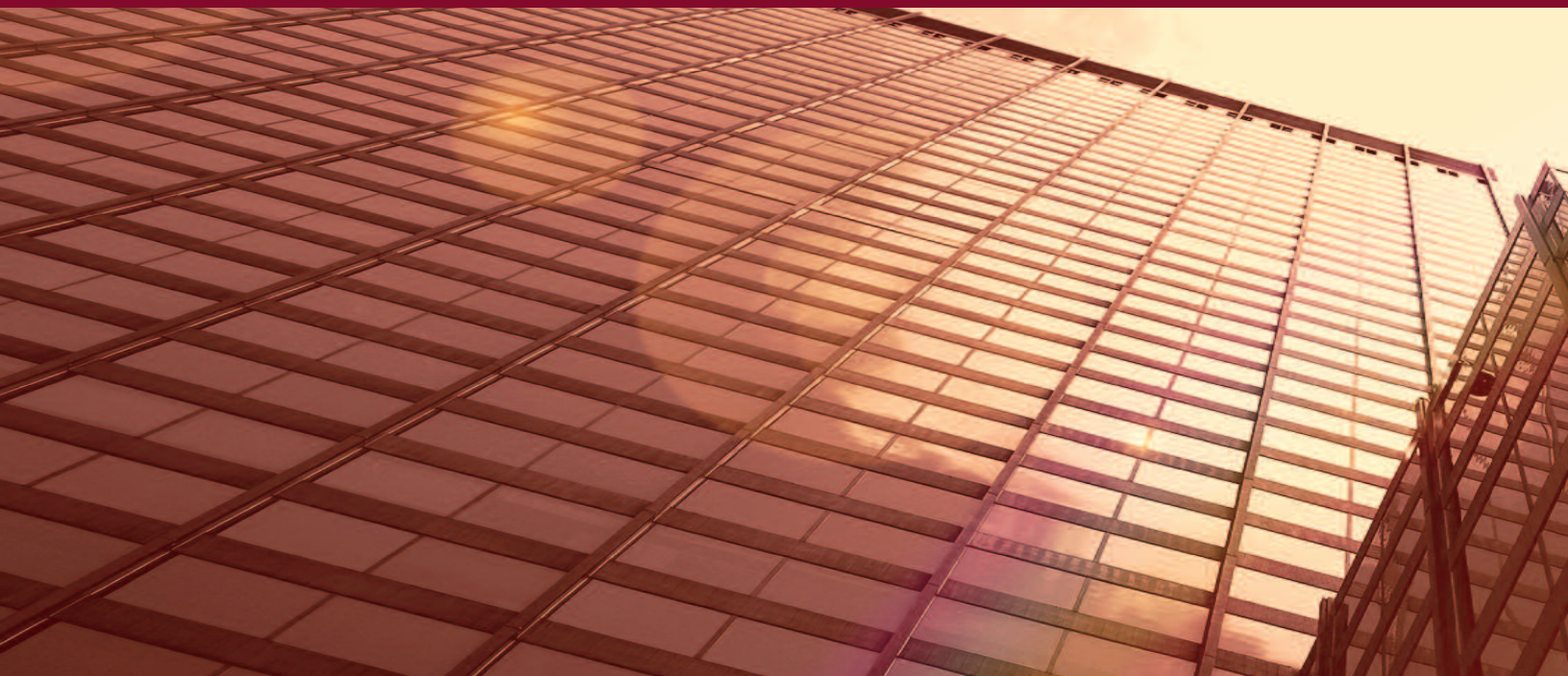




SEWARD & KISSEL LLP

BUSINESS TRANSACTIONS GROUP

2013
YEAR IN REVIEW



To Our Clients and Friends

2013 was an active year for Seward & Kissel clients, who engaged in numerous transactions in a variety of industry sectors.

With public equity markets and private equity investors supplying capital, the shipping industry was very actively involved in a wide range of deals, with Seward & Kissel fulfilling its role as go-to counsel in the sector. Pages 4 and 5 of the Review that follows describe some of the shipping-related transactions we handled last year. In June 2013, *Marine Money* announced its shipping industry deals of the year for 2012, and transactions of the Firm's clients were selected as M&A Deal of the Year (the merger of Scan-Trans Holding and Intermarine) and Private Equity Deal of the Year (Southern Cross Latin America's \$220 million investment in Ultrapetrol).

We again worked on multiple deals involving the purchase or sale of investment management businesses and other strategic transactions in this industry. Certain of these transactions are featured on page 7 of the Review that follows, including The Carlyle Group's acquisition of our real estate fund manager client Metropolitan Real Estate Equity Management and KKR's strategic equity investment in our insurance securities investment manager client Nephila Capital. Our *IM Deals™* blog (www.imdeals-blog.com), which follows transactions and developments involving the investment management industry, is widely read by participants in the sector.

