

“Shari’s Looks Fine at Sale”

By Kelly Holman

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An innovative family-dining chain in the Pacific Northwest appears to be wetting the appetite of financial buyers.

Beaverton, Oregon-based **Shari’s Management Corp.**, operator of the Shari’s Restaurants chain, has hired Los Angeles investment bank Houlihan Lokey Howard & Zuckin to handle the auction.

California private equity firms **Fairmont Capital, Inc.** and Windjammer Capital Investors co-own Shari’s.

The operator of 97 eateries will generate close to \$150 million in sales this year and EBITDA of almost \$14 million, said **Michael Gibbons**, president of Fairmont.

“We have a number of investors that are looking at the business to potentially acquire it,” Gibbons said.

The company has improved the design of its outlets, opened new restaurants and introduced new menu items under President Larry Curtis and his team, Gibbons said.

Established in 1978, Shari’s runs 24-hour outlets that are identifiable by their unusual six-sided design, which is said to offer maximum window space to customers and efficient foot-traffic paths to restaurant staffers.

Houlihan Lokey has been actively marketing the business for just under two months, Gibbons said.

Fairmont, based in Yorba Linda, California, and Newport Beach, California-based Windjammer acquired Shari’s Management in February 1999 for just under \$60 million from owners Larry Hatfield and John Elorriaga.

Windjammer invested \$14 million in the deal, taking \$10 million in senior subordinated notes and \$4 million in common stock, according to its Web site.

Fairmont also owns a minority stake in San Diego-based **Garden Fresh Restaurant Corp.**, which runs soup and salad restaurants. New York’s Centre Partners Management LLC, which owns a majority interest, has tapped Piper Jaffray & Co. to oversee the sale of that chain.

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Note: **Fairmont Capital, Inc. and its co-investors acquired Shari’s Management Corp. in February 1999 and Garden Fresh Restaurant Corp. in March 2004. Michael Gibbons is a founder of Fairmont.**