



JZ CAPITAL PARTNERS LIMITED



2019 Interim Results Presentation



JZ CAPITAL PARTNERS LIMITED

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About us

- JZCP is one of the oldest closed-end investment companies listed on the Specialist Fund Segment of the London Stock Exchange
- Approximately \$1.1 billion of gross assets
- Principally invests in US and European microcap companies and US real estate
- Guernsey resident — tax efficient vehicle
- Three classes of shares in issue – Ordinary Shares, Zero Dividend Preference Shares (due 2022), and CULS
- Adviser is Jordan/Zalaznick Advisers, Inc. – founded in 1986
 - Led by Jay Jordan and David Zalaznick – invested together for more than 35 years
 - Gordon Nelson (CIO) – worked with Jay and David for more than 25 years
- Three experienced investment teams: US microcap, European microcap and RedSky Capital (real estate)
- The European team includes Jock Green-Armytage and Miguel Rueda, who have been investing together for more than 15 years in European microcap deals (UK, Italy, Holland, Scandinavia, Portugal and Spain). David Zalaznick works with the European team extensively.



Financial highlights

Total NAV return per share

- Total NAV return per share of (3.8)%, from \$10.04 (28/02/19) to \$9.66 (31/08/19)
- NAV of \$748.2m (28/02/19: \$810.3m)

Significant realisations YTD

- Realized \$121.2m during the period, at or above NAV
- Additional post period realization of \$18.5m** from Priority Express sale (60% above NAV)

Strategic initiatives: revised investment policy

- Shareholders have approved a new investment policy, whereby JZCP will look to realise investments and materially reduce commitments to new investments in order to return capital to shareholders and pay down debt
- Appx. \$50m returned to shareholders over the past 18 months (market purchases / tender)
- Potential impairment to the value of the real estate portfolio dictates that JZCP must protect its balance sheet by prioritizing debt repayment over the return of capital to shareholders
- In the market with a portfolio of US microcap assets; expect to realize btwn. \$150-170m in gross proceeds prior to 29 Feb. 2020 – significant debt pay down expected upon completion
- New initiatives expected to conserve cash of up to appx. \$100m for JZCP
 - Cancellation of investment in US Side-Car Fund (\$25m was approved by shareholders)
 - Commitment to Fund IV reduced to €15m (€64m was approved by shareholders)
 - JZCP relieved of significant current and future commitments to certain managed funds (which total up to appx \$44m)
 - Investment Adviser voluntarily foregoes payment of incentive fee until the Company and the Investment Adviser mutually agree to reinstate such payments*

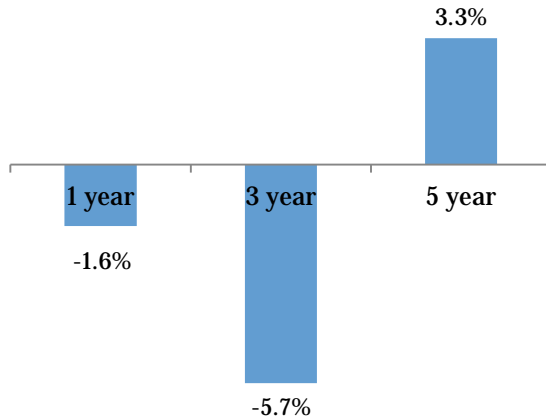
*The Investment Adviser has volunteered to forego payment of the remainder of its currently earned capital incentive fee on the basis that (i) \$3.9 million of it can be immediately paid to the members of the JZAI team other than Jay Jordan and David Zalaznick and (ii) the net gains underpinning the realized incentive fee are rolled forward and netted against future losses. Additionally, the Investment Adviser has volunteered to forego future capital incentive fees until the Company and the Investment Adviser mutually agree to reinstate such payments.

