

Greece

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Constantine Lambadarios and Melina Katsim Lambadarios Law Offices Athens

In every national economy, the growth of private investments is closely related to the achievement of important targets, such as an increase in employment levels, equal regional development, a reinforcement of competition between companies, and the development of new technologies and products.

In Greece the basic legislative instrument for the promotion of private investments (both foreign and domestic) is the Investment Incentives Law (the IIL), which provides the basic mechanism by which the disposal of cash grants and subsidies from the state budget is achieved, for the support of private business initiatives. In simple terms, enterprises that fall under the IIL, and which fulfill the strict conditions determined by it, can apply to the respective authority and receive considerable cash grants, subsidies or tax exemption from the state, so they can start or further develop their business activities in Greece.

In 1998 a new investment incentives law (2601/1998) was introduced, replacing the older one, which dated back to 1990. However, seven years after its introduction, and in view of the changes that had occurred during that time in the business environment, the new government considered it imperative to enact a new investment law. The new IIL introduced several changes to the criteria and the conditions under which an enterprise is entitled to grants, subsidies or tax exemption, as well as to the types of grants and subsidies available.

The main objective of the new IIL (3299/2004), which was passed by the government in December 2004, approved by the European Commission in February 2005 and came into force in March 2005, is to attract new and important investments. Other objectives of the IIL include the abolition of inequalities between the several regions of Greece, the creation of new employment positions, the promotion of effective competition between enterprises in Greece, the protection of the environment, and technological progress.

Basic provisions of the new IIL

In view of the above objectives, the IIL contains a number of important modifications to improve the Greek investment environment. These modifications focus on the increase in the amounts of the incentives, the expansion of the benefited activities, and the

acceleration of the whole evaluation procedure through fair and objective criteria.

The incentives

- The provision of new incentives, and the reinforcement of the incentives already in force, through increasing the amount of the grants, creating a new category of cash grants relating to the employment created by the investment, and through the abolition of the necessary connection between the provision of the grants and the obligation to create new employment positions.
- An increase in the maximum incentive amount, to a maximum of 55% of the investment project cost.
- An increase in tax exemption percentages, to a maximum of 100% for most business projects.
- A reduction of the minimum obligatory amount of the investor's own participation in the investments from 40% to 25% of the total investment cost.
- The granting of an additional subsidy (up to 15%) to small and medium-sized businesses.
- The granting of higher incentives to new companies (defined as those that have been operating for less than one year).
- A reduction of the minimum investment project cost to €100,000 (\$122,900) for small businesses, and to €250,000 for medium-sized businesses, so that very small businesses benefit more from the IIL.
- The provision of special incentives to "very large" investment projects (defined as those of over €50 million) and to long-term investments.
- The expansion of the range of businesses that can benefit from the scheme, through the abolition of the distinction between new and old enterprises. From now on, all incentives will be granted to all enterprises that fulfill the conditions of the law, irrespective of the date on which they began operating.

The range of supported business activities

The scope of the types of projects falling under the IIL is extended by the creation of new categories covering more business sectors. In particular, these include transportation and logistic services, supply chain services, software development, telecommunications, highly advanced technology services, new products and products of highly developed technology, protection of environment and reduction of pollution, exploitation of renewable sources of energy, mining and crushing of industrial minerals and inactive materials, and new

tourism activities (such as the modernization of several types of hotel units, ski resorts, marinas, conference centres, thematic parks and thalassotherapy centres).

Procedural provisions

The new IIL introduces substantial changes regarding the application of the law, with the aim of simplifying the whole process and reducing bureaucracy. These include:

- The ability to submit investment project applications throughout the year, rather than within a specific time period.
- A reduction of the time period required for the approval of the business project from three to two months.
- An acceleration of the payment procedure of the subsidies. Generally, 50% of the cash grant amount is paid after the completion of half the project, and the remaining 50% is paid after the project is completed and production has started.
- The chance to receive a lump sum in advance, not exceeding 30% of the approved cash grant under the condition of a bank guarantee.
- The introduction of new evaluation criteria, based on the entity that conducts the business activity (for example, previous experience undertaking similar projects, and creditworthiness), the viability of the project (based on an economic and technical valuation) and its contribution to specific social and economic targets (such as regional convergence, exports, or employment opportunities).

