JZ CAPITAL PARTNERS LIMITED

Annual Report and Financial Statements
For the Year Ended 28 February 2017

Contents

JZ Capital Partners Limited is a member
of the Association of Investment Companies (AIC)
and Listed Private Equity (LPEq)

Who We Are

About Us

JZ Capital Partners Limited ("JZCP" or the "Company") invests 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.

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

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

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

In Europe the Investment Adviser's team has worked together for over 15 years and has a proprietary network of intermediaries to deliver high quality micro-cap buy-and-build opportunities throughout the continent.

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

Our Key Investment Principles

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

Performance and Results Highlights

Realisations and Investments Highlights

Realisations in the year totalling $131.4 million, including:

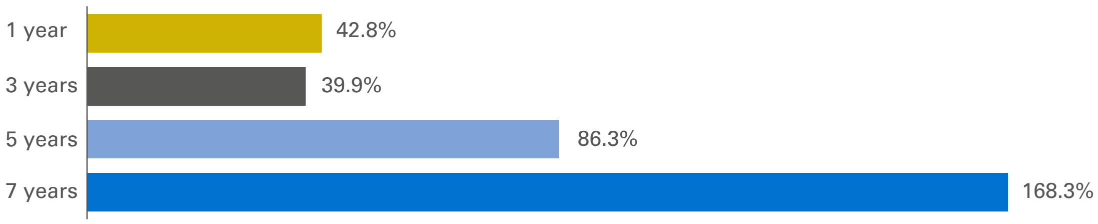
- Sale of stake in Winn Group ("Winn"), a Newcastle-based UK legal services firm specialising in personal injury cases. Total proceeds of $21.9 million were received from the sale of Winn to a major financial institution. JZCP's initial investment in Winn was $14.8 million (£9.0 million) in August 2013.
- Sale of Southern Petroleum Laboratories, a leader in oil & gas measurement and laboratory services. Including a dividend of $1.3 million received in 2015, JZCP received sale proceeds of $9.7 million (cost $4.3 million).
- Proceeds of $25.6 million from the sale of US micro-cap co-investment, Medplast. Medplast designs, engineers and produces precision custom moulded medical components. JZCP had invested a total of $18.0 million during 2012 and 2013.

Investments in the year totalling $159.5 million, including:

- Acquisition of Esperante Corporate Center ("Esperante") a high-yielding office building in West Palm Beach, Florida. At 17 floors, and featuring more than 250,000 square feet of office and retail space, Esperante is a landmark building in the Downtown West Palm Beach skyline and one of only three existing trophy office buildings in the market. JZCP has invested $20.9 million.
- Investments closed in Oncology Services International, Inc. ($4.5 million) and Pacific Medical LLC ($9.0 million), through the Jordan Health Products ("JHP") platform.
- Investment of $21.3 million in Peaceable Street Capital (US micro-cap co-investment), a specialty real estate finance platform.

Shareholder Returns

JZCP's share price at 28 February 2017 was **£5.38** (29 February 2016: **£3.97**). Shareholders received dividends during the year of 30.5 cents equivalent to **23.0 pence** per share.

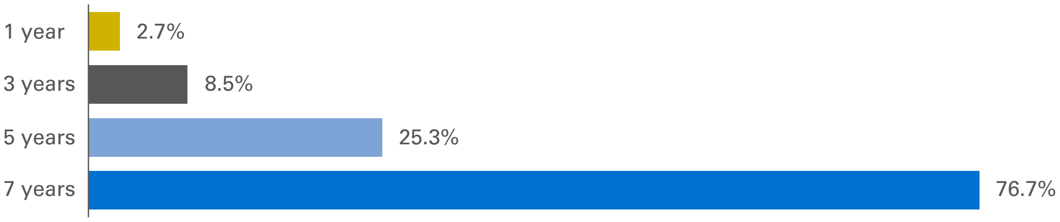


Shareholder returns are presented in GBP Sterling on a dividends reinvested basis.

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

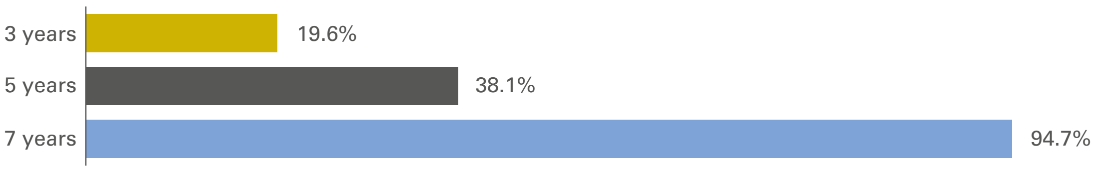
NAV per share at 28 February 2017 was **$10.12** (29 February 2016: $10.15) after dividends paid of **30.5** cents per share. Total NAV Returns per share are shown below and also on an 'adjusted' basis which presents the Company's NAV return, before the effect of dilution from capital raised[1].

NAV Returns



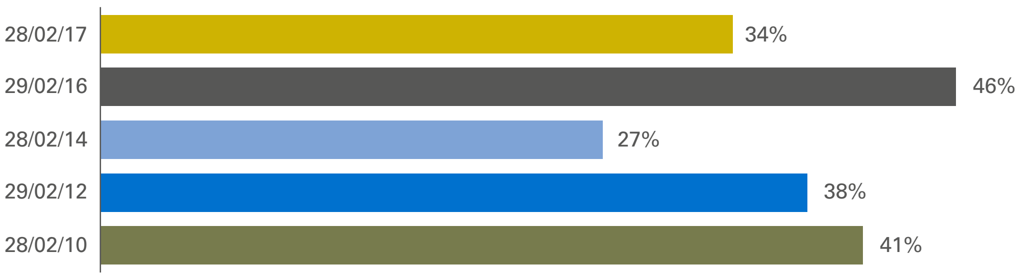
NAV Returns for three, five and seven year returns reflect the dilution caused by the issue of Ordinary Shares at a discount to NAV (see below Adjusted NAV returns).

Adjusted NAV Returns



NAV returns above are presented in US Dollar terms and on a dividend reinvested basis.

NAV to Market Price Discount



Total NAV return, Total Shareholder returns, NAV to Market Price discount, Implied Dividend Yield (Page 6) and Ongoing Charges (Page 28) are classified as Alternative Performance Measurements under ESMA guidelines and are further explained on Pages 88 to 89 under Useful Information for Shareholders.

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.

Chairman's Statement

"The progress the Company has made during the period has been steady, characterised by a good flow of investment and realisation activity. We are also delighted that we have the support from our shareholders to implement a new share buyback policy."

David Macfarlane

I am pleased to report the results of JZ Capital Partners ("JZCP" or the "Company") for the twelve month period ended 28 February 2017.