**JZCP realized \$18.8 million in expected gross proceeds, including escrow and earn-out.

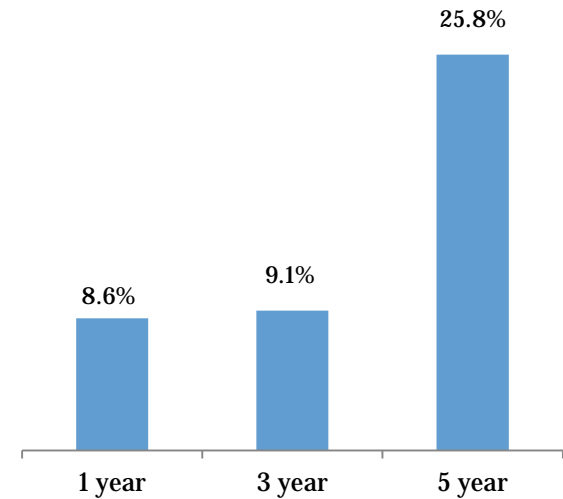


Share price and NAV per share performance

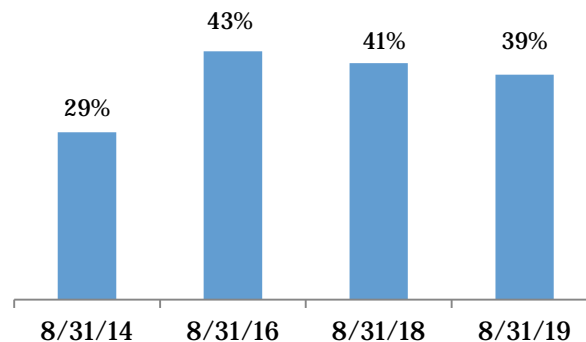
Cumulative NAV total returns*



Cumulative total shareholder returns*



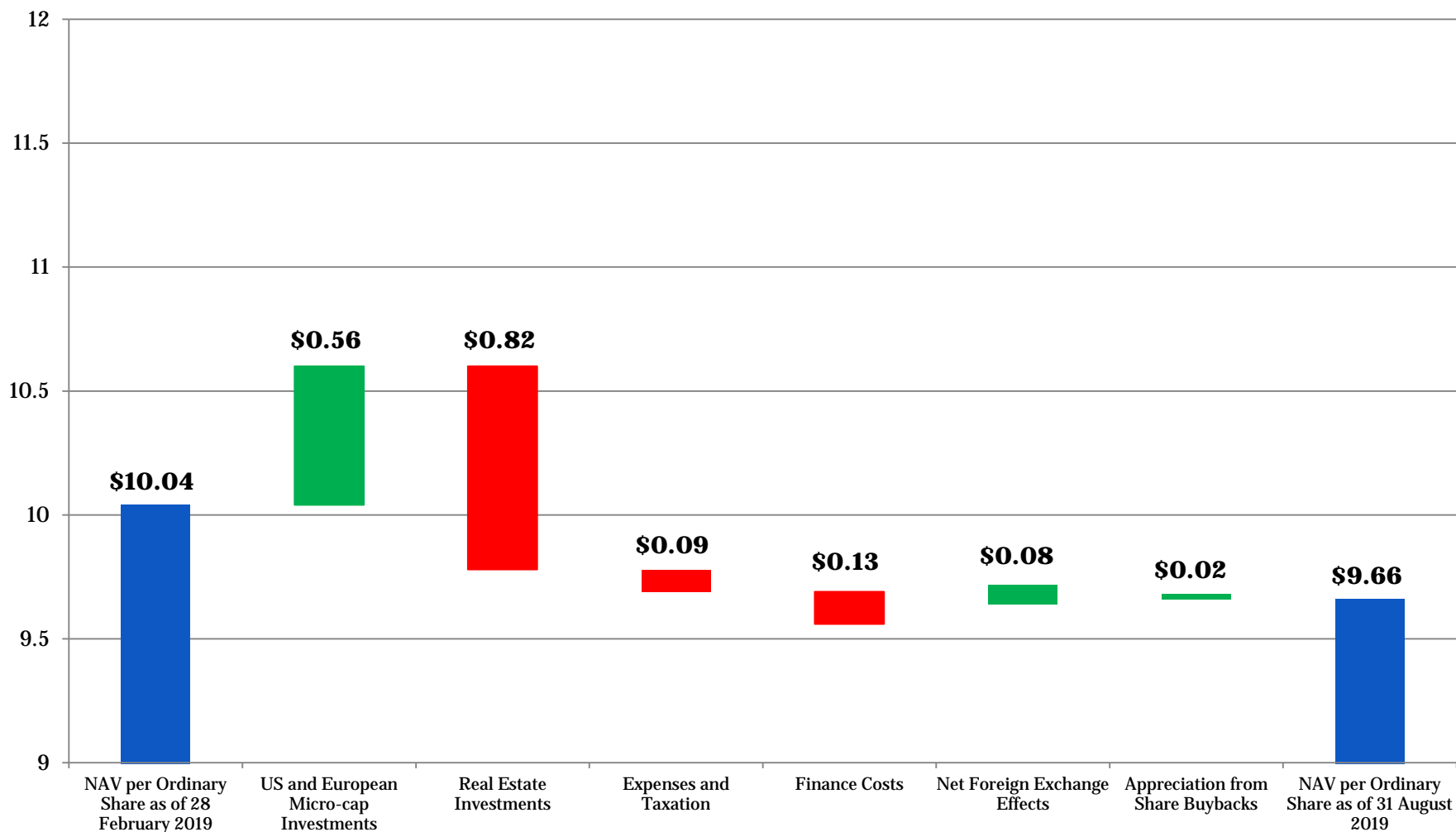
NAV to market price discount



*All performance figures assume re-investment of dividends at NAV or closing share price on the ex-dividend date.



Net asset value



*Numbers subject to rounding



Balance sheet summary

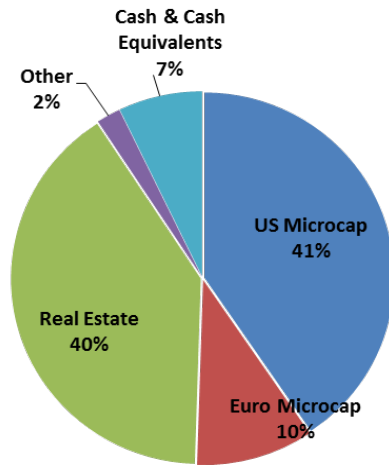
Investments	\$000 31/08/19	\$000 28/02/19
US Microcap Investments	424,914	478,970
European Microcap Investments	104,863	128,698
Real Estate Investments	422,656	443,044
Other Investments	21,540	19,588
Cash and Liquid Investments	75,009	54,308
Total Assets	1,048,982	1,124,608

Investments	\$000 31/08/19	\$000 28/02/19
Total Assets	1,048,982	1,124,608
- Liabilities	(190,643)	(196,234)
- ZDP's	(59,946)	(63,838)
- CULS	(50,167)	(54,274)
Net Assets	748,226	810,262

