



Debtwire European Forum 2010

Post-event report

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MORNING KEYNOTE ADDRESS

ANDREW MERRETT, CO-HEAD OF FINANCING ADVISORY AND RESTRUCTURING, ROTHSCHILD

The third annual Debtwire European Forum at London's Dorchester Hotel began with a keynote speech by Andrew Merrett, Co-Head of Financing Advisory and Restructuring at Rothschild. He set the scene for the day with comments on the cycle, which he likened to the situation the market was in in 2004, as well as the financing markets and the high yield bubble. He commented on the current state of the restructuring market and closed his speech predicting the end of zombie companies.



REFINANCING THE DEAL VINTAGE OF 2004-2007 – GOOD YEARS?

KELLY PAGE, HEAD OF STRATEGIC DELIVERY UNIT GLOBAL RESTRUCTURING GROUP, RBS

ALI ALLAHBACHANI, MANAGING DIRECTOR, AVOCA CAPITAL

DOMINIC ASHCROFT, EXECUTIVE DIRECTOR HIGH YIELD CAPITAL MARKETS, GOLDMAN SACHS

JOHN FOY, HEAD OF LEVERAGED FINANCE GROUP, PRUDENTIAL M&G

FREDERIC NADAL, PARTNER, MEZZVEST

CARRIE-ANNE HOLT, MANAGING EDITOR, DEBTWIRE

The first panel of the day investigated the question of refinancing and whether 2004-2007 were, indeed, good years. The panel began with a short retrospective of recent deals and the trends that have been dominating dealmaking, as well as an outlook on the market and where deals will be coming from as we move forwards. They discussed the wall of maturing debt coming to market and debated whether the peak really will be in the months to come, or in 2014-2015 when the more problematic deals, struck at the height of the market in 2006-2007, were completed. They argued

that restructuring this debt could be more challenging because it has not yet amortised. The panellists further explored the size of the market and where liquidity is actually coming from. They stated that much of the liquidity currently in the market originates from loans as opposed to bonds, which were previously being used for funding. The session also looked at different refinancing options and returned on a number of occasions to the issue of liquidity and its pricing.



PRIVATE EQUITY – HOW HAS RESTRUCTURING AFFECTED EXIT HORIZONS?

MARK CORBIDGE, CO-HEAD PRIVATE EQUITY, DOUGHTY HANSON
MARTIN HORNE, MANAGING DIRECTOR, BABSON CAPITAL
MARTIN GLAVIN, DIRECTOR, THE CARLYLE GROUP
JEETENDRA SOLANKI, HEAD OF ORIGINATION,
BANK OF TOKYO-MITSUBISHI UFJ
AYESHA JAVED, FINANCIAL JOURNALIST, DEBTWIRE

After the morning coffee break, the forum's attention turned to the private equity industry with a panel centred around how restructurings are affecting exit horizons. The discussion initially looked at the exit landscape, examining the different options available to private equity funds seeking an exit from their investments. The panellists then took a closer look at the attitudes that private funds are exhibiting with regards to exiting restructured businesses. They also discussed how capital structures and portfolio companies have improved, but also how they are dealing with the existing challenges stemming from the financial crisis. The session was rounded off with a look at how funds go about raising internal rates of return ahead of going back on the fundraising circuit. Given the fundamental changes in the market and



what this means for key players, the panel naturally touched on the changing relationship between GPs and LPs, examining if and how LPs investment strategies have changed as a consequence.

PANEL: DISTRESSED INVESTING – GENERATING RETURNS IN A SCARCE MARKET

JUSTIN BICKLE, SENIOR VICE PRESIDENT, OAKTREE
RICHARD NEVINS, PARTNER, CADWALADER WICKERSHAM & TAFT
JASON CLARKE, MANAGING DIRECTOR, STRATEGIC VALUE PARTNERS
IAN CASH, MANAGING DIRECTOR, ALCHEMY SPECIAL OPPORTUNITIES
THEO PHANOS, DIRECTOR, TRAFALGAR ASSET MANAGERS
MARIO OLIVIERO, FINANCIAL JOURNALIST, DEBTWIRE



Before breaking for lunch, the last morning session investigated distressed investing and how practitioners go about sourcing deals and generating returns in a tight market. The panellists shared their experiences on where distressed investors will be sourcing opportunities over the rest of 2010 and further in the future. They naturally drew comparisons to the last couple of years and sought to examine the lessons investors would have learnt. They discussed which sectors would offer investors the most attractive opportunities, spending time talking about the impact on changing consumer behaviour and government spending cuts with a particular focus on the UK, which recently saw the publication of the Comprehensive Spending Review. The panel ended with some comments on the impact of interest rates on the ability to execute deals and the lessons to be learnt from recent restructurings.





PANEL: SPAIN – AN UNTAPPED MARKET FOR EUROPEAN INVESTORS?

