

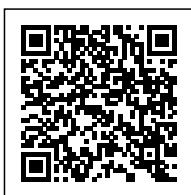
THE DISTRESSED ASSETS NOW DRIVING DEALS - FRESHFIELDS

Posted on 27/04/2010



Antoni Valverde

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Spain has enjoyed a long period of prosperity but is now experiencing a lengthy downturn, made worse by the bursting of the country's real estate bubble. But two years into the crisis new investment opportunities are appearing, and the focus is very much on distressed assets believes Antoni Valverde, corporate partner with Freshfields Bruckhaus Deringer.

'We have begun to see a considerable amount of deals originating from distressed situations, including those by foreign investors in search of Spanish market share. Prices here are beginning to look attractive and we see foreign buyers looking for bargains. But the market needs to stop falling –

Spain needs to be trusted in the international markets again.'

There needs to be a consolidated perception of Spain having hit bottom, which it may not yet have, he says. Nonetheless, the majority of M&A and corporate activity now being seen inevitably has a distressed origin. 'New deal structures largely revolve around restructuring. There is some sizeable M&A but this is classic consolidation. It is definitely a buyers' market.'

Likewise, the volume of activity driven by international private equity funds is significantly down on previous years. 'Such funds remain somewhat inhibited by the Spanish situation and there is a lot of restructuring activity for the best buy out deals. Big opportunistic funds have been looking at markets for quite some time and it seems that some may be considering buying nonperforming loans (NPLs) and other distressed assets.'

Specialist funds are though already active, he says, notably those focused on infrastructure or the energy markets while there is a perception also of a growing profile of domestic funds. Regardless of the sector, access to finance is key and deals do though now demand a broader mix of legal expertise, says Valverde. Restructuring and refinancing skills are fundamental. Firms have also to be more flexible in approaching the way they staff and manage deals. 'Clients want us to be really efficient – fee-wise too – and we have the right expertise at the right levels. Firms have to have a really good, switched-on and flexible team.'