



JZ CAPITAL PARTNERS LIMITED



2016 Annual Results Presentation



JZ CAPITAL PARTNERS LIMITED

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About us

- JZCP is one of the oldest closed-end investment companies listed on the Specialist Fund Market of the London Stock Exchange
- More than **\$1.1 billion of gross assets**
- Principally invests in US and European micro-cap companies and US real estate
- Guernsey resident — tax efficient vehicle
- Three classes of shares in issue – Ordinary Shares, Zero Dividend Preference Shares (due 2022), and CULS
 - Remaining ZDPs due 2016 are fully covered by an issue of UK gilts and will be redeemed in June 2016
- Adviser is Jordan/Zalaznick Advisers, Inc. – founded in 1986
 - Led by Jay Jordan and David Zalaznick – invested together for more than 35 years
 - Gordon Nelson (CIO) – worked with Jay and David for more than 25 years
- Three experienced investment teams: US micro-cap, European micro-cap and RedSky Capital (real estate)
- The European team includes Jock Green-Armytage and Miguel Rueda, who have been investing for more than 13 years together in European micro-cap deals (UK, Italy, Holland, Scandinavia and Spain). David Zalaznick works with the European team extensively.
- RedSky Capital, led by Ben Bernstein and Ben Stokes, is highly experienced in acquiring, operating and developing real estate, with special consideration given to the Brooklyn and Miami markets



Financial highlights

NAV growth of +6.3%*
(pre-dilution)

- NAV of \$851.7 m (28/02/15: \$705.5 m) – after paying \$21.8 m in dividends
- NAV growth of 6.3% per share (pre-dividend, pre-dilution**) to \$11.46 (28/02/15: \$10.85) (pre-dividend, post-dilution** NAV per share fell 3.5%)

Building significant liquidity: raised or realised \$479.0m

- Raised or realized \$479.0 million
 - Raised \$116.4 m*** via issuance of 18,888,909 new ordinary shares
 - Rollover of \$61.1 m*** of 8% ZDPs due 2016 into 4.75% ZDPs due October 2022
 - Proceeds of \$205.2 m from realisations, including completion of a secondary sale of JZCP's stake in six EMC 2010 assets for €96.3 m (at NAV)
 - Closed \$96.3 m*** loan (net proceeds) from Guggenheim Partners

Significant investment activity

- Deployed \$272.7 million in new investments
 - \$103.1 m in US micro-cap, \$59.3 m in European micro-cap, \$104.7m in real estate and \$5.6 m in other investments
- Closed new European fund with total commitments of €400 m (JZCP committed €75 m)

Increasingly diversified portfolio

- JZCP's balance sheet diversified by asset class and geography
 - Private Equity (US & Europe) and Real Estate (US)

Dividend: 33.5 cents during CY2015

- Distributions of 33.5 cents per share for calendar year 2015 (CY14: 31 cents per share)
- Implied dividend yield of 6.1%, at 29/02/16
- Dividend of 15 cents per share declared for the six months ended 29 February 2016