Methodology of the new IIL

The methodology of the new IIL can be briefly described as follows.

- Determination of the incentives available, which are: (i) a cash grant, covering part of the expenses for the investment project; (ii) a leasing subsidy; (iii) tax exemption; and (iv) a cash grant to cover the payment of wages to new employees employed as a result of the investment.
- Division of the country into zones, and categorization of the subsidized business activities.
- Determination of the percentages of the incentives to be awarded, which will depend on the type of business activity to be undertaken and the zone into which this activity will take place.

Lastly, several details of the IIL – the most important of which is the determination of the expenses that are subsidized for each investment category (which should involve consolidated assets and not operational expenses) – are regulated by nine ministerial decisions, four of which are still pending.

Encouraging new business

The new IIL undoubtedly encourages a wide range of businesses to proceed with the launch or expansion of a business activity, through the provision of potentially very generous subsidies. Furthermore, the fact that investors are no longer obliged to create new employment positions to receive high cash grants, and can reduce their own participation in the investment to 25%, as well as the reduced red tape (which substantially reduces the cost of setting up a new venture) will encourage the creation of new business projects. Lastly, the application of

the law to existing businesses, the introduction of a simpler and faster procedure, and the increase in the maximum amount of subsidization (which can reach up to 55% of the investment) and tax exemptions (which can reach up to 100% of the investment) is clearly an important and positive step forward, and will lead to a more positive environment for the attraction of investments.

At any rate, the success of the new IIL will – like all legislative acts – be judged after it has been in force for some time. Although some shortcomings of the past have definitely been corrected, the legislators must monitor its enforcement closely to trace any weaknesses and omissions and to make any necessary improvements, taking also under consideration other social parameters (such as employment and protection of the environment) and the spirit of EU legal framework.

Banking

Recommended firms

Tier 1

Karatzas & Partners
Kyriakides-Georgopoulos Law Firm
Law Office TJ Koutalidis
M & P Bernitsas Law Offices
Zepos & Yannopoulos

Tier 2

Moratis Passas
Norton Rose
Theo V Sioufas Law Offices
Vgenopoulos & Partners

Tier 3

Calavros & Partners
Dracopoulos & Vassalikis
Dryllerakis & Associates
Gr J Timagenis
IKRP Rokas & Partners
Kallimopoulos Loukopoulos Chiotellis Law Firm
Lambadarios Law Offices
Law Office E Stratigis
Moussas & Tsibris
PI Partners
Roussos & Hatzidimitriou Law Offices
Sarantitis Law Firm

Capital markets

Recommended firms

Tier 1

Karatzas & Partners
Law Office TJ Koutalidis
M & P Bernitsas Law Offices

Tier 2

Kyriakides-Georgopoulos Law Firm
Zepos & Yannopoulos

Tier 3

Calavros & Partners
Dracopoulos & Vassalikis
Dryllerakis & Associates
IKRP Rokas & Partners
Lambadarios Law Offices
Law Office E Stratigis
Norton Rose
PI Partners
Sarantitis Law Firm
Vgenopoulos & Partners

Tier 4

Avramopoulos & Partners Law Firm
Bahas Gramatidis & Associates
Daniolos Issaias & Partners
Kallimopoulos Loukopoulos Chiotellis Law Firm
Moratis Passas

Mergers and acquisitions

Recommended firms

Tier 1

Karatzas & Partners
Kyriakides-Georgopoulos Law Firm
Law Office TJ Koutalidis
M & P Bernitsas Law Offices
Vgenopoulos & Partners
Zepos & Yannopoulos

Tier 2

Dryllerakis & Associates
Lambadarios Law Offices
Sarantitis Law Firm
Theo V Sioufas Law Offices

