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Private Equity/LBO News

Philly Firm Focuses Eastward

March 25, 2005

Philadelphia-based buyout firm **LLR Partners** recently launched its second fund at \$360 million and plans on sticking to middle-market companies in the Mid-Atlantic region, from New Jersey to Virginia. **Mitchell Hollin**, a partner at the buyout firm with \$600 million under management, likes to tell his investors that "the best deals are on Main Street not Wall Street." About 80% of the companies in LLR's portfolio are within a two-hour drive of Philadelphia.

The idea behind keeping deals close to home is that stronger relationships should lead to more proprietary deals and fewer auctions, Hollin said.

Out of LLR's 20 investments, only two were bought at auction. LLR is now scouting for companies worth \$20-200 million in four sectors: healthcare, business services, information technology and financial services. Within financial services, LLR is looking at transaction processing companies and specialty lenders, among others. Hollin declined to be more specific, because he's close to announcing an investment in a consumer finance company in the coming weeks.

"We're somewhat contrarian in our focus," Hollin said. In the late 1990s, when everyone was wild for Internet companies, LLR bought a janitorial services company, **Crothall Services Group**. It was only in 2001, that Hollin began looking for software companies, he said.