

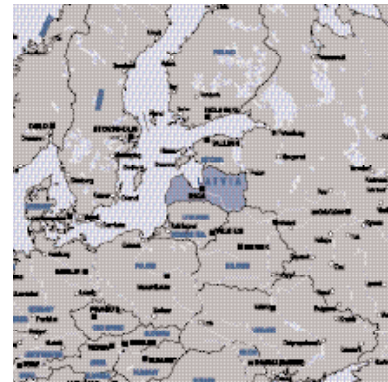
Latvia

Chamber of commerce:

Latvian Chamber of Commerce and Industry
Brivibas Bulvaris 21
LV 1089 Riga
Latvia
Tel: +371 722 5595
Fax: +371 782 0092
Website: www.chamber.lv

Professional body:

The Latvian Council of Advocates
Brivibas Bulvaris 34
LV 1535 Riga
Latvia
Tel: +371 708 8206
Fax: +371 708 8280



Share redemption offers in Latvia

Filip Klavins and Zane Bule Klavins & Slaidins Riga

On January 1 2004, the new Financial Markets Law came into force in Latvia, replacing the former Law on Securities and introducing the requirements of various EU directives.

Regulations on the procedure of making mandatory, voluntary and competing offers to buy shares of those persons owning shares in companies of regulated markets have been given the force of law and there is now more accurate regulation. Beforehand, this procedure was governed by the regulations issued by the Finance and Capital Market Commission (the Commission). The new law also introduces the final share redemption offer or squeeze-out procedure.

Mandatory share redemption offers

According to the law, an offer addressed to other shareholders to buy their shares must be made by a person who holds at least half of the total number of shares with voting rights at the meeting of shareholders. Those shareholders who have voted for withdrawal of shares from the regulated market must also make a mandatory share redemption offer. If a person violates the legal requirements in respect of the procedure for making the mandatory share redemption offer, the term for making such offer, or if a person in violation of the provisions of law has settled accounts with investors who accepted the offer, then such person shall lose voting rights arising from the shares that person owns.

Voluntary share redemption offers

A voluntary share redemption offer can be made by a person whose purpose is to acquire at least 10% of shares with voting rights in the joint-stock company, concurrently specifying in the offer prospectus the minimum or maximum number of shares to be redeemed. If the shareholders of the target wish to sell a number of shares which exceeds the maximum specified in the offer prospectus, then the shares must be redeemed proportionally among all shareholders who have accepted the offer. If the shareholders of the target agree to sell a number of shares which is less than the minimum specified in the offer, the offeror shall redeem all shares from the shareholders who accepted the offer, unless the prospectus provides that the offer shall become invalid in the event that the shareholders accepting the offer do not reach the minimum number of shares specified in the offer.

Competing share redemption offers

The law also imposes restrictions on making competing share redemption offers – that is, a voluntary share redemption offer made in respect of shares of the target company while another offer is valid in respect of these shares. Competing offers may not be made

by a person (i) from the holding company of the current offeror or (ii) being in agreement with the current offeror on cooperation regarding the offer. Offers also cannot be made in cases when the authorization is received from the person who made the valid offer to vote at the meeting of shareholders of the target company in the name of this person. Competing offers may not be made if there are less than five days remaining until the end of the term of the current offer.

Squeeze-out procedure

As of January 1 2004, the new law also introduces the final share redemption or squeeze-out procedure in Latvia. According to this procedure, after the adoption of a decision (made at a shareholders' meeting) to withdraw shares from the regulated markets, a person who owns at least 95% of the total number of shares with voting rights is entitled to request that the other shareholders sell their shares to him. The other shareholders are obliged to sell their shares where a squeeze-out offer is made.

Whenever a share redemption offer is made, the offeror must submit his application to the Commission, together with the offer prospectus; the prospectus must specify the most significant terms and conditions of the offer and other documents required by law. The Commission will review the application within 10 days (in the case of mandatory and voluntary share redemption offers) or within 10 business days (in the case of squeeze-out offers) of receipt in order to decide whether to authorize the offer. The Commission must then inform the offeror of its decision on the next business day, at the latest. Within five business days of receiving authorization from the Commission, the offeror shall publish in the official newspaper *Latvijas Vēstnesis* the notification of the share redemption offer, containing the information required by law. Share redemption may start only after the publication in the official newspaper.

