JZ CAPITAL PARTNERS LTD

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

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

ANNUAL RESULTS FOR THE TWELVE-MONTH PERIOD ENDED

29 FEBRUARY 2016

12 May 2016

JZ Capital Partners Limited (LSE:JZCP.L or "JZCP"), the London listed fund that invests in high quality US and European micro-cap companies and US real estate, announces its annual results for the twelve-month period ended 29 February 2016.

Financial Highlights

- More than $1.1 billion of gross assets
  - Absolute NAV growth of 20.7% to $851.7 million (FY 28/2/15: $705.5 million)
- Pre-dividend (pre-dilution) NAV per share growth of 6.3% to $11.46 (FY 28/2/15:$10.85)
- Pre-dividend (post-dilution) NAV per share fell 3.5% to $10.49 (FY 28/2/15:$10.85)
- Distribution of 33.5 cents per share (FY 28/2/15: 31 cents per share), implying a historic dividend yield of 6.1% (as at 29/2/16).
- Dividend of 15 cents per share declared for the six-month period ended 29 February 2016

Portfolio Highlights

- $272.7 million invested across the US micro-cap ($103.1 million), European micro-cap ($59.3 million), and real estate portfolios ($104.7 million) and other investments ($5.6 million)
- $205.1 million of proceeds from realisations, primarily through the sale of three US micro-cap companies and the secondary sale of JZCP's stake in certain European portfolio companies
- Strategic importance of US real estate portfolio growing, now accounting for over 30% of the total portfolio
- At the end of the period, the total portfolio consisted of 69 micro-cap businesses across eight industries and 51 properties located across Brooklyn and Miami.

Strategic Initiatives

- Several strategic initiatives aimed at strengthening the balance sheet and increasing liquidity have been successfully implemented during the year, including:
  - $116.4 million raised via the issuance of ordinary shares, and rollover of $61.1 million of 8% ZDPs due June 2016 into 4.75% ZDPs due October 2022
  - Sufficient funds to repay the remaining $45.6 million of ZDPs due June 2016 (fully covered by an issue of UK gilts), deleveraging the Company's balance sheet for future growth
  - Successful completion of fundraising for JZI Fund III, L.P. ("Fund III"), the successor to EuroMicrocap Fund 2010, L.P. ("EMC 2010"), raising €400 million in the final close

    - Following shareholder approval of a more diverse investment policy last year, the Association of Investment Companies has recognised our broader investment mandate, and reclassified JZCP into the recently established Flexible Investment Sector.

Outlook

- Enhanced growth prospects driven by completed strategic initiatives, healthy pipeline of attractive investment opportunities and expected active realisation activity during the coming year

- Well-positioned to tackle the ongoing discount to NAV through positive investment performance and further realisations.

David Zalaznick, JZCP's Founder and Investment Adviser, said: "Following several strategic initiatives undertaken throughout the year, the Company's balance sheet is in excellent condition. We are confident the year ahead will again provide a number of realisation opportunities, leaving us well positioned to take advantage of opportunities to expand our increasingly diversified portfolio."

David Macfarlane, Chairman of JZCP, said: "We are delighted with the Company's robust performance throughout 2015. It has been an active and successful twelve months of investment for the Company, an excellent year for realisations and the ZDP rollover has strengthened the Company's balance sheet further.

"We look ahead to the next twelve months with continued confidence, building upon the Company's strong track record of delivering healthy returns for our shareholders."

Presentation details:

There will be an analyst and investor presentation to discuss JZCP's recent financial performance and portfolio developments at 11:30 on 12 May 2016 at FTI Consulting, 200 Aldersgate, Aldersgate Street, London EC1A 4HD. It can be accessed by dialing +44 (0)20 3140 8286 (UK) or +1 718 354 1157 (US) with the participant access code 1744208.

A playback facility will be available two hours after the conference call concludes. This facility may be accessed by dialing **+44 (0)20 3427 0598 (UK) or +1 347 366 9565 (US)** with the participant access code **1744208.**

For further information:

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About JZCP

JZCP is a London listed fund which invests in high quality US and European microcap companies and US real estate. Its 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") which is led by David Zalaznick and Jay Jordan. They have worked together for 30 years and are supported by teams of investment professionals in New York, Chicago, London and Madrid. JZAI's experts work with the existing management of microcap companies to help build better businesses, create value and deliver strong returns for 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.

The financial information set out below does not constitute the Company's statutory accounts for the year ended 29 February 2016. All figures are based on the audited financial statements for the year ended 29 February 2016.

The announcement is prepared on the same basis as will be set out in the audited financial statements for the year ended 29 February 2016.

The annual report and audited financial statements for the year ended 29 February 2016 will shortly be posted to shareholders and will also be available on the company website: www.jzcp.com.

Who We Are

Corporate Objective

"To create a portfolio of investments providing a superior overall return comprised of a current yield and significant capital appreciation."

About Us

JZ Capital Partners Limited ("JZCP") invests in high-quality US and European micro-cap companies, as well as real estate properties in the US. JZCP's investment objective is to provide an overall total return comprised of dividend yield plus stock appreciation. The current Board policy is to pay a dividend equal to 3% of net asset value, paid through semi-annual instalments.

JZCP's Investment Adviser is Jordan/Zalaznick Advisers, Inc. ("JZAI") which was founded by David Zalaznick and Jay Jordan in 1986. JZAI has investment professionals in New York, Chicago, London and Madrid.

JZCP offers investors unique access to the US and European micro-cap buyout markets, providing a strong history of Net Asset Value ("NAV") and dividend growth. JZCP creates value by buying high quality privately owned micro-cap companies in non-auction transactions, providing capital and actively working with the existing management to grow the businesses before selling to strategic buyers.

In the US, JZCP has an innovative buy-and-build strategy to acquire controlling stakes in high margin micro-cap companies in fragmented industries such as industrial services, water treatment services and healthcare revenue cycle management.

In addition, JZCP has teamed up with a successful real estate team to invest indirectly in commercial and residential properties that are not "fully shopped", in up-and-coming neighbourhoods. To date we have investments in Brooklyn, New York and Miami, Florida. Our team purchases these properties prudently, and develops them via renovation and/or building construction.

In Europe, the investment adviser's team has worked together for over ten years and has a proprietary network of intermediaries to deliver high quality micro-cap buy-and-build opportunities throughout the continent.

JZCP is a closed-ended investment company trading on the Specialist Fund Market of the London Stock Exchange.

Our Key Investment Principles

1. A disciplined value oriented and value added approach to deliver superior returns on a risk-adjusted basis
2. A focus on high quality micro-cap businesses in the US and Europe and US real estate bought at reasonable prices in partnership with management
3. A strategy of working with our management partners at each portfolio company to enhance growth through operational focus and strategic acquisitions
4. Work with a proprietary network of intermediaries to find investment opportunities rather than participating in auctions
5. Maintain a diversified portfolio in terms of industry sector, geography and asset class

Chairman's Statement

I am pleased to report the results of JZ Capital Partners ("JZCP" or the "Company") for the twelve month period ended 29 February 2016.

Performance

The Company's excellent performance over the last twelve months is set against a backdrop of extreme global market volatility, led by concerns over the Chinese slowdown and steep declines in oil and commodity prices.

The first half of 2015 was characterised by a number of geopolitical events, notably the uncertainty surrounding the outcome of the UK general election, and unrest in the Eurozone as Greece flirted with the notion of "Grexit" amidst the migrant crisis. In the second half of the year risk concerns shifted focus to the Emerging Markets, as Chinese markets underwent significant declines and volatility took hold of the wider financial markets.

Throughout the year, monetary policy remained stable in the major developed economies, and interest rates have remained at historically low levels. However, in December the US Federal Reserve voted to raise interest rates for the first time since 2006, as the 0.25% rate in place since the height of the 2009 recession could no longer be justified against a backdrop of continuing improvements in employment and a likely rise in inflation.

In the UK and abroad, growing concerns and uncertainty around both the EU referendum in June 2016 and the US national elections in November threaten the progression of recently steady economic growth. Overall, many of the trends from 2015 have continued to persist into 2016, suggesting volatility looks likely to remain a theme for the remainder of the year.

Given this market environment, the Board is pleased to announce that JZCP has produced an excellent set of full year results, having achieved pre-dividend, pre-dilution NAV growth of 6.3%, increasing from $10.85 to $11.46 per share at the end of the period. Pre-dividend NAV (post-dilution from new share issuance), fell 3.5%, due to the issuance of new ordinary shares. [1]

Strategic Initiatives

During the period, the Board undertook several strategic initiatives, which have enabled the Investment Adviser to take advantage of a wider range of investment opportunities, providing the flexibility to adapt as market opportunities warrant. This combined with a series of financings and realisations have significantly increased the liquidity in JZCP, whilst at the same time deleveraging the Company's balance sheet and reserving sufficient capital to repay the remaining ZDPs due in June 2016.

Furthermore, our European team raised €400 million in the final close for JZI Fund III, L.P. ("Fund III"), the successor fund to the EuroMicrocap Fund 2010, LP ("EMC 2010"), demonstrating the confidence investors have in JZAI's ability to source accretive long-term investments in the region. JZCP has committed €75 million to Fund III, which will enable the Company to continue to expand and diversify its investment portfolio in Western Europe (JZCP is not paying management fees on its commitment to Fund III). In addition, JZCP's co-founders and investment advisers, David Zalaznick and Jay Jordan, along with the European management team have committed €25 million.

Following shareholder approval of a more diverse investment policy last year, the Board is delighted that the Association of Investment Companies has recognised our broader investment mandate and reclassified JZCP into the recently established Flexible Investment Sector.

Portfolio Update

Overview

It has been an active investment period for the company, putting $272.7 million to work across our core portfolios – US and European micro-cap and US real estate – whilst realisations generated $205.1 million. At the end of the period, the Company's portfolio consisted of 69 micro-cap businesses across eight industries and 51 properties located in Brooklyn, New York and Miami, Florida. We continue to become more diversified geographically as we invest in more Western European countries.

Whilst the US and European micro-cap portfolios underpin the Company's overall investment strategy, the shape of the portfolio is now more balanced by investment type, with US real estate becoming more strategically important, now accounting for over 30% of the total portfolio.

US and European Micro-cap

The Board is pleased with the positive performance of the US micro-cap portfolio, which has seen a valuation increase of 46 cents per share during the period, primarily due to increased earnings and numerous accretive acquisitions at our ISS vertical (6 cents), Healthcare Revenue Cycle Management vertical (7 cents) and Water vertical (5 cents).

JZCP continues to adopt its value-oriented investment approach targeting high quality micro-cap companies in Western Europe. As of 29 February 2016, Fund III held five investments and EMC 2010 held four investments across the UK, Italy, Germany, Spain and Scandinavia.

[1] Calculated on a dividends re-invested basis

During the period, the Company invested in two new European platforms: Collingwood (through Fund III), a niche auto insurer in the UK; and MyLender (through Fund III), a small consumer lending platform in Finland.

Real Estate

JZCP has made significant progress in building a diversified portfolio of retail, office and residential properties in Brooklyn and Miami in partnership with an experienced team at RedSky Capital. As of 29 February 2016, JZCP had invested more than $250 million in 51 properties, all currently in various stages of development and redevelopment.

The real estate portfolio had a net increase of 62 cents, led by significant write-ups at our Bedford Avenue property (31 cents), Greenpoint development site (9 cents), new Bedford Avenue portfolio (8 cents), Fulton assemblage (5 cents), and greater Miami portfolio (7 cents). Increases in value at our real estate properties are based upon third-party appraisals.

Realisations

The Company generated realisations totalling $205.1 million primarily through the sale of three US micro-cap companies and the secondary sale of six of its European investments (held through EMC 2010) at NAV to a major financial institution for €96.3 million.

The Company realised its investment in Justrite Manufacturing, a manufacturer of industrial safety products, for $21.4 million. JZCP first invested in Justrite in June 2011, realising a gross multiple of capital invested of 3.5x and a gross IRR of 38.8%.

Distributions

In accordance with our policy of distributing 3.0% of NAV per annum in two instalments, the Directors declared a second dividend of 15 cents per share for the six-month period ended 29 February 2016, on the new enlarged share capital, compared to 17.5 cents for the six-month period ended 28 February 2015. Having already paid a first interim dividend of 16 cents, this implies an annualised yield as at 29 February 2016 of 5.6%.

Outlook

We are pleased with the strong performance of the underlying portfolio and it has been a busy year with the capital raise and ZDP rollover in addition to a series of major realisations in Europe and the final close of a new European fund. These events have further strengthened the Company's balance sheet, leaving the Company well positioned to take advantage of opportunities to acquire high-quality companies and properties at attractive prices in the US and Europe.

We enter 2016 with continued optimism and the Board is confident that the Company is well-positioned to tackle the ongoing discount to NAV through positive investment performance and further successful realisations.

David Macfarlane
Chairman
11 May 2016

Investment Adviser's Report

Dear Fellow Shareholders,

We are pleased to report that JZCP's balance sheet is in excellent condition following a series of financings and realisations as well as new investments during the period. The absolute NAV has risen more than 20% from $705.5 million to $851.7 million during the period, after paying $21.8 million in dividends. Our absolute NAV (pre-dividend) has increased in 25 out the past 28 quarters. Most significantly, JZCP successfully raised and realized $479.0 million in the past year through the events detailed below, more than the market capitalization of the Company of $461.9 million as of 29 February 2016.

We have significantly increased the liquidity in JZCP in order to: (i) raise capital for new investments ahead of realisations, (ii) deleverage the Company's balance sheet (reduce gearing) and (iii) have sufficient funds to repay the remaining Zero Dividend Preference Shares ("ZDPs") due June 2016 (final liability of £32.9 million (approximately $45.6 million)). Our strong balance sheet will provide the foundations we need to grow JZCP's NAV and dividend payment.

Towards that end, we raised approximately $116.4 million (net) via the issuance of 18,888,909 new ordinary shares and $61.1 million (net) from the rollover of a portion of our current 8% ZDPs into longer-dated ZDPs with a 4.75% yield due October 2022. Furthermore, we completed a secondary sale of JZCP's stake in six EuroMicrocap Fund 2010, L.P. ("EMC 2010") assets to a major financial institution for its stated NAV of €96.3 million, which provides strong validation of our net asset value. JZCP also closed a $100 million (gross) six-year term loan from Guggenheim Partners, which was partially used to pay down the entire Jefferies $50 million one-year loan facility.

Event	Proceeds to JZCP ($ millions)
European micro-cap realisations	137.3
New share issuance[(1)]	116.4
Guggenheim loan[(1)]	96.3
ZDP rollover[(1)]	61.1
US micro-cap realisations	43.0
Other realisations	16.9
Real estate realisations	8.0
Total	479.0

[(1)]Net of issue costs

Additionally, our European team raised €400 million (final close) for JZI Fund III, L.P. ("Fund III"), the successor fund to EMC 2010, further demonstrating the continued investor appetite to access assets across the region. JZCP committed €75 million to Fund III, which will enable JZCP to continue to expand and diversify its investment portfolio in Western Europe. In addition, we (David Zalaznick, Jay Jordan and the European management team) committed €25 million to the new fund.

Pre-dividend NAV per share (pre-dilution from new share issuance) was up 6.3% for the year, from $10.85 to $11.46. Pre-dividend NAV per share (post-dilution from new share issuance), fell 3.5%, due to the aforementioned issuance of new ordinary shares. In conformance with our dividend policy of distributing 3% of NAV in semi-annual installments, we paid total dividends of 33.5 cents per share during the year versus 31 cents during the prior year. At our stock price as of 29 February 2016, the implied dividend yield was 6.1%.

JZCP experienced an active investment period over the past year, deploying $272.7 million in our US micro-cap, European micro-cap, real estate and other investments portfolios. We realised $205.1 million primarily through the sale of three US micro-cap companies and the secondary sale of JZCP's position in certain EMC 2010 portfolio companies described above.

As of 29 February 2016, our US micro-cap portfolio consisted of 55 businesses across seven industries. This portfolio was valued at 8.1x EBITDA, after applying an average 24% marketability discount to public comparables. The average underlying leverage senior to JZCP's position in our US micro-cap portfolio is 3.4x EBITDA. Consistent with our value-oriented investment strategy, we have acquired our current US micro-cap portfolio at an average 6.5x EBITDA. Additionally, in contrast to a very expensive US acquisition market, we paid 7.4x EBITDA on average for US micro-cap acquisitions made during the year, underlining our approach to investing.

At the end of the period, our European micro-cap portfolio consisted of 13 companies across four industries and six countries. The European micro-cap portfolio has very low leverage senior to JZCP's position, of under 2.0x EBITDA.

As of the same date, our real estate portfolio consisted of 51 properties, 24 of which were acquired during the period. An additional three properties were purchased post-period in March 2016.

Net Asset Value ("NAV")

Pre-dividend NAV per share (pre-dilution from new share issuance) was up 6.3% for the year, from $10.85 to $11.46. Pre-dividend NAV per share (post-dilution from new share issuance), fell 3.5%, due to the aforementioned issuance of new ordinary shares. In addition, we paid total dividends of 33.5 cents per share during the year. At our stock price as of 29 February 2016, the implied dividend yield was 6.1%.

NAV bridge

NAV per Ordinary share as of 28 February 2015	**$10.85**
Change in NAV due to capital gains and accrued income on investments	
+ US micro-cap	0.46
+ European micro-cap	0.15
+ Real estate	0.62
- Other investments	(0.02)
+ Listed bonds and gilts	0.01
Other increases/(decreases) in NAV	
+ Change in CULS fair value (1)	0.11
- Finance costs	(0.26)
- Other foreign exchange effect (2)	(0.03)
- Expenses and taxation	(0.43)
NAV per Ordinary share (before share issue and dividends paid)	**$11.46**
- Dilution per share from issue of Ordinary shares at a discount	(0.97)
NAV per Ordinary share (before dividends paid)	**$10.49**
- Dividends paid	(0.335)
NAV per Ordinary share as of 29 February 2016	**$10.15**

(1) Includes fx gains of 9 cents

(2) Includes fx losses on investments of 13 cents, these losses are deducted from Net gains on investments at fair value through profit or loss when presented within the Statement of Comprehensive Income

The US micro-cap portfolio had a net increase of 46 cents, primarily due to: increased earnings at Justrite, our co-investment industrial safety business (10 cents), and its subsequent sale above carrying value, and increased earnings and numerous accretive acquisitions at our Industrial Services Solutions ("ISS") vertical (6 cents), Healthcare Revenue Cycle Management vertical (7 cents) and water vertical (5 cents). Several co-investment portfolio companies showed increases as well: Salter (4 cents) and Medplast (3 cents), both healthcare products manufacturers; Suzo-Happ, a manufacturer of parts for the global gaming industry (4 cents); Southern Petroleum Labs, an oil and gas lab services business (5 cents); and New Vitality Holdings, our co-investment marketer of premium nutritional supplements (5 cents).

Offsetting these increases was a decrease at Accutest, our full service environmental testing laboratory business (7 cents), which experienced an earnings decline and was subsequently realised in January 2016. Other assets to experience earnings declines included: Vitalyst, our co-investment IT support business (5 cents); Sloan LED, our co-investment LED lighting business (2 cents); Healthcare Products Holdings, our power wheelchair company (3 cents); and both our testing vertical (4 cents) and logistics vertical (6 cents).

The European micro-cap portfolio had a net increase of 15 cents, primarily due to write-ups reflecting increased earnings at: One World Packaging (1 cent), a niche manufacturer of biodegradable, environmentally friendly packaging; Fidor Bank (4 cents), our German online bank; Winn (1 cent), our UK-based legal claims processing business; and Petrocorner (2 cents), our petrol station build-up in Spain. These gains were offset by write-downs at Ombuds (2 cents), a private security business and Docout (1 cent), a business process outsourcing company.

The real estate portfolio had a net increase of 62 cents, led by significant write-ups at our original Bedford Avenue property (31 cents), Greenpoint development site (9 cents), new Bedford Avenue portfolio (8 cents), Fulton assemblage (5 cents), and greater Miami portfolio (7 cents). Increases in value of our real estate properties are based upon third-party appraisals.

Returns

The chart below summarises the cumulative total NAV returns and total shareholder returns for the most recent three-month, six-month, twelve-month, three-year, four-year and five-year periods.

		Since	**Since**	**Since**	**Since**	**Since**
	29.2.2016	**30.11.2015**	**28.2.2015**	**28.2.2013**	**29/02/2012**	**28.2.2011**
Share price (in GBP)	£3.97	£3.93	£4.09	£5.00	£3.66	£4.15
NAV per share (in USD)	$10.15	$9.51	$10.85	$9.69	$9.47	$8.93
Dividends paid (in USD)	-	-	$0.335	$0.94	$1.265	$1.425
Total Shareholders' return (GBP)*	-	1.0%	2.0%	-9.3%	30.5%	18.3%
Total NAV return (pre dilution)*	-	6.7%	6.3%	27.0%	34.4%	45.1%
Total NAV return (post dilution)*	-	6.7%	-3.5%	15.3%	22.0%	31.7%
NAV to market price discount	46%	38%	42%	22%	38%	26%

** Returns calculated on a dividend re-invested basis*

Portfolio Summary

Our portfolio is well diversified by asset type and geography, with 69 micro-cap investments across eight industries and 51 properties. It continues to become more diversified geographically across Western Europe. It's also important to note that 52% of our portfolio is less than three years old.

Below is a year on year summary of JZCP's assets and liabilities at 29 February 2016 as compared to 28 February 2015. An explanation of the changes in the portfolio follows:

	29.2.2016	**28.2.2015**
	US$'000	**US$'000**
US micro-cap portfolio	386,173	297,340
European micro-Cap portfolio	168,797	245,884
Real estate portfolio	366,158	216,781
Other investments	64,320	66,541
Total Private Investments	985,448	826,546
Listed corporate bonds	13,036	13,473
Bank debt	-	10,452
UK treasury gilts	45,608	39,480
Cash	91,937	101,323
Total Listed Investments and Cash	150,581	164,728
Other assets	3,551	4,403
Total Assets	1,139,580	995,677

We continue to hold UK Gilts, which will be used to redeem our remaining ZDPs due 2016.

US Micro-Cap Portfolio

The US micro-cap portfolio has performed very well this year. As described earlier in the NAV section, the US micro-cap portfolio had a net increase of 46 cents, due to a combination of increased earnings, accretive acquisitions and sales above carrying value. We've made a number of acquisitions in our various verticals. As you know from previous reports, our US portfolio is grouped into industry verticals where we are continuing our strategy of consolidating businesses under industry executives who can add value via organic growth and cross company synergies. In addition, we made several new co-investments, two of which we will highlight below in the case studies section.

New US investments – Verticals

Vertical	Number of Acquisitions	JZCP Investment $millions
Industrial Service Solutions	6	No cash required from JZCP
Water Services	1	5.7
Healthcare Revenue Cycle Management	3	19.6
Testing services	1	No cash required from JZCP
Other		1.5
Total	11	26.8

New US investments – Co-investments

Portfolio Company	New / Follow-on	JZCP Investment $millions
Illumination Investments (Sloan LED)	New	4.9
K2 Towers	New	22.0
Jordan Healthcare Products	New	18.0
Tech Industries	New	7.2
TierPoint	Follow-on	19.0
Peaceable Street Capital	New	3.8
Other		1.5
Total		76.4

Case Studies: Recent US Strategic Build-ups

We're highlighting two of our US strategic build-ups in high growth sectors; in both cases we have partnered with excellent management teams with whom we have long-term relationships.

TierPoint

TierPoint provides mission-critical IT infrastructure solutions via a network of 39 data centres in 20 markets across the United States. According to 451 Research, this market is forecasted to grow at a CAGR of 20.9% from $49.5 billion in 2013 to $87.5 billion in 2016, whilst Altman Vilandrie & Co. expects the percent of IT spend outsourced to grow to 58% from 35% in the next 3-5 years. There are several strong underlying demand characteristics that support continued growth in the colocation and hosting sector: growth in data demand, customer use of third-party infrastructure to minimise capital investment, continued trend of IT outsourcing, rapid adoption of cloud solutions, increased focus on compliance requirements and necessity of secure computing environments.

The company is focused predominantly on Tier II markets that have strong growth prospects and a robust small-to-medium sized business customer population. TierPoint offers multi-tenant, private and hybrid cloud solutions; disaster recovery, business continuity and other managed services; and colocation.

Deal summary and update

In June 2014, JZCP participated in the recapitalisation of TierPoint alongside trusted co-investment partners with whom we have a long-term relationship. The transaction was led by RedBird Capital Partners and TierPoint management. Co-investors include Ontario Teachers' Pension Plan, The Stephens Group, Thompson Street Capital Partners, TA Associates and management.

At the time of the initial investment, TierPoint generated $27 million of EBITDA and has since grown organically and via acquisitions to over $146 million of EBITDA. The Company acquired Xand in December 2014 ($43 million EBITDA), Windstream Hosted Solutions in December 2015 ($49 million EBTIDA), and Cosentry in March 2016 ($23 million EBITDA). Now, our management team has to integrate these businesses to maximize their effectiveness in the market, not to mention their enterprise value.
Management team

TierPoint is led by one of the most capable and successful management teams with whom we have done business. Jerry Kent, CEO, has an established track record of great returns for his investors, most recently as CEO of Suddenlink Communications. As major shareholders of TierPoint, management's interest and focus is fully aligned with investors.

High quality business

The data centre business is attractive due to a highly visible recurring revenue model, sticky customer relationships, high free cash flow generation, attractive internal reinvestment opportunities and a significant runway for growth. Furthermore, TierPoint is focused on small-to-medium sized businesses in Tier II US markets, which we believe to be an attractive niche. As the company transitions toward higher-value managed and cloud services via a series of acquisitions and strategic initiatives, we believe the result will be greater customer captivity, greater profitability and a structurally higher quality business.

K2 Towers

K2 Towers ("K2") is one of the largest privately owned cell tower companies in North America. The key driver of the cell tower industry is data demand, which is projected to increase 700% in the United States over the next five years (LA Business Journal, "Wireless Networks Could Connect L.A. with Jobs," Nov. 2015), continuing to overwhelm the capacity of wireless networks. While demand has been and is expected to continue to grow significantly, supply of cell towers is generally constrained due to issues such as zoning and other regulatory restrictions. Furthermore, the cell tower industry offers stable, long-term profitability due to contractually recurring revenues from high quality customers and significant operating leverage due to the fact that its costs are generally fixed.

Deal summary and update

In May 2015, JZCP participated in the acquisition of K2 alongside Orangewood Partners ("Orangewood"), a private investment firm, which led the transaction. In less than one year since the original investment, K2's tower cash flow has grown almost 20% through both organic growth and acquisitions.

Management team

K2 is led by a management team with a long and successful history in the industry. Alan Goldfarb, Chairman of the Board of Directors and Founder of Orangewood, was previously Chairman of K2 under its previous ownership. Howard Mandel and Ryan Lepene, K2's CEO and President, respectively, have run K2 since its inception. Importantly, management is fully aligned with investors given its significant ownership stake.

