



JZ CAPITAL PARTNERS LIMITED



2014 Interim Results Presentation



JZ CAPITAL PARTNERS LIMITED

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Outlook



Our investment strategy

- Focus on strategic build-ups in the specialised microcap market in the US and Europe
- Value investing in the NY real estate sector, replicating proven microcap strategy of buying businesses at reasonable values in conjunction with excellent management teams
- Experienced management – US, Europe and real estate
- Industry verticals in the core US microcap portfolio employ seasoned senior operating executives who provide supervision and strategic advice
- Significant proprietary deal flow
 - Large network of long-term sourcing relationships
 - Very limited use of auctions
- Reasonable entry multiples with modest leverage
 - Average US microcap purchase multiple of 6.0x trailing EBITDA
 - Average debt multiple senior to JZCP is under 2.0x for the microcap portfolio
 - Leverage to enhance returns with well performing investments
- Co-investments with well-known, successful micro cap private equity firms



Financial highlights

Performance

- NAV growth in 20 of the past 22 quarters including:
 - NAV of US\$657.4 million (FYE 28/02/14: US\$666.5 million)
 - Pre-dividend NAV per share of US\$10.27 (28/02/14: US\$10.25)
 - Interim Dividend of 15 cents per share for the period (H1 2013: 14.5 cents per share)
- Solid three-year total shareholder return of 29.8%
- An implied dividend yield of 4%



Operational highlights

Investment Activity

- Deployed US\$128.6 million in new investments
- Proceeds of US\$96.4 million from realisations
- US\$50.0 million investment in Bright Spruce Fund, the “founders fund” of our newly established asset management business
- US\$12.5 million in new real estate investments with an experienced manager to drive NAV growth

Portfolio

- US microcap portfolio generated EBITDA growth of 17% over the period, on a combined basis
- At the end of the period, the portfolio consisted of 65 businesses across 10 industries
- Healthy pipeline of opportunities



