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Law Business Research

Private Equity in the United Kingdom

2020 Edition

Dechert LLP

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Private Equity in the United Kingdom

Dechert partnered with *Getting the Deal Through* and *Law Business Research* on their annual Market Intelligence Private Equity Guide. The 2020 Guide invites leading practitioners to reflect on evolving legal and regulatory landscapes and global trends. Private equity experts from Dechert's Corporate, Finance, Financial Services and Tax practices in London provided the UK chapter content, which is in Q&A format and is reproduced below.

Please click here to access the full Market Intelligence Private Equity Guide.

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1. What trends are you seeing in overall activity levels for private equity buyouts and investments in your jurisdiction during the past year or so?

Jonathan Angell (JA): 2019 was another active year for private equity in the UK. Despite both the long shadow of Brexit and forecasts of an impending UK (and global) economic slowdown, transaction volumes and values continued at levels slightly lower than (but broadly comparable with) 2018. This buoyancy continued into Q1 2020. The continued intense competition for (high-quality) assets, driven by the significant levels of dry powder held by PE funds and the relative scarcity of targets, ensured that deal multiples remained historically high in the UK (and across Europe). In turn, holding periods decreased slightly in 2019 with PE sponsors taking advantage of the more favourable exit conditions. Take-private transactions remained a significant component of market activity, particularly in certain “hot” sectors/industries (such as technology and healthcare). The COVID-19 pandemic triggered the onset of a sharp recession, including the end of long bull markets. Not surprisingly, COVID-19 has been a defining influence in the UK PE market since and will also affect the outlook for 2021.

Within that broader context, the private equity market in the UK and, indeed, much of Europe and elsewhere, remains multi-layered. UK private equity sponsors have historically operated very successfully across a range of sectors at all levels, from seed and venture capital funding, to large (multi-billion-pound sterling) buyouts, including take-privates.

Historically, the UK has been the largest private equity market in Europe, with a long and proud history in welcoming private equity sponsors who are looking to fundraise and invest there. The UK also therefore has a well-established legal system and regulatory footprint to deal with various outcomes and challenges which the private equity industry may face from time to time.

COVID considerations have very much overtaken Brexit, but there remains the possibility of a post-Brexit (31 December 2020) impact on portfolio companies: potential trade tariffs may be onerous for portfolio companies in highly regulated industries (such as pharmaceutical companies) and there may be additional considerations for companies which rely heavily on imports and exports.

2. Looking at types of investments and transactions, are private equity firms primarily pursuing straight buyouts, or are other opportunities, such as minority-stake investments, partnerships or add-on acquisitions, also being explored?

JA: The outbreak of the COVID-19 pandemic interrupted the positive start to 2020 and has caused both a significant pause in deal-making and a sharp decline in transaction volumes. There are signs that market activity is picking up again, although we expect PE sponsors to remain cautious (the effects of the pandemic have focused the concerns about an anticipated period of contraction as a result of broader macroeconomic and geopolitical factors). We have seen most resilience in those industries least affected by the pandemic, such as technology, financial services and e-commerce. Levels of dry powder remain very high (and fundraising in the first half of 2020 marginally outstripped the equivalent period in 2019). But the challenge for the PE industry in 2020 and beyond will be how to deploy this capital effectively in an uncertain market.

We expect the recent trend of deploying capital in minority and non-controlling positions further down the capital structure to continue (and potentially accelerate). The challenging market conditions mean PE sponsors will continue to seek innovative investment structures to allow the deployment of capital at attractive valuations but with a greater degree of down-side protection (such as preferred equity or convertible debt).

In the past, the private equity industry in the UK has adapted and driven value creation through portfolio companies in highly focused and more innovative ways – and there is every reason to believe that it will continue to do so. This will undoubtedly give rise to conventional "add-on" acquisitions, and also platform deals where private equity sponsors rebrand an asset from the outset with a new management team. This will most likely be achieved through carve-outs of entities from large corporates. That said, the most common types of private equity transactions in the UK centre around leveraged buyouts (in the form of share and asset acquisitions), take-private transactions, refinancings, flotations and bolt-on transactions.