Tier 3

Calavros & Partners
Cocalis & Psarras
Dracopoulos & Vassalikis
IKRP Rokas & Partners
Kallimopoulos Loukopoulos Chiotellis Law Firm
Law Office E Stratigis
PI Partners

Tier 4

Apostolos Georgiades & Associates
Avramopoulos & Partners Law Firm
Bahas Gramatidis & Associates
Moratis Passas
Moussas & Tsibris
Souriadakis Frangakis & Associates

Project finance

Recommended firms

Tier 1

Karatzas & Partners
Kyriakides-Georgopoulos Law Firm
Law Office TJ Koutalidis
M & P Bernitsas Law Offices

Tier 2

Dryllerakis & Associates
Norton Rose
Sarantitis Law Firm
Vgenopoulos & Partners
Zepos & Yannopoulos

Tier 3

Calavros & Partners
IKRP Rokas & Partners

Karatzas & Partners

Karatzas & Partners is one of the most complete law firms in Greece, and traditionally has been ever-present on the larger and more innovative transactions carried out in the country. Catherine Karatzas is the managing partner of the firm, which maintains its position in the top tiers for capital markets, M&A

and project finance, and is promoted for its banking work on the back of an extensive deal list.

A strong corporate practice operates at the core of Karatzas & Partners, and is often the first choice for clients. This year the group advised the sponsors on the leveraged buyout of an 80.87% stake in Tim Hellas Communications. The deal closed in July this year, and marked the first-ever leveraged buyout in Greece.

At the end October 2004, corporate specialists Alexander Metallinos and Christina Papanikolopoulou advised the Dixons Group on the purchase of a controlling stake in P Kotsovolos for €90 million (\$115 million). Dixons instructed Karatzas & Partners to carry out a due diligence exercise on Kotsovolos, and to draft the documents for the purchase of a 40% stake from the two majority shareholders.

The firm has made strides to update its banking practice, and is consequently reaping the rewards. Among the year's highlights, Karatzas & Partners acted as Greek law counsel to the obligors in relation to a €525 million syndicated facility, and advised Citibank and Dexia Banque Internationale on a €1 billion bond issued by Bank of Attica.

Leading lawyer

Catherine Karatzas

Key contact partners

Christina Faitakis
Catherine Karatzas
Alexander Metallinos
Christina Papanikolopoulou

Kyriakides-Georgopoulos Law Firm

Kyriakides-Georgopoulos Law Firm began life in Athens in 1933, merged with Leonidas C Georgopoulos in 1979, and became a professional partnership in November 1999. Throughout this time, the firm has remained highly rated by its peers in the Greek legal market for its advice on banking regulation matters, syndicated lendings, debt and equity capital markets issues and corporate transactions such as M&A deals, insolvencies and restructurings.

Konstantinos Vouterakos heads up the banking and finance departments of the firm, which has advised clients such as Alpha Bank and Deutsche Bank. Name partner Costas Kyriakides manages the firm, and corporate star Leonidas K Georgopoulos is deputy managing partner. Kyriakides-Georgopoulos has its headquarters in Athens, and other offices in the important commercial centres of Thessalonika and Greece's largest port, Piraeus.

Leading lawyers

Leonidas K Georgopoulos
Konstantinos Vouterakos

Key contact partner

Costas Kyriakides

Law Office TJ Koutalidis

Consistently appearing in the top tier for all areas of financial law, Law Office TJ Koutalidis won the *IFLR* European award for Greek law firm of the year. The firm has drawn admiring words both from clients and rivals in the Greek legal market, one of whom said that the firm "does significant work in the financial sector." Senior partner TJ Koutalidis gives his name to the firm, and managing partner Nikos C Koritsas provides leadership to the 12 partners and 17 associates that work there.

The firm has been involved in many of the largest and highest-profile transactions to reach the Greek market over the past 12 months. The strong banking and finance practice advised arrangers JP Morgan and Deutsche Bank in relation to Apax Partners' and the Texas Pacific Group's leveraged buyout of Tim Hellas Communications – the first-ever leveraged buyout in Greece.

