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Project financing in Portugal

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In most European countries, project finance techniques are adopted in relation to public projects and, therefore, in connection with public contracts, without there having ever been an in-depth reflection of their real legal compatibility. And while a project finance lawyer would likely disregard the impact that certain financing schemes may have in the day-to-day application of public contracts legislation, a government contracts lawyer would be more tempted to question at least some of the (eventually benign) distortions that project finance common demands can cause in the more traditional (and not sufficiently updated) European and domestic rules on those contracts.

It is well known that banks are omnipresent in project finance contractual structures, which is a natural consequence of the weight that third party financing has in the overall funding of such projects and of the non-recourse nature of the financing. In some projects, third party funding accounts for 90% of the total funding. It is therefore quite logical that banks usually require a tight control of how the sponsors run what is effectively the banks' business.

In a typical project finance transaction the borrower/concessionaire is dominated by the financing entities, from its birth (the articles of association and shareholders' agreements being carefully scrutinized by the banks) through each phase of its life (having any material (and many immaterial) business decisions subject to the banks' authorization) until its extinction (a financed entity may not, in principle, determine its dissolution without the banks' consent).

It is therefore quite surprising that, despite the fact that according to the contractual instruments of a project finance structure a borrower cannot sneeze without asking the banks' consent (which, in general, might not be unreasonably withheld), the role played by the financing entities has been completely ignored by the EU legislator and most domestic legislators when it comes to ruling on public contracts and, in particular, on public-private partnerships, be it in the form of concessions or in any other form.

Although absent from public contracts regulations, some signs of the existence of the financing entities can be found in the early stages of the relevant public administrative procedures. Actually, it is quite common that bidders have to include on their offers evidence that they have ensured the financing of the project, usually through a commitment letter subscribed by the banks.

Also, whenever tender regulations foresee negotiation sessions

between the awarding entity and the competitors, the banks usually show up at such meetings to negotiate the contractual package directly with the awarding entity. However, not a single provision on most tender regulations envisages the participation of third parties with their own interests on the negotiation sessions – and domestic law is absolutely silent on this matter.

One can therefore identify entities which, being crucial to the success of the public project underlying the public-private partnership, are to a great extent disregarded by public contracts rules and only marginally referred to in tender regulations. Those entities, of which the financing banks are the most impressive example, often end up negotiating contracts directly with the awarding entity, and as a result have significant powers over the project duly established in the contractual instruments, signed by the grantor and the preferred bidder.

It is particularly impressive that in many public-private partnerships the grantor enters into agreements directly with the banks on the terms of which it assumes significant obligations towards the financing entities, namely the obligation not to terminate the concession agreement – as a result of a concessionaire's default – without granting the banks the possibility of stepping into the concession. The banks' interest, of course, is to avoid the collapse of the concession and try to ensure the recovery of their investment. But a government contracts lawyer could argue that any step-in action in the context of public contracts should, in principle, be subject to competition and dependant on an autonomous awarding decision.

In fact, such direct agreements raise relevant public contracts concerns. Actually, through the stepin mechanism, an entity which has not been (and, in many instances, could not have been, given its nature) a bidder under a particular tender – be it the banks or an entity appointed by them – can end up being vested on the activity awarded to another entity. All this, needless to say, without competition in the step-in phase.

In summary, one can consider that since banks (i) have their own legitimate interests in project finance structures, (ii) exercise material powers over the awarded activity, and (iii) in some cases, may – according to the contractual instruments – become in some significant measure entitled to the awarded activity, it is justified and, above all, necessary that their role be properly addressed by public contracts legislation.

And that is one of the main challenges facing the future Portuguese Code of Public Contracts, which is being drafted at the time of writing. Such a Code, which one hopes will be a big step in the development of the Portuguese legal system, will hopefully see the light of day before the end of 2006 and will likely address, finally, the balance between the demands of public contracts administrative pro-

cedures and the philosophy and objective needs of project finance techniques.

Banking and capital markets

Recommended firms

Tier 1

Morais Leitão Galvão Teles Soares da Silva & Associados
Uría Menéndez

Tier 2

Linklaters
PLMJ – AM Pereira Sáragga Leal Oliveira Martins Júdice e Associados
Vieira de Almeida & Associados

Tier 3

Abreu Cardigos & Associados
Abreu & Marques Vinhas e Associados
Garrigues Leónidas Matos
Gonçalves Pereira Castelo Branco e Associados
Macedo Vitorino e Associados
Simmons & Simmons Rebelo de Sousa

Tier 4

Albuquerque & Associates
António Frutuoso de Melo e Associados
Barrocas Sarmiento Neves
Coelho Ribeiro e Associados

Morais Leitão Galvão Teles Soares da Silva & Associados

In December 2005, Morais Leitão joined forces with Osório de Castro Verde Pinho Vieira Peres Lobo Xavier e Associados (CPPX), Oporto's leading law firm. With 30 lawyers, CPPX was among the best-known firms in Oporto, with a speciality in corporate and capital markets advice. The firm has now been fully integrated into Morais Leitão, a development that boosts significantly the size of Morais Leitão's practice in Oporto. It will be extremely interesting to chart the firm's progress over the coming year, especially in its dealings with corporate clients from the Oporto region.

Luís Branco heads Morais Leitão's banking department, which comprises one other partner and 12 associates. The firm has notched up a strong year in the banking sector. It was instructed twice by Banco Comercial Portugues on key deals – first, on the financing of Controlinveste's acquisition of Lusomundo for €184.8 million in August 2005, and secondly, in relation to the restructuring of various corporate credit facilities granted to soccer club Sporting Clube de Portugal, worth a total of €100 million.

Morais Leitão landed a role on another landmark deal when Eurohypo called upon the firm in May 2005 to advise it on a €26.5 million Islamic financing – the first ever financing effected under an Islamic-compliant structure in Portugal. Among the year's other banking work, Branco took the helm again to advise a syndicate of international banks (led by BNP Paribas) on a €500 million financing package to Refer, the Portuguese railroad operator, in August 2005.

João Soares da Silva heads Morais Leitão's "superb" capital markets practice. The merger with CPPX meant that the depart-

ment welcomed new partner Carlos Osório de Castro, along with two associates; five partners and 12 associates now handle capital markets work for the firm.

Weeks after the official announcement of the merger with CPPX, the firm was busy representing the bidders in two of Portugal's key deals of the year – the €12 billion public tender offer launched by Sonae for Portugal Telecom (the former state-owned telecommunications company), and acting for Millennium BCP in the structuring and submission of a bid to acquire the share capital of Banco BPI, Portugal's third-largest private bank, by means of a €4 billion public takeover.

Among the year's other highlights, Morais Leitão served as advisor to Ibersol, through its Spanish subsidiary Vidisco, in relation to its bid to acquire the share capital of Spanish pizza company Telepizza.

Leading lawyers

Luís Branco
Nuno Galvão Teles
João Soares da Silva

Key contact partners

Nuno Galvão Teles
João Soares da Silva

Uría Menéndez

Spanish heavyweight Uría Menéndez has had a presence in Portugal for nine years now, but it is really only the past two or three years that have seen the firm really ramping up its activities. When firms attempt moves into new markets (even ones that are geographically close), there is no automatic guarantee of success. But market sentiment indicates that Uría – on the finance side at least – is competing on the same playing field as the local firms, and gains promotion into the top tier after advising on the lion's share of Portugal's finance work over the past 12 months. "For both volume and quality, they should absolutely be in tier one" said one peer.

