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A few months after the applicable deadline, Portugal has implemented the EU directive on financial collateral arrangements (Directive 2002/47/EC). This was made through Decree Law 105/2004 of May 8 2005, which, insofar as collateral granted in the context of financial collateral arrangements is concerned, translated into big changes to the creation and enforcement of collateral compared to the general rules set out in the Portuguese Civil Code.

These changes mostly benefit financial institutions, in particular those that usually grant credit to other financial institutions, public entities and corporate clients.

Given that Portugal has opted out the exclusion from the scope of the Directive for financial collateral arrangements where one of the parties is a regular corporate entity, the enactment of the Decree is good news for those involved in corporate finance deals.

Overview of the Decree

Financial collateral arrangements

The financial collateral arrangements are characterized in light of the following aspects:

- The parties must be:
 - (a) public entities;
 - (b) the Bank of Portugal, other central banks, the ECB, the International Monetary Fund, the Bank for International Settlements, multilateral development banks, or the European Investment Bank;
 - (c) financial institutions subject to prudential supervision;
 - (d) a central counterparty, settlement agent or clearing house, including similar institutions regulated under national law acting in the futures, options and derivatives markets to the extent not covered by the applicable national legislation;
 - (e) a person, other than a natural person, who acts in a trust or representative capacity on behalf of one or more persons, including any bondholders or holders of other forms

of debt securities or any institution as defined in points (a) to (d); or

(f) corporate entities, provided that their counterparty is an entity falling within the categories listed in (a) to (e).

- The secured obligations must correspond to the delivery of cash or financial instruments (including securities).
- The assets given as collateral must be cash (that is, the balance of a bank account or similar credits) or financial instruments (including securities) and must be under the beneficiary's control (even if this is a joint control with the grantor of collateral). Portugal has opted out the exclusion of collateral consisting of own shares of the collateral-giver from the list of eligible assets.
- The provision of the collateral must be evidenced through a written document.

Financial collateral

The collateral granted in the context of the agreements that meet the necessary requirements to be regarded as financial collateral arrangements is defined as *financial collateral*, and can be construed either as a title transfer financial collateral arrangement or as a financial pledge, depending on whether the beneficiary of the collateral acquires or title to the assets given as collateral.

Title transfer financial collateral arrangements

Because the Portuguese civil code provides for a *numerus clausus* system for rights *in rem*, there had been a wide and ongoing debate as to the intrinsic validity of contractual structures resorting to fiduciary transfer concepts, such as the concept of assignment and transfer by way of security.

This new piece of legislation has – insofar as financial collateral is concerned – cleared up this matter, removing the underlying uncertainty by expressly recognizing the validity of fiduciary transfers by way of security.

Financial pledge

The financial pledge is another area where key innovations have arisen. Such innovations include the possibility of the parties agreeing:

- on the granting to the beneficiary or creditor of a right to use

(that is, dispose of) the pledged assets, notwithstanding its obligation to return equivalent assets if the security provider fulfils the secured obligations; and

- that, in an event of default, the beneficiary or creditor can apply the assets given as collateral directly towards payment for the secured obligations, with no need to resort to judicial enforcement and/or the sale of such assets. This possibility sets aside the general prohibition of direct application of assets given as security towards satisfaction of the secured obligations (*pacto comissório*) that, up to now, would apply in this type of situation.

Effectiveness of collateral on insolvency

A special regime has been adopted that safeguards the validity and effectiveness of these types of collateral in the event of insolvency of the collateral provider. The collateral is therefore valid and effective, even if it is provided on the date on which insolvency proceedings are initiated or during the hardening periods before that date.

In a nutshell, these new rules favour a speedy recovery of credits, contributing to added safety in respect of credit granting transactions that are collateralized by movable assets, as is usually the case with domestic and international corporate finance transactions.

Banking and capital markets

Recommended firms

Tier 1

Morais Leitão Galvão Teles Soares da Silva & Associados
Vieira de Almeida & Associados

Tier 2

AM Pereira Sáragga Leal Oliveira Martins Júdice e Associados (PLMJ)
Gonçalves Pereira Castelo Branco e Associados
Linklaters
Uría Menéndez

Tier 3

Abreu Cardigos & Associados
Abreu & Marques Vinhas e Associados
António Frutuoso de Melo e Associados
Simmons & Simmons Rebelo de Sousa

Tier 4

Albuquerque & Associates
Barrocas Sarmiento Neves
Coelho Ribeiro e Associados
Garrigues
Macedo Vitorino e Associados

Morais Leitão Galvão Teles Soares da Silva & Associados

The 2004 merger that created Morais Leitão has been a great success, the new firm sitting comfortably in the top tier for each of the categories in Portugal. The firm won the award for Portuguese law firm of the year at *IFLR*'s annual awards earlier this year.

Most interviewees considered it the strongest firm for banking, remarking that Morais Leitão “has a great mix after the merger” and “has gained a lot of strength and is now a good team.” Many banking and financial institutions agree, judging by the firm’s client roster. Banco Santander, Millennium BCP, Bank of New York, BNP Paribas, Portugal Telecom, Morgan Stanley, ABN Amro and UBS all seek advice from Morais Leitão.

The firm recently acted on two of Portugal’s biggest banking transactions. In the first of these, the firm represented Banco Espírito Santo, the mandated lead arranger for a syndicated loan of €2.6 billion (\$3.2 billion) to refinance the payment of Angola’s debts. This was one of the biggest syndicated loans executed in the international markets in 2004. The second big transaction involving Morais Leitão was the negotiation of two credit facilities, for a total of €2.65 billion, on behalf of Energias de Portugal (EDP).

In two other smaller (but still considerable) banking transactions, Morais Leitão advised Eurohypo Portugal on the sale of a portfolio of Portuguese market credits for €467 million, and represented a syndicate of banks (ABN Amro, BNP Paribas and Société Générale) in relation to the €450 million refinancing of Optimus, Portugal’s third-largest mobile phone operator.

