

# Bulgaria

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### Yavor Kambourov Kambourov & Partners Sofia

Investors' acquisition of real estate in Bulgaria has increased greatly over the past few years. This is because of the high profit margins and security this investment option offers. It became clear that the creation of an effective and trustworthy mechanism for the accumulation of Bulgarian capital would be inconceivable without the implementation of a statutory framework to regulate the existence of companies with special investment purposes (known internationally as real estate investment trusts). The newly adopted Special Investment Purpose Companies Act (the Act) aims to develop the Bulgarian capital markets, by stipulating the legal framework for investments by means securitizing real estate assets and debt. The Act basically envisages securitization as a way of converting debt, or property rights on real estate, into publicly traded securities.

Compared with the direct acquisition of real property, indirect investment achieved through the purchase of shares or bonds issued by special investment purpose joint-stock companies (SIPJSCs) offers some definite advantages. Among those is the collective investor scheme, which grants particularly convenient access to large-scale real estate investment projects to individuals and small businesses. This access takes the form of a liquid monetary instrument, namely shares traded on regulated stock markets. Investors are offered the opportunity to own and profit from real property in the same way that they benefit from holding shares in commercial companies. The economic rationale of the Act is the growth of investments, following the introduction of statutory guarantees for stable income and the balanced allotment of risk.

Indeed, the essentials of SIPJSCs lie in the adoption of the concept of the professional management of funds, accumulated by the sale of shares, bonds and other monetary instruments, and integrated in an investment pool that represents a balanced and diversified real estate portfolio. The Act does, however, restrict an SIPJSC's scope of activity. An SIPJSC is authorized to accumulate capital by issuing securities and buying real estate assets (or rights thereon), as well as by engaging in construction and improvement work for the purpose of the properties' management, lease, rent or sale. An SIPJSC can also acquire and dispose of third parties' debt.

Under the Act, the real estate assets must be in Bulgaria, and the debtors can also only be Bulgarian individuals or legal entities. The maximum number of founders of an SIPJSC is limited to 50. At least 30% of the company's capital must be subscribed by institutional investors, which, according to the Public Offering of Securities Act, are: (i) commercial banks not operating as investment intermediaries; (ii) investment companies; (iii) insurance companies; or (iv) pension funds or other companies whose scope of activity requires the acquisition, holding or transfer of securities. The minimum capital required to set up an SIPJSC is Lev500,000 (about €250,000). The companies are only allowed to issue dematerialized, book-entry shares. After the court registration, to begin operations, the companies are subject to a licensing procedure, held by the Financial Supervision Commission (the FSC). The FSC is the regulatory body that monitors the newly registered companies for compliance with the required statutory provisions.

The Act provides for a legal guarantee, specifically tailored to secure the public nature of the SIPJSC and its proper functioning as an effective and reliable vehicle for collective investment. This mechanism functions as follows. The constitutive meeting of the SIPJSC must resolve to undertake an initial capital increase of at least 30%, effective as of the moment of the issuance of the licence. The increase will be effected by the issue of the same class and type of shares as those subscribed in that meeting. The increase can only be achieved by a public offering of the company's shares on the regulated stock exchange.

Under the Act, the SIPJSC is prohibited from maintaining the property itself, and from collecting third party debts owed to it. This is to ensure the genuine professional management of the company. Instead, the SIPJSC must outsource the management, service and maintenance of its property to other companies who have experience and capabilities in such matters. The FSC, meanwhile, supervises the managers' activities.

The Act also requires that the SIPJSC keep its securities and cash with a depository bank. The depository bank performs all payment operations on behalf of the company. The depository bank is obliged to keep its own assets and cash completely separate from those of the SIPJSC.

The Act provides for the option to invest available company assets in securities that are issued or guaranteed by the

Bulgarian state, as well as in bank deposits. Up to 10% of an SIPJSC's capital can be invested in the managing service company.

SIPJSCs are exempt from corporate taxation under the Corporate Taxation Act, which avoids the double taxation both of the company's profit and the profit of its shareholders. As a result, an SIPJSC's gains are tax exempt, as is any increase in the value of an investor's shares. This fact, together with the estimated profitability of investing in a SIPJSC, justifies the strong interest in this newly introduced form of corporate investment. The Act obliges SIPJSCs to distribute, in the form of dividends, at least 90% of their profit to shareholders.

In conclusion, it should be highlighted that the introduction of this internationally renowned (yet new to the Bulgarian statutory framework) form of investment, is a big step forward in the development of the Bulgarian capital markets. The Act makes an important contribution to Bulgaria's aspiration to become a player in the international markets.

