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

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

**Q1 2014 Interim Management Statement**  
**20 June 2014**

JZ Capital Partners Limited (LSE: JZCP.L, the "Company" or "JZCP"), the London listed private equity fund that invests in high quality US and European micro cap companies, today announces its Interim Management Statement for the period 1 March 2014 to 31 May 2014.

**Highlights**

- NAV of US\$655 million (Q113: US\$643 million) an increase of 1.9%
- NAV per share of US\$10.24 (FY13: US\$10.25)
- Semi-annual dividend of US\$0.16 per share paid on 6 June 2014
- US\$19.3 million invested including:
  - A US\$4.2 million co-investment in Igloo Products Corp. ("Igloo"), an outdoor products manufacturer
  - A US\$3.6 million additional investment in Fidor Bank AG ("Fidor")
  - A US\$3.0 million investment in a real estate property in Brooklyn, NY
- US\$57.3 million realisation from the block sale of the position in Safety Insurance Group, Inc. ("Safety Insurance"): US\$33.0 million received in May 2014 and US\$24.3 million received in June 2014 (post period)
- A strong balance sheet and a diversified portfolio
- At the end of the period, the portfolio consisted of 64 investments across ten industries

**David Zalaznick, Founder and Investment Advisor of JZCP said:** "We have been active in putting money to work in new opportunities across the micro cap and real estate sectors, and have realized one of our oldest investments, Safety Insurance, earning a return over 5.0x our invested capital.

We're pleased with the positive performance of the underlying assets and look forward to reporting to shareholders new investments and realizations we hope to achieve by the interim period ending 31 August 2014."

**Net Asset Value**

Pre-dividend NAV for the quarter was flat versus the period ending three months ago. NAV decreased from US\$10.25 to US\$10.24 per share during the period. JZCP sold 60% of the position in Safety Insurance publicly traded stock in a block trade at a modest discount of about 5%, which dampened our positive operating performance. In addition, we declared a dividend of US\$0.16 per share, which was paid on 6 June 2014. For the year, including a previously paid dividend of US\$0.145 per share, the implied dividend yield, based on our stock price on 31 May 2014, is 4%.

Investment activity was measured during the period, as we put US\$19.3 million to work primarily in six investments across our three primary portfolios: US micro cap, European micro cap and real estate. Following the block sale in Safety Insurance stock, we had cash on hand and liquid assets totaling US\$125.1 million. Since period end, we have disposed of the remaining holding in Safety Insurance. See below for more information on this successful investment.

**NAV CHANGE AND RETURNS**

<b>Net Asset Value per Ordinary Share as of 1 March 2014.....</b>	<b>US\$10.25</b>
(+) Change in Private Investments.....	0.01
(-) Change in Public Investments.....	(0.09)
(+) Income from Investments.....	0.13
(+) Escrows Received.....	0.05

(-) Fees and Expenses .....	(0.08)
(-) ZDP Dividend Accrual .....	(0.03)
<b>Net Asset Value per Ordinary Share (Before Dividends).....</b>	<b>US\$10.24</b>
(-) Dividends Accrued (paid 6 June 2014).....	(0.16)
<b>Net Asset Value per Ordinary Share as of 31 May 2014.....</b>	<b>US\$10.08</b>

The increase in the private investments is driven by the increased valuation of two US micro cap co-investments - Justrite Manufacturing Co. and Suzo-Happ Group - by a combined US\$0.10, as earnings upticks at each company were enhanced by highly accretive acquisitions.

Our Industrial Services Solutions ("ISS") vertical and three of our co-investments, Vitalyst, Milestone Aviation and BSM Engenharia, each increased by US\$0.02, offset by reductions of US\$0.03 at both our water vertical and New Vitality co-investment due to decreased earnings.

The European portfolio decreased by US\$0.06, driven by a US\$0.03 reduction in the valuation of Xacom Comunicaciones, a European micro cap business that is awaiting orders for its new product, and a US\$0.03 reduction in Oro Direct, our gold trading business that has suffered from industry-wide regulatory issues.

The overall decrease in the valuation of public investments was driven by the discount inherent in the block trade of Safety Insurance stock.