Banking and finance

Recommended firms

Lejins Torgans & Vonsovicis

Blueger & Plaude

Grunte & Cers

Klavins & Slaidins

Liepa Skopina/BORENIUS

Skudra & Udris

Glimstedt & Partners

Loze & Partners

Sorainen Law Offices

Spade un Mikelsons Law Office

Corporate and commercial

Recommended firms

Grunte & Cers

Lejins Torgans & Vonsovicis

Blueger & Plaude

Klavins & Slaidins

Liepa Skopina/BORENIUS

Skudra & Udris

Sorainen Law Offices

Law Offices of Valters Gencs

Glimstedt & Partners

Kronbergs Law Office

Loze & Partners

Spade un Mikelsons Law Office

Blueger & Plaude

Latvia's oldest law firm, Blueger & Plaude was established in 1990 and has grown in recent years to its present size of four partners and four associates. The firm also benefits from the international experience of its lawyers. Both name partners, Valentin Blueger and Baiba Plaude, worked for a long time in the US, and partner Eugene Manenkov recently spent time working for a firm in Norway.

Most Latvian banks tend to use their own legal departments for the majority of deals, but Blueger & Plaude provides advice to a fair slice of the banking market, including Riento Bank. It has also advised the European Bank for Reconstruction and Development on projects in Latvia.

Key contact partners

Valentin Blueger

Baiba Plaude

Grunte & Cers

The second private practice to be established in Latvia post-independence, Grunte & Cers is one of the country's oldest and most well-respected law firms. It advises on legal matters ranging from mergers and acquisitions to real estate and from banking to litigation, but it is best known for its corporate and commercial advice to foreign companies looking to invest or conduct deals in Latvia.

Despite comments from some contemporaries that they haven't seen the firm on many deals recently, the firm maintains a strong reputation in the market for the quality of its work.

Grunte & Cers comprises four partners and six associates in Latvia's capital city, Riga. Both name partners, Ivars Grunte and Gundars Cers, are highly recommended. Past and present clients include StatOil Latvia, McDonald's, Nomura International, Glencore, Barclays Bank, Hewlett Packard, Ford and Michelin.

Key contact partners

Gundars Cers
Ivars Grunte

Leading lawyers

Gundars Cers
Ivars Grunte

Lejins Torgans & Vonsovicis

The law office of Lejins Torgans & Vonsovicis is the market leader for banking and finance work in Latvia and one of the most respected internationally. It is "solidly a tier-one firm" and "everyone's major competitor on M&A work".

The firm is made up of four partners – Girts Lejins, Kalvis Torgans, Romualds Vonsovicis and Dace Silava-Tomsone – and seven associates. Of these, Lejins, Silava-Tomsone and senior associate Andrejs Lielkalns are the most consistently recommended to our researchers.

During the last year these two partners have worked on a number of important mergers and acquisitions in Latvia, including advice to the Republic of Latvia on the sale of its shares in a €900 million (\$1.07 billion) pulp mill plant project, acting for Finnish supermarket chain Kesko in connection with several acquisitions and leases in Latvia, and advising Danish real estate investment fund Baltic Property Trust on buying up a number of real estate companies.

In banking and finance, the firm advised Hansabank on a €65 million loan from a banking syndicate headed by the Copenhagen branch of Nordbank, helped Latvenergo on a syndicated loan from Parex Bank, advised Nordea Bank, Bank Austria and NordDeutsche Landesbank in connection with a €40 million guarantee facility agreement and acted for Reval Hotel Latvia on a €23 million refinancing. It also finished up the work on reopening and financing the First Latvian Commercial Bank, on which it worked alongside international firm Freshfields Bruckhaus Deringer and Deloitte & Touche.

The firm's most important clients not included in this list of recent deals are the Central Bank of Latvia, the European Bank for Reconstruction and Development, Kraft Foods, Kesko, Latvenergo, the Latvian Privatisation Agency, Philip Morris, Procter & Gamble, Stora Enso and Velux.