Pedro Ferreira Malaquias continues to be a prominent partner in the firm's finance practice, and over the past year he took the lead on two key deals. In the first, in November 2005, he acted for Banco BPI as originator of the €1.5 billion Douro Mortgages No 1 residential mortgage-backed securitization (RMBS), a landmark deal as it was the first RMBS issued directly out of Portugal. And in the second, the following month he advised UBS in relation to an agreement to purchase EDP shares (with a repurchase obligation) from Energy Finance Portugal.

Carlos Costa Andrade heads the firm's capital markets practice, which once again has found itself on an impressive number of top-drawer deals. In probably the standout deal of the year, Andrade led a team that acted for ABN Amro in relation to the first public offer launched in Portugal under the new European Passport regime, involving the first publicly offered structured security in Portugal and introducing a new structured product that combined a capital protected structure with the performance of the HFRX Global Hedge Fund EUR Index.

In another market first, Uría advised UBS on the first issue and listing of open-ended index certificates in Portugal, worth around €93.8 million. Other debt work saw the firm represent Commerzbank on its issue of reverse convertible bonds on Nokia's shares, lead managed by Banco de Investimento Global (the second time Commerzbank has issued such securities in the Portuguese market, following the success of its first issue of reverse convertibles), and act for Jerónimo Martins SGPS in relation to setting up a one-year commercial paper programme for Recheio.

Uría's equity expertise was also called upon over the past year. In yet another first for the Portuguese market, the firm won a role on what was arguably the most important privatization of 2005. The sixth phase of the privatization process of EDP-Energias de Portugal was the first privatization effected through exchangeables in Portugal, achieved through the issue by Parapública of €572.8 million-worth of bonds exchangeable into ordinary shares of EDP. The firm also acted for Sacyr Vallehermoso on its listing on Euronext Lisbon, and most recently, in May 2006, advised the bookrunners on Banco Espírito Santo's rights offering, increasing the bank's share capital from €1.5 million to €2.5 million.

Leading lawyers

Carlos Costa Andrade
Pedro Ferreira Malaquias
Francisco Sá Carneiro

Key contact partner

Carlos Costa Andrade

Linklaters

Pedro Siza Vieira and António Soares head up Linklaters' banking and finance practice, managing a team of seven associates. Linklaters finance practice in Portugal has a reputation for being "a strong, reliable choice" for finance advice; this may well be because behind Soares and Vieira the team boasts two future stars in Francisco Almeida and António Payan Martins, both managing associates who are "really making a name for themselves" according to peers. Indeed, the firm's continued progress in Portugal has not gone unnoticed by the market; while it is not quite rivalling the tier one firms yet, "Linklaters will be bidding for tier one in a year or two's time", said one peer.

In 2006 Linklaters further made its mark on the Portuguese finance market with roles on some of the largest and most complex capital markets transactions around. In what was perhaps the standout instruction of the year, the firm was instructed by Barclays Capital to act on Cofina's issue of convertible notes – the year's only convertible issue by a Portuguese company, and the first issue of convertible notes involving a Portuguese company since 2001. The firm followed this up by acting on a €158 million issue of exchangeable bonds by Credit Suisse International, exchangeable into shares of Semapa on the sale of 33% of Media Capital (Portugal's largest media company) – one of the first issue of notes exchangeable into shares of a Portuguese company.

Other capital markets deals saw Soares spearhead the firm's advice to JP Morgan Securities on an issue of €407 million commercial mortgage-backed floating rate notes, (which included a €65 million loan secured by a mortgage over Algarveshopping, a shopping centre in southern Portugal), one of the first pan-European CMBS transactions involving Portuguese real estate assets, and guided Vertix through a regulatory obstacle course in relation to pre-emption right and put option agreements over 100% of Vertix, entered into with Prisa Promotora de Informaciones.

Another landmark structured finance mandate saw the firm act for the European Investment Fund on the Douro SME Series 1 securitizations, the first securitization by a financial institution using a securitization company (a special kind of company incorporated under Portuguese law) and the first securitization by a bank issuing directly to the international capital markets without repackaging the securitization bonds.

On the banking side, meanwhile, António Payan Martins represented Credit Suisse International as lender to Saudaçor (an

organization responsible for managing the Azores healthcare system) relating to an €80 million *schuldschein* loan agreement guaranteed by a *declaração de aval* granted by the Azores regional authority, and advised Citigroup on two deals: the first, a loan for the acquisition of a property located in Lisbon by a German capital investment company, and second, in relation to the amendment of a €1.35 billion facility agreement for EDP, one of Portugal's largest groups.

Leading lawyers

Pedro Siza Vieira
António Soares

Key contact partners

Pedro Siza Vieira
António Soares

PLMJ – AM Pereira Sáragga Leal Oliveira Martins Júdice e Associados

Winner of *IFLR's* award for Portuguese law firm of the year at the magazine's 2006 awards ceremony, PLMJ "continues to be impressive". While its excellent reputation in the jurisdiction is based largely on its corporate and M&A credentials, it also wins mandates to act on some interesting finance deals too. The banking team is headed by the firm's senior partner Fernando Campos Ferreira, a well-respected "old hand" in the market whose presence ensures the firm's reputation remains intact.

Unsurprisingly given PLMJ's excellence in M&A, many of the year's finance-side highlights were related to acquisitions. In the first, in October 2005, the firm acted for ABN Amro Bank, Cooperatieve Centrale Raiffeisen-Boerenleenbank and Natexis Banques Populaires in connection with the refinancing of a €475 million credit facility granted to Provimi following a Polish merger. And in the second – which closed the following month – Dulce Franco and Annabel Ferreira advised Rabobank and ING Bank on their provision of a €700 million bridge facility to the United Services Group (a Dutch listed recruitment consultancy, now called USG People) to enable the company to finance the acquisition of a Belgian competitor, Solvus.

In a landmark deal for Portugal, meanwhile, in May 2005 PLMJ advised the international investors in relation to a €26.5 million Islamic financing – the first-ever financing granted under an Islamic-compliant structure in Portugal.

Leading lawyers

Jorge de Brito Pereira
Fernando Campos Ferreira
Maria Castelos

Key contact partner

Jorge de Brito Pereira

Vieira de Almeida & Associados

The "ubiquitous" Pedro Cassiano Santos heads Vieira de Almeida's finance practice, and as such has control over both the banking and capital markets areas of the firm. Not content to be a mere figurehead, however, Cassiano Santos takes an active role in the firm's top deals, and as such took the lead in many of the deals of note over the past year.

Three partners and seven associates focus on bank lending work. In July 2005, the firm acted for Sumitomo on a term loan facility to Banif worth €200 million, and the following month it acted for Banco Espírito Santo's investment banking arm on the €89 million financing relating to the acquisition of Holmes Place. In September 2005, Cassiano Santos led a team that represented Fortis Bank on project Alqueva, involving the €100 million financing of BES Leasing & Factoring. And two months later again, in November 2005, the firm advised Deutsche Bank

and Lehman Brothers on the €100.3 million refinancing and financing of Capex.

The firm's financial services credentials were boosted by the recruitment of Hugo Rosa Ferreira, who joined from Deutsche Bank in October 2005. Over the past year the firm has won mandates from two leading French banks. In December 2005, the firm acted for Société Générale on the incorporation of Crediagora, and in February 2006 it acted for Crédit Agricole in relation to the first phase of the restructuring of an equity holding in Tranquilidade. In March 2006, the firm advised Lehman Brothers on acquisition of an interest in a Portuguese securitization company.

The capital markets practice is traditionally stronger on debt and structured finance matters than on equity, although Vieira de Almeida does pick up roles across the board. Ana Rita Campos joined the practice from Uría Menéndez in April 2006, replacing Nuno Marques Castelão who moved over to Allen & Overy the month beforehand. Once again under the guidance of Cassiano Santos, in June 2005 the practice advised Banco Santander Totta on its €300 million issue of preference shares, managed by Deutsche Bank, and advised Caixa Geral de Depósitos on its preference share issue, worth €350 million, in September 2005. The firm also undertook a number of updates to euro medium-term note programmes, including by Banco Itaú and Banco Espírito Santo.