High quality business

Ownership of cell towers has been extremely lucrative over the past twenty years. Given the contractual and long term nature of both revenues and expenses, there is a high degree of visibility into the cash flows. Additionally, since costs are generally fixed, there is substantial operating leverage from organic revenue growth including contractual escalators, existing tenants upgrading equipment and the addition of new tenants. K2's portfolio contains towers with substantial revenue and tower cash flow growth potential. Our management team is consistently sourcing new towers to buy with similar characteristics given its proprietary acquisition model.

European Micro-Cap Portfolio

Recent events in Europe

JZI Fund III, L.P. ("Fund III") – Final close at €400 million of commitments

In December 2015, JZAI closed the final round of fundraising for Fund III, the successor fund to EMC 2010, with €400 million of commitments. The fundraising surpassed its €350 million target, receiving strong backing from institutional investors and family offices from across Europe and North America. As previously mentioned, JZCP committed €75 million to Fund III.

EMC 2010 had warehoused three portfolio companies, Petrocorner, Fincontinuo and S.A.C, (at an 8% cost to carry) for Fund III (the "Warehoused Transactions"). Fund III also purchased (from JZCP) the direct stake that JZCP held as mezzanine lender in S.A.C as part of the Warehoused Transactions. JZCP has an 18.8% stake in Fund III and has invested a total of €12.7 million in the Warehoused Transactions (through Fund III).

Secondary sale to major financial institution

In February 2016, JZCP completed the sale of six of its European investments (held through EMC 2010) to a major financial institution for €96.3 million.

This transaction will be completed in two phases. First, on February 1, 2016, JZCP sold its stake in the first five assets (Docout, Ombuds, One World Packaging, Toro Finance, and Xacom) for €75.2 million. Second, JZCP will sell its stake in Winn (the sixth asset) for €21.1 million when regulatory approval is received (estimated 4-6 months). Once both phases are complete, JZCP expects to have realised an aggregate gross multiple of invested capital ("MOIC") of 1.6x in constant euros (1.3x after accounting for FX losses).

The sale was undertaken as a secondary transaction and priced at NAV. In addition to validating the Company's NAV, this transaction provides JZCP with significant liquidity to pursue further investment opportunities across its three main portfolios (US micro-cap, European micro-cap and real estate).

(1) From February 1, 2016 until the close of the second portion of the transaction, the institutional buyer will pay JZCP 8% interest on the €21.1 million purchase price for Winn.
(2) Gross MOIC (constant euro) figures are for illustrative purposes only, assuming that EMC 2010 was a euro-denominated fund (EMC 2010 is a US dollar-denominated fund).

Current European Portfolio

JZCP invests in the European micro-cap sector through its 75% ownership of EMC 2010 and its 18.8% ownership of Fund III. As you may recall, JZAI has offices in London and Madrid and an outstanding team with over fifteen years of investment experience in European micro-cap deals.

As of 29 February 2016, Fund III held five investments: one in Spain, one each in the UK and Italy, and two in Scandinavia. EMC 2010 held four investments: two in Spain (Factor Energia[3] and Oro) and one each in the UK (Winn) and Germany (Fidor Bank), with JZCP's position in Winn slated for sale to a major financial institution as soon as regulatory approval is received (see above section).

(3)EMC 2010 transferred its interest in Factor Energia to EuroMicrocap Fund-C, L.P. ("EMC Fund-C") as of February 1, 2016. EMC Fund-C is held by the same LPs and in the exact same ownership percentages as EMC 2010.

New European investments – EMC 2010

In March 2015, JZCP invested a further €1.1 million in Fidor Bank, as part of larger Tier 1 capital increase from existing Fidor Bank shareholders. In February 2016, JZCP invested a further €1.7 million in Fidor Bank, as part of another capital increase from existing shareholders.

Fund III – New European investments

In October 2015, JZCP invested €6.8 million in Collingwood, a niche auto insurer in the UK.

In November 2015, JZCP invested €3.2 million in MyLender, a small consumer lending platform in Finland. The strategy is to develop MyLender into a substantial alternative lending vehicle in Finland and Sweden, in conjunction with an experienced executive management team.

In December 2015, JZCP invested a further €3.2 million in S.A.C, an operational van leasing company in Denmark.

A portion of these three investments was returned to JZCP following the final close of Fund III in late December 2015 and subsequent reallocation of capital amongst the limited partners.

Real Estate Portfolio

As of 29 February 2016, JZCP had invested more than $250 million in a portfolio of retail, office and residential properties in Brooklyn, New York and Miami, Florida that is valued at $366.2 million as of the same date. We have made these investments in partnership with RedSky Capital, a team with significant experience in the sector.

Real Estate Approach

Our approach to real estate is very similar to our approach to private equity. It is a value-added strategy that is actually more intensive than when we integrate companies; it is a redevelopment strategy. We are looking for undervalued, underutilised, off-market properties in communities that are undergoing significant growth and gentrification. These properties are on the major retail shopping streets and are ripe for being rebuilt and repositioned. We also look to assemble contiguous properties and development sites in these same areas to achieve the equivalent of a multiple expansion.

We often target mixed-use opportunities that offer the potential for retail space on the ground and second floors, with flexible residential / boutique office space above. Most often, we purchase existing properties that require extensive renovation and repositioning in the market as prime retail sites. This is an intensive, value-add strategy that takes time to execute but enables us to achieve superior risk-adjusted returns.

Case study - Redbridge Bedford

In April 2012, JZCP made its first real estate acquisition, a $64 million mixed-use property in Williamsburg, Brooklyn. Prior to the latest refinancing (see below), JZCP had invested a total of $18.1 million in equity in Redbridge Bedford, owning approximately 63% of this property. As part of our value-add process, we have completed the following:

- Negotiated buyouts with more than 15 'loft law' residential tenants and major commercial tenants
- Signed an agreement with a well-known brand and triple A rated credit anchor tenant to occupy the prime corner retail unit. The tenant has taken possession and plans to open during Summer 2016
- Signed leases with three nationally known restaurant tenants
- Terminated lease of major commercial tenant due to lease term defaults and in process of evicting tenant
- In April 2016, we refinanced the property based on an appraisal value of $153.2 million and returned $3.9 million to JZCP

Our Target Markets

Brooklyn's demographics are exceeding the national average, in some cases by a wide margin. For instance, since 2000, Brooklyn's population between the ages of 25 and 34 has increased by more than 19.5% while the same age group has increased by only 8.4% across the United States[1]. Neighbourhoods that have been historically industrial, low-income and/or artist communities are witnessing these seismic population changes firsthand, fuelled by an influx of young and affluent residents that embrace Brooklyn's relaxed, artistic and young lifestyle. We have focused our portfolio on several of the fastest growing neighbourhoods, including Williamsburg, Downtown Brooklyn, Greenpoint, and Bushwick-Wyckoff Heights.

We are seeing similar trends and opportunities in the Wynwood and Design District neighbourhoods of Miami, Florida, which each draw strong parallels to the upscale, urban atmosphere of Williamsburg, Brooklyn. We made our first investment in Miami in January 2015, quickly followed by another three acquisitions in late February and March 2015. Since then, we have rapidly completed the assemblage of a full square block in Miami's Design District and have amassed a portfolio of cash generating retail properties, retail re-position opportunities and prime development sites in Miami's Wynwood neighbourhood. We believe that rapidly increasing retail rents amid a thriving arts scene are providing very attractive investment opportunities in Miami.
[1]Cushman & Wakefield Report. Brooklyn: The Epicenter of Hip. January 2016.

Fiscal Year Overview

During the period, JZCP, together with RedSky, acquired 24 properties, reflecting RedSky Capital's ability to originate a healthy pipeline of attractive investment opportunities in both New York and Miami. Since we began investing with RedSky in April 2012, we have acquired a total of 54 properties (three post-period in March 2016), all currently in various stages of development and re-development.

The real estate portfolio had a net increase of 62 cents, led by significant write-ups at our original Bedford Avenue property (31 cents), Greenpoint development site (9 cents), new Bedford Avenue portfolio (8 cents), Fulton assemblage (5 cents), and greater Miami portfolio (7 cents). Increases in value at our real estate properties are based upon third-party appraisals.

New Real Estate Investments

Geography	Number of Acquisitions	JZCP Investment $millions
Brooklyn, New York	6	26.5
Miami, Florida	18	76.9
Other	-	1.3
	24	104.7

Other Investments

Our recently established asset management business in the US, Spruceview Capital Partners, addresses the growing demand from corporate pensions, endowments, family offices and foundations for fiduciary management services through an Outsourced Chief Investment Officer ("OCIO") model. Spruceview has a robust pipeline of opportunities and has won three major accounts during the past year: investment oversight of the pension of the Canadian subsidiary of an international confectionary company; a European private credit fund-of-funds tailored to the clients of an international multi-family office; and a healthcare private equity vehicle designed for the clients of a large US registered investment adviser.

As previously reported, Richard Sabo, former Chief Investment Officer of Global Pension and Retirement Plans at JPMorgan and a member of that firm's executive committee, is leading a team of 12 senior investment, business development, legal and operations professionals. Following shareholder approval in September 2015, JZCP increased its commitment to Spruceview by $15 million.

Listed Investments

We have continued our program of holding highly rated listed corporate bonds as a means of earning an enhanced return on our cash. Currently, Goldman Sachs is the sole obligor of these bonds, which mature in January 2017. We also continue to hold UK Gilts, which will be used to redeem our remaining ZDPs due June 2016.

Significant Realisations

Investment	Portfolio	Proceeds
Healthcare Revenue Cycle Management Vertical	US micro-cap	15.2
Salter Labs, Inc,	US micro-cap	3.2
Dekko	Other/bank debt	10.5

1 Cushman & Wakefield Report. *Brooklyn: The Epicenter of Hip*. January 2016.

Petco	Other/mezzanine	3.5
Justrite Manufacturing Company	US micro-cap	21.4
Secondary sale of Euro micro-cap companies to third party	European micro-cap	81.0
Transfer of warehoused investments to Fund III	European micro-cap	56.2
Driggs Ave. Refinance	Real estate	4.6
Flatbush Portfolio Refinance	Real estate	2.6
Other		6.9
Total		205.1

Outlook

We are very confident that our value-added investment strategy across several asset classes will produce superior risk adjusted returns. As always, our objective is to put your (and our) money to work in a diverse portfolio of reasonably priced assets. Then we work with our management partners to grow these assets, both organically and by acquisition. This has been our strategy since our inception in December 1986 – although what we do today has a larger value-added component and the portfolio is much more diverse than in the past.

Having financed and realised almost half a billion dollars ($479.0 million) during the past fiscal year, JZCP has achieved a stronger, less leveraged balance sheet with fresh capital available to pursue multiple opportunities. We also closed a €400 million fund with several prestigious institutional investors to continue to build our European portfolio; JZCP's €75 million commitment to Fund III will be invested pro rata with the other limited partners, providing greater diversity in larger companies than we can do just on behalf of JZCP but still "micro-cap" size businesses.

Looking ahead, we are pursuing several more realisations in the coming year which will provide more liquidity for us to invest in our growing pipeline of attractive opportunities. The pace of investment will be a function of prices, which seem high to us in several sectors, all the more reason to be a seller!

As always, we thank you for your support of our investment strategy. Please feel free to contact us with any ideas that might be beneficial to JZCP.
Yours faithfully,
Jordan/Zalaznick Advisers, Inc.
11 May 2016

Investment Review

This investment review focuses on JZCP's investment strategy in the US micro-cap, European micro-cap and real estate portfolios and details examples of the Company's major holdings.

US MICRO-CAP

The primary US micro-cap investment strategy is the "vertical" strategy which sees JZCP invest in well researched industry sectors, or verticals. Similar companies are purchased in the vertical, being integrated as appropriate, and the resulting larger company sold as one entity. These industries sectors/verticals include Industrial Service Solutions, Water and Healthcare Revenue Cycle Management. The verticals are managed by seasoned industry executives whose responsibilities include managing, integrating and growing their respective vertical.

JZCP also invests in US micro-cap companies through "Co-investments". JZCP partners with experienced and trusted investors, taking a minority position in a company. The strategy benefits JZCP by diversifying the US micro-cap portfolio and leveraging the expertise and resources of such investors.

US MICRO-CAP (VERTICALS)

Industrial Services Solutions ("ISS")

ISS is currently a combination of twenty-three acquired businesses in the industrial maintenance, repair and service industry, with services provided both in a customer's plant, and in one of the company's numerous facilities across the United States. The company also sells parts and supplies for the products it services.

Most of these activities are nondiscretionary and typically non-cyclical. In addition, the increasing complexity of the equipment in industrial settings, along with fewer maintenance staff at these plants, should encourage growth in ISS' customers' needs. This large and very fragmented industry is well suited for a consolidator.

JZCP's $33.2 million of investments at cost are currently valued at $84.4 million, as JZCP has reaped the benefits of positive organic growth, making accretive acquisitions and the effects of leverage. Sales and proforma EBITDA for the year were $326 million and $52 million respectively.

ISS is managed by Jim Rogers, a seasoned industry executive, having held several senior management positions at GE for 26 years. His last position at GE was CEO of GE Industrial Controls.

	Cost 29.02.2016 US$'000	Valuation 29.02.2016 US$'000
Common stock	35	40,500
10% Preferred stock	33,221	43,871
	33,256	84,371

Turnover for the year ended 31 March 2016	$326.0 million
Adjusted EBITDA for the year ended 31 March 2016	$51.9 million

Futher information on ISS is available at www.iss-na.com.

Water Vertical

Triwater Holdings is our vertical in the $500 billion water sector. To date, we have focused on three areas in this very fragmented market: infrastructure, water treatment and filtration.

Water infrastructure businesses have been created to deal with the aging and deteriorating infrastructure in the United States. Leaking underground pipes for potable water create significant waste, while leaking underground sewer pipes create a significant health hazard. The three companies we own in this area have to date addressed this issue by sealing underground sewer pipes and manholes without digging, attractive for a variety of practical and cost concerns.

The current water treatment business consists of four companies which sell and distribute chemicals for industrial plants' boilers, etc and for use outside of plants (e.g. "fracking").

The filtration business currently owned is Paragon Water Systems, a supplier of parts and filters for point-of-use water filtration systems.

The Water vertical is managed by Mike Reardon, a long time water executive who has held senior management positions at Culligan Water, and US Filter, among others.

	Cost 29.02.2016 US$'000	Valuation 29.02.2016 US$'000
Common stock	35	3,700
10% Preferred stock	30,422	38,026
10% Subordinated notes	3,000	3,050
	33,457	44,776

Turnover for the year ended 31 March 2016	$152.0 million
Adjusted EBITDA for the year ended 31 March 2016	$21.4 million

Further information on the Water vertical is available at www.triwaterholdings.com

Healthcare Revenue Cycle Management

This vertical provides outsourced revenue cycle management solutions to both hospitals and physicians, a very fragmented and rapidly changing industry. Services currently offered focus on accelerating receivables collections from various payers. In addition to growing via organic growth and acquisitions, cross selling of various services across the companies will contribute to the value added proposition.

There are currently five companies under this vertical, with several more under letters of intent.

JZCP has invested $28.9 million in this relatively new vertical, which currently carries a value of $35.4 million. Revenues and proforma EBITDA totalled $104 million and $17 million respectively.

Mike Shea, an executive with more than 25 years in healthcare revenue management, is managing these businesses.

	Cost	Valuation

	29.02.2016 US$'000	29.02.2016 US$'000
Common stock	35	1,900
10% Preferred stock	28,912	33,534
	28,947	35,434

Turnover for the year ended 31 March 2016	$104.0 million
Adjusted EBITDA for the year ended 31 March 2016	$17.3 million

US MICRO-CAP CO-INVESTMENTS

Two examples of JZCP's co-invest strategy being K2 Towers and TierPoint are detailed below.

K2 TOWERS

Co-invest Partner: Orangewood Partners
Sector: Wireless Towers
Acquisition Date: April 2015
Headquarters: Ohio, USA
Website: www.k2towers.com

K2 Towers is one of the largest privately owned cell tower companies in North America. JZCP has partnered with a trusted management team who intends to grow the business both organically and via acquisitions.

Further insight to this investment is given within the Investment Adviser's Report.

	Cost 29.02.2016 US$'000	Valuation 29.02.2016 US$'000
Common stock	22,000	22,000

Adjusted tower cash flow for the year ended 31 December 2015	$11.2 million

TIERPOINT

Co-invest Partner: Redbird Capital Partners
Sector: Data CentreWireless Towers
Acquisition Date: June 2014
Headquarters: Missouri, USA
Website: www.tierpoint.com

TierPoint is a provider of cloud, colocation and managed services designed to help organisations improve business services and manage risks. JZCP has invested alongside trusted co-invest partners. It is intended to grow the business through an organic and acquisition-based growth strategy.

Further insight to this investment is given within the Investment Adviser's report.

	Cost 29.02.2016 US$'000	Valuation 29.02.2016 US$'000
Common stock	44,312	44,312

Pro forma revenue for the year ended 31 December 2015	$344.0 million
Pro forma adjusted EBITDA for the year ended 31 December 2015	$126.3 million

EUROPEAN MICRO-CAP

JZCP invests in the European micro-cap sector through its 18.75% stake in JZI Fund III, which completed its final fund raising in December 2015. Previously investments were made through the EuroMicrocap Fund 2010 ("EMC 2010"). The European investment team has worked together for over ten years and has a proprietary network of intermediaries to deliver high quality micro-cap buy-and-build opportunities throughout the continent.

Initially the team found value in investing in Spanish companies which were historically profitable and run by entrepreneurial managers. The portfolio now also has investments in the UK, Germany, Italy, Denmark and Finland.

An example of two of JZCP's European investments, Winn Solicitors and Petrocorner, are detailed below.

WINN SOLICITORS

Sector: Legal Services
Acquisition Date: September 2013
Headquarters: Newcastle, UK
Website: www.winnsolicitors.com

Winn is a leading regional player in the legal claim processing market in the UK. Winn provides full accident management services to customers involved in non-fault road traffic accidents, where the party does not wish to claim on its own insurance for a variety of reasons, including losing a no-claim bonus or increasing insurance premiums.

Winn's growth strategy is based on strong organic growth from a rapidly consolidating market in the UK driven by regulatory change and operating efficiencies.

	Cost 29.02.2016 US$'000	**Valuation 29.02.2016 US$'000**
Common stock	751	13,154
Loan note	10,376	9,834
	11,127	22,988

Turnover for the year ended 31 March 2016	£42.2 million
Adjusted EBITDA for the year ended 31 March 2016	£9.9 million

PETROCORNER

Sector: Petrol Stations
Acquisition Date: July 2014
Headquarters: Madrid, Spain
Website: www.petrocorner.com

Petrocorner is a strategic build-up in the Spanish retail petrol station market. The strategic plan is to acquire 2-3% of all petrol stations in Spain to become the fourth largest retailer of petrol after Repsol, Cepsa and British Petroleum. Petrocorner's management team is highly experienced in the retail petrol station market in Spain.

	Cost 29.02.2016 US$'000	**Valuation 29.02.2016 US$'000**
Common stock	3,351	4,554
Loan note	3,766	3,766
	7,117	8,320

Turnover for the year ended 31 December 2015	€101.1 million
Adjusted EBITDA for the year ended 31 December 2015	€7.3 million

REAL ESTATE

JZCP invests in properties through the JZ Realty Fund. The same disciplined investment strategy is applied, as with the micro cap portfolio; buying assets at reasonable prices in conjunction with excellent management teams. The real estate portfolio has been assembled in partnership with **RedSky Capital**, a Brooklyn based real estate and development and management company.

In 2012, JZCP started to invest in properties in Brooklyn, a borough of New York City with a population of 2.5 million, and is in the process of a renaissance where areas that have been historically industrial and low income are beginning to see population changes, fuelled by an influx of young and affluent ex-Manhattan residents. The revival of the area along with positive demographic projections is providing exciting investment opportunities for JZCP.

2015 saw JZCP begin to invest in the Wynwood and Design District neighbourhoods of Miami, Florida, two locations where rapidly increasing retail rents amid a thriving arts scene are again providing very attractive opportunities.

At 29 February 2016, JZCP has invested over $250 million across 51 properties. The independent year end valuation process valued the JZ Realty portfolio at $366.2 million.

Examples of the Real Estate portfolio are detailed below;

247 Bedford Avenue, Brooklyn

JZ Realty acquired the property in April 2012, with the intent to redevelop and re-tenant the retail and residential into a class A mixed-use property.

247 Bedford Avenue is an 115,600 sq. ft. mixed-use asset located on one of the most desirable blocks in Williamsburg. It is the largest and most visible retail site on Bedford Avenue.

JZ Realty is completing a repositioning plan. A name-brand 'AAA' credit rated company has been secured as a tenant for the largest, corner retail unit. The building is being transformed into two floors of high end retail space and upgraded residential units.

Further insight to this investment is given within the Investment Adviser's Report.

	Cost 29.02.2016 US$'000	**Valuation 29.02.2016 US$'000**
Invested through JZ Realty Fund	18,100	44,600

Design District, Miami Assemblage

Over the course of 2015 and early 2016, JZ Realty acquired a portfolio of adjacent properties in Miami's Design District, one of the premier luxury retail destinations in the U.S. The completed Design District assemblage has more than 600,000 square feet of as-of-right buildable commercial space.

	Cost 29.02.2016 US$'000	**Valuation 29.02.2016 US$'000**
Invested through JZ Realty Fund	54,200	54,100

Greenpoint, Brooklyn

In November 2013, JZ Realty acquired a 49% interest in a premiere development site on the Greenpoint waterfront offering panoramic views over the Manhattan skyline. The intention is to enter into a joint-venture with a major New York City development firm and build a high end mixed-use property.

The site includes the India Street Pier which acts as the Greenpoint terminal location for the East River Ferry, making it one of the most attractive development sites on the waterfront.

	Cost 29.02.2016 US$'000	**Valuation 29.02.2016 US$'000**
Invested through JZ Realty Fund	34,300	56,100

Investment Portfolio

Company	Historical Book cost[1] US$'000	Carrying Value 29 February 2016 US$'000	Percentage of portfolio %
US Micro-Cap Portfolio			
US Micro-Cap (Verticals)			
Industrial Services Solutions[4] (see Investment Review)			
INDUSTRIAL SERVICES SOLUTIONS ("ISS") A combination of twenty-three acquired businesses in the industrial maintenance, repair and service industry.			
Total Industrial Services Solutions Valuation	33,256	84,371	8.1
Healthcare Revenue Cycle Management [4] (see Investment Review)			
BHS HOSPITAL SERVICES Provider of outsourced revenue cycle management solutions to hospitals. BHS Hospital Services, Inc., which owns **Bolder Outreach Services (formerly known as Monti Eligibility & Denial Solutions)**, **Receivables Outsourcing, Inc.** and **Avectus Healthcare Solutions, LLC** is a subsidiary of Bolder Healthcare Solutions, LLC			
BHS PHYSICIAN SERVICES Provider of outsourced revenue cycle management solutions to physician groups. BHS Physician Services, Inc., which owns **Bodhi Tree** Group and **PPM Information Solutions, Inc.** is a subsidiary of Bolder Healthcare Solutions, LLC			
Total Healthcare Revenue Cycle Management Valuation	28,947	35,434	3.4
Sensors Solutions[4]			
NIELSEN-KELLERMAN Designer and manufacturer of weather, wind and timing measurement instruments and devices. Nielsen-Kellerman is a subsidiary of Sensors Solutions Holdings			
Total Sensors Solutions Vertical Valuation	2,644	6,300	0.6
Testing Services[4]			
ARGUS GROUP HOLDINGS Sells, rents and services safety and testing equipment to a variety of industries. Argus Group Holdings is a subsidiary of Testing Services Holdings			
Total Testing Services Vertical Valuation	10,679	9,733	0.9
Logistics Solutions[4]			
PRIORITY EXPRESS, LLC Provider of same day express courier services to various companies located in northeastern USA. Priority Express is a subsidiary of US Logistics, LLC			
Total Logistics Vertical Valuation	13,200	7,650	0.7
Water Services[4] (see Investment Review)			

TWH INFRASTRUCTURE INDUSTRIES, INC. Environmental infrastructure company that provides technology to facilitate repair of underground pipes and other infrastructure. TWH Infrastructure Industries, Inc., which owns **LMK Enterprises, Perma-Liner Industries** and **APMCS** is a subsidiary of Triwater Holdings			
TWH WATER TREATMENT INDUSTRIES, INC. Provider of water treatment supplies and services. TWH Water Treatment Industries, Inc., which owns **Nashville Chemical & Equipment** and **Klenzoid Canada Company/Eldon Water, Inc**., is a subsidiary of Triwater Holdings			
TWH FILTRATION INDUSTRIES, INC. Supplier of parts and filters for point-of-use filtration systems, which owns **Paragon Water Systems,** is a subsidiary of Triwater Holdings			
Total Water Services Vertical Valuation	33,457	44,776	4.3
Total US Micro Cap (Verticals)	*122,183*	*188,264*	*18.0*
US Micro-Cap (Co-investments)			
ILLUMINATION INVESTMENTS, LLC(4) Designer and manufacturer of LED lights and lighting systems	4,920	3,124	0.3
JORDAN HEALTHCARE PRODUCTS, LLC Provider of new and professionally refurbished healthcare equipment	18,000	18,000	1.7
K2 TOWERS, LLC (see Investment Review) Acquirer of wireless communication towers	22,000	22,000	2.1
MEDPLAST/UPG HOLDINGS(4) Manufacturer of plastic medical components	17,983	25,607	2.5
NEW VITALITY HOLDINGS, INC.(4) Direct-to-consumer provider of nutritional supplements and personal care products.	3,280	3,653	0.3
PEACEABLE STREET CAPITAL, LLC Provider of a specialty finance platform focused on commercial real estate	3,750	3,750	0.4
VITALYST(4) Provider of outsourced IT support and training services	9,020	5,900	0.6
SALTER LABS, INC.(4) Developer and manufacturer of respiratory medical products and equipment for the homecare, hospital, and sleep disorder markets	16,005	16,058	1.5
SOUTHERN PETROLEUM LABORATORIES(4) Provider of petroleum and environmental testing services.	3,957	8,041	0.8
TECH INDUSTRIES(4) Manufacturer of high precision machine parts and tools for aerospace and defense industries	7,255	7,255	0.7
TIERPOINT, LLC(4) (see Investment Review) Provider of cloud computing and colocation data center services	44,312	44,312	4.2
SUZO HAPP GROUP(4) Designer, manufacturer and distributor of components for the global gaming, amusement and industrial markets	3,915	15,350	1.5
IGLOO PRODUCTS CORP(4) Designer, manufacturer and marketer of coolers and outdoor products	6,038	6,039	0.6

Total US Micro-Cap (Co-investments)	*160,435*	*179,089*	*17.2*
US Micro-Cap (Other)			
BOLDER INDUSTRIAL PERFORMANCE SOLUTIONS[4] Acquirer of companies providing mission critical inspection services for a variety of industries	331	390	0.0
HEALTHCARE PRODUCTS HOLDINGS, INC.[3] Designer and manufacturer of motorised vehicles	17,636	9,900	1.0
MODJ, LLC[4] Acquirer of speciality retail companies located in the centre of shopping malls	208	254	0.0
NATIONWIDE STUDIOS, INC. Processer of digital photos for preschoolers	17,607	7,675	0.7
US SANITATION, LLC[4] Acquirer of janitorial and sanitorial product distributors and related chemical manufacturers and blenders	425	601	0.1
Total US Micro-Cap (Other)	*36,207*	*18,820*	*1.8*
Total US Micro-Cap Portfolio	**318,825**	**386,173**	**37.0**
European Micro-Cap Portfolio EUROMICROCAP FUND 2010, L.P. At 29 February 2016, was invested in three companies in the European micro-cap sector: **Oro Direct**,**Winn Group** and **Fidor Bank**	45,111	46,918	4.5
EUROMICROCAP FUND C, L.P. At 29 February 2016, was invested in **Factor Energia** a energy broker, primarily targeting the small to mid-sized business to business market in Spain	402	57,907	5.5
JZI Fund III, L.P. At 29 February 2016, had invested in five companies in the European micro-cap sector: **Petrocorner, Fincontinuo, S.A.C., Collingwood** and **My Lender**	21,417	22,159	2.1
Direct Investments			
DOCOUT, SL Provider of digitalisation, document processing and storage services	2,777	2,879	0.3
GRUPO OMBUDS Provider of personal security and asset protection	17,155	18,384	1.8
TORO FINANCE Provides short term receivables finance to the suppliers of major Spanish companies	21,619	17,964	1.7
XACOM COMUNICACIONES SL Supplier of telecom products and technologies	2,055	2,586	0.2
Total European Micro-Cap Portfolio	***110,536***	***168,797***	***16.1***
Real Estate			
JZCP REALTY FUND[2] Facilitates JZCP's investment in US real estate	262,302	366,158	35.1

Total Real Estate Portfolio	***262,302***	***366,158***	**35.1**
Other Investments			
BSM ENGENHARIA S.A. Brazilian-based provider of supply chain logistics, infrastructure services and equipment rental	6,115	459	0.0
METPAR INDUSTRIES, INC. [(5)] Manufacturer of restroom partitions	7,754	750	0.1
SPRUCEVIEW CAPITAL, LLC Asset management company focusing primarily on managing smaller endowments and pension funds	16,510	16,510	1.6
BRIGHT SPRUCE FUND, L.P. Fund investing in marketable equity, fixed income and alternative asset classes	50,000	45,940	4.4
JZ INTERNATIONAL, LLC[(3)] Fund of European LBO investments	661	661	0.1
Total Other Investments	***81,040***	***64,320***	**6.2**
Listed Investments			
UK Gilts			
UK treasury 0% - maturity 31.05.2016	45,381	45,608	4.4
Corporate Bonds			
Goldman Sachs, 22.03.2016	16,590	13,036	1.2
Total Listed Investments	***61,971***	***58,644***	**5.6**
Total - Portfolio	**834,674**	**1,044,092**	**100.0**

[(1)] *Original book cost incurred by JZEP/JZCP adjusted for subsequent transactions. The book cost represents cash outflows and excludes PIK investments.*
[(2)] *JZCP owns 100% of the shares and voting rights of JZCP Realty Fund, Ltd.*
[(3)] *Legacy Investments. Legacy investments are excluded from the calculation of capital and income incentive fees.*
[(4)] *Co-investment with Fund A, a Related Party (note 24).*
[(5)] *Investment in mezzanine debt is classified as a Loan and Receivable in the financial statements.*

Board of Directors

David Macfarlane (Chairman)[1]

Mr Macfarlane was appointed to the Board of JZCP in April 2008 as Chairman and a non-executive Director. Until 2002 he was a Senior Corporate Partner at Ashurst. He was a non-executive director of the Platinum Investment Trust Plc from 2002 until January 2007. He is also chairman of Rex Bionics plc.