*Calculated on a dividends re-invested basis

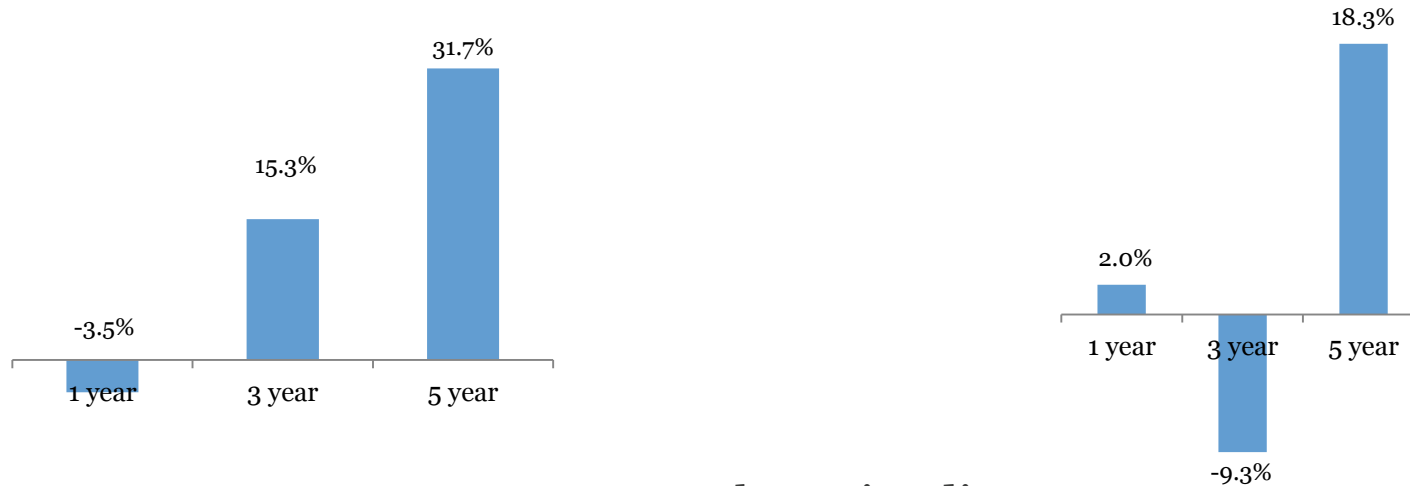
** Dilution from new share issuance

*** Net of issue costs

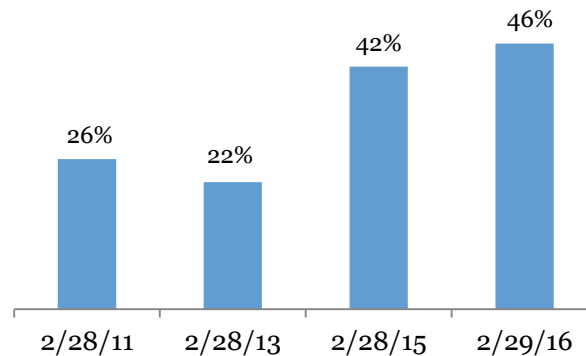


Share price and NAV per share performance

Cumulative NAV total returns (post-dilution)* Cumulative total shareholder returns*



NAV to market price discount



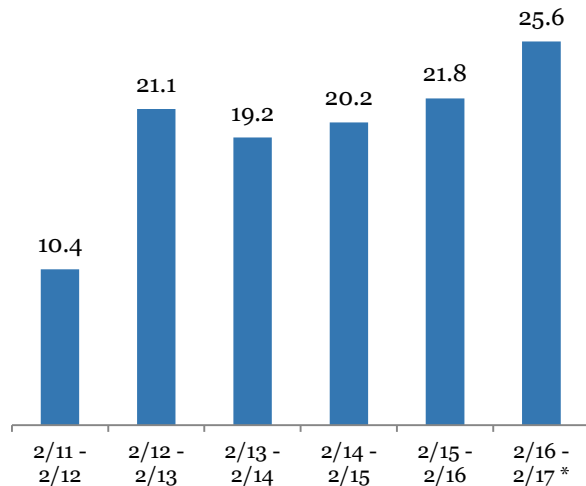
*Calculated on a dividends re-invested basis



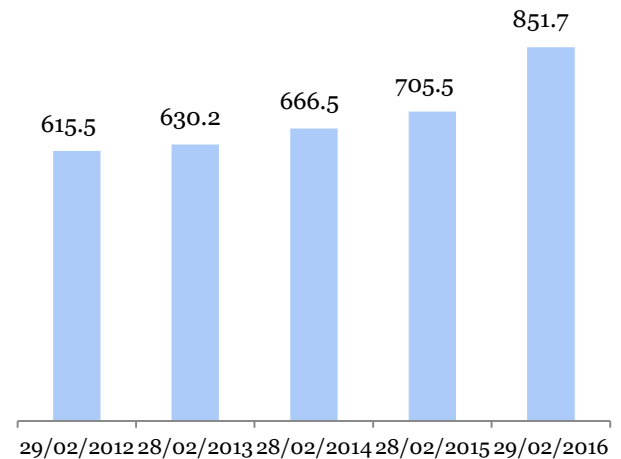
Dividend history

- Consistent dividend paying stock
- Policy of distributing 3% of NAV per annum in two semi-annual instalments
- Dividend yield of 6.1% at 29/02/16
- More than \$92 million in dividends distributed to shareholders since 28 February 2011

Five-year Dividend History (\$ millions)



Five-year NAV History (\$ millions)

