

Deal quality and speed now vital in evolving PE landscape

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Transaction quality is now critical in the private equity world, given the current environment. Regulation is also bringing about change. Richard Daggett, co-head of Ogier's global private equity team, spoke to PE Wire about the way the private equity landscape has been shifting and the impact regulation is having on managers' choice of domicile.

What is your outlook for the private equity space for the coming year and how is your firm best placed to support clients navigate the environment?

From the record breaking highs of 2021, there has been somewhat of a pause on the high value deals we were seeing even through to Q3 2022. The geo-political stability necessary for effective investing has been shaken by the Ukraine crisis. Further, the resultant inflation and punishing interest rates mean that obtaining financing to leverage PE deals has become either impossible or painfully expensive. However, the dry powder previously raised by PE firms remains sat awaiting deployment, so it now becomes a question of when that will take place. One of the key elements in the current market is the quality of any transaction – with auction processes slowing and due diligence exercises becoming more thorough, it has never been more important than now for a buyer to completely understand every inch of a target acquisition. Having the unique footprint of PE specialists in each of the main PE hubs (Jersey, Guernsey, Cayman, BVI, Luxembourg and Ireland) means that Ogier is able to provide that support across multiple jurisdictions to really get under the skin of a potential purchase.

How have client needs and demands changed and what has your response been in terms of your service offering?

As noted above, interest rates have caused issues in obtaining leverage for potential PE deals. Numerous conversations are taking place on every transaction (with mainstream lenders and those in the alternate space) to try and find a term sheet that works. The changing demand comes when a term sheet is agreed – in the current environment, the need to document a transaction/financing in an incredibly short timeframe is essential to lock in those terms. Having great bench strength across each of our service lines allow us, when needed, to direct our specialist PE manpower to get the transaction done at lightning speed – being able to execute the transaction in the window available is not a nice to have, it's an absolute requirement.

Could any shift or change influence the potential growth in the industry?

An increasing number of private equity fund managers are establishing a physical presence in Jersey. In fact, a number of household name fund managers across all asset classes now call Jersey home, with others in advanced stages of planning to follow. The reasons behind this have often been a combination of economic, regulatory and a lifestyle choice. However, as the UK represents the largest European centre for the management of private equity funds, possible UK tax changes (such as the removal of the carried interest loophole) are undoubtedly contributing to the growing interest amongst private equity fund managers to domicile outside the UK. This represents a fantastic opportunity for Jersey as a welcoming home for fund managers and Ogier's PE offering include the relocation services that would be needed for PE firms, PE managers and their families.

How can you best ensure you deliver value-add to your client base?

One of Ogier's key strengths is the breadth of the PE cycle that we cover. From fund formation, downstream M&A acquisitions, financings (both at fund and portfolio level) and exits (including listings), we offer a cradle-to-grave service. However, we ensure that those additional unanticipated points are covered as well. Our dispute resolution teams have acted on some of the largest recent PE disputes and our restructuring and corporate recovery team have guided numerous PE firms and their investors through difficult periods. Our regulatory consulting service helps PE firms address the ongoing evolution of regulation continually affecting the sector. Finally, Ogier Global, our corporate administration team, are able to establish and administer (including providing director services) to the fund and portfolio vehicles. Providing this seamlessly across each of the main PE jurisdictions ensures we do not just provide the basics – we provide the complete service.

Ogier is a professional services firm with the knowledge and expertise to handle the most demanding and complex transactions and provide expert, efficient and cost-effective services to all our clients. We regularly win awards for the quality of our client service, our work and our people.

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