



JZ CAPITAL PARTNERS LIMITED



2016 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
- More than \$1.1 billion of gross assets
- Principally invests in US and European micro-cap 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 micro-cap, European micro-cap and RedSky Capital (real estate)
- The European team includes Jock Green-Armytage and Miguel Rueda, who have been investing for more than 15 years together in European micro-cap deals (UK, Italy, Holland, Scandinavia and Spain). David Zalaznick works with the European team extensively.
- RedSky Capital, led by Ben Bernstein and Ben Stokes, is highly experienced in acquiring, operating and developing real estate, with special consideration given to the Brooklyn and South Florida markets



Financial highlights

Total NAV return per share of +3.9%*

- NAV of \$873m (29/02/16: \$851.7m) – after paying \$12.6 million in dividends
- Total NAV return per share of 3.9%* per share

Strong shareholder return

- Strong six-month shareholder return of 17.3%*
- Interim dividend of 15.5 cents per share declared for the period (HY15: 16 cents per share)
- Implied dividend yield of 5.1%**

Significant investment & realisation activity

- Deployed \$97.1 million in new investments
 - \$39.9m in US micro-cap, \$53.3m in real estate and \$3.9m in other investments
- Realised \$76.3 million primarily through sale of JZCP's stake in Winn, refinancing of three Brooklyn properties and partial realisation of JZCP's investment in the Bright Spruce Fund

Increasingly diversified portfolio

- 35 micro-cap businesses in total across eight industries
 - 22 US micro-cap business, including four 'verticals' and 14 co-investments
 - 13 European micro-cap businesses
- Four major real estate assemblages (56 properties) in Brooklyn, NY and South Florida

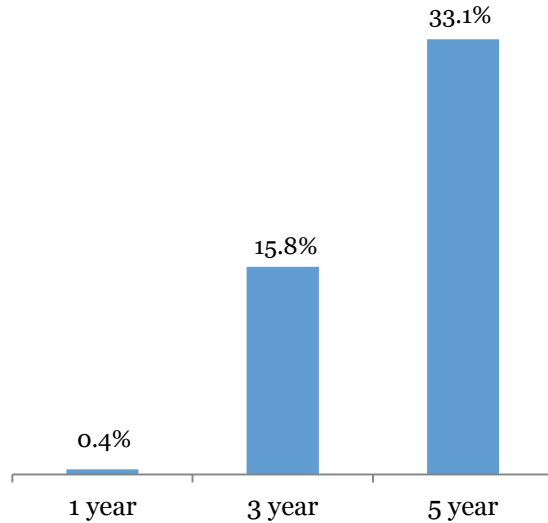
*Calculated on a dividends re-invested basis

**Based on a 15 cent per share dividend paid on 10 June 2016 plus the HY16 dividend declared of 15.5 cents per share divided by JZCP's share price at 31 August 2016

