JZ CAPITAL PARTNERS LIMITED

Interim Report and Financial Statements
For the period from 1 March 2021 to 31 August 2021

Contents

Numbers in the Interim Report and Financial Statements are quoted in US dollar ("$") unless otherwise stated.

Who We Are

Corporate Objective

JZ Capital Partners Limited ("JZCP" or the "Company") seeks to maximise the value of its investments in its US and European micro-cap companies and US real estate, to repay debt and to return capital to shareholders.

About Us

JZCP has investments in US and European micro-cap companies, as well as real estate properties in the US.

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.

In August 2020, the Company's shareholders approved changes to the Company's investment policy. Under the new policy, the Company will make no further investments except in respect of which it has existing obligations and to continue selectively to support the existing portfolio. The intention is to realise the maximum value of the Company's investments and, after repayment of all debt, to return capital to shareholders.

JZCP is a Guernsey domiciled closed-ended investment company authorised by the Guernsey Financial Services Commission. JZCP's shares trade on the Specialist Fund Segment of the London Stock Exchange.

Performance and Results Highlights

Realisations

During the period from 1 March 2021 to 31 August 2021, the Company completed the following realisations:

Asset	Portfolio	Proceeds ($ millions)
Salter Labs	US	41.1
George Industries	US	9.5
Orangewood Fund	US	6.2
Fund III distributions	European	0.7
Total		**57.5**

The realisation proceeds of $57.5 million was an increase of $2.6 million on the fair value of the above investments at 28.2.2021 ($54.9 million).

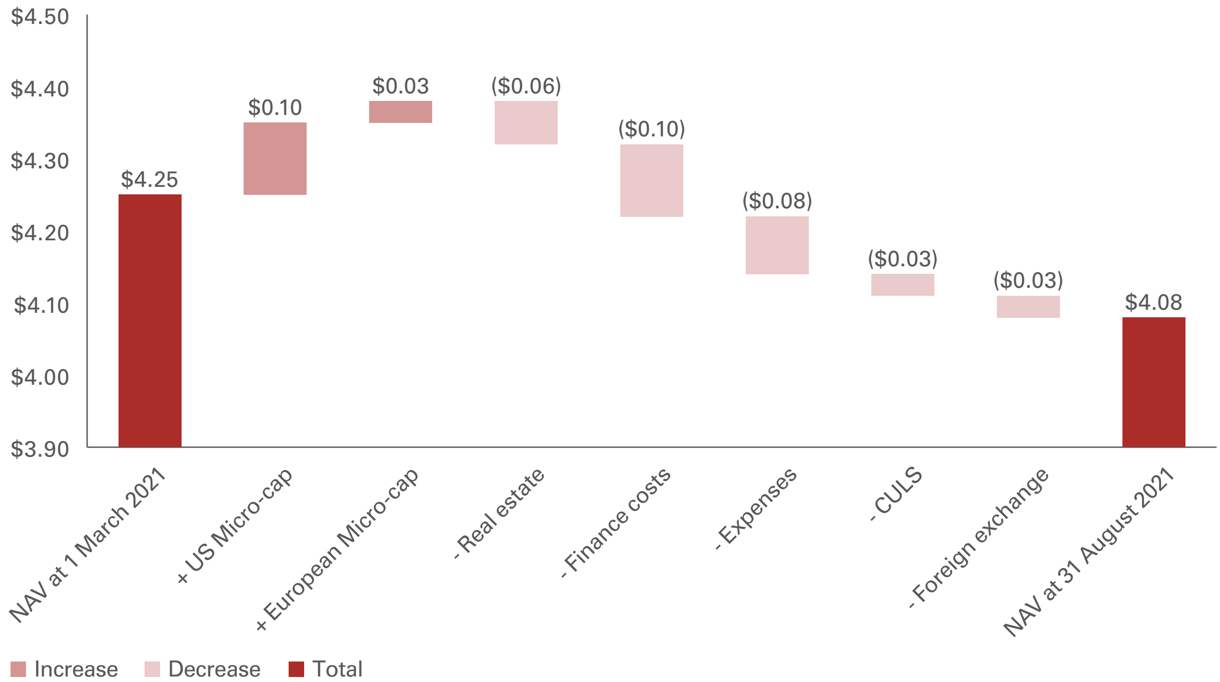
Net Asset Value ("NAV") per Share and Total NAV Returns

NAV per share at 31 August 2021 was **$4.08** (28 February 2021: $4.25). Total NAV Returns per share are shown below and also on an 'adjusted' basis which presents the Company's NAV return, before the effect of dilution from capital raised[1] and subsequent appreciation from the buy back of ordinary shares at a discount.

	6 Months	1 Year	3 Year	5 Year	7 Year	10 Year
Total NAV return	-4.0%	-11.3%	-58.5%	-60.2%	-56.4%	-47.0%
Total NAV return (Adjusted)[1]	-4.0%	-11.3%	-59.0%	-60.9%	-52.8%	-42.6%

Following table presents the Company's annual NAV performance by sector:

NAV attribution per Ordinary Share



All NAV returns above are presented in US Dollar terms and on a dividend reinvested basis and for periods ended 31 August 2021.

1 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.

Shareholder Returns

JZCP's share price at 31 August 2021 was **£1.20** (28 February 2021: £0.78).

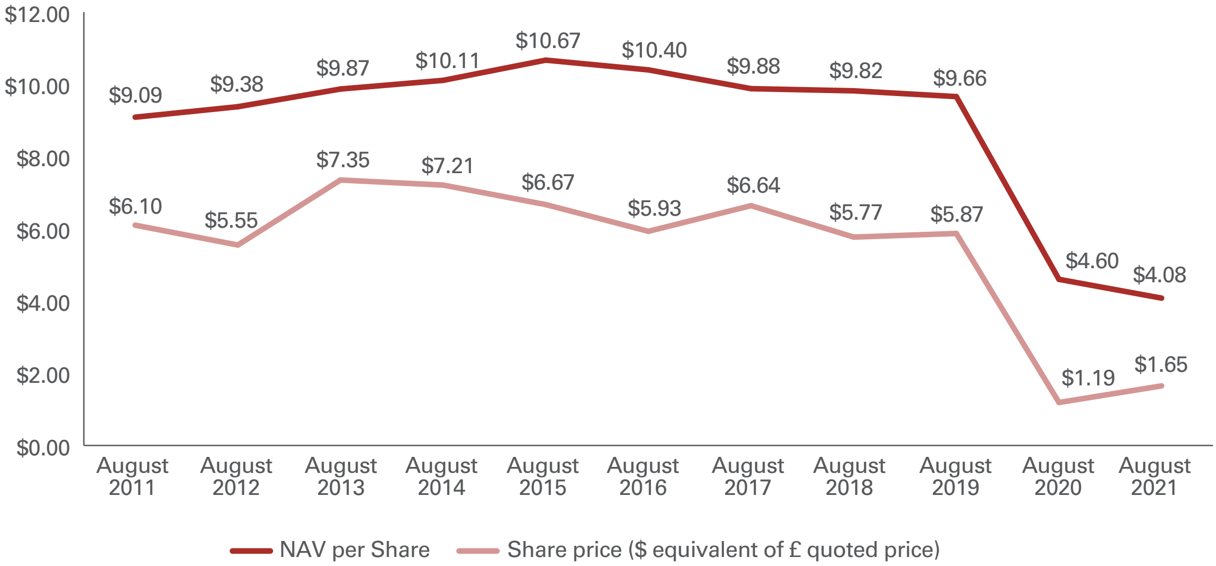
	6 Months	1 Year	3 Year	5 Year	7 Year	10 Year
Total Shareholder return	53.8%	34.8%	-73.0%	-72.8%	-68.7%	-58.9%

NAV to Market Price Discount

The data below shows the theoretical discount of the period end share price and the period end NAV per share and does not factor in the timing delay in announcing the period end NAV to the market.

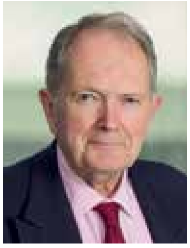
	31.8.2014	31.8.2016	31.8.2018	31.8.2020	31.8.2021
Discount	28.7%	43.0%	41.5%	74.1%	59.5%

NAV per Share versus Share Price



Total NAV return, Total Shareholder returns and NAV to Market Price discount are classified as Alternative Performance Measurements under European Securities and Market Authority guidelines and are further explained on pages 43 and 44 under Useful Information for Shareholders.

Chairman's Statement



David Macfarlane

We present the results of the Company for the six-month period ended 31 August 2021, which show that the Company's NAV fell from $4.25 at year-end 28 February 2021 to $4.08 at 31 August 2021 ($4.60 at 31 August 2020). After finance and administration costs, this decrease is primarily attributable to a loss on our Esperante property, following the joint venture purchase price negotiated with affiliates of The Related Companies ("Related"). This write-down at Esperante and write-downs at two US micro-cap investments, Deflecto and New Vitality, were offset by the realisation of Salter Labs above NAV and continuing strong performance from the underlying portfolio investments in the JZHL Secondary Fund.

Investment Policy and Liquidity

The Company continues to focus on implementing its New Investment Policy, which is to say that the Company will make no further investments outside its existing obligations or to the extent that investments may be made to support certain selected portfolio companies. The Company's objective continues to be the realisation of the maximum value from its investment portfolio and, after repaying its debt obligations (including the £57.6 million (approximately $79.3 million) of Zero Dividend Preference Shares ("ZDPs") due 1 October 2022), the return of capital to its shareholders.

Following the arrangements described in my statement dated 18 May 2021 accompanying the year-end results, the following transactions have taken place in regard to the Company's indebtedness:

- The Company realised its investment in Salter Labs for net proceeds of approximately $41 million, of which approximately $33 million was applied in reduction of the Senior Debt;
- In consequence, the amount outstanding in respect of the Senior Debt (owned by clients and funds advised and sub-advised by Cohanzick Management LLC and CrossingBridge Advisors LLC ("Cohanzick")) was reduced from $68.7 million at 28 February 2021 to $36.6 million at 31 August 2021. The remaining balance of the Senior Debt is currently due on 12 June 2022;
- The Company has drawn down $31.5 million of subordinated notes payable on 11 September 2022 under the Note Purchase Agreement ("NPA") facility made available by affiliates of Jay Jordan and David Zalaznick, as approved by shareholders; and
- £38.8 million (approximately $54.1 million) of Convertible Unsecured Loan Stock ("CULS") was redeemed on their maturity date of 30 July 2021.

In addition, as announced on 7 October 2021, the Company agreed with Cohanzick to borrow a further amount of $16 million under the Senior Debt facility. Whilst the Company's intention remains as being to realise the maximum value of its investments and, after repaying its debt obligations, to return capital to shareholders, the Company acknowledges that this is likely to be contingent on its ability to implement an alternative debt restructuring plan over an appropriate timeframe and, as a result, considers it prudent given the potential relative illiquidity of its investments to maintain sufficient cash liquidity to support its existing portfolio investments and obligations as they fall due, including the Senior Debt which remains as maturing on 12 June 2022, the subordinated loan notes which mature on 11 September 2022 and the redemption of its ZDPs which fall due on 1 October 2022.

Accordingly, the increase in the amount of the Senior Debt is intended to provide such liquidity to help enable the Company to maximise the value of its investments and to meet its obligations as they fall due. The Company remains committed to the delivery of its investment policy and has confirmed that the increase in the loan amount will be used in a manner consistent with that policy.

However, at this time, the Senior Debt and the subordinated notes payable under the NPA facility mature prior to the redemption date of the ZDPs. Unless these three instruments are refinanced, extended, or, as realisations permit, paid off, continued uncertainty will exist with regards to their redemption. Several potential realisations are being worked on, but there is no certainty as to their likely result or timing. As a result of the Company's continued potential inability to redeem its debt securities on their respective maturity dates, the Report of the Directors accompanying these results discloses a material uncertainty as to the Company's ability to continue as a going concern.

US and European Micro-cap Portfolios

Our US and European micro-cap portfolios continue to perform solidly and we are working towards several realisations in both portfolios. During the period, the Company realised its investment in Salter Labs well above NAV, netting the Company $41 million in proceeds. Also during the period, JZCP received approximately $6.2 million in proceeds from selling down the "funded portion" of its commitment to the Orangewood Fund as well as from investor re-allocations from the final close of the Orangewood Fund. JZCP has now sold down its entire commitment to the Orangewood Fund.

Real Estate Portfolio

As previously discussed, the Company's two remaining real estate assets that have equity value are 247 Bedford Avenue in Brooklyn, New York (where Apple is the principal tenant), and the Esperante office building in West Palm Beach, Florida.