The largest of the firm’s recent capital markets deals was the privatization of 11% of the share capital of EDP through a rights issue – the largest ever made in Portugal – to raise €1.2 billion. Morais Leitão advised EDP and the Portuguese government on the issue. The firm also acted in another groundbreaking deal when it represented Portugal Telecom on the structuring of the first share buyback programme concerning Euronext Lisbon-listed companies. The programme saw Portugal Telecom purchase 7% of the share capital of the company (around 88,000 shares with a value of €790 million) and then cancel those shares.

Portuguese bank Millennium BCP also sought the advice of Morais Leitão concerning an issuance of €500 million of perpetual non-cumulative guaranteed non-voting step-up preference shares. João Soares da Silva, who led the team in this and the Portugal Telecom deal, is recognized as one of the country’s top capital markets specialists. Nuno Galvão Teles is another leading name in this field.

Leading lawyers

Luís Branco
Nuno Galvão Teles
João Soares da Silva

Key contact partners

Nuno Galvão Teles
João Soares da Silva

Vieira de Almeida & Associados

Vieira de Almeida has grown rapidly over the last decade, and now has over 100 staff, including 13 partners. It is exceptionally strong in capital markets, in particular securitization, in which it advises on most of the biggest transactions in Portugal.

The list of Vieira de Almeida's recent securitization deals emphasises its dominance in this sector. Two high-profile deals on which it acted were Promise Caravela's issuance of €3.5 billion (\$4.37 billion) of PME receivables through a synthetic securitization, and a €3.4 billion mortgage receivables deal with Hipottota.

Other securitization transactions in which Vieira de Almeida provided counsel were: Lusitano Mortgages, a mortgages receivables deal worth €1.2 billion; Azor Mortgages, also involving mortgage receivables and valued at €283 million; and BPN/Chaves, which concerned an auto loans and consumer credits package worth €185 million.

The firm's banking deals are not of the same weight as those in capital markets, but it remains active. Sample transactions include advising Banco Espírito Santo and Banco Internacional de Credito on the sale of two non-performing loans for €37.8 million and €42 million, and providing counsel regarding a €2.3 million credit facility mortgage from Citigroup to Cleavant II.

Pedro Cassiano Santos heads the firm's banking and finance department, and is known for his impressive expertise and quality of service. Senior associate Paula Gomes Freire is a recognized securitization specialist.

Leading lawyer

Pedro Cassiano Santos

Key contact partner

Pedro Cassiano Santos

AM Pereira Sáragga Leal Oliveira Martins Júdice e Associados (PLMJ)

PLMJ is the largest law firm in Portugal (with 37 partners and over 150 qualified lawyers), and has a long-standing reputation for excellence in banking and finance counsel. Jorge de Brito Pereira is the star in the capital markets department, and a recognized authority on securities matters. Fernando Campos Ferreira heads the firm's banking department, ably supported by recently promoted senior partner Maria Castelos.

PLMJ advised the syndicated lead managers and arrangers (Standard Bank and Société Générale) in relation to financing Eurozinc's acquisition of Somnicor, a mining corporation, for €100 million (\$124 million). Maria Castelos led PLMJ's team, and was again the lead lawyer when PLMJ acted as local counsel to Pirelli Real Estate, advising on its joint venture with Morgan Stanley for the acquisition and management of non-performing loans. The total value of the deal was €33.5 million.

The highlight of the firm's capital markets deals was Project Eiffel – a securitization of public-private partnership contracts (PPPs). Interestingly, the €257 million transaction, arranged by Deutsche Bank, was backed only by payments due to a consortium of Portuguese engineering companies during the con-

struction phase of four motorways. The project, which was the first to monetize infrastructure construction contracts rather than use common toll-road revenues, was nominated for *IFLR's* securitization deal of the year. PLMJ acted for the consortium.

Another notable capital markets deal saw the firm represent Cimpor Financial Operations regarding the establishment of its medium-term note programme, allowing for the issue of up to €1.5 billion-worth of notes.

PLMJ has recently taken steps to expand its international affiliations. In February 2004 it signed a partnership with Rául Araújo Law in Angola, and then signed another partnership deal with Brazilian firm Tozzini Freire Teixeira e Silva in September. A month later, it established another partnership with C&C Lawyers, a law firm based in Macao.

Leading lawyers

Jorge de Brito Pereira

Fernando Campos Ferreira

Maria Castelos

Key contact partner

Jorge de Brito Pereira

Gonçalves Pereira Castelo Branco e Associados

Gonçalves Pereira Castelo Branco e Associados might not be involved in the largest banking and capital markets deals in Portugal, but it does have a number of clients who are "very impressed with the thoroughness and timely delivery of service" the firm provides. "[Gonçalves Pereira] is the most prepared, and offers the best service," says one interviewee. "Its resources are extensive and in tune, and it has excellent access to authorities such as the European Commission and the Bank of Portugal." Another states: "The depth of knowledge of their lawyers means they can provide good interpretations of the market."

Manuel Magalhães, the head of the banking department, is the regular lead lawyer when Gonçalves Pereira advises on financial transactions. Interviewees refer to him as "an outstanding professional with a deep knowledge of law, fully committed to helping clients and finding positive solutions".

The firm's largest recent deal was a €130 million (\$162 million) refinancing of a shopping centre, on which the firm advised the lender, ING Bank. Meanwhile, Banco Privado Português sought counsel from Gonçalves Pereira on the establishment of a special purpose vehicle to acquire holdings in a Portuguese listed company for €50 million, and the firm also advised WestLB on the purchase of a qualified shareholding in Banco Finantia for €17 million.

In capital markets, Gonçalves Pereira represented Rede Ferroviária Nacional (Refer) on a €600 million bond issue listed on Euronext Lisbon and on the Luxembourg Stock Exchange. Earlier it had acted for Refer on a similar €500 million bond issue. It also acted for Somague SGPS when Sacry Vallerhermoso purchased sufficient shares to give it 93.97% of Somague's share capital and voting rights.

