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Drivers of the finance market

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

An influx of equity

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

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

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

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

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

More buoyancy to come

Although leveraged finance and private equity have been the talk of the market, the strength

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

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

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

The mezzanine and subordinated debt market has become deeper with the establishment of a number of new funds and a rapid increase in participations in subordinated debt: the \$300 million institutional sub debt placement on the DCA leveraged buyout was twice as large as any recent subordinated debt issue in the market other than the listed hybrid instruments being offered for a number of major listed corporates.

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

Capital markets – equity

Recommended firms

Tier 1

Allens Arthur Robinson
Blake Dawson Waldron
Freehills
Mallesons Stephen Jaques

Tier 2

Clayton Utz

Tier 3

Baker & McKenzie
Minter Ellison

Tier 4

Arnold Bloch Leibler
Corrs Chambers Westgarth
Gilbert + Tobin

Australian firms have experienced an interesting year marked by a generous number of initial public offerings (IPOs), particularly in the resources sector. As one partner commented: “There were 212 IPOs in Australia, half of them from mining, and the trend is continuing. The question is how long the boom will last for.”

The market has welcomed an onslaught of property trust work with real estate investment trusts (Reits) in addition to company floats. “There has been a lot of property trust work in Japan,” said one lawyer. “I think this is due to a shortage of assets in Australian Reits. Australians are looking to invest offshore. Cross-border property trusts began with the US and then after attempts at the Euro property trust failed people began to look at Asia.” Gilbert + Tobin’s placement for Rubicon Japan Trust and Baker & McKenzie’s transaction with MacArthur Cook in Singapore illustrate growing activity in this area.

One of the most novel offerings of the year had ramifications both for the country’s equity market and for its legal market. Arnold Bloch Leibler acted for Slater & Gordon on

its IPO as the first-ever publicly listed law firm in the world. The listing on the Australian Stock Exchange may start a trend for law firm listings in Europe; however, the idea of voluntary transparency and public scrutiny of one’s practice may make partners think twice about following in Slater & Gordon’s footsteps.

Another surprise for the market was the sudden disappearance of leading lights from Allens Arthur Robinson’s capital markets team, which left many rivals speculating how the firm would sustain its position in the market. While the loss of three partners does not necessarily spell the demise of Allens’ equity practice, competitors will be watching carefully to see how one of Australia’s leading firms copes without its backbone, in what has certainly become a highly competitive and sophisticated market.

Allens Arthur Robinson

One cannot help but sense a feeling of disarray from Allens Arthur Robinson as the firm witnessed the departure of two highly reputed capital markets lawyers, Jon North and Andrew Clarke, at the end of 2006. Although the firm has gained tremendous recognition for its capital markets practice in the past, it is clearly faced with a setback until the task of replacing two stalwarts of the Australian market is completed. As one peer said: “I think Allens has always been good and had a good ranking but the loss of a number of their leading lawyers will probably have repercussions on their practice. They’ve hit a big wall, though I’m sure they will rebuild.”

The loss of a third partner, Michael Grieg, creates yet another downfall for the firm which has seen all three of its leading lawyers from last year disappear. Despite the obvious hurdles created by the loss of these lawyers, Allens has capitalized on its reputation in the equity markets to represent the issuer, drilling services provider Boart Longyear, on its A\$2.7 billion IPO, the second-largest in Australian history, and the largest IPO of 2007 at the time of writing. The firm’s fantastic repertoire also earned it the position of underwriter and global coordinator on the A\$8 billion offer of shares by Telstra T3, as well as issuer’s counsel to Hutchison Telecommunications on its A\$2.8 billion rights issue, one of the largest rights issues in Australian history.

Blake Dawson Waldron

Blake Dawson Waldron profits this year from the addition of leading corporate lawyer Stephen Menzies to the partnership. Menzies arrived in July 2006 from Gilbert + Tobin, bringing with him a wealth of experience in equity markets, hybrid product development,

public company takeovers and structured transactions. Menzies has gained recognition in particular for his innovative thinking on complex deals such as the privatization of Telstra, and for his brilliant accomplishments as external legal advisor to the New South Wales government during its negotiations with James Hardie Industries between 2005 and 2006.

Blakes has worked furiously over the past year for some phenomenal achievements including a prominent role on Boart Longyear’s A\$2.7 billion IPO, where the firm under Sarah Dulhunty was appointed as lead adviser to the underwriters and joint lead managers, Macquarie Equity Capital Markets, UBS and Goldman Sachs.

Dulhunty was also on the team acting as lead adviser to Platinum Asset Management on the company’s A\$2.8 billion IPO, Australia’s second-largest flotation in 2007 following Boart Longyear’s offering. Highly regarded in the market and a favourite among clients, Dulhunty has received generous praise, with one client commenting: “In a very difficult transaction, she is good at providing client support. Sarah is commercial and she’s very efficient, proactive and pragmatic.”

Blakes seized another jewel for its equity treasure box this year, coordinating multi-jurisdictional requirements in a A\$1.2 billion capital raising, the largest accelerated entitlement offer by an Australian gold producer, Lihir Gold, which the firm represented.

Leading lawyers

Sarah Dulhunty
Bill Koeck

Freehills

Freehills dazzled the Australian markets for another year, winning roles on a selection of high-profile deals involving creativity on various capital-raising activities such as hybrid transactions, including an increasing number of Singapore-listed convertible bond offerings by Australian companies.

One of the most significant transactions of the year saw Freehills acting for the Australian government on the landmark sale of its remaining stake in Telstra for A\$15.5 billion, one of the largest equity raisings in Australian history.

Capital markets specialist Philippa Stone led her team on the Telstra transaction in addition to advising Babcock & Brown Power on its A\$898 million IPO and working on CBA’s A\$1.16 billion issue of Perls III, in the largest hybrid offering in 2006. Stone remains an icon in this field, widely acclaimed and admired for her “excellence and technical competence”. Peer reviews

unanimously point to Stone as a market leader, and someone who is “universally regarded as the leading lawyer in the country in this area, head and shoulders above the rest”. Freehills’ impressive team is further boosted by the promotion of Fiona Smedley and Tim McEwen to the partnership.

At the time of writing, the team had been retained as counsel to Babcock & Brown Infrastructure, Babcock & Brown Power, Babcock & Brown Wind Partners and Singapore Power International on their recommended \$8 billion proposal to acquire Alinta as part of a contested bid process, which will involve the issuance of four different securities by the Babcock funds. Other deals in the pipeline for the end of the year include the IPO of Transfield Services Infrastructure Fund which is expected to raise more than A\$1 billion.

Leading lawyers

Phlippa Stone
Michael Ziegelaar

Mallesons Stephen Jaques

Mallesons is one of the vanguard firms in the country for its capital markets expertise under the capable leadership of David Friedlander. While the firm’s Asian offices received the bulk of IPO activity in the last year, Mallesons’ Australian practice captured an important position in the market with its role as counsel to Telstra on its much anticipated A\$15.5 billion share offering. Not only was this the largest equity offering in Australian corporate history, it also helped to catapult Mallesons to new heights as counsel in one of the largest telecommunications deals in the world to date.

Meredith Paynter was instrumental on a number of the firm’s transactions, acting with her team on the underwriters’ side for the joint lead managers, Citigroup, UBS and Credit Suisse on the global offering of Emeco Holdings, and assisting FlexiGroup to list on the Australian Stock Exchange, through a successful dual-track IPO. Paynter also represented Goldman Sachs, JPMorgan and UBS as the joint underwriters of the AGL Energy placement, raising A\$900 million to fund its growth into the electricity market. Newly promoted partner Shannon Finch featured on some key placements for clients, including Babcock & Brown Wind Partners, Tishman Speyer Office Fund and Centro Retail Trust, in addition to playing a key role representing the underwriters for the proposed Transfield Services Infrastructure Fund IPO.

Contributing to this list, David Friedlander acted for Insurance Australia Group in relation to its A\$700 million equity

institutional placement, combined with a share purchase plan and underwritten dividend reinvestment plan, while raising another A\$500 million through an accelerated *pro rata* entitlement offer for Allco.

Leading lawyers

David Friedlander
Greg Golding

Clayton Utz

Clayton Utz completes another solid year in the equity market advising on a number of key listings and innovative hybrid and equity-linked capital transactions, considered one of its core strengths. In the third quarter of 2006, the firm advised Macquarie Equity Capital Markets and Credit Suisse on Macquarie Airports’ A\$444 million Tickets hybrid entitlement offer. The firm also represented Citigroup as the underwriter of Suncorp’s accelerated A\$1.26 billion issuance which will be used to partially fund the acquisition of Promina.

Matt Anderson, who joined Clayton Utz last year, led the team that advised Deutsche Bank and Morgan Stanley on Babcock & Brown’s A\$850 million Power Fund IPO, one of the largest listings of 2006.

Clayton Utz also welcomes the arrival of partner Tim Reid, who joined the firm from Minter Ellison and specializes in corporate and securities law, capital raisings and floats, corporate structuring, and ASX listing rule compliance. The firm saw the departure of partner Penny Grau, while promoting senior associate Brendan Groves to the partnership.

Leading lawyers

Greg James

Baker & McKenzie

While Baker & McKenzie may not be seen as frequently as some of its competitors in this market, the firm has been visible on some notable transactions this year. Mark McNamara and his colleagues advised on the Australian and international components of Emeco’s A\$976 million IPO, the second-largest in Australia in 2006. Supported by Baker & McKenzie’s teams in Singapore, London, Hong Kong, Houston and Amsterdam, the firm demonstrated a good relationship with its private-equity clients having acted on the initial acquisition of Emeco, followed by a listing of convertible bonds on ASX, before proceeding to the eventual IPO. The firm also featured on the much discussed Boart Longyear IPO, acting as US counsel to the issuer in relation to the US tranche of the offering.

Another interesting deal saw the firm’s capital markets team cooperate with its Asian Pacific Reit team, to advise Macarthur Cook on the offering and secondary listing in Singapore of the Macarthur Cook Property Securities Fund. Baker & McKenzie subsequently advised on the IPO and listing on the Singapore Stock Exchange of the Macarthur Cook Industrial Reit, including the acquisition of 12 Singapore industrial properties. The team was also involved in advising on Walter Diversified Services’ IPO and listing on the ASX originating in Australia and subsequently extended to New Zealand, Singapore, Hong Kong and the UK.

