

**SECURITISATION AND  
STRUCTURED FINANCE UNIT**  
Recent Transactions and  
Contact Details

**DILLON**  **EUSTACE**

DUBLIN CORK BOSTON NEW YORK TOKYO



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## SECURITISATION & STRUCTURED FINANCE UNIT – RECENT TRANSACTIONS

### OUR EXPERIENCE

The members of the Dillon Eustace securitisation and structured finance team are some of the leading experts in the Irish market and are regular participants at industry events and contributors to financial publications. The firm has received a number of industry awards for its securitisation practice including the IFLR Asian Securitisation Deal of the Year for its involvement in the KAL ABS 1 transaction.

More recently, the firm acted as legal and tax counsel for Lone Star as the originator in the Bluebonnet Finance plc securitisation which won the ISR Deal of the Year award.

The firm is seen as having the leading distressed debt practice in Ireland and we have advised the foremost international groups in relation to such issues. Our distressed investment practice offers the full range of services from legal and tax due diligence to assisting with the legal and tax aspects of the acquisition structure and funding. The group also has extensive experience of advising in relation to exits via securitisation or other repackaging.

The team is also fast becoming the leading Irish advisor in the area of insurance securitisation having acted as Irish legal and tax counsel on the headline ALPS II securitisation of premia from a portfolio of US life insurance policies for SwissRe and, more recently, on a securitisation of catastrophe and aviation risk by one of the world's leading reinsurers (see further details below).

### RECENT TRANSACTIONS

The following are examples of some of the transactions that we have been involved in:

#### **Wolfhound Funding 2008–1: Bank of Scotland Ireland's EUR 4,300,000,000 RMBS transaction**

The team acted as Irish legal and tax advisors to Citicorp Trustee Company Limited in its capacity as security trustee and note trustee in relation to Bank of Scotland (Ireland)

Limited's first publicly rated residential mortgage-backed securities deal, Wolfhound Funding 2008-1.

The Wolfhound notes are set to mature 2053, the deal is rated by Moody's Investors Service and the Class A Notes are eligible for posting as collateral for investors participating in the open market operations of the Eurosystem of Central Banks.

#### **Irish Life & Permanent plc – EUR 8,000,000,000 euro-commercial paper programme**

Irish legal and tax advisors to Irish Life & Permanent plc in relation to its ECP programme. The team has advised Irish Life & Permanent on the restructuring of the programme to ensure that commercial paper (CP) issued thereunder will qualify as ECB eligible collateral. This entailed taking the unusual step of listing the CP on the Irish Stock Exchange. Dillon Eustace also acts as Irish listing agent for the programme. The programme is also STEP compliant.

#### **Bluebonnet Finance plc**

The Dillon Eustace Securitisation and Structured Finance Unit acted for Lone Star as the originator in this first ever German non-performing loan securitisation. The €1.34bn transaction, which is the largest European NPL transaction to date, refinanced a loan made by Citigroup to Lone Star to fund Lone Star's acquisition of the "Olympic" portfolio from Hypo Real Estate in November 2004. The transaction uses CMBS technology to complete what was widely acclaimed as a ground breaking transaction in the NPL sector.

#### **ABS Global Finance plc**

Dillon Eustace acted as Irish legal and tax counsel to the Issuer and as Irish listing agent in the world's first rated securitisation of trade loans.

The \$198.9m Regulation S/Rule 144A transaction was launched off a global programme, called the Citigroup Corporate and Investment Banking Asset Backed Securities Issuance Programme, and was arranged and lead managed by Citigroup Global Markets.

The CABS programme is a highly unique multi-jurisdictional structure which enables Citibank entities in a variety of Asian, Latin American, European and Middle Eastern countries to sell trade loan assets via an off-shore trust.

**Banca Monte dei Paschi di Siena S.p.A. (“BMPS”) and Monte Paschi Ireland Limited - €50,000,000,000 Debt Issuance Programme**

The firm acts as Irish legal and tax advisors to Monte Paschi Ireland Limited in relation to its €50 billion debt issuance programme which is guaranteed by BMPS and listed on the Luxembourg Stock Exchange.