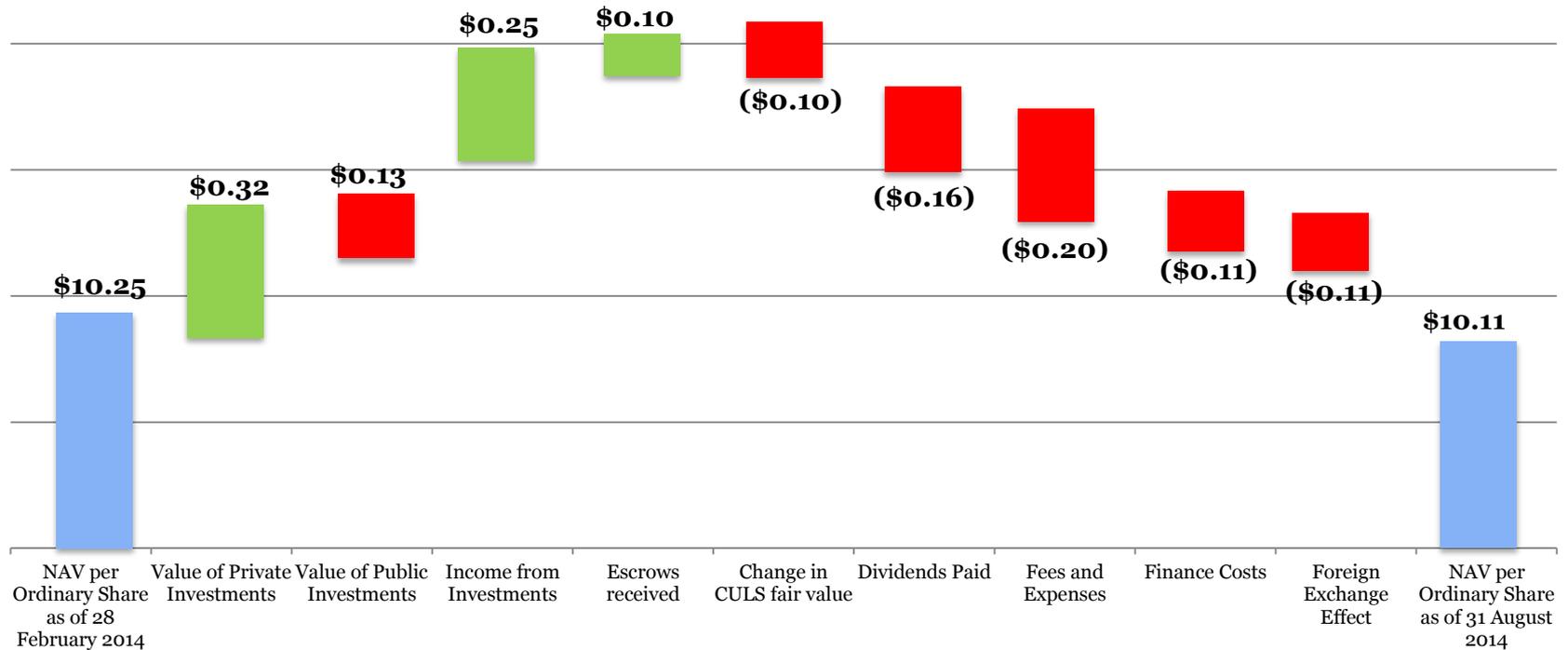
Balance sheet summary

Investments	US\$ 000 31/08/14	US\$ 000 28/02/14
US Microcap Investments	368,736	341,560
European Microcap Investments	217,811	186,781
Real Estate Investments	127,198	112,792
Other Investments	66,478	14,293
Cash and Liquid Investments	123,712	148,312
Total Assets	904,024	804,255

Investments	US\$ 000 31/08/14	US\$ 000 28/02/14
Total Assets	904,024	804,255
- Liabilities	(63,918)	(30,598)
- ZDP's	(110,405)	(107,201)
- CULS	(72,311)	-
Net Assets	657,391	655,296



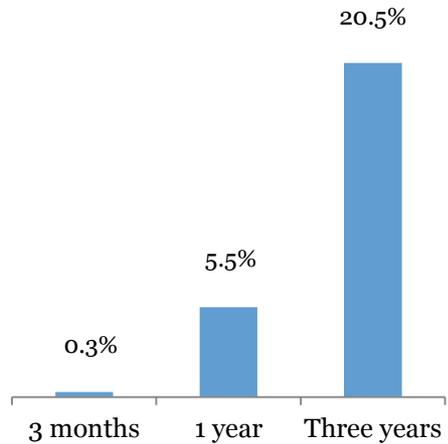
Net asset value development



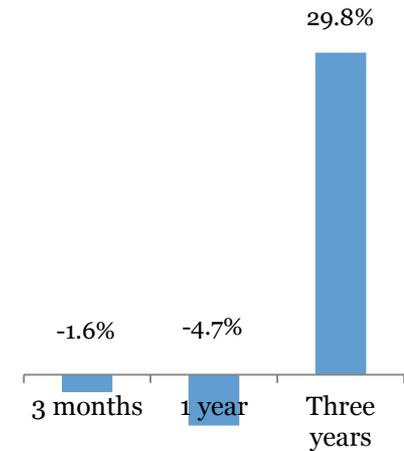
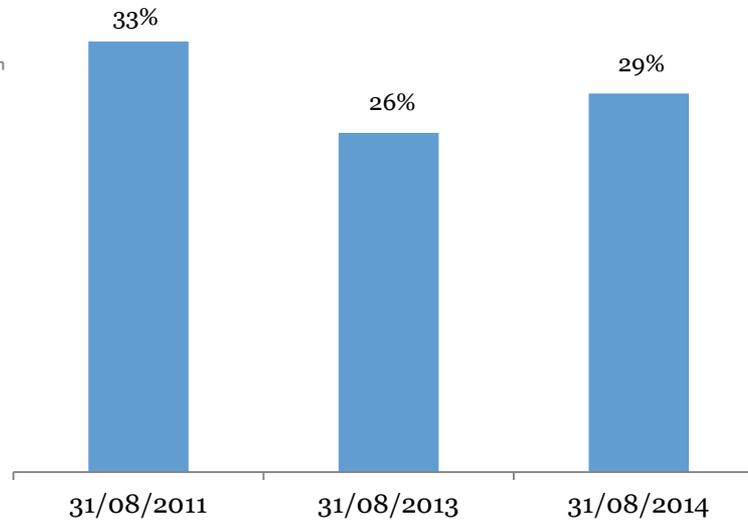
Share price and NAV per share performance

NAV total returns

Total shareholder returns



NAV to market price discount





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Convertible Unsecured Loan Stock



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Convertible Unsecured Loan Stock

First of two tranches issued in July, raising £40 million

Rationale:

