

Luther

FEST & KAJLI
ATTORNEYS AT LAW

THE LAW SHOOTER

(February, 2007)

PINSENT MASONS AND LUTHER LAUNCH PAN-EUROPEAN ALLIANCE

I am delighted to let you know that as of January 2007, in a move to build one of the leading associations of European law firms Pinsent Masons in the UK and Luther in Germany formed the Pinsent Masons Luther Group (PMLG). By becoming a founding member of this pan-European association, Luther, Fest & Kajli has extended its international capability. From now on we can combine local know-how with a cross-boarder, one-stop-shop legal services resource in Europe and especially in the Central European region.

As the driving force behind the association, founder members Pinsent Masons and Luther represent the two largest firms in PMLG. Our long established cooperation partner, Luther is the 13th largest law firm in Germany with 220 lawyers in 13 offices. The firm has a highly successful track-record of working with major international businesses. Through its former association with Ernst & Young, Luther's lawyers have particular experience of working with UK clients and although no longer associated, still retain close links with Ernst & Young.

PMLG also comprises in France, Granrut, in Austria, Karasek Wietzyrk, in Hungary, Luther Fest & Kajli, as well as three Baltic firms trading under the banner 'Baltic Legal Solutions', in Latvia, Kronbergs & Čukste, in Lithuania, Jurevičius, Balčiunas & Bartkus and in Estonia, Teder Glikman & Partnerid. The association consists of 348 partners and over 1160 lawyers operating out of 28 offices across Europe. PMLG is further augmented by well-established informal links with firms in other European countries.

Lawyers in the PMLG network have a proven track record of working together and are focused on six priority areas of particular relevance to pan-European clients including Corporate, Competition, Employment, IP/IT, PPP/Projects and Real Estate and in particular, considerable experience of co-ordinating complex, cross-border transactions. PMLG is the culmination of longstanding relationships between the participating firms, working together on an exclusive basis.

We believe that the best legal advice is based on an in-depth understanding of clients' specific needs and commercial objectives. Many of our clients already are, or aspire to be, international and are demanding the same high standard of service wherever they operate. With the PMLG network we can now offer our clients considerable benefits in terms of enhanced international capability and access to legal advice of consistently the highest quality across Europe and beyond. Should you require further information on PMLG or any other aspect of our service, please don't hesitate to contact me.

Dr. Arne Gobert

CONTENTS

PMLG Pan-European Alliance	1
Celebration Party	2
Real Estate Opportunities	2
MIPIM	3
Employment Law	3
Business Seminar Invitation	4



CELEBRATION PARTY

We have celebrated our fifth anniversary with a large gala reception at the Hungarian Academy of Sciences on Roosevelt Square. We have also used this occasion to announce the creation of the Pinsent Masons Luther Groups.



REAL ESTATE PRIORITY GROUP

Opportunities in the European real estate market

The European real estate market offers substantial opportunities to investors, developers, occupiers and contractors. However, the increasingly complex legal framework requires both retail and residential schemes. This often requires compliance with complex local planning and environmental regimes. The lack of a common real estate market in the EU may be explained by differences in land law and land registration between the Member States and the lack of cross-border transparency of the national registries.

As PMLG members we have created a network of real estate specialists designed to help guide clients through the maze of local property laws. We can provide you with the cross-jurisdictional support you need on a co-ordinated one-stop-shop basis.

Current opportunities in the European real estate market include:

- The potential for foreign investors to make a good return acquiring properties outside their home country, taking advantage of innovative tax-efficient structures
- The development of logistic centres around Budapest airport, could be a very interesting opportunity for investors and developers
- The adoption of the PPP model as the standard for all major infrastructure schemes
- The vast array of natural resources available in an expanding Europe, accelerating the development of leisure and tourism centres
- The potential for occupiers to release capital tied up in their property portfolios, through sale and leaseback structures

Awareness of the differences between the local real estate markets can make a significant difference to a successful development, investment or project.



PLEASE JOIN US AT MIPIM!

It is a quality showcase for hundreds of new real estate development projects from more than 74 countries. Whether your interest is in office building, residential or tourism-related properties. As the world's premier real estate summit, MIPIM draws upon its unique international coverage and reputation to bring together the most influential decision makers in the market, offering them access to the largest showcase of development projects. If you would like to utilize upon our unique network capability or would like to meet industry representatives during the event then please contact us for your invitation to this event on **270 9970** or e-mail **annamaria.ocsodi@luther-lawfirm.com**

The Application referred three sections of the Hungarian Constitution, on the basis of which arguments the above cited point a) of Section 134 (3) should be established to be void. The Constitutional Court dismissed two of those arguments, which referred to contradictory to the rule of law and security in law. The Constitutional Court declared that such arguments in themselves did not establish the unconstitutionality of the said provision. However, the third argument according to which the cited section of the LS **breaches the fundamental right of all man for resting and recreating** was accepted by the Constitutional Court. In its decision the Constitutional Court pleaded other section of the Hungarian Constitution which provides that no fundamental right can be limited in essential extent by the Hungarian pieces of legislation. Accordingly, the Constitutional Court found that the "economic interests of particular importance" is not adequate enough to thereby limit - in time - the fundamental right of employees for annual holiday.