The chart below summarizes cumulative total shareholder returns and total NAV returns for the most recent three-month period, twelve-month period and four-year period following our refinancing and restructuring in June 2009:

	<b>As of 31.5.14</b>	<b>28.2.14 to 31.5.14</b>	<b>31.5.13 to 31.5.14</b>	<b>31.5.10 to 31.5.14</b>
Share Price (Start of Period) .....	£4.41	£4.45	£4.89	£2.90
Dividends Paid During Period <sup>(1)</sup> .....	-	US\$0.16	US\$0.46	US\$1.09
Total Shareholder Return <sup>(1)(2)</sup> .....	-	1.2%	(4.1)%	75.7%
NAV per Share (Start of Period) .....	US\$10.08	US\$10.25	US\$9.90	US\$7.25
Total NAV Return <sup>(1)</sup> .....	-	(0.1)%	6.4%	54.1%
NAV to Market Price Discount (Start of Period)	27%	27%	25%	42%
Russell 1000 <sup>(3)</sup> .....	-	2.9%	18.5%	15.5%
FTSE 100 <sup>(3)</sup> .....	-	0.5%	4.0%	7.2%

(1) Includes dividend that was declared prior to 31 May 2014, but was paid to shareholders on 6 June 2014.

(2) Total shareholder return is cumulative and assumes that dividends were not reinvested.

(3) Returns are annualized for four-year period and cumulative for three-month period, and assume that dividends were not reinvested.

## RECENT ACTIVITIES

On 6 May 2014, JZCP declared a semi-annual dividend of US\$10.4 million, or US\$0.16 per share. This was paid on 6 June 2014.

## Significant Investments and Realizations

### US Micro Cap Investments

In March 2014, JZCP invested US\$1.7 million in 9% senior notes to help fund the acquisition of Premier Safety, a Pittsburgh based distributor of industrial safety products, specializing in a wide range of portable and fixed gas detectors, respiratory equipment, fall protection and other safety and personal protective supplies. Premier Safety offered an opportunity to acquire a strong, well respected industry participant that is both highly complementary and additive to our platform investment in Argus Group, which sells, rents and services industrial hygiene and safety equipment. JZCP owns 36% of this testing entity.

In April 2014, JZCP invested US\$4.2 million in iconic brand name Igloo, alongside co-investor ACON Investments. Founded in 1947, Igloo designs, manufactures and markets coolers and outdoor products online and through retailers, with a dominant market position in the US. Igloo is looking to introduce new products, add new customers and sales channels and exploit international opportunities. This investment represents 3% of Igloo's equity.

In May 2014, we purchased, through our Industrial Services Solutions vertical, Construction and Turnaround Specialists, a provider of plant inspection and civil/mechanical engineering primarily for the oil and gas industries. The source of funds came from both a \$5.0 million loan supplied by our senior lender and cash on ISS' balance sheet. Through ISS, we own 41% of this entity.

In June 2014 (post period), JZCP invested US\$16.2 million for 9.0% of Cequel Data Centers, LLC, parent company of TierPoint, LLC, alongside RedBird Capital Partners, The Stephens Group and Thompson Street Capital Partners, among others. Managing nearly 140,000 square feet of raised floor data center space, TierPoint today offers colocation, managed services and cloud computing through six data centers in Dallas, Oklahoma City, Tulsa, Spokane, Seattle and Baltimore.

#### European Micro Cap Investments

In March 2014, JZCP invested an additional US\$3.6 million in Fidor, through the EuroMicrocap Fund 2010, L.P. With headquarters in Munich, Germany, Fidor combines a social-media banking model with traditional banking services, offering internet-based and mobile-based transactions, supplemented by full service cash management solutions to retail customers. This investment increased JZCP's share of Fidor to 20.2%.

Additionally in May 2014, JZCP provided US\$5.5 million in debt financing to Toro Finance, a newly created vehicle to provide short-term working capital financing to major Spanish companies. Toro Finance is well positioned to benefit as Spanish banks in recent years tightened their risk criteria and downscaled balance sheets to meet increasing capital requirements.

#### Real Estate Investments

In May 2014, JZCP invested US\$3.0 million for a property in the Downtown Brooklyn neighborhood of Brooklyn, New York, one of the fastest growing communities in New York City. This parcel adds an important corner to our Downtown, Brooklyn portfolio and provides additional flexibility to our business plan.

#### Realizations

As previously mentioned, JZCP realized its investment in Safety Insurance, a provider of personal property and casualty insurance focused exclusively on the Massachusetts market, through a block trade for US\$57.3 million - US\$33 million in May 2014 and US\$24.3 million post-period, earning a multiple of capital invested of 5.1x and an IRR of 34%.

