

SEWARD & KISSEL LLP

BUSINESS TRANSACTIONS GROUP

2012

YEAR IN REVIEW



To Our Clients and Friends

Our clients had many successes in 2012, completing numerous interesting transactions in a variety of industry sectors, often traversing international borders.

As has consistently been the case for many years, we worked on a steady flow of deals involving the purchase or sale of investment management and broker-dealer businesses and other strategic transactions in these industries. Certain of these transactions are featured on pages 4 and 5 of the Review that follows. Reflecting our leadership position in this sector, SNL Financial ranked Seward & Kissel #2 in its 2012 league table of attorneys working on asset manager M&A transactions based on the number of deals we handled. Our IM Deals™ blog (www.imdealsblog.com), which follows transactions and developments involving the investment management industry, is widely read by participants in the sector.

Shipping is another industry where the Firm is always active, and 2012 was certainly no

exception. In December, our Latin American marine transportation client Ultrapetrol (Bahamas) Limited (Nasdaq:ULTR) completed a \$220 million control equity investment by Southern Cross Latin America Private Equity Funds. In August, our Danish client Scan-Trans Holding A/S merged with Intermarine to create a global leader in the project and heavylift cargo shipping sector in a transaction that *The M&A Advisor* named winner of its 2012 M&A Deal of the Year (Lower Middle-Market) award. During the year, the heightened interest of private equity investors in the shipping industry kept us busy papering deals between private equity funds and ship owners/managers.

A final area of focus for the Business Transactions Group has been middle-market, sell-side M&A transactions, and in 2012 a number of clients were able to identify buyers for their businesses. One noteworthy transaction was the sale of our mass-market fragrance client Parfums de Coeur, Ltd. in a buyout sponsored by Yellow Wood Partners,



which *The M&A Advisor* named winner of its 2012 Consumer and Retail Products Deal of the Year (between \$100mm to \$500mm) award. Another deal that gained attention was the sale of our client Agrifos Fertilizer to Rentech Nitrogen Partners (NYSE:RNF) for an initial purchase price of \$158 million. The ability to efficiently complete complex transactions like these distinguishes Seward & Kissel from other mid-size law firms.

In addition, our investment fund and other clients pursued the usual spread of private equity, private debt, venture capital and PIPE investment transactions ranging from large leveraged buyouts to early-stage private investments in a wide variety of businesses.

Seward & Kissel's Business Transactions Group enjoyed a great deal of independent recognition in 2012. *The Legal 500*, in its United States 2012 edition, recommended Seward & Kissel for middle-market M&A work, noting in part that the Firm "continues

to advise on transactions within the two industries where the firm has an international reputation for excellence, namely investment management and shipping." In addition, each of *The M&A Advisor* and *ACG New York* named Seward & Kissel a Finalist for their 2012 Law Firm of the Year awards. Business Transactions Group members Nick Katsanos and Meir Grossman were both listed as "Rising Stars" in the New York-Metro Edition of *Super Lawyers 2012* and Katsanos was also named a winner of the 2012 40 Under 40 East *M&A Advisor* Recognition Award. We are also very proud that in June, our associate Denise Mazzeo became the first lawyer to win New York City's JP Morgan Corporate Challenge race.

Seward & Kissel clients completed many exciting transactions in 2012, and Business Transactions Group attorneys were there to assist them every step of the way. Getting deals done is why clients come back to us and recommend us to others.

