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Financial regulation shifts post FIEL – impacts on real-estate transactions

Naoyuki Kabata
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There have been major changes to Japanese financial regulations following the implementation of the Financial Instruments and Exchange Law (FIEL) in September 2007. These changes have also significantly affected real-estate investment transactions, particularly those using the *tokumei kumiai* (TK) - *godo kaisha* (GK) structure, one of the most popular used in relation to property investments where an SPV, established in the form of a GK, acquires property trust beneficiary interests (PTBI) with capital contributed by equity investors by way of a TK agreement, together with funds financed via a non-recourse loan. The SPV's authority to manage the PTBI is, in most cases, delegated to an asset manager (AM).

Self investment management registration

Following the implementation of the FIEL, an SPV's cash investment (contributed by way of a TK agreement) in a trust beneficiary interest falls within the definition of investment management business (IMB) and requires registration under the FIEL. It would, however, be unrealistic for an SPV to obtain an IMB registration because of the onerous entry requirements including, among other things, minimum capital of ¥50 million (approximately \$470,000) and satisfactory human resources. As a result, a structure which exempts an SPV from this registration requirement must be used.

There are exemptions in relation to this IMB registration requirement, which include qualified institutional investor (QII) exemption and full delegation exemption (FDE). The detailed prerequisites for these exemp-

tions are fairly complicated and will not be discussed in detail here, but broadly: (i) a QII exemption is applicable if the TK investors are restricted to an unlimited number of QIIs and equal to or less than 49 non-QIIs; and (ii) an FDE is applicable where an SPV delegates its entire management capacity to an AM which holds an IMB registration.

It should be noted that both of these exemptions could restrict flexibility in the structuring of a property investment scheme. A QII exemption, for example, will require the involvement of at least one QII co-investor unless the equity investor itself is a QII. If an FDE is to be used, an AM that holds IMB registration must be involved.

Registration requirements for asset managers

Prior to the implementation of the FIEL, an AM was not required to obtain any investment management licence or registration and therefore it was sometimes the case that a foreign investor invested in real properties under a TK-GK structure, with its affiliate or Japanese subsidiary being appointed as the AM.

Asset management services provided by an AM have become subject to a registration requirement following the implementation of the FIEL. There are two categories of investment management under the FIEL: discretionary and non-discretionary, the former categorised as an IMB and subject to relatively onerous entry requirements as explained above, the latter categorised as an investment advisory business (IAB) and subject to relatively straightforward entry requirements.

The type of registration (IMB or IAB) that an AM needs to hold would depend on whether management by the AM is determined as falling within either the discretionary or non-discretionary category. It would be worth noting, in this regard, that an AM to an SPV, which is a mere investment vehicle, would probably be regarded as a discretionary manager and required to hold an

IMB registration as the SPV has no actual capacity to make decisions on investment management. As a result, the AM's decisions would always be implemented.

It is possible that an IAB registration would be enough for an AM in cases where it actually performs as a non-discretionary manager. In this regard, a structure where TK investors retain approval rights in respect of all investment management matters has sometimes been used when an AM which only holds an IAB registration has been involved. This structure seeks to keep the AM's investment management capacity to a non-discretionary nature by always requiring the AM's management decisions to gain the prior approval of the TK investors. This structure, however, is thought to contain the risk that the TK could be recharacterised as a general partnership or as another legal form that could acutely affect foreign investors as it might result in different tax implications.

Although, for the reasons outlined, it seems better for an AM to hold an IMB registration, it would sometimes be difficult for a foreign investor to find an appropriate and reliable AM holding an IMB registration, particularly when it enters the Japanese market for the first time. Also, it would not be a useful route for a foreign investor to obtain (or cause its affiliates to obtain) an IMB licence, especially in terms of cost efficiency, because of the onerous entry requirements. This could be a stumbling block for a foreign investor keen to enter into the Japanese property market.

It seems that property investment under a typical TK-GK structure may no longer be generally applicable in this post-FIEL period. While there are a couple of alternative structures that could apply, such as investment in fee properties rather than PTBI under a TK-GK structure or a structure using *tokutei mokuteki kaisha* (TMK), there would be several different issues, either economic or legal, to be considered depending on the structure.

It has become increasingly important for foreign investors to carefully analyse what would be a feasible and ideal structure when investing in Japanese real estate.

Capital markets – debt and equity – local law

Recommended firms

Tier 1

Anderson Mori & Tomotsune
Mori Hamada & Matsumoto
Nagashima Ohno & Tsunematsu

Tier 2

Baker & McKenzie GJB Tokyo Aoyama Aoki
Linklaters
Morrison & Foerster
Nishimura & Asahi

Capital markets – debt and equity – foreign law

Recommended firms

Tier 1

Davis Polk & Wardwell
Linklaters
Simpson Thacher & Bartlett
Sullivan & Cromwell

Tier 2

Morrison & Foerster
Paul Weiss Rifkind Wharton & Garrison
Shearman & Sterling

Tier 3

Allen & Overy
Clifford Chance
Freshfields Bruckhaus Deringer
Milbank Tweed Hadley & McCloy
Paul Hastings Janofsky & Walker

The credit crunch worked to subdue Japan's capital markets this year, slowing down many areas, including Japanese real-estate investment trusts (J-Reits) and hybrid bonds.

But a silver lining was found in Japan's stable position relative to other mature economies, such that domestic companies have a newfound sense of power. "Japanese companies are interested in getting US, European and Asian bondholders," says one lawyer. Samurai bonds have become more and more popular, as foreign companies seek to take advantage of the country's capital.

Meanwhile, new regulations and structures could make for some interesting deals to come. The JDR, the country's version of the GDR, was introduced in November 2007, and at the time of writing, there were rumours of a possible listing on the Tokyo Stock

Exchange by Indian car manufacturer Tata Motors.

In March 2008, Japan's cabinet submitted an amendment to the Financial Instruments and Exchange Law (FIEL) of September 2007 with the aim of creating a new market for professional investors, akin to London's Alternative Investment Market. With the global shift in perspective to climate-change awareness, Japan has also been getting more involved in emissions trading, as the country's carbon market is opening up to the financial sector, another consequence of the FIEL.

In the legal market, there has been a drive towards better integration of *bengoshi* and international lawyers at a number of firms, as well as towards better integration of technical skills and Japanese language skills in the individual lawyers.

Allen & Overy

As in other areas, Allen & Overy has been busy expanding its capital markets practice this year to capture a greater market segment. The firm welcomed, among others, the arrival of *bengoshi* partner Norifusa Hashimoto from Paul Hastings Janofsky & Walker in February 2008. Hashimoto is well-versed in various categories of capital markets transactions. Allen & Overy was kept busy with deals involving all kinds of loans, bonds and MTN updates.

One of the deals the firm was involved in was advising Lehman Brothers on a number of private placements of convertible bonds and common stock, including the placement of ¥5 billion (\$45 million) zero-coupon convertible bonds and ¥5 billion common stock by GMO Internet. In other work, Allen & Overy advised JP Morgan Securities and other lead managers on LG Electronics' \$500 million offering of floating-rate notes. Meanwhile, the firm has been advising various banks, including Merrill Lynch International, Nikko Citigroup, Mizuho and Deutsche Bank on the updating of over 20 EMTN programmes of Japanese companies.

Leading lawyers

Jason Humphreys
Piyasena Perera

Anderson Mori & Tomotsune

"We have found AMT to be very capable in handling domestic legal and regulatory issues, and we rely on them extensively for Japanese law issues," says a client, summarising the firm's strengths. Anderson Mori & Tomotsune has built up a solid team that is consistently called upon for Japanese counsel on a variety of international and domestic transactions.

"Some firms have just one or two good people, but they have a very strong team," says one client. "Because of their experience in a variety of transactions, they've seen a lot so they can always come up with solutions."

AMT worked on several of the big IPOs this year: the Sony Financial Holdings IPO, the China Boqi Environmental Solutions Technology IPO and the Seven Bank IPO. On the Sony IPO, the firm advised joint lead underwriters Nomura and JP Morgan in Japanese law. On China Boqi's IPO, AMT acted as counsel for the lead manager, Daiwa Securities SMBC. And on the Seven Bank IPO, partner Akiko Kimura acted as counsel to the underwriters, Nomura Securities, Morgan Stanley and Nikko Citigroup.

One client particularly praises Kimura's work: "She's a problem-solver: she comes up with good, creative solutions." Of Nobuyuki Tomotsune, the client says: "He's very thorough and completely reliable. So whenever there's a huge project, I know I can rely on his advice and he will gather the troops for us."

Much of the firm's notable debt work this year was on cross-border transactions. AMT advised on a couple of samurai bonds issuances from Australia, one advising lead manager Nikko Citigroup on the Commonwealth Bank of Australia's ¥142 billion issuance, and the other advising the National Australia Bank on its issuance of ¥50 billion bonds in July 2007. The firm also acted as counsel to Yamada Denki on its issuance of ¥150 billion euroyen convertible bonds.

Leading lawyers

Akiko Kimura
Nobuyuki Tomotsune

Baker & McKenzie GJB Tokyo Aoyama Aoki

The joint enterprise of Baker & McKenzie GJB Tokyo Aoyama Aoki, while not in the same leagues as the preeminent domestic firms in capital markets, has a large number of both *bengoshi* and international lawyers, such that it is equipped to handle a variety of transactions. Seishi Ikeda was noted by peers to have helped the firm raise its profile in recent times.

This year, Ikeda worked on a couple of deals for BNP Paribas. In one equity finance deal conducted by United Technology, the firm advised BNP Paribas, who provided a commitment line of up to ¥6 billion and purchased linked warrants. In the other deal, the firm advised the bank in providing up to ¥25 billion financing to KK DaVinci Advisors.

In addition, the firm was involved in a number of yen-denominated bond transac-

tions. Baker & McKenzie advised the Australia and New Zealand Banking Group on its issuance of multiple series of yen bonds in March 2008, altogether worth about ¥136 billion. Advising this time on the joint managers' side, the firm gave counsel to Nikko Citigroup, Nomura Securities and UBS Securities Japan on the issue of ¥77 billion yen-denominated bonds by the Westpac Banking Corporation.