3. What were the recent keynote deals? And what made them stand out?

JA: Two recent deals stand out. The first is the sale by Cerberus Capital Management of Covis Pharma, a global specialty pharmaceutical company, to Apollo Global Management, Inc.

The second deal I would mention is advising GIC, the Singapore sovereign wealth fund, in the US$27 billion sale of Refinitiv by a consortium (consisting of Blackstone, an affiliate of GIC, Canada Pension Plan Investment Board and Thomson Reuters) to London Stock Exchange Group plc.

4. Does private equity M&A tend to be cross-border? What are some of the typical challenges legal advisers in your jurisdiction face in a multi-jurisdictional deal? How are those challenges evolving?

JA: On the first issue, the answer depends, in large part, on the size of deal. Venture capital investments and mid-market private equity transactions tend to have a stronger UK nexus and are often either domestic UK transactions or have limited cross-border involvement. Although somewhat a generalisation, a larger target company or business is more likely to have international operations (or plans) and therefore require cross-border expertise. In addition, many private equity funds are targeted at a specific jurisdiction or region. One trend in this respect, undoubtedly driven by investor appetite, but also by the ongoing challenge of deal origination and sourcing mentioned earlier, is the proliferation of funds focused on different geographies (emerging markets being a prime example) and non-traditional private equity areas (such as credit funds).

With regard to the second question, at its most basic, a cross-border element adds a layer of complexity. Multiple jurisdictions will almost certainly affect the tax structuring and add a layer of complexity to the debt and acquisition financing (both in terms of any debt push-down and security). The challenge is ensuring that this does not become a problem to the overall deal – either substantively or logistically. There is, simultaneously, a positive and a negative aspect to being a UK-based legal adviser. On the plus side, English law is (and, notwithstanding Brexit, should continue to be) a significant 'export' of the UK, generating many cross-border transactions and opportunities. At the same time, the 'Anglo-Saxon deal methodology' that English legal advisers typically adopt may not be familiar (or universally welcome). Whether the transaction involves working with our non-UK offices across the globe or, in jurisdictions where we do not have an office, with independent law firms (where we maintain good relationships), the objective is to identify any local law requirements quickly, and in a collaborative manner. These requirements can often be procedural or items of detail and easily solved, but, if left to linger, can become more problematic.

5. What are some of the current trends in financing for private equity transactions? Have there been any notable developments in the availability or the terms of debt financing for buyers over the past year or so?

John Markland (JM): The acquisition finance market has had a jolt with the COVID pandemic, and the full extent of the repercussions are not yet fully clear.

Prior to the pandemic the market was soaring. There was plenty of liquidity in the market, offered both by banks and by debt funds. In the bank market the vast majority of lending was cov-lite and the borrower had pushed the terms in which they could add incremental debt to levels never seen before. Although in the direct-lending market (where the lenders are funds) the figures are less readily available, it is fair to say that borrowers were getting the best terms they'd ever seen in that market too.

The COVID-19 crisis has had a dramatic effect on businesses, but as at the time of writing, government subsidy (for example loans and grants to businesses and the furlough schemes) and regulatory pressure (severe warnings to banks not to be tough on borrowers) have delayed the inevitable reckoning, and it is too soon to be able to comment on how the acquisition finance market has been changed.

6. How has the legal, regulatory and policy landscape changed during the past few years in your jurisdiction?

Daniel Hawthorne (DH): From a tax perspective there continues to be an increased policy focus on transparency, disclosure and ensuring that businesses pay what is considered to be a fair amount of tax in the correct jurisdictions. In the UK a number of new legislative provisions have derived from a commitment to implement the recommendations of the OECD's Base Erosion and Profit Shifting project. In terms of the structure and financing of private equity deals, both the anti-hybrid legislation (which seeks to counteract 'hybrid mismatches' arising from entities or instruments that are treated differently for tax purposes in different jurisdictions) and the interest barrier rules (that further limit the deductibility of corporate interest by reference to UK taxable EBITDA) continue to influence typical structures. Further limitations on the availability of double tax treaty relief from withholding tax are another indicator of the direction of travel (whether by reason of the application of the "principal purpose test" under the BEPS Multi-Lateral Instrument or more robust beneficial ownership requirements established by the EU courts in the so-called "Danish cases").