Seward & Kissel LLP



Investment Manager and Broker-Dealer Transactions

Mergers and acquisitions, joint ventures, equity investments and other strategic transactions involving investment management businesses, funds and broker-dealers again made up the largest part of our deal activity in 2012. Seward & Kissel was ranked #2 in the league tables maintained by SNL Financial for the number of investment manager M&A transactions handled in 2012. Some of our clients' 2012 accomplishments included:

- our client, MicroVest GMG Capital Management, LLC (jointly owned by GMG Investment Advisors and MicroVest Capital Management) acquired emerging markets micro loan investment fund manager Minlam Asset Management
- our client, Altum Capital Management, LLC, acquired the Capstone Altum Credit Funds in a spin-out from Capstone Investment Advisors
- our client, hedge fund of funds manager Lyster Watson, was sold to Crestline Investors

- our client, The Drexel Hamilton Centre American Equity Fund, acquired Ameristock Mutual Fund, Inc. The Drexel Hamilton Centre American Equity Fund is advised by Drexel Hamilton Investment Partners LLC



- our client, Nexus Asset Management, made a seed capital investment in a UK-based investment manager specializing in European equities, infrastructure and commodities



- our client, Vertical Capital, LLC, a leading investment manager in asset-backed securities and related credit markets, was appointed successor collateral manager to collateralized debt obligation issuer Toro ABS CDO II, Ltd.



- our client, the management team of hedge fund manager Bladex Asset Management, negotiated together with a third party investor to purchase the business from Panama-based parent company Banco Latinamericano de Comercio Exterior, S.A.

- our client, Nephila Capital Ltd., a Bermuda-based investment manager focused on investing in natural catastrophe and weather risk, entered into a strategic partnership with KKR & Co. LP (NYSE:KKR) whereby KKR acquired a minority interest in Nephila from Nephila's management and its UK-based minority shareholder Man Group Plc



- our client, New York-based hedge fund manager Somerset Capital Advisors, was acquired by Toronto-based Artemis Investment Management
- our client, MW Commodity Advisors, LLC, was sold to New York-based Silvercrest Asset Management Group
- our client, New York-based institutional broker-dealer Concept Capital, repurchased the minority equity interest in Concept Capital held by its former parent company Sanders Morris Harris (Nasdaq: EF)



- our client, Palestra Capital Management, a US-based investment manager specializing in long/short equities, received a seed capital investment from Goldman Sachs & Co.



Seward & Kissel publishes **IM Deals**[™], a blog that follows transactions and developments relating to M&A, joint ventures, private equity and venture capital investments, financings and seed deals involving firms in the investment management industry. Visit **IM Deals**[™] and subscribe at www.imdealsblog.com

Other Mergers & Acquisitions/Buyouts/Joint Ventures

Our M&A, buyout and joint venture transactional work was recognized by both *The M&A Advisor* and the New York Chapter of the Association for Corporate Growth, each of which named Seward & Kissel a Finalist for their 2012 M&A Law Firm of the Year Award. Some of our clients' 2012 deals included:

- Parfums de Coeur, Ltd., the largest provider of mass-market fragrances in the U.S., was sold in a buyout sponsored by Yellow Wood Partners. The transaction was named winner of the Consumer and Retail Products Deal of the Year (Between \$100mm and \$500mm) award at the 2012 M&A Advisor Awards gala



- Tech Briefs Media Group, which publishes a variety of design engineering magazines and supplements in both print and digital formats, was sold to engineering trade association SAE International



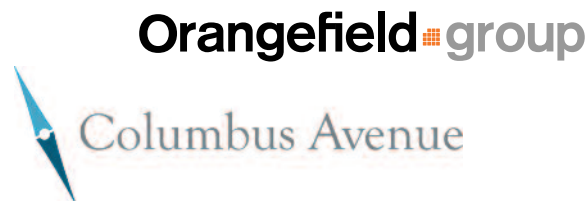
- India-based Himatsingka Seide Ltd. (Bombay: HIMAT-SEIDE.BO) acquired the minority shares in its U.S. bedding distribution subsidiary Divatex Home Fashions



- longtime client, Agrifos Fertilizer, which operates a fertilizer production facility in Pasadena, Texas, was sold to Rentech Nitrogen Partners (NYSE:RNF) for an initial purchase price of \$158 million, with a potential earn-out of up to an additional \$50 million



