



For Immediate Release

23 January 2003

JZ Equity Partners Plc (“JZEP”)

Investment Update

JZ Equity Partners Plc, the UK investment trust which offers shareholders the opportunity to invest in the US mezzanine stock of the private equity market, today provides an investment update.

Highlights

- Exit achieved on entire investment in Vivid Imaginations (UK) Limited, providing uplift to NAV and representing an IRR of 16.1%
- First deal made under the investment guidelines adopted in July 2002
- Strong position in the current buyer’s market with net cash of £22.4 million
- \$27 million quoted investment in Safety Insurance stock to be realised

Last summer the shareholders of JZEP confirmed the commitment to an investment policy which focuses new investments in mezzanine finance offering a high level of income and reasonable security. In order to achieve this objective the intention is, over time, to realise the existing portfolio and re-invest in mezzanine securities. Many of JZEP’s new investments will be made in conjunction with The Resolute Fund, which is also advised by an affiliate of Jordan/ Zalaznick Advisers.

This policy is now being implemented. As announced at the time of the interim results in December 2002 JZEP’s holding in Safety Insurance has been the subject of an Initial Public Offering. This deal gave JZEP an IRR of 55.2% on its initial investment at the IPO price of \$12.00 per common share last November. The closing share price on 21st January 2003 was \$13.48 and it is the intention of the Board to realise the \$27 million quoted investment in Safety stock over time.

JZEP is also now pleased to announce that on 20th December 2002 an exit was achieved on its entire investment in Vivid Imaginations (UK) Limited, the third largest UK toy company, to Phoenix Equity Partners and certain members of the management team of Vivid. This deal, which realises £19.3 million of cash, adds 0.57p to JZEP's net asset value as compared to the valuation at the time of the interim results. The IRR on JZEP's investment in Vivid was equivalent to 16.1%.

In addition to enhancing JZEP'S NAV these two deals have generated considerable cash resources and JZEP is now in the fortunate position of having net cash of £22.4 million, together with borrowing facilities amounting up to \$70 million, a strong position to be in in the current buyer's market.

Against this background JZEP is also able to announce that it has been able to capitalise on its cash position and the high standing of its advisers, Jordan/ Zalaznick Advisers, in the mezzanine market. JZEP has therefore been able to establish a \$10 million participation in the Senior Subordinated notes of Gate Gourmet Holdings, which is being purchased from S Air Group. Trust Company of the West led a \$175 million mezzanine financing in which JZEP will participate, giving JZEP 0.29% of the preferred and common equity of the company on a fully diluted basis.

This JZEP deal will be the first made under the investment guidelines adopted in July 2002 and has a cash yield of 10% and a payment in kind yield of 3.5%. In this case the investment has been generated from the relationship between Jordan/ Zalaznick Advisers and other providers of mezzanine finance rather than as the result of a deal undertaken alongside The Resolute Fund. Such deals were always envisaged and described under the terms of the new investment focus.

Chairman, Andrew Withey, said:

“It is good to see that JZEP is both able to realise the value in its current portfolio and to find good quality new investments' consistent with its policy of seeking high but relatively secure income from its new mezzanine investments.”

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