



Catalin Baiculescu

Laying down the law

The increased impact of legal policies on company's decision making processes, professional legal counsels have become more demanding with their external counsels and put more competitive pressure on law firms. With many parts of the Companies Act 2006 taking effect in 2008, including changes in the rules for mergers and divisions of public companies, companies will have to work closely with legal advisers to ensure full understanding of the timing and implications of the various changes. ACQ speaks to the legal experts for their view of the previous year, and what's to come in 2008. Phil Grainger reports.

Terry Selzer is an attorney-at-law and head of cross-border transactions at Stampe, Haume & Hasselriis.

"In 2007, we completed 23 major transactions with a total acquisition value of nearly €2bn. Highlights were the completion of the second phase of a complex acquisition where our client acquired in a share deal over 220,000m² of property for development in the former Gdansk shipyard, Poland; acquisition of majority control of two companies for a hotel development in Luxembourg; sale of a real estate portfolio to a listed company in Denmark; acquisition and partnership for a hotel development in Berlin, Germany; acquisitions of a shopping centre and retail outlet in Moscow, Russia; acquisitions of property

for development in Riga, Latvia, and other acquisition and development deals in Denmark.

"The main legal issues in the current market are making sure clear title to property is obtained, ensuring coordination of escrow and acquisition agreements, structuring transactions and financing for optimal cross border tax consequences, and in development projects obtaining necessary building and use permits. Since the credit crunch some of our clients are having a harder time raising cash for investments and development since the market turmoil last August, which has delayed some acquisitions.

"We expect to continue to be active in cross border transactions, especially since yields are starting to rise again and interest rates are dropping. We believe in Europe that structural changes will be needed in many current investments. Investors with cash will need to find new vehicles for direct investment and other investors and banks with projects that are short of cash will need to find ways to exit such investments. We are ideally positioned to help clients restructure such deals."

Catalin Baiculescu is co-managing partner of Musat & Asociatii.

"In 2007 we have continued the constant growth trend from the past years. We advised some of the most important and complex transactions in Romania, which positively influenced our financial results. To sum up, in 2007 our business volume has increased considerably driven by the constant increase of our client portfolio and also through the increase in the complexity of projects we undertook. We have an impressive portfolio of clients, a team of "high profile" lawyers, the revenues are steadily increasing and the firm is maintaining from 15

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years its dominant position on the market.

"One of the most complex legal operations usually undertaken by lawyers is the Due Diligence process. Whether in mergers and acquisitions or in real estate transactions, a comprehensive due diligence should be performed whenever specific circumstances tend to reflect legal risks which could harm the parties. This is particularly important in Romania, where the legal status of goods and services subject to diverse transactions still bear the marks of the former political and legal regime, while the new legal framework is constantly reshaping and even reinventing itself, due to the troublesome inconsistencies that have affected the legislative process in our country in the past 18 years.

"In the past years, in Romania, the most complex legal due diligence operations have been performed in real estate transactions, banking transactions, mergers and acquisitions, including privatizations. As a consequence, Romanian law firms have acquired in this respect a considerable expertise, and we might say that the way currently a due diligence is performed in Romania equals the thoroughness to which foreign investors are used to in western jurisdictions. Understanding the business culture of foreign companies, as well as their specific needs in complex transactions, allows Romanian lawyers to adopt the most professional approach in searching for practical solutions, eliminating risks and insuring a positive and profitable outcome of the transactions.

"The credit crunch has not yet shown any significant developments in Romania as to directly and profoundly affect our clients' business.

"The year 2008 is likely to lure important foreign investors to Romania, ranging from big international corporations to investment funds, which were rather reluctant until now to start bringing or expanding their business in our country. Such development will without any doubt prove to have a positive impact on the legal market. Romania's accession to the European Union enables high calibre foreign investors to penetrate Romanian markets, based on the European Passport and the principle of free flow of products and service within the EU. Consequently, a spectacular growth of transactions in the fields of energy, real estate, IT & C and financial services is expected and, more than likely, the number of mergers & acquisitions amounting to values of €70-150m each will outstandingly increase.

"Besides this, my feeling is that 2008 will be the year in which up to three to four Romanian law firms will boost their business, establishing themselves as undisputed leaders on the market, and leaving a strong and relentless competition behind. As regards foreign law firms, it is likely that no significant implementation process of such firms in Romania will take place, thus not affecting the existing market configuration.

Philippe Malherbe is a partner at Liedekerke, Wolters, Waelbroeck, Kirkpatrick.

"2007 was a very good year. We harvested much of what

the firm has been investing over the last three or four years with regard to business development, firm organisation and recruitment or development of talents. In terms of business development, the highlight was the opening of our London office. Over the years our international capacity in corporate-tax matters has been translating in a growing number of cross-border transactions, often requiring a presence in London. The London office mainly operates as a liaison office. As such, it provides frontline advice and project-management support to clients and referrals and acts as an interface to the firm's Brussels headquarters. In the same time, the firm's organisation has been adapting to the many challenges law firms are facing, particularly when it comes to the growing demand for evermore global, efficient and rapid service-coverage.

"One of the most remarkable trends, which we have been witnessing over the last couple of years is the considerable professionalisation of companies' legal departments. Altogether, their role and implication within the companies' strategy have dramatically increased and the overall impact of legal policies on the decision making process is no longer marginal. As a consequence, professional legal counsels have become more demanding with their external counsels and hence put more competitive pressure on law firms. This results in an inevitable rationalisation of the Belgian legal market, where firms are more than ever waging a war for talents.

"The credit crunch is one of the many symptoms of a much broader economic problem. Analysts predict the Belgian economy will not experience as good a growth in 2008 as it has over the last two years. The confidence of both the companies and the consumers are rather low. This will most probably impact the transactional market, which might have known its peak in 2006. However, Belgium has a much more real economy than some financial places and will probably show more resilience.

"Younger generations have progressively gained more influence, while bringing in new kind of values and expectations. We strongly believe that a different style of collaborative management will have to be fuelled in order to integrate these parameters into a successful model. Global firms experience harsh competition from smaller, dynamic and ultra-flexible independent structures, whose organisational model and rate grids better match the local markets' expectations. New niche firms have emerged as spin-offs of global firms, fitting the overall demand for highly specialised advice and super-reactive services.

"The adventure of independence, although not a strategic USP as such, might be tempting more professional teams and firms in search for international expansion. Finally, I would be keeping an attentive eye on US firms, of which some might make a move towards the European legal markets where UK firms still dominate the landscape." **ACQ**

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