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Drivers of the finance market

Michael Riches
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The Australian finance market has continued its strong recent growth pushed along by the significant M&A activity in Australia in the past 12 months. All segments of the banking sector have been strong with the growth in leveraged finance being the predominant feature. The establishment or re-establishment of the lending offices of a number of global banks and investment houses, and the creation of a number of subordinated debt funds, has expanded the capacity and depth of the market. This has allowed many deals to be funded onshore that previously would have had to be distributed offshore.

An influx of equity

The leveraged finance sector has seen extraordinary growth in 2007. A significant proportion of M&A activity in Australia and New Zealand has been fuelled by the strong interest of private equity. Bank lending strongly supported private equity investment in 2007. Even as debt multiples increased, banks remained committed to funding strong private equity sponsors into ever larger buyouts.

Two key features have driven the leveraged finance market in the past 12 months. The first has been the emergence of the interest of large global buyout firms such as KKR, Carlyle, CCMP, Bain Capital, Blackstone and TPG in the Australian market – this may have been influenced by the recent tax changes making investment in Australia more attractive. Together with the continued strong activity of local and long-term overseas firms such as CVC, CHAMP, Archer, PEP and Ironbridge, there has been a significant amount of equity capital available in the Australian market.

By its nature this influx of equity has resulted in the amount of bank lending increasing exponentially. In the financial year 2006 there were only two completed leveraged finance transactions that had committed bank debt in excess of A$1 billion. In 2007 there were more than 10 leveraged finance transactions that had committed bank debt in excess of A$1 billion, with more than five resulting in completed transactions.

The second feature, and partly as a function of the first phenomenon, has been the expansion of buyout activity into the public markets where we have seen attempted takeovers of Coles and Qantas, two iconic brand names, together with successful takeovers of DCA Group, Rebel Sport, Repco and the joint ventures with private equity of PBL and the Seven Network. This has resulted in 2007 seeing the largest leveraged financings ever experienced in this market. The size of the Coles and Qantas transactions exceeded the volume able to be placed in the Australian market and were the first leveraged finance transactions where significant use of the global debt markets was required for origination as well as syndication. This is likely to become a trend.

The private equity phenomenon is not expected to abate in 2008 with the amount of available equity funds continuing to increase. Bank lending in this market remains extremely competitive with the large US and European banks underwriting through Australia and using their global distribution networks to syndicate the facilities predominantly throughout Asia-Pacific but also into Europe and the US. One of the key issues in 2008 will be what impact the tightening of credit in the US in particular has on the availability of debt in Australia. Already it seems this has been a major factor in the private equity consortium bid for Coles not proceeding.

More buoyancy to come

Although leveraged finance and private equity have been the talk of the market, the strength in corporate borrowing and refinancing has remained very strong. Acquisitions such as Toll's takeover of Patrick, the merger of Alinta and AGL (and subsequent proposed takeover of Alinta by Babcock & Brown), and the refinance of Westfield's corporate debt facilities has ensured a strong base of core lending in the market. Banks have found this sector particularly tough however, with margins being squeezed as corporate borrowers take advantage of the supply of available capital.

Property finance continues to be a key feature of the Australian banking market. Although the extent of residential development finance has slowed, it has been replaced in the past 12 months by considerable investment lending as key properties are acquired and funded through bank lending. This year saw the beginning of what is widely tipped to be a consolidation in the listed property sector, from which we expect to see significant acquisition finance relating to property. The recently announced takeovers of Investa Group and Multiplex represent the start of this likely trend with the acquisitions being funded by bank debt as well as commercial mortgage-backed security (CMBS) programmes and the debt capital markets.

The asset finance sector remains constrained by limited tax advantages and low interest rates. However, in certain sectors, particularly yellow goods (supported by the booming resources sector), there have been some significant transactions undertaken, including Leighton Holdings' $750 million operating lease facility.

The mezzanine and subordinated debt market has become deeper with the establishment of a number of new funds and a rapid increase in participations in subordinated debt: the $300 million institutional sub debt placement on the DCA leveraged buyout was

twice as large as any recent subordinated debt issue in the market other than the listed hybrid instruments being offered for a number of major listed corporates.

The boom of 2007 looks likely to continue into 2008, although much will depend on the continued strength of equity markets, the maintenance of a low interest rate and the ability of private equity to continue to source highly leveraged debt. Unless there is a major tightening of credit, resulting from increasing defaults in Australia or globally, there is no expectation of a substantive shift that would constrain strong growth in the banking sector in 2008.

Capital markets – equity

Recommended firms
Tier 1
Allens Arthur Robinson
Blake Dawson
Clayton Utz
Freehills
Mallesons Stephen Jaques
Tier 2
Minter Ellison
Tier 3
Baker & McKenzie
Tier 4
Arnold Bloch Leibler
Corrs Chambers Westgarth
Gilbert + Tobin

Although even during the credit crunch there have been large flotations, such as the A$300 million ($287 million) listing of PrimeAg Australia, overall there has been a drop in IPO volume and value.

With efforts to refinance becoming increasingly complicated, certain entities such as listed property trusts have seen share prices tumble. Westfield Property Group's rights issue in June 2007 was almost prescient in this respect: the issuance raised A$3 billion at the peak of the market.

The subsequent failure of the equity capital markets for such entities has led to in increase in the popularity of alternative funding methods such as unlisted funds.

But if anything, the lower deal rate and the need for quality counsel have sharpened the focus of lawyers in the field. Says one capital markets partner: "The sophistication, complexity and creativity now needed to excel in the market is unprecedented."

Allens Arthur Robinson

"Despite significant partner losses, Allens retains its quality and has yet to disappoint," says one client when asked about the firm. Allens' reputation has won the firm roles on many of Australia's largest and most complex capital markets matters this past year.

Allens is known for advising on IPOs as both issuers' and underwriters' counsel. The firm's workload in capital markets this year has included rights issues, entitlement offers and placements as well as large share buybacks.

The firm represented Wesfarmers with Sidley Austin on its accelerated renounceable entitlement offer to raise $2.39 billion. The offering was made on a one-for-eight basis (by way of a Rapids structure). The purpose of raising capital was to assist in refinancing the $3.83 billion bridge facility drawdown to fund its $19.1 billion acquisition of rival grocer Coles.

The firm also worked with Skadden Arps Slate Meagher & Flom to represent Newcrest Mining on its entitlement offer to raise $2.10 billion, Australia's largest capital-raising in the mining sector. The offer was made on a seven-for-20 basis, and also used an accelerated Rapids structure. The company used the proceeds to refinance its gold investments and dollar-denominated bilateral loans. The deal was made complex by Newcrest's large number of US investors, leading to US regulatory issues.

Leading lawyers
Alex Ding

Blake Dawson

Blake Dawson has had another strong year, and is a favourite with investment banks. The firm acted for the underwriters on the two most significant capital raisings in 2007 and 2008 (Wesfarmers accelerated renounceable entitlement offer to raise $2.39 billion and Newcrest's accelerated entitlement offer to raise $2.1 billion).

