

REVIEWS LEGAL INDUSTRY



IBA MEXICO 2024 

A summary of the **IBA Annual Conference Mexico City 2024** and insights from **Dr. Claus von Wobeser**, Co-Chair of the **IBA Arbitration Committee**.

Interview with **Richard Burnley**, Director of Legal and Policy at the **European Broadcasting Union**, where he explores the challenges of public service media amidst the evolving digital landscape and complex regulatory transformations.

Ukraine Reopens Investment Opportunities with Large-Scale Privatisation

In spring 2023, Ukrainian Parliament introduced legislative changes to resume large-scale privatisation, offering new opportunities for both domestic and foreign investors. They aimed to streamline the privatisation of state assets, provide much-needed capital inflows to the economy and help to revitalize various strategically important industries.

In autumn 2024, the first auctions for two high-value privatisation assets have already taken place, including:

- property complex of SOE "Hotel Ukraine", located in downtown Kyiv;
- 100% state-owned stake in JSC "United Mining and Chemical Company", one of the world's largest producers of titanium ore.

These auctions demonstrate substantial efforts in preparation of the entire process by the State Property Fund of Ukraine (SPFU) aimed to ensure transparent and competitive bidding process for all participants.

Key takeaways from the recent auctions are the following:

1. E-auction via Prozorro.Sale: Under the new procedure, large-scale privatisation assets, with a value exceeding 250 million (approximately €5,592 million) can now be acquired via electronic auctions on the "Prozorro.Sale" platform, similarly to the small-scale privatisation bidding process. This platform ensures transparency and provides wider access to bidding procedures for potential investors. All documents required for participation are submitted via accredited electronic marketplace operators (EMOs) acting as intermediaries between buyers and the SPFU. This not only simplifies the submission of bids but also facilitates communication, including due diligence requests and clarification submissions.

2. Due Diligence and Access to Assets: Before submitting their bids for privatization auction, potential buyers are entitled to conduct legal, financial, tax and other due diligence, subject to signing a non-disclosure agreement (NDA) with the EMO. Once the NDA is signed, the potential buyer gains access to the information package on the asset. Potential buyers can request further details and arrange physical inspections of the asset. The SPFU, in collaboration with a designated privatisation advisor, ensures that all necessary information is provided, thus enabling potential buyers to make informed decisions about their participation in the auction.

3. Attention to Auction Conditions: Both recent auctions followed an English auction format and included specific conditions, such as the requirements to maintain core business activities, settle outstanding debts, provide social



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guarantees for employees, and prevent personnel layoffs for a specified period. The privatisation of the UMCC also included conditions requiring additional investments. These conditions were disclosed at the initial stage of privatisation (published in the privatisation announcement) and are mandatory for the winning bidder to fulfil within the specified timeframe.

4. Confidentiality: To ensure fair competition, the identity of potential buyers and their bids remain confidential until the auction is completed.

5. Restrictions Regarding Connections to the Aggressor State: It is mandatory that both the potential buyer and any lenders (if involved) prove and ensure the absence of connections to the aggressor state at all stages of the privatisation process and throughout the fulfilment of the terms of the sale-purchase agreement.

6. Further Auctions in the Pipeline: While the recent winners are awaiting completion of merger clearance and signing of SPAs, additional privatisations of key state assets are already on the horizon. Notable upcoming auctions include:

- 66,65% stake in the company owning Ocean Plaza, one of Kyiv's largest shopping malls;
- 100% stake of Demurinsky Mining and Processing Plant LLC, which specialises in titanium and zirconium extraction,
- 100% stake of Aeroc LLC, leading producer of aerated concrete.

Ukraine's relaunch of large-scale privatisation during the war shows its strength and commitment to modernising its economy. The clear, well-regulated processes, supported by cutting-edge digital platforms, help attract both foreign and local investors. With effective management, this privatisation effort could revive important sectors of the economy and speed up post-war recovery.



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In the Firm

• **INTEGRITES Assists UAID Fund in Financing the Reconstruction of a Destroyed Shopping Mall in Kyiv region**

INTEGRITES supported UAID Fund, US-based private investor focused on rebuilding Ukraine's middle-market commercial and residential real estate, within the transaction on the provision of a cross-border financing for the reconstruction of the 6,500 m² Giraffe Mall in Irpin, Kyiv Region.

The Giraffe Mall was one of the first targets of the Russian troops during their attempt to occupy Ukraine's capital, Kyiv, in February – March 2022. It was the scene of the battle which was ultimately fought back by the Ukrainian forces and later followed by the deoccupation of the capital region, including towns of Irpin and Bucha.

• **Tetiana Storozhuk promoted to counsel in the Real Estate, Construction and Infrastructure practice of INTEGRITES**

In September 2024 INTEGRITES announced the promotion of Tetiana Storozhuk, senior associate and attorney-at-law, to counsel in the Real Estate, Construction, and Infrastructure Practice.

• **INTEGRITES Plays Innovative Precedent Role in the Landmark Issue of UAH 400 million NOVUS Corporate Bonds**

INTEGRITES advised NOVUS and UNIVER on the structure, documentation and filing issuance of UAH 400 million (approx. EUR 10 million) corporate bonds in the local market. The case comes ground-breaking for both retail and legal services industry, as it has become the first of the kind in Ukraine to introduce a non-banking organisation as an independent bond administrator. Along with playing the leading role in the advocacy efforts, INTEGRITES developed the first template contract on bond issue administration for the industry which is reflective of the best practices in the Eurobonds, as well as handled the conclusion of the mortgage agreement.

• **INTEGRITES supported the client in their participation in the recent large-scale privatisation case**

The firm was assigned with all the required paperwork, legal consultations with stakeholders including State Property Fund, due diligence of the assets, as well as assisted with securing bank guarantee for participation in the auctions.

