The Private Equity Review

Fifth Edition

Editor
Stephen L Ritchie

Law Business Research

The Private Equity Review

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Stephen L Ritchie

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EDITOR'S PREFACE

The fifth edition of *The Private Equity Review* comes on the heels of a solid but at times uneven 2015 for private equity. Deal activity and fundraising were strong in North America, Europe and Asia, but the year ended with uncertainty in the face of declining growth in China, Brazil and other developing and emerging markets, increased volatility in commodity, stock, currency and other financial markets, and deflation concerns in developed countries. Nevertheless, we expect private equity will continue to play an important role in global financial markets, not only in North America and western Europe, but also in developing and emerging markets in Asia, South America, the Middle East and Africa. As large global private equity powerhouses extend their reach into new markets, home-grown private equity firms, many of whose principals learned the business working for those industry leaders, have sprung up in many jurisdictions to compete using their local know-how.

As the industry continues to become more geographically diverse, private equity professionals need guidance from local practitioners about how to raise money and close deals in multiple jurisdictions. This review has been prepared with this need in mind. It contains contributions from leading private equity practitioners in 29 different countries, with observations and advice on private equity deal-making and fundraising in their respective jurisdictions.

As private equity has grown, it has also faced increasing regulatory scrutiny throughout the world. Adding to this complexity, regulation of private equity is not uniform from country to country. As a result, the following chapters also include a brief discussion of these various regulatory regimes.

While no one can predict exactly how private equity will fare in 2016, it can confidently be said that it will continue to play an important role in the global economy. Private equity by its very nature continually seeks out new, profitable investment opportunities, so its further expansion into growing emerging markets is also inevitable. It remains to be seen how local markets and policymakers respond.

I want to thank everyone who contributed their time and labour to making this fifth edition of *The Private Equity Review* possible. Each of them is a leader in his or her respective market, so I appreciate that they have used their valuable and scarce time to share their expertise.

Stephen L Ritchie
Kirkland & Ellis LLP
Chicago, Illinois
March 2016

Chapter 20

SPAIN

Christian Hoedl and Diana Linage[1]

I OVERVIEW

i Deal activity[2]

Investments

With €3.4 billion in aggregate investments, representing a 45 per cent year-on-year increase, 2014 marked a change in the deal activity trend after years of market downturn.

Preliminary data estimates available for 2015 suggest that, although the number of transactions increased in 2015 with respect to 2014 (with a record 632 transactions), in terms of value, investments decreased by approximately 19.5 per cent, with a total invested amount of €2.8 billion. These figures evidence a decrease in the average size of deals during 2015 (with few large deals exceeding €100 million) and renewed interest for 'mid-market' and venture-capital investments.

Most investments in 2015 (86 per cent of transactions) involved less than €5 million. There were 57 'mid-market' transactions in 2015 (primarily carried out by domestic sponsors), representing 59 per cent of the total investment value in 2015 (approximately €1.64 billion). These figures are close to pre-crisis levels in 2007.

Foreign players closed a historic number of deals (107), representing 56 per cent of the total investment value in 2015 (compared to 79 per cent in 2014), evidencing a decrease in the size of deals and particular interest in Spanish start-up companies and venture capital investments.

Domestic sponsors contributed €1.24 billion to investment value in 2015 (44 per cent of the total) which entails an increase of 71 per cent with respect to 2014, suggesting a significant increase in fundraising activities in recent years.

1 Christian Hoedl is a partner and Diana Linage is an associate at Uría Menéndez.

2 Source: Spanish Venture Capital Association (ASCRI, www.ascri.org). 2015 figures are based on preliminary estimates published by ASCRI in January 2016.

Divestments

Divestment values in 2015 stayed nearly flat in comparison with 2014, when the high water mark exceeding €4.7 billion in aggregate was reached, following the upward trend initiated in the second half of 2013.

In terms of volume, 389 divestment deals were closed in 2015, representing €4.5 billion in value (a 5 per cent decrease with respect to 2014).

Trade sales to strategic investors were once again the most frequently used divestment method (53 per cent), followed by initial public offerings (IPOs), which reached a record high in 2015 following the trend initiated in 2014, after several stagnant years lingering in the doldrums. In exchange, secondary sales to other private equity firms (5.4 per cent) decreased in 2015 with respect to 2014.

