



JZ CAPITAL PARTNERS LIMITED



2014 Annual Results Presentation



JZ CAPITAL PARTNERS LIMITED

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Contents

Investment strategy

Highlights

Financial performance

Portfolio review

Investment and realisation activity

Outlook



Our investment strategy

- Focus on strategic build-ups in the specialised micro cap market in the US and Europe

- Opportunistic approach to value investing in the NY real estate sector, replicating proven micro cap 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 micro cap 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 micro cap purchase multiple of 5.9x trailing EBITDA
 - Average debt multiple senior to JZCP is under 2.0x for the micro cap portfolio
 - Leverage to enhance returns with well performing investments

- Co-investments with well-known, successful micro cap private equity firms



Financial highlights

Performance

- 8.8% NAV Total Return including:
 - Pre-dividend NAV per share growth of 8.8% to US\$10.55 (28/02/13: US\$9.69)
 - Post-dividend NAV growth of 5.8% to US\$666 million (28/02/13: US\$630.1 million)
 - Distributions of US\$0.30 per share (FY 28/02/13: US\$0.29 per share)
- NAV growth in 19 of the past 20 quarters
- Solid three-year total shareholder return of 19%
- An implied dividend yield of 4%



Financial performance

NAV per share of US\$10.55
(28/2/13: US\$9.69)

NAV growth in 19 of the past
20 quarters

Distribution of US\$0.30 per
share (FY 28/2/13: US\$0.29)

	US\$ 000 2/28/14	US\$ 000 2/28/13
Total investment assets	802,522	731,022
Cash and cash equivalents	54,664	134,549
Other liabilities-net	28,866	11,001
Zero Dividend Preference Shares	107,200	89,839
Number of Ordinary Shares	65,018,607	65,018,607
Net asset value per Ordinary Share	US\$10.55	US\$9.69
NAV to market price discount	27%	22%



Operational highlights

Investment Activity

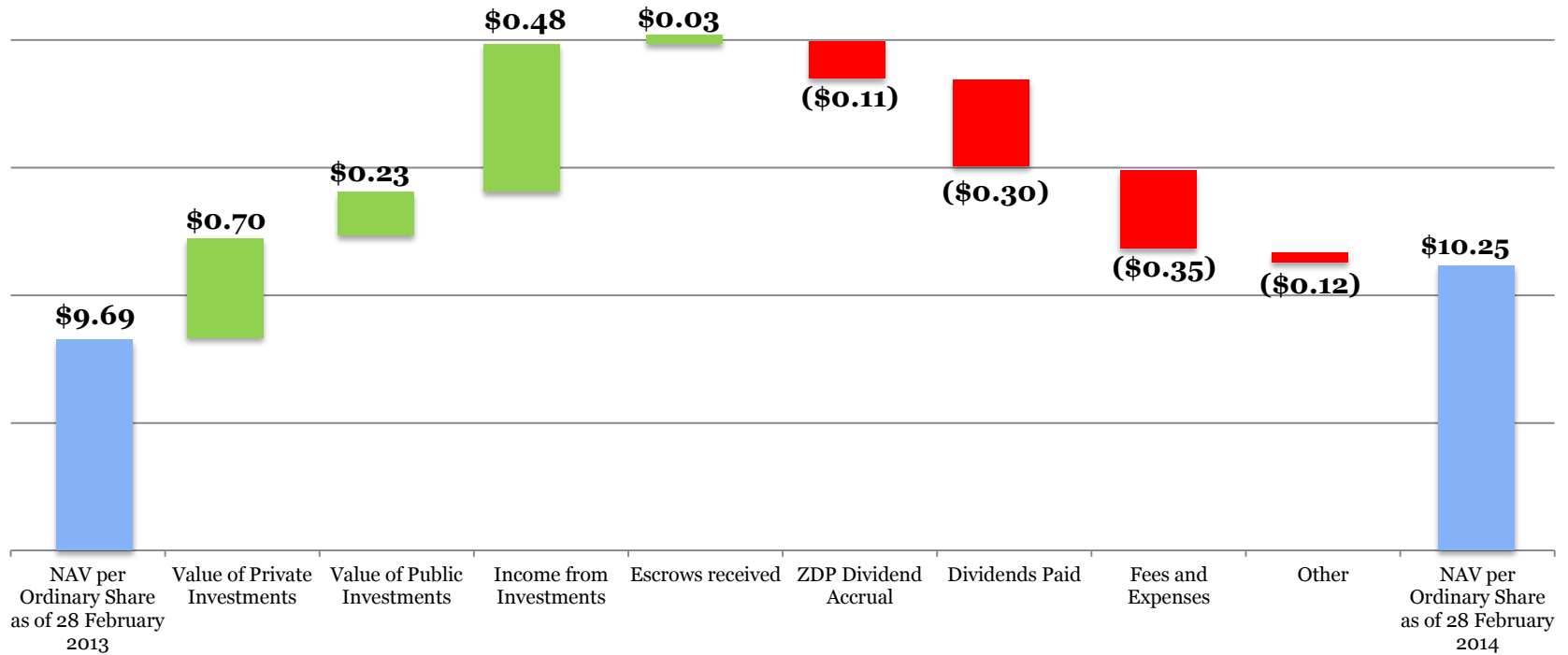
- Deployed US\$150.1 million in new investments
- Proceeds of US\$72.7 million from realisations
- New industry vertical - Logistics Solutions - added to core US micro cap portfolio
- Invested US\$21.5 million alongside Avenue Capital Group, in a newly created vehicle, Toro Finance, to focus on lending to Spanish companies
- US\$75.2 million in new real estate investments with an experienced manager to drive NAV growth
- 4 new investments in Europe