Leading lawyers

Mark McNamara

Minter Ellison

Minter Ellison has seen an interesting year in the equity markets moving away from capital raisings that are reliant on the Australian Stock Exchange and exploring different funding entities such as large unlisted funds. In 2006, the firm advised on the establishment of a number of these unlisted funds both in Australia and offshore on the Cayman Islands and Delaware, which generated in excess of A\$2 billion in total. Clients represented in these transactions include, Ellerston Capital, Macquarie Bank, Blackwood Capital Partners and St Hilliers.

Minters has also been active in implementing new innovative structures developed by investment banks for accelerated rights issues. The firm has acted for companies like Transfield Services and Pan Australian Resources using the Macquarie Bank-developed renounceable accelerated *pro rata* issue with dual-bookbuild structure (Rapids), a relatively new structure in the market. The value of both fund raisings put together amounts to approximately A\$450 million.

Minters also worked on an IPO for Babcock & Brown Residential Land Partners, in addition to working on a capital-raising and Toronto listing for ASX-listed company Centamin Egypt. The firm represented Westwind Partners as the underwriter of the deal.

Leading lawyers

Jeremy Blackshaw
Sebastian Hempel

Gilbert + Tobin

The capital markets practice at Gilbert + Tobin rests very much on the shoulders of practice head John Williamson-Noble, who has equally vast experience on acquisition

and joint venture-related transactions. Noble was involved in three key deals including acting for Westpac Funds Management on the consolidation of its unlisted property trusts and the formation of the Westpac Diversified Property Fund worth A\$700 million. Williamson-Noble was also counsel to Westpac TPS on its hybrid retail offering of trust preferred securities for A\$763 million and represented Rubicon Asset Management in relation to the rights offer, placement and public offer by the Rubicon Japan Trust.

Gilbert + Tobin appears to have fewer legs to stand on in the equity markets area after the recent loss of David Wilkie from the team in May 2007. Although the recruitment of new lawyers is visible in other areas of the practice, it remains to be seen whether Gilbert + Tobin's capital markets practice will receive the boost it requires to stay afloat in the market.

Leading lawyers

John Williamson-Noble

Capital markets – debt

Recommended firms

Tier 1

Mallesons Stephen Jaques

Tier 2

Allens Arthur Robinson
Blake Dawson Waldron
Clayton Utz
Freehills

Tier 3

Minter Ellison

Compared with other practice areas, debt capital markets has always been dominated by a small group of firms in Australia. While other firms may gradually be climbing the pyramid, Mallesons Stephen Jaques still surpasses the competition, capturing the most challenging and innovative deals. Market observers note an increasing diversity in bonds, moving away from traditional fixed or floating rates to hybrid issues, synthetic bonds, a variety of convertible notes and collateralized debt obligations. In one practitioner's opinion: "It's the same kind of clients, the same players like ANZ, but they're becoming more aggressive and there's a lot more interest in the market. The volume of deals may be smaller but individually deals are bigger."

This perception is easily validated by the increasing visibility of enormous debt offerings such as the A\$1.5 billion (\$1.2 billion) fixed and floating rate issue by HBOS Treasury or the A\$1.9 billion New South

Wales Rollingstock PPP bond issue, handled by Blake Dawson Waldron.

According to one lawyer, it's "a very buoyant and beautiful market", as a result of growing innovation in the development of new products adopted from the American and European markets. Deal sophistication continues and changes are expected with regards to large public-private partnerships (PPPs), which will eventually be funded through domestic capital markets. Experts point to the rise in consumer price index-linked bonds for trains and hospitals which have been explored as cheaper alternatives to bank debt for the financing of major projects.

Mallesons Stephen Jaques

Mallesons Stephen Jaques successfully maintains its pre-eminent position in the debt arena this year, scooping up several complex, high-profile deals and proving "they definitely dominate the landscape", as one peer commented.

The firm acted for PBL Media on the issue of A\$600 million of mezzanine notes, placed with a group of domestic and international funds, to repay a subordinated bridge loan, while acting also for Sydney Airports Corporation on the first issuance of credit-wrapped, partly paid bonds into the domestic capital markets. The latter transaction, led by Greg Hammond, involved the issue of credit-wrapped capital indexed bonds worth A\$498 million, credit-wrapped medium-term notes of A\$817 million, and separately, a hybrid debt issue of A\$650 million.

Mallesons also was also appointed by HBOS Treasury Services for a A\$1.5 billion fixed and floating rate three-year issue. Additionally, the firm completed a A\$1.9 billion credit-wrapped issue and a A\$700 million subordinated 10-year issue for Reliance Rail, as well as a A\$500 million 10-year issue for the World Bank.

Leading lawyers

Ken Astridge
Greg Hammond
Ian Paterson

Allens Arthur Robinson

Allens Arthur Robinson is well-known for its work in the debt markets having worked on domestic and international debt issues, hybrids, private placements and kangaroo bonds, for clients such as Westpac, Rio Tinto, Macquarie Bank, General Electric Capital, ANZ and Hutchison Communications.

The firm scored a role on the A\$600 million Axa kangaroo Tier I hybrid note issue, acting as counsel to Westpac on a deal that

received great recognition from the market. Victoria Poole led Allens on another significant transaction where the firm represented Hutchison Telecommunications Australia on one of the largest renounceable rights issues in Australia to date, valued at A\$800 million.

Leading lawyers

David Clifford
Andrew Jinks
Mark Wormell

Blake Dawson Waldron

Blake Dawson Waldron forges ahead with the development of its debt practice this year, acting on several notable deals including the A\$1.9 billion New South Wales Rollingstock PPP bond issue, the largest PPP project bond issued in Australia. The team under renowned partners Paul Jenkins and Bruce Whittaker continues to handle more established forms of debt such as AAA-rated foreign issues and fixed-rate notes but is now also expanding its services with a variety of work in the kangaroo market as the Australian market matures. The establishment of an inaugural Australian debt-issuance programme worth A\$1 billion in Canada, for which Blakes represented the province of Saskatchewan, illustrates one such deal. Blakes has represented foreign issuers on several other occasions, having been appointed by clients such as the Royal Bank of Canada, The Toronto-Dominion Bank, UBS and ABN Amro.

Another highlight of the year saw Bruce Whittaker lead his team in advising Qantas on an innovative \$400 million new issue and \$250 million exchange offer in the US Rule 144A market, which allows holders of existing Qantas notes maturing in 2009 the opportunity to switch their notes for new securities maturing in 2016. Whittaker also advised Members Equity Bank on its A\$1 billion medium-term note programme and Tier II subordinated debt issue.

Leading lawyers

Paul Jenkins
Bruce Whittaker

Clayton Utz

Clayton Utz is determined to build up its presence in debt with the appointment of full-time debt capital markets partner Louise McCoach, who will work alongside the existing seven-partner team largely based in Sydney. The firm continues to see a convergence between its debt and securitization practices, with securitization specialists such as Brian Salter, Trevor Robinson and McCoach traversing both areas.

The firm represented Centennial Coal on its recent issue of subordinated convertible notes and also acted as lead counsel for Orix Australia Securities in connection with its \$5 billion Euro medium-term note programme. Further cross-border activity saw Clayton Utz act as Australian counsel to Suncorp-Metway for its \$15 billion programme relating to the issuance of medium-term notes, Eurocommercial paper and other debt instruments. On the issuer side, the team's lawyers were key advisors to Fortescue Metals Group on a \$2 billion senior secured, high-yield bond issue, denominated in US dollars and euros, in addition to its bond listing in Singapore.

Leading lawyers

Stuart Byrne
Greg James
Brian Salter

Freehills

The Freehills team has a tendency to pocket some very sizeable deals in the market which is a testament to its strength in this area. The answer may lie in its versatility: the practice is comfortable representing clients on various fronts either as arrangers, dealers, issuers or credit-wrappers. Rivals consistently cite Andrew Booth as a leading specialist in the field and with his experience in the US private-placement market, it is no surprise that the firm is active on the foreign-issuer front.

This year, the firm advised Financial Security Assurance, which provided the credit wrap of the limited-recourse loan and the capital markets issue for the A\$475 million construction of the Melbourne Convention Centre. Brendan Quinn spearheaded this complex deal which used a senior limited recourse loan to the project vehicle funded through a downstream capital markets issue, and a derivative instrument entered into with Deutsche Bank.

On the issuer side, Andrew Booth advised Heritage Building Society in relation to the establishment of its A\$2 billion debt issuance programme and the subsequent issue of subordinated notes under that programme. In another impressive transaction, Booth represented nine dealers; ABN Amro, ANZ, Citigroup, Deutsche Bank, NAB, Royal Bank of Canada, Toronto-Dominion Bank, UBS and Westpac, in relation to the Australian debt programme of American International Group. The programme allows for the issuance of up to A\$5 billion of medium-term notes and other debt instruments of various types.

Leading lawyers

Andrew Booth
Lachlan Roots

Minter Ellison

While Minter Ellison may not be sweeping up roles on the most prominent deals in the market, it has progressed smoothly on the debt front, continuing to be the firm of choice for trustee work. Minters acted as Australian counsel for the Bank of New York as indenture trustee for the bondholders and for Permanent Registry as the security trustee in respect of the bond issue by Fortescue Metals Group to finance its Pilbarra iron ore project. John Elias, who was a key adviser on this deal, also represented Perpetual as a security trustee with respect to the Resonance collateralized loan obligation (CLO) arranged by ANZ. This was ANZ's first fully funded synthetic balance sheet CLO transaction in addition to being the largest Australian dollar-denominated placement in the public domestic capital markets, with a value of A\$2.2 billion.

Leading lawyers

John Elias

Capital markets – structured finance and securitization

Recommended firms

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

A look at some of the deals struck in the securitization and structured finance arena reveal that Australian lawyers are thriving on innovation and the willingness of clients to invest in products and structures that were previously left untapped. Mallesons Stephen Jaques' synthetic collateralized loan obligation for ANZ, and multi-borrower rated commercial mortgage-backed security (CMBS) issue for Centro, are clear examples of these developments. The successful issue of A\$7 billion (\$6 billion) of residential mortgage-backed securities (RMBS) across several jurisdictions required equally complex and intricate structures, further demonstrating this trend to innovation.

Traditional asset classes are being replaced by new types of securities and exotic asset classes at extraordinarily large scales. Alternative mortgage products and funding tools are being explored in addition to syn-

thetic securitization, providing alternative capital relief for banks. Banks are becoming keen purchasers of securitization products as Freehills and Blake Dawson Waldron make evident, in their attempts to capitalize on Australia's growing flexibility through the removal of impediments preventing certain security structures.