- Amsterdam-based Orangefield Group, a global provider of administration, management and trust services, acquired New York-based hedge fund administrator Columbus Avenue Consulting



- the sale of our client's healthcare consulting and expert witness business
- not-for-profit corporations Seafarers & International House and the German Seamen's Mission of New York merged with the pro-bono assistance of Seward & Kissel



M&A Deal of the Year Awards

The winners of the 2012 ACG New York Champion's Awards (selected from 220 finalist nominees) were revealed at the Association for Corporate Growth's 2nd Annual Awards Gala held on June 12, 2012 at Sotheby's New York. Later in the year, the winners of the 2012 M&A Advisor Awards (selected from 423 nominated deals) were revealed on December 11, 2012 at the 11th Annual M&A Advisor Awards Gala held at the New York Athletic Club. Seward & Kissel was a Finalist for Law Firm of the Year honors at both of these events and the three transactions described below, which were handled by the firm's Business Transactions Group, were declared winners of Deal of the Year awards.

ACG New York Champion's Award

**INFORMATION TECHNOLOGY DEAL OF THE YEAR
AND CORPORATE MERGER OF THE YEAR**

**The buyout and merger of hybris AG and iCongo
sponsored by HuntsmanGay Global Capital**



hybris COO Carsten Thoma and Seward & Kissel's Jim Abbott accepting Information Technology Deal of the Year award

Another transaction, the Restructuring of General Maritime Corporation where Seward & Kissel acted as maritime counsel, was named winner of M&A Advisor's 2012 Energy Deal of the Year award. Seward & Kissel is proud to have represented hybris AG, Parfums de Coeur, Scan-Trans Holding A/S and General Maritime Corporation in connection with these award-winning deals.

M&A Advisor Award

**CONSUMER AND RETAIL PRODUCTS DEAL OF THE YEAR
(BETWEEN \$100MM AND \$500MM)**

**Acquisition of Parfums de Coeur
by Yellow Wood Partners**



Seward & Kissel's Jim Abbott and Nick Katsanos and Houlihan Lokey's Julius Peter accepting Consumer and Retail Products Deal of the Year award

M&A Advisor Award

M&A DEAL OF THE YEAR (LOWER MIDDLE-MARKET)

Merger of Scan-Trans Holding A/S with Intermarine



Seward & Kissel's Gary Wolfe, Jim Abbott and Arthur Kozyra accepting M&A Deal of the Year award



Transportation Industry Deals

Seward & Kissel's leading position with shipping industry clients in connection with all types of M&A, joint venture, capital markets and lending transactions and the Firm's expertise in aviation finance led to substantial activity in the transportation sector during 2012, including:

- Latin American marine transportation company Ultrapetrol (Bahamas) Limited (Nasdaq: ULTR) completed a \$220 million investment by Southern Cross Latin America Private Equity Funds for shares representing approximately 78.38% of the outstanding common stock of Ultrapetrol
- Denmark-based Scan-Trans Holding A/S merged with Houston-based Intermarine to create a global leader in the project and heavylift cargo shipping sector. The transaction was named winner of the M&A Deal of the Year (Lower Middle-Market) award at the 2012 M&A Advisor Awards Gala



- General Maritime Corporation (NYSE:GMR), a leading provider of seaborne energy transportation services, completed a bankruptcy reorganization with Seward & Kissel acting as maritime counsel. The transaction was named Energy Deal of the Year at the 2012 M&A Advisor Awards Gala
- our investment fund client received a seed investment from a Japanese multinational conglomerate to launch a fund which will purchase and manage containership assets
- investment funds managed by our client Brigade Capital Management entered into a Cayman Island joint venture with an unrelated fund to acquire four B747 aircraft and 14 CF6-80C2 engines from a Japanese airline, financed in part by a senior loan facility provided by DVB Bank SE, for consignment to be parted out by a Singapore company