## Banking and capital markets

### Recommended firms

#### Tier 1

**Borislav Boyanov & Co**  
**Djingov Gouginski Kyutchukov & Velichkov**

#### Tier 2

**Deloitte & Touche OOD**  
**Georgiev Todorov & Co**  
**Kambourov & Partners**  
**Landwell Bulgaria**  
**Spasov & Bratanov**

#### Tier 3

**Batkov Stoev Botev & Associates**  
**Boteva & Kantutis**  
**Chernev Komitova & Partners**  
**Dimitrov Petrov & Co**  
**Eastlaw**  
**Eurolex Bulgaria**  
**LegaCom Antov & Partners**  
**Lega Interconsult – Penkov Markov & Partners**  
**Novel Consult**

#### Tier 4

**IKRP Rokas & Partners**  
**InterLex Consult**

## Mergers and acquisitions

### Recommended firms

#### Tier 1

**Borislav Boyanov & Co**  
**Djingov Gouginski Kyutchukov & Velichkov**

#### Tier 2

**Batkov Stoev Botev & Associates**  
**Georgiev Todorov & Co**  
**Kambourov & Partners**  
**LegaCom Antov & Partners**  
**Lega Interconsult – Penkov Markov & Partners**

#### Tier 3

**Braykov Law Office**  
**Hayhurst Robinson**  
**Landwell Bulgaria**  
**Novel Consult**  
**Spasov & Bratanov**

#### Tier 4

**Boteva & Kantutis**  
**Deloitte & Touche OOD**  
**Dimitrov Petrov & Co**  
**KPMG Bulgaria OOD**  
**PI Partners**

## Project finance

### Recommended firms

#### Tier 1

**Djingov Gouginski Kyutchukov & Velichkov**

#### Tier 2

**Borislav Boyanov & Co**  
**Hayhurst Robinson**  
**Kambourov & Partners**  
**Lega Interconsult – Penkov Markov & Partners**  
**Novel Consult**  
**Spasov & Bratanov**

#### Tier 3

**Eurolex Bulgaria**  
**Georgiev Todorov & Co**  
**Landwell Bulgaria**  
**LegaCom Antov & Partners**

### Batkov Stoev Botev & Associates

Batkov Stoev Botev & Associates has been active since 1991 and has a team of 23 attorneys managed by Todor Batkov Ventzislav Stoev and Boyko Botev. The firm provides advice in all areas of corporate and financial law, including banking, mergers and acquisitions and capital markets.

In the mergers and acquisitions field, the firm has had a busy year advising a leading Bulgarian mobile operator on one of the largest M&A transactions in Bulgaria. Batkov Stoev Botev acted for Mobiltel during its €1.6 billion (\$1.95 billion) acquisition by Telekom Austria, made possible by the closing of a call option agreement in early December 2004. Other

deals saw the firm represent the biggest producer of electricity in Russia on the privatization process of three thermoelectric power stations in Varna, Bobovdol and Russe; advise some of Austria's biggest banks on its negotiations to buy a Bulgarian bank; and assist in a Swedish publishing house's acquisition of a majority shareholding in one of Bulgaria's biggest business daily newspapers.

On the banking and capital markets side, the firm represented Mobilteel in relation to the listing on the Luxembourg stock exchange of its €200 million senior notes, and provided legal counsel to Société Générale's innovative financing department.

In other corporate and commercial transactions, over the past 12 months Batkov Stoev Botev has advised on 21 real estate transactions in Ukraine, counselled one of the biggest European building and construction companies on an infrastructure project in Bulgaria, and represented a client on the investigation of the €80 million alleged state aid granted to Bulgarian telecommunications company EAD.

#### Key contact partners

Todor Batkov  
Boyko Botev  
Ventzislav Stoev

#### Borislav Boyanov & Co

Borislav Boyanov & Co deserves its "very good reputation" and dominant position in all areas of financial law, given the praise it receives from the market. Described by one top corporate client as "among the market leaders," the firm has "been on one side or the other for most of the large Bulgarian financial institutions". The firm is also praised for its "very good knowledge of local law" and for being "very strong on technical issues" with "excellent turnaround time on work". Unsurprisingly, the firm's impressive client list includes such eminent institutions as Bank of New York, Citigroup, CSFB, Deutsche Bank, JP Morgan, Goldman Sachs and UniCredito Italiano.

Among the robust team of nine partners and 29 associates, managing partner Boris Boyanov is highly regarded as a "good banking lawyer" that "is very well connected" and who "has good insights on the real decision-making in Bulgaria". Damien Simeonov is also commended as a "very helpful and commercially orientated" lawyer that has "good local law knowledge," and clients regard Peter Petrov as a "very responsive" lawyer with "good legal knowledge". Others singled out for praise included Raina Dimitrova and Yordan Naydenov, a practitioner cited as being "prominent in M&A."

The firm further consolidates its practice by being a member of the South East Europe Legal Group (SEE Legal), the Central & Eastern European Law Offices, TerraLex and the World Services Group (WSG), as well as being "very active with the American Chamber of Commerce".

