

Opes Opts for Burgers Over Mexican



The special purpose acquisition company agrees to acquire North Palm Beach, Fla.-based fast-casual burger chain BurgerFi, a little more than a year after launching with plans to acquire a company with operations in Mexico.

By Bill Meagher

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Mexico is no longer on the menu for Opes Acquisition Corp. (OPES).

The special purpose acquisition company with plans to acquire a business in Mexico, changed direction and signed a letter of intent to combine with North Palm Beach, Fla.-based fast-casual burger chain BurgerFi International LLC.

The restaurant chain, which offers several burgers and sandwich varieties, fries and desserts along with beer and wine, has about 125 locations in 23 states and outposts in Kuwait and Mexico.

The companies say they expect to have a definitive agreement in place by the end of June and hope to close a deal in the third quarter of 2020. Terms of the deal were not included in the announcement.

BurgerFi was founded in 2011 by John Rosatti, and one of its hooks is the quality of its proteins, leaving out steroids, antibiotics, growth hormones and additives. Started in a former Burger King location, the chain competes with The Habit, Five Guys and **Shake Shack** in the "better burger" category. According to food industry press, the private chain booked sales of \$141 million last year.

The chain's name is short for "Burger cation", the process of popularizing the concept across the country. The company has a decided dedication to renewable resources and has designed its restaurants around that concept. Chairs are made from up-cycled Coca-Cola bottles. Its counter-tops are made of compressed recycled cardboard, and the restaurants are cooled by 10-foot fans that consume 66% less energy than standard cooling devices.

In recent weeks the burger chain teamed up with accounting firm **Marcum LLP** to serve thousands of meals to front-line workers during the Covid-19 crisis.

Opes went public March 16, 2018, raising \$116 million with a business thesis of acquiring a company with its chief operations in Mexico. But in April 2020, the SPAC experienced a change of sponsors and management. The original management team left the SPAC in October 2019, and the replacement team left in April.

The SPAC changed direction April 13th when Ophir Sternberg became Chairman of the board. Sternberg is CEO of Lionheart Capital and was on Opes' board as a director before becoming chairman. Lionheart is a global real estate and investment firm focused on the acquisition, development and repositioning of residential and commercial real estate assets. It's based in Miami.

Sternberg switched the focus of the SPAC's deal search to high-growth companies focused on the U.S., according to a Tuesday statement from Lionheart.

The SPAC has set a virtual shareholder meeting for June 18th to ask for an extension of time to close the BurgerFi deal. It hopes that shareholders will give the SPAC until September 16th to complete the business combination. The SPAC currently has until June 18th to bring a deal home.

Though shareholders have generally been patient, approving four extensions for the SPAC to and a deal since its launch, not all have stuck out the search.

On March, for instance, 16 holders of 4.4 million Opes shares decided to cash out, taking with them \$47 million in proceeds with the shares being redeemed at \$10.61 each.

While terms of the deal were not revealed and are likely still being worked out, thanks to shareholders redeeming shares as the SPAC kept asking for more time, the trust account has been drained of \$73 million. With the IPO having raised \$116 million, the SPAC may be factoring in a private-investment-in-public-equity deal to make the business combination work out.

Shares traded Tuesday at \$11.45 apiece on Nasdaq and over the past 12 months have been priced from \$9.57 to \$12.86.

Investors in Opes include **Mizuho Financial Group Inc.**, Westchester Capital Management LLC and **Polar Asset Management Partners LP**.

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