Structured finance is a key area for the firm, and in the past year the area has once again provided a rich seam of work. Among the highlights, in June 2005 the firm acted for ABN Amro, Citigroup and Calyon on the Magellan Mortgages No 3 residential mortgage-backed securitization (RMBS), worth €1.5 billion. Two months later it acted for Deutsche Bank on a €121.9 million securitization of consumer finance auto loans for Altair Finance. And at the end of 2005 the firm picked up roles on two further RMBS deals – in the first, acting for Citigroup and BNP Paribas on the €1.5 billion Douro Mortgages No 1 RMBS, and in the second, representing Banco Santander Totta on Hipototta No 4, worth €2.8 billion.

Leading lawyer

Pedro Cassiano Santos

Key contact partner

Pedro Cassiano Santos

Abreu Cardigos & Associados

Morais Leitão was not the only firm to have developed its presence in Oporto this year. Abreu Cardigos' decision to merge with Rui Peixoto Duarte & Associados, effective in March 2006, added strength in that city to Abreu Cardigos' already impressive position in the Portuguese market. While it will probably be more beneficial in the M&A arena (one of Rui Peixoto's areas of specialty), better links with Rui Peixoto's northern Portuguese clients will undoubtedly do no harm to the finance practice.

Headed by Pedro Cardigos dos Reis, the firm's financial services practice maintains a strong presence in the market, and is an especially good choice for state entities seeking advice on derivatives-related matters. The firm has provided ongoing advice to both Portugal's Debt Agency (the Instituto de Gestão do Crédito Público) and the regional government of Madeira on various Isda documentation issues, including in relation to repo transactions and on structuring standard documentation applicable to hedge financing. Cardigos dos Reis and Sofia Santos Machado have also provided netting opinions to Wachovia and the Royal Bank of Scotland.

Miguel Castro Pereira spearheads the firm's advice on regulatory matters, and indeed has led Abreu Cardigos teams on all its key deals this year. In March 2006 the firm acted for Security National and Atlantis Investments on the incorporation of the first securitization and servicing companies specialized in non-performing mortgage-backed loans. And in other ongoing work, Abreu Cardigos is advising LJ Carregosa on the merger of two asset management companies and a securities dealer, and the new entity's subsequent transformation into a bank, helping Compagnie Bancaire Espírito Santo set up a limited scope branch for the Swiss arm of one of the Portugal's largest banking groups, and representing Valor Alternativo transform from an asset management company into an investment funds manager.

Between them, Cardigos dos Reis and Pereira co-manage Abreu Cardigos' bank lending practice, which counts among its clients such eminent international and domestic financial institutions as Deutsche Bank, Goldman Sachs and Caixa Banco de Investimento. In June 2005 Pereira led a team that acted for Corinthia Hotels International and International Hotels Investments in relation to the repayment of interim facilities through the completion of a mortgage-backed long-term loan, and also represented the Madeira Regency Group on a €70 million credit facility granted to it by Millennium BCP and Banco Espírito Santo. Cardigos dos Reis, meanwhile, advised Citigroup and Goldman Sachs on the guarantee structure of Purusco in March 2006, and acted for DyStar Group and Platinum Equity on a €125 million facility agreement granted to DyStar.

The firm's capital markets practice also attracts its fair share of work. Under Pereira's leadership, the team provides guidance to Portugal Telecom on corporate governance matters, stock exchange and local market compliance, and acted for Europac and Gescartão in relation to all matters pertaining to Gescartão's listing on Euronext Lisbon. And Pereira was assisted by associates Ana Sofia Batista and Inês Oliveira Festas on two deals: first, advising Espírito Santo Activos Financeiros on the completion of the registration of the European Responsible Consumer Fund in Portugal, and secondly, acting for Climate Change Capital, Fomentinvest and Ecoprogresso on the incorporation of Portugal's first carbon fund.

Portugal's fast-growing structured finance market, meanwhile, has continued to be a rich source of work, and Abreu Cardigos has been busy throughout the year. In December 2005 it advised Cable Satisfaction International and the Catalyst Capital Group on the refinancing of Cabovisão, a large cable, internet and telephone company, for €200 million. And in May 2006 the team closed two issues of asset-backed securitization notes for Atlantis Investments (as issuer) and Atlantis Investment Properties (as co-underwriter), worth €16 million and €70 million.

Leading lawyer

Pedro Cardigo dos Reis

Key contact partners

Pedro Cardigo dos Reis
Miguel Castro Pereira

Abreu & Marques Vinhas e Associados

Afonso Barroso is the head of Abreu & Marques Vinhas' two-partner, three-associate banking and finance team which, although smaller in number than many of its rivals, still "attracts some top clients" and consequently "is seen on some good deals" across the banking and capital markets areas.

Abreu & Marques Vinhas' bank lending practice leans more towards providing advice to lenders. In December 2005, for

example, Barroso acted for the lenders in relation to a ship and shipyard mortgage financing, this work following on from a number of vessel financing and mortgage transactions done for lending institutions during 2005, all of which were handled by Tiago Ferreira de Lemos.

The most active part of the firm's banking practice, however, is Jorge de Abreu's financial services practice. Again, the firm's strong links with banks means that it is generally found on that side of the negotiating table, and over the past year the firm has advised financial institutions on the regulatory implications of foreign exchange, cash and collateral trading business in Portugal, the start-up of investment services and insurance brokerage operations in Portugal, and the implementation of Barclaycard in Portugal. The firm's expertise stretches beyond Portuguese shores too; in one such deal Jorge de Abreu and Nuno de Deus Pinheiro advised the founding shareholders on the incorporation of a new bank in Angola.

The firm also handles its fair share of capital markets work, and was especially busy on debt matters towards the second half of 2005. In July, and then again in November, the firm acted for the lead managers and co-lead managers in connection with issues of *obrigações do tesouro* (treasury bonds). In September 2005 it advised on Banco Santander Totta's euro medium-term note (EMTN) programme, and two months later similarly worked on an EMTN programme for Banco BPI.

In one notable equity deal, Isabel Garcia represented the issuer on an offer of equity securities to its Portuguese employees. And in the structured products arena, Abreu Marques & Vinhas acted for several financial institutions in relation to the capacity of several Portuguese entities to trade over-the-counter derivatives products and in relation to the negotiation of several ISDA Master Agreements with Portuguese counterparties, as well as providing ongoing advice on the close-out netting provisions of ISDA Master Agreements.

Leading lawyers

Afonso Barroso
Tiago Ferreira de Lemos

Key contact partners

Afonso Barroso
Tiago Ferreira de Lemos

Garrigues Leónidas Matos

Spanish firm Garrigues has followed in Uría Menéndez's footsteps by extending its Iberian reach into neighbouring Portugal – and with similarly good results. Since its move into Portugal the market has noticed Garrigues' steady progress, one peer suggesting that the firm "is on the up, and will probably continue to rise over the next few years." Diogo Leónidas Rocha – described by one peer as "most definitely a leading lawyer" – heads up the banking and capital markets practice, which is active on both debt and equity matters.

Rocha and colleague Marta Graça Rodrigues handled all the firm's key finance mandates of the past year. On the debt side, Garrigues served as legal adviser to a Portuguese-listed company in relation to the issue of €50 million-worth of equity convertible bonds in the international markets, launched in August 2005. On the equity side, meanwhile, the Rocha-Rodrigues partnership teamed up to act for a Portuguese listed media company in a share buyback programme through the issue of put warrants, followed by a cancellation of shares and stock split, resulting in a €90 million payout to shareholders.