The firm is no stranger to instructing on groundbreaking M&A transactions. In December 2004, four partners from the firm sealed a deal for French bank Société Générale when it bought the General Bank of Greece (GBG) for \$170 million. The complex transaction was achieved in three stages – first, Société Générale bought a majority stake in GBG, then it integrated its Greek operation into GBG, and lastly it restructured GBG's businesses. When the deal closed, observers hailed it as the first true M&A banking transaction in Greece. Managing partner Koritsas led the team, which included Nikos Pimblis and junior partners Kostas Kyriakakis and Nikos Salakas.

The firm's capital markets practice had a similarly eventful year. In the year's highlight, Koritsas and Salakas advised Piraeus Bank on its issue of €200 million (\$257 million) floating rate non-cumulative guaranteed non-voting preferred securities in November 2004. The bank issued the bonds – which benefited from a subordinated guarantee from Piraeus Bank – from an offshore subsidiary, and used the proceeds of the issue to strengthen its Tier I capital. The banking regulators approved the complex structure, and gave the notes a regulatory treatment that previously did not exist under Greek law. The deal cemented TJ Koutalidis's reputation for innovative capital markets transactions, and was the fourth Tier I deal completed by the firm. The first was a similar issue by Alpha Bank in 2002, which was the first Tier I issue ever completed by a Greek bank.

Leading lawyers

Nikos Koritsas
Tryfon Koutalidis

Key contact partners

Nikos Koritsas
Tryfon Koutalidis
Nikos Pimblis
Katia Protopapa
Nikos Salakas

M & P Bernitsas Law Offices

Many in the Greek market consider M & P Bernitsas to be “one of the firms doing really well at the moment.” Marinos Bernitsas is the most senior lawyer of the 11-partner operation, having founded the firm in 1946. Panayotis Bernitsas manages the firm, and has the reputation of being, in the words of one client, “by far the leading advisor to the state.” In the late eighties and early nineties, Panayotis Bernitsas held positions of counsel to the Ministry of National Economy and the Ministry of Foreign Affairs, and also advised the prime minister on EU matters. According to the market, he has since “capitalized on a close relationship with government bodies in charge of privatization.” Add to this the recent hire of Yannis Seiradakis, former special secretary for privatization, and the firm’s expertise in this area is all the more evident.

M & P Bernitsas is capable in all areas, and has many high-profile finance clients both from the private and government sector. Among the year’s highlights, the firm acted as local counsel to Bayerische Hypo- und Vereinsbank and ING Bank in relation to a €525 million (\$649 million) syndicated senior facility. The finance practice also has excellent knowledge of bank regulation and the capital markets, which makes it a natural choice for banks looking to issue Tier I capital. For example, it advised the National Bank of Greece on three Tier I issues that were worth €350 million, \$180 million and €230 million respectively. The firm’s experience in this area also won it mandates from Deutsche Bank and UBS when they lead managed a €200 million Tier I issue by EFG Eurobank Ergasias. Other work in the capital markets arena saw the practice advise the Bank of Tokyo-Mitsubishi, Citigroup, EFG Telesis Finance and the National Bank of Greece in relation to the issue of a €350 million bond loan by Hellenic Petroleum.

The firm’s M&A practice, led by Linda Vasaka and Nikos Papachristopoulos, has also been handling a steady stream of good work this year. Among the year’s highlights, M & P Bernitsas represented Alcan in relation to the sale of a 53% stake in Aluminium de Grece to leading Greek metallurgy and mining company Mytilineos Holdings, and acted for Telecom Italia in respect of the sale of its 80% stake in Tim Hellas, one of Greece’s leading mobile telephony companies, to private investors. The practice also advised the government on its sale of an 11.2% interest in Hellenic Petroleum to Paneuropean Oil & Industrial Holdings, and advised Puma Rudolf Dassler Sport in relation of its acquisition of 56% of Glou Sport.