Merrill Lynch instructed Blake Dawson in relation to Gazmetall's sale, by way of an institutional bookbuild, of its 19.7% stake in Mount Gibson. The selldown raised $398 million.

Another deal of significance was Hutchison Telecommunications' issue of convertible preference shares to raise $2.77 billion to ease the company's debt. Blake Dawson acted for Hutchison Whampoa as the major shareholder in Hutchison Telecommunications and as underwriter of the rights issue.

Clients reserve particular praise for Bill Koeck: "He not only delivers but often exceeds our expectations," says one. "Technically sound, he is one of few lawyers that actually exudes enthusiasm when faced with challenges, which makes him a pleasure to work with." Sarah Dulhunty is also identified as one of the firm's most well-known and respected practitioners.

Leading lawyers
Sarah Dulhunty
Bill Koeck

Clayton Utz

Clayton Utz has been promoted to tier one after universal praise from peers and clients, one of whom says: "This year they have really outdone themselves in the equity capital market space. We have always used them and never regretted it. Greg James is simply outstanding - he's very thorough, very professional and is hands-on in all aspects of transactions."

Highlights of the firm's year include acting for the underwriters and lead managers on the largest Australian IPO of the second half of 2007, PrimeAg's A$300 million listing on the Australian Securities Exchange. The firm also advised on three of the largest hybrid offers of 2007: Dyno Nobel ($287 million), Bank of Queensland ($191 million) and Centennial Coal ($158 million).

Clayton Utz represented the underwriter on the $1.12 billion Suncorp rights issue, the largest of the year and one of the largest ever in the country's financial sector. The innovative structure won Clayton Utz favourable press and raised the profile of its most well-regarded partners Greg James and Stuart Byrne.

Another innovative deal saw Clayton Utz representing Australia's Future Fund (a sovereign wealth fund) on its sale of shares in Telstra through a new mechanism of delivering shares through a Telstra dividend reinvestment plan.

Leading lawyers
Stuart Byrne
Greg James

Freehills

"Freehills continues to be unmatched in quality as they have a team of giants," says a client. And competitors agree. Says one: "You would be hard-pressed to find a more qualified, dedicated or innovative team."

Freehills had an outstanding year despite the global slowdown in equity capital markets and was involved in almost all of the landmark Australian equity transactions of 2007 and 2008. The firm also acted on numerous

secondary capital raisings and complex underwritings (including the proposed capital raisings for Allco and Allco Equity Partners to help finance their participation in the bid for Qantas). The firm's equity capital markets team has a history of advising on Australia's most significant offerings such as the Commonwealth Government's three public sales of its holding in Telstra.

One of the most innovative deals Freehills advised on this year was the Commonwealth Bank of Australia's $1.41 billion fourth issue of perpetual exchangeable resaleable listed securities (Perls). The issue was the largest franked hybrid security to be quoted on the Australian Securities Exchange, surpassing the bank's previous record issue of Perls valued at $1.11 billion in 2006. Perls IV was also the first stapled hybrid implemented under the latest Australian Prudential Regulation Authority guidelines as well as the first to provide a franked distribution. Market commentators widely praised the complex new funding structure.

Freehills also advised Babcock & Brown and three of its listed funds on its innovative $7.56 billion acquisition of Alinta, in a consortium with Singapore Power. The scheme involved the issuance of four different types of securities, and an innovative mix-and-match facility which enabled Alinta shareholders to select their preferred mix of consideration (while also ensuring a predictable capitalisation outcome for the issuing funds). The issuance was also structured in a way that optimised credit ratings and financial outcomes in connection with the scheme for the issuer, Babcock & Brown Infrastructure. It was one of the largest hybrid issuances last year and the last large hybrid issuance before the effects of the credit crunch.

Also of note was Freehills' counsel on WorleyParsons' accelerated renounceable rights issue. The transaction was the first exchangeable share issuance by an Australian company, and proved the structure's viability as a means of raising acquisition finance.

Philippa Stone is universally regarded as one of Australia's preeminent lawyers. "She is an oracle in the legal world - the stuff that legends are made of," says one client.

Leading lawyers
Tony Sparks
Philippa Stone
Michael Ziegelaar

Mallesons Stephen Jaques

"We mostly use Mallesons for capital markets work because it has always been a very positive experience," says a client of the firm. "They have the bench strength. They are consistently strong, have exceptional minds and they do the essentials right - for example staffing their teams well."

The firm's standout transactions include advising the Westfield Group, the world's largest listed retail property group, on its A$3 billion accelerated rights issue. One of the largest capital raisings in Australia, it was launched at a time when there was great uncertainty about the taxation treatment of such deals.

The firm also advised on a number of significant IPOs including Multiplex Capital's first European property fund IPO and on the first listing of a private health insurer in Australia, Nib Holdings. The latter deal was not offered to retail investors but instead the $47.9 million was raised via an institutional bookbuilding process.

"Even their juniors are highly capable which is not always the case at other so-called leading firms. David Friedlander, Greg Golding, Peter Cook: all outstanding," says a client. "Mallesons is always our first choice."

Leading lawyers
David Friedlander
Greg Golding

Minter Ellison

Minter Ellison is at the forefront of innovative and traditional capital-raisings, and rises a tier on the back of strong client recognition and an impressive portfolio of deals. The departure of key equity capital markets partner Sebastian Hempel to pursue personal interests has not significantly impacted Minters' reputation, which one client referred to as "flawless".

2007 saw a wave of large flotations, with Minter Ellison acting on two of these - the Ellerston Gems Fund (which raised $584 million on the Australian Securities Exchange) and the Hedley Leisure and Gaming Property Fund (which raised $132 million from institutional and real investors).

A more complex and innovative deal was the launch of iShares for Barclays - the first Exchange Traded Fund of this type in Australia. Minter Ellison's role involved devising a novel structure to trade iShares on the ASX and preparing the related legal documentation.

Leading lawyers
Jeremy Blackshaw

Capital markets – debt

Recommended firms
Tier 1
Freehills
Mallesons Stephen Jaques
Tier 2
Blake Dawson
Clayton Utz
Tier 3
Allens Arthur Robinson
Minter Ellison

In the latter half of 2007, the debt capital markets in Australia were severely impacted by the fallout of the subprime market in the US. With traditional debt issuance becoming anathema, most activity in the debt capital markets has been in hybrid securities, PPP bond financings and debt issuances relating to corporate restructuring.

Hybrid securities continue to be popular among investors who are seeking tax-efficient investment products with interest-type returns. To this end, issuers have been developing increasingly complex debt-and-equity linked instruments to satisfy their fundraising objectives and to meet investor demand. Such investment products require experienced, creative and technically superior legal advisors to help maximise fundraising efficiency and to reduce risk. Both Mallesons Stephen Jaques and Freehills have consistently excelled in this area, according to market commentators.