- To enhance NAV growth in the future through capitalising on investment opportunities in an attractive investment environment
- To improve liquidity in JZCP's shares on conversion of CULS
- To repay ZDPs

The CULS provide CULS Holders with:

- Significantly higher yield per annum than the dividend yield on Ordinary Shares
- Capital protection through repayment at par
- The potential to participate in further growth in the NAV per Ordinary Share

Summary of Tranche 1 of CULS	
Size	£40m
Maturity	7 years
Status	Subordinated
Security	Unsecured
Coupon	6.0%
Conversion price	2.5% premium to NAV as of 30 June, 2014 (£6.04)





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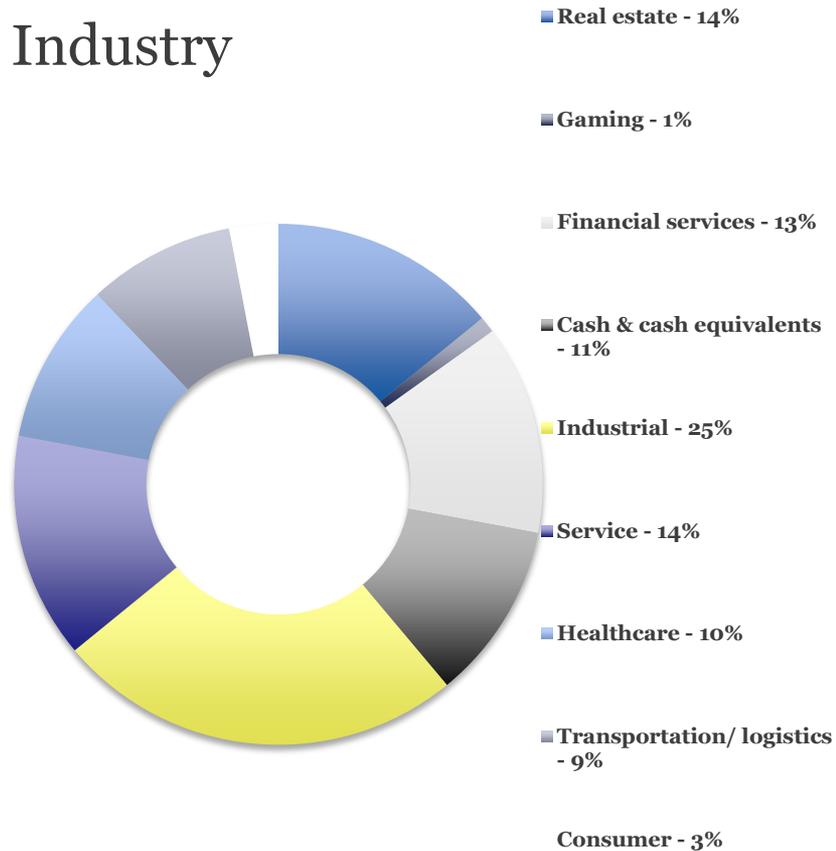
Portfolio Review



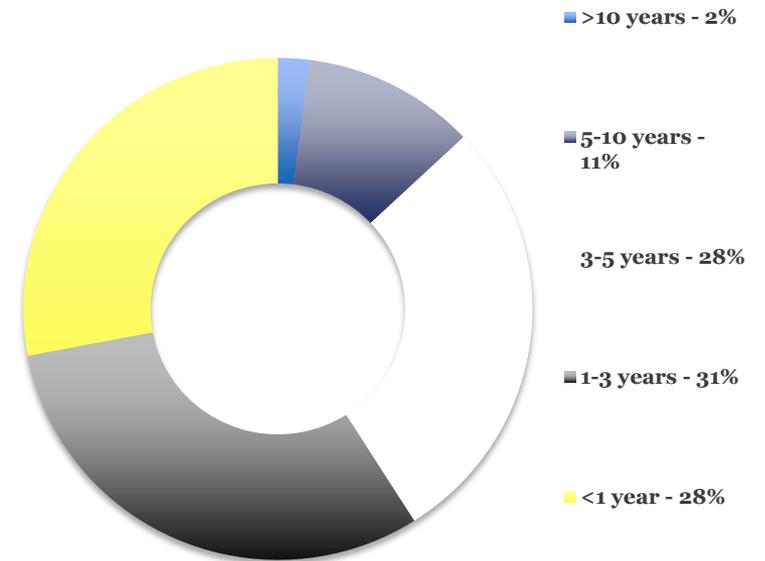
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Portfolio review

