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

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

Q3 2013 Interim Management Statement

19th December 2013

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 September 2013 to 30 November 2013.

Highlights

- NAV of US\$646.4 million (H113: US\$641.7 million)
- NAV per share of US\$9.94 (H113: US\$9.87)
- Semi-annual dividend of 14.5c per share paid on 13 November 2013
- US\$79.7 million invested including:
 - US\$16.4 million co-investment in Toro Finance, a newly created vehicle which will provide short-term receivables financing to the suppliers of major Spanish companies
 - US\$4.1 million in Amerimex, a specialist manufacturer
 - US\$8.0 million in Priority Express, a provider of same-day express delivery services
 - US\$45.9 million in two real estate properties in Brooklyn
- Significant pipeline of potential high quality investments in the US and Europe
- A strong balance sheet and a diversified portfolio
- At the end of the period, the portfolio consisted of 55 companies across ten major industry sectors

David Zalaznick, Founder and Investment Advisor of JZCP said: "We are pleased to report to shareholders that the Company's NAV has continued to grow, driven by a strong performance across our portfolio, particularly within Europe. The Company's NAV has now grown for 18 out of the past 19 quarters. We have built on the sustained investment activity of the first half of the year and continue to benefit from a healthy pipeline of investment opportunities across the specialist micro-cap sector."

Net Asset Value

We are pleased to report that this quarter is the 18th out of the last 19 where we have shown NAV growth, as the NAV increased from \$9.87 to \$9.94 (or £6.38 to £6.07; the reduction in pounds is due to unfavorable exchange rate). In addition, we declared a dividend of 14.5 cents per share, which was paid on 13 November 2013. For the year, including a previously paid dividend of 15.0 cents, the implied dividend yield, based on our 30 November 2013 stock price, is 4%.

We were active on the investment front, investing \$79.7 million into the US Microcap, (\$17.0 million), European (\$16.4 million) and Real Estate (\$45.9 million) portfolios. We have incurred no debt, with the sole obligations our Zero Dividend Preferred Shares ("ZDP's").

NAV CHANGE AND RETURNS

Net Asset Value per Ordinary Share as of 31 August 2013	US\$9.87
+ Change in Private Investments	0.16
+ Change in Public Investments	0.16
+ Income from Investments	0.14
+ Escrows Received	0.01

- ZDP Dividend Accrual	(0.03)
- Fees and Expenses	(0.13)
- Other	(0.09)
Net Asset value Per Ordinary Share (before dividends)	US\$10.09
- Dividends Paid	<u>(0.15)</u>
Net Asset value Per Ordinary Share as of 30 November 2013	<u>US\$9.94</u>

The change in the private investments is due primarily to an increase in the European Microcap Fund of 16 cents, following an increase in value of Factor Energia, our energy distribution business, of 24 cents. This was offset by a reduction in two Spanish businesses. Ombuds, our personal security business (3 cents), has turned the corner but hasn't fully recovered from the loss of government related business during the recession. At Oro Direct (5 cents), the gold wholesaler, volumes have decreased with the decline in price of gold which will result in an earnings shortfall this year. Both companies are taking steps to deal with their respective issues. The US Microcap portfolio remained essentially unchanged, as smaller write-ups equaled the write-downs across the 34 portfolio businesses. The increase in public investment is due primarily to the performance of Safety Insurance stock, the Massachusetts-based property/casualty insurance business.

Our Total Shareholder Return has been helped by positive performance in our stock price:

	As at	Since	Since	Since
	30.11.13	31.8.13	30.11.12	30.11.10
Share price (in GBP)	£4.45	£4.75	£4.31	£3.24
Dividends paid (in US cents)	-	14.5c	29.5c	93.0c
Total shareholders return	-	(4%)	8%	55%
NAV per share (in USD)	\$9.94	\$9.87	\$9.41	\$8.03
NAV total returns	-	2%	9%	35%
NAV to market price discount	27%	26%	27%	37%
Russell 1000	-	11%	28%	54%
FTSE 100	-	4%	13%	20%

RECENT ACTIVITIES

In October 2013, JZCP declared a semi-annual dividend of \$9.4 million, or 14.5 cents per share. This was paid on 13 November 2013.

Significant Investments

In October 2013, JZCP invested in two US Microcap businesses. The first was Amerimex, an addition to our Industrial Services Solutions vertical managed by Jim Rogers, a former GE senior manager. Amerimex specializes in new and remanufactured alternating current traction motors, new blowers, and remanufactured direct current traction motors for applications in oil & gas (traditional drilling and hydraulic fracturing), marine, and dredging. The Company also repairs industrial motors for a broad range of applications. JZCP invested \$4.1 million in 10% preferred equity. In addition to the preferred equity provided by the sponsors, a \$10.0 million term loan was provided by a third party financing institution. Post-close, JZCP owns 30.6% of the combined entity on a fully-diluted basis.

The second US Microcap investment was our first venture in a new Transportation and Logistics vertical, managed by Bruce Parker, who has spent his career managing various transportation and logistics companies, including serving as an officer of Ryder System, Inc. and United Airlines as well as CEO of AirNet Systems, Inc. This investment, Priority Express, provides same-day express delivery services to reference laboratories, hospitals and health systems, pharmacy organizations and various other companies located primarily in the greater Philadelphia and Lehigh Valley regions of Pennsylvania, northern New Jersey and southern New York. The company provides both scheduled courier services as well as on-demand delivery. JZCP invested \$8.0 million in 10% senior notes and \$4.4 million in preferred equity. Post-close JZCP owns 30.5% of the combined entity on a fully-diluted basis.