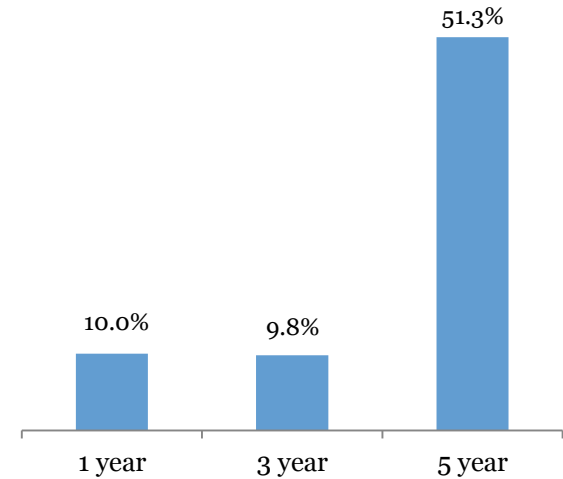


Share price and NAV per share performance

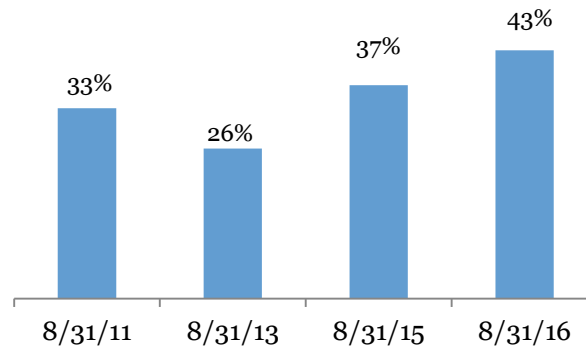
Cumulative NAV total returns*



Cumulative total shareholder returns*



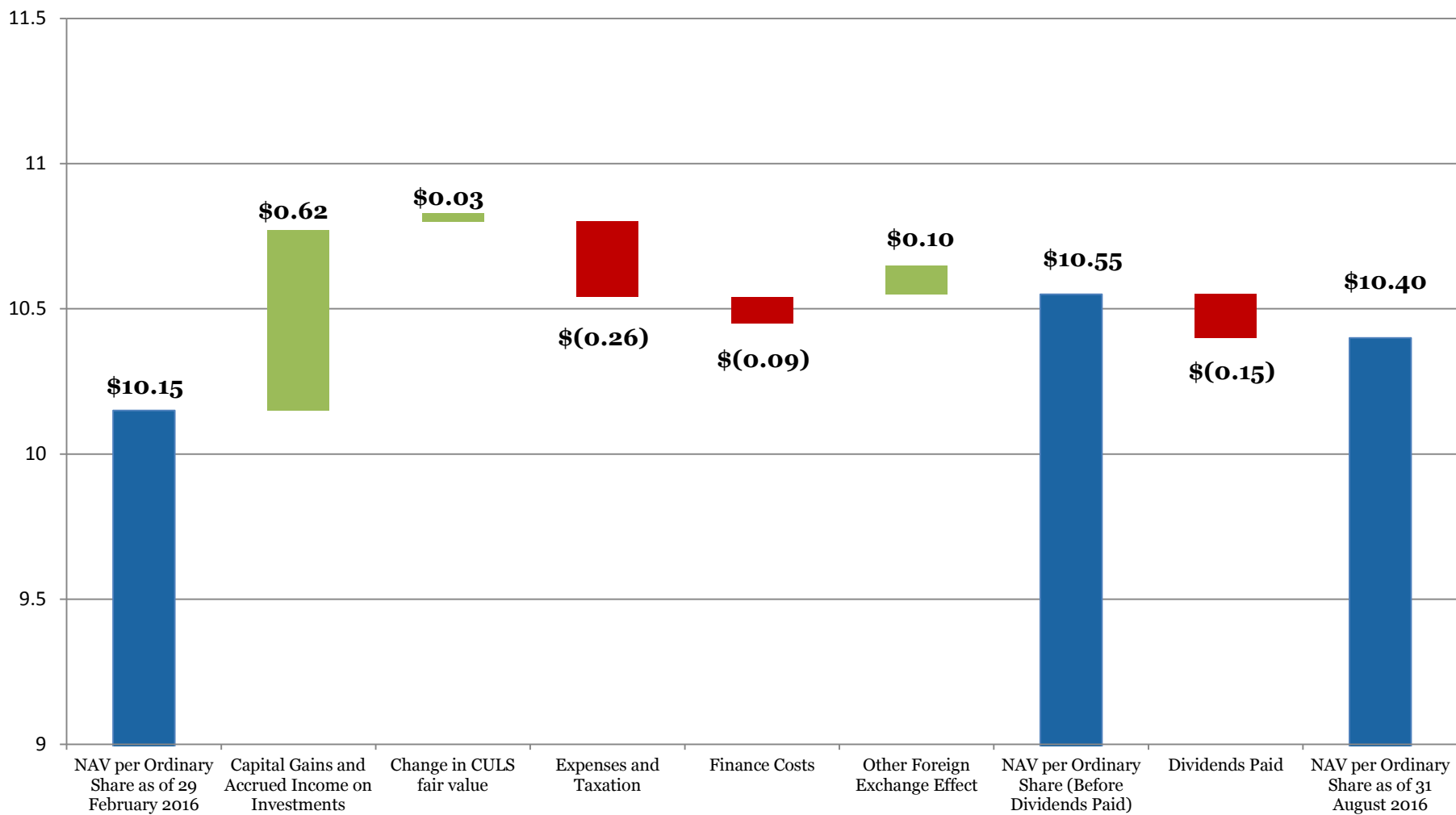
NAV to market price discount



*Calculated on a dividends re-invested basis



Net asset value



*Numbers subject to rounding



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Balance sheet summary

Investments	\$ 000 31/08/16	\$ 000 29/02/16
US Micro-cap Investments	438,188	386,173
European Micro-cap Investments	158,159	168,798
Real Estate Investments	435,144	366,158
Other Investments	34,470	67,871
Cash and Liquid Investments	67,198	150,581
Total Assets	1,133,159	1,139,580

Investments	\$ 000 31/08/16	\$ 000 29/02/16
Total Assets	1,133,159	1,139,580
- Liabilities	(147,829)	(126,198)
- ZDP's	(55,325)	(102,071)
- CULS	(57,004)	(59,573)
Net Assets	873,001	851,739