Freehills

Freehills, one of Australia's preeminent law firms, enters tier one this year despite the slowdown in debt capital markets due to market recognition of its leading expertise in capital-raising and product development including credit-wrapped securities, Euro and global bond programmes and US private placements. The firm also has extensive experience on a broad range of domestic and international structures including unique bond issuances, private placements, and wrapped and unwrapped debt issues.

Market commentators note also Freehills has been seen to act on an increasing number of derivatives and structured credit products transactions.

"Although Freehills is better known for its strong ECM team, one must not overlook its DCM department which are just as good technically, commercially and creatively," says a client of the firm.

Highlight work includes acting for the bond underwriter and financial guarantor on the $1.21 billion bond financing for the Royal

Children's Hospital PPP. This consisted of multiple bond issues including wrapped and unwrapped senior bonds, subordinated bonds and hybrid securities. Freehills also represented Santos on its $500 million US private placement which included four tranches of notes with maturity ranging from 10 to 20 years.

The firm's other notable projects included acting for Financial Security Assurance as financial guarantor on the $291 million MTN issuance by Brisbane Airport Corporation. The notes funded the development of Brisbane Airport's infrastructure. The firm also advised on a number of hybrid capital-raisings in the Australian market in 2007 including serving as counsel to Tamaya Resources as originator of the first convertible issue to be governed by Australian law.

Leading lawyers
Andrew Booth
Brendan Quinn

Mallesons Stephen Jaques

Mallesons has had another strong year: its team's depth of talent and experience wins praise from peers and clients as "a clear choice in debt capital markets".

The firm worked on the refinancing and regulatory capital aspects of Macquarie Group's Project Jigsaw restructuring programme. This project changes the bank's business structure by incorporating of a non-operating holding company, and was the first of its type in Australia. Mallesons assisted in securing $19.1 billion financing despite difficult market conditions, and advised the bank on reforming its regulatory capital structure to comply more effectively with its obligations to the Australian Prudential Regulation Authority (APRA).

Mallesons also assisted Westpac on the establishment of a new $9.57 billion programme of senior and subordinated registered debt securities in the US by way of a Rule 144A issuance. It also updated the bank's medium-term deposit note programme (under which its New York branch solicits offers to make deposits evidenced by deposit notes), and assisted with the issuance of $2.14 billion extendible notes under Westpac's $19.1 billion commercial-paper programme. As well as boosting Westpac's presence in the US market, the three transactions diversified the bank's funding structure at a relatively low cost.

Leading lawyers
Ken Astridge
Greg Hammond

Blake Dawson

Blake Dawson is known to be the main legal services provider to Rabobank and Members Equity Bank as well as a preferred counsel to Credit Suisse, TD Securities, ABN Amro and Royal Bank of Canada in debt capital markets. "Blakes has a solid reputation in debt capital markets and has consistently shown it is in the same league as the big boys even when it comes to the larger more complicated transactions," says a rival.

This year, the firm was instructed by and worked closely with the Australian Financial Markets Association and TD Securities in relation to the proposed reform of Prudential Standard GPS 120, which governs assets in Australia. In its existing form, the regulation could have adverse effects on the kangaroo bond market. As a result of Blake Dawson's recommendations, the APRA revised Standard to incorporate the amendments.

Another significant project for Blake Dawson was acting for the Credit Suisse's Australian branch in the establishment of its Australian debt issuance programme. The programme provided for the issuance of lower Tier II capital notes the back-to-back issuance of fund-linked notes, in connection with Credit Suisse's other debt issuances worldwide.

Leading lawyers
Paul Jenkins
James Morris

Clayton Utz

Clayton Utz's debt capital markets team consists of highly experienced lawyers with expertise in transactions ranging from traditional domestic notes to offshore notes, kangaroo bonds, private placements, high-yield notes and hybrid transactions.

Big-ticket work this year came in the form of advising Transpacific Industries Group on its issue of $306 million subordinated convertible notes and the listing of these on the Singapore Stock Exchange. The firm also advised Transpacific Industries Group on a $143 million private placement.

In another standout deal, the firm acted as Australian counsel for Suncorp-Metway in its $15 billion programme for the issuance of MTNs, euro commercial paper and other debt instruments, including updates of supplements to and issuances under the programme.

"Louise McCoach is a rare find," says one client of the firm's highest-profile debt capital markets partner. "She is excellent at talking us through complicated concepts."

Leading lawyers
Stuart Byrne
Greg James
Louise McCoach

Capital markets – structured finance and securitisation

Recommended firms
Tier 1
Allens Arthur Robinson
Clayton Utz
Mallesons Stephen Jaques
Tier 2
Blake Dawson
Freehills
Tier 3
Henry Davis York
Minter Ellison

In the wake of the credit crisis, the CDO market has closed entirely, while the securitisation market has become both limited and expensive. This means fewer participants, but a combination of mainstream and highly innovative securitisation and derivatives transactions have seen the light of day. The busier sections of the market include aircraft-lease securitisation - Ryanair, Virgin Blue, SilkAir, Emirates and many other aviation groups have raised funds in this way in recent months.

And strong programmes like the Puma Masterfund RMBS, which saw the issuance of a A$500 million ($479 million) tranche of Class A senior notes in June 2008, mean market commentators are optimistic about a return to form.

Allens Arthur Robinson

Allens' securitisation practice has long been regarded as a market leader. While the team has a tremendous amount of experience across a broad range of transactions, it is best known for consistently working on cutting-edge first-of-its kind deals. For example Allens played multiple roles on Avis Budget Australia's groundbreaking $240 million auto fleet securitisation. The firm acted for Westpac as lead arranger and subscriber, ANZ Bank as subscriber, and Ambac Assurance as financial guarantor.

The firm also recently advised Bluestone on the $460 million Bluestone Warehouse securitisation.

Andrew Jinks, Mark Wormell and Tim Lester, Allens' best-known structured finance

and securitisation partners, are consistently named for their excellence in both domestic and cross border securitisations. Says one client: "They are all strong conceptually and have well-developed strategic abilities. They raise the bar for the rest of the industry."

Leading lawyers
Andrew Jinks
Tim Lester
Mark Wormell

Clayton Utz

Despite the reduction in new securitisation deals, Clayton Utz's team has continued to flourish advising on credit-related transactions and has been involved in every subprime-related transaction in the public domain. A lot of the firm's clients have turned to it for counsel regarding the knock-on effects of subprime issuances and other difficulties arising from the credit crunch.

"When times are hard it is even more important that you completely trust in the judgment of those you seek counsel from. We have been engaging with them for years and have complete confidence that we will not be led astray," says a client.

The firm recently completed a major restructuring for National Australia Bank. Partners Brain Salter, Narelle Smythe, Sonia Goumenis, David Cowling and David Klarich assisted the bank in converting a contingent liability to the former RAMS group for $2.39 billion to an acquisition of just under $1 billion in RAMS mortgages. The assets were purchased at net value and were prime, seasoned Australian mortgages, which were all mortgage-insured.