Although the tax regime applicable to private equity in the UK remains stable and the incumbent Government has signalled an intention to simplify the tax system where possible, the UK remains committed to the OECD's BEPS objectives and is expected to continue to support global measures designed to address perceived imbalances in the global tax system, all of which may contribute to additional tax complexity, at least in the short to medium term. This includes a commitment to DAC6, a new EU-wide disclosure regime which requires intermediaries and taxpayers to report details of cross-border arrangements featuring one or more "hallmarks", which will apply in the UK regardless of Brexit.

7. What are the current attitudes towards private equity among policymakers and the public? Does shareholder activism play a significant role in your jurisdiction?

JA: The typical public view is still that private equity generates significant returns for the wealthy at the expense of other stakeholders in the businesses in which they invest: they see private equity as willing to sacrifice long-term sustainability in return for short-term gains. Given that general public sentiment, some politicians and policymakers inevitably seek to garner support by pledging to clamp down on excess private equity profits. The UK private equity industry, supported by the BVCA and Invest Europe, has, over a period of time, presented a more complete picture.

Traditionally, shareholder activism has not played a significant role in the UK and Europe (at least in comparison to the U.S.). There have been a couple of notable exceptions recently in the UK (such as Electra Private Equity where, following activist pressure, Electra terminated its 40-year relationship with its investment manager) and reports suggest that investor activism has been rising in the UK (and Europe) over the past few years.

8. What levels of exit activity have you been seeing? Which exit route is the most common? Which exits have caught your eye recently, and why?

JA: As mentioned above, exits remained a focus for many UK private equity funds in 2019 and into 2020 (pre and post the onset of the pandemic). We have seen a mix of exit routes, predominantly trade, or secondary private equity, sales, but also initial public offerings (IPOs). IPO activity (private equity-related or otherwise) has fluctuated and, given the uncertainty inherent in an IPO, we expect most exits to continue to be by way of trade sale (including secondary buyout).

A recent notable example was, as mentioned above, the sale by Cerberus Capital Management of Covis Pharma, a global specialty pharmaceutical company, to Apollo Global Management, Inc.

9. Looking at funds and fundraising, does the market currently favour investors or sponsors? What are fundraising levels like now relative to the past few years?

Marianna Tothova (MT): According to *Preqin* data, the impact of COVID-19 on private equity fundraising was relatively low in Q1 2020 but in Q2, following the implementation of regional lockdowns, activity slowed down significantly. The number of private equity funds raised has decreased but the amount of the capital raised has increased compared to 2019 (by US$7.3 billion from the equivalent period last year according to *Private Equity International* data). The COVID-19 crisis has clearly further benefited the industry giants with a solid track record who will, it seems, take an even larger portion of the market in 2020 than in the years before.

On the deal side, some managers have been struggling with delays in deployment of commitments due to difficulties with due diligence processes on investments. The solution often is to extend the investment period of the fund which may, in turn, force the managers to delay the launch of new products which may further impact the industry in Q4.

Managers in certain sectors also looked to set up vehicles that would invest opportunistically during the crisis. This has mainly been the case in the private debt space where we have seen a number of pooled distressed debt funds raised in H1. In addition to that, we expect that many managers will act on an opportunistic basis, matching the right deals with the right LPs, housed in single-deal or co-invest vehicles with bespoke management and performance fee structures. Speed is of the essence in such circumstances and we believe that large managers and sophisticated LPs will benefit from these opportunities most, given their scale and resources, allowing them to perform quicker due diligence and invest on the back of wider access to capital. Smaller managers may offer interesting opportunities in certain niche geographic or sectorial areas.