Leading lawyers
Seishi Ikeda

Davis Polk & Wardwell

Davis Polk & Wardwell, one of the trio of reigning Wall Street law firms in Tokyo for capital markets work, is highly experienced in cross-border work, especially with US Rule 144A deals, and can often be found on the underwriter's side of transactions. The firm's enviable status can be attributed to its overseas resources and to the work and experience of two partners, Eugene Gregor and Theodore Paradise.

"One of his great strengths is just an encyclopaedic knowledge of securities laws," says a client of Paradise. "He has great technical expertise and has been active in this market for a long time."

Gregor also comes in for client praise: "He is very active in Japan, and also very active throughout southeast Asia. One of weaknesses of Japan lawyers is they aren't as aware of rest of Asia. Eugene regularly does deals throughout Asia. He's one of the best: he has fantastic judgment and he's very good with clients."

Though the capital markets were slower this year, Davis Polk remained fairly active through some deals. In the \$19.7 billion Visa IPO, the largest US IPO ever and the first simultaneous public offering without listing (POWL) in Japan, the firm advised the joint bookrunners, including JP Morgan, Goldman Sachs, and UBS. Paradise advised the Sumitomo Mitsui Financial Group on its Rule 144A/Regulation S offering of \$1.8 billion non-cumulative perpetual preferred securities.

On the bonds side, the firm advised joint bookrunners Mitsubishi UFJ Securities and Morgan Stanley on a Regulation S-only offering in October 2007 of zero-coupon guaranteed convertible bonds totalling \$1.2 billion. In another deal, Davis Polk assisted joint lead managers JP Morgan Securities and Deutsche Bank Securities on the \$500 million debt offering of Promise, a Japanese consumer finance company, through Rule 144A/Regulation S senior notes.

Leading lawyers
Eugene Gregor
Theodore Paradise

Linklaters

Competitors note that the departure of Mitsuhiro Yasuda, a leading capital markets lawyer, to Nishimura & Asahi in June 2007 and of managing partner Tony Grundy a couple of months later may have negatively impacted Linklaters' capital markets practice. The UK firm seems to have no shortage of talent in this area, however, as many of its partners, both international and *bengoshi*, are spoken highly of in the market.

Linklaters is seen to have a well-established dominance in convertible bonds. "In my mind, there's no competition," says one client, adding of partner Reiko Sakimura: "She rules convertible bonds." Peter Frost was noted for his talent as well, especially in MTN programmes. "I value Peter's views on UK issues," comments a client. "He's just a very smart guy, very talented."

In one deal, Sakimura and team advised Nomura International, the sole bookrunner and lead manager, on Yamada Denki's issuance of ¥150 billion zero-coupon convertible bonds. The firm is also active in the samurai bonds market. One such deal saw the firm advise joint lead managers Mitsubishi UFJ Securities and Mizuho Securities on General Electric Capital's ¥87 billion yen-denominated bonds issued in December 2007. These samurai bonds represented the first deal in which a US issuer used the so-called exchangeable scheme to circumvent tax issues caused by recent Japanese legislation, which had prevented US issuers from tapping into this area.

Though the equity capital market has been quite slow, Linklaters still had a number of deals to work on, especially in real-estate fund transactions. The firm advised Morgan Stanley and Daiwa on their ¥13.3 billion post-IPO offering of 36,000 new units by J-Reit Creed Office Investment Corporation, with domestic and Regulation S international offerings on the Tokyo Stock Exchange.

Meanwhile, Linklaters is not satisfied with merely resting on its laurels. "They are making some headway into 144A land, like they are doing elsewhere," says a client.

Leading lawyers
Peter Frost
Reiko Sakimura
Akihiro Wani
Isamu Watson

Mori Hamada & Matsumoto

Mori Hamada & Matsumoto is one of the leading Japanese firms for capital markets work and focuses on such areas as samurai bonds and J-Reits. And though recent times have seen a dearth of substantial deals, Mori Hamada & Matsumoto still laid claim to some of the more interesting ones, including some of the very first listings of Chinese companies on any of the Japanese stock exchanges.

Toru Ishiguro advised China Boqi Environmental Solutions Technology on its \$192 million IPO and listing on the first section of the Tokyo Stock Exchange in August 2007. Kensuke Ambe, meanwhile, had advised AsiaMedia on its listing prior to China Boqi's. AsiaMedia's initial listing was completed in April 2007 and followed by a second equity issuance in December. On a bond deal, the firm gave counsel to the NIS Group on its 8.06% Eurobond issuance in June 2007, worth about \$200 million in total.

Leading lawyer Ishiguro is lauded for his proficiency in this area. Says one client: "He is very professional, and could support us with the legal problems and when we were facing the media." The firm is also appreciated for its branch offices in China: "I think [the experience was] very good because they have Chinese resources," comments a client.

Leading lawyers
Kensuke Ambe
Toru Ishiguro

Morrison & Foerster

Morrison & Foerster has an established presence in Japan and an attractive bilingual offering that's hard to match, with sizeable teams in both Japanese and international law, the former headed by Fuyuo Mitomi and the latter by Andrew Winden. One competitor comments that the firm has "a solid *bengoshi* group led by Mitomi and [Saori] Nakamura".

Winden, still relatively new to the office since his move from Sullivan & Cromwell, has lent Morrison & Foerster his considerable prestige as a capital markets lawyer. "He is an excellent lawyer," says one client who rates him highly. "He just has a very high level of knowledge, which is very broad and deep."

Mitomi and Winden joined forces on a number of equity deals this year. Acting as US and Japanese counsel, the two advised lead managers UBS Securities and Nomura Securities to Kenedix Realty Investment Corporation's ¥37.5 billion global follow-on offering of units in Japan and to investors outside Japan under Rule 144A. The pair also assisted Rakuten in relation to the \$505 million ADR issuance of Ctrip.com International, a Chinese travel website. In one

of the larger deals, Mitomi advised lead managers Nomura Securities and Morgan Stanley on the ¥86.7 billion global follow-on offering of Mitsui Trust Holding.

Morrison & Foerster was particularly well positioned to handle the increase in cross-border bond deals this year. Nakamura advised on a variety of samurai bonds this year, including advising the lead arrangers and managers on the public offerings of yen-denominated bonds by Bank of America Corporation (¥210 billion) in June 2007, Royal Bank of Canada (¥146 billion) in April 2008 and HSBC Finance Corporation (¥50 billion) in July 2007. In another highlight, Nakamura advised Citigroup Global Markets on Fujitsu's private placement of ¥200 billion convertible bonds.

Leading lawyers

Fuyuo Mitomi
Saori Nakamura
Andrew Winden

Nagashima Ohno & Tsunematsu

One client notes that among domestic law firms, "Nagashima Ohno is probably the best". It's a reputation earned by the firm's well-staffed team of strong lawyers. "They have several reliable and solid partners who could lead the innovative and difficult transactions," says a client of the firm. "They are very good at innovative financing transactions such as hybrid Tier I securities for banks."

On the ¥348 billion IPO of Sony Financial Holdings, the year's largest IPO in Japan, the firm advised the issuer as Japanese legal counsel, collaborating with other parties on the global offering. Another equity deal saw the firm advising Citigroup on its listing of shares on the Tokyo Stock Exchange in November 2007, a prerequisite to the company's triangular merger with Nikko Cordial.

Nagashima Ohno & Tsunematsu's work on samurai bonds could be seen in its advising General Electric Capital Corporation on its issuance of yen-denominated bonds, worth in total ¥87 billion, under the new structure of exchangeable bonds which has helped US issuers to return to this market. In addition, the firm worked with Mitsubishi Chemical Holdings on its issuance of zero-coupon guaranteed convertible bonds, worth ¥140 billion in total, in the euro market.

Leading lawyer Fumihide Sugimoto is frequently highlighted by the market. "He is one of the best, if not the best, securities lawyers in Japan," says one client.

Leading lawyers

Miyuki Ishiguro
Hiroyuki Ishizuka

Hidetaka Mihara
Fumihide Sugimoto

Nishimura & Asahi

Though historically the weakest of the big four domestic firms, Nishimura & Asahi still has a good practice, and under the direction of the relatively new and highly regarded capital markets head, Mitsuhiro Yasuda, the firm feels a second wind coming on. "He's so knowledgeable about the market," says one client. "He's really an underwriters' type of guy who understands what we care about, and he's really good at very complicated areas like stabilisation rules, and how to reconcile the stabilisation rules abroad and in Japan."

Nishimura & Asahi played a role in the ¥50 billion Seven Bank IPO, providing counsel to the issuer on Japanese law. In one issuance of preferred stock, the firm advised Japanese developer Mori Building on its issuance amounting to more than ¥100 billion in total. Another deal saw the firm assist logistics company Trustex Holdings on its issuance of ¥5.1 billion common stock to CLSA Sunrise Capital, a private-equity fund.

Illustrating one of the firm's recent cross-border transactions was its advice to Japanese real-estate company S-Grant on its issuance of ¥2.5 billion in euroyen zero-coupon bonds, with stock acquisition rights, in the euro market and a listing on the Nagoya Stock Exchange. Nishimura & Asahi acted on a few warrants with yen-denominated loans as well, including representing Allied Telesis on its ¥3.14 billion issuance.

Leading lawyers

Hideki Ebata
Mitsuhiro Yasuda
Takashi Yoneda

Paul Weiss Rifkind Wharton & Garrison

Paul Weiss Rifkind Wharton & Garrison is an up-and-coming player in US capital markets work. This ascent is especially aided by leading lawyer Tong Yu, who is noted for his good relationships with the banks. "Tong Yu is definitely in the top three or four [lawyers]," says one client. "Particularly, he's one of the best when it comes to registered deals."

Another client agrees, saying: "He's very knowledgeable, especially about SEC procedures."

Yu recently led the way as US securities counsel on a share exchange transaction by Mitsubishi UFJ Financial Group to create Mitsubishi UFJ Nicos Co, a wholly-owned subsidiary, in June 2008. The firm was also international counsel to Mitsubishi UFJ's

offering of hybrid Tier I securities, with lead managers Mitsubishi UFJ Securities International and Merrill Lynch International, worth about \$1.86 billion.