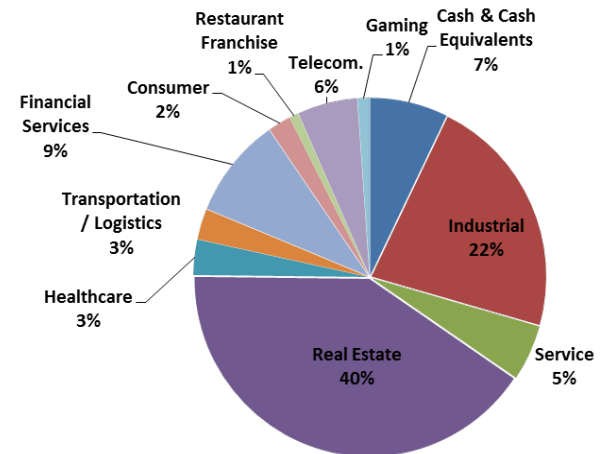


Portfolio breakdown

Portfolio by Investment Type



Portfolio by Industry





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NAV Validation

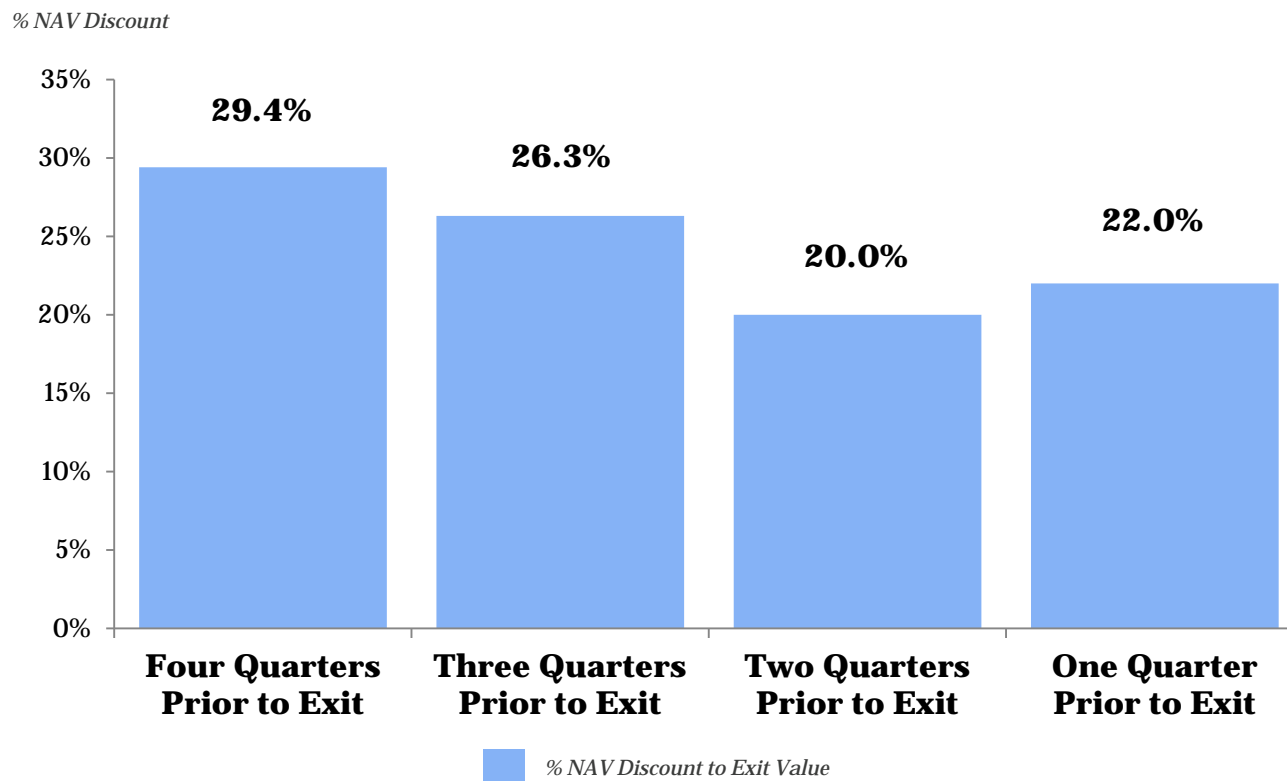


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Discount of NAV carrying value to actual exit value

JZCP has seen significant valuation uplift relative to historical carrying values

Discount of NAV Carrying Value to Actual Exit Value (All US & European Microcap Exits 2014-2019)*

