

# GRANT'S

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## No cheese whiz

Evan Lorenz writes:

*Grant's* said don't buy Chuck E. Cheese, and the market listened ([see the issue dated July 12](#)). On July 29, Queso Holdings, Inc., parent of the rodent-themed restaurant group, announced it had terminated its proposed merger with Leo Holdings Corp. (LHC on the Big Board), a special-purpose acquisition company.

What's remarkable is that retail investors, not professionals, appear to have spiked the transaction. Why should you care? Apollo Global Management, LLC bought Chuck E.

Cheese in 2014, the year when private-equity take-out multiples overtook the 2007 highs. The difficulty that Leon Black has had in returning CEC to the market may be a preview of the problems that private equity will face in relisting pricey leveraged buyouts. As we go to press, CEC is in the process of refinancing its \$760 million term-B loan: Deal talk puts the price at 99 and a spread to Libor of 550 to 575 basis points, up from Libor plus 325 basis points for CEC's current loan.

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