According to *PitchBook* data, the share of committed capital across the private equity industry globally in H1 2020 (compared to 2019) dropped in private debt funds but there was a general uptick in the share of secondaries. The share of commitments into venture capital funds has increased compared to last year. The market share of the traditional private equity funds (while still representing the biggest share) was well off the 2019 figures.

As already mentioned, the first half of 2020 saw, on the one hand, some impressively large fund closings but, on the other hand, also slowing deal activity. The industry expects this trend to reverse towards the year end. That said, after the COVID-19 summer and the related general slow-down of activity, we are aware that a large number of managers plan to set up and close a considerable amount of new fund vehicles before the year end.

The bargaining power between investors and sponsors has been quite balanced in 2020. With the continuation of the trend of mega funds, certain sponsors have greater ability to withstand investor demands. However, with the sophistication of the industry at that scale of fundraising, investors are putting more and more pressure on the level of fees, which the GPs compensate through large fundraisings.

Aside from fees, investors continue to focus on a well-defined set of terms, track record, transparency, governance, co-investment rights and, in particular, ESG policies.

10. Talk us through a typical fundraising. What are the timelines, structures and the key contractual points? What are the most significant legal issues specific to your jurisdiction?

MT: We previously commented that there's really no such thing as a typical fundraising process and timeframes can vary dramatically. This is particularly true given the COVID-19 environment in the private equity industry, which encompasses a wide range of strategies and industries.

According to *Private Equity International* data, in H1 2020 the average time on the road for private equity funds was around 12 months, while funds raising more than US$5 billion would average around 15 months on the road. We have, however, seen some sponsors with very good to excellent track records, or sponsors with a clear and focused investment strategy combined with access to a tight and motivated group of investors, achieve a first close of a fund within six months of hitting the road and then go on to achieve their target within nine months. We believe that these timelines should generally remain the same, with perhaps the exception of Q3.

The key fundamentals of a successful fundraising remain the same: keep close to your investors and give them what they want; use a fund structure, jurisdiction and terms that are familiar and acceptable to your investors; and present your investors with a great pipeline of deals. In the COVID-19 context, we may add that if one is looking for a speedy fundraising, it might be easier to close successor funds with well-known LPs, rather than target new strategies with new investors.

Having said all this, there are basic steps all sponsors need to consider when launching a fund.

The first question centres on when the right time is to fundraise: are there restrictions in existing fund documents that prevent you from raising a new fund? Where are you in deploying the committed capital you still have? Are you coming into the market with a good (or great) exit track record? What will your investors think about capacity issues if you focus on a fundraising, leaving aside successor fund restrictions?

Once the client has decided that the time is right, we typically work with them on a teaser with key outline terms and a fund structure or, in certain circumstances, a more fully developed term sheet. The structure will have been tested and discussed from a commercial, legal, regulatory and tax perspective, to make sure that it appeals to the target investor base, but does not involve an unnecessary level of regulation, complexity and cost. The nuances inherent in that analysis have changed in the past few years, but, as before, the aim is to have a structure that fits both sponsors and investors. Here, we would of course now take into account Brexit and the related regulatory challenges, as well as the rapidly changing international tax regulation and best practices.

Testing the market may take two weeks, two months or more. Once the sponsor has identified its cornerstone investor(s) or otherwise gained some traction, we then move to full form documentation. If there is a regulatory approval process, then that will drive the timetable. If not, then we work with the sponsor and service providers to get draft documentation into a data room as quickly as is sensibly possible.