In December 2005, another equity highlight saw the firm guide a Portuguese telecom company in a share buyback programme of 3% of its share capital.

Leading lawyer

Diogo Leónidas Rocha

Key contact partner

Diogo Leónidas Rocha

Gonçalves Pereira Castelo Branco e Associados

Gonçalves Pereira Castelo Branco is perceived as being "stronger on the corporate side than the finance side". However, this is not to say the finance practice is weak – the firm attracts strong clients and instructions on a range of interesting work. The finance practice comprises two partners and 10 associates

The firm's standout mandate of the year came from Rede Ferroviária Nacional (Portugal's railway operator), which in August 2005 turned to the firm for advice on a €500 million international syndicated finance provided to it by BES Investimento, JP Morgan and Merrill Lynch. Maria João Ricou led the firm's advice on the issue, which marked the first stand-alone bond ever issued by a 100% state-owned entity.

Gonçalves Pereira has notched up a role on a high-profile equity instruction. In a perfect example of the firm's ability to win work from international clients as well as domestic ones, Manuel Castelo Branco and Ricou teamed up to act for France Télécom in relation to its strategic partnership with Portuguese listed telecom company Sonaecom. The partnership involved a roll-up of the former shareholdings held by France Télécom at the level of Sonaecom's operating companies (Clix, Novis and Optimus), which was achieved by means of a capital increase of Soanecom, fully subscribed by FT and paid for in kind with Clix, Novis and Optimus shares. The deal was worth €312 million. At the time of writing, still in the telecom sector, the firm was acting for Portugal Telecom on the hostile takeover launched by Sonaecom over Portugal Telecom and its subsidiary, PT Multimedia.

Among the year's other highlights, André Luiz Gomes spearheaded the firm's advice to Explorer-Capital de Risco in relation to the structuring of the €62 million Explorer I venture capital fund. As well as being Portugal's major private equity fund, it is the first Portuguese fund incorporated with the purpose of acquiring shareholdings in Portuguese companies that hold stakes in Spanish companies. And in July 2006, Gomes guided Banif through its public offer of five million shares and admission to Euronext Lisbon.

At the time of writing the firm was acting for the Portuguese state in relation to the fourth phase of the privatization of oil and gas Portuguese holding company Galp, and advising the New York Stock Exchange on its merger offer over Euronext, to create the first transatlantic exchange.

Leading lawyers

Manuel Magalhães
Maria João Ricou

Key contact partners

André Luiz Gomes
Maria João Ricou

Macedo Vitorino e Associados

Like Abreu & Marques Vinhas, Macedo Vitorino e Associados is a relatively small firm, with only one partner and four associates handling banking and capital markets matters. But the assessment of the market is that the firm punches above its weight, landing roles on a healthy number of deals and boasting an impressive clientèle of international and local banks including WestLB, JP Morgan, Banco Efisa and Credit Suisse International. Its busy year in both banking and capital markets deals, along

with recommendations from the market, cause a promotion in the rankings this year.

António Vitorino took the lead on two of the firm's standout debt capital markets deals this year. In the first he acted for Banco Efisa, Caixa Central Banif, BCP and Banco BAI as managers of a €10 million euro commercial paper programme for GPSaúde, a BPN subsidiary, and in the second he teamed up with André Dias to advise Banco Efisa and WestLB on the reissue of a guarantee granted by the Madeira region in respect of €190 million partly-paid floating rate bonds. At the time of writing, the Vitorino-Dias team was acting on structuring the financing of a possible takeover over of a listed Portuguese company.

On the equity side the firm has also been active, advising JP Morgan on the €100 million monetization of a put option over shares in a Portuguese listed company and acting for Banco Efisa in relation to the structuring and financing of the acquisition of shareholdings in Casa da Sorte. DePfa Bank, meanwhile, has been the source of two structured finance mandates over the past year: first, in connection with a swap agreement with the railway transportation company Caminhos de Ferro in May June 2005, and secondly in relation to a €144 million assignment of receivables held by Parque Expo over the Municipality of Lisbon in May 2006. At the time of writing the firm was guiding Credit Suisse International through a swap agreement with the Azores region.

António Vitorino also spearheads the firm's advice on banking matters, and here too, the firm has had a busy year. In September 2005 the firm acted for a syndicate of banks on the restructuring of an €81 million financing extended to Gare Intermodal de Lisboa (guaranteed by the Portuguese state), and the following month advised another bank syndicate that granted a €310 million loan facility to the public entity responsible for Portugal's strategic oil reserves. In December 2005 the Royal Bank of Scotland instructed the firm for advice in relation to the accession of Codisa (the Portuguese subsidiary of the Safety Cell Group) to a £194 million senior credit facility granted to JPMP. And most recently, in February 2006, the Vitorino-Dias partnership joined forces once again to represent a Banco Efisa-led bank syndicate on a €220 million loan facility extended to Empresa de Electricidade da Madeira, Madeira's electricity company.

Finally, on the regulatory front, much of Macedo Vitorino's work is impressive, but confidential. However, of the non-confidential matters, Banco Efisa and DePfa Bank turned to the firm again when they needed advice on the regulatory aspects of the acquisition of €144 million-worth of receivables over the city of Lisbon, and in February 2006 the firm acted for a bank syndicate led by Dexia Credit Local in relation to the regulatory aspects of a loan to Egrep.

Leading lawyer

António Vitorino

Key contact partner

António Vitorino

Simmons & Simmons Rebelo de Sousa

Two partners and five associates focus their attention on banking work at the Portuguese arm of international firm Simmons & Simmons. The practice is headed by William Smithson, who once again drew praise from peers and clients for his "superb technical ability"; one client also noted name partner Pedro Rebelo de Souza's "desire to solve problems."

Smithson led Simmons teams on two notable deals in June 2005. In the first, he acted for Barcap and Banif Investimento on

a €15 million *schuldschein* loan to Apram (the Madeira Port Authority), and in the second he worked on two rated credit-linked loans for a German corporate investor. A couple of months later Smithson closed another deal, representing the Bank of Tokyo-Mitsubishi in relation to two loans, worth ¥3 billion and ¥10.5 billion, to Aguas de Portugal, the state water company. More recently, in March 2006, Alexandra Maia de Loureiro and Mariana Goarmon teamed up to provide advice to Bank of America on the €33.3 million financing of its acquisition of a bilateral loan position from BPI.

Simmons' strong links with domestic and international banks also mean the banking practice is kept busy providing general financial services and regulatory advice to some of Portugal's most active institutions. Among the year's most notable mandates, Smithson has been acting for Barclays on the provision of investment services in Portuguese market and advising Travelex on setting up money transfer operations in Portugal, and Maia de Loureiro has been advising Banco do Brasil on banking regulatory issues in Portugal and helping Templeton with the provision of investment products in the country.

Capital markets is a strong area for the firm globally, and Portugal is no exception. On the debt side, mid-2005 was a busy time for the firm as it acted for ING on a €40 million commercial paper programme for Somincor in May and the following month advised Société Générale as manager of a €500 million bond issue by Finantia. Towards the end of the year, debt specialist Maia de Loureiro provided Barcap, Deutsche Bank and Caixa BI their lead management of Parpública's €500 million bond issue in September, and advised Deutsche Bank again when Parpública did a €150 million debt private placement three months later.

Equity work saw the firm act for Lehman Brothers on the structuring of a rights issue by a listed Portuguese bank, advising an international investment bank on its acquisition of a qualified shareholding in a listed Portuguese company and related €369.75 million issue of exchangeable bonds, and representing Highfields Capital on a number of acquisitions and disposals of qualified shareholdings in listed Portuguese companies during the first half of 2006.