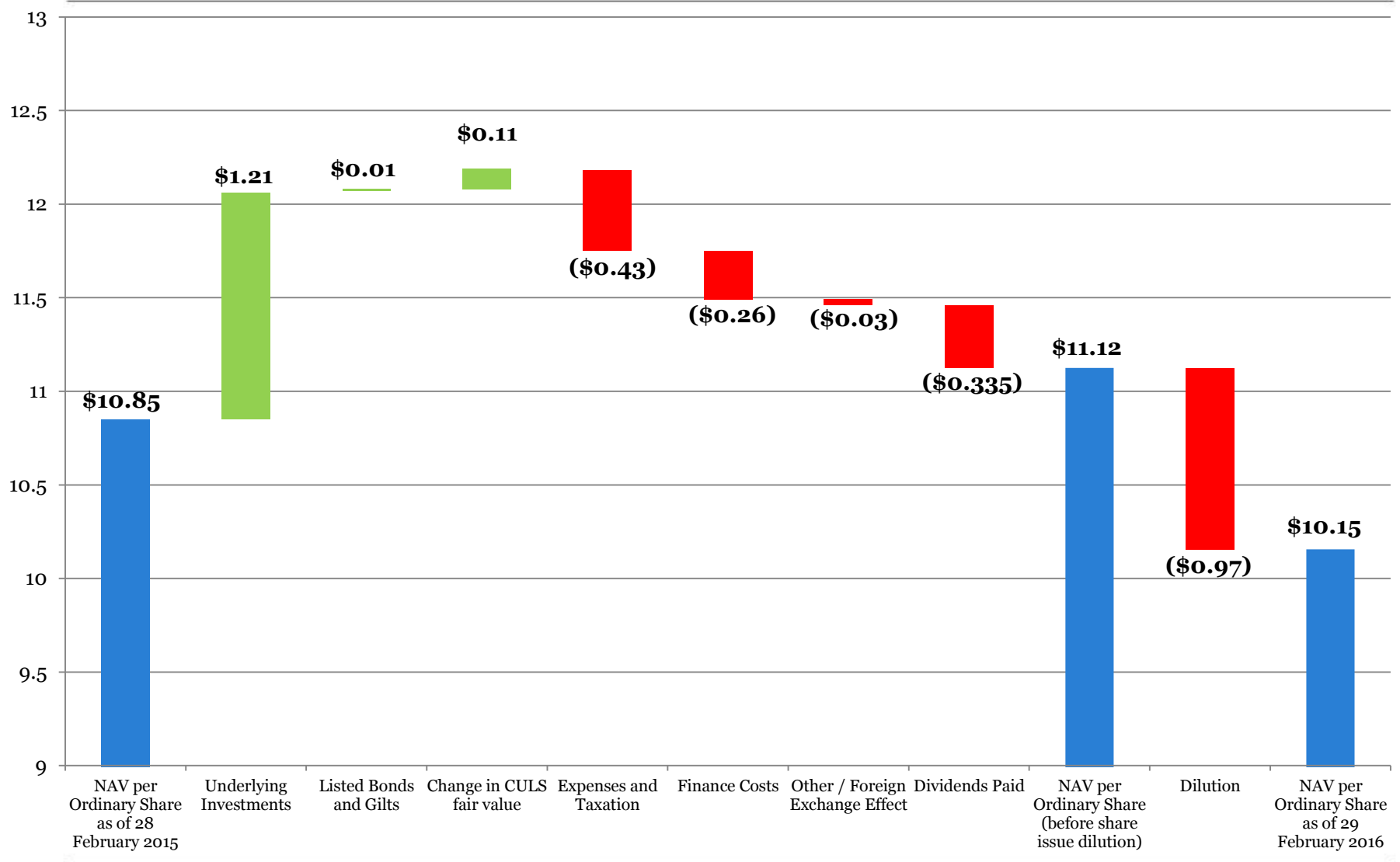


■ Dividends distributed to shareholders during the period
 * Projected dividend to be paid in 2016, based on NAV of \$851.7m as of 2/29/16

■ Net asset value of the Company as of the last day of the period (post-dividend)



Net asset value



Balance sheet summary

Investments	\$ 000 29/02/16	\$ 000 28/02/15
US Micro-cap Investments	386,173	297,340
European Micro-cap Investments	168,798	245,884
Real Estate Investments	366,158	217,276
Other Investments	67,871	70,448
Cash and Liquid Investments	150,581	164,729
Total Assets	1,139,580	995,677

Investments	\$ 000 29/02/16	\$ 000 28/02/15
Total Assets	1,139,580	995,677
- Liabilities	(126,198)	(115,791)
- ZDP's	(102,071)	(106,814)
- CULS	(59,573)	(67,563)
Net Assets	851,739	705,510



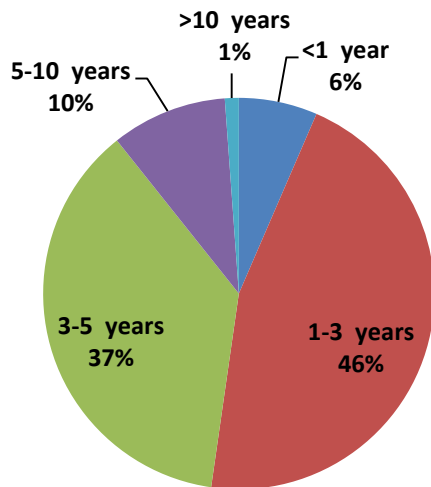
Major holdings

Company	Type	Cost (\$ 000) (29/2/2016)	Value (\$ 000) (29/2/2016)	% of gross assets
Industrial Services Solutions vertical	US micro-cap	33,174	84,372	7.4
Fulton	Real estate	32,668	62,822	5.5
Factor Energia	European micro-cap	536	57,907	5.1
Greenpoint	Real estate	34,271	56,138	4.9
Bright Spruce Fund	Other	50,000	45,940	4.0
Water vertical	US micro-cap	33,457	44,776	3.9
Redbridge Bedford	Real estate	18,098	44,604	3.9
TierPoint	US micro-cap	44,312	44,312	3.9
Healthcare Revenue Cycle Management vertical	US micro-cap	28,947	35,434	3.1
Williamsburg Retail	Real Estate	18,938	28,257	2.5
Top 10 Holdings*		294,401	504,562	44.2

