

Circle Peak Smacks Lips Over Shari's Restaurant Chain

BY [PAUL ZIOBRO](#)

FOOD & BEVERAGE

12/30/2005 – Circle Peak Capital LLC has led an investor group in an \$80 million purchase of casual family dining chain Shari's from investors Fairmont Capital Inc. and Windjammer Capital.

The deal closed Thursday, according to Circle Peak Managing Partner R. Adam Smith. Falcon Investment Advisors LLC also contributed equity in the deal, while Sankaty Advisors LLC, an affiliate of Bain Capital, and Carlyle Mezzanine Partners LP, a division of the Carlyle Group, each provided junior capital and mezzanine financing, Smith said.

Wells Fargo Foothill, CapitalSource Finance LLC and Magnetar Capital LLC all provided debt, Smith said.

Fairmont and Windjammer originally bought the company in 1999 for about \$60 million, according to press reports at the time. Windjammer invested \$4 million in equity and \$10 million in debt in the deal, according to its Web site.

Shari's owns about 100 24-hour restaurants in the Northwest in Oregon, Washington, California, Idaho and Nebraska. The chain, with 4,500 employees, generates about \$150 million in revenue annually and has been around for about 30 years, Smith said. The company has grown consistently since the mid-'90s, when it had about 50 restaurants.

The buyers, in conjunction with Shari's management, have formed a growth plan for the chain that focuses on opening new restaurants, remodeling existing restaurants and making acquisitions, Smith said.

Brett Snyder, formerly a principal with Windjammer, declined to discuss any returns on the firm's investment in Shari's. He said the restaurant chain grew by expanding the menu and offering pies and baked goods for takeout.

Snyder recently launched his own private equity firm, Nicolet Capital Investors LLC.

Windjammer and Fairmont used Houlihan Lokey Howard & Zukin to sell the chain.

Circle Peak made the investment through CPCP I Management LLC, which buys companies that have between \$25 million and \$200 million in annual sales.

Reach Circle Peak at 646-230-8812; Fairmont at 714-524-4770; and Windjammer at 949-721-9944.