Fundraising and sponsors

A total of €3.09 billion was raised in new funds in 2015, for a decrease of approximately 37 per cent compared to the historic high in 2014. Approximately 50 per cent of this amount was raised by international funds, 44.5 per cent by private domestic sponsors and the remaining 5.5 per cent by government-sponsored funds.

ii Operation of the market

Sale processes

Auctions have re-emerged as the norm in larger transactions and those involving the most valuable assets. They are also becoming more common for mid-market transactions (due to decreased sensitivity to deal certainty as opposed to price maximisation). Proprietary transactions remain more common for small private equity (PE) transactions.

Transactions and deal negotiations continue to be protracted, and may extend far beyond six months. Sellers' pricing expectations remain high and have in most cases increased compared with 2014 and 2013. 'Bridging-the-gap' strategies therefore continue to be seen in many deals.

Proprietary deals in Spain are structured as in most European jurisdictions, including an exclusivity agreement (with a term of between one and three months, which is often extended) based on an indicative offer, followed by a due diligence phase and the negotiation of a share purchase agreement (SPA) or investment agreement. The financing banks (if any) tend to participate in the deal negotiation at a much earlier phase than before the financial crisis. In the case of minority investments, the negotiation of the shareholders' agreement (and the inclusion of minority protection in the target company's articles of association) in many cases proves more complex and time-consuming than the SPA itself.

Auction processes tend to be divided into two or three phases, in line with standards in other jurisdictions. In the first phase, potential buyers submit a non-binding, indicative offer based on their preliminary valuation of the target and setting out the likely key terms. The seller selects one or more potential buyers to enter the second stage on the basis of the non-binding offers received. In the second phase, the selected bidders are given access to a data room and other due diligence information, possibly including a vendor's due diligence report. At the end of this phase, potential buyers are required to submit a binding offer, including mark-ups of the sale documentation drafted by the seller. It is not unusual for the second phase to be followed by a third, during which the seller and the potential buyer enter into bilateral (although often non-exclusive) negotiations and a final confirmatory due diligence.

Public to private transactions include a due diligence of the listed target company (approved by the target board); and the negotiation of a transaction agreement with the independent directors of the target company or the negotiation of an 'irrevocable agreement' with the main shareholders (whereby the shareholders undertake to tender their shares in the takeover bid to be launched by the private equity fund under agreed terms), or both. Under Spanish takeover rules, break fees of up to 1 per cent of the transaction value are allowed for the first offeror. A tender offer is mandatory if the sponsor acquires a 30 per cent stake in the company (or appoints a majority of the target company directors). Certainty of funds is a key feature of the Spanish tender offer, which must include a bank guarantee for the amount of the consideration offered in the bid, if in cash. Competing bidders must be provided the same information as the initial offeror (who, under Spanish law, only has limited 'first-mover' advantages). Spanish law provides for the squeeze-out of minority shareholders if, as a consequence of the tender offer, the offeror owns 90 per cent or more of the target company's voting rights and the offer is accepted by 90 per cent or more of its addressees.

Management incentive arrangements

As in other jurisdictions, most private equity deals carried out in Spain include an incentive scheme to align the management team's interests with those of the private equity investor. The management incentive package often combines 'sweet equity' and a 'ratchet'. One traditionally used structure to implement sweet equity involves the management team's contribution to the target being made in the form of capital or common stock, while the private equity fund's contribution is divided between equity and a participating loan or preferred shares. It is not unusual for the management team to be provided financing to enable them to purchase shares in the target. The target company may provide that financing, profiting from the exception to the financial assistance prohibition that applies to employees of Spanish limited liability companies (*sociedades anónimas*). The advantage of this type of scheme for the management team is that the tax on equity-derived gains obtained upon divestment is lower than income tax on employment or director remuneration. The scheme is usually accompanied by the subscription of a shareholders' agreement including drag-along and tag-along rights and 'good and bad leaver' provisions. In most cases, the management team is also asked to provide representations and warranties on investment and upon exit (as opposed to the sponsor, who in some cases only undertakes to provide representations and warranties on title and capacity).

'Ratchets' provide the management team with a bonus payment upon exit, depending on the achievement of a minimum return for the private equity fund. The hurdle is normally an internal rate of return (IRR) of between 15 and 25 per cent or 1.5 to 3 times the money invested by the fund. To improve the tax treatment of ratchets, they are commonly implemented through a 'multi-annual bonus'. Under Spanish tax law, extraordinary gains generated over a period of more than two years may benefit from a reduction of 30 per cent for the purposes of personal income tax, which provides a significant advantage over taxation of ordinary gains; however, the application of this reduction is limited to €300,000 of bonus payments, provided that the bonus payment does not exceed €1 million.