A busy year for the Portuguese securitization market generally has given Simmons' expertise in this area the chance to flex its muscles. In May and June 2005 the firm acted for Morgan Stanley on the Meritage 1 and 2 transactions, involving refinancing a securitization of Italian non-performing loans through a Madeira IBC company. In July, Smithson headed a team that acted for HSBC in relation to the landmark Sofinloc (Banco Finantia) conduit securitization, which was the first conduit securitization to use a Portuguese fund. The following month the firm represented Multirent on a €120 million operational lease securitization (only the second such deal in Europe), and in December 2005 it advised Standard and Poor's on the EPC3 commercial mortgage-backed securitization, the first ever to relate to Portuguese assets.

Leading lawyers

Pedro Rebelo de Souza
William Smithson

Key contact partners

Pedro Rebelo de Souza
William Smithson

Mergers and acquisitions

Recommended firms

Tier 1

Linklaters
Morais Leitão Galvão Teles Soares da Silva & Associados
PLMJ – AM Pereira Sárregga Leal Oliveira Martins Júdice e Associados
Vieira de Almeida & Associados

Tier 2

Gonçalves Pereira Castelo Branco e Associados
Uría Menéndez

Tier 3

Abreu Cardigos & Associados
Garrigues Leónidas Matos
Simmons & Simmons Rebelo de Sousa

Tier 4

Abreu & Marques Vinhas e Associados
Carlos Aguiar P Pinto & Associados
Macedo Vitorino e Associados

Linklaters

According to Portugal's *Jornal de Negócios*, which carried an article on Portugal's largest mergers and acquisitions deals in May 2006, Linklaters has acted on eight of Portugal's top 10 M&A transactions of the past 12 months. The return of Jorge Bleck to full-time head of the corporate practice can only be good news for the team – Bleck is considered the best M&A lawyer at Linklaters, and now he has handed over managing partner duties to colleague Pedro Siza Vieira, he will be able to focus all his attention to continuing to build the firm's Portuguese M&A reputation.

Bleck is supported by a nine-associate team that has been extremely busy over the past year, often being found playing a key role in the country's top M&A matters. For example, in one of Portugal's largest M&A deals of 2005, the firm advised Amorim Energia on the negotiation of a shareholders' agreement relating to its acquisition (together with ENI and REN) of Galp Energia. And Semapa-Sociedade de Investimento e Gestão turned to the firm for advice when its wholly-owned subsidiary, CMP Investments, sold 89.92% of the share capital of Enersis II to Babcock & Brown through a Portuguese special purpose vehicle.

Among the year's other highlights, the firm acted for Scottish & Newcastle on Caixa Geral de Depósitos' €509.4 million bid for Compal & Nutricafes, advised Banco Santander on Sonae's €345 million takeover of Modelo Continete, and guided Espírito Santo Saúde through its acquisition (together with Banco Espírito Santo de Investimento) of 90% of Hospitais Portugueses, a healthcare services provider that owns two hospitals and several other healthcare facilities in Portugal.

Leading lawyers

Jorge Bleck
António Soares

Key contact partner

Jorge Bleck

Morais Leitão Galvão Teles Soares da Silva & Associados

João Soares da Silva runs Morais Leitão's "fantastic" M&A practice, which comprises nine partners and 28 associates following the firm's integration in January 2006 with Oporto corporate heavyweight Osório de Castro Verde Pinho Vieira Peres Lobo Xavier e Associados. Among other obvious advantages (giving Morais Leitão access to key clients in northern Portugal, for example), the merger meant that "outstanding M&A lawyer" Carlos Osório de Castro is now a member of Morais Leitão's M&A department, adding serious expertise to an already excellent team. As well as Osório de Castro, one partner (Eduardo Verde Pinho) and five associates joined the M&A department from the Oporto firm.

Morais Leitão notched up another impressive deal tally over the past year. Soares da Silva was especially busy at the end of 2005, leading teams advising Millennium BCP on two deals that closed in December. The first saw the team advise Millennium BCP on its negotiation with several bidders for the sale of a 100% stake in the shareholding of a Macao banking and insurance group for €176.5 million. And in the second, the team acted on the sale of a 50% shareholding of a Portuguese bank focused on car financing business, involving the negotiation of the restructuring of the joint venture set up to handle the fleet rental and management services businesses.

The busy period continued into 2006. In January, Nuno Galvão Teles acted for EDP, Portugal's largest electricity company, on the €1.6 billion sale of its shareholding in Galp Energia to Américo Amorim Group, as well as on EDP and Ren's simultaneous shareholders' agreement in relation to Galp Energia, in which they set out the rules that would apply to the relations between shareholders and the terms and conditions of the put options for Ren's shareholding in Galp Energia.

At the time of writing, Carlos Osório de Castro and Paulo Rendeiro were acting for Sonae Sierra, one of the largest European companies in the shopping and leisure centre sector, on the sale of 50% of its stake in Rio Sul Shopping and Serra Shopping to a fund managed by Rockspring Investments (London) for an undisclosed amount.

Leading lawyers

Nuno Galvão Teles
Carlos Osório de Castro
João Soares da Silva

Key contact partners

Nuno Galvão Teles
Segismundo Pinto Basto
João Soares da Silva

PLMJ – AM Pereira Sárregga Leal Oliveira Martins Júdice e Associados

Such is the level of PLMJ's corporate activity that the firm divides its corporate practice into four departments. Senior partners Dulce Franco and Victor Réfega Fernandes head up the two departments that focus on M&A relating to foreign investment and restructuring work, Gabriela Rodríguez Martins runs the firm's operations in the area of public tenders, and the fourth department, whose clients are almost all German, is headed by Vasco de Ataíde Marques.

PLMJ walked away with the 2006 *IFLR* award for Portuguese law firm of the year in April, and this accolade was largely due to its ability to consistently win plum roles on Portugal's highest-profile deals. The firm's M&A clients range from domestic and foreign corporates, as well as a number of leading private equity houses.

In what was certainly one of PLMJ's standout deals of the year, Rede Electrica Nacional (REN) – the company responsible for electricity transmission in Portugal – selected PLMJ to advise it on Electricidade de Portugal's (EDP) €1.6 billion sale of its shareholding in Galp Energia to the Américo Amorim Group, as well as on EDP and REN's simultaneous shareholders' agreement in relation to Galp Energia.

In May 2005, a team headed by Fernando Campos Ferreira acted for Cimpor Holding in relation to its €40 million second tender offer for Sotacib, a Tunisian cement company. In another cement industry-related transaction, Ferreira was instructed by Votorantim Participações to guide it through the acquisition of a 49% stake in Secil, Portugal's second-largest cement producer, for €330 million. And in October 2005, Maria Castelos advised Celulose do Caima on the acquisition of 50% of EDP Produção Biocel.

Among the year's other highlights, PLMJ advised Renewable Energy Systems on the sale of various wind power operating companies, acted for Cofina twice (first, in relation to the privatization of Enatur and then in relation to the acquisition of a 19% stake in Lusomundo Media), and represented Sonfincos as it acquired a 45% stake in Credibom.

PLMJ's expertise in M&A naturally extends into the private equity sphere, and here too the firm has been successful in winning instructions from many of the leading players. "Very good negotiator" Maria Castelos took the lead on all the most notable transactions this year. For example, she led a team that acted for Blackstone on the Portuguese elements of its €2.4 billion global acquisition of the Nalco Group, acted for CVC in relation to its indirect acquisition of Flint Ink's Portuguese subsidiary, guided KKR through the local aspects of its \$6.6 billion worldwide acquisition of Toys R Us, and represented Mercapital when it bought the Saprolog Group in October 2005.

