

Specialist Feature



ENGLAND

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Biography

Katherine started life as a shipping and international trade lawyer, before joining US telecommunications giant AT&T in 1997, where she held a number of in-house roles over the next 10 years, including lead lawyer for their international outsourcing business. At the end of 2006, Katherine returned to private practice to form Legal Hobbit, the predecessor firm to Mirkwood Evans Vincent, where she is now Senior Partner and head of the business technology law group.

Katherine's practice includes supporting the general counsels of a number of industry leading technology companies, as well as providing legal services to a wide range of smaller technology businesses and venture capitalist funds investing in the high-tech sector worldwide.

Katherine spent much of her childhood in the Lebanon and has attracted a significant client base in the telecommunications and technology sector in the MENA region over the years. She has also started to develop a niche practice in Islamic Finance as an alternative to more traditional bank financing, particularly for clients more interested in finding angel investors to share risk in their business in exchange for profit rather than lenders focused on receiving interest on a debt. Katherine now regularly drafts Mudharabah, Musharakah and Ijarah agreements for technology clients seeking to grow through third party investment, who would not previously have considered the alternative of Islamic financing.

Firm profile

Mirkwood Evans Vincent is a niche UK legal practice, which advises business clients operating in the UK and internationally on a full range of commercial and corporate transactions. This includes company formations, shareholder, investment and corporate finance agreements, through the creation of standard terms of business and employment contracts, the review and negotiation of complex multi-jurisdictional customer and supplier agreements; and the provision of sound business centred advice on corporate re-structuring and re-financing options.

We act for business clients across a full range of industries but with specialist expertise in the telecommunications and information technology sectors, drafting terms of business for novel technology services and providing regulatory advice on licensing of those services across a wide range of jurisdictions. With a client base spanning Europe, the Middle East and much of English speaking Africa, we are able to optimise the services we provide to our clients, using the wealth of our own international industry expertise, alongside the country specific expertise of other law, accountancy and company formation firms in the IR Global federation. We also use our industry expertise to support other IR Global firms by giving advice and training on a collaborative basis in evolving areas of technology law, as well as supporting individual opportunities with technology clients.

The MENA region: bursting with opportunities for businesses that want to enter global markets

The MENA region has huge commercial opportunities for businesses wanting to bring their products and services to new markets, as well as for businesses from within the region looking outwards for investment opportunities and international markets for their own products and services. This activity is only going to increase with the opening up of trade between UAE and Israel. Israel is currently the MENA hub for the high-tech sector, and UAE (particularly Dubai) is currently functioning as the leading entrepreneurial hub of the MENA region, attracting investors from Asia and Europe to supplement their home-grown regional expertise.

One of the biggest drivers for Mirkwood Evans Vincent's corporate legal team in recent years, has been the need to find alternative sources of investment for our clients, which bypasses traditional banking institutions, partly due to the difficulty of securing sensible offers for young businesses operating in the technology sector, and partly due to what we have increasingly seen as the over-eagerness of traditional banks to foreclose on basically sound businesses because it appeared more profitable to cash in loans than to support businesses in difficult times.

Whilst replacing traditional banking products with Islamic finance products is far from a panacea for the ills of the world economy and whilst there are still angel investors out there who are interested in sharing risk with the businesses they invest in, there are some serious issues with the standard capitalist financing model, which have caused financial crashes of serious proportions in recent years and are likely to continue to do so. We have a global economy based on debt and a reliance on annual growth in GDP on a per country basis, which is environmentally unsustainable, together with the creation of an artificial money supply not backed by real assets. Islamic banking products such as Mudharabah, Musharakah and Ijarah at least come from a different place in terms of the requirement to apply risk and profit sharing across all contracts.

Let's look at the example of compound interest, a key ingredient of the traditional banking system. Compound interest sounds like a fabulous concept if you are an individual putting money into a pension scheme in your twenties and watching that money grow through the decades based on the performance of investments made by the pension company. It takes

a more sinister turn though if you are faced with the real situation of countries which borrowed US\$5 billion in 1985 for an infrastructure project but would have seen that debt grow to US\$44 billion by 2000. Islamic banks would not have been able to charge more than the initial premium for the cost of the infrastructure project, which would have meant that US\$5 billion could only have increased based on increased value for both parties. The debt itself would have to have been fixed.

The importance of a shared risk and reward model is important for businesses wanting to use money to buy assets. Using an Islamic finance product such as Ijarah, the bank might buy the asset for the business and agree a fixed annual "rental" for the asset based on its total asset value at the point of purchase. If the business paid back 10% of the original purchase price in the first year after the Ijarah was entered into, the business would now own 10% of the asset with the bank owning the remaining 90%. On that basis, the rental payable by the business to the bank for the subsequent year would reduce to 90% of the original annual rental figure because now rental would only be due on that part of the asset which the business did not yet own. This process of transferring ownership of the asset over time would continue until the business owned 100% of the value of the asset. This is a model that a number of my non-Islamic clients have found most attractive and innovative vs the more traditional bank finance options.

My firm is very fortunate to have excellent contacts within the region through the IR Global MENA group. In the last six months alone, two of my clients have successfully found interested investors to help their businesses grow, using businesses based in the MENA region looking to expand their business portfolio. I have also been able to assist other firms to assess the legal implications of opportunities with tech clients to ensure that the best possible solution can be delivered to those clients. Whether you are a UK business looking for investment or interested in selling your goods and services into the MENA region in a post Brexit world, or whether you are a MENA business looking to do business in the UK or find investors from the UK, I look forward to discussing your business' plans for growth with you, using the wealth of expertise available through Mirkwood Evans Vincent and the IR Global MENA group.