Portfolio

- US micro cap portfolio generated EBIDTA growth of 31% over the period, on a combined basis
- At the end of the period, the portfolio consisted of 50 companies across 10 industries
- Healthy pipeline of opportunities

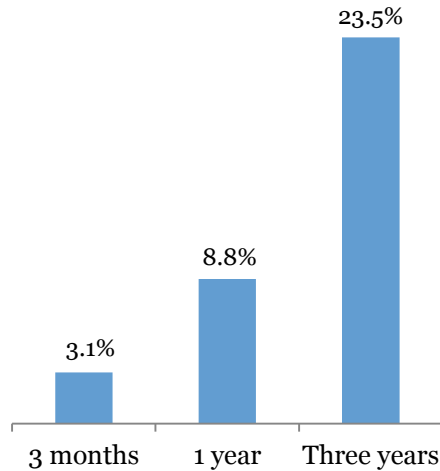
Net asset value development

Investment performance has driven NAV growth

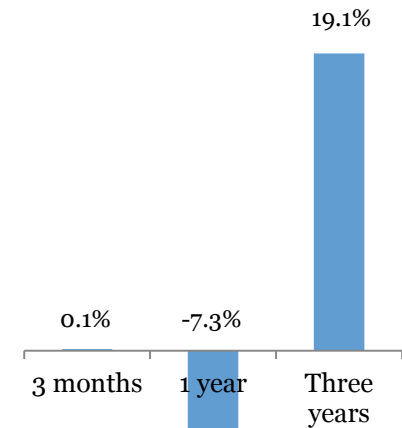


