



# Growth in changing times

ANNUAL REVIEW 2012



## WE TELL

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# ” WE TELL

A TIME OF RELATIVE  
STABILITY IN BUSINESS

HAS GIVEN US THE OPPORTUNITY TO  
FOCUS LESS ON GROWTH AND MORE  
ON DEVELOPING OUR PRACTICES,  
TRAINING OUR PERSONNEL, DEVELOPING  
KNOW-HOW MANAGEMENT AND CRM  
SYSTEMS AND INVESTING IN IT. THIS HAS  
RESULTED IN OUR ABILITY TO OFFER  
CLIENTS FASTER SERVICE PLUS BETTER  
QUALITY AND PRICE THAN EVER BEFORE.

Dear clients, friends and co-operation partners,

We all have our fresh memories of the past turbulent year in our region – the Baltics and Belarus – for some better, for some a bit worse. However, I believe we all in general should still be pleased. As the old wish goes regarding “peace and prosperity”, then at least we had peace, even if in some areas the prosperity was a bit questionable.

For us as a firm, last year brought many new experiences and surprisingly many successes. We saw the return of mergers and acquisitions and other exciting transactions to the Baltics. We saw privatisation gradually starting in Belarus, although the roughly 70% devaluation of the Belarusian rouble resulted in quite a shake to the economy. No doubt the Belarus export industry received quite a boost in terms of favourable currency exchange rates, at least for some time.

In the Baltics we worked increasingly for the energy sector and other regulated infrastructure businesses. Starting to advise Hitachi as a strategic investor in the new nuclear plant project in Lithuania is one of our highlights. Banking, financing and capital markets still remained quite low.

SORAINEN as a whole experienced moderate growth last year and we got back to the same performance level we had in 2008, our previous peak time before the region was hit by the financial crisis. Our revenue growth last year was mainly fuelled by the Energy & Utilities Practice (growing by over 200%) and the M&A and Private Equity Team (growing by 35%) as well as the Dispute Resolution, Real Estate & Construction and Commercial Contracts Teams (which each grew by more than 10%). We believe this is a great achievement for our markets.

Today we continue housing over 120 lawyers and tax advisers and the total number of our people is 190 in four jurisdictions. During the past three years we have invited four new partners, one to each of our offices. The past three years have really been useful for us. A time of relative stability in business has given us the opportunity to focus less on growth and more on developing our practices, training our personnel, developing know-how management and CRM systems and investing heavily in IT. This has resulted in our ability to offer clients faster service plus better quality and price than ever before.

It is clearly visible that our clients have also seen the value of our efforts. This is reflected in numerous top-tier rankings we are gaining in international legal directories plus several prestigious international awards but most of all in the increasing number of loyal, long term clients.

Thank you for working with us. Every day we do our best to make your business succeed!

**Aku Sorainen**  
Senior Partner





# ESTONIA. FINDING EFFICIENCY AS THE ONLY WAY FORWARD

WE ARE NOT AIMING TO BE THE FASTEST RUNNER IN THE 100 METRES DASH, OR THE BEST JAVELIN THROWER. OUR AIM IS TO BE THE BEST IN DECATHLON, TO MASTER ALL SKILLS THE BEST WHEN MEASURED IN AGGREGATE.

Looking back, we see 2011 as twofold for Estonia in general. Whereas in the first half of the year the overall economy of Estonia was among the fastest growing economies in the EU, the second half of the year brought about a slowdown. Additionally, the short-term perspective became clouded by Eurozone problems and growth estimates became much more modest compared with April-May 2011.

We also consider 2011 a great year of efficiency improvements in many spheres of economic activity in Estonia. The people running the state, investors and employees alike all understood that the way forward is to increase efficiency. That principle applies to all spheres of life, starting from state finances to private sector activities. Even students have become more efficient and active, many of them working throughout their studies, often for a very small salary or even for free as an investment in their future. Further, we consider 2011 a time of reality. In general people have realised and accepted the fact that the years of easy growth and prosperity for all are over, at least for now, and the remaining part of this decade is going to be a time of hard competition and lower profit margins for businesses and people in general in Estonia.

Estonian society as a whole and the Estonian economy have in our opinion weathered the economic and financial storm of the last three years comparatively well. We believe Lithuania and Latvia will follow suit with some delay. The Estonian Government and political leaders have managed an almost impossible achievement: internal devaluation without ruining the state finances or the competitiveness of the nation. That is something most – if not all – of the political elite of the EU and Eurozone envy these days. The fact that Estonia is one of only three Eurozone countries that at the moment fully fulfils the Maastricht criteria speaks for itself.

As to the operations of SORAINEN in Estonia, 2011 was also manifold. The beginning of the year was as busy as the 2008 heyday, but then the period from mid-April to the end of August was relatively peaceful: it seemed all the transaction work had gone and the property market appeared to be as stuck as in 2009-2010. Then again the end of the year was very busy with big litigation, regulatory and transaction work all coming in at almost the same time. Even if the year was not very even as to business, 2011 was better than 2010 and 2009 when measured by total income generated by SORAINEN Estonia. That is truly a great achievement by our people!

At SORAINEN 2011 was also a great year of efficiency and reality. We were successful in improving efficiency but unlike the state and many businesses we are not used to cutting the income of our personnel. As all businesses we have become more cautious as to where we spend our money. As we know, our people are a valuable asset and we try to look after them as best we can. We have never been an eat-what-you-kill organisation and we will never be one. We believe in long-term relationships where we invest in our people – educating them, training them in practice, trusting them with responsibilities, and giving them fair and proper feedback.