Patrick Firth[2]

Mr Firth was appointed to the Board of JZCP in April 2008. He is also a director of a number of offshore funds and management companies, including DW Catalyst Limited Fund (formerly "BH Credit Catalysts Limited"), ICG-Longbow Senior Secured UK Property Debt Investments Limited, Riverstone Energy Limited and NextEnergy Solar Fund Limited. He is Chairman of GLI Finance Limited. He is a member of the Institute of Chartered Accountants in England and Wales and The Chartered Institute for Securities and Investment. He is a resident of Guernsey.

James Jordan

Mr Jordan is a private investor who was appointed to the Board of JZCP in 2008. He is a director of the First Eagle family of mutual funds, and of Alpha Andromeda Investment Trust Company, S.A.. Until 30 June 2005, he was the managing director of Arnhold and S. Bleichroeder Advisers, LLC, a privately owned investment bank and asset management firm; and until 25 July 2013, he was a non-executive director of Leucadia National Corporation. He is a Trustee and Vice Chairman of the World Monuments Fund, and serves as an Overseer of the Gennadius Library of the American School of Classical Studies in Athens, and as a Director of Pro Natura de Yucatan.

Tanja Tibaldi

Ms Tibaldi was appointed to the Board of JZCP in April 2008. She was on the board of JZ Equity Partners Plc from January 2005 until the company's liquidation on 1 July 2008. She was managing director at Fairway Investment Partners, a Swiss asset management company where she was responsible for the Group's marketing and co-managed two fund of funds. Previously she was an executive at the Swiss Stock Exchange and currently serves on the board of several private companies.

Christopher Waldron

Mr. Waldron was appointed to the Board of JZCP in 2013. He is the Chairman of Ranger Direct Lending Fund Plc and UK Mortgages Limited, and a director of DW Catalyst Fund Limited and Crystal Amber Fund Limited as well as a number of unlisted entities. He has almost 30 years' experience as an investment manager and until 2013 was Chief Executive of the Edmond de Rothschild Group in the Channel Islands. He remains a consultant to the Edmond de Rothschild Group and is also a member of the States of Guernsey's Treasury and Resources Investment Sub-Committee and its Bond Management Sub-Committee. He is a Fellow of the Chartered Institute of Securities and Investment and is a Guernsey resident.

[1]Chairman of the nominations committee of which all Directors are members.
[2]Chairman of the audit committee of which all Directors are members.

Report of the Directors

The Directors present their annual report together with the audited financial statements of JZ Capital Partners ("JZCP" or the "Company") for the year ended 29 February 2016.

Principal activities

JZ Capital Partners Limited is a closed-ended investment company with limited liability which was incorporated in Guernsey on 14 April 2008 under The Companies (Guernsey) Law, 1994. The Company is subject to The Companies (Guernsey) Law, 2008. The Company's Capital consists of Ordinary shares, Zero Dividend Preference ("ZDP") shares and Convertible Unsecured Loan Stock ("CULS"). The Company's Ordinary shares, ZDP Shares and CULS are traded on the London Stock Exchange's Specialist Fund Market.

The Company's objective is to create a portfolio of investments providing a superior overall return comprised of a current yield and significant capital appreciation.

The Company's Investment Policy is to target predominantly private investments, seeking to back exceptional management teams to deliver on attractive investment propositions. In executing strategy, the Company takes a long term view. The Company seeks to invest directly in its target investments, although it may also invest through other collective investment vehicles. The Company may also invest in listed investments, whether arising on the listing of its private investments or directly.

The Company is focused on investing in the following areas:

(a) small or micro-cap buyouts in the form of debt and equity and preferred stock in both the US and Europe; and
(b) real estate interests

The Investment Adviser takes a dynamic approach to asset allocation and, though it doesn't expect to, in the event that the Company were to invest 100% of gross assets in one area, the Company will, nevertheless always seek to maintain a broad spread of investment risk. Exposures are monitored and managed by the Investment Adviser under the supervision of the Board.

The Investment Adviser is able to invest globally but with a particular focus on opportunities in the United States and Europe. The above Investment Policy received shareholder approval at the EGM held on 26 February 2015. Shareholders also agreed to remove the limit of 40% of gross assets that applied to investing in businesses outside the United States.

Business review

The total profit attributable to Ordinary shareholders for the year ended 29 February 2016 was $51,594,000 (year ended 28 February 2015: profit of $59,210,000). The revenue return for the year was $10,004,000 (year ended 28 February 2015:$20,802,000), after charging directors fees and administrative expenses of $2,713,000 (year ended 28 February 2015:$2,378,000) and Investment Adviser's base fee of $15,510,000 (year ended 28 February 2015:$12,976,000). The net asset value ("NAV") of the Company at the year end was $851,739,000 (28 February 2015: $705,510,000) equal to $10.15 (28 February 2015: $10.85) per Ordinary share.

On 30 September 2015 the Company completed a Placing and Open Offer, resulting in a further 18,888,909 Ordinary shares being admitted to trade on the Specialist Fund Market of the London Stock Exchange. The issue price of the new shares was £4.1919. At the year end the Company had 83,907,516 Ordinary shares in issue (28 February 2015: 65,018,607).

For the year ended 29 February 2016, the Company had $24,195,000 of cash outflows resulting from operating activities (year ended 28 February 2015: outflows of US$10,894,000).

A review of the Company's activities and performance is detailed in the Chairman's Statement and the Investment Adviser's Report. The valuation of the listed and unlisted investments is detailed in the Investment Portfolio section.

Dividends

It is the Board's policy to distribute an amount equivalent to 3% of the Company's net assets in the form of dividends.

For the year ended 29 February 2016 an interim dividend of 16 cents per Ordinary share (total US$10,403,000) was declared by the Board on 28 October 2015 and paid on 27 November 2015. The 18,888,909 New Ordinary shares, issued on 30 September 2015, were not entitled to receive this dividend but will be entitled to receive future dividends.

A second interim dividend of 15 cents per Ordinary share (total $12,586,000) was declared by the Board on 11 May 2016.

Directors

The Directors listed below are all non-executive, have served on the Board throughout the year and were in office at the end of the year and subsequent to the date of this report. The biographical details of the Directors are shown in the Board of Directors section.

David Macfarlane (Chairman)
Patrick Firth
James Jordan
Tanja Tibaldi
Christopher Waldron

All Directors are independent.

Annual General Meeting

The Company's Annual General Meeting is due to be held on 17 June 2016.

Stated capital, purchase of own shares and CULS

Details of the ZDP shares and the Ordinary shares can be found in Notes 15 and 18. During the year the Company did not buy back any of its own shares. Details of the CULS can be found in Note 14.

The beneficial interests of the Directors in the Ordinary shares of the Company are shown below:

	Number of Ordinary shares at 1 March 2015	Ordinary shares purchase in year	Number of Ordinary shares at 29 February 2016
David Macfarlane	55,000	19,800	74,800
Patrick Firth	4,000	1,440	5,440
James Jordan	30,000	10,800	40,800
Tanja Tibaldi	2,000	720	2,720
Christopher Waldron	2,000	720	2,720
	93,000	33,480	126,480

The beneficial interests of the Directors in the CULS of the Company are shown below:

	Number of CULS of £10 nominal value at 28 February 2015 and 29 February 2016
David Macfarlane	734
Patrick Firth	734
Tanja Tibaldi	367
	1,835

None of the Directors held any interest in the Zero Dividend Preference shares during the year. There have been no changes in the Directors' interests between 29 February 2016 and the date of this report.

Substantial shareholders

As at 30 April 2016 and at the date of this report the Company has been notified in accordance with applicable listing rules of the following interests of 5% or more of the total Ordinary share capital of the Company:

	As at 30 April 2016	
	Ordinary shares	% of Ordinary shares
Edgewater Growth Capital Partners L.P.	18,335,944	21.9%
John W. Jordan II	11,078,027	13.2%

David W. Zalaznick	10,550,294	12.6%
Leucadia Financial Corporation	8,021,552	9.6%
Abrams Capital Management L.P.	7,744,366	9.2%
First Eagle Investment Management LLC	4,391,275	5.2%

The percentage of Ordinary shares shown above represents the ownership of voting rights at the year end, before weighting for votes on Directors.

It is the responsibility of the shareholders to notify the Company of any change to their shareholdings when it reaches 5% of shares in issue and any subsequent change when the shareholding increases or decreases by a further 5%.

Ongoing charges

Ongoing charges for the years ended 29 February 2016 and 28 February 2015 have been prepared in accordance with the Association of Investment Companies ("AIC") recommended methodology. The Ongoing charges for the year ended 29 February 2016 were 2.4% (28 February 2015: 2.3%) excluding incentive fees of 2.1% (28 February 2015: 2.9%).

Principal risks and uncertainties

The Company's board believes the principal risks and uncertainties that relate to an investment in JZCP are as follows:

NAV Factors

(i) Macroeconomic Risks

The Company's performance, and underlying NAV, is influenced by economic factors that affect the demand for products or services supplied by investee companies and the valuation of Real Estate interests held. Economic factors will also influence the Company's ability to invest and realise investments and the level of realised returns. Approximately 22% of the Company's investments are denominated in non-US dollar currencies, primarily the euro. Also the Company has issued debt denominated in non-US dollar currencies, primarily sterling. Fluctuations to these exchange rates will affect the NAV of the Company.

(ii) Underlying Investment Performance

The Company is reliant on the Investment Adviser to source and execute suitable investment opportunities. The Investment Adviser provides to the board an explanation of all investment decisions and also quarterly investment reports and valuation proposals of investee companies. The Board reviews investment performance quarterly and investment decisions are checked to ensure they are consistent with the agreed long term investment strategy.

Portfolio Liquidity

The Company invests predominantly in unquoted companies. Therefore this potential illiquidity means there can be no assurance investments will be realised at their latest valuation. The board considers this illiquidity when planning to meet its future obligations, whether committed investments or the repayment of debt facilities or the future repayment of CULS and ZDP shares. On a quarterly basis, the Board receives from the Investment Adviser and reviews a working capital model produced by the Investment Adviser which highlights the Company's projected liquidity and financial commitments.

Share Price Trading at Discount to NAV

JZCP's share price is subject to market sentiment and will also reflect any periods of illiquidity when it may be difficult for shareholders to realise shares without having a negative impact on share price. The Directors review the share price in relation to Net Asset Value on a regular basis and determine whether to take any action to manage the discount. The Directors with the support of the Investment Adviser work with brokers to maintain interest in the Company’s shares through market contact and research reports.

Operational and Personnel

Although the Company has no direct employees, the Company considers what dependence there is on key individuals within the Investment Adviser and service providers that are key to the Company meeting its operational and control requirements.

The board considers the principal risks and uncertainties above are consistent with the prior year and the Company's exposure to these risks is neither greater nor any less than in May 2015.

Viability Statement

In accordance with provision c2.2 of the UK Corporate Governance Code 2014 (the "UK Code") the Board has assessed the expectations that the Company will be able to continue in operation and meet its ongoing debt obligations. In order to make the assessment the Board has carried out a robust review of the Company's principal risks and uncertainties, as noted above, to which the Company is exposed and that potentially threaten future performance and liquidity and has assessed the Company's current position and prospects as detailed in the Chairman's statement and Investment Adviser's report. The period covered by the viability statement is the next three financial years to 28 February 2019.

The Board believes that a viability assessment of three years aligns with the Company's review of working capital models provided by the Investment Adviser which detail expected investment activity and estimated liquidity over a three year period. The Board also considers the underlying investment portfolio, which consists primarily of unlisted micro-cap businesses and real estate investments which are not publicly traded. Micro-cap investments are held for the medium term, typically a period of 3 to 5 years and it is anticipated real estate developments will take a similar time-frame to realise returns.

The Board will continue to review the period of assessment on an annual basis and may in future years extend the period if it is considered appropriate.

Factors considered whilst reviewing the Company's future prospects and viability, include:

Financing obligations

The Company has obligations to redeem ZDP shares, CULS and repay loan debt. JZCP is due to redeem £32.9 million of ZDP shares on 22 June 2016. The Company holds treasury gilts with a redemption date of May 2016, the proceeds of £32.9 million will be used to fund the redemption of the ZDP shares. At 29 February 2016 the Company had outstanding investment commitments of $115.1 million (28 February 2015: $18.5 million). The Board will continue to consider the Company's position in meeting debt obligations falling outside the three year review being approximately $180 million in 2021 and $85 million in 2022.

Investment performance and liquidity

The Board reviews, on a quarterly basis, the valuation and prospects of all underlying investee companies. The Board is confident that the diversity of the portfolio and ability of the Investment Adviser to select suitable investment opportunities will negate the risk of a significant fall in NAV, similar to the one the Company suffered during the financial crisis of 2008 which saw a reduction in NAV for the 7 month period ended 28 February 2009 of approximately 30%. Whilst a similar fall in NAV would not directly threaten the Company's viability the Board is mindful that in a similar financial environment, the Company will be exposed to a possible lack of liquidity due to the difficulty in realising investments and the possibility of investments defaulting on interest obligations to the Company. JZCP has had realisations over the last 3 financial years that have averaged cash inflows of $198 million per annum and has invested an average of $254 million per annum over the same period. The Board's current view is that whilst a reduction in realisations may curtail scope of future investment opportunities, cash inflows will be sufficient to enable the Company to meets its investment and operational obligations.

Mitigation of risk as outlined in the Principal Risks and Uncertainties (detailed above).

The Board is confident the performance of the Company over the period of review will be robust and the investment strategy will deliver returns and liquidity. Therefore the Board has been able to form a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due over the next three financial years.

Going Concern

The Board considers the Company has adequate financial resources, in view of its cash balances and cash equivalents and liquid investments and the income streams deriving from its investments and believe that the Company is well placed to manage its business risks successfully to continue in operational existence for a period of 12 months from signing of the financial statements and that it is appropriate to prepare the financial statements on the going concern basis.

Statement of Directors' responsibilities

The Directors are responsible for preparing Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and the Companies (Guernsey) Law, 2008 for each financial period which give a true and fair view of the state of affairs of the Company and its profit or loss for that period. International Accounting Standard 1 - Presentation of Financial Statements requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to ensure that the financial statements have been prepared in accordance with the Companies (Guernsey) Law, 2008 and IFRS. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing Financial Statements the Directors are required to:

- ensure that the Financial Statements comply with the Memorandum & Articles of Incorporation and IFRS;
- select suitable accounting policies and apply them consistently;
- present information including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- make judgements and estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business; and
- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

The Directors confirm that they have complied with these requirements in preparing the Financial Statements.

Responsibility statement of the Directors in respect of the Financial Statements

Each of the Directors confirms to the best of each person's knowledge and belief that:

(a) The Annual Report and Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the financial position and profit of the Company as at and for the year ended 29 February 2016.

(b) The Annual Report includes information detailed in the Chairman's Report, Investment Adviser's, Investment Manager's and Directors' Reports, Audit Committee Report and Notes to the Annual Financial Statements required by: DTR 4.1.8 and DTR 4.1.9 of the Disclosure and Transparency Rules, being a fair review of the development and performance of the Company business and the position of the Company together with a description of the principal risks and uncertainties facing the Company.

Directors' statement

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. In the opinion of the Board, the Annual Report and Accounts taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's performance, business model and strategy.

Approved by the Board of Directors and agreed on behalf of the Board on 11 May 2016.

David Macfarlane	*Patrick Firth*
Chairman	Director

Corporate Governance

Introduction

The Board of JZ Capital Partners Limited has considered the principles and recommendations of the AIC Code of Corporate Governance published in February 2015 (the "AIC Code"). The AIC Code, as explained by the AIC Code, addresses all the principles set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to JZ Capital Partners Limited. The AIC Code can be found at www.theaic.co.uk and the UK Corporate Governance Code can be found at. www.frc.org.uk.

The Company is a member of the Association of Investment Companies (the "AIC") and by complying with the AIC Code of Corporate Governance ("AIC Code") is deemed to comply with both the UK and Guernsey Codes of Corporate Governance. The Financial Reporting Council issued a revised UK Corporate Governance Code in September 2014 for accounting periods beginning on or after 1 October 2014. The AIC updated the AIC Code (including the Guernsey edition) and its Guide to Corporate Governance to reflect the relevant changes to the FRC document in February 2015.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders. To ensure ongoing compliance with these principles the Board receives and reviews a report from the Corporate Secretary, at each quarterly meeting, identifying how the Company is in compliance and identifying any changes that might be necessary.

Throughout the accounting period the Company has complied with the recommendations of the AIC Code and thus the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance code includes provisions relating to:

- the role of the chief executive
- executive directors remuneration
- the need for an internal audit function
- appointment of a senior independent director
- whistle blowing policy

The Board considers these provisions are not relevant to the position of JZ Capital Partners Limited, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions. The Directors are non-executive and the Company does not have employees, hence no whistle blowing policy is required. However the Directors have satisfied themselves that the Company's service providers have appropriate whistle blowing policies and procedures and have received confirmation from the service providers that nothing has arisen under those policies and procedures which should be brought to the attention of the Board.

Guernsey Code of Corporate Governance

The Guernsey Financial Services Commission's (GFSC) "Finance Sector Code of Corporate Governance" (Guernsey Code) came into effect on 1 January 2012. The introduction to the Guernsey Code states that companies which report against the UK Corporate Governance Code or the AIC's Code of Corporate Governance are deemed to meet the Guernsey Code.

The Board

Corporate Governance of JZCP is monitored by the Board which at the end of the year comprised five Directors, all of whom are non-executive. Biographical details of the Board members at the date of signing these Financial Statements are shown in the Board of Directors and their interests in the shares of JZCP are shown in the Report of the Directors. The Directors' biographies highlight their wide range of business experience.

The Board considers that all of the Directors are independent of the Investment Adviser. The Board considers the Directors are free from any business or other relationship that could materially interfere with the exercise of their independent judgment. The Board reviews the independence of the Directors at least annually.

Proceedings of the Board

The Directors have overall responsibility for the Company's activities and the determination of its investment policy and strategy. The Company has entered into an investment advisory and management agreement with its Investment Adviser, JZAI, pursuant to which, subject to the overall supervision of the Directors, the Investment Adviser acts as the investment manager to the Company and manages the investment and reinvestment of the assets of the Company in pursuit of the investment objective of the Company and in accordance with the investment policies and investment guidelines from time to time of the Company and any investment limits and restrictions notified by the Directors (following consultation with the Investment Adviser). Within its strategic responsibilities the Board regularly considers corporate strategy as well as dividend policy, the policy on share buy backs and corporate governance issues.

The Directors meet at least quarterly to direct and supervise the Company's affairs. This includes reviewing the investment strategy, risk profile, gearing strategy and performance of the Company and the performance of the Company's functionaries, and monitoring compliance with the Company's objectives.

The Directors visit the Investment Adviser at least annually for a comprehensive review of the portfolio, its valuations methodology and general strategy. The Directors deem it appropriate to review the valuations of the investment portfolio on a quarterly basis. The schedule of Directors and Committee meetings is shown below.

Continuing terms of Investment Adviser agreement

In the opinion of the Directors, the continuing appointment of the Investment Adviser on the terms agreed continues to be in the interests of Shareholders. In reaching its conclusion the Board considers the Investment Adviser's performance and expertise and is confident in the Investment Adviser's ability to of source excellent future investment opportunities.

Supply of information

The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings. The Company's advisers provide the Board with appropriate and timely information in order that the Board may reach proper decisions. Directors can, if necessary, obtain independent professional advice at the Company's expense.

Directors' training

The Board is provided with information concerning changes to the regulatory or statutory regimes as they may affect the Company, and are offered the opportunity to attend courses or seminars on such changes, or other relevant matters. An induction programme is available for any future Director appointments.

Chairman and senior independent Director

The Chairman is a non-executive Director, together with the rest of the Board. There is no executive Director position within the Company. Day-to-day management of the Company's affairs has been delegated to the Administrator. The Board has considered whether a senior independent Director should be appointed. However, as the Board comprises entirely non-executive Directors, the appointment of a senior independent Director for the time being, is not considered necessary. Any of the non-executive Directors are available to shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

Board diversity

The Board has also given careful consideration to the recommendations of the Davies Report on women on boards and as recommended in that report has reviewed its composition and believes that it has available an appropriate range of skills and experience. In order to extend its diversity, the Board is committed to implementing the recommendations of the Davies Report, if possible within the timescales proposed in the Davies Report, and to that end will ensure that women candidates are considered when appointments to the Board are under consideration – as indeed has always been its practice.

Re-election of Directors

The principle set out in the UK Corporate Governance Code is that Directors should submit themselves for re- election at regular intervals and at least every three years, and in any event as soon as it is practical after their initial appointment to the Board. It is a further requirement that non-executive Directors are appointed for a specific period.

The Letters of Appointment of the non-executive Directors suggest that it is appropriate for Directors to retire and be nominated for re-election after three years of service, subject to the recommendation of the General Meeting. David Macfarlane and James Jordan are seeking re-election to the Board at the 2016 Annual General Meeting. Patrick Firth and Tanja Tibaldi were re-elected to the Board at the 2014 Annual General Meeting. The appointment of Christopher Waldron to the Board during 2013 was ratified at the 2014 Annual General Meeting.

The UK Code requires that non-executive directors who have served longer than nine years should be subject to annual re-election.

The Board's evaluation

The Board, Audit Committee, and Nomination Committee undertake an evaluation of their own performance and that of individual Directors on an annual basis. In order to review their effectiveness, the Board and its Committees carry out a process of formal self-appraisal. The Board and Committees consider how they function as a whole and also review the individual performance of its members. This process is conducted by the respective Chairman reviewing each member's performance, contribution and their commitment to the Company. The Board as a whole reviews the performance of the Chairman. Each Board member is also required to submit details of training they have undertaken on an annual basis.

The results of the evaluation process concluded the Board was functioning effectively and the Board and its committees provided a suitable mix of skills and experience.

Board Committees

In accordance with the AIC Code, the Board has established an Audit Committee and a Nomination Committee, in each case with formally delegated duties and responsibilities within written terms of reference. The identity of each of the chairmen of the committees referred to below are reviewed on an annual basis. The Board has decided that the entire Board should fulfil the role of the Audit and Nomination committees. The terms of reference of the committees are kept under review and can be viewed on the Company's website www.jzcp.com.

Nomination Committee

In accordance with the Code, the Company has established a Nomination Committee. The main role of the committee is to propose candidates for election to the Board of Directors, including the Chairman. The Nomination Committee takes into consideration the Code's rules on independence of the Board in relation to the Company, its senior management and major shareholders. The nomination committee is chaired by David Macfarlane, and each of the other Directors is also a member. The members of the committee are independent of the Investment Adviser. The Nomination Committee has responsibility for considering the size, structure and composition of the Board, retirements and appointments of additional and replacement Directors and making appropriate recommendations to the Board.

Due to the nature of the Company being a listed investment company investing in private equity with an international shareholder base, the Company needs Directors with a broad range of financial experience. For this reason, Directors believe that it is more appropriate to use their own contacts as a source of suitable candidates as no one external consultancy or advertising source is likely to be in a position to identify suitable candidates.

The final decision with regard to appointments always rests with the Board and all such appointments are subject to confirmation by shareholders.

Audit Committee

The Audit Committee is chaired by Patrick Firth. All the other Directors are members. Members of the Committee are independent of the Company's external auditors and the Investment Adviser. The Audit Committee meets at least twice a year and meets the external auditors at least twice a year. The Audit Committee is responsible for overseeing the Company's relationship with the external auditors, including making recommendations to the Board on the appointment of the external auditors and their remuneration. The Committee also considers the nature, scope and results of the auditors' work and reviews, and develops and implements policies on the supply of any non-audit services that are to be provided by the external auditors.