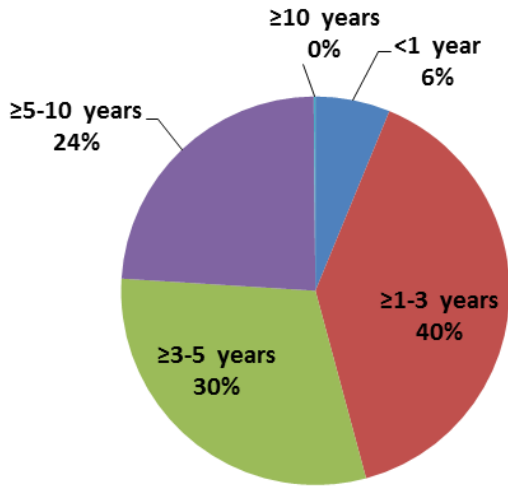
Major holdings

Company	Type	Cost (\$ 000) (31/8/2016)	Value (\$ 000) (31/8/2016)	% of gross assets
Industrial Services Solutions vertical	US micro-cap	33,256	84,045	7.4
Factor Energia	European micro-cap	402	64,341	5.7
Fulton	Real estate	33,268	63,637	5.6
Greenpoint	Real estate	34,871	56,890	5.0
Healthcare Revenue Cycle Management vertical	US micro-cap	30,327	55,649	4.9
TierPoint	US micro-cap	44,313	46,813	4.1
Water vertical	US micro-cap	33,457	41,571	3.7
Redbridge Bedford	Real estate	14,177	41,020	3.6
Roebing	Real estate	6,829	33,605	3.0
Medplast	US micro-cap	17,983	28,035	2.5
Top 10 Holdings*		248,883	515,606	45.5

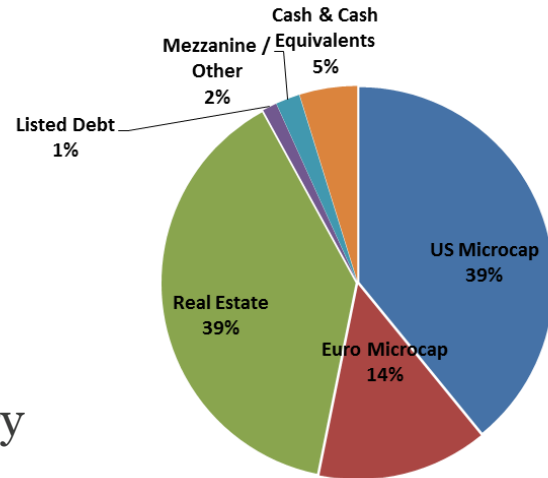


Portfolio breakdown

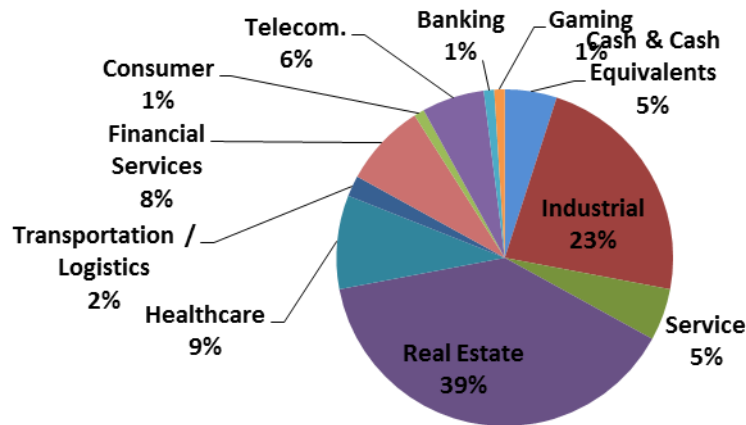
Portfolio by Vintage



Portfolio by Investment Type



Portfolio by Industry





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NAV Validation



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NAV Validation

- **JZCP completes the secondary sale of six assets at NAV (announced in Feb. 16)**
 - Winn - JZCP sold its stake in Winn (the sixth asset) following regulatory approval, receiving net sale proceeds of \$20.7 million* plus an interest distribution of \$1.2 million post-period in September 2016 (total proceeds of \$21.9 million)
 - In February 2016, JZCP sold its stake in the first five assets (Docout, Ombuds, One World Packaging, Toro Finance, and Xacom) at NAV, receiving proceeds of \$81 million
- **JZCP agrees to sell its interest in Fidor to French banking conglomerate**
 - JZCP expected to receive proceeds of \$25.7 million, above its carrying value at 31 August 2016 (Closing of transaction subject to customary regulatory approval (expected 4Q 2016))
- **US Micro-cap realisations for the past several years exceeded carrying value**
 - Of the seven US micro-cap realisations from February 2014 through August 2016, JZCP received total proceeds of \$174.8 million vs. a collective carrying value prior to sale of \$158.9 million
 - Post-period (September), JZCP received proceeds of \$11.5 million from two realisations in our US micro-cap portfolio, Southern Petroleum Laboratories (“SPL”) and Metpar, against their combined carrying value of \$9.7 million as of 31 August 2016





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Portfolio Review – micro-cap



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US micro-cap

Strategy: Verticals

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

Strategy: Co-investments

- Co-invest with known private equity groups to leverage our infrastructure
- Jordan Healthcare Products (JII Healthcare) established to invest principally in the United States and primarily in buyouts and build-ups of companies in the micro-cap healthcare equipment sales, service and installation arenas