With regards to Esperante, we are pleased to have closed a joint venture agreement with Related, led by Stephen Ross; we continue to believe that a partnership with Related will create significant additional value for JZCP at Esperante going forward. As part of the joint venture, Related purchased 49.9% of the equity of Esperante, while the current ownership (which includes JZCP) retained 50.1% of the equity. In the context of this transaction, JZCP realised a loss based on the joint venture purchase price negotiated with Related. We will be commissioning a new appraisal for Esperante at year-end (28 February 2022), which we expect will reflect the continuously improving market environment in West Palm Beach, Florida, and look forward to reporting on our progress with Related in the coming months.

Outlook

The outlook remains similar, albeit improved, to when we reported at the time of the annual results. The realisation of our investment in Salter Labs was a very successful result; however, the execution of the New Investment Policy depends upon the timing and quantum of further realisations. The Board believes that the arrangements described above represent a step forward in enabling the Company to maximise the value of and to realise its investment portfolio. The Board continues to be optimistic that all the Company's obligations will be repaid in full and that ultimately a significant amount of capital will be returned to shareholders.

David Macfarlane
Chairman
10 November 2021

Investment Adviser's Report

David Zalaznick and Jay Jordan

Dear Fellow Shareholders,
We continue to make substantial progress towards our stated goal of realizing investments to generate cash to pay debt, relieving JZCP of unfunded commitments and supporting our existing portfolio to maximize returns to shareholders.

Specifically, we agreed the extension of JZCP's remaining senior debt through June 2022. Furthermore, we agreed to personally provide a $31.5 million liquidity facility at 6.0% interest to JZCP (i.e., at the same rate as the CULS), which was approved by shareholders. Along with $41 million in net proceeds from the successful Salter realization in June 2021, these two transactions enabled JZCP to pay off its CULS in full and on their stated due date while at the same time maintaining a cash cushion. Most recently, in October 2021, we increased our credit facility with clients and funds advised and sub-advised by Cohanzick Management LLC and CrossingBridge Advisors LLC ("Cohanzick") by an additional $16 million. Taken together, these transactions will help afford us further time to maximize the value of our portfolio as we approach the extended maturity of the balance of our senior debt as well as the stated maturities of our subordinated notes and ZDPs.

Our US and European micro-cap portfolios continue to perform solidly and we are working towards several realizations in both portfolios.

With regards to our West Palm Beach office tower, Esperante, we are pleased to have closed a joint venture agreement with affiliates of The Related Companies ("Related"); we continue to believe that a partnership with Related will create significant additional value for JZCP at Esperante going forward.

As of 31 August 2021, our US micro-cap portfolio consisted of 15 businesses, which includes four 'verticals' and eight co-investments, across nine industries. Our European micro-cap portfolio consisted of 17 companies across six industries and seven countries.

Net Asset Value ("NAV")

JZCP's NAV per share decreased by 17 cents or 4%, during the six-month period.

NAV per Ordinary share as of 28 February 2021	**$4.25**
Change in NAV due to capital gains and accrued income	
+ US Micro-cap	0.10
+ European Micro-cap	0.03
- Real estate	(0.06)
Other decreases in NAV	
- Change in fair value of CULS	(0.03)
- Net foreign exchange effect	(0.03)
- Finance costs	(0.10)
- Expenses and taxation	(0.08)
NAV per Ordinary share as of 31 August 2021	**$4.08**

The US micro-cap portfolio continued to perform well during the six-month period, delivering a net increase of 10 cents per share. This was primarily due to net accrued income of 4 cents and write-ups at co-investment Salter Labs (3 cents) and the JZHL Secondary Fund portfolio (11 cents). Offsetting these increases were decreases at co-investments George Industries, New Vitality and Deflecto (1 cent, 1 cent and 6 cents, respectively).

Our European portfolio also performed well during the period, posting an increase of 3 cents, due to net write-ups at European portfolio companies.

The real estate portfolio experienced a decrease of 6 cents, primarily due to a one-time write-down occasioned by the difference between the Esperante property's last appraised value (August 31, 2020) and the implied joint venture purchase price negotiated with Related. We will be commissioning a new appraisal for Esperante at year-end (February 28, 2022), which we expect will reflect the continuously improving market environment in West Palm Beach, Florida.

Returns

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

	31.8.2021	28.2.2021	31.8.2020	31.8.2018	31.8.2016
Share price (in GBP)	**£1.20**	£0.78	£0.89	£4.44	£4.53
NAV per share (in USD)	**$4.08**	$4.25	$4.60	$9.82	$10.40
NAV to market price discount	**59.5%**	74.3%	74.1%	41.2%	43.0%

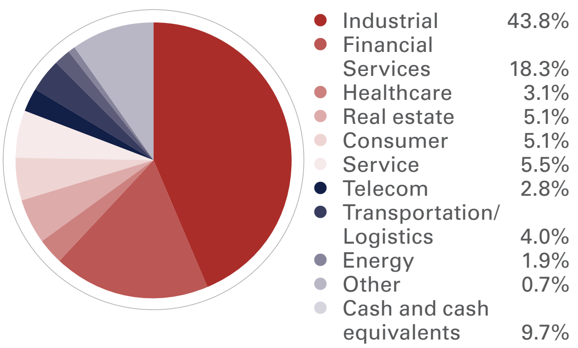
	6 month return	1 year return	3 year return	5 year return
Dividends paid (in USD)	–	–	–	$0.155
Total Shareholders' return (GBP)[1]	53.8%	34.8%	(73.0%)	(72.8%)
Total NAV return per share (USD)[1]	(4.0%)	(11.3%)	(58.5%)	(60.2%)
Total Adjusted NAV return per share (USD)[1]	(4.0%)	(11.3%)	(59.0%)	(60.9%)

1 Total returns are cumulative and assume that dividends were reinvested.

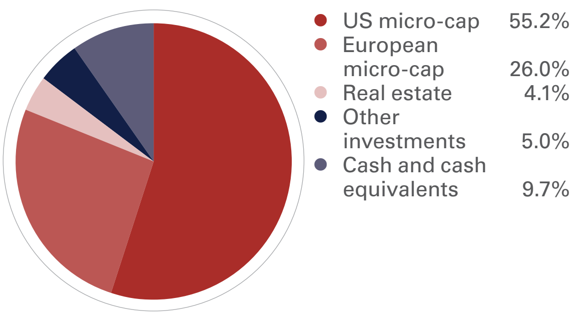
Portfolio Summary

Our portfolio is well-diversified by asset type and geography, with 32 US and European micro-cap investments across eleven industries. The European portfolio itself is well-diversified geographically across Spain, Italy, Portugal, Luxembourg, Scandinavia and the UK.

Portfolio by Industry



Portfolio by Investment Type



Below is a summary of JZCP's assets and liabilities at 31 August 2021 as compared to 28 February 2021. An explanation of the changes in the portfolio follows:

	31.08.2021 US$'000	28.02.2021 US$'000
US micro-cap portfolio	**254,356**	299,339
European micro-cap portfolio	**119,545**	117,781
Real estate portfolio	**18,788**	23,376
Other investments	**23,147**	23,147
Total investments	**415,836**	463,643
Treasury bills	**3,395**	3,394
Cash	**41,187**	59,784
Total cash equivalents	**44,582**	63,178
Other assets	**389**	22
Total assets	**460,807**	526,843
Zero Dividend Preference shares	**75,014**	74,303
Senior debt facility	**36,629**	68,694
Loan Notes	**31,669**	–
Convertible Unsecured Loan Stock	–	52,430
Other liabilities	**1,244**	1,857
Total liabilities	**144,556**	197,284
Net Asset Value	**316,251**	329,559

Investment Adviser's Report continued

US microcap portfolio

As you know from previous reports, our US portfolio is grouped into industry 'verticals' and co-investments. As of December 4, 2020, certain of our verticals and co-investments are now grouped under JZHL Secondary Fund, LP ("JZHL" or the "Secondary Fund"). JZCP has a continuing interest in the Secondary Fund through a special limited partnership interest, which entitles JZCP to certain distributions from the Secondary Fund.

Our 'verticals' strategy focuses on consolidating businesses under industry executives who can add value via organic growth and cross company synergies. Our co-investments strategy allows for greater diversification of our portfolio by investing in larger companies alongside well-known private equity groups.

The US micro-cap portfolio continued to perform well during the six-month period, delivering a net increase of 10 cents per share. This was primarily due to net accrued income of 4 cents and write-ups at co-investment Salter Labs (3 cents) and the JZHL Secondary Fund portfolio (11 cents). Offsetting these increases were decreases at co-investments George Industries, New Vitality and Deflecto (1 cent, 1 cent and 6 cents, respectively).

European microcap portfolio

Our European portfolio also performed well during the period, posting an increase of 3 cents, due to net write-ups at European portfolio companies.

JZCP invests in the European micro-cap sector through its approximately 18.8% ownership of Fund III. As of 31 August 2021, Fund III held 13 investments: five in Spain, two in Scandinavia, two in Italy, two in the UK and one each in Portugal and Luxembourg. JZCP held direct loans to a further three companies in Spain: Docout, Xacom and Toro Finance.

JZAI has offices in London and Madrid and an outstanding team with over fifteen years of experience investing together in European micro-cap deals.

Real estate portfolio

The Company's two remaining real estate assets that have equity value are 247 Bedford Avenue in Brooklyn, New York (where Apple is the principal tenant), and the Esperante office building in West Palm Beach, Florida.

With regards to our real estate property, Esperante, we are pleased to have closed a joint venture agreement with affiliates of Related, led by Stephen Ross; we continue to believe that a partnership with Related will create significant additional value for JZCP at Esperante going forward.

As part of the joint venture, Related purchased 49.9% of the equity of Esperante, while the current ownership (which includes JZCP) retained 50.1% of the equity. In the context of this transaction, JZCP experienced a one-time write-down occasioned by the difference between the property's last appraised value (August 31, 2020) and the implied joint venture purchase price negotiated with Related. We will be commissioning a new appraisal for Esperante at year-end (February 28, 2022), which we expect will reflect the continuously improving market environment in West Palm Beach, Florida, and look forward to reporting on our progress with Related in the coming months.

Other investments

Our asset management business in the US, Spruceview Capital Partners, has continued to make encouraging progress since our last report to you. Spruceview addresses the growing demand from corporate pensions, endowments, family offices and foundations for fiduciary management services through an Outsourced Chief Investment Officer ("OCIO") model as well as customized products/ solutions per asset class.

Spruceview's third private markets fund, focused on co-investment opportunities in the US, ended the period with commitments of over $70 million. The firm also received additional commitments to its second private markets fund, bringing total commitments to $85 million, as well as additional contributions to the pension plans to which it provides advisory services.

During the period, Spruceview also maintained a pipeline of potential client opportunities and continued to provide investment management oversight to the pension funds of the Mexican and Canadian subsidiaries of an international packaged foods company, as well as portfolios for family office clients, and a growing series of private market funds.

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 17 investment, business and product development, legal and operations professionals.

Realisations

Orangewood Fund

During the six-month period, JZCP received approximately $6.2 million in proceeds from selling down the "funded portion" of its commitment to the Orangewood Fund as well as from investor re-allocations from the final close of the Orangewood Fund. JZCP has now sold down its entire commitment to the Orangewood Fund.

Salter Labs

In June 2021, JZCP received a $41 million distribution from the sale of Salter.

George

In April 2021, JZCP sold its investment in George, receiving approximately $9.5 million in sale proceeds.

Outlook

We believe that JZCP's outlook continues to improve significantly. The US and European microcap portfolios have performed well and our expectation remains that they will contribute to future NAV growth of the Company.

We have restructured JZCP's senior debt to allow for the repayment of the CULS. This was accomplished by extending the maturity of our senior loan by one year and by affiliates of the Investment Adviser making available a $31.5 million credit facility at 6.0% interest (i.e., the same rate as the CULS) to the Company. This facility matures behind the extended senior debt and in front of the ZDPs.

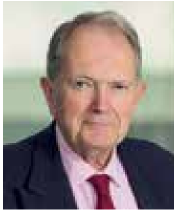
We see significant value to be realized from our US and European microcap portfolios and will continue to selectively invest in these portfolios, in accordance with the new investment policy, to maximize their values. We believe this is the most effective way for us to be able to return significant capital to our ordinary shareholders. We continue to pursue several realizations and look forward to making announcements regarding these potentially significant liquidity events in the near future.

Thank you again for your continued support through a difficult period. We remain dedicated to maximizing value for our fellow shareholders.

Yours faithfully,

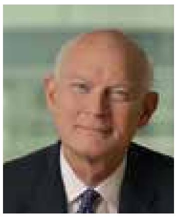
Jordan/Zalaznick Advisers, Inc.
10 November 2021

Board of Directors



David Macfarlane (Chairman)[1]

Mr Macfarlane was appointed to the Board of JZCP in 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.



