

# BIDDER GROUP BUYS SHARI'S FOR \$80M

BY KELLY HOLMAN

In its first investment in the restaurant industry, **Circle Peak Capital LLC** led the acquisition of family dining chain **Shari's Management Corp.** for \$80 million.

(For more on this auction and others, visit [AuctionBlockDatabase.com](http://AuctionBlockDatabase.com).)

Investors in the deal, which closed Thursday, Dec. 29, included **CapitalSource Finance LLC**; Carlyle Mezzanine Partners LP, an affiliate of **Carlyle Group**; **Falcon Investment Advisors LLC**; **Magnetar Capital LLC**; Sankaty Advisors LLC, a unit of **Bain Capital LLC**; Wells Fargo Foothill, a unit of the **Foothill Group Inc.**; and the Shari's management team. The sellers were Yorba Linda, Calif., private equity firm **Fairmont Capital Inc.** and Newport Beach, Calif., buyout shop **Windjammer Capital Investors LLC**.

Fairmont and **Nicolet Capital Investors LLC**, a Chicago buyout shop headed by Brett Snyder, announced the transaction. Snyder, a former Shari's board member, is an ex-Windjammer Capital dealmaker who continued to oversee the Shari's investment after he left the firm this year.

A Beaverton, Ore., restaurant business estab-

lished in 1978, Shari's owns roughly 100 outlets in Oregon, Washington and surrounding states that collectively serve more than 20 million customers annually.

"It's the leading casual family dining chain in the Northwest," said Adam Smith, managing partner of Circle Peak, a New York private equity firm.

Shari's has an established history and loyal customer base, Smith added.

The company generates \$150 million in sales, he said. He declined to comment on its Ebitda.

The deal follows an earlier food-processing purchase by Circle Peak. The firm, which expects to start raising a new fund in 2006, acquired Rock Island, Ill.-based sugar-free food maker **Hill & Valley Inc.**, formerly Nancy's Pies Inc., for an undisclosed sum in August.

**Akin Gump Strauss Hauer & Feld LLP** partner Daniel Eisner and counsel Nigel Austin provided legal advice to Circle Peak. **Fulbright & Jaworski LLP** partner Michael Smooke and attorney Paul Blencowe were counsel to Fairmont and other investors, while **Perkins Coie LLP** partner Brentley Bullock provided counsel to Shari's management team.

Besides Smith, Circle Peak's deal team included principal John Poerink and senior associate Holbrook Forusz. In addition, Circle Peak operating adviser Kerry Kramp will serve as senior operating adviser to Shari's and become a non-executive board member.

**KPMG LLP**, **Marsh & McLennan Cos.**, **GaiaTech Inc.**, **Foster Pepper Tooze LLP**, the **Hale Group Ltd.** and **Mount Vernon Strategies** served as additional advisers to Circle Peak and the investor group.

"It was a very good exit for everyone involved in what was a very competitive sale process," Snyder said.

**Houlihan Lokey Howard & Zuckin** managing director Lindsey Alley oversaw Shari's auction on behalf of Fairmont and Newport Beach, Calif.-based Windjammer, which acquired Shari's Management in February 1999 for around \$60 million from owners Larry Hatfield and John Elorriage. Windjammer invested \$4 million of equity and \$10 million of debt in the deal.

As a result of Circle Peak's purchase, Windjammer realized a 20% return, or 3.2 times its money, from the exit, according to Bob Bartholomew, managing principal of Windjammer.

"We think there is a fair amount of wind behind the company's back. We exited this investment because we're coming up on the end of the life of our fund," he said.

Officials from Fairmont did not immediately return calls.

Shari's president, Larry Curtis, said the new investor group will help fuel the company's growth plans, which include opening new restaurants.

Curtis, a 20-year veteran of the company, was named chief executive of Shari's as part of the transaction.

Shari's locations are distinguishable by their six-sided structures, which are said to offer maximum window space for customers and efficient foot-traffic paths for restaurant workers.

Under Kevin Bechtel, vice president of research and development, the restaurant chain has added such items as Thai and Mediterranean salads over the past five years

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