Competitors note the firm's growing presence: "They have actually done a relatively high percentage [of work]," says one. "They benefit from one or two strong relationships that turned out to be very important in capital markets."

Leading lawyers

Kaye Yoshino
Tong Yu

Shearman & Sterling

While not quite in the top tier among US law firms in this area, Shearman & Sterling nevertheless manages a strong and fast-developing capital markets practice. It has traditionally focused on more conventional capital markets products, but in the wake of the recent downturn, the firm has been expanding into other areas such as SEC advisory work to Japanese issuers.

The firm took part in a couple of notable ADRs this year. In one, Ikeda and team advised the Dai Nippon Printing Company on the establishment of its ADR programme in December 2007. Another such deal was Shearman & Sterling's advising of the underwriters, Morgan Stanley & Co International and Citigroup Global Markets, as US counsel in the \$505 million SEC-registered secondary offering of ADRs by Ctrip.com International, an internet travel service in China. The deal illustrated the firm's ability to utilise its global network, as it drew from personnel in offices not only in Tokyo, but also in Hong Kong, Beijing, Shanghai, Menlo Park and New York.

In addition, the firm has had a long and fruitful relationship with the Toyota Motor Corporation, and in recent times, Shearman & Sterling has been kept busy by SEC advisory and advocacy work for Toyota. Another blue-chip Japanese company the firm has worked with is Advantest Corporation, to which it has provided continuous SEC and general capital markets advice.

Leading lawyers

Masahisa Ikeda

Simpson Thacher & Bartlett

Among the US firms in Tokyo, Simpson Thacher & Bartlett is clearly the most popular: competitors and clients consistently sing the firm's praises. "They are hands-down the only capital markets firm that has the full package," says one rival.

Meanwhile, a client of the firm says: “They’ve been on so many of the deals, they just have a real good grasp of the legal issues and market practice. They have the largest market share here, which I think reflects the fact that they have three Japanese-speaking partners.”

These partners - David Sneider, Alan Cannon and the younger Takahiro Saito - were each given their share of comments. “David is a grandfather of the capital markets practice here,” says one client. Of Cannon, one client notes: “He is an all-around player; he understands Japanese conversation well and can comment on Japanese documents.” And of the up-and-coming Saito, one client says: “He’s somebody who’s got the technical and drafting expertise all the way through regardless of whether he spoke Japanese. That’s icing on the cake that he’s a Japanese national.”

Simpson Thacher is the go-to firm for many on Rule 144A transactions, but many others have sought its experience in IPOs and international hybrid Tier I and debt offerings as well. This year, the firm worked on a couple of key IPOs in Japan under Regulation S/Rule 144a, advising Seven Bank on its ¥50 billion IPO and Sony Financial Holdings on its ¥310 billion IPO. On the debt side, Saito and Sneider teamed up to tackle Mitsubishi Chemical Holdings Corporation’s issue of ¥120 billion zero-coupon guaranteed convertible bonds, while a Cannon-Sneider duo took on Mitsui Trust Holdings’ ¥86 billion global offering of common stock held by the Resolution and Collection Corporation, including a Regulation S/Rule 144A offering.

“The market consensus is that they’re the top US provider at this time,” says one peer. “They now have three very solid partners on the ground here in Tokyo.”

Leading lawyers

Alan Cannon
Takahiro Saito
David Sneider

Sullivan & Cromwell

Though the firm bade farewell this year to capital markets lawyer Bradley Edmister, who went over to Milbank Tweed Hadley & McCloy, Sullivan & Cromwell remains one of the top US firms in the market. It holds a dominating presence in Rule 144A/Regulation S deals and SEC registration-related work. “Sullivan & Cromwell is a great firm, full stop,” says a client of the firm.

The practice’s main strengths in this area are drawn from department head Izumi Akai, who is qualified in both New York and Japanese law. “He may be the strongest corpo-

rate finance lawyer in Japan as he understands both US and Japanese law in depth,” comments one client.

Sullivan & Cromwell took on a \$2.96 billion deal with Sony Financial Holdings this year, advising the company on its IPO in Japan, listing on the Tokyo Stock Exchange, and Rule 144A/Regulation S tranches. Akai and team advised underwriters JP Morgan Securities and Nomura International.

On the \$502 million Seven Bank IPO, again including a Tokyo Stock Exchange listing and an international offering under Rule 144A/Regulation S, the firm advised underwriters Citigroup Global Markets, Morgan Stanley & Co International and Nomura International.

Sullivan & Cromwell completed a number of solid deals prior to the international debt capital markets slump. The firm worked on a couple of Development Bank of Japan SEC-registered global bond offerings as sole US counsel: one \$617 million offering in May 2007, advising underwriters Citigroup Global Markets and Merrill Lynch International, and the other a \$1.04 billion offering in November 2007, advising underwriters BNP Paribas and Citigroup Global Markets.

Leading lawyers

Izumi Akai

Capital markets – structured finance and securitisation

Recommended firms	
Tier 1	Anderson Mori & Tomotsune Mori Hamada & Matsumoto Nagashima Ohno & Tsunematsu Nishimura & Asahi
Tier 2	Allen & Overy Atsumi & Partners Linklaters
Tier 3	Baker & McKenzie GJB Tokyo Aoyama Aoki Clifford Chance Skadden Arps Slate Meagher & Flom
Tier 4	Freshfields Bruckhaus Deringer Morrison & Foerster Orrick Herrington & Sutcliffe

Before the subprime crisis, structured products and securitisation were starting to take off in Japan. Issuers and financial institutions were becoming increasingly comfortable with

all sorts of exotic financing structures, from derivatives and CMBS to novelty structures like whole business securitisations. The picture is clearly a bleaker one post-subprime.

“I think we’re all taking a breather from securitisation,” says one lawyer. “That’s a dirty word now.” With many investors hit hard and withdrawing from the scene, the market came to a grinding halt in 2008, as investors, especially foreign ones, pulled out. The change was marked by a return to simpler debt products.

Still, many are keeping their eyes on the future, some claiming that the worst is over and it is only a matter of time before the next big thing comes along. At the moment, though, what’s left of the market is dominated by domestic investors. In addition, amendments to the securities laws introduced by the Financial Instruments and Exchange Law (FIEL), meant that there was an amount of advisory and registration work to be done.

“This has made a huge impact,” says one investor. “Under the uncertainties on the interpretations of the new law, lawyers need to provide us in real-time updated information, with practical and clear advice.”

Anderson Mori & Tomotsune

Anderson Mori & Tomotsune has built a respectable structured finance and securitisation practice with a strong team including partners Tatsu Katayama and Isao Shindo. “He’s one of the regulatory gurus,” says one client of Shindo. “Everybody goes to him.”

Though the market suffered a heavy downturn this year, the firm still was able to squeeze in some deals at the end of 2007. In one, partners Ryu Umezu and Atsutoshi Maeda advised Titan Japan, Securities 1 GK, on its issuance of ¥126 billion (\$1.17 billion) Euro CMBS in October 2007.

Meanwhile, Katayama and Naoyuki Kabata advised Hypo Real Estate Capital Japan Corporation on Boubyan Global Real Estate Fund’s Japanese Islamic real-estate finance programme. The deal, worth about ¥4.3 billion, involved an acquisition of three properties in Tokyo through debt finance provided by Hypo Real Estate and *tokumei kumiai* (TK) investment from Boubyan Global, and utilised two SPVs to ensure *shariah* compliance.

Leading lawyers

Tatsu Katayama
Isao Shindo

Mori Hamada & Matsumoto

Mori Hamada & Matsumoto certainly has an impressive client roster, but what’s even more

impressive is what clients have been saying about the firm. “[The firm gives] practical and precise advice based on its wide and profound experience in various securitisation deals,” says one client. “They have well-trained associates and good supervision by partners.”

The star of Mori Hamada & Matsumoto’s securitisation practice is without a doubt Masanori Sato. “Since the concept of securitisation was first conceived in Japan, he has been a pioneer in the field,” comments a client. “He offers us innovative advice on and assistance with all types of securitisation legal structures, and the securitisation and repackaging of all types of receivables, corporate bonds, real estate and other assets.”

Another client notes that in addition to his technical expertise, Sato has the important soft skills: “He is a good listener, capable of sorting out clients’ questions and concerns and organising clients’ needs in a very practical manner.”

One high-profile deal Sato and team took part in this year was acting as sole transaction counsel on the Japanese government’s plan to securitise its Fiscal Investment and Loan Programme (FILP) loans in its attempt to reduce the nation’s assets. This large project marks the first time FILP loans have been securitised, employing highly sophisticated structures.

Speaking about the firm, one client’s last line was: “Mori Hamada and Sato-*sensei*’s team is one of the best teams in the market in terms of this type of asset work.”

Leading lawyers

Masanori Sato

Nagashima Ohno & Tsunematsu

Nagashima Ohno & Tsunematsu has worked across a range of securitisation deals, including whole-business securitisation, J-Reits and a variety of receivables, and has developed a strong team throughout the years since the introduction of securitisation in the market. The firm is a client favourite in this practice area. “We have a very good team-wide relationship with Nagashima Ohno & Tsunematsu since the start-up of our securitisation team,” says one client. “Supported by the long relationship, NO&T understands our needs well.”

Both leading lawyers Satoshi Inoue and Fumihide Sugimoto have good reputations in the market. Of the latter, one client says: “He’s very knowledgeable, and he actually gives you advice - a lot of the time law firms just tell you what the law is.”

Leading lawyers

Satoshi Inoue
Fumihide Sugimoto

Nishimura & Asahi

With a team full of high-profile names and good relationships with the big banks and other investors, Nishimura & Asahi stays at the top of the rankings in this area. “They are leading, and have wide experience and a good transaction record,” says one client. “So they can tell us what to do from their experience.”

One lawyer in the firm who has been particularly busy this year is Hajime Ueno, who led the team on many of Nishimura & Asahi’s biggest deals. Ueno advised Deutsche Bank on the repackaging of Shinsei Bank’s securitised bonds and NCL on the quasi-whole-business securitisation of the Tokyo American Club. In addition, Ueno worked on a synthetic CDO transactions for various clients.

“We have a very high view of Nishimura’s quality and performance,” says a client of the firm’s structured finance team.