A final area of focus for the Business Transactions Group has been middle-market, sell-side M&A transactions, and in 2013 a number of clients were able to identify buyers



for their businesses, including UBM plc's sale of its UBM Channel division to a management-led investment group, ALEX® Toys' sale to private equity sponsor Propel Equity Partners, and the sale of digital marketing agency Intersect to Crown Partners.

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 2013. *The Legal 500*, in its United States 2013 edition, recommended Seward & Kissel for middle-market M&A work, noting in part that the Firm "advises on market-leading transactions within the

industries where the firm has an international reputation, namely investment management and shipping" and "also handles complex middle-market deals in the media industry and international sell-side M&A." Chambers and Partners, in its 2013 *USA Guide*, ranked Seward & Kissel as Highly Regarded for Corporate/M&A, saying the Firm "offers talent in midmarket M&A." In addition, both *M&A Advisor* and the New York Chapter of the Association for Corporate Growth named Seward & Kissel a Finalist for their 2013 Law Firm of the Year awards.

Seward & Kissel clients completed many exciting transactions in 2013, and the Business Transactions Group was pleased to assist them. We look forward to more of the same in 2014.

Seward & Kissel LLP



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 led to substantial activity in the transportation sector during 2013, which included:

- international shipping company Dorian LPG Ltd. (NOTC:Dorian LPG) acquired the newbuilding VLGC fleet of Scorpio Tankers Inc. (NYSE:STNG) for Dorian shares representing 30% of Dorian's outstanding share capital. Dorian concurrently completed a \$250 million institutional private placement of its shares
- international marine fuel logistics company Aegean Marine Petroleum Network Inc. (NYSE:ANW) acquired the U.S. East Coast bunkering business of Hess Corporation (NYSE:HES) for \$30 million, plus the value of purchased inventory



- Interlink Maritime Corp., an international maritime shipping company, entered into a \$112.5 million joint venture with Carlyle to establish a company that will invest in drybulk carriers
- Ridgebury Tankers LLC, a new tanker company focused on the acquisition and operation of vessels in the tanker sector, received a \$200 million investment from energy private investment firm, Riverstone Holdings LLC, to acquire clean product carriers of all sizes and Suezmax vessels in the crude sector
- Diana Containerships (NasdaqGS:DCIX) raised \$40 million in a PIPE offering of common stock
- a major Asian shipowning client entered into a joint venture with Navios Maritime Holdings Inc. (NYSE:NM) to acquire and manage Japanese-built drybulk vessels





The winners of the *Marine Money* International Deal of the Year Awards for shipping industry transactions in 2012 were revealed in June 2013. Transactions handled by Seward & Kissel were declared winners in a number of categories, including:

M&A DEAL OF THE YEAR

Merger of Scan-Trans Holding and Intermarine

PRIVATE EQUITY DEAL OF THE YEAR

Ultrapetrol's \$220 million Equity Infusion from Southern Cross Latin America

- Seamax Partners and Mitsubishi Corp. unit MC Asset Management Holdings launched the MC Seamax Shipping Opportunity Fund with a \$50 million investment commitment by Mitsubishi and a \$750 million fundraising target. The Fund intends to acquire and manage 25 to 35 container ships
- Star Bulk Carriers Corp. (NasdaqGS:SBLK), a global drybulk shipping company, raised \$75 million in July 2013 through a rights offering backstopped by investment funds managed by Oaktree Capital Management and by Monarch Alternative Capital



- international maritime shipping company TOP Ships Inc. (NasdaqGS:TOPS) sold its entire six vessel fleet to an affiliate of the AMCI Poseidon investment fund for approximately \$173 million



- Scorpio Tankers Inc. (NYSE:STNG), a global provider of marine transportation of petroleum products, tapped the PIPE market three times in 2013, raising \$230 million in January, \$235 million in March and \$300 million in May through the placement of common shares



- Box Ships Inc. (NYSE:TEU), an international shipping company specializing in the transportation of containers, raised \$38.5 million in a PIPE offering of units consisting of Series B Preferred Stock and warrants



- Borealis Maritime, a UK-based manager of ocean-going tanker and other shipping vessels, entered into a joint venture with KKR Asset Management to focus on opportunities in the secondhand vessel market



Private Equity, Venture Capital and PIPE Investments by Fund Clients

Seward & Kissel's private investment fund clients continued in 2013 to make private equity, venture capital, private debt, PIPE and similar private investment transactions. The Firm was ranked 4th by dollar volume in the PlacementTracker league tables for issuer's counsel handling PIPE transactions as well as 9th by number of transactions for PIPE investor's counsel. The following are some of the interesting private investment transactions made by our clients:

