



SORAINEN

ESTONIA LATVIA LITHUANIA BELARUS

Maturing into a focused and client-driven organisation

ANNUAL REVIEW 2012/2013



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Leading a law firm is sometimes like leading an orchestra and sometimes a jazz band. Both are very different and no day is like another.

Aku Sorainen
Senior Partner



Dear clients, friends and co-operation partners,

In mid-January 2013, I participated at a seminar in London where an Indian born Harvard professor presented a new case study about the reasons for the Eurozone crisis to a small group of lawyers, who had come from all continents except Antarctica. While once again feeling being part of a truly international business community I also felt proud to being able to represent the Baltic States there.

All three Baltic States have done remarkably well during the current financial crisis in Europe. Estonia has been the only Eurozone country able to meet the Maastricht criteria during the financial crisis and it is indeed amazing how well Estonia has managed its budget; the state debt is only 9.6% of GDP (as of Q3 2012) which is the lowest in the European Union (EU) and is in surplus! Unemployment is decreasing and the economy grew last year by 3.2%!

Latvia is no less a wonder; the country fell into deep crisis in 2008 and had to be bailed out by the IMF. However, after implementing very tough, yet successful austerity measures, which included reducing most salaries in the country, Latvia has been able to get back on growth track and has determined to pay back all IMF loans before the deadline! Currently it seems that most likely the country will join the Eurozone from the beginning of 2014.

Lithuania is a good example from within Europe that continuously demonstrates the benefits of a flexible economy for post-crisis recovery – in 2012, the Lithuanian economy grew by 3.6% and in 2014 the economy is already expected to reach the pre-crisis level. Lithuania has been most active among the Baltic States in implementing reforms in 2012 according to the Doing Business 2013 global report.

All three Baltic States could be used as good examples for other EU countries of how to manage economic and fiscal policies successfully in times of crisis without drastic sovereign lending, but rather by lowering costs and salaries.

Although relations between the EU and neighbouring Belarus are not trouble free, the country has managed its economy surprisingly well thus far despite the fact that the long awaited privatisation boom has not yet started.

For SORAINEN 2012 was another successful year. Group revenues grew moderately by 5% to about EUR 12 million. While our Dispute Resolution, Tax & Customs and Competition & Regulatory Teams across the region grew fastest, our transaction teams (M&A and Private Equity, Banking & Finance, Corporate Advisory and Real Estate) won the most notable awards in their fields of practice: we again won the *Financial Times & Mergermarket* as well as the *IFLR* Baltic States Law Firm of the Year awards! The same transaction teams topped the *Bloomberg* and *Mergermarket* M&A lead tables as the highest ranked Baltic law firm. Last but not least, for the third time in a row our regional Tax & Customs Team won the Baltic Tax Firm of the Year award granted by the *International Tax Review*! Our competitors for this last award have always been the Big 4 auditing firms.

What made last year a success for us? I believe this is to a large extent due to our organisation gradually maturing. The average age of our associates has now reached 32, which is the same as in most major international law firms. Although by contrast our partners are still younger than their peers abroad, we have been able to create a highly focused and specialised organisation, which tries hard constantly to provide the best available legal advice and client service. At the same time we continue investing heavily in our IT and knowhow management systems, which will allow us to be even more efficient. Additionally, the SORAINEN Academy continues training our personnel and partners probably more than anyone else in the region; last year we organised approx 100 training events in all for our 200 personnel and partners. Last but not least, we have promoted two new partners; Kęstutis Švirinas at our Lithuanian office and Allar Jõks at our Estonian office; both to our Dispute Resolution Teams. This is all done in order to ensure continued client satisfaction and the long term success of our firm during very interesting years to come in Europe.

Aku Sorainen
Senior Partner



I am passionate about working with SORAINEN.
The constant mental challenge and energy of the team is truly comparable to my love of extreme sports.

Toomas Prangli
Estonian Office Managing Partner



ESTONIA. STABLE POSITION AMONG MARKET LEADERS

E-estonia: quick and highly developed e-culture
(online company registration in a day!)

Part of EU and Eurozone: exemplary state budget
management

Ranked 24 among 183 economies by World Bank
Doing Business 2012 study

Total current headcount: 65

- 42 lawyers (including 8 partners)
- 23 support staff

Business increase in 2012:

- Increasing revenue from Estonian clientele
- We have achieved a total of more than 4,400 successfully serviced clients since establishing the office in 1995
- We have achieved a total of close to 17,000 cases handled since 1995

TOP 5 legal teams by revenue in 2012:

- Dispute Resolution
- Corporate Advisory
- Banking & Finance
- Mergers & Acquisitions and Private Equity
- Real Estate & Construction

Office rankings in legal directories:

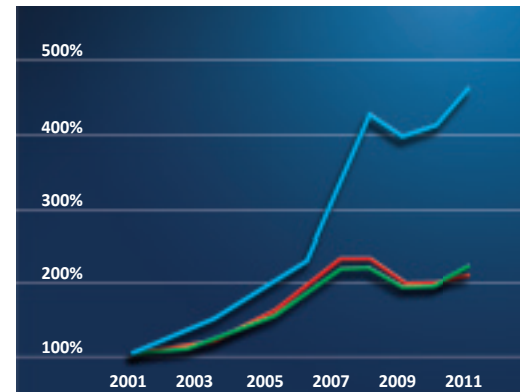
- 13 Tier 1 recognitions of 10 practice areas (Dispute Resolution, Corporate and M&A, Competition, Employment, Intellectual Property, IT, Real Estate & Construction, Banking & Finance, Shipping & Transport, Tax) by the major independent international legal guides *The Legal 500*, *Chambers Global* and *Chambers Europe*
- 31 recognitions for our partners and attorneys as leading individuals by *The Legal 500*, *Chambers Global* and *Chambers Europe*

Our biggest local events/milestones of 2012 were:

- Toomas Prangli, regional head of the M&A and Private Equity Team and Knowledge Management Team, also assumed the responsibilities of SORAINEN Estonia office managing partner
- Allar Jõks, whose last position before joining SORAINEN in 2009 was the Chancellor of Justice of Estonia, becomes the 23rd regional partner
- Baltic M&A and Private Equity Forum took place for the third time: previously held in Riga and Vilnius, this time it gathered more than 200 market players in Tallinn

In 2013, we aim to:

- Continue increasing our market share among local clientele
- Retain our top talent and hire only the *crème de la crème*
- Strengthen our market leader position by revenue among Estonian law firms

Estonian legal market development

- SORAINEN revenue growth in Estonia (%)
- Trend based on 6 other biggest law firms in Estonia
- Estonia's GDP growth (%)



As in music, where pure technique gives no good result, also in law – you need talent and experience to excel.

