

SLAUGHTER AND MAY

**Private Equity**



**“Slaughters are outstanding - they have a strength in depth that is almost unmatched.**

Chambers UK, 2015

**”**



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# What are you looking for? /

**Private equity firms have a high level of transactional experience and know what they want from their lawyers.**

So what is it that you are looking for? A top quality level of service which is both professional and client focused. We believe the key credentials are:

- M&A capability - The acquisition is at the very heart of the deal. The success or failure of the acquisition will have a direct impact on your return. To protect your investment you need the best M&A lawyers to handle your transaction.
- Financing expertise - Debt is an integral part of any acquisition. Debt ranges from senior bank debt to high-yield bonds and securitisation. Your financing lawyers need the experience to deal with all of this and to work as a seamless team with the acquisition lawyers.
- Equity - Relationships can be complex. You need lawyers who understand the dynamics and who can provide creative solutions to difficult problems.
- Incentivising management - Keeping management on track is critical to the health of the investment. Your lawyers need to understand what is important to management and be able to devise equity structures which satisfy both you and management.
- Exit strategy - This involves two phases: planning and preparing for the various exits; and delivering the chosen exit route. You need versatile lawyers that have experience of dealing with all exits.
- From beginning to end - The same individual lawyers handling your investment from start to finish means that you get advice from people with a thorough understanding of the investment and the company. This improves the efficiency and value of advice.
- People you can deal with - Commercial judgement, sensitivity to the issues, creative problem solving and a commitment to deliver.

This is our view of what matters. It is your view that counts.

Now, let us tell you something about us.

“  
They gave us excellent  
advice and service levels.  
”

Chambers UK, 2014

# How can we deliver? /

Slaughter and May is a leading international law firm with a worldwide corporate, commercial and finance practice. We have extensive experience and expertise in advising on all aspects of private equity work and are recognised as one of the leading players in the private equity market.

We advise on the full range of transactions from venture capital investments to large cross-border deals and from the initial investment all the way through to exit. Our expertise covers acting for private equity houses, lenders at all levels of the capital structure, companies raising equity and management teams.

We offer technical excellence in the law, a capacity for innovative thought and a positive approach. All our lawyers handle a wide range of work so that they provide not only a depth of legal expertise but also a breadth of experience and sound judgement. We place special emphasis on continuity of service so that our lawyers can develop a thorough understanding of your business. We operate so that you have the same team of senior lawyers acting for you throughout the life of each investment.

We have the global capability to provide an international service through our extensive and meaningful relationships with the world's market leading law firms. Our Private Equity Group works closely with these firms in key jurisdictions. We are not constrained by formal alliances. We are happy to introduce clients to our contacts or work with their established preferred adviser. This flexibility gives our clients the highest quality advice possible.

Our Private Equity Group was formed to focus our expertise in this area. It comprises corporate and financing partners as well as partners from specialist departments such as tax and employment. For details of deals that we have done see Appendix 1.

We have the ideal blend of skills and experience to meet your needs. Turn the pages and let us show you how we can deliver a top quality service on your private equity transactions.

**Represents sponsors and private and public companies on buyout transactions, including those at the top end of the market. Highly respected M&A and finance teams provide clients with broad structuring expertise on bespoke deals.**

Chambers UK, 2014

# The acquisition - ensuring success /

We have the strongest corporate practice in the country and are one of the top M&A law firms. Our extensive M&A capability enables us to cover a broad range of transactions including public to private deals and large cross-border transactions.

The breadth and depth of our experience in M&A means that our lawyers are particularly efficient at identifying and dealing with important legal issues that could impact on your transaction. Prompt and clear legal advice will help you make an informed assessment of the commercial risks involved. In auction situations our ability to respond in such a clear and prompt manner will ensure that you get the advantage.

Private equity M&A transactions raise their own particular issues and the areas where we believe we can add significant value include:

- Due diligence - Focusing the due diligence on the key sensitivities and delivering the results in a meaningful way.
- Corporate tax - Our Corporate Tax Group is regarded as the top London practice. It advises on both structuring and documenting M&A transactions and has extensive experience in structuring cross-border transactions to maximise tax efficiencies. The department is also involved in fund establishment. So it appreciates the complex tax requirements of some private equity investors.
- Acquisition - You can leverage off our extensive experience in negotiating and structuring the acquisition. We have particular experience on public to private transactions.
- Competition - Private equity transactions often raise competition issues. Our Competition Group is one of the leading EC and UK merger control practices.

**With Slaughter and May you get their excellent standards and the all-encompassing gold-plated client service.**

Chambers UK, 2015

# Debt finance - leveraging the deal /

We have a leading and extensive finance practice. We frequently advise on the financing of all types of private equity transactions in the UK and overseas. Our work in this area covers the full life of private equity deals from the financing of the original acquisition to refinancings, whether by way of issue of high yield bonds, securitisation or on exit.