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 an Overseer of the Gennadius Library of the American School of Classical Studies in Athens, and a Director of Pro Natura de Yucatan.

Sharon Parr[2]

Mrs Parr was appointed to the Board of JZCP in June 2018. In 2003 she completed a private equity backed MBO of the trust and fund administration division of Deloitte and Touche, called Walbrook, selling it to Barclays Wealth in 2007. As a Managing Director of Barclays, she ultimately became global head of their trust and fund administration businesses, comprising over 450 staff in 10 countries. She stepped down from her executive roles in 2011 to focus on other areas and interests but has maintained directorships in several companies. She is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Society of Trust and Estate Practitioners, and is a resident of Guernsey.

Ashley Paxton

Mr Paxton was appointed to the board in August 2020. He has more than 25 years of funds and financial services industry experience, with a demonstrable track record in advising closed-ended London listed boards and their audit committees on IPOs, capital market transactions, audit and other corporate governance matters. He was previously C.I. Head of Advisory for KPMG in the Channel Islands, a position he held from 2008 through to his retirement from the firm in 2019. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a resident of Guernsey. Amongst other appointments he is Chairman of the Youth Commission for Guernsey & Alderney, a locally based charity whose vision is that all children and young people in the Guernsey Bailiwick are ambitious to reach their full potential.

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

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Interim Report and Financial Statements comprising the Half-yearly Interim Report (the "Interim Report") and the Unaudited Condensed Interim Financial Statements (the "Interim Financial Statements") in accordance with applicable law and regulations.

- the Interim Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted in the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Chairman's Statement and Investment Adviser's Report include a fair review of the information required by:

(i) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, being an indication of important events that have occurred during the first six months of the financial year and their impact on the Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(ii) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or the performance of the entity during that period; and any changes in the related party transactions described in the 2021 Annual Report and Financial Statements that could do so.

Principal Risks and Uncertainties

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

Portfolio Liquidity

The Company invests predominantly in unquoted companies and real estate. Therefore, this potential illiquidity means there can be no assurance investments will be realised at their latest valuation or on the timing of such realisations. The Board considers this illiquidity when planning to meet its future obligations, whether committed investments or the repayment of the Senior Debt Facility, Loan Notes and Zero Dividend Preference ("ZDP") shares. On a quarterly basis, the Board reviews a working capital model produced by the Investment Adviser which highlights the Company's projected liquidity and financial commitments.

COVID-19

Whilst reporting its annual results for the year ended 28 February 2021, the Board disclosed in its Going Concern Assessment, that the encouraging performance of the micro-cap portfolios in the face of unprecedented circumstances gave the Board confidence in the valuation of the portfolios and the potential for growth and future valuation uplifts. The Board has confidence that the micro-cap portfolios are continuing to perform robustly but are mindful that market conditions mean that realisations may be delayed or become more difficult.

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 realise investments and the level of realised returns. As at 31 August 2021, 28.5% (28 February 2021: 25.2%) of the Company's investments are denominated in non-US dollar currencies, primarily the Euro. Also, the Company's ZDP shares are denominated in 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 support the Company's investment portfolio by executing suitable investment decisions. The Investment Adviser provides the Board with an explanation of all investment decisions and also provides 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 investment strategy.

Report of the Directors continued

Principal Risks and Uncertainties continued

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.

Gearing and Financing Costs in the Real Estate Portfolio

The cost of servicing debt in the underlying real estate structures may impact the net valuation of the real estate portfolio and subsequently the Company's NAV. Gearing in the underlying real estate structures will increase any losses arising from a downturn in property valuations.

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 broadly consistent with those reported at the prior year end, but wish to note the following:

- The Board recognises the Company will have an increased exposure to liquidity risk as future debt obligations near maturity.
- Gearing and the finance costs within the real estate portfolio have become less of a future risk to the Company as the current valuation of $18.8 million (28 February 2021: $23.4 million) now reflects the majority of write downs that could be attributed by the gearing structure and costs incurred.
- The effect of COVID-19 on market conditions means that there are challenges to completing corporate transactions and planned realisations may be delayed. This uncertainty is considered when the Board assesses the Company's ability to generate sufficient realisation proceeds to meet its financial obligations.

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 for a period of at least 12 months from signing of the Interim Financial Statements, which contemplates continuity of operations and the realisation of assets and settlement of liabilities occurring in the ordinary course of business.

Due to the uncertainties that the Company will not have sufficient liquidity to repay its Senior Debt Facility (due 12 June 2022), Loan Notes (due 11 September 2022) and redeem its ZDP shares (due 1 October 2022) there are material uncertainties which cast significant doubt on the ability of the Company to continue as a going concern. However, the Interim Financial Statements for the period ended 31 August 2021 have been prepared on a going concern basis given the Board's assessment of future realisations and the Company's expected ability to restructure and extend the maturity of debt obligations in line with forecasted cash flows. The Board, with recommendation from the Audit Committee, has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In reaching its conclusion, the Board has considered the risks that could impact the Company's liquidity over the period from 10 November 2021 to 10 November 2022 (the "going concern period") being 12 months from the signing of the Interim Financial Statements.

As part of their assessment, the Audit Committee highlighted the following key consideration:

Whether if required, the Company can implement an alternative debt restructuring plan that will enable the Company to repay its debt obligations, including the redemption of its ZDP shares, over an extended timeframe. The extent of the debt restructuring will be dependent on the cash amounts generated through realisations of its underlying investments throughout the going concern period.

Recent events impacting liquidity

- The repayment of $33.3 million of the Senior Debt Facility following a material realisation and the lenders also agreed to the extension of the maturity date of the Senior Debt Facility to 12 June 2022.
- The issue of Loan Notes totalling $31.5 million repayable 11 September 2022.
- The redemption of the Company's CULS (£38.8 million) on 30 July 2021.
- Post period end, the Company agreed with its existing senior lenders to borrow a further amount of $16.0 million under its Senior Debt Facility. Following the increase, the total amount outstanding under the Senior Debt Facility is approx.$52.6 million.

Update on material liabilities due for settlement

The below table shows the Company's net debt position at 31 October 2021 versus the prior year end and interim reporting date:

	31.10.2021 $'000	28.2.2021 $'000	31.8.2020 $'000
ZDP Shares – maturity date 1 October 2022 – dollar equivalent of £57.6 million[1]	78,951	80,527	76,610
Loan Notes – maturity date 11 September 2022[2]	31,673	–	–
Senior Debt Facility – extended maturity date 12 June 2022[2]	52,563	68,694	150,355
CULS – maturity date 30 July 2021 – redemption amount of £38.8 million[1]	–	54,332	52,033
Total debt	163,187	203,553	278,998
Cash and cash equivalents held	62,553	63,178	39,051
Net debt position	100,634	140,375	239,947

1 ZDP and CULS maturity dollar amount translated using the relevant period end exchange rate.
2 Includes accrued interest

Realisations

The below table shows the Company's realisations over the twelve month period ending 31 August 2021:

Asset	Portfolio	Proceeds ($ millions)
Secondary Sale	US	87.7
Salter Labs (includes $4.4 million from refinancing in September 2020)	US	45.5
Greenpoint	Real estate	13.6
George Industries	US	9.5
Orangewood Fund	US	6.2
Fund III distributions	European	0.7
Total		**163.2**

The Company continues to work on the realisation of various investments within a timeframe that will enable the Company to maximise the value of its investment portfolio. If it becomes apparent during quarter 1 of 2022 that realisation amounts, over the going concern period, will be insufficient to meet the Company's debt obligations, then the Company will look at opportunities to restructure its debt, to enable returns to be maximised and for debt obligations to be met over an extended timeframe.

The Board continues to consider the levels of realisation proceeds historically generated by the Company's micro-cap portfolios as well as the accuracy of previous forecasts whilst concluding on the predicted accuracy of forecasts presented.

The Board acknowledges that the new maturity date of the Senior Debt Facility and the Loan Notes still fall within the going concern period and therefore the Company will still need to generate sufficient realisation proceeds, within the period, to repay its debt obligations or make alternative debt arrangements with lenders.

Considering the Company's projected cash position, ongoing operating costs, and the anticipated further investment required to support the Company's portfolio, the Board anticipates further proceeds of approx. $150 million are required to enable the Company to settle its debts as they fall due.

Report of the Directors continued

Going Concern Conclusion

After careful consideration and based on an assessment of future realisations, the Board is satisfied, as of today's date, that it is appropriate to adopt the going concern basis in preparing the financial statements and they have a reasonable expectation that the Company will continue in existence as a going concern for the period to 10 November 2022.

However, the Board has determined that there is a material uncertainty surrounding the Company's ability to generate sufficient liquidity to repay its Senior Debt Facility (due 12 June 2022), Loan Notes (due 11 September 2022) and repay its ZDP shares (due 1 October 2022) which casts significant doubt over the ability of the Company to continue as a Going Concern, based on the following key consideration:

Whether if required, the Company can implement an alternative debt restructuring plan that will enable the Company to repay its debt obligations, including the redemption of its ZDP shares, over an extended timeframe. The extent of the debt restructuring will be dependent on the cash amounts generated through realisations of its underlying investments throughout the going concern period.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Approved by the Board of Directors and agreed on behalf of the Board on 10 November 2021.

David Macfarlane	*Sharon Parr*
Chairman	Director

Investment Portfolio

	31 August 2021 Cost[1] US$'000	Value US$'000	Percentage of portfolio %
US Micro-cap portfolio			
US Micro-cap Fund			
JZHL Secondary Fund L.P.[2]			
JZCP's investment in the JZHL Secondary Fund is further detailed on page 17			
Total JZHL Secondary Fund L.P. valuation	40,965	80,839	19.3
US Micro-cap (Vertical)			
Industrial Services Solutions[3]			
INDUSTRIAL SERVICES SOLUTIONS ("ISS")			
Provider of aftermarket maintenance, repair, and field services for critical process equipment throughout the US			
Total Industrial Services Solutions valuation	48,250	95,889	22.9
US Micro-cap (Co-investments)			
DEFLECTO			
Deflecto designs, manufactures and sells innovative plastic products to multiple industry segments	45,010	40,923	9.7
IGLOO[3]			
Designer, manufacturer and marketer of coolers and outdoor products	6,040	329	0.1
NEW VITALITY[3]			
Direct-to-consumer provider of nutritional supplements and personal care products	3,354	10,958	2.6
ORIZON			
Manufacturer of high precision machine parts and tools for aerospace and defence industries	3,899	7,000	1.7
VITALYST[3]			
Provider of outsourced IT support and training services	9,020	6,192	1.5
Total US Micro-cap (Co-investments)	67,323	65,402	15.6
US Micro-cap (Other)			
AVANTE HEALTH SOLUTIONS			
Provider of new and professionally refurbished healthcare equipment	7,823	11,226	2.7
HEALTHCARE PRODUCTS HOLDINGS			
Designer and manufacturer of motorised vehicles	17,636	–	–
NATIONWIDE STUDIOS			
Processor of digital photos for pre-schoolers	26,324	1,000	0.2
Total US Micro-cap (Other)	51,783	12,226	2.9
Total US Micro-cap portfolio	**208,321**	**254,356**	**60.7**

Investment Portfolio continued

	31 August 2021		
	Cost[1] US$'000	Value US$'000	Percentage of portfolio %
European Micro-cap portfolio			
EUROMICROCAP FUND 2010, L.P.			
Invested in European Micro-cap entities	169	3,279	0.8
JZI FUND III, L.P.			
JZCP's investment in JZI Fund III is further detailed on page 17	51,006	83,382	19.9
Total European Micro-cap (measured at Fair Value)	51,175	86,661	20.7
Debt Investments			
DOCOUT			
Provider of digitalisation, document processing and storage services	2,777	4,113	1.0
TORO FINANCE			
Provides short term receivables finance to the suppliers of major Spanish companies	21,619	25,938	6.2
XACOM			
Supplier of telecom products and technologies	2,055	2,833	0.6
Debt Investments (classified at amortised cost)	26,451	32,884	7.8
Total European Micro-cap portfolio	**77,626**	**119,545**	**28.5**
Real Estate portfolio			
247 BEDFORD AVENUE			
Prime retail asset in northern Brooklyn, NY	17,717	6,973	1.7
ESPERANTE			
An iconic building on the downtown, West Palm Beach skyline	14,158	11,815	2.8
JZCP REALTY			
Other Properties held – no equity value	53,266	–	–
Total Real Estate portfolio	**85,141**	**18,788**	**4.5**
Other investments			
BSM ENGENHARIA			
Brazilian-based provider of supply chain logistics, infrastructure services and equipment rental	6,115	459	0.1
JZ INTERNATIONAL			
Fund of European LBO investments	–	750	0.2
SPRUCEVIEW CAPITAL			
Asset management company focusing primarily on managing endowments and pension funds	31,955	21,938	5.2
Total Other investments	**38,070**	**23,147**	**5.5**
Listed investments			
U.S. Treasury Bill – Maturity 7 October 2021	3,393	3,395	0.8
Total Listed investments	**3,393**	**3,395**	**0.8**
Total – portfolio	**412,551**	**419,231**	**100.0**

1 Original book cost incurred by JZCP adjusted for subsequent transactions. Other than JZHL Secondary Fund (see foot note 2), the book cost represents cash outflows and excludes PIK investments.
2 Notional cost of the Company's interest in JZHL Secondary Fund being $40.965 million which is calculated in accordance with IFRS, and represents the fair value of the Company's LP interest on recognition.
3 Co-investment with Fund A, a Related Party (Note 19).

