

THE SLOVAK  
**SPECTATOR**

# INVESTMENT

## ADVISORY GUIDE 2008

Striving for  
self-sufficiency:  
closing the  
energy gap

**HOPING  
FOR  
AN EASY  
SWITCH TO  
THE EURO**

The financial crisis:  
bracing for the storm

**S A R I O**

Slovak Investment  
and Trade Development Agency

CONTENT ADVISOR

GENERAL PARTNER

**UIC** ČARNOGURSKÝ  
LAW FIRM

# Entrepreneurs and Structural Funds aid the Slovak Republic

The Slovak Republic will receive up to 11 billion in Structural Funds and Cohesion Fund Payments from the European Union in the 2007-2013 period, in order to improve the competitiveness of particular regions. We would like to examine the Structural Funds and areas of rural development.

## THE FOLLOWING STRUCTURAL FUNDS ARE AVAILABLE IN THE 2007-2013 PERIOD:

The European Regional Development Fund  
The European Social Fund

Basic documents concerning financial aid from Structural Funds called Operational Programs (hereinafter referred to as an "OP") define the areas in which support shall be granted.

In the 2007-2013 period, eleven OPs have been established for the Slovak Republic: OP Employment and Social Inclusion, OP Competitiveness and Economic Growth, OP Research and Development, OP Education, OP Health, OP Informatisation of Society, OP Environment, OP Transport, Regional Operational Program, and OP Bratislava Region.



The operational programs, programming manuals and guidelines for applicants and schemes of state aid establish the subjects allowed to apply for support from structural funds, the maximum amount of support, the eligible activities, and the justified and unjustified expenses.

The provision of financial grants are based on an agreement to be concluded between the applicant and Managing Authority. The contract is governed by the Commercial Code of the Slovak Republic. Payments to the recipients are provided in the form of reimbursement, i.e. the recipient is obliged to invest the money first in order to gain products and services and consequently is allowed to request repayment. Reimbursement shall be granted to an amount up to 50% of justified expenses. In special operational programs, a higher amount of support may be awarded. It usually takes about 30-60 days from filing an application for the support to reach the recipient's account. In most cases, aid is provided in the form

of a grant. However, in certain operational programs, the support must be repaid. The accepted territory for the realization of projects is the Slovak Republic, except the Bratislava region (there is a special operational program for the Bratislava region; there are also some exceptions within the Research and Development operational programme). Although certain operational programs are primarily focused on recipients from the public sector, we would like to deal with operational programs focused on entrepreneurs.

## OP COMPETITIVENESS AND ECONOMIC GROWTH

The Competitiveness and Economic Growth operational program allows entrepreneurs to apply for contribution to

- \* modernize technologies, including hardware and software, in order to improve competitiveness or reduce negative effects on the environment,
- \* promote the participation of Slovak entrepreneurs in trade fairs, expositions and trade missions,
- \* promote electronic trade.

Different fields of support within the OP Competitiveness and Economic Growth include the promotion of innovative procedures of business, application research, technical study of realization, managing and quality systems, and intellectual rights protection.

The OP Competitiveness and Economic Growth also promotes saving energy during the production process and use of renewable resources.

Applicants are allowed to apply for support of entrepreneurship in the field of tourism, in order to modernize the existing or to build new tourism facilities and attractions, reconstruct or develop ski lifts, moles and harbourages.

The support shall be granted up to the amount of 50% of justified expenses.

## OP ENVIRONMENT

Operational program Environment allows entrepreneurs to apply for support in order to:

- \* purchase technologies that reduce air emissions (including change of fuel basis)
- \* change to renewable resources
- \* purchase technologies used in waste materials treatment - waste separator, waste disposer, waste press, etc.
- \* promote recycling
- \* promote disposal of dangerous waste.

## OP RESEARCH AND DEVELOPMENT

The Operational Program Research and Development is focused on supporting the



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transfer of knowledge and technology from research and development into practice, supporting networks of excellence in research and development and international cooperation, and supporting significant development projects in strategic areas for further development of the economy and society. Entrepreneurs are allowed to request support from structural funds directly or are allowed to cooperate with subjects from the public sector that are eligible recipients.

## OP EMPLOYMENT AND SOCIAL INCLUSION

The Operational Program Employment and Social Inclusion is focused on educating employees, managers, maintenance of position, settlement of wage payments and support of formation of position.

## RURAL DEVELOPMENT PROGRAM

Although structural funds do not include the Rural Development Program, this program is used to distribute financial contributions from EU resources. Entrepreneurs in agriculture may apply for support for modernization, developing or reconstruction their farms, building sewage tanks, diversification of agricultural activities, boring and using geothermal holes, purchasing and modernisation of technological equipment, purchasing IT technology, etc.