A report of the Audit Committee detailing responsibilities and activities is presented in the Audit Committee Report section.

Management Engagement Committee

The Company currently does not have a separate Management Engagement committee. The recommended functions and responsibilities of such a committee are exercised by the full board each member of which is unassociated with the Investment Adviser.

Remuneration Committee

In view of its non-executive and independent nature, the Board considers that it is not appropriate for there to be a separate Remuneration Committee as prescribed by the AIC Code. The process for agreeing the non-executive Directors' fees is set out in the Directors' Remuneration Report section.

Board and Committee meeting attendance

The number of formal meetings of the Board and its committees held during the year and the attendance of individual Directors at these meetings was as follows:

	Number of meetings				
	Board			Ad Hoc	Audit
	Main	AGM	EGM	Meetings	Committee
Total number of meetings	**6**	**1**	**2**	**6**	**2**
David Macfarlane	6	1	2	6	2
Patrick Firth	6	1	1	5	2
James Jordan	5	1	1	4	-
Tanja Tibaldi	5	1	1	4	2
Christopher Waldron	6	1	1	4	2

The main Board meetings are held to agree the Company's valuation of its investments, agree the Company's financial statements and discuss and agree other strategic issues. Other meetings are held when required to agree board decisions on ad-hoc issues.

Internal Controls

The Board is ultimately responsible for establishing and maintaining the Company's system of internal financial and operating control and for maintaining and reviewing its effectiveness. The Company's risk matrix continues to be the core element of the Company's risk management process in establishing the Company's system of internal financial and reporting control. The risk matrix is prepared and maintained by the Board which initially identifies the risks facing the Company and then collectively assesses the likelihood of each risk, the impact of those risks and the strength of the controls operating over each risk. The system of internal financial and operating control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained and the financial information for publication is reliable. The Board confirms that there is an ongoing process for identifying, evaluating and managing the principal risks faced by the Company.

This process has been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements and is reviewed by the Board and is in accordance with the Internal controls: Revised Guidance for Directors on the Combined Code.

The Board has evaluated the systems of internal controls of the Company. In particular, it has prepared a process for identifying and evaluating the principal risks affecting the Company and the policies by which these risks are managed.

The Board has delegated the day to day responsibilities for the management of the Group's investment portfolio, the provision of depositary services and administration, registrar and corporate secretarial functions including the independent calculation of the Company's NAV and the production of the Annual Report and Consolidated Financial Statements which are independently audited.

Formal contractual agreements have been put in place between the Company and providers of these services.

Even though the Board has delegated responsibility for these functions, it retains accountability for these functions and is responsible for the systems of internal control. At each quarterly board meeting, compliance reports are provided by the Administrator, Company Secretary and Portfolio Manager. The Board also receives confirmation from the Administrator of its accreditation under its Service Organisation Controls 1 report.

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee at its quarterly meetings and annually by the Board.

The Board believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed.

Prospectus for Capital Fund Raising

On 4 September 2015, the Company issued a prospectus for the issue of new Ordinary shares and the rollover of existing ZDP shares. The prospectus did not contain profit forecasts or pro forma financial statements but did provide unaudited details of the Company's net asset position at 31 July 2015. The Board confirm the unaudited position at 31 July 2015 presented within the prospectus was based on the valuation policy and principles consistent with that used within the Company's audited financial statements.

Foreign Account Tax Compliance Act

The Company is registered with IRS (with a Global Intermediary Identification Number CAVBUD.999999.SL.831) under The Foreign Account Tax Compliance Act ("FATCA") which became effective on 1 January 2013. The legislation is aimed at reducing tax evasion by US citizens. In broad terms, FATCA requires financial institutions outside the US to pass certain information about their US customers and investors to the US tax authorities. Guernsey and the United States have entered into an inter-governmental agreement ("US-Guernsey IGA") on 13 December 2013 to facilitate compliance by Guernsey resident financial institutions with the reporting requirements imposed by FATCA. The Board has taken steps to implement FACTA requirements, with the assistance of its professional advisers.

Common Reporting Standard ("CRS")

The CRS is a standard developed by the Organisation for Economic Co-operation and Development (OECD) and is a global approach to the automatic exchange of tax information. Guernsey has now adopted the CRS which came into effect on 1 January 2016. The CRS has replaced the UK Inter-Governmental Agreement (IGA) from 1 January 2016. However, it will still be necessary to submit the reportable information, being the disclosure requirements of shareholders who have a UK connection, relating to 2014 and 2015 periods under the UK IGA by 30 June 2016. The first report for CRS will be made to the Director of Income Tax by 30 June 2017. The Company is subject to Guernsey regulations and guidance on the automatic exchange of tax information and the Board will therefore take the necessary actions to ensure that the Company is compliant in this regard.

Relations with shareholders

The Directors believe that the maintenance of good relations with both institutional and retail shareholders is important for the long term prospects of the Company. It therefore seeks active engagement with investors, bearing in mind the duties regarding equal treatment of shareholders and the dissemination of inside information. The Board receives feedback on shareholder views from its Corporate Broker and Investment Adviser, and is circulated with Broker reports on the Company.

The Directors believe that the Annual General Meeting, a meeting for all shareholders, is the key point in the year when the Board of Directors accounts to all shareholders for the performance of the Company. It therefore encourages all shareholders to attend, and all Directors are present unless unusual circumstances prevail.

The Directors believe that the Company policy of reporting to shareholders as soon as possible after the Company's year end and the holding of the Annual General Meeting at the earliest opportunity is valuable.

The Company also provides an Interim Report and Accounts in accordance with IAS 34 and Interim Management statements for the quarterly periods in line with the requirements of the EU Transparency Directive.

Directors' Remuneration Report

The Directors' remuneration report has been prepared on behalf of the Directors in accordance with the UK Corporate Governance Code ("the Code") as issued by the UK Listing Authority.

The Company's policy in regard to Directors' remuneration is to ensure that the Company maintains a competitive fee structure in order to recruit, retain and motivate non-executive Directors of excellent quality in the overall interests of shareholders.

Remuneration policy

The Directors do not consider it necessary for the Company to establish a separate Remuneration Committee. All of the matters recommended by the Code that would be delegated to such a committee are considered by the Board as a whole.

It is the responsibility of the Board as a whole to determine and approve the Directors' fees, following a recommendation from the Chairman who will have given the matter proper consideration, having regard to the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs. The Chairman's remuneration is decided separately and is approved by the Board as a whole.

The Company's Articles state that Directors' remuneration payable in any accounting year shall not exceed in the aggregate an annual sum of US$650,000. Each Director is also entitled to reimbursement of their reasonable expenses. There are no commission or profit sharing arrangements between the Company and the Directors. Similarly, none of the Directors is entitled to pension, retirement or similar benefits. No element of the Directors' remuneration is performance related.

The remuneration policy set out above is the one applied for the year ended 29 February 2016 and is not expected to change in the foreseeable future.

Directors' and Officers liability insurance cover is maintained by the Company on behalf of the Directors.

Remuneration for services

	Fees for services to the Company for the year to 29 February 2016	**Fees for services to the Company for the year to 28 February 2015**
	US$	**US$**
David Macfarlane (Chairman)	160,000 (1)	140,000
Patrick Firth	70,000	70,000
James Jordan	60,000	60,000
Tanja Tibaldi	60,000	60,000
Christopher Waldron	65,000 (2)	60,000
David Allison	-	4,000 (3)

415,000	394,000

The amounts payable to Directors as shown above were for services as non-executive Directors.

No Director has a service contract with the Company, nor are any such contracts proposed.

(1) David Macfarlane's Directors fee was increased to $160,000 effective 1 March 2015.
(2) Chris Waldron's Directors fee was increased to $65,000 effective 1 March 2015.
(3) David Allison served as a Director until his death on 26 April 2013. A final payment was made during the prior year for an amount outstanding to his estate for the period 1 April 2013 - 26 April 2013.

Directors' term of appointment

Each Director retires from office at the third annual general meeting after his appointment or (as the case may be) the general meeting at which he was last reappointed and is eligible for reappointment.

The Directors were appointed as non-executive Directors by letters issued in April 2008 and October 2013 which state that their appointment and any subsequent termination or retirement shall be subject to three-months' notice from either party in accordance with the Articles. Each Director's appointment letter provides that, upon the termination of his/her appointment, that he/she must resign in writing and all records remain the property of the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of director shall be terminated by, among other things: (a) written resignation; (b) unauthorised absences from board meetings for six months or more; (c) unanimous written request of the other directors; and (d) an ordinary resolution of the Company.

Signed on behalf of the Board of Directors on 11 May 2016 by:

David Macfarlane	*Patrick Firth*
Chairman	Director

Audit Committee Report

Dear Shareholder,

Below, we present the Audit Committee's Report for 2016, setting out the responsibilities of the Audit Committee and its key activities in 2015/2016. The Audit Committee has reviewed the Company's financial reporting, the independence and effectiveness of the external auditor and the internal control and risk management systems of the Company's service providers. In order to assist the Audit Committee in discharging these responsibilities, regular reports are received and reviewed from the Investment Manager, Administrator and external auditor.

A member of the Audit Committee will continue to be available at each Annual General Meeting to respond to any shareholder questions on the activities of the Audit Committee.

Responsibilities

The terms of reference of the Audit Committee include the requirement to:

- monitor the integrity of the published Financial Statements of the Company
- review and report to the Board on the significant issues and judgements made in the preparation of the Company's published Financial Statements, (having regard to matters communicated by the external Auditors) and other financial information
- monitor and review the quality and effectiveness of the external Auditors and their independence
- consider and make recommendations to the Board on the appointment, reappointment, replacement and remuneration of the Company's external Auditor
- advise the Board that the annual report and accounts, taken as a whole, is fair, balanced and understandable.
- review and consider the Company's Principal risks and uncertainties
- consider the long term viability of the Company
- review the Company's procedures for prevention, detection and reporting of fraud, bribery and corruption
- monitor and review the internal control and risk management systems of the service providers
- consider and make representations to the Board regarding Directors' remuneration

The Audit Committee's full terms of reference can be viewed on the Company's website www.jzcp.com.

Key Activities of the Audit Committee

The following sections discuss the assessments made by the Audit Committee during the period:

Financial Reporting:

The Audit Committee's review of the Annual Financial Statements focused on the following significant areas:

- Valuation of Investments:

The fair value of the Company's unlisted securities at 29 February 2016 was $985,448,000 accounting for 86% of the Company's assets. The Committee has concentrated on ensuring the Investment Manager has applied appropriate valuation methodologies to these investments in producing the net asset value of the Company.

Members of the Audit Committee meet the Investment Adviser at least annually to discuss the valuation process. The Committee gains comfort in the valuations produced by reviewing the methodologies used. The valuations were challenged and approved by the Audit Committee in a recent visit to the Investment Adviser. The Audit Committee has thus satisfied itself that the valuation techniques are appropriate and accurate.

- Ownership of Investments

The Audit Committee considered the ownership of the investments held by the Company as at 28 February 2016 to be substantiated by the periodic reconciliation of records held by the Custodian to the Company's portfolio and from confirmations provided by Lawyers, Custodian and Administrator. Following a review of the presentations and reports from the Administrator and consulting where necessary with the external auditor, the Audit Committee is satisfied that the Company duly owns its investments which are correctly stated in the Annual Report and Financial Statements.

- NAV-Based Fees

The Board has identified that there is a risk that management and incentives fees which are calculated based on the NAV of the Company could potentially be misstated if there were to be an error in the calculation of the NAV. However, as each monthly NAV calculation is approved by the Investment Adviser and the year end NAV has been audited, the Board are satisfied that the fees have been correctly calculated as stated in the Annual Report and Financial Statements.

Risk Management:

The Audit Committee continued to consider the process for managing the risk of the Company and its service providers. Risk management procedures for the Company, as detailed in the Company's risk assessment matrix, were reviewed and approved by the Audit Committee. There were no issues noted during the year.

Fraud, Bribery and Corruption:

The Audit Committee continues to monitor the fraud, bribery and corruption policies of the Company. The Board receives a confirmation from all service providers that there have been no instances of fraud or bribery.

The External Auditor

Ernst & Young LLP have acted as external auditor since the Company's inception in April 2008.

Independence, objectivity and fees:

The independence and objectivity of the external auditor is reviewed by the Audit Committee which also reviews the terms under which the external auditor is appointed to perform non-audit services. The Audit Committee has established pre-approval policies and procedures for the engagement of the auditor to provide non-audit and assurance services. The audit committee ensure the appointment does not create a scenario which:

- places the external auditor in a position to audit their own work
- creates a mutuality of interest
- results in the external auditor developing close relationships with service providers of the Company
- results in the external auditor functioning as a manager or employee of the Company
- puts the external auditor in the role of advocate of the Company

As a general rule, the Company does not utilise external auditors for internal audit purposes, secondments or valuation advice. Services which are in the nature of audit, such as tax compliance, tax structuring, private letter rulings, accounting advice, quarterly reviews and disclosure advice are normally permitted but will be pre-approved by the Audit Committee.

The following table summarises the remuneration paid by JZCP to Ernst & Young LLP and to other Ernst & Young LLP member firms for audit and other services during the years ended 29 February 2016 and 28 February 2015.

	Year ended 29.2.2016	**Year ended 28.2.2015**
Ernst & Young LLP		
- Annual audit [1]	£163,000	£115,000
- Auditor's interim review	£28,000	£27,500
- Fees in relation to Ordinary Share placing and ZDP rollover	£266,000	-
- Fees in relation to issue of CULS	-	£73,500
Other Ernst & Young LLP affiliates		

- Passive Foreign Investment Company tax services	$60,000	$60,000

[(1)] During the year ended 28 February 2015 audit fees of £42,000 in relation to Real Estate interests were paid at Subsidiary level and are not included in above numbers. For the year ended 29 February 2016 fees for audit work on Real Estate interests payable by JZCP are included within the £163,000.

In line with the policies and procedures above, the Audit Committee does not consider that the provision of non-audit services, which comprise acting as Reporting Accountant during capital raising and determining whether the Company is a passive foreign investment company as defined by the U.S. Internal Revenue Code, to be a threat to the objectivity and independence of the external auditor.

Performance and effectiveness:

During the period, when considering the effectiveness of the external auditor, the Audit Committee has taken into account the following factors:

- the audit plan presented to them before each audit;
- the post audit report including variations from the original plan;
- changes in audit personnel;
- the external auditor's own internal procedures to identify threats to independence; and
- feedback received from both the Investment Adviser and Administrator.

The Audit Committee reviewed and challenged the audit plan and the post audit report of the external auditor and concluded that audit risks had been sufficiently identified and were sufficiently addressed. The Audit Committee considered reports from the external auditor on their procedures to identify threats to independence and concluded that the procedures were sufficient to identify potential threats to independence.

There were no significant adverse findings from this evaluation.

The Audit Committee has examined the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor and considers Ernst & Young LLP, as external auditor, to be independent of the Company.

Reappointment of External Auditor

Consequent to this review process, the Audit Committee has recommended to the Board that a resolution be put to the 2016 Annual General Meeting for the reappointment of Ernst & Young LLP as external auditor. The Board has accepted this recommendation.

Internal control and risk management systems

Additional work performed by the Audit Committee in the areas of internal control and risk management are disclosed in this Audit Committee Report section.

The Audit Committee has also reviewed the need for an internal audit function. The Audit Committee has decided that the systems and procedures employed by the Investment Adviser and the Administrator, including the Administrator's internal audit function, provide sufficient assurance that a sound system of internal control, which safeguards the Company’s assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

In finalising the Annual Report and Accounts for recommendation to the Board for approval, the Audit Committee has satisfied itself that the Annual Report and Accounts taken as a whole are fair, balanced and understandable.

The Audit Committee Report was approved by the Board on 11 May 2016 and signed on behalf by:

Patrick Firth
Chairman, Audit Committee

Statement of Comprehensive Income

		Year Ended 29 February 2016			Year Ended 28 February 2015		
		Revenue return	Capital return	Total	Revenue return	Capital return	Total
	Notes	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Income							
Net gains on investments at fair value through profit or loss	6	-	55,088	55,088	-	60,665	60,665

Gain/(loss) on financial liabilities at fair value through profit or Loss		-	7,990	7,990	-	(1,867)	(1,867)
Net write back of impairments/ (impairments) on loans and receivables	7	-	2,594	2,594	-	(121)	(121)
Realisations from investments held in escrow accounts	28	-	1,534	1,534	-	6,924	6,924
Net foreign currency exchange gains		-	8,056	8,056	-	5,899	5,899
Investment income	8	28,533	-	28,533	36,196	-	36,196
Bank and deposit interest		92	-	92	53	-	53
		28,625	*75,262*	*103,887*	*36,249*	*71,500*	*107,749*
Expenses							
Investment Adviser's base fee	10	(15,510)	-	(15,510)	(12,976)	-	(12,976)
Investment Adviser's incentive fee	10	-	(15,450)	(15,450)	-	(19,102)	(19,102)
Administrative expenses	10	(2,298)	-	(2,298)	(1,984)	-	(1,984)
Directors' remuneration		(415)	-	(415)	(394)	-	(394)
		(18,223)	*(15,450)*	*(33,673)*	*(15,354)*	*(19,102)*	*(34,456)*
Operating Profit		*10,402*	*59,812*	*70,214*	*20,895*	*52,398*	*73,293*
Finance costs	9	-	(18,222)	(18,222)	-	(13,990)	(13,990)
Profit before Taxation		*10,402*	*41,590*	*51,992*	*20,895*	*38,408*	*59,303*
Withholding Taxes	11	(398)	-	(398)	(93)	-	(93)
Profit for the Year		10,004	41,590	51,594	20,802	38,408	59,210
Weighted average number of Ordinary shares in issue during year	25			72,914,790			65,018,607
Basic earnings per Ordinary share	25	13.72c	57.04c	70.76c	31.99c	59.07c	91.07c
Diluted earnings per Ordinary share	25	12.61c	46.75c	59.36c	31.99c	59.07c	91.07c

All items in the above statement are derived from continuing operations.

The profit for the year is attributable to the Ordinary shareholders of the Company.

The format of the Income Statement follows the recommendations of the 2014 AIC Statement of Recommended Practice.

The "Total" column of this statement represents the Company's statement of comprehensive income, prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

There was no comprehensive income other than the profit for the period.

The accompanying notes form an integral part of the audited financial statements.

Statement of Financial Position
As at 29 February 2016

	Notes	29 February 2016 US$'000	28 February 2015 US$'000
Assets			
Investments at fair value through profit or loss	12	1,043,342	888,951
Investments classified as loans and receivables	12	750	1,000
Cash at bank		91,937	101,323
Other receivables	13	3,551	4,403
Total Assets		1,139,580	995,677
Liabilities			
Convertible Unsecured Loan Stock	14	59,573	67,563
Zero Dividend Preference (2022) shares	15	57,400	-
Zero Dividend Preference (2016) shares	15	44,217	106,813
Loans payable	16	97,011	90,114
Investment Adviser's incentive fee	10	24,889	22,595
Investment Adviser's base fee	10	2,145	1,451
Other payables	17	2,606	1,631
Total Liabilities		287,841	290,167
Equity			
Stated capital		265,685	149,269
Distributable reserve		353,528	353,528
Capital reserve		156,786	115,196
Revenue reserve		75,740	87,517
Total Equity		851,739	705,510
Total Liabilities and Equity		1,139,580	995,677
Number of Ordinary shares in issue at year end	18	83,907,516	65,018,607
Net Asset Value per Ordinary share	27	$10.15	$10.85

These audited financial statements were approved by the Board of Directors and authorised for issue on 11 May 2016. They were signed on its behalf by:

David Macfarlane
Chairman

Patrick Firth
Director

The accompanying notes form an integral part of the audited financial statements.

Statement of Changes in Equity
For the Year Ended 29 February 2016

	Notes	Stated Capital US$'000	Distributable Reserve US$'000	Capital Reserve Realised US$'000	Capital Reserve Unrealised US$'000	Revenue Reserve US$'000	Total US$'000

	Notes	Stated Capital US$'000	Distributable Reserve US$'000	Capital Reserve Realised US$'000	Capital Reserve Unrealised US$'000	Revenue Reserve US$'000	Total US$'000
Balance as at 1 March 2015		149,269	353,528	104,657	10,539	87,517	705,510
Profit for the year		-	-	(45,097)	86,687	10,004	51,594
Issue of Ordinary shares		116,416 [1]	-	-	-	-	116,416
Dividends paid	30	-	-	-	-	(21,781)	(21,781)
Balance at 29 February 2016		265,685	353,528	59,560	97,226	75,740	851,739

Comparative for the Year ended 28 February 2015

	Notes	Stated Capital US$'000	Distributable Reserve US$'000	Capital Reserve Realised US$'000	Capital Reserve Unrealised US$'000	Revenue Reserve US$'000	Total US$'000
Balance at 1 March 2014		149,269	353,528	85,910	(9,122)	86,871	666,456
Profit for the year		-	-	18,747	19,661	20,802	59,210
Dividends paid	30	-	-	-	-	(20,156)	(20,156)
Balance at 28 February 2015		149,269	353,528	104,657	10,539	87,517	705,510

The accompanying notes form an integral part of the audited financial statements.

[1] Net of share issue costs of $3.523 million.

Statement of Cash Flows
For the Year Ended 29 February 2016

	Notes	Year Ended 29 February 2016 US$'000	Year Ended 28 February 2015 US$'000
Operating Activities			
Net cash outflow from operating activities	29	(24,195)	(10,894)
Cash outflow for purchase of investments		(260,136)	(184,416)
Cash outflow for capital calls		(54,085)	(38,220)
Cash inflow from repayment and disposal of investments		236,761	211,853
Cash inflow from the repayment of loans and receivables		2,886	-
Net cash outflow before financing activities		(98,769)	(21,677)
Financing Activity			
Proceeds from issue of Ordinary shares	18	119,939	-
Issue costs relating to the issue of Ordinary shares	18	(3,523)	-
Issue costs relating to the issue of ZDP shares	15	(1,997)	-
Proceeds from issue of CULS	14	-	65,696
Proceeds from loan facilities	16	107,983	71,121
Loan issue costs paid	16	(4,033)	-
Repayment of loan facility	16	(97,660)	-
Finance costs paid		(9,148)	(4,446)

Dividends paid to shareholders	30	(21,781)	(20,156)
Net cash inflow from financing activities		89,780	112,215
(Decrease)/increase in cash and cash equivalents		(8,989)	90,538
Reconciliation of Net Cash Flow to Movements in Cash and Cash Equivalents			
Cash at bank at 1 March		101,323	11,372
(Decrease)/increase in cash and cash equivalents as above		(8,989)	90,538
Unrealised foreign exchange movements on cash at bank		(397)	(587)
Cash at bank at year end		91,937	101,323

Reconciliation of Cash Outflows/Inflows from Investments and Realisations, for the year ended 29 February 2016, to numbers presented in Note 12 of the financial statements and the Chairman's Statement and Investment Adviser's Report.

	Year Ended 29 February 2016 US$'000	Year Ended 28 February 2015 US$'000
Cash Outflow for Purchase of Investments	260,136	184,416
Deposits paid during prior year invested in current year	3,875	3,290
Purchases in year (note 12)	264,011	187,706
Capital Calls during year (note 12)	54,085	
Investment in UK Treasury Gilt excluded	(45,381)	
Total Investments during year (see Chairman's Statement and Investment Adviser's Report)	272,715	
Cash Inflow from Repayment and Disposal of Investments	236,761	211,853
Cash inflow from the Repayment of Loans and Receivables	2,886	-
Proceeds from Investments Realised (note 12)	239,647	211,853
Escrow Receipts	1,534	
Investment in UK Treasury Gilt excluded	(36,038)	
Total Realisations during year (see Chairman's Statement and Investment Adviser's Report)	205,143	

The accompanying notes form an integral part of the audited financial statements.

Notes to the Financial Statements

1. General Information

JZ Capital Partners Limited (the "Company") is a Guernsey domiciled closed-ended investment company which was incorporated in Guernsey on 14 April 2008 under the Companies (Guernsey) Law, 1994. The Company is now subject to the Companies (Guernsey) Law, 2008. The Company is classed as an authorised fund under the Protection of Investors (Bailiwick of Guernsey) Law 1987. The Company's Capital consists of Ordinary shares, Zero Dividend Preference ("ZDP") shares and

Convertible Unsecured Loan Stock ("CULS"). The Company's shares trade on the London Stock Exchange's Specialist Fund Market ("SFM").

The Company's objective is to create a portfolio of investments providing a superior overall return comprised of a current yield and significant capital appreciation.

The Company's Investment Policy is to target predominantly private investments, seeking to back exceptional management teams to deliver on attractive investment propositions. In executing strategy, the Company takes a long term view. The Company seeks to invest directly in its target investments, although it may also invest through other collective investment vehicles. The Company may also invest in listed investments, whether arising on the listing of its private investments or directly. The Investment Adviser is able to invest globally but with a particular focus on opportunities in the United States and Europe.

The Company is currently mainly focused on investing in the following areas:

(a) small or micro-cap buyouts in the form of debt and equity and preferred stock in both the US and Europe; and
(b) US real estate interests.

The Investment Adviser takes a dynamic approach to asset allocation and, though it doesn't expect to, in the event that the Company were to invest 100% of gross assets in one area, the Company will, nevertheless, always seek to maintain a broad spread of investment risk. Exposures are monitored and managed by the Investment Adviser under the supervision of the Board.

The Company has no direct employees. For its services the Investment Adviser receives a management fee and is also entitled to performance related fees (note 10). The Company has no ownership interest in the Investment Adviser. During the period under review the Company was administered by Northern Trust International Fund Administration Services (Guernsey) Limited.

The financial statements are presented in US$'000 except where otherwise indicated.

2. Significant Accounting Policies

The accounting policies adopted in the preparation of these audited annual financial statements have been consistently applied during the year, unless otherwise stated.

Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") together with applicable legal and regulatory requirements of Guernsey Law, and the SFM.

Basis of Preparation

The financial statements have been prepared under the historical cost basis, modified by the revaluation of financial instruments designated at fair value through profit or loss upon initial recognition. The principal accounting policies adopted are set out below. The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The presentation of the financial statements and certain disclosures follows the guidance as outlined in the Association of Investment Companies ("AIC") Statement of Recommended Practice ("SORP") issued in November 2014.

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

(i) Standards, amendments and interpretations that are not effective and are not expected to have material impact on the financial position or performance of the Company

IFRS 9 Financial Instruments: Classification and Measurement. The adoption of the first phase of IFRS 9 (tentatively effective for periods beginning on after 1 January 2018), awaiting EU endorsement, may have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities.

There are certain other current standards, amendments and interpretations that are not relevant to the Company's operations.

Functional and presentational currency

Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates (the "functional currency"). The functional currency of the Company as determined in accordance with IFRS is the US Dollar because this is the currency that best reflects the economic substance of the underlying events and circumstances of the Company. The financial statements are presented in US Dollars, as the Company has chosen the US Dollar as its presentation currency.