Industry



Vintage



US micro cap verticals

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

	Industrial Services Solutions (ISS)	Healthcare	Testing Services	Water Services	Logistics Solutions
	Industrial equipment services, repair and sales businesses	Revenue cycle management business for hospitals and doctors' offices	Laboratory and laboratory services business	Water infrastructure repair and water treatment business	Specialised transport and logistics industry
Companies	<ul style="list-style-type: none"> Fifteen companies across the U.S. 	<ul style="list-style-type: none"> MEDS BHS Physician 	<ul style="list-style-type: none"> Accutest Argus Group Premier Safety 	<ul style="list-style-type: none"> LMK Enterprises Perma-Liner Industries Nashville Chemical Klenzoid Company 	<ul style="list-style-type: none"> Priority Express
Manager	Jim Rogers	Mike Shea	Phil Rooney	Mike Reardon	Bruce Parker
Revenues	US\$220.8M	US\$26.8M	US\$112.4M	US\$80.8M	US\$21.2M
EBITDA	US\$34.5M	US\$5.3M	US\$14.1M	US\$11.6M	US\$3.4M
Invested	US\$33.2M	US\$21.5M	US\$43.6M	US\$34.1M	US\$13.2M



Significant US micro cap co-investments

<p>TierPoint</p> <p>Provider of information technology and data centre services (June 2014)</p> <p>Invested: US\$16.2M</p> <p>Partner: RedBird Capital Partners</p>	<p>Vitalyst</p> <p>Provider of “how to” support for software users (September 2012)</p> <p>Invested: US\$9.0M</p> <p>Partner: Baird Capital Partners</p>	<p>Suzo-Happ</p> <p>Designer, manufacturer and distributor of parts for gaming and amusement outlets (July 2012)</p> <p>Invested: US\$5.5M</p> <p>Partner: ACON Investments</p>	<p>MedPlast/UPG</p> <p>Precision plastics moulding business (April 2012)</p> <p>Invested: US\$18.0M</p> <p>Partner: Baird Capital Partners</p>
<p>Justrite Manufacturing</p> <p>Manufacturer of industrial safety products used in manufacturing facilities (June 2011)</p> <p>Invested: US\$6.1M</p> <p>Partner: Baird Capital Partners</p>	<p>Salter Labs</p> <p>Manufacturer of disposable respiratory products for acute care facilities and home healthcare (October 2010)</p> <p>Invested: US\$19.2M</p> <p>Partner: Round Table Healthcare</p>	<p>Milestone Aviation</p> <p>Supplier of helicopters to commercial and industrial customers (September 2010)</p> <p>Invested: US\$15.1M</p> <p>Partner: The Resolute Funds</p>	



European micro cap

Strategy

- Identical value-oriented investment approach
- Targeting high quality micro cap companies
- Investment focus on financial services outsourcing

Investment Case

- Strategy coordinated by an experienced management team
- The management team has invested in European micro cap deals (UK, Italy, Holland, Scandinavia, Germany and Spain) for more than 14 years, the last four of which have been through JZCP's EuroMicrocap Fund.
- Offices in London and Madrid led by Jock Green-Armytage and Miguel Rueda

Portfolio

- Strategically important region for JZCP, now represents 25% of gross assets



Recent European micro cap acquisitions

Petrocorner



A strategic build-up to acquire 2 – 3% of Spain's petrol station market.

Backing one of the industry's "best in class" management teams.

JZCP invested €18 million in equity alongside Avenue Capital Group in July 2014.

The aim is to become the 6th largest operator in Spain.

Well positioned to benefit from significantly improving fuel margins, increasing fuel consumption, and rising acquisition multiples for petrol stations.

Fincontinuo*



A leading independent lending platform in Italy.

Post-period end, JZCP invested €2.1 million in October 2014 alongside Avenue Capital.

Well positioned to capitalise on demand for alternative financing vehicles, given banks are projected to continue reducing their balance sheets to meet increasing capital requirements.