This transaction followed six months advice to the bank, during which it also advised other lenders to RAMS in relation to the refinancing of commercial paper, warehouse and derivative facilities. At the time of writing Clayton Utz was advising National Australia Bank in relation to its warehouse exposure to RAMS.

Another landmark project for Clayton Utz this year was acting for Macquarie Securitisation in its Puma Masterfund issuance of A$500 billion RMBS, the first issuance of debt securities by an Australian issuer following the credit crunch.

Leading lawyers
Brian Salter

Mallesons Stephen Jaques

Boasting one of the largest and best securitisation teams in Australia, Mallesons' deal flow is characterised by both volume and quality. The team's lawyers are talented across the board - in particular, a client of Stuart Fuller says: "Everyone wants him on their deal because this ensures a more pleasurable process and a higher-quality end result."

A recent deal highlight was Mallesons' advice to RHG Home Loans on the refinancing of its $5.4 billion extendible commercial-paper programme. The liquidity crisis in the global debt capital markets forced RHG to refinance $5.4 billion debt within 180 days. Mallesons assisted in negotiations with financial institutions to structure and document separate components of the refinancing package. The team was able to complete these simultaneously in market conditions where other issuers were unable to find additional funding.

Mallesons was also involved with Aurora Securitisation's ReTRO Series, a $219 million MTN issuance and Australia's first publicly-rated issuance of MTNs backed by trade receivables. The firm worked with ANZ Investment Bank and the ratings agencies to create innovative cash flow waterfalls and liquidity support. The transaction saw considerable pricing pressure due to the adverse conditions in the asset-backed commercial-paper market.

Leading lawyers
Stuart Fuller

Blake Dawson

Blake Dawson, described by one client as "a solid out-of-the-box outfit", picked up some of the most substantial structured finance and securitisation work of late, including two of the largest Australian securitisation deals of 2007. These were Westpac's Series 2007 - 1G WST Trust issuance (the firm acted for JP Morgan, HSBC and Barclays Capital as lead managers) and St George Bank's Crusade Euro Trust 2007 - 1E (the firm acted for Barclays Capital as lead manager).

The firm also advised on one of only two rated securitisation transactions to date in Australia in 2008 and the first securitisation transaction for UniCredit. Its role was to act for UniCredit on the former RAMS Group's $731 million refinancing of a mortgage portfolio now managed by RHG.

It also acted for RBS in relation to a $195 million CMBS warehousing program for Calliva Group. This was the first Australian warehousing deal to be tailored for superannuation fund-targeted real property-based warrant products. The deal required a dual-trustee master-trust programme and preparation of all of the product documentation for end users.

Leading lawyers
Paul Jenkins
Bruce Whittaker

Freehills

"Freehills' securitisation team has gone from strength to strength," says a rival. Despite difficult times, Freehills' blue-chip securitisation and derivatives client base continues to grow with Heritage Building Society, XE Arche, Westpac, Deutsche Bank and Adelaide Bank joining the team's extensive list of client. The firm has recently acted on a range of matters including RMBS, CMBS, net interest margin (NIM) notes, auto and fleet receivables, trade/inventory receivables, CDOs, aircraft leasing, PPPs and securitisations of an number of other asset types.

"I predominantly use Freehills for funds management work and securitisation transactions," says a client. "I would describe its work as first-rate. It has proven expertise and experience which it draws on in providing advice."

Significant deals for the firm included acting for Avis Budget Australia on its $243 million auto fleet securitisation. This was the first of its type in the Australian market. The firm also acted for BNY Trust on Allco, AAF and Safif's aircraft lease securitisation programmes (involving Ryanair, Virgin Blue, SilkAir, Emirates, Flybe and others).

Leading lawyers
Tessa Hoser
Lachlan Roots

Banking

Recommended firms
Tier 1
Allens Arthur Robinson
Clayton Utz
Freehills
Mallesons Stephen Jaques
Tier 2
Blake Dawson
Minter Ellison
Tier 3
Gilbert + Tobin
Henry Davis York
Tier 4
Arnold Bloch Leibler
Baker & McKenzie
Corrs Chambers Westgarth
Deacons

Midway through 2008, some high-profile companies have already experienced difficulties in refinancing their debt in light of the credit crisis. The outlook for the coming months is a flight to quality: the market will remain open for high-quality borrowers, but others will find their access heavily restricted - in all cases, borrowers will have to get used to more stringent terms and higher pricing. This adds to banking complexity, best exemplified by Australia's biggest public-private leveraged buyout to date - Carlyle Group's acquisition of Coates Hire, a high-profile deal which involved Freehills, Clayton Utz and Corrs Chambers Westgarth. The transaction was complex for a number of reasons, including the use of a new joint-venture vehicle, and a novel debt financing structure involving the independent arrangement of senior and subordinated debt.

Allens Arthur Robinson

The strength of Allens Arthur Robinson's banking practice ensures a steady flow of the most noteworthy work in the Australian market. In terms of leading individuals, Catherine Parr has a "fantastic reputation" among peers and Philip Cornwell is also highly rated.

The firm's formidable list of finance clients includes Australia's four leading banks, as well as international institutions including Deutsche Bank, JP Morgan, ABN Amro and HSBC.

One recent standout deal saw Allens Arthur Robinson acting for Wesfarmers on the acquisition of the Coles Group, the largest single corporate financing ever undertaken in the Australian loan market. The deal was funded by loan facilities valued at $9.76 billion.

Leading lawyers
Philip Cornwell
Catherine Parr

Clayton Utz

Clayton Utz has had a robust year of high-profile work. "We use them because they have proved to be experts in handling banking matters and always provide us with high quality advice followed by a quick turnaround of work," says a client of the firm.

One of Clayton Utz's most talked-about deals was its role as Australian legal counsel to the bookrunners and lenders of the $55 billion financing of BHP Billiton's proposed takeover of Rio Tinto. The funding arrangement - the largest-ever globally - comprises a multicurrency term and revolving facility, and a subscription agreement.

Another marquee deal for Clayton Utz was its involvement in the financing of Brookfield's $3.9 billion takeover of the Multiplex Group. Brookfield raised $1.7 billion syndicated debt for the transaction. The deal was a secured, structured transaction involving partnerships and companies both domestically and overseas.

The firm assisted Brookfield on all Australian aspects financing and structuring of the transaction, requiring close coordination between the financing and corporate teams.

Leading lawyers
Angela Flannery
Grant Fuzi
Graeme Gurney
Jason Huinink
Michael Riches

Freehills

Freehills acts for all of the major Australian commercial banks, as well as a number of international investment banks and other financial institutions. The firm also has a strong borrower client base including Westfield, Orica, Toll, ABC Learning Centres and Zinifex.

"I would recommend them today, tomorrow and the day after. I am not easily impressed but they have consistently gone the extra mile and beyond," says a client.

In one recent standout deal the firm acted for the Carlyle Group in relation to its financing to acquire all of the shares of Coates Hire in a consortium with National Hire Group. With a debt funding package of $2.34 billion and a $2.83 billion enterprise value, the deal was Australia's biggest public-private leveraged buyout to date.