Allens Arthur Robinson

Allens Arthur Robinson's capital markets practice received a huge boost this year after the firm poached Tim Lester, former managing partner of Lovells Tokyo. As an accomplished capital markets lawyer, Lester's achievements this year include acting for SoftBank Corporation on the company's £8.9 billion leveraged buyout (LBO) of Vodafone Japan. In addition to leading his team on this transaction, which is still Asia's largest LBO and the world's largest in 17 years, Lester also advised SoftBank Mobile Corporation on its £6.4 billion refinancing which became the world's largest whole-business securitization to date.

Lester's experience in leading and managing transactions around Asia, his technical expertise and his astute legal knowledge give Allens a considerable advantage over rivals, allowing the firm to venture into more complex and cross-border securitizations under his leadership. Lester will be based in the firm's Perth office in an attempt to boost its western Australian practice.

Allens has of course always boasted an excellent securitization practice even prior to Lester's arrival, with established lawyers like Andrew Jinks and Mark Wormell who are often acknowledged for their presence on sizeable securitization deals on both the international and domestic fronts. This year Jinks advised mortgage originator Bluestone Equity Release on its Sapphire non-conforming loan securitizations and its Emerald reverse mortgage securitization.

Nicky Andrews also worked on some prominent deals acting for ING Office Fund, ING Industrial Fund and Centro on the establishment of various commercial mortgage-backed securities programmes.

Leading lawyers

Andrew Jinks
Tim Lester
Mark Wormell

Clayton Utz

Clayton Utz houses the largest securitization and structured finance practice in Australia under renowned securitization specialist and practice head Brian Salter. The firm's solid

relationship with leading banking clients ensures a consistent flow of work for the team in this area.

Over the last 12 months, Clayton Utz has advised the Commonwealth Bank of Australia (CBA) in its Medallion 2007-1G issue for A\$7 billion of residential mortgage-backed securities, Australia's largest securitization to date. Steeped in complexity, the deal involved a simultaneous registered shelf issue into the US, combined with a Regulation S issue into the Euromarkets and an Australian dollar offering into the domestic market. The CBA approached Salter on another mandate for the A\$700 million hybrid securities issue which involved the securitization of the embedded value of the Colonial First State Funds Management Business. This deal secured Clayton Utz's position in a rapidly maturing market which is witnessing considerable innovation, planting the firm in the spotlight for working on the first embedded-value securitization in Australia and one of the world's first funds management securitizations.

Ninian Lewis and senior associate Karolina Popic acted for Macquarie Bank in its most recent global securitization known as Puma Global Trust no 5, which issued RMBS totalling \$1.65 billion for Class A-1 notes, €400 million for Class A-3 notes, A\$400 million for Class A-2 notes, and A\$87 million for Class B notes, all of which were listed on the Irish Stock Exchange. Lewis and his team also acted for Adelaide Bank in the first funding of equity finance mortgages, a new feature of the Australian market, using securitization techniques.

Leading lawyers

Brian Salter

Mallesons Stephen Jaques

Mallesons Stephen Jaques prides itself on having one of the country's premier securitization teams, which manages to effortlessly maintain an excellent track record in the securitization market year after year. The firm's lawyers have been busy assisting in the funding of synthetic collateralized loan obligations (CLOs), advising on CMBS issuances, issuing hybrid securities and over a billion of dollars' worth of credit-linked notes.

Combining its expertise in credit default swaps, credit-linked notes and capital markets, the team, under the guidance of Berkeley Cox, seized another first for the market, acting for ANZ on its balance sheet synthetic CLO, denominated totally in Australian dollars. Despite the fact that synthetic balance sheet CLOs by Australian banks are a diversification from traditional asset classes, ANZ's debut CLO more than doubled in size from A\$1 bil-

lion to A\$2.2 billion, proving that CLOs are a viable instrument for Australian issuers.

Cox also proved his securitization savvy by advising Centro as sponsor of a multi-borrower rated CMBS, yet another market first in Australia. The deal combined features of UK-style conduit CMBS deals with features typically seen in CMBS deals including a fast-pay AAA tranche and controlling class voting rights. Another groundbreaking aspect of the deal was the issue of CMBS in euros as well as Australian dollars.

A team led by Greg Hammond landed itself a third landmark securitization transaction in June 2006. Hammond acted on the arranger side for CUNA Mutual Group on a deal that saw a pool of 21 Australian credit unions raise A\$100 million Tier I and Lower Tier II regulatory capital in two A\$50 million tranches. The transaction borrowed elements of both securitization and bank capital technology to raise the necessary capital.

Leading lawyers

Berkeley Cox

Blake Dawson Waldron

Blake Dawson Waldron captured some fantastic work this year to add to its growing portfolio in this area. A highlight of the year saw the firm advising sole lead arranger Barclays Capital and Barclays Bank on Australia's very first reverse mortgage securitization. Paul Jenkins and senior associate Jamie Ng were instrumental in handling this novel asset class, advising on the size and structure of the liquidity facility as well as handling issues relating to the instalment option advance provider and swap provider.

Another transaction that won plenty of attention was the A\$775 million 14-aircraft financing for Qantas. The team helped Qantas on an innovative structure, negotiating and completing the documentation spanning France, Australia and the US, and involving several combinations of the two aircraft types.

Blakes also secured a role as advisor to AWB on the very first securitization of an agribusiness portfolio originally purchased from Rabobank, worth A\$1.4 billion, and the firm is also now representing an investment bank in connection with a \$2.6 billion structured acquisition of Australian RMBS. The firm has recently promoted four of its lawyers to senior associate positions, welcoming former senior associate Michael Fitzgerald to the partnership.

Leading lawyers

Paul Jenkins
Bruce Whittaker

Freehills

Lachlan Roots is becoming a prominent figure in the field of structured finance and is one of the younger partners to have established himself at Freehills alongside more established names like Stuart Fuller. Roots's contribution to the practice consists of work in the area of RMBS, CMBS and bond issuances representing both issuers and arrangers. While the securitization practice at Freehills may not yet equal the standards achieved by other areas of the firm, the team of young professionals is no doubt building its presence and striving for a top-tier ranking.

Examples of the firm's recent key transactions include acting for Members Equity Bank on its ninth global bond issue under the Sallie Mae Home Loans programme. This was the first non-bank SEC-registered deal under Regulation AB and was a large and widely distributed placement. The A\$3 billion issue comprised four tranches of notes denominated in US dollars, euros and Australian dollars. Smaller transactions like the CMBS issuances by Aurora Place Holdings, and Abel Tasman conduit's subscription for senior bonds, were also all led by Roots who acted for Commonwealth Managed Investments and ABN Amro, respectively.

Freehills recently won back Vinh Huynh, who returns to the firm as a senior associate in the Melbourne office, having worked predominantly on RMBSs and CMBSs during his previous engagements.

Leading lawyers

Stuart Fuller

Henry Davis York

Alex Mufford has again been the most prominent figure in Henry Davis York's securitization department this year. The firm's solid relationship with ING was confirmed when Mufford acted for ING Management on the establishment of a commercial paper programme for the ING Industrial Fund, a similar transaction which Mufford had advised on last year. The firm continued its trustee work, issuing various classes of notes to wholesale investors Bluestone Equity Release on behalf of Perpetual, and also represented Australian Executor trustees on a capital raising arranged by CUNA Mutual group.

Leading lawyers

Alex Mufford

Minter Ellison

Minter Ellison continues to find a volume of smaller roles in securitization, although it focuses more of its energies on the classic debt

market side of its practice. The team comprises a number of structured finance experts; however, they have perhaps been unlucky in winning roles on some of the larger recent transactions. The firm has nevertheless acted on two key transactions this year to add to its credibility. The first involved representing the Plenary Group consortium on the A\$1.2 billion Melbourne Convention Centre public-private partnership. This included advising on the bond and bank debt construction, the term funding of the Convention Centre and hotel projects, and A\$479 million credit-wrapped bond issue used to fund the development. On the second deal, the firm advised Mobius, a member of the Allco group, in relation to the warehouse funding of its residential mortgage portfolios.

Leading lawyers

Ralph Ayling
John Elias

Banking

Recommended firms

Tier 1

Allens Arthur Robinson
Clayton Utz
Freehills
Mallesons Stephen Jaques

Tier 2

Blake Dawson Waldron
Minter Ellison

Tier 3

Gilbert + Tobin
Henry Davis York

Tier 4

Arnold Bloch Leibler
Baker & McKenzie
Corrs Chambers Westgarth
Deacons

Australia's banking industry is thriving, especially with the growing emphasis on acquisition financing, as a result of the explosion in takeover activity within the market. Firms across the spectrum have been inundated with work in the sector which is seeing a phenomenal interest from private-equity investors such as Kohlberg Kravis Roberts (KKR), Pacific Equity Partners and CCMP Capital. The combination of growth in superannuation funds and private-equity funds from overseas marks another trend, providing a large pool of assets being poured into mezzanine financings and heavily layered debt packages. The Australian market has witnessed a distinct increase in banking complexity, best exemplified by the leveraged buyout of the

Coles Group, or the highly structured Brambles-KKR deal, which involved Blake Dawson Waldron and Mallesons Stephen Jaques.

Meanwhile, policy changes and amendments within the country continue to ensure a promising flow of work for regulatory specialists. Anti-money laundering is the buzzword for all financial industries, including distributors, retailers, large fund managers and banks, leading firms towards an enhanced focus on compliance. Such government regulations are onerous for organizations that must comply, including companies with operations around Asia and those entering Australia for the first time. Although the country's superannuation and pension laws continue to undergo constant revision by the government, these changes have not deterred private-equity houses from viewing the sector as an attractive area for investment. Regulatory amendments to personal property security present another window of opportunity, according to compliance specialists. While modifications have been discussed, proposed changes are gaining momentum, which will eventually lead to the enforcement of a single system of registration that will have implications for financiers lending on a secured basis, equipment lessors, and securitizers among others.

Allens Arthur Robinson

Renowned for the breadth of its banking practice, Allens Arthur Robinson is cited by peers as "having the depth and client relationships to sustain a traditionally strong bank lending practice, acting on a significant number of larger transactions in the market". The firm boasts an impressive roster of both corporate and institutional clients and is regularly approached by Westpac, ANZ, Macquarie Bank, NM Rothschild, Deutsche Bank, and BHP Billiton, for syndicated lending, advice on financial regulation, acquisition financing and other bank-related activities.