Eva Berlaus
Latvian Office Managing Partner



LATVIA. CELEBRATING 15 YEARS OF OPERATION AND SIGNIFICANT BUSINESS INCREASE

Attractive foreign direct investment terms

Supportive tax environment: rebates for large investments, very low corporate income tax rate

Ranked 21 among 183 economies by World Bank Doing Business 2012 study

Total current headcount: 45

- 30 lawyers and tax specialists (including 6 partners)
- 15 support staff

Business increase in 2012:

- We have achieved a total of 2,400 successfully serviced clients since 1997
- We have achieved a total of 9,900 cases handled since 1997

TOP 5 legal practices by revenue in 2012:

- Real Estate & Construction
- Tax & Customs
- Dispute Resolution
- Corporate Advisory and M&A
- Banking & Finance

Office rankings in legal directories:

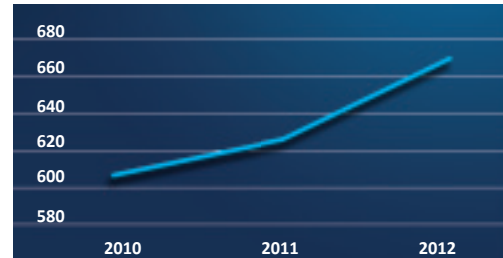
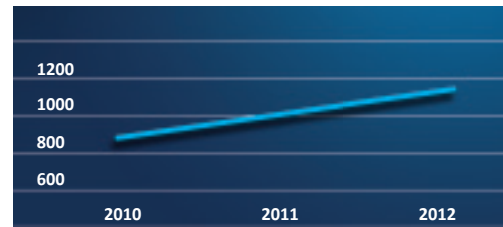
- 15 Tier 1 recognitions of 9 practice areas (Corporate and M&A, Dispute Resolution, Employment, Tax, Banking & Finance, EU & Competition, IT & Telecoms, Shipping & Transport, Real Estate & Construction) by *The Legal 500*, *Chambers Global* and *Chambers Europe*

Our biggest local events of 2012 were:

- 15th anniversary celebration with clients
- Achieving pre-crisis financial result
- Expanding our clientele to the strongest local businesses

In 2013, we aim to:

- Continue shaping our dream team by recruiting the best talent on the market and offering constant development for our personnel to excel even more
- Grow our market share by ensuring top professional service plus business minded and innovative client care

Growth of number of clients serviced in Latvia**Growth of number of new cases in Latvia**



Working with SORAINEN is like in a team sport: we love to work in teams and are passionate about scoring – signing and closing deals.

Laimonas Skibarka
Lithuanian Office Managing Partner



LITHUANIA. RECORD YEAR: RESULT OF YEARLY GROWTH AND SUSTAINED DEVELOPMENT

Progressive investment legislation guaranteeing protection of investors' rights

Risk diversification not reliant on world economic movements

In one year improved its rank by 22 positions to 69th among 183 economies by World Bank Doing Business 2012 study

Total current headcount: 70

- 46 lawyers (including 6 partners), the largest SORAINEN office as of 2013
- 24 support staff

Business increase in 2012:

- The office achieved record revenues in 2012 since starting operations in Lithuania and became the largest SORAINEN office by revenue per partner
- We have achieved a total of 2,600 successfully serviced clients since 1999, and over 300 clients in 2012
- We have achieved a total of 10,700 cases handled since 1999

TOP 5 legal practices by revenue in 2012:

- Competition & Regulatory
- Dispute Resolution
- Corporate Advisory
- Real Estate & Construction
- Mergers & Acquisitions and Private Equity

Office rankings in legal directories:

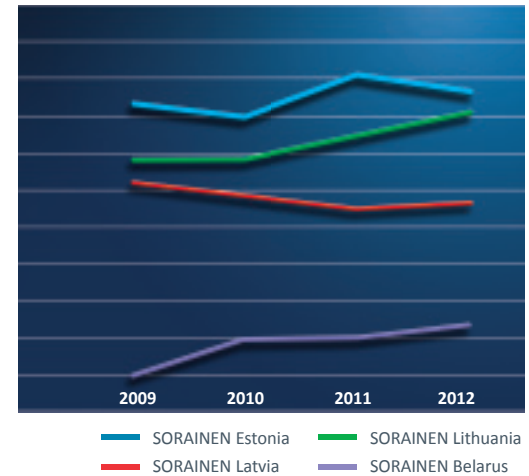
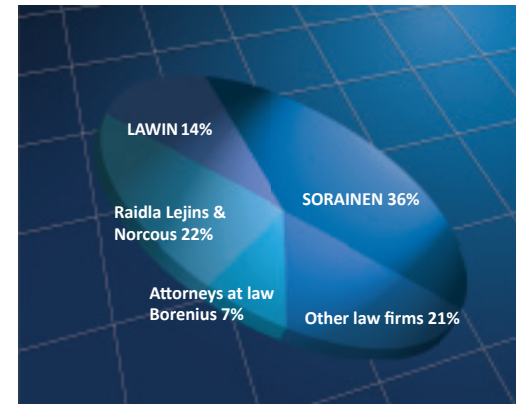
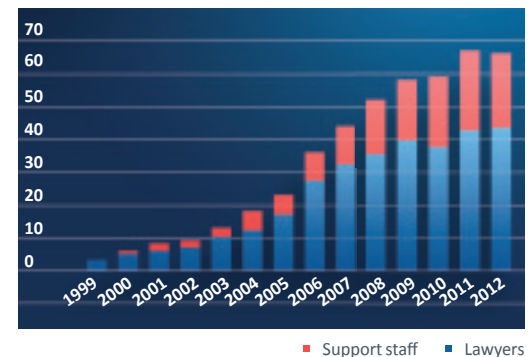
- 10 Tier 1 recognitions of 6 practice areas (Corporate, M&A, Dispute Resolution, Banking & Finance, Shipping & Transport, Tax) by *The Legal 500*, *Chambers Global* and *Chambers Europe*

