



## **Corona: Lumsden & Partner supports flagship project of the City of Vienna**

New ways for Europe: The City of Vienna is the first major international city becoming a direct shareholder in companies amidst the Corona crisis.

Lumsden & Partner is in charge of this flagship project and thus setting new international standards for further effective state aid concepts by the public sector.

In order to support the Viennese economy in the current corona crisis, the City of Vienna has established a very broad Corona aid fund. "Stolz auf Wien" Beteiligungs GmbH, a joint subsidiary of Vienna Holding and the Vienna Chamber of Commerce, a new path is now being taken with a direct shareholder model: Traditional Viennese companies are being provided with equity capital of around 50 to 70 million euros in exchange for a time-limited equity stake. Other important

investors in this project include numerous major banks and insurance companies. This means that equity is provided to companies that need help in order to stabilize them and thus secure jobs. The investment model focuses in particular on sectors such as the hotel and restaurant industry, which are heavily suffering from the current downturn in tourism.

*"Instead of the former concepts of "Nationalization", the City of Vienna has created a highly effective concept for rapid and sustainable assistance for companies by the government. Acknowledging that the public sector is not necessarily a better entrepreneur, control and decision-making powers remains fully with the companies, but the public sector can be a safe partner in these stormy times to ensure liquidity and future. Finding the right balance here was our task as a law firm in the past months. We were able to bring in our M&A expertise with US focus to develop the perfect model for a fast and effective support. In a next step, this structure can serve as a template and benchmark for international cities, municipalities, and other governments to act efficiently in this crisis and to support companies sustainably without endangering their independence. I would like to thank Peter Hanke and the City of Vienna for their confidence in our work,"* said Robin Lumsden.

Vienna is a pioneer in Europe with this form of equity investment. When structuring the Corona Fund, many European, corporate and capital market law issues were highly relevant. In addition, the details had to be negotiated and agreed with all participating capital providers, i.e. the City of Vienna, the Chamber of Commerce and numerous domestic banks and insurance companies, under huge time pressure. The Vienna-based law firm Lumsden & Partners, which also has offices in the USA, supported the City of Vienna in this process with the firm's founder and managing partner Robin Lumsden MBA/MSx (Stanford) LL.M. (Berkeley), Irina Tot and Dimitar Anadoliyski (both Corporate/M&A), as well as the well-known state aid expert Peter Thyri, with whom Lumsden & Partners regularly cooperates. Lumsden, Tot and Thyri had already worked together as attorneys with the Austrian lawfirm Schoenherr before. *"I cannot recall any project more complex, which is why we are relying on the highly specialized business boutique Lumsden & Partners and Robin Lumsden here, also because we appreciate his knowledge and sensitivity in transactions,"* said Financial City Councilor Peter Hanke.

The selection of the companies is also carried out by a top-class committee of experts (including former Austrian Chancellor Franz Vranitzky and former Raiffeisen General Christian Konrad). Among the many interested parties, equity stakes in 5 companies in exchange for fresh capital have already been fixed.

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