Financings of private equity transactions are often highly structured and complex. Our experience in advising on the most complex cross-border financings makes us ideally suited for this type of work. We can provide significant value-added advice, in particular in terms of structuring the deal and devising innovative solutions to the legal and technical issues which arise.

Key aspects to financing private equity transactions include:

- Structuring the intercreditor arrangements to reflect the rights and ranking of the different debt providers and other investors.
- Arrangements for the upstreaming of funds to service mezzanine and subordinated debt.
- Covenant packages that allow borrowers the flexibility they need to run their businesses effectively, and avoid hair trigger default provisions.
- Upstream and cross-stream guarantee and security arrangements in the UK and overseas.

**“Professional, extremely hard-working and flexible.”**

Chambers Europe, 2014 (UK-wide)

# Equity - upside / downside /

Equity is the key; this is where you make your return. Equity rights protect the value of your investment and provide downside protections.

The equity structure often needs to cater for a variety of investors with different interests. We are familiar with dealing with all types of investors including vendors rolling over or trade investors, and can advise you on the implications. We also understand the need to regulate effectively your relationship with management, and for you to monitor and manage your investment. We can provide you with the legal armoury to tackle these issues.

Venture capital investments will give rise to different issues such as the vesting of management's equity, liquidation preferences and the desire for anti-dilution rights to protect existing investors on down-rounds. We have extensive experience negotiating these transactions and can advise you on all these issues.

We all know that equity investments do not remain static.

Where the business meets its targets, ratchets may be triggered. The drafting and operation of ratchets is an area where our technical expertise can really make a difference.

Where the business underperforms some form of restructuring may be required. Our corporate practice has considerable experience in all types of restructuring both on the debt and equity side and can advise on all related issues, including changes in the management team.

Whatever the situation, we have the skills and experience to protect your investment.

**Clients do not hesitate to praise the high-end, full-service firm as being 'a cut above everyone else' and the best in town'.**

Chambers UK, 2013

# Management - keeping them focused /

Getting the right management team in the first place is hard enough. The concern then will be to keep them focused and motivated. A key issue will be to ensure that the equity arrangements work properly for the management team.

It is critical that the equity is structured at the outset in a manner which meets management's needs. Our job, even when acting for you, is to understand the management equity issues (which are often tax driven) and to agree with you and deliver a package to management that works.

You may also want to incentivise some key executives to create value. This may involve some type of ratchet or share scheme. A key issue in designing such arrangements will be to ensure that they are consistent with your exit strategy.

Tax consequences will always be important. Executives will want to minimise the amount charged to income tax and maximise the capital gains tax taper relief. That may well lead to a desire for executives to acquire shares at as low a valuation as possible. You will want to ensure that the shares delivered can, however, be clawed back if individuals do not perform. That tension will involve structuring the arrangements around the UK legislation relating to restricted and conditional shares.

We have experience of advising on and structuring incentive arrangements for all types of private equity transactions, from small start-ups to large cross-border transactions. Where desirable we will also work with your accounting advisers to resolve any valuation issues.

**Slaughter and May draws on 'excellent M&A and competition credentials' which when taken in conjunction with the firm's borrower-focused finance practice, place it in a strong position to handle complex, high-value private equity deals.**

Legal 500, 2013

# Exits - covering all angles /

From the very beginning you will be planning for the exit. You will have in place an exit strategy which may contemplate a number of different exit routes. Our leading M&A practice means that our lawyers are able to handle whatever exit route you choose. Some of the options available to you are:

- Trade sales, including secondary buyouts, remain an important exit route. We have been widely recognised as the leading firm for UK M&A. The depth of our expertise enables us to advise on the largest and most complex structures. In auction situations our ability to deliver clear and prompt legal advice will ensure you keep the advantage.
- If you are contemplating an IPO, we have the experience and expertise to make it happen. We have a substantial practice in this area handling IPOs around the world and have experience of the competitive IPO process.

- Other ways of generating cash out of your investment are by refinancing or securitisation. Our finance lawyers are highly experienced in these areas. The technical excellence of our lawyers and their ability to provide practical and innovative solutions makes them ideally suited to structuring and implementing securitisations.

This is not the end of the story. We understand the dynamics of private equity transactions and how this can impact on the timing and implementation of the exit strategy. It can also lead to particular issues arising on exit. Our experience in this field and our first class corporate practice makes us an obvious choice to take you to the finishing line.