Other deals that benefited from Freehills' expertise include the $8.78 billion financing for Macquarie Group's new holding company. The firm represented 48 banks, the largest-ever syndicate in the Australian market at the time of signing.

At the time of writing, Freehills was also working with the David Jones group in connection with its selection of, and negotiation with, an international financial institution as an alliance partner. The proposed alliance will establish a David Jones-branded credit card and will involve the transfer of David Jones' existing store card business to the credit card provider.

Leading lawyers
Andrew Booth
Patrick St John

Mallesons Stephen Jaques

Mallesons Stephen Jaques' banking and finance group turned in another impressive performance last year in spite of market conditions, keeping it firmly in the first tier.

The firm recently acted as Australian counsel to the lending syndicate to Coogee Resources in the $270 million financing of the development of four oil fields in the Timor Sea. The financing arrangement also covers capital expenditure in the existing Jabiru and Challis oil fields. The structure was innovative and unusually complex for the sector, but enabled Coogee a high degree of flexibility.

Another standout deal saw the firm acting for ING Industrial Fund with respect to its $1.7 billion bridge refinancing. The financing was arranged and underwritten by ANZ Bank, Deutsche Bank's Sydney arm and JP Morgan Chase, and involved the prior release of all current security over the assets of the ING Industrial Fund.

Mallesons also acted for the Blackstone Group on the financing of its $26 billion acquisition of the Hilton Hotel Group. The Australian component represented about 7% of the total value of the deal and the firm was involved in structuring and negotiating the financing and security arrangements. The financing structure was novel as it consisted of $9.75 billion senior debt with 11 layers of structurally subordinated mezzanine debt. This involved interposing Delaware mezzanine stacks in the financing and security structure, which was the first of its kind in Australia.

Leading lawyers
Ken Astridge
Ashley Black
Jeff Clark
Peter Doyle
Ian Paterson
John Stumbles

Blake Dawson

Blake Dawson has had a strong year in banking, and clients and competitors note the firm's growing presence in big-ticket deals. The biggest-ticket mandate of all was acting for BHP Billiton on its $55 billion loan facility in connection with its proposed all-share offer for Rio Tinto. The package is the world's largest-ever syndicated loan.

The firm also acted for CBA, WestLB and Toronto-Dominion as lead arrangers of syndicated debt for AMP Capital Investor's acquisition of Domain Aged Care Group. AMP's $277 million investment enabled it to become one of the biggest players in the Australian market for care of the elderly.

Other work over the past year included acting for BOSI and NAB as lead arrangers of debt for Champ's acquisition of Golding Contractors. Golding Contractors is a provider of open-cut mining and civil-works services in Australia. Champ's $307 million investment will enable Golding to grow further. Blake Dawson also acted for ANZ Bank, Westpac and HSBC as lead arrangers of senior secured syndicated debt for the Linfox group's $585 million refinancing and addition of other bilateral facilities.

Leading lawyers
Martin Coleman
John Field
David Mason
Steve Smith
Philip Trinca

Minter Ellison

"We use them because they have the skill, experience and reputation that we require at a comparable and reasonable cost," says one of Minter Ellison's clients.

The firm's finance team has had an exceptional year, gaining market exposure by closing a number of complex high-value deals, particularly in financing M&A and property deals.

John Mosley led a team handling the financing for Primary Health Care's $2.54 billion hostile acquisition of Symbion Health. A team led by Keith Rovers also advised Morgan Stanley Real Estate on the financing of its $4.1 billion acquisition of Investa Property Group. And Tony Berriman acted for the banking syndicate on the General Property Trust's $3.17 billion syndicated debt financing.

Minter Ellison also advised ANZ Bank, Westpac and a senior financier as joint lead arrangers with regards to the $1.39 billion multicurrency, cross-border facilities for refinancing and general working capital to ABC Learning Centres, a listed childcare provider, and its American partner Learning Care Group.

As the Australian financial markets become more sophisticated, there is an emergence of different types of funding entities such as large-scale unlisted funds. The firm has advised on the establishment of a number of these funds both in Australia and offshore, for clients including Ellerston Capital, Macquarie Bank, Everest Capital and Helmsman Capital.

The firm was also involved in the establishment of the Third Link Growth Fund, Australia's first not-for-profit managed investment fund.

The team was this year strengthened by the arrival of new partner Peter Block from Freshfields Bruckhaus Deringer in London.

Leading lawyers
Theo Kindynis
Daniel Marks

Mergers and acquisitions

Recommended firms
Tier 1
Allens Arthur Robinson
Blake Dawson
Clayton Utz
Freehills
Mallesons Stephen Jaques
Tier 2
Gilbert + Tobin
Minter Ellison
Tier 3
Baker & McKenzie
Tier 4
Arnold Bloch Leibler
Atanaskovic Hartnell
Chang Pistilli & Simmons
Corrs Chambers Westgarth
DLA Phillips Fox
Henry Davis York
Johnson Winter & Slattery

There has never been a more exciting time to be in the Australian M&A market. 2007 and 2008 saw 20 deals over A$1.04 billion ($1 billion), compared to 16 the previous year. These included some of the biggest transactions in Australia's corporate history, such as the largest completed takeover bid (Rio Tinto/BHP Billiton) and the largest public-private leveraged buyout in Australian history (Carlyle Group/Coates Group).

At the time of writing the proposed A$16.3 billion merger of Australia's third-largest and fifth-largest banks, Westpac Banking Corporation and St George Bank, was making headlines as a contender for Australia's greatest merger (at least until Rio Tinto capitulates to BHP Billiton's takeover efforts).

But the financing for many of these deals had been secured before the onset of the liquidity crisis. M&A activity in the coming months is likely to have a strategic flavour, as the victims of mispricing and over-enthusiastic merger activity start to emerge.

Allens Arthur Robinson

Allens Arthur Robinson has a strong M&A practice which has worked on a number of landmark transactions. These include acting for Rio Tinto on BHP Billiton's proposed all-share offer for the company, which totals $150 billion. The deal has made headlines as the world's second-largest takeover bid, and the largest takeover offer for, or by, an Australian company.

Another high-profile mandate won by Allens was that of advising Coates Hire in its sale, via a $2.8 billion scheme of arrangement, to National Hire and Carlyle. The firm also advised Zinifex on its $5.85 billion merger-of-equals with Oxiana. The merger will create a diversified base and precious-metals mining company.

The firm is also currently advising St. George Bank on the A$16.3 billion merger proposal from Westpac Banking Corporation.

Ewen Crouch gains praise from clients for his "sharp mind and technical savvy".

Leading lawyers
Ewen Crouch

Blake Dawson

"Blake Dawson has repeatedly dazzled the market by landing significant roles on a number of ground-breaking M&A-type deals," says a competitor, "and has become the envy of quite a few other leading firms in the market."