The next key step is investor negotiations. Principal-to-principal discussions normally precede our re-engagement in the process, but we then focus on agreeing amendments to constitutional documents – typically a limited partnership agreement – to the extent required, or on negotiating side-letter terms. Investors increasingly have a list of points that they intend to raise (the Institutional Limited Partners Association has done a good job of framing some of those discussions) and large investors tend to have their preferred form of side letter. The points usually break down into commercial points (e.g., key man or fee provisions, or restrictions around post-investment period drawdowns or recycling), regulatory points (such as restrictions on certain types of investment or leverage) and tax points (such as ensuring that there is adequate tax reporting and compliance). We are frequently seeing relatively detailed negotiations with one or two cornerstone investors before other first-close investors engage, particularly where those cornerstone investors are known in the market to be prepared to test terms. We are also seeing an increasing use of the "Strategic LP" concept to attract investors who are not just large investors but who are seen by the sponsor as bringing an expert perspective or other strategic value to the table. Where you have Strategic LPs, it is important to pay attention to the MFN clause in your side letter since the Strategic LP concessions will be bespoke and should not be a general MFN term.

In terms of governing law, due to Brexit but also other regulatory and tax considerations, UK fund managers might choose to use EU onshore fund vehicles. It might be required, or simply more appropriate, to subject certain agreements or constitutional documents to the local law of a foreign jurisdiction, while the management or advisory agreements as well as deal documentation usually remain governed by English law. Such choice of law clauses specifying English law as the governing law of contractual and non-contractual obligations should continue to be recognised by the EU 27 courts based on Rome I and Rome II EU Regulations. In the UK, the necessary corresponding legislation was passed in March 2019 ensuring that substantively the same rules will continue to apply in the UK in relation to choice of foreign law.

11. How closely are private equity sponsors supervised in your jurisdiction? Does this supervision impact the day-to-day business?

MT: There has, unsurprisingly, been an increase in supervision of private equity and other fund sponsors. That is entirely consistent with the direction of travel in the asset management industry in general.

Private equity sponsors located in the UK are typically regulated by the UK Financial Conduct Authority (FCA) as either investment managers (and there are a couple of types of this depending on size of funds, the investment strategy and whether there is another management entity in the fund structure) or advisers.

The rules of the FCA, which frame the conduct of private equity (and other) sponsors, are currently still based on EU legislation. The FCA has historically taken a pragmatic approach to implementation of those provisions, such as making it easy to register funds for marketing in the UK or permitting application of proportionality principles to remuneration rules.

The UK has now left the EU and entered a 'transition period' until 31 December 2020. As of September 2020, a "hard" Brexit remains a possibility. As of now, no change has been enacted to the regulatory environment, other than certain temporary permissions regimes announced by the FCA which will allow certain EU managers to continue providing services in the UK and which will allow certain EU funds to continue to be marketed in the UK for a limited period of time.

There is also no reason to expect the existing regimes to change in the near term in the UK as a result of Brexit. First of all, there are many practical and legal obstacles to the UK moving significantly towards a "regulation-lite" environment. But also, surprisingly, many market players feel that there are benefits to regulation remaining, generally, as is, since significant time and effort has already been invested to comply. However, market players would welcome certain changes such as removing the asset stripping rules under

AIFMD and removing a separate risk management function requirement for smaller managers which is perceived as disproportionate and too costly for smaller businesses. Generally, more insight into the government's thinking about the future shape of the financial regulation post-Brexit would be welcomed by the industry to allow more targeted business development and regulatory cost planning for the coming years. In any case, UK managers will have to keep a close eye on EU regulation if they plan to be active on the EU market. As a practical example we can mention that UK managers who will want to manage or market funds in the EU will have to comply with the new set of ESG rules which are entering into force in the EU in March 2021.

The industry, has, of course, been affected by the COVID-19 crisis. From the regulatory perspective, the FCA has allowed fund managers to delay compliance with certain obligations (such as SMCR deadlines or various reporting obligations) which has certainly helped navigate through difficult times when managers had to adapt to shortages of resources and the shortcomings of remote working. Looking ahead, we may only guess what the overall impact of the COVID-19 crisis on the industry will be and whether lawmakers and regulators will react to it with any additional supervisory measures.