Leading lawyers

Maria Castelos
Jorge de Brito Pereira
Dulce Franco
Vasco Marques Correia
Victor Réfega Fernandes
Gabriela Rodrigues Martins
Luís Sárraga Leal

Key contact partners

Francisco Oliveira Martins
Luís Sárraga Leal

Vieira de Almeida & Associados

Three partners and 10 associates make up Vieira de Almeida's "always reliable" M&A team, headed by João Vieira de Almeida. With an impressive client list and a healthy deal roster, market consensus is that Vieira de Almeida is a top-drawer choice for M&A advice, especially for Portuguese corporates seeking guidance on high-end transactions.

One regular client of the M&A practice is PME Investimentos – Sociedade de Investimento, and over the past year it has turned to Vieira de Almeida for advice on a number of occasions. Most recently, in December 2005, it sought the firm's advice when it acquired part of the share capital of NSEC – Sistemas Informáticos. Before this, it acted for PME Investimentos on its acquisitions of, among others, Biosurfit (also in December 2005), Move Interactive Produções Multimédia in November 2005, and L'Agence in July 2005.

Among the firm's deal highlights for the second half of 2005, Nuno Ruiz led a team that advised Roca Cerâmica e Comércio

on Heating Products Iberia's acquisition of Roca Calefacción, Pedro Cassiano Santos acted for Banco Espírito Santo de Investimento on the €100 million acquisition of Holmes Place Iberia by a consortium of Spanish private equity companies (including Mercapital and Explorer Investments), and also led a team that represented Société Générale Consumer Finance when it bought 50.001% of Interbanco for €100 million.

2006 has continued to be an extremely busy year for the firm. In January, Helen Vaz Pinto spearheaded Vieira de Almeida's advice to ES Tech Ventures on its acquisition of 15.09% of YDreams. The following month, Espírito Santo Tech Ventures selected the firm to advise it on both its acquisition of 20% of the share capital of Inovamais, and its subscription of 16,660 preferred shares further to a share capital increase in Global Active, by which Espírito Santo Tech Ventures acquired 25% of Global Active's share capital. And in March 2006, Vaz Pinto once again was at the helm when the firm was instructed by Explorer Investments in relation to the Mangreen's acquisition of 100% of the share capital held by Inbeopor in Nutricafés Cafés e Restauração.

Leading lawyer

João Vieira de Almeida

Key contact partners

Helena Vaz Pinto
João Vieira de Almeida

Gonçalves Pereira Castelo Branco e Associados

With 60 lawyers dedicated to corporate and M&A matters, Gonçalves Pereira Castelo Branco is perfectly equipped to take on multiple high-end transactions and field a strong team on all of them. The firm retains an "extremely good reputation" in the market, and peers and clients agree that it is "a rock-solid tier two firm". The team welcomed two new associates this year – Nuno Madeira Rodrigues, who moved over from Miranda Correia Amendoeira in September 2005, and Francisco Santos Costa, who joined from Garrigues in June 2006.

Gonçalves Pereira's M&A department is by no means a one-man operation – indeed, part of the reason for the firm's continued success is the strength of a number of its partners. Such widespread talent is borne out by the fact that the key deals are led by a range of partners.

Frederico Pereira Coutinho has had a hand in many of the firm's top deals over the past year. Among some of the more notable mandates, he acted for Axa in relation to the acquisition of Seguro Directo Gere, advised Deutsche Bank Real Estate on the €80 million acquisition of Forum Madeira (a shopping centre in Madeira) through a special purpose vehicle adapted to that island's regulatory framework, and guided Tyco through the sale of its Portuguese business to VSNL Bermuda for €130 million.

Diogo Perestrelo, meanwhile, led a team that acted for Somague/Sacyr Vallehermoso when it sold Finerge to Endesa – Endesa's first wind farm acquisition in Portugal – André Luis Gomes advised Explorer-Capital de Risco on its acquisition of a major stake in Alfason (the holdings company for Portugal's leading audiovisual services company), and José de Freitas represented Superior Essex when it bought copper electric wire company Nexanes' Portuguese operations as part of the wider acquisition of the group in Europe.

Gonçalves Pereira has also taken advantage of the increase in private equity work this year, playing a role in some noteworthy deals. Among these, Perestrelo provided advice to the 3i Group

when it sold Hospor, the operator of two large Portuguese hospitals, to Banco Espírito Santo and Espírito Santo Saude (notable for being 3i's first exit executed in Portugal), and Coutinho acted for Carlyle on the €109 million sale of animal feed business Ceres Animal Nutrition's Portuguese subsidiaries to Aliceville and the Mercapital Group.

Leading lawyers

Manuel Castelo Branco
Frederico Pereira Coutinho
Diogo Perestrelo

Key contact partners

Manuel Castelo Branco
Frederico Pereira Coutinho
Diogo Perestrelo

Uría Menéndez

Uría Menéndez's integration into the Portuguese legal market has been extremely successful. Indeed, over the past couple of years – and particularly as it has settled into its 2004 merger with local firm Vasconcelos F Sá Carneiro Fontes & Associados – market consensus is that Uría is no longer seen as a Spanish firm with an outpost in Portugal, but as a firm that competes on an equal footing with the local Portuguese stalwarts.

Francisco Sá Carneiro and Duarte Vasconcelos head up the five-partner, 13-associate department, which grew by one this year following the recruitment of associate Jacinto Moniz Bettencourt from the Prime Minister's Office. While Vasconcelos is considered to be a strong M&A adviser it is Sá Carneiro that comes in for most of the praise, one client calling him “a most capable lawyer” and a peer mentioning that “I always like doing deals with him”.

In May 2005 Antonio Villacampa led a team that acted for Mercapital, N+1 and Explorer in relation to the acquisition of Holmes Place in Spain and Portugal. This was followed, in November 2005, by Sá Carneiro's advice to Prisa – Promotora de Informaciones in relation to the acquisition of a shareholding in Grupo Media Capital.

The work has continued in 2006. In April 2006, Francisco Brito e Abreu guided the Kemet Corporation through its acquisition of Epcos's Tantalum Business Unit, including its tantalum capacitor manufacturing operation in Évora, Portugal. And the following month, in a perfect example of Uria's ability to win roles advising sellers as well as buyers, the Corus Group turned to the firm for advice when it sold a 50% participation in the share capital of Lusosider Projectos Siderúrgicos to Companhia Siderúrgica Nacional, in which Corus and the CSN Group had equal participation. Lusosider is a flat steel Portuguese company, producer of pickled hot-rolled, cold-rolled, hot-dip galvanized and tin plate.

Leading lawyer

Francisco Sá Carneiro

Key contact partners

Francisco Brito e Abreu
Francisco Sá Carneiro
Duarte Vasconcelos

Other notable firms

Abreu Cardigos & Associados' decision to merge with Rui Peixoto Duarte & Associados, effective in March 2006, added strength in the northern Portuguese city of Oporto to Abreu Cardigos' already impressive position in the local market. While the market believes the merger's effect has not yet manifested itself in increased visibility, what is certain is that the firm is well-placed to capitalise on a solid position in the coming year. Among the deal highlights, the firm acted for Lehman Brothers

on the Portuguese aspects of the acquisition and refinancing of the global Le Meridien hotel group, and advised Onyx on the sale of Ipodec and related companies.

Garrigues Leónidas Matos, the Portuguese branch of leading Spanish firm Garrigues, has enjoyed another good year. In August 2005, Diogo Leónidas Rocha and Marta Graça Rodrigues served as legal advisers to a Portuguese listed company in relation to the disposal of its media business for around €300 million, and in December, João Paulo Teixeira Matos and Mário Lino Dias teamed up to work on the restructuring of a Spanish oil group in Portugal following its acquisition of a petrol distributor in Portugal.