II LEGAL FRAMEWORK

i Acquisition of control and minority stakes

Prior authorisation

As a general rule, the acquisition of control or a minority stake in a Spanish company by a private equity fund (or, indeed, any other investor) is not subject to prior authorisation (other than as may be established in the articles of association, financing or other agreements, and other arrangements applying to the target company). In particular, investments by private equity funds (or their investment vehicles) domiciled or incorporated abroad are not subject to any foreign investment authorisations (except if the fund or vehicle is domiciled in a tax haven), but they must be notified to the Investment Registry for administrative, economic and statistical purposes only. Exceptionally, foreign investments relating to, *inter alia*, air transport, radio, minerals and raw materials of strategic importance, mining rights, television, gaming, telecommunications, private security, arms and explosives for civil use and activities related to national defence must be assessed separately.

The acquisition of a significant stake in specific entities (e.g., credit institutions, insurers or investment service companies) requires prior authorisation by the corresponding regulator.

Any transaction involving a concentration exceeding the legal thresholds established by Spanish or European law requires prior notification to the antitrust authorities. Antitrust clearance is required before the transaction can be implemented. Spanish antitrust law requires the appropriate filing to be made to the National Market and Competition Commission (CNMC) if one of the following thresholds is met:

a a 30 per cent share of the national market or a defined geographical market is acquired or increased as a result of the concentration (except if the target or assets acquired in the transaction achieved a turnover in Spain of no more than €10 million in the previous financial year, and provided that the undertakings concerned do not hold, individually or in aggregate, a market share of 50 per cent or more in any affected market); or

b the combined aggregate turnover in Spain of all the undertakings during the previous financial year exceeds €240 million, provided that each of at least two of the undertakings has an aggregate turnover in Spain of more than €60 million.

For calculation purposes, turnover includes the overall sales of the economic group to which the undertaking belongs (excluding intra-group turnover). Portfolio companies are deemed to be part of the private equity fund's group. The CNMC must, within one month of notification, either clear the transaction or open an in-depth second-phase investigation if it is possible that the transaction may impede the maintenance of effective competition in the corresponding market.

If the target company holds administrative concessions, it may be necessary or advisable (depending on the specific terms of the concession contract or applicable legislation) to seek and obtain authorisation from the relevant authority for a change of control in the target, or at least to inform the authority of that change.

Concept of 'control' and takeover bids for listed companies

A private equity sponsor's effective control of a Spanish company depends on the company's articles of association, the existence of voting agreements, the composition of the board, and minority protections established by law.

In the context of listed companies, control of a listed target is deemed to exist where a person or entity, or a group of persons or entities acting in concert, directly or indirectly holds at least 30 per cent of the corresponding voting rights, or holds a stake of less than 30 per cent of the voting rights but appoints (prior to or within the 24 months following the acquisition) a majority of the target's board of directors. In these cases, control may be acquired either by directly or indirectly acquiring target securities with voting rights or entering into shareholders' or voting agreements. Mandatory bids when 'control' of a listed target is reached must be addressed to all holders of the target company's shares, convertible bonds or share subscription rights.

Minority shareholder rights

Shareholders with at least 5 per cent of the shares (whether individually or aggregately) (3 per cent for listed companies) may require the board of directors to call a general meeting and to include additional items on the agenda. The Spanish Companies Law (SCL) requires approval at the general meeting for acquisitions, disposals or transfers of material assets. Transactions involving consideration exceeding 25 per cent of the asset value reported on the company's last approved balance sheet are presumed to be material. The SCL also acknowledges that the general meeting may issue instructions to the directors of Spanish companies.

Any shareholder is entitled to request information connected to items in the agenda of a general meeting or submit any questions in writing. The board is entitled to reject information requests when it considers that the information requested would be unnecessary to protect the shareholders' rights, or if there are objective reasons to consider that the information could be used for aims unrelated to the corporate purpose or disclosure may be contrary to the interests of the company or its related companies. Disclosure cannot be denied, however, if the information is requested by shareholders representing 25 per cent of the share capital (a threshold that may be reduced to 5 per cent in the articles of association), even if disclosure is deemed detrimental to the company's interest. The breach of the information right only entitles the shareholder to demand compliance and seek indemnification, but, with certain exceptions, is not a ground to invalidate the shareholders' resolutions. Likewise, the shareholder will be liable for any damages caused by an abusive use of the information requested or when such use is detrimental to the company's interest.