We are not aiming to be the fastest runner in the 100 metres dash, or the best javelin thrower. Our aim is to be the best in decathlon, to master all skills the best when measured in aggregate. I believe we have shown a decathlon attitude this year and we aim to perfect it in the coming years. I would also like to thank all of our dear clients who have relied on our advice and support during these restless times. We will continue doing our utmost to prove our trustworthiness each and every day.

**Pekka Puolakka**  
Managing Partner





# LATVIA. EXPERIENCING SMALL BUT STEADY GROWTH

WE ARE PROUD THAT DESPITE THE GENERAL SITUATION IN THE LATVIAN LEGAL MARKET WE WERE ABLE TO MAINTAIN OR EVEN GROW OUR MARKET SHARE.

After 2008 to 2010, which were particularly difficult for the Latvian economy, 2011 showed the first signs of slow but steady recovery. Compared to 2010, Latvian GDP grew in 2011 by 5.5%, a very good result compared to most of the other EU Member States. The largest growth was in the trade, manufacturing and transport sectors; the tourism, catering and construction sectors also showed significant improvement. On the other hand, prospects for 2012 are rather unclear because of instability in the Eurozone and dependence of the Latvian economy on exports, mostly to Europe. These tendencies, in addition to the recent turbulence in the Latvian banking sector caused by problems with Krājbanka and Snoras bank, already had a negative effect in the last quarter of 2011.

From the political point of view 2011 was rather stable, even despite continuing budget cuts in the public sector, changes in the tax regime to decrease the state budget deficit and extraordinary elections to the Latvian Parliament. However, especially because of the elections and subsequent change of government, some larger projects such as the long awaited privatisation of Lattelecom have been set aside. This of course has had an impact on the legal market.



These factors resulted in smaller growth of the legal market in Latvia, which by our estimates was still smaller than general GDP growth. This is partly because a large number of companies were still cutting their legal budgets in 2011 while others were conservative in growing their spending, including on legal services because of unclear predictions for the next couple of years. Therefore the legal market in 2011 experienced very tough price competition with client demands for ever more flexible and client friendly pricing mechanisms.

We are proud that despite the general situation in the Latvian legal market we were able to maintain or even grow our market share and towards the end of the year our position among the top law firms in the market consolidated, as also evidenced by continuously excellent rankings in leading legal directories and the award of the “Baltic States Tax Firm of the Year” by *International Tax Review* for the second year in a row. The largest increase in work volume was in our M&A and Private Equity, Commercial Contracts and Competition & Regulatory Teams. Our team increased by four talented and experienced lawyers and we continued advising on the largest transactions in the market.

We also kept with our tradition to promote development of the Latvian legal environment and availability of legal advice by continuing support to the Riga Graduate School of Law library and to Latvian law students participating in various moot courts, as well as regular teaching and pro-bono work. In addition, in 2011 we started a new tradition of granting a SORAINEN scholarship to the most talented students of the University of Latvia Law Faculty to support their research in their chosen study field.

**Eva Berlaus**  
Office Managing Partner





# LITHUANIA. CONVERTING CHALLENGES INTO OPPORTUNITIES

“  
WE MADE IMPORTANT INVESTMENTS  
IN OUR CRM AND BUSINESS  
DEVELOPMENT PRACTICES.

Another interesting year is behind us at SORAINEN in Lithuania. The year has been full of positive expectations, hard work and commitments to develop and change, as in the business environment around us.

In general the business environment in Lithuania was rather gloomy in 2011, although the beginning of the year had suggested that we might see a nice growth of the Lithuanian economy as both export and internal consumption grew. Yet the second half put Lithuanian businesses back to uncertainty as the global and in particular the Eurozone economic environment started becoming cloudy. Now all seems to be in Merkozy hands and we shall soon see whether the EU has its backbone.

In SORAINEN Lithuania we made important investments in 2011 in our CRM and business development practices by dedicating ourselves and all teams to invest in client relationships and spotting new opportunities for the firm and our clients. A rapidly changing environment required each of us to be on the alert and open in changing our habits. We believe we have done well in inspiring our people to take a step out of the comfort zone and we are seeing results already.

We maintained the position of market leader in advising the largest foreign inbound investors in Lithuania. Mandates from Hitachi-GE Nuclear Energy, Western Union, Barclays, Kraft, HP, Pohjola Insurance and others evidence the trust of large professional corporates towards SORAINEN experience and team capabilities in Lithuania.

Notably, the energy sector was the most active in Lithuania in 2011. Several long-term strategic projects, including a new nuclear power plant and the LNG terminal, were initiated by the Lithuanian Government. SORAINEN has taken an active role in all of these, including acting for Hitachi as the strategic investor in the Visaginas new nuclear power plant project – the largest investment project in the Baltic States to date. To service the scale and magnitude of these projects, we strengthened our energy team by two experienced professionals in the field. As a result of focused efforts and team dedication, the energy practice more than tripled in 2011.

Our M&A Practice was active throughout the year and engaged in the largest transactions in the country. Revenue generated by this practice grew by about 20% and the team defended its top tier rankings in all major legal directories.

The Dispute Resolution Practice in Lithuania grew by approx 25%, but the Commercial Contracts Team generated about 30% more revenue compared to 2010 and both teams enjoyed working for many well-known names such as Google and FIBA.