Share price and NAV per share performance

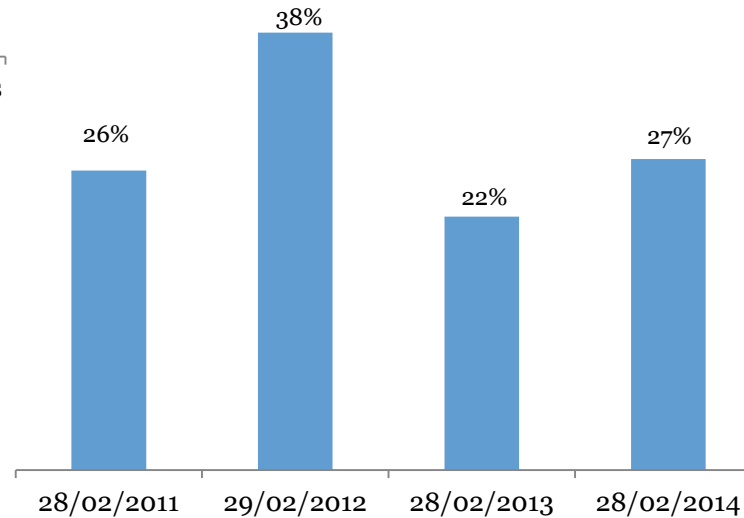
NAV total returns



Total shareholder returns



NAV to market price discount





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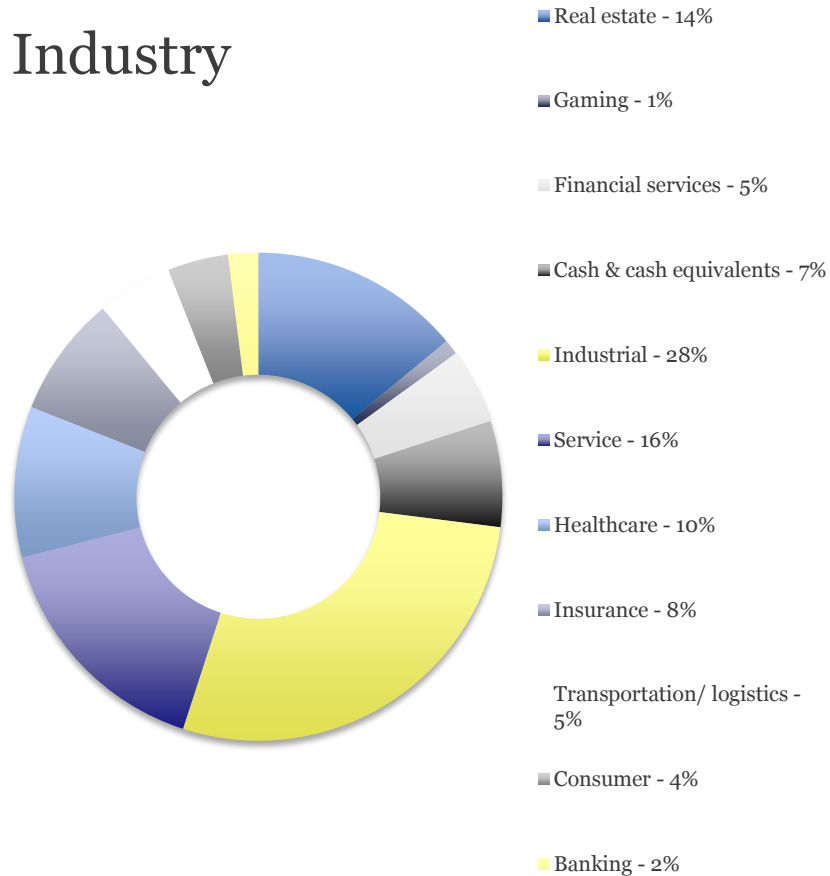
Portfolio Review



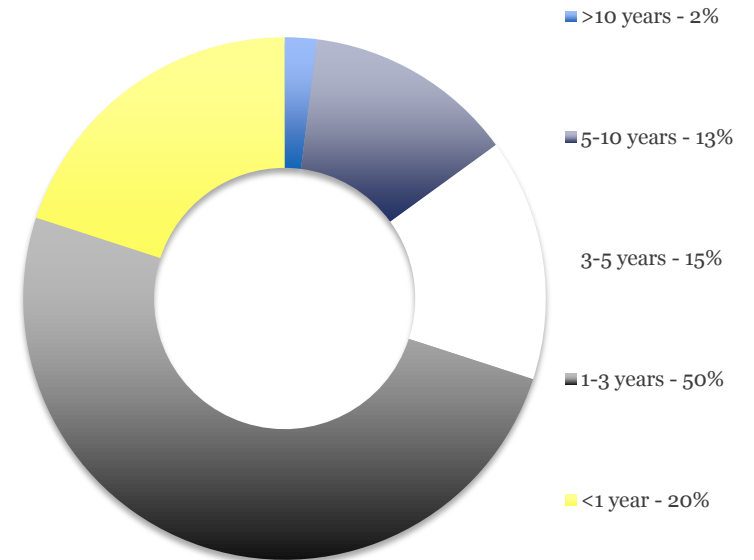
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Portfolio review