Shareholders representing at least 1 per cent of the company's share capital (1 per mille in the case of listed companies) may challenge resolutions of a general meeting or the board of directors whenever contrary to the law, the company's articles of association, the general meeting or board of directors' internal regulations (as the case may be) or are detrimental to the corporate interest to the benefit of one or more shareholders or third parties. Abusive resolutions are considered to be detrimental to the corporate interest. The possibility of challenging corporate resolutions on the basis of mere formal breaches that have no relevant impact on the result of the constitution and voting of the meeting is limited under the SCL. Resolutions contrary to public policy may be challenged by any shareholder.

Finally, shareholders holding the minimum percentage to call a general meeting may bring a derivative claim on behalf of the company against any director.

Non-resident sponsors

Transaction structures for foreign PE investments are usually driven by tax factors, in particular the tax treatment of dividends and capital gains realised on exit. Spanish companies may benefit from rights deriving from EU directives, such as the Parent-Subsidiary Directive and the Merger Directive, or from Spain's 80-plus bilateral tax treaties (including the amended treaty with the United States, which favours direct investments into Spain). Spain's broad tax treaty network with Latin America makes Spain an attractive vehicle for channelling capital investments in Latin America as well as a tax-efficient exit route for EU capital investments.

ii Fiduciary duties and liabilities

Any private equity fund investing in a Spanish company must be aware of the fiduciary duties it may have as a member, or those of its directors.

Directors' duty of care is subject to a 'business judgement rule' protecting discretionary business decisions taken with a reasonable standard of diligence. The duty of loyalty comprises a wide range of duties including, *inter alia*, those regarding conflicts of interest, confidentiality, freedom of judgment and independence from instructions of, or connections with, third parties (which prohibits directors from, among other actions, receiving remuneration from third parties for their duties). The company may waive some of these duties (in particular conflicts of interest) on a case-by-case basis. Some transactions require the authorisation approved at the shareholders' meeting (e.g., to allow directors to receive remuneration from third parties, or allow the company and a director to complete a transaction which value exceeds 10 per cent of the company's assets).

It is also important for investors to bear in mind that the fiduciary duties of directors (and the liability that may result from the breach of these duties) may also extend to persons or entities acting as shadow or *de facto* directors.

The SCL also includes specific duties of loyalty for members and shareholders, including the obligation not to abuse their majority powers and the right of minority shareholders to exit the company if no dividends are distributed after five years since its incorporation (a right that is currently suspended). The courts have also upheld the members' duty of loyalty in more general terms, on the basis of concepts such as contractual good faith and the duty not to act against the company's interests and not to obtain disproportionate advantages to the detriment of the company or the other members. These duties would therefore apply to the private equity fund in its capacity as a member or shareholder of the company.

III YEAR IN REVIEW

i Recent deal activity

Major deals

Several large buyout deals were closed in 2015 (although their number and value decreased in comparison to 2014). IT products and services, health care and consumer products were the sectors most sought-after by investors. Noteworthy deals were mostly sponsored by international private equity funds including, for example, Apax Partners' acquisition of a majority stake in the real estate portal Idealista, KKR's acquisition of a majority stake in the photovoltaic company Gestamp Solar and PAI Partners' acquisition of a controlling shareholding in Geriatros (a company managing private retirement homes) from the Spanish sponsor Magnum Capital.

Mid-market activity was intense in 2015, with many important transactions sponsored either by international private equity funds or by domestic sponsors. By way of example, the Carlyle Group acquired a majority stake in Palacios Alimentación (a manufacturer and distributor of specialty Spanish food), Riverside acquired Euromed (a leading supplier of herbal products for pharmaceutical use) and Magnum Capital acquired a majority stake in the Spanish orthopaedic manufacturer Orliman.

Minority investments

Private equity funds continue to be prepared to acquire minority stakes in Spanish companies controlled by strategic shareholders or other private equity sponsors. Notable transactions in 2015 included PAI Partners' acquisition of a 40 per cent stake in Konecta (a leading company in the Business Processes Outsourcing and call centre services), the Partners Group's acquisition of a 25 per cent stake in the Spanish jewellery and accessories brand Tous and the acquisition by L Capital (sponsored by luxury group LVMH) of a 49 per cent stake in the Spanish clothing brand El Ganso.