This year, the firm lost finance specialist Steve Smith to rival firm Blake Dawson Waldron; however, the banking team continued to excel with an appointment to advise the arrangers and financiers, ANZ and Barclays Bank, in relation to the NZ\$1.2 billion (\$942 million) debt financing for the acquisition by Pacific Equity Partners (PEP) and CCMP Capital of Independent Liquor. In addition, the team was chosen to advise senior debt providers Credit Suisse on a A\$310 million (\$273 million) acquisition facility, for private-equity firm ARH Investment's successful takeover of the Colorado Group.

Core relations with Australian financial institutions ensure Allens is a key adviser in regulatory issues. Catherine Parr is a well respected figure in this field, leading her team in the provision of advice on regulations in the banking and insurance sectors at both state and federal levels.

Leading lawyers

Philip Cornwell
Catherine Parr

Clayton Utz

Clayton Utz's banking practice sparkles again this year focusing much of its energy on acquisition financing for private-equity firms, banks and corporate clients. The firm's triumphs include advising the successful consortium on four of the five largest leveraged finance transactions in the country, each totalling over A\$1 billion. Partner Angela Flannery and senior associate Greta Burkett were the lead practitioners representing PBL Media in the largest leveraged finance transaction in Australia, which saw the company acquire the media interests of Publishing and Broadcasting. Valued at over A\$5 billion, this was a hugely significant transaction, comprising senior and subordinated tranches.

Additional deals saw the firm representing Newbridge Capital on the buyout of the Myer Business and acting for Origin Energy in relation to the acquisition financing of Sun Retail, for the electricity distribution business previously owned by the Queensland Government.

Partner Michael Riches features prominently on many of these transactions having advised a consortium of banks including the Bank of Scotland, ANZ and Barclays Capital on the senior and mezzanine financing for the acquisition of DCA Group by CVC Asia Pacific. Riches was also on the team that advised Leighton Holdings in connection with a A\$750 million structured operating lease facility arranged by the Commonwealth Bank of Australia (CBA). Clayton Utz boasts appointments to all of Australia's major bank panels including ANZ, CBA, National Australia Bank (NAB) and Westpac, while advising clients such as Mizuho Corporate Bank, Citigroup and the Bank of Queensland.

The firm's regulatory team was counsel to Woolworths, advising on all aspects of prudential regulation, compliance and corporate governance for the outsourcing of its staff fund to the AMP SignatureSuper Master Trust, worth A\$2 billion. The team also gained some interesting work from Centro Properties Group, advising on Australian legal aspects of its A\$1 billion international property syndicate, the largest in the Australian mar-

ket, with an extensive portfolio of shopping centre assets spread across 13 states in the US. Clayton Utz was also counsel to AMP Capital Investors in relation to the structuring and establishment of its global direct property fund. The team was required to consider different investment vehicles and structures appropriate for a range of jurisdictions including, the US, Luxembourg, Singapore, Japan, Hong Kong and Korea, while ensuring efficient tax flows for Australian superannuation and tax-exempt investors.

Leading lawyers

Grant Fuzi
Graeme Gurney
Michael Riches
Quentin Solomon

Freehills

Standing at 28 partners and 80 associates, Freehills has been successful in acting on several influential transactions in the Australian market. Department head Patrick St John managed the team who worked on the leveraged financing of the A\$4 billion joint media venture between private-equity company KKR and Channel Seven, advising both parties in the venture which included Seven's television, magazines and online businesses.

Another opportunity for the firm to exhibit its financial prowess was in its position as counsel to Newbridge-TPG and the Myer Family Consortium in the \$1.4 billion leveraged financing of the Myer retail store business and the Myer Melbourne freehold store. The firm continued to win roles on the financier side, acting for the Commonwealth Bank for the development of a 50% interest in the A\$2 billion Hope Downs Iron Ore project in Western Australia, and for the Royal Bank of Scotland in the \$750 million fully underwritten revolving operating lease facility for Leighton Holdings.

Freehills shows remarkable consistency on the regulatory front, advising several superannuation funds on regulatory issues relating to global trading facilities, licensing laws, life insurance policies, compliance and risk management structures and operations. Examples of recent clients include Qantas Superannuation Fund, Bloomberg Tradebook Australia, Vision Super, Citigroup and Axa Australia Staff Superannuation Fund.

The firm's emphasis on client support is evident and clearly essential to its success in a highly competitive market. In the words of one client: "The work ethic of the organization is great. When you're working on a deal and you need documentation and advice at 9am the next morning, lawyers at Freehills

will work all night long. The firm is really dedicated to client service."

Leading lawyers

Andrew Booth
Patrick St John

Mallesons Stephen Jaques

Mallesons Stephen Jaques has lost a few partners but kept its cool – the firm has maintained its reputation for another glittering year, attracting a diverse portfolio of clients. A major competitor for every firm in the market, Mallesons is consistently renowned for being a frontrunner in financial services, with an exceptionally strong banking client base, having advised UBS, Credit Suisse, Société Générale, ANZ, Deutsche Bank, National Australia Bank, Westpac, ABN Amro, Commonwealth Bank and JPMorgan this year alone.

Banking partner John Stumbles was involved in three key refinancings, for Zinifex, Macquarie CountryWide Trust, Biffin and Wilson & Horton, a subsidiary of APN News and Media, representing the financiers on each occasion. Yuen Yee Cho and Peter Cook also flexed their financial muscles, advising KKR on the financing for the A\$1.83 billion acquisition of Cleanaway & Brambles Industrial Services. In another landmark transaction, the pair advised UBS and Credit Suisse in a similar capacity, on the financing for the acquisition of a 50% stake in PBL Media. Both deals used subordinated bridge facilities, the latter of which amounted to A\$600 billion, and was the largest financing of its type in the Australian private equity sector at the time of writing.

Mallesons has proved itself equally competent in the regulatory market, advising financial institutions on regulatory aspects of the Commonwealth Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Act 2006. It also advises on the establishment of real-estate investment trusts, and the establishment of branch offices for foreign regulated banks. The firm is assisting the Australian Bankers' Association and the Australian Payments Clearing Association on a variety of legislative policy proposals, in addition to advising financial institution clients on recent amendments to the Consumer Credit Code.

Leading lawyers

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

Blake Dawson Waldron

Blake Dawson Waldron has exemplified the expertise of its banking team by closing a number of complex, high-value deals in the last two years. The firm's finance practice is bolstered by the arrival of Steve Smith from Allens Arthur Robinson. Cited by a rival as "a promising and upcoming lawyer who has focus and a bite in the leverage market", Smith's finesse in acquisition and corporate finance will certainly attract a generous client following.

A key deal in the latter half of 2006 saw the firm acting separately for Credit Suisse and UBS as joint lead arrangers in providing \$1.45 billion of debt to fund the purchase of Cleanaway & Brambles Industrial Services by private-equity firm KKR. This highly structured deal introduced a number of novel concepts into the Australian leveraged finance market and was Australia's largest private-equity backed buyout at the time, representing just one of countless financing arrangements handled by the team. The firm's triumphs were contributed to by another impressive transaction that was one of the largest bank syndications in Australia that year. Led by banking partner John Field, the A\$1.8 billion refinancing of Qantas Airways' main corporate finance facility included standby, revolving and term loan tranches, and involved 36 banks worldwide.

Blakes continued to act for longstanding client ANZ this year in addition to BankWest, HSBC and Rand Merchant Bank as lenders in several property financings. Recent panel appointments to the CBA, ABN Amro Asia Region and Credit Suisse will ensure that the firm continues to get a good slice of the growing activity in Australia's banking sector. The firm went on to secure work from new clients such as national airline Garuda, the Indonesian national airline, and Air Niugini of Papua New Guinea, retaining its reputation as one of Australia's leading asset finance practices.

On the regulatory side, Blakes most recently advised the Royal Bank of Canada on the new AML/CTF regulations, and acted for Merrill Lynch on establishing an Australian prime-broking business. In addition the firm, led by Jonathan Gordon, acted on a groundbreaking deal for the first two offshore brokers in Singapore and Hong Kong seeking to become participants of the Australian Stock Exchange.

Leading lawyers

Martin Coleman
John Field
David Mason
Steve Smith
Philip Trinca

Minter Ellison

Known for its cost-effective advice, Minter Ellison reaffirmed its presence in the banking sector this year capturing roles on some significant deals in the market. The firm concentrates largely on leveraged financing, real-estate fund work and syndicated corporate finance, driven out of Sydney. Sydney-based partner Daniel Marks and his team acted for the co-arrangers and syndicate on an A\$800 million facility for the asset acquisition and listing of Multiplex Capital's new property fund on the Australian Stock Exchange.

Marks also led the team that advised the senior debt syndicate on the A\$1 billion restructuring and re-syndication of unsecured syndicated multi-currency facilities to Sonic Healthcare Group. The team was supported by Minters' offices in London, Hong Kong and New Zealand, and the group of financiers included NAB, Westpac, ANZ, Citigroup, the Royal Bank of Scotland and the Bank of New Zealand. The firm was also appointed by the Bank of Scotland as lead arranger, agent and underwriter on the \$1 billion acquisition financing for Tullow Oil's takeover of Hardman Resources. With the addition of Paul Paxton and John Elias to the partnership, Minters should expect to see steady growth in financial services engagements.

Regulatory appointments showcased the firm's flair for property-related work with the team acting on a series of financing arrangements for the establishment of new property funds. A team led by Stuart Johnson also negotiated with the Australian Securities and Investments Commission to facilitate the setup of the Cromwell Group, an Australian Stock Exchange-listed stapled A\$1 billion property group.

Leading lawyers

Theo Kindynis
Daniel Marks

Henry Davis York

Henry Davis York keeps its momentum in the banking and regulatory sector this year with a solid base of security trustees and banking clients such as Westpac, CBA, NAB, St George Bank and HBOS Australia, served from its active Sydney practice. Philip Crawford is renowned for his work in this area, leading one competitor to comment: "There's no doubt that Philip Crawford continues to have a big following amongst the banks." Capitalizing on the property boom, the firm advised a syndicate of banks providing debt funding to assist in the acquisition of a portfolio of properties by the Westpac Diversified Property Fund. The team also acted on the financier side for a leading

Australian bank funding the acquisition of a portfolio of hotels.

The firm's strength lies in its regulatory advice, according to peers. This year Henry Davis York secured work from Woolworths, MasterCard and FEX. The firm also obtained an offshore banking unit authorization and an Australian Financial Services Licence for the Bank of China in relation to the establishment of its new Australian retail-banking subsidiary.