Although financial markets were not positive, our Banking & Finance Team was rather busy and won several major mandates, including a USD 750 million (approx EUR 540 million) Lithuanian Eurobonds issue, and advised several significant financial players such as HSBC, JPMorgan and Société Générale, on a number of financial instruments and transactions.

Our Tax & Customs Team tripled over last year and is considered one of the largest and most capable tax teams in Lithuania. It is particularly strong on international tax structuring, where several larger mandates kept the team busy and the practice growing, also earning the “Baltic States Tax Firm of the Year” award from *International Tax Review* in 2011.

Overall in 2011, SORAINEN Lithuania enjoyed satisfying growth in revenue, strengthened a number of teams and is positive about the current year, which most likely will be even more challenging.

As in previous years, we are committed to further developing our cross-border capabilities, to becoming more efficient and adding value to client businesses. The teams are in their best shape ever both by experience and dedication, which allows us to face the challenges of the present year and convert these into opportunities.

**Kęstutis Adamonis**  
Office Managing Partner





# BELARUS. OVERCOMING DIFFICULTIES

“  
WE WELCOMED A GOOD NUMBER  
OF NEW CLIENTS – INVESTORS WHO STILL  
SAW OUTSTANDING OPPORTUNITIES  
IN A DIFFICULT MARKET.

2011 was deeply challenging for the Belarusian economy and the legal market. A severe local financial and currency crisis arose, caused by the accrued economic disbalance, especially a high negative foreign trade balance, growth of incomes exceeding labour productivity, high dependence on foreign energy resources, plus excessive government support to certain industries, enterprises and population groups. Free trade in foreign currencies was restricted, while a multiplicity of Belarusian rouble exchange rates and a currency black market came into existence for the first time in ten years. Import-dependent businesses suffered significant losses and personnel cuts. By the end of 2011, Belarus was recognised by the Big Four companies as a hyperinflation economy. Population incomes decreased significantly. Law firms dependent on local clients were among the first to feel the impact, but the whole legal market also saw contraction of foreign investor activity, postponement or even cancellation of debt and equity financing and greenfield investment projects.

Nevertheless, quite a few foreign and domestic businesses carried on despite temporary hardships. We also welcomed a good number of new clients – investors who still saw outstanding opportunities in a difficult market. We advised on a number of acquisition deals in various sectors (especially food and drink, infrastructure, tourism and recreation, manufacturing), large-scale financing transactions, joint ventures between private parties and the government, consolidation of businesses, real estate transactions. So, besides challenges, 2011 brought our team very interesting and rewarding work!

On a positive note, the Belarusian Government has taken quite decisive measures to overcome the difficulties. We have seen a rigid revision of budget spending at all levels, significant reduction of capital-intensive state programmes (especially construction of subsidised housing), an almost complete salary freeze in the budget-funded sector, a certain acceleration of privatisation and a bit more modest but probably realistic official growth forecasts for 2012. Belarus is also very actively engaged in developing the Customs Union and Eurasian Economic Community with Russia and Kazakhstan, which has also drawn the attention of investors interested in access to the largest and most attractive parts of the CIS market.

The legal community has been concerned with the new Law on Advocacy, debated by several interested parties (including the state authorities) and under consideration by the parliament. In its worst form, the Law may ban representation of clients in commercial courts by licensed law firms. A number of firms have united their efforts to prevent massive adverse changes in the legal framework and it seems their voice has been heard, although we are still waiting to see whether the reform will have a more or less satisfactory outcome.

So 2012 does not look very “rosy”: both the global and the local economic situation do not give many reasons for optimism, yet we believe there will still be plenty of opportunities – for a country which could open up more to the world and become a yet more attractive destination for foreign investment, and finally realise its great potential. And also for our firm, which will remain strong, reliable and ever improving in all respects both for its clients and its team members.

**Maksim Salahub**

Office Managing Partner (until February 2012)



# OUR CLIENTS TELL

## CROSS-BORDER MERGER HELPS HEIDELBERG TO BETTER PREPARE FOR INDUSTRY CHANGES

Heidelberger Druckmaschinen AG (Heidelberg) is the world-wide leading provider of solutions and services for the print media industry. Headquartered in the city of Heidelberg, Germany, with production and development sites in seven countries and around 250 sales and service units in 170 countries, the company serves about 200,000 customers. Printing presses, pre-press and post-press equipment are mainly produced in Germany in compliance with strict quality standards. For the Chinese market, standardised printing machines for all common format classes as well as folding

machines are manufactured in Qingpu near Shanghai, China. In financial year 2010/2011, company sales volume reached EUR 2.629 billion. Heidelberg Group employs a workforce of more than 15,000 people internationally.

In 2009, we started, as did many other regional players, to consider a cross-border merger to reorganise our business more effectively. Although merger is not the only way to optimise business, recent practice shows that the number of mergers has multiplied. Merger of group companies operating in the Baltic States

has been seen as an especially economical business approach: merging subsidiaries and affiliates operating in a region may provide a convenient platform for cost-saving, helping to maintain business competitiveness in the long term. Advantages also include uniform client and order databases, possible central warehousing, easier accounting and reporting, clearer management structure, less bureaucracy, and more. A merger also allows tax optimisation and may open the way to various tax advantages in the future.