12. What effect has the AIFMD had on fundraising in your jurisdiction?

MT: In the past, the AIFMD has pushed certain private equity sponsors to launch their funds onshore (within the EU) due to the possibility of using a pan-European marketing passport which represented a clear advantage in terms of EU fundraising in comparison with off-shore structures. Pre Brexit and during the transitional period, UK managers have been able to service such funds either as AIFMs based in the UK or as advisers or delegated portfolio managers through use of white label EU AIFMs.

The AIFMD (and other EU 27 regulation of the financial sector such as MiFID) is now, instead, raising a set of challenges as the advent of Brexit will result in the UK constituting a "third country" – meaning that without a negotiated deal of some kind it will become more difficult for UK sponsors to raise or continue to manage European funds or market to European-based investors. In order to have access to the EU market, the funds will, in all likelihood, have to be set up within the EU and UK managers will only be able to service them through an EU-based white label AIFM or will have to set up an AIFM in the EU.

Marketing and placement of the funds in the EU by UK representatives will also become more problematic in the context of Brexit and will be subject to the third country regime under MiFID. Such regime might (someday) provide a quasi-passport permitting UK investment firms to provide MiFID investment services on a cross-border basis in the EU 27. Such services could include "reception and transmission of orders" in the course of distributing and marketing of investment funds. However, any use of this regime would first require the EU Commission to adopt an "equivalence" decision which is a unilateral process. The political declaration agreed between the EU and UK committed both side to use their best endeavours to finalise their respective equivalence assessments by the end of June 2020 but Mr. Barnier made it clear in a speech in June 2020 that the EU will only grant equivalences in those areas where it is clearly in the interest of the EU. The EU has adopted no MiFID "equivalence" decisions to date.

Separately, however, the industry feels that possible future activation of a management and marketing passport for third country AIFMs (which is, in any case, currently on hold) would not represent a clear benefit for UK AIFMs. In such case, it is likely that the current possibility to access the market of the EU 27 member states on the private placement basis (which differs on a country by country basis and might be quite permissive or quite prohibitive depending on domestic regulation) would disappear and the only route for UK AIFMs to access the EU 27 market would be through voluntary full compliance with EU legislation.

13. What are the major tax issues that private equity faces in your jurisdiction? How is carried interest taxed? Do you see the current treatment potentially changing in the near future?

DH: Current challenges for private equity managers continue to derive from the measures coming out of the OECD's BEPs project. Such measures include the potential application of the UK's anti-hybrid rules (and the wider EU measures introduced under ATAD and ATAD2) to both pre-existing and new cross-border structures which in many instances will lead to a denial of UK deductions where previously they would have been available. Coupled with the consequences of the interest barrier rules, this has led to a re-evaluation of the usefulness of particular hybrid instruments and hybrid entities that were historically commonly used as part of a typical private equity investment structure. From an international point of view, attention is focused on the increased entity substance rules introduced in commonly used low-tax jurisdictions such as the Channel Islands and the Cayman Islands, and the possibility that the new rules may encourage further structures onshore.

Favourable capital gains tax treatment for carried interest remains available in the UK in certain circumstances, although a higher special rate of 28 percent applies to carried interest (as compared to the standard 20 percent rate for capital gains). In addition, consideration needs to be given to the 'income-based carried interest' regime that, broadly, looks to the weighted average investment holding period of fund investments in determining whether capital gains treatment should be available. An average investment holding period of at least 40 months is generally required for full capital gains tax treatment, with an average holding period of less than 36 months leading to full income tax treatment. These rules have introduced additional complexity and uncertainty for managers, and have obviously restricted the range of funds in respect of which tax-efficient carried interest is available. In the light of the COVID-19 pandemic, it is possible that UK tax rates may rise (particularly with regard to capital gains tax) but at the time of writing no such changes have been announced.

A new challenge in 2020 is DAC6, which requires private equity firms and funds to work with their professional advisers to identify and report any cross-border arrangements which feature one or more of the DAC6 hallmarks.