In project finance, the firm boasts a real expert in the shape of Dimitris Georgapoulos. He has had an active year counselling HypoVereinsbank on the financing of the Maliakos-Kleidi section of the Pathe motorway, which will be worth up to €1 billion and is a joint venture between Greek and international construction companies. Georgapoulos has also advised construction companies Vinci and J&P Avax on the €600 million public tender for the Thessaloniki underwater tunnel, financed by Calyon and Emporiki Bank, and represented Linkchart Hellas on the building and maintenance of the Cyclades Wind Farm Energy Centre.

When it comes to discussions around the negotiating table, lawyers from M & P Bernitsas are known to be “tough, and very good.”

Leading lawyers

Panayotis Bernitsas
Nikos Papachristopoulos

Key contact partners

Panayotis Bernitsas
Nikos Papachristopoulos
Dimitris Roussis
Athanasia Tsene

Norton Rose

Norton Rose is the only large international law firm to have offices in Greece. The firm’s 35 lawyers operate from bases in Athens and shipping centre Piraeus, and regularly handle banking, corporate and project finance deals. The UK-headquartered firm has done well to establish itself in a difficult market, and three out of the four partners are Greek, showing an emphasis on local knowledge. Coverage in Piraeus gives the firm access to shipping finance work and commercial contract negotiations, including building contracts, fleet acquisitions and charter parties.

The firm’s standout role for 2005 was as counsel to the Greek government in relation to the privatization of Opap, the state lottery and betting company, at the end of July 2005. The transaction raised €1.3 billion (\$1.65 billion) for the government, and was notable for being the country’s largest privatization since 1999. Thomas Vita in London and corporate finance partner Elena Tsohou in Athens led the team. Seven months earlier, the two partners had advised joint bookrunners Citigroup, Credit Suisse First Boston and Deutsche Bank on the accelerated bookbuilding of 24.7 million shares (or 7.45%) of the National Bank of Greece by the Greek state. The deal raised €562 million.

The corporate practice at Norton Rose has had its share of highlight deals too. For example, the firm advised Stelmar Shipping on its acquisition by the Overseas Shipholding Group for \$843 million. The merger created the world’s second-largest publicly traded oil tanker company by number of vessels. And in July 2005, the firm teamed up with TJ Koutalidis to advise financiers JP Morgan and Deutsche Bank on the Greek law aspects of Apax Partners and Texas Pacific Group’s leveraged buyout of Tim Hellas Communications, the first-ever leveraged buyout in Greece.

Key contact partners

Chris Hobbs
Dimitri Sofianopoulos
Elena Tsohou

PI Partners

PI Partners is a member firm of EY Law, and boasts 32 partners in Greece who are split between offices in Thessaloniki and Athens.

PI Partners is the only EY Law partner in south-east Europe, and has affiliated offices in Romania and Bulgaria, giving it broader coverage than many of its rivals. Including international offices, the firm has access to 54 lawyers.

The firm has been busy on all fronts over the last 12 months, and its celebrated equity practice, led by George Bersis, has been especially successful in a relatively quiet market. Most recently, in July 2005 PI Partners assisted the underwriters (Alpha Finance, Citigroup, Credit Suisse First Boston, Deutsche Bank, EFG Telesis Finance, Emporiki Bank, Morgan Stanley and the National Bank of Greece) on the €1.3 billion (\$1.65 billion) privatization of Opap, the Greek gaming company, further establishing the firm's excellent reputation for equity markets work. Last year the firm advised on two of the nine initial public offerings (IPOs) that came to market and, at the time of going to press, is working on three further IPOs.

The bank lending practice of the firm, meanwhile, advised San Paolo IMI on a €100 million bond loan, acted for Omega Bank on eight bond issues worth a combined €25 million, and guided the Sarantis Group through its €100 million refinancing.