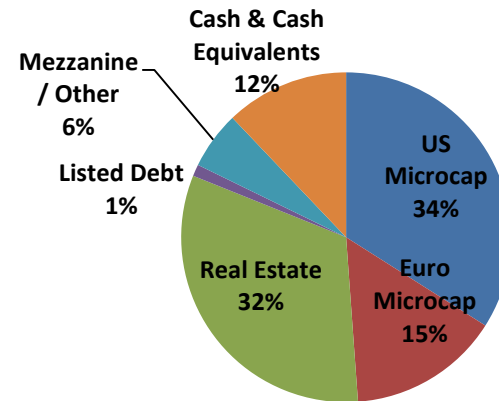


Portfolio Breakdown

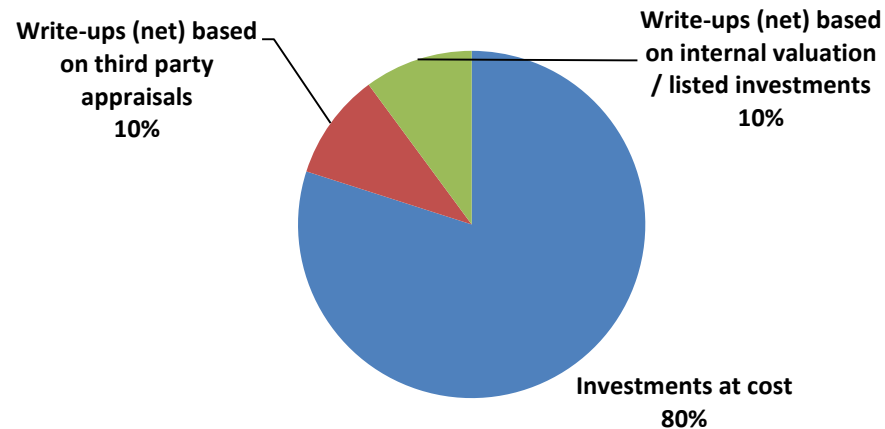
Portfolio by Vintage



Portfolio by Investment Type



Portfolio by Valuation





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Strategic Initiatives: Building Significant Liquidity



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Building Liquidity – Raised \$479.0 million

- **September 2015: Placing and Open Offer of Ordinary Shares**
 - Total net proceeds after transaction costs of approx. **\$116.4 m**
 - Significant investment by principals: David Zalaznick/Jay Jordan invest a further £35.5 m into the Company
- **September 2015: Rollover of ZDPs**
 - Rolled over approximately **\$61.1 m** (net) of our original 8% ZDPs into a longer-dated ZDP (2022) with a much lower 4.75% gross yield
 - Lowers Company's cost of capital and rebalances its debt maturity profile
- **September 2015: \$96.3 million (net proceeds) six-year loan facility with Guggenheim**
 - Enhance long term liquidity position and used to pay down entire Jefferies \$50 million one-year loan facility
 - Plan to repay this loan (Libor (1.00% Floor) + 5.75%) with proceeds from realizations
- **FY2015: \$205.2 million in realizations**
 - Includes completion of a secondary sale of JZCP's stake in six EMC 2010 assets for €96.3 m



Secondary Sale of European Investments

Transaction Overview

- 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 (at NAV)
 - Validates JZCP's NAV - the sale was undertaken as a secondary transaction and priced at the then carrying value
 - Provides JZCP with significant liquidity to pursue further investment opportunities across its three portfolios (US micro-cap, European micro-cap and real estate)
 - Transaction will be completed in two phases:
 - **First**, on 1 February 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)
 - JZCP sold four out of the six companies at premiums to cost. Had these four companies been sold separately, they would have generated a 2x aggregate gross MOIC in constant euros (1.7x after accounting for FX losses). The other two investments were sold at a discount to cost, but at JZCP's current NAV



New European Fund: Final Close

Transaction Overview

- Successful completion of fundraising for JZI Fund III, L.P. (“Fund III”), the successor fund to EuroMicrocap Fund 2010, L.P. (“EMC 2010”)
 - **€400 million in total commitments:**
 - Surpassed €350 million target, receiving strong backing from institutional investors and family offices from across Europe and North America
 - JZCP commits €75 million. JZCP is not paying management fees on its commitment
 - David Zalaznick, Jay Jordan and the European management team commit €25 million
 - Enables JZCP to continue to expand and diversify its investment portfolio in Western Europe;
 - Focusing on businesses with enterprise values between €15 million and €150 million and the ability to generate EBITDA of €5 million to €20 million per annum.