JUDr. Milan Žoldoš is an Associate with HAGYARI, KUBOVIČ & PARTNERS, s.r.o. This article is of an informative nature only. For more info go to [www.hkplegal.sk](http://www.hkplegal.sk) ■

# Law Firms - Top 5 All-Time Deals in Slovakia

Názov  
(v abecednom poradi)  
www

Company  
(listed alphabetically)  
www

Deal 1

Buy side  
Selling side  
Government  
Creditor/Borrower  
Other

Deal 2

Buy side  
Selling side  
Government  
Creditor/Borrower  
Other

Deal 3

Buy side  
Selling side  
Government  
Creditor/Borrower  
Other

Deal 4

Buy side  
Selling side  
Government  
Creditor/Borrower  
Other

Deal 5

Buy side  
Selling side  
Government  
Creditor/Borrower  
Other

## 1 alianciaadvokátov sk, s.r.o.

www.aliancia.com

Advisory to the National Property Fund on the sale of Slovak ports.

● ●

Advising the government and the National Property Fund on the sale of 66% of Slovenské elektrárne (dominant power producer) for €840 million.

●

Legal advisory to a Danish developer on the acquisition of several plots around Slovakia for building shopping centres.

●

Representing an investment fund in more than 130,000 legal proceedings related to privatisation.

●

BSR Groupe, real estates

●

## 2 Allen & Overy Bratislava, s.r.o.

www.alienovery.com

Getrag - Ford Transmissions GMBH, a joint venture between Ford Europe and German transmissions specialist Getrag, on its landmark €345 million investment into Slovakia.

● ●

KBC Bank in respect of the acquisition for €350 mil. by KBC of BAWAG's operations in Slovakia, comprising mainly Istro Asset Management and various other subsidiaries.

●

Advising Telefónica O2 on various aspects of building its Slovak business of a third licensed mobile operator.

●

VUB, a.s., the second largest Slovak bank, on its acquisition of five Slovak consumer credit companies: TatraCredit, Quatro, Q-Car, Slovenská pohľadová and Slovenské kreditné karty.

●

Advising VUB, a.s. on the acquisition of a majority stake in local leasing company B.O.F.

●

## 3 bnt - Sovova Chudáčková & Partner, s.r.o.

www.bnt.eu

Advising leading French and German logistics entrepreneurs on joint venture projects.

●

Advising a foreign investor in the field of health care on several transfers of shares and mergers.

●

Legal support in the financing of major real estate development projects of administrative buildings.

●

Multiple acquisitions and mergers for a renowned waste disposal firm.

●

Advising a reputable German energy supplier on heat production and delivery.

●

## 4 CVD s.r.o. (Csekes, Világi, Držgovec & Partners spol. s r.o.)

www.cvd.sk

Representing U.S. Steel in the acquisition of the steel assets of the Slovak steel producer VSŽ, a.s. Košice.

●

Representing France Telecom in the bid for a second national GSM license and start-up of Globtel GSM, including navigating it through the regulatory process.

●

Representing MOL Hungarian Oil and Gas Company in the winning bid for shares of the Slovak oil refinery Slovnaft and advising it on regulations.

●

Representing the Slovak aluminum producer ZSNP, a.s. in privatization through the sale of its stake in Slovalco, a.s. to Norsk Hydro and EBRD.

●

Representing E.ON Energie AG in the acquisition of a 49% share in Západoslovenská energetika, including its business with electricity transporters.

●

## 5 Čechová & Partners

www.cechova.sk

Advising a short-listed consortium on its bid for the privatisation of Bratislava and Košice airports.

●

Advising IntesaBCI on the acquisition of VUB bank

●

Advising an international leader in credit bureau solutions on the successful implementation of a non-banking client information register in Slovakia.

●

Advising Skanska on the acquisitions of several Slovak construction companies.

●

Advising on a €150 mil. loan facility to a key Slovak metal casting producer.

●

## 6 Hagyar, Kubovič & Partners s.r.o.

www.hkplegal.com

Representing the publisher of the national periodical in numerous legal proceedings regarding goodwill protection and Press Code matters

●

Providing comprehensive legal services to a life insurance company and a pension asset management company, including all starting legal matters.

●

Representing a national capital market institution in numerous legal proceedings regarding securities registration.

●

Representing numerous pharmacies in legal proceedings regarding collecting claims from health insurance companies.

●

Providing comprehensive legal services to the largest children's hospital in SR.

●

## 7 Kinstellar, s.r.o.

www.kinstellar.com

CSFB/Slovak government on a \$2.7bn SPP privatisation.