- our investment fund client sold its remaining interest in publicly-listed (Lima Stock Exchange) Peruvian electricity distribution company Electro Dunas S.A.A. to Blue Water Worldwide
- our offshore investor client made a venture capital investment in an early-stage waste heat recovery technology company
- our clients made a venture capital investment in a California-based consulting and technology services company
- our investment fund client made a senior secured convertible debt and warrants investment in a social media engagement platform
- our investment fund client participated in a \$21 million common stock PIPE offering by Retrophin, Inc. (NasdaqGM:RTRX)
- our investment fund client participated in a \$21.8 million convertible notes PIPE offering by dELiA*s Inc. (NasdaqGM:DLIA)
- our investment fund client participated in a \$3 million convertible preferred stock and warrants PIPE offering by CorMedix, Inc. (NYSE MKT:CRMD)
- our client participated in a \$3.25 million common stock and warrants PIPE offering by AudioEye, Inc. (OTC BB:AEYE)
- our investment fund client participated in a \$2.4 million common stock and warrants PIPE offering by NTN Buzztime Inc. (NYSE MKT:NTN)



Investment Manager Transactions

Mergers and acquisitions, joint ventures, equity investments and other strategic transactions involving investment management businesses again made up a significant part of our deal activity in 2013. Some of our clients' 2013 accomplishments included:

- Metropolitan Real Estate Equity Management, a global real estate multi-manager, was acquired by The Carlyle Group (Nasdaq:CG)



- management team-led Alpha4X Asset Management acquired the asset management unit of Panama-based supranational bank Banco Latin-americano de Comercio Exterior, S.A. (NYSE:BLX), with a minority equity stake acquired by global insurance company XL Group plc (NYSE:XL)



- Drexel Hamilton Centre American Equity Fund, a mutual fund managed by Drexel Hamilton Investment Partners, acquired the assets of Ameristock Mutual Fund, Inc.
- Vertical Capital, LLC, a leading investment manager in asset-backed securities and related credit markets, was appointed successor collateral manager to various collateralized debt obligation issuers, including Crystal Cove CDO, Ltd. and Kleros Preferred Funding, Ltd.



- Drexel Hamilton Investment Partners was sold to Centre Asset Management

- 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 (LSE:EMG). The transaction was the winner of M&A Advisor's Cross Border Deal of the Year Award



- Canadian alternative asset manager Sprott Inc. (TSX:SII) acquired natural resource industry lender Sprott Resource Lending Corp. (NYSE:SILU) for cash and stock consideration of approximately C\$243 million



- a number of our private investment fund clients entered into seed capital or acceleration capital transactions involving investments ranging from \$10 to \$150 million



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 *M&A Advisor* and the New York Chapter of the Association for Corporate Growth, each of which named Seward & Kissel a Finalist for their 2013 M&A Law Firm of the Year Award. Some of our clients' 2013 deals included:

- London-based events-led marketing services and communications company UBM plc (LSE:UBM) sold its UBM Channel division, a provider of sales and marketing solutions for technology channel businesses, to an executive management team-led investment group, with UBM remaining as a minority investor in the business, renamed The Channel Company
- toy maker ALEX® Toys, a manufacturer of children's creative products, was sold to an affiliate of private equity firm Propel Equity Partners
- R.A. Rapaport Publishing, publisher of *Diabetes Self-Management*®, *Arthritis Self-Management*® and other health-related publications, was sold to Madavor Media



- digital marketing agency Intersect was sold to eBusiness firm Crown Partners

Intersect

- London-based UBM plc (LSE:UBM) sold its Pyramid Research division, a provider of business information and market analysis for the information and communications technology industry, to Progressive Digital Media Group plc (LSE:PRO)



- London-based UBM plc (LSE:UBM) sold its Light Reading division, a provider of research-led online communities and events focused on the communications industry, to one of its original founders Stephen Saunders, with UBM remaining as a minority investor



- our client, the owner of a unique technology that converts wood and other solid biomass into renewable liquid fuels, entered into a joint venture with a third party to pursue a series of projects to use the client's technology for establishing fuel production facilities with biomass feedstock providers



M&A Deal of the Year Awards

The winners of the 2013 ACG New York Champion's Awards were revealed at the Association for Corporate Growth's 3rd Annual Awards Gala held on June 20, 2013, at the Metropolitan Club in New York City. A panel of independent M&A industry judges selected the winners recognized at this event, which was sponsored by the New York Chapter of the Association for Corporate Growth. A transaction handled by Seward & Kissel's Business Transactions Group won Deal of the Year awards in two categories:

Industrial Manufacturing and Distribution Deal of the Year

Corporate and Strategic Acquisition of the Year (Up to \$250mm)

*Acquisition of Agrifos Fertilizer
by Rentech Nitrogen Partners*

Seward & Kissel is proud to have represented Agrifos Fertilizer in connection with this award-winning deal. Seward & Kissel was also a finalist for ACG's 2013 Law Firm of the Year.