Performance

The Company's performance over the last twelve months, driven by positive growth across our three core portfolios of US and European micro-cap and US real estate investments, is particularly pleasing given the backdrop of sustained global market volatility as a result of the rise of populist politics and geopolitical tensions.

Political shifts have been stark in many regions, with voters eschewing the status quo to support populist mandates and the corresponding uncertainty that they bring. The UK's decision to leave the European Union and Trump's victory both caused disruption to global financial markets and temporarily influenced investment activity.

The US economy is gaining traction again and households remain upbeat, with annualised GDP growth reported of 2.1% in the fourth quarter of 2016. This growth follows a relatively weak first half of the year, having been boosted by a long awaited rebound in investment.

In Europe, the economic recovery continues, supported by highly favourable monetary conditions, a weaker Euro and an improvement in global growth, with the emerging markets in particular doing better. The consequences of the events of 2016 remain uncertain and additional headwinds are looming on the horizon, especially political risks, suggesting volatility may rise over the next twelve months.

Given this market environment, the Board is pleased to announce that JZCP has produced a satisfactory set of full year results, having achieved total NAV return per share of 2.7%, which includes 30.5 cents per share in dividends paid during the year. JZCP's post-dividend NAV per share decreased marginally from $10.15 to $10.12 at the end of the period.

Strategic Initiatives

In view of the persistently wide discount to NAV at which the Company's shares trade, the Board recently launched a comprehensive review of the Company's existing dividend policy. Giving careful consideration as to whether full value for shareholders is being achieved, the Board determined that the existing policy of paying out approximately 3% of NAV per year has not had the desired long-term effect on JZCP's stock price. Instead, the Board believes that the interests of shareholders would be better served through the discontinuation of the current dividend policy and implementation of a new strategy to allow for the repurchase of shares.

The recent proposals to implement a general buy-back framework received shareholder approval today. The Board will have the option of exercising the buy-back programme opportunistically and where it would be accretive to shareholder value.

Whilst we recognise that some shareholders will be disappointed by the loss of the dividend, we believe the new strategy is a significant step forward for the Company and in the best interest of all shareholders over the long term.

Portfolio Update

Overview

The result has been driven by the positive underlying performance of our three major asset classes, where we continue to pursue our value-added investment strategy and anticipate further asset growth during the fiscal period.

It has been an active investment period for the Company, putting $159.5 million to work across these core portfolios – whilst realising $131.4 million, primarily through the sale of Medplast, Southern Petroleum Laboratories and Winn Group.

At the end of the period, the Company's portfolio consisted of 33 micro-cap businesses across nine industries and 59 properties located in Brooklyn, New York and South Florida. The portfolio continues to become more diversified geographically as we invest in further Western European countries.

It's also important to note that 35% of our investment portfolio is less than three years old.

US and European Micro-Cap

It has been another period of significant activity within our US micro-cap portfolio, which has continued to perform well with progress made both with investments and realisations. The portfolio has seen a valuation increase of 38 cents per share during the period, primarily due to net accrued income of 19 cents per share and increased earnings at our Healthcare Revenue Cycle Management vertical (32 cents). The portfolio was valued at 8.3x EBITDA, after applying an average 26% marketability discount to public comparables.

JZCP continues to implement its disciplined and value-oriented investment approach targeting high quality micro-cap companies in Western Europe, which now represent approximately 14% of the Investment Portfolio ($154 million) and consist of 13 companies across five industries and six countries.

The portfolio has seen a valuation increase of 12 cents per share, primarily due to accrued income of 6 cents per share and a write-up at Fidor Bank (5 cents), which was sold to Group BPCE, the second largest banking group in France.

As of 28 February 2017, Fund III[1] held seven investments: two in Spain, two in Scandinavia, and one each in the UK, Italy and Luxembourg, and EMC[2] held two investments in Spain: Factor Energia and Oro.

Real Estate

Now in its fifth year, the US real estate portfolio has continued to grow steadily, currently consisting of 59 properties, all in various stages of development and re-development.

As of 28 February 2017, JZCP, in partnership with its long-term real estate partner, RedSky Capital, had more than $343.5 million invested in a diverse portfolio of retail, office and residential properties located in Brooklyn, New York and South Florida. JZCP acquired eight properties during the period, including Esperante Corporate Centre, a landmark office building in West Palm Beach, Florida.

The real estate portfolio had a net increase of 25 cents, led by significant write-ups at our Roebling Portfolio property (25 cents) and our Greenpoint property (21 cents), both located in adjacent North Brooklyn neighbourhoods. Increases in value at our real estate properties are based upon third-party appraisals.

Realisations

The Company generated realisations totalling $131.4 million, primarily through the sale of three US micro-cap companies and the sale of European micro-cap company Winn Group. The Company received proceeds of $25.6 million from the sale of Medplast, a manufacturer of plastic medical components based in the US.

Distributions

As a consequence of the new strategy, the current dividend policy will be discontinued and the Company will not declare or pay a second interim dividend for the six-month period ending 28 February 2017.

Significant Financings

Post period end (April 2017), the Company increased its loan facility with Guggenheim Partners from approximately $100 million to $150 million, in order to provide additional liquidity to JZCP to bridge certain planned realisations. The entire $150 million facility may be repaid, in whole or in part, with no penalty after June 2017.

The Board and Investment Adviser have discussed the expected cash flows within the investment portfolio, investments and divestments, and likely opportunities based on the Company's strategy. Following this discussion, the Board can report to shareholders that it believes it is unlikely further equity capital will be needed in the foreseeable medium term.

Outlook

The benefits of measures approved by shareholders in 2015 to increase the flexibility of the Company's investment policy and strengthen its balance sheet continue to bear fruit, as demonstrated by the steady performance of the three core portfolios during the period, set against a turbulent macro environment.

We are delighted that we have the support from our shareholders to implement the new strategy, which is designed to maximise long-term value for shareholders. The Company remains absolutely focused on generating positive NAV growth and continues to believe it is the most effective driver to narrow the Company's persistent discount to NAV. We look to the next twelve months with optimism.

David Macfarlane
Chairman
16 May 2017

1 JZI Fund III, L.P. is defined throughout the Annual Report and Financial Statements as "Fund III".
2 EuroMicrocap Fund 2010, L.P. and EuroMicrocap Fund-C, L.P. are defined throughout the Annual Report and Financial Statements as "EMC", both L.P.s are held by the same limited partners and in the same ownership percentages.

Investment Adviser's Report

"We are pleased with the positive performance of the portfolio on an operating basis and appreciation of the underlying values of the portfolio's assets. Our execution of JZCP's investment policy, to create a more balanced and diversified portfolio by geography and asset type, has shown great progress and should provide superior returns."