Established European micro cap investments

Factor Energia	Xacom	Docout	Grupo Ombuds	Toro Finance
Energy/utility distribution and reselling business which focuses on SMEs in Spain	Telecoms products business in Spain	Provider of document processing and storage services to financial institutions, utilities, telecom and insurance companies	Provider of personal security and asset protection to blue-chip companies in Spain	Provider of short-term working capital financing to major Spanish companies
Revenue: €415.0M	Revenue: €4.3M	Revenue: €15.3M	Revenue: €80.8M	Revenue: €71.3M
LTM EBITDA: €15.6M	LTM EBITDA: —	LTM EBITDA: €4.0M	LTM EBITDA: €5.1M	LTM EBITDA: €1.5M
Oro Direct	Winn Group	One World Packaging	Fidor Bank	
Buyer of precious metals in Spain which also sells investment grade gold and silver	Successful UK legal services and claims management business	Manufacturer of biodegradable packaging for the food industry in Europe	Innovative and fast growing online German bank	
Revenue: N/A	Revenue: €51.2M	Revenue: €4.0M	Revenue: €15.5M	
LTM EBITDA: N/A	LTM EBITDA: €14.5M	LTM EBITDA: €1.5M	LTM EBITDA: €2.5M	



Real estate

Strategy

- Applying the principles of our micro cap investment strategy
- Investing with an experienced and successful management team
- Buying properties in off-market transactions

Investment Case

- Developing and repositioning residential and retail properties in Brooklyn, New York
 - Strong demographics
 - Reasonable prices in off market, negotiated sales
 - Large value-added component

Portfolio

- Portfolio expected to contribute significantly to future NAV growth
- JZCP has invested appx. US\$126 million in 22 properties with an appx. total capitalization of US\$460 million

Portfolio	Sq. Ft.
Current Residential	80,000
Current Retail	300,000
Buildable	920,000