Key contact partners

Girts Lejins
Dace Silava-Tomsone
Romualds Vonsovicis

Leading lawyers

Girts Lejins
Andrejs Lielkalns
Dace Silava-Tomsone

Klavins & Slaidins

Filip Klavins and Raymond Slaidins are both US lawyers that came to Latvia when it achieved independence in 1990 and decided to remain there, being admitted to the Latvian Bar in 1992. They initially formed a partnership with Janis Loze in the firm Klavins Slaidins & Loze, before it broke up in early 2003 and the two lawyers formed their own partnership. Filip Klavins is highly recommended by peers and clients alike, who say he is talented and reliable.

The firm advised Metsäliitto on the negotiations with the Latvian government that were required to build the Metsäliitto pulp mill project, planned to be the largest investment in Latvia's history. It advised the Helsinki stock exchange, HEX, on its acquisition of the Riga Stock Exchange and the Latvian Central Depository. And it is regular counsel to Deutsche Bank, State Street Bank and other international banks on the state of legislation and investment possibilities in Latvia.

More recently, Klavins & Slaidins was Latvian counsel to BP on its merger with Alfa Group, Access and Renova, which involved several complicated filings and negotiations with the Latvian Competition Council. It also advised Skanska on its sale of its property holdings in Latvia and was counsel to the European Bank for Reconstruction and Development on the original \$33.5 million secured infrastructure loan to the Riga City municipal water company.

Key contact partners

Filip Klavins
Raymond Slaidins

Leading lawyer

Filip Klavins

Liepa Skopina/BORENIUS

Lauris Liepa had established an alliance with Finnish firm Borenius & Kemppinen before he merged his firm with the Law Offices of Laine Skopina in June 2003 to form the current shape of the firm. Skopina in turn had come from the now defunct firm Klavins Slaidins & Loze.

The new outfit is recognized by the market for its high standard of work, described by contemporaries as a "great" and "consistent" firm. Lauris Liepa is particularly praised as financial lawyer with a high degree of commercial and legal expertise, while Indrikis Liepa is recommended as a rising star.

Liepa Skopina/Borenius provides legal advice to local and international clients. It advises the Riga Stock Exchange and helped it through its merger with the Finnish HEX Group,

helped Valio set up a joint venture with dairy producer Rigas Piena Kombinats, and represented Group 4 Falck on its acquisition of a Latvian IT company.

The firm has many large banks as clients and was involved with the restructuring of Nordbank's loans in Latvia. It also acted on one of Latvia's largest eurobond issues, working opposite international firm Clifford Chance.

Key contact partners

Lauris Liepa
Laine Skopina

Leading lawyer

Lauris Liepa

Skudra & Udris

"One of Latvia's best firms," Skudra & Udris began life in 1992 when it was formed by associates of the US law firm Carroll Burdick & McDonough, based in San Francisco. It has always had a slightly more narrow remit than its Latvian counterparts, focusing on corporate and commercial work only. It has a long list of international clients by virtue of both its US connections and reputation for high-quality work. These include JP Morgan Chase, Morgan Stanley, Philips, British Airways and Siemens.

Recent work has involved the firm with the Stockmann department store chain, which it advised on a real estate development project in September 2003, Parex Bank and West LB, which it represented on a syndicated loan to Latvenergo, and General Electric, which needed advice on the lease of several Boeing aircraft to Air Baltic in January 2004. The firm also advised a syndicate of international banks led by Raiffeisen Zentral Bank Osterreich on a €40 million (\$47.5 million) loan to Norddeutsche Landesbank in April 2004.

Key contact partner

Armands Skudra

Leading lawyer

Armands Skudra

Other notable firms

The Latvian branch of **Sorainen Law Offices** has "a good corporate practice" in which Gints Vilgerts is highly recommended and which has grown with the hiring of ex-European Bank of Reconstruction and Development lawyer Girts Ruda. **Loze & Partners** are "good lawyers" and have more of a corporate focus, while the **Law Offices of Valters Gencs** is recommended on the reputation of leading lawyer Valters Gencs. **Glimstedt & Partners** is also a strong firm, with considerable respect from its peers in the legal market.