Three partners focus on M&A work in **Simmons & Simmons Rebelo de Sousa's** corporate and commercial department. Of these, Octávio Castelo Paulo has been the most visible on the firm's most notable deals over the past year. In May 2005 he led a team that advised CTT when it bought 51% of Mailtec, and in November acted both for Sumolis on its €426 million acquisition (through a joint venture with Caixa Geral de Depósitos) of Compal and Nutricafés, and for Blandy when it acquired a 25% stake in Porto Bay from Thomas Cook. At the time of writing, Paulo was representing BT Portugal, British Telecom's Portuguese subsidiary, on its acquisition of Radinz Portugal.

Jorge de Abreu runs M&A operations at **Abreu & Marques Vinhas e Associados**, supported by a team of three other partners and six associates. In the second half of 2005, the firm acted for the party that bought Portugal's leading chain of photo retail shops (owning more than 90 shops throughout the country), and advised the purchaser again on its acquisition of a joint controlling stake in Portugal's leading shopping centre company.

Macedo Vitorino e Associados, meanwhile, has one partner (João Macedo Vitorino) and six associates concentrating on M&A work. The practice has been busy over the past year acting for, among others, Fides Capital on the ongoing merger of Cerisol and Euroinsulators, and the management team in relation to the acquisition of a Portuguese company under a buy-in – management buyout scheme.

Project finance

Recommended firms

Tier 1

Linklaters

Morais Leitão Galvão Teles Soares da Silva & Associados

Vieira de Almeida & Associados

Tier 2

Gonçalves Pereira Castelo Branco e Associados

PLMJ – AM Pereira Sáragga Leal Oliveira Martins Júdice e Associados

Sérvulo Correia & Associados

Uría Menéndez

Tier 3

Abreu Cardigos & Associados

Barrocas Sarmiento Neves

Tier 4

Jardim Sampaio Caldas e Associados

Macedo Vitorino e Associados

Simmons & Simmons Rebelo de Sousa

Tier 5

Abreu & Marques Vinhas e Associados

António Frutuoso de Melo e Associados

Linklaters

Following Jorge Bleck's decision to return to full-time leadership of the corporate practice, Linklaters appointed Pedro Siza Vieira as managing partner of the Lisbon office in July 2006. Vieira will combine his new role with his role as head of the firm's Portuguese finance and projects practice, and it will be interesting to see how he manages to share his time between client work and new management responsibilities.

Linklaters' global projects practice is outstanding, and the Portuguese arm of this practice is no exception. The jewel in the crown this year was the firm's role advising the lenders on the €450 million financing of the Generg Renewables portfolio, a 442MW portfolio comprising 22 wind farms. The innovative transaction was the largest renewables portfolio financing in Portugal, and in March 2006 was awarded project finance deal of the year by Euromoney's *Project Finance Magazine*.

In other wind farm-related deals, Linklaters acted for Banco Espírito Santo de Investimento as agent in relation to the €60.8 million financing of the first two in a portfolio of five wind farms, with a total installed capacity of 120MW, and represented Enerpro-Proyectos de Energias on the financing of a 33MW expansion to the Candeeiros wind farm. The Candeeiros financing was notable as it was first time that financing had been made available without the borrower having legal and valid title to the land, nor a construction permit to establish the wind farm.

Linklaters has also played frequent roles on Portugal's infrastructure development projects. For example, the firm acted for railway company Fertagus in relation to the renegotiation of the Lisbon area railway concession, a three-year project that reached conclusion in June 2005, and at the time of writing was advising Metro Sul do Tejo on the renegotiation of the concession for the light railway in the south of Tagus – the first-ever renegotiation of a concession agreement of light railway in Portugal.

Private-public partnerships (PPPs) in the hospital sector have proved another fruitful source of work for the firm's projects lawyers. Espírito Santo Saúde (the leader of a bidding consortium) turned to the firm for advice in relation to its bid for the PPP of the Braga and Cascais hospitals, two of the first PPP arrangements to be set up in Portugal post-Decree Law 185/2002, which form part of a set of 10 PPPs that the Portuguese government is carrying out.

Leading lawyer

Pedro Siza Vieira

Key contact partner

Pedro Siza Vieira

Morais Leitão Galvão Teles Soares da Silva & Associados

Luís Branco heads Morais Leitão's project finance team, which comprises two partners and 12 associates. Fernanda Martins Matias joined the practice as an associate in January 2006, as a result of Morais Leitão's merger with leading Oporto firm Osório de Castro Verde Pinho Vieira Peres Lobo Xavier e Associados.

Morais Leitão's reach and expertise spans a number of sectors, making the firm "a great choice for advice no matter what the project". This reputation – gained in particular for its tendency to advise the financiers of large, complex projects – has been borne out by the firm's standout deals of the past year, all of which featured the guiding hand of the "excellent" Branco.

In the construction sector, the firm acted for Banco Comercial Português and Banco Espírito Santo on the restructuring on the €123 million project financing package granted in relation to the José Alvalade stadium (home of Sporting Lisbon, one of Portugal's biggest football clubs), and in September 2005 advised Banco Espírito Santo on its €42 million financing of the Estação Viana shopping centre, in relation to which the firm created an innovative structure for mortgage surface rights and a public domain concession.

Energy sector mandates, meanwhile, included acting for Caixa Banco de Investimento (CBI) in relation to the Tagusgas project, on which CBI provided €36.2 million-worth of financing to the concessionaire for natural gas distribution in the Tagus Valley, and – in an appearance on the other side of the negotiating table – guiding Erenova (EDP's renewable energy subsidiary) through its wind farm project, Erenova's first foray into project financing.

And in a noteworthy infrastructure matter, Morais Leitão advised the financing banks on the entire renegotiation of the Lisbon area railway concession, a three-year project that reached conclusion in June 2005 and comprised highly complex negotiations between Fertagus (the railway company) and the government.

Leading lawyer

Luís Branco

Key contact partners

Filipa Arantes Pedroso

Luís Branco

Vieira de Almeida & Associados

Manuel Protásio is one of Portugal's best-known, and best-respected, project finance lawyers, and plaudits from peers and clients were numerous. One peer described him as "a pleasure to work with on a deal", while clients noted that he is "very open, very helpful, and totally deal-oriented". The number of lawyers focusing on projects work has grown since last year; four partners and 10 associates now handle this work for the firm.

Vieira de Almeida is equally likely to be found advising banks as project companies on Portugal's largest project financing deals,

and the past year has been no exception. Among the year's bank-side highlights, Protásio led teams that acted for a syndicate in relation to various water concessions, and advised the consortium in a number of hospital development PPP projects.

On the other side of project financings, meanwhile, Vieira de Almeida acted for Geneng in relation to the €450 million financing of the Geneng Renewables portfolio, a 442MW portfolio comprising 22 wind farms. Euromoney's *Project Finance Magazine* thought highly enough of this cutting-edge transaction to present it with the award for project finance deal of the year; in terms of size, too, it was notable, being the largest renewables portfolio financing in Portugal. And in another noteworthy deal, the firm acted for Tejo Energia on a project financing matter.

Leading lawyer

Manuel Protásio

Key contacts

Paulo de Barros Baptista
Vanda Cascão
Manuel Protásio

Gonçalves Pereira Castelo Branco e Associados

Wind power projects and hospital developments are hot areas in Portugal at the moment, and Gonçalves Pereira Castelo Branco's project finance department has been successful in winning instructions to act on a number of key matters. The team has continued to benefit from the presence of Diogo Perestrelo, "a very fine lawyer" according to one client, and his "strong team" also makes the firm a good choice for consortia seeking advice on large-scale projects.