David Zalaznick and Jay Jordan

Dear Fellow Shareholders,

We are pleased to report that all three of JZCP's major asset classes within the portfolio – US micro-cap, European micro-cap and US real estate – continued their positive performance for the year ending 28 February 2017. JZCP's NAV per share was approximately flat ($10.12 at 28 February 2017 versus $10.15 at 29 February 2016), whereas total NAV return per share was 2.7%, which includes 30.5 cents per share in dividends paid during the year. Unless otherwise stated, figures included in this report refer to the twelve-month period ended 28 February 2017.

As of 28 February 2017, our stock was trading at a 34% discount to NAV and had an implied dividend yield of 4.5%. Despite historically low (to negative) interest rates, our stated dividend policy of paying out 3% of NAV did not have the desired long-term effect on our stock price. Consequently, JZCP's Board of Directors has discontinued the current dividend policy and asked shareholders to authorise a new policy to allow for the repurchase of shares. We believe these proposals are in the best interest of all shareholders. JZCP represents a highly attractive investment opportunity and we hope to take advantage of the wide discount. If we are able to buy shares at a significant discount, it will increase our NAV per share which is the ultimate mark by which our share price will be measured.

In the year ended 28 February 2017, JZCP invested a total of $159.5 million, underpinned by investments in Peaceable Street Capital, Jordan Health Products and real estate properties in Brooklyn, NY and South Florida. We realised $131.4 million primarily through the sale of Medplast and Southern Petroleum Laboratories ("SPL"), both co-investments, and European portfolio company Winn.

At the period end, our US micro-cap portfolio consisted of 20 businesses, which includes four "verticals" and 12 co-investments, across nine industries; this portfolio was valued at 8.3x EBITDA, after applying an average 26% marketability discount to public comparables. The average underlying leverage senior to JZCP's position in our US micro-cap portfolio is 3.2x EBITDA. Consistent with our value-oriented investment strategy, we have acquired our current US micro-cap portfolio at an average 6.2x EBITDA; we paid 5.1x EBITDA on average for US micro-cap acquisitions made during the past fiscal year.

Our European micro-cap portfolio consisted of 13 companies across five industries and six countries. The European micro-cap portfolio has very conservative leverage senior to JZCP's position, currently under 2.0x EBITDA.

As of 28 February 2017, our US real estate portfolio consisted of 59 properties and can be grouped primarily into four major "assemblages", located in the Williamsburg and Downtown/Fulton Mall neighbourhoods of Brooklyn, New York and the Wynwood and Design District neighbourhoods of Miami, Florida. We acquired eight properties during the period, including a trophy office building in West Palm Beach, Florida. Our assemblages are comprised of adjacent or concentrated groupings of properties that can be developed, financed and/or sold together at a higher valuation than on a stand-alone basis.

Net Asset Value ("NAV")

JZCP's NAV per share was approximately flat for the year ending 28 February 2017 ($10.12 at 28 February 2017 versus $10.15 at 29 February 2016). Total NAV return per share was 2.7%, which includes 30.5 cents per share in dividends paid during the year.

NAV Bridge

NAV per Ordinary share as of 29 February 2016	**$10.15**
Change in NAV due to capital gains and accrued income	
+ US micro-cap	0.38
+ European micro-cap	0.12
+ Real Estate	0.25
+ Other Investments	0.02
Other increases/(decreases) in NAV	
– Change in CULS market price	(0.05)
– Finance costs	(0.18)
+ Foreign exchange effect[1]	0.12
– Expenses and taxation	(0.39)
NAV per Ordinary share (before dividends paid)	**$10.42**
– Dividends paid	(0.305)
NAV per Ordinary share as of 28 February 2017	**$10.12**

1 Includes fx losses of 2 cents relating to investments and fx gains of 8 cents relating to the currency translation of the CULS.

The US micro-cap portfolio had a net increase of 38 cents, primarily due to net accrued income of 19 cents and increased earnings at our Healthcare Revenue Cycle Management vertical (32 cents). Also contributing to the positive portfolio performance were increases at several co-investment companies: Salter (6 cents), a healthcare products manufacturer; TierPoint, a data centre business (3 cents); and Vitalyst, an IT support business (3 cent). We also received 7 cents of escrow payments during the period.

Offsetting these increases was a decrease at Healthcare Products Holdings, our power wheelchair company, which was written down to zero (12 cents), as further regulations have significantly hindered the company's prospects. Other assets to experience earnings declines included: our Water and Industrial Services Solutions ("ISS") verticals, (5 and 6 cents, respectively); Suzo-Happ, our co-investment manufacturer of parts for the global gaming industry (3 cents); and Nationwide, our school photography business (3 cents).

The European micro-cap portfolio had a net increase of 12 cents, primarily due to accrued income of 6 cents and a write-up at our online German bank, Fidor Bank (5 cents), which was sold to a French banking conglomerate during the year. Other assets written up due to increased earnings include Petrocorner (2 cents), our petrol station build-up in Spain, and Winn (1 cent), our UK legal claims business (which was realised during the year).

The real estate portfolio had a net increase of 25 cents, led by significant write-ups at our Roebling Portfolio property (25 cents) and our Greenpoint property (21 cents), both located in adjacent North Brooklyn neighbourhoods. Other properties written up during the year include: Flatbush Portfolio (4 cents), Design District (2 cents) and Esperante Corporate Center (3 cents). These increases were offset by decreases at our Bedford Avenue property (3 cents), Fulton Assemblage (13 cents), Williamsburg Retail Assemblage (7 cents) and Wynwood Portfolio (7 cents). While properties are written up or down based on newly received appraisals, factors that include fluctuations in balance sheet items at the property level, particularly regarding senior mortgages on the properties, can drive JZCP's equity value in the properties up or down as well.

Returns

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

	28.2.2017	30.11.2016	29.2.2016	28.2.2014	28.2.2013	29.2.2012
Share price (in GBP)	£5.38	£5.07	£3.97	£4.45	£5.00	£3.66
NAV per share (in USD)	$10.12	$10.13	$10.15	$10.25	$9.69	$9.47
NAV to market price discount	34%	37%	46%	27%	22%	38%
		3 month return	1 year return	3 year return	4 year return	5 year return
Dividends paid (in USD)		–	$0.305	$0.95	$1.245	$1.570
Total shareholders' return[1]		6.1%	42.8%	39.9%	29.4%	86.3%
Total NAV return per share[1]		-0.1%	2.7%	8.5%	18.3%	25.3%

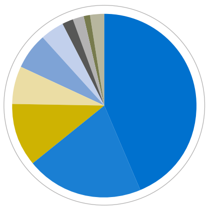
1 Total returns are cumulative and assume that dividends were reinvested.