Our biggest local events of 2012 were:

- Becoming leader by largest closed M&A transactions in 2012 according to *Mergermarket*
- Achieving over EUR 600 million of dispute resolution and arbitration cases handled within the last 5 years
- Becoming the largest SORAINEN office by number of employees
- Kęstutis Švirinas swells the ranks of partners

In 2013, we aim to:

- Learn and hone the skills essential for business success by running a marathon of superior client service, self-development and teamwork to be crowned by SORAINEN running in the *Vilnius Marathon 2013*
- Continue our most productive investment – investment in our people

SORAINEN turnover trends**Market share by largest closed M&A transactions in 2012****Growth of our team**



We always aim for a clean home run in all our assignments and return advice faster than the request comes to us.

Kiryl Apanasevich
Belarusian Office Managing Partner



BELARUS. STEADY GROWTH IN A RECOVERING ECONOMIC ENVIRONMENT

Large talent pool and competitive labour costs

Advanced business infrastructure

Ranked 27 among 183 economies by World Bank
Doing Business 2012 study

Total current headcount: 26

- 15 lawyers (including 3 partners)
- 11 support staff and trainees

In comparison to 2011, in 2012 we:

- Increased the number of clients serviced by 27% and have achieved over 500 successfully serviced clients since 2008, including over 100 new clients in 2012
- Increased the number of cases handled by 35% and achieved a total of 1,800 cases handled since 2008



TOP 5 legal practices by revenue in 2012:

- Distribution & Trade
- Mergers & Acquisitions and Private Equity
- Corporate Advisory
- Banking & Finance
- Dispute Resolution

Office rankings in legal directories:

- 3 Tier 1 recognitions for General Business, Corporate, Commercial and Financial law by major independent international legal directories *The Legal 500*, *IFLR1000* and *PLC Which lawyer?*
- 10 recognitions for our partners as leading individuals by *Chambers Global*, *Chambers Europe*, *The Legal 500*, *IFLR1000* and *PLC Which lawyer?*

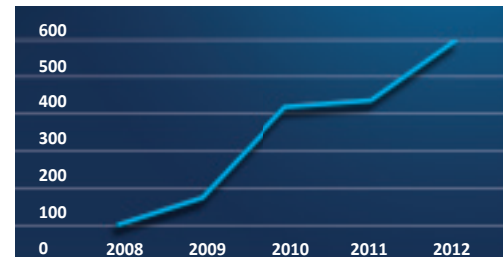
Our biggest local events of 2012 were:

- Kiryl Apanasevich, head of the transaction service line, also took over the responsibilities of office managing partner
- Handling highly complex cases and the best clients on the market, including international market leaders (IFC, EBRD, Raiffeisenbank, Getin Holding and others) and advising on the largest M&A transactions in Belarus
- In cooperation with Priorbank (a subsidiary of Raiffeisen Bank International) publishing a survey of the business environment in Belarus, a guide for those considering investing there – the Belarusian Investment Guide 2012

In 2013, we aim to:

- Increase our market share and revenue by 20%
- Grow the headcount of the Belarusian office in order to continue developing a team with strong specialisation and dedication
- Further strengthen relations with our key cooperation partners both in Belarus and beyond
- Celebrate our success with clients and partners with our 5th anniversary event in March 2013

Growth of number of cases in Belarus





We are ready for any moves from the opposition as we sleep with our boxing gloves on.

Maksim Salahub
Partner



BELARUS: ECONOMY CALLS FOR MODERNISATION

The Belarus investment climate and business environment are considered in most aspects to be more difficult and riskier than in the Baltic States or other CEE countries – members of the EU. However, investors both from East and West are still drawn to this country by business opportunities and vacant market niches which probably cannot be found anywhere else in Europe today. We believe that the unrealised potential of a market of 10 million people, workforce quality, and Belarus' membership in the developing Common Economic Space with Russia and Kazakhstan will result in a number of new investment projects in the coming years.

In 2012, Belarus was recovering from the consequences of the previous year's economic turmoil. The government managed to use the effect of steep devaluation of the national currency to boost exports significantly and replenish the sovereign gold and currency reserves. At the end of the year, an intensive industrial modernisation plan was announced and new ambitious economic growth goals were set. However, a number of old problems have remained unresolved: people's incomes have been growing faster than labour productivity, the foreign trade balance again became negative towards the year end, privatisation has come almost to a full stop and foreign direct investment was only trickling into some industries.

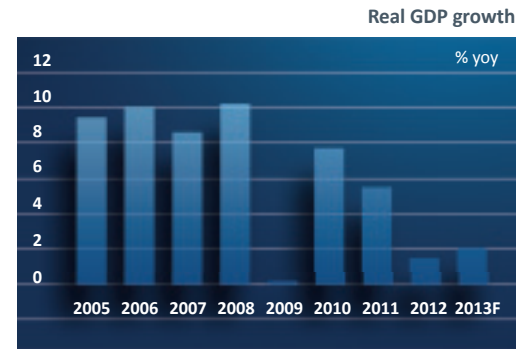
Belarus has entered a year which will be quite challenging from the economic point of view due to stagnating main export markets and high costs of repaying and servicing foreign debt. A number of external and internal factors will determine how 2013 will go for the country and this uncertainty more than ever demands that businesses have several feasible development scenarios for the year.