Foreign exchange

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the rate of exchange ruling at the end of the reporting period date. Transactions in foreign currencies during the course of the period are translated at the rate of exchange ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period end exchange rates of monetary assets and liabilities and non-monetary assets and liabilities that are denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Net foreign exchange gains or losses on monetary financial assets and liabilities other than those classified as at fair value through profit or loss are included in the line item 'Net foreign currency exchange gains'.

Financial assets and liabilities at Fair Value Through Profit or Loss ("FVTPL")

(i) Classification

The Company classifies its investments in listed investments, investments in first and second lien debt securities, other equity opportunities and other investments within its Micro Cap and Real Estate portfolios as financial assets at fair value through profit or loss. These financial assets are designated by the Board of Directors as at fair value through profit or loss at inception.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's investment strategy as documented in its prospectus.

(ii) Recognition/derecognition

Purchases and sales of investments are recognised on the trade date - the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income in the period in which they arise.

Realised surpluses and deficits on the partial sale of investments are arrived at by deducting the average cost of such investments from the sales proceeds.

(iii) Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Company is the bid price.

Unquoted preferred shares, micro cap loans, unquoted equities and equity related securities investments are typically valued by reference to their enterprise value, which is generally calculated by applying an appropriate multiple to the last twelve months' earnings before interest, tax, depreciation and amortisation ("EBITDA"). In determining the multiple, the Directors consider inter alia, where practical, the multiples used in recent transactions in comparable unquoted companies, previous valuation multiples used and where appropriate, multiples of comparable publicly traded companies. In accordance with IPEVCA guidelines, a marketability discount is applied which reflects the discount that in the opinion of the Directors, market participants would apply in a transaction in the investment in question.

The valuation techniques to derive the fair value of real estate interests are detailed in note 5.

Traded loans including first and second lien term securities are valued by reference to the last indicative bid price from recognised market makers. These investments are classified in the Statement of Financial Position as Investments at fair value through profit or loss.

Loans and receivables

(i) Classification

The Company classifies unquoted senior subordinated debt within Mezzanine investments as loans and receivables. Investments are generally accounted for at amortised cost using the effective interest method except where there is deemed to be impairment in value which indicates that a provision should be made.

(ii) Recognition/derecognition

Purchases and sales of investments are recognised on the trade date - the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

(iii) Measurement

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(iv) Impairment

The Company assesses at each reporting date whether the loans and receivables are impaired. Evidence of impairment may include indications that the counterparty is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the net present value of expected cash flows discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Comprehensive Income as net impairments on loans and receivables.

Impaired debts together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to net impairments/write back of impairments on loans and receivables.

Cash on deposit and cash and cash equivalents
Cash on deposit comprises bank deposits with an original maturity of three months or more. Cash and cash equivalents comprise bank balances and cash held by the Company including short-term bank deposits with an original maturity of three months or less. Cash also includes amounts held in interest-bearing overnight accounts.

Other receivables and payables
Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Other payables are not interest-bearing and are stated at their nominal value.

Financial liabilities and equity
Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Financial liabilities, other than CULS (see below) and equity are recorded at the amount of proceeds received, net of issue costs. Ordinary shares are regarded as equity.

Zero Dividend Preference ("ZDP") shares
In accordance with International Accounting Standard 32 - 'Financial Instruments: Presentation', ZDP shares have been disclosed as a financial liability as the shares are redeemable at a fixed date and holders are entitled to a fixed return. ZDP shares are recorded at amortised cost using the effective interest rate method.

6% Convertible Unsecured Loan Stock 2021
The Convertible Unsecured Loan Stock (“CULS”) issued by the Company is denominated in a currency (GBP) other than the Company's functional currency and hence fails the 'fixed-for-fixed' criteria for equity classification. Rather than account for the host debt and embedded conversion element separately, the Company elects to account for the CULS in its entirety in accordance with the IAS 39 'Fair Value Option'. The CULS' fair value is deemed to be the listed offer price at the period end. CULS is translated at the exchange rate at the reporting date and both differences in fair value due to the listed offer price and exchange rates are recognised in the Statement of Comprehensive Income.

Income
Interest income for all interest bearing financial instruments is included on an accruals basis using the effective interest method. Dividend income is recognised when the Company's right to receive payment is established. When there is reasonable doubt that income due to be received will actually be received, such income is not accrued until it is clear that its receipt is probable. Where following an accrual of income, receipt becomes doubtful, the accrual is either fully or partly written off until the reasonable doubt is removed.

Expenses
Investment Adviser's basic fees are allocated to revenue. The Company also provides for a Capital Gains Incentive fee based on net realised and unrealised investments gains.

Expenses which are deemed to be incurred wholly in connection with the maintenance or enhancement of the value of the investments are charged to realised capital reserve. All other expenses are accounted for on an accruals basis and are presented as revenue items.

Finance costs
Finance costs are interest expenses in respect of the ZDP shares, loans payable, and CULS and are recognised in the Statement of Comprehensive Income using the effective interest rate method.

Escrow accounts
Where investments are disposed of, the consideration given may include contractual terms requiring that a percentage of the consideration is held in an escrow account pending resolution of any indemnifiable claims that may arise and as such the value of these escrow amounts is not immediately known. The Company records gains realised on investments held in escrow in the Statement of Comprehensive Income following confirmation that any such indemnifiable claims have been resolved and none is expected in the future.

Taxation
The company has been granted Guernsey tax exempt status in accordance with The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 (as amended). However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Company presents the withholding tax separately from the gross investment income in the statement of comprehensive income.

3. Estimates and Judgements
The following are the key judgements and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Estimates
(i) Fair Value of Investments at Fair Value Through Profit or Loss ("FVTPL")

Certain investments are classified as FVTPL, and valued accordingly, as disclosed in note 2. The key source of estimation uncertainty is on the valuation of unquoted equities and equity-related securities.

In reaching its valuation of the unquoted equities and equity-related securities the key judgements the Board has to make are those relating to the multiples and the discount factors used in the valuation models.

(ii) Loans and Receivables
Certain investments are classified as Loans and Receivables, and valued accordingly, as disclosed in note 2. The key estimation is the impairment review and the key assumptions are as disclosed in note 2.

Judgements

Assessment as an Investment Entity
Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are as follows:

• An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services:

• An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and

• An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company has a wide range of investors; through its Investment Adviser management services it enables investors to access private equity, real estate and similar investments.

The Company's objective to provide a "superior overall return comprised of a current yield and significant capital appreciation" is consistent with that of an investment entity. The Company has clearly defined exit strategies for each of its investment classes, these strategies are again consistent with an investment entity.

In determining the fair value of unlisted investments JZCP follows the principles of The International Private Equity and Venture Capital Association ("IPEVCA") Valuation Guidelines. The Valuation Guidelines have been prepared with the goal that Fair Value measurements derived when using these Valuation Guidelines are compliant with IFRS.

The Board of JZCP evaluates the performance of unlisted investments quarterly on a fair value basis. Listed investments are recorded at Fair Value in accordance with IFRS being the last traded market price where this price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Board determines the point within the bid-ask spread that is most representative of fair value in accordance with IFRS 13.

The Board has also concluded that the Company meets the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties.

Investment in Associates
An associate is an entity over which the Company has significant influence. An entity is regarded as a subsidiary only if the Company has control over its strategic, operating and financial policies and intends to hold the investment on a long-term basis for the purpose of securing a contribution to the Company's activities.

In accordance with the exemption within IAS 28 Investments in Associates and Joint Ventures, the Company does not account for its investment in EuroMicrocap Fund 2010, L.P., EuroMicrocap Fund-C ,L.P., JZI Fund III GP, L.P., Spruceview Capital, LLC and Orangewood Partners Platform LLC using the equity method. Instead, the Company has elected to measure its investment in its associates at fair value through profit or loss.

The Directors have determined that although the Company has over 50% economic interest in EuroMicrocap Fund 2010, L.P., EuroMicrocap Fund-C,L.P., JZI Fund III GP, L.P. and Orangewood Partners Platform LLC, it does not have the power to govern the financial and operating policies of the entities, but does have significant influence over the strategic, operating and financial policies.

Going Concern
A fundamental principle of the preparation of financial statements in accordance with IFRS is the judgement that an entity will continue in existence as a going concern, which contemplates continuity of operations and the realisation of assets and settlement of liabilities occurring in the ordinary course of business.

The Directors consider the Company has adequate financial resources, in view of its holding in cash and cash equivalents and liquid investments and the income streams deriving from its investments and believe that the Company is well placed to manage its business risks successfully to continue in operational existence for a period of 12 months from signing of the financial statements and that it is appropriate to prepare the financial statements on the going concern basis.

Segment Information
The Investment Manager is responsible for allocating resources available to the Company in accordance with the overall business strategies as set out in the Investment Guidelines of the Company. The Company is organised into the following segments:
• Portfolio of US micro-Cap investments.
• Portfolio of European micro-cap investments.
• Portfolio of Real estate investments

• Portfolio of Other investments
• Portfolio of Listed equities.

The investment objective of each segment is to achieve consistent medium-term returns from the investments in each segment while safeguarding capital by investing in a diversified portfolio.

Investments in corporate bonds, money market funds and treasury gilts are not considered part of any individual segment and have therefore been excluded from this segmental analysis.

During the year the Company disposed of the portfolio of bank debt and has also disposed of the maturity of the carrying value of the Mezzanine portfolio. The investment in the Mezzanine portfolio and bank debt portfolio are now classified as an 'other' investments in line with management reporting. The Company disposed of the Listed Equity portfolio during the year ended 28 February 2015.

Segmental Profit/Loss
For the year ended 29 February 2016

	US Micro-Cap US$ '000	**European Micro-Cap US$ '000**	**Real Estate US$ '000**	**Other Investments US$ '000**	**Listed Equities US$ '000**	**Total US$ '000**
Interest revenue	20,927	3,972	728	851	-	26,478
Dividend revenue	1,326	-	-	-	-	1,326
Total segmental revenue	22,253	3,972	728	851	-	27,804
Realisations from investments held in Escrow accounts	1,534	-	-	-	-	1,534
Net gain/(loss) on investments at FVTPL	10,167	(188)	52,712	(4,031)	-	58,660
Write back of Impairments on loans and receivables	-	-	-	2,594	-	2,594
Investment Adviser's base fee	(5,114)	(3,581)	(4,078)	(1,087)	-	(13,860)
Investment Adviser's capital incentive fee[1]	(6,099)	127	(10,542)	350	-	(16,164)
Total segmental operating profit/(loss)	22,741	330	38,820	(1,323)	-	60,568

For the year ended 28 February 2015

	US Micro-Cap US$ '000	**European Micro-Cap US$ '000**	**Real Estate US$ '000**	**Other Investments US$ '000**	**Listed Equities US$ '000**	**Total US$ '000**
Interest revenue	29,666	3,554	321	1,436	-	34,977
Dividend revenue	-	-	-	-	311	311
Total segmental revenue	29,666	3,554	321	1,436	311	35,288
Realisations from investments held in Escrow accounts	6,924	-	-	-	-	6,924
Net gain/(loss) on investments at FVTPL	23,669	7,815	46,441	(3,133)	(7,377)	67,415
Impairments on loans and receivables	-	-	-	(121)	-	(121)
Investment Adviser's base fee	(3,875)	(3,205)	(2,882)	(1,004)	-	(10,966)
Investment Adviser's capital incentive fee[1]	(13,457)	1,538	(9,289)	759	-	(20,449)

Total segmental operating profit/(loss)	42,927	9,702	34,591	(2,063)	(7,066)	78,091

[1]The capital incentive fee is allocated across segments where a realised or unrealised gain or loss has occurred. Segments with realised or unrealised losses are allocated a credit pro rata to the size of the loss and segments with realised or unrealised gains are allocated a charge pro rata to the size of the gain.

Certain income and expenditure is not considered part of the performance of an individual segment. This includes net foreign exchange gains, interest on cash, finance costs, management fees, custodian and administration fees, directors' fees and other general expenses.

The following table provides a reconciliation between total segmental operating profit and operating profit.

	29.2.2016	**28.2.2015**
	US$ '000	**US$ '000**
Total Segmental Operating Profit	60,568	78,091
Net loss on treasury gilts and corporate bonds	(3,572)	(6,750)
Gain/(loss) on financial liabilities at fair value through profit or loss	7,990	(1,867)
Net foreign exchange gains	8,056	5,899
Interest on treasury notes and corporate bonds	729	908
Interest on cash	92	53
Fees payable to investment adviser based on non segmental assets	(936)	(663)
Expenses not attributable to segments	(2,713)	(2,378)
Operating Profit	70,214	73,293

The following table provides a reconciliation between total segmental revenue and Company revenue.

	29.2.2016	**28.2.2015**
	US$ '000	**US$ '000**
Total segmental revenue	27,804	35,288
Non-segmental revenue		
Interest on treasury gilts and corporate bonds	729	908
Bank and deposit interest	92	53
Total revenue	28,625	36,249

Segmental Net Assets
At 29 February 2016

	US Micro-Cap	**European Micro-Cap**	**Real Estate**	**Other Investments**	**Listed Investments**	**Total**
	US$ '000	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
Segmental assets						
Investments at fair value through profit or loss	386,173	168,797	366,158	63,570	-	984,698
Investments classified as loans and receivables	-	-	-	750	-	750
Other receivables	-	-	3,513	-	-	3,513
Total segmental assets	386,173	168,797	369,671	64,320	-	988,961
Segmental liabilities						
Payables and accrued expenses	(11,714)	1,263	(21,405)	3,456	(1,401)	(29,801)
Total segmental liabilities	(11,714)	1,263	(21,405)	3,456	(1,401)	(29,801)
Total segmental net assets	374,459	170,060	348,266	67,776	(1,401)	959,160

Segmental Net Assets
At 28 February 2015

	US Micro-Cap US$ '000	European Micro-Cap US$ '000	Real Estate US$ '000	Other Investments US$ '000	Listed Investments US$ '000	Total US$ '000
Segmental assets						
Investments at fair value through profit or loss	297,340	245,884	216,781	75,993	-	835,998
Investments classified as loans and receivables	-	-	-	1,000	-	1,000
Other receivables	-	-	4,370	-	-	4,370
Total segmental assets	297,340	245,884	221,151	76,993	-	841,368
Segmental liabilities						
Payables and accrued expenses	(18,508)	1,180	(10,551)	3,144	(1,080)	(25,815)
Total segmental liabilities	(18,508)	1,180	(10,551)	3,144	(1,080)	(25,815)
Total segmental net assets	278,832	247,064	210,600	80,137	(1,080)	815,553

Other receivables and prepayments are not considered to be part of individual segment assets. Certain liabilities are not considered to be part of the net assets of an individual segment. These include custodian and administration fees payable, directors' fees payable and Other payables and accrued expenses.

The following table provides a reconciliation between total segmental assets and total assets and total segmental liabilities and total liabilities.

	29.2.2016 US$ '000	28.2.2015 US$ '000
Total Segmental Assets	988,961	841,368
Non Segmental Assets		
Treasury gilts	45,608	39,480
Corporate bonds	13,036	13,473
Cash at bank	91,937	101,323
Other receivables and prepayments	38	33
Total Assets	1,139,580	995,677
Total Segmental Liabilities	(29,801)	(25,815)
Non Segmental Liabilities		
Zero Dividend Preference (2022) shares	(57,400)	-
Zero Dividend Preference (2016) shares	(44,217)	(106,813)
Convertible Unsecured Loan Stock	(59,573)	(67,563)
Loans payable	(97,011)	(90,114)
Other payables and accrued expenses	161	138
Total Liabilities	(287,841)	(290,167)
Total Net Assets	851,739	705,510

5. Fair Value of Financial Instruments

The Company classifies fair value measurements of its financial instruments at Fair Value Through Profit or Loss ("FVTPL") using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The financial assets valued at FVTPL are analysed in a fair value hierarchy based on the following levels:

Level 1
Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2
Those involving inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). For example, investments which are valued based on quotes from brokers (intermediary market participants) are generally indicative of Level 2 when the quotes are executable and do not contain any waiver notices indicating that they are not necessarily tradable. Another example would be derivatives such as interest rate swaps or forward currency contracts where inputs are mostly observable and therefore may also fall into Level 2. At the period end, the Company had assessed it held no assets or liabilities valued at FVTPL that were using inputs that would be classified as Level 2 within the valuation method.

Level 3
Those involving inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). Investments in JZCP's portfolio valued using unobservable inputs such as multiples, capitalisation rates, discount rates (See note 5) fall within Level 3.

Differentiating between Level 2 and Level 3 fair value measurements i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value including consideration of factors specific to the asset or liability.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Financial assets at 29 February 2016

	Level 1	Level 2	Level 3	Total
	US$ '000	US$ '000	US$ '000	US$ '000
US micro-cap portfolio	-	-	386,173	386,173
European micro-cap portfolio	-	-	168,797	168,797
Real estate portfolio	-	-	366,158	366,158
Other investments	-	-	63,570	63,570
Listed Securities	58,644	-	-	58,644
	58,644	-	984,698	1,043,342

Investments classed as loan and receivables and recorded at amortised cost would fall in to the Level 3 hierarchy if valued at FVTPL.

Financial assets at 28 February 2015

	Level 1	Level 2	Level 3	Total
	US$ '000	US$ '000	US$ '000	US$ '000
US micro-cap portfolio	-	-	297,340	297,340
European micro-cap portfolio	-	-	245,884	245,884
Real estate portfolio [(1)]	-	-	216,781	216,781
Other investments	-	-	75,993	75,993
Listed Securities	52,953	-	-	52,953
	52,953	-	835,998	888,951

Financial liabilities designated at fair value through profit or loss at inception

Financial liabilities at 29 February 2016	Level 1	Level 2	Level 3	Total
	US$ '000	US$ '000	US$ '000	US$ '000
Convertible Subordinated Unsecured Loan Stock	59,573	-	-	59,573
	59,573	-	-	59,573

Financial liabilities at 28 February 2015	Level 1	Level 2	Level 3	Total
	US$ '000	US$ '000	US$ '000	US$ '000

Convertible Subordinated Unsecured Loan Stock	67,563	-	-	67,563
	67,563	-	-	67,563

Transfers between levels
There were no transfers between the levels of hierarchy of financial assets and liabilities recognised at fair value within the year ended 29 February 2016 and the year ended 28 February 2015.

(1)Real Estate portfolio value at 28 February 2015 has been reduced by $4,370,000 due to the reclassification, to 'Other receivables', of deposits paid on behalf of JZCP Realty and accrued interest.

Valuation
In valuing investments in accordance with IFRS, the Directors follow the principles as detailed in the International Private Equity and Venture Capital Association ("IPEVCA") guidelines.

When fair values of listed equity and debt securities at the reporting date are based on quoted market prices or binding dealer price quotations (bid prices for long positions), without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy.

The fair value of bank debt which is derived from unobservable data is classified as Level 3.

Investments for which there are no active markets are valued according to one of the following methods:

Real Estate
JZCP makes its Real Estate investments through a wholly-owned subsidiary, which in turn owns interests in various residential, commercial, and development real estate properties. The net asset value of the subsidiary is used for the measurement of fair value. The underlying fair value of JZCP's Real Estate holdings, however, is represented by the properties themselves. The Company's Investment Adviser and Board review the fair value methods and measurement of the underlying properties on a quarterly basis. The fair value techniques used in the underlying valuations are:

- Use of third party appraisals on the subject property, where available.
- Use of comparable market values per square foot of properties in recent transactions in the vicinity in which the property is located, and in similar condition, of the relevant property, multiplied by the property's square footage.
- Discounted Cash Flow ("DCF") analysis, using the relevant rental stream, less expenses, for future periods, discounted at a Market Capitalization ("MC") rate, or interest rate.
- Relevant rental stream less expenses divided by the market capitalization rate; this method approximates the enterprise value construct used for non-real estate assets.

For each of the above techniques third party debt is deducted to arrive at fair value.

Due to the inherent uncertainties of real estate valuation, the values reflected in the financial statements may differ significantly from the values that would be determined by negotiation between parties in a sales transaction and those differences could be material.

Mezzanine loans
Investments are generally valued at amortised cost except where there is deemed to be impairment in value which indicates that a provision should be made. Mezzanine loans are classified in the Statement of Financial Position as loans and receivables and are accounted for at amortised cost using the effective interest method less accumulated impairment allowances in accordance with IFRS. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the net present value of expected cash flows discounted at the original effective interest rate.

Unquoted preferred shares, micro-cap loans, unquoted equities and equity related securities
Unquoted preferred shares, micro-cap loans, unquoted equities and equity related securities investments are classified in the Statement of Financial Position as Investments at fair value through profit or loss. These investments are typically valued by reference to their enterprise value, which is generally calculated by applying an appropriate multiple to the last twelve months' earnings before interest, tax, depreciation and amortisation ("EBITDA"). In determining the multiple, the Directors consider inter alia, where practical, the multiples used in recent transactions in comparable unquoted companies, previous valuation multiples used and where appropriate, multiples of comparable publicly traded companies. In accordance with IPEVCA guidelines, a marketability discount is applied which reflects the discount that in the opinion of the Directors, market participants would apply in a transaction in the investment in question.

In respect of unquoted preferred shares and micro-cap loans the Company values these investments by reference to the attributable enterprise value as the exit strategy in respect to these investments would be a one tranche disposal together with the equity component. The fair value of the investment is determined by reference to the attributable enterprise value (this is calculated by a multiple of EBITDA reduced by senior debt and marketability discount) covering the aggregate of the unquoted equity, unquoted preferred shares and debt instruments invested in the underlying company. The increase of the fair value of the aggregate investment is reflected through the unquoted equity component of the investment and a decrease in the fair value is reflected across all financial instruments invested in an underlying company.

Quantitative information of significant unobservable inputs and sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

The significant unobservable inputs used in fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity as at 29 February 2016 and 28 February 2015 are shown below:

	Value 29.2.2016 US$'000	**Valuation Technique**	**Unobservable input**	**Range (weighted average)**	**Sensitivity used***	**Effect on Fair Value US$'000**	
US micro-cap investments	386,173	EBITDA Multiple	Average EBITDA Multiple of Peers	6.0x - 18.7x (8.7x)	0.5x / -0.5x	(29,855)	29,254
			Discount to Average Multiple	15% - 35% (25%)	5% / -5%	(38,104)	36,129
European micro-cap investments	168,797	EBITDA Multiple	Average EBITDA Multiple of Peers	6.5x - 10.0x (8.2x)	0.5x / -0.5x	(4,181)	4,181
			Discount to Average Multiple	0% - 42% (16%)	5.0% / -5.0%	(2,748)	2,748
Real estate [(1)]	366,158	Comparable Sales	Market Value Per Square Foot	\$380 - \$575 per sq ft	-5% /+5%	(5,607)	5,809
		DCF Model/Income Approach	Discount Rate	7%	+25bps /-25bps	(1,236)	1,055
		Cap Rate/ Income Approach	Capitalisation Rate	3.75% - 5.5%	+25bps /-25bps	(11,619)	12,399
Other investments	63,570	EBITDA Multiple	Average EBITDA Multiple of Peers	7.5x	0.5x / -0.5x	(295)	295
			Discount to Average Multiple	25%	5% / -5%	-	-
		Adjusted NAV	Discount for Lack of Liquidity	5%	5% / -5%	(2,418)	2,686
	Value 28.2.2015 US$'000	**Valuation Technique**	**Unobservable input**	**Range (weighted average)**	**Sensitivity used***	**Effect on Fair Value US$'000**	
US micro-cap investments	297,340	EBITDA Multiple	Average EBITDA Multiple of Peers	5.0x - 11.5x (7.6x)	0.5x / -0.5x	(24,240)	24,384
			Discount to Average Multiple	15% - 40% (25%)	5% / -5%	(28,355)	28,414
European micro-cap investments	245,884	EBITDA Multiple	Average EBITDA Multiple of Peers	5.4x - 12.5x (8.2x)	0.5x / -0.5x	(9,577)	10,095
			Discount to Average Multiple	0% - 44% (25%)	5% / -5%	(13,265)	13,783
Mezzanine investments	1,955	EBITDA Multiple	Average EBITDA Multiple of Peers	5.0x - 8.0x (7.0x)	0.5x / -0.5x	(334)	334
			Discount to Average Multiple	10%	5% / -5%	(294)	294
Bank debt	10,452	EBITDA Multiple	Average EBITDA Multiple of Peers	6.0x	0.5x / -0.5x	-	-
Real estate [(1)]	216,781	Comparable Sales	Market Value Per Square Foot	\$314 - \$575 per sq ft	-5% /+5%	(2,964)	2,895
		DCF Model/Income Approach	Discount Rate	7%	+25bps /-25bps	(781)	827

		Cap Rate/ Income Approach	Capitalisation Rate	4.5% - 5%	+25bps /- 25bps	(8,227)	8,954
Other investments	63,586	EBITDA Multiple	Average EBITDA Multiple of Peers	7.5x	0.5x / -0.5x	(301)	301
			Discount to Average Multiple	25%	5% / -5%	(222)	222
		Adjusted NAV	Discount for Lack of Liquidity	5%	5% / -5%	(2,638)	2,931

(1) The Fair Value of JZCP's investment in financial interests in Real Estate, is measured as JZCP's percentage interest in the value of the underlying properties. The Directors consider the discount rate used, applied to the DCF, when valuing the properties as the most significant unobservable input affecting the measurement of fair value.

* The sensitivity analysis refers to a percentage amount added or deducted from the average input and the effect this has on the fair value.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

Year ended 29 February 2016	**US Micro-Cap US$ '000**	**European Micro-Cap US$ '000**	**Real Estate US$ '000**	**Other Investments US$ '000**	**Total US$ '000**
At 1 March 2015	297,340	245,884	216,781	75,993	835,998
Purchases/Calls	103,125	59,319	104,677	5,593	272,714
Payment In Kind ("PIK")	16,996	-	-	78	17,074
Proceeds from investments realised	(41,441)	(137,289)	(8,012)	(13,982)	(200,724)
Net gains/(losses) on investments	10,167	(188)	52,712	(4,030)	58,661
Movement in accrued interest	(14)	1,071	-	(82)	975
At 29 February 2016	386,173	168,797	366,158	63,570	984,698

Year ended 28 February 2015	**US Micro-Cap US$ '000**	**European Micro-Cap US$ '000**	**Real Estate US$ '000**	**Other Investments US$ '000**	**Total US$ '000**
At 1 March 2014	341,560	186,781	109,007	25,103	662,451
Purchases/Calls	52,574	48,843	67,509	57,000	225,926
PIK	25,724	-	(51)	110	25,783
Proceeds from investments realised	(144,723)	-	(6,125)	(2,958)	(153,806)
Net gains/(losses) on investments	23,669	7,815	46,441	(3,254)	74,671
Movement in accrued interest	(1,464)	2,445	-	(8)	973
At 28 February 2015	297,340	245,884	216,781	75,993	835,998

Net gains/(losses) on Investments at FVTPL are analysed between gains/(losses) on investments realised in the year and those still held at the year end.

