



A Guide to  
Distressed  
Asset Investing

DILLON  EUSTACE

DUBLIN CORK BOSTON NEW YORK TOKYO



# Contents

## A Guide to Distressed Asset Investing

Dillon Eustace

Page 2

Distressed Investment Practice

Page 2

Our Clients

Page 2

Our Services

Page 2

Irish Structures

Page 3

Sample Transactions

Page 3

Contacts

Page 4

## A GUIDE TO DISTRESSED ASSET INVESTING

### Dillon Eustace

Dillon Eustace is one of Ireland's leading law firms focussing on Financial Services, Banking and Capital Markets, Corporate and M&A, Litigation and Dispute Resolution, Real Estate and Taxation.

The firm is headquartered in Dublin, Ireland and has offices in Japan and the US as well as a strategic alliance with Arendt & Medernach, a leading Luxembourg law firm.

### Distressed Investment Practice

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 brings together experienced legal and tax advisers from a number of practice groups within the firm including structured finance, banking and capital markets, taxation, insolvency and restructuring, real estate, corporate and others. In addition to our distressed investment practice, the firm also advises on the related areas of restructuring and formal insolvencies.

### Our Clients

Our clients include domestic and international banks, distressed investors, hedge funds, private equity funds and others. These include Lone Star, Shinsei Bank, Gazprombank, Citibank Trustee, Advantage Partners, TPG, The Blackstone Group, Cerberus, Fortis, Grove and others.

### Our Services

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 firm has received a number of industry awards in this area including the ISR Deal of the Year 2006 award for the Bluebonnet Finance plc securitisation where we acted as legal and tax counsel for Lone Star as originator.

## Irish Structures

While investing in distressed assets is not a recent phenomenon current market conditions are undoubtedly giving rise to increased distressed trading opportunities globally.

There are a number of different types of Irish vehicle that are used for investing in distressed assets. These range from regulated collective investment schemes to bespoke special purpose vehicles. Special purpose vehicles qualifying under Section 110 of the Taxes Consolidation Act, 1997 (as amended) (“Section 110 SPVs”) have proven particularly attractive in this regard.

As can be seen from the list of representative transactions below, the growth of our distressed investment practice and the use of Section 110 SPVs for this purpose, has tracked the emergence of distressed opportunities around the world since the 1990s. Recent events in the global debt markets have done nothing to diminish the reasons for choosing Section 110 SPVs for these types of transactions and we anticipate an increasing demand for similar structures over the coming months.

For further information on Section 110 SPVs please see our brochure entitled “Ireland as a Domicile for SPVs”.

## Sample Transactions

Examples of transactions that our distressed investment practice group has been involved in include:

- ▣ Advising on the first public auction of Korean non-performing debt organised by Korea Asset Management Corporation 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.
- ▣ Acted for Lone Star as originator in the €1.34 billion Bluebonnet Finance plc securitisation of German non-performing loans, which was the largest European NPL transaction at that time.

 CONTACT US

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This document is for information purposes only and does not purport to represent legal advice. If you have any queries or would like further information relating to any of the above matters, please refer to the contacts above or your usual contact in Dillon Eustace.

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