Investment Adviser's Report continued

Portfolio Summary

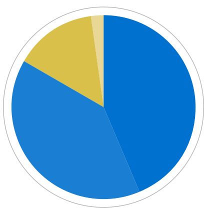
Our portfolio is well-diversified by asset type and geography, with 33 US and European micro-cap investments across nine industries and four primary real estate "assemblages" (59 total properties) located in Brooklyn, New York and South Florida. The portfolio continues to become more diversified geographically across Western Europe with investments in Spain, Italy, Luxembourg, Scandinavia and the UK. It's also important to note that 35% of our investment portfolio is less than three years old.

Portfolio by Industry[1]



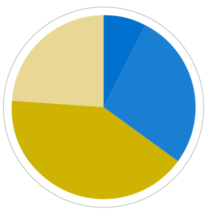
Real estate	43.8%
Industrial	20.4%
Healthcare	11.3%
Telecommunications	6.5%
Financial services	6.5%
Service	4.1%
Transportation/Logistics	2.0%
Consumer	1.9%
Gaming	1.1%
Other	2.4%

Portfolio by Investment Type[1]



Real estate	43.8%
US micro-cap	39.6%
Euro micro-cap	14.5%
Other investments	2.1%

Portfolio by Vintage[1,2]



<1 year	7.7%
>1-3 years	27.3%
>3-5 years	41.3%
>5-10 years	23.7%

1 Excludes cash.
2 Vintage measured by date of initial investment.

Below is a summary of JZCP's assets and liabilities at 28 February 2017 as compared to 29 February 2016. An explanation of the changes in the portfolio follows:

	28.2.2017 US$'000	29.2.2016 US$'000
US micro-cap portfolio	**423,137**	386,173
European micro-cap portfolio	**154,277**	168,797
Real estate portfolio	**468,599**	366,158
Other investments	**23,167**	64,320
Total Private Investments	**1,069,180**	985,448
Listed corporate bonds	**–**	13,036
UK treasury gilts	**–**	45,608
Cash	**29,063**	91,937
Total Listed Investments and Cash	**29,063**	150,581
Other assets	**520**	3,551
Total Assets	**1,098,763**	1,139,580
Zero Dividend Preferred shares	**53,935**	101,617
Convertible Unsecured Loan Stock	**57,063**	59,573
Loans payable	**97,396**	97,011
Other payables	**41,525**	29,640
Total Liabilities	**249,919**	287,841
Total Net Assets	**848,844**	851,739

In April 2017, JZCP increased its loan facility with Guggenheim Partners from approximately $100 million to $150 million. The purpose of this increase in borrowings is to provide additional liquidity to JZCP in order to bridge certain planned realisations. The entire $150 million facility may be repaid, in whole or in part, with no penalty after June 2017.

US Micro-Cap Portfolio

Our US micro-cap portfolio performed well over the past year, with further progress made in new investments and realisations. As described earlier in the NAV section, the US micro-cap portfolio had a net increase of 38 cents per share, primarily due to net accrued income of 19 cents and increased earnings at our Healthcare Revenue Cycle Management vertical (32 cents).

Our US portfolio is grouped into industry verticals where we are continuing our strategy of consolidating businesses under industry executives who can add value via organic growth and cross company synergies. In addition, we made a number of acquisitions in our verticals during the period.

New US Investments – Verticals

Vertical	Number of Acquisitions	JZCP Investment $millions
Industrial Service Solutions	5	No cash required from JZCP
Healthcare Revenue Cycle Management	3	1.4
Testing services	2	0.5
Total	10	1.9

New US Investments – Co-investments

Portfolio Company	New/ Follow-on	JZCP Investment $millions
Peaceable Street Capital	Follow-on	21.3
Jordan Health Products	New/Follow-on	13.5
George Industries	New	12.6
Orizon	Follow-on	8.6
Southern Petroleum Laboratories	Follow-on	0.4
New Vitality	Follow-on	0.2
		56.6

Case Study: Recent US Strategic Build-up

Bolder Healthcare Solutions ("BHS") is a build-up of businesses in the Revenue Cycle Management ("RCM") industry, focusing on hospitals and physician offices. BHS helps these entities manage their receivables portfolio, from assisting in pre-admission insurance coverage to helping with bad debt expenses. The industry is changing rapidly, with the continued modification of rules and regulations due to Obamacare, and other potential policy changes. BHS focuses on second-tier hospitals and physician offices in order to achieve the high EBITDA margins it has exhibited to date.

The company was formed in July 2012, with the purchase of a pre-admission insurance qualification business. Starting with approximately $15 million of revenue and $4.3 million of EBITDA, BHS has grown via acquisitions and organic growth to $194 million and $40.3 million of "run-rate" revenue and EBITDA, respectively. The company continues to show very positive earnings momentum, as revenues and EBITDA margins improve.

Management

BHS is managed by Mike Shea, a seasoned veteran in the RCM industry, who managed a similar build-up in the past, which was sold in 2008 for a 4.2x multiple of capital invested. Mike has brought most of his previous team with him, who are responsible for managing and growing the business. The sales team have been heavily involved in the integration of the nine acquisitions made to date, from both a "front office" and "back office" perspective.

European Micro-Cap Portfolio

The European micro-cap portfolio had another strong year of growth, posting a net increase of 12 cents, primarily due to accrued income of 6 cents and a write-up at our online German bank, Fidor Bank (5 cents), which was sold to a French banking conglomerate during the year. Other assets written up due to increased earnings include Petrocorner (2 cents), our petrol station build-up in Spain, and Winn (1 cent), our UK legal claims business (which was realised during the year).

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

As of 28 February 2017, EMC held two investments in Spain: Factor Energia and Oro. Fund III held seven investments: two in Spain, two in Scandinavia, and one each in the UK, Italy and Luxembourg. JZCP held direct loans to a further four companies in Spain: Ombuds, Docout, Xacom and Toro Finance.

Recent Events

Following the receipt of regulatory approval in August 2016, JZCP closed the sale of its stake in Newcastle-based UK legal services firm Winn (held through EMC) to a major financial institution, receiving net sale proceeds of $21.9 million, having first invested $14.8 million in August 2013, approximately a gross 1.5x multiple of invested capital over three years.

Investment Adviser's Report continued

JZCP sold its interest in Fidor Bank ("Fidor") to Groupe BPCE, the second largest banking group in France. The transaction closed in December 2016. JZCP invested a total of $13.8 million and is expected to receive total gross proceeds of approximately $25 million from the sale, approximately a gross 1.8x multiple of invested capital over four years. JZCP received its first tranche of proceeds totalling $12.5 million in March 2017.

Real Estate Portfolio

Our real estate portfolio has continued to perform exceptionally well. As of 28 February 2017, JZCP had more than $343.5 million invested in a portfolio of retail, office and residential properties in Brooklyn, New York and South Florida that is valued at $468.6 million as of the same date. We have made these investments in partnership with RedSky Capital, a team with significant experience in the sector.