The firm continues to do well as a result of its interactive approach to clients. "I think generally they have the right attitude, they provide good value for service and good access to partners but they also leave partners out if you don't want to pay higher rates," said a client, adding: "I think they're also responsive to constructive criticism: if I've had an experience with a particular partner I'll share it with them and they'll respond to it."

Leading lawyers

Philip Crawford
Michael Rowe

Arnold Bloch Leibler

Taking advantage of the frenzied activity within Australia's real-estate sector, Arnold Bloch Leibler has had an eventful year acting for institutional, corporate and private clients on various property financings, an area of expertise for Melbourne-based partners Philip Chester and Stephen Sharp and Sydney-based partner Paul Rubenstein. The team acted for Ashe Morgan Winthrop and BOS International in relation to financial arrangements for various structured property acquisitions and facilities worth over A\$250 million and A\$500 million respectively. The firm also provided advice to Investec Bank Australia relating to a similar facility.

Leading lawyers

Philip Chester
Paul Rubenstein
Stephen Sharp

Baker & McKenzie

Baker & McKenzie has traditionally focused on securing complex deals, shying away from building up a portfolio of work based on volume. Nevertheless the firm continues to attract a steady flow of transactions as a result of its excellent reputation in Asia. The banking team was chosen by ANZ to assist in the re-leveraging of Macquarie Regional Radioworks to fund Macquarie Media Groups' acquisition of a stake in the Southern Cross network in a deal valued at \$298 million. In addition, department head Ken Gray

acted on a novel transaction for Lockheed Martin on a A\$270 million acquisition and lease financing for 19 military training aircraft and associated flight simulators to be used by the Singapore Air Force for pilot training purposes. As a long-term, turnkey military outsourcing, this deal was unique, requiring the collaboration of Swiss, American and Singaporean branches of an Australian Bank as well as that of the Singapore Air Force.

Mark McNamara reaffirms Baker's strength in private-equity financing, spearheading a deal that saw a combination of separate finance packages and regulatory applications created for CCMP Capital Asia and PEP in relation to their acquisition of Independent Liquor. Other achievements saw the team advising Credit Suisse on the establishment of its private banking operations in Australia, and on the setup and offerings of Goldman Sachs Keystone Fund and Macquarie Winton Global Opportunities Trust.

Leading lawyers

Ken Gray
Mark McNamara

Deacons

Deacons is gradually building up its profile and has over the last five years witnessed the departure of several associates, but benefited simultaneously from the appointment of Dan Marjanovic to the partnership. Marjanovic comes from DLA Piper in Singapore and brings to the firm his extensive expertise in acting for banks, borrowers and project sponsors spanning the Asia-Pacific region. This experience will no doubt boost the firm's presence in project finance.

Veteran partner Gillad Dalal was prominent on various key deals snapped up by the firm, acting for NAB in connection with structured facilities for its proposed A\$2.5 billion public takeover by a listed healthcare company. In addition, Dalal represented HSBC in relation to an innovative structured trade product for Brightstar. The team was also afforded the opportunity to act for Suncorp in a A\$178 million finance facility for the Little Beach residential development on the Gold Coast.

Deacons is profiting from greater focus on compliance, with anti-money laundering regulations creating a considerable impact in the retail and corporate areas of the practice. Clients on the regulatory side include PayPal, Challenger Financial Services Group, Citigroup, Zurich Financial Services, Bank West and the Bank of China. Activities on recent transactions involved the drafting of uniform loan documents, advice on obtaining licences under the Australian Prudential

Regulatory Authority, and regulatory advice concerning the Consumer Credit Code, anti-money laundering measures and foreign trade practices.

Leading lawyers

Alison Deitz

Mergers and acquisitions

Recommended firms

Tier 1

Allens Arthur Robinson
Blake Dawson Waldron
Clayton Utz
Freehills
Mallesons Stephen Jaques

Tier 2

Gilbert + Tobin
Minter Ellison

Tier 3

Atanaskovic Hartnell
Baker & McKenzie

Tier 4

Arnold Bloch Leibler
Corrs Chambers Westgarth
DLA Phillips Fox
Henry Davis York
Johnson Winter & Slattery

Australia has seen some colossal deals this year with the surge of private entrepreneurs accessing public markets in an attempt to acquire strategic assets. Such investors are less interested in financial services, due to the heavily leveraged and highly regulated bank sector, and are instead looking towards businesses that can be re-engineered in a short span of time. While private-equity deals remain attractive for their sheer size, they have the potential to present equally huge obstacles for firms attempting to structure transactions under the tight time constraints imposed. As one lawyer pointed out: "Private-equity investors have been able to do these deals too easily. A\$3 billion worth of private-equity deals have fallen in the last three months and now we're seeing a reappraisal."

There is little that private-equity investors will shy away from, tapping into a range of industries such as pharmaceuticals, property, retail, airlines, manufacturing, utilities and resources. In a year which saw the acquisition of Qantas by Texas Pacific Group and Allco Equity Partners, the takeover of DCA Group by CVC Asia Pacific and Kohlberg Kravis Roberts in its media venture and the acquisition of Cleanaway Brambles, Australia appears to be witnessing just the beginning of a private-equity devouring. As one partner

said: "The page can't get any hotter. It's difficult to think where there isn't M&A activity or liveliness. We still don't have the same levels of M&A and private equity as the US or the UK, but we're slowly increasing our activity."

Allens Arthur Robinson

Allens Arthur Robinson has always held its own in the M&A league, with a loyal client following that comprises some of the biggest corporate leaders and risk-takers in the market. In the recent past, Allens has acted as counsel to Healthscope, Bendigo Bank, ANZ, Boart Longyear and Coles Myer to name a few. The firm has witnessed the departure of Jon North for whom many peers expressed high regard, and Andrew Clarke, also a core strength in the M&A department. But there is widespread agreement that "Ewen Crouch has done a great job in leading the firm over the last few years".

Crouch's achievements this year have been outstanding, and there is no question that he is an indelible force in the market. Some highlights of his recent work include representing Qantas on the A\$11.1 billion (\$9.5 billion) private-equity takeover offer by Airline Partners Australia. Crouch is also acting for Cemex on the company's proposed \$12.8 billion takeover of the Rinker Group which upon completion will create one of the world's largest building materials companies with revenues of \$23 billion and more than 67,000 employees. Crouch is also fronting the team acting for OneSteel on a complicated merger proposal for Smorgan Steel Group and Westfarmers on its A\$19.6 billion bid to acquire the Coles Group through a scheme of arrangement.

Other high-profile mandates won by Allens include advising Patrick Corporation on its controversial hostile takeover bid by Toll Holdings, a long-running labyrinth of a transaction, which concluded with an increase of the offer by over A\$1 billion. In addition to working on the A\$25.8 billion global restructuring of Brambles' businesses, the firm also captured a role on an agreement between Australian company Zinifex and Belgium's Umicore to combine their smelting and alloying businesses. The merged company, called Nyrstar, will employ 4,500 people on four continents. It will produce 2 million tons of zinc and zinc alloys per year, and be the world's largest zinc metal producer, with a capitalization of A\$4 billion.

Leading lawyers

Ewan Crouch

Blake Dawson Waldron

The strength and spread of Blake Dawson Waldron's corporate practice is demonstrated by its coverage of all the key commercial centres in Australia, namely Sydney, Melbourne and Perth. A good illustration of this national strength is evident in the firm's work for Alinta, on its A\$9 billion takeover for AGL and subsequent negotiated merger of infrastructure assets. Although Alinta is based in Perth, various major M&A transactions for the company have been led out of Blake Dawson Waldron's Melbourne office, with significant due diligence and support from Perth, and with competition and capital markets advice sourced primarily out of the Sydney office.

The team has enhanced its reputation through its work with Alinta this year in a process involving the preparation of a bidder's statement and target statement in relation to AGL, as well as reviewing and responding to AGL's own bidder's statement and target statement. Marie McDonald, who was lead partner on the deal, is also directing her team in its representation of Alinta on its proposed A\$7.5 billion acquisition by a consortium consisting of Babcock & Brown and Singapore Power.

Blakes scored another sizeable deal in its advisory role to private-equity house CVC Asia Pacific, for its A\$2.7 billion acquisition of Australian healthcare company DCA Group via a scheme of arrangement. The transaction was funded using a combination of debt and equity, and structured to accommodate intended divestment of the property portfolio from the operating business, creating a unique intercreditor structure. The firm also acted for Sydney Futures Exchange in its A\$2.4 billion merger with ASX, which was regarded as a milestone in the development of Australia's capital markets.

Leading lawyers

Bill Koeck
Marie McDonald
David Williamson

Clayton Utz

Clayton Utz has had a remarkable year with a string of diverse and interesting deals. The firm was perhaps best known in 2006 for its crucial role in the highly contested A\$6 billion takeover of Patrick Corporation by Toll Holdings, one of the largest completed takeovers of that year.

The team goes from strength to strength, having advising Symbion Health on its proposed takeover by Healthscope, Brookfield Asset Management on its all-cash offer to acquire 100% of the Multiplex Group's sta-

pled securities, valued at A\$7.3 billion, and Toll Holdings on its de-merger and strategic restructure to create two ASX-listed companies, Toll Holdings and Asciano Group.

Early in 2007, Clayton Utz acted as Australian counsel to OJSC MM Norilsk Nickel on its offer to acquire of all of the issued capital of LionOre Mining International, Australia's third-largest nickel producer with operations in Botswana and South Africa. Clayton Utz also advised the company on Australian legal issues in relation to its acquisition of the entire nickel business of OM Group, with elements in Australia, Finland and the Netherlands. In another transaction led by Andrew Hay, the firm represented the acquirer, Transpacific Industries Group, on its recent A\$1.2 billion acquisition of Cleanaway, a waste management business, from private-equity group KKR.

Leading lawyers

Rod Halstead

Freehills

Freehills has always commanded appreciation from peers and clients for its corporate work. Widely believed to house the leading M&A practice in the country, Freehills has been highly rated by research agencies and specialists in the field, proving it has made its mark among Australia's finest firms. One client cited the "depth and quality of their talent pool in terms of particular partners like Baden Furphy and their non-partner level people", while also praising the team for being "very commercial and hard-working in their approach, and very responsive trusted advisors across legal issues". The firm's growing team of lawyers includes Damien Hazard, Philip Podzebenko, Fiona Smedley and Ben Davey, who have all been promoted to the partnership this year.