The corporate practice at PI Partners is developing its reputation as a premier outfit too, and deals completed this year show positive signs of this. One of the department's most complex deals involved advice to Alpha Bank on its complicated acquisition of Serbian bank Jubanka for €152 million, which, according to one market observer, "went swimmingly well." PI Partners also served as counsel to Fourlis Holding on the sale of Kotsovolos to Dixons for €30 million, acted for Ioannis Arvanitis on the purchase of Imperio for €19.5 million, and represented Delta Singular when it was bought by First Data Corporation for €206 million.

The corporate group is also in demand in insolvency cases. In one highlight, the court appointed partner Stathis Potamitis as supervisor of Embedos, a distressed construction company.

Key contact partners

George Bersis
Stathis Potamitis
Ioannis Vekris

Zepos & Yannopoulos

The 45 lawyers that make up Zepos & Yannopoulos are split between offices in Athens and Thessaloniki. The firm is one of the largest in Greece, and handles a sizeable body of work to show for it.

The banking practice at Zepos & Yannopoulos is developing well under the guidance of the partners, many of which have previously served as in-house legal counsel to Greek banks such as Eurobank. Over the course of the year, the team advised Caisse Nationale de Crédit Agricole on the acquisition of 6.7% of Commercial Bank of Greece and on the subsequent cooperation agreements. The firm also worked on a special agreement between Crédit Agricole Asset Management and Ermis Mutual Fund Management Company, and acted for the National Bank of Greece in relation to the establishment of its €1 billion (\$1.23 billion) medium-term note programme. The department

regularly receives instructions from banks including Credit Suisse First Boston, Merrill Lynch, American Express and Piraeus Bank and funds such as American Express Funds, Merrill Lynch International Investment Funds and JP Morgan Fleming Investment Funds.

Zepos & Yannopoulos has experience acting on many of the large equity offerings launched by Greek companies on the Greek, London and New York stock exchanges. For example, the firm acted as legal counsel to Eurobank, the Commercial Bank of Greece, Merrill Lynch, Pierce Fenner & Smith and Salomon Smith Barney in relation to the privatization and initial public offering (IPO) of mobile telephone operator Cosmote, and advised the underwriters on the IPOs of Pouladias, Papaellinas and Astir Hotel.

This year the firm's respected corporate practice also advised Dixons on the acquisition of a stake in Kotsovolos from Fourlis Holdings for €30 million (\$38 million)

Key contact partner

Dimitri Zepos

Other notable firms

Avramopoulos & Partners took on two new lawyers over the past year – partner Nicholas Simantiras and associate Athanasios Avgeros – reflecting growth across the firm. In March 2005 Erasmia Sotiropoulou and Vassilis Avramopoulos advised the Bank of Attica and Attica Funds on a €100 million bond loan. The market has picked the firm out as "one to watch"; it will be interesting to chart the firm's progress over the coming year.

Dryllerakis & Associates is "small but very good quality" according to respondents. John Dryllerakis headed a team of lawyers that advised the Army Pension Fund, controlling shareholder of the General Bank of Greece, on its buyout by Société Générale.

Founded in 1863, five-partner **Lambadarios Law Office** is the oldest firm in Greece. Its founder, Constantine Lambadarios, was only the eighth lawyer to be admitted to the Greek bar. He would be proud of the firm as it stands now; Lambadarios has a roster of large international clients and a raft of skilled practitioners, particularly in the area of financial law. Among the year's highlights, the firm advised Science Applications International Corporation on its €270 million security contract with the Greek state for the 2004 Olympic Games in Athens, acted for the Nireus Group on the financial restructuring of the shareholdings of the group worth €55 million, and represented the Bolton Group on its acquisition of Athens Paper Mill for \$150 million.

Partners at **Sarantitis Law Firm** have been exceptionally industrious this year, advising on a number of complex and innovative cases. In 2004, HSBC instructed the firm to handle four lawsuits filed by investors who lost money when independent management company Worldwide Investment Services lost its licence. HSBC was the clearing bank when the losses occurred. The firm also advised A Michailides Agricultural Industries on its €82 million (\$99 million) bond issue.