Leading lawyers

Yoshihiko Kawakami
Toshihiro Maeda
Masaru Onoda
Hajime Ueno
Mitsuhiro Yasuda

Allen & Overy

As in other areas in Japan, Allen & Overy has been steadily building up its structured finance and securitisation practice, and this year neatly secured a tier two ranking. The firm saw the arrival of a few new lawyers, including *bengoshi* Norifusa Hashimoto, freshly recruited from Paul Hastings Janofsky & Walker in February 2008.

“They’re fast and their advice is very creative,” remarks one client, who singles out counsel Aaron Comerford. “He’s extremely smart and quick. He’s a very creative lawyer for English law in Japan.”

One of Allen & Overy’s largest deals of the year was its advice to Morgan Stanley as the arranger of JLOC 36’s issuance of Rule 144A/Regulation S CMBS notes, totalling ¥67.5 billion, backed by a portfolio of commercial loans originated by Morgan Stanley and secured by mortgages over commercial properties in the country. The deal was the first listed Japanese CMBS structure to use the *godo kaisha* (GK) structure. Another transaction saw the firm advising Credit Suisse on UK and US law in the Rule 144A/Regulation S offering of ¥126 billion CMBS by Titan Japan, Series 1 GK.

Leading lawyers

Aaron Comerford
Jason Humphreys

Atsumi & Partners

Atsumi & Partners may not have the numbers, in terms of lawyers, of a big-four firm, but its securitisation expertise makes it one of the top players in this field. “They may be the leading securitisation preferred counsel in Japan,” says one competitor. “You see them all the time.”

One client is impressed by the firm’s unique structure: “They have an approach which is a little more open-minded in terms of bringing in substantive foreign lawyers, not just as translators, but are really trying to integrate them into the fabric of the firm.” Of one of the foreign lawyers, the client says: “Bonnie Dixon has done a fantastic job, with [Hiroo] Atsumi trying to build up something new, with a new strategy that could become a credible alternative.”

The firm has seen work on a number of deals at the end of last year, including representing foreign securities companies in the issuance of CMBS. In addition, Atsumi & Partners represented an asset manager in acquiring 15 residential buildings via the *tokutei mokuteki kaisha* (TMK) structure.

Leading lawyers

Hiroo Atsumi

Linklaters

Linklaters’ team combining experienced *bengoshi* and international lawyers allows it to outperform many of its competitors in structured finance and securitisation deals. The firm’s overall Asia offering brought the firm *International Financial Law Review*’s 2008 award for the securitisation team of the year. “For cross-border transactions [in structured finance], Linklaters is very good,” says one client. Another notes his positive experience with the team, as well as with department head Paul Kruger. In addition, the firm brought over a number of associates from its London office this past year.

Linklaters advised Merrill Lynch International on the cross-border CMBS issuance of ¥61.2 billion floating-rate notes by GK MLOX3, an issuer whose loans secured by interests in property trusts is backing the transaction. On a couple of real-estate-related deals, the firm advised Morley Fund Management on property acquisitions in Asia, valued at ¥120 billion, and represented Rubicon Japan Trust on its indirect real-estate acquisitions and financing in Japan, worth approximately ¥24 billion.

Leading lawyers

Paul Kruger
Akihiro Wani

Banking

Recommended firms	
Tier 1	Anderson Mori & Tomotsune Mori Hamada & Matsumoto Nagashima Ohno & Tsunematsu Nishimura & Asahi
Tier 2	Allen & Overy Atsumi & Partners Clifford Chance Linklaters
Tier 3	Baker & McKenzie GJB Tokyo Aoyama Aoki Freshfields Bruckhaus Deringer Milbank Tweed Hadley & McCloy Morrison & Foerster White & Case
Tier 4	Jones Day Latham & Watkins O'Melveny & Myers Orrick Herrington & Sutcliffe Paul Hastings Janofsky & Walker Skadden Arps Slate Meagher & Flom

Prior to the credit crunch, banks and law firms in Japan had been busy with acquisition financing, thanks to the steady increase in M&A activity, and with real-estate financing. Though some of those types of deals have since been put on hold, Japanese banks, having experienced recovery in recent years, enjoyed a relatively strong position after the credit crunch as their counterparts in the US and Europe became mired in subprime woes.

Thus, domestic banks began to take a more aggressive approach to the deals and there was an increase in cross-border lending. "Japanese banks were able to take the lead on more transactions," says one lawyer. "There were some pretty spectacular numbers being underwritten by them."

The hottest financing structure this year was the syndicated loan. In the past, syndicated loans were largely limited to the realm of the country's mega-banks, but as bankers have become more and more familiar with them, even regional and local banks have been experimenting with dispersing their risk through club lending.

Some noted that the domestic banks, ever conservative, have been reining in their activities of late. But as the country's exposure to the credit crunch has still been fairly light, the pipeline for lending deals seems to remain thick and healthy.

Anderson Mori & Tomotsune

This big-four firm has worked on a wide variety of banking deals, including syndicated loans, acquisition finance and mezzanine finance. Anderson Mori & Tomotsune has a reputable group of partners and lawyers who are experienced in such transactions, such as Koji Fujita and Tatsu Katayama.

Showcasing its leading position in the market, the firm had a role in Japan's largest syndicated loan, which was completed in May 2007: the loan created to fund Citigroup's acquisition of Nikko Cordial. The loan was finalised at a total amount of ¥1.45 trillion (\$13.4 billion), and AMT advised the borrower, Citicorp. In a cross-border lending, the firm advised on another syndicated loan, valued at ¥100 billion, to a European car manufacturer this year.

Leading lawyers

Koji Fujita
Tatsu Katayama

Mori Hamada & Matsumoto

The strength of Mori Hamada & Matsumoto is not found in merely a dedicated team of banking lawyers, but in the firm's versatility and integration across different practices. "They cover a variety of legal business deals," says one client. "So if you go to one division, and you need another lawyer in the transaction, you can easily get another division lawyer who is probably very close to the best in the market."

Evidence of the firm's expanding banking practice is found in its addition of several lawyers to the team this year. One of Mori Hamada & Matsumoto's noteworthy deals of the year was in advising private-equity firm MBK Partners in its ¥71 billion acquisition of shares in Yayoi Co, a Japanese business software company, from Livedoor Holdings. Satoko Kuwabara and team utilised complex financing structures to facilitate the transaction.

Another deal saw the firm provide counsel to the Longreach Group in the MBO of Cybrid Holdings, a deal with a value of ¥17 billion. This was one of the first buyouts to be completed under the new guidelines introduced by the Ministry of Economy, Trade and Industry in 2007.

Leading lawyers

Satoko Kuwabara
Masanori Sato

Nagashima Ohno & Tsunematsu

Nagashima Ohno & Tsunematsu runs a respected banking practice which is capable of

handling a vast spectrum of deals from plain-vanilla transactions to syndicated loans and various types of acquisition financing. The practice's standout lawyer is Satoshi Inoue, who historically has a solid reputation in this market.

"I would recommend Satoshi Inoue as one of the most reliable lawyers," says one client. "He has a broad and up-to-date knowledge on important issues, exercises sound judgment, and is very responsive to clients and bankers."

One of the firm's big deals of the year was the syndicated yen-denominated loan worth \$360 million to Telemar Norte Leste, a Brazilian telecoms operator in October 2007. Because of its good relationship with Japan Bank for International Cooperation (JBIC), which guaranteed the loan, the firm was called upon to provide counsel to the bank.

Leading lawyers

Satoshi Inoue

Nishimura & Asahi

This year saw Nishimura & Asahi work toward better team integration after its relatively recent creation as the result of a merger between Asahi Koma Law Offices and Nishimura & Partners. The firm secured a good deal flow, with many of its partners working on various transactions from working-capital loans to LBOs and MBOs.

The firm was involved in the leveraged acquisition of Tokyo Star Bank by Advantage Partners, a ¥250 billion deal in which the firm's team provided local counsel to the private-equity fund on the debt financing through various facilities. In another LBO, partner Masahiro Ueno advised a Japanese bank on the financing for its acquisition of a domestic fibreglass manufacturer. Ueno also represented a Japanese bank regarding the MBO of a game equipment company. On the high-profile triangular merger between Citigroup and Nikko Cordial, Nishimura & Asahi provided domestic counsel to Citibank North America, the sole arranger, bookrunner and agent, on setting up a ¥125 billion secured revolving liquidity facility.

Leading lawyers

Takashi Ejiri
Kei Ito
Masaru Ono
Katsu Sengoku
Masahiro Ueno

Allen & Overy

The banking practice at Allen & Overy enjoys a good relationship with prominent domestic financial clients such as JBIC. Aled Davies

stands out as a market leader: “He is a very good lawyer; his reputation precedes him,” says one client. “He gets on very well with the commercial teams of clients. He’s also terribly good and has an eye for detail. But he doesn’t get bogged down on small issues.”

One rival notes: “They have the most mature banking practice here, above the other magic-circle firms.”

A highlight deal this year was the firm’s advice of JBIC in the acquisition financing of the Mirant power assets in the Philippines, the largest deal of its type in the region in 2007 at \$3.7 billion.

Leading lawyers

Aled Davies

Atsumi & Partners

Atsumi & Partners is equipped to handle a variety of lending transactions, but leverages its strength in securitisation to work on some complex deals and has been developing its project finance capabilities. “They’re small, but they’re quite good,” noted one of the firm’s competitors.

Led by managing partner Hiroo Atsumi, the firm this year represented a Japanese bank in arranging the securitisation of a medical and health care business in 2008. The ¥4 billion (\$37 million) deal involved loan and purchase bonds issued by a *tokutei mokuteki kaisha* (TMK).

In another deal, the firm was legal counsel to the sponsor of a golf fund of a credit company worth about ¥10 billion, involved in the restructuring and financing processes. Atsumi & Partners worked on a couple of domestic projects in Nagoya, including representing the project sponsor in the ¥8.7 billion financing and development of the Nagoya Port and representing the sponsor, this time financing and developing a sports centre in a project worth ¥6.9 billion.

Leading lawyers

Hiroo Atsumi

Clifford Chance

Clifford Chance has been busy rebuilding its practice this year, after seeing some personnel losses in recent times, but also growing through the addition of *bengoshi* and international lawyers.