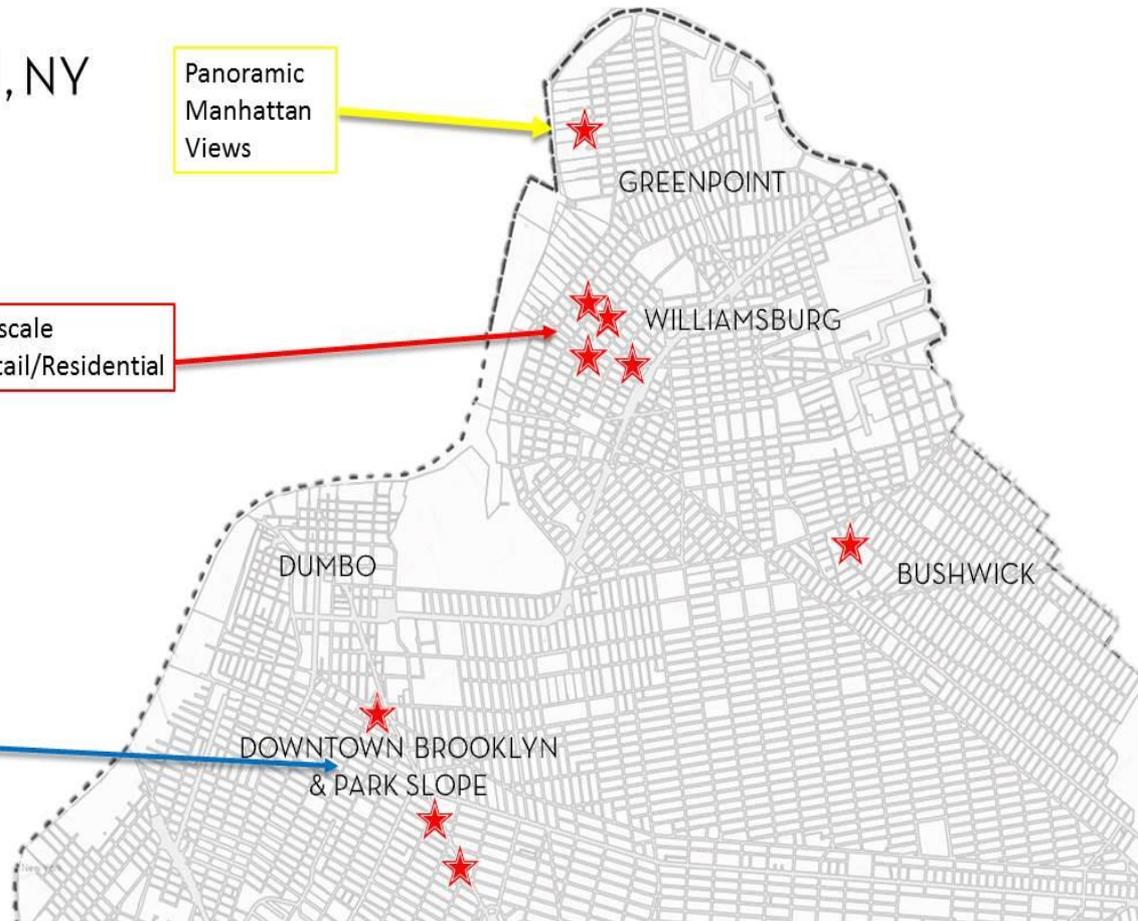
Real estate: portfolio by neighbourhood

BROOKLYN, NY

Panoramic
Manhattan
Views

Upscale
Retail/Residential

Fulton Mall,
Barclay's Center,
Atlantic Ave.
Transportation Hub



Real estate overview

Valuations continue to rise as rents grow:

- Median residential rental price in Northern Brooklyn increased 6.6% from July 2013 to July 2014
 - 14th consecutive year-over-year increase in monthly rent(1)
- Along Bedford Ave. in Williamsburg, average retail rents were appx. \$50/sq. ft. in 2010, and currently are appx. \$250/sq. ft.(2)
- Five years ago, before the Barclays Center, retail rents along Atlantic Ave. (Downtown Brooklyn) were appx. \$40/sq. ft. Today, they are appx. \$175(2)

(1) *NY Times*. Article. 08.24.2014

(2) Lee & Associates. Brooklyn Trend Tracker – Heading into 2014



Recent real estate acquisitions

Roebing Portfolio

125,000 sq. ft. mixed-use loft building in Williamsburg, Brooklyn, located within blocks of our other assets in the neighborhood

Date Acquired: July 2014

Total Cap: US\$45.9M

Total Equity: US\$10.5M

JZCP equity: US\$8.0M

Hart St.

17,000 sq. ft., 21 unit loft-style residential building in Brooklyn's Bushwick-Wyckoff Heights neighborhood

Date Acquired: August 2014

Total Cap: US\$7.2M

Total Equity: US\$7.2M

JZCP equity: US\$6.2M



JZCP's current real estate portfolio

What we've purchased:

- **Greenpoint:** Dynamic, waterfront neighborhood with panoramic Manhattan views
 - Top waterfront development site: 650,000 sq. ft. buildable
- **Williamsburg:** Epicenter of positive shifting demographics in North Brooklyn
 - 8 mixed-use properties, located on most trafficked retail corridors
 - 42,000 sq. ft. residential / 275,000 sq. ft. retail
 - Two development sites situated at key neighborhood junctions: 45,000 sq. ft. buildable
- **Downtown Brooklyn:** Revitalization centered around Barclay's Center and Atlantic Ave. transportation hub
 - Top development site - significant frontage on most highly trafficked retail corridor in Brooklyn
 - 175,000 sq. ft. buildable
 - One of the most iconic retail spaces near Barclay's Center
 - Redeveloped, cash flowing mix-used facility: 22,000 sq. ft. residential/ 24,000 sq. ft. retail
- **Bushwick:** Young, progressive neighborhood just east of Williamsburg
 - Unique, loft building in an unbeatable location: 17,000 sq. ft. residential



JZCP's current real estate portfolio

Bedford Avenue

100,000 sq. ft. mixed use facility on one of the most desirable blocks in Williamsburg

Date Acquired: April 2012
Total Cap: US\$99.9M
Total Equity: US\$29.9M
JZCP equity: US\$17.8M

Triangle

4,791 sq. ft. commercial building directly across from the front entrance to the Barclays Center and a major subway hub

Date Acquired: Sep 2012
Total Cap: US\$4.9M
Total Equity: US\$4.9M
JZCP equity: US\$3.5M

Fulton Portfolio

Development parcel with significant buildable air rights on Fulton Mall in Downtown Brooklyn

Date Acquired: Nov 2012 - Aug 2014
Total Cap: US\$43.9M
Total Equity: US\$18.9M
JZCP equity: US\$17.5M

Flatbush Portfolio

3 properties totalling 24,000 sq. ft and air rights in immediate proximity to the Barclays Center

Date Acquired: Spring/Winter 2013
Total Cap: US\$35.4M
Total Equity: US\$15.8M
JZCP equity: US\$12.1M

Driggs Avenue

43,250 sq. ft. development site including air rights in Williamsburg near our Bedford Ave. property