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Portfolio Review – micro-cap



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US micro-cap

Strategy: Verticals

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

Strategy: Co-investments

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

Portfolio

- Verticals consist of 38 entities across four industries
- 13 separate co-investments alongside seven co-invest partners
- Current portfolio purchased at average of 6.5x EBITDA; valued at average of 8.1x



US micro-cap verticals

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

	Industrial Services Solutions (ISS)	Healthcare Revenue Cycle Management	Testing Services	Water Services
Companies	<p>Industrial equipment maintenance, repair and service</p> <ul style="list-style-type: none"> • 23 companies across five platforms (1) 	<p>Revenue cycle management for hospitals and doctors’ offices</p> <ul style="list-style-type: none"> • MEDS • MedFin • PPMIS • ROI • Avectus • ACE • PPS (2) 	<p>Environmental testing services and equipment</p> <ul style="list-style-type: none"> • Argus Group • Premier Safety • AJ Abrams 	<p>Infrastructure repair, water treatment and filtration</p> <ul style="list-style-type: none"> • Perma-liner • Nashville Chemical • Paragon • LMK • APMCS • Klenzoid • Eldon • Chemo
Manager	Jim Rogers	Mike Shea	Scott Temple	Mike Reardon
Revenues	\$341.6M (1)	\$120.9M (2)	\$40.3M	\$151.6M
Adj. EBITDA	\$53.8M (1)	\$21.6M (2)	\$2.4M	\$26.1M
Invested	\$33.3M (1)	\$30.3M (2)	\$10.7M	\$33.5M

(1) Includes WPS Industries, Inc., which was acquired post-period

(2) Includes Prospective Payment Specialists, Inc. (“PPS”), which was acquired post-period



Significant US micro-cap co-investments

<p>Global Medical Imaging</p> <p>Sells, repairs and installs new and refurbished medical imaging equipment</p> <p>August 2015</p> <p>Invested: \$12.5M</p> <p>Partner: JII Healthcare</p>	<p>Peaceable Street Capital</p> <p>New platform providing preferred equity to commercial real estate</p> <p>January 2016</p> <p>Invested: \$8.75M*</p> <p>Partner: Orangewood Partners</p>	<p>Tech Industries</p> <p>Platform established to invest aerospace and defense industries</p> <p>November 2015</p> <p>Invested: \$7.3M</p> <p>Partner: Tech Industries</p>	<p>K2 Towers</p> <p>One of the largest private cell phone tower companies in North America</p> <p>April 2015</p> <p>Invested: \$22.0M</p> <p>Partner: Orangewood Partners</p>
<p>DRE</p> <p>Sells, repairs and installs new and refurbished medical imaging equipment</p> <p>September 2015</p> <p>Invested: \$5.5M</p> <p>Partner: JII Healthcare</p>	<p>Sloan LED</p> <p>Designer and manufacturer of LED lights and lighting systems</p> <p>April 2015</p> <p>Invested: \$4.9M</p> <p>Partner: Baird Capital Partners</p>	<p>TierPoint</p> <p>Provider of IT and data centre colocation services</p> <p>June 2014</p> <p>Invested: \$44.3M</p> <p>Partner: RedBird Capital Partners</p>	<p>MedPlast/UPG</p> <p>Precision plastics moulding business</p> <p>April 2012</p> <p>Invested: \$18.0M</p> <p>Partner: Baird Capital Partners</p>

- 'Invested' dollars above do not incorporate returns of capital or dividends received.
- (*) \$5.0M of which was invested post-period end, in March 2016.



European micro-cap

Strategy

- Value-oriented investment approach targeting high quality micro-cap companies
- Investment focus on financial services outsourcing – non-bank lending

Management

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

Portfolio

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



European micro-cap

Main Investments:

- Factor Energia: Energy/utility distribution and resale to SMEs and consumers in Spain
 - Revenue €416.1m, LTM EBITDA €11.4m
- Winn Group: UK legal services and claim management business
 - Revenue £43.2m, LTM EBITDA £9.9m
- Fidor Bank: Social media innovative online German bank
 - Total Income €26.1m, LTM EBITDA €5.0m
- Petrocorner: Strategic build-up to acquire 2-3% of Spain's petrol station market
 - Revenue €101.1m, LTM EBITDA €7.3m



Fund III – Portfolio Companies



Petrocorner

A strategic build-up to acquire 2-3% of Spain's petrol station market.

Date Acquired:
July 2014

Equity: €6.2 million alongside Avenue Capital Group

Fincontinuo

A leading independent distribution, servicing and lending platform for salary loans in Italy.

Date Acquired:
October 2014

Equity: €3.7 million alongside Avenue Capital

S.A.C

Operational van leasing (lease & service) company in Denmark, specialized in larger engineering companies.

Date Acquired:
March 2015

Equity: €3.5 million

Collingwood

Niche UK-based motor insurance company focused on underwriting non-standard motor risk.