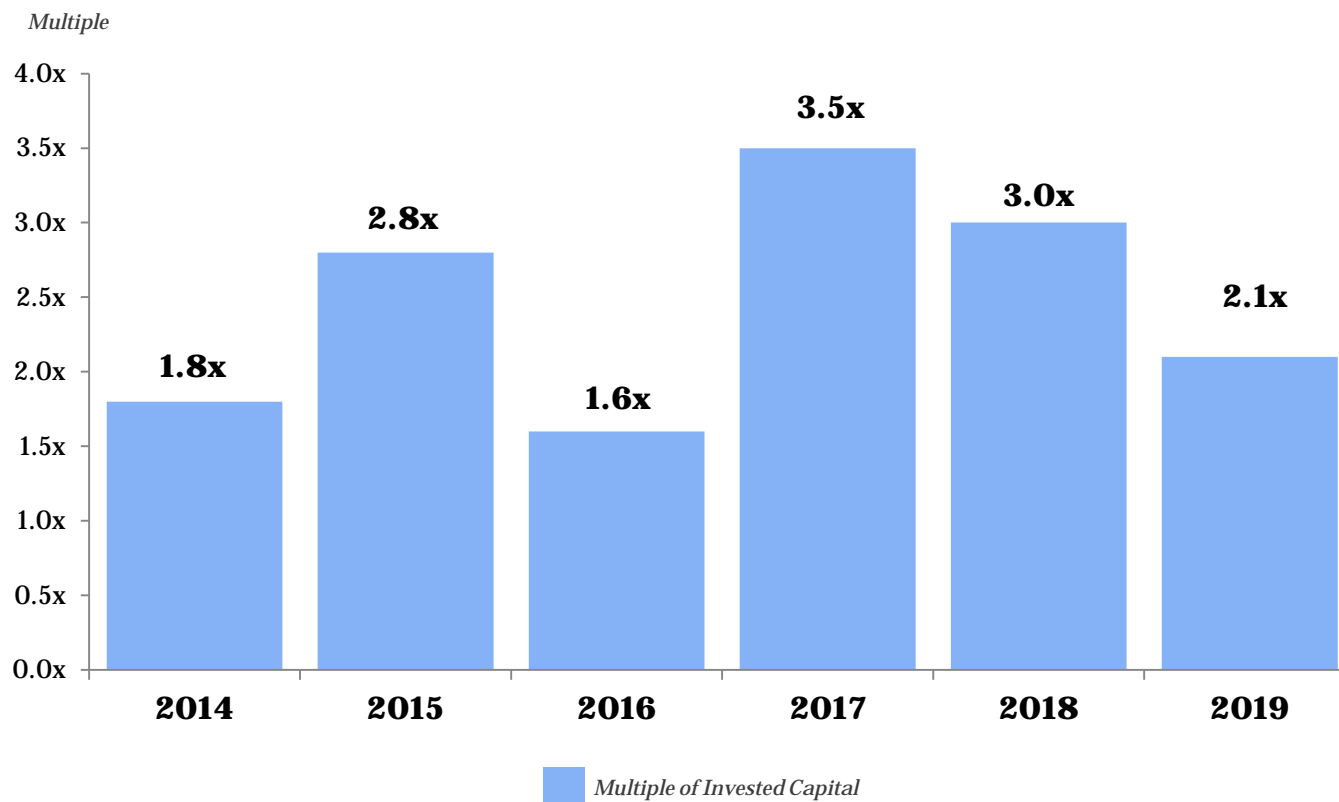


* As of 28 Oct. 2019. Analysis includes full exits of US & European microcap businesses (25 full exits from 2014-2019). Excludes partial exits and re-capitalizations. Returns are presented on a “gross” basis (i.e., they do not reflect the management fees or incentive fees that may be paid by investors, which may be significant and may lower returns).



Gross MOIC on exits

Gross MOIC on Exits (All US & European Microcap Exits 2014-2019)*



* As of 28 Oct. 2019. Analysis includes full exits of US & European microcap businesses (25 full exits from 2014-2019). Excludes partial exits and re-capitalizations. Returns are presented on a “gross” basis (i.e., they do not reflect the management fees or incentive fees that may be paid by investors, which may be significant and may lower returns).



Successful realizations

- **Felix Storch – March 2019**
 - JZCP refinanced Felix Storch, its manufacturer of small and custom refrigeration appliances. This refinancing resulted in gross proceeds to JZCP of approximately \$14.0m, which returned JZCP's entire March 2017 investment in Felix Storch of \$12.0m. Felix Storch has continued to exhibit strong growth and we expect it to return more capital in the future.
- **Waterline Renewal – April 2019**
 - Waterline Renewal was acquired by Behrman Capital, a private equity firm based in New York and San Francisco.
 - Waterline Renewal is a leading provider of engineered products used in the trenchless rehabilitation of wastewater infrastructure for multiple applications. The company's patented line of products and technologies allows its customers to deliver long-lasting solutions that repair sewer systems and wastewater lines without the need for excavation or property damage, and prevent overflow created by excess inflow and infiltration of ground water into the wastewater system.
 - JZCP expects to realize approximately \$24.6m in gross proceeds (including escrows) from the sale.
- **Avante & Orizon – August 2019**
 - In August 2019, JZCP sold 80% of its stake in US micro-cap investments Avante and Orizon for \$65.5m in gross proceeds, a 23% uplift to the July 2019 NAV of those assets.
 - Avante is a single source provider of medical, surgical, diagnostic imaging and radiation oncology equipment, including sales, service, repair, parts, refurbishing and installation in over 150 countries. Orizon is a manufacturer of integral aerospace assemblies for original equipment manufacturers and tier one suppliers to original equipment manufacturers.
- **Priority Express – October 2019 (post-period)**
 - In Oct. 2019, Priority Express was acquired by Capstone Logistics, a North American supply chain solutions partner.
 - JZCP expects to realise approximately \$18.8m in gross proceeds (incl. escrows / potential earn-out), a 60% uplift to the July 2019 NAV of that asset





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Strategic Initiatives: Revised Investment Policy