The quality and volume of the work handled by the firm over the past year are a testament to the status of this top-level firm. In banking, the firm advised a syndicate of international banks and financial institutions (led by the European Bank for

Reconstruction and Development (the EBRD)) on its €400 million (\$485.9 million) financing of fixed line operator Bulgarian Telecommunications Company's privatization. In May 2005 the firm provided advice on the secured refinancing of two facilities (worth €285 million and €115 million) provided by two banking consortia. Among the year's other highlights, the firm advised the arranger (Standard Bank) and the senior lender (the International Financial Corporation) on a \$65 million secured revolving credit facility and a \$10 million loan to a group of energy companies, and acted for a major Bulgarian bank on €35 million-worth of finance facilities in connection with an M&A transaction that closed in December 2004.

On the capital markets side, despite the sluggish market, the firm is advising a US bank on a \$65 million offering of depositary receipts based on the stock of Petrol Holding, and representing the London branch of a German bank on around €140 million-worth of repackaging transactions relating to Bulgarian shares.

Borislav Boyanov's stellar mergers and acquisitions practice, led by Yordan Naydenov, has been involved in a slew of prominent deals over the past year. In what was the largest ever privatization deal in Bulgaria to date, and the first large privatization in the Bulgarian energy sector, the firm represented the Bulgarian government on the €693 million privatization of 67% of the seven state-owned electricity distribution companies in Bulgaria. Other standout deals saw the firm act for a Ukrainian company on the \$11 million acquisition of the largest manganese mine in Bulgaria, Euromangane.

At the time of writing, the firm was advising News America on the acquisition of 66% of the capital of News Outdoor, working on the €30 million internal transfer of the ongoing business and goodwill of Bulgarian Retail Services, issuer of the Euroline credit card, to the Bulgarian Post Bank, and representing Global Steel Holdings on its acquisition of Kremikovzti, Bulgaria's largest steel-making company.

The Bulgarian project finance market does not see a great many deals come to market each year, but Borislav Boyanov retains a presence in the market with roles on the few deals that are around. This year, for example, it has advised Bulban (a UniCredito Italiano-owned entity) on the €34.85 million financing of the largest department store in Bulgaria, and acted for the EBRD on the financing of the construction of a large hotel on Bulgaria's Black Sea coast.

#### Leading lawyers

Boris Boyanov  
Raina Dimitrova  
Yordan Naydenov  
Damien Simeonov

#### Key contact partners

Borislav Boyanov  
Raina Dimitrova  
Yordan Naydenov  
Damien Simeonov

### Braykov Law Office

Founded in 1990, Braykov Law Office is highly regarded in the market for its mergers and acquisitions practice, which benefits from its long-standing relationships with excellent clients such as IBM, Xerox, Kodak, British American Tobacco, General Motors, Diageo, HBO, General Electric, Henkel and the Bulgarian American Enterprise Fund. The firm also provides legal counsel to the British and Belgian embassies in Sofia.

At the time of writing, Braykov Law Office is involved in efforts to harmonize Bulgarian law with EU requirements, and is cooperating with several international law firms on this, and other, projects. In one of the largest privatizations in Bulgaria, the firm recently advised British American Tobacco on the €250 million (\$303.8 million) Bulgarian tobacco privatization.

Among the dedicated team of 15 lawyers, contemporaries praise senior partner Valentin Braykov as a “very prominent lawyer” that is “well regarded” and “particularly good in M&A”. The firm is a member of the Bulgarian International Business Association, the American Chamber of Commerce in Bulgaria, and is a founding member of the Bulgarian British Law Association.

#### Leading lawyer

Valentin Braykov

#### Key contact partners

Valentin Braykov

Kamen Tcholov

Joanna Znepolska

### Dimitrov Petrov & Co

Peers describe Dimitrov Petrov & Co as a “very good firm with a good reputation”. Boasting “the best telecommunications lawyers,” the firm has carved out a niche for itself in providing legal services to the internet, telecommunications and software sectors. This characteristic is illustrated by an impressive client list that includes Cable & Wireless, Orbitel, Nexcom Bulgaria, Mobilcom and the Bulgarian Internet Association (Bina). The firm comprises seven lawyers and is headed by name partners George Dimitrov and Bogdan Petrov. It is a member both of the Bulgarian International Business Association (BIBA) and the American Chamber of Commerce.

Dimitrov Petrov’s highlights of the past year include advising the Bulgarian Communications Regulation Commission (CRC) on the issuance of the third national GSM licence, acting for the Ministry of Finance on the implementation of administrative e-services rendered to the public, and representing Bina and its members before the CRC and the Protection of Competition Commission.

The firm’s knowledge of the telecommunications sector means that it handles its fair share of M&A and finance work in that sector, not just telecoms law work. For example, the firm recently represented Cable & Wireless on the sale of 49% of its stake in the Bulgarian mobile phone operator, Mobilcom.