The winners of the 2013 M&A Advisor Awards were revealed on December 17, 2013, at the 12th Annual M&A Advisor Awards Gala held at the New York Athletic Club. A panel of 23 independent M&A industry judges selected winners from more than 400 nominated deals across all categories. Two transactions handled by Seward & Kissel's Business Transactions Group were winners of M&A Deal of the Year in their respective categories:

Cross Border Deal of the Year (Up to \$500mm)

Acquisition of Stake in Nephila Capital by KKR

Industrial Goods and Basic Resources Deal of the Year

*Acquisition of Agrifos Fertilizer
by Rentech Nitrogen Partners*

Seward & Kissel is proud to have represented Agrifos Fertilizer and Nephila Capital in connection with these award-winning deals. Seward & Kissel was also selected as a Finalist for M&A Advisor 2013 Law Firm of the Year and Business Transactions Group co-head Craig Sklar was selected as a finalist for 2013 Legal Advisor of the Year.



The Legal 500 Recognition

The Legal 500, in its United States 2013 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 ‘deserves an A+ for the performance provided to us’. The practice advises on market-leading transactions within the industries where the firm has an international reputation, namely investment management and shipping. The practice also handles complex middle-market deals in the media industry and international sell-side M&A. Recent highlights include advising longstanding client Agrifos Fertilizer, which operates a fertilizer production facility located in Pasadena,

New York-based James Abbott and Craig Sklar are co-heads of the business transactions group; and business transactions group counsel Nick Katsanos, in New York, is a key attorney. Abbott and Katsanos are ‘outstanding professionals and masters of the M&A field. They work tirelessly for us and provide excellent value for money’.

Texas, and is the third largest North American producer of ammonium sulfate fertilizer and the largest producer of synthetic granulated ammonium sulfate fertilizer in North America, in its sale to Rentech Nitrogen Partners for an initial purchase price of \$158m; acted for Danish-based Scan-Trans Holding in relation to its merger with New Orleans-headquartered Intermarine, which creates a combined company that has an annual turnover in excess of \$500m and operates a fleet of more than 50

multipurpose and heavy-lift vessels; and represented Milbank Winthrop, a registered investment advisor that oversees \$500m of assets under management, primarily on behalf of high-net-worth families, in its sale to Silvercrest Asset Management Group. New York-based James Abbott and Craig Sklar are co-heads of the business transactions group; and business transactions group counsel Nick Katsanos, in New York, is a key attorney. Abbott and Katsanos are ‘outstanding professionals and masters of the M&A field. They work tirelessly for us and provide excellent value for money’.





Chambers Recognition

Chambers and Partners, in its 2013 USA Guide, ranks Seward & Kissel as Highly Regarded in its Corporate/M&A category, offering the following analysis as a result of its independent research:

The Firm: Seward & Kissel offers talent in midmarket M&A, as demonstrated by its many deals for investment management clients. Benefiting from the firm's impressive shipping finance practice, the New York corporate group also attracts impressive mandates in the world of shipping, including one from OceanFreight relating to its \$239 million acquisition by DryShips.

Sources say: "The fact they are proactive or quickly reactive is of huge benefit to us."

Key Individuals: James Abbott co-heads the firm's M&A practice. Sources say he "brings a wealth of experience to the table" and "has a great grasp of commercial issues spanning a variety of industry segments." He recently advised Parfums de Coeur on its sale to Yellow Wood Partners.



Individual Accomplishments

- Business Transactions Group co-head Craig Sklar was a Finalist for *M&A Advisor's* 2013 Legal Advisor of the Year Award.
- Business Transactions Group co-heads Jim Abbott and Craig Sklar and counsel Nick Katsanos are all ranked as Leading Individuals for Corporate/M&A, and partners Rob Lustrin, Larry Rutkowski, Mike Timpone and Gary Wolfe are also ranked as Leading Individuals, by Chambers and Partners for its 2014 USA Guide.
- Business Transactions Group partners Meir Grossman and Jim Cofer and counsel Nick Katsanos were listed as "Rising Stars" in the New York-Metro Edition of *SuperLawyers* 2013.
- Business Transactions Group co-head Jim Abbott and partners John Ashmead, Ron Cima, Jim Hancock, Larry Rutkowski, Mike Timpone and Gary Wolfe were included in the New York-Metro Edition of *SuperLawyers* 2013.

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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