180 million. CMS was also mandated by Grupa Lotos on the project financing of a new €1 billion facility that will include an integrated gasification combined cycle installation at its Gdansk refinery.

Among the year’s other highlights, CMS advised a consortium of four banks (Depfa, KfW, BPH and WestLB) on the €120 million project financing for the construction and maintenance works of the Katowice-Kraków section of the A4 motorway.

Key contact partners

Andrzej Blach

Andrew Kozłowski

Michał Zieniewski

Clifford Chance Janicka Namiotkiewics i wspólnicy spółka komandytowa

A chain transaction with three sellers and a complicated post-closing restructuring benefited from Clifford Chance’s expert guiding hand this year when the firm advised Aareal Bank on a €228 million financing for the acquisition of the new Rondo One office building. In a further substantial transaction, Clifford Chance advised the EBRD on the €150 million issue of revenue bonds by MWiK, Poland’s eighth-largest municipal water company, to finance its investment programme.

In other work, AMN Amro sought the firm’s advice in its capacity as arranger and security agent on the facility agreement to finance the building of six ships, and Południowy Koncern Energetyczny also instructed Clifford Chance to advise it on a bond issue for the financing of a new 460MW coal-fired plant in Silesia.

Key contact partners

Peter Deegan

Grzegorz Namiotkiewicz

Jan Zdzienicki

Dewey Ballantine Grzesiak

Boasting a strong reputation in the projects arena, Dewey Ballantine continues to advise the Polish Grid Company in connection with the programme for the securitization and restructuring of the long-term power purchase contracts with the Polish power generators.

Dewey Ballantine also continues to represent Vattenfall in connection with its expansion in Poland, especially on its con-

templated acquisition of the Koziencice power plant – one of the few privatizations still ongoing in the country despite the changes in the Polish government – and on its negotiations with the Polish State Treasury in connection with the proposed acquisition of the ZEC Bydgoszcz heat and power plant.

Key contact partners

Jarosław Grzesiak

Stephen Horvath

Tomasz Kacymirow

White & Case W Danilowicz W Jurcewicz i Wspólnicy

Project finance is a growing part of White & Case’s Warsaw practice. In one of the leading projects in the development of Poland’s transportation infrastructure, the firm represented EIB and NIB with regard to the financing of the A1 motorway project in Poland, a deal in which the firm’s role included the preparation of a Polish security package for financing the design and construction of the 89.5km phase 1 section of the project, performing due diligence on the existing project documentation, and proposing amendments to the concession agreement.

In other notable work, White & Case helped PKE to obtain ZL600 million-worth of financing for the construction of a new power unit, Lagisza II.

Key contact partner

Witold Jurcewicz

Other notable firms

Lovells has had an active year in the project finance market, assisting Investkredit on the financing of a shopping centre and the refinancing of an office centre, and receiving instructions from key client Immoeast Immobilien when it required advice on the financing and acquisition of shares in a shopping centre in Silesia. Other clients over the past year have included Belgian developers the Ghelamco Group and ING Bank.

In response to market feedback that Domanski Zakrzewski Palinka “is very active in the market, is well liked by clients and has competitive rates,” the firm has been added to the project finance rankings this year.