

> "Funds are taking an important place in today's market - they know the situation in Spain and are trying to get significant profits fast."
> Javier Menchén
> Ramón y Cajal Abogados

that advice overnight" says Lillo. However, because funds need the advice very quickly, they are often not prepared to pay large fees, says one partner. "Because funds want the advice overnight, they are not willing to pay much money," he says.

However, another Madrid-based partner says the new players in the market ask their lawyers to work very hard and require tailor-made advice, and consequently they are "prepared to pay good fees".

Barona says that funds are keen to receive top legal advice in a very short timeframe including weekends. "They are less concerned with the fees and sometimes they even rather prefer to pay hourly rates," he says. "In this regard working for funds tend to be more rewarding for law firms although they are also more demanding."

Madalena Pizarro, Head of the Banking and Financing at CCA-Ontier, says clients continue to seek advice on refinancing and restructurings, considering that banks are still reluctant to lend money. She adds: "The truth is that not much money is going into the wider economy. The sale of banks´ assets, and in particular, non-performing loans, is still one of the key areas. Why? Not only do banks want to deleverage their balance sheets, but also, with regard to corporate loans, it allows buyers to try to control companies that are in a difficult financial situation. In some situations, the bank is not only the main creditor of such a company, but has even become its owner, which may lead to the sale of shares by the bank for a symbolic price, allowing the purchaser to obtain the effective control of such a company."

Ricardo Costa Macedo, Partner at Caiado Guerreiro, says clients are also asking for advice on transactions and projects involving the implementation of electronic pre-paid cards, e-money, the incorporation of foreign-owned subsidiaries in Portugal to provide factoring services, issuance of bonds and convertible bonds, registration of securities with the Portuguese authorities and financial restructuring assistance. He adds: "Clients are mainly worried about the stability of the market and the difficulties in accessing capital to fund their investments and request advice in order to find alternatives that best suit their investment needs."

Meanwhile, BDO Abogados Legal Department Director, Álvaro Marco, says US and Asian clients are seeking advice on mergers and acquisitions with a view to purchasing industrial companies because they understand that Spain offers good industrial prospects in addition to real estate and tourism.

Lacking confidence

Mafalda Barreto, Partner at Gómez-Acebo & Pombo, argues that the market trends have not changed and that insolvency issues are still the key area clients seek advice on. "Despite a sense that the economy is on the path to recovery, players are still very uncertain and unconfident about the future," she says. "Additionally, the fact that most of the deals are in some way related to restructuring makes tailor-made insolvency advice essential – all scenarios have to be carefully forecasted and considered when modelling investments. The age of commoditised work is over and has been replaced by a constant need for qualified and experienced senior advice."

Alexandre Jardim, Partner at Pbbr (Pedro Pinto, Bessa Monteiro, Branco, Reis, Alexandre Jardim & Associados), says that clients are mainly seeking advice on credit restructuring and credit assignment agreements. He adds that clients are also asking for advice on credit recovery and collection procedures (foreclosure and insolvency), as well as on judicial restructuring processes. Meanwhile, Jardim says banks need advice also on the disposal of non-core assets. He adds: "Most recently, we have seen Portuguese banks setting up acquisition finance or capex financing to Portuguese companies that are engaged in other markets, mainly Angola and Brazil." Jardim also says that private equity clients are asking for advice on transactions involving real estate and companies that are exposed to markets in Brazil, Asia and Europe. Gustavo Ordonhas Oliveira, partner at SRS Advogados, notes that international funds are showing an increasing interest in prime real estate, in particular assets in the commercial, retail and logistics sectors. While Uría Menéndez-Proença de Carvalho, partner Pedro Ferreira Malaquias says his firm´s clients are seeking advice on secondary sales "driven by the need to deleverage balance sheets in anticipation of Basel III requirements and the need to raise cash".

So, what does the future hold? With funds circling across Iberia as they sense an opportunity to plug a gap left by the reluctance of banks to lend, there is optimism that new lending platforms could emerge to offer much needed finance for struggling companies. However, how long the funds will remain interested is open to question, and there is a fear that they could, in time, turn their attention away from Spain and Portugal and direct it elsewhere, possibly towards Asia. But while the funds remain, lawyers say there is an opportunity to earn bigger fees than that paid by cost-cutting banks.