Heidelberg companies in four countries – Finland, Estonia, Latvia and Lithuania – successfully completed the main merger process of all four legal entities under the coordination of SORAINEN by autumn of 2011. The Estonian company was chosen to be the legal entity for the region because of synergies with Finnish operations, accession to the Eurozone and a stable economy.

We selected SORAINEN as our legal adviser in this complex process partly as we have had positive cooperation since 2001 but mainly because SORAINEN has the most extensive track record in advising on cross-border mergers (eg Siemens, Seesam, IF, AON, Elektroskandia) so with their truly integrated regional teams they seemed the most efficient solution from the client's perspective. Our cross-border merger has already improved transparency and streamlined administration, preparing us for the rapid changes in the print media industry we see in the short-term future.

**Esa Saarinen**

Managing Director of Heidelberg Baltic Finland



MERGING SUBSIDIARIES AND AFFILIATES OPERATING IN A REGION MAY PROVIDE A CONVENIENT PLATFORM FOR COST-SAVING, HELPING TO MAINTAIN BUSINESS COMPETITIVENESS IN THE LONG TERM.

WE HAVE BEEN LOOKING FOR OPPORTUNITIES TO INCREASE OUR PORTFOLIO IN ESTONIA TAKING ADVANTAGE OF MARKET POTENTIAL AND CAPITALISING ON OUR KNOW-HOW.

## CITYCON INCREASES ITS PORTFOLIO IN ESTONIA

Citycon is an active owner and long-term developer of shopping centres and other retail properties, one of the largest in the Scandinavian and Baltic region. In Estonia Citycon acquired the biggest shopping centre Rocca al Mare in 2005 and Magistral centre in 2007 with SORAINEN's legal assistance. We have been looking for opportunities to increase our portfolio in Estonia taking advantage of market potential and capitalising on our know-how.

In spring 2011, these plans were realised with acquiring Kristiine Shopping Centre, which, with gross lettable area of 42,600 m<sup>2</sup>, is Tallinn's second-largest after Rocca al Mare. Kristiine is a well-known and successful shopping centre with 170 stores and high-quality tenants with

strong sales. The investment amounted to approx EUR 105 million, which makes it one of the largest ever single-asset real estate transactions in Estonia. In Tallinn area we now hold a very good position.

SORAINEN helped us in a very professional manner in all stages of the acquisition – due diligence, negotiations, signing, obtaining merger clearance, closing and post-closing matters.

Following the acquisition of Kristiine Shopping Centre, Citycon now owns and manages a total of 36 shopping centres and 45 other retail properties in Finland, Sweden, Estonia and Lithuania.

**Yariv Marom**

Chief Investment Officer of Citycon Oyj






## CONSTITUTIONALITY OF LEGAL MEASURES BY THE LATVIAN GOVERNMENT AND PARLIAMENT PROVED

The Latvian Ministry of Finance is the key administrative institution in the finance sector in Latvia and has played a major role in driving Latvia out of economic crisis. Some of our external partners such as law firm SORAINEN have provided an immense help in this process.

In 2008, after years of booming economic success, the Latvian economy took one of the sharpest downturns in the world, picking up pace in the last quarter which saw GDP contract by 10.5%. The 2008-2010 Latvian financial crisis, which stemmed from the global financial crisis, was generated when an easy credit market burst, resulting in an unemployment crisis, along with the bankruptcy of many companies. The crisis severely affected the country's second largest bank – Parex banka. Among the reasons for

the problems that occurred with Parex were global financial market turmoil and economic recession that influenced most countries involved in the global economy. Deposit withdrawal led to quick loss of liquidity in Parex banka. Additionally, the Parex foreign securities portfolio had worsened as a result of the global financial crisis and there was no bank or other party which could assume issuing additional guarantee or any collateral to Parex creditors. Parex had entered into two agreements with syndicated lenders – a EUR 500 million loan in 2007, and a EUR 275 million loan in 2008. Repayment of the syndicated loans was scheduled in early 2009. However, Parex could not make it because of the fall in its securities portfolio value. As a result of these events, the Government of Latvia decided to take over the bank and restructure it.



THE CASE DREW WIDE PUBLIC ATTENTION, CARRIED GREAT SIGNIFICANCE FOR THE ENTIRE FINANCIAL MARKET AND COULD HAVE AFFECTED THE CREDIBILITY OF THE MEASURES ADOPTED BY THE LATVIAN GOVERNMENT TO TACKLE THE CONSEQUENCES OF THE FINANCIAL CRISIS.

In order to restructure Parex and to ensure special measures for the financial sector in times of crisis the Latvian Government and Parliament adopted a number of legislative initiatives aimed at implementing measures to stabilise the financial sector of the country. One of the legislative initiatives provided for special measures in the banking sector for transfer of bank assets.

The new legislation caused heated debate and a number of members of the Latvian Parliament used their right to challenge the constitutionality of several provisions of the Credit Institutions Law. The provisions under challenge had been adopted in order to facilitate special measures in the banking sector aimed at transfer of bank assets. This case was of paramount importance for the Latvian Government, which maintained that the measures adopted were necessary. The outcome of the case was to set an important precedent and could trigger other litigation related to Parex banka. It could also have affected the Parex restructuring. The case drew wide public attention, carried great significance for the entire financial market and could have affected the credibility of the measures adopted by the Latvian Government to tackle the consequences of the financial crisis.