Key macroeconomic indicators as of the end of 2012:

- Population: 9.47 million
- Industry/GDP: 31.7
- Investment/GDP: 33.1%
- GDP growth: 1.5%
- Foreign trade balance: USD 3,254.10 (EUR 2,441.87)
- Foreign direct investment: USD 1.2 billion (EUR 0.9 billion)
- Foreign debt:
 - Exports: USD 45,991 million (EUR 34,510 million)
 - Imports: USD 46,404 million (EUR 34,819 million)
- Inflation: 22%

TOP 5 industrial sectors by revenue:

- Mining
- Manufacturing
- Food and beverages
- Textiles
- Leather and footwear



Source: National Statistical Committee, 2012/2013 – IPM Research Center forecasta

Economic Activities and Their Contribution to Real GDP Growth in 2012

	Structure, %	Contribution to growth*
GDP	100	1.5
Agriculture	8.4	0.5
Industry	31.8	1.8
Construction	6.9	-0.6
Trade and maintenance	14.3	-1.2
Transport and communication	7.1	0.5
Other services	18.7	0.1
Net taxes on products	12.8	0.4

* percentage points.

Source: National Statistical Committee



We embrace new advances, but cherish traditional truth – nothing can beat personal communication.

Kaupo Lepasepp
Partner



ENERGY – MAIN REGIONAL DEVELOPMENTS IN 2012 AND TRENDS FOR 2013

Continuing efforts to achieve greater *competitiveness*, *sustainability* and *security of supply* are the keywords which describe the main developments in our region's energy sector in the past year and for the upcoming year 2013. Therefore focus in the sector lies on the same issues which are also priorities for the rest of the European Union (EU).

Much has been done to **increase competition in the Baltic electricity markets**. As of 1 January 2013, the electricity market in Estonia is fully open for competition, ie electricity suppliers no longer need sell their electricity under regulated tariffs. Latvia will also achieve a fully open electricity market by September 2013 when, in addition to undertakings, households will also have to start buying electricity on market based conditions. In Lithuania, the market is still only partially

open, though a fully open market is expected by 2015. In addition, power exchange Nord Pool Spot (NPS) is already operating in Estonia and Lithuania and plans to open a bidding area for Latvia by June 2013. Therefore we can say that by the end of 2013 a transition from closed and regulated electricity markets to open competitive markets will have been achieved in almost all the Baltic States. This enables better trading opportunities for energy suppliers and a wider choice for consumers.

Despite several concepts for reform of the electricity market about a decade ago, the Belarusian market remains heavily regulated and monopolised by the state – in contrast to most countries in the region. There is no sign that the situation may change in the near future.



We believe that challenging work is an entertainment in its own right.

Girts Rūda
Partner



Continuing **liberalisation and opening of gas markets** has also been a priority in our region. For example each of the Baltic States is looking for opportunities to construct a Liquefied Natural Gas (LNG) terminal. Establishing a LNG terminal would be a significant move towards increasing competition and gaining access to international gas markets. The first step towards a long term goal is to create a pan-Baltic gas market which could then be connected with the rest of the EU. However in 2013 it remains to be seen if and how large LNG terminals will actually be built in the Baltics as the European Commission's analysis suggests that the best location for a regional LNG terminal would be in Finland. Constructing a LNG terminal in Finland and then connecting it with the Baltics would nevertheless create opportunities for new alternative gas suppliers in our region. Besides LNG projects, the Estonian and Lithuanian Governments have also tried to boost competition in the gas markets by taking further measures to fully unbundle gas supply activities from gas transmission activities.

The Belarusian gas market remains a state monopoly (especially in terms of price regulation), although since 2011 the national gas transportation system is owned by Russian Gazprom.

Ever since the **introduction of renewable energy support schemes**, production of renewable energy has had an important and growing role for achieving *sustainability* and diversification of the energy mix in our region's energy sector. For example new support schemes for electricity generators, based on auctions for the feed-in tariff, were launched in Lithuania at the end of 2012. In Belarus, too, private business, both domestic and foreign, sees plenty of opportunities in the renewable energy sector and an increasing number of projects of various types are launched every year. This is illustrated by the fact that the European Bank for Reconstruction and Development (EBRD) is considering a framework operation of USD 50 million (approx EUR 37.6 million) to foster sustainable energy investment in the energy intensive economy of Belarus. In 2012, MTBank became the first Belarusian partner bank to



Stable mind and swift reaction are key to success – both at sea and in court.

Carri Ginter
Partner



take part in a EBRD pilot project “Belarus Sustainable Energy Finance Facility – BelSEFF”. However, the share of renewable energy in the energy balance of the country is still very low.

At the same time in the northern part of our region, in Estonia and Latvia, the attitude towards renewable energy producers seems to be becoming less favourable. In Estonia, the legislative process to change renewable energy support rates and payment conditions began in 2012. The new support scheme, if adopted in 2013, will unfortunately also have an impact on existing producers and power plants already in operation. In Latvia, legislative changes to renewable energy support were introduced in 2012. The changes envisaged suspending the existing subsidy scheme by stopping new tenders and obtaining rights to sell electricity produced from renewable energy resources through mandatory

procurement as well as abolishing rights to guaranteed payment for installed electricity capacity. A moratorium of the support mechanism is in place until 1 January 2016.

Enhancing *security of supply* and reducing dependence on energy imports is a common goal in every country in our region. Perhaps the most interesting projects aiming to increase security of supply and energy independence are taking place in Lithuania. The Lithuanian state has engaged in supporting exploration of shale gas in the country and will support economically viable shale gas extraction and imports. According to initial estimates Lithuania has nearly 500 billion m³ of shale gas in the western part of the country, of which 100 m³ could be technically recoverable. Consequently the tender for exploration of hydrocarbons is under way and the winner is expected to be announced

during the first half of 2013. Another major investment project would be construction of Visaginas Nuclear Power Plant in Lithuania. Additionally, construction of the first Belarusian 2,000 MW Ostrovets nuclear power plant started in the second half of 2012. The first power-generating unit of the Belarusian nuclear power plant is scheduled for commissioning in November 2018 and the second in July 2020.