“In terms of leveraged finance in Japan, they clearly have the number one track record,” says a client. “It’s noteworthy that they’ve added a strong *bengoshi* capability. In addition to having a lot of strong lawyers, like Tim [Jeffares] and David [Wilson], they also have a strong group of local Japanese counsel.

That is really a very important component of what we seek, because it’s great having the foreign lawyers who have a lot of leveraged finance expertise, but you need the local perspective and how that’s going to fit into the local regulatory framework.”

One of the clearest indicators of the firm’s strength was its involvement on the largest syndicated loan in Japan, \$12.5 billion, to fund Citigroup’s acquisition of Nikko Cordial. Jeffares advised the lead arrangers, Citibank, Mizuho Corporate Bank, Bank of Tokyo-Mitsubishi UFJ and Sumitomo Mitsui Banking Corporation. Says one client of Jeffares: “He’s very client-focused, he’s commercially oriented, he’s got a lot of experience in documenting large financing transactions. He’s also just a very amicable guy - very approachable, and very easy to discuss things with.”

The firm worked on many of the other big deals of the year as well. Wilson and Masayuki Okamoto advised Permira on its ¥250 billion acquisition of Arysta LifeScience. The firm acted for Merrill Lynch, the lead arranger on the ¥170 billion leveraged financing for Advantage Partners’ acquisition of Tokyo Star Bank. Finally, Clifford Chance provided counsel to UBS, the sole arranger in the \$410 million acquisition of Yayoi Co by MBK Partners from Livedoor Holdings.

Leading lawyers

Tim Jeffares
Peter Kilner
David Wilson

Linklaters

Linklaters leads the pack in terms of international firms with a banking practice that effortlessly combines Japanese and international law capability. The firm’s focus is on complex cross-border deals.

“They offer a lot of depth and experience and have a very broad resource base,” says one client. “When we do mezzanine financing and when we do an LBO, we draw on their expertise.”

Akihiro Wani has earned a very good reputation: “The guy just has so much experience,” says a client. “He comes from a capital markets background but he’s also very good and in tune with banking and financing and regulatory issues. I would rank him the number one *bengoshi* partner among any law firm in Japan.”

Tokyo newcomer and department head Christopher Bradley also receives client praise: “He’s young and very hardworking and energetic, always approachable.”

Proving of the firm’s strong visibility, Linklaters secured a spot on Permira’s buyout

of Arysta LifeScience, advising the lead arrangers and agents on the acquisition financing for one of the country’s largest LBOs. In another deal, lawyers from various offices of the firm, including Christopher Bradley, advised United Spirits on its £595 million acquisition financing for the purchase of the Whyte & Mackay Group, a distiller of Scotch whisky.

“They just bring everything that one could ever want in a legal team to the table,” says a client of the firm.

Leading lawyers

Christopher Bradley
Akihiro Wani

Mergers and acquisitions – local law

Recommended firms

Tier 1

Anderson Mori & Tomotsune
Mori Hamada & Matsumoto
Nagashima Ohno & Tsunematsu
Nishimura & Asahi

Tier 2

Baker & McKenzie GJB Tokyo Aoyama Aoki
Linklaters
Morrison & Foerster
TMI Associates
White & Case

Tier 3

City-Yuwa Partners
Clifford Chance
Freshfields Bruckhaus Deringer
Hibiya Park Law Offices
Jones Day
O’Melveny & Myers
Oh-Ebashi LPC & Partners
Paul Hastings Janofsky & Walker

Mergers and acquisitions – foreign law

Recommended firms	
Tier 1	
Freshfields Bruckhaus Deringer	
Linklaters	
Morrison & Foerster	
Skadden Arps Slate Meagher & Flom	
Tier 2	
Allen & Overy	
Clifford Chance	
O'Melveny & Myers	
Shearman & Sterling	
Sullivan & Cromwell	
White & Case	
Tier 3	
Davis Polk & Wardwell	
Herbert Smith	
Jones Day	
Orrick Herrington & Sutcliffe	
Paul Weiss Rifkind Wharton & Garrison	
Simpson Thacher & Bartlett	
Tier 4	
Ashurst	
Latham & Watkins	
Paul Hastings Janofsky & Walker	
Simmons & Simmons	

Following the “lost decade” of the nineties, Japan is still seeing its share of growing pains as the revitalised economy grapples with its internal regulations and with its place in the world. On the one hand, the highly sensationalised case of US hedge fund Steel Partners’ attempt to complete a hostile takeover of Japanese condiments maker Bull-Dog Sauce in mid-2007 seemed to indicate that Japan Inc was in no mood to be shaken out of its reactionary mindset, though certainly Steel Partners head Warren Lichtenstein’s “need to educate the management of Japanese companies” did nothing to ingratiate him to said management.

The case ended with Japan’s top court upholding the shareholder-supported decision to enact defences against Steel Partners’ takeover bid, and in the case’s wake, a slew of poison pills and other defence tactics were launched by other companies in the country.

On the other hand, the case allowed for an increase in industry dialogue and new regulations introduced this year have shown that change, though perhaps not as rapid as in some other markets, is taking place. Amendments to the new Company Law in May 2007 made possible the first triangular merger, a complex structure through which Citigroup acquired a significant stake in

Nikko Cordial, the entire deal value being about ¥1.6 trillion (\$14.9 billion).

Part of the significance of the triangular merger structure is that it allows for the first time foreign companies to make acquisitions of domestic companies via shares. As yet, this structure has not been used again, some lawyers attributing this to its time-consuming and costly nature. Meanwhile, the Financial Instruments and Exchange Law (FIEL), introduced in September 2007 revised the existing rules on M&A disclosure with the aim of giving investors added protection.

Not all new regulations were looked upon favourably by foreign investors. For instance, rules introduced in September 2007 restricted areas of acquisition by foreign investors into Japan, such that any domestic company that produces technology used in weapons systems was off limits. The result was that companies like Nippon Steel, Sharp and Sony came under protection for the first time.

A common sentiment of many corporate lawyers was summed up by one: “There is the general perception that Japan needs to loosen up.” This is particularly true in a post-sub-prime market where the country’s investors suddenly found themselves in a relatively good position and increased their activity in outbound acquisitions throughout the world. One prime example is the \$3.73 billion acquisition of Mirant Asia-Pacific, an independent power producer in the Philippines, by the Tokyo Electric Power Company and Marubeni Corporation. Many lawyers noted that the imbalance between outbound activity and regulations on inbound activity would have to be addressed at some point.

In both domestic and cross-border work, the most active areas for M&A activity were pharmaceuticals, information technology and automobiles. Finally, private-equity acquisitions, as well as MBOs, LBOs and real-estate fund work, saw plenty of in 2007. That area slowed somewhat after the credit crunch, though private-equity activity continues at a more modest pace in 2008 and other investors from countries not so hard-hit have stepped up to bat.

Allen & Overy

What’s clear is that Allen & Overy intends to establish one of the leading firms in Tokyo. This year, the firm went cherry-picking among other firms in the area, and successfully gained a number of *bengoshi* lawyers to add to its M&A team, including partners Nobuo Nakata from Freshfields Bruckhaus Deringer and Hidehiro Utsumi from Linklaters.

While Allen & Overy hasn’t quite reached the heights to which it aspires, it has been raising its profile in the market, according to

some of its clients. “They are a firm that’s really making a consistent global strategy, including through many Asian countries and in Japan, to handle mega-M&A across the region or the world,” says one. “I think they’ve been very effective at that.”

One of the firm’s top deals this year was advising GE Commercial Finance on its \$1.1 billion acquisition of Sanyo Electric Credit, one of the first deals under the new tender offer rules in Japan. Another deal saw Nakata advise Japanese listed company J-Bridge on an acquisition of warrants convertible to a 48% stake in the company by Hong Kong financial firm Sun Hung Kai & Co.

“We have had a long relationship with him,” comments one client of Nakata. “He has good expertise in cross-border deals.”

Leading lawyers

Nobuo Nakata

Anderson Mori & Tomotsune

Anderson Mori & Tomotsune performs on deals across the various sectors of the Japanese market. “We use them because they really know the market very well in this field, and they know exactly how to [structure] this type of transaction,” says one client. Because of its sizeable team, the firm can draw from a deep pool of resources to support its work on deals, including a strong bilingual capability. “There are a number of lawyers who can speak and write good English,” comments one client, while another adds: “They have good experience in big international deals.”

The firm assisted Toyama Chemical in its ¥100 billion acquisition by Fujifilm and Taisho Pharmaceutical Co, in a newly formed business alliance between the three companies. Anderson Mori also assisted biotechnology company Amgen in selling its subsidiary, Amgen KK, to Takeda Pharmaceutical Company.

More recently, the firm represented Nippon Sheet Glass in June 2008 on a ¥40.6 billion deal, in which the company sold its subsidiary, NH Techno Glass Co, to The Carlyle Group. In addition, Anderson Mori has a history of advising international and domestic private-equity funds in acquisitions.

Leading lawyer Tsutomu Miyano earned much praise this year for his work, especially in telecoms. One client says: “He is someone we can really trust - he is really hard-working and has a very good knowledge of the legal environment.”

Meanwhile, Osamu Hirakawa and Kenichi Masuda also had their moment in the spotlight. Of Masuda, one client says: “He’s just a very well-rounded lawyer,” while adding of Hirakawa: “He is probably one of the most

strategic-thinking lawyers I've ever worked with. As a result, Masuda and Hirakawa are a good combination; they're as good as anybody I've ever worked with in Japan."

Leading lawyers

Osamu Hirakawa
Masaakira Kitazawa
Hiroki Kodate
Kenichi Masuda
Tsutomu Miyano

Baker & McKenzie & GJB Tokyo **Aoyama Aoki**

Among the international firms in the Japanese market, Baker & McKenzie in Tokyo has the highest number of *bengoshi*, as well as the most lawyers in general. Though it may not always get the largest deals, its size and brand helps secure the firm a high volume of M&A transactions. And the team is only growing; this year Baker & McKenzie added to its ranks a group of new associates as well as partners Haig Oghigian, from Paul Hastings Janofsky & Walker in Tokyo, and Hideyuki Kobayashi, from Anderson Mori & Tomotsune.