The case was won when the Constitutional Court confirmed the constitutionality of the legal measures which were challenged. Counsel for the Latvian Government in this Constitutional Court case was SORAINEN whose competence and high-quality work was a key element in the successful outcome. Given the complexity of the case, the work that SORAINEN performed confirmed the firm's high ranking and reputation not only in the business sector but also among Latvian state institutions.

**Mārtiņš Brencis**

Director of the Legal Department  
of the Ministry of Finance of the  
Republic of Latvia

## SUCCESS STORY OF THE “INVESTOR OF THE YEAR” IN LITHUANIA

In mid-2010, Western Union selected Vilnius (after considering some 40 locations) as a place for establishing our 4<sup>th</sup> regional operating centre (ROC). Before opening a ROC in Europe, Western Union was operating three other ROCs in Mexico, Costa Rica and the Philippines. The need to close the gap in the EU and the time zones in this part of the world, the necessity to be close to our customers and to understand our customers' various needs were key driving factors for a decision to open a ROC in Europe. The decision which country and city should be chosen as the most suitable place for our centre was really a difficult one.

It took us over six months to complete the diligence process. The key reasons behind choosing Vilnius were its quality labour pool (high education level, availability of skills), geographic location (geographic and cultural proximity to Western European markets,

a Member State of the European Union), good infrastructure, improving economy and governmental support.

As always, entering a new country requires guidance from locals and we are fortunate that we engaged the right people in Vilnius. SORAINEN assisted us in negotiations with the Lithuanian Government regarding an investment agreement and incentive package, as well as advising on various corporate, commercial, employment, tax, real estate and other legal issues related to establishing the centre. Their understanding about our business and needs, overall support – which was not limited to legal advice – and general “business mindedness” helped us to overcome challenges. The Europe ROC (EUROC) was launched in record time!

After more than one year of operations in Vilnius, we can firmly say that we are very happy with our decision to select Vilnius and believe that the Vilnius community is happy about our decision as well. We are employing close to 500 people in EUROC and are planning to expand. As a reward for our effort, Western Union was recently awarded as the “Investor of the Year 2011” by the leading Lithuanian business magazine Verslo žinios and was also recognised as one of the best employers in Lithuania.

### **Cortland W Norman**

Managing Director of Western Union Processing  
Lithuania

“  
THE KEY REASONS BEHIND CHOOSING  
VILNIUS WERE ITS QUALITY LABOUR  
POOL, GEOGRAPHIC LOCATION,  
GOOD INFRASTRUCTURE, IMPROVING  
ECONOMY AND GOVERNMENTAL  
SUPPORT.



## CARLSBERG AND ALIVARIA BREWERIES TIE TOGETHER THEIR LONG RICH HISTORIES

In 2010 and 2011, with continuous help from SORAINEN (including antimonopoly clearance and tax advice), Baltic Beverages Holding (a member of the Carlsberg Group), a major Baltic, Russian and CIS brewer, acquired 67.8% shares from minority shareholders in Brewery Alivaria, one of the largest breweries in Belarus. This was one of the first major international share purchase deals in the Belarusian market which also tied together two long and rich company stories.

The histories of Carlsberg and Alivaria breweries date back to the 19<sup>th</sup> century and are remarkably similar.

### *The beginning*

In 1847, J.C.Jacobsen, at the age of 24, founded a brewery in Copenhagen named after his son Carl and set out to follow his dream to brew the perfect beer. He wanted to improve the entire brewery process and the quality of beer.

In 1864, Rohlia Frumkinova opened a wooden brewery in Minsk at the crossing of Aleksandrovskaia and Zagorodnaja streets.

### *In step with time*

In 1867, J.C.Jacobsen's son Carl returned after studying the brewing process in Europe. After a big fire he fully modernised the brewery and installed a new cooling system that improved product quality followed by a dramatic increase in sales.

In 1894, the new owner of Alivaria, Count Czapski, built a brick brewery. Nowadays it is a monument of 19<sup>th</sup> century industrial architecture as well as an operating brewery. The Count started to brew beer according to German recipes. It took only two years to win the first gold medal and honourable mention at the All-Russian Art Fair in Nizhnij Novgorod.

### *Patrons of the art*

Father and son Jacobsen were passionate art collectors. J.C.Jacobsen established the Carlsberg Foundation for Science and amassed an impressive art collection, now housed in the Ny Carlsberg Glyptotek in central Copenhagen. "The Little Mermaid", a famous symbol of Denmark, was donated by Carl Jacobsen in 1913.

THESE TRANSACTIONS SECURED US AS THE LEADER IN THE BEER SECTOR THROUGHOUT BELARUS. EVEN IN THE TURBULENT ECONOMIC SITUATION WE CONTINUE TO STRENGTHEN OUR POSITION.

As head of Minsk city, Count Czapski showed enthusiasm for the arts. He helped to finish the construction of Yanka Kupala Theatre, built the first pawnshop in Minsk and the first telephone stations for public use in Belarus, founded the Mariinski high school for girls and the Minsk vocational credit association, also organising the horse tram in the city.

#### ***Our times***

In 2009, Carlsberg is the 4<sup>th</sup> largest brewery group in the world employing around 45,000 people.

In 2009, Alivaria Extra was the only Belarusian beer to win an award for the perfect taste – 2 stars in the Superior Taste Award contest in Brussels (Belgium).

#### ***Joint story***

In 2011, in a series of transactions including public offer Carlsberg Group increased its share in Brewery Alivaria and obtained majority ownership.