In addition to these projects the following investments in our region's energy sector are also noteworthy – construction of a new 65 MW combined cycle power plant as part of the Zhodzina hydropower plant in Belarus, construction of which kicked off in October 2012; construction of a new biomass co-generation plant with 23 MW power capacity and 45 MW heat capacity in Jelgava, Latvia.

This is the first project on this scale in Latvia and is being constructed by Fortum, which plans to put the new plant into operation in September 2013. Last but not least, construction of Estlink 2 – the second high voltage direct current interconnection between Estonia and Finland. The new connection is expected to come into operation in early 2014 and will triple transmission capacity between the Baltic and Nordic regions. After completion of Estlink 2 electricity can flow from the Baltics to the Nordics and vice versa without congestion.

Kaupo Lepasepp

Partner, Regional Head of the Energy & Utilities Practice



We want to grow together with our clients.

Pekka Puolakka
Managing Partner



OUR CLIENTS TELL

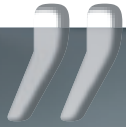
ERGO CONTINUES OPTIMISING THROUGH BALTIC CROSS-BORDER MERGERS

ERGO is a leading insurance group in the Baltic States operating in the life, health and non-life insurance markets in Estonia, Latvia and Lithuania and on the second pillar pension fund market in Estonia and Lithuania, as well as on the Belarus non-life insurance market. Almost 550,000 clients in the Baltic States trust the services, expert knowledge and financial stability of ERGO.

Having experienced one successful Baltic cross-border merger in the life insurance field in 2011, ERGO's management decided to exploit the same business optimisation approach for their non-life insurance companies. After a year-long challenging process the merger was registered with the Estonian Commercial Register on 2 January 2013.

The purpose of the merger is to simplify and harmonise the legal structure of the merging companies and their group with the existing pan-Baltic organisational structure enabling optimisation of corporate governance, cost savings on administration, management and intra-group transactions, more efficient use of invested capital and improved efficiency of business activities through unified internal control procedures. The merger is likely to contribute considerably to achieving these aims.

“The merger of ERGO insurance companies in the Baltic States is a part of the consistent implementation of the ERGO Group strategy in the Baltic region. Moreover, we will continue providing non-life insurance service as a uniform and



Yoga is harmony and clarity of mind which helps resolve challenges both for our clients and for ourselves.

Allar Jõks
Partner



strong company capable of mobilising the experience from all three Baltic States for the benefit of our customers and partners. This merger will not only reinforce ERGO's position in the Baltic region, but will also improve its competitive advantage," says Dr Kęstutis Bagdonavičius, Chairman of the Management Board of ERGO in the Baltic States.

According to Dr Bagdonavičius, "ERGO chose SORAINEN for their extensive experience in regional project management as this was also already their fourth insurance sector cross-border merger transaction in the last five years. They only proved their excellent reputation in advising us both in the Baltic States and also on related matters in Belarus. We were happy to see each lawyer's personal involvement and strong commitment to our common goal."



*Dr Kęstutis Bagdonavičius
Chairman of the Management
Board of ERGO in the Baltic States*



In the long term, we approach things as if they were a marathon, not a sprint.

Agris Repšs
Partner



TEVA ACHIEVES POSITIVE RULING IN BREAKTHROUGH LEGAL BATTLE

SORAINEN assisted Teva by advising ratiopharm (within the Teva group) in relation to its launch of generic sildenafil in Latvia. The Supreme Court ultimately ruled that Teva should not be subject to an interim injunction preventing it from marketing the product.

In autumn 2011, Pfizer alleged that Teva's generic sildenafil product infringed its Latvian patent relating to Viagra. Pfizer sought and obtained a preliminary injunction preventing Teva from selling its generic product in Latvia. Teva filed an application to lift the injunction and initiated an action to revoke Pfizer's patent in Latvia. After a breakthrough

legal battle, Teva, with the assistance of SORAINEN, was successful in convincing the Supreme Court that the injunction was not justified and so in November 2012 the Supreme Court lifted the interim injunction. The case on the merits and the revocation are currently pending.

Teva Pharmaceutical Industries Ltd (NYSE: TEVA) is a leading global pharmaceutical company, committed to increasing access to high-quality healthcare by developing, producing and marketing affordable generic drugs as well as innovative and specialty pharmaceuticals and active pharmaceutical ingredients. Headquartered in Israel, Teva



When orienteering, I have to get from point A to B asap.
In tax – just tell me more about B, and we'll get there.

Jānis Taukačs
Partner



is the world's largest generic drug maker, with a global product portfolio of more than 850 molecules and a direct presence in about 60 countries. Teva's branded businesses focus on CNS, oncology, pain, respiratory and women's health therapeutic areas as well as biologics. Teva currently employs approximately 46,000 people around the world and achieved USD 18.3 billion (approx EUR 14 billion) in net revenues in 2011.



Vitezslav Burda
Senior Legal Counsel,
Teva European IP Litigation



Exploring the blue deep allows one to better navigate in legal depths.

Kęstutis Adamonis
Partner



IBERDROLA INGENIERÍA: COMPLETION OF COMBINED CIRCLE GAS TURBINE POWER PLANT IN ELEKTRĖNAI

In October 2012, IBERDROLA Ingeniería completed construction of a strategically important combined cycle gas turbine power plant (CCGT) for government-owned Lietuvos Energija, the largest electricity and thermal energy producer in Lithuania.

This project is part of the process of upgrading Lithuanian generation facilities following closure of the 3,000 MW Ignalina nuclear plant. The plant is situated in Elektrėnai, 40 km from Vilnius, and was built on a turnkey basis.

