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JZ CAPITAL PARTNERS LIMITED (the "Company" or "JZCP")

(a closed-ended investment company incorporated with limited liability under the laws of Guernsey with registered number 48761)

Q1 2013 Interim Management Statement

25 June 2013

JZ Capital Partners Limited (LSE:JZCP.L, the "Company" or "JZCP"), the London listed private equity fund that invests in high quality US and European micro cap companies, today announces its Interim Management Statement for the period 1 March 2013 to 31 May 2013.

Highlights

- NAV of US\$643 million (Q112:US\$610m) an increase of 5.4%
- NAV per share of US\$9.90 (FY12:US\$9.69)
- Semi-annual dividend of 15.0c per share paid on 14 June 2013
- US\$80.4 million from realisations which included:
 - US\$38.6 million received from our investment in Horsburgh and Scott for a 1.8x multiple of capital invested and a 13% IRR
 - US\$33.9 million received from the refinancing and related activities of a portion of Industrial Service Solutions (post period)
 - US\$7.9 million received from the redemption of the whole of our investment in the notes of HAAS
- A US\$4.0 million investment in a third real estate property in Brooklyn
- Significant pipeline of potential high quality investments in both the US, Europe and Latin America
- A strong balance sheet and a diversified portfolio
- At the end of the period, the portfolio consisted of 55 companies across ten industries

David Zalaznick, Founder and Investment Advisor of JZCP said: "We have built on the momentum gained during the previous year by making several realisations during the quarter which have strengthened our balance sheet.

"Despite the challenging market environment, the underlying performance of the Company's assets in both the US and Europe has been strong. We are examining a significant number of potential investment opportunities in both the US and Europe and are well positioned to make further progress for our shareholders over the coming year."

Net Asset Value

JZCP is pleased to report that this quarter is the 16th out of the last 17 where it has shown NAV growth. The NAV increased from US\$9.69 to US\$9.90 per share (or £6.38 to £6.53 per share) during the period. In addition, JZCP declared a dividend of 15.0 cents per share, which was paid on 14 June 2013. For the year, including a previously paid dividend of 14.0 cents, the implied dividend yield, based on our stock price on 31 May 2013, is 4%.

The balance sheet continues to be liquid, with US\$244.8 million in cash, equivalents, and other very liquid assets. We have incurred no debt, with our sole obligations being the Zero Dividend Preferred Shares ("ZDPs").

NAV CHANGE AND RETURNS

Net Asset Value per Ordinary Share as of 28 February 2013	US\$9.69
+ Change in Private Investments	0.02

+ Change in Public Investments	0.10
+ Income from Investments	0.16
+ Escrows Received	0.02
- ZDP Dividend Accrual	(0.03)
- Fees and Expenses	(0.06)
Net Asset value Per Ordinary Share as of 31 May 2013	<u>US\$9.90</u>

The change in the private investments is due primarily to an increase of 5 cents in the value of Factor Energia, the energy distribution business, where strong financial and operational performance has continued to create value. Offsetting this valuation increase were a few small write downs among the other private investments. The increase in public investments is due to a 12% uptick in Safety Insurance, the Massachusetts-based property/casualty insurance business.

Total Shareholder Return has been helped by positive performance in the stock price:

	As at	Since	Since	Since
	31.5.13	28.2.13	31.5.12	31.5.10
Share price (in GBP)	£4.89	£5.02	£3.68	£2.90
Dividends paid (in US cents)	-	-	32.5c	63.5c
Total shareholders return	-	(2%)	40%	83%
NAV per share (in USD)	\$9.90	\$9.69	\$9.38	\$7.28
NAV total returns	-	2%	9%	45%
NAV to market price discount	25%	21%	40%	42%

RECENT ACTIVITIES

On 21 May 2013, JZCP declared a semi-annual dividend of US\$9.8 million, or 15.0 cents per share. This was paid on 14 June 2013.

Significant Investments and Realizations

Investments

In May, JZCP invested an additional US\$4.0 million to finalize the purchase of a third contiguous real estate property in a high traffic retail area in Brooklyn.

In the same month, JZCP invested €1.5 million in notes to facilitate the refinancing of Ombuds, the European Microcap Fund's security business.

Realizations

In March 2013, JZCP sold Horsburgh and Scott, the US micro-cap investment which makes large diameter gears, which was acquired in November 2007. Over time, JZCP realized US\$38.6 million on the US\$21.8 million investment, for a 1.8x multiple of capital invested and a 13% IRR. Given that JZCP had been writing this investment up over time, there was a negligible effect on NAV

In April 2013, the whole of JZCP US\$7.9 million investment in the notes of HAAS, the chemical management business, were redeemed at par.