Of the latter, one client comments: "He's very strong for litigation or distressed type of M&A - he's one of the pioneers in this area."

The firm rode the surge of deals in the technology sector this year to assist Murata Manufacturing Co in its \$85 million acquisition of an electronics division of US company C&D Technologies. It also represented Laox, a Japanese listed electronics retailer, on its issue of preferred stock worth about ¥3 billion to a turnaround fund.

The firm has had its share of private-equity work too. On one deal, Baker & McKenzie represented SBI Capital in its ¥4.2 billion investment in Narumiya International Co, gaining a majority share in the children's clothing manufacturer.

Leading lawyers

Fumio Komia
Hiroshi Kondo

Clifford Chance

With more than half of the 50 or so lawyers being *bengoshi*, Clifford Chance is respected for its Japanese law advice capabilities. This year, the firm added two more *bengoshi* to the team: Ayuko Nemoto and Masafumi Shikakura.

The firm had a good year, with deals such as the \$2.2 billion acquisition of Arysta LifeScience by Permira, the largest LBO in the country, in which the firm played an advisory role to Permira. Another noteworthy transaction was the firm's advice to NTT Data

Corporation in acquiring a 70% interest in Getronics Japan.

In the medical sector, Clifford Chance represented Fujifilm on the acquisition of Sumisho Computer Systems Corporation, a medical technology business, by Fujifilm's subsidiary, Fujifilm Medical. The firm also advised bioMerieux, a French diagnostics company, on its joint venture with Sysmex Corporation, a ¥300 million deal in which Sysmex acquired a 34% equity stake in bioMerieux Japan.

Leading lawyers

Paul O'Regan

Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer has undergone some turbulent times of late, and this year the firm experienced the loss of some personnel, including partners Nobuo Nakata to Allen & Overy and former M&A and private-equity head Julian Pritchard, who went to Freshfields' New York office. Making up some of the balance was the import of partners James Wood and Edward Cole from the London office. Of Wood, the new department head, one client says: "He's a great coordinator and one of the reasons that we work with Freshfields."

The firm has succeeded in gathering a good portfolio of deals this year, with its strength lying particularly in private-equity work. One of the biggest deals for Freshfields this year was the \$2.2 billion sale of Arysta LifeScience Corporation to Permira, in which the firm represented Arysta and its shareholders, such as Olympus Capital. The firm also advised Alibaba.com on a joint venture with SoftBank, resulting in the formation of Alibaba.com Japan, where SoftBank invested \$20 million in the venture to claim a 65% stake, with Alibaba.com holding the rest.

"We have found working with Freshfields nothing but good experience," says one private-equity fund manager. "We are a pan-Asia firm; we particularly like the fact that they can help us not only locally but on the global deals we work on."

Leading lawyers

James Wood

Linklaters

Change is definitely in the air in terms of Japan's financial and corporate legal market, and Linklaters wasn't immune to the recent tides of lawyer comings and goings. Former lead partner Casper Lawson left the Tokyo office this year to relocate to the firm's London office, while partner Hidehiro Utsumi joined

Allen & Overy in Tokyo. Incoming lawyers for the private-equity group included partners Paul McNicholl and Chris Bradley, who moved from the firm's Shanghai and Hong Kong offices, respectively. Meanwhile, the firm has been steadily building up its *bengoshi* count.

Change isn't necessarily a bad thing, though, and the new team of partners and associates is also a young team, and one that has cut its teeth in the market on some large deals. One such deal was the Permira acquisition of Arysta LifeScience Corporation, the largest LBO in Japan. Bradley and a sizeable team worked on the various layers of the ¥185 billion financing for the deal, advising the lead arrangers and other parties. Another large deal was the acquisition of Tokyo Star Bank by Advantage partners, where the firm advised the arranger, Credit Suisse Securities, on the ¥170 billion financing.

"They're a very strong capital markets firm, and an increasingly strong M&A advisor," says one client. "They also have a very strong *bengoshi* practice."

Leading lawyers

Paul McNicholl

Mori Hamada & Matsumoto

The M&A team at Mori Hamada & Matsumoto has only grown in the past year, with 15 new associates, reflecting the firm's involvement in a number of large and complex deals as well as its growing number of satisfied clients. "Mori has many lawyers who are creative, who are more solution providers. That's why we like them," says one.

Many partners and senior associates are praised for their work, especially Gaku Ishiwata and Yuto Matsumura. "He has a lot of cross-border experience, and he is very strong in the defence areas," one client says of the former. "He is a pioneer here in Japan."

This year, Mori Hamada & Matsumoto achieved a choice advisory role to Nikko Cordial on the country's first-ever triangular merger, between Citigroup and Nikko Cordial, worth over \$5 billion. The firm also represented Swedish car manufacturer Volvo on its \$557 million acquisition of the outstanding shares in Nissan Diesel Motor Co, an 81% stake, using callable shares to squeeze out the minority shareholders. More recently, Ishiwata and team advised Riken Vitamin Co its \$260 million acquisition by Kikkoman Corporation, a domestic food processing company.

Worth mentioning is the firm's strong reputation for work with private-equity funds. One important deal saw Mori Hamada & Matsumoto advise majority shareholder Lone

Star Funds on the acquisition of shares in Tokyo Star Bank by a consortium, including Japan Banking Investment Partners.

“Mori Hamada is one of the best law firms in Japan,” says one client. “[It has] a large team to deal with massive documentation and due diligence.”

Leading lawyers

Gaku Ishiwata
Satoshi Kawai
Satoko Kuwabara

Morrison & Foerster

One of the first international firms to establish a Tokyo office when the country opened its doors to foreign lawyers, Morrison & Foerster has come as close to reaching seamless integration of international lawyers and *bengoshi* as any other firm. The office is one of the largest among foreign firms, and has kept on growing. The firm poached partners from the corporate team of O’Melveny & Myers in Tokyo in October 2007, including Gary Smith, David Litt and Randy Laxer, as well as taking on a number of associates.

Headed by leading lawyer Ken Siegel, Morrison & Foerster’s Japanese office has developed and maintained strong ties with local corporations, allowing the firm access to a good number of deals. After the first-ever triangular merger between Citigroup and Nikko Cordial, MofO represented GCA Corporation and Greenhill & Co, Nikko’s financial advisors, on Citigroup’s \$4.6 billion acquisition of the remaining publicly-held shares of Nikko.

Another deal on which the firm advised GCA was giving counsel to its Tokyo M&A advisory firm in its merger with Savvian, a US investment bank, marking the first use of the *kabushiki iten* (share transfer) structure with a US company. Of note is the firm’s growing private-equity practice, which Morrison & Foerster has been keen to develop in the wake of the capital markets slowdown.

“Ken Siegel, who is the leader of Morrison & Foerster, has established a very good practice in Tokyo,” says one client of the firm. “Currently even the domestic transactions here in Japan require a lot of expertise outside of Japan. Japanese companies’ shareholders consist of a lot of foreign shareholders, so there’s a possibility for the US SEC requirements. In that area, Morrison & Foerster has expertise and that’s why we recommend them.”

Leading lawyers

Fuyuo Mitomi
Ken Siegel
Stan Yukevich

Nagashima Ohno & Tsunematsu

One of Japan’s so-called big-four firms and equipped with a large M&A team, Nagashima Ohno & Tsunematsu has built up a strong practice respected by both domestic and international clients and competitors. Its scope is broad, covering private-equity funds and takeover defence in addition to standard M&A services. Kenichi Fujinawa is consistently named as a leading practice in the market. Says one client: “In terms of M&A, Ken Fujinawa is one of the best in the country.”

One of the firm’s biggest deals of the past year was its work on GE Capital Leasing Corporation’s \$827 million acquisition of Sanyo Electric Credit Co, completed in November 2007. Led by partners Shunpei Tanaka, Hiroyuki Ishizuka and Fumiaki Ishii, the team represented the corporation and the acquisition vehicle it created, STV Partners Co, in the various stages of the project, including due diligence, negotiation and registration. The deal involved listing convertible bonds in Europe.

“We use Nagashima for almost all of our Japanese domestic M&A deals,” says a client. And while the firm has a lot of domestic work, it can also be found on cross-border deals. As an international client says: “They are very experienced, quite knowledgeable, efficient, and very good at drafting in both English and Japanese.”

Leading lawyers

Kenichi Fujinawa

Nishimura & Asahi

Though some competitors have commented on integration issues in the recently merged Nishimura & Asahi, that didn’t stop the firm from keeping its momentum, with achievements like a role on Japan’s first-ever triangular merger, between Citigroup and Nikko Cordial, and winning *International Financial Law Review*’s 2008 award for the Japanese law firm of the year. The result of the merged of Nishimura & Partners and Asahi Koma Law Offices in 2007, Nishimura & Asahi easily has more lawyers than any of its competitors. Consequently, the firm has a large M&A practice with a number of highly regarded practitioners and a high number of deals.

“They are quick to responding to our inquiries,” says one client. “Their reactions are good; they are very professional and well-staffed.” Another client appreciates the firm’s efficiency: “Other firms we have used have limited ability and are slow to soak up new laws or legal [issues]. Nishimura & Asahi are particularly strong in analysing cases and tell us the options and what are our prospects for each option.”

Nishimura’s role on the Citigroup-Nikko Cordial deal was the enviable position of advising the acquirer. On another large domestic deal, the firm assisted Daimaru in its merger with Matsuzakaya, the two department stores becoming one in September 2007. Another department store deal saw the firm advise Isetan on its integration with Mitsukoshi, a transaction valued at ¥292 billion. In the bustling technology sector, Nishimura provided counsel to the Hoya Corporation in acquiring shares of Pentax, with a subsequent merger resulting.

“I think Nishimura & Asahi is excellent not only because the lawyers who belong to the firm have excellent ability, but also they throw themselves heart and soul into giving the proper answers we need,” says a client.