The deal highlight of the year for Blake Dawson was its role as the lead Australian advisor to BHP Billiton (acting jointly with Slaughter and May, which advised on English law) on its all-share offer for Rio Tinto, the world's second-largest takeover bid. The offer - which was announced in February 2008 - valued Rio Tinto at about $150 billion. The deal comprises separate, inter-conditional offers for each of Rio Tinto's Australian-listed and UK-listed arms. The deal was subject to antitrust and other regulatory considerations.

The firm was also lead advisor to Alinta on its $7.8 billion buyout by Singapore Power and Babcock & Brown, Australia's largest-ever buyout in the utilities sector. A further highlight was Kirin Holdings' $2.78 billion acquisition of National Foods Group, the largest-ever acquisition by a Japanese company of an unlisted Australian company.

Blake Dawson also acted for Consolidated Minerals on its highly competitive auction and merger with Palmary Enterprises, which clinched the bid with an offer of $1.15 billion.

"We use Blakes because it is a no nonsense firm," says a client. "In terms of the quality of

its work and the chemistry we have with its team, we could not ask for more."

Leading lawyers
Bill Koeck
Marie McDonald
David Williamson

Clayton Utz

Clayton Utz is known for the diversity and depth of the deals it takes on. In particular Michael Parshall receives overwhelming praise from clients. Says one: "He is highly skilled, easy to work with, cost-conscious and fresh in his approach to problems."

One of the firm's most sizable deals this year was when it advised Brookfield Asset Management in relation to its $4.2 billion takeover of Multiplex Group. Under the deal, Brookfield made an all-cash offer for the company's stapled securities. Clayton Utz's team, which was led by Michael Parshall provided due diligence and regulatory advice, and developed a novel pre-bid option over a 26% stake in the target. These pre-bid arrangements over the Roberts family's holding in Multiplex were designed to provide the Roberts family with certainty over the pricing of its 26% stake (which was more than the 20% takeover threshold). The transaction created one of the largest portfolios of property and infrastructure assets in the world.

Also noteworthy is the firm's current work advising Australian Worldwide Exploration on its recently proposed merger with ARC Energy. The merged entity, worth more than $1.95 billion, would be Australia's largest mid-tier oil-and-gas company.

Leading lawyers
Rod Halstead
Michael Parshall

Freehills

Freehills has always commanded great respect and admiration due to its "hassle-free guaranteed satisfaction every time", according to one client.

The firm won one of the most sought-after deals in this year's market, advising the Coles Group in relation to its $19.5 billion acquisition by Wesfarmers, in Australia's largest merger to date. The deal was also highly complex: it was completed through a scheme of arrangement following a global sales process. Because of the deal's size, Coles introduced enforceable measures to increase the competitiveness of bidders, by limiting the number of syndicate banks and other advisers they could engage.

The addition of price-protected shares, via a converting share for half of the script component of the original Wesfarmers offer, was also a novel element of the proposal. This was the first time such a mechanism, which the client included at Freehills' suggestion, had been used in an Australian takeover.

Another significant project for Freehills was advising Rinker Group, a building-materials company, in relation to its $17.2 billion takeover bid by Cemex, the largest all-cash takeover in Australia to date. The deal required extensive preparation for submissions to the takeover panel as well as advice on alternative transactions as part of Cemex's defence strategy. The deal was made more complex by cross-border issues deriving from both the buyer's and target's US interests.

Rinker's challenge to the takeover panel, represented by Freehills, was the first time a target had challenged the currency (in the case US dollars) in which the bid consideration was to be paid.

Leading lawyers
Baden Furphy
Braddon Jolley
Rodd Levy
Rebecca Maslen-Stannage

Mallesons Stephen Jaques

"Mallesons is excellent. We use them on all our M&A transactions," says a client. "Greg Golding really went the extra mile and possibly hated working with me because we worked Saturdays and Sundays, so he missed all his weekend trips!"

But the firm's dedication pays off. Big-ticket work this year came in the form of acting as Australian counsel to Macquarie Group in connection to the restructuring and refinancing of its related companies. This involved establishing of a newly-listed head entity of the Macquarie Group and splitting the institution's business units into a banking group and a non-banking group. The restructuring was Macquarie's most significant corporate transaction since its listing on the Australian Securities Exchange in 1996. It is also the first non-operating holding company (NOHC) restructuring by a major Australian bank and the firm was involved the drafting of new legislation and novel regulatory relief.

The firm also acted for Mitsubishi in relation to the establishment of a mining joint venture, as well as separate rail and port infrastructure joint ventures with Murchison Metals. This development is intended to create a new resource province in the midwest region of Western Australia.

Leading lawyers
Peter Cook
David Friedlander
Greg Golding
Steven Minns

Gilbert + Tobin

Gilbert + Tobin had another outstanding year, enjoying its fair share of activity at a time when Australia's M&A market is booming. The firm beat 14 other firms from Westpac Banking Corporation's legal panel to become its sole advisor on its proposed merger with St George Bank. Partners Gary Lawler, John Williamson-Noble, Gina Cass-Gottlieb and Jason Lambeth are leading the team, advising Westpac on the merger and related competition issues, with Duncan McGrath advising on debt financing issues.

Another recent standout deal saw the firm advising Publishing and Broadcasting (PBL) in a $13.4 billion demerger into two separate publicly-listed companies - Consolidated Media Holdings (which holds the company's media assets) and Crown (which holds its gaming assets). The transaction involved two separate schemes of arrangement, Crown's listing on the Australian Securities Exchange, and a complex reorganisation of PBL's assets and interests. The transaction's novel features included the use of advisory resolutions, to inform shareholders of Crown how the shareholders of PBL would like them to vote on certain matters. The transaction was also structured to allow PBL to offer a choice of cash and/or shares as consideration, while itself retaining some control over the consideration choice.

Another prominent deal is Gilbert + Tobin's involvement in a joint venture between AGL Energy and Meridian Energy to develop a 450MW wind farm in Macarthur, worth $780 million. If completed, the wind farm will be one of the largest in Australia.

Leading lawyers
Garry Besson
Philip Breden
John Williamson-Noble

Chang Pistilli & Simmons

Chang Pistilli & Simmons, a specialist law firm focusing on corporate law and dispute resolution, was founded by Diana Chang, Mark Pistilli and Danny Simmons in 2006 as a breakaway from Atanaskovic Hartnell. They took approximately half of that firm's lawyers and support staff, as well as a number of its M&A clients.

The firm enters the *IFLR1000* for the first time on the back of client and peer praise:

"Outstanding counsel," says a client. "They successfully combine all the advantages of a boutique firm with everything you would expect from a larger one in terms of quality and expertise."

In 2007 Chang Pistilli & Simmons was involved in some of Australia's largest and complex M&A transactions. Danny Simmons is Babcock & Brown's main transaction counsel, having acted for the investment bank on several deals including its $8 billion acquisition of Alinta. Simmons also acted for the Roberts family in the disposal of its stake in Multiplex.

Prominent partner Lance Sacks recently acted for Babcock & Brown Communities Group on its acquisition of Primelife Corporation via a scheme of arrangement. He also regularly acts for institutions such as Investec, ABN Amro, Deutsche Bank and ANZ Bank.