● ●

Slovenské elektrárne/Enel on completion of units 3 & 4 at Mochovce nuclear power plant

●

Slovenské elektrárne/Enel on an €800 mil. syndicated loan facility.

●

The Abu Dhabi Investment Authority on the acquisition, financing and management of a portfolio of logistics and commercial investment properties in Slovakia.

●

KIA Motors on the development of their manufacturing plant in Žilina.

●

## 8 Peterka & Partners

www.peterkapartners.com

Comprehensive legal advisory services to a major international metal products manufacturer of aluminium and aluminium alloys in connection with a greenfield project worth over EUR 30 mil.

●

Acquisition of two companies, Stredoslovenská vodárenská prevádzková spoločnosť a.s. and of Podtatranská vodárenská prevádzková spoločnosť a.s. by Veolia Water.

●

Acquisition of the Hamé food group, one of the leading producers of durable and chilled food products in Central and Eastern Europe, including anti-competition clearance from the Slovak authorities, by Nordic Food.

●

Legal advice to Senoble, a leading European fresh dairy producer and the most important producer of yogurts in SR, on the acquisition of Gemerská mliekareň, an important dairy producer.

●

Comprehensive legal advisory services to Peugeot Slovakia, a member of the PSA Peugeot Citroën Group, on Slovak and European law, including legal advice on acquisition of an important local dealer in BA

●

## 9 Squire Sanders

www.ssd.com

Advising Tesco PLC, a UK-based retail company, in property acquisition, including leasing, construction, permits and infrastructure network development.

●

Representing Slovenské Elektrárne, the country's dominant power producer, for over a decade, including the de-merger of its transmission and heating assets and over €2 billion in financing.

●

Advising Slovakia on the privatisation of the state power distribution company by transferring 49% of its shares and management control to a foreign investor.

●

Advising the Slovak government on the privatisation of Slovak Rail Cargo and being part of a consortium advising on the implementation of a new tariff structure.

●

Representing a major European automobile producer in all commercial, civil, corporate and employment matters including title due diligence and acquisition of a greenfield in relation to the largest single and strategic investment in SR.

●

## 10 ULC Carnegursky s.r.o.

www.ulclegal.com

SAMSUNG Electronics Slovakia, s.r.o. - Comprehensive legal advice related to key investment projects, commercial law, labour law and state aid.

●

The Roman Catholic Church - Bratislava-Trnava Archdiocese - Comprehensive legal assistance concerning restitution of immovables nationalised during Communism.

●

ISTROBANKA, a.s. - Active participation in the resolution of problematic loans.

●

Slovenský plynárenský priemysel, a.s. - Representing the company in legal proceeding concerning a promissory note.

●

Ministry of Economy SR - Comprehensive legal services related to privatising Západoslovenská energetika, a.s.

●

## 11 Weinhold Legal, v.o.s. Bratislava

www.weinholdlegal.com

ENEL - Services including due diligence, preparation of transactional documentation, negotiations with the Ministry of Economy, Slovak Property Fund, post-closing matter.

●

Opta Minerals - Assistance in acquiring a Slovak steel industry company, including negotiation, closing and post-closing support.

●

Slovak Telecom - Services in the sale of radiocom. business, review/revision of the transaction, documentation, issuing a second opinion, support in negotiations and in final phase.

●

Eurovia S.A. - Services in connection with its acquisition of six quarries, together with transfer of mining authorisations, negotiation support and resolution of ownership-related issues.

●

Accenture - Legal services related to establishment of a technology services center/subsidiary, legal aspects of outsourcing services, internal corporate structuring, labour issues.

●

## 12 White & Case, s.r.o.

www.whitecase.com

Peugeot Citroen - €400 mil. investment in its new car manufacturing plant in Trnava.

●

Slovak Republic - The issuance of €1 billion fixed 4.4% notes due in 2017.

●

Privatisation of the two largest Slovak banks - VUB, a.s. (acquired by Intesa BCI of Italy for €550 million) and Slovenská sporiteľňa, a.s. (sold to Erste Bank of Austria for €425 million).

●

Allianz AG - Acquisition of a 67% stake in Slovenská Poistovňa, a.s. from the National Property Fund for €145 million.

●

KBC/CSOB - €150 million real estate financing of the "River Park" construction project in Bratislava.