Summary of JZCP's investments in JZHL Secondary Fund

	JZHL Cost[1] As at 31.8.2021 $'000s	JZHL Valuation As at 31.8.2021 $'000s
US Micro-cap (Verticals)		
ACW FLEX PACK, LLC		
Provider of a variety of custom flexible packaging solutions to converters and end-users	11,205	10,000
FLOW CONTROL, LLC		
Manufacturer and distributor of high-performance, mission-critical flow handling products and components utilized to connect processing line equipment	15,115	25,839
TESTING SERVICES HOLDINGS		
Provider of safety focused solutions for the industrial, environmental and life science related markets, and testing, certification and validation services for cleanroom, critical environments and containment systems	23,426	35,000
US Micro-cap (Co-investments)		
FELIX STORCH		
Supplier of specialty, professional, commercial, and medical refrigerators and freezers, and cooking appliances	24,500	81,000
PEACEABLE STREET CAPITAL		
Specialty finance platform focused on commercial real estate	36,541	36,541
TIERPOINT		
Provider of cloud computing and colocation data centre services	46,813	46,813
	157,600	235,193
Less interest of Hamilton Lane and other secondary investments		(154,354)
JZCP's interest in JZHL Secondary Fund		**80,839**

1 The cost of the JZHL's investments represent the agreed transfer value from JZCP to JZHL.

Summary of JZCP's investments in JZI Fund III

	Country	JZCP Cost (EURO)[1] As at 31.8.2021 €'000s	JZCP Value (EURO)[1] As at 31.8.2021 €'000s	JZCP Value (USD) As at 31.8.2021 $'000s
ALIANZAS EN ACEROS – Steel service center	Spain	4,388	4,538	5,357
BLUESITES – Build-up in cell tower land leases	Portugal	3,140	4,594	5,423
COLLINGWOOD – Niche UK motor insurer	UK	3,014	3,038	3,586
ERSI – Reinforced steel modules	Luxembourg	8,503	2,456	2,899
FACTOR ENERGIA – Electricity supplier	Spain	3,653	10,162	11,996
FINCONTINUO – Niche consumer lender	Italy	5,075	8,287	9,782
GUANCHE – Build-up of petrol stations	Spain	3,625	3,627	4,282
KARIUM – Personal care consumer brands	UK	4,321	11,006	12,992
LUXIDA – Build-up in electricity distribution	Spain	3,315	4,781	5,644
MY LENDER – Niche consumer lender	Finland	4,861	4,500	5,312
S.A.C – Operational van leasing	Denmark	3,487	7,725	9,119
TREEE – e-waste recycling	Italy	3,159	9,544	11,266
UFASA – Niche consumer lender	Spain	5,108	6,574	7,760
Other net Liabilities				(12,036)
Total valuation				**83,382**

1 Represents JZCP's 18.75% of Fund III's investment portfolio

Independent Review Report to JZ Capital Partners Limited

Conclusion

We have been engaged by the Company to review the Unaudited Condensed Interim Financial Statements ("Interim Financial Statements") for the six months ended 31 August 2021 which comprises the Statement of Comprehensive Income (Unaudited), Statement of Financial Position (Unaudited), Statement of Changes in Equity (Unaudited), Statement of Cash Flows (Unaudited) and related Notes 1 to 22. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Interim Financial Statements.

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Statements for the six months ended 31 August 2021 are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union ("IAS 34"), and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 2, the annual financial statements of the Company are prepared in accordance with IFRS as adopted by the European Union. The Interim Financial Statements have been prepared in accordance with IAS 34.

Material Uncertainty Related to Going Concern

We draw your attention to Note 3 in the Interim Financial Statements, which states that there is material uncertainty surrounding the Company's ability to generate sufficient liquidity to repay its Senior Debt Facility (due 12 June 2022) and Loan Notes (due 11 September 2022) and to redeem its ZDP shares (due 1 October 2022) based on the following key considerations: i.) Whether the Company can generate sufficient cash through realisations of its underlying investments to discharge its liabilities over the period to 10 November 2022 and ii.) Whether, in the event that sufficient realisation proceeds referenced above are not generated by the Company before the maturity dates of the debt obligations, including the redemption of the ZDP shares, the Company is able to implement an alternative debt restructuring plan to repay its debt obligations, including the redemption of the ZDP shares, over an extended timeframe.

Our conclusion on the Interim Financial Statements based on our review is not modified in respect of this matter.

Responsibilities of the Directors

The Directors are responsible for preparing the Interim Report and Interim Financial Statements in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Auditor's responsibilities for the review of the financial information

In reviewing the Interim Report and Interim Financial Statements, we are responsible for expressing to the Company a conclusion on the Interim Financial Statements. Our conclusion is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
Guernsey, Channel Islands
10 November 2021

Notes
1. The Interim Report and Financial Statements are published on websites maintained by the Investment Adviser.
2. The maintenance and integrity of these websites are the responsibility of the Investment Adviser; the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the Condensed Interim Financial Statements since they were initially presented on the website.
3. Legislation in Guernsey governing the preparation and dissemination of Condensed Interim Financial Statements may differ from legislation in other jurisdictions.

Statement of Comprehensive Income (Unaudited)

For the Period from 1 March 2021 to 31 August 2021

	Note	**Six Month Period Ended 31 August 2021 US$'000**	Six Month Period Ended 31 August 2020 US$'000
Income and investment and other gains			
Investment Income	8	**9,119**	12,697
Bank and deposit interest		**75**	124
Realisations from investments held in escrow accounts	21	**–**	801
		9,194	13,622
Expenses and losses			
Net loss on investments at fair value through profit or loss	6	**(4,809)**	(114,089)
Expected credit losses	7	**(1,405)**	(560)
Loss on financial liabilities at fair value through profit or loss	15	**(1,869)**	(2,836)
Net foreign currency exchange losses		**(202)**	(2,035)
Investment Adviser's base fee	10	**(3,888)**	(5,359)
Directors' remuneration		**(2,154)**	(2,151)
Investment Adviser's incentive fee		**(145)**	(150)
		(14,472)	(127,180)
Operating loss		**(5,278)**	(113,558)
Finance costs	9	**(6,981)**	(9,190)
Loss for the period		**(12,259)**	(122,748)
Other comprehensive (loss)/income that will not be reclassified to the Income Statement			
(Loss)/gain on financial liabilities due to change in credit risk	15	**(1,074)**	3,290
Total comprehensive loss for the period		**(13,333)**	(119,458)
Weighted average number of Ordinary shares in issue during the period	20	**77,474,670**	77,474,175
Basic loss per Ordinary share	20	**(15.82)c**	(158.44)c
Diluted loss per Ordinary share	20	**(15.82)c**	(158.44)c

The accompanying notes form an integral part of the Interim Financial Statements.

Statement of Financial Position (Unaudited)

As at 31 August 2021

	Note	31 August 2021 US$'000	28 February 2021 US$'000
Assets			
Investments at fair value through profit or loss	11	**386,347**	433,224
Loans at amortised cost	11	**32,884**	33,813
Other receivables		**389**	22
Cash at bank		**41,187**	59,784
Total assets		**460,807**	526,843
Liabilities			
Zero Dividend Preference shares	12	**75,014**	74,303
Loan Notes	13	**31,669**	–
Senior Debt Facility	14	**36,629**	68,694
Other payables	16	**1,244**	1,284
Investment Adviser's base fee	10	**–**	573
Convertible Unsecured Loan Stock	15	**–**	52,430
Total liabilities		**144,556**	197,284
Equity			
Share capital		**216,650**	216,625
Other reserve		**353,528**	354,602
Retained deficit		**(253,927)**	(241,668)
Total equity		**316,251**	329,559
Total liabilities and equity		**460,807**	526,843
Number of Ordinary shares in issue at period/year end	17	**77,477,214**	77,474,175
Net asset value per Ordinary share		**$4.08**	$4.25

These Interim Financial Statements on pages 19 to 41 were approved by the Board of Directors and authorised for issuance on 10 November 2021. They were signed on its behalf by:

David Macfarlane
Chairman

Sharon Parr
Director

The accompanying notes form an integral part of the Interim Financial Statements.

Statement of Changes in Equity (Unaudited)

For the Period from 1 March 2021 to 31 August 2021

	Note	Share Capital US$'000	Other Reserve US$'000	Retained Deficit US$'000	Total US$'000
Balance as at 1 March 2021		**216,625**	**354,602**	**(241,668)**	**329,559**
Loss for the period		**–**	**–**	**(12,259)**	**(12,259)**
Loss on financial liabilities due to change in credit risk	15	**–**	**(1,074)**	**–**	**(1,074)**
Issue of Ordinary shares	17	**25**	**–**	**–**	**25**
Balance at 31 August 2021		**216,650**	**353,528**	**(253,927)**	**316,251**

Comparative for the Period from 1 March 2020 to 31 August 2020

	Share Capital US$'000	Other Reserve US$'000	Retained Earnings US$'000	Total US$'000
Balance at 1 March 2020	216,625	353,528	(94,419)	475,734
Loss for the period	–	–	(122,748)	(122,748)
Gain on financial liabilities due to change in credit risk	–	3,290	–	3,290
Balance at 31 August 2020	216,625	356,818	(217,167)	356,276

The accompanying notes form an integral part of the Interim Financial Statements.

Statement of Cash Flows (Unaudited)

For the Period from 1 March 2021 to 31 August 2021

	Note	**Six Month Period Ended 31 August 2021 US$'000**	Six Month Period Ended 31 August 2020 US$'000
Cash flows from operating activities			
Cash inflows			
Realisation of investments[1]	11	**56,929**	3,016
Maturity of treasury bills	11	**–**	3,395
Escrow receipts received	21	**–**	801
Interest received from unlisted investments		**–**	249
Income distributions received from investments		**234**	–
Bank interest received		**75**	124
Cash outflows			
Direct investments and capital calls[1]	11	**(7,381)**	(5,714)
Purchase of treasury bills	11	**–**	(3,394)
Investment Adviser's base fee paid	10	**(4,652)**	(2,000)
Investment Adviser's incentive fee paid	10	**–**	(2,307)
Other operating expenses paid		**(2,515)**	(2,204)
Net cash inflow/(outflow) before financing activities		**42,690**	(8,034)
Financing activities			
Repayment of Senior Debt Facility		**(33,264)**	–
Redemption of Convertible Unsecured Loan Stock		**(54,005)**	–
Issue of Loan Notes		**31,500**	–
Finance costs paid:			
• Convertible Unsecured Loan Stock		**(2,679)**	(1,445)
• Senior Debt Facility		**(2,385)**	(7,863)
Net cash outflow from financing activities		**(60,833)**	(9,308)
Decrease in cash at bank		**(18,143)**	(17,342)

Reconciliation of net cash flow to movements in cash at bank	**US$'000**	US$'000
Cash and cash equivalents at 1 March	**59,784**	52,912
Decrease in cash at bank	**(18,143)**	(17,342)
Foreign exchange movements on cash at bank	**(454)**	86
Cash and cash equivalents at period end	**41,187**	35,656

1 Proceeds from realisations and cash outflows from investments and capital calls exclude $0.6 million being distributions from JZI Fund III netted off capital calls.

The accompanying notes form an integral part of the Interim Financial Statements.

Notes to the Interim Financial Statements (Unaudited)

1. General Information

JZ Capital Partners Limited ("JZCP" or 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 classified as an authorised fund under the Protection of Investors (Bailiwick of Guernsey) Law 1987. The Company's Capital consists of Ordinary shares and Zero Dividend Preference ("ZDP") shares. The Company had issued Convertible Unsecured Loan Stock ("CULS"), which were redeemed on 30 July 2021. The Company's shares trade on the London Stock Exchange's Specialist Fund Segment ("SFS").