**This magic circle firm has a fantastic corporate department, enabling it to provide high-quality advice on complex private equity transactions.**

Chambers UK, 2013



# A genuinely global service /

By far the greater number of projects we work on involve a significant international or cross-border element. Every day we work in countries around the world. Transactions may involve overseas assets or buyers, sellers, investors or lenders who are not UK based. Debt financing under English law for European private equity deals is an area that we are particularly familiar with.

We provide cross-jurisdictional legal advice that genuinely reflects what 'global' means for our clients. We develop extensive and meaningful relationships with market leading firms from around the world, working with them as a single united team. These market leading law firms have acted on some of the largest European private equity transactions and include some of the leading private equity practices in Europe.

We work with like-minded experts in their own jurisdictions who have a depth of understanding that cannot be replicated, but can be shared.

The level of communication and understanding between firms and with clients runs deep.

Between firms we have made long-term investments to help foster connections at all levels, including investing in joint training, know-how and secondment programmes. In particular we share knowledge of relevant changes in law and practice and produce pan-European bulletins on topics such as Thin Capitalisation.

Together, we believe we can offer the most incisive advice available, no matter how complicated the cross-border issue whilst always providing value for money.

Examples of the relevant expertise of some of the European law firms that we regularly work with are set out in Appendix 2.

**This corporate powerhouse is on 'top of its game' and is a premier destination for borrowers seeking tailored and creative advice on complex multi-jurisdictional acquisitions.**

Chambers UK, 2013

# Appendix 1

## Deals we have done

Examples of our relevant expertise and experience include advising:

- **Apollo Investment Corporation** on the establishment of a joint venture with AMP Solar, Sustain Energy Solutions and MAP Environmental, and associated financing arrangements
- **First Reserve** in relation to its investment in the construction of a waste-to-energy facility in Dublin
- **Palamon Capital Partners** and its portfolio company, **Retail Decisions**, on the sale of Retail Decisions to ACI Worldwide for US\$205 million
- **First Reserve** on a framework agreement with Petrofac to create PetroFirst Infrastructure Partners
- **Apollo Investment Corporation** on the sale of its remaining stake in Countrywide
- **Arrow Global** and its principal shareholder, **RBS Special Opportunities Fund**, on Arrow Global's initial public offering of its ordinary shares on the London Stock Exchange
- **Infinis** and its principal shareholder, **Terra Firma**, on the initial public offering of Infinis on the London Stock Exchange
- **Corsair Capital** and **Centerbridge Partners** on a pre-IPO investment into Williams & Glyn's
- **Public Sector Pension Investment Board (PSPIB)** on PSPIB's investment, as part of a consortium alongside MBK and others, with respect to the sale of Tesco's retail business in the Republic of Korea value at £4.24 billion
- **DIDIX**, a Dutch gift card group, on the sale of tastecard and Gourmet Society Diners' Clubs to Bridgepoint Development Capital and management for an undisclosed sum
- **Temasek**, the Singapore-based investment company, on Temasek's investment, as part of a consortium alongside CVC Capital Partners and others, in Alvogen, the generic pharmaceutical company
- **Palamon Capital Partners** and **Corsair Capital** on their joint acquisition of Currencies Direct
- **Stock Spirits Group** (owned by Oaktree and management) on its IPO
- **Oaktree** and **Apollo Investment Corporation** on their sale of part of their respective stakes in Countrywide plc
- **Terra Firma** on its sale of Carmel Capital II and Phoenix Natural Gas Limited
- **Chesapeake** and its private equity owners, **Oaktree** and **Irving Place Capital**, on the disposal of the Chesapeake paperboard packaging business
- **Oaktree** on its disposal by way of block trade of a stake in Savills plc
- **Palamon Capital Partners**, on its acquisition of a majority stake in The Rug Company from its founders and private equity firm Piper
- **Countrywide** on its IPO
- **esure** on its IPO

- **Legal & General** on the acquisition of an interest in CALA Group
- **Manchester Airport Group** on its acquisition and related financing of Stansted Airport
- **Francisco Partners** on an investment by Izurium Capital in Emailvision
- **Terra Firma** on its acquisition of Four Seasons Health Care
- **Global Infrastructure Partners** on its acquisition of Edinburgh Airport
- **GS Capital Partners** and **EQT Partners** on investments made by Ontario Teachers' Pension Plan and Kirkbi Invest A/S in ISS
- **3i Infrastructure** on the acquisition of Eversholt Rail Group
- **Francisco Partners** on the recommended cash acquisition of SmartFOCUS Group
- **Resolution** on the acquisition and three-tiered debt financing of the AXA UK Life business
- **Advent International** on the sale of Takka to Apax
- **New Look** on its proposed IPO and advising **Permira** on the transaction
- **Global Infrastructure Partners** on its acquisition of London Gatwick Airport
- **Francisco Partners** as part of a consortium on a recommended offer for Dmatek
- **Global Infrastructure Partners** on the acquisition of an additional interest in London City Airport
- **Public Sector Pension Investment Board** as a consortium member on the acquisition of Angel Trains
- **Gatwick Airport Limited** (initially acquired by **Global Infrastructure Partners**) on the second single-airport securitisation in the UK
- **Songbird Estates** on the restructuring of, and acquisition financing for, **Canary Wharf** initially acquired by **Morgan Stanley Real Estate Funds**
- **Castle HoldCo 4 Ltd** on the restructuring of **Countrywide**, initially acquired by **Apollo funds**