The Lithuanian combined cycle plant has a single-shaft configuration with 444 MW of guaranteed capacity, and is fitted with a 9FB gas turbine and a D12 steam turbine, both supplied by GE. The steam extraction rate is approx 75 t/h. It is an innovative, complex facility with efficiency exceeding 58% and producing sufficient electricity to cover 20-25% of Lithuanian domestic demand. Moreover, the unit

has reduced the quantity of natural gas used to produce the same quantity of energy by up to 30% compared with previous solutions.

In addition to its complexity and strategic importance with a total value over EUR 376.5 million, this is the largest energy development project in Lithuania in the last three years.

“The new power plant has capacity to meet between 20 and 25% of Lithuanian domestic electricity demand. This is the first combined cycle plant in Lithuania and was built to reduce the costs of electricity production. During the entire project there was complete collaboration with Lietuvos Energija and thanks to that there was no conflict outside the project. The deadlines and budget were met without extensions, even earlier in the case of the deadline. Skill levels in local companies were very high. Lietuvos Energija and the Lithuanian government were satisfied with the quality of the plant provided.”



It's always fun to play in a professional band.

Tomas Kontautas
Partner



Legal advice of SORAINEN throughout the project, including contract negotiations, incorporation of the branch, certification of Spanish experts, commissioning of the plant and many other smaller and larger matters, has always been available at top quality, with understanding of the industry and service mindedness. We at IBERDROLA Ingeniería look forward to other projects in Lithuania.

A multinational team was established for the project. IBERDROLA performed the role of general contractor, GE provided turbine technology, while over 30 local subcontractors (more than 500 people) were involved in the project. Design was tailored to local requirements with the help of local design company SWECO. Suppliers came from around the world: Japan, India, Europe and the USA. IBERDROLA as general contractor together with Lietuvos Energija was also responsible for legalisation of the project by local authorities such as government institutions and the National Grid. A

separate joint team was established with Lietuvos Energija for commissioning activities” – says Jesús Rodríguez de Diego Zamorano, Project Manager CCGT Lithuania.

IBERDROLA is an international energy group, one of the largest utility companies worldwide and a global leader in the wind power sector. IBERDROLA Ingeniería acts as a key operator in modernising the Baltic States’ power generation plants with two newly opened combined cycle power plants with installed capacity of 444 MW and 420 MW respectively in Lithuania and Latvia. These are the latest in a series of power plants being developed by IBERDROLA Ingeniería in countries around the world.

Jesús Rodríguez de Diego Zamorano
Project Manager CCGT Lithuania





In law, as in football, confidence doesn't come out of nowhere. It's a result of hours, days and years of constant work and dedication.

Alexey Anischenko
Partner



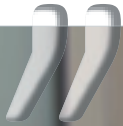
PURE ENERGY INTELLIGENCE: OPPORTUNITIES IN ENERGY MARKETS IN BELARUS

The goal of Pure Energy Intelligence (PEI) is to become the leading player in the Renewable Energy and Energy Efficiency sector. It brings together a local partner with experience operating in Belarus as well as an international investment boutique with relevant sector expertise.

SORAINEN Belarus has assisted PEI as legal advisor since the very beginning of its activities in the Belarusian market. During over two years of cooperation SORAINEN has supported PEI in drafting and negotiating an Investment Agreement with the Belarusian Government and structuring a Joint Venture company, complex EPC contracts with international contractors as well as Operations and Maintenance contracts with Belarusian and foreign contractors in relation to realisation of a

Combined Heat and Power (CHP) Plant and 4.2 MW photovoltaic power plant. Commissioning of both projects is scheduled for summer and autumn 2013. PEI deeply appreciates SORAINEN's ability to combine international best practices with strong local legal expertise – as does PEI in the renewable energy market. PEI was highly satisfied with the thorough management approach that enabled SORAINEN always to deliver its legal projects within budget and on time.

Pure Energy Intelligence is focused on development of renewable energy and energy efficiency projects in the Republic of Belarus and is currently working on a series of CHP and solar projects of between 1-28 MW. JV Pure Energy Intelligence is made up of: Enterinvest (www.enter-invest.by),



In mountaineering and business, good homework, carefully selected team members and the right tools are essential to summit peaks.

Kaido Loor
Partner



a Belarusian management and corporate finance consultancy, and Altostrata Energy (www.altostrata.com), an Irish investment company specialising in clean technology companies. The majority of the nine-person PEI team is based out of the Minsk office. This is mostly a combination of local and international professionals with a proven track record of conventional and renewable energy projects delivery. Alongside construction-ready projects the company is developing new biogas and wind sites.

*Torsten Merkel
Chief Executive Officer, Pure Energy Intelligence*



OUR WORK TELLS

SELECTION OF OUR OTHER MOST SIGNIFICANT TRANSACTION EXPERIENCE IN 2012

MODESAT

Sale of business to Xilinx Inc, Estonian benchmark for successful exit by a technology start-up company

Seller's Legal Adviser

Tallinna Vesi

Litigation in Estonian courts and European Commission over water tariffs in Estonian capital Tallinn

Legal Adviser

YIT YIT Ehitus

Sale of office and production facility with gross leasable area of approx 10,000 m² – one of the first forward purchase agreements in Estonia, where real estate is sold before completion and signing of leases

Seller's Legal Adviser

NESTE OIL

Litigation in the Estonian courts and the Court of Justice of the European Union on the contradiction of Tallinn's sales tax with the Estonian Constitution and European Law

Legal Adviser

Nordea Deutsche Bank

Acting as joint lead managers and joint bookrunners on Estonian law matters in a Eurobond issue by Eesti Energia

EUR 300 million

Banks' Legal Adviser

CASINO OLYMPIA

Entering into a joint venture in Italy for setup and operation of medium-sized VLT slot casinos

Legal Adviser

Eesti Energia

Sale to Tele2 of Televõrgu, a leading Estonian telecommunications company

EUR 25 million

Seller's Legal Adviser

Seesam

Cross-border merger of Baltic operations into an Estonian company with branches in Latvia and Lithuania