In the area of fund management, two lawyers – Maria João Ricou and Paulo Costa Martins – stand out. Both are “highly aware of what’s going on in the international and Portuguese markets” and provide “professional and efficient service.” Additionally, one client says: “They show flawless knowledge of European legislation, and the implications of its transport to a Portuguese legal framework.”

Leading lawyers

Manuel Magalhães
Maria João Ricou

Key contact partners

Manuel Magalhães
Maria João Ricou

Linklaters

Linklaters’ banking and finance team in Portugal comprises two exceptional partners – António Soares and Pedro Siza Vieira – and 10 associates. The department is increasingly involved in international syndicated lending, and often advises on regulatory and securitization matters in capital markets, where it is said to be “first class”.

António Soares is described as a “truly excellent” capital markets lawyer, and has a wide range of experience advising on initial public offerings (IPOs) and corporate finance, as well as M&A matters. Since 1998 he has been a member of the board of directors of the Portuguese Securities Institute. Associate Rita Oliveira Pinto is also recognized for her expertise in securities market regulatory matters, and has considerable experience working with multinational investment banks and corporations. A rising star in the department is António Payan Martins, previously legal counsel at Banco Espírito Santo.

This year Linklaters advised Grupo Media Capital in relation to its €217 million (\$270 million) global IPO, an innovative deal that implemented a new structure whereby the managers borrowed shares from the selling shareholders and then sold them to their clients. With the proceeds, the managers subscribed the share capital increase of the company and returned the shares borrowed with the shares newly issued.

Another interesting transaction in which Linklaters provided counsel was the securitization of revenues from construction contracts, used to construct toll roads being built by a consortium of engineering companies. The project, with a value of €257 million, was arranged by Deutsche Bank, which Linklaters advised. As the first transaction to use the Portuguese securitization fund without also requiring an offshore issuer, the deal attracted much attention in the market, and was subsequently nominated for *IFLR*’s securitization deal of the year.

Linklaters has also been advising Semapa, a Portuguese construction corporation. It represented the company when it bought out Portucel for €1 billion (including a 30% share owned by the Portuguese Republic), and also provided counsel to Semapa when it sold 49% of its share capital in Secil to CRH for €333 million. Linklaters also acted for the European

Investment Fund in relation to the securitization of Banco Alves Pereira through a pool of loans to various companies totalling €216 million.

Other notable clients of the banking and finance department include Credit Suisse First Boston, Merrill Lynch, Barclays Capital, the Royal Bank of Scotland and Banco Santander.

Leading lawyers

António Soares
Pedro Siza Vieira

Key contact partners

Ana Santana Mendes
Pedro Siza Vieira
António Soares

Uría Menéndez

Uría Menéndez has long been a leading firm for financial counsel in Spain, but only began operations in Portugal in 1997. In 2004 it moved to strengthen its position, merging with local firm Vasconcelos F Sá Carneiro Fontes & Associados. Interviewees consider this an excellent move, one stating that “Uría Menéndez has improved dramatically after the merger, particularly in financial deals.”

The firm’s roster of Portuguese capital markets instructions over the past year certainly supports this statement. One highlight saw the firm provide counsel to the syndicated underwriters (including Goldman Sachs, Morgan Stanley and UBS) in relation to the privatization of 11% of the share capital of Energías de Portugal (EDP). At a total value of €1.2 billion (\$1.5 million), it was the largest rights issue yet in Portugal.

In another key deal for the Portuguese market, Uría Menéndez represented Sacyr Vallehermoso as the bidder in a buyout of the entire share capital of Somague SGPS. ABN Amro sought counsel from the firm when it purchased a qualified shareholding in Portugal Telecom for €335 million, and Uría Menéndez also represented Commerzbank (as issuer) and Banco de Investimento Global (as lead manager) regarding the issue and listing of plain vanilla warrants on shares worth €520 million.

Carlos Costa Andrade is the head capital markets partner at Uría Menéndez. Clients report that he “is very reliable, and has great expertise in Portuguese financial markets” and provides “an efficient and flexible service.”

In banking, meanwhile, the firm advised Fitch Ratings on Project Nicholas: the securitization of interest payments and repayments of principal of certain facility loans worth €614 million. It has also represented ABN Amro and Allgemeine HypothekenBank Rheinboden regarding credit facility agreements. Pedro Ferreira Malaquias led the team on each of these transactions.

Thanks to its reputation as one of the leading Iberian law firms, Uría Menéndez has a wealth of notable financial clients. Among these are Morgan Stanley, ABN Amro, Société Générale, BT, UBS, Banco BPI and BCP Investimento.

Leading lawyers

Carlos Costa Andrade
 Pedro Ferreira Malaquias
 Francisco Sá Carneiro

Key contact partner

Carlos Costa Andrade

Abreu Cardigos & Associados

Abreu Cardigos is “strong in capital markets,” particularly in securitization and derivatives work. International clients recommend the firm’s ability to explain the Portuguese legal system and devise solutions to potential obstacles, and praise the “direct insight” of its lawyers.

The firm has a number of high-profile capital markets clients, such as Banco Português de Negócios, Deutsche Bank and Espírito Santo Activos Financeiros (ESAF). The largest transaction the firm acted on this year was the €1 billion (\$1.235 billion) structuring of real estate fund vehicles by Espírito Santo Group, which Abreu Cardigos represented. It also advised the European Investment Fund concerning the incorporation of a venture capital fund for €100 million.

Abreu Cardigos also assisted the Hydrocontacting Group (a Portuguese producer of energy through hydroelectricity and wind farms) in relation to refinancing its international debt through a €122 million long-term international bond.

