

SEWARD & KISSEL LLP

Seward & Kissel advises NewStar Financial
on its acquisition of Fifth Street CLO Management

Seward & Kissel's Business Transactions Group
Focusing on the Middle Market

In July 2017, **NewStar Financial, Inc.** (Nasdaq: NEWS) completed its previously announced acquisition of middle market CLO manager **Fifth Street CLO Management LLC**. Seward & Kissel was pleased to represent NewStar in this middle-market M&A transaction.

Boston-based NewStar is an internally-managed commercial finance company with \$6.6 billion of assets managed across two complimentary business lines – direct lending and asset management. Fifth Street CLO Management was a wholly-owned subsidiary of Fifth Street Asset Management, Inc. (Nasdaq: FSAM) formed in 2015 to manage Fifth Street's middle market CLO business, and it has approximately \$726 million of assets under management.

Seward & Kissel LLP (www.sewkis.com) is a leading New York law firm, originally established in 1890, offering legal advice emphasizing business, financial and commercial law and related litigation. The firm's Business Transactions Group handles middle-market M&A, private equity, venture capital and joint venture transactions involving a wide variety of industries. The firm is ranked as Highly Regarded for Corporate/M&A by Chambers USA and is recommended by The Legal 500 in the middle-market M&A category, stating that Seward & Kissel “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.”

The press release describing this transaction is reproduced below for your information.

NEWSTAR FINANCIAL

Boston, Massachusetts

has acquired

Fifth Street CLO Management

Greenwich, Connecticut

Seward & Kissel

acted as counsel to NewStar Financial

SEWARD & KISSEL LLP

July 2017

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NewStar to Add \$726 Million of Managed Assets through Acquisition of Investment Manager

BOSTON, July 07, 2017 (GLOBE NEWSWIRE) -- NewStar Financial, Inc. (Nasdaq:NEWS) ("NewStar" or the "Company") announced today that it has agreed to acquire Fifth Street CLO Management LLC ("FSCM"), a wholly-owned subsidiary of Fifth Street Holdings L.P., an affiliate of Fifth Street Asset Management, Inc. ("Fifth Street" or "FSAM") (NASDAQ:FSAM), a publicly-traded credit-focused asset management firm based in Greenwich, Connecticut. The estimated purchase price is approximately \$16 million, net of \$13 million of assumed indebtedness and will be subject to adjustment up or down based on certain working capital items as of the closing of the transaction. The acquisition will add approximately \$726 million to NewStar's assets under management, increasing total pro forma AUM to approximately \$7.3 billion. The transaction is expected to close in the third quarter of 2017, subject to certain investor consents and other closing conditions set forth in the purchase agreement between Fifth Street Holdings L.P. and NewStar. The transaction is expected to be accretive to NewStar's earnings per share in 2017.

FSCM was formed in 2015 by Fifth Street to manage its middle market CLO business. FSCM currently manages two CLOs backed by middle market loans and holds certain interests in its sponsored CLOs primarily to comply with regulatory risk retention requirements.

Over the past eighteen months, NewStar has focused on expanding its asset management platform by launching new managed funds, acquiring investment management platforms and increasing its investment activity. This transaction is the Company's second acquisition adding to its managed assets and represents another important step in that strategy. The acquisition is highly complementary to the Company's existing middle market direct lending business and provides balance to its overall asset management platform, increasing pro forma fee-paying AUM to \$4 billion, split evenly between its middle market and liquid credit strategies platforms. The transaction also adds significantly to the Company's lending capacity, allowing it to better meet the needs of its private equity clients and compete more effectively to lead new direct lending opportunities.

FSCM will become a wholly-owned subsidiary of NewStar and the funds will be managed by NewStar's middle market investment team. The transaction is expected to add more than \$2.5 million to the Company's run-rate fee revenue and will serve as a further catalyst to the growth of NewStar's asset management activities.

"This acquisition is consistent with our strategy to expand our asset management activities in ways that add to our value proposition for institutional investors and leverage our core strengths in direct lending, securitization and credit management. This transaction also provides an

attractive way to diversify our business mix, adding to fee revenue and accelerating improvement in equity returns," said NewStar's Chairman and Chief Executive Officer Tim Conway.

"The transaction is expected to be accretive to earnings in 2017, adding predictable fee revenue derived from long-term CLO management contracts" added John Bray, NewStar's Chief Financial Officer. "We were able to complete thorough due diligence and the terms of the transaction worked well for all parties."

Seward & Kissel LLP served as legal counsel and GreensLedge Capital Markets LLC advised NewStar on the transaction.

About NewStar Financial, Inc.:

NewStar Financial, Inc. (Nasdaq:NEWS) is an internally-managed commercial finance company with \$6.6 billion of assets managed across two complementary business lines — middle market direct lending and asset management. The Company's direct lending activities are focused on meeting the complex financing needs of companies and private investors in the middle markets through specialized lending groups that offer a range of flexible debt financing options to fund working capital, growth strategies, acquisitions and recapitalizations. Through its asset management platforms, NewStar also offers a range of investment products employing credit-oriented strategies focused on middle market loans and liquid, tradeable credit. NewStar is headquartered in Boston MA and has regional offices in Chicago IL, Darien CT, and New York NY. Please visit our website at www.newstarfin.com for more detailed information.

About Seward & Kissel LLP

Seward & Kissel LLP, founded in 1890, is a leading U.S. law firm with an international reputation for excellence. We have offices in New York City and Washington, D.C.

Our practice primarily focuses on corporate, litigation and restructuring/bankruptcy work for clients seeking legal expertise in the financial services, corporate finance and capital markets areas. The Firm is particularly well known for middle-market, cross-border M&A transactions and for its representation of major commercial banks, investment banking firms, investment advisers and related investment funds (including mutual funds, private equity funds and hedge funds), hedge fund administrators, broker-dealers, institutional investors and transportation companies (particularly in the shipping industry).

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