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)	Bolder Healthcare	Sensor Solutions	Testing Services	Water Services	Logistics Solutions
	Industrial equipment services, repair and sales businesses	Revenue cycle management business for hospitals and doctors' offices	Specialised (non-commodity) sensors business	Laboratory and laboratory services business	Water infrastructure repair and water treatment business	Specialised transport and logistics industry
Invested	US\$33.2M	US\$21.5M	US\$16.5M	US\$44.6M	US\$34.1M	US\$13.2M
Companies	<ul style="list-style-type: none"> • Nine companies across the U.S. 	<ul style="list-style-type: none"> • MEDS • MedFin 	<ul style="list-style-type: none"> • Amptek • Nielsen Kellerman 	<ul style="list-style-type: none"> • Accutest • Galson Labs • Argus Group 	<ul style="list-style-type: none"> • LMK Enterprises • Perma-Liner Industries • Nashville Chemical • Klenzoid Chemical 	<ul style="list-style-type: none"> • Priority Express
Manager	Jim Rogers	Mike Shea	Gerry Posner	Phil Rooney	Mike Reardon	Bruce Parker
EBITDA	US\$22.9M	US\$1.8M	US\$15.3M	US\$18.5M	US\$11.8M	US\$4.2M
Valuation	US\$34.9M	US\$20.8M	US\$30.7M	US\$51.4M	US\$42.2M	US\$13.8M



US micro cap co-investments

	New Vitality Vitamin and supplements business (April 2010)	Milestone Aviation Supplier of helicopters to commercial and industrial customers (September 2010)	Salter Labs Manufacturer of disposable respiratory products for acute care facilities and home healthcare (October 2010)	Justrite Manufacturing Manufacturer of industrial safety products used in manufacturing facilities (June 2011)
Invested	US\$3.3M	US\$15.1M	US\$19.2M	US\$6.1M
Co-invest Partner	Baird Capital Partners	The Resolute Funds	Round Table Healthcare	Baird Capital Partners
	MedPlast/UPG Precision plastics moulding business (April 2012)	Suzo-Happ Designer, manufacturer and distributor of parts for gaming and amusement outlets (July 2012)	Vitalyst Provider of “how to” support for software users (September 2012)	
Invested	US\$18.0M	US\$5.5M	US\$9.0M	
Co-invest Partner	Baird Capital Partners	ACON Investments	Baird Capital Partners	



European micro cap

Strategy

- Identical value-oriented investment approach
- Targeting good quality micro cap companies for strategic build-ups
- Investment focus on financial services outsourcing

Investment Case

- Strategy coordinated by an experienced management team
- Invested in European micro cap deals (UK, Italy, Holland, Scandinavia, Germany and Spain) for more than 12 years
- Offices in London and Madrid led by Jock Green-Armytage and Miguel Rueda

Portfolio

- Strategically important region for JZCP, now represents 23.3% of gross assets



Recent European micro cap investments

Winn Group



Successful UK legal services and claims management business

Co-invested £9.5 million* in September 2013 to acquire 36% alongside Souter Investments

Well positioned to benefit from the rapid consolidation of the personal injury sector due to efficient business model

Generated revenues of £36 million in the year to 31 March 2013

Regulated by The Solicitors Regulatory Authority

Fidor Bank AG



Innovative and fast growing online German bank

Invested €7.75* million in September 2013 to acquire 25.2% and an additional €3.0 million* in March 2014, increasing shareholder stake to 26.9%

One of the only banks in Europe to allow customers to transfer money through social media

Provides deposit and savings accounts, FX transactions, a credit card and crowdfunding

Total income in the year ended 31 December 2013 almost doubled

Regulated by BaFin

One World Packaging



Manufacturer of biodegradable packaging for the food industry in Europe

Invested €5.0 million* in April 2013 to acquire 70%

Extensive pipeline

JZCP will support the company's development

Toro Finance



Newly created vehicle to provide short-term working capital financing to major Spanish companies

Invested €10.5 million* in equity alongside Avenue Capital Group in November 2013. JZCP also advanced €8.0 million in debt alongside Avenue Capital Group.