Year ended 29 February 2016	**Level 1 29.2.2016 US$ '000**	**Level 3 29.2.2016 US$ '000**	**Total 29.2.2016 US$ '000**	**Level 1 28.2.2015 US$ '000**	**Level 3 28.2.2015 US$ '000**	**Total 28.2.2015 US$ '000**
Investments realised during the year						
Net losses on investments	(3,363)	(1,697)	(5,060)	(7,377)	(31,526)	24,149
Investments held at year end						
Net gains/(losses) on investments	208	60,356	60,148	(6,742)	43,258	36,516

(3,571)	58,659	55,088	(14,119)	74,784	60,665

Fair value of Zero Dividend Preference ("ZDP") shares

The fair value of the ZDP shares is deemed to be their quoted market price. As at 28 February 2016 the ask price for the ZDP (2016) shares was £3.68 (28 February 2015: £3.58 per share) the total fair value of the ZDP shares was $45,127,000 (28 February 2015: $114,563,000) which is $911,000 higher (28 February 2014:$7,750,000) higher than the liability recorded in the Statement of Financial Position.

As at 28 February 2016 the ask price for the ZDP (2022) shares was £3.85 the total fair value of the ZDP shares was US$63,889,000 which is $6,489,000 higher than the liability recorded in the Statement of Financial Position.

ZDP shares are recorded at amortised cost and would fall in to the Level 3 hierarchy if valued at FVTPL.

6. Net Gains on Investments at Fair Value Through Profit or Loss

	Year Ended 29.2.2016 US$ '000	**Year Ended 28.2.2015 US$ '000**
Gains on investments held in investment portfolio at year end		
Net movement in unrealised gains in year	91,784	21,504
Net unrealised (losses)/gains in prior years now realised	(31,636)	15,012
Net movement in unrealised gains in the year	60,148	36,516
Gains/(losses) on investments realised in year		
Proceeds from investments realised	236,761	211,853
Cost of investments realised	(273,457)	(172,692)
Net realised losses/(gains) based on book cost	(36,696)	39,161
Net unrealised losses/(gains) in prior years now realised	31,636	(15,012)
Total (losses)/gains in the year on investments realised in year	(5,060)	24,149
Net gains on investments in the year	55,088	60,665

7. Net Write Back of Impairments/(Impairments) on Loans and Receivables

	Year Ended 29.2.2016 US$ '000	**Year Ended 28.2.2015 US$ '000**
Net unrealised impairments on loans and receivables	61	(121)
Proceeds from loans repaid[(1)]	2,886	-
Cost of loans repaid	(353)	-
	2,533	-
Net write back of impairments/(impairments) on loans and receivables	2,594	(121)

[(1)] Includes proceeds from arbitration of $2,611,000 regarding Mezzanine investment 'TransAmerica Auto Parts, Inc'. The investment had previously been written off the Company's portfolio during the year ended 28 February 2010.

8. Investment Income

	Year Ended 29.2.2016 US$ '000	Year Ended 28.2.2015 US$ '000
Income from investments classified as FVTPL	28,491	36,022
Income from investments classified as loans and receivables	42	174
	28,533	36,196

Income for the year ended 29 February 2016

	Dividends US$ '000	Preferred Dividends US$ '000	PIK US$ '000	Loan note Cash US$ '000	Other Interest US$ '000	Total US$ '000
US micro-cap portfolio	1,326	14,198	3,259	3,470	-	22,253
European micro-cap portfolio	-	-	1,995	1,653	324	3,972
Real estate	-	-	-	-	728	728
Other investments	-	-	42	-	809	851
Treasury gilts and corporate bonds	-	-	-	-	729	729
	1,326	14,198	5,296	5,123	2,590	28,533

Income for the year ended 28 February 2015

	Dividends US$ '000	Preferred Dividends US$ '000	PIK US$ '000	Loan note Cash US$ '000	Other Interest US$ '000	Total US$ '000
US micro-cap portfolio	-	15,036	9,350	5,280	-	29,666
European micro-cap portfolio	-	-	2,490	1,064	-	3,554
Real estate	-	-	-	321	-	321
Other investments	-	-	174	-	1,262	1,436
Listed Equities	311	-	-	-	-	311
Treasury gilts and corporate bonds	-	-	-	-	908	908
	311	15,036	12,014	6,665	2,170	36,196

9. Finance Costs

	Year Ended 29.2.2016 US$ '000	Year Ended 28.2.2015 US$ '000
CULS finance costs paid (note 14)	3,497	2,042
ZDP (2016) shares (note 15)	6,459	8,390
ZDP (2022) shares (note 15)	1,296	-
Loan - Guggenheim (note 16)	5,298	-
Loan - Jefferies Finance, LLC (note 16)	1,431	3,374
Loan - Deutsche Bank	241	184
	18,222	13,990

10. Expenses

	Year Ended 29.2.2016 US$ '000	Year Ended 28.2.2015 US$ '000

Investment Adviser's base fee	15,510	12,976
Investment Adviser's incentive fee	15,450	19,102
Directors' remuneration	415	394
	31,375	32,472
Administrative expenses:		
Legal and professional fees	1,045	1,000
Other expenses	379	369
Accounting, secretarial and administration fees	351	346
Auditors' remuneration	313	112
Auditors' remuneration - non-audit fees	137	103
Custodian fees	73	54
	2,298	1,984
Total expenses	33,673	34,456

Administration Fees

Northern Trust International Fund Administration Services (Guernsey) Limited was appointed as Administrator to the Company on 1 September 2012. The Administrator is entitled to a fee payable quarterly in arrears. Fees payable to the Administrator are fixed for the three years from the date of appointment and are then subsequently subject to an annual fee review.

Directors' remuneration

For the year ended 29 February 2016 the Chairman was entitled to a fee of $160,000 per annum (28 February 2015: $140,000). The Chairman of the Audit Committee is entitled to a fee of US$70,000 per annum, all other directors are entitled to a fee of US$60,000 with one director receiving an additional $5,000 for extra responsibilities. For the year ended 28 February 2016 total Directors' fees included in the Statement of Comprehensive Income were $415,000 (year ended 28 February 2015: US$394,000), of this amount US$80,000 was outstanding at the year end (28 February 2014: US$63,000).

Investment Advisory and Performance fees

The Company entered into the amended and restated investment advisory and management agreement with Jordan/Zalaznick Advisers, Inc. (the "Investment Adviser") on 23 December 2010 (the "Advisory Agreement").

Pursuant to the Advisory Agreement, the Investment Adviser is entitled to a base management fee and to an incentive fee. The base management fee is an amount equal to 1.5 per cent. per annum of the average total assets under management of the Company less excluded assets as defined under the terms of the Advisory Agreement. The base management fee is payable quarterly in arrears; the agreement provides that payments in advance on account of the base management fee will be made.

For the year ended 29 February 2016, total investment advisory and management expenses, based on the average total assets of the Company, were included in the Statement of Comprehensive Income of $15,510,000 (year ended 28 February 2015: $12,976,000). Of this amount $2,145,000 (28 February 2015: $1,451,000) was due and payable at the year end.

The incentive fee has two parts. The first part is calculated by reference to the net investment income of the Company ("Income Incentive fee") and is payable quarterly in arrears provided that the net investment income for the quarter exceeds 2 per cent of the average of the net asset value of the Company for that quarter (the "hurdle") (8 per cent. annualised). The fee is an amount equal to (a) 100 per cent of that proportion of the net investment income for the quarter as exceeds the hurdle, up to an amount equal to a hurdle of 2.5%, and (b) 20 per cent. of the net investment income of the Company above a hurdle of 2.5% in any quarter. Investments categorised as legacy investments and other assets identified by the Company as being excluded are excluded from the calculation of the fee. A true-up calculation is also prepared at the end of each financial year to determine if further fees are payable to the Investment Adviser or if any amounts are recoverable from future income incentive fees.

For the years ended 29 February 2016 and 28 February 2015 there was no income incentive fee.

The second part of the incentive fee is calculated by reference to the net realised capital gains ("Capital Gains Incentive fee") of the Company and is equal to: (a) 20 per cent. of the realised capital gains of the Company for each financial year less all realised capital losses of the Company for the year less (b) the aggregate of all previous capital gains incentive fees paid by the Company to the Investment Adviser. The capital gains incentive is payable in arrears within 90 days of the fiscal year end. Investments categorised as legacy investments and assets of the EuroMicrocap Fund 2010, LP, EuroMicrocap-C Fund, L.P. and JZI Fund III, L.P. are excluded from the calculation of the fee.

For the purpose of calculating incentive fees cumulative preferred dividends received on the disposal of an investment are treated as a capital return rather than a receipt of income.

At 29 February 2016, due to realised capital losses during the year there was no provision for an incentive fee based on realised gains (28 February 2015: $13,156,000). For the year ended 29 February 2016, for the purpose of the capital gains incentive fee ("CGIF") calculation JZCP had cumulative net realised capital losses of $22,667,173, an amount which the Investment Adviser must cover through realised gains before being able to earn an incentive fee going forward.

The Company also provides for a CGIF based on unrealised gains, calculated on the same basis as that of the fee on realised gains/losses. For the year ended 29 February 2016 a provision of $24,889,000 (2015: $9,439,000) has been included.

	Provision At	Provision At	Paid In Year	Charge to Income Statement
	29.2.2016	**28.2.2015**	**29.2.2016**	**29.2.2016**
	US$ '000	**US$ '000**	**US$ '000**	**US$ '000**
CGIF on unrealised investments	24,889	9,439	n/a	15,450
CGIF on realised investments	-	13,156	13,156	-
				15,450

	Provision At	Provision At	Paid In Year	Charge to Income Statement
	28.2.2015	**28.2.2014**	**28.2.2015**	**28.2.2015**
	US$ '000	**US$ '000**	**US$ '000**	**US$ '000**
CGIF on unrealised investments	9,439	3,503	n/a	5,936
CGIF on realised investments	13,156	3,115	3,125	13,166
				19,102

The Advisory Agreement may be terminated by the Company or the Investment Adviser upon not less than two and one-half years' (i.e. 913 days') prior notice (or such lesser period as may be agreed by the Company and Investment Adviser).

Custodian Fees
HSBC Bank (USA) N.A, (the "Custodian") was appointed on 12 May 2008 under a custodian agreement. The Custodian is entitled to receive an annual fee of $2,000 and a transaction fee of $50 per transaction. For the year ended 29 February 2016 total Custodian expenses of $73,000 (28 February 2015: $54,000) were included in the Statement of Comprehensive Income of which $14,000 (28 February 2015: $26,000) was outstanding at the year end and is included within Other Payables.

Auditors Remuneration
During the year ended 29 February 2016, the Company incurred fees for audit services of $230,000 (28 February 2015: $178,000). Fees are also payable to Ernst & Young for non-audit services (reporting accountant services, interim review and taxation services in relation to the Company's status as a Passive Foreign Investment Company).

	29.2.2016	28.2.2015
Audit fees	**US$ '000**	**US$ '000**
Audit fees - Invoiced in sterling 2016: £163,000 (2015: £115,000)	230	178
2015 - Under accrual	66	(66)
Disbursements payable to Ernst & Young	17	-
Total audit fees	313	112
Non-audit fees paid to Ernst & Young	**US$ '000**	**US$ '000**
Interim Review - Invoiced in sterling 2016: £28,000 (2015: £27,500)	42	43
Taxation services - 2015	60	-
Taxation services - 2014	35	25
Taxation services - 2013	-	35
Direct charge to expenses	137	103
Reporting Accountant services - Sterling 2016: £267,000 (2015: £41,000)	406[1]	64
Total non-audit fees	543	167

[(1)] Fees paid to Ernst & Young regarding the issue of Ordinary shares amount to $263,000 and are included within share issue costs which are debited to stated capital reserve. Fees paid of $143,000 regarding the rollover of ZDP shares are deducted from the cost and amortised to finance costs over the life of the shares.

11. Taxation

The company has been granted Guernsey tax exempt status in accordance with The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 (as amended) in exchange for a £1,200 annual fee.

For the year ended 29 February 2016 the Company provided for withholding tax of US$398,000 on a dividend received from an investment within the Company's US micro-cap 'co-investment' portfolio. For the year ended 28 February 2015 a provision for withholding tax of US$93,000 was made on a dividend received from an investment in a Listed Equity.

12. Investments

Categories of financial instruments	**Listed**	**Unlisted**	**Carrying Value**
	29.2.2016	**29.2.2016**	**29.2.2016**
	US$ '000	**US$ '000**	**US$ '000**
Fair value through profit or loss (FVTPL)	58,644	984,698	1,043,342
Loans and receivables	-	750	750
	58,644	985,448	1,044,092

	Listed	**Unlisted**	**Total**
	29.2.2016	**29.2.2016**	**29.2.2016**
	US$ '000	**US$ '000**	**US$ '000**
Book cost at 1 March 2015	57,321	775,225	832,546
Purchases in period	45,381	218,630	264,011
Capital calls during period	-	54,085	54,085
Payment in kind ("PIK")	-	17,146	17,146
Proceeds from investments realised	(36,037)	(203,610)	(239,647)
Net realised losses	(4,694)	(29,469)	(34,163)
Book cost at 29 February 2016	61,971	832,007	893,978
Unrealised (losses)/gains at 29 February 2016	(3,329)	142,492	139,163
Accrued interest at 29 February 2016	2	10,949	10,951
Carrying value at 29 February 2016	58,644	985,448	1,044,092

Comparative reconciliation for the Year ended 28 February 2015

Categories of financial instruments	**Listed**	**Unlisted**	**Carrying Value**
	28.2.2015	**28.2.2015**	**28.2.2015**
	US$ '000	**US$ '000**	**US$ '000**
Fair value through profit or loss (FVTPL)	52,953	835,998	888,951
Loans and receivables	-	1,000	1,000
	52,953	836,998	889,951

	Listed	**Unlisted**	**Total**
	28.2.2015	**28.2.2015**	**28.2.2015**
	US$ '000	**US$ '000**	**US$ '000**
Book cost at 1 March 2014[(1)]	100,380	653,149	753,529
Purchases in year	-	187,706	187,706
Capital calls during year	-	38,220	38,220
Payment in kind ("PIK")	-	25,783	25,783
Proceeds from investments realised	(58,047)	(153,806)	(211,853)
Net realised gains	14,988	24,173	39,161

Book cost at 28 February 2015[1]	57,321	775,225	832,546
Unrealised (losses)/gains at 28 February 2015	(4,451)	51,769	47,318
Accrued interest at 28 February 2015[1]	83	10,004	10,087
Carrying value at 28 February 2015[1]	52,953	836,998	889,951

The above book cost is the cost to JZCP equating to the transfer value as at 1 July 2008 upon the liquidation of JZEP and adjusted for subsequent transactions.

The cost of PIK investments is deemed to be interest not received in cash but settled by the issue of further securities when that interest has been recognised in the Statement of Comprehensive Income.

(28) *Comparative book cost/carrying value at 28 February 2015 and 28 February 2014 has been reduced by $3,875,000 and $3,290,000 respectively, due to the reclassification of deposits paid on behalf of JZCP Realty to 'Other Receivables' (note 13). Accrued interest at 28 February 2015 has been reduced by $495,000 due to the reclassification of interest due from JZCP Realty to 'Other receivables'. Purchases in prior year have also been adjusted to reflect the reclassification of deposits paid.*

Investment in Associates
An associate is an entity over which the Company has significant influence. An entity is regarded as a subsidiary only if the Company has control over its strategic, operating and financial policies and intends to hold the investment on a long-term basis for the purpose of securing a contribution to the Company's activities. The Company has elected for an exemption for 'equity accounting' for associates and instead classifies its associates as Investments at fair value through profit or loss.

Entity	**Place of incorporation**	**% Interest**	**29.2.2016 US$'000**	**28.2.2015 US$'000**
EuroMicrocap Fund 2010, L.P. ("EMC 2010")	*Cayman*	*75%*	46,918	204,019
EuroMicrocap Fund-C, L.P. ("EMC-C")	*Cayman*	*75%*	57,907	-
JZI Fund III GP, L.P. (has 18.75% partnership interest in JZI Fund III, L.P)	*Cayman*	*75%*	22,159	-
Spruceview Capital Partners, LLC	*Delaware*	*49%*	16,510	10,917
Orangewood Partners Platform LLC (Invests in K2 Towers and Peaceable Street Capital LLC)	*Delaware*	*79%*	25,750	-
Investments in associates at fair value			169,244	214,936

The principal activity of all the EuroMicrocap Fund 2010, L.P.,EuroMicrocap Fund-C,L.P. and Orangewood Partners Platform LLC is the acquisition of micro-cap companies. The principal activity of Spruceview Capital ,LLC is that of an asset management compnay. There are no significant restrictions on the ability of associates to transfer funds to the Company in the form of dividends or repayment of loans or advances.

The Company's maximum exposure to losses from the associates equates to the carrying value plus outstanding commitments being $46,918,000 for EuroMicrocap Fund 2010, L.P., $57,907,000 for EuroMicrocap-C, L.P., $82,605,000 for JZI Fund III GP, L.P.,$47,000,000 for Orangewood Partners Platform LLC and $29,846,000 for Spruceview Capital, LLC.

During February 2016 the investment in Factor Energia was transferred from EMC 2010 to EMC-C, the investment was transferred at fair value being $71,465,000 or €66,043,000.

During February 2016, JZCP completed the sale of its 75% interest in certain European micro-cap companies held by EMC 2010 to a major financial institution. Prior to the sale the investments were transferred to EuroMicrocap-B,L.P which facilitated the transfer of JZCP's 75% interest resulting in net proceeds of $81,048,000 and realising gains of $11,930,000. As a consequence of this transaction, €999,485 was paid in carry to a European affiliate of JZAI on the gain that JZCP realised in the transaction. As part of this agreement JZCP will also realise, post year end after regulatory approval is received, it 75% interest in another investment held by EMC 2010. Sale proceeds have been agreed at €21.1 million (approximately $23.1 million) with the Company receiving 8% interest on €21.1 million from 1 February 2016 to the date the sale is finalised.

Investment in Subsidiaries
The principal place of business for subsidiaries is the USA. The Company meets the definition of an Investment Entity in accordance with IFRS 10. Therefore, it does not consolidate its subsidiaries but rather recognises them as investments at fair value through profit or loss.

Entity	**Place of incorporation**	**% Interest**	**29.2.2016 US$'000**	**28.2.2015 US$'000**

JZCP Realty Fund Ltd	*Cayman*	*100%*	366,158	221,151
JZCP Bright Spruce, Ltd	*Cayman*	*100%*	45,940	50,113
JZBC, Inc. (Invests in Spruceview Capital Partners, LLC)	*Delaware*	*99%*	16,510	10,917
Investments in subsidiaries at fair value			428,608	282,181

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Company. The Company has no contractual commitments to provide any financial or other support to its unconsolidated subsidiaries.

JZCP Realty Fund, Ltd has a 100% interest in the following Delaware incorparated entities: JZCP Loan Metropolitan Corp, JZCP Loan 1 Corp, JZCP Loan Flatbush Portfolio Corp, JZCP Loan Flatbush Corp, JZCP Loan Fulton Corp, JZ REIT Fund Greenpoint, LLC, JZ REIT Fund Florida, LLC, JZCP Loan Florida Corp, JZCP Loan Design Corp and JZ REIT Fund Design LLC.

JZCP Realty Fund, Ltd has a 99% interest in the following Delaware incorparated entities: JZ REIT Fund Metropolitan, LLC, JZ REIT Fund 1, LLC, JZ REIT Fund Flatbush Portfolio, LLC, JZ REIT Fund Flatbush, LLC, JZ REIT Fund Fulton, LLC and JZCP Loan Greenpoint Corp.

JZCP Realty Fund, Ltd controls the following subsidiaries:

Entity	*Place of incorporation*	*% Interest*
JZ REIT Fund Metropolitan, LLC	*Delaware, USA*	*99%*
JZCP Loan Metropolitan Corp	*Delaware, USA*	*100%*
JZ REIT Fund 1, LLC	*Delaware, USA*	*99%*
JZCP Loan 1 Corp	*Delaware, USA*	*100%*
JZ REIT Fund Flatbush Portfolio, LLC	*Delaware, USA*	*99%*
JZCP Loan Flatbush Portfolio Corp	*Delaware, USA*	*100%*
JZ REIT Fund Flatbush, LLC	*Delaware, USA*	*99%*
JZCP Loan Flatbush Corp	*Delaware, USA*	*100%*
JZ REIT Fund Fulton, LLC	*Delaware, USA*	*99%*
JZCP Loan Fulton Corp	*Delaware, USA*	*100%*
JZCP Loan Greenpoint Corp	*Delaware, USA*	*99%*
JZ REIT Fund Greenpoint, LLC	*Delaware, USA*	*100%*
JZ REIT Fund Florida, LLC	*Delaware, USA*	*100%*
JZCP Loan Florida Corp	*Delaware, USA*	*100%*
JZCP Loan Design Corp	*Delaware, USA*	*100%*
JZ REIT Fund Design LLC	*Delaware, USA*	*100%*

13. Other Receivables

	29.2.2016	**28.2.2015**
	US$ '000	**US$ '000**
Deposits paid on behalf of JZCP Realty Fund	3,018	3,875
Accrued interest due from JZCP Realty Fund	495	495
Other receivables and prepayments	38	33
	3,551	4,403

14. Convertible Subordinated Unsecured Loan Stock ("CULS")

On 30 July 2014, JZCP issued £38,861,140 6% CULS. Holders of CULS may convert the whole or part (being an integral multiple of £10 in nominal amount) of their CULS into Ordinary Shares. Conversion Rights may be exercised at any time during the period from 30 September 2014 to 10 business days prior to the Maturity date being the 30 July 2021. The initial conversion price is £6.0373 per Ordinary Share, which shall be subject to adjustment to deal with certain events which would otherwise dilute the conversion of the CULS. These events include consolidation of Ordinary Shares, dividend payments made by the Company, issues of shares, rights, share-related securities and other securities by the Company and other events as detailed in the Prospectus.

CULS bear interest on their nominal amount at the rate of 6.00 per cent. per annum, payable semi-annually in arrears. During the year ended 29 February 2016: $3,497,000 (28 February 2015: $675,000) of interest was paid to holders of CULS and is shown as a finance cost in the Statement of Comprehensive Income. During the year ended 28 February 2015 the Company also incurred issue costs of $1,367,000 in relation to the issue of the CULS which were also charged to finance costs.

	29.2.2016	28.2.2015
	US$ '000	US$ '000
Issue of 3,886,114 CULS of £10 nominal value on 30 July 2014	-	65,696
Fair Value of CULS at 1 March	67,563	-
Unrealised movement in fair value of CULS	(1,501)	8,202
Unrealised currency gain to the Company on translation during the year/period	(6,489)	(6,335)
Fair Value of CULS based on offer price	59,573	67,563

15. Zero Dividend Preference ("ZDP") Shares

ZDP shares were issued on 22 June 2009 at a price of 215.80 pence and are designed to provide a pre-determined final capital entitlement of 369.84 pence on 22 June 2016 which ranks behind the Company's creditors but in priority to the capital entitlements of the Ordinary shares. The ZDP shares carry no entitlement to income and the whole of their return will therefore take the form of capital. The capital appreciation of approximately 8% per annum is calculated monthly. In certain circumstances, ZDP shares carry the right to vote at general meetings of the Company as detailed in the Company's Memorandum of Articles and Incorporation. Issue costs are deducted from the cost of the liability and allocated to the Statement of Comprehensive Income over the life of the ZDP shares.

On 1 October 2015, the Company rolled over 11,907,720 existing ZDP shares in to new ZDP shares with a 2022 maturity date. The new ZDP shares have a gross redemption yield of 4.75% and a total redemption value of £57,598,000 (approximately $87,246,000 using the exchange rate on date of rollover). Remaining 8,799,421 existing ZDP shares will be redeemed on 22 June 2016 the total redemption value being £32,870,000. The redemption value of £32,870,000 includes a 1% premium agreed as part of the terms of the rollover, the premium is treated as an issue cost of the 2022 ZDPs and is accounted for accordingly.

ZDP (2016) Shares

	29.2.2016	28.2.2015
	US$ '000	US$ '000
ZDP shares issued 22 June 2009		
Amortised cost at 1 March	106,813	107,201
Finance costs allocated to Statement of Comprehensive Income	6,459	8,390
Rollover - to ZDP (2022) shares	(63,085)	-
Unrealised currency gain to the Company on translation during the year	(5,970)	(8,778)
Amortised cost at year end	44,217	106,813
Total number of ZDP (2016) shares in issue	8,799,421	20,707,141

ZDP (2022) Shares

	29.2.2016	28.2.2015
	US$ '000	US$ '000
ZDP shares issued 1 October 2015		
Rollover - from ZDP (2016) shares	63,085	-
Issue costs	(1,997)	-
Amortised cost at 1 October 2015	61,088	-
Finance costs allocated to Statement of Comprehensive Income	1,296	-
Unrealised currency gain to the Company on translation during the year	(4,984)	-
Amortised cost at year end	57,400	-
Total number of ZDP (2022) shares in issue	11,907,720	-

16. Loans Payable

	29.2.2016	28.2.2015

	US$ '000	US$ '000
Guggenheim Partners Limited	97,011	-
Jefferies Finance, LLC	-	50,154
Deutsche Bank	-	39,960
	97,011	90,114

Guggenheim Partners Limited
On 12 June 2015, JZCP entered in to a loan agreement with Guggenheim Partners Limited. The agreement was structured so that part of the proceeds (€18 million) were received and will be repaid in Euros and the remainder of the facility received in US dollars ($80 million).

The loan matures on 12 June 2021 (6 year term) and interest is payable at 5.75% + LIBOR[1]. There is an interest rate floor that stipulates LIBOR will not be lower than 1%. Under IFRS an interest rate floor that is initially in the money meets the criteria of an embedded derivative which is not closely related to the host contract and should therefore be separated from the host loan contract and measured at fair value. However, in this agreement, the presence of the floor does not significantly alter the amortised cost of the instrument to be deemed to be not closely related, therefore separation is not required and the loan is valued at amortised cost using the effective interest rate method.

At 29 February 2016, investments valued at $602,780,000 were held as collateral on the loan. A covenant on the loan states the fair value of the collateral must be 4x the loan value and the cost of collateral must be at least 57.5% of total assets. The Company is also required to hold a minimum cash balance of $15 million plus 50% of interest on any new debt. At 29 February 2016 and throughout the year, the Company was in full compliance with covenant terms.

There is an early repayment charge of 2% of the total loan if repaid in year 1 and 1% in year 2.

	29.2.2016	28.2.2015
	US$ '000	US$ '000
Proceeds - 12 June 2015 (US$ drawdown)	80,000	-
Proceeds - 12 June 2015 (Euro draw down €18 million)	20,283	
Issue costs	(4,033)	-
Finance costs charged to Statement of Comprehensive Income	5,298	-
Interest paid	(3,825)	-
Unrealised currency gain on translation of Euro drawdown	(712)	-
Amortised cost at year end	97,011	-
Amortised cost (US$ drawdown)	77,916	-
Amortised cost (Euro drawdown)	19,095	-
	97,011	-

[1] LIBOR rates applied are the US dollar 3 month rate ($80 million) and the Euro 3 month rate (€18 million).