During the period, JZCP, together with RedSky, acquired eight properties. Since we began investing with RedSky in April 2012, we have acquired a total of 59 properties, all currently in various stages of development and re-development.

The real estate portfolio had a net increase of 25 cents, led by write-ups at our Roebling Portfolio property (25 cents) and our Greenpoint property (21 cents), both located in adjacent North Brooklyn neighbourhoods. Other properties written up during the year include: Flatbush Portfolio (4 cents), Design District (2 cents) and Esperante Corporate Center (3 cents). While properties are written up or down based on newly received appraisals, factors that include fluctuations in balance sheet items at the property level, particularly regarding senior mortgages on the properties, can drive JZCP's equity value in the properties up or down as well.

Real Estate Acquisitions in Year

Geography	Number of Acquisitions	JZCP Investment $millions
Brooklyn, New York	3	17.8
South Florida	5	46.4
Follow-ons and expenses	–	25.3
	8	**89.5**

Case Study – Esperante Corporate Center

In July 2016, JZCP acquired Esperante Corporate Center ("Esperante") a trophy office building in West Palm Beach, Florida. With 17 floors across more than 250,000 square feet of office and retail space, Esperante is a permanent fixture in the Downtown West Palm Beach skyline and one of only three existing trophy office buildings in the market.

We are currently pursuing re-leasing 25% of the most desirable office space at Esperante, which is coming available within 24 months. In the effort to establish Esperante as the most attractive office building in the marketplace, we are repositioning the ground floor retail area of the building, renovating the lobby and valet parking area, and creating a unique restaurant and rooftop bar. So far, we have begun signing office leases at what we believe are the highest per square foot rents achieved in West Palm Beach to date.

Other Investments

Our asset management business in the US, Spruceview Capital Partners, addresses the growing demand from corporate pensions, endowments, family offices and foundations for fiduciary management services through an Outsourced Chief Investment Officer ("OCIO") model. Spruceview has a robust pipeline of opportunities and continues to provide investment oversight to the pension fund of a Canadian subsidiary of an international confectionary company, as well as a European private credit fund-of-funds tailored to the clients of an international multi-family office.

As previously reported, Richard Sabo, former Chief Investment Officer of Global Pension and Retirement Plans at JPMorgan and a member of that firm's executive committee, is leading a team of 12 senior investment, business development, legal and operations professionals.

Realisations

Investment	Type	Portfolio	Proceeds ($ millions)
Bright Spruce Fund	Liquidation	Other investments	44.5
Medplast	Sale	US micro-cap	25.6
Winn	Sale	European micro-cap	21.9
Water Vertical	Refinancing	US micro-cap	10.2
SPL	Sale	US micro-cap	8.4
Redbridge Bedford	Refinancing	Real estate	5.3
Metpar	Sale	Other investments/mezzanine	3.1
Dental Services	Escrow	US micro-cap	3.1
Other minor refinancings, escrow receipts and distributions			9.3
Total Realisations			131.4

Outlook

We remain committed to pursuing our value-added investment strategy across several asset classes and will be highly focused over the next two years on identifying and realising value from our portfolio companies. We believe it is an opportune time to be a seller in the US and we want to take advantage of the buoyant market, which will in turn provide more liquidity for us to invest in our growing pipeline of attractive opportunities.

We are pleased with the performance of our three major asset classes – US micro-cap, European micro-cap and US real estate – and we anticipate further asset growth during the fiscal period. As you know, we have been building an asset management business, Spruceview, from scratch with an excellent management team – we think 2017–2018 will be a year where the fruits of the team's labour will show great progress.

We are excited about JZCP's prospects, and following the formal shareholder vote, let us say thank you for supporting the change in the dividend policy and associated proposals. We believe our investment portfolio, whether directly buying businesses or through purchasing our stock at a deep discount, will provide JZCP shareholders with superior investment returns.

As always, we thank you for your continued support in our investment strategy. Please feel free to contact us with any ideas that might be beneficial to JZCP.

Yours faithfully,

Jordan/Zalaznick Advisers, Inc.
16 May 2017

Investment Review

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

US Micro-Cap

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

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

US Micro-Cap (Verticals)

Industrial Service Solutions

Industrial Services Solutions ("ISS")

ISS is currently a combination of 27 acquired businesses in the industrial maintenance, repair and service industry, with services provided both in a customer's plant and in one of the company's numerous facilities across the United States. The company also sells parts and supplies for the products it services.

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

We currently have five major groups of services:

Industrial Services Solutions

Pumps & Motors	Boiler & Compressor	Value & Actuation	Process Equipment	Inspection
Pennsylvania Electric	Plant-N-Power	Bay Valve	Madison-Smith	National Inspection and Consultancy
RAM Industrial	National Compressor Services	Integrated Process Technologies	Mid-American	PTI
Amerimex	Southern Parts	M&L Valve	Industrial Construction & Associates	
Precision Electric	Gator Compressors	Cajun Valve	WPS Industries	
All- Pump	Construction & Turnaround Specialists	SERCO	IPEC	
Buna Electric	Pro Inspection			
	eCompressed Air			
	Midwest Valve Parts			
	CPL			

JZCP's $33.3 million of investments at cost are currently valued at $83.8 million, as JZCP has reaped the benefits of positive organic growth, making accretive acquisitions and the effects of leverage. ISS is managed by Jim Rogers, a seasoned industry executive, having held several senior management positions at GE for 26 years. His last position at GE was CEO of GE Industrial Controls.

	Cost 28.2.2017 US$'000	Valuation 28.2.2017 US$'000
Common stock	36	35,500
10% Preferred stock	33,221	48,254
	33,257	83,754
Pro forma sales for the year ended 31 December 2016		$365 million
Pro forma adjusted EBITDA for the year ended 31 December 2016		$52 million