Portfolio

- Four separate verticals: industrial, testing, water, healthcare revenue cycle management
- 14 separate co-investments alongside seven co-invest partners
- Current portfolio purchased at average of 6.3x EBITDA; valued at average of 8.2x



US micro-cap verticals

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

	Industrial Services Solutions (ISS)	Healthcare Revenue Cycle Management	Testing Services	Water Services
	Industrial equipment maintenance, repair and service	Revenue cycle management for hospitals and doctors' offices	Environmental testing services and equipment	Infrastructure repair, water treatment and filtration
Companies	<ul style="list-style-type: none"> • 25 companies across five platforms 	<ul style="list-style-type: none"> • MEDS • MedFin • PPMIS • ROI • Avectus 	<ul style="list-style-type: none"> • ACE • PPS • HRP 	<ul style="list-style-type: none"> • Argus Group • Premier Safety • AJ Abrams • Shannon Safety • Midwest Gas
Manager	Jim Rogers	Mike Shea	Scott Temple	Larry Quick
Revenues	\$340.6M	\$136.5M	\$47.0M	\$152.3M
Adj. EBITDA	\$52.6M	\$28.8M	\$3.2M	\$23.5M
Invested	\$33.3M	\$30.3M	\$11.2M	\$33.5M



Significant US micro-cap co-investments

George Industries	Peaceable Street Capital	Tech Industries	K2 Towers
Manufacturer of highly engineered components for aerospace industry	New platform providing preferred equity to commercial real estate	Platform established to invest in aerospace and defence industries	One of the largest private cell phone tower companies in North America
July 2016	January 2016	November 2015	April 2015
Invested: \$12.6M	Invested: \$17.5M	Invested: \$9.8M	Invested: \$22.0M
Partner: Orangewood	Partner: Orangewood	Partner: Tech Industries	Partner: Orangewood
Jordan Health Products	Sloan LED	TierPoint	MedPlast/UPG
Build-up: healthcare equipment sales, service & installation companies	Designer and manufacturer of LED lights and lighting systems	Provider of IT and data centre colocation services	Precision plastics moulding business
August 2015	April 2015	June 2014	April 2012
Invested: \$26.7M	Invested: \$4.9M	Invested: \$44.3M	Invested: \$18.0M
Partner: JII Healthcare	Partner: Baird Capital	Partner: RedBird Capital	Partner: Baird Capital

- 'Invested' dollars above do not incorporate returns of capital or dividends received.



European micro-cap

Strategy

- Value-oriented investment approach targeting micro-cap companies
- Investment focus on financial services outsourcing, including non-bank lending

Management

- Strategy coordinated by an experienced management team, which has invested in European micro-cap deals (UK, Italy, Holland, Scandinavia, Germany and Spain) for more than 14 years
- Offices in London and Madrid led by Jock Green-Armytage and Miguel Rueda

Portfolio

- Strategically important region for JZCP
- Portfolio consists of 13 companies* across five industries and six countries
 - Industrial: Factor Energia, Alianzas en Acero
 - Financial Services: Fidor Bank** and non-bank lenders: Fincontinuo and MyLender
 - Insurance: Collingwood
 - Transportation / Logistics: Petrocorner, S.A.C
 - Service: Oro Direct

*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 2016.

** Fidor Bank contractually bound to be sold - closing of transaction subject to customary regulatory approval (expected 4Q 2016)



European micro-cap

Recent Events:

- Winn: JZCP completes second step of secondary sale announced in February 2016
 - JZCP sold its stake in Winn following regulatory approval: net sale proceeds of \$20.7 million* plus further interest distribution of \$1.2 million post-period in Sept. 2016 (total proceeds of \$21.9 million)
 - In February 2016, JZCP sold its stake in Docout, Ombuds, One World Packaging, Toro Finance, and Xacom
- Fidor: JZCP agrees to sell its interest in Fidor to French banking conglomerate
 - JZCP expected to receive proceeds of \$25.7 million
 - Closing of transaction subject to customary regulatory approval (expected 4Q 2016)

Main Investments:

- Factor Energia: Energy/utility distribution and resale to SMEs and consumers in Spain
 - Revenue €383m, EBITDA €14.7m
- Petrocorner: Strategic build-up to acquire 2-3% of Spain's petrol station market
 - Revenue €148m, EBITDA €10m
- Collingwood: UK niche motor insurance business
 - Gross Written Premium £52.7m, EBITDA £9.8m, Tangible Book Value £30.5m



Fund III – Portfolio Companies

Petrocorner	Fincontinuo	S.A.C	Collingwood
Strategic build-up to acquire 2-3% of Spain's petrol station market	Independent salary-backed consumer lending platform in Italy	Operational van leasing (lease & service) company in Denmark	Niche UK-based motor insurance company
July 2014	October 2014	March 2015	October 2015
Invested: €6.2M	Invested: €3.7M	Invested: €3.5M	Invested: €3.9M
Partner: Avenue Capital	Partner: Avenue Capital		Partner: Co-investor Group
MyLender	Alianzas en Acero		
Independent consumer lending platform in Finland	Steel transformation business in Spain		
November 2015	July 2016		
Invested: €1.9M	Invested: €1.6M*		