Pedro Cardigos dos Reis, who heads the firm’s banking team, is “especially helpful” in providing advice on financial services, derivatives and international contracts. He is the regular lead lawyer for many of Abreu Cardigos’s biggest banking deals, which this year included assisting the Madeira regional government with the documentation of derivative transactions, and advising Espírito Santo Group in relation to the issue of several structured financial products.

The firm also represented ESAF in connection with the incorporation and registration of the European Responsible Consumer Fund in several European countries, valued at €75 million. Abreu Cardigos also counts the Republic of Portugal among its banking clients, and recently assisted it in preparing Isma documentation for repo transactions.

As well as Pedro Cardigos dos Reis, Gonzalo Capella Gadino, who has temporarily relocated to London and New York to gain experience in securities, is “a workhorse” who, according to one client, provides his services “365, 24/7.”

Leading lawyer

Pedro Cardigo dos Reis

Key contact partners

Pedro Cardigo dos Reis
 Miguel Castro Pereira

Abreu & Marques Vinhas e Associados

Abreu & Marques boasts an excellent reputation for capital markets work. In particular, it has acted as local counsel on some of Portugal’s highest-profile euro medium-term note

(MTN) programmes. Two of these were valued at €5 billion (\$6.18 billion) each: Banco BPI’s MTN programme in May 2004, and Banco Totto’s similar programme in September 2004. In both cases Abreu & Marques advised the dealers regarding Portuguese law.

In another capital markets deal of note, the firm acted for Banco Espírito Santo in its capacity as joint-lead manager of the Republic of Portugal’s issue of €2.5 billion-worth of treasury bonds.

Leading lawyers

Afonso Barros
 Tiago Lemos

Key contact partners

Afonso Barros
 Tiago Lemos

António Frutuoso de Melo e Associados

António Frutuoso de Melo, a finance specialist with great experience counselling international banks and corporations, leads this modern banking and finance boutique. His practice offers advice on a range of financial areas, including structured finance, capital-driven instruments, derivatives and securitizations. It also provides counsel on debt products such as medium-term notes and credit-linked notes, as well as in relation to tender offers and regulatory issues.

The firm has many of the largest investment banks on its client roster, including Citigroup, JP Morgan Chase, Merrill Lynch and Société Générale. It consistently represents clients such as these on various cross-border leasing and financing transactions.

Leading lawyer

António Frutuoso de Melo

Key contact partner

António Frutuoso de Melo

Simmons & Simmons Rebelo de Sousa

Simmons & Simmons is an excellent finance outfit, and is widely considered to be one of the best choices of counsel for securitization work. The firm claims to have been involved in 70% of all securitization transactions to date in Portugal, and regularly works on deals involving new asset classes (including stock and non-performing loans) as well as being a leader in synthetic securitizations in Portugal. The nine-strong finance team also offers counsel on corporate finance, derivatives, funds and repackaging programmes.

The firm has been involved in a number of securitization firsts in Portugal. In 2005 alone, it advised Credit Suisse First Boston on the first securitization of non-performing loans, acted for DKW on the first structured finance transaction to use a rated Madeira vehicle, represented HSBC on the first conduit securitization using a Portuguese fund, and advised Société Générale on the first securitization of SME receivables. It also

acted for Deutsche Bank concerning a €400 million (\$495 million) ABS securitization for Banco Mais, and represented Parpública (a state holding company) in relation to its €500 million eurobond issue.

Interviewees praise the ability of the firm's lawyers to find solutions to complex problems. In particular, William Smithson and Alexandra Maia de Loureiro are singled out for their capacity "to think outside the box".

The firm's client roster is extremely impressive: as well as the clients already mentioned, Goldman Sachs, Bank of Tokyo Mitsubishi, BNP Paribas and Deutsche Bank all feature.

Leading lawyers

Pedro Rebelo de Souza
William Smithson

Key contact partners

Pedro Rebelo de Souza
William Smithson

Other notable firms

Barrocas Sarmento Neves was founded in 1989, and has over 70 lawyers in its offices in Lisbon, Luanda (Angola) and Maputo (Mozambique). The firm advises on numerous aspects of banking and finance law, including asset finance, derivatives, leveraged finance and securitizations), and counts Standard Chartered Bank, UBS and Lloyds Bank among its clients. It has recently advised Parmalat on the refinancing of its Portuguese subsidiary, and represented Fortis Bank and ING Bank as the Portuguese banks involved in a trade financing to a Portuguese/Brazilian group.

Garrigues, one of the largest Spanish law firms, recently followed in Spanish rival Uría Menéndez's footsteps, and now has a Portuguese office. The firm's banking and capital markets department is led by Diogo Leónidas Rocha, and the team has so far successfully advised on the €220 million (\$271 million) initial public offering of a Portuguese media company, as well as advising on two share buyback programmes, one valued at €90 million.

Macedo Vitorino e Associados has advised on some noteworthy transactions in the banking and finance sphere, representing Bank of Scotland in relation to a €235 million (\$290 million) credit facility agreement, and advising the WDAC Subsidiary Corporation on its €425 million bond issue. Other clients include Credit Suisse, Bear Stearns and Caixo Banco de Investimento.

Mergers and acquisitions

Recommended firms

Tier 1

AM Pereira Sáragga Leal Oliveira Martins Júdice e Associados (PLMJ)

Morais Leitão Galvão Teles Soares da Silva & Associados

Vieira de Almeida & Associados

Tier 2

Gonçalves Pereira Castelo Branco e Associados

Linklaters

Uría Menéndez

Tier 3

Abreu Cardigos & Associados

Garrigues

Macedo Vitorino e Associados

Simmons & Simmons Rebelo de Sousa

AM Pereira Sáragga Leal Oliveira Martins Júdice e Associados (PLMJ)

Until recently PLMJ stood alone as the clear leader for M&A counsel in Portugal. The gap has lessened recently, though, as Vieira de Almeida has gained strength and Morais Leitão has prospered after its merger. But there is no denying that the firm's M&A department is still hugely respected, and is involved in many of Portugal's most interesting deals.