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

TRIWATER HOLDINGS™

Water Vertical

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

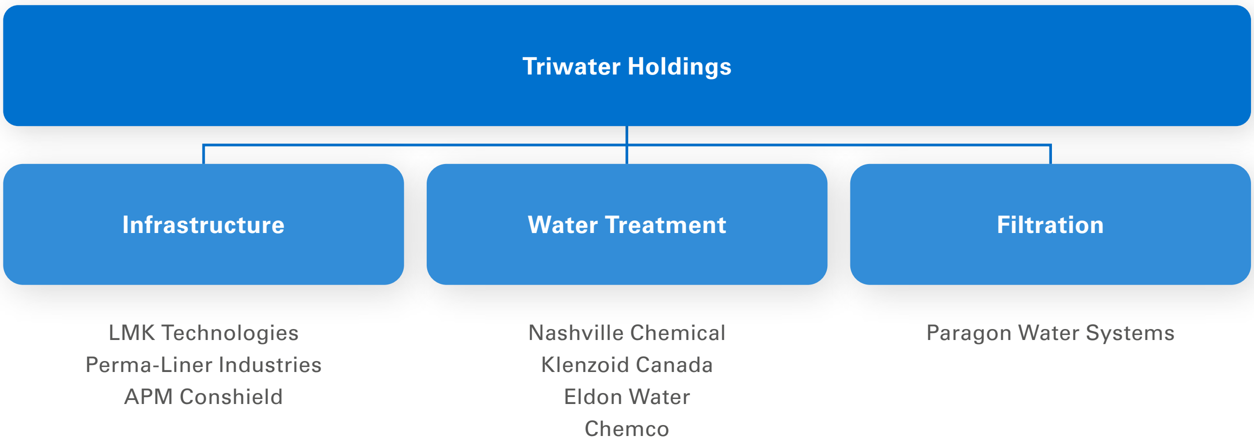
Water infrastructure businesses have been created to deal with the aging and deteriorating infrastructure in the United States. Leaking underground pipes for potable water create significant waste, while leaking underground sewer pipes create a significant health hazard. The three companies we own in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

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

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

The Water vertical is managed by Larry Quick, who has over 35 years of experience in senior and executive management positions with several public and private companies.

Below is a summary of our current holdings in this sector:



	Cost 28.2.2017 US$'000	Valuation 28.2.2017 US$'000
Common stock	35	–
10% Preferred stock	24,695	31,965
	24,730	31,965
Pro forma sales for the year ended 31 December 2016		$160.4 million
Pro forma adjusted EBITDA for the year ended 31 December 2016		$24.3 million

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

Investment Review continued

Healthcare Revenue Cycle Management

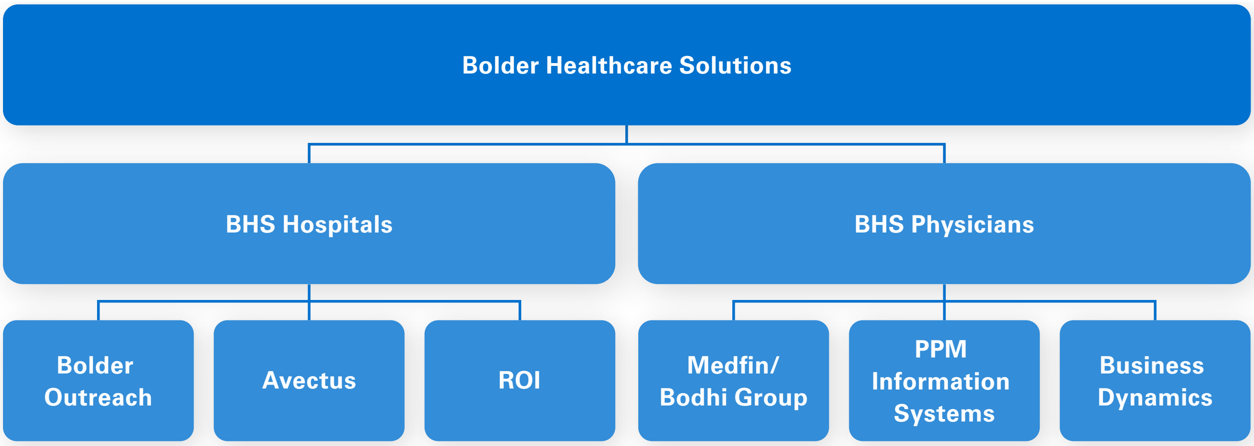
This vertical provides outsourced revenue cycle management solutions to both hospitals and physicians, a very fragmented and rapidly changing industry. Services currently offered focus on accelerating receivables collections from various payers. In addition to growing via organic growth and acquisitions,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

BHS has made nine acquisitions to date, but has consolidated operations in to six companies under this vertical (detailed in chart below).

JZCP has invested $30.3 million in this vertical, which currently carries a value of $67.4 million. Revenues and Pro forma EBITDA totalled $141.64 million and $29.4 million respectively.

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

Further information on this vertical can be found on page 9 on the Investment Adviser's Report.



	Cost 28.2.2017 US$'000	Valuation 28.2.2017 US$'000
Common stock	35	29,000
10% Preferred stock	30,292	38,418
	30,327	67,418
Turnover for the year ended 31 December 2016		$141.6 million
Adjusted EBITDA for the year ended 31 December 2016		$29.4 million

US Micro-Cap Co-investments

Investing with experienced partners has proved a successful strategy for JZCP. To date, four investments have been realised (detailed below). JZCP has received proceeds of $99.1 million from the realisations (total invested of $43.5 million). At 28 February 2017, the portfolio consists of 12 companies across various industries.

Realisations to date

	Date of Investment	Date of Realisation	Proceeds US$ millions	Cost US$ millions
Milestone Aviation	September 2010	January 2015	41.8	15.1
Justrite Manufacturing Company	June 2011	November 2015	22.0	6.1
Southern Petroleum Laboratories, Inc.	July 2014	September 2016	9.7[1]	4.3
Medplast/UPG	April 2012	November 2016	25.6	18.0
			99.1	43.5

1 Includes a $1.3 million dividend received during the year ended 29 February 2017.

Examples of JZCP's co-invest strategy being K2 Towers and TierPoint are detailed below and on page 16.

K2 Towers

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

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

Deal summary and update

In May 2015, JZCP participated in the acquisition of K2 alongside Orangewood Partners ("Orangewood"), a private investment firm, which led the transaction. Since acquisition, K2's tower cash flow has grown 42% through both organic growth and acquisitions.

Management team

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

High quality business

Ownership of cell towers has been extremely lucrative over the past 20 years. Given the contractual and long-term nature of both revenues and expenses, there is a high degree of visibility into the cash flows. Additionally, since costs are generally fixed, there is substantial operating leverage from organic revenue growth including contractual escalators, existing tenants upgrading equipment and the addition of new tenants. K2's portfolio contains towers with substantial revenue and tower cash flow growth potential. Our management team is consistently sourcing new towers to buy with similar characteristics given its proprietary acquisition model.

	Cost 28.2.2017 US$'000	Valuation[1] 28.2.2017 US$'000
Common stock	20,900	19,462
Adjusted tower cash flow for the year ended 31 December 2016		$13.8 million

1 K2 Towers is currently valued at cost less PCAP expenses.

Investment Review continued

Tierpoint

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

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

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

Deal summary and update

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

At the time of the initial investment, TierPoint generated $27 million of EBITDA and has since grown organically and via acquisitions to over $140 million of Pro Forma Adjusted EBITDA. Tierpoint acquired X and in December 2014 ($43 million EBITDA), Windstream Hosted Solutions in December 2015 ($49 million EBTIDA), and Cosentry in March 2016 ($23 million EBITDA). Management has largely completed the integration of the businesses to maximise their effectiveness in the market and ultimately their enterprise value.