Date Acquired:
October 2015

Equity: €3.9 million alongside a co-investor group composed of Lexington Partners, F&C Private Equity, Highland & Universal Securities, and others

MyLender

Independent consumer lending platform in Finland spun out of a larger financial institution.

Date Acquired:
November 2015

Equity: €1.9 million



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Portfolio Review – Real Estate



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Real estate

Strategy

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

Value Add

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

Portfolio

Portfolio	At 12/2012	At 12/2013	At 12/2014	At 12/2015	At 2/2016
Current Residential (sq. ft.)	40,762	72,540	95,340	96,340	98,042
Current Retail (sq. ft.)	66,723	286,315	424,015	523,268	593,729
Additional Buildable (sq. ft.)	107,640	751,602	808,960	1,565,109	1,946,893

- JZCP invested \$104.7 million in 24 new properties during the period*
- JZCP has invested more than \$250 million in 51 properties valued at \$366.2 million**



Real estate write-ups: 62 cents per share (\$52m) for the year

Brooklyn, New York

Redbridge Bedford

Mixed use facility on Williamsburg's most desirable block

Acquired: April 2012
JZCP Cost: \$18.1M
Value to JZCP*: \$44.6M

Greenpoint

Premier development site on the Greenpoint waterfront

Acquired: Nov. 2013
JZCP Cost: \$34.3M
Value to JZCP*: \$56.1M

New Bedford Ave. Portfolio

Three separate retail reposition opportunities on Williamsburg's most desirable block