Well positioned to benefit as Spanish banks in recent years tightened their risk criteria and downscaled balance sheets to meet increasing capital requirements



Established European micro cap investments

	Factor Energia	Xacom	Docout	Grupo Ombuds	Oro Direct
	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	Buyer of precious metals in Spain which also sells investment grade gold and silver
Revenue	US\$582.8M	US\$9.3M	US\$20.8M	US\$104.9M	US\$780.1M
EBITDA	US\$19.6M	US\$0.1M	US\$5.4M	US\$7.7M	US\$4.4M



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

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

Portfolio

- Portfolio expected to contribute significantly to future NAV growth
- Portfolio consists of 19 properties with a total capitalisation of US\$400 million
- JZCP has invested US\$104 million in these entities



Recent real estate investments

Greenpoint

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

Date Acquired November 2013

Total Cap US\$128 million

Total Equity US\$75 million

JZCP Equity US\$33 million

Williamsburg Retail

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

Date Acquired December 2013

Total Cap US\$96 million

Total Equity US\$23 million

JZCP Equity US\$15 million



Established real estate investments

	Bedford Avenue	182 Flatbush Avenue	Fulton Avenue	Flatbush Portfolio	Driggs Avenue
	100,000 sq. ft mixed use facility on one of the most desirable blocks in Williamsburg	4,791 sq. ft commercial building directly across from the front entrance to the Barclays Center and a major subway hub	10,006 sq. ft development parcel with buildable air rights on Fulton Mall in Downtown Brooklyn	3 properties totalling 24,000 sq. ft and air rights in immediate proximity to the Barclays Center	43,250 sq. ft including air rights in Williamsburg near our Bedford property
Date acquired	April 2012	September 2012	November 2012	Spring/Winter 2013	August 2013
Total Capitalization	US\$93 million	US\$9 million	US\$21 million	US\$40 million	US\$11 million
Total Equity	US\$28 million	US\$5 million	US\$19 million	US\$16 million	US\$11 million
JZCP Equity	US\$17 million	US\$4 million	US\$15 million	US\$12 million	US\$8 million





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Investment and Realisation Activity



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JZCP Investment activity

For the year ended 28 February 2014

US\$ million

Thirteen properties in Brooklyn, NY	66.7
Toro Finance	21.5
Priority Express (Logistics)	12.3
Winn Group	11.1
Fidor Bank	7.8
MedFin (Bolder Healthcare)	7.0
AmeriMex Motors (ISS)	4.1
One World Packaging	1.6
Other	18.0
	<hr/>
	150.1

Realisation activity

For the year ended 28 February 2014

US\$ million

Sale of Horsburgh and Scott	33.7
Refinancing of ISS (Industrial Services) vertical	26.3
Refinancing of HAAS TMC subordinated debt	7.9
Warrants, escrows, other	4.8
	<hr/>
	72.7

Outlook

Financial condition remains strong

Healthy pipeline

Building upon proven track record

Increasingly diversified portfolio

Consistent value oriented approach



- Dividend policy provides predictable dividends
- Geographically diversified portfolio
- Investing with experienced management teams in real estate and Europe
- Positive outlook - well positioned with significant balance sheet liquidity
- NAV growth in 19 of the past 20 quarters
- Superior long-term total return performance
- Positive macro-economic indicators



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\$800 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
 - Todd Hamilton (Managing Director of Bolder Capital) – worked with Jay and David for more than 10 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) (2/28/2014)	% of gross assets
Factor Energia, S.A.	European micro cap	92,235	11.5
Safety Insurance Group, Inc.	Listed equities	64,521	8.0
Industrial Services Solutions	Micro cap	34,916	4.3
Greenpoint	Real estate	32,750	4.1
Accutest Holdings, Inc.	Micro cap	32,039	4.0
Grupo Ombuds S.A.	European Micro cap	31,011	3.9
Dental Holdings, Inc	Micro cap	30,250	3.8
Amptek, Inc.	Micro cap	25,133	3.1
TWH Water Treatment Industries, Inc	Micro cap	23,654	2.9
Milestone Aviation Group, Inc.	Micro cap	23,563	2.9
Top 10 Holdings		390,072	48.5