Further to the above argument, the Constitutional Court passed a decision on establishing the contentious provision of the LC to be unconstitutional and therefore null and void. For the sake of avoiding juridical insecurity the decision enters into effect as of March 31, 2007.

In summary, **in the future the annual holidays shall be strictly used in the year when they due, and they shall no longer be transferred for the subsequent year owing to any reasons of the employer whatsoever.** There will remain only one exception from the general rule in the favour of the employee, i.e. in case that due to his/her illness or any other unavoidable restraint affecting the employee to take the annual holiday in the subject year. Even in such case the annual holiday (or the remaining days thereof) shall be taken within a period of 30 days following the cessation of the afore-mentioned restraint.

EMPLOYMENT LAW PRIORITY GROUP

Giving out annual holiday in the year following the target year has been established to be unconstitutional and therefore null and void.

The issue of having a provision of giving out the annual holiday in the year following the target year annulled get the biggest publicity in the end of 2006, beginning of 2007 on the field of employment law.

The application filed with the Constitutional Court for subsequent examination of compliance with constitutional law ("**Application**") regarded Section 134 (3) of Act No. 22 of 1992 on the Hungarian Labour Code ("**LC**"), which provides the possibility of allocating annual holiday before 30 June of the year following the target year in case of economic interests of particular importance, or before 31 December of the year following the target year if so stipulated in the collective agreement.

**LUTHER, FEST & KAJLI ATTORNEYS AT LAW,
HUNGARY IN ASSOCIATION WITH
THE BRITISH CHAMBER OF COMMERCE IN HUNGARY
CORDIALLY INVITES YOU TO A BUSINESS SEMINAR ON**

**IMPLEMENTATION AND FUTURE OF
DIRECTIVE 2005/56/EC
ON CROSS-BORDER MERGERS
OF LIMITED LIABILITY COMPANIES
(CROSS-BORDER MERGER DIRECTIVE)**

FOLLOWED BY A COCKTAIL RECEPTION

The first client business seminar to be arranged by the Pinsent Masons Luther Group („PMLG”) in Hungary is about the future and implementation of Directive 2005/56/EC of the European Parliament and of the Council of 26 October 2005 on cross-border mergers of limited liability companies (“Cross-border Merger Directive”) with the help and assistance of the British Chamber of Commerce in Hungary (“BCCCH”).

The management of Luther, Fest & Kajli Attorneys at Law (“Luther Budapest”) strongly believes that such a seminar will demonstrate the advantages and excellent capabilities of PMLG being an association of international law firms with an emphasis on the EU Single Market concept.

The seminar is intended to highlight not only the potential legislative outcomes, but rather the practical impact on corporate structures of the EU 25 (27) member states since general corporate and M&A law is one of the priority groups of PMLG with an extensive domestic and international outlook. This topic requires M&A experts working close together and having a deep understanding of the merging companies legislation. PMLG provides exactly this unique expertise and

cooperation to their clients. As a consequence of this, PMLG’s experts are able to provide the most value added legal services also relating to such transactions. Chairman of the event will be Dr. Arne Gobert, Managing Partner of Luther Budapest. The UK speaker will be Alan Wood, Partner, Pinsent Masons, the German speaker will be Dr Arnd Becker, Senior Associate, Luther Rechtsanwaltsgesellschaft mbH, the Hungarian speaker will be Dr. Attila Egri, Senior Associate, Luther Budapest. The language of the seminar is English with simultaneous translation into Hungarian provided. The event is sponsored by Luther, Fest & Kajli.

Date and venue of the seminar:

February 20, 2007 (Tuesday),
Hungarian Academy of Science (MTA)
– Budapest V., Roosevelt Square 9.,
Dome Auditorium 3rd floor

AGENDA:

- 18.00-18.30** Registration
- 18.30-18.40** Introduction of Luther Budapest and PMLG by Dr. Arne Gobert
- 18.40-19.00** Brief summary of the Cross-border Merger Directive - German law aspects by Dr. Arnd Becker
- 19.00-19.20** UK law aspects by Alan Wood
- 19.20-19.40** Hungarian law aspects by Attila Egri
- 19.40-20.00** Questions and answers session
- 20.00-22.00** Cocktail party

If you would like to register for the Business Seminar, please confirm your attendance by 17 February, 2007. We can only accept a limited number of registrations on first come first served basis. For further information please contact Jankó Alexandra on **270 9971**. You can also register by e-mail:

alexandra.janko@luther-lawfirm.com