- Monaco-based petroleum tanker operator Scorpio Tankers Inc. (NYSE:STNG) raised \$132 million in a common stock PIPE offering



- Greek-based container shipping company Box Ships Inc. (NYSE:TSU) raised \$38.5 million in a preferred stock and warrants PIPE offering



Legal 500 Recognition

The Legal 500, in its United States 2012 edition, again included Seward & Kissel as a recommended firm in the M&A: middle-market (sub-\$500m) category, offering the following analysis as a result of its independent research:

Seward & Kissel LLP continues to advise on transactions within the two industries where the firm has an international reputation for excellence, namely investment management and shipping. Two other areas where the firm regularly handles complex middle-market deals are the media industry and international sell-side M&A. Highlights included advising emerging markets hedge fund manager Emerging Sovereign Group, in its sale of a 55% stake to The Carlyle Group; and acting as lead counsel for hybris in its combination with Canadian e-business systems developer iCongo in a buyout transaction, creating the largest independent, global multi-channel commerce software solution company. The team also assisted OceanFreight and the special committee of its board of directors in OceanFreight's merger with DryShips. In New York, James Abbott and Craig Sklar are co-heads of the business transactions group. Michael Timpone was promoted to partner and Nick Katsanos elevated to counsel.

Individual Accomplishments

- Business Transactions Group member **Nick Katsanos** was selected a winner of the 2012 40 Under 40 East M&A Advisor Recognition Awards celebrating M&A professionals who have had significant success before the age of 40. In addition, the New York Metro Edition of *Super Lawyers 2012* listed Nick as a "Rising Star"



- Business Transaction Group member **Meir Grossman** was listed as a "Rising Star" in the New York-Metro Edition of *Super Lawyers 2012*



- In June 2012, Business Transactions Group associate **Denise Mazzeo** became the first lawyer to win New York City's JP Morgan Corporate Challenge, placing first among 13,465 women by completing the 3.5 mile race in 19:57





Private Equity, Venture Capital and PIPE Investments by Fund Clients

Seward & Kissel's private investment fund clients continued in 2012 to make private equity, venture capital, private debt, PIPE and similar private investment transactions. The Firm was again included in the PlacementTracker league tables for counsel handling PIPE transactions. Some of the interesting private investment transactions made by our clients included:

- our investment fund client made a senior secured convertible debt and warrants investment in a next generation social and mobile media fanclub platform
- two series of our client, Fairholme Funds, Inc., sold warrants exercisable into approximately 1.9 million common shares of the Howard Hughes Corporation (NYSE:HHG) back to the company for approximately \$57.5 million
- our client CTI Equity was the equity capital provider for the secondary buyout of the Sticky Fingers regional barbeque restaurant chain
- our investment fund client made a \$30 million equity investment in an energy exploration company focused on central and southern Africa
- our investment fund client, in a joint venture with a national drug retailing chain, acquired the automated pharmacy dispensing platform assets and business of a Canadian healthcare technology company out of its Canadian bankruptcy proceeding
- our clients made a venture capital investment in a California-based e-commerce systems integration company
- our investment fund client participated in a \$1.25 million common stock and warrants PIPE offering in oil and gas well-site services provider Enservco Corporation (OTC BB: ENSV)
- our investment fund client participated in a \$1.096 million notes and warrants PIPE offering in Chinese post-secondary education and e-learning services provider ChinaCast Education Corporation (OTC Markets:CAST)
- our investment fund client sold a controlling interest in a Peruvian electricity distribution company
- our client made a venture capital investment in a company developing commercial applications of waste heat recovery and conversion technologies
- our investment fund client participated in a \$4.235 million senior secured line of credit and preferred stock PIPE offering in medical device product developer MedPro Safety Products, Inc. (OTC Markets:MPSP)



Contact Us

For more information about Seward & Kissel's Business Transactions Group or the contents of this Review, contact your S&K relationship attorney, Jim Abbott or Craig Sklar.

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