The Company's new investment policy, adopted in August 2020, is for the Company to make no further investments outside of its existing obligations or to the extent that investment may be made to support selected existing portfolio investments. The intention is to realise the maximum value of the Company's investments and, after repayment of all debt, to return capital to shareholders. The Company's previous Investment Policy was to target predominantly private investments and back management teams to deliver on attractive investment propositions. In executing this strategy, the Company took a long term view. The Company looked to invest directly in its target investments and was able to invest globally but with a particular focus on opportunities in the United States and Europe.

The Company is currently mainly focused on supporting its investments 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 Company has no direct employees. For its services, the Investment Adviser receives a management fee as described in 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 Unaudited Condensed Interim Financial Statements (the "Interim Financial Statements") are presented in US$'000 except where otherwise indicated.

2. Significant Accounting Policies

The accounting policies adopted in the preparation of these Interim Financial Statements have been consistently applied during the period, unless otherwise stated.

Statement of Compliance

The Interim Financial Statements of the Company for the period 1 March 2021 to 31 August 2021 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted in the European Union, together with applicable legal and regulatory requirements of the Companies (Guernsey) Law, 2008 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. The Interim Financial Statements do not include all the information and disclosure required in the Annual Audited Financial Statements and should be read in conjunction with the Annual Report and Financial Statements for the year ended 28 February 2021.

Basis of Preparation

The Interim Financial Statements have been prepared under the historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss ("FVTPL"). The principal accounting policies adopted in the preparation of these Interim Financial Statements are consistent with the accounting policies stated in Note 2 of the Annual Financial Statements for the year ended 28 February 2021. The preparation of these Interim Financial Statements are in conformity with IAS 34, "Interim Financial Reporting" as adopted in the European Union, and requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Interim Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

Notes to the Interim Financial Statements (Unaudited) continued

2. Significant Accounting Policies continued

New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Company's Annual Financial Statements for the year ended 28 February 2021, which were prepared in accordance with IFRS as adopted by the European Union. There has been no early adoption, by the Company, of any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Estimates and Judgements

The estimates and judgements made by the Board of Directors are consistent with those made in the Audited Financial Statements for the year ended 28 February 2021.

Directors' Assessment of 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 for a period of at least 12 months from signing of the Interim Financial Statements, which contemplates continuity of operations and the realisation of assets and settlement of liabilities occurring in the ordinary course of business.

Due to the uncertainties that the Company will not have sufficient liquidity to repay its Senior Debt Facility (due 12 June 2022), Loan Notes (due 11 September 2022) and redeem its ZDP shares (due 1 October 2022) there are material uncertainties which cast significant doubt on the ability of the Company to continue as a going concern. However, the Interim Financial Statements for the period ended 31 August 2021 have been prepared on a going concern basis given the Board's assessment of future realisations and the Company's expected ability to restructure and extend the maturity of debt obligations in line with forecasted cash flows. The Board, with recommendation from the Audit Committee, has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In reaching its conclusion, the Board has considered the risks that could impact the Company's liquidity over the period from 10 November 2021 to 10 November 2022 (the "going concern period") being 12 months from the signing of the Interim Financial Statements.

As part of their assessment, the Audit Committee highlighted the following key consideration:
Whether if required, the Company can implement an alternative debt restructuring plan that will enable the Company to repay its debt obligations, including the redemption of its ZDP shares, over an extended timeframe. The extent of the debt restructuring will be dependent on the cash amounts generated through realisations of its underlying investments throughout the going concern period.

Recent events impacting liquidity

- The repayment of $33.3 million of the Senior Debt Facility following a material realisation and the lenders also agreed to the extension of the maturity date of the Senior Debt Facility to 12 June 2022.
- The issue of Loan Notes totalling $31.5 million repayable 11 September 2022.
- The redemption of the Company's CULS (£38.8 million) on 30 July 2021.
- Post period end, the Company agreed with its existing senior lenders to borrow a further amount of $16.0 million under its Senior Debt Facility. Following the increase, the total amount outstanding under the Senior Debt Facility is approx. $52.6 million.

Update on material liabilities due for settlement

	31.10.2021 $'000	28.2.2021 $'000	31.8.2020 $'000
ZDP Shares – maturity date 1 October 2022 – dollar equivalent of £57.6 million[1]	**78,951**	80,527	76,610
Loan Notes – maturity date 11 September 2022[2]	**31,673**	–	–
Senior Debt Facility – extended maturity date 12 June 2022[2]	**52,563**	68,694	150,355
CULS – maturity date 30 July 2021 – redemption amount of £38.8 million[1]	**–**	54,332	52,033
Total debt	**163,187**	203,553	278,998
Cash and cash equivalents held	**62,553**	63,178	39,051
Net debt position	**100,634**	140,375	239,947

1 ZDP and CULS maturity dollar amount translated using the relevant period end exchange rate.
2 Includes accrued interest.

Realisations

The below table shows the Company's realisations over the twelve month period ending 31 August 2021:

Asset	Portfolio	Proceeds ($ millions)
Secondary Sale	US	87.7
Salter Labs (includes $4.4 million from refinancing in September 2020)	US	45.5
Greenpoint	Real estate	13.6
George Industries	US	9.5
Orangewood Fund	US	6.2
Fund III distributions	European	0.7
Total		**163.2**

The Company continues to work on the realisation of various investments within a timeframe that will enable the Company to maximise the value of its investment portfolio. If it becomes apparent during quarter 1 of 2022 that realisation amounts, over the going concern period, will be insufficient to meet the Company's debt obligations, then the Company will look at opportunities to restructure its debt, to enable returns to be maximised and for debt obligations to be met over an extended timeframe.

The Board continues to consider the levels of realisation proceeds historically generated by the Company's micro-cap portfolios as well as the accuracy of previous forecasts whilst concluding on the predicted accuracy of forecasts presented.

Notes to the Interim Financial Statements (Unaudited) continued

3. Estimates and Judgements continued

Directors' Assessment of Going Concern continued

The Board acknowledges that the new maturity date of the Senior Debt Facility and the Loan Notes still fall within the going concern period and therefore the Company will still need to generate sufficient realisation proceeds, within the period, to repay its debt obligations or make alternative debt arrangements with lenders post relevant maturity dates.

Considering the Company's projected cash position, ongoing operating costs, and the anticipated further investment required to support the Company's portfolio, the Board anticipates further proceeds of approx. $150 million are required to enable the Company to settle its debts as they fall due.

Going Concern Conclusion

After careful consideration and based on an assessment of future realisations, the Board is satisfied, as of today's date, that it is appropriate to adopt the going concern basis in preparing the financial statements and they have a reasonable expectation that the Company will continue in existence as a going concern for the period to 10 November 2022.

However, the Board has determined that there is a material uncertainty surrounding the Company's ability to generate sufficient liquidity to repay its Senior Debt Facility (due 12 June 2022), Loan Notes (due 11 September 2022) and repay its ZDP shares (due 1 October 2022) which casts significant doubt over the ability of the Company to continue as a Going Concern, based on the following key consideration:

Whether if required, the Company can implement an alternative debt restructuring plan that will enable the Company to repay its debt obligations, including the redemption of its ZDP shares, over an extended timeframe. The extent of the debt restructuring will be dependent on the cash amounts generated through realisations of its underlying investments throughout the going concern period.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

4. 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 – (not falling into above categories)

Investments in treasury bills are not considered as part of the investment strategy and are therefore excluded from this segmental analysis.

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.

Segmental operating profit/(loss)

For the period from 1 March 2021 to 31 August 2021

	US Micro-cap US$ '000	**European Micro-cap US$ '000**	**Real Estate US$ '000**	**Other Investments US$ '000**	**Total US$ '000**
Interest revenue	**7,479**	**1,405**	**–**	**–**	**8,884**
Dividend revenue	**234**	**–**	**–**	**–**	**234**
Total segmental revenue	**7,713**	**1,405**	**–**	**–**	**9,118**
Net (loss)/gain on investments at FVTPL	**(570)**	**349**	**(4,588)**	**–**	**(4,809)**
Expected credit losses	**–**	**(1,405)**	**–**	**–**	**(1,405)**
Investment Adviser's base fee	**(2,156)**	**(899)**	**(167)**	**(174)**	**(3,396)**
Total segmental operating profit/(loss)	**4,987**	**(550)**	**(4,755)**	**(174)**	**(492)**

For the period from 1 March 2020 to 31 August 2020

	US Micro-cap US$ '000	European Micro-cap US$ '000	Real Estate US$ '000	Other Investments US$ '000	Total US$ '000
Interest revenue	11,443	1,245	–	–	12,688
Total segmental revenue	11,443	1,245	–	–	12,688
Net (loss)/gain on investments at FVTPL	(8,074)	7,034	(113,049)	–	(114,089)
Expected credit losses	–	(560)	–	–	(560)
Realisations from investments held in Escrow	801	–	–	–	801
Investment Adviser's base fee	(3,087)	(785)	(968)	(175)	(5,015)
Total segmental operating profit/(loss)	1,083	6,934	(114,017)	(175)	(106,175)

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.

Notes to the Interim Financial Statements (Unaudited) continued

4. Segment Information continued

The following table provides a reconciliation between total segmental operating loss and operating loss:

	Period ended 31.8.2021 US$ '000	Period ended 31.8.2020 US$ '000
Total segmental operating loss	**(492)**	(106,175)
Loss on financial liabilities at fair value through profit or loss	**(1,869)**	(2,836)
Net foreign exchange loss	**(202)**	(2,035)
Bank and deposit interest	**75**	124
Expenses not attributable to segments	**(2,299)**	(2,301)
Fees payable to investment adviser based on non-segmental assets	**(492)**	(344)
Interest on US treasury bills	**1**	9
Operating loss	**(5,278)**	(113,558)

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

	Period ended 31.8.2021 US$ '000	Period ended 31.8.2020 US$ '000
Total segmental revenue	**9,118**	12,688
Non-segmental revenue		
Bank and deposit interest	**75**	124
Interest on US treasury bills	**1**	9
Total revenue	**9,194**	12,821

Segmental Net Assets

At 31 August 2021

	US Micro-cap US$ '000	European Micro-cap US$ '000	Real Estate US$ '000	Other Investments US$ '000	Total US$ '000
Segmental assets					
Investments at FVTPL	**254,356**	**86,661**	**18,788**	**23,147**	**382,952**
Loans at amortised cost	**–**	**32,884**	**–**	**–**	**32,884**
Prepaid Investment Advisor fees	**106**	**19**	**8**	**9**	**142**
Total segmental assets	**254,462**	**119,564**	**18,796**	**23,156**	**415,978**
Segmental liabilities					
Payables and accrued expenses	**(398)**	**–**	**–**	**–**	**(398)**
Total segmental liabilities	**(398)**	**–**	**–**	**–**	**(398)**
Total segmental net assets	**254,064**	**119,564**	**18,796**	**23,156**	**415,580**

At 28 February 2021

	US Micro-cap US$ '000	European Micro-cap US$ '000	Real Estate US$ '000	Other Investments US$ '000	Total US$ '000
Segmental assets					
Investments at FVTPL	299,339	83,968	23,376	23,147	429,830
Loans at amortised cost	–	33,813	–	–	33,813
Total segmental assets	299,339	117,781	23,376	23,147	463,643
Segmental liabilities					
Payables and accrued expenses	(771)	(101)	(43)	(21)	(936)
Total segmental liabilities	(771)	(101)	(43)	(21)	(936)
Total segmental net assets	298,568	117,680	23,333	23,126	462,707

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

	31.8.2021 US$ '000	28.2.2021 US$ '000
Total segmental assets	**415,978**	463,643
Non segmental assets		
Cash at bank	**41,187**	59,784
Treasury Bills	**3,395**	3,394
Other receivables	**247**	22
Total assets	**460,807**	526,843
Total segmental liabilities	**(398)**	(936)
Non segmental liabilities		
Zero Dividend Preference shares	**(75,014)**	(74,303)
Loan notes	**(31,669)**	–
Senior debt facility	**(36,629)**	(68,694)
Convertible Unsecured Loan Stock	**–**	(52,430)
Other payables	**(846)**	(921)
Total liabilities	**(144,556)**	(197,284)
Total net assets	**316,251**	329,559

Other receivables (other than the Investment Adviser fee prepayment) 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.

5. Fair Value of Financial Instruments

The Company classifies fair value measurements of its financial instruments at FVTPL using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The financial instruments 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 tradeable. Another example would be when assets/liabilities with quoted prices, that would normally meet the criteria of Level 1, do not meet the definition of being traded on an active market.

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 page 30) 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.

