

# MTN, ANGELO GORDON FLIP KINGS TO GSSG

Fellow private equity firm Castle Harlan 'spearheaded' the sale of the supermarket chain to the Qatari conglomerate.

**BY LAURA BERMAN**

After a 10-year hold, private equity firms Angelo, Gordon & Co. LP and MTN Capital Partners LLC have sold supermarket chain Kings Super Markets Inc. and affiliate Balducci's Food Lover's Market to Qatari conglomerate GSSG Capital.

Another private equity firm, Castle Harlan Inc., "initiated and spearheaded" the transaction, Castle Harlan said in a Thursday, Aug. 11, statement. The New York firm did not disclose the terms of the deal.

A Castle Harlan spokesman said the firm acted as an "investment manager" in the transaction but did not invest funds.

"As was the case with the Kings/Balducci's transaction, prior to a transaction, Castle Harlan will identify new potential investments; form relationships with various stakeholders including the selling shareholders and management team; lead the industry due diligence, including operational, financial, tax, insurance, benefits and environmental; form a thesis and value creation plan around the investment; and negotiate on behalf of the investor on all definitive documentation, including management incentive plans, financing agreements and the sale-purchase agreement," he said via email. "Following the transaction, and when required, Castle Harlan will actively manage the investment as directors of the board, advising the company on all elements of business strategy, deployment of capital, financial reporting and access to capital markets, and ultimately leading the timing and process for realizing the investment and maximizing returns for equity investors."

Castle Harlan's Marcel Fournier, who led the transaction along with Eric Schwartz, said in Thursday's statement that the transaction "reflects Castle Harlan's continued activities in identifying and completing unique private equity transactions with market-leading companies."

David D'Urso, John Howell and Charlie Hely of Akin Gump Strauss Hauer & Feld LLP advised Angelo, Gordon on the sale. The Deal has learned that BMO Capital Markets Corp. provided financial advice. Castle Harlan tapped Jim Hill, Mike Primrose, Mike Mozes and Rick Tracanna of Benesch, Friedlander, Coplan & Aronoff LLP as its outside counsel and KPMG LLC

for accounting and tax advice.

Angelo Gordon and MTN acquired Kings with supermarket veteran Bruce Weitz for \$61.5 million from British supermarket chain Marks & Spencer Group plc in 2006. Marks & Spencer previously tried and failed to sell the unit for several times over 18 years of ownership, with D'Agostino Supermarkets Inc. unable to finance a \$160 million bid in 2002 and Gristede's Foods Inc. also unable to raise funds for its \$120 million bid.

Supermarket News, a trade publication, estimated Kings' fiscal 2014 sales at \$545 million.

In 2009, Kings acquired Balducci's, a struggling specialty grocery store founded in 1916. Private equity firm Bear Stearns Merchant Banking, now Irving Place Capital Management LP, had purchased the chain's parent, Sutton Place Gourmet Inc., for \$50 million six years earlier, but it struggled during the recession despite BSMB investing close to \$100 million in equity in the chain.

Kings and Balducci's said in a statement that the companies "will continue to be managed locally" and their operating structures will remain intact. Kings is headquartered in Parsippany, N.J., while Balducci's is based in Rockville, Md.

GSSG Capital, or Ghanim Bin Saad Al Saad & Sons Group Holdings, is a Doha holding company. The purchase was made through its Delaware-based affiliate, KB Holding Inc. Al Saad is a Qatari businessman.

Castle Harlan in April sold books, digital content and entertainment product distributor Baker & Taylor LLC to Follett Corp. for undisclosed terms. The deal added \$1 billion to Follett's revenue. Both companies sell to schools, libraries and retailers.

Spokeswomen for Angelo Gordon and the target both declined comment. Castle Harlan and MTN executives did not respond to requests for comment, and GSSG could not immediately be reached.