Deutsche Bank
At 29 February 2016, JZCP had a loan facility with Deutsche Bank allowing the Company to draw down a total of $51.5 million. As at 29 February 2016, the loan outstanding was $nil (28 February 2015: $40.0 million) and the full amount was available to draw down. The loan is secured by the Company's investment in corporate bonds and UK gilts, the total value of assets held as collateral at 29 February 2016 was $58.6 million. The interest rate is charged at US 30 day LIBOR + 75 basis points. The repayment terms of the loan facility are dependant on the investments held as security.

Jefferies Finance, LLC
On 16 June 2014, JZCP entered in to a $50.0 million loan agreement with Jefferies Finance, LLC. Proceeds of $49.0 million were received after deduction of a 2% original issue discount. Loan interest was payable at 7%, after allowing for transaction costs and the initial discount the effective interest rate applied was 9.8%. The loan was repaid on 12 June 2015.

	29.2.2016	28.2.2015
	US$ '000	US$ '000
Proceeds - 16 June 2014	-	49,000
Amortised cost at 1 March	50,154	-
Issue costs	-	(295)
Finance costs charged to Statement of Comprehensive Income	1,431	3,374

Interest paid	(1,585)	(1,925)
Repaid - 12 June 2015	(50,000)	-
	-	50,154

The carrying value of the loans approximates to fair value and would be designated as level 3 in the fair value hierarchy.

17. Other Payables

	29.2.2016 US$ '000	28.2.2015 US$ '000
Provision for tax on dividends received not withheld at source	1,401	1,004
ZDP issue costs	486	-
Legal fees	250	250
Directors' remuneration	80	63
Other expenses	389	314
	2,606	1,631

18. Stated Capital

Authorised Capital
Unlimited number of ordinary shares of no par value.

Ordinary shares - Issued Capital

	29.2.2016 Number of shares	28.2.2015 Number of shares
Total Ordinary shares in issue	**83,907,516**	**65,018,607**

The Company's shares trade on the London Stock Exchange's Specialist Fund Market. The Company's shares were also quoted on the Channel Islands Securities Exchange (listing was cancelled from 22 December 2014).

On 30 September 2015 a placing and open offer of Ordinary shares resulted in a further 18,888,909 Ordinary shares being issued at £4.1919 per share.

The Ordinary shares carry a right to receive the profits of the Company available for distribution by dividend and resolved to be distributed by way of dividend to be made at such time as determined by the Directors.

In addition to receiving the income distributed, the Ordinary shares are entitled to the net assets of the Company on a winding up, after all liabilities have been settled and the entitlement of the ZDP shares have been met. In addition, holders of Ordinary shares will be entitled on a winding up to receive any accumulated but unpaid revenue reserves of the Company, subject to all creditors having been paid out in full but in priority to the entitlements of the ZDP shares. Any distribution of revenue reserves on a winding up is currently expected to be made by way of a final special dividend prior to the Company's eventual liquidation.

Holders of Ordinary shares have the rights to receive notice of, to attend and to vote at all general meetings of the Company.

Capital raised on issue of new shares
Subsequent amounts raised by the issue of new shares, net of issue costs, are credited to the stated capital account.

Stated capital account

	29.2.2016 US$ '000	28.2.2015 US$ '000
At 1 March	149,269	149,269
Issue of Ordinary shares	119,939	-
Issue costs	(3,523)	-
At year end	265,685	149,269

19. Capital Management

The Company's capital is represented by the Ordinary shares, ZDP shares and CULS.

As a result of the ability to issue, repurchase and resell shares, the capital of the Company can vary. The Company is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of its shares.

The Company's objectives for managing capital are:
- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus.
- To achieve consistent returns while safeguarding capital by investing in a diversified portfolio.
- To maintain sufficient liquidity to meet the expenses of the Company.
- To maintain sufficient size to make the operation of the Company cost-efficient.

The Company continues to keep under review opportunities to buy back Ordinary or ZDP shares.

During the year as detailed in notes15 and 18 the Company considered the raising of capital via the issue of Ordinary shares and the rollover of ZDP shares would be beneficial for the Company in meeting its investment objectives and ongoing debt obligations.

The Company's policy is to distribute approximately 3% of the Company's net assets in the form of dividends to Shareholders, in semi-annual instalments.

The Company monitors capital by analysing the NAV per share over time and tracking the discount to the Company's share price. It also monitors the performance of the existing investments to identify opportunities for exiting at a reasonable return to the shareholders.

20. Reserves

Capital raised on formation of Company

The Royal Court of Guernsey granted that on the admission of the Company's shares to the Official List and to trading on the London Stock Exchange's market, the amount credited to the share premium account of the Company immediately following the admission of such shares be cancelled and any surplus thereby created accrue to the Company's distributable reserves to be used for all purposes permitted by The Companies (Guernsey) Law, 2008, including the purchase of shares and the payment of dividends.

Summary of reserves attributable to Ordinary shareholders

	29.2.2016 US$ '000	28.2.2015 US$ '000
Stated capital account	265,685	149,269
Distributable reserve	353,528	353,528
Capital reserve	156,786	115,196
Revenue reserve	75,740	87,517
	851,739	705,510

Distributable reserve

There was no movement in the Company's distributable reserve for the years ended 29 February 2016 and 28 February 2015.

Subject to satisfaction of the solvency test, all of the Company's capital and reserves are distributable in accordance with The Companies (Guernsey) Law, 2008.

Capital reserve

All surpluses arising from the realisation or revaluation of investments and all other capital profits and accretions of capital are credited to the Capital reserve. Any loss arising from the realisation or revaluation of investments or any expense, loss or liability classified as capital in nature may be debited to the Capital reserve.

	Realised 29.2.2016 US$ '000	Unrealised 29.2.2016 US$ '000	Total 29.2.2016 US$ '000
At 1 March 2015	104,657	10,539	115,196
Net gains on investments	(34,163)	91,845	57,682
Net (losses)/gains on foreign currency exchange	(3,213)	11,269	8,056
Realised gains on investments held in escrow accounts	1,534	-	1,534
Expenses charged to capital	-	(15,450)	(15,450)
Net gain on CULS	-	7,990	7,990
Finance costs	(9,255)	(8,967)	(18,222)
At 29 February 2016	59,560	97,226	156,786

	Realised 28.2.2015 US$ '000	Unrealised 28.2.2015 US$ '000	Total 28.2.2015 US$ '000
At 1 March 2014	85,910	(9,122)	76,788
Net gains on investments	39,161	21,504	60,665
Net (losses)/gains on foreign currency exchange	(2,290)	8,068	5,778
Realised gains on investments held in escrow accounts	6,924	-	6,924
Expenses charged to capital	(25,048)	5,946	(19,102)
Net loss on CULS	-	(1,867)	(1,867)
Finance costs	-	(13,990)	(13,990)
At 29 February 2015	104,657	10,539	115,196

Revenue reserve

	29.2.2016 US$ '000	28.2.2015 US$ '000
At 1 March	87,517	86,871
Profit for the year attributable to revenue	10,004	20,802
Dividend paid	(21,781)	(20,156)
At year end	75,740	87,517

21. Financial Instruments

Strategy in Using Financial Instruments

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Categories of Financial Instruments	29.2.2016 US$ '000	28.2.2015 US$ '000
Financial assets		
US micro-cap investments	386,173	297,340
European micro-cap investments	168,797	245,884
Real estate investments	366,158	216,781
Other investments	64,320	76,993
UK treasury gilt and corporate bond	58,644	52,953
Cash and cash equivalents	91,937	101,323
Other receivables	3,551	4,403
Total assets	1,139,580	995,677
Financial liabilities		
Fair value through profit or loss (FVTPL)		
CULS	(59,573)	(67,563)
Valued at amortised cost		
Loans payable	(97,011)	(90,114)
ZDP shares (2022)	(57,400)	-
ZDP shares (2016)	(44,217)	(106,813)
Trade payables	(29,640)	(25,677)
Total liabilities	(287,841)	(290,167)

The Company has the power to borrow money under the Articles and may employ gearing to enhance investment returns. Under the Articles, the Company may borrow up to 100 per cent. of net assets.

22. Financial Risk Management Objectives and Policies

Introduction
The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

Risk management structure
The Company's Investment Adviser is responsible for identifying and controlling risks. The Directors supervise the Investment Adviser and are ultimately responsible for the overall risk management approach within the Company.

Risk mitigation
The Company's prospectus sets out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Company may use derivatives and other instruments for trading purposes and in connection with its risk management activities.

Market risk
Market risk is defined as "the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in variables such as equity price, interest rate and foreign currency rate".

The Company's investments are subject to normal market fluctuations and there can be no assurance that no depreciation in the value of those investments will occur. There can be no guarantee that any realisation of an investment will be on a basis which necessarily reflects the Company's valuation of that investment for the purposes of calculating the NAV of the Company.

Changes in industry conditions, competition, political and diplomatic events, tax, environmental and other laws and other factors, whether affecting the United States alone or other countries and regions more widely, can substantially and either adversely or favourably affect the value of the securities in which the Company invests and, therefore, the Company's performance and prospects.

The Company's market price risk is managed through diversification of the investment portfolio across various sectors. The Investment Adviser considers each investment purchase to ensure that an acquisition will enable the Company to continue to have an appropriate spread of market risk and that an appropriate risk/reward profile is maintained.

Equity price risk
Equity price risk is the risk of unfavourable changes in the fair values of equity investments as a result of changes in the value of individual shares. The equity price risk exposure arose from the Company's investments in equity securities.

The Company does not generally invest in liquid equity investments and the previous portfolio of listed equity investments resulted from the successful flotation of unlisted investments.

For unlisted equity and non-equity shares the market risk is deemed to be inherent in the appropriate valuation methodology (earnings, multiples, capitalisation rates etc). The impact on fair value and subsequent profit or loss, due to movements in these variables, is set out in note 5.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. It has not been the Company's policy to use derivative instruments to mitigate interest rate risk, as the Investment Adviser believes that the effectiveness of such instruments does not justify the costs involved.

The table below summarises the Company's exposure to interest rate risks:

	Interest bearing		Non interest	
	Fixed rate	**Floating rate**	**bearing**	**Total**
	29.2.2016	**29.2.2016**	**29.2.2016**	**29.2.2016**
	US$ '000	**US$ '000**	**US$ '000**	**US$ '000**
Investments at FVTPL	312,563	-	730,779	1,043,342
Loans and receivables	750	-	-	750
Other receivables and prepayments	-	-	3,551	3,551
Cash at bank	-	91,937	-	91,937
Loans payable	-	(97,011)	-	(97,011)
ZDP shares (2022)	(57,400)	-	-	(57,400)
ZDP shares (2016)	(44,217)	-	-	(44,217)
CULS	(59,573)	-	-	(59,573)
Other payables	-	-	(29,640)	(29,640)

	152,123	(5,074)	704,690	851,739

The table below summarises the Company's exposure to interest rate risks:

	Interest bearing		**Non interest**	
	Fixed rate	**Floating rate**	**bearing**	**Total**
	28.2.2015	**28.2.2015**	**28.2.2015**	**28.2.2015**
	US$ '000	**US$ '000**	**US$ '000**	**US$ '000**
Investments at FVTPL	305,145	-	583,806	888,951
Loans and receivables	1,000	-	-	1,000
Other receivables	-	-	4,403	4,403
Cash and cash equivalents	-	101,323	-	101,323
Loans payable	(50,154)	(39,960)	-	(90,114)
ZDP shares (2016)	(106,813)	-	-	(106,813)
CULS	(67,563)	-	-	(67,563)
Other payables	-	-	(25,677)	(25,677)
Total net assets	81,615	61,363	562,532	705,510

The following table analyses the Company's exposure in terms of the interest bearing assets and liabilities maturity dates.

As at 29 February 2016

	0-3 months	4-12 months	1 - 3 years	3 -5 years	> 5 years	No maturity date	Total
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Investments at FVTPL	51,371	13,036	50,291	3,050	3,658	191,157	312,563
Loans and receivables	-	750	-	-	-	-	750
Cash and cash equivalents	-	-	-	-	-	91,937	91,937
Loans payable	-	-	-	-	(97,011)	-	(97,011)
ZDP shares (2022)	-	-	-	-	(57,400)	-	(57,400)
ZDP shares (2016)	-	(44,217)	-	-	-	-	(44,217)
CULS	-	-	-	-	(59,573)	-	(59,573)
	51,371	(30,431)	50,291	3,050	(210,326)	283,094	147,049

As at 28 February 2015

	0-3 months	4-12 months	1 - 3 years	3 -5 years	> 5 years	No maturity date	Total
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Investments at FVTPL	-	7,865	98,856	38,135	6,851	153,438	305,145
Loans and receivables	-	-	1,000		-	-	1,000
Cash and cash equivalents	-	-	-	-	-	101,323	101,323
Loans payable	-	(50,154)	(39,960)	-	-	-	(90,114)
ZDP shares (2016)	-	-	(42,289)	-	-	-	(106,813)
CULS	-	-	-	-	(67,563)	-	(67,563)
	-	(42,289)	(46,917)	38,135	(60,712)	254,761	142,978

The income receivable by the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. However, whilst the income received from fixed rate securities is unaffected by changes in interest rates, the investments are subject to risk in the movement of fair value. The Investment Adviser considers the risk in the movement of fair value as a result of changes in the market interest rate for fixed rate securities to be insignificant, hence no sensitivity analysis is provided.

The Company values the CULS issued at fair value, being the quoted offer price. As the stock has a fixed interest rate of 6% an increase/decrease of prevailing interest rates will potentially have an affect on the demand for the CULS and subsequent fair value. Other factors such as the Company's ordinary share price and credit rating will also determine the quoted offer price. The overall risk to the Company due to the impact of interest rate changes to the CULs' fair value is deemed immaterial. Therefore no sensitivity analysis is presented.

During the year the Company realised its remaining investment in bank lien debt. The market values of these floating rate instruments were influenced by factors such as the performance of the issuer and bank liquidity and not by a change in prevailing interest rates. Investment income received was sensitive to the prevailing 3 month floating LIBOR rate.

Of the money held on deposit, $91,937,000 (28 February 2015: $101,323,000) earns interest at variable rates and the income may rise and fall depending on changes to interest rates.

The Investment Adviser monitors the Company's overall interest sensitivity on a regular basis by reference to prevailing interest rates and the level of the Company's cash balances. The Company has not used derivatives to mitigate the impact of changes in interest rates.

The table below demonstrates the sensitivity of the Company's profit/(loss) for the year to a reasonably possible change in interest rates. The Company has cash at bank and loans payable for which interest receivable and payable are sensitive to a fluctuation to rates. The below sensitivity analysis assumes year end balances and interest rates are constant through the year.

	Interest Receivable		**Interest Payable**	
Change in basis points increase/decrease	**29.2.2016 US$ '000**	**28.2.2015 US$ '000**	**29.2.2016 US$ '000**	**28.2.2015 US$ '000**
+100/-100	919/(129)	179/(179)	(485)/nil	N/A
+300/-300	2,758/(129)	537/(537)	(2,425)/nil	N/A

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Changes in exchange rates are considered to impact the fair value of the Company's investments denominated in Euros and Sterling. However, under IFRS the foreign currency risk on these investments is deemed to be part of the market price risk associated with such holding such non-monetary investments. As the information relating to the non-monetary investments is significant, the Company also provides the total exposure and sensitivity changes on non-monetary investments on a voluntary basis.

The following table sets out the Company's exposure by currency to foreign currency risk.

Exposure to Monetary Assets and Liabilities

	US dollar 29.2.2016 US$ '000	**Euro 29.2.2016 US$ '000**	**Sterling 29.2.2016 US$ '000**	**Total 29.2.2016 US$ '000**	**US dollar 28.2.2015 US$ '000**	**Euro 28.2.2015 US$ '000**	**Sterling 28.2.2015 US$ '000**	**Total 28.2.2015 US$ '000**
Assets								
Cash at Bank	56,313	30,024	5,600	91,937	98,724	15	2,584	101,323
Other Receivables	3,513	-	38	3,551	4,370	-	33	4,403
Liabilities								
CULS	-	-	(59,573)	(59,573)	-	-	(67,563)	(67,563)
ZDP (2022) shares	-	-	(57,400)	(57,400)	-	-	-	-
ZDP (2016) shares	-	-	(44,217)	(44,217)	-	-	(106,813)	(106,813)
Loans payable	(77,916)	(19,095)	-	(97,011)	(90,114)	-	-	(90,114)
Other payables	(22,404)	-	(727)	(29,640)	(25,677)	-	-	(25,677)
Net Currency Exposure	N/A	10,929	(156,279)	(192,353)	N/A	15	(171,759)	(184,441)

The sensitivity analysis for monetary and non-monetary net assets calculates the effect of a reasonably possible movement of the currency rate against the US dollar on an increase or decrease in net assets attributable to shareholders with all other variables held constant. An equivalent decrease in each of the aforementioned currencies against the US dollar would have resulted in an equivalent but opposite impact.

Currency	Change in Currency Rate	Effect on net assets attributable to shareholders (relates to monetary financial assets and liabilities) 29.2.2016 US$ '000	28.2.2015 US$ '000
Euro	+10%	1,093	2
GBP	+10%	(15,628)	(17,176)

Exposure to Non-Monetary Assets

	US dollar 29.2.2016 US$ '000	Euro 29.2.2016 US$ '000	Sterling 29.2.2016 US$ '000	Total 29.2.2016 US$ '000	US dollar 28.2.2015 US$ '000	Euro 28.2.2015 US$ '000	Sterling 28.2.2015 US$ '000	Total 28.2.2015 US$ '000
Financial assets at FVTPL	815,801	154,869	72,672	1,043,342	590,114	233,768	65,069	888,951
Loans and receivables	750	-	-	750	1,000	-	-	1,000
Net Currency Exposure	N/A	154,869	72,672	1,044,092	N/A	233,768	65,069	889,951

Currency	Change in Currency Rate	Effect on net assets attributable to shareholders (relates to non-monetary financial assets) 29.2.2016 US$ '000	28.2.2015 US$ '000
Euro	+10%	15,487	23,377
GBP	+10%	7,267	6,507

Credit risk

The Company takes on exposures to credit risk, which is the risk that a counterparty to a financial instrument will cause a financial loss to the Company by failing to discharge an obligation. These credit exposures exist within investments classified as FVTPL, debt investments, loans and receivables and cash & cash equivalents.

They may arise, for example, from a decline in the financial condition of a counterparty or from entering into derivative contracts under which counterparties have obligations to make payments to the Company. As the Company's credit exposure increases, it could have an adverse effect on the Company's business and profitability if material unexpected credit losses were to occur.

In the event of any default on the Company's loan investments by a counterparty, the Company will bear a risk of loss of principal and accrued interest of the investment, which could have a material adverse effect on the Company's income and ability to meet financial obligations.

In accordance with the Company's policy, the Investment Adviser monitors the Company's exposure to credit risk on a regular basis, by reviewing the financial statements, budgets and forecasts of underlying investee companies.

The table below analyses the Company's maximum exposure to credit risk. The maximum exposure is shown gross at the reporting date.

	Total 29.2.2016 US$ '000	Total 28.2.2015 US$ '000
US micro-cap debt	386,173	297,340
European micro-cap debt	168,797	245,884
Real estate	369,671	221,151
Other investments	65,070	2,955
Corporate bond	13,036	13,473
Cash and cash equivalents	91,937	101,323
Bank debt	-	10,452
	1,094,684	892,578

A proportion of micro-cap and mezzanine debt held does not entitle the Company to interest payment in cash. This interest is capitalised (PIK) and as a result has substantial credit risk as there is no return to the Company until the loan plus all the interest, is repaid in full. During the year ended 29 February 2016, the Company was entitled to $11,739,000 of PIK interest from debt investments of which $5,296,635 was recognised as income in the Statement of Comprehensive Income in line with the Company's policy of recognising interest in proportion to the carrying value versus cost.

An impairment review is performed by the Investment Adviser on investments classified as loans and receivables on a quarterly basis. At 29 February 2016, the Company held one Mezzanine investment which comprised a debt element, the debt at year end is valued at $750,000 an impairment of $2,107,000 on the original cost of $2,857,000.

Mezzanine investments typically have no or a limited trading market and therefore such investments will be illiquid, and as such the Company's ability to sell them in the short term may be limited. There is no collateral held in respect of Mezzanine debt forming the loans and receivables.

The following table analyses the concentration of credit risk in the Company's debt portfolio by industrial distribution.

	29.2.2016 US$ '000	28.2.2015 US$ '000
Financial General	30%	24%
Private Security	18%	13%
Healthcare Services & Equipment	13%	25%
Industrial Engineering	10%	8%
Support Services	7%	8%
House, Leisure & Personal Goods	6%	4%
Logistics	6%	6%
Water Treatment / Infrastructure	3%	0%
Document Processing	3%	2%
Telecom	3%	2%
Construction & Materials	1%	0%
Electronic & Electrical Equipment	0%	8%
	100%	100%

The table below analyses the Company's cash and cash equivalents by rating agency category.

Credit ratings

	Standard & Poor's Outlook	Fitch LT Issuer Default Rating	29.2.2016 US$ '000	28.2.2015 US$ '000
HSBC Bank USA NA	Stable (2015: Negative)	AA- (2015: AA-)	91,332	101,093
Deutsche Bank	Stable (2015: Negative)	A- (2015: A+)	543	114
Northern Trust (Guernsey) Limited	Stable (2015: Stable)	AA- (2015: AA-)	62	116
			91,937	101,323

Bankruptcy or insolvency of the Banks may cause the Company's rights with respect to these assets to be delayed or limited. The Investment Adviser monitors risk by reviewing the credit rating of the Bank. If credit quality deteriorates, the Investment Adviser may move the holdings to another bank.

Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. There has been no change during the year in the Company's processes and arrangements for managing liquidity.

Many of the Company's investments are private equity, mezzanine loans and other unlisted investments. By their nature, these investments will generally be of a long term and illiquid nature and there may be no readily available market for sale of these investments. None of the Company's assets/liabilities are subject to special arrangement due to their illiquid nature.

The Company has capital requirements to repay ZDP shareholders in 2016 and 2022, CULS in 2021 and a debt facility also in 2021. The Company has outstanding investment commitments at the year end of $115,125,000 (2015: $18,499,000) see Note 23.

The Company manages liquidity risk and the ability to meet it's obligations by monitoring current and expected cash balances from forecasted investment activity.

The table below analyses the Company's financial liabilities into relevant maturity groups based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are discounted to the net present value of the future cash outflows.

At 29 February 2016	Less than 1 year US$ '000	1-3 years US$ '000	3-5 years US$ '000	>5 years US$ '000	No stated maturity US$ '000
CULS	3,065	5,620	5,002	41,683	-
ZDP (2022) shares	-	-	-	64,527	-
ZDP (2016) shares	45,808	-	-	-	-
Loans payable	6,295	11,421	10,022	72,748	-
Other payables	29,640	-	-	-	-
	85,819	18,749	16,375	166,036	-

At 28 February 2015	Less than 1 year US$ '000	1-3 years US$ '000	3-5 years US$ '000	>5 years US$ '000	No stated maturity US$ '000
CULS	-	-	-	60,056	-
ZDP (2016) shares	-	118,352	-	-	-
Loans payable	90,114	-	-	-	-
Other payables	25,677	-	-	-	-
	115,791	118,352	-	60,056	-

23. Commitments

At 29 February 2016 and 28 February 2015 JZCP had the following financial commitments outstanding in relation to fund investments:

	29.2.2016 US$ '000	28.2.2015 US$ '000
JZI Fund III GP, L.P.	60,446	-
Peaceable Street Capital, LLC	21,250	-
Spruceview Capital Partners, LLC	13,336	4,083
Tech Industries	12,745	-
Suzo Happ Group	4,491	4,491
BSM Engenharia S.A.	2,085	2,085
Igloo Products Corp	772	773
EuroMicrocap Fund 2010, L.P.	-	7,067
	115,125	18,499

24. Related Party Transactions

JZCP invests in European micro-cap companies via the EuroMicrocap Fund 2010, L.P. ("EMC 2010"), EuroMicrocap Fund-C, L.P. ("EMCC") and JZI Fund III, L.P. ("Fund III"). EMC 2010, EMCC and Fund III are managed by affiliates of JZAI, JZCP's investment manager. JZAI was founded by David Zalaznick and Jay Jordan. At 29 February 2016, JZCP's investments in EMC 2010 were valued at $46,918,000 (28 February 2015: $204,019,000), EMCC at $57,907,000 and Fund III at $22,159,000.

During September 2015 investments in Petrocorner, Fincontinuo and S.A.C were transferred from EMC 2010 to Fund III, at their fair value being $31,286,000 or €28,030,000. JZCP also transferred a direct investment in S.A.C to Fund III, at fair value being €5,000,000 plus accrued interest and a 8% cost to carry.

During September 2015, the Company increased its commitment in Spruceview Capital Partners, LLC by $15 million. JZCP invests in Spruceview Capital Partners, LLC on a 50:50 basis with John (Jay) W. Jordan II and David W. Zalaznick (or their respective affiliates). This increase in the amount of funding in Spruceview Capital Partners, LLC was considered a related party transaction and was approved by ordinary shareholders.

During February 2016 the investment in Factor Energia was transferred from EMC 2010 to EMC-C, the investment was transferred at fair value being $71,465,000 or €66,043,000.

During February 2016, JZCP completed the sale of its Limited Partner interest in certain European micro-cap companies (held through EMC 2010). As a consequence of this transaction, an incentive fee became payable to an affiliate of JZAI (disclosed in Note 12).

JZCP has co-invested with Fund A, Fund A Parallel I, II and III Limited Partnerships in a number of US micro cap buyouts. These Limited Partnerships are managed by JZAI. JZCP invested in a ratio of 82%/18% with the Fund A entities. At 29 February 2016, the total value of JZCP's investment in these co-investments was $324,848,000 (28 February 2015: $280,635,000). Fund A, Fund A Parallel I, II and III Limited Partnerships are no longer making platform investments alongside JZCP.

JZAI a US based company, provides advisory services to the board of Directors of the Company in exchange for management fees, paid quarterly. Fees paid by the Company to the Investment Adviser are detailed in Note 10.

During June 2015, the Company received shareholder approval to invest up to $75 million in "New JI Platform Companies". The platform companies are being established to invest primarily in buyouts and build-ups of companies and in growth company platforms in the US micro-cap market, primarily healthcare equipment companies. These platform companies will be managed by JZAI. At 29 February 2016, JZCP had invested $18.0 million in Jordan Healthcare Products, LLC.

Directors remumeration is detailed is disclosed in Note 10.

During the year ended 29 February 2016, the Company retained Ashurst LLP, a UK based law firm. David Macfarlane was a former Senior Corporate Partner at Ashurst until 2002.

25. Basic and Diluted Earnings Per Share

Basic and diluted earnings per share are calculated by dividing the earnings for the period by the weighted average number of Ordinary shares outstanding during the period.