Notes to the Interim Financial Statements (Unaudited) continued

5. Fair Value of Financial Instruments continued

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

Financial assets at 31 August 2021

	Level 1 US$ '000	Level 2 US$ '000	Level 3 US$ '000	Total US$ '000
US micro-cap	–	–	254,356	254,356
European micro-cap	–	–	86,661	86,661
Real estate	–	–	18,788	18,788
Other investments	–	–	23,147	23,147
Listed investments	3,395	–	–	3,395
	3,395	–	382,952	386,347

Financial assets at 28 February 2021

	Level 1 US$ '000	Level 2 US$ '000	Level 3 US$ '000	Total US$ '000
US micro-cap	–	–	299,339	299,339
European micro-cap	–	–	83,968	83,968
Real estate	–	–	23,376	23,376
Other investments	–	–	23,147	23,147
Listed investments	3,394	–	–	3,394
	3,394	–	429,830	433,224

Valuation techniques

The same valuation methodology and process was deployed as for the year ended 28 February 2021.

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

Financial liabilities at 31 August 2021

	Level 1 US$ '000	Level 2 US$ '000	Level 3 US$ '000	Total US$ '000
Convertible Unsecured Loan Stock – Redeemed 30.7.2021	–	–	–	–
	–	–	–	–

Financial liabilities at 28 February 2021

	Level 1 US$ '000	Level 2 US$ '000	Level 3 US$ '000	Total US$ '000
Convertible Unsecured Loan Stock	–	52,430	–	52,430
	–	52,430	–	52,430

Market transactions for the CULS did not take place with sufficient frequency and volume to provide adequate pricing information on an ongoing basis and therefore it was considered the CULS were not traded in an active market and were therefore categorised at Level 2 as defined by IFRS.

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 31 August 2021 and 28 February 2021 are shown below:

	Value 31.8.2021 US$'000	Valuation Technique	Unobservable input	Range (weighted average)	Sensitivity used	Effect on Fair Value US$'000	
US micro-cap investments	254,356	EBITDA Multiple	Average EBITDA Multiple of Peers	7.0x - 13.5x (9.0x)	-0.5x /+0.5x	(22,387)	22,141
			Discount to Average Multiple	10% - 30% (17%)	+5% / -5%	(31,506)	30,503
European micro-cap investments	119,545	EBITDA Multiple	Average EBITDA Multiple of Peers	6.6x - 13.9x (10.4x)	-0.5x /+0.5x	(4,813)	4,813
			Discount to Average Multiple	12% - 57% (22%)	+5% / -5%	(4,507)	4,507
Real estate[1,2]	18,788	Cap Rate/ Income Approach	Capitalisation Rate	5.25% - 6.25% (5.9%)	+50bps/- 50bps	(4,822)	5,885
Other investments[3]	21,938	Forward looking Revenue Approach	Revenue	$8.3 million	-10%/+10%	(2,194)	1,558
			Multiple	5.3x	-10%/+10%	(2,194)	1,558

	Value 28.2.2021 US$'000	Valuation Technique	Unobservable input	Range (weighted average)	Sensitivity used	Effect on Fair Value US$'000	
US micro-cap investments	299,339	EBITDA Multiple	Average EBITDA Multiple of Peers	7.5x - 13.5x (9.6x)	-0.5x/+0.5x	(26,888)	22,859
			Discount to Average Multiple	10% - 30% (17%)	+5%/-5%	(36,420)	35,604
European micro-cap investments	80,689	EBITDA Multiple	Average EBITDA Multiple of Peers	7.4x - 14.0x (10.0x)	-0.5x /+0.5x	(4,615)	4,597
			Discount to Average Multiple	11% - 69% (29%)	+5% /-5%	(4,225)	4,205
Real estate[1,2]	23,376	Cap Rate/ Income Approach	Capitalisation Rate	5.25%-6.25% (5.94%)	+50bps/- 50bps	(7,925)	9,834
Other investments[3]	21,938	AUM Approach	AUM	$3.8 billion	-10%/+10%	(4,989)	4,989
			% Applied to AUM	2.3%	-10%/+10%	(2,194)	2,194

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.

2 Sensitivity is applied to the property value and then the debt associated to the property is deducted before the impact to JZCP's equity value is calculated. Due to gearing levels in the property structures, an increase in the sensitivity of measurement metrics at property level will result in a significantly greater impact at JZCP's equity level.

3 JZCP's investment in Spruceview.

Notes to the Interim Financial Statements (Unaudited) continued

5. Fair Value of Financial Instruments continued

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.

Period ended 31 August 2021

	US Micro-Cap US$ '000	**European Micro-Cap US$ '000**	**Real Estate US$ '000**	**Other Investments US$ '000**	**Total US$ '000**
At 1 March 2021	**299,339**	**83,968**	**23,376**	**23,147**	**429,830**
Investments in year including capital calls	**4,898**	**3,044**	**–**	**–**	**7,942**
Payment in kind ("PIK")	**3,163**	**–**	**–**	**–**	**3,163**
Proceeds from investments realised	**(56,790)**	**(700)**	**–**	**–**	**(57,490)**
Net (loss)/gain on investments	**(570)**	**349**	**(4,588)**	**–**	**(4,809)**
Movement in accrued interest	**4,316**	**–**	**–**	**–**	**4,316**
At 31 August 2021	**254,356**	**86,661**	**18,788**	**23,147**	**382,952**

Year ended 28 February 2021

	US Micro-Cap US$ '000	European Micro-Cap US$ '000	Real Estate US$ '000	Other Investments US$ '000	Total US$ '000
At 1 March 2020	404,880	71,619	158,712	22,603	657,814
Investments in year including capital calls	3,629	9,858	2,639	1,840	17,966
Payment in kind ("PIK")	20,027	–	–	–	20,027
Proceeds from investments realised	(114,170)	(9,328)	(13,555)	(1,283)	(138,336)
Net (loss)/gain on investments	(13,772)	11,819	(124,420)	(13)	(126,386)
Movement in accrued interest	(1,255)	–	–	–	(1,255)
At 28 February 2021	299,339	83,968	23,376	23,147	429,830

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 31 August 2021, the ask price for the ZDP (2022) shares was £4.40 (28 February 2021: £3.80 per share) and the total fair value of the ZDP shares was $72,107,000 (28 February 2021: $63,263,000) which is $2,907,000 lower (28 February 2021: $11,040,000 lower) than the liability recorded in the Statement of Financial Position.

ZDP shares are recorded at amortised cost and would fall in to the Level 2 hierarchy if valued at FVTPL.

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

	Period ended 31.8.2021 US$ '000	Period ended 31.8.2020 US$ '000
Loss on investments held in investment portfolio at period end		
Net movement in period end unrealised gain position	**18,315**	(111,517)
Unrealised net (loss)/gain in prior periods now realised	**(24,765)**	9,128
Net unrealised loss in the period	**(6,450)**	(102,389)
Net gain/(loss) on investments realised in the period		
Proceeds from investments realised	**57,490**	6,411
Cost of investments realised	**(80,614)**	(8,983)
Unrealised net loss/(gain) in prior periods now realised	**24,765**	(9,128)
Total net gain/(loss) in the period on investments realised in the period	**1,641**	(11,700)
Net loss on investments in the period	**(4,809)**	(114,089)

7. Expected Credit Losses

Expected Credit Losses ("ECLs") are recognised in three stages. Stage one being for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). Stage two being for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). Stage three being credit exposures which are considered credit-impaired, interest revenue is calculated based on the amortised cost (i.e. the gross carrying amount less the loss allowance). Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognised on these financial assets.

	Period ended 31.8.2021 US$ '000	Period ended 31.8.2020 US$ '000
Impairment on loans classified as Stage 1	**987**	560
Impairment on loans classified as Stage 2	**418**	–
Impairment on loans classified as Stage 3	**–**	–
Total impairment on loans during period	**1,405**	560

8. Investment Income

	Period ended 31.8.2021 US$ '000	Period ended 31.8.2020 US$ '000
Interest calculated using the effective interest rate method	**1,405**	1,245
Other interest and similar income	**7,714**	11,452
	9,119	12,697

Income for the period ended 31 August 2021

		Loan note Interest				
	Preferred Interest US$ '000	**PIK US$ '000**	**Cash US$ '000**	**Dividend US$ '000**	**Other Interest US$ '000**	**Total US$ '000**
US micro-cap	**7,479**	**–**	**–**	**234**	**–**	**7,713**
European micro-cap	**–**	**1,405**	**–**	**–**	**–**	**1,405**
Listed investments	**–**	**–**	**–**	**–**	**1**	**1**
	7,479	**1,405**	**–**	**234**	**1**	**9,119**

Income for the period ended 31 August 2020

		Loan note Interest				
Portfolio	Preferred Interest US$ '000	PIK US$ '000	Cash US$ '000	Dividend US$ '000	Other Interest US$ '000	Total US$ '000
US micro-cap	11,035	154	254	–	–	11,443
European micro-cap	–	1,245	–	–	–	1,245
Listed investments	–	–	–	–	9	9
	11,035	1,399	254	–	9	12,697

Notes to the Interim Financial Statements (Unaudited) continued

9. Finance Costs

	Period ended 31.8.2021 US$ '000	Period ended 31.8.2020 US$ '000
Interest expense calculated using the effective interest method		
ZDP shares (Note 12)	**1,892**	1,636
Loan Notes (Note 13)	**169**	–
Senior Debt Facility (Note 14)	**3,584**	6,109
	5,645	7,745
Other interest and similar expense		
CULS interest (Note 15)	**1,336**	1,445
	6,981	9,190

10. Fees Payable to the Investment Adviser

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 those assets identified by the Company as being excluded from the base management fee, under the terms of the 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 six-month period ended 31 August 2021, total investment advisory and management expenses, based on the average total assets of the Company, were included in the Statement of Comprehensive Income of $3,888,000 (period ended 31 August 2020: $5,359,000). Of this amount, $191,000 was prepaid (28 February 2021: $573,000 was due and payable) at the period end.

During the year ended 29 February 2020, the Investment Adviser agreed to waive incentive fees payable by the Company relating to realised gains in the years ended February 2019 and 2020. No further incentive fees will be paid to the Investment Adviser until the Company and Investment Adviser have mutually agreed to reinstate such payments.

11. Investments

	Listed FVTPL 31.8.2021 US$ '000	Unlisted FVTPL 31.8.2021 US$ '000	Unlisted Loans 31.8.2021 US$ '000	Carrying Value Total 31.8.2021 US$ '000
Book cost at 1 March 2021	**3,393**	**543,740**	**74,651**	**621,784**
Investments in period including capital calls	**–**	**7,942**	**–**	**7,942**
Payment in kind ("PIK")[1]	**–**	**3,163**	**633**	**3,796**
Proceeds from investments realised	**–**	**(57,490)**	**–**	**(57,490)**
Net realised loss	**–**	**(23,124)**	**–**	**(23,124)**
Realised impairment loss[2]	**–**	**–**	**(31,757)**	**(31,757)**
Realised currency loss[2]	**–**	**–**	**(2,674)**	**(2,674)**
Book cost at 31 August 2021	**3,393**	**474,231**	**40,853**	**518,477**
Unrealised investment and foreign exchange loss	**–**	**(98,119)**	**(3,364)**	**(101,483)**
Impairment on loans at amortised cost	**–**	**–**	**(5,835)**	**(5,835)**
Accrued interest	**2**	**6,840**	**1,230**	**8,072**
Carrying value at 31 August 2021	**3,395**	**382,952**	**32,884**	**419,231**

1 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.

2 Realised impairment loss is due to the Company's direct loan in Ombuds (European micro-cap). The loss was recognised in prior periods and was included within the comparative number for Impairment on loans at amortised cost.

	Listed FVTPL 28.2.2021 US$ '000	Unlisted FVTPL 28.2.2021 US$ '000	Unlisted Loans 28.2.2021 US$ '000	Carrying Value Total 28.2.2021 US$ '000
Book cost at 1 March 2020	3,385	970,184	71,939	1,045,508
Investments in year including capital calls	6,787	58,931	–	65,718
Payment in kind ("PIK")[1]	–	20,027	2,712	22,739
Proceeds from investments matured/realised	(6,790)	(179,301)	–	(186,091)
Interest received on maturity	11	–	–	11
Net realised investment and foreign exchange loss	–	(326,101)	–	(326,101)
Book cost at 28 February 2021	3,393	543,740	74,651	621,784
Unrealised investment and foreign exchange loss	–	(116,434)	(7,973)	(124,407)
Impairment on loans at amortised cost[2]	–	–	(33,323)	(33,323)
Accrued interest	1	2,524	458	2,983
Carrying value at 28 February 2021	3,394	429,830	33,813	467,037

1 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.