Foremost among these was Shell Petroleum's sale of all its interests in Portugal (except for LPG and lubricants) to Repsol YPF for an undisclosed amount. PLMJ provided local counsel to Shell regarding the transfer of its oil retail, commercial, aviation and marines businesses. In another high-profile deal, PLMJ assisted Unilever and Jerónimo Martins in relation to the negotiation of contracts regarding the acquisition of Unilever Bestfoods Portugal by Fima VG (a joint undertaking of Jerónimo Martins and Unilever Group), and the rebalancing of joint venture stakes in the combined foods business.

One of Portugal's largest M&A deals in 2004 was the €1.2 billion (\$1.5 billion) purchase of Gás de Portugal by a consortium of shareholders including the ENI Group, Energias de Portugal (EDP) and Rede Eléctrica Nacional (Ren). Gás de Portugal was sold off by state-owned Galp Energia. PLMJ acted for Participações Públicas, which played an instrumental role in the reorganization of Galp Energia's shareholding structure.

PLMJ also represented Lecta in its capacity as one of the bidders in the privatization of a minority shareholding in Portucel. The deal was valued at €330 million, and involved six jurisdictions. The firm also counselled Impresa when it purchased a 49% stake in SIC (a Portuguese television network) for €152.5 million.

From among the exceptional team, partner Dulce Franco was consistently praised for her activity and high level of client service, and Luís Sáragga Leal was also picked out as a highly respected M&A practitioner.

Leading lawyers

Dulce Franco
 Vasco Marques Correia
 Victor Réfega Fernandes
 Gabriela Rodrigues Martins
 Luís Sáragga Leal

Key contact partners

Francisco de Oliveira Martins
 Luís Sáragga Leal

Morais Leitão Galvão Teles Soares da Silva & Associados

According to one client, “the market leader in M&A is Morais Leitão, since it deals with the largest and most complex transactions.” Another remarked that “all the outstanding lawyers in M&A work for Morais Leitão.” While this is possibly overstating the situation slightly (PLMJ and Vieira De Almeida have equally strong practices, for example), these comments are a good indication of how highly regarded the firm is in this sector. Its consistent involvement in some of the most interesting recent transactions easily justifies its top-tier position.

The firm’s M&A department comprises 16 associates and seven partners, and is led by João Soares da Silva, who “knows a lot and has the most experience in M&A transactions of any individual.” Meanwhile, Nuno Galvão Teles, the firm’s other leading partner, “knows the law, and has good business sense – which is useful in negotiating and closing out deals.” Speaking of these two lawyers in tandem, interviewees praised their capacity for “creative solutions” and “pointing out potential problems.”

One of Morais Leitão’s biggest clients is Energías de Portugal (EDP), an electricity and gas supplier. In the last 12 months, Morais Leitão has advised EDP on three large M&A transactions. The first of these was EDP’s purchase of an additional 56.2% of the share capital of Hidroeléctrica del Cantábrico for €1.2 billion (\$1.5 billion), which allowed EDP to assume full control of the company. Morais Leitão also represented EDP in relation to its acquisition of a 33.34% shareholding in GDP, a Portuguese gas distribution corporation, for €500 million. And the firm again acted for EDP when it sold a 60% stake in Edinfor Sistemas Informáticos to LogicaCMG Corporate Holdings (LCMG) for €81 million. The sale was executed through a share purchase agreement between EDP and LCMG, which also involved reshaping the shareholder and corporate governance rules applicable to Edinfor.

Morais Leitão does not just advise EDP, of course. Among the year’s other highlights, Millennium BCP hired the firm when it sold its insurance companies to Caixa Geral de Depósitos and Group Fortis for €843 million, and Portucel also sought counsel from Morais Leitão in connection with the reprivatization of an indivisible block of shares representing 30% of the firm’s share capital, in a transaction valued at €334 million. The firm has continuously advised Portucel on its reprivatization since its launch in 1995.

Leading lawyers

Nuno Galvão Teles
 João Soares da Silva

Key contact partners

Nuno Galvão Teles
 Segismundo Pinto Basto
 João Soares da Silva

Vieira de Almeida & Associados

Vieira de Almeida’s M&A team comprises eight associates and two partners (João Vieira de Almeida and Helena Vaz Pinto). The department has been consistently active this year, advising companies such as Banco Espírito Santo, the Zimmer Group, Caja de Ahorros de Asturias and SGPICE.

The firm recently advised ENI, one of a consortium of shareholders including Energías de Portugal (EDP) and Rede Eléctrica Nacional (Ren), when it jointly acquired Gás de Portugal, a gas business previously owned by Galp Energia. At €1.2 billion (\$1.5 billion), the transaction was one of Portugal’s largest-ever M&A deals. Vieira de Almeida also represented International Power when it acquired 75% of TurboGás Energética for €205 million, and acted for Sociedade Transnacional de Desenvolvimento de Participações (STDP) concerning its acquisitions of 49% of Sociedade Central de Cervejas and 100% of Sociedade Águas do Luso for €348 million.

From among the team, João Vieira de Almeida is the star in the M&A department, and was consistently recommended for the quality of his advice, particularly in complex transactions.

Leading lawyer

João Vieira de Almeida

Key contact partners

Helena Vaz Pinto
 João Vieira de Almeida

Gonçalves Pereira Castelo Branco e Associados

In January 2005, Gonçalves Pereira merged with 15-lawyer firm Luiz Gomes & Associados to become Portugal’s second-largest law firm (behind PLMJ). Two of the partners and eight of the associates from Luiz Gomes are M&A specialists, meaning that the firm has gained considerable strength in this sector – especially when one considers that the firm has hired four other M&A associates over the past year. The department now boasts nine partners and 42 associates, and is described by interviewees as “very good and very solid.”