●

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**Názov**  
(y abecednom poradí)  
www

**Company**  
(listed alphabetically)  
www

Deal 1

Buy side  
Selling side  
Government  
Creditor/Borrower  
Other

Deal 2

Buy side  
Selling side  
Government  
Creditor/Borrower  
Other

Deal 3

Buy side  
Selling side  
Government  
Creditor/Borrower  
Other

Deal 4

Buy side  
Selling side  
Government  
Creditor/Borrower  
Other

Deal 5

Buy side  
Selling side  
Government  
Creditor/Borrower  
Other

<p><b>1 Allen &amp; Overy Bratislava, s.r.o.</b> www.allenoverly.com</p>	<p>KBC Bank on the €350 mil. acquisition of BAWAG's operations in Slovakia, comprising mainly Istrobanka, a.s., but also including Istra Asset Management and various other subsidiaries.</p>	<p>Home Credit International, a.s. (a subsidiary of PPF Group) on the acquisition of GE Money's consumer finance business in the Slovak Republic.</p>	<p>Acting for sellers in relation to the sale of the companies of a meat-processing group Meccom.</p>	<p>Advising Deutsche Telekom AG in the tender for the operator of the electronic highway tolling system organised by Slovakia's National Highway Company. Deutsche Telekom was in consortium with 3 other parties.</p>	<p>Allen&amp;Overy has secured instructions from consortia involving Vingo Concessions and Skanska Infrastructure Development on road projects. The client is expected to be one of the leading runners for the multi-billion projects.</p>
<p><b>2 B &amp; S Legal s.r.o.</b> www.bslegal.com</p>	<p>Representing an international construction company in two pre-qualification bids for PPP highway projects.</p>	<p>Advising a Polish bank on implementation of a new internet bank in Slovakia.</p>	<p>Representing a client on the sale of a 17 900 sqm administrative building.</p>	<p>Advising a French insurance company on its acquisition of two Slovak insurance companies.</p>	<p>Advising a French real estate developer on a residential project near Trnava consisting of 21 apartment buildings.</p>
<p><b>3 Čechová &amp; Partners</b> www.cechova.sk</p>	<p>Assisting Arma plc in its acquisition of SAD Nové Zámky, a.s. and SAD Michalovca, a.s.</p>	<p>Advising on a €150 mil. loan facility to a key Slovak metal casting producer.</p>	<p>Advising an international leader in credit bureau solutions on the successful implementation of a non-banking client information register in Slovakia.</p>	<p>Advising a global energy company based in France on an alleged GIS cartel during proceedings at the Slovak Anti-Trust Office.</p>	<p>Advising an international food producer on its acquisition bid for a leading Slovak producer.</p>
<p><b>4 Hagyar, Kubovič &amp; Partners s.r.o.</b> www.hkplegal.com</p>	<p>Providing comprehensive legal services to the governmental agency dealing with EU structural funds.</p>	<p>Providing comprehensive legal services to a leading foreign construction company, including an Sk80 mil. supply contract deal.</p>	<p>Providing comprehensive legal services to a leading foreign agricultural group, including a Sk50 mil. share deal (acquisition).</p>	<p>Representing the shareholders of two leading microbiological and chemical laboratories in Sk200 mil. share deals (selling).</p>	<p>Representing the shareholders of a leading health services provider in a Sk100 mil. Sk share deal (selling)</p>
<p><b>5 Jaroslav Ruzicka Law Office</b> www.ccsconsulting.sk</p>	<p>The Ministry of Transport, Postal Services and Telecommunications of SR on the award of a 30-year concession to design, build, finance, maintain and operate approximately 140 km of motorways and speedways.</p>	<p>The National Highway Company on selecting the proper public procurement procedure for the electronic toll collection project and on selecting the proper contractual type to be used for the public procurement of the ETC project.</p>	<p>Bratislava airport on awarding a contract to build a new passenger terminal.</p>	<p>Satellite in preparation of due diligence for two OTP insurers (OTP životná poisťovňa, a.s., OTP poisťovňa, a.s.).</p>	<p>Eurohypo AG on a regular basis regarding various acquisition financings in Slovakia, e.g. on financing the acquisition of all shares in the owner of the Park One office building in BA by a Spanish investor.</p>
<p><b>6 Kinstellar, s.r.o.</b> www.kinstellar.com</p>	<p>Slovenské elektrárne/ENEL on completion of units 3&amp;4 at the Mochovce nuclear power plant.</p>	<p>Arcapita Bank on a €220 mil. acquisition of the real estate portfolio and asset management operations of and Pinnacle Central and Eastern Europe.</p>	<p>Hyundai Motor Company on the acquisition of control over the network of authorised dealers and repairers in the Czech Republic and Slovakia.</p>	<p>Ballymore Properties Limited on the developments and financing of the Eurovea project.</p>	<p>Slovenské elektrárne/Enel on €800 mil. syndicated loan facility.</p>