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Strategic initiatives: revised investment policy

- **In October 2019, shareholders voted to approve a new investment policy whereby JZCP will look to realize investments and materially reduce commitments to new investments in order to return capital to shareholders and pay down debt**
 - Approximately \$50m returned to shareholders over the past 18 months, in a combination of open market purchases and our first tender offer at close to NAV (completed in August 2019)
 - Potential impairment to the value of the real estate portfolio dictates that the Company must protect its balance sheet in the near term by prioritizing debt repayment over the return of capital to shareholders
- **JZCP has realized total gross proceeds this fiscal year through Nov. 2019 of more than \$135 million*, at or above NAV**
- **We are currently in the market with a portfolio of select US microcap assets and expect to realize between \$150-170m in gross proceeds prior to 29 Feb. 2020 from these transactions – significant debt pay down expected upon completion**
- **New initiatives expected to conserve cash of up to appx. \$100 million for JZCP**
 - New capital allocations will be largely limited to follow-on investments in existing portfolio companies as well as other existing obligations
 - The Company will not proceed to make a commitment to the recently announced US Side-Car Fund, which was approved by shareholders to be up to \$25 million
 - JZCP's commitment to JZI Fund IV, L.P. ("Fund IV"), which shareholders previously approved at up to €64m, is intended to be limited to a maximum of €15m
 - The Board has requested that the Investment Adviser relieve the Company of its future subscription obligations to certain managed funds where the Company has current and projected future commitments of approximately up to \$44m
 - Additionally, the Investment Adviser has volunteered to forego (i) payment of the remainder of its currently earned capital incentive fee** and (ii) future capital incentive fees until the Company and the Investment Adviser mutually agree to reinstate such payments

*Includes post-period (October 2019) realization of Priority Express - \$18.8 million in expected gross proceeds, including escrow and earn-out.

**The Investment Adviser has volunteered to forego payment of the remainder of its currently earned capital incentive fee on the basis that (i) \$3.9 million of it can be immediately paid to the members of the JZAI team other than Jay Jordan and David Zalaznick and (ii) the net gains underpinning the realized incentive fee are rolled forward and netted against future losses.





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Portfolio Review – Microcap



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US microcap

Strategy: Verticals

- Identify and purchase businesses in “verticals” where an industry executive can add value via organic growth and cross company synergies
- Sell vertical companies as one entity for a multiple expansion

Strategy: Co-investments

- Co-invest with known private equity groups to leverage our infrastructure
- Allows for greater diversification of portfolio

Portfolio

- Four separate verticals*: industrial services, testing services, flexible packaging and flow controls
- 14 separate co-investments alongside seven co-investment partners
- Current portfolio purchased at average of 6.0x EBITDA; valued at average of 8.2x



US microcap verticals

Industry sector driven “build-ups” created to add value through operational synergies across businesses and exit multiple expansion

	Industrial Services Solutions (ISS)	Flexible Packaging	Flow Controls	Testing Services
	Industrial equipment maintenance, repair and service	Acquisition strategy targeting the flexible packaging sector	Flow handling products and components	Environmental testing services and safety products equipment
Companies	<ul style="list-style-type: none"> • 27 companies across five platforms 	<ul style="list-style-type: none"> • Valley Packaging • Phoenix Converting • Precision Color Graphic • Specialty Packaging Tech. • American Pouch Converters 	<ul style="list-style-type: none"> • Steel & O'Brien 	<ul style="list-style-type: none"> • Argus • Premier • AJ Abr. • Shannon • RAF • MW Gas • Eagle • Tech Saf. • EOC1 • Evergreen • Triangle • Fil-Cert • Labtech • Biotech • Upstate • CTS • Heathcar. • A1 Med. • Dixie • Champion
Manager	Jim Rogers	Chris Wrobel	Phil Pejovich	Jeff Paulson / Chris Pratt
Revenues	\$458.6 M	\$47.0 M	\$23.1 M	\$105.6 M
Adj. EBITDA	\$53.6 M	\$7.6 M	\$7.3 M	\$12.4 M
Invested	\$48.3 M	\$10.0 M	\$14.0 M	\$23.8 M