#### Key contact partner

George Dimitrov

### Djingov Gouginski Kyutchukov & Velichkov

Djingov Gouginski Kyutchukov & Velichkov is one of the largest and best-established firms in Bulgaria, and “projects the right kind of attitude and image that clients are looking for on deals”. The firm is a client favourite, its nine partners and 32 associates “deliver advice in a form that clients like,” are “very hands on” and have “a very good track record on deals”. The firm has an enviable client base that includes companies such as Carlsberg Breweries and Lukoil, large investment banks such as CSFB, Citigroup, Deutsche Bank, JP Morgan and Merrill Lynch, and supranationals such as the European Bank for Reconstruction and Development (the EBRD) and the International Financial Corporation (the IFC).

Name partner Assen Djingov is regarded well in the market and fellow name partner Stephan Kyutchukov is praised by one practitioner as a “very good lawyer” who is “very active” and a “brain in the firm”. One client also singles out Zdravka Ugrinova as a lawyer that “has always impressed us”. The firm’s strength in depth means that younger lawyers Lyuboslav Lyubenov and Sevdalena Staikova are also making a name for themselves, and are certainly ones to watch.

The firm’s banking practice is led by Vessela Stancheva, and has “strong relations with banks,” which is a real plus when bidding for mandates. For example, the team recently provided legal counsel to Merrill Lynch when it granted \$100 million-worth of acquisition financing to Global Steel Holding for its indirect acquisition of the controlling stake of shares in steel company, Kremikovtsi. Other recent banking deals saw the firm advise the EBRD on six energy-efficient loan facilities extended to Bulgarian banks, and Dexia Kommunalkredit Bank on banking and other regulatory issues.

Despite the slowdown in the Bulgarian capital markets, Djingov Gouginski Kyutchukov & Velichkov has maintained a good client list and regular deal flow. Recent deals have included advising Citadel Investment Group (Europe) on its fixed income and derivatives business, Marco Polo Global Hedge Fund in obtaining authorization from the local securities authorities for admission to list and trade trust units on the Bulgarian regulated securities market, HVB Bank Biochim on a European Investment Bank bond issue, and UBS, Citibank, JP Morgan and Société Générale on Isda-related and other derivative transactions.

Djingov Gouginski Kyutchukov & Velichkov’s mergers and acquisitions team is highly regarded by the market as being “undoubtedly excellent”. At the time of writing, the firm is part of an advisory consortium (headed by CSFB) guiding the Bulgarian government through the privatization of three thermal power plants in Bulgaria. In another prominent ongoing deal, the firm is advising Copenhagen Airports in connection with its tender for the concession of two Bulgarian airports (at Varna and Bourgas) on Bulgaria’s Black Sea coast. Other recent deals have included representing Bank Austria on its €122.5 million (\$148.9 million) acquisition of 99.9% of the shares in Bulgarian bank, Hebros Bank, and acting for Czech

power company, CEZ, on the €281.5 million privatization proceedings of three electricity distribution companies in Bulgaria.

The project finance team, led by Stephan Kyutchukov, has been equally busy. The firm is advising the EBRD on the €34 million financing and securitization of a facility for the redevelopment and improvement of the Maritsa East II power plant, which forms part of the Maritsa East power complex, is acting for Enel in relation to a greenfield project for the construction of a thermal power facility in that power complex, and is representing CSFB on a €220 million greenfield project finance for the construction of a hydro-electric power plant. The firm has also advised the OTP and DSK Bank in relation to the €48 million financing of the construction of the Sofia Mall, and acted for the IFC on the €80 million modernization of, and provision of working capital for, a steel mill for Stomana Industry.

#### Leading lawyers

Assen Djingov  
Stephan Kyutchukov  
Zdraka Ugrinova

#### Key contact partners

Assen Djingov  
Nikolai Gouginski  
Stephan Kyutchukov  
Vessela Stancheva  
Marius Velichkov

#### Eastlaw

Active in the Bulgarian legal market since 1995, market commentators comment that Eastlaw enjoys a “good reputation” and has “good and highly qualified lawyers”. Managing partner Angel Kalaydjiev, a professor in Sofia University’s law faculty, comes particularly highly recommended by his peers, who describe him as a “very good and capable” lawyer with a “very good reputation”. One even calls him “the best lawyer in Bulgaria”.

Eastlaw offers advice in all areas of financial law, with particular expertise in banking and securities matters. Accordingly, a large proportion of the firm’s clients are Bulgarian and foreign banks, insurance companies, investment intermediaries and funds. Among this client list are the National Bank of Bulgaria, Eurobank, ING Bank, Lafarge Group, Shell Bulgaria, Shell Gas Bulgaria, Rexxoil, Siemens, Philips and Association of Bulgarian Broadcasters.

#### Leading lawyer

Angel Kalaydjiev

#### Key contact partner

Angel Kalaydjiev

#### Georgiev Todorov & Co

With seven partners and 41 associates, Georgiev Todorov & Co is one of Bulgaria’s largest law firms. Ivan Todorov is highly regarded in the market, described by one contemporary as a “very capable lawyer, especially in litigation”. Georgiev Todorov is the only Bulgarian member of Lawyers Associated Worldwide, and is also a member of the Bulgarian International Business Association. The firm boasts an impressive client list, which includes Microsoft, UPS Europe, ABN Amro, Bank Austria, Commerzbank, the European Bank for Reconstruction and Development (EBRD), Motorola, Heineken and Daewoo.