- 'Invested' euros above do not incorporate returns of capital or dividends received.
- (*) Funded using JZI Fund III, L.P.'s line of credit – capital not yet called from JZCP





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Portfolio Review – Real Estate



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Real estate

Strategy

- Value-added investment strategy analogous to micro-cap investing
- Developing and repositioning retail, residential and office properties in Brooklyn and South Florida neighborhoods with strong growth demographics

Value Add

- *Reposition*: Vacate under-market units through lease workouts/expirations and tenant buyouts
 - Design, market, renovate and lease properties to best-in-class users
- *Assemble*: Assemble contiguous, separately-owned parcels to increase size and value of development sites and frontage on major thoroughfares

Portfolio

Portfolio	At 12/2012	At 12/2013	At 12/2014	At 12/2015	At 8/2016
Current Residential (sq. ft.)	40,762	72,540	95,340	96,340	99,922
Current Retail (sq. ft.)	66,723	286,315	424,015	523,268	893,712
Additional Buildable (sq. ft.)	107,640	751,602	808,960	1,565,109	2,232,601

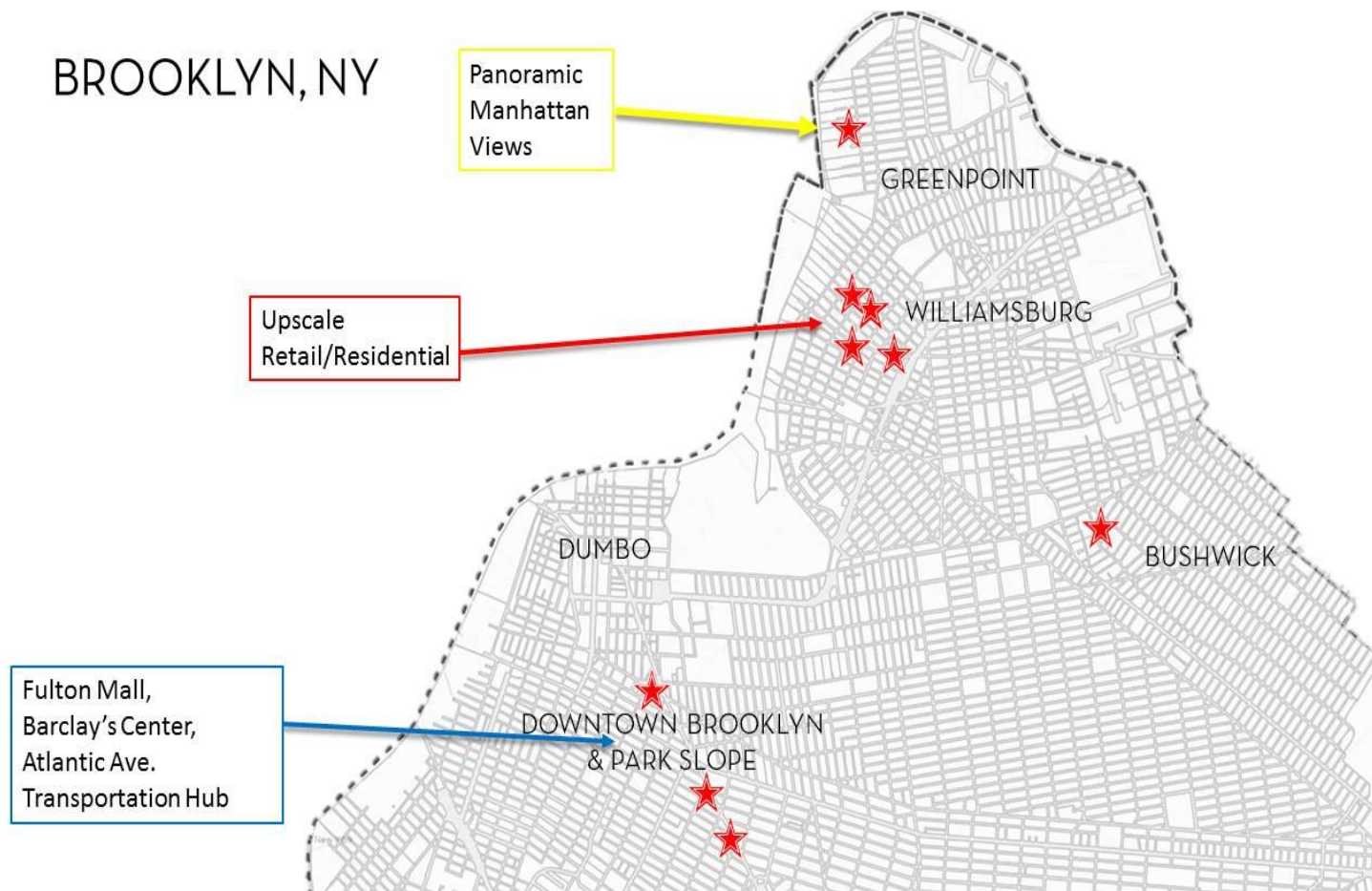
- JZCP invested \$53.3 million in five new properties during the period*
- JZCP has more than \$309 million invested in 56 properties valued at \$435 million**
- Real estate write-ups: 27 cents per share for the period