**Ivory CDO Limited**

Dillon Eustace acted as Irish legal and tax counsel to the Issuer and as Irish listing agent in connection with this EUR200m securitisation of structured finance assets, including primarily residential and commercial mortgage-backed securities.

The transaction was arranged by SGAM Banque and SGAM Alternative Investments S.A. act as Collateral Manager.

**Barbican No. 1 Limited and Barbican Investments plc - US\$5,000,000,000 Secured Obligations Programme**

Irish legal and tax counsel to CIBC World Markets plc and Canadian Imperial Bank of Commerce, London Branch, as dealers under the Barbican Secured Obligation Multi-Issuer Programme arranged by Canadian Imperial Bank of Commerce, London Branch.

The firm has also been appointed as the Irish listing agent for the programme.

**CFO Premium Limited**

The firm also acted as the Irish legal and tax counsel to the issuer and Irish listing agent in connection with this €200m market value collateralised fund obligation which was issued in four rated debt tranches and one equity tranche.

This transaction was arranged by SGAM Finance and SGAM Alternative Investments S.A. act as Collateral Manager.

**German Loan Securitisation**

We also have acted for major investment bank in connection with the refinancing via a private placement of notes by an Irish SPV of a €197m financing facility granted in connection with a €1bn military housing construction project in Germany.

## INSURANCE LINKED SECURITIES TRANSACTIONS

### Securitisation of Catastrophe Reinsurance

Acted for J.P. Morgan Securities as structuring advisor in connection with a US\$220,000,000 participating note issuance by an Irish special purpose reinsurance vehicle as part of a securitisation of catastrophe and aviation risk for the world's leading global reinsurer. Dillon Eustace is also the Irish listing agent for this transaction.

### ALPS II Transaction

The Dillon Eustace Securitisation and Structured Finance Unit acted for SwissRe in its successful completion of a securitisation of future profits from a portfolio of US Life Insurance Policies. The transaction was a \$370m issue to a variety of institutional investors. It consists of four separate tranches of securities with a weighted average coupon on the notes of 6.7% and an average maturity ranging between 2 – 11 years. Two of the tranches are floating rate notes and the others carry a fixed rate coupon.

## PRIVATE EQUITY/BUY-OUT FUNDS/DISTRESSED ASSET ACQUISITION

Our structured finance group also acts for many of the leading private equity, distressed debt and buyout funds in structuring and executing structured finance transactions through Ireland. The firm has developed a particularly strong reputation in Japan and other parts of Asia for providing advice on structuring and implementation of a variety of bespoke tax efficient financing and investment structures for almost all of the large private equity/buy-out funds in Japan including numerous global players investing into Japan and Asia.

For example, in 2008 the group acted as Irish legal and tax counsel in the financing of the US\$2.4 billion acquisition by Japan's largest buyout fund of a Japanese regional bank. The transaction was Japan's biggest bank takeover in recent years.

In relation to our distressed investment practice the following are some sample transactions:

- ▣ Advising on the first public auction of Korean non-performing debt organised by Korea Asset Management Corporation (KAMCO) and numerous subsequent acquisitions and financings of distressed Korean assets.

- ▣ Advising several global distressed asset buyers on NPL and other distressed asset acquisitions and financings in Japan.
- ▣ Advising Shinsei Bank, Lone Star and others in relation to multiple European (in particular German) distressed debt acquisitions and related financings and or securitisation.
- ▣ Advising numerous investors in connection with their investments in and for the restructuring of existing structured finance deals.
- ▣ Advising numerous secondary buyers on the acquisition and financing of portfolios of distressed structured finance assets including acting as Irish legal and tax counsel in relation to the establishment of Irish special purpose vehicles for the purposes of acquiring various portfolios of European and U.S. RMBS, CMBS, CDOs and other ABS assets.