The firm has had a solid year across the board. It advised Advent International, a US equity fund, on a €241 million (\$291.9 million) senior loan granted to it by the EBRD, Citibank and a financing syndicate for its acquisition of 65% of the Bulgarian Telecommunications Company. In another notable deal, worth €260 million, the firm represented a consortium of Mitsui & Co, Toshiba and the Japanese Bank of International Cooperation on the redevelopment of four units of the Maritza Iztok 2 thermal power plant, which accounts for around 17% of the electricity in Bulgaria. The firm is also set to advise Mitsui & Co again, as developer and EPC contractor, with respect to a planned extension project for the Maritza Iztok 3 thermal power plant, which has an estimated project value of €1 billion.

In other areas, Georgiev Todorov represented Microsoft and its local subsidiary, Microsoft Bulgaria, in a matter before the Competition Protection Commission, advised Balfour Beatty on a €2 million arbitration case, and acted for the developer of a €6 million four-star apartment complex.

#### Leading lawyer

Ivan Todorov

#### Key contact partners

Alexander Katzarsky  
Ivan Todorov

#### Hayhurst Robinson

Hayhurst Robinson makes its first appearance in the *IFLR1000* rankings this year in response not only to its proven deal flow, but also to numerous peer and client recommendations. A young and dynamic firm that set up its office in Sofia in 1998, Hayhurst Robertson has built a strong corporate and commercial practice, with (on recent evidence at least) a particular focus on project finance and M&A. The firm has worked for an excellent list of clients, including CSFB, OTP Bank, DSK Bank, the International Finance Corporation (the IFC), the Anglo-Irish Bank Corporation, Teka Industrial and Euronet Worldwide.

Leading the professional and capable team of three partners and nine associates, resident partner David Butts has a wealth of experience in areas such as pharmaceutical, biotech, and mergers and acquisitions. Reneta Petkova, meanwhile, is praised by one banking client as “an excellent local lawyer”. Hayhurst Robinson retains strong links with foreign firms through its exclusive Bulgarian membership of worldwide legal association, Interlex.

Over the past year, Hayhurst Robinson has displayed a successful track record in mergers and acquisition deals. It advised the Hungarian OTP Bank on a €311 million (\$377 million) acquisition of Bulgarian national savings bank DSK Bank, and subsequently acted for both parties on their integration, handling corporate governance and regulatory compliance. The firm also represented Landmark/Balkan Realty on the acquisition of the entire shares of two Bulgarian companies, which involved eight different companies in three jurisdictions, advised a French telecoms company on a potential acquisition in Bulgaria, and acted for a UK tour operator on a planned aircraft acquisition.

In banking and project finance, meanwhile, the firm acted for two investment banks on the \$58 million project financing of the Galata gasfield development, represented OTP Bank and DSK Bank on the financing of the development of three hotel complexes, and the construction of another two hotels, on Bulgaria's Black Sea coast, and acted for a multinational pharmaceutical company and its European subsidiaries on a €10.8 million combined debt/equity financing and loan facility.

CSFB has turned to Hayhurst Robinson for advice on a number of occasions. Most recently, it instructed the firm to act on its proposed €800 million financing of Bulgaria's Trakia motorway, and in connection with multiple credit facilities for a Bulgarian electricity company. Other deals saw the firm advising subsidiaries of TD Waterhouse Bank on proposed trade financing operations, and providing advice to several building and development companies on development projects in Bulgaria, such as a shopping mall in Sofia.

Hayhurst Robinson is the regular adviser to the IFC and the Black Sea Trade & Development Bank on their various loan and equity investments, and works for these clients on an ongoing basis. It recently represented the IFC on its financing of a local glassworks.

#### Leading lawyer

Reneta Petkova

#### Key contact partners

David Butts

Simon Dayes

Robert Hayhurst

#### Kambourov & Partners

A firm with an "excellent reputation," Kambourov & Partners is proving itself to be a firm on the rise. Its solid base of clients includes the Central Cooperative Bank, Cosmo Bulgaria Mobile, E.On Energie, First Investment Bank, HSBC, Nokia, Turk Telecom, Universal and USA Cable Entertainment. The firm has grown in numbers as well as stature over the past year, with four new associates joining the ranks.

Kambourov's international credentials are also assured, thanks to its memberships of the British Bulgarian Chamber of Commerce, the German Bulgarian Chamber of Industry and Commerce, the Associazione Bulgaria Italia, the Bulgarian International Business Association and the professional legal association, Lexwork International. Kambourov & Partners is

the only Bulgarian firm to have a permanent lawyer in London (senior associate Radoslav Alexandrov).

