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Chester County mushroom grower bought out of bankruptcy by private equity firm for \$5M

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An affiliate of New York-based Sandton Capital Partners has purchased the assets of Cardile Mushrooms Inc. for \$5.09 million as part of a stalking horse bid arranged under Chapter 11 bankruptcy proceedings.

The sale of the Avondale company's operations involved four tracts of land and all of its assets, said Paul J. Winterhalter, an attorney with Offit Kurman representing the mushroom company. Cardile's operations will continue under the new owners and most of the employees who were with the company have been retained.

"It's a relatively positive outcome to a difficult situation," Winterhalter said. "The large, strong firms survive and the more family-oriented operations can't compete. They don't have the



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Another private equity owner has entered the Pennsylvania mushroom industry.

financial resources to maintain the capital equipment to run the business.”

The only loose end that remains is about \$1 million in accounts receivables that needs to be collected and will go to the lender. “The collection of the receivables will be fully consummated by early December or the end of the year and then we will see how the case will wind down,” Winterhalter said.

The acquisition of Cardile, its real estate and operations adds another private equity owner to the Pennsylvania mushroom industry. In 2017, Eos Partners, an investment firm based in New York, bought South Mill Pennsylvania of Kennett Square and combined it with a Canadian mushroom farm to create South Mill Champs. It’s investing \$115 million to bolster mushroom production operations in Kennett Square and just over the border in Maryland.

When Oakshire Mushroom Farm Inc., a Kennett Square grower of specialty mushrooms, filed for Chapter 11 bankruptcy in December 2018, it cited a concentration of the industry by private equity firms as among the reasons for its troubled financial situation.

Cardile, going under the names C&C Entity L.P., Cardile Mushrooms Inc. and Cardile Mushrooms C&M LLC, filed Chapter 11 last year after suffering under the weight of debt and an inability to make loan and other payments exacerbated by a reduction in business during the Covid-19 pandemic. Cardile's sales were affected when its restaurant customers were forced to close during the pandemic shutdown in the spring 2020.

Cardile’s challenges began in 2018 when the company was refinancing existing debt and one of its primary lenders backed out at the last minute, according to documents filed with the U.S. Bankruptcy Court for the Eastern District of Pennsylvania.

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