Acquired: 2014-2015
JZCP Cost: \$21.8M
Value to JZCP*: \$28.2M

Fulton Assemblage

Mixed use development parcel in Downtown Brooklyn

Acquired: 2012-2016
JZCP Cost: \$32.7M
Value to JZCP*: \$62.8M

Miami, Florida

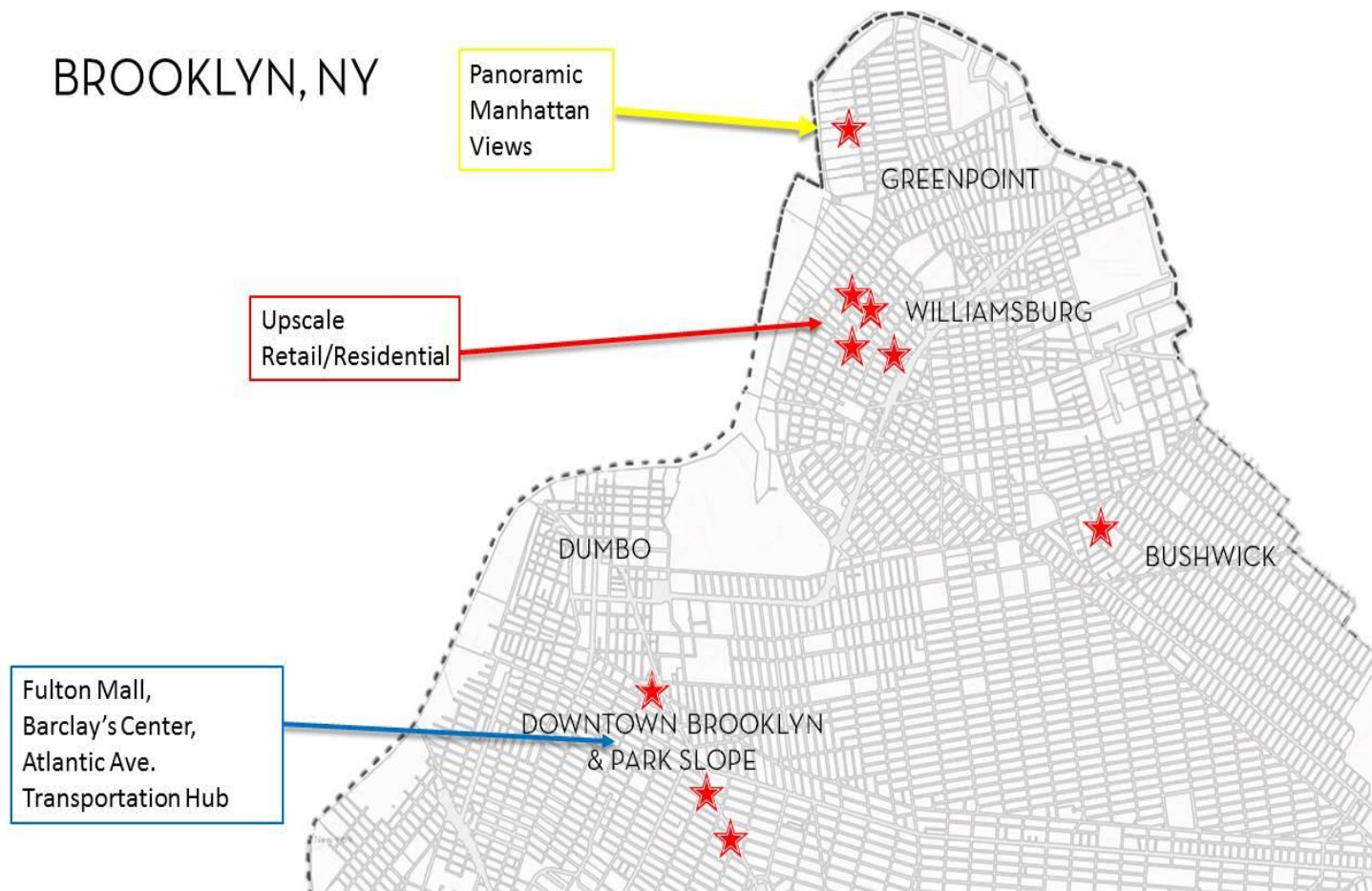
Miami Portfolio

Properties in Miami's Wynwood & Design District neighbourhoods

Acquired: 2015-2016
JZCP Cost: \$102.3M
Value to JZCP*: \$108.0M



Real estate: portfolio by neighbourhood (Brooklyn)



JZCP's current real estate portfolio: Brooklyn, NY

What we've purchased:

- **Williamsburg:** Epicenter of positive shifting demographics in North Brooklyn
 - 11 mixed-use properties, located on most trafficked retail corridors
 - 55,000 sq. ft. residential / 274,000 sq. ft. retail
 - Two development sites situated at key neighborhood junctions: 40,000 sq. ft. buildable
- **Greenpoint:** Dynamic, waterfront neighborhood with panoramic Manhattan views
 - Top waterfront development site: 650,000 sq. ft. buildable
- **Downtown Brooklyn:** Revitalization centered around Barclay's Center and Atlantic Ave. transportation hub
 - Top development site - significant frontage on most highly trafficked retail corridor in Brooklyn
 - 360,000 sq. ft. buildable
 - One of the most iconic retail spaces near Barclay's Center
 - Redeveloped, cash flowing mix-used facility: 24,000 sq. ft. residential/ 20,000 sq. ft. retail
- **Bushwick:** Young, progressive neighborhood just east of Williamsburg
 - Unique, loft building in an unbeatable location: 17,000 sq. ft. residential, 21 residential units



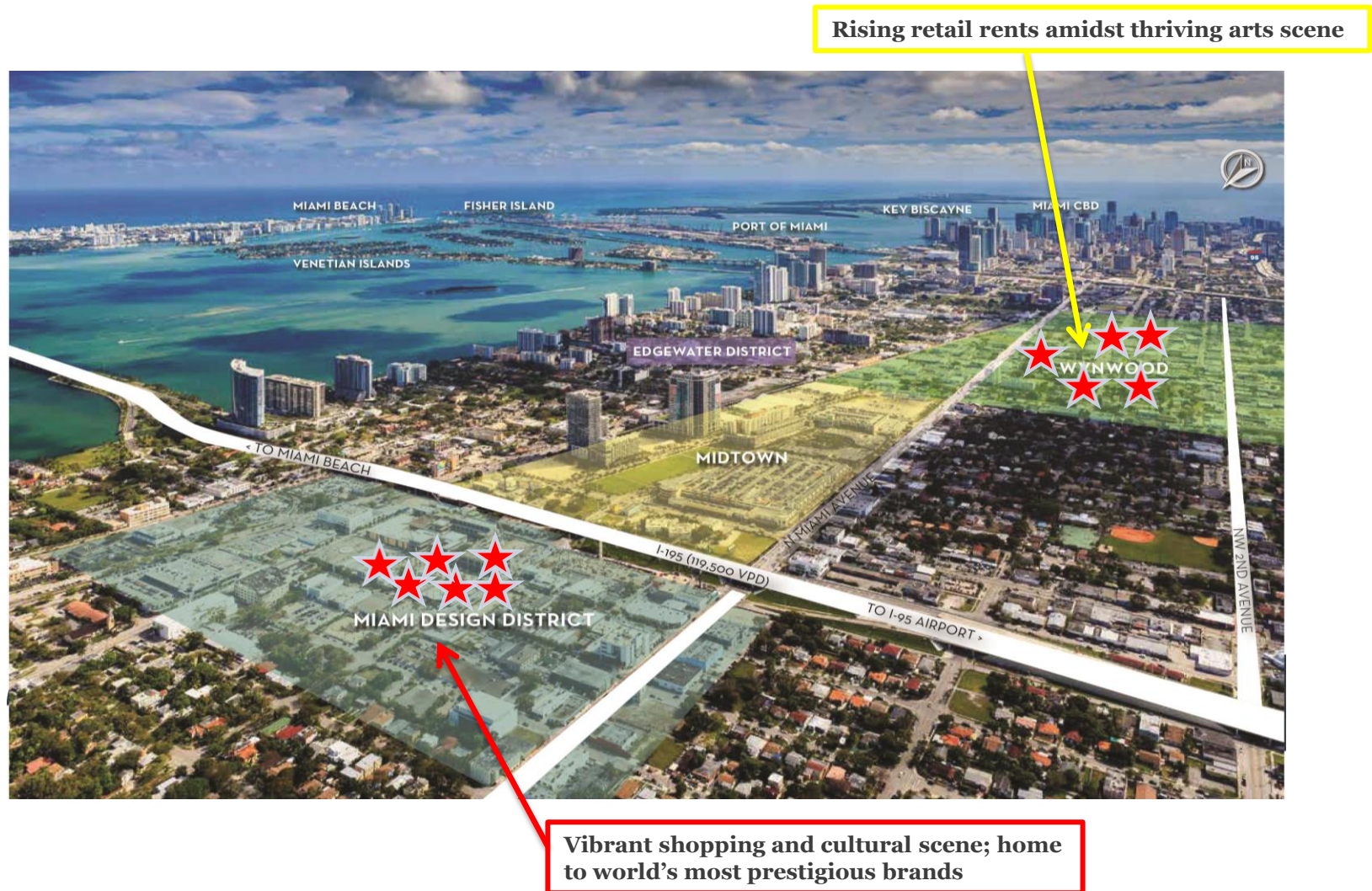
JZCP's current real estate portfolio: Miami, FL