Back in the firm's Sofia headquarters, "exceptionally professional lawyers" Stefan Gugushev, Yador Kambourov, Kiro Kirov, and Vladimir Rangeloff are all highly regarded by the market for their "high quality" legal advice and "professional attitude". The firm's rising star is Stefan Tzakov, who one client describes as "professional, hardworking" and with "good experience".

Over the past year, the firm's strong banking team has certainly proved itself to be a safe choice for banking advice. This is particularly well illustrated by the quality of clients the firm is advising, including, at the time of writing, the Economic and Investment Bank on a €30 million (\$36.3 million) capital raising deal, and the First Investment Bank on a \$1.6 million litigation case involving AIG. Over the past year the firm also acted for the Central Cooperative Bank on a matter before the State Receivables Collection Agency, and advised E.On Energie on financial matters relating to the privatization of electricity distribution companies.

Kambourov & Partners' capital markets practice has had a steady year despite the low levels of activity in the markets. At the time of writing, the firm was advising on the transfer of shares of Bulgartabac Holding on the Bulgarian Stock Exchange through a €325 million block trade. The firm also acted for the Central Cooperative Bank on its listing on the Bulgarian Stock Exchange, which closed in October 2004.

The firm's mergers and acquisitions team is highly recommended by the market as a "leader in this practice" that has "done some big deals". Over the past year, the firm has been involved in some of Bulgaria's most prominent deals, including advising E.On Energie on the €695 million privatization of 67% of electricity distribution companies Varna and Gorna Oryahovitsa and the €200 million privatization of thermal power plants TPP Varna, TPP Bobov Dol and DHC Russe. It also acted for the Bulgarian state-owned tobacco monopoly, Bulgaratabac Holding, on its €250 million privatization, and represented the Bulgarian Telecommunication Company on the €325 million sale of 35% of its shares in February 2005. Other deals saw the firm act for Nu Image Bulgaria on the €21 million privatization of Boyana Film Studio, advise foreign trade company Chimimport on the acquisition of shares in gas prospecting firm Neft i Gaz, and represent Global Infrastructure Holding on the acquisition of the largest steel-making company in Bulgaria, Kremikovtzi AD.

In project finance, at the time of writing, Kambourov is advising Trace Holdings in relation to the €10 million reconstruction of Sofia Airport, and working on the development of a wine and grape production farm.

#### Leading lawyers

Stefan Gugushev

Yador Kambourov

Kiro Kirov

Vladimir Rangeloff

#### Key contact partners

Yador Kambourov

Vladimir Rangeloff

## Landwell Bulgaria

Landwell Bulgaria is a solid finance specialist that is well respected in the market for its banking and capital markets practice. One client says that it has “had very good experience with Landwell ... [they were] very open, proactive and problem solving”. The firm has advised foreign mutual funds on their registration for public offering in Bulgaria, and it is one of only two law firms in Bulgaria to have been involved in a successful bond issue.

The team of 17 lawyers is headed by Irina Tsvetkova. Senior associate Nikolay Bebov is singled out as a rising star, one client commenting that his “contribution is unique”. The firm’s other stars of the future are Galina Bunkov and Maria Urmanova.

In banking, Landwell advised the First Investment Bank on the structuring of five subordinated term debt agreements worth more than €25 million (\$30.2 million). Another deal saw the firm represent HSH Nordbank on a \$10 million short-term facility extended to the subsidiaries of Navigation Maritime Bulgare. In February 2005 the firm closed a deal advising Experian Scorex Bulgaria on setting up the first credit bureau in Bulgaria to maintain databases and provide information to its members, which involved representation before the Personal Data Protection Commission, as well as providing banking regulatory advice. At the time of writing the firm is representing a Bulgarian bank on the possible schemes under which it can acquire a portfolio of credit card receivables.

On the capital markets side Landwell has advised First Investment Bank and First Investment Finance on two Luxembourg listed eurobond issues (\$10 million and €200 million respectively). At the time of writing the firm was representing Pioneer Investments on the first non-Bulgarian undertaking for collective investment in transferable securities offered publicly in Bulgaria. The firm also represented Capital Invest on the procedures for the authorization of a public offering in Bulgaria of nine Austrian mutual funds. Another deal saw the firm act for SG Asset Management Paris and SG Asset Management Fund (a Luxembourg open-ended investment company promoted by Société Générale and managed by SGAM Paris) on the procedure for authorization of its public share offer in Bulgaria.

### Leading lawyers

Nikolay Bebov  
Irina Tsvetkova

### Key contact partner

Irina Tsvetkova

## LegaCom Antov & Partners

Founded in 1990, LegaCom Antov & Partners is recommended by the market as a “fine firm” that is “good in corporate law, in particular shipping” and “strong in M&A”. One impressed client praised the firm’s services as “high quality” with a “professional attitude to every aspect of the work.” Among the 20-strong team of lawyers, contemporaries single out partners Christov Antov and Svilen Todorov for particular praise.