LIONEL LAURANT, PRINCIPAL, BAYSIDE CAPITAL
ANTONI VALVERDE, PARTNER, FRESHFIELDS BRUCKHAUS DERINGER
SANTIAGO CORRAL, PARTNER, THESAN CAPITAL
PEDRO ACIÉN, INVESTMENT MANAGER, ALPSTAR CAPITAL
DENISE KO GENOVESE, SENIOR REPORTER, DEBTWIRE

After lunch, delegates gathered for a country-focused panel discussion which took a closer look at Spain and attempted to answer the question of whether Iberia really is an untapped market for European investors. The panellists, all with significant experience of doing deals in Spain, gave an outline of how investors can access the local market, highlighting amongst other things the importance of local language capabilities. Recognising the crucial role that the Spanish Real Estate sector has played for European investors in recent years, the panel sought to shed light

on what other sectors will be worth looking at in the future. Issues over the transparency and complexity of the legal system have proved a stumbling block to investors in the past and the panellists spent some time discussing the key characteristics of the legal jurisdictions and the local regulatory environment. The panellists concluded the session by stating that, while there are significant challenges to investing in Spain, the opportunities outweigh the difficulties and make the market an attractive investment opportunity for distressed debt investors.

PANEL: THE OLD DEBATE – HIGH YIELD BONDS CHALLENGE LEVERAGED LOANS

BEN BOOTH, HEAD OF HIGH YIELD RESEARCH, CREDIT SUISSE
WILL FOLKARD, SENIOR MANAGER LEVERAGE FINANCE GROUP, SUMITOMO MITSUI BANKING CORPORATION EUROPE
TILL HEIMLICH, ASSET MANAGER, GLG PARTNERS
RICHARD NEVINS, PARTNER, CADWALADER WICKERSHAM & TAFT
GIL STRAUSS, PARTNER, FRESHFIELDS BRUCKHAUS DERINGER
ROBERT SCHACH, ASSISTANT EDITOR HIGH YIELD, DEBTWIRE

The second session of the afternoon looked at what was termed as 'the old debate', whether high yield bonds can and will challenge leveraged loans. To set the scene, the panellists discussed the supply and demand governing these two financing instruments. They looked at ways that the cost of financing can be reduced on the balance sheet. The debate heated up over the topic of yield and whether assurances of a high yield should ever be the only reason to invest in something. Here, a number of panellists were of very different views and had to agree to disagree. The experts then looked at the impact of the resurgence of collateralised loan obligations on overall liquidity before trying to estimate the remaining funds in the war chests of high yield investors.





PANEL: COMMERCIAL REAL ESTATE IN FOCUS

PAUL DUFFY, GLOBAL HEAD OF DEBT ADVISORY, ROTHSCHILD
PHILIP BYUN, VICE PRESIDENT SPECIAL SERVICING, HATFIELD PHILIPS
CHRIS LEES, VICE PRESIDENT, BROOKLAND PARTNERS
ZUBIN IRANI, MANAGING PRINCIPAL, WESTBROOK PARTNERS
CHRIS HAFFENDEN, DEPUTY EDITOR – RESTRUCTURING, DEBTWIRE

The final session of the Debtwire European Forum 2010 focused on the commercial Real Estate sector and initially looked at the key drivers of restructuring in the space on a pan-European basis. The panellists explored whether restructuring levels are in line with the expectations that practitioners had and how the attitudes of banks compare to those of borrowers in out-of-money deals. The panel then outlined templates for how to go about closing deals and discussed the impact that a recovering US commercial mortgage-backed securities market will have on dealmaking in Europe. The session closed with an outlook on the year to come.



Global Restructuring

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|--|--|--|---|
| <p>Mezzanine Lenders of Gala Coral</p>  <p>Mezzanine lender led restructuring of £2.5bn debt facilities and £200m new money injection</p> <p>2010 </p> | <p>Dubai World</p>  <p>Restructuring of US\$25bn debt facilities</p> <p>Current </p> | <p>European Directories</p>  <p>Restructuring of €2.2bn debt facilities</p> <p>Current </p> | <p>UC Rusal</p>  <p>Restructuring of US\$16.8bn debt facilities including negotiations with 72 credit institutions globally</p> <p>2010 </p> |
| <p>Government of Ireland Department of Finance</p>  <p>Advice in relation to creation of €77bn bad bank</p> <p>2010 </p> | <p>Renova</p>  <p>Advice to Renova, main shareholder of OC Oerlikon, on the restructuring of €1.75bn debt facilities of Oerlikon</p> <p>2010 </p> | <p>Senior Lenders of Grupo SOS</p>  <p>Restructuring of €1.7bn debt facilities</p> <p>Current </p> | <p>Senior Lenders of Almatiz</p>  <p>Multi-jurisdictional restructuring of US\$970m debt facilities</p> <p>2010  </p> |
| <p>Access Industries</p>  <p>Advising co-sponsor Access Industries on restructuring of US\$19.3bn debt facilities and US\$2.8bn rights offering</p> <p>Current </p> | <p>Senior Lenders of Truvo</p>  <p>Restructuring of €1.2bn debt facilities</p> <p>Current </p> | <p>MBFG</p>  <p>Restructuring of €500m debt facilities</p> <p>Current </p> | <p>Nakheel</p>  <p>Restructuring of US\$10.9bn debt facilities</p> <p>Current </p> |



leading you through...

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With the economic recovery still fragile, the coming years will continue to present challenges and opportunities to a variety of stakeholders. Refinancing concerns, deficit reductions, sovereign debt, ongoing stressed sectors and the lack of liquidity continue to provide uncertainty within the European markets.

Lawyers across our network have worked on most of the leading restructuring, insolvency and refinancing mandates in this downturn, and offer significant expertise on LBO restructurings and financings. Dedicated client service, enthusiasm, creativity and strategic input to all aspects of restructuring and refinancing strategies are the hallmarks of our practice.

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...uncertain times



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