Leading lawyers

Masakazu Iwakura
Koichi Kusano
Yo Ota
Kazuhiro Takei

O’Melveny & Myers

One of the first wave of international law firms to open up in Japan in 1987, O’Melveny & Myers has historically had a strong Tokyo practice, but in recent times has been plagued with staff defections, like the movement of key partners Gary Smith, David Litt and Randy Laxer to Morrison & Foerster. The firm has worked hard to rebuild its market position, taking on many new associates and promoting Noriko Sakai to the partnership in February 2008.

O’Melveny & Myers has taken on a number of notable M&A transactions this year. One deal saw the firm represent Promise Co in its ¥120 billion acquisition of Sanyo Shinpan Finance Co through a tender offer in October 2007. The firm also represented Furukawa Electric Co on its ¥3 billion acquisition of a division of FCI Japan, a subsidiary of FCI, a French manufacturer of electrical connectors.

Leading lawyers

Naosuke Fujita

Shearman & Sterling

Shearman & Sterling has been making waves in the cross-border M&A market, thanks in part to leading lawyer and department head Kenneth Lebrun. “Ken is probably the best US M&A lawyer in Japan and he has always been very helpful when I needed to understand US market practice or when I needed to make a risk evaluation,” says one client. “His knowledge on the M&A side makes him so

valuable and he is no doubt one of my favourite lawyers. He also can understand Japanese very well.”

The firm was involved in a number of highlight deals this year. One deal was partly triggered by the subprime crisis, where Merrill Lynch raised capital through its sale of \$1.2 billion worth of shares to Mizuho Corporate Bank. Lebrun and team advised Mizuho on the transaction. In another highlight deal, the firm represented Hitachi and its affiliate Renesas Technology on the \$233 million sale of Hitachi Semiconductor Singapore to Chartered Semiconductor Manufacturing.

Shearman & Sterling was the advisor on one of the first sovereign wealth fund deals in the country, where it represented Abu Dhabi's International Petroleum Investment Company in its acquisition of a 20% interest in Japan's Cosmo Oil Company, worth about \$780 million. In pharmaceuticals, managing partner Masahisa Ikeda took the reins to advise Fujifilm Holdings on its joint acquisition with Taisho Pharmaceutical of Toyama Chemical, a \$1.44 billion deal.

Leading lawyers

Masahisa Ikeda
Kenneth Lebrun

Skadden Arps Slate Meagher & Flom

Few firms in Japan can claim the international expertise Skadden Arps Slate Meagher & Flom's Tokyo office has amassed - the firm's global network means its Japanese practice sees a steady stream of cross-border referrals. The M&A team's three partners, Kenju Watanabe, Nobuhisa Ishizuka and Mitsuhiro Kamiya, are held in high esteem by the market, especially the latter. "He's in a league of his own," says one competitor. "He's the best Japanese lawyer in Tokyo for international transactions."

Though the firm doesn't always inhabit the conventional M&A space, having done a variety of work for private-equity funds and real-estate clients for instance, Skadden has performed on a solid list of complex deals. In the technology sector, Kamiya advised the Furukawa Electric Co in its \$99 million sale of a controlling stake in Optical Communications Products to Oplink Communications. The firm has good relationships with private-equity funds and has advised TPG Capital on a number of transactions, including a \$281 million investment into and joint venture with the NIS Group Co, a financial-services provider. In another private-equity mandate, Ishizuka advised Apax Partners on the \$60 million buyout by Tommy Hilfiger Group of the outstanding

25% of common shares in Tommy Hilfiger Japan Corporation.

Leading lawyers

Nobuhisa Ishizuka
Mitsuhiro Kamiya
Kenju Watanabe

Sullivan & Cromwell

Even though Sullivan & Cromwell is a more established presence in capital markets, this US firm's M&A practice, carried on the shoulders of its leader Izumi Akai, still makes its mark in the country. Akai, who is well known in both capital markets and M&A, possesses legal qualification in both New York and Japan.

"I had a very good experience working with Akai-san," says one client. "He is very kind, and this is most important to us, because we didn't have any experience on international law issues, and he helped us learn the issues."

This year, the firm worked on M&A deals across a variety of areas. In pharmaceutical-related work, Sullivan & Cromwell advised Eisai Co on its \$3.9 billion acquisition of MGI Pharma, a US company. Akai and team also advised Mitsukoshi, the target of a \$3.76 billion acquisition by rival department store Isetan. On the private-equity side, Akai represented Advantage Partners in its \$2.2 billion acquisition in Tokyo Star Bank. Sullivan & Cromwell frequently works with the big Japanese banks, and it had a role in counselling Mitsubishi UFJ Securities on the acquisition of an additional 11% stake in stockbroker Kim Eng Holdings.

Leading lawyers

Izumi Akai

TMI Associates

TMI Associates may not be one of the big-four Japanese firms, but it is nonetheless discovering its place in a comfortable mid-market area with a growing team that allows the firm to neatly outpace smaller boutiques. This year, the firm saw some additions and changes: it hired a large number of lawyers, many of whom have joined the M&A team, and promoted or hired from other firms about seven partners in total to work mainly in this practice area.

In addition, corporate lawyer Jason Daniel, at the time of writing, will become the managing partner of Simmons & Simmons in Tokyo, the joint-venture partner of TMI Associates. Daniel replaces Rika Beppu, who moved to Lovells in June 2008. Both TMI Associates and Simmons & Simmons have

benefited from the association: TMI is able to access Simmons' global network while Simmons can draw from TMI's increasingly large *bengoshi* pool.

Thus, TMI associates worked on a number of domestic and cross-border deals this year. The firm advised Fast Retailing on its ¥14.7 billion acquisition of Cabin Co via tender offer, and cosmetics manufacturer Kao Corporation on its ¥280 billion acquisition of shares in skincare company Kanebo from the Industrial Revitalization Corporation of Japan. The firm also represented Fuji Heavy Industries on its issuance of new shares to the Toyota Motor Corporation, giving Toyota a 17% stake worth about ¥30 billion, and communications company NextCom on its merger with Mitsui Knowledge Industry. TMI Associates' M&A activity has been spread across different areas, notably including private-equity and pharmaceutical-related work.

White & Case

While White & Case isn't the largest player in this market, it does have a respectable M&A practice, one that focuses on cross-border work and private-equity funds in particular. This year saw the addition of partner Mark Goodrich and senior counsellor Arthur Mitchell.

One of the firm's strengths in this area is leading lawyer Robert Grondine, who has been called a "legend" by competitors, one noting: "As long as Robert stays there, they are good." Another of its assets is its large team of *bengoshi*, allowing the firm to provide reliable counsel on Japanese law as well.

On one deal, the firm advised UFJ Central Leasing Co on its merger with Diamond Lease Company, both of which have been longstanding clients of White & Case, to become Mitsubishi UFJ Lease & Finance Company. In the healthcare sector, White & Case represented Inverness Medical Innovations on its acquisition of several Japanese medical diagnostics companies and Quintiles Transnational Corporation on its \$100 million buyout of Quintiles Transnational Japan from Mitsui & Co.

Leading lawyers

Robert Grondine

Project finance

Recommended firms	
Tier 1	
Allen & Overy	
Milbank Tweed Hadley & McCloy	
Nishimura & Asahi	
Tier 2	
Anderson Mori & Tomotsune	
Ashurst	
Baker & McKenzie GJB Tokyo Aoyama Aoki	
Herbert Smith	
Nagashima Ohno & Tsunematsu	
White & Case	
Tier 3	
Atsumi & Partners	
Clifford Chance	
Latham & Watkins	
Morrison & Foerster	
Oh-Ebashi LPC & Partners	
Shearman & Sterling	

If any area of finance were perceived to be immune to effects of the subprime crisis, it would be project finance, which has been marching all along to a different beat; namely, the beat of a country rich in capital and not-so-rich in natural resources. The importance to the government of projects, especially given the growing competition from China and India, can be seen in the large number of deals receiving JBIC (Japan Bank for International Cooperation) financing. In addition, bankers, burned by near-incomprehensible structured products, have decided to revisit more familiar territory.

"Bankers are looking for a return to old-fashioned deals," says a lawyer in Japan. "A project is a big asset, with steady revenue and a long lifespan."

This year, there has been a steady increase in outbound projects, the majority of which are in the main traditional project finance areas: energy, water, mining and infrastructure. Japan has typically been a favoured sponsor in the Middle East for power-and-water projects, having accrued a reputation for timeliness in the development process. But financiers in Japan are also looking beyond traditional haunts to destinations like Indonesia, Africa and even Central Asia for oil-and-gas and other projects. Furthermore, with alternative energy becoming more viable on a large scale, the country has been expanding its capability in financing wind power and biofuels projects.

Allen & Overy

Allen & Overy is at the top of its game in project finance. "They have knowledgeable and experienced lawyers so that we can rely on them," says a client of the firm. If one person is dealing with another deal at the moment, another one is able to be substituted quickly and in a good manner, such that they can take care of us."

Aled Davies helms the project finance practice and captures the attention of many. "He's really well-liked in our office," says one client. Another comments: "He understands the needs of the commercial side, and he can represent the lender's position pretty well. He can produce those necessary documents as quickly as we request and can tell us what the points should be for the next meeting - that makes our work so easy. And he's very logical and can present [arguments] well so he can persuade the other side of the table."

The firm's strong ties to JBIC allow it to work on a number of key project finance deals, including advising JBIC and the commercial bank lenders on the financing of four liquefied natural gas (LNG) vessels, about \$184 million each, to be chartered to China Petroleum Corporation. The firm also represented JBIC on a \$3 billion loan to the Abu Dhabi National Oil Company, after the two parties had signed a strategic partnership in 2007 to strengthen bilateral ties in the oil-and-gas sector.

On another Middle East deal, Allen & Overy gave counsel to the lenders and a consortium of investors on the sale by Tabreed of cooling assets in the UAE, a project worth about \$100 million. The firm also acted as counsel to Sumitomo Mitsui Banking Corporation and JBIC on the \$402 million financing provided to Russian Banks VTB and VEB in connection with the construction of a new terminal at Russia's Sheremetyevo International Airport.

Leading lawyers

Aled Davies
Adam Moncrieff

Milbank Tweed Hadley & McCloy

Milbank Tweed Hadley & McCloy is a recognised leader in project finance, built up over its 21 years of experience in Japan. The firm often works on choice projects and has particular expertise in the power and mining sectors; it also enjoys a strong and longstanding relationship with JBIC. "[Its strength] is acting on the lender's side, for commercial lenders on big infrastructure projects in Asia," says a client of the firm. Another adds: "They perform very well in meetings. They had to compromise many things taking into account

our preferences. They understand the borrower's needs and commercial incentives."

