



JZ CAPITAL PARTNERS LTD

JZ CAPITAL PARTNERS ANNOUNCES FACTOR ENERGIA EXIT FOR GROSS PROCEEDS OF €69.7 MILLION

~ Transaction represents a gross 9.2x multiple of invested capital and 42.4% internal rate of return ~

06 November 2017

JZ Capital Partners Limited (LSE:JZCP.L “JZCP” or the “Company”), the London listed fund that invests in US and European micro-cap companies and US real estate, today announces the realization at net asset value (“NAV”) of its majority equity interest in Factor Energia S.A. (“Factor”), held through the EuroMicrocap Fund 2010, L.P. (“EMC 2010”). The transaction enterprise value was approximately €120 million.

Factor is being acquired by a public-sector asset manager, on behalf of a major Canadian pension fund. As part of this transaction, JZI Fund III, L.P. (“Fund III”), in which JZCP is an approximately 18.8% limited partner, has agreed to invest €20 million alongside the majority owner and Factor management, representing approximately 25% of the business’ fully diluted equity ownership.

Founded in 1999, Factor is a leading independent supplier of electricity to small and mid-sized companies in Spain. Taking advantage of distressed valuations at the height of the financial crisis, JZCP entered the Spanish market through its investment in Factor in July 2010 and has since worked with Factor’s Founder and CEO, Emilio Rousaud, to significantly scale the business.

Supported by the deregulation of Spain’s electricity supply market and the recovery of the domestic economy, Factor has experienced a period of significant transformation under JZCP’s ownership, growing its customer base from approximately 4,000 to 45,000 and reported revenues from approximately €68 million to more than €370 million.

JZCP invested a total of approximately €7.6 million in Factor and is expected to receive total gross proceeds (before carry) of approximately €69.7 million from the sale (including deferred payments and interim distributions received over the course of the investment), representing a gross multiple of invested capital (“MOIC”) of approximately 9.2x and a gross internal rate of return (“IRR”) of approximately 42.3%.

Across the six Spanish portfolio companies it has sold to date (including Factor), JZCP has realized approximately €144.9 million on an investment of approximately €60 million. These six transactions represent a gross MOIC of 2.4x and a gross IRR of 23.2%. JZCP is still highly committed to the Spanish region, holding four Spanish portfolio companies through its limited partner interest in Fund III (including Factor), which continue to perform in line with expectations.

David Zalaznick, JZCP’s Founder and Investment Adviser, commented: “We’re delighted to announce the successful realization of Factor Energia. As we continue to focus on narrowing the discount to NAV at which JZCP’s ordinary shares trade, our ongoing ability to realize key assets at NAV further validates the true value of the Company’s portfolio. We are excited about Factor’s future and the next chapter of its history through JZCP’s investment in JZI Fund III, L.P. We continue to see exciting micro-cap investment opportunities in Spain and look forward to deploying further capital in the region.”

Miguel Rueda, Senior Partner of JZAI’s London office, commented: “A lot has been achieved over the seven years we have owned Factor Energia. During this time, we have strengthened the company’s market position and grown revenues and profits substantially. We believe Factor still has considerable upside potential and look forward to continue working closely with management via our minority investment in Factor through JZI Fund III, L.P.”

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About JZCP

JZ Capital Partners ("JZCP") is one of the oldest closed-end investment companies listed on the London Stock Exchange. It seeks to provide shareholders with a return by investing selectively in US and European microcap companies and US real estate. JZCP receives investment advice from Jordan/Zalaznick Advisers, Inc. ("JZAI") which is led by David Zalaznick and Jay Jordan. They have worked together for more than 35 years and are supported by teams of investment professionals in New York, Chicago, London and Madrid. JZAI's experts work with the existing management of micro-cap companies to help build better businesses, create value and deliver strong returns for investors. For more information please visit www.jzcp.com.