14. Looking ahead, what can we expect? What might be the main themes in the next 12 months for both private equity deal activity and fundraising?

JA: At the risk of stating the obvious: the COVID-19 pandemic and, a distant second, Brexit. Brexit, and its consequences, have been a constant refrain for the last few years (since the UK referendum in June 2016). However, (successful) private equity sponsors and investors have adjusted to the changing Brexit dynamic on several occasions. As mentioned above, we expect PE sponsors to return to deal-making in a cautious way, given the ongoing impact of, and uncertainty caused by, the COVID-19 pandemic. Last year, our view was that global events may provide significant opportunities for investors to acquire distressed assets at advantageous valuations. That has proved true – but not in the way in which we predicted. Deal teams with the deep sector expertise required to understand the effects of the pandemic on their target industry and the ability to execute transactions in distressed environments will be best placed to take advantage of the opportunities presented by corporates divesting non-core businesses to bolster their own balance sheets in response to revenues damaged by lockdown.

15. What factors make private equity practice in your jurisdiction unique?

JA: The UK private equity market remains perhaps second only to the U.S., not just in terms of size and scale, but also for its well-earned reputation for quality and innovation. It is, and seems set to remain, the largest hub for private equity in Europe, notwithstanding Brexit. This results in high levels of expertise, knowledge and efficiency throughout the UK private equity industry (from sponsors to lawyers and other advisers). When coupled with English law's predominance, owing to its international reputation as a stable, established legal and judicial system, there is a demand for UK private equity transaction methodologies, and for English law far beyond the geographic boundaries of the UK.

16. What should a client consider when choosing counsel for a complex private equity transaction in your jurisdiction?

JA: Focus on the individuals in the team.

- Who will work on your deal? At Dechert, we typically work in small, partner-led teams. The people you meet/speak to at the outset are the people who will do your work, and the partners remain hands-on throughout.
- There is no substitute for experience. Our private equity experts across the globe provide sensible, commercial (as much as legal) advice, know what matters (and what doesn't) and can anticipate issues (resolving them before they become problems).
- You need to get on with your counsel; we work hard to become part of your 'team'.

17. What interesting or unusual issues have you come across in recent matters?

JA: This is like being asked to choose a favourite child: it is impossible to single out any one as each of our current matters immediately becomes the most interesting! Every deal poses its own challenges – and hopefully rewards as those challenges are overcome. Equally, every client is unusual, and even unique. There is a thrill to advising a client with whom you have worked for many years where you actually feel a part of their business, just as there a real excitement to getting to know a new client and helping them over the finish line for the first time.

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Dechert's Private Equity Practice

Overview

For more than 35 years, Dechert has been at the forefront of advising private equity firms – long before it was called "private equity." With approximately 300 private equity and private investment clients, we are involved in a broad cross-section of transactions and can see and spot deal issues from multiple sides of the table. We have a deep understanding of the latest market terms and trends and provide creative solutions to the most complex issues in evaluating, negotiating, structuring and consummating private equity transactions.

Recent Transactions

Examples of recent transactions on which Dechert advised include:

- **ArchiMed** on the acquisition of Direct Healthcare Group from NorthEdge Capital.
- **Cerberus Capital Management** on the sale of Covis Pharma to Apollo Global Management.
- **Endless** on the acquisition of Hovis, a leading UK-based bakery brand.
- **GIC** (as a member of the Blackstone consortium) on the US$27 billion sale of Refinitiv to the London Stock Exchange Group plc.
- **Mid Europa Partners** on the acquisition and financing of Mlinar, a leading bakery retail and wholesale business in Croatia.
- **SK hynix** Inc. as part of a Bain Capital-led consortium in connection with the completed US$18 billion acquisition of Japanese-based Toshiba Corporation's NAND flash memory and solid-state drive business, currently the largest PE-backed buyout globally since 2015, according to Thomson Reuters.
- **Sun European Partners** on the completed US$1.5 billion sale of its portfolio company Albéa S.A., to PAI Partners.
- **Welsh, Carson, Anderson & Stowe** on the sale of its portfolio business AIM Software, a leading provider of data management solutions with a specialized focus on the buy-side, to SimCorp, a Danish listed entity, for an enterprise value of €60 million.