Freehills is advising the Coles Group in connection with the review of a A\$19.7 billion takeover proposal by Westfarmers and its co-investors. The firm is also undertaking an advisory role for Rinker Group, an Australian construction company, in relation to its proposed A\$18.7 billion takeover by Cemex.

Although most Australian firms have secured some notable deals in the M&A sector, many do admit that "Freehills has really been the standout firm in the market this year". Baden Furphy, who is presently acting for the consortium intending to acquire the assets of Alinta for A\$7.9 billion, is one of the firm's most renowned figures and consistently receives generous praise for his work.

A sample of the completed deals Freehills has worked on this year include advising Seven Network in its joint venture with

American private-equity firm KKR; the venture is now known as Seven Media Group. The transaction was valued at A\$4 billion, with KKR acquiring half of Seven's media business. The firm was also counsel to Promina Group on its A\$7.87 billion merger with Suncorp Metway, resulting in the formation of Australia's second-largest general insurer after IAG.

Leading lawyers

Baden Furphy

Mallesons Stephen Jaques

Mallesons Stephen Jaques maintains its excellent track record, picking up some of the largest and most innovative deals this year. The firm profited from its relations with long-time client Telstra, acting for the Australian telecommunications and information services company on the highly structured T3 transaction, involving the sale of the remaining 51.8% holding in Telstra by the Australian government, in one of the largest global equity deals ever. Mallesons worked to ensure maximum investor participation, allowing Telstra to finally break free from government ownership while also achieving a good after-market for its shares and instalment receipts.

Mallesons took advantage of the growing interest from private-equity investors acquiring assets in Australia, representing parties such as CVC Asia Pacific, which the firm counselled in its successful bid for a 50% stake in PBL's key media assets worth A\$5.5 billion. The firm also advised Airline Partners Australia on its A\$11.1 billion takeover bid for Australia's national airline Qantas, and Apollo Group on its global acquisition of TNT Logistics. The firm continues to be a client favourite, particularly because it is able to offer a magnificent team of corporate specialists like David Friedlander, Greg Golding, and Peter Cook who are commercial in their outlook but also "technically competent and what one would call a lawyer's lawyer", according to a client.

Other notable work on behalf of the acquirer includes acting for the Australian Stock Exchange on its takeover of Sydney Futures Exchange, representing Danaher in its acquisition of Vision Systems, and advising Nestlé on its takeover of Uncle Toby's, the branded cereals and nutritional snacks business, from Burns Philip & Company.

Leading lawyers

Peter Cook

David Friedlander

Greg Golding

Gilbert + Tobin

Gilbert + Tobin has seen a magnificent year advising on some of the most high-profile deals in the market. Despite the loss of David Wilkie halfway through the year, the firm has rapidly expanded its corporate practice, snatching Andrew Bullock from Minter Ellison, Bryan Pointon from Mallesons and David Watkins from KPMG in addition to promoting two internal senior associates, Adam Laura and Jason Lambeth, to the partnership. The increase in size of the firm's M&A practice is an indication of the complexity and volume of deals it has been assigned. Some highlights of the year include acting for private-equity giant KKR on its A\$1.8 billion acquisition of Brambles Australia. In addition to being one of Australia's largest private-equity deals, it was also KKR's first Australian deal in any industry and its third significant investment in the Asia-Pacific region over the last year. Led by John Williamson-Noble, the team handled the Australian aspects of the deal, advising the firm on foreign investment and environmental issues related to the acquisition.

Another deals saw the firm acting on the largest private-equity deal in Australian history to date. The firm represented Publishing and Broadcasting on a A\$5.5 billion recapitalization of its media assets which involved the creation of PBL Media, a joint venture between CVC Asia Pacific and PBL. Gilbert + Tobin worked on the structuring and documentation connected to the transaction, managing due diligence and regulatory matters. The firm also represented the Australian Gas and Light Company (AGL) in relation to its demerger and dealings with Alinta, which led to the merger between AGL and Alinta's infrastructure businesses.

The firm prides itself on having a broad spectrum of very capable lawyers. In addition to Noble who is a master in the field, Gilbert + Tobin exhibits talent all around with lawyers like Rachel Launders, Garry Besson and Philip Bredan lending their expertise on various transactions. According to one client: "We see eye to eye with them. I have high regard for their knowledge of that particular industry in Australia, and their flexibility in helping clients strike a commercial deal, which is not commonly found in other law firms."

The firm is acting for a consortium comprising the founders of Flight Centre and Pacific Equity Partners on the proposed A\$1.6 billion take-private of Flight Centre. The consortium is proposing an innovative dual-price acquisition structure through a scheme of arrangement, to deliver higher returns to minority shareholders.

Leading lawyers

Garry Besson
Philip Bredan
John Williamson-Noble

Minter Ellison

Minter Ellison has enjoyed its fair share of activity at a time when Australia's takeover market is booming. The firm has established itself particularly as a specialist in handling public-to-private transactions. Some examples of this work include advising Affinity Equity Partners on its unsolicited takeover offer for the footwear and clothing retailer Colorado Group; Morgan Stanley Real Estate Special Situations Fund on its joint takeover with Tuan Sing, of Grand Hotel Group; and Quadrant Private Equity on its unsolicited takeover of Tower Software. Focusing primarily on domestic transactions, the firm also acted for Vision Systems in its sale to Danaher Corporation for more than A\$1 billion.

Leading lawyers

David Eterovic

Atanaskovic Hartnell

Atanaskovic Hartnell found itself in an unsettling position this year with the departure of almost half of its lawyers. Equity partners Diana Chang, Mark Pistilli and Danny Simmons, left the firm halfway through 2006. They took with them six solicitors and a number of administrative staff from Atanaskovic Hartnell, to form their own practice, now known as Chang Pistilli & Simmons. At the end of last year the firm also appointed two of its corporate lawyers, Lance Sacks and Jason Mendens, to the partnership, boosting its mergers and acquisitions capability. In addition, the firm welcomed the arrival of senior associates Guy Miller from Clayton Utz, Eddy Goldsmith from Baker & McKenzie and Richard Graham from Gilbert + Tobin, further strengthening the practice.

Atanaskovic Hartnell has remained small throughout its existence, so the loss of these younger partners will have a dramatic impact on its work. Due to its reputation in the market, the boutique firm has managed to secure roles on key transactions such as Transurban's bid for the Sydney Roads Group, where the firm, together with Blake Dawson Waldron, represented Transurban.

Although these deals prove significant wins for the firm, Atanaskovic Hartnell "relies on the strength of one partner, John Atanaskovic", according to a rival, which carries implications on the number of assignments the firm may be able to handle. "I think they will have slipped in the rankings," said

another competitor, adding: "Chang Pistilli & Simmons are holding on, in terms of their work with Babcock & Brown."

Nevertheless, Atanaskovic Hartnell has maintained its image of quality in the market despite these downfalls, with a rival partner praising John Atanaskovic as "a highly respected practitioner in Australia". As one client commented: "I think we would choose law firms with an expertise in certain areas. One firm that comes to mind is Atanaskovic Hartnell. They are generally very competent and have an entrepreneurial flair about them."

Baker & McKenzie

Baker & McKenzie put on a fine performance on the M&A stage this year proving the firm's capability and skill in addressing large and complex matters. The firm's corporate team under Stephen Glanz is well-rounded, having completed several projects and capital markets transactions this year in addition to lending its expertise in relation to takeover activity. The team's energy experts have been especially busy in light of the explosion of activity in the natural resources and global commodities sector.

One significant transaction led by David Ryan and Chris Saxon saw the team act for AGL Energy on its A\$1.2 billion acquisition of Powerdirect Australia from the Government of Queensland. Also in natural resources, the Group advised Companhia Vale do Rio Doce on its \$1 billion acquisition of AMCI Holdings Australia, the owner of interests in several coal mines in Queensland and New South Wales.

The firm also represented Ballarat Goldfields on its merger with Lihir Gold using a scheme of arrangement approved by Ballarat Goldfields' shareholders and the Supreme Court of Victoria. This transaction employed an upfront cash investment into Ballarat Goldfields by Lihir in return for an equity stake merger. The merger created a gold producer with assets in Australia and Papua New Guinea.

Baker & McKenzie tapped other sectors too, advising Hospira on its A\$2.65 billion acquisition of Mayne Pharma, creating the largest generic injectible pharmaceuticals company worldwide.

Arnold Bloch Leibler

Arnold Bloch Leibler found the opportunity this year to exhibit its corporate litigation skills. In one of the most intensely contested and sophisticated hostile takeovers in Australian corporate history, the firm, led by Leon Zwier, represented Patrick Corporation on its defence against the eventually successful

bid by Toll Holdings to acquire the company. The transaction was considered innovative due to the use of seven pieces of litigation as a part of the takeover defence strategy, a key area in which Zwier was involved. With a growing number of dispute resolution specialists, the firm was the obvious choice for Patrick, offering a significant breadth of expertise despite its size, boasting "outstanding lawyers who combine great technical abilities with a very strong commercial focus", according to a client.

Leading lawyers

Leon Zwier

DLA Phillips Fox

Previously known as Phillips Fox, until its recent formal alliance with DLA Piper in November 2006, DLA Phillips Fox began the year with a boost to the practice seeing the addition of four new partners to its corporate practice. David Morris, Alec Christie, Adrian Smith and Michael Reed, all poached from Middletons in Sydney, provide the firm with a chance to extend its capabilities in corporate and commercial law.

This year the firm advised Tenix in relation to its participation in a joint bid for two Bramble-owned operating divisions with a value of A\$1 billion, in addition to working on a scheme of arrangement to demerge Tower New Zealand and Tower Australia, to create two separate listed insurance companies. The firm was also involved in a cross-border transaction, serving as Australian counsel to Pamplona Capital Partners on its cash purchase of the ceramics division of Johnson Matthey.

Henry Davis York

Henry Davis York's M&A practice is part of a wider corporate advisory practice. Very recently, the firm appointed two new lawyers, Kathy Civardi and Ben Mortimer, to the partnership. Civardi and Mortimer bring years of M&A expertise with them in addition to experience in sectors like health, pharmaceuticals, and goods and services, further enhancing the scope of the firm.

Some of the work completed by the firm this year includes the acquisition of the Longreach Group by Allied Technologies Group through a scheme of arrangement in which Henry Davis York represented Longreach. The firm also advised on the structuring of property joint ventures with Brickworks, involving the development of land for industrial facilities in western Sydney, including facilities for Coles Myer and Toll Holdings. Simon McSweeney acted for the

trustee of Champ's management buyout fund on another deal advising on the fund's disposal of its interest through international block trade agreements in Astar United Communications.