## DEBT LISTING

Dillon Eustace was the first Irish law firm to become a listing sponsor for the listing of specialist debt on the Irish Stock Exchange. We have been appointed as the Irish listing agent on a wide range of transactions including:-

## CDO/CLO TRANSACTIONS

The firm has acted as Irish listing agent for a broad range of domestic and foreign CDO issuers including the following:

- ▣ Merrill Lynch CLO 2007-1, Attentus CDO III, T 2 Income Fund CLO I Ltd, Aberdeen Loan Funding, Ltd arranged by Merrill Lynch
- ▣ Riverside Park CLO Ltd, Eastland CLO & Sandleman Finance 2006-2 Ltd arranged by Citigroup
- ▣ Pacific Pinnacle CDO Ltd arranged by Bear Stearns
- ▣ Brentwood CLO & Pinnacle Point Funding II Ltd arranged by Banc of America Securities
- ▣ Sandleman Partners CRE CDO arranged by Goldman Sachs & Citigroup
- ▣ Emporia Preferred Funding II arranged by Wachovia
- ▣ Tourmaline CDO III arranged by Deutsche Bank Securities
- ▣ Red River CLO Ltd arranged by ISIX & UBS

- ▣ Tenorite CDO I Ltd arranged by Barclays Capital
- ▣ Westchester CLO Ltd arranged by Lehman Brothers
- ▣ Empyrean Finance (Ireland) plc and Tivoli Finance arranged by JP Morgan

## EMTN & MULTI ISSUANCE PROGRAMMES

In addition to the EMTN and multi-issuance programmes listed above, the firm also acts as listing agent for the US\$10 billion Corsair Multi-issuance repack programme and for the US\$10 billion M&G Credit Finance (Ireland) plc programme both arranged by JP Morgan Securities.

## HIGH YIELD TRANSACTIONS

### **Dolphin Energy Limited**

Acted as listing agent for Dolphin Energy Limited, an Abu Dhabi issuer of senior secured obligations. The proceeds were used to fund the construction of the Taweelah Fujairah Pipeline, a key component of the Dolphin Project, which was established in 2001 to develop hydrocarbon resources in the North Field in Qatar, which is the largest non-associated gas field in the world according to the U.S. Energy Information Administration (“USEIA”). Dolphin Energy Limited was one of the first issuers to list on the Irish Stock Exchange’s newly established Global Exchange Market, which replaced the Alternative Securities Market.

### **Peermont**

Acted as listing agent for Peermont Group who listed Senior Secured and PIK Notes with the benefit of a number of subsidiary guarantees. The Peermont Group are the holder of the second largest number of casino licenses in South Africa and are also the second largest casino resort operation in Gauteng province which is South Africa’s largest casino market. Their flagship property is Emperors palace which was established in 1998 in a joint venture with Caesars World Inc of Las Vegas.

This deal was arranged by Citigroup and listed on the Irish Stock Exchange’s Alternative Securities Market.






## **Foodcorp**

Acted as listing agent for Foodcorp (Proprietary) Limited, a South African issuer, who listed First Priority Senior Secured Notes which had the benefit of a subsidiary guarantee. Foodcorp is the leading South African manufacturer of branded & private label food products. The proceeds from the offering of the notes was used to fund the acquisition of First Lifestyle who is the leading South African manufacturer in the ready to eat food products segment of the South African food industry in terms of sales volume. This deal was arranged by Citi and listed on the Alternative Securities Market.

## **TRUST TRANSACTIONS**

In addition, we act as listing agent in relation to a number of trust transactions including:-

-  NewStar Commercial Loan Trust 2007-1 arranged by JP Morgan
-  CapitalSource Commercial Loan Trust 2007-1 arranged by JP Morgan
-  Banco Invex S.A. arranged by Credit Suisse

## **WHOLE BUSINESS SECURITISATIONS**

Dillon Eustace also acted as listing agent for the following two U.S. restaurant securitisations:

### **Applebees**

This whole business securitisation involves Applebees, the largest casual dining brand in the United States. After a series of transactions in which IHOP Corp. acquired Applebee's International, Applebees International and its subsidiaries contributed their assets to newly established securitisation entities in order to collateralize the issue of nearly US\$1,800,000,000 of fixed rate notes. The notes are guaranteed by Applebees Holdings LLC and Applebee's Franchising LLC and certain notes enjoy the benefit of a financial guaranty insurance policy issued by Assured Guaranty. This deal was arranged by Lehman Brothers.

