

“Garden Fresh Completes Move to Private Ownership”

By Michael Kinsman

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Publicly held **Garden Fresh Restaurant Corp.** was taken private yesterday in a \$94.8 million deal, more than five months after the transaction was initially announced.

A partnership of the equity firms Centre Partners Management of Los Angeles, **Fairmont Capital** of Anaheim and five members of the Garden Fresh management team completed the deal yesterday. Although no breakdown was given on ownership interests, Centre Partners will hold a controlling interest, the companies said.

Shareholders of Garden Fresh approved the deal in a special meeting Tuesday. San Diego-based Garden Fresh operates 97 Souplantation and Sweet Tomatoes restaurants in 15 states. The buffet chains feature salad bars, soups, pastas, pizzas, breads and desserts.

On September 30th, Fairmont Capital announced that it would acquire Garden Fresh for \$16.35 a share, or 49 percent higher than the stock's trading price at the time.

“We knew all along that we would be bringing in an equity partner,” said **Michael Gibbons**, president of Fairmont Capital. “As it turned out, Centre Partners liked the deal so much it wanted to come in as the major partner.”

Gibbons said the volume of paperwork to take a public company private has increased the time necessary to complete a deal.

Government regulators are increasingly sensitive to the possibilities of insider trading and making sure that all shareholders are treated fairly, which has lengthened the takeover process, he said.

Although the deal calls for shareholders to receive \$94.8 million, the actual price of the transaction is considerably more. The partnership is assuring \$35 million in debt and will pay for legal and accounting fees connected with converting to a private company.

On its final day as a public company yesterday, Garden Fresh's stock closed at \$16.26. Robert Bergmann, managing director of Centre Partners, said his firm is a minority shareholder of Johnny Rockets, an Orange County operator of 151 hamburger diners in 29 states.

Mike Shumsky, chief executive of Johnny Rockets, will join the new board of the Garden Fresh partnership, but Bergmann said there are no plans to merge the chains. Garden Fresh will continue to be operated out of its San Diego headquarters.

The company reported a loss of \$204,000, or 3 cents a share, on revenue of \$52.1 million for the first quarter ended Dec. 31. It said it had sale-related costs of \$431,000 during the first quarter. For the comparable period a year ago, the company had reported a profit of \$206,000.

For the fiscal year ended Sept. 30, the company reported earnings of \$3 million, or 51 cents a share, on revenue of \$220.5 million. The company said it incurred \$997,000 in costs associated with the public-to-private transaction in the fourth quarter. It earned \$5.6 million in fiscal 2002.

Centre Partners has connections with the San Diego market. Last month, it was announced as a minority partner in a \$385 million deal to acquire Bumble Bee Seafoods. Connors Brothers Investment Fund of New Brunswick, Canada, will be the majority partner in that deal while eight members of the San Diego seafood company's management team will also participate.

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Note: **Fairmont Capital, Inc. and its co-investors acquired Garden Fresh Restaurant Corp. in March 2004. Michael Gibbons is a founder of Fairmont.**