What we've purchased:

- **Wynwood:** rapidly increasing retail rents amid a thriving arts scene
 - Two top development sites: each with 60,000 sq. ft. buildable
 - Cash flowing Class-A retail property with substantial air rights
 - Prime retail redevelopment site with substantial air rights
 - Portfolio of prime retail redevelopment properties with substantial air rights
- **Design District:** innovative fashion, design and architecture attracting some of the world's most prestigious brands and retailers
 - Recently completed assemblage comprised of 16 properties making up an entire block of Miami's Design District -- highly visible retail site with significant frontage on the neighborhood's prime retail corridor and substantial air rights



Real estate: portfolio by neighbourhood (Miami)



Case study: Redbridge Bedford

JZCP cost: \$18.1 m
JZCP value: \$44.6 m



Original Thesis (Acquired April 2012)

Redevelop and re-tenant commercial and residential spaces into a class A mixed use property

Asset Description

120,000 sq. ft. mixed use facility on one of the most desirable blocks in Williamsburg, Brooklyn

Value Add

- Transform building into two floors of retail plus apartments
- Signed lease with AAA credit multi-national tenant for Bedford Ave. prime retail unit
- Leased three retail spaces on North 4th St. to boutique high-end tenants
- Closed \$113 m bank loan in April 2016 – returned \$3.9 m in proceeds to JZCP



Summary & Outlook

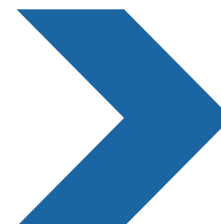
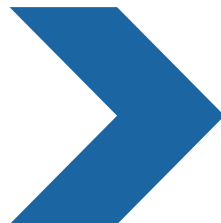
Strong balance sheet to take advantage of opportunities

Long-term track record of NAV growth

High level of investment activity

Diversity of investment portfolio

Additional fundraising



- Raised and realised \$479.0 million
 - New share issuance, ZDP rollover at lower cost, debt refinance, realizations
- NAV of \$851.7m at 29/02/16 vs. \$705.5m at 28/02/15
 - Five-year NAV growth from \$580.8m at 28/02/11 to \$851.7m at 29/02/16
- \$272.7 million in new investments
- US micro-cap (34%), European micro-cap (15%), real estate (32%) other* (19%)
- Raised €400 million European micro-cap fund



Appendix



JZCP investment activity

Since February 28, 2015	(\$ millions)
Jordan Healthcare Products	18.0
ROI & Avectus (healthcare revenue cycle management vertical)	19.6
Chemco (water vertical)	5.7
K2 Towers & Peaceable Street Capital	25.8
Tech Industries	7.3
Sloan LED	4.9
TierPoint	19.0
European Investments (through EMC 2010, Fund III & direct)	59.3
Real Estate Investments	104.7
Others	5.6
Total*	272.7



JZCP realisation activity

Since February 28, 2015	Gross Proceeds (\$ millions)
Healthcare Revenue Cycle Management Vertical Refinancing	15.2
Salter Labs	3.2
Petco	3.5
Dekko	10.5
Justrite Manufacturing	21.4
Driggs Ave. Refinancing	4.6
Flatbush Portfolio Refinancing	2.6
Secondary Sale (Docout, One World Packaging, Ombuds, Toro, Xacom)	81.0
Transfer of Warehoused Investments to Fund III ^(*)	41.5
Reallocation of investments following final close of Fund III	14.7
Others	7.0
Total**	205.2

(*) Petrocorner, Fincontinuo, S.A.C
 (***) Numbers subject to rounding