Legal Adviser



Sale of Fortum Energiaratkaisut and Fortum Termest, Fortum's heat, steam and cooling business for the SME and services sector in Finland and Estonia

EUR 200 million

Seller's Legal Adviser in Estonia



Estonian Ministry of Economic Affairs and Communications

Starting operation of modern Stadler FLIRT passenger trains

Legal Adviser



Acquisition from Scandlines of five short-sea routes in the Baltic Sea and service centre in Lithuania

Buyer's Legal Adviser in Latvia and Lithuania



Dispute with the Latvian society of collective related rights management (LaIPA) on use of commercially published phonograms

Legal Adviser



Investment in software development company Clusterpoint

EUR 1 million

Legal Adviser



Implementation of transfer pricing policy document for accounting, advisory and financial services in Latvia

Tax Adviser



Acquisition of Hotel Valdemars in Riga through a joint venture with the Čakste family, the historic owners of the hotel










Legal Adviser



Sale of two industrial properties in Latvia with total usable area of over 3,700 m²

EUR 875,000

Legal Adviser

<p>RUUKKI</p> <p>Sale of production facility in Latvia</p> <p>EUR 0.9 million</p> <p>Legal Adviser</p>	<p></p> <p>Acquisition of 2.5 ha of land located in the historic centre of Riga, Latvia, for developing a multifunctional district</p> <p>Legal Adviser</p>	<p></p> <p>Sale of a large office and retail building in the Old Town of Riga, Latvia</p> <p>Legal Adviser</p>	<p></p> <p>Implementation of bancassurance scheme in the Baltics</p> <p>Legal Adviser</p>
<p>HITACHI</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> </p> <p> </p> <p>Lending for construction of floating storage and regasification unit</p> <p>EUR 193 million</p> <p>Legal Adviser</p>	<p></p> <p>Acquisition of 50 per cent shares in LL investicijos, a Lithuanian company holding a permit for exploration and production of hydrocarbon resources in Western Lithuania</p> <p>Legal Adviser</p>	<p></p> <p>Lithuanian Post</p> <p>Acquisition of a network consisting of more than 200 mini-banks from Snoras bank (in liquidation)</p> <p>Legal Adviser</p>



Acquisition of Ūkio Bankas assets (preliminary value EUR 550 million) and obligations towards insured depositors (preliminary value EUR 782 million)

EUR 1.332 billion

Legal Adviser



Issue of CHF 175 million Republic of Lithuania Bonds; the first Lithuanian borrowing in international markets in Swiss francs

EUR 144.8 million

Legal Adviser



Financing construction and refurbishment of up to seven modern food retail stores in regional cities in Belarus

EUR 10 million

Legal Adviser



Sale to Reitan Servicehandel of retail chain R-Kioski in Finland, Estonia and Lithuania and press distribution operations in Estonia and Lithuania

EUR 130.7 million

Seller's Legal Adviser



Implementation of Electronic Multilane Free-Flow Toll System for motor vehicles on selected roads in Belarus

Legal Adviser



One of the biggest M&A deals to date in Belarus in 2012, the sale by Rosbank of Belrosbank to Alfa-Bank

Legal Adviser



Introducing technical support program to the Belarusian market

Legal Adviser



Extension of loans together with Priorbank to Alutech Group for construction of two new factories

EUR 45 million

Legal Adviser



We understand that our people give their best to the client only with the support of the family at home.

Karin Madisson
Partner



SELECTION OF OUR WORKS OF HEART IN 2012

Protecting Estonian school system

In early 2012, the local municipality for the rural community of Otepää decided to close down a local basic school for cost saving purposes. With SORAINEN's assistance, the local community and families of the children going to the school successfully disputed the decision, arguing that it violated their children's right to high-quality education.

This was a landmark case, highly publicised in the Estonian national media, limiting the discretion of local authorities and laying down detailed rules that have to be followed before any school can be closed. The court decision emphasised that financial savings alone cannot amount to sufficient reason to close down rural schools but that educational analysis (quality of education) and the views of the local community and parents must also be considered.

In addition to the analysis, the court regarded failure to take into account the role of a school in a local rural way of life as a mistake in exercise of discretion. The social aspect must be considered because maintaining rural schools is directly connected to maintaining the rural way of life, which is a way to preserve national culture.

In conclusion the court stated that in reaching its decision the rural municipality did not consider constitutional rights and the public interest, did not analyse all the relevant arguments and thus did not consider the proportionality of the measure.

With the overall cost saving atmosphere this decision is highly important for the Estonian educational system. As the Court of Appeals commented: "If we would not give this preliminary legal protection, the court would also legitimise these kind of administrative steamroller tactics for the future."



Keep all your team members in the same boat – agree to set course for a common goal before leaving harbour.

Algirdas Pekšys
Partner



Helping Hepatitis Society to collect signatures to promote changes in Cabinet regulations in Latvia

In mid-2012, SORAINEN gladly responded to a request to give pro bono advice to the Hepatitis Society (in Latvian – Hepatīta biedrība), a public non-profit organisation established to bring together people infected with the hepatitis C virus, their relatives, medical personnel and others, so that they can solve medical, social, financial, educational and other problems caused by the illness.

The advice concerned collection of signatures for a petition asking the Cabinet of Ministers to amend Regulations No. 899, “Procedures for the Reimbursement of Expenditures for Acquisition of Medicinal Products and Medicinal Devices Intended for Out-patient Medical Treatment”. The changes would involve the state reimbursing the full cost of all medicines and equipment needed to treat hepatitis, including alternative medicinal products that may significantly increase the efficiency of treatment.

The purpose of the association’s initiative is to stop the spread of hepatitis C in Latvia by offering treatment free of charge to those infected, thus allowing them to go back to work and have a family, as well as removing the need for patients to emigrate to countries where treatment is free.

Dedication to develop Lithuanian legal environment for better competitiveness and a better life

SORAINEN has assisted government agencies directly and through business associations with development of legislation, from the early policy development stages through to options analysis, consultation with stakeholders, and implementation. In the last year we spent over 700 hours for the purpose.