Awards and Recognition

	Ranked as a leading firm for **Private Equity: Transactions – High-value Deals (£250m+)** (2020)
	Named '**Practice Group of the Year**' for Private Equity (2019)
	Shortlisted for '**M&A Team of the Year (Mid-Size Deal)**' (2019)
	Winner '**European M&A Law Firm of the Year**' and shortlisted for '**Private Equity Law Firm of the Year**' (2018)
	Shortlisted and a finalist for '**Pan-European Legal Adviser of the Year**' (2018)

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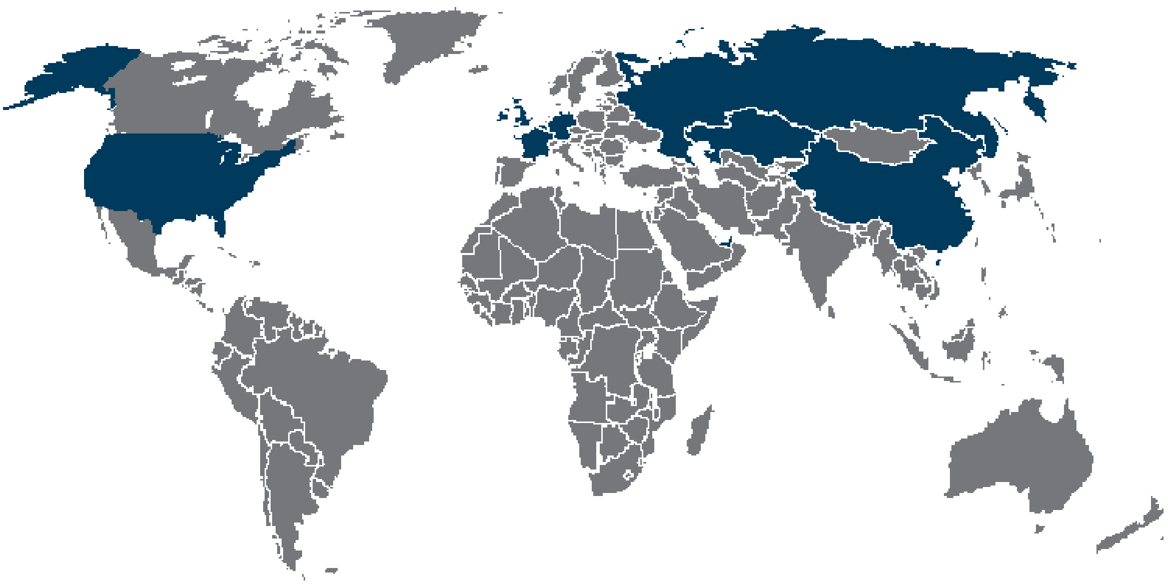
Focused on sectors with the greatest complexities, legal intricacies and the highest regulatory demands, we excel at delivering practical commercial judgment and deep legal expertise for high-stakes matters.

In an increasingly challenging environment, clients look to us to serve them in ways that are faster, sharper and leaner without compromising excellence.

We are relentless in serving our clients – delivering the best of the firm to them with entrepreneurial energy and seamless collaboration.

Dechert Around the World



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Committed Capital | Global Private Equity Podcast Series

With private equity firms sitting on record levels of dry powder, opportunities for PE investment and dealmaking still abound. Yet complexities surrounding valuation, due diligence and financing are at an all-time high. Hosted by members of Dechert's Private Equity practice, Committed Capital explores current issues and trends affecting PE globally, featuring conversations with leaders from across the industry. dechert.com/private_equity

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Dechert practices as a limited liability partnership or limited liability company other than in Dublin and Hong Kong.

Dechert lawyers acted on the matters listed in this presentation either at Dechert or prior to joining the firm.

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