The largest M&A transaction the firm acted on recently was the acquisition of 49% of the share capital of Secil by CRH Europe (Gonçalves Pereira’s client) for €400 million (\$493 million). It also acted for Carlyle when it purchased several subsidiaries of the Con Agra Group for €70 million, and advised United Biscuits regarding the purchase of a plant in Triunfo by Grupo Mello for €39 million.

The latest big M&A deal the firm has worked on was the acquisition of 40% of the share capital of Auto-Estradas do Atlântico by a number of majority shareholders (whom Gonçalves Pereira advised), and the subsequent sale of those shares to Brisa.

Manuel Castelo Branco “knows the main players and entities,” and was the lead lawyer on the CRG Europe and United Biscuits transactions. Diogo Perestrelo and Frederico Pereira Coutinho also work on large M&A deals, and clients strongly recommend them too.

Leading lawyers

Manuel Castelo Branco
Frederico Pereira Coutinho
Diogo Perestrelo

Key contact partners

Manuel Castelo Branco
Frederico Pereira Coutinho
Diogo Perestrelo

Linklaters

Linklaters' M&A team has “grown a lot over the last year,” and the firm has been active across the sector, advising on a variety of cross-border transactions, many of which were among Portugal's largest and highest-profile. Jorge Bleck, “a leading light in the field,” received several enthusiastic recommendations for his capabilities in complicated privatization and takeover deals. Rising star Marcos de Sousa Monteiro, who joined Linklaters' corporate team in 2003, regularly acts on the firm's biggest M&A deals.

When state-owned Galp Energia sold its gas business (Gás de Portugal) to a conglomerate of shareholders, it hired Linklaters to protect its position from conditions imposed by the European Commission. This was one of Portugal's most notable transactions, with a final total of €1.2 billion (\$1.5 billion). Another big deal in the Portuguese market was Semapa's bid for the remaining shares of Portucel (the biggest paper and pulp producer in Portugal) after the successful acquisition of a minority stake in the company. Linklaters advised Portucel on this €1 billion multi-jurisdictional deal, successfully defending Portucel's position that the authorities should clear the transaction without declaring immediate control, avoiding a forced mandatory bid.

Linklaters advised the Carlyle Group when it put in an (ultimately unsuccessful) €845 million bid for a 45% stake in Galp Energia. This deal was complicated in the sense that it would have involved a leveraged buyout that simultaneously allowed the purchase of a 45% stake and the transfer of the Portuguese state's 55% shareholding into a new vehicle. Another transaction of note was advising Fortis Insurance when it acquired several insurance companies from Millennium BCP for €500 million.

Leading lawyer

Jorge Bleck

Key contact partner

Jorge Bleck

Uría Menéndez

Uría Menéndez gains promotion to the second tier in this year's rankings for M&A, thanks to its continued visibility on notable deals and the strong recommendations of peers and clients. “Uría Menéndez is trying very hard to expand the scope of its transactions,” says one commentator, and another states that “[the firm] now has the capacity to become a name in this area.”

The department is large, with five partners (of which Francisco Sá Carneiro the most respected) and 12 associates, all of them fluent in Portuguese and English. Given that Uría Menéndez is one of the undisputed leading M&A firms in Spain, its Portuguese office clearly has ambition to attain a similar calibre.

The transactions the practice has worked on this year attest to that ambition, and Uría Menéndez has made maximum use of its contacts with companies in Spain to drive business to the firm. For example, Uría Menéndez advised Grupo Prisa when it bought a controlling stake in Grupo Media Capital for €320 million (\$391.55 million), and represented Borealis Polímeros when it sold a petrochemical plant to Spanish corporation Repsol Química for €240 million. And when Energi E2 purchased several wind farms in Portugal, Uría Menéndez provided counsel on the negotiation of the sale and purchase agreement.

Leading lawyer

Francisco Sá Carneiro

Key contact partners

Francisco Brito e Abreu
Francisco Sá Carneiro
Duarte Vasconcelos

Other notable firms

Abreu Cardigos & Associados has seen some activity in M&A this year. For example, it advised Cable Satisfaction International and the Catalyst Capital Group on the €200 million (\$246 million) refinancing and regain of control of Cabovisão, a large Portuguese telecommunications company, and it represented Europac in relation to the €100 million acquisition of Gescartão. Miguel Castro Pereira advised on both of these transactions.

Garrigues, one of the leading M&A firms in Spain, now has a Portuguese office. Diogo Leónidas Rocha and João Paulo Teixeira de Matos are the partners charged with spearheading the firm's Portuguese M&A team, which has so far advised on the acquisition of a Portuguese subsidiary by a Spanish oil corporation for €150 million (\$185 million) and represented a Portuguese company in relation to the disposal of its media business for around €300 million.

Macedo Vitorino e Associados does some noteworthy M&A work under the guidance of João de Macedo Vitorino.

Among the year's highlights, it represented Fides Capital SCR in relation to its buyout of Cerisol Isoladores Cerâmicos, and acted for Ricoh in relation to its acquisition of Hitachi's printing business. And Apex and Cinven took advice from Macedo Vitorino in connection with their purchase of VNU World Directories.

Lastly, **Barrocas Sarmiento Neves** has some excellent commercial clients such as BT, McDonald's, Honda and Nikon. Its recent M&A work has included acting for a large Italian pharmaceutical group when it bought out a Portuguese rival, and representing HG Capital in relation to its acquisition of the Portuguese arm of the Thyssen Group.

Project finance

Recommended firms

Tier 1

AM Pereira Sáragga Leal Oliveira Martins Júdice e Associados (PLMJ)

Linklaters

Morais Leitão Galvão Teles Soares da Silva & Associados

Vieira de Almeida & Associados

Tier 2

Gonçalves Pereira Castelo Branco e Associados

Sérvulo Correia & Associados

Uría Menéndez

Tier 3

Abreu Cardigos & Associados

Barrocas Sarmiento Neves

Simmons & Simmons Rebelo de Sousa

Tier 4

Abreu & Marques Vinhas e Associados

António Frutuoso de Melo e Associados

Jardim Sampaio Caldas e Associados

Macedo Vitorino e Associados

AM Pereira Sáragga Leal Oliveira Martins Júdice e Associados (PLMJ)

Interviewees comment that PLMJ's project finance specialists "have excellent capacity and quality," and the firm maintains its ranking in the first tier this year, despite a lack of large deals (although this is, in reality, a reflection of the state of the Portuguese project finance market).