Simply – the best, poles and shoes – forget the rest. That’s my recipe for success.

Renata Beržanskienė
Partner



Recent significant projects included:

- In-depth analysis of Lithuanian legislation in the area of real estate, employment, tax, corporate law and other areas under the initiative of Invest Lithuania, a Lithuanian Government agency, for promotion of foreign investment, as a result of which more than 50 issues and ideas were raised for future development.
- Amendments to the Insurance Law to enter into force at the beginning of 2014 that required implementation of the Solvency II Directive. The draft Insurance Law was prepared by partner Tomas Kontautas, a member of the working group that drafted the new law.
- Amendments to the Lithuanian Law on Commercial Arbitration which came into force on 30 June 2012. Partners Renata Beržanskienė and Kęstutis Švirinas formed part of an expert team and later received a thank-you letter from the Lithuanian Minister of Justice for their input on dispute resolution legislation in Lithuania.
- Together with several major business associations prepared and presented a unified immovable property tax law, which would lead to significant changes to property taxation in Lithuania. The draft law was submitted to ministries, the Government and the Parliament and is currently under discussion by ministry officials, parliamentarians and society.



A lawyer is in many ways a craftsman – using words, paper and a computer to produce a real result for the client.

Rüdolfs Engēlis
Partner



- Created a framework for selecting and contracting management companies (through public international tender) of five new free economic zones in Lithuania formed by a law adopted by the Lithuanian Parliament at the end of 2011. Assistance also included advice during the tender process.
- Testing and providing suggested solutions for development of a pilot project for implementation of an electronic document filing system together with the Lithuanian Court of Appeal. SORAINEN was the only one of the leading law firms to participate in this project, which would lead to significant changes to dispute resolution in Lithuania.
- Reviewed the country report and commenting on the legal regime in Lithuania for Transparency International, a global civil society organisation leading the fight against corruption worldwide.

SORAINEN has played a key role in guiding and advising, with multiple contributions to the harmonisation of laws, the emergence of local and international regulations which directly impact enterprises, cooperative legislation and framework laws. We firmly believe we are capable of developing an attractive business environment to stand out globally and thus ensure a better life for our people, with our knowledge and experience as our most powerful tool to achieve this.





Preparation: the strategy for success.

Kęstutis Švirinas
Partner



Contributing to improvement of practical and educational legal skills and development of national legal system in Belarus

SORAINEN believes in the younger generation and takes it as a great honour to be able to support student activities, initiatives and education as we believe that the world is in their hands. Our belief is also in being active in improving and developing the legal environment. So, on a regular basis we advise on various projects and participate in drafting laws and discussions with the government.

Among the latest platforms for empowering students and the legal system in Belarus are:

- **Best Thesis 2012**, the first competition in Belarus organised among senior law school students. The competition was initiated by SORAINEN Belarus, UrSpectr (coordination centre for distribution of legal information) and law journal Promyshlenno-torgovoye pravo.
- **II International Summer School of Law dedicated to harmonisation of national legal systems and regional integration**, organised by the Belarusian State University, University Paris West-Nanterre-Defense and the University of Potsdam with sponsorship support from SORAINEN Belarus. Our associate Tamara Sakolchyk took part in the law forum where she made a presentation on conditions for free capital flow on the financial markets of the Common Economic Zone.
- **Open Doors and traineeship programmes** for law school students are usually held during the year and focus on sharing information about the firm's history, traditions, values, people, working environment, work experience, development and career opportunities.



In tough negotiations we have the responsibility to keep the ball in the game.

Reimo Hammerberg
Partner



- **Regular support to law student community and moot courts.** In November 2012, under the leadership of partner Alexey Anischenko, head of the Commercial Contracts and Dispute Resolution Teams, the Belarusian student team won the ELSA Moot Court Competition on WTO Law held in Moscow, Russia. In February 2012, SORAINEN Belarus provided all necessary support to students at the 7th ICC International Commercial Mediation Competition held in Paris, France, where Alexey Anischenko coached the Belarusian team. In April 2012, Alexey also coached the Belarusian student team for the Willem C. Vis (East) International Commercial Arbitration Moot held in Vienna, Austria.
- **Steady input to development of the national legal system.** Particularly in 2012, partner Alexey Anischenko helped develop a draft law on codification of international agreements, legal framework of the Customs Union and the Common Economic Space, and the Eurasian Economic Community. SORAINEN Belarus was also involved in amendments to drafts of the Law on the Legal Profession and the Law on Bankruptcy, and participated in discussions over the new Law on Companies via engaging in the Corporate Law Club involving representatives from both the legal community and the government.

*Award ceremony for Best Thesis 2012 winners
at the office of SORAINEN Belarus*



WE CAN

OUR MOST IMPORTANT RECOGNITIONS

Since the first “Baltic Legal Adviser of the Year” award in 2008, we have now received this title eight times from three different publications plus three “Baltic States Tax Firm of the Year” awards from the *International Tax Review*. Four of these prestigious awards were received in 2012 and 2013 turning the almost impossible into the feasible for us.

“Baltic Legal Adviser of the Year” (2008, 2012)



“Baltic Law Firm of the Year” (2009, 2010, 2012, 2013)



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



“Baltic States Tax Firm of the Year” (2010, 2011, 2012)



“Best Provider of Legal Services in Belarus” (2011, 2013)







In addition, SORAINEN was ranked 2nd in the *Thomson Reuters* Eastern Europe league table of its M&A Legal Review 2012, the highest ever Baltic and Belarus law firm ranking in history. But five SORAINEN lawyers made it to the top 10 M&A lawyers in the *Mergermarket* individual lawyer rankings by volume in terms of the number of M&A transactions announced in the Baltics and Belarus during 2007-2012.

OUR MAIN AREAS OF COMPETENCE

To ensure top quality service, we operate as a matrix organisation with local and regional teams which cover the areas of law and taxation 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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