DEALMAKERS OF THE YEAR

JUST THE FACTS: VTTI

The Master Limited Partnership’s Overseas Adventure

WHY THIS DEAL STANDS OUT: The master limited partnership, a specialized structure in which a publicly held partnership receives an exemption from corporate taxes in return for periodically distributing all its available cash to investors, has been a fixture in the domestic oil and gas industry since 1981. But London-based oil terminal operator VTTI was the first MLP with most of its assets fixed outside North America to go public in the United States.

Prior to VTTI’s $422 million IPO, there had been fewer than 10 non-U.S. MLPs, and all of them were of shipping companies with long-term contracts that produced a steady cash flow. To achieve the best possible valuation in the public markets, Wheeler devised a contract structure that included a multiyear estimated minimum quarterly distribution, guaranteed by the MLP’s sponsor. He also worked with VTTI’s tax advisers in London and Amsterdam to resolve cross-border tax issues. In all, the process takes 6-12 months, Wheeler says.

IF HIS NAME SOUNDS FAMILIAR: A former Baker Botts partner, Wheeler was one of eight lawyers who launched Latham’s Houston office in 2010 (“Boom Town,” February 2014). The office has since grown to 85 lawyers. MLPs account for 60 percent of its business and two-thirds of Wheeler’s practice; between 2012 and 2014, he advised on 23 IPOs, 17 of which were of MLPs or similar products.

Sean Wheeler
Latham & Watkins, Houston

THE DEAL: VTTI Energy Partners IPO