Management team

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

High quality business

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

	Cost 28.2.2017 US$'000	Valuation 28.2.2017 US$'000
Common stock	44,313	46,813
Pro forma revenue for the year ended 31 December 2016		$365.5 million
Pro forma adjusted EBITDA for the year ended 31 December 2016		$137.4 million

European Micro-Cap

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

Initially the team found value in investing in Spanish companies which were historically profitable and run by entrepreneurial managers. As at 28 February 2017, JZCP is invested in thirteen European micro-cap companies. The portfolio has eight investments in Spain, two in Scandinavia, and one each in the UK, Italy and Luxembourg.

Summary of JZCP's European Micro-Cap portfolio at 28 February 2017

	Invested by	Country	Industry	Cost 28.2.2017 Euro'000	Valuation[1] 28.2.2017 Euro'000	Valuation[1] 28.2.2017 US$'000
Factor Energia	EMC	Spain	Energy	482	66,525	70,690
Oro Direct	EMC	Spain	Precious Metals	10,125	2,559	2,719
Docout	Direct	Spain	Document Management	2,000	2,814	2,990
Ombuds	Direct	Spain	Security	12,358	19,057	20,250
Toro Finance	Direct	Spain	Cash Management	16,000	17,174	18,249
Xacom	Direct	Spain	Telecom	1,600	2,912	3,094
Petrocorner	Fund III	Spain	Petrol Stations	6,599	9,507	10,102
Fincontinuo	Fund III	Italy	Financial	3,662	3,686	3,917
S.A.C	Fund III	Denmark	Van rentals	3,531	4,232	4,497
Collingwood	Fund III	UK	Insurance	3,697	4,033	4,285
My Lender	Fund III	Finland	Consumer loans	2,813	2,813	2,989
Alianzas en Aceros	Fund III	Spain	Steel transformation	1,590	1,590	1,690
ERSI	Fund III	Luxemburg	Reinforced steel	4,865	4,865	5,170

1 Excludes provision for carried interest.

A case study detailing JZCP's investment in Fidor Bank through to realisation is presented on page 18.

Investment Review continued

Case Study – Fidor Bank

JZCP sold its interest in Fidor Bank ("Fidor") to Groupe BPCE, the second largest banking group in France. The transaction closed in December 2016. JZCP invested a total of $13.8 million and is expected to receive total gross proceeds of approximately $25 million from the sale. Below is a case study detailing JZCP's investment through to realisation:

Background

In May 2012, JZCP's European management team was introduced to the owners and managers of Fidor by one of its German business brokers. With headquarters in Munich, Germany, Fidor is a unique and customer-centric online bank, combining a social media banking platform with traditional banking services. JZCP was able to provide a capital increase to Fidor to expand its lending and banking operations, both across Germany and throughout Europe as well.

Investment Rationale

- Unique technology platform based on customer-centric social media banking.
- Significant attractive opportunities to expand the lending platform, given the dislocation in the banking markets and the development of alternative financing providers.
- Effective deposit gathering platform with loyal customer base.
- Scalable technology platform for online banking with international roll-out.
- State-of-the-art payment technology with substantial opportunity to grow recurrent non-banking income.
- Veteran management team with prior experience in online technology start-up investments.

JZ Value Add

- Supported Fidor's growth via a number of capital increases from 2013–2015.
- Introduced new lending portfolios to assist in the loan book build-up.
- Assisted with the UK market entry in 2014.
- Introduced IT-related projects in Germany, the UK, Scandinavia, Spain and Italy to Fidor for the payment processing and technology services side of the business.
- Significantly enhanced the regulatory and risk management processes and augmented the staff in both areas.
- Spearheaded de-listing the company from the Frankfurt Stock Exchange to unlock further value in the technology side of the business.
- Fidor was sold to Groupe BPCE in the summer of 2016, having tripled both the number of customers and loan book from 2013 to 2016.

Real Estate

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

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

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

In 2016, JZCP invested in Esperante Corporation Center, a "trophy" office building in West Palm Beach, Florida.

At 28 February 2017, JZCP has invested over $343.5 million across 59 properties. The independent year end valuation process valued the JZ Realty portfolio at $468.6 million.

Examples of the Real Estate portfolio are detailed below and on pages 20 and 21.

Redbridge Bedford, Brooklyn

In April 2012, JZCP made its first real estate acquisition, a $64 million mixed-use property in Williamsburg, Brooklyn. JZCP owns approximately 63% of this property. As part of our value-add process, we have completed the following:

- Negotiated buyouts with more than 15 "loft law" residential tenants and major commercial tenants.
- Signed an agreement with Apple to occupy the prime corner retail unit. Brooklyn's first Apple store opened in the summer of 2016.
- Signed leases with three nationally known restaurant tenants.
- Terminated lease of major commercial tenant due to lease term defaults and in process of evicting tenant.
- In April 2016, we refinanced the property based on an appraisal value of $153.2 million and returned $5.3 million to JZCP.
- Property currently appraised at $156 million.

Bedford Avenue

	Cost 28.2.2017 US$'000	Valuation 28.2.2017 US$'000
Invested through JZ Realty Fund	14,103	36,277

Investment Review continued

Design District, Miami Assemblage

The Design District, strategically located in Miami, is an internationally recognised luxury shopping destination with a focus on fashion, design, architecture and dining. Since 2014, we have assembled 14 separate but contiguous commercial buildings to create the largest mixed-use development opportunity in the Design District. As a result, we now control 20% of this premier submarket.

Our proposed Design District development is comprised of a southern and northern parcel.

The southern parcel is comprised of 12 separate lots and is a through-block site. We are currently finalising the design for a 650,000+ SF Class-A mixed-use development that will be anchored by more than 280,000 SF of multi-level retail.

Above the retail portion of the development, we plan to construct a high-end, boutique office tower totalling more than 220,000 SF. The superior design and small floor plates of the office space will be used to attract private equity firms, hedge funds and high net worth family offices. There is no existing office building in the market that will compete in quality, design and location.

The northern parcel is comprised of two separate lots. We are currently finalising the design for a 110,000 SF mixed-use retail, office and parking structure.

Proposed high-end boutique office tower

	Cost 28.2.2017 US$'000	Valuation 28.2.2017 US$'000
Invested through JZ Realty Fund	91,986	92,628

Esperante, Florida

In July 2016, JZCP acquired Esperante Corporate Center ("Esperante") a high-yielding building in West Palm Beach, Florida. With 17 floors across more than 250,000 square feet of office and retail space, Esperante is a landmark building in the Downtown West Palm Beach skyline and one of only three existing trophy office buildings in the market.

