



Shari's

Restaurant Chain Sells to NY Investors for \$80M

By [Brian K. Miller](#)

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BEAVERTON, OR-Locally based Shari's Management Corp., owner of the 97-unit Shari's Restaurant chain, has changed hands for just under \$80 million. An investor group led by New York City-based private equity firm Circle Peak Capital acquired the Northwest's largest full-service family restaurant chain from another group of investors led by Fairmont Capital Inc. of Yorba Linda, CA, which acquired it in 1999 for just under \$60 million.

Shari's CEO Larry Curtis tells GlobeSt.com Shari's executive management was part of the investor group in 1999 and is part of the new ownership as well. In this latest transaction, Curtis says he and other Shari's executives shifted some of their equity into the new ownership group and were cashed out for the remainder. The company's base of operations will remain in Beaverton, he says.

Founded about 30 years ago, Shari's operates 97 restaurants, mostly in Oregon and Washington but also in California, Idaho and Nebraska. Shari's serves more than 20 million customers annually, and approximately half of its client base dines at the chain at least once a week. It has about 4,500 employees and generates annual revenue of approximately \$150 million.

Circle Peak managing partner R. Adam Smith tells GlobeSt.com the key individual in this acquisition is Curtis, who has been with Shari's for 21 years and has had nearly the same management team in place for 16 years. Other reasons for the acquisition include Shari's being one of the market leaders in the family dining space; being corporate owned; and holding leaseholds on attractive locations.

Circle Peak Capital's portfolio includes Hill & Valley LLC, the Steak-Umm Co., Cole Water Co. LLC and Chomp Inc. The company's primary focus is in consumer brands that can benefit from its capital and expertise as operating advisors--which is to say, companies that are under managed and/or under capitalized.

"Although Shari's is very well run, the financial opportunity can be enhanced through more flexible and additional capital and certain operational initiatives or ideas that complement the existing business," says Smith.

Shari's has not grown much over the past few years, says Smith, but that should change in coming years. The new ownership will look to expand through new store openings, store expansions and, possibly, franchising, which the company has eschewed in favor of corporate-owned stores. New store openings may also come through the acquisition of smaller restaurant chains with locations that could be converted to the Shari's brand, say Smith and Curtis.

In addition to Circle Peak and Shari's management, the new ownership group includes Falcon Investment Advisors and Sankaty Advisors LLC as equity partners. Others providing junior capital and mezzanine financing include Capital Source Finance LLC; Magnetar Capital LLC; Wells Fargo Foothill; Carlyle Mezzanine Partners LP, a division of the Carlyle Group.

Outside deal advisors included Daniel J. Eisner and Nigel Austin of Akin Gump Strauss Hauer & Feld LLP, and Kerry Kramp, a Circle Peak operating advisor with 30 years of restaurant management experience, most recently as CEO of Buffets, Inc. Kramp will be a senior operating advisor and non-executive board member for Shari's. Additional advisors on the Shari's acquisition included KPMG, Marsh, Gaiatech, Foster Pepper, the Hale Group, and Mount Vernon Strategies.