These transactions secured us as the leader in the beer sector throughout Belarus. Even in the turbulent economic situation we continue to strengthen our position. Since 2010, brand value has increased from USD 48 million (approx EUR 36.5 million) to USD 52.3 million (approx EUR 39.8 million) in 2011. In April, two sorts of Alivaria beer were awarded gold and silver medals at the prestigious Monde Selection contest in Brussels and later two stars at the Superior Taste Award. In May we changed the look of the entire mainstream segment



by launching new packaging. In August 2011, Alivaria took 3<sup>rd</sup> place in the annual “BelBrand 2011 – Top 100 Belarusian Brands” rankings, climbing one position since last year.


Alivaria’s market value is growing, which reflects customers’ trust in us as well as future perspectives for further brand and company development. We are grateful to SORAINEN for their support to us in this remarkable development which without a doubt is a start for a new, no less colourful history.

#### **Aleksandra Shelkovskaya**

Head of legal department of Brewery Alivaria




# OUR WORK TELLS

## SELECTION OF OUR OTHER MOST SIGNIFICANT TRANSACTION EXPERIENCE IN 2011:

 <p><b>Hitachi</b></p> <p>Strategic investment in the Visaginas nuclear power plant project in Lithuania, the largest ever investment project in the Baltics</p> <p>Legal Adviser</p>	 <p><b>Estonian Road Administration</b></p> <p>Biggest Estonian PPP project to date, section of the national road between Tallinn and Tartu (Kose-Mäo)</p> <p><b>EUR 173 million</b></p> <p>Legal Adviser</p>	 <p><b>Elektroskandia</b></p> <p>Cross-border merger of Baltic operations into an Estonian company with branches in Latvia and Lithuania</p> <p>Legal Adviser</p>	 <p><b>Unilever</b></p> <p>Acquisition of Ingman Ice Cream</p> <p>Buyer's Legal Adviser in the Baltics and Belarus</p>
 <p><b>Estonian Internet Foundation</b></p> <p>Sunrise rules for .ee domain names containing letters with diacritical marks and re delegation request for changing the designated manager of .ee domain</p> <p>Legal Adviser</p>	 <p><b>AECOM</b></p> <p>Feasibility study for the strategic pan-Baltic transport project Rail Baltica, one of the largest ever infrastructure projects in the Baltics</p> <p>Legal Adviser</p>	 <p><b>LEONHARD WEISS</b></p> <p>Acquisition of railway and general construction companies in Estonia, Finland and Lithuania from VolkerRail</p> <p>Buyer's Legal Adviser</p>	 <p><b>Consortium of leading Estonian and Finnish banks (SEB Bank, Nordea Bank, Pohjola Pankki)</b></p> <p>Financing of Viru Keemia Grupp, Estonia's largest oil shale processing company</p> <p><b>EUR 253 million</b></p> <p>Legal Adviser</p>

 <p><b>Alstom</b></p> <p>Engineering, Procurement and Construction transaction</p> <p><b>EUR 950 million</b></p> <p>Legal Adviser</p>	 <p><b>Estonian Development Fund</b></p> <p>Restructuring and recapitalisation of private equity fund owned by the Republic of Estonia</p> <p>Legal Adviser</p>	 <p><b>FIBA</b></p> <p>Monitoring the EUROBASKET 2011 event in Lithuania for intellectual property infringements and taking action accordingly</p> <p>Legal Adviser</p>	 <p><b>Event Hotel Group</b></p> <p>Acquisition of ca 26,000 m<sup>2</sup> Radisson Blu hotel and office building in Tallinn, Estonia</p> <p>Buyer's Legal Adviser</p>
 <p><b>Elering</b></p> <p>Debut Eurobond issue on the London Stock Exchange</p> <p><b>EUR 225 million</b></p> <p>Legal Adviser</p>	 <p><b>LOTOS Petrobaltic</b></p> <p>Acquisition of Geonafta group, the largest oil extraction operation in Lithuania</p> <p>Buyer's Legal Adviser</p>	 <p><b>BNP Paribas</b></p> <p>Issue of notes of the Republic of Lithuania</p> <p><b>USD 750 million (approx EUR 540 million)</b></p> <p>Legal Adviser</p>	 <p><b>Baltcom</b></p> <p>Attraction of long-term loan facilities in cooperation with SEB banka for business development</p> <p><b>EUR 28 million</b></p> <p>Legal Adviser</p>
 <p><b>Sanoma</b></p> <p>Sale of retail chain R-Kioski in Finland, Estonia and Lithuania and press distribution operations in Estonia and Lithuania to Reitan Servicehandel</p> <p><b>EUR 130 million</b></p> <p>Seller's Legal Adviser</p>	 <p><b>Ryanair</b></p> <p>Litigation with State Joint Stock Company Latvijas Gaisa Satiksme regarding charges for Air Navigation Services</p> <p>Legal Adviser</p>	 <p><b>VCA Baltic Retail</b></p> <p>Obtaining a loan from Pohjola Bank for construction of a new hypermarket in Riga, one of the first large scale development financing projects in Latvia after the crisis</p> <p><b>EUR 8.7 million</b></p> <p>Legal Adviser</p>	 <p><b>Unimilk</b></p> <p>Merger of Unimilk with Danone's Fresh Dairy Product business in the CIS area, creating a new entity with annual sales of approx EUR 1.5 billion and over 18,000 employees</p> <p>Legal Adviser in Belarus</p>