Date Acquired: Aug 2013
Total Cap: US\$10.8M
Total Equity: US\$10.8M
JZCP equity: US\$8.2M

Greenpoint

112,226 sq. ft. development site with significant buildable air rights on the Greenpoint waterfront

Date Acquired: Nov 2013
Total Cap: US\$128M
Total Equity: US\$75M
JZCP equity: US\$33M

Williamsburg Retail

Six properties totalling 95,798 sq. ft. located on North Williamsburg's two best commercial corridors

Date Acquired: Dec 2013
Total Cap: US\$90.2M
Total Equity: US\$21.7M
JZCP equity: US\$16.5M



Case study: Bedford Ave.



Original Thesis (Acquired April 2012)

Redevelop and re-tenant commercial and residential spaces into a class A mixed use property

Asset Description

100,000 sq. ft. mixed use facility on one of the most desirable blocks in Williamsburg, Brooklyn

Value Add

- Transform building into two floors of retail plus apartments
- Signed lease with AAA credit multi-national tenant for Bedford Ave. prime retail unit
- Leased three retail spaces on North 4th St. to boutique high-end tenants
- Closed \$70 million bank loan in July 2014



Spruceview Capital Partners

Background

- Newly established asset management business
- Experienced management team: Richard Sabo (CEO) and David Russ (CIO)
- In July 2014, the **Bright Spruce Fund, LP** was launched with US\$50.0 million investment from JZCP.

Objective

- To address the growing demand from endowments, foundations and corporate pension funds for fiduciary management services.
- To provide capital appreciation while mitigating risk

Investment Strategy

- Investment strategy based on that of large foundations, trusts, endowments and family offices
- Long-term investment approach
- Investing in a portfolio that is diversified across asset classes





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Investment and Realisation Activity



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JZCP investment activity

Since 28 February 2014

US\$ million

Bright Spruce Fund	50.0
Petrocorner	24.9
TierPoint	16.2
Five properties in Brooklyn, NY	12.5
Toro Finance	5.5
Igloo	4.2
Southern Petroleum Laboratories	4.0
Fidor Bank	3.6
Other	7.7
	<hr/>
	128.6



Realisation activity

Since 28 February 2014

US\$ million

Sale of Safety Insurance	57.3
Sale of Amptek	19.4
Sale of Galson Laboratories	10.1
Escrows	6.3
Other	3.3
	<hr/>
	96.4

Summary & Outlook

High level of investment and realisation activity

Healthy pipeline

Building upon proven track record

Well balanced portfolio

Consistent value oriented approach



- Challenging macro-economic conditions prevail
- Market dislocation provides significant private equity opportunities
- JZCP has the track record, capital and flexible mandate to capture microcap opportunities

Appendix



About us

- JZ Capital Partners Limited is one of the oldest closed-end investment companies listed on the Specialist Fund Market of the London Stock Exchange and the Channel Islands Stock Exchange
- Approximately US\$900 million of gross assets
- Principally invests in US and European micro cap companies
- Guernsey resident – tax efficient vehicle
- Two classes of shares in issue – Ordinary Shares and Zero Dividend Preference Shares
- Adviser is Jordan/Zalaznick Advisers, Inc. – founded in 1986
 - Led by Jay Jordan and David Zalaznick – invested together for more than 30 years
 - Gordon Nelson (CIO) – worked with Jay and David for more than 20 years
- Two experienced investment teams in US and Europe
- The European team includes Jock Green-Armytage and Miguel Rueda, who have been investing for more than 12 years together in European micro cap deals (UK, Italy, Holland, Scandinavia and Spain). David Zalaznick works with the European team extensively.



Major holdings

Company	Type	Value (US\$ 000) (31/8/2014)	% of gross assets
Factor Energia, S.A.	European microcap	80,225	12.2
Bright Spruce Fund, LP	Other	49,570	7.5
Industrial Services Solutions	US microcap	47,968	7.3
Milestone Aviation Group, Inc	US microcap	40,000	6.1
Dental Services Group	US microcap	37,536	5.7
Greenpoint	Real estate	32,750	5.0
Grupo Ombuds	European microcap	30,073	4.6
Toro Finance	European microcap	28,374	4.3
Accutest Holdings, Inc	US microcap	28,035	4.3
Petrocorner	European microcap	22,622	3.4
Top 10 Holdings		397,153	60.4