2 Includes unrealised impairment loss of the Company's direct loan in Ombuds (European micro-cap) which has been realised during the current interim period.

Notes to the Interim Financial Statements (Unaudited) continued

11. Investments continued

Loans at amortised cost

Interest on the loans accrues at the following rates:

	As At 31 August 2021				As At 28 February 2021			
	8% $'000	**10% $'000**	**14% $'000**	**Total $'000**	8% $'000	10% $'000	14% $'000	Total $'000
Loans at amortised cost	**27,780**	**2,271**	**2,833**	**32,884**	28,652	2,247	2,914	33,813

Maturity dates are as follows:

	As At 31 August 2021				As At 28 February 2021			
	0-6 months $'000	**7-12 months $'000**	**1-2 years $'000**	**Total $'000**	0-6 months $'000	7-12 months $'000	1-2 years $'000	Total $'000
Loans at amortised cost	**–**	**–**	**32,884**	**32,884**	–	–	33,813	33,813

12. Zero Dividend Preference ("ZDP") shares

On 1 October 2015, the Company rolled over 11,907,720 existing ZDP (2016) shares into new ZDP shares with a 2022 maturity date. The new ZDP shares (ZDP 2022) have a gross redemption yield of 4.75% and a total redemption value of £57,597,000 (approximately $77,121,000 using the period end exchange rate).

ZDP shares are designed to provide a pre-determined final capital entitlement 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. In certain circumstances, ZDP shares carry the right to vote at general meetings of the Company as detailed in the Company's Memorandum and Articles of 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.

ZDP (2022) shares

	31.8.2021 US$ '000	28.2.2021 US$ '000
Amortised cost at 1 March	**74,303**	64,510
Finance costs allocated to Statement of Comprehensive Income	**1,892**	3,441
Unrealised currency (gain)/loss on translation	**(1,181)**	6,352
Amortised cost at period/year end	**75,014**	74,303
Total number of ZDP shares in issue	**11,907,720**	11,907,720

13. Loan Notes

During the period, the Company entered into a note purchase agreement with David Zalaznick and John (Jay) Jordan, the founders and principals of the Company's investment adviser, Jordan/Zalaznick Advisers, Inc. ("JZAI"), pursuant to which they have agreed to purchase directly or through their affiliates, subordinated, second lien loan notes totalling $31.5 million, with a maturity date of 11 September 2022 (the "Loan Notes").

The interest rate on the Loan Notes will be 6 per cent. per annum payable semi-annually on each of 31 March and 30 September of each year, commencing on the first such date to occur after the issuance of the Loan Notes.

	31.8.2021 US$ '000	28.2.2021 US$ '000
Loan notes issued in period	**31,500**	–
Finance costs charged to Statement of Comprehensive Income	**169**	–
Amortised cost at period/year end	**31,669**	–

14. Senior Debt Facility

On 12 June 2015, JZCP entered into a Senior Secured Debt Facility agreement with Guggenheim Partners Limited (the "Original Lenders"). The original facility was structured as $80 million and €18 million and increased by a further $50 million in April 2017. The original maturity date of the facility being on 12 June 2021 (6 year term).

On 23 October 2020, the Company announced that it has agreed amended terms of the Senior Debt Facility. Under the terms of the Amended Senior Facility, $40 million of the outstanding principal amount was assigned from the original lenders to clients and funds advised by Cohanzick Management, LLC and CrossingBridge Advisors, LLC (the "Replacement Lenders"). Subsequent to entering into the amended agreement and following investment realisations, the Company repaid a total of $82.9 million of the outstanding principal amount.

On 23 February 2021, the Company announced that Guggenheim Partners Europe Limited had sold its remaining interest in the Company's senior debt facility (the "First Out Loan") to the Replacement Lenders. There were no further changes to the quantum or terms of the existing First Out Loan as a result of this transaction.

On 14 May 2021, the Company entered into an amendment agreement with its senior lenders to further amend the terms of its senior debt facility which will, among other things, extend the maturity date of the senior debt facility by one year until 12 June 2022. The interest rate charges under the amended agreement for the First Out Loans will be amended from a rate of LIBOR[1] + 5.75 per cent. to a rate of LIBOR + 9.75 per cent. (with a 1 per cent. floor). The interest rate charges under the amended agreement for the Last Out Loans will be amended from a rate of LIBOR + 11 per cent. to a rate of LIBOR + 15 per cent. (with a 1 per cent. floor), of which 4 per cent. shall be charged as payment-in-kind interest.

The modified terms of the loan are not deemed to be substantially different from the original terms. Therefore, as per IFRS 9, the senior debt facility is accounted for as a continuation of the original facility rather than an extinguishment of the original facility and the recognition of a new facility.

On 18 June 2021, the Company repaid a further $33.3 million of the outstanding principal amount following a material investment realisation.

At 31 August 2021, investments and cash valued at $438,480,000[2] (28 February 2021: $504,883,000) were held as collateral on the loan. A covenant on the loan states the fair value of the collateral must be 3.5.x the loan value. The Company is also required to hold a minimum cash balance of $15 million. At 31 August 2021 and during the six-month interim period, the Company was in full compliance with covenant terms.

1 There is an interest rate floor that stipulates LIBOR will not be lower than 1%. In this agreement, the presence of the floor does not significantly alter the amortised cost of the instrument, therefore separation is not required and the loan is valued at amortised cost using the effective interest rate method. During the year the relevant 3 month LIBOR rates were below 1%. LIBOR regulators (including the UK Financial Conduct Authority and the US Commodity Futures Trading Commission) have announced a transition away from LIBOR, however it is expected that the 3 month USD LIBOR which is relevant to the Company will continue to be available until the end of June 2023.
2 Investments held as collateral exclude the Company's investment in Spruceview Capital.

	31.8.2021 US$ '000	28.2.2021 US$ '000
Amortised cost (US$ drawdown) – 1 March	**68,694**	130,523
Amortised cost (Euro drawdown) – 1 March	**–**	19,839
Loan repayments	**(33,264)**	(82,912)
Finance costs charged to Statement of Comprehensive Income	**3,584**	11,797
Interest and finance costs paid	**(2,385)**	(12,331)
Unrealised currency gain on translation of Euro drawdown	**–**	1,778
Amortised cost at period/year end	**36,629**	68,694

The carrying value of the loans approximates to fair value.

On 7 October 2021, the Company announced that it had agreed with its existing senior lenders to borrow a further amount of $16.0 million under its Senior Debt Facility. Following the increase, the total amount outstanding under the Senior Debt Facility at 31 October 2021, is $52.6 million, of which $16.1 million will be 'First Out loans' and $36.5 million will be 'Last Out loans'.

Notes to the Interim Financial Statements (Unaudited) continued

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

On 30 July 2021, JZCP redeemed 3,884,279 £10 CULS and converted on request, 1,835 £10 CULS into 3,039 Ordinary Shares at the agreed conversion price.

JZCP issued £38,861,140 6% CULS on 30 July 2014. The holders of the CULS had the option to convert the whole or part (being an integral multiple of £10 in nominal amount) of their CULS into Ordinary Shares at the agreed conversion price of £6.0373 per Ordinary Share, which was subject to adjustment to deal with certain events which would otherwise dilute the conversion of the CULS.

CULS bore interest on their nominal amount at the rate of 6.00 per cent. per annum, payable semi-annually in arrears. During the six-month period ended 31 August 2021: $2,679,000 (31 August 2020: $1,445,000) of interest was paid to holders of CULS and $1,336,000 (31 August 2020: $1,445,000) is shown as a finance cost in the Statement of Comprehensive Income.

In accordance with IFRS, the Company has calculated the movement in fair value due to the change in the credit risk of the CULS which is allocated as Other Comprehensive Income in the Statement of Comprehensive Income. The loss on financial liabilities at fair value through profit or loss comprises the movement in the fair value attributable to the change in the benchmark interest rate and the movement attributable to foreign exchange gain/loss on translation.

	31.8.2021 US$ '000	28.2.2021 US$ '000
Fair Value of CULS at 1 March	**52,430**	49,886
Interest expense	**1,336**	2,953
Coupon paid	**(2,679)**	(2,953)
Unrealised movement in value of CULS due to change in Company's Credit Risk	**1,074**	(1,074)
Unrealised movement in the fair value of CULS allocated to change in observed (benchmark) interest rate	**2,170**	(912)
Unrealised currency (gain)/loss on translation during the period/year	**(301)**	4,530
Loss to the Company on movement in the fair value of CULS	**1,869**	3,618
Redemption of CULS	**(54,005)**	–
Conversion of CULS into Ordinary Shares	**(25)**	–
Fair Value of CULS based on offer price	**–**	52,430

16. Other Payables

	31.8.2021 US$ '000	28.2.2021 US$ '000
Provision for tax on dividends received not withheld at source	**398**	398
Audit fees	**292**	363
Legal fees provision	**250**	250
Directors' remuneration	**47**	48
Other expenses	**257**	225
	1,244	1,284

17. Ordinary shares – Issued Capital

	31.8.2021 Number of shares	28.2.2021 Number of shares
Balance at 1 March	**77,474,175**	77,474,175
Ordinary shares issued during period/year	**3,039**	–
Total Ordinary shares in issue	**77,477,214**	77,474,175

The Company's shares trade on the London Stock Exchange's Specialist Fund Segment.

On 2 August 2021, the Company issued 3,039 Ordinary shares resulting from the conversion of 1,835 CULS. The conversion price was £6.0373 per Ordinary Share, resulting in a credit to the Share capital account of £18k ($25k).

18. Commitments

At 31 August 2021 and 28 February 2021, JZCP had the following financial commitments outstanding in relation to fund investments:

	Expected date of Call	31.8.2021 US$ '000	28.2.2021 US$ '000
JZI Fund III GP, L.P. €17,660,911 (28.2.2021: €19,628,404)	over 3 years	**20,848**	23,825
Spruceview Capital Partners, LLC[1]	over 1 year	**900**	900
Orangewood Partners II-A LP[2]	see footnote	–	6,932
Igloo Products Corp		–	240
		21,748	31,897

1 As approved by a shareholder vote on 12 August 2020, JZCP has the ability to make up to approximately $4.1 million in further commitments to Spruceview, above the $0.9 million unfunded commitments as at 31 August 2021.

2 During the period, the Company received shareholder approval for Jay Jordan and David Zalaznick to relieve the Company of all of its remaining commitments to the Orangewood Fund being $12.35 million, of which approximately $3 million of this commitment was "funded" and $9.35 million "unfunded" (following the Orangewood Fund's final close in April 2021 which resulted in a reallocation of unfunded commitments).

19. Related Party Transactions

JZAI is a US based company founded by David Zalaznick and John ("Jay") Jordan II, that provides advisory services to the Company in exchange for management fees, paid quarterly. Fees paid by the Company to the Investment Adviser are detailed in Note 10. JZAI and various affiliates provide services to certain JZCP portfolio companies and may receive fees for providing these services pursuant to the Advisory Agreement.

JZCP invests in European micro-cap companies through JZI Fund III, L.P. ("Fund III"). Previously investments were made via the EuroMicrocap Fund 2010, L.P. ("EMC 2010"). Fund III and EMC 2010 are managed by an affiliate of JZAI. At 31 August 2021, JZCP's investment in Fund III was valued at $83.4 million (28 February 2021: $80.7 million). JZCP's investment in EMC 2010 was valued at $3.3 million (28 February 2021: $3.3 million).

JZCP has invested in Spruceview Capital Partners, LLC on a 50:50 basis with Jay Jordan and David Zalaznick (or their respective affiliates). The total amount committed by JZCP to this investment at 31 August 2021, was $33.5 million with $0.9 million of this amount remaining unfunded and outstanding. As approved by a shareholder vote on 12 August 2020, JZCP has the ability to make up to approximately $4.1 million in further commitments to Spruceview, above the $33.5 million committed as of 31 August 2021. Should this approved capital be committed to Spruceview, it would be committed on the same 50:50 basis with Jay Jordan and David Zalaznick (or their respective affiliates).

Notes to the Interim Financial Statements (Unaudited) continued

19. Related Party Transactions continued

During the year ended 28 February 2021, the Company announced that it had agreed and received shareholder approval to sell its interests in certain US microcap portfolio companies (the "Secondary Sale") to a secondary fund led by Hamilton Lane Advisors, L.L.C. The Secondary Sale was structured as a sale and contribution to a newly formed fund, JZHL Secondary Fund LP, managed by an affiliate of JZAI. At 31 August 2021, JZCP's investment in Fund III was valued at $80.8 million (28 February 2021: $72.2 million).