Johnson Winter & Slattery

Despite being less well known internationally in comparison to the Australian legal frontrunners, Johnson Winter & Slattery is quietly making a name for itself, building up its corporate practice and its repertoire of clients. The firm earned credit for its role in advising Allco Equity Partners and Allco Finance Group on their involvement in the highly publicized A\$11.1 billion consortium takeover offer for Qantas Airlines by Airline Partners Australia (APA). A team led by Damian Reichel represented the two largest investors in APA in connection with the bid process. This deal was one of several occasions where Reichel has acted for Allco Equity Partners.

Reichel was also on the team that advised Patrick Corporation on competition law aspects of its takeover defence launched against Toll Holdings, resulting in an increase of roughly A\$2 billion in Toll's offer for the acquisition.

The firm continues to work on deals for household clients like the Australian energy company Santos, which the firm advised on its proposed acquisition of Queensland Gas Company. Launched in October 2006 as a contested A\$606 million takeover bid for QGC, Santos's offer lapsed in January 2007 and was followed by a revised proposal of A\$960 million, which was subsequently withdrawn, following opposition by the Australian Competition and Consumer Commission.

Leading lawyers

Damien Reichel

Project finance

Recommended firms

Tier 1

Allens Arthur Robinson
Freehills
Mallesons Stephen Jaques

Tier 2

Blake Dawson Waldron
Clayton Utz
Minter Ellison

Tier 3

Baker & McKenzie
Corrs Chambers Westgarth
Deacons

The most notable trend in the project finance sector this year is the growth of infrastructure projects and government-sponsored public-private partnerships (PPPs). The Melbourne Convention Centre, Railcorp and the Royal Women's Hospital are all examples of these projects. Bank debt is becoming more complex in relation to PPPs and opening avenues for the emergence of the bond market and other creative facilities for project financings, including securitization.

The market is also witnessing a huge appetite for deals in the energy sector as a result of the mining boom and general buoyancy in the resources sector in Western Australia, due to increases in commodity prices. Financings for petroleum, minerals, gold and liquefied natural gas were all a regular feature of proposed projects in Australia this year, setting a trend that should continue over the next few years. In addition, partners have pointed out the potential for work in the water sector due to the need for drought mitigation in the country.

Firms have also been tapping markets overseas, predominantly in Asia, working on rail projects in Taiwan and electricity generation in Vietnam. With offices around Asia, firms like Allens Arthur Robinson, Mallesons Stephen Jaques and Deacons are re-analyzing their strategies to facilitate work in countries such as India, Indonesia and China, where the demand for infrastructure development is most urgent. There is tremendous scope for innovation in project work with the expected development of coal-fired power stations, wind farms, solar work, renewable energy, and carbon credit-trading becoming more popular in the near future.

Allens Arthur Robinson

Allens Arthur Robinson is at the forefront of the market for project financing thanks to the depth of its practice and its excellent client relationships. The firm was counsel to the Plenary Group, the successful project sponsor for the Single Leap PPP, a project delivering accommodation for over 5,000 Defence Force personnel. This project was unique in terms of being the first time the Defence Department had partnered with the private sector to provide live-in accommodation services, and also marks the second time for an Australian government project to be delivered under a PPP arrangement. Allens' work with Rio Tinto on its joint venture to develop the Hope Downs iron ore assets was another significant achievement for the firm.

Phillip Cornwell is highly thought of in the market in addition to the "very commercial" Tim Dunsten, in the words of a competitor, and of course veteran practitioner

Diccon Loxton. The firm's project finance team is looking forward to putting its skills into place overseas. The firm is particularly keen to venture into resource-related projects in Asia, working in tandem with newly opened offices in Vietnam and elsewhere in the region.

Leading lawyers

Phillip Cornwell
Diccon Loxton

Freehills

Freehills is widely regarded as a leader in projects, with its financial expertise and knowledge in the energy and resources sector as two key factors which have enabled it to win roles on some notable deals. The firm's project finance team is led by Patrick St John who is widely praised and rated "above everyone else at Freehills" by one competitor. Melbourne-based partner Brendan Quinn has also carved a name for himself.

Although past years have been busier for the projects team, they managed to find appointments on some interesting deals this year. The firm acted for Financial Security Assurance as the mono-line insurer in structuring the debt and bond financing for the Melbourne Convention Centre. This deal was an achievement for the firm since it marked the first time that a credit-wrapped debt solution was used in a social infrastructure PPP.

Freehills also found opportunities to work on the Pilbara Iron Ore project, in which it was mandated as Australian counsel to the arranger of a A\$2 billion (\$1.7 billion) limited-recourse project bond issue under Rule 144A, which will be used to finance the development and construction of a port facility, a railway line and an iron-ore mine in western Australia.

Other highlights include arranging the A\$242 million financing facilities for Hallett Wind Farm on a limited recourse basis, and acting for a consortium comprising ABN Amro, Spotless Group and others, on a bid to build and finance the Defence Headquarters Joint Operation Command project on a PPP basis.

Leading lawyers

Brendan Quinn
Patrick St John

Mallesons Stephen Jaques

Mallesons Stephen Jaques continued to grab a lion's share of key deals in the market, representing sponsors, financiers and bidders on some of the most significant project financing matters to date. The firm acted for RiverCity

Motorway Consortium in its appointment as preferred bidder to the Brisbane City Council for the A\$1.9 billion North-South Bypass Tunnel PPP, in the last quarter of 2006. Another sizeable deal saw the firm represent ConnectEast in its A\$2.1 billion refinancing of the original debt facilities put in place to fund the construction and development of the EastLink toll road.

Mallesons also had a role on the RailCorp Rolling Stock deal, advising debt providers on the financing of the A\$3.6 billion project. Locally, the firm also advised Perth Airport in the senior debt refinancing and restructure by the airport's operator, Western Airports Australia.

In projects overseas, Mallesons coordinated with foreign counsel on the financing of the Tasiast Gold Project developed by Rio Narcea Gold Mines in Mauritania, West Africa. John Naughton represented Macquarie Bank, advising on the initial structuring of the transaction, and preparing the main facility and security documentation. The project was the first of its kind in Mauritania and included a project loan and a complex gold hedging facility.

Leading lawyers

Peter Doyle
Tony Holland

Blake Dawson Waldron

Blake Dawson Waldron celebrates a fantastic year of achievements, sweeping the board by acting on a wide array of creative and complex deals this year. The firm lays claim to Australia's largest single order of rolling stock and the largest PPP ever. Led by PPP expert Joanne Evans, the team from Blakes was lead legal adviser to the Reliance Rail Consortium in its successful bid for the A\$8 billion PPP project, to provide new Rollingstock AMP Capital to RailCorp for use on its Sydney urban commuter network. The funding will be used to construct 626 new carriages, maintain them for up to 35 years, ensure the trains are available daily, and construct new maintenance facilities in western Sydney. The debt structure for the consortium, comprising Downer EDI, ABN Amro, Babcock & Brown, involved bonds and bank debt, as well as credit-wrapping by mono-line insurers.

The firm was also involved in the development of a complex financing facility for Great Southern Plantations, which required the consideration of multiple land holdings when crafting the A\$215 million funding structure.

Another highlight of the year saw Blake Dawson Waldron's outstanding team displaying its skills offshore in a project financing for a Namibian uranium mine. The firm led by

David Mason acted for Société Générale as the arranger in a syndicate also including two South African banks, Standard Bank and Nedbank. The project financing proved complex due to strict exchange control regulations in Namibia which required approvals from Langer Heinrich Uranium to borrow and repay funds in US dollars. The banks are funding construction of the mine and associated infrastructure, including a water pipeline to the mine and a power supply.

Leading lawyers

Joanne Evans
David Mason

Clayton Utz

Clayton Utz was granted the opportunity to work on a number of exciting projects this year. Lawyers from the firm represented Brisbane City Council on one of the most prominent deals in 2006, the North-South Bypass Tunnel project. Clayton Utz advised the council throughout the tender, which involved reviewing the debt financing for the deal comprising A\$2 billion of loan note subscription facilities

The firm continued its tender work on the Rolling Stock PPP, advising RailCorp on all aspects of the tender including project structure and documentation; debt and equity documentation; planning approval for the new maintenance facility and other property issues.

Clayton Utz acted this year for Fortescue Metals Group in connection with both its \$2 billion global secured bond raising and its \$400 million subordinated debt and equity raising proposals for the Pilbara iron ore mine and port and rail infrastructure project. The firm provided advice in relation to due diligence and regulatory approval requirements, in addition to negotiating the bond indenture and covenants regime.

Leading lawyers

Doug Jones

Minter Ellison

Minter Ellison used its expertise in PPPs to attract some notable transactions this year. Partners Paul Paxton and Fred Tinsley were part of the team that advised the Plenary Group consortium on its successful bid for the financing, design, construction and maintenance of the Melbourne Convention Centre, valued at A\$1.2 billion, using innovative financing techniques.

The firm has also been retained for various projects including the construction of new student accommodation at the University of

New South Wales, the redevelopment and relocation of Melbourne's Royal Women's Hospital and the Orange Hospital project, all of which used PPP structures.

Baker & McKenzie

Baker & McKenzie's project finance team is part of a larger department that provides loan and credit facilities, leveraged financing and real-estate financing among other services. This year the firm involved itself in the project financing for a landmark city retail and commercial property, with a projected end value of more than A\$900 million. The firm acted for Fortius Funds Management, accommodating the two joint venture partners, APPF Retail and APPF Commercial, in the financing, since the funding was obtained at the investor level rather than at asset level. Fortius obtained bank finance for its 75% interest in the project, leaving its joint venture partners to fund their 25% component through equity.

Corrs Chambers Westgarth

Corrs Chambers Westgarth keeps its momentum in this sector by taking advantage of the increase in PPP activity, after working on the Bonnyrigg Housing Development project, the first privately financed government housing project to be implemented in Australia. After advising the Bonnyrigg Partnership Consortium on its successful bid to develop the A\$733 million project, the team from Corrs also drafted consortium agreements, preparing the debt and equity funding documentation and other agreements required for the project. In addition to advising the consortium, comprising St George Community Housing, Spotless Group, Westpac and the Becton Property Group, Corrs acted for Westpac separately in relation to the structuring and underwriting of the debt and equity financing. The consortium plans to redevelop the housing estate, and will build parks, community facilities and about 2,200 new homes.