The weighted average number of Ordinary shares outstanding has been calculated as follows:

	Number of Ordinary shares	
	29.2.2016	**28.2.2015**
Qualifying shares at beginning of the year	65,018,607	65,018,607
Ordinary shares issued during year (18,888,909) adjusted for time apportionment	7,896,183	-
	72,914,790	65,018,607

The weighted average of Ordinary shares is based on the average number of Ordinary shares in issue during the year. On 30 September 2015 a placing and open offer of Ordinary shares resulted in 18,888,909 Ordinary shares being issued at the price of £4.1919.

The diluted earnings per share is calculated by adjusting the earnings and weighted average number of shares for the effects of potential dilutive Ordinary shares being the Convertible Unsecured Loan Stock ("CULS"). Earnings for the year ended 29 February 2016 have been adjusted by the fair value gain/(loss) on CULS $7,990,000 (2015: loss of $1,867,000) and adjusted by finance costs incurred of $3,497,000 (2015: $2,042,000). The number of Ordinary shares used as the denominator includes an additional 6,436,841 (2015: 3,686,384) being the weighted average of Ordinary shares that potentially could be converted. For the year ended 28 February 2015, the effect of the issue of the CULS was anti-dilutive to the total earnings per share, therefore the comparative diluted earnings per share equates to the basic earnings per share.

26. Controlling Party

The issued shares of the Company are owned by a number of parties, and therefore, in the opinion of the Directors, there is no ultimate controlling party of the Company, as defined by IAS 24 - Related Party Disclosures.

27. Net Asset Value Per Share

The net asset value per Ordinary share of US$10.15 (28 February 2015: US$10.85) is based on the net assets at the year end of US$851,739,000 (28 February 2015: US$705,510,000) and on 83,907,516 (28 February 2015: 65,018,607) Ordinary shares, being the number of Ordinary shares in issue at the year end.

28. Contingent Assets

a) Amounts held in escrow accounts
Investments have been disposed by the Company, of which the consideration received included contractual terms requiring that a percentage was held in an escrow account pending resolution of any indemnifiable claims that may arise. At 29 February 2016 and 28 February 2015 the Company has assessed that the likelihood of the recovery of these escrow accounts can not be determined and has therefore recognised the escrow accounts as a contingent asset.

As at 29 February 2016 and 28 February 2015, the Company had the following contingent assets held in escrow accounts which had not been recognised as assets of the Company:

Company	Amount in Escrow	
	29.2.2016	**28.2.2015**
	US$'000	**US$'000**
Dental Holdings Corporation	2,776	2,809
Galson Laboratories	475	1,213
Amptek, Inc.	1,129	1,386
ETX Holdings, Inc.	118	157
Petco Animal Supplies, Inc.	39	-
H&S (BG Holdings)	10	10
	4,547	5,575

During the year ended 28 February 2016 proceeds of $1,534,000 (28 February 2015: $6,924,000) were realised during the year and recorded in the Statement of Comprehensive Income.

	Year Ended	**Year Ended**
	29.2.2016	**28.2.2015**
	US$'000	**US$'000**
Escrows at 1 March	5,575	4,893
Escrows added on realisation of investments	39	5,408
Additional escrows recognised in year not reflected in opening position	467	3,041
Escrows recognised in opening position and written off in year	-	(843)
Escrow receipts during the year	(1,534)	(6,924)
Escrows at year end	4,547	5,575

29. Notes to the Statement of Cash Flows

Reconciliation of the profit for the year to net cash from operating activities

	Year Ended	**Year Ended**
	29.2.2016	**28.2.2015**
	US$ '000	**US$ '000**
Profit for the year	51,594	59,210
(Increase)/decrease in other receivables and prepayments	(5)	484
Increase/(decrease) in other payables	975	(872)
(Decrease)/increase in amount owed to Investment Adviser	2,988	13,790
Payment for Real Estate deposits	(3,018)	(3,875)
Net Gains on Investments	(55,088)	(60,674)
Net impairments on loans and receivables	(2,594)	121
Net unrealised foreign currency exchange gains	(11,269)	(8,191)
Unrealised (profit)/loss on CULS valued at fair value	(7,990)	1,867
Increase in accrued interest on investments and adjustment for interest received as PIK	(18,010)	(26,744)
Finance costs	18,222	13,990
Net cash outflow from operating activities	(24,195)	(10,894)

Investment income received during the year	**Year Ended**	**Year Ended**

	29.2.2015 US$ '000	US$ '000 US$ '000
Interest on investments	7,808	8,302
Dividends from private investment	1,326	-
Dividends from listed investments	647	311
Bank interest	92	53
	9,873	8,666

Purchases and sales of investments are considered to be operating activities of the Company, given its purpose, rather than investing activities. The cash flows arising from these activities are shown in the Statement of Cash Flows.

30. Dividends Paid and Proposed

In accordance with the dividend policy, the Company will distribute approximately 3% of the Company's net assets in the form of dividends paid in US dollars (Shareholders can elect to receive dividends in Sterling), in semi-annual instalments.

A second interim dividend of 15 cents per Ordinary share (total $12,586,000) was declared by the board on 11 May 2016.

An interim dividend of 16 cents per Ordinary share (total $10,403,000) was declared by the board on 27 October 2015.

For the year ended 28 February 2015, a second interim dividend of 17.5 cents per Ordinary share (total $11,378,000) was paid on 12 June 2015.

31. Financial highlights

The following table presents performance information derived from the financial statements.

	29.2.2016 US$	28.2.2015 US$
Net asset value per share at the beginning of the year	10.85	10.25
Performance during the year (per share):		
Net investment income	0.17	0.41
Incentive fee	(0.20)	(0.29)
Net realised and unrealised gains	0.90	1.01
Finance costs	(0.26)	(0.22)
Dividends paid	(0.34)	(0.31)
Dilution per share on issue of new Ordinary shares	(0.97)	-
Total return	(0.70)	0.60
Net asset value per share at the end of the year	10.15	10.85
Total Return	(6.41%)	5.85%
Net investment income to average net assets excluding incentive fee	1.39%	3.17%
Operating expenses to average net assets	(2.43%)	(2.34%)
Incentive fees to average net assets	(2.07%)	(2.89%)
Operating expenses to average net assets including incentive fee	(4.50%)	(5.23%)
Finance costs	(2.53%)	(2.12%)

32. US GAAP reconciliation

The Company's financial statements are prepared in accordance with IFRS, which in certain respects differ from the accounting principles generally accepted in the United States ("US GAAP"). It is the opinion of the Directors that these differences are not material and therefore no reconciliation between IFRS, as adopted by the EU, and US GAAP has been presented.

33. Subsequent Events

These financial statements were approved by the Board on 11 May 2016. Subsequent events have been evaluated until this date.

A second interim dividend for the year ended 29 February 2016 of 15 cents per Ordinary share (total $12,586,000) is payable on 10 June 2016.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JZ CAPITAL PARTNERS LIMITED

Our opinion on the financial statements

In our opinion:

- JZ Capital Partners Limited's (the "Company") financial statements (the "financial statements") give a true and fair view of the state of the company's affairs as at 29 February 2016 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"); and
- the financial statements have been prepared in accordance with the requirements of the Companies (Guernsey) Law 2008.

What we have audited

We have audited the financial statements of JZ Capital Partners Limited which comprise:

- the statement of comprehensive income for the year ended 29 February 2016;
- the statement of financial position as at 29 February 2016;
- the statement of changes in equity for the year ended 29 February 2016;
- the statement of cash flows for the year ended 29 February 2016; and
- related notes 1 to 33 to the financial statements.

The financial reporting framework that has been applied in their preparation is applicable law and IFRS.

Overview of our audit approach

Risk of material misstatement	• Valuation of unquoted investments, including unrealised gains/losses. • Existence and ownership of real estate investments. • Calculation of management and incentive fees.
Audit scope	• We performed an audit of the complete financial statements of the Company for the year ended 29 February 2016.
Materiality	• Overall materiality of $17 million, which represents 2% of total equity.

Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those which had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk	What we concluded to the Audit Committee
Valuation of unquoted investments (2016: $985,448,000; 2015: $836,998,000), including unrealised gains/(losses) (2016: $60,418,000; 2015: $36,516,000) *Refer to the Audit Committee Report; Accounting policies in Note 2 and 3, and Note 12 to the Financial Statements* The majority (2016: 94%; 2015: 94%) of the carrying value of investments relate to the Company's holdings in unquoted investments, which are valued using different valuation techniques, as defined in note 5. The valuation is subjective, with a high level of judgement and estimation linked to the determination of the values with limited market information available. As a result, there is a risk of an inappropriate valuation model being applied, together with the risk of inappropriate inputs to the model/calculation being selected. The valuation of the unquoted investments is the key driver of the	• We documented our understanding of the processes, policies and methodologies used by management for valuing unquoted investments held by the Company and performed walkthrough tests to confirm our understanding of the systems and controls implemented. • We carried out the following substantive investment valuation procedures on a sample of unquoted investments held by the Company. These substantive procedures comprised of: ○ agreeing the valuation per the financial statements back to the models used by management; ○ determined and challenged the appropriateness of the valuation techniques applied to unquoted investments and determined whether they were in accordance with IFRS and International Private Equity and Venture Capital Association (IPEVCA) guidelines; ○ testing all the inputs to the models to independent sources and evaluating whether all key terms of the unquoted	No material misstatements were identified in the valuation of unquoted investments held by the Company, and the associated unrealised gains/losses.

Company's net asset value and total return. Incorrect valuation could have a significant impact on the net asset value of the Company and therefore the return generated for shareholders.	investments had been considered in the application of the models; o testing the mathematical accuracy of the calculations; o testing qualitative factors and other information provided by the Investment Advisor that supports the EBITDA multiples used to value unquoted investments, specifically the comparable multiples used and any adjustments thereafter; and o agreed the proposed values per the valuation decks received from the Investment Advisor to the investment portfolio report prepared by the Administrator. • We engaged our own internal valuation experts in relation to the valuation of a sample of investments in real estate assets to: o assist us to determine whether the methodologies used to value real estate assets were consistent with methods usually used by market participants for these types of real estate investments; and o use their knowledge of the market to assess and corroborate management's market related judgements and valuation inputs (i.e. discount rates, rental per square foot, selling price per square foot and recent relevant transaction data) by reference to comparable transactions, and independently compiled databases/indices.	
Existence and ownership of investment in real estate assets (2016: $366,158,000; 2015: $216,781,000) *Refer to the Audit Committee Report; Accounting policies in Note 2 and 3, and Note 12 to the Financial Statements.* Risk that real estate assets presented in the financial statements do not exist or the Company does not have title of ownership. Due to the significance of the carrying value of real estate assets, there is a risk that if the Company did not have good title, the carrying value of these investments could be materially overstated. In the prior year, we identified a risk over existence and ownership of all investments. Our risk is deemed to be more specifically in respect of real estate assets in the current year due to the complexity of their ownership structure, the increase in relative significance of their carrying value as a percentage of the total investment portfolio and the fact that we have not historically identified issues with title to other investments held by the company for which holding structures are less complex.	• We documented our understanding of the processes, used by management in respect of the existence of real estate investments and performed walkthrough tests to confirm our understanding of the systems and controls implemented. • Performance of substantive audit procedures over real estate assets existence including: o obtained independent confirmations from all underlying investee companies through the holding structure and confirmed that the company has title to all real estate investments; o obtained copies of the deeds and mortgage bond documents (where applicable) for a sample of properties; and o obtained contracts / agreements for a sample of new investments entered into during the year to support the initial recognition and associated terms and conditions.	We confirmed that there were no matters identified during our audit work on existence of real estate assets that we wanted to bring to the attention of the audit committee.

Calculation of management and incentive fees (2016: $30,960,000; 2015: $32,078,000) *Refer to the Audit Committee Report; Accounting policies in Note 2 and Note 10 to the Financial Statements.* Risk that losses may be incurred as a result of intentional or inadvertent misstatement of management and performance fees, or as a result of errors in processing financial information.	• We have performed specific audit procedures over the fair value of the investments, as noted above; • We re-performed the management and incentive fee calculations for mathematical accuracy and consistency with the terms of the investment advisory agreement.	We confirmed that there were no matters identified during our audit work on the calculation of management and incentive fees that we wanted to bring to the attention of the audit committee.

The Scope of our audit

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope. Taken together, this enables us to form an opinion on the financial statements.

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
This is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be $17 million (2015: $14.1 million), which is 2% (2015: 2%) of total equity.

It was considered inappropriate to determine materiality based on Company profit before tax as the primary focus of the Company is the overall performance of investments held, which includes a significant asset revaluation component. In addition, profit is not a key metric reported upon by the Company, with the ability to make dividend payments not limited by the profitability of the Company in any particular period.

We believe that total equity provides us with an appropriate basis for audit materiality as total equity is a key published performance measure and is a key metric used by management in assessing and reporting on the overall performance of the Company.

During the course of our audit, we reassessed initial materiality and noted no factors leading us to amend materiality levels from those originally determined at the audit planning stage.

Performance materiality
This refers to the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% (2015: 50%) of our planning materiality, namely $8.5 million (2015: $7.0 million). We have set performance materiality at this percentage, because in the prior year we identified audit differences which resulted in a higher risk of misstatements in the current year.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $0.85 million (2015: $0.71 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.	We have nothing material to add or to draw attention to.
Companies (Guernsey) Law 2008 reporting	We are required to report to you if, in our opinion: • proper accounting records have not been kept; or • the financial statements are not in agreement with the accounting records; or • we have not received all the information and explanations we require for our audit.	We have nothing material to add or to draw attention to.
Listing Rules review requirements	We are required to review: • The directors' statement in relation to going concern and longer-term viability; and • the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.	We have nothing material to add or to draw attention to.

Statement on the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the entity

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; • the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and • the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related	We have nothing material to add or to draw attention to.

	disclosures drawing attention to any necessary qualifications or assumptions.	

Christopher James Matthews, FCA
for and on behalf of Ernst & Young LLP
Guernsey, Channel Islands

11 May 2016

Notes:
1. The maintenance and integrity of the Company web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Company Advisers

Investment Adviser
The Investment Adviser to JZ Capital Partners Limited ("JZCP") is Jordan/Zalaznick Advisers, Inc., ("JZAI") a company beneficially owned by John (Jay) W Jordan II and David W Zalaznick. The company was formed for the purpose of advising the Board of JZCP on investments in leveraged securities, primarily related to private equity transactions. JZAI has offices in New York and Chicago.

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(Also provides custodian services to JZ Capital Partners Limited under the terms of a Custody Agreement).

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Useful Information for Shareholders

Listing
JZCP Ordinary, ZDP (2022) shares, ZDP (2016) shares and Convertible Loan Stock trade on the London Stock Exchange Specialist fund market for listed securities.The prices of the Ordinary and Zero Dividend Preference shares are shown in the Financial Times under "Investment Companies - Ordinary Income Shares" and "Investment Companies - Zero Dividend Preference shares" as "JZ Capital" respectively.

Ticker/ISIN/SEDOL numbers

	Ticker Symbol	ISIN Code	Sedol Number
Ordinary shares	JZCP	GG00B403HK58	B403HK5
ZDP (2022) shares	JZCZ	GG00BZ0RY036	Z0RY03
ZDP (2016) shares	JZCN	GG00B40B7X85	B40D7X8
Convertible Unsecured Loan Stock	JZCC	GG00BP46PR08	BP46PR0

Securities and Exchange Commission ("SEC") Custody Rules
The Company has complied with the requirements of the SEC Custody Rules within these Financial Statements. These requirements include the Investment Portfolio falling within the remit of the annual audit, disclosure of the Company's Financial Highlights, as disclosed in Note 32, and a reconciliation of the accounts prepared under IFRS to US GAAP, as discussed in Note 33.

Non-Mainstream Pooled Investments
From 1 January 2014, the FCA rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes came into effect. JZCP's Ordinary shares qualify as an ‘excluded security’ under these rules and will therefore be excluded from the FCA’s restrictions which apply to non-mainstream investment products. The shares of JZ Capital Partners qualify as “excluded securities” under these new rules. Therefore shares issued by JZ Capital Partners can continue to be recommended by financial advisors as an investment for UK retail investors.

Financial Diary

Annual General Meeting	17 June 2016
Interim report for the six months ended 31 August 2016	October 2016
Results for the year ended 28 February 2017	May 2017

JZCP will be issuing an Interim Management Statement for the quarters ending 31 May 2016 and 30 November 2016. These Statements will be sent to the market via RNS within six weeks from the end of the appropriate quarter, and will be posted on JZCP's website at the same time, or soon thereafter.

Payment of Dividends
Cash dividends will be sent by cheque to the first-named shareholder on the register of members at their registered address, together with a tax voucher. At shareholders' request, where they have elected to receive dividend proceeds in GBP Sterling, the dividend may instead be paid direct into the shareholder's bank account through the Bankers' Automated Clearing System. Payments will be paid in US dollars unless the shareholder elects to receive the dividend in Sterling. Existing elections can be changed by contacting the Company's Transfer and Paying Agent, Equiniti Limited on +44 (0) 121 415 7047.

Share Dealing
Investors wishing to buy or sell shares in the Company may do so through a stockbroker. Most banks also offer this service.

Internet Address
The Company: www.jzcp.com

Foreign Account Tax Compliance Act
The Company is registered (with a Global Intermediary Identification Number CAVBUD.999999.SL.831) under The Foreign Account Tax Compliance Act ("FATCA").

Alternative Investment Fund Managers Directive
On 15 August 2015 the Company was authorised as an Alternative Investment Fund ("'AIF") for the purposes of the Alternative Investment Fund Managers Directive(Directive 2011/61/EU) ("AIFMD") and the Investment Adviser has been appointed as its Alternative Investment Fund Manager ("AIFM") for the purposes of the AIFMD. The Company has engaged a service provider to report transparency data to the FCA on a quarterly basis. The Company's audited report and financial statements include the 'Disclosure and Reporting Requirements' of the directive.

The Company will need to comply with the AIMFD's AIFM remuneration requirement for the year ending 28 February 2017, being the first full accounting period after the Company's initial authorisation therefore no remuneration disclosures are included in the Annual Report and Financial Statements for the year ended 29 February 2016.

Share Register Enquiries
The Company's UK Transfer and Paying Agent, Equiniti Limited, maintains the share registers. In event of queries regarding your holding, please contact the Registrar on 0871 384 2265, calls to this number cost 8p per minute from a BT landline, other providers' costs may vary. Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday, If calling from overseas +44 (0) 121 415 7047 or access their website at www.equiniti.com. Changes of name or address must be notified in writing to the Transfer and Paying Agent.

Nominee Share Code
Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at meetings when invited to do so by the Chairman.

Documents Available for Inspection
The following documents will be available at the registered office of the Company during usual business hours on any weekday until the date of the Annual General Meeting and at the place of the meeting for a period of fifteen minutes prior to and during the meeting:
(a) the Register of Directors' Interests in the stated capital of the Company;
(b) the Articles of Incorporation of the Company; and
(c) the terms of appointment of the Directors.

Warning to Shareholders – Boiler Room Scams
In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you are offered, for example, unsolicited investment advice, discounted JZCP shares or a premium price for the JZCP shares you own, you should take these steps before handing over any money:
• Make sure you get the correct name of the person or organisation
• Check that they are properly authorised by the FCA before getting involved by visiting http://www.fca.org.uk/firms/systems-reporting/register
•Report the matter to the FCA by calling 0800 111 6768
•If the calls persist, hang up
•More detailed information on this can be found on the Money Advice Service website www.moneyadviceservice.org.uk

US Investors
General
The Company's Articles contain provisions allowing the Directors to decline to register a person as a holder of any class of ordinary shares or other securities of the Company or to require the transfer of those securities (including by way of a disposal effected by the Company itself) if they believe that the person:

(A) is a "US person" (as defined in Regulation S under the US Securities Act of 1933, as amended) and not a "qualified purchaser" (as defined in the US Investment Company Act of 1940, as amended);

(B) is a "Benefit Plan Investor" (as described under "Prohibition on Benefit Plan Investors and Restrictions on Non-ERISA Plan" below); or

(C) is, or is related to, a citizen or resident of the United States, a US partnership, a US corporation or a certain type of estate or trust and that ownership of any class of ordinary shares or any other equity securities of the Company by the person would materially increase the risk that the Company could be or become a "controlled foreign corporation" (as described under "US Tax Matters" on Useful Information for Shareholders below).

In addition, the Directors may require any holder of any class of ordinary shares or other securities of the Company to show to their satisfaction whether or not the holder is a person described in paragraphs (A), (B) or (C) above.

US Securities Laws

The Company (a) is not subject to the reporting requirements of the US Securities Exchange Act of 1934, as amended (the "Exchange Act") and does not intend to become subject to such reporting requirements and (b) is not registered as an investment company under the US Investment Company Act of 1940, as amended (the "1940 Act"), and investors in the Company are not subject to the protections provided by the 1940 Act.

Prohibition on Benefit Plan Investors and Restrictions on Non-ERISA Plans

Investment in the Company by "Benefit Plan Investors" is prohibited so that the assets of the Company will not be deemed to constitute "plan assets" of a "Benefit Plan Investor". The term "Benefit Plan Investor" shall have the meaning contained in Section 3(42) of the US Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and includes (a) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Part 4 of Title I of ERISA; (b) a "plan" described in Section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (the "Code"), that is subject to Section 4975 of the Code; and (c) an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's or a plan's investment in such entity. For purposes of the foregoing, a "Benefit Plan Investor" does not include a governmental plan (as defined in Section 3(32) of ERISA), a non-US plan (as defined in Section 4(b)(4) of ERISA) or a church plan (as defined in Section 3(33) of ERISA) that has not elected to be subject to ERISA.

Each purchaser and subsequent transferee of any class of ordinary shares (or any other class of equity interest in the Company) will be required to represent, warrant and covenant, or will be deemed to have represented, warranted and covenanted that it is not, and is not acting on behalf of or with the assets of a, Benefit Plan Investor to acquire such ordinary shares (or any other class of equity interest in the Company).

Under the Articles, the directors have the power to require the sale or transfer of the Company's securities in order to avoid the assets of the Company being treated as "plan assets" for the purposes of ERISA.

The fiduciary provisions of pension codes applicable to governmental plans, non-US plans or other employee benefit plans or retirement arrangements that are not subject to ERISA (collectively, "Non-ERISA Plans") may impose limitations on investment in the Company. Fiduciaries of Non-ERISA Plans, in consultation with their advisors, should consider, to the extent applicable, the impact of such fiduciary rules and regulations on an investment in the Company.

Among other considerations, the fiduciary of a Non-ERISA Plan should take into account the composition of the Non-ERISA Plan's portfolio with respect to diversification; the cash flow needs of the Non-ERISA Plan and the effects thereon of the illiquidity of the investment; the economic terms of the Non- ERISA Plan's investment in the Company; the Non-ERISA Plan's funding objectives; the tax effects of the investment and the tax and other risks associated with the investment; the fact that the investors in the Company are expected to consist of a diverse group of investors (including taxable, tax-exempt, domestic and foreign entities) and the fact that the management of the Company will not take the particular objectives of any investors or class of investors into account.

Non-ERISA Plan fiduciaries should also take into account the fact that, while the Company's board of directors and its investment advisor will have certain general fiduciary duties to the Company, the board and the investment advisor will not have any direct fiduciary relationship with or duty to any investor, either with respect to its investment in Shares or with respect to the management and investment of the assets of the Company. Similarly, it is intended that the assets of the Company will not be considered plan assets of any Non-ERISA Plan or be subject to any fiduciary or investment restrictions that may exist under pension codes specifically applicable to such Non-ERISA Plans. Each Non-ERISA Plan will be required to acknowledge and agree in connection with its investment in any securities to the foregoing status of the Company, the board and the investment advisor that there is no rule, regulation or requirement applicable to such investor that is inconsistent with the foregoing description of the Company, the board and the investment advisor.

Each purchaser or transferee that is a Non-ERISA Plan will be deemed to have represented, warranted and covenanted as follows:

(a) The Non-ERISA Plan is not a Benefit Plan Investor;

(b) The decision to commit assets of the Non-ERISA Plan for investment in the Company was made by fiduciaries independent of the Company, the Board, the Investment Advisor and any of their respective agents, representatives or affiliates, which fiduciaries (i) are duly authorized to make such investment decision and have not relied on any advice or recommendations of the Company, the Board, the Investment Advisor or any of their respective agents, representatives or affiliates and (ii) in consultation with their advisers, have carefully considered the impact of any applicable federal, state or local law on an investment in the Company;

(c) None of the Company, the Board, the Investment Advisor or any of their respective agents, representatives or affiliates has exercised any discretionary authority or control with respect to the Non-ERISA Plan's investment in the Company, nor has the Company, the Board, the Investment Advisor or any of their respective agents, representatives or affiliates rendered individualized investment advice to the Non-ERISA Plan based upon the Non-ERISA Plan's investment policies or strategies, overall portfolio composition or diversification with respect to its commitment to invest in the Company and the investment program thereunder; and

(d) It acknowledges and agrees that it is intended that the Company will not hold plan assets of the Non-ERISA Plan and that none of the Company, the Board, the Investment Advisor or any of their respective agents, representatives or affiliates will be acting as a fiduciary to the Non-ERISA Plan under any applicable federal, state or local law governing the Non-ERISA Plan, with respect to either (i) the Non-ERISA Plan's purchase or retention of its investment in the Company or (ii) the management or operation of the business or assets of the Company. It also confirms that there is no rule, regulation, or requirement applicable to such purchaser or transferee that is inconsistent with the foregoing description of the Company, the Board and the Investment Advisor.

US Tax Matters

This discussion does not constitute tax advice and is not intended to be a substitute for tax advice and planning. Prospective holders of the Company's securities must consult their own tax advisers concerning the US federal, state and local income tax and estate tax consequences in their particular situations of the acquisition, ownership and disposition of any of the Company's securities, as well as any consequences under the laws of any other taxing jurisdiction.

The Company's directors are entitled to decline to register a person as, or to require such person to cease to be, a holder of any class of ordinary shares or other equity securities of the Company if they believe that: such person is, or is related to, a citizen or resident of the United States, a US partnership, a US corporation or a certain type of estate or trust and that ownership of any class of ordinary shares or any other equity securities of the Company by such person would materially increase the risk that the Company could be or become a "controlled foreign corporation" (a "CFC").

In general, a foreign corporation is treated as a CFC only if its "US shareholders" collectively own more than 50% of the total combined voting power or total value of the corporation's stock. A "US shareholder" means any US person who owns, directly or indirectly through foreign entities, or is considered to own (by application of certain constructive ownership rules), 10% or more of the total combined voting power of all classes of stock of a foreign corporation, such as the Company.

There is a risk that the Company will decline to register a person as, or to require such person to cease to be, a holder of the Company's the Company if the Company could be or become a CFC. The Company's treatment as a CFC could have adverse tax consequences for US taxpayers.

The Company is expected to be treated as a "passive foreign investment company" ("PFIC"). The Company's treatment as a PFIC is likely to have adverse tax consequences for US taxpayers.

The taxation of a US taxpayer's investment in the Company's securities is highly complex. Prospective holders of the Company's securities must consult their own tax advisers concerning the US federal, state and local income tax and estate tax consequences in their particular situations of the acquisition, ownership and disposition of any of the Company's securities, as well as any consequences under the laws of any other taxing jurisdiction.