In May, JZCP received US\$1.7 million from the proceeds of the G & H Wire sale which had been held in escrow.

In the beginning of June (post-period), US\$33.9 million was received from the refinancing and related activities of a portion of Industrial Service Solutions. JZCP is now left with US\$29.1 million of preferred and common stock in the company.

PORTFOLIO SUMMARY

At 31 May 2013, the Company's portfolio consisted of 55 investments across 10 major industry sectors, totaling US\$737.6 million:

	Number of Investments as at 31.5.13	31.5.13 US\$'000	28.2.13 US\$'000	% of Total Investments
US micro cap portfolio	32	323,391	342,567	43.8%
European investments	5	112,875	107,463	15.3%
Mezzanine investments	3	3,705	11,294	0.5%
Real estate portfolio	5	41,842	30,860	5.7%
Other portfolio	5	11,005	11,080	1.5%
Total private investments	50	\$492,818	\$503,264	66.8%
Listed equity	2	61,374	55,069	8.3%
Listed corporate bonds	2	26,787	26,450	3.6%
Bank debt	1	11,737	11,690	1.6%
UK treasury gilts		31,711	31,809	4.3%
Cash		113,194	102,740	15.4%
Total Listed Investments (and cash)	5	\$244,803	\$227,758	33.2%
Total Investments (and cash)	55	\$737,621	\$731,022	100.0%

Some 33.2% of the portfolio is invested in "liquid" assets, which consist of cash, UK gilts, listed equities and corporate bonds. These asset classes are valued at third party quoted prices. Private investments in micro-cap companies and mezzanine debt constitute the remainder of the portfolio. These investments are valued at fair value by JZCP's directors each quarter.

At the price at which JZCP's stock traded at the end of the period and discounting the Company's "liquid" investments at valuation, the implied discount to NAV in respect of the private investments was 33%.

JZCP values its privately held businesses carefully. The average multiple used for the US micro-cap businesses is 6.9x trailing EBITDA and the highest is 8.3x. In addition, JZCP does not have substantial debt in these businesses. The multiple of debt senior to JZCP's position is 1.1x; the highest, an outlier, is 4.8x.

Top Ten Investments

JZCP largest ten investments as of 31 May 2013 are summarized below:

(US\$000's)

	Asset Category	Valuation as of 31/5/2013	% of Portfolio Valuation as of 31/5/2013
Safety Insurance Group Inc.	Listed Equity	61,281	10.3%
Factor Energia, S.A.	European	54,561	9.2%
Dental Services Group, Inc.	Micro cap	27,711	4.7%
Accutest Holdings, Inc.	Micro cap	27,232	4.6%
Grupo Ombuds	European	27,147	4.6%
TWH Water Treatment Industries, Inc.	Micro cap	21,259	3.6%
Bay Valve Service & Engineering, Inc.	Micro cap	20,702	3.5%
Amptek, Inc.	Micro cap	20,668	3.5%
Healthcare Products Holdings, Inc.	Micro cap	20,304	3.4%
Medplast / UPG Holdings	Micro cap	18,443	3.1%
Top Ten Investments		\$299,308	50.5%
Remaining Investments		293,407	49.5%
Total Portfolio		\$592,715	100.0%

Note that the largest non-public exposure is to Factor Energia, accounting for 9.2% of the total portfolio.

Balance Sheet

Below is a summary of JZCP's balance sheet as of the relevant dates:

(US\$000's)	<u>31/5/2013</u>	<u>28/2/2013</u>
Cash	113,194	102,740
UK Treasury Gilts	31,711	31,809
Listed Equity	61,374	55,069
Listed Corporate Bonds	26,787	26,450
Bank Debt	11,737	11,690
Private Investments	492,817	503,264
Other Assets	547	552
Total Assets	\$738,167	\$731,574
- Liabilities	(3,235)	(11,553)
- Zero Dividend Preferred Shares	(91,448)	(89,839)
Net Asset Value	\$643,485	\$630,182

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About JZCP

JZCP is a London listed private equity fund which invests in high quality US and European micro cap companies. Our objective is to achieve a superior overall return comprised of a current yield and significant capital appreciation. JZCP receives investment advice from Jordan/Zalaznick Advisers, Inc. ("JZAI"), founded by David Zalaznick and Jay Jordan, which has advised JZCP for twenty five years and has investment professionals and offices 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 to our investors. JZCP also invests in mezzanine loans, first and second lien investments and other publicly traded securities. For more information please visit www.jzcp.com

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