*Includes follow-on investments in existing properties

**All figures as of 31 August 2016



Real estate: portfolio by neighbourhood (Brooklyn)



JZCP's current real estate portfolio: Brooklyn, NY

What we've purchased:

- **Williamsburg:** Epicenter of positive shifting demographics in North Brooklyn
 - 12 mixed-use properties, located on most trafficked retail corridors
 - 57,000 sq. ft. residential / 275,000 sq. ft. retail
 - Two development sites situated at key neighborhood junctions: 40,000 sq. ft. buildable
- **Greenpoint:** Dynamic, waterfront neighborhood with panoramic Manhattan views
 - Top waterfront development site: 650,000 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
 - 366,000 sq. ft. buildable
 - One of the most iconic retail spaces near Barclay's Center
 - Redeveloped, cash flowing mix-used facility: 24,000 sq. ft. residential/ 20,000 sq. ft. retail
- **Bushwick:** Young, progressive neighborhood just east of Williamsburg
 - Unique, loft building in a prime location: 17,000 sq. ft. residential, 21 residential units



Redbridge Bedford Value Creation (Acquisition Underwriting)

Total Purchase Price	\$64.0m
Total Capitalization at Acquisition	\$83.0m
NOI at Purchase	\$2.1m
Projected NOI at Stabilization	\$6.7m
Projected Exit Cap	4.25%
Projected Value at Stabilization	\$157.0m



- We purchased a prime retail asset in northern Brooklyn in the bottom of the market at a price that enabled us to project a substantial return on the base case
- Our original plans were to build ground floor retail and second floor residential
- We planned to have all current tenants stay through the expiration of their leases

- Second floor retail or basement expansion was not contemplated
- Projected blended rents at the time were \$175 psf for the ground floor retail spaces
- There were a total of 37 loft law units at acquisition



Redbridge Bedford Value Creation (Apple Store - Business Plan Execution)

247 Bedford at Acquisition



Apple signs for
247 Bedford



Buyouts of 13 loft
law tenants on the
second floor of 247
Bedford

Negotiated buyout
with retail tenant
Kings Pharmacy to
make room for
Apple

Negotiated new
lease with Corcoran
and relocated them
to a temporary
space for the Apple
buildout

Actual Delivered Apple Space



Opened Summer 2016

Redbridge Bedford Value Creation (North 4th St. - Business Plan Execution)



- Negotiated retail tenant buyout of The Backer Group (see left), making room for retail tenants on North 4th Street
- Negotiated several more loft law tenant buyouts and finalizing negotiations with others to build **second floor retail on Bedford Avenue**
- Plans for below grade expansion to maximize retail potential and value

Signed leases with nationally known tenants: Sweetgreen, Umami Burger, Parm, by CHLOE and Flywheel

North 4th St. businesses connected to the Apple building

Refinanced asset in April 2016, paying off existing debt and returning capital to the partnership

Terminated Foodtown's lease due to major lease term defaults. Tenant currently in the process of being evicted, which will unlock tremendous value by bringing space to market rates.



Redbridge Bedford Value Creation (Current Capitalisation)

