

LBO Wire
Z Capital Closing Fund at \$750M Hard Cap
By Hillary Canada
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Z Capital Partners is wrapping up its latest vehicle at its \$750 million hard cap, said a person familiar with the fundraising effort.

Some 30 new limited partners came on for Z Capital Special Situations Fund II LP, which had a \$500 million target, this person said. Known limited partners in Fund II include the New Mexico Educational Retirement Board, which signed on with a \$40 million commitment to the fund in July.

Z Capital has already invested roughly \$100 million from Z Capital Special Situations Fund II, according to this person. The fund is earmarked for midmarket companies that have stressed or distressed balance sheets or are in need of a turnaround or restructuring.

The Chicago firm recently acquired specialty auto-parts maker MSD Performance Inc., which entered bankruptcy protection in September. Z Capital completed its deal for MSD in December, with financing from Monroe Capital, and is evaluating a possible add-on for the business, said the person familiar.

The firm also recently increased its ownership stake in Real Mex Restaurants Inc., an operator of restaurants under the El Torito, Acapulco Mexican and Chevy's Fresh Mex brands. Z Capital took an initial stake in Real Mex after the company, previously backed by Sun Capital Partners, filed for bankruptcy protection in 2011.

Z Capital raised \$300 million for its debut fund in 2009. That fund had generated a gross realized internal rate of return of 59.7% as of June 30, according to a document viewed by LBO Wire.