Among the year's highlights, PLMJ acted for Tecnologias Energéticas in relation to the €142 million (\$177 million) development of 11 wind farms in Portugal, and also advised Indaqua Santo Tirso on the renegotiation of a public water supply concession, financed for €18 million. It also acted for a consortium of engineering companies on Project Eiffel, a motorway construction scheme that monetized infrastructure construction contracts to back payments, rather than using common toll road revenues. The deal was worth €257 million, and was nominated for *IFLR's* securitization deal of the year. Maria Castelos, who was recently made senior partner, was the lead lawyer in each of these deals.

Leading lawyers

Fernando Campos Ferreira

Maria Castelos

Key contact partner

Fernando Campos Ferreira

Linklaters

Linklaters has been "very present in project deals" over the last year, particularly in energy and public-private partnership (PPP) matters. The project finance team only has one partner, but Pedro Siza Vieira might well be the most exceptional project finance specialist in Portugal. During *IFLR's* research he received more recommendations than any other lawyer in the country from clients and peers. Interviewees spoke of his "outstanding experience and negotiation skills" and "very good, excellent reputation." He has acted in most of the PPP projects carried out in Portugal, including the Tagus rail link, and most of the road concessions, and maintains excellent relationships with regular clients such as Credit Suisse, Barclays Capital and Enersis.

One to watch in the pool of associates under Pedro Siza Vieira is José Luís Esquivel, formerly at Simmons & Simmons Rebelo de Sousa. He has considerable experience in public procurement, and is especially good in project finance deals relating to renewable energy resources.

At the time of writing, Linklaters is advising Espírito Santo Saúde, the leader of the bidding consortium, in relation to drafting a bid that forms part of the international public tenders for the PPPs of the Loures and Cascais hospitals in Portugal. These bids are valued at €800 million (\$985 million) and €410 million respectively. It is also acting for the Republic of Portugal setting up a PPP agreement to implement an emergency telecoms system, the first PPP to be set up in Portugal after the implementation of the Decree Law of 2003.

In one standout mandate, the firm provided counsel to Deutsche Bank in its capacity as arranger and lead manager of a €257 million securitization fund drawn from a pool of four construction contracts to build toll roads. This was the first deal to monetize infrastructure construction contracts to back payments, rather than use common toll road revenues, and made the shortlist for *IFLR's* securitization deal of the year. Another high-profile deal saw the firm act for Enersis in relation to the €122 million financing of the biggest wind farm in Portugal.

Leading lawyer

Pedro Siza Vieira

Key contact partner

Pedro Siza Vieira

Morais Leitão Galvão Teles Soares da Silva & Associados

Morais Leitão, winner of *IFLR's* award for Portuguese law firm of the year, is a strong player in project finance and "able to deliver excellent legal service". The project finance group is headed by Luís Branco, one of the top Portuguese lawyers in

the field who received numerous commendations for his “excellent experience and negotiation skills.”

The largest transaction the department worked on recently was the €717 million (\$885 million) concession for the construction of the Litoral Centro motorway. Morais Leitão advised the banks financing the concession (Millennium BCPI, Caixa Banco Investimento, Banco Santander, Depfa Bank and Mizuho Bank). The firm also represented the banks underwriting two other notable transactions: Sirsp’s provision of an integrated telecommunications service for the Portuguese emergency services (for €95 million), and the concession for the development of the Fertagus rail link over the Tagus River (for €103 million).

Morais Leitão also advised AGS in its capacity as concessionaire in relation to the negotiation and €64 million financing of the Barcelos water and sewage project. Other clients of the firm include Lusoponte, BES Investimento, Abertis and Fortis Bank.

Leading lawyer

Luís Branco

Key contact partners

Filipa Arantes Pedroso

Luís Branco

Vieira de Almeida & Associados

Vieira de Almeida’s project finance department is relatively small, consisting of six associates and two partners, but is probably as active as that of any other Portuguese firm. It has recently been involved in numerous water distribution, road and rail concessions, as well as the financing of renewable energy systems. Clients are effusive about the firm’s “excellent track record” and “professional approach.”

Over the past year Vieira de Almeida has represented the sponsors in relation to two toll road concessions in Litoral Centro, valued at €764 million (\$943 million) and €360 million respectively. It also acted for the sponsors in connection with the international public tenders for the public-private partnership financings of the Loures and Cascais hospitals in Portugal, which were estimated to be valued at €800 million and €410 million respectively.

Leading lawyers

Vanda Cascão

Manuel Protásio

Key contact partners

Paulo de Barros Baptista

Vanda Cascão

Manuel Protásio

Gonçalves Pereira Castelo Branco e Associados

A big player in the Portuguese project finance market, Gonçalves Pereira Castelo Branco e Associados boasts a leading specialist in Diogo Perestrelo, and is visible in many of the most notable financing deals.

For example, the firm advised the consortium (led by Somague Concessões e Serviços) on the tender for the financing of the Litoral Centro toll highway, in a transaction reported to be worth €764 million (\$943 million). Gonçalves Pereira worked on negotiations with the sellers and on all related project finance agreements. The firm also represented a consortium of bidders on the concessions of new hospitals in Portugal, and advised Finerge on the financing agreements for several wind farms in Portugal.

Another big success for Gonçalves Pereira was its role advising the sponsors (in conjunction with Lovells) on a €1 billion toll highway concession in Bulgaria, which was closed in April 2005.