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 an affiliate of JZAI. JZCP invested in a ratio of 82%/18% with the Fund A entities. At 31 August 2021, these co-investments, with Fund A, were in the following portfolio companies: Igloo, Industrial Services Solutions, New Vitality, Testing Services Holdings, Tierpoint and Vitalyst. JZCP's investments in Testing Services Holdings and Tierpoint have subsequently been transferred to JZHL Secondary Fund LP (mentioned above).

During the period, following shareholder approval, JZAI Founders Jay Jordan and David Zalaznick relieved the Company of $12.35 million of its remaining commitments to the Orangewood Fund (approximately $3 million of this commitment being "funded" and $9.35 million "unfunded").

During the period, the Company entered into a note purchase agreement with David Zalaznick and Jay Jordan, pursuant to which they have purchased directly or through their affiliates, subordinated, second lien loan notes in the amount of $31.5 million, with an interest rate of 6 per cent. per annum and maturing on 11 September 2022 (the "Loan Notes"). The issuance of the Loan Notes was subject to a number of conditions, including shareholder approval.

Total Directors' remuneration for the six-month period ended 31 August 2021 was $145,000 (31 August 2020: $150,000). During the period, the Company was notified that Sharon Parr acquired 10,000 of the Company's Ordinary shares and also Ashley Paxton acquired 12,250 Ordinary shares and 4,250 Zero Dividend Preference shares.

20. Basic and Diluted Loss per Share

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of Ordinary shares outstanding during the period.

For the period ended 31 August 2021, the weighted average number of Ordinary shares outstanding during the period was 77,474,670 (31 August 2020: 77,474,175).

The diluted loss per share is calculated by considering adjustments required to the loss and weighted average number of shares for the effects of potential dilutive Ordinary shares. Following the redemption of the Company's CULS during the period, there are no longer any potential dilutive events to the Ordinary shares.

The comparative diluted earnings per share considered the impact of adjusting the weighted average of the number of Ordinary shares for the conversion of the CULS ("If-converted method"). Conversion was assumed even though at 31 August 2020 the exercise price of the CULS was higher than the market price of the Company's Ordinary shares and are therefore deemed 'out of the money'. Earnings were adjusted to remove the fair value loss recorded of $2,836,000 and finance cost attributable to CULS $1,445,000. For the period ended 31 August 2020, the potential conversion of the CULS would have been anti-dilutive to the total loss per share, therefore the diluted loss per share is presented as per the basic loss per share calculation.

21. Contingent Assets

Amounts held in escrow accounts

When investments have been disposed of by the Company, proceeds may reflect contractual terms requiring that a percentage is held in an escrow account pending resolution of any indemnifiable claims that may arise. At 31 August 2021 and 28 February 2021, the Company has assessed that the likelihood of the recovery of these escrow accounts cannot be determined and has therefore disclosed the escrow accounts as a contingent asset.

As at 31 August 2021 and 28 February 2021, the Company had the following contingent assets held in escrow accounts which had not been recognised as assets of the Company:

	Amount in Escrow	
	31.8.2021 US$'000	28.2.2021 US$'000
Triwater Holdings	**309**	309
Xpress Logistics (AKA Priority Express)	**19**	19
	328	328

During the period ended 31 August 2021, proceeds of $nil (31 August 2020: $801,000) were realised and recorded in the Statement of Comprehensive Income.

22. Subsequent Events

These Interim Financial Statements were approved by the Board on 10 November 2021. Events subsequent to the period end 31 August 2021 have been evaluated until this date.

On 7 October 2021, the Company announced that it had agreed with its existing senior lenders to borrow a further amount of $16.0 million under its Senior Debt Facility. Following the increase, the total amount outstanding under the Senior Debt Facility as at 31 October 2021 is approx. $52.6 million (including accrued interest).

Post period-end, the Company received $3.7 million from the realisation of its portfolio company Igloo. The proceeds represent an approx. $3.4 million write up on the $0.3 million valuation at period end. The Directors have assessed that this is a non-adjusting post balance sheet event.

Post period-end, the Company received a $2.2 million distribution from EuroMicrocap Fund 2010, L.P. ("EMC 2010"), relating to deferred income from the realisation, in 2017, of EMC 2010's investment in Factor Energia. The Company continues to hold an interest in Factor Energia through its investment in JZI Fund III.

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 offers investment advice to the Board of JZCP. JZAI has offices in New York and Chicago.

Jordan/Zalaznick Advisers, Inc.
9 West, 57th Street
New York NY 10019

Registered Office
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

JZ Capital Partners Limited is registered in Guernsey
Number 48761

Administrator, Registrar and Secretary
Northern Trust International Fund
Administration Services
(Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

UK Transfer and Paying Agent
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

US Banker
HSBC Bank USA NA
452 Fifth Avenue
New York NY 10018
(Also provides custodian services to JZ Capital Partners Limited under the terms of a Custody Agreement).

Guernsey Banker
Northern Trust (Guernsey) Limited
PO Box 71
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3DA

Independent Auditor
Ernst & Young LLP
PO Box 9
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey GY1 4AF

UK Solicitor
Ashurst LLP
London Fruit & Wool Exchange
1 Duval Square
London E1 6PW

US Lawyers
Monge Law Firm, PLLC
435 South Tyron Street, Suite 711
Charlotte, NC 28202

Mayer Brown LLP
214 North Tryon Street
Suite 3800
Charlotte NC 28202

Winston & Strawn LLP
35 West Wacker Drive
Chicago IL 60601-9703

Guernsey Lawyer
Mourant
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey GY1 4HP

Financial Adviser and Broker
JP Morgan Cazenove Limited
20 Moorgate
London EC2R 6DA

Useful Information for Shareholders

Listing

JZCP Ordinary and Zero Dividend Preference ("ZDP") shares are listed on the Official List of the Financial Services Authority of the UK, and are admitted to trading on the London Stock Exchange Specialist Fund Segment for listed securities.

The price of the Ordinary shares are shown in the Financial Times under "Conventional Private Equity" and can also be found at https://markets.ft.com along with the prices of the ZDP shares.

ISIN/SEDOL numbers

	Ticker Symbol	ISIN Code	SEDOL Number
Ordinary shares	JZCP	GG00B403HK58	B403HK5
ZDP (2022) shares	JZCZ	GG00BZ0RY036	BZ0RY03

Key Information Documents

JZCP produces Key Information Documents to assist investors' understanding of the Company's securities and to enable comparison with other investment products. These documents are found on the Company's website – www.jzcp.com/investor-relations/key-information-documents.

Alternative Performance Measures

In accordance with ESMA Guidelines on Alternative Performance Measures ("APMs"), the Board has considered what APMs are included in the Interim Report and Financial Statements which require further clarification. An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs included in the Interim Report and Financial Statements, which are unaudited and outside the scope of IFRS, are deemed to be as follows:

Total NAV Return

The Total NAV Return measures how the net asset value ("NAV") per share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders. JZCP quotes NAV total return as a percentage change from the start of the period (one year) and also three-month, three-year, five-year and seven year periods. It assumes that dividends paid to shareholders are reinvested back into the Company therefore future NAV gains are not diminished by the paying of dividends. JZCP also produces an adjusted Total NAV Return which excludes the effect of the appreciation/dilution per share caused by the buy back/issue of shares at a discount to NAV, the result of the adjusted Total NAV return is to provide a measurement of how the Company's Investment portfolio contributed to NAV growth adjusted for the Company's expenses and finance costs. The Total NAV Return for the period ended 31 August 2021 was -4%, which only reflects the change in NAV as no dividends were paid during the year. The Total NAV Return for the year ended 28 February 2021 was -30.8%.

Total Shareholder Return (Ordinary shares)

A measure showing how the share price has performed over a period of time, taking into account both capital returns and dividends paid to shareholders. JZCP quotes shareholder price total return as a percentage change from the start of the period (one year) and also three-month, three-year, five-year and seven-year periods. It assumes that dividends paid to shareholders are reinvested in the shares at the time the shares are quoted ex dividend. The Shareholder Return for the period ended 31 August 2021 was +53.8%, which only reflects the change in share price as no dividends were paid during the year. The Shareholder Return for the year ended 28 February 2021 was -69.8%.

Useful Information for Shareholders continued

Key Information Documents continued

NAV to market price discount

The NAV per share is the value of all the company's assets, less any liabilities it has, divided by the number of shares. However, because JZCP shares are traded on the London Stock Exchange's Specialist Fund Segment, the share price may be higher or lower than the NAV. The difference is known as a discount or premium. JZCP's discount is calculated by expressing the difference between the period end dollar equivalent share price and the period end NAV per share as a percentage of the NAV per share.

At 31 August 2021, JZCP's Ordinary shares traded at £1.20 (28 February 2021: £0.78) or $1.65 (28 February 2021: $1.09) being the dollar equivalent using the period end exchange rate of £1:1.38 (28 February 2021 £1: $1.40). The shares traded at a 60% (28 February 2021: 74%) discount to the NAV per share of $4.08 (28 February 2021: $4.25).

Criminal Facilitation of Tax Evasion

The Board has approved a policy of zero tolerance towards the criminal facilitation of tax evasion, in compliance with the Criminal Finances Act 2017.

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. Therefore, Ordinary shares issued by JZ Capital Partners can continue to be recommended by financial advisers as an investment for UK retail investors.

Internet Address

The Company: www.jzcp.com

Financial Diary

Results for the year ended 28 February 2022	May 2022 (date to be confirmed)
Annual General Meeting	June/July 2022 (date to be confirmed)
Interim report for the six months ended 31 August 2022	November 2022 (date to be confirmed)

Payment of Dividends

In the event of a cash dividend being paid, the dividend 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 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.

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").

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

Useful Information for Shareholders continued

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, and the related rules thereunder);

(b) is a "Benefit Plan Investor" (as described under "Prohibition on Benefit Plan Investors and Restrictions on Non-ERISA Plans" 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 page 48).

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 entitled 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 29 C.F.R. Section 2510.3-101, as modified by 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 laws 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 advisers, 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 adviser will have certain general fiduciary duties to the Company, the board and the investment adviser 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 laws 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 adviser 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 adviser.

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 adviser 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 adviser 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) The Non-ERISA Plan's investment in the Company will not result in a non-exempt violation of any applicable federal, state or local law;

(d) None of the Company, the Board, the Investment adviser 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 adviser 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

(e) 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 adviser 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 adviser.

Useful Information for Shareholders continued

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 Board may 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 because of, among other reasons, certain US ownership and transfer restrictions that relate to "controlled foreign corporations" contained in the Articles of the Company. A Shareholder of the Company may be subject to forced sale provisions contained in the Articles in which case such shareholder could be forced to dispose of its securities if the Company's directors believe that such shareholder 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 shareholder would materially increase the risk that the Company could be or become a "controlled foreign corporation" within the meaning of the Code (a "CFC"). Shareholders of the Company may also be restricted by such provisions with respect to the persons to whom they are permitted to transfer their securities.

In general, a foreign corporation is treated as a CFC if, on any date of its taxable year, its "10% US Shareholders" collectively own (directly, indirectly or constructively within the meaning of Section 958 of the Code) more than 50% of the total combined voting power or total value of the corporation's stock. For this purpose, a "10% US Shareholder" means any US person who owns (directly, indirectly or constructively within the meaning of Section 958 of the Code) 10% or more of the total combined voting power of all classes of stock of a foreign corporation or 10% or more of the total value of shares of all classes of stock of a foreign corporation. The Tax Cuts and Jobs Act (the "Tax Act") eliminated the prohibition on "downward attribution" from non-US persons to US persons under Section 958(b)(4) of the Code for purposes of determining constructive stock ownership under the CFC rules. As a result, the Company's US subsidiary will be deemed to own all of the stock of the Company's non-US subsidiaries held by the Company for purposes of determining such foreign subsidiaries' CFC status. The legislative history under the Tax Act indicates that this change was not intended to cause the Company's non-US subsidiaries to be treated as CFCs with respect to a 10% US Shareholder that is not related to the Company's US subsidiary. However, the IRS has not yet issued any guidance confirming this intent and it is not clear whether the IRS or a court would interpret the change made by the Tax Act in a manner consistent with such indicated intent. The Company's treatment as a CFC as well as its foreign subsidiaries' treatment as CFCs could have adverse tax consequences for 10% US Shareholders.

The Company has been advised that it is NOT a passive foreign investment company ("PFIC") for the fiscal years ended February 2020 and 2019. An analysis for the financial year ended 28 February 2021 is currently being undertaken. A classification as a PFIC would likely 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.

Investment Adviser's ADV Form

Shareholders and state securities authorities wishing to view the Investment Adviser's ADV form can do so by following the link below:

https://adviserinfo.sec.gov/firm/summary/160932

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