 <p><b>Carpathian</b></p> <p>Sale of the Babilonas Shopping Centre in Panevėžys, Lithuania</p> <p><b>EUR 24.1 million</b></p> <p>Seller's Legal Adviser</p>	 <p><b>Vienna Insurance Group</b></p> <p>Landmark consolidation of business operations in Belarus, including merger of local subsidiaries and corporate restructuring</p> <p>Legal Adviser</p>	 <p><b>International Finance Corporation</b></p> <p>Provision of long-term corporate loan to Alutech Group, the biggest IFC investment so far in Belarusian companies</p> <p><b>EUR 22 million</b></p> <p>Legal Adviser</p>	 <p><b>Signature Investment Group</b></p> <p>Acquisition of Korona, operator of the largest retail centre in Belarus with total area of 20,000 m<sup>2</sup>, leased to 800 tenants</p> <p>Buyer's Legal Adviser</p>
 <p><b>Mieszko</b></p> <p>Acquisition of 100% shares in TB Investicija, which controls Vilniaus pergalė, a Lithuanian confectionary producer, and several other subsidiaries</p> <p><b>EUR 31.86 million</b></p> <p>Buyer's Legal Adviser</p>	 <p><b>Bitė Lietuva</b></p> <p>Acquisition of Eurocom, one of the largest mobile virtual network operators in Lithuania, operating through the Bitė network since 2003</p> <p>Buyer's Legal Adviser</p>	 <p><b>Seesam</b></p> <p>Cross-border merger of insurance operations in the Baltic States into an Estonian company with branches in Latvia and Lithuania</p> <p>Legal Adviser</p>	 <p><b>Fortum</b></p> <p>Sale of subsidiaries Fortum Elekter and Fortum Termest</p> <p>Seller's legal adviser</p>
 <p><b>Stockmann</b></p> <p>Winning a dispute at all court instances in overturning the Latvian taxation authorities' decision to impose taxes and penalties</p> <p>Tax Adviser</p>	 <p><b>Pekkaniska</b></p> <p>Transactions with Naftan, a Belarusian oil refinery, on leasing, delivering and erecting extra-large equipment</p> <p>Legal Adviser</p>	 <p><b>MTV Networks</b></p> <p>Licence agreement negotiations with AKKA/LAA, the main Latvian copyright collecting society</p> <p>Legal Adviser</p>	 <p><b>Baltic Property Trust</b></p> <p>Sale of subsidiary holding ownership over the Valdemāra Rimi Hypermarket in Riga</p> <p>Legal Adviser</p>



## HAND IN HAND WITH THE YOUNGER GENERATION TO BUSINESS ENVIRONMENT PROSPERITY

At SORAINEN, we strive to align our business aspirations with social values. We are committed to positively contributing to society and care deeply about developing leaders for tomorrow as well as entrepreneurial initiative. 2011 at SORAINEN excelled as a year full of new initiatives, first developments and results in supporting our future – the local younger generation and the business environment.

In Estonia, we have continued supporting a new focus for Noored Kooli (in English “Youth to School”), a programme that aims to bring about positive changes in Estonian education. The programme invites young professionals to become teachers for two years, also giving them excellent leadership experience.



*PAVEL ALONOV, teacher of history and social studies in a Russian language school in Tallinn who continued as a teacher after the programme, commenting on his decision: "A good teacher is one who dares take responsibility. I do not know any other organisation where a person has a bigger responsibility than in school."*

Just as in the other Baltic States, a topical issue in Estonia is that young Russian speaking people are not able to fully use their potential due to insufficient local language knowledge. Therefore SORAINEN's support is targeted towards finding Estonian speaking teachers to teach in Russian speaking schools. Better knowledge of the local language gives Russian speaking students a better chance to flourish in the local business environment and integrate in the local community.

SORAINEN in Latvia, after being a Latvian University (LU) patron for several years, this year granted its first scholarship. By suggesting formation of this scholarship our aim was, and remains, to support students of the LU Faculty of Law during their studies and in particular to promote their interest in research in their chosen study field. In granting the scholarship, the student's initiative in research work and public activities are taken into account. The SORAINEN scholarship is for BA (LLB) and MA (LLM) students at LU Faculty of Law (starting from the II year). In future we are looking forward to this scholarship becoming a tradition.



© Photo: Toms Grīnbergs, Latvian University Press Centre

*Latvian University MA student EMĪLS PAUPE receives the first SORAINEN scholarship from the hands of SORAINEN Latvia partner Agris Repšs and HR manager Elīna Vikmane.*



*Top students from a Lithuanian state university attending one of the SORAINEN lectures on practical law aspects.*

SORAINEN Lithuania started a new project in 2011 with one of the state universities, where the best III - IV year students were selected. We have made a commitment to deliver eight lectures every study year, mostly concentrating on practical aspects of law within our different practice groups so that we can share our "real life" experiences with law students. So far, three lectures have been delivered, receiving very high feedback evaluations. This has inspired us even more, so that SORAINEN Lithuania has already decided to introduce several bonus lectures for selected students. We hope that this project will receive even more attention and that next year it will spread among more students and universities in Lithuania.

In Belarus, SORAINEN regularly supports Belarusian students aiming to contribute to their further development and improve both practical and educational legal skills. Since opening in 2008, SORAINEN Belarus provides invaluable support to students from the Belarusian State University participating in the Willem C. Vis International Commercial Arbitration Moot, the ICC International Commercial Mediation Competition organised by the ICC International Court of Arbitration, and the ELSA Moot Court Competition on WTO Law (EMC2). Our Belarusian office provides students with access to office facilities and international resources, while Alexey Anischenko, partner and head of the Commercial Contracts and Dispute Resolution Teams, supported by office lawyers, coaches the teams. We are delighted to empower students to develop their written and advocacy skills.