Leading lawyers

Manuel Castelo Branco

Diogo Perestrelo

Maria João Ricou

Key contact partners

Manuel Castelo Branco

Diogo Perestrelo

Maria João Ricou

Sérvulo Correia & Associados

Sérvulo Correia has made a big climb up the project finance rankings this year, with good reason. The market consensus is that the firm is now highly visible in the project finance sector, with a number of impressive clients (particularly government ministries) and a good set of experienced partners.

The firm’s activity has accelerated recently, and it has worked on a series of major infrastructure and public procurement projects in Portugal, including the construction of bridges, toll roads, prisons, railway lines, airports and hospitals. The largest of these was the introduction of tolls on Portugal’s shadow toll motorways, and the consequent refinancing of the concessionaires. The total construction costs of the motorways under the shadow toll system are estimated at €3.13 billion (\$3.84 billion).

Sérvulo Correia also advised Estradas de Portugal (EP) in relation to the €530 million refinancing of a motorway concession, and in relation to negotiating a financial rebalance agreement of a motorway concession in a deal worth €250 million). It also acted for the Portuguese Ministry of Public Transport on the renegotiation of a railway concession agreement worth €300 million.

Other project finance clients of the firm include the Portuguese Ministries of Finance and Defence, and Parpública. Sérvulo Correia is a member of Legalink, a worldwide affiliation of law firms.

Key contact partners

João Amaral e Almeida

Bernardo Diniz de Ayala

Francisco Ferraz de Carvalho

Uría Menéndez

Uría Menéndez has recently expanded its project finance team with two new associates, bringing the size of the department to 11. Interviewees are impressed by the outfit's "depth of experience" and "presence in the big projects." Some big banks appear on the firm's client roster, such as Bes Investimento, Caixa Banco de Investimento, Banco BPI and BCP Investimento.

Uría Menéndez has regularly advised these and other banks in relation to a series of windfarm developments – three recent projects were valued at €122 million (\$150 million), €89 million and €64 million. The firm also represented the banks that arranged the financing of the concession of the multifunction terminal at Sétubal Harbour, in a deal worth €14.5 million.

Francisco Sá Carneiro leads the project finance team and is recommended by several interviewees for his "availability and experience."

Leading lawyer

Francisco Sá Carneiro

Key contact partners

Mónica Carneiro Pacheco

Francisco Sá Carneiro

António Villacampa Serrano

Abreu Cardigos & Associados

Abreu Cardigos & Associados has two partners and 10 associates in its project finance department, which has maintained a high level of activity this year. Clients recommend the firm for its "good prices and very good service," and single out partner Miguel Castro Pereira as "efficient and excellent."

The firm advised Corinthia Hotels International when it purchased and refurbished the largest five-star hotel in Lisbon for €150 million (\$184 million). The transaction involved setting up a multi-jurisdictional loan and the transformation of the Portuguese company that owned the hotel into a joint-stock company.

Abreu Cardigos also assisted the Hydrocontacting Group (a Portuguese producer of energy through hydroelectricity and wind farms) in relation to the refinancing of its international debt through a long-term international bond for €122 million. In another deal in the renewable energy sector, it advised Espírito Santo Activos Financeiros (ESAF) regarding the incorporation of an investment fund and future capital fund to finance wind parks projects, in a deal valued at €100 million.

Project finance clients of the firm include Millenium BCP, Madeira Regency Group, Hidrocentrais Reunidas and Espírito Santo Resources.

Leading lawyer

Miguel Castro Pereira

Key contact partner

Miguel Castro Pereira

Barrocas Sarmento Neves

Barrocas Sarmento Neves regularly advises clients from a wide variety of industry sectors, from construction companies to government organizations, on project financing. The firm has a particularly good reputation for lending its expertise to infrastructure projects, and has worked on some of Portugal's biggest and highest-profile transactions in this field.

Barrocas Sarmento Neves is the lead adviser to Rede de Alta Velocidade (Rede) in relation to the €13 billion (\$15.95 billion) development of a high-speed rail network between Lisbon and Madrid. Although this scheme was on hold at the time of writing, it promises to be Portugal's biggest-ever infrastructure project when completed. The firm is also in the process of advising the Portuguese government on the implementation of the €7 billion public-private partnership national hospital programme, which is being developed on a DBFO concession basis, and acting for the Portuguese government on the concession contract for an urban train project.

In 2004 the firm represented Vetco Gray (a supplier of products and services for oil and gas drilling) in relation to the purchase of the upstream oil engineering support division of the ABB Group.

The firm's project finance clients include the CIT Group, MBIA, Odebrecht, Banco Efisa, RWE Energia and the Continental Carbon Company.

Leading lawyer

Jorge Sarmento Neves

Key contact partner

Jorge Sarmento Neves

Simmons & Simmons Rebelo de Sousa

Although project finance is not Simmons & Simmons' core strength in Portugal, it has nevertheless been involved in some notable transactions. At the time of writing the firm was advising GP Saúde and Ferrovial Servicios, as part of a bidding consortium, in two notable public-private partnership (PPP) matters: for Braga Hospital (valued at €1.1 billion (\$1.35 billion)), and for Cascais Hospital (at €500 million). It is also representing Banco BPI, the leader of a support banking group to a consortium, regarding the €620 million Douro Litoral motorway concession.

Partner Rui Neves Soares has extensive experience in advising on highway concessions, aviation finance, public sector management and PPPs. Before joining the Lisbon office, he was an executive director of the Portuguese National Roads Agency.

Leading lawyers

Rui Neves Soares

William Smithson

Key contact partner

William Smithson

Other notable firms

Abreu & Marques Vinhas e Associados is visible in the market, and recently acted on the purchase of a wind farm for €25 million (\$30.66 million). It also negotiated for the acquisition of a shareholding in a joint venture for a light railway system concession, and has advised on a joint venture project for natural gas exploitation in Angola.

Jardim Sampaio Caldas e Associados has two partners and two associates in its project finance department, which has recently been involved in the negotiation of contracts for Scut. Pedro Leite Alves leads the team.