In October 2013, the European Microcap Fund invested alongside Avenue Capital Group, in Toro Finance, a newly created vehicle which will provide short-term receivables financing to the suppliers of major Spanish companies. Toro Finance will have the benefit of JZAI's European team's very successful investment history in this sector. In addition, our partner Avenue Capital has expertise in investing in finance companies globally, as it has invested more than \$11 billion in Europe over the past 10 years. JZCP, together with Toro Finance's management invested \$11 million for 50 per cent of Toro Finance's equity. In addition JZCP has committed a further \$21.6 million debt facility as an 8 per cent current cash

paying note of which \$5.5 million has been drawn.

Also in October 2013, JZCP invested \$9.1 million in a property in Williamsburg, Brooklyn, New York, close to our currently owned Bedford property. The strategy to create value from this 12,750 square foot building is to redevelop the building and rent it to high end retailers who want to be part of the resurgence taking place in Williamsburg.

Finally, in October 2013 we invested \$32.7 million to acquire a 49% interest in a development site on the Greenpoint waterfront in Brooklyn. The site allows for development of 652,000 square feet of residential and retail space, and includes a pier which acts as the Greenpoint terminal location for the East River Ferry. We plan on partnering with a large New York City development firm to build a residential tower on the site, containing both market rate and affordable housing, as well as 100,000 square feet of retail space.

PORTFOLIO SUMMARY

At 30 November 2013, the Company's investment assets consisted of 63 investments across 10 major industry sectors, totaling \$757 million:

	Number of Investments as at 30.11.13	30.11.13 US\$'000	31.8.13 US\$'000	% of Total Investments
US micro cap portfolio	34	\$323,130	\$299,477	42.7%
European investments	9	164,880	137,159	21.8%
Mezzanine investments	3	3,704	3,713	0.5%
Real estate portfolio	10	102,848	57,820	13.6%
Other portfolio	4	9,074	10,780	1.2%
Total private investments	60	\$603,636	\$508,949	79.8%
Listed equity	2	65,755	58,716	8.7%
Listed corporate bonds	-	-	41,316	-
Bank debt	1	11,794	11,769	1.6%
UK treasury gilts		42,689	40,241	5.6%
Cash		32,676	79,324	4.3%
Total Listed Investments (and cash)	3	\$152,914	\$231,366	20.2%
Total Investments (and cash)	63	\$756,550	\$740,315	100.0%

20.2% of the portfolio is invested in "liquid" assets, which consist of cash, UK gilts, listed equities and bank debt and corporate bonds. These asset classes are valued at third party quoted prices. The remaining portion of the portfolio is 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. Note that, assuming the public investments are valued at their carrying valuations; these private investments are currently trading at an equivalent 29% discount to NAV.

We value our privately held businesses conservatively. Our average multiple used for our US Micro Cap businesses is 7.2x trailing EBITDA; the highest is 9.0x. In addition, we do not have much debt in these businesses; the multiple of debt senior to JZCP's position is 2.1x; the highest, an outlier, is 5.1x.

Top Ten Investments

Our largest ten investments as of 30 November 2013 are summarized below:

(\$000's)

	Asset Category	Valuation as of 30/11/2013	% of Portfolio Valuation as of 30/11/2013
Factor Energia, S.A.	European	\$71,525	9.4%
Safety Insurance Group Inc.	Listed Equity	64,787	8.6%

Greenpoint	Real Estate	32,731	4.3%
Accutest Holdings, Inc.	Micro-Cap	29,955	4.0%
Dental Services Group, Inc.	Micro-Cap	29,338	3.9%
Grupo Ombuds	European	27,318	3.6%
TWH Water Treatment Industries, Inc.	Micro-Cap	24,088	3.2%
Milestone Aviation	Micro-Cap	23,149	3.1%
Amptek, Inc.	Micro-Cap	22,956	3.0%
Medplast / UPG Holdings	Micro-Cap	19,443	2.6%
Top Ten Investments		\$345,290	45.6%
Remaining Investments		411,260	54.4%
Total Portfolio		\$756,550	100.0%

Balance Sheet

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

(\$000's)	<u>30/11/2013</u>	<u>31/8/2013</u>
Cash	\$32,676	\$79,324
UK Treasury Gilts	42,689	40,241
Listed Equity	65,755	58,716
Listed Corporate Bonds	-	41,316
Bank Debt	11,794	11,769
Private Investments	603,636	508,949
Other Assets	1,025	550
Total Assets	\$757,575	\$740,865
- Liabilities	(8,434)	(4,048)
- Zero Dividend Preferred Shares	(102,775)	(95,156)
Net Asset Value	\$646,366	\$641,661

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About JZCP

JZCP is a London listed private equity fund which invests in high quality US and European micro cap companies. Our objective is to achieve a superior overall return comprised of a current yield and significant capital appreciation. JZCP receives investment advice from Jordan/Zalaznick Advisers, Inc. ("JZAI"), founded by David Zalaznick and Jay Jordan, which has advised JZCP for twenty five years and has investment professionals and offices in New York, Chicago, London and Madrid. JZAI's experts work with the existing management of micro cap companies to help build better businesses, create value and deliver strong returns to our 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

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