Deacons

One of Deacons' most valuable additions this year is partner Dan Marjanovic who comes to the firm from DLA Piper in Singapore. Marjanovic brings with him a wealth of talent having worked on project financings in Asia since 1989. His experience includes water, transportation and mining projects, gas and power projects, and resource and commodity financings. Marjanovic adds an interesting new perspective for the firm's project finance practice, priming it for more cross-border and offshore activity in the next few years.

Some of Marjanovic's achievements this year include advising a Hong Kong resources company on a structured, secured limited-recourse advance payment facility for the acquisition of coking coal in China from Fortis Bank. His work in the Asia-Pacific region is at its peak, evidenced in his work for Noble Group on the acquisition of coal mining interests in Indonesia and the related take-out financing.

Partner Nino Di Bartolomeo, another project finance specialist with more than 20 years' experience in the field, recently completed a deal for Sino Gold Mining in relation to its syndicated project financing of the Jinfeng Gold Project in China. Di Bartolomeo also advised Anzon Australia on its project financing of the Baska Manta oil and gas fields, valued at \$75 million.

Leading lawyers

Nino Di Bartolomeo
Dan Marjanovic

Restructuring and insolvency

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

Applause for Australia's buoyant economy has kept most people happy, but left a small group of insolvency and restructuring specialists with little to do but twiddle their thumbs, or turn to new avenues for work. Nevertheless, there were a couple of high-profile matters for practitioners to compete for, including the restructuring of HIH Insurance.

Despite concerns over the availability of insolvency work, practitioners have cited three struggling industries, the automotive sector, the property sector and agribusiness, as potential sources of opportunity. As one lawyer commented: "Persistent drought has put the

rural sector on everyone's lists." According to market perception, the volume of bank-initiated work at the corporate level has reduced significantly with different protagonists emerging and a greater role being played by regulators.

Firms like Minter Ellison and Clayton Utz prove their market clout in working on collapses for companies like Westpoint with its national spread and the huge number of smaller and family-run companies affected. Cost blow-outs and the collapse of funds are creating problems in the property sector. But there has been a shift for firms to produce creative solutions in order to avoid formal insolvencies.

"The market is becoming challenging for people relying on traditional litigation for insolvencies," said an insolvency lawyer. "There is a real need to have banking and other skills to provide different solutions and there's definitely been a shift to the restructuring side."

There are a variety of options for companies to choose from like re-financings and sellings. These alternatives are helping companies with marginal assets to find exit points, especially with liquidity levels added to by private-equity investors.

Blake Dawson Waldron

Blake Dawson Waldron scored another series of large instructions, placing the firm in the top tier for its insolvency and restructuring accomplishments for another consecutive year. Ray Mainsbridge and Tony Ryan spearheaded one of the most impressive and talked-about transactions of the year, the HIH restructuring which was named *IFLR's* Asia-Pacific's restructuring deal of the year. Blakes was lead adviser to the liquidators of the HIH companies, McGrathNicol + Partners, in this multi-jurisdictional transaction which introduced schemes of arrangement worth A\$2 billion (\$1.7 billion) which were the first of their kind in Australia, impacting also on cross-border insolvency laws worldwide. Ryan and Mainsbridge, dubbed by rivals as "genuine experts for whom we have extremely high regard", dealt with liquidations in the US and UK, jurisdictions in which HIH's businesses were based, applying mechanisms commonly used in England and other leading insurance centres.

The firm's top lawyers including James Marshall are currently involved with property developer Suncorp and working on the Cross City Tunnel collapse while simultaneously advising the Asian Development Bank and other banks on informal workout protocols and insolvency laws.

Another transaction saw the firm represent ARA Group, a building and security services provider, on a restructuring that eventually saved 150 jobs, through a voluntary arrangement which involved ARA acquiring the business of the Advanced Group. Following on from this, the firm found opportunities in the struggling automotive industry acting for Sims Partners on an innovative rebate funding arrangement to prevent the shutdown of Huon Corporation and the potential unemployment of 700 staff.

Leading lawyers

Ray Mainsbridge
James Marshall
Tony Ryan

Henry Davis York

Henry Davis York capitalizes on its dedicated insolvency practice which is the largest in Sydney, competing with the country's top firms to capture roles on some complex deals. This year the well-established practice has boosted its team significantly, seeing two additions to the partnership since last year and attracting eight new lawyers, signalling further opportunities for the firm in distress management. Despite Australia's buoyant economy, Henry Davis York has increased its market share, growing the depth and breadth of its practice under leading practitioners Philip Crawford and John Evans while winning appointments on significant insolvencies including Fincorp, Betta Electrical, Republic of Nauru and Retravision. The firm serves as counsel to the creditors, receivers and managers of Retravision, Auto Group and Betta Electrical while continuing to advise the administrators, Korda Mentha, on the recent collapse of Fincorp, a fund management and property investment group.

Leading lawyers

Philip Crawford
John Evans
John Martin

Minter Ellison

Having worked with debt providers, receivers, administrators, liquidators and bankruptcy trustees, Minter Ellison showcases an experienced insolvency practice comprising more than 40 practitioners. Under a team led by Lindsay Powers, Ian Walker and Brendon Watkins, the firm's insolvency lawyers from Melbourne and Sydney successfully facilitated the sale of the fixed-charge assets of Ajax Fasteners acting for the receivers, Korda Mentha, on the transaction at the beginning of the year.

On the liquidator side, Minter Ellison is acting for PricewaterhouseCoopers on seven of the mezzanine finance companies in the Westpoint Group, which have raised over A\$300 million from the public through the issue of promissory or mezzanine notes, to fund numerous development projects across the country on a subordinated basis.

The firm is also active on the remediation of the Cockle Creek site, a contaminated 122-hectare site owned by the Pasminco Group. Acting on the administrator side for Ferrier Hodgson, the firm is working to remediate the plot so development can begin in cleaning up the smelter site with a view to its sale. In addition, Minters continues its work for McGrathNicol on the receiver and liquidator side, commencing recovery actions against various parties in relation to the illegally managed investment scheme conducted by Mercorella and a group of 10 companies. Although a lot of the firm's work focuses on inbound capital consisting of advice to US noteholders with distressed investments in Australia, Minters expects to see more work in Indonesia where the firm has maintained good relations with banking clients.

Leading lawyers

Michael Hughes
Ian Power
Brendon Watkins

Allens Arthur Robinson

The insolvency market has been relatively subdued this year, forcing Australian firms to move forward with residual work, or compete for the limited number of instructions available. Allens Arthur Robinson is a classic example of this with its presence on deals such as the Ajax Fasteners and Huon Corporation restructurings.

While Allens retains national coverage in terms of insolvency matters, the firm has perhaps seen a higher level of work in the past flowing from existing clients like ANZ, Westpac, Macquarie Bank, Ernst & Young and CBA. Nevertheless, the firm, under Anne Ferguson, who also worked on the Huon Corporation insolvency, was consulted by Ford as a result of the financial collapse of Ajax Fasteners, one of the more prominent deals of the year.

Leading lawyers

Michael Quinlan

Clayton Utz

Clayton Utz houses a very capable team of insolvency practitioners based mainly in Sydney. The team has created a stir with some

high-profile deals this year. One of the biggest events in corporate Australia in 2006 was the collapse of the Westpoint Group, which the firm continues to advise on, representing the liquidators on the insolvent property development with an estimated A\$600 million in debts.

The team is also acting for the deed administrators of Retravision, after securing a successful deed of company arrangement while acting for the voluntary administrators recently. Clayton Utz also represented administrator PricewaterhouseCoopers on the Ajax Fasteners restructuring, helping to negotiate a rescue package with the key automotive customers of the business, while assisting in negotiations with GE Capital Finance in relation to the continued operation of the company. Despite the diverging interests of the Ajax businesses, the agreements finally saved 10,000 automotive jobs. The negotiations involved five separate legal teams with as many as 10 lawyers present throughout five 24-hour days of negotiation.

Leading lawyers

David Cowling
Karen O'Flynn

Mallesons Stephen Jaques

While Mallesons Stephen Jaques has traditionally emphasized other elements of its practice, the firm's excellent reputation and commitment to providing quality advice has ensured a steady flow of work for a number of clients in need of assistance during periods of potential and actual financial meltdowns. An example of the team's work over the past year is its representation of Delphi Automotive Systems by enforcing a tightly controlled funding arrangement enabling the administrators to recommence the operations of Coghlan-Russell, a supplier of parts to Delphi and Ford. Tony Troiani and his team undertook a complex series of negotiations with Ford and Holden, the administrators, and Coghlan-Russell's trade union representatives, before suggesting a number of workout solutions for Coghlan-Russell. Mallesons also acted for several of Delphi's operations during the collapse of Ajax Fasteners, ensuring the continued supply of parts to Delphi and providing an exit strategy under tight time constraints.

On the banking side Mallesons managed the legal and strategic risk for Macquarie Bank during the Croesus administration, in addition to providing insolvency and enforcement advice for the syndicate of lenders in the financial distress situation experienced by the CrossCity Tunnel Project. The team, led by renowned insolvency lawyer Beau Deleuil,

also advised a financial institution on the restructuring of a mining customer's metal hedge book which was over A\$200 million in debt.

Leading lawyers

Beau Deleuil
Tony Troiani

Arnold Bloch Leibler

Leon Zwier, Arnold Bloch Leibler's "star individual", in the words of one competitor, heads up the firm's insolvency practice acting on some landmark matters including the very controversial Sons of Gwalia reconstruction. The case, which proposes to allow shareholders equal rights with creditors if they can prove they had been misled, has sparked significant media interest, as part of a trend reflecting growing shareholder activism in the country. The firm advised the Sons of Gwalia's creditors on a range of complex issues, including the conduct of creditor-funded litigation and the restructuring of the company's advanced minerals division.

Zwier and Justin Vaatstra were appointed by the administrators of the collapsed Ansett Airlines to act in a landmark litigation against the International Air Transport Association (IATA), successfully arguing that the IATA Clearing House arrangements could not prevail over Ansett's deed of company arrangement.

Partner Jane Sheridan and her team were counsel to ANZ Banking Group and its appointed receivers in relation to the insolvency of Feltex Carpets, and the subsequent sale to Godfrey Hirst for A\$122 million. Interdependent agreements had to be documented because of regulatory differences between Australia and New Zealand, where Feltex's subsidiaries were based. Sheridan is a client favourite, praised for being "superb, very smart, very intelligent and proactive". In the words of one client: "Jane is more than competent; she's switched on and she's head and shoulders above the rest."

Leading lawyers

Leon Zwier