## Appendix 2

# European law firms' deals /

Examples of the relevant expertise and experience of some of the European law firms we regularly work with include advising:

### BonelliErede

- **Mercury Italy**, an Italy-based acquisition vehicle created by Bain Capital and Advent International, on the acquisition of Istituto Centrale delle Banche Popolari Italiane for £1,541 million.
- **Fondi Italiani per le infrastrutture SGR (F2i)**, as part of a consortium, on the acquisition of a 59.3% stake in SIA, from a pool of Italian banks, for a total equity value of EUR765 million.
- **Astorg Partners** on the acquisition of Megadyne from Fondo Italiano d'Investimento for a minimum EUR400 million.
- **Ardian**, as part of a consortium, on the acquisition of a 49% stake in F2i Aeroporti from F2i Fondi Italiani per le infrastrutture SGR for £297 million.
- **BC Partners** on the acquisition of an 85% stake in Cigierre Compagnia Generale Ristorazione, from its CEO Marco Di Giusto, Camelot Holding, Paladin Capital Partners, and L Capital Management, for a consideration £212 million.

### Bredin Prat

- **Kohlberg Kravis Roberts (KKR)** on the management buyout of SMCP Group from Florac, and L Capital Management, for £556 million.
- **Blackstone Group** on the acquisition of Alliance Industrie from Weinberg Capital Partners, for an estimated value of £350 million.
- **Eurazeo** on the acquisition of a 10% stake in Desigual, via a capital increase transaction, from Thomas Meyer for £239 million.

- **Carlyle Europe Technology Partners III** on the acquisition of Cap Vert Finance from Eurazeo PME for £97 million.
- **Florac** on the acquisition of Saint Mamet from Conserves France for an undisclosed consideration.

### De Brauw

- **LP Group** on the acquisition of LeasePlan Corporation from Global Mobility Holding for £2,592 million.
- **CVC Capital Partners** on the acquisition of an approximate 40% stake in AVAST Software.
- **Waterland Private Equity Investments** on the acquisition of Attero from Noord Brabant and other shareholders of Attero, for £142 million.
- **Lone Star Funds** on the acquisition of the 27.75% stake in Globe Trade Centre, from Kardan for £134 million.
- **Buy Out Fund IV** on the management buyout of HG International from Gilde Equity Management Benelux for a minimum consideration of EUR115 million.

## Hengeler Mueller

- **CVC Capital Partners**, who together with Canada Pension Plan Investment Board, acquired ista International GmbH in a management buy-out from Charterhouse Capital Partners LLP, for a consideration of EUR3.1 billion.
- **Waterland Private Equity Fund V**, who along with Medical Properties Trust Inc, acquired Median Kliniken GmbH & Co. KG from Advent International Corporation and Marcol Group for £799 million.
- **Bain Capital Europe III** on the acquisition of a 90% stake in FTE automotive GmbH from PAI Partners, for an estimated value of EUR400 million.
- **KohlbergKravis Roberts & Co.** on a voluntary public tender offer to acquire WMF Wuerttembergische Metallwarenfabrik AG, the Frankfurt listed provider of tableware and kitchenware, for £203 million.
- **Kohlberg Kravis Roberts & Co.**, who together with Nokia Growth Partners, acquired an undisclosed stake in GetYourGuide AG, for a consideration of US\$50 million.

## Uría Menéndez

- **Blackstone Group**, who alongside Ivanhoe Cambridge, Norges Bank and Credit Agricole Assurances, signed a definitive agreement to acquire a 26.74% stake in Gecina, from Metrovacesa, for a consideration of £1,255 million.
- **Lone Star Funds** on the acquisition of Neinor from Kutxabank for a consideration of £733 million.
- **KKR Global Infrastructure Investors II** on the acquisition of an 80% stake in Gestamp Asetym Solar of Spain, from Gestamp Renewables for £513 million.
- **InvestIndustrial** on the acquisition of an 80% stake in Goldcar Renting, the Spain-based car hire company. The estimated enterprise value of Goldcar is EUR500m.
- **Eurazeo** on the acquisition of a 10% stake in Desigual, via a capital increase transaction, for £239 million.

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For further information, please speak to your usual Slaughter and May contact.

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