LegaCom has attracted some of the most desirable clients in the market, with a good mix of banks and corporates such as Bulbank, Creditanstalt Investment Bank, CSFB, the European Bank for Reconstruction and Development, Pfizer International Corporation, Colgate-Palmolive and Unilever. The firm has also developed good relationships with many international law firms, such as Freshfields Bruckhaus Deringer, Richards Butler, Cameron McKenna, Salans, and White & Case.

A perennially solid M&A performer, LegaCom successfully advised EVN on the privatization of electricity companies worth €271 million (\$327.8 million), three thermal power stations, and the district heating company Bourgas (one of the largest privatization deals in Bulgaria). The firm advised EVN again on a tender procedure, organized by the State Energy and Water Regulatory Commission, for a licence for gas distribution in the Trakia region. In another prominent deal, the firm advised Telecom Austria on the €1.6 billion acquisition of the largest mobile operator in Bulgaria, Mobiltel.

In the project finance field, the firm is advising a consortium (comprising Solvay Sodi and Italy’s leading independent power producer, Edison) on the development and implementation of a joint project for the construction of a 300MW cogeneration power installation at the Deven power plant. LegaCom is also representing Oiltanking Bulgaria on a joint venture to build and operate a new terminal for liquid bulk products at the Bulgarian port of Varna West. Other deals saw the firm act for a consortium consisting of UK water management company, Cascal, and the civil engineering contractor, Glavbolgarstroy, on a concession for the operation of a water and wastewater network in the municipalities of Varna and Shumen, and act for Solvay Sodi on concessions to extract limestone in Devnya and brine salt in Provadia.

### Leading lawyers

Christov Antov  
Svilen Todorov

### Key contact partners

Christov Antov  
Svilen Todorov

## Lega InterConsult – Penkov Markov & Partners

Lega InterConsult Penkov Markov & Partners is highly praised by the market as a “very good firm” with a “good reputation” that has a “strong client portfolio in commercial property”. The firm is an exclusive member of leading legal network Lex Mundi, and an associated member of Eurojuris. Among the four partners and 35 associates spread across 10 offices in Bulgaria, partners Vladimir Penkov and Ivan Markov are especially well regarded by the market.

In banking and capital markets the firm has a stable list of clients that includes Bank of Austria, the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC), Piraeus Bank, TBI Invest, and Druzhba. One recent prominent deal saw the firm help the

Bulgarian Telecommunications Company prepare for its €200 million (\$241.8 million) stock exchange listing.

The firm's mergers and acquisitions practice, led by Vladimir Penkov, is highly regarded by the market as "strong on privatization". In May 2005 Ivan Markov and Lachezar Raichev recently advised Piraeus Bank on its €48.4 million acquisition of 99.7% of the shares of Eurobank. Among the firm's other recent deals of note, it acted for US equity fund, Advent International, on the €1.1 billion privatization of the Bulgarian Telecommunications Company, represented international confectionary company, Chipita, on its purchase of the second largest producer and distributor of standardized bakery products in Bulgaria (Royal Foods Holdings) and worked on the €5 million acquisition of a motor vehicle importer.

The project finance group has had a superb year. It advised the EBRD and the IFC on the \$43 million development of Bulgarian paper mill, Paper Factory Stamboliyski, acted for Titan on the €90 million financing of the second largest cement plant in Bulgaria, worked alongside Lovells' Paris office to guide Société Générale through its €20 million financing of a new sugar production facility in Bulgaria, and advised Chipita on the €16 million financing of a confectionary plant.

#### Leading lawyers

Ivan Markov  
Vladimir Penkov

#### Key contact partners

Ivan Penkov  
Vladimir Penkov  
Lachezar Raichev  
Dimitar Slavchev

#### Spasov & Bratanov

Spasov & Bratanov has an increasingly formidable reputation in the market. The comments are even more impressive when put into context – Spasov & Bratanov is a young firm, formed in 1999. Peers and clients were eager to praise the firm, describing it as "very knowledgeable about market practice, current legislation and trends ... [it is] exceedingly helpful and always available" and as having a "very personalized service and quick turnaround". According to one client, "Georgi Spasov and his team are technically very sound, very easy to work with, hard working and committed to the needs of the client," while another confirms that it was "very impressed with Spasov ... helpful, responsive, proactive where necessary and professional ... they would be my first port of call". With comments such as these, it is easy to see why the firm's client list is first class, including such names as ABN Amro, BNP Paribas, Bank of Austria, Citigroup, Deutsche Bank and ING Bank.

And the praise continues for many individuals in the firm. Partners Georgi Spasov and Vassil Hadjov are both highly praised by the market as having "an excellent grasp of the commercial drivers of a deal and a quick understanding of how that

can be made to work with the legal environment in Bulgaria". One client enjoys working with Georgi Spasov because of "his friendly and personable nature, his high level of commitment, his willingness to try and make himself available at all hours, his efforts to try and keep me abreast of developments in Bulgaria and to bring opportunities to my attention, and his disarming honesty". The equally recommended Vassil Hadjov – formerly in-house counsel at the European Bank for Reconstruction and Development (EBRD) – is cited by several commentators as "very pro-active" and an "excellent all-round business lawyer with a keen commercial sense for banking and project finance" that is able to "get right to the issues and solve things fast and reliably".

