

DECHERT'S PE PRACTICE GOES GLOBAL

Determined to grow its PE brand in Europe and Asia, Dechert has been hiring lawyers it hopes will provide a one-stop-shop for traditional private equity strategies as well as its clients' new hedge fund and debt investment strategies.

BY JONATHAN BRAUDE

Back home in the U.S., law firm Dechert LLP has a strong brand in private equity. Cerberus Capital Management LP, Centre Partners Management LLC and even foreign investors such as the Singapore sovereign wealth fund, GIC, all turn to Dechert's global private equity practice head Mark Thierfelder and his team for advice when working on deals in North America.

But in Europe and Asia, Dechert is something of new presence on the block.

"We'd never really had a huge brand in private equity outside the U.S.," says Thierfelder. "We did some work, but it wasn't a tremendous brand. So, when the firm took the strategic decision a few years ago to try to develop our strength and brand around the globe, we realized that to be successful not just in the U.K. but in continental Europe it would be critical to start with a core team in London."

In itself, that would hardly have been a pioneering decision. A gaggle of U.S. firms, such as Kirkland & Ellis LLP, Latham & Watkins LLP, Gibson, Dunn, & Crutcher LLP and many others have all descended on London in recent years, eating the traditional London firms' lunch and snapping up prized private equity legal teams. So mature has the U.S. private equity presence in London become, that the American firms are now making lateral hires of English qualified lawyers from each other, rather than dipping into a diminishing pool of seasoned private equity practitioners at local firms.

Dechert started that way too. Eighteen months or so ago it brought in leveraged finance partner John Markland from Kirkland and private equity sponsors specialist Ross Allardice from White & Case LLP. What the two had in common—apart from Allardice's previous stint at Kirkland—was a relationship with Central and Eastern Europe-focused private equity firm Mid Europa Partners, which they brought with them to Dechert.



Markland, in turn, persuaded M&A and private equity lawyer Christopher Field to join him from Kirkland, and Field brought with him Jane Scobie, a corporate tax lawyer with a particular emphasis on private equity. Field and Scobie had both done work for Sun Europe Partners LLP, the European affiliate of Boca Raton, Fla.-based private equity firm Sun Capital Partners Inc. They brought that relationship across to Dechert with them to add to the growing mix of firms such as GIC and French private equity shops Astorg Partners and Quilvest SA that Dechert counts as clients in Europe.

"In London," says Field, with a grin, "certainly for the little piece of the private equity pie that I'm focused on, it's been a bit of a Kirkland alumni gathering."

But Thierfelder, who is also global head of Dechert's corporate securities group, thought he saw a way to distinguish Philadelphia-based Dechert

from the American herd. As well as the advantage common to all of London's U.S. firms of having what he calls a "top tier U.S. capability that will always drive the engine," he believed Dechert's much broader range of financial services practices would give it an extra edge.

PE firms expect a growing range of services, from restructuring advice, to environmental, social and governance and litigation work, he argues, and the firm is able to call on commercially minded lawyers, trained to deal with the tough demands of private equity professionals and give them advice across the spectrum.

"Look at our practices," he says. "We have a permanent capital practice, global finance, leveraged finance, a huge fund formation practice for private equity and hedge funds. We have regulatory expertise across a wide range of practices. It's no coincidence that we're in London, Dublin and Luxembourg, which are the key jurisdictions for fund formation in Europe."

But perhaps more important is that, as PE firms develop beyond the traditional buyout model, and establish debt funds, infrastructure funds, listed investment vehicles and hedge fund models, they are becoming much more like asset managers.

Field chips in: "One of the things that has changed in private equity is that firms can come in at different points of the capital structure. They can do debt or equity; and they can find different sources of finance and tap public markets and get access to permanent capital. And as they continue to grow, it is in a certain sense, asset management.

"What we're doing is joining the dots. If I look at London, we have a very strong credit team acting for credit funds. And we've historically had a strong fund-formation team and associated regulatory advice. That moves down into investment. We have a CLO capability. We have a whole-loan

portfolio and securitization capability [...] and now we have my piece of the puzzle, which is actually buying and selling the companies.

"The infill that I'm providing is the market-recognized leveraged buyout capability, that maybe we didn't have in London in the past. That allows people working on those other aspects to say we can now help you with the leveraged buyouts too. And it allows me to say to my client base, that if they're getting into a credit strategy or they're raising their next fund, I can introduce them to people at this firm who do that very well."

Both men are particularly proud of the cross-border work the firm is doing not only in Europe but also in Asia and in and out of the United States. Thierfelder, for instance, led the Dechert team advising GIC Special Investments on its part in the Blackstone LP-led consortium that bought a majority stake in the Thomson Reuters Financial & Risk business this year for \$11 billion. He also advised the Singapore investor on when it expanded its stake, alongside new investor Silver Lake, in Ancestry.com of Provo, Utah.

Dechert's Hong Kong partner David Cho led a team, (which also included Markland and another London-based Kirkland alumnus, Robert Bradshaw), advising Korean chipmaker SK Hynix Inc. on its part in the Bain Capital LLC-led consortium that acquired Toshiba Corp.'s flash memory and solid-state drive business for US\$18 billion.

South African-born Field, who joined the firm late last year, advised Sun European Partners on the sale of lipstick packaging maker Albéa to French private equity shop PAI Partners for \$1.5 billion. He also advised Sun on the agreed sale of the European Global Rigid business of packaging manufacturer Coveris Holdings SA to Goldberg Lindsay & Co. LLC for €700 million at the end of April, just three weeks after Sun agreed the sale of the Coveris Americas business to Canada's Transcontinental Inc. ■