Significant US microcap co-investments

Deflecto	ABTB	K2 Towers II	George Industries	Peaceable Street Capital
Diversified, global manufacturer and distribution business	Acquirer of fast casual and quick service restaurants	Private cell phone tower company	Manufacturer of highly engineered components for aerospace industry	Platform providing preferred equity to commercial real estate
July 2018	December 2017	October 2017	July 2016	January 2016
Invested: \$40.1M	Invested: \$8.8M	Invested: \$8.4M	Invested: \$12.7M	Invested: \$28.0M
Partner: Edgewater	Partner: Orangewood	Partner: Orangewood	Partner: Orangewood	Partner: Orangewood
TierPoint	Igloo	Suzo Happ	Salter Labs	New Vitality
Provider of IT and data centre colocation services	Designer, manufacturer and marketer of coolers and outdoor products	Manufacturer of parts for the gaming industry	Developer and manufacturer of respiratory medical products	Direct-to-consumer provider of nutritional supplements
June 2014	April 2014	July 2012	October 2010	April 2010
Invested: \$44.3M	Invested: \$6.6M	Invested: \$2.6M	Invested: \$16.8M	Invested: \$3.4M
Partner: RedBird Capital	Partner: ACON	Partner: ACON	Partner: RoundTable	Partner: Baird Capital



Significant US microcap investments

Felix Storch	Avante	Orizon	Priority
Provider of compact and specialty refrigerators and other appliances	Build-up of healthcare equipment, service & installation companies	Platform established to invest in aerospace and defence industries	Provider of same day express courier services
March 2017	August 2015	November 2015	October 2013
Invested: \$0.05M*	Invested: \$7.2M**	Invested: \$4.1M**	Invested: \$13.2M***

*All of JZCP's preferred stock investment in Felix Storch was returned during the refinancing in March 2019. JZCP's \$50,000 common stock investment remains.

** 80% of JZCP's cost in Avante & Orizon was returned in the August 2019 sale of 80% of Avante & Orizon.

***Post-period realization of Priority Express in October 2019 - \$18.8 million in expected gross proceeds, including escrow and earn-out.



European microcap

Strategy

- Value-oriented investment approach targeting microcap companies in Western Europe
- Diversified investment focus: portfolio companies in seven countries across five industries

Management

- Strategy coordinated by an experienced management team, which has invested in European microcap deals (UK, Italy, Holland, Scandinavia, Germany, Portugal and Spain) for more than 15 years
- Offices in London and Madrid led by Jock Green-Armytage and Miguel Rueda

Portfolio

- Strategically important region for JZCP
- Portfolio consists of 17 companies*
 - Industrial: Factor Energia, Alianzas en Aceros, ERSI, Eliantus, Luxida, BlueSites
 - Financial Services: Fincontinuo, My Lender
 - Insurance: Collingwood
 - Transportation / Logistics: S.A.C, Treee
 - Consumer: Karium

*JZCP sold its equity stake (held through EMC 2010) in Xacom, Docout, Ombuds and Toro Finance in February 2016, but still has remaining direct debt investments in each company as of 31 August 2019.



Fund III – significant portfolio companies

Fincontinuo	S.A.C	Collingwood	My Lender	Alianzas en Aceros	ERSI
Italian salary-backed consumer lending platform	Operational van leasing (lease & service) company in Denmark	Niche UK-based motor insurance company	Independent consumer lending platform in Finland	Steel transformation business in Spain	Reinforced steel business domiciled in Luxembourg
October 2014	March 2015	October 2015	November 2015	July 2016	November 2016
Invested: €5.0M	Invested: €3.5M	Invested: €3.9M	Invested: €3.9M	Invested: €2.8M	Invested: €6.8M
Partner: Co-investor Group		Partner: CO-investor Group			Partner: Boar Steel
Tree	Eliantus	Factor Energia	BlueSites	Luxida	Karium
E-waste recycling business in Italy	Build-up of solar power plants in Spain	Energy supply business in Spain	Cell tower land lease buy-and-build	Build-up in Spain's energy distribution business	Build-up strategy in personal care brands in the UK and internationally
June 2017	July 2017	November 2017	December 2017	February 2018	August 2018
Invested: €5.2M	Invested: €4.2M	Invested: €3.8M	Invested: €1.5M	Invested: €1.9M	Invested: €4.3M
	Partner: Elliott	Partner: IMCO		Partner: IMCO	