### **IHOP**


The IHOP deal involves the securitisation of the assets of the International House of Pancakes, a well-known restaurant chain in the United States. After a series of transactions,

IHOP Franchising LLC (the issuer) came to own the IHOP assets which include, among others, the franchising agreements, license agreements, development agreements, leases, IP assets and licenses, equipment leases etc.

The issuer, along with IHOP IP LLC (the co-issuer) established a programme, allowing for the issue of fixed and floating rate notes. The primary source of these notes will be payments due the issuer under franchise agreements, area license agreements, development agreements, credit agreements, profits generated in respect of product sourcing agreements, royalties, rental income due the issuer pursuant to equipment leases, rental income from real property leased to franchisees, and royalties and income pertaining to the IP assets and licensing agreements.

## KEY CONTACTS

David Dillon	
<b>Title:</b>	Senior Partner
<b>Profile:</b>	 <p>David was admitted to practice as a solicitor in 1978. He is a graduate of University College Dublin and has an MBA from Trinity College Dublin. David is a founding partner and a senior partner of Dillon Eustace where he works principally in the areas of corporate finance, financial services and banking. He worked with the international law firm of Hamada &amp; Matsumoto in Tokyo during 1983/1984. He speaks regularly at the International Bar Association and other international fora. He is also a director of a number of Irish based investment and management companies. He is a member of a number of committees and sub-committees established by the Irish Law Society relating to commercial law and financial services. He is vice chair of the Investment Funds Committee (Committee I) of the International Bar Association. He is a past chairman of the government's IFSC Funds Working Group and was an <i>ex officio</i> member of the Clearing House Group of the International Financial Services Centre.</p>
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Mark Thorne	
<b>Title:</b>	Managing Partner
<b>Profile:</b>	 <p>Mark has been with the firm since it was founded in 1992 before becoming a partner in 1999 and Managing Partner in 2004. He has broad corporate and finance experience across the range of industries. His corporate and corporate finance practice includes experience in public and private acquisitions, joint ventures and restructurings. In the structured finance area his emphasis is on local and cross border securitisation, asset and structured finance, repackaging and capital markets.</p>
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David Lawless	
<b>Title:</b>	Head of Tax Department
<b>Profile:</b>	 <p>David joined Dillon Eustace in 2004 to establish and head the firm's taxation department having spent the previous 17 years in PricewaterhouseCoopers where he became a tax partner in 1996. He has advised on all aspects of financial services (including VAT and stamp/capital duty) including structured finance transactions, investment management, capital markets, real estate, private equity, banking, treasury and reinsurance. He has written and spoken extensively on such topics and has participated in many public/private tax committees in Ireland to make it an attractive tax location. David is a member of the tax committees of the Irish Funds Industry Association, the Alternative Investment Management Association, the Irish Securitisation Forum &amp; the Law Society of Ireland.</p>
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Conor Houlihan	
<b>Title:</b>	Partner
<b>Profile:</b>	 <p>Conor joined the firm in 1998 and became a partner in 2006. Conor is a member of our Securitisation and Structured Finance Unit where he has been involved on behalf of issuers, arrangers, managers, trustees and others in a broad range of transactions including a variety of receivable, mortgage-backed and reinsurance securitisations, NPL acquisitions, CDOs, covered bonds, repackagings and a range of other capital markets transactions including numerous MTN and commercial paper programmes and other corporate offerings. From 2002 to 2004 Conor managed the firm's Tokyo office and continues to have a significant Asian focussed structured finance practice where he advises on the structuring and implementation of a variety of bespoke tax efficient financing and investment structures. Conor is a member of the Law Society of Ireland and the legal committee of the Irish Securitisation Forum.</p>
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### Contact Points

*For more details on how we can help you, to request copies of most recent newsletters, briefings or articles, or simply to be included on our mailing list going forward, please contact any of the team members below.*

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