Two of the firm's lawyers are held in regard by the market. "Mr Gary Wigmore knows our requirements and preferences, and he can be a good interpreter among lawyers and also borrowers and lenders," says one client. "He's so experienced, but what is really good about him is he's unflappable: he's very calm and always has a great demeanour. In negotiations, it's very helpful because if you don't keep everybody calm and focused, things blow up and die, so he's very good at that."

Mark Plenderleith is also praised by clients. "He knows his technical law," says one, "but at the same time he knows how to apply it very efficiently and he understands where a client is coming from, and what its commercial drivers are. He won't get stuck on points; he'll see the big picture and make sure a project will go through to completion in an efficient way."

Milbank represented the lenders, including JBIC and the Export-Import Bank of Korea, on the \$2.1 billion debt financing of the Ambatovy nickel project, involving the development of an open pit mine and accompanying infrastructure in Madagascar. The firm also worked on several deals in China, including advising Kyushu Electric Power Company, a joint venture between China Datang Corporation and Sumitomo Corporation, to construct a wind power plant in inner Mongolia, and representing the lead arrangers on the \$180 million term loan financing of Kepco Shanxi International in its acquisition in a Sino-foreign joint venture purchasing interests in power plants and coal mines in the Shanxi province.

Leading lawyers

Mark Plenderleith
Gary Wigmore

Nishimura & Asahi

Nishimura & Asahi is one of the most respected domestic firms for project finance; clients particularly value the firm's expertise in PPP/PFI financing techniques. "They know our transactions well and it's easy to work with them," says one client.

Nagahide Sato is often highlighted as an example of the firm's strength in this area. "He has very good knowledge of the PFI and PPP projects," says a client. "He has done a lot of project finance deals outside the country and also inside the country, so we value his advice, as an internal lawyer - not the common lender lawyer-type, but more an advisor."

Another client appreciates the work of Katsu Sengoku: "He's a very knowledgeable guy. He's able to give Japanese legal opinion;

probably 60% of the lenders in the market go to him.”

This year, the firm worked on the loan for the financing of the maintenance and operation of Tokyo International Airport's new terminal. Sato advised Mizuho Corporate Bank on the deal. Another project with Mizuho saw the firm advise the bank on the large urban redevelopment of the Umeda Kita Yard in west Japan.

Leading lawyers

Hiroshi Maeda
Nagahide Sato

Anderson Mori & Tomotsune

Anderson Mori & Tomotsune has tended to act as counsel to more projects that are domestic rather than international. Though this lack of a strong international dimension means it isn't a top-tier practice in this area, the big-four firm still has managed to build a solid portfolio of projects within the country.

One notable project the firm worked on was the construction of the new Tokyo International Airport terminal building, where leading lawyers Takashi Akahane and Reiji Takahashi acted as counsel to the borrower. The ¥90 billion (\$832 million) deal was hailed as the one of the biggest project finance deals ever in the country, and Mizuho Corporate Bank, Development Bank of Japan and Bank of Tokyo-Mitsubishi UFJ were the lead arrangers in a syndicate of 17 banks.

In another deal, AMT advised the lenders on the ¥3.2 billion waste plastic recycling plant, in which Mitsubishi Corporation, Meiji Rubber & Chemical Co, Ichikawa Kankyo Engineering Co and Azuma Shipping Co have been jointly carrying out construction of the plant. The financing was partly provided by HSBC.

Leading lawyers

Takashi Akahane
Reiji Takahashi

Ashurst

A project finance specialist, Ashurst has a practice that is well-equipped to handle complex, cross-border deals, especially in energy. The growing team added a couple of experienced hands this year: partner Matthias Schemuth from White & Case and counsel Harvey Weaver from Linklaters.

“They seem to do a mixed bag for lenders and sponsors. They do a lot [of work] on IPPs, power projects and chemical projects around the world,” says one client, adding of leading lawyer John McClenahan: “John's very well-

respected by the legal teams in trading houses.”

Ashurst advised PowerSeraya in August 2007 on a S\$450 million (\$327 million) repowering project in Singapore, and was involved in the negotiations and finalisation of the credit facility funding the project. In a cross-border project in Brunei, Rupert Burrows and team assisted the Brunei Methanol Company and shareholders on the development and \$362 million financing of a methanol plant. Schemuth was involved in the deal as well - prior to joining the firm, he acted as part of the White & Case counsel to the lenders.

One of the bigger projects the firm worked on was the Fujairah water-and-power project in the UAE, in which McClenahan and team advised JBIC and the three lead arrangers, Calyon, Citigroup and Sumitomo Mitsui Banking Corporation, on financing arrangements totalling \$2.8. More recently Ashurst assisted the Mitsubishi Corporation, Mitsui & Co and Modec on a \$384 million floating production, storage and offloading vessel to be constructed by Petrobras off the shore of Brazil.

“Ashurst is one of our favourite firms,” a client comments. “They have good lawyers and provide a good service.”

Leading lawyers

Rupert Burrows
John McClenahan

Baker & McKenzie GJB Tokyo Aoyama Aoki

The Japanese office of Baker & McKenzie is seen as having a capable project finance practice. This year, the firm added a few associates to its already sizeable Tokyo projects team, with multilingual capacities and *bengoshi* and international lawyers. The practice aims to take on a global spread of clients and projects.

Department co-leader Anne Hung led the way on several deals, including advising the Itochu Corporation on the \$3.2 billion developing and financing of improvements to an Indonesian refinery; representing the Electric Power Development Co on winning the bid to develop, construct and operate two gas-fired power plants in Thailand, a \$2 billion project; and providing counsel to the Mitsubishi Materials Corporation in the \$1.5 billion joint venture for copper exploration in a mine in Fiji. Reaching into Central Asia, partner Paul Davis gave advice to the Inpex Corporation on restructuring shareholding interests in the Kashagan oil project in Kazakhstan.

“He's an old head in Japan and a steady hand,” says one competitor of Davis.

Among its domestic projects, Naoaki Eguchi worked on a number of hospital PFI arrangements. The firm acted as counsel for the JGC Corporation on a ¥73.5 billion PFI to establish the Tokyo Psychiatric Medical Centre and for the Mitsubishi Corporation on a ¥186 billion PFI to rebuild, maintain and operate a municipal hospital in Tokyo.

Leading lawyers

Paul Davis
Naoaki Eguchi

Herbert Smith

Herbert Smith recently welcomed the arrival of partner James Watson from the London office, to co-head the project finance department with leading lawyer David Clinch. The firm maintains a strong reputation in the energy sector, and has relationships with all the big players. “They have a very successful oil-and-gas practice,” says one peer. “They have grown that niche.”

One client is particularly impressed by the firm's versatility in putting together a global deal: “We were able to structure the deal in a way that we required, which was great.”

Herbert Smith has been active in deals across Asia, the Middle East and Africa and has been increasingly looking into Russia. In Indonesia, Clinch and teams from Jakarta and London advised the Mitsubishi Corporation as the majority shareholder on developing and financing an LNG plant. On another Mitsubishi deal in Indonesia, Herbert Smith advised the corporation in its \$352 million acquisition of a 19.97% stake in PT Medco Energi Internasional, a publicly owned oil and gas company. In Madagascar, the firm took part in the Ambatovy mining project, advising Sumitomo Corporation on its \$3.3 billion investment in the project.

Leading lawyers

David Clinch

Nagashima Ohno & Tsunematsu

Nagashima Ohno & Tsunematsu has lost a little of its influence on the project finance market, but its historically sound practice has kept the firm active, and it still maintains good relationships with big-name clients such as JBIC. The firm has handled a variety of deals in the recent past, including PFI work.

“They have the most stable service, are quite well staffed and are very professional,” says one client. Another comments that the firm's lawyers are among the best of the domestic firms: “I think they have a very broad level of excellent senior partners.”

Nagashima scored a hit this year working on one of the biggest JBIC-guaranteed syndications. The firm advised JBIC on a \$360 million yen-denominated loan to Telemar Norte Leste, a Brazilian telecoms operator, in October 2007. Another large Japanese bank participating in the project was the Sumitomo Mitsui Banking Corporation.

Leading lawyers

Takao Higuchi

Leading lawyers

Toshio Dokei
Hendrik Gordenker
Robert Grondine

White & Case

Though not as visible in the past year, White & Case still retains a solid list of deals and a respected team, having recently added two new members: partner Mark Goodrich and senior counsel Arthur Mitchell. The firm's main specialty is in oil-and-gas projects, and in particular LNG, an expertise which owes in part to leading lawyer Hendrik Gordenker, who has more than 20 years' experience in the sector. "He is clearly one of the leading lights in oil-and-gas sales," says a competitor.

As one of the first international firms to open up in Japan, White & Case is easily one of the larger foreign practices. "One good thing is it's a big firm," says one client. "They are able to move things quickly, and they are very flexible."

One of the firm's highlight deals was the Pluto LNG project in western Australia, in which the firm represented the Kansai Electric Power Co in its acquisition of an equity stake. The project was a joint venture between Kansai Electric, Woodside Energy and Tokyo Gas, and White & Case assisted in negotiations regarding the foundation LNG offtake agreement and the LNG transport ship. In the firm's first-ever cross-border project financing in Brunei, Gordenker and team acted as counsel to the senior lenders of the JBIC-led \$360 million financing of a methanol project in Brunei, sponsored by Brunei Petroleum, Mitsubishi Chemical and Itochu.

Another LNG project saw the firm advise the lenders in financing the Sakhalin II (Phase 2) LNG Project in Russia, a project worth more than \$20 billion which involved the integration of various up-, mid- and downstream components. In addition, White & Case has been advising a Japanese sponsor in acquiring interests into two independent water-and-power projects in the Middle East.

Of one of the firm's project finance partners, Robert Grondine, a client comments: "He's a great guy, very knowledgeable; the whole market likes him. It's good to know that an experienced senior lawyer is working on our side; that's why we use him."