*SORAINEN partner ALEXEY ANISCHENKO (first on the left) with the team of Belarusian students after a moot court mediation session in Paris, France.*

# WHERE WE BEGAN AND WHERE WE ARE NOW

I HAVE WITNESSED A KIND OF NEW PHASE IN OUR INTEGRATION. I HAVE A GENUINE FEELING THAT OUR PROCESSES AND POLICIES HAVE INDEED DEEPENED A LOT AND OUR PEOPLE, ALSO FROM THE MINDSET POINT OF VIEW, HAVE BECOME CLOSER TO EACH OTHER AND MORE PROFESSIONAL.

## ON BEING MANAGING PARTNER OF SORAINEN TODAY

The first two years as managing partner of our fine firm have been challenging (although I do not like that cliché expression), interesting, rewarding and heavy in travelling. One of the most important commitments I made in October 2010 was that I would travel frequently to each of our offices to meet up with people and feel the pace of business there where it happens. Although we have all possible communication means these days, I am a firm believer in face-to-face meetings. It was a good commitment to make as I have shared and gathered very much valuable information on my trips. Besides I am now on top of all the airBaltic and Finnair loyalty programmes!

Over the course of the last two years I have witnessed a kind of new phase in our integration, something we the management have trumpeted so much time after time. I have a genuine feeling that our processes and policies have indeed deepened a lot and our people, also from the mindset point of view, have become closer to each other and more professional. Even if we hail the name of a regional integrated law firm approach, we cannot and should not forget local specialities and cultural differences. We need to embrace local “differences” and peculiarities as those are very valuable to us – we are able to use them to our clients’ benefit, because we work together no matter what the differences are!

The last two years have been an era of mild economic recovery in our region. Most, like myself, now believe the worst is over and better times must be heading our way. In general most businesses have suffered during the past two years, but we have actually improved our run on many fronts. As a regional firm we are close to the level of 2008 and if everything goes as planned in 2012 we will be way above 2008. And despite the fact that the legal markets in the Baltics seem to have declined in 2009 and 2010 as well, we have been able to grow again. It seems we have been increasing our market share during those challenging years.

I have also noticed that we are in the decathlon business. As we are a full range law firm, it means that we need to master all areas of law and we need the stamina to compete day after day. We might not be the fastest in the 100 metre dash, we might not jump the highest or longest, but when the points are tallied up after all events are done, we have raked up the winning points in total. I have learned so many good things about our people during these last two years that I do not know where to begin. But if I try to summarise all in one sentence, covering everyone from Tallinn to Minsk, it would be this: our people are hard-working and dedicated professionals who treat their colleagues with the same degree of respect as they treat our clients, and they never give in when it comes to fighting a client's rightful cause.

**Pekka Puolakka**

Managing Partner (since January 2010)



## SORAINEN BEFORE AND AFTER 17 YEARS OF PRACTICE

SORAINEN had a very modest beginning in September 1995 in Tallinn, when Aku Sorainen started the firm with a borrowed computer and printer, but with a brave plan to create a true pan-Baltic business law firm. This resulted in organic growth and opening “greenfield” offices in Riga in 1997 and Vilnius in 1999. Since then SORAINEN has grown steadily to become a leading regional law firm and the first law firm in the region to implement a certified quality management system under the ISO 9001 standard in 2006. In 2008, we opened our Belarusian office in Minsk and were among the very first foreign law firms in that market.

Today we number more than 120 lawyers and tax advisers and almost 200 personnel in total. We have already serviced more than 7,500 local and international corporate clients and advised on close to 35,000 business transactions in the region.

Since the first “Baltic Legal Adviser of the Year” award in 2008, we have now received this title six times from three different publications plus two “Baltic States Tax Firm of the Year” awards from the *International Tax Review*. In 2011, our Belarusian office received its first award – “Best Provider of Legal Services in Belarus”.

“Baltic Legal Adviser of the Year” (2008)



“Baltic Law Firm of the Year” (2009, 2010, 2012)



“Baltic Law Firm of the Year” (2009, 2010)



“Baltic States Tax Firm of the Year” (2010, 2011)



“Best Provider of Legal Services in Belarus” (2011)





To ensure top quality service, we operate as a matrix organisation with local and regional teams, which cover the areas of law and taxation as listed below. Working in these integrated teams allows us to ensure strong specialisation, know-how sharing plus prompt, efficient and reliable service across all four offices in any business transaction related to the Baltic States or Belarus.

We advise clients in the following practice areas:

 Banking	 Intellectual Property
 Capital Markets	 Investment Funds, Structures & Pensions
 Corporate	 Investment Incentives
 Competition	 Mergers & Acquisitions
 Construction	 Pharmaceuticals & Life Sciences
 Dispute Resolution	 Private Equity
 Distribution & Trade	 Privatisation
 Employment	 Project Finance & PPP
 Energy & Utilities	 Public Procurement
 Environmental	 Real Estate
 Financial Services & Regulation	 Restructuring & Insolvency
 Information Technology & Data Protection	 Tax & Customs
 Infrastructure & Regulatory	 Telecommunications
 Insurance	 Transport & Maritime



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