### **PORTFOLIO SUMMARY**

At 31 May 2014, the Company's portfolio consisted of 64 investments across 10 major industry sectors, totaling US\$809.1 million:

	<b>Number of Investments (at 31.5.14)</b>	<b>At 31.5.14 (US\$'000)</b>	<b>At 28.2.14</b>	<b>% of Total Investments (at 31.5.14)</b>
US Micro Cap Portfolio.....	36	357,569	341,560	43.8%
European Micro Cap Portfolio.....	9	193,923	186,781	24.3%
Real Estate Portfolio.....	10	118,260	112,792	14.7%
Other Portfolio.....	6	14,312	14,293	1.7%
<b>Total Private Investments.....</b>	<b>61</b>	<b>684,064</b>	<b>655,426</b>	<b>84.5%</b>
Listed Equity.....	1	26,152	65,423	3.2%
Listed Corporate Bonds.....	1	16,288	16,415	2.0%
Bank Debt.....	1	11,057	11,810	1.4%
UK Treasury Gilts.....		43,387	43,292	5.4%
Cash.....		28,195	11,372	3.5%
<b>Total Listed Investments (and Cash).....</b>	<b>3</b>	<b>125,079</b>	<b>148,312</b>	<b>15.5%</b>
<b>Total Investments (and Cash).....</b>	<b>64</b>	<b>809,143</b>	<b>803,738</b>	<b>100.0%</b>

At 31 May 2014, 15.5% of the portfolio was invested in "liquid" assets, which consist of cash, UK treasury gilts, listed equities, bank debt and corporate bonds. These asset classes are valued at prices quoted by third parties. The remaining portion of the portfolio was invested in private investments in US or European micro cap companies or mezzanine debt. These investments are valued at fair value by JZCP's directors each quarter.

At the price at which JZCP's stock traded at the end of the period and taking the Company's "liquid" investments at valuation, this implies that the valuation of the private investments is discounted by 25%.

We value our privately held businesses carefully. Our average multiple used for our US micro cap businesses is 7.3x trailing EBITDA. In addition, we do not have substantial debt in these businesses. The multiple of debt senior to JZCP's position is less than 2.0x EBITDA.

## Top Ten Investments

Our ten largest investments as of 31 May 2014 are summarized below:

(US\$000's)	Asset Category	Valuation as of 31.5.2014	% of Portfolio Valuation as of 31.5.2014
Factor Energia, S.A.....	European	82,695	11%
Industrial Service Solutions.....	Micro cap	37,068	5%
Greenpoint.....	Real estate	32,750	4%
Accutest Holdings, Inc.....	Micro cap	32,425	4%
Dental Holdings Corporation.....	Micro cap	31,111	4%
Group Ombuds.....	European	30,357	4%
Toro Finance.....	European	26,670	4%
Safety Insurance Group, Inc.....	Listed equity	26,152	4%
Amptek, Inc.....	Micro cap	25,395	4%
Milestone Aviation Group, Inc.....	Micro cap	24,984	3%
<b>Top Ten Investments.....</b>		<b>\$349,607</b>	<b>47%</b>
<b>Remaining Investments.....</b>		<b>387,954</b>	<b>53%</b>
<b>Total Portfolio.....</b>		<b>\$737,561</b>	<b>100%</b>

Note that the largest non-public exposure is to Factor Energia, S.A, accounting for 11% of the total portfolio.

## Balance Sheet

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

(US\$000's)	31.5.2014	28.2.2014
Cash.....	28,195	11,372
UK Treasury Gilts.....	43,387	43,292
Listed Equity.....	26,152	65,423
Listed Corporate Bonds.....	16,288	16,415
Bank Debt.....	11,057	11,810
Private Investments.....	684,064	655,426
Other Assets.....	805	517
<b>Total Assets.....</b>	<b>809,948</b>	<b>804,255</b>
(-) Liabilities.....	(45,304)	(30,598)
(-) ZDPs.....	(109,348)	(107,201)
<b>Net Asset Value.....</b>	<b>655,296</b>	<b>666,456</b>

At 31 May 2014, "liabilities" includes US\$37.4 million of loans, secured by the UK Gilts, up from US\$17.8 million at the beginning of the period.

In addition, post-period, we closed a US\$50.0 million term loan to enhance our liquidity position.

## For further information:

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## About JZCP

JZCP is a London and Channel Islands listed private equity fund which invests in high quality US and European micro cap companies. Its objective is to achieve a superior overall return comprised of a

current yield and significant capital appreciation. JZCP receives investment advice from Jordan/Zalaznick Advisers, Inc. ("JZA") which is led by David Zalaznick and Jay Jordan. They have worked together for 30 years and are supported by teams of investment professionals in New York, Chicago, London and Madrid. JZA's experts work with the existing management of micro cap companies to help build better businesses, create value and deliver strong returns for investors. JZCP also invests in mezzanine loans, first and second lien investments and other publicly traded securities.

For more information please visit [www.jzcp.com](http://www.jzcp.com).

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