With a robust and growing finance practice, one peer describes the firm as "handling a good number of serious deals," while another comments that they have "seen more and more of Spasov" in the market. In July 2004 the firm acted for a syndicate of international banks, led by Citigroup, ABN Amro Bank and ING Bank, on the €650 million (\$786 million) financing for the acquisition of Bulgaria's largest mobile operator. The firm also advised the banking syndicate on a €200 million eurobond issue, which was the third ever eurobond issue by a Bulgarian company.

The finance practice's other recent highlights included advising BNP Paribas, Bayerische Landesbank and OTP Bank Ltd on one of the largest ever syndicated loans to a Bulgarian bank (€140 million), acting for the EBRD on a €30 million loan to a wholly foreign-owned subsidiary for a large greenfield investment in Bulgaria, advising a syndicate of large European banks on the provision of a multicurrency multimillion euro facility to a prominent Bulgarian mobile operator, and representing a leading Bulgarian bank as the arranger and original lender of an overdraft facility to a mobile operator. The firm has also worked on various syndicated loan facilities to Bulgarian banks, and on financings of greenfield project developments.

Spasov & Bratanov has an equally strong mergers and acquisitions practice. Over the past year it has advised a well-known French energy company on its bid for the privatization of a leading regional thermal power supplier, acted for a UK private investment fund on its acquisition of a minority stake in a local industrial company, and represented a leading private equity fund on its acquisition of two large Bulgarian accounting firms as part of its acquisition of the global operations of a Dutch real estate company. Other deal highlights have included providing legal counsel to a UK private equity fund on the sale of its controlling stake in one of Bulgaria's leading limestone producers, acting for one of Bulgaria's largest internet portal companies on the restructuring and sale of its major subsidiary, representing a Dutch company on its acquisition of a Bulgarian wood-processing and furniture plant, and acting for a Dutch company on its acquisition of a Bulgarian metals group.

On the project finance side, Spasov & Bratanov is acting for a US corporation on the €1 billion development and financing of a lignite power station project, the largest project financing in Bulgaria to date. In the first airport concession in

Bulgaria, the firm advised a consortium (consisting of Fraport AG Frankfurt Airport Services Worldwide and BM Star) in connection with its bid for the Burgas and Varna airports concession project. Another deal saw the firm advising the EBRD on the €60 million debt financing of a select group of state-owned regional water and sewerage companies, and the \$45 million debt financing for a gold mine project by a Canadian developer.

Other deal highlights include representing a well-known financial institution on a €200 million state-guaranteed export credit facility as a part of the financing to redevelop a power plant, acting for a foreign investor on its exploration and development of oil and gas reserves in the Black Sea (including the \$75 million multi-layered financing of the company's operations provided by a leading financial institution and a mezzanine debt provider), and acting for a large French utilities company on its bid for the City of Sofia water concession and on the World Bank-sponsored Varna-Shoumen water concession project.

#### Leading lawyers

Vassil Hadjov  
Georgi Spasov

#### Key contact partners

Boyko Bratanov  
Jana Djambazova  
Vassil Hadjov  
Georgi Spasov

#### Other notable firms

The market describes **Chernev Komitova & Partners** as a "well-established firm" with a "good reputation". It is managed by Cernev Silvi, who is the president of the International Commercial Arbitration Court of Bulgaria.

**Eurolex Bulgaria**, founded in 1997, is a "well-known firm" that has a "good reputation". Managing partner Andrey Delechev, the former head of the legal department of the Council of Ministers, is described by one top practitioner as a "very good" lawyer that has "significant energy experience". The firm has five partners, 13 legal consultants and four associates, and has grown recently after the hire of two new members. A member of the Association of European Lawyers, the Bulgarian-Japanese Economic Council and Bulgarian American Trade-Economic Council, Eurolex Bulgaria has relationships with Cameron McKenna and Denton Wilde Sapte, and boasts clients such as the World Bank, the European Investment Bank and Shell.

A "solid" firm, **Interlex Consult**'s client list includes Amoco, Shell, the Commercial Bank of Greece, Aventis, Banca Antoniana Venetto, and the International Finance Corporation.

**Novel Consult** was established in 1994 and has developed a particularly good reputation for its advice on project finance matters. The firm has acted for the European Bank for Reconstruction and Development, Reuters, the Albena Invest

Privatization Fund, the Bulgarian American Enterprise Fund, Centillion and Elana.

Lastly, **PI Partners'** office in Sofia has grown after the recruitment of new associate, Konstantin Ilin. The firm's mergers and acquisitions team, led by Anelia Dinova, has recently advised Swiss company EuroSAS and Sograno on share purchase transactions. The firm's other clients include EFG Eurobank Ergasias and Kloeckner & Co.