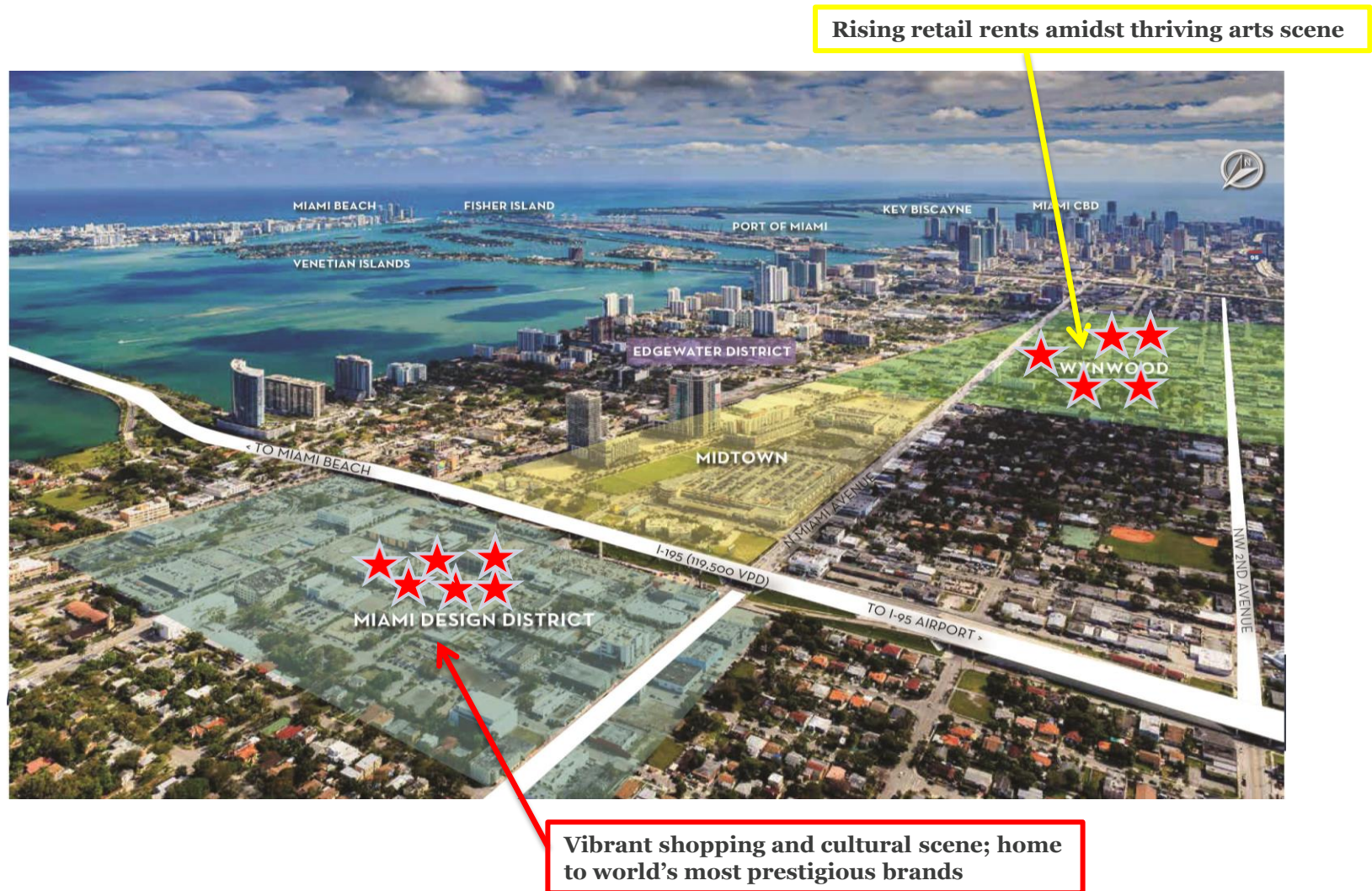
Total Purchase Price	\$64.0m
Closing & Financing Costs	\$19.0m
Construction Costs	\$38.1m
Total Costs	\$121.1m
Total Projected NOI	\$11.3m
Total Projected Capitalization	\$121.1m
Stabilized Yield	9.3%
Base Case Exit Cap Rate	4.0%
Base Case Valuation	\$281.0m

Current base case stabilized valuation is \$281m which is **\$124m** higher than originally projected



- Current market ground floor retail rents are blended upwards of \$350 psf versus \$175 psf projections at acquisition
- Market has risen and cap rates have compressed

Real estate: portfolio by neighbourhood (Miami)



JZCP's current real estate portfolio: South Florida

What we've purchased:

- **Wynwood (Miami):** rapidly increasing retail rents amid a thriving arts scene
 - Two top development sites: each with 60,000 sq. ft. buildable
 - Cash flowing Class-A retail property with substantial air rights
 - Prime retail redevelopment site with substantial air rights
 - Portfolio of prime retail redevelopment properties with substantial air rights
- **Design District (Miami):** innovative fashion, design and architecture attracting some of the world's most prestigious brands and retailers
 - Recently completed assemblage comprised of 16 properties making up an entire block of Miami's Design District -- highly visible retail site with significant frontage on the neighborhood's prime retail corridor and substantial air rights
- **West Palm Beach, FL:** market with strong fundamentals poised to welcome influx of hedge funds, private equity firms and family offices relocating from the Northeast
 - Cash-flowing, trophy office building in West Palm Beach's central business district with substantial upside



Esperante Corporate Center (Summary of Opportunity)

- Esperante Corporate Center is a trophy office building in the West Palm Beach central business district, at the gateway of Palm Beach Island