Expansion investments

Private equity funds continue to contribute equity to finance the expansion of Spanish businesses. During 2015, several international and domestic private equity firms invested in Spanish companies to support their future growth, development and international expansion. For example, the US private equity firm Insight Venture Partners, together with Caixa Capital Risc and others invested in the Spanish second-hand market app Wallapop and Bain Capital Ventures led a round of investment in Valencia-based peerTransfer, a leading provider of global payment solutions in the education industry.

Distressed investments

2015 saw fewer transactions involving distressed real-estate assets in comparison to previous years.

This notwithstanding, SAREB (Spain's management entity for impaired real estate assets transferred by nationalised and other state-aided banks) made various divestments in 2015, including the sale of real estate assets and loans. Although sales to professional investors decreased in 2015 in comparison to 2014, SAREB is expected to continue divesting assets in the coming years through direct sales and banking asset funds (BAFs) (insolvency remote, segregated pools of assets).

Exits

As previously noted, trade sales and secondary buyouts are among the most common methods of divestment used by private equity firms. The Carlyle Group sold its stake in the cable operator Telecable de Asturias to British sponsor Zegona, CVC divested from R Cable in favour of Euskatel and Riverside divested from Orliman. Spanish sponsors Torreal, L Capital and Arta Capital exited from fashion brand Pepe Jeans and Spanish private equity fund ProA Capital divested from Clínica Eugin.

IPOs re-gained relevance in the Spanish market in 2015, fostered by improving stock market conditions. Trilantic's exit from Talgo through an IPO and the rumoured IPOs of Cortefiel and Telepizza are examples of such type of divestments.

ii Financing

The availability of acquisition financing in Spain has increased (in terms of EBITDA multiples financed by the banks) and has become easier to obtain, nearing pre-crisis levels. A wider range of alternative financing products are available to borrowers in Spain after years of limited financing sources.

Financing terms and conditions offered to sponsors remain demanding, but covenants are less onerous than a year ago. In fact, a number of deals that were largely equity financed in 2008 to 2013 were leveraged through recaps in 2014 and 2015. Banks also seem to be better prepared than before to refinance interesting leveraged investments that PE funds had hoped to refinance upon their divestment long before the agreed maturity date, which should help mitigate refinancing risk in relation to the wall of debt due in 2016.

iii Key terms of recent control transactions

Pricing formulae: locked box and bridging the gap

In a seller-friendly market, locked box price mechanisms are prevalent (as opposed to price adjustments based on completion accounts) and sometimes used in conjunction with a 'ticking fee' to capture part of the cash generated by the business after the locked box accounts date. Private equity sponsors are particularly inclined to use this formula, transferring the financial risk of the business to the buyer as of the locked box date.

On the other hand, with sellers' price expectations on the rise, bridging-the-gap strategies continue to challenge current deals. Vendor loans (subordinated to bank financing) and earn-outs based on EBITDA or other performance criteria, or dependent on the return obtained by the private equity fund upon its exit from the target, have been used in a number of private equity transactions. Minority investments and reinvestments by selling shareholders occasionally take the same approach.

Conditionality

In a pro-seller market, hell-or-high water antitrust conditions (whereby the buyer undertakes to accept any conditions imposed by the antitrust authorities to clear the transaction) are not uncommon. On the contrary, financing-out and MAC/MAE conditions and reverse break fees continue to be the exception.

Warranties

Representations and warranties, indemnities and the scope of the seller's liability continue to be among the most negotiated aspects of deals. In general, private equity funds continue to invest with robust protection from representations and warranties given by the seller (other than in secondary buyouts), and to provide only limited representations and warranties upon divestment. However, in auction processes in particular, it is not uncommon for the buyer to accept that warranties are provided as of signing only (no bring down to completion) and that the buyer's knowledge (including as a consequence of the due diligence process) excludes vendors' liability.

IV REGULATORY AND LEGAL DEVELOPMENTS

i Spanish law on private equity funds and managers

Spain finally implemented the AIFMD.[3] The law (Law 22/2014) was enacted on 12 November 2014, and applies to managers of private equity and similar closed-ended alternative investment funds (CEAIFs) incorporated or marketed in Spain. These managers must be authorised by the CNMV (the Spanish Securities Regulator). Subject to certain exceptions and particular rules, Spanish private equity funds and companies (themselves exempt from authorisation) must invest at least 60 per cent of their assets in shares, shareholder loans and instruments convertible into the equity of non-listed companies. Law 22/2014 also introduces a new type of private equity fund that invests more than 75 per cent of its assets in small and medium-sized enterprises (SMEs). The law reinforces reporting obligations, the mechanisms to monitor and prevent conflicts of interest and the rules on the approval of remuneration and incentive policies, and imposes restrictions on asset stripping and the requirement to designate depositaries. The law also grants legal recognition to the new European venture capital funds and the European social entrepreneurship funds created by EU Regulations 345/2013 and 346/2013, respectively.

