African Private Equity and Venture Capital Association

# DENTONS

**MEMBER PROFILE**

Angeli Arora
**Africa Regional PE Leader**

The world's largest law firm, Dentons' global team builds agile, tailored solutions to meet the local, national and global needs of their clients. Currently in 181 locations in 73 countries and specializing in 24 sectors, Dentons' team is driven to provide their clients with a competitive by challenging the status quo to serve them better.

**AVCA talks with Angeli Arora, Africa Regional PE Leader from Dentons' Global Private Equity Group on the impact of Brexit on investments into Africa, what sets Dentons apart and their plans to become the first pan-African law firm owned and controlled by Africans.**

**NAME OF PROFESSIONAL SERVICES FIRM**
Dentons

**FIRM TYPE**
Professional Services Firm

**PROFESSIONALS FOCUSED ON AFRICA**
200+

### Q: Dentons has been recognised on multiple occasions as a leading law firm on the continent. What sets you apart from your peers?

Our business model is a first of its kind in the market: we strive to be the largest and leading pan-African law firm, with all of our African offices being owned and led by African lawyers. We essentially look to combine the best parts of a global law firm (including its infrastructure, resources and collective experience) with the best parts of an African law firm (including its talent, local knowledge and connections), to create an exceptional legal offering.

As part of our model, our legal services reach further across the African continent than any of our competitors. We currently have offices in Egypt, Kenya, Mauritius, Morocco, South Africa and Uganda; combinations planned in Angola, Mozambique, Zambia and Zimbabwe; and 100+ Nextlaw+ Nextlaw Referral firms in Africa. We are a full service law firm in the continent. For example, in the fund space, our capabilities span from fund structuring to full support on downstream investments.

### Q: Could you tell us about your ambition to become the first Pan-African law firm owned and controlled by Africans?

As the largest law firm in the world, we thought very carefully about our commitment to Africa. Whilst other global law firms 'colonize' new markets or send in lawyers from other regions, we wanted our African offices to be owned by and led by local partners from the indigenous community. We believe our model is not only the socially responsible way to build our presence in the region but also the most likely to yield success (as noted earlier, by combining the benefits of local expertise with the infrastructure of a global law firm).

Our strategy in Africa very much reflects the polycentric approach of Dentons, in that we have no single headquarters or dominant culture. As each new firm joins with Dentons, it can be assured that it will have a voice in and be a part of the global governance of the firm. This really resonates in Africa, as evidenced by the impressive combinations we have achieved in the region.

### Q: What is your perspective on the impact of Brexit on investment in Africa?

The Brexit process is still unclear, with a number of variables that could affect African investment differently. For example, we still do not know if the UK will leave under the Johnson Agreement with a transition period or leave on 31 January 2019 without any UK-European agreement or transition period.

A positive consequence of Brexit could include African countries and the UK replacing the existing EU trade deals with improved trade deals that boost relations and investment between those regions.

Negative consequences of Brexit (including its drawn out process) could include increased risk aversion and/or reduced investor appetite/ability to invest in the continent.

Furthermore, the impact of Brexit will vary from region to region in Africa, depending upon their existing investment and financial ties to the UK. South Africa, for example, is a large recipient of British foreign direct investment and, therefore, stands to be more exposed should the UK economy suffer as a result of Brexit.

### Q: Could you shed some light on a transaction you have recently advised on?

Our last transaction (and a number of other recent transactions) involved some very creative fund structuring in order to cater for the different investment requirements/appetites of investors, including opt-out options, complex co-investment structures and multiple (individualised) waterfalls. As such, we are seeing the traditional private equity investment model evolving to become more flexible and innovative, in turn allowing fund managers to attract a wider range of investors.

We have also recently advised a fund on an "activist" strategy to help turn their struggles with a portfolio company around – ultimately leading to a restructuring of the portfolio company. Shareholder activism is still relatively rare in Africa, however, during my 20 year career of acting for funds around the world, I have advised on some extremely high profile and ground-breaking investor actions. Therefore, we are uniquely positioned in the African market for this kind of work.

### Q: 2018 was a watershed year for the African private equity ecosystem with the collapse of Abraaj. How has the industry reacted to ensure the best standards in internal governance and operational compliance are adhered to?

We have seen a surge in funds asking us to advise on exactly what "the best standards in internal governance" for funds entail, given that fund governance practices are sometimes entangled within best corporate governance practices.

Investors are also spending more time on their due diligence prior to investing in a fund. As a consequence, new funds appear to be taking longer to reach first close.

Post investment, investors are closely monitoring the general partner/fund manager, in order for the lines of accountability to remain effective. The investor advisory committee is playing a more active role, for example, carefully scrutinising related party transactions (which featured in the demise of Abraaj). Whilst increased investor oversight is positive, we would remind investors not to go so far as to actively participate in the management of the fund, since this could result in them incurring liabilities beyond their capital commitment (and jeopardize their limited liability status).

### Q: As we look to 2020, what are the big trends that you expect to see driving PE investment on the continent?

We are seeing an astounding increase in VC activity. As part of our mentorship programme for start-ups and emerging high growth companies, we work with some of the most exciting tech start-ups in the continent, which provide innovative solutions to African challenges. In our view, this sector will continue to provide interesting opportunities to VCs going forward.

Given the limited exit opportunities in the continent, we have seen a growing tendency for funds to find new ways to provide at least partial liquidity to investors earlier on, for example, through a sale of a minority stake. We have also seen the London Stock Exchange actively looking to attract high calibre African businesses for listing (it currently has more than 110 African companies listed or trading on its exchange), which provides another interesting exit option.

As noted above, there has been in a heavy focus on good fund governance practices, since Abraaj.

### Q: How does the AVCA membership support you in achieving your internal objectives?

We value being part of the vital ecosystem created by AVCA for African private equity and venture capital players. We are big believers in sharing ideas; we know first-hand just how powerful pooling knowledge across our network of Dentons offices can be, for example, when it comes to pioneering novel and creative legal solutions. Through our AVCA membership, we see the opportunity to actively collaborate with our fellow AVCA members in the same way and share news, thought leadership, research and opportunities with each other – all with the same collective goal to promote private equity and investment more generally in Africa and to tackle any challenges that our industry faces along the way.

As one of the largest pan-African law firms, the fact that AVCA is a pan-African industry body fits in perfectly with our objectives and outlook in respect of the continent.

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