Leading lawyers
Lance Sacks
Danny Simmons

Project finance

Recommended firms
Tier 1
Allens Arthur Robinson
Freehills
Mallesons Stephen Jaques
Tier 2
Blake Dawson
Clayton Utz
Minter Ellison
Tier 3
Baker & McKenzie
Corrs Chambers Westgarth
Deacons

Uncertainty in the pricing of traditional bank debt has local and foreign banks in Australia to focus on the more reliable investment class of government infrastructure projects - private investment is essential to fund the many road, rail, port, energy, water, hospital and school projects that have been announced. This has presented increasing opportunities for project finance teams, acting for both the government and private sector. Most of the ranked firms have had some role in public projects, many of which are funded under a PPP structure. High-profile examples include the Bonnyrigg housing project, the A$850 million ($828 million) Royal Children's Hospital, Barwon Water Authority's A$48 million sewage treatment plant and a A$134 million programme to fund the construction of six schools in Adelaide's western and northern suburbs.

Allens Arthur Robinson

In project finance, market consensus is that the top tier is still very much a three-firm affair, with Allens Arthur Robinson being one of these firms. The firm continued to impress over the course of the last year, securing a role on a range of large high-profile projects. For example it advised the consortium on the Royal Children's Hospital PPP project, which at A$850 million was Australia's largest PPP project in the public healthcare sector. The firm also had a role in the project financing of the Newcastle Coal Export Terminal, valued at approximately $1.67 billion.

Of the firm's leading practitioners, partner Philip Cornwell wins most plaudits from clients and peers as a "very effective operator". Diccon Loxton also receives high praise for his "outstanding ability to turn challenges into opportunities".

"Allens consistently provided high quality, high level, innovative and practical advice in a manner that has allowed us to continue our successful growth," says a client of the firm. "They focus on the outcomes the client requires and ensure that their energies are directed to achieving those outcomes. All in all we are very happy with them."

Leading lawyers
Philip Cornwell
Diccon Loxton

Freehills

As a leading firm in the infrastructure sector, Freehills has a strong track record for advising on high-profile, commercially complex and strategically important projects. The firm's reputation leads a rival to observe that the firm is "always in demand".

Patrick St John is the firm's best-known project finance lawyer, but he is not its only talent. As a client says: "Although Patrick is a real draw - there really aren't many who can hold a candle to him - I must say that the team's unique dynamic is even more [of a draw]. Freehills is always our first choice."

The past year saw Freehills involved in most of Australia's big-ticket projects. These include acting for Tata Power Company (India's largest private power utility) in its $1.1 billion acquisition of a 30% equity stake in Indonesian thermal-coal producer PT Bumi Resources. The deal was financed by a $950 million secured bridge facility.

Another example of the firm's authority in this market was when it acted for the successful consortium and FSA in the $733 million acquisition of the Cross City Tunnel Motorway in Sydney. The deal involved a complex credit-wrapped bond financing, the takeover of the existing project deed and related contracts, and the replacement of the motorway's operator.

Leading lawyers
Brendan Quinn
Patrick St John

Mallesons Stephen Jaques

"We have very high regard for Mallesons, which I'm sure is something you hear all the time given their impeccable track record across the board," says a rival of the firm, which has enjoyed a steady year in project finance which reinforces its position as a top-tier firm.

Highlights include representing Babcock & Brown Wind Partners on the global refinancing of its business, representing the companies behind the Dampier to Bunbury Natural Gas Pipeline on the pipeline's expansion, and representing ARC Energy on the financing of its acquisition of Wandoo Petroleum's petroleum tenements.

The firm also acted for a group of banks on the restructuring of a project finance facility for Westlink Motorway to support a bid for Auckland International Airport, and advised Ramsay Health Care on the refinancing of its facilities and the acquisition of Capio, a British operator of hospitals.

In PPPs and social infrastructure, among the most noteworthy instructions was the firm's representation of ABN Amro and Thiess on their bid for the Royal North Shore Hospital PPP. Mallesons also advised Deutsche Bank on the financing of the Commonwealth Defense Housing PPP, and Assured Guaranty Corporation on the Orange Hospital PPP.

Leading lawyers
Peter Doyle

Blake Dawson

Blake Dawson boasts a reputable project finance practice which complements the firm's strong energy practice. "Blakes is definitely gaining momentum and much-deserved recognition in the project finance sphere," says a rival.

One highlight for the project finance team last year was the Bonnyrigg Living Communities Housing Project PPP. Blake Dawson advised the Department of Housing on the transformation and refurbishment of public housing in Bonnyrigg. The project, the

result of which was a combined public and private housing project, is the first true public housing PPP (as opposed to a joint venture) in Australia, and is part of the New South Wales Government's initiative to seek access to private capital markets for public housing projects. The project includes a 28-year tenancy management contract, as well as profit-sharing arrangements in the project's private development aspects.

"The firm's attention to detail and its ability to innovate is what keeps us coming back," says a client.

Leading lawyers
Joanne Evans
David Mason

Clayton Utz

In the last year Clayton Utz has recognised the potential of the booming project finance market and has welcomed a new partner, Simon Irvine, from Pinsent Masons' Hong Kong office. The firm also added Chris Redden, a senior associate from Linklaters' London office, to its ranks.

The project finance team's experience in PPPs has gained increasing recognition from the private sector, resulting in mandates such as acting for the Plenary Group in relation to its PPP project to develop a sewage-treatment plant for the Barwon Water Authority. The project, which closed in late 2007, was worth A$48 million.

Clayton Utz has also advised on a number of consortium deals but is also known for its relationship with Australian state and federal governments. For example, the firm was recently advised the South Australian Government on the development of the Marjorie Jackson-Nelson Hospital.

Another significant project saw Clayton Utz advising on the $1.51 billion Newcastle Port Third Coal Terminal, one of the largest coal-loading facilities in the world. The firm advised the Newcastle Coal Infrastructure Group on contractual and competition issues. It also reviewed financing documentation on behalf of one of the project's equity investors.

Leading lawyers
Doug Jones

Minter Ellison

Minter Ellisons's project finance team is particularly recognised for its work in PPP structures, on which it has worked on more than any other firm. For example, Paul Paxton led the firm's team acting on the consortium developing the second phase of the Single Leap defence accommodation PPP. Other high-profile deals had Paxton and Fred Tinsley representing consortia in a South Australian and Victorian schools PPP project, and in a PPP to develop South Australia's prison system.

Fred Tinsley is also advising the Victorian Government on the redevelopment of Melbourne's markets. The team also advised Babcock & Brown on a desalination PPP in Victoria, as well as a number of university student accommodation PPPs across the country.