In 2005 the team acted for a consortium comprising FCC, Ramalho Rosa Cobetar-Sociedade de Construções, Misericórdia do Porto and others on the final bid for the new Portuguese hospitals concessions relating to the Hospital de Loures – the first project finance for the financing, construction and operation of a hospital in Portugal. The firm followed this up with another hospital deal, on this occasion José de Freitas spearheading the firm's advice to the consortium in relation to the €1.1 billion financing for the construction and operation of the Hospital de Braga, the first public tender on a public-private partnership basis in northern Portugal.

In the country's ever-developing renewable energy sector, meanwhile, de Freitas found himself at the helm again when the firm was instructed to act for Ecojoule Energias Renováveis in relation to its €25 million joint venture with the Babcock & Brown-owned Enersis Group to install and operate a wind farm in Portugal. And in a large cross-border infrastructure matter, Perestrelo advised a consortium led by MSF-Moniz da Maia and Serra e Fortunato-Empreiteiros in relation to the €1 billion-worth of project financing for the concession of a toll highway in Bulgaria, Bulgaria's first-ever such toll road financing.

Leading lawyers

Manuel Castelo Branco
Diogo Perestrelo
Maria João Ricou

Key contact partners

Manuel Castelo Branco
Diogo Perestrelo
Maria João Ricou

Sérvulo Correia & Associados

By its own admission Sérvulo Correia & Associados specializes in public sector project finance deals, and the past year has once again seen it win mandates on a raft of high-profile matters that secure its position in the rankings. The team, which counts eight

partners and 18 assistants, was boosted recently by the arrival of partner Sofia de Sequeira Galvão, who brought a team of team of five lawyers with her from rival firm PLMJ. The team is strong across the board, but none more so than Bernardo Diniz de Ayala, who one peer described as "the best lawyer at Sérvulo Correia ... in fact, one of the best in the country."

Given its expertise in public law, it is no surprise that Sérvulo Correia receives a lot of work from the Portuguese government. At the time of writing João Amaral e Almeida and Francisco Ferraz de Carvalho are serving as legal counsel to the government on several motorway PPPs in central and northern Portugal, including the €400 million financial rebalance and €520 million refinancing of the north concession, and the Strategic Waste Management Plan in the Azores.

Still on home turf, leading public projects lawyer Diniz de Ayala and Ferraz de Carvalho advised the government on the entire renegotiation of the Lisbon area railway concession, a three year project that reached conclusion in June 2005, acted for Banco Privado Português/Imoprivado on issues related to the design and development of a tourist development project at Vila do Bispo in the Algarve, and represented Estoril-Sol on issues related to the building of a new complex in the old Estoril Sol Hotel premises.

Sérvulo Correia's projects expertise extends to work beyond Portuguese shores, however. For example, the firm has been advising the Ministry of Foreign Affairs on the public tender for the design and construction of a new Portuguese embassy in Díli, East Timor, and has also been acting for the same client on a complex transaction related to the Portuguese embassy in Berlin, which involves the swap of two valuable plots in the centre of Berlin and the design and construction of a new embassy.

The firm's international credentials are assured by its membership of business law firm network Legalink, of which Diniz de Ayala is Legalink's current chairman.

Leading lawyer

Bernardo Diniz de Ayala

Key contact partners

João Amaral e Almeida
Bernardo Diniz de Ayala
Francisco Ferraz de Carvalho

Uría Menéndez

Two partners and five associates form Uría Menéndez's project finance department, which is gaining attention in the market at a similar rate to its other areas of specialty. As one client noted, the practice is staffed by "good lawyers that support us in all our legal needs". The department's leading lawyer, Francisco Sá Carneiro, continued to attract accolades this year, being described variously as "brilliant" and "great to deal with".

Sá Carneiro took the lead on two projects this year. In the first, he acted for BES Investimento and Banco BPI in relation to the €65.5 million-worth of financing provided by them in relation to the construction, operation and maintenance of Companhia Logística de Combustíveis da Madeira. In the second, he advised Caixa-Banco de Investimento when it made €59.5 million-worth of financing available for the construction, operation and maintenance of the Arga, Espiga and S Paio wind farms.

Uría Menéndez's two other standout instructions were handled by the department's other leading light, Duarte Brito de Goes who, despite not having yet reached partner level, is "really good" and is "making a name for himself" in the Portuguese

projects market. In the year's second sports stadium-related deal, Sporting Clube de Portugal, one of Portugal's top football clubs, turned to Brito de Goes for advice in relation to the €115 million refinancing of its stadium. And a syndicate of banks (including Dexia, Banco BPI, Banco Comercial Português and Caja de Ahorros y Monte de Piedad de Madrid) selected him to represent them in relation to the financing of the construction, operation and maintenance of Siff's wind farm portfolio, which comprises the Candal, Coelheira, Cabril, Pinheiro, Arada and S Pedro wind farms.

Leading lawyer

Francisco Sá Carneiro

Key contacts

Francisco Sá Carneiro
Duarte Brito de Goes

Abreu Cardigos & Associados

Abreu Cardigos & Associados boasts a solid project finance department, headed by Miguel Castro Pereira. Client satisfaction as to the firm's standard of service continues to be high, one client remarking that "their response time is very good" and another focusing on the "experience and reliability" of Pereira.

Abreu Cardigos is often found advising on hotel and tourism-related projects, although like most of the top firms it has also played a key part in the development of Portugal's renewable energy sector.

In June 2005, Pereira – who, indeed, takes the lead on all of the firm's biggest project finance matters – acted for Corinthia Hotels International and International Hotels Investments in relation to the refinancing of the refurbishment of the largest five-star hotel in Lisbon. At the time of writing he was following this up with advice on another deal in the tourism sector, representing the Madeira Regency Group (one of the largest leisure groups in Madeira) on the refinancing of its timeshare and hotel business and commercial structure.

Among the year's other highlights, in December 2005 Abreu Cardigos' project finance team advised Hidrocentrais de Castro de Aire and Gesellschaft für Energie und Umwelttechnische Projekte on financing the construction of a number of mini-hydro power plants in Portugal, while at the time of writing Pereira and Duarte Rodrigues Silva were acting for BPN-Imofundos in relation to the financing of public maritime concessions through the incorporation of a real estate special investment fund.

Leading lawyer

Miguel Castro Pereira

Key contact partner

Miguel Castro Pereira

Other notable firms

João de Macedo Vitorino and António de Macedo Vitorino head up **Macedo Vitorino e Associados'** projects team, which counts Gamesa, Onitecom and Caixa Banco de Investimento among its clients. Over the past year it has acted for Gamesa twice – first on the €500 million development of wind farms in Portugal, and secondly in relation to the sale of a number of wind farms to Spanish electricity company Iberdrola. It also represented Onitecom and Oni in relation to the negotiation of three loan facilities worth a total of €344 million granted by a bank syndicate, and advised Caixa Banco de Investimento on the restructuring of a €182 million loan facility Cabovisão.

Simmons & Simmons Rebelo de Sousa's three-partner, seven-associate project finance operation has been busy in the

development of the country's hospitals. To date it has acted for Ferroviais Servicos and Grupo Português de Saúde on three such projects – relating to the developments of the Cascais, Braga and Vila Franca PPP hospitals. As well as its work in this area, the firm also advised Somague, Fomentinvest and Banco Espírito Santo on a bid submission relating to the development of biomass power plants.

And Jorge de Abreu's project finance department at **Abreu & Marques Vinhas e Associados** picks up its fair share of work, recently acting for one of the members of the consortium in relation to the ongoing development of a LNG unit in Angola.