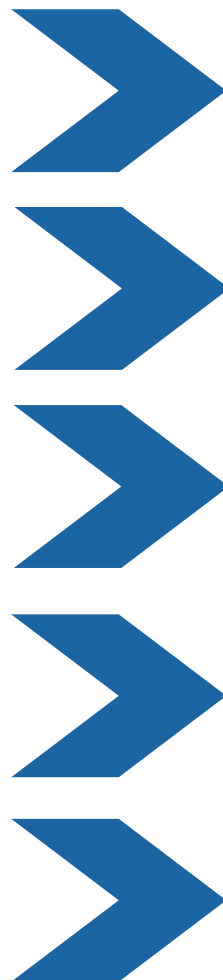
- 'Invested' euros above represent 18.75% of the cost of each portfolio company to JZI Fund III, L.P. as of 30 June 2019 (amounts do not reflect distributions or amounts fully or partially funded using JZI Fund III, L.P.'s line of credit).



Summary & outlook

Shareholders approved a new investment policy whereby JZCP will look to realise investments & materially reduce commitments to new investments to return capital to shareholders & pay down debt

High level of realisations and consistent validation of NAV



- Appx. \$50m returned to shareholders over the past 18 months (combination of market purchases / tender)
- Potential impairment to the value of the real estate portfolio dictates that the Company must protect its balance sheet in the near term by prioritizing debt repayment over the return of capital to shareholders
- In the market with a portfolio of US microcap assets; expect to realize between \$150-170m in gross proceeds prior to 29 Feb. 2020 from these transactions – significant debt pay down expected upon completion
- New initiatives expected to conserve cash of up to appx. \$100m for JZCP
 - Cancellation of JZCP's investment in US Side-Car Fund
 - Reduction in expected commitment to Fund IV
 - JZCP being relieved of significant current and future commitments to certain managed funds
 - Investment Adviser voluntarily foregoes payment of incentive fee until the Company and the Investment Adviser mutually agree to reinstate such payments*
- More than \$135 million in realizations year to date
 - Five portfolio company sales at or above NAV and three significant refinancings**

* The Investment Adviser has volunteered to forego payment of the remainder of its currently earned capital incentive fee on the basis that (i) \$3.9 million of it can be immediately paid to the members of the JZAI team other than Jay Jordan and David Zalaznick and (ii) the net gains underpinning the realized incentive fee are rolled forward and netted against future losses. Additionally, the Investment Adviser has volunteered to forego future capital incentive fees until the Company and the Investment Adviser mutually agree to reinstate such payments.

**Includes sale of 80% of Avante, sale of 80% of Orizon, sale of Waterline Renewal, sale of Petrocorner and sale of Priority Express (post-period). Refinancings include Felix Storch, Collingwood and Fincontinuo.



Appendix



Major holdings

Company	Type	Cost (\$ 000) (31/08/2019)	Value (\$ 000) (31/08/2019)	% of gross assets
Design District – Southern Parcel	Real estate	138,541	99,914	9.5
Industrial Services Solutions vertical	US microcap	48,250	95,893	9.1
Greenpoint	Real estate	43,225	58,261	5.6
TierPoint	US microcap	44,313	46,813	4.5
Deflecto	US microcap	39,381	44,333	4.2
Fulton Mall Assemblage	Real estate	22,802	40,109	3.8
Peaceable Street Capital	US microcap	28,041	36,541	3.5
Williamsburg Retail – North 6 th St.	Real estate	37,461	32,786	3.1
RedBridge Bedford	Real estate	17,078	30,794	2.9
Williamsburg Retail – Bedford Ave.	Real estate	31,383	27,467	2.6
Top 10 Holdings		450,475	512,911	48.8



JZCP investment activity

Since 28 February 2019	(\$ millions)
Real Estate Investments	43.6
US Micro-cap Investments	<u>6.1</u>
Total*	49.7



JZCP realisation activity

Since 28 February 2019	Gross Proceeds (\$ millions)
Avante – Sale of 80% of JZCP’s stake	37.5
Orizon – Sale of 80% of JZCP’s stake	28.0
Waterline Renewal – Sale	23.3
Fund III – Proceeds from Sale of Petrocorner / Refinancing of Collingwood & Fincontinuo	14.5
Felix Storch – Refinancing	14.0
Receipt of Escrow Balances	3.9
Total*	121.2

(*) Numbers subject to rounding