Finally, the law addresses the cross-border marketing and management of CEAIFs, both by Spanish managers abroad and by AIF managers in Spain (including the use of the European passport for the marketing of European CEAIFs by managers authorised in EU Member States).

ii Tax reform

The amendments to Spanish personal and corporate income taxes (CIT) and the tax on non-resident entities entered into force in 2015 and had a significant impact on private equity transactions. Positive developments regarding CIT include the reduction of the tax rate to 25 per cent (as from 2016) and the exemption of capital gains under certain circumstances.

On the contrary, leveraged buyout (LBO) structuring has become more challenging: interest payments under certain shareholder loans are reclassified as equity income, and financial expenses related to LBO loans are deductible only up to 30 per

3 Directive 2011/61/EU on Alternative Investment Funds Managers.

cent of the operating profit of the target (or the target tax group). More importantly, the commonly used structure for the debt pushdown (the creation of a tax group or the merger of the acquisition vehicle with the target company) has been undermined by an additional limit on the tax deductibility of financial expenses: if the acquirer merges with the target, or the target is included in the acquirer's tax group, financial expenses are limited to 30 per cent of the acquirer's operating profit (i.e., the vehicle's expenses may not be offset against income generated by the target) unless the LBO loan represents less than 70 per cent of the consideration exchanged for the target and at least 5 per cent of the loan is amortised every year. In addition, goodwill resulting from a merger is no longer tax-deductible and the tax authorities and courts have denied that the merger between the acquisition vehicle and the target company is eligible for the special restructuring tax regime on the basis that the merger is tax driven and does not pursue valid business reasons.

iii Other legislative changes

The SCL was amended by Law 31/2014 to improve the corporate governance of Spanish companies (see Section II, *supra*).

Refinancing, restructurings and distressed deals have become easier to implement following two amendments to the Spanish Insolvency Law (including rules for the cram-down of dissenting creditors and for clean asset sales prior to or within insolvency).

The application of the Spanish regulations on the prevention of money laundering and the financing of terrorism to private equity firms operating in Spain has also become more stringent. The obligations imposed by these rules include identifying the persons and entities that are to take part in the transaction, cooperating with a special commission of the Bank of Spain, implementing written procedures and creating internal compliance bodies for due diligence duties.

Finally, the parliament has amended the Spanish Criminal Code and introduced significant changes on the criminal liability of legal persons and compliance standards.

V OUTLOOK

Private equity activity rebounded in 2014 and 2015, with investments in the region of €3.4 and €2.8 billion, respectively. Most private equity sponsors seem to expect this trend to continue in the future.

Spain continues to face a number of difficulties in 2016, mainly related to the global economy, domestic macroeconomic imbalances, including high unemployment and public and private debt, and increased political instability. The private equity industry itself is facing a number of challenges: competition by strategic buyers and family offices (mainly from Latin America), pressure on tax structuring and carried interest, etc.

Nevertheless, there seem to be reasons for optimism about the private equity industry. The deleveraging process by companies is expected to continue, which should lead to carve-outs and other divestments of non-core assets. Private equity funds are expected to complete long-overdue exits, which should guarantee an increasing deal flow. In addition, family-owned businesses facing succession issues should continue to be a good opportunity for private equity investments. Finally, the increasing availability of financing and the high internationalisation of many Spanish businesses should also encourage investment.

Appendix 1

ABOUT THE AUTHORS

CHRISTIAN HOEDL

Uría Menéndez

Christian Hoedl heads the M&A and private equity practice area at Uría Menéndez. He has participated in a large number of private equity deals for national and international funds, with or without a presence in Spain, both in private and P2Ps deals. Mr Hoedl has extensive experience in M&A and joint ventures, and has also advised on financing, management incentives and refinancing of portfolio companies. He is regarded as one of the leading lawyers in private equity by the main international legal directories (including *Chambers & Partners*, *PLC* and *Who's Who Legal*).

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Diana Linage is a senior associate in the M&A and private equity practice area at Uría Menéndez. She focuses her practice on M&A, private equity and corporate law. She has advised various private equity firms, both domestic and international, and has been involved in a number of the most important private equity deals in Spain.

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