Leading lawyers
Paul Paxton
Fred Tinsley

Restructuring and insolvency

Recommended firms
Tier 1
Blake Dawson
Henry Davis York
Minter Ellison
Tier 2
Allens Arthur Robinson
Clayton Utz
Mallesons Stephen Jaques
Tier 3
Arnold Bloch Leibler
Corrs Chambers Westgarth
Freehills
Kemp Strang
Tier 4
Deacons
Dibbs Abbott Stillman
Gadens
Piper Alderman

While some sectors of the economy are still doing well, others are not, particularly those where businesses are highly leveraged and are facing the tightening credit market worldwide. With these companies' viability and their trading becoming more of an issue, market commentators predict an even further increase in insolvency work this year and next. Most firms have confirmed an increase in workouts and restructuring work - the demand for insolvency lawyers has rocketed since the start of the year, especially in Sydney and Melbourne.

The year saw some very prominent insolvencies, including HIH, Fincorp, New Cap Re and Sydney's Cross City Motorway. Given the fallout from the recent banking crisis, market commentators predict more work in this area over the coming months.

Blake Dawson

"It not only leads the restructuring and insolvency market but are one of few firms that is actually helping to shape it," says a client of Blake Dawson. Such words of praise are not uncommon for this standout firm in restructuring and insolvency work.

The firm's reputation and proven track record have secured it some of the highest-profile assignments of the year. It is also closely linked to reform of insolvency laws in Australia and abroad, advising organisations and governments.

Blake Dawson has played a significant role on the highly-publicised fallout of the insolvency of HIH, advising the company's liquidators, McGrathNicol. In April 2008 the firm's client secured a ruling from the Australian House of Lords (overturning previous decisions in the UK) transferring the company's $195 million assets to McgrathNicol, to be distributed under Australian law via schemes of arrangement. Besides being a triumph for the firm and its client, the decision sets a precedent for future cross-border insolvencies, particularly those involving assets in multiple jurisdictions.

Another prominent deal this year saw the firm acting for PricewaterhouseCoopers as liquidators of the Australian arm of Bridgecorp, a New Zealand finance company. Bridgecorp's collapse was the largest trans-Tasman insolvency in a generation.

Leading lawyers
Ray Mainsbridge
James Marshall
Tony Ryan

Henry Davis York

Henry Davis York's restructuring and insolvency group is Sydney's largest, and acts for a number of leading domestic and foreign banks, as well as leasing companies, accounting firms, corporates and investors in troubled businesses.

Market commentators are unanimous in their praise for Henry Davis York, with one client saying: "They provided us with first-rate client-driven solutions again and again. When it comes to the Australian restructuring and insolvency market only one name comes to mind: Henry Davis York."

This client-driven reputation is reflected in the firm's development: the firm has appointed one of its partners, Nick Dunstone, as a specialist in advising turnaround investors.

Although the firm's practice is diverse, its mainstay is representing secured creditors. It regularly advises banks on pre-insolvency restructuring, such as that of Allco and Centro.

As Australia's "preeminent insolvency firm", according to one rival, Henry Davis York played a role on almost all of Australia's significant insolvencies this year including HIH, Fincorp, New Cap Re and Sydney's Cross City Motorway.

Leading lawyers
Philip Crawford
John Evans
John Martin

Minter Ellison

Minter Ellison is recognised by peers and clients alike as "unmatched when it comes to client servicing".

One recent standout deal this year saw the firm acting for McGrathNicol as voluntary administrator during the collapse of Estate Property Group and its fundraising arm Australian Capital Reserve. The company left debts of more than $585 million, including $292 million to unsecured noteholders. Minter Ellison advised its client in a process which resulted in full repayment of the bank debt and a predicted 58% return to the noteholders. It also offered a compromise proposal with unsecured creditors.

Another deal that benefited from Minter Ellison's expertise was ANZ Bank, which instructed the firm in relation to the collapse of Opes Prime, the first stockbroker to become insolvent in Australia for more than 12 years. The broker's collapse left more than $683 million debts to ANZ. The firm's advice to ANZ began before the collapse and continued with the closure of its stock-borrowing and lending positions, and negotiations with administrators and subsequently receivers and managers. The firm also represented ANZ in defence of proceedings by Opes clients, which sought titles to shares loaned to the bank. This litigation included a significant test case, which defined a protocol for passing of legal and beneficial title to shares under the Australian Master Securities Lending Agreement.

Leading lawyers
Michael Hughes
Ian Walker
Brendon Watkins

Allens Arthur Robinson

Clients widely praise Allens Arthur Robinson's best-known insolvency litigation partner, Michael Quinlan. One client, for example, notes his "incredible insight and structured approach to cracking the most complicated issues".

Quinlan's insolvency and insurance expertise has been applied to recent liquidations such as those of HIH and New Cap Re.

The firm is also acting for McGrathNicol as administrator of the Ion Group and the Henry Walker Eltin Group. It also frequently represents creditors on committees of inspection, at creditors' meetings and in public examinations.

Leading lawyers
Michael Quinlan

Clayton Utz

The recent departure of Quentin Solomon, one of Clayton Utz's most eminent restructuring and insolvency partners, to Deacons arguably weakens the department. But the market's opinion is that this will not necessarily have a long-term effect on the firm's reputation or work flow. After all, it is the firm's reputation that clients turn to: "Clayton Utz stands for quality with real depth," says one.

One of the highlights of Clayton Utz's year was acting for the International Air Transport Association (IATA) in its litigation with the deed administrators of Ansett. The firm helped its client to gain a favourable ruling in the High Court of Australia (the involvement of the High Court itself being an unusual element of the case), following a dispute over whether the client's clearing house netting arrangements overrode Ansett's right to claim debts from IATA's member airlines. The ruling, which held that the clearing house rules prevail over Ansett's deed-of-company arrangement, is seen as a precedent for future insolvencies both in aviation and other sectors.

The firm also advised Tony McGrath and Chris Honey of McGrathNicol on the collapse of the HIH Insurance Group, Australia's largest-ever corporate failure. Other standout work for Clayton Utz includes acting for the liquidator to recover $4.1 million in preferences claimed to have been received by the Australian Tax Office in the six months before Westpoint Corporation went into administration.

Leading lawyers
David Cowling
Karen O'Flynn

Mallesons Stephen Jaques

Known for its commitment to "go the extra mile", Mallesons Stephen Jaques has enjoyed a strong year in restructuring and insolvency.

The firm's marquee deals include providing insolvency and enforcement advice to lenders to the Cross City Tunnel project, which hit financial distress in late 2006.

The firm also provided insolvency advice to Allco Principals Investments, which came under pressure from its margin lenders. Mallesons advised its client on negotiating a standstill arrangement with the lenders, and when those negotiations broke down, the firm advised them on putting API and its subsidiaries into administration.

Other notable deals included the firm's involvement in the workout and sale of distressed debt of the Lafayette mine in Rapu-Rapu, in the Philippines, as well as a role on the restructuring of Acme Furniture.

"We use Mallesons because, even though its restructuring and insolvency practice is not typically known for its excellence in comparison to some of the other names in the market, we have not found them to be lacking in any aspect and have been more than satisfied on all accounts," says a client of the firm.

Leading lawyers
Beau Deleuil
Tony Troiani