<p><b>7 Peterka &amp; Partners</b> www.peterkapartners.com</p>	<p>Acquisition of the Hame food group, one of the leading producers of durable and chilled food products in Central and Eastern Europe, including anti-competition clearance from the Slovak authorities, by Nordic Food.</p>	<p>Legal advice to Senoble, an important European fresh dairy producer and the most important producer of yogurts in SR, on the acquisition of Gemerská mliekárň, including anti-competition clearance from the Slovak authorities.</p>	<p>Comprehensive legal advisory Services to Peugeot Slovakia, a member of the PSA Peugeot Citroen Group, on the acquisition of an important local dealer in BA, including anti-competition clearance from the Slovak authorities.</p>	<p>Comprehensive legal services to the First Czech-Russian Bank in connection with its intention to open a bank in SR and representation of the bank in communication with the National Bank of SR.</p>	<p>Comprehensive legal services to a world leading French producer of optical products and devices on the acquisition of major local producers on these products in Slovakia and the Czech Republic.</p>
<p><b>8 Squire Sanders</b> www.ssd.com</p>	<p>Assisting a foreign investor on its participation in the Ministry of Transportation tender for a concession to design, finance, build, operate and transfer of the R1 expressway Nitra-Tekovské Nemce-Banská Bystrica.</p>	<p>Assisting a member of the consortium successful in the National Highway Company's tender for design, finance, build, operate and transfer of electronic toll.</p>	<p>Representing a European electricity utility on a 1,000 MW joint venture in Greece.</p>	<p>Representing a European electricity utility 2,000 MW in a joint venture in the Balkans.</p>	<p>Representing a large Slovak bank in connection with refinancing an original acquisition loan and development financing of a major extension of the hotel, office and retail part of a four-star hotel complex in BA.</p>
<p><b>9 ULC Carnogurský s.r.o.</b> www.ulclegal.com</p>	<p>SAMSUNG Electronics Slovakia, s.r.o. - Comprehensive legal advice related to key investment projects, commercial law, labour law and state aid.</p>	<p>The Roman Catholic Church - Bratislava-Trnava Archdiocese - Comprehensive legal assistance concerning restitution of immovables nationalised during Communism.</p>	<p>MONAQ Leasing, a.s. - Due diligence, comprehensive legal services concerning recovery of receivables, representing the client in litigation, out-of-court settlements and other legal proceedings.</p>	<p>CHIRANAT Injecta a.s. - Comprehensive legal advice. Due diligence, representing the client in negotiations, preparation of transaction documents.</p>	<p>Comprehensive representation of a client in the process of buying a hire-purchase finance company in United Arab Emirates.</p>
<p><b>10 Weinhold Legal, v.o.s. org. zlozka Bratislava</b> www.winholdlegal.com</p>	<p>ENEL - Services including due diligence, preparation of transactional documentation, negotiations with the Ministry of Economy, Slovak National Property Fund, post-closing matter.</p>	<p>Opta Minerals - Assistance in acquisition of a Slovak steel industry company including negotiation, closing and post-closing support.</p>	<p>Slovak Telecom - Services in sale of radiocom. business, review/revision of transaction, documentation, compiling a second opinion, support in negotiations and in final phase of transaction.</p>	<p>CSQB - Legal services to the CSQB Property Fund on a significant acquisition of four real estate project companies, including extensive due diligence process and negotiations.</p>	<p>Anglo-Irish Bank - Financing a series of Slovak and Czech acquisitions by a major Scottish real estate investor.</p>
<p><b>11 White &amp; Case, s.r.o.</b> www.whitecase.com</p>	<p>Assisting the consortium of Bouygues, Colas, Doprastav, Váňovstav, Intertoll and Mota-Engil in the first-ever PPP project in SR, regarding the financing, construction and operation of the D1 highway.</p>	<p>Legal assistance to Arcelor-Mittal on its acquisition of the ferroalloy business and all of OFZ's assets. The acquisition required competition clearances on the level of the EU and in several European countries.</p>	<p>Assistance to Enterprise Investors on capital provided by major European and US financial institutions, with an acquisition of the trucking company STD Slovakia and Donivo MKD.</p>	<p>Assisted Citibank (Slovakia) and Tatra banka on the syndicated acquisition loan to Slavia Capital for the purpose of acquiring a majority stake in Palma-Tumys, and with a long term loan to Palma - Tumys.</p>	<p>Assistance to ECM Group on a syndicated loan provided by Erste Bank for the purpose of acquiring a 100% stake in Carrefour Slovensko, and a revolving loan for financing Carrefour's operational needs.</p>