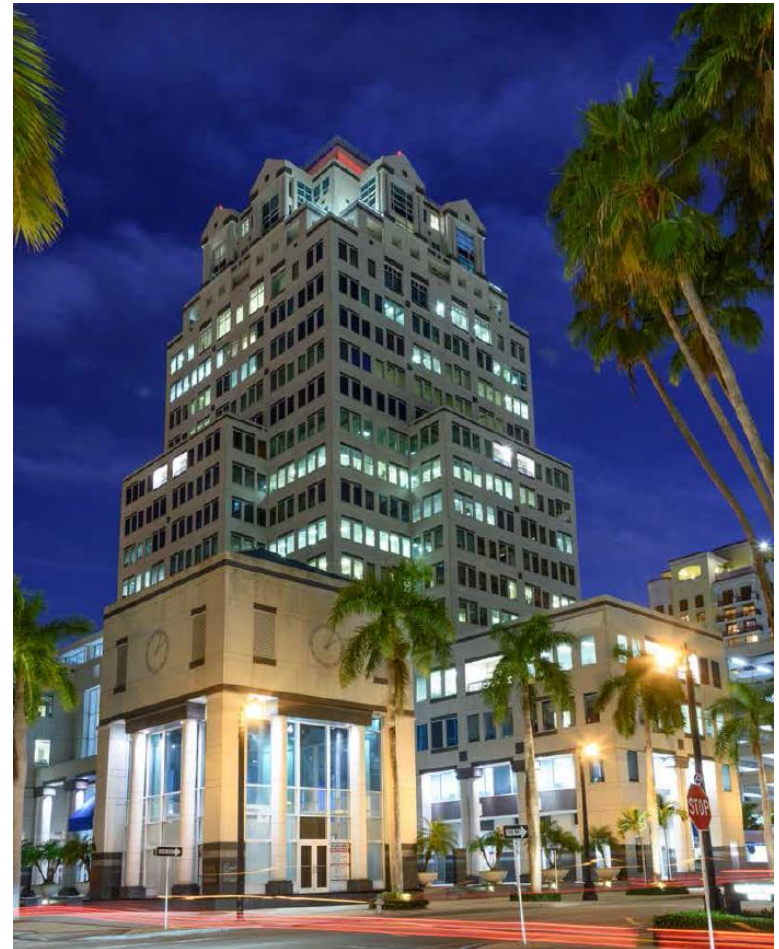


- West Palm Beach is a market with strong fundamentals poised to dramatically improve due to the influx of hedge funds, private equity firms and family offices relocating from the Northeast
- **Business Plan**
- Implement a capital improvement plan to renovate the lobby, common areas and valet parking
- Create unique restaurant and rooftop bar
- Tenants rolling in the next 24 months have below market rents and currently control the premier spaces
- Rental growth is justifiable and sustainable given current market rents are still below peak levels prior to the recession

Esperante Corporate Center (Valuation)

Total Purchase Price	\$125.8m
Reserves, Closing & Financing Costs	\$9.3m
Total Costs	\$135.0m
Year 7 Projected NOI	\$11.0m
Total Projected Capitalization	\$135.0m
Stabilized Yield	8.14%
Base Case Exit Cap Rate	5.50%
Base Case Valuation	\$199.9m

Current base case stabilized valuation is \$199.9m



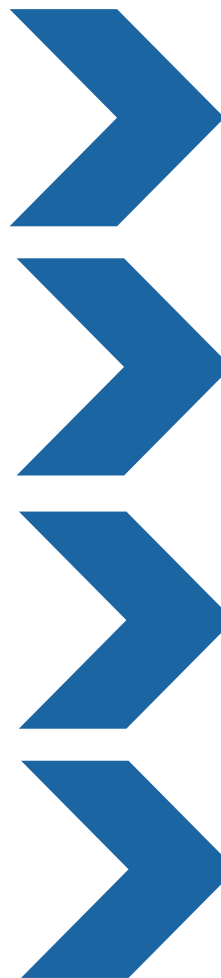
Summary & Outlook

Strong balance sheet to take advantage of opportunities

Long-term track record of NAV growth & consistent dividend payer

High level of investment activity

Diversity of investment portfolio



- Strong pipeline of opportunities in the US, Europe and real estate portfolios
- Positive total NAV return per share in 26 of past 30 quarters
 - 3% of NAV paid annually as dividend
 - 15.5 cent per share dividend declared for the period (\$13 million in total)
- \$97.1 million in new investments for the period
- US micro-cap (39%), European micro-cap (14%), real estate (39%) other* (8%)



Appendix



JZCP investment activity

Since 29 February 2016	(\$ millions)
Jordan Healthcare Products	8.7
PPS (healthcare revenue cycle management vertical)	1.4
George Industries	12.6
Peaceable Street Capital	13.8
Tech Industries	2.5
Shannon Safety (testing vertical)	0.5
Southern Petroleum Laboratories	0.4
Real Estate Investments	53.3
Others	3.9
Total*	97.1



JZCP realisation activity

Since 29 February 2016	Gross Proceeds (\$ millions)
Bright Spruce Fund – Partial Realisation	39.7
Suzo Happ – Distribution	1.3
K2 Towers – Partial Buy Down	1.1
Dental Services – Escrow	3.1
Amptek – Escrow	1.6
Galson – Escrow	0.5
JZ International – Sale (Various)	0.9
Winn – Sale	20.7
Roebing – Refinance	1.2
RedBridge Bedford – Refinance	3.9
Flatbush Portfolio – Refinance	0.8
Others	1.5
Total*	76.3

(*) Numbers subject to rounding