We are currently pursuing the re-lease of the 25% most desirable office space, a significant portion of which is becoming available within the first 24 months after acquisition. In the effort to make Esperante the most attractive office building in the marketplace, we are repositioning the ground floor retail area of the building, renovating the lobby and valet parking area, and creating a unique restaurant and rooftop bar. So far, we have begun signing office leases at what we believe are the highest per square foot figures achieved in West Palm Beach to date.

Esperante Corporate Center

	Cost 28.2.2017 US$'000	Valuation 28.2.2017 US$'000
Invested through JZ Realty Fund	21,510	23,304

Investment Portfolio

	Historical Book cost US$'000	Carrying Value 28 February 2017 US$'000	Percentage of portfolio %
US Micro-Cap portfolio			
US Micro-Cap (Verticals)			
Industrial Service Solutions ("ISS")[4] (see page 12)			
A combination of 27 acquired businesses in the industrial maintenance, repair and service industry			
Total Industrial Services Solutions valuation	33,257	83,754	7.8
Healthcare Revenue Cycle Management[4] (see page 14)			
BHS Hospital Services			
Provider of outsourced revenue cycle management solutions to hospitals. BHS Hospital Services, Inc., which owns Bolder Outreach Services (formerly known as Monti Eligibility & Denial Solutions), Receivables Outsourcing and Avectus Healthcare Solutions is a subsidiary of Bolder Healthcare Solutions			
BHS Physician Services			
Provider of outsourced revenue cycle management solutions to physician groups. BHS Physician Services, Inc., which owns Bodhi Tree Group, PPM Information Solutions and Business Dynamics is a subsidiary of Bolder Healthcare Solutions			
Total Healthcare Revenue Cycle Management valuation	30,327	67,418	6.3
Testing Services[4]			
Argus Group Holdings			
Sells, rents and services safety and testing equipment to a variety of industries. Argus Group Holdings is a subsidiary of Testing Services Holdings			
Total Testing Services Vertical valuation	11,174	10,311	1.0
Water Services[4] (see page 13)			
TWH Infrastructure Industries, Inc.			
Environmental infrastructure company that provides technology to facilitate repair of underground pipes and other infrastructure. TWH Infrastructure Industries, Inc., which owns LMK Enterprises, Perma-Liner Industries and APMCS is a subsidiary of Triwater Holdings			
TWH Water Treatment Industries, Inc.			
Provider of water treatment supplies and services. TWH Water Treatment Industries, Inc., which owns Nashville Chemical & Equipment, Chemco and Klenzoid Canada Company/Eldon Water, is a subsidiary of Triwater Holdings			
TWH Filtration Industries, Inc.			
Supplier of parts and filters for point-of-use filtration systems, which owns Paragon Water Systems, is a subsidiary of Triwater Holdings			
Total Water Services Vertical valuation	24,730	31,965	3.0
Total US Micro-Cap (Verticals)	**99,488**	**193,448**	**18.1**

	Historical Book cost[1] US$'000	Carrying Value 28 February 2017 US$'000	Percentage of portfolio %
US Micro-Cap (Co-investments)			
George Industries Manufacturer of highly engineered, complex and high tolerance products for the aerospace, transportation, military and other industrial markets	12,639	12,637	1.2
Igloo Products Corp[4] Designer, manufacturer and marketer of coolers and outdoor products	6,040	6,039	0.5
Illumination Investments, LLC[4] Designer and manufacturer of LED lights and lighting systems	4,920	1,930	0.2
Jordan Health Products, LLC Provider of new and professionally refurbished healthcare equipment	31,529	31,529	2.9
K2 Towers, LLC Acquirer of wireless communication towers	20,900	19,462	1.8
New Vitality Holdings, Inc.[4] Direct-to-consumer provider of nutritional supplements and personal care products	3,497	3,870	0.4
Peaceable Street Capital, LLC Specialty finance platform focused on commercial real estate	25,000	24,632	2.3
Vitalyst[4] Provider of outsourced IT support and training services	9,020	8,192	0.8
Salter Labs, Inc.[4] Developer and manufacturer of respiratory medical products and equipment for the homecare, hospital, and sleep disorder markets	16,762	21,413	2.0
Suzo Happ Group[4] Designer, manufacturer and distributor of components for the global gaming, amusement and industrial markets	2,572	11,700	1.1
Orizon[4] Manufacturer of high precision machine parts and tools for aerospace and defence industries	15,843	15,843	1.5
Tierpoint, LLC[4] Provider of cloud computing and collocation data centre services	44,313	46,813	4.4
Total US Micro-Cap (Co-investments)	**193,035**	**204,060**	**19.1**

Investment Portfolio continued

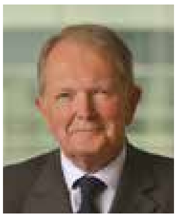
	Historical Book cost US$'000	Carrying Value 28 February 2017 US$'000	Percentage of portfolio %
US Micro-Cap (Other)			
Healthcare Products Holdings, Inc.[1,3] Designer and manufacturer of motorised vehicles	17,636	–	–
Nationwide Studios, Inc. Processer of digital photos for preschoolers	21,907	9,952	0.9
Nielsen-Kellerman Designer and manufacturer of weather, wind and timing measurement instruments and devices. Nielsen-Kellerman is a subsidiary of Sensors Solutions Holdings	2,644	6,731	0.6
Priority Express, LLC Provider of same day express courier services to various companies located in north-eastern USA. Priority Express is a subsidiary of US Logistics, LLC	13,200	8,946	0.9
Total US Micro-Cap (Other)	**55,387**	**25,629**	**2.4**
Total US Micro-Cap portfolio	**347,910**	**423,137**	**39.6**
European Micro-Cap portfolio			
Euromicrocap Fund 2010, L.P. At 28 February 2017, held the proceeds pending distribution from the sale of Fidor Bank	19,005	21,433	2.0
Euromicrocap Fund-C, L.P. At 28 February 2017, was invested in two companies in the European micro-cap sector: Factor Energia and Oro Direct	13,937	61,482	5.8
JZI Fund III, L.P. At 28 February 2017, was invested in seven companies in the European micro-cap sector: Petrocorner, Fincontinuo, S.A.C, Collingwood, My Lender, Alianzas en Acero and ERSIndstries Lux S.a.r.l.	24,156	26,779	2.5
Direct Investments ***Docout, SL*** Provider of digitalisation, document processing and storage services	2,777	2,990	0.3
Grupo Ombuds Provider of personal security and asset protection	17,155	20,250	1.9
Toro Finance Provides short term receivables finance to the suppliers of major Spanish companies	21,619	18,249	1.7
Xacom Comunicaciones SL Supplier of telecom products and technologies	2,055	3,094	0.3
Total European Micro-Cap portfolio	**100,704**	**154,277**	**14.5**

	Historical Book cost US$'000	Carrying Value 28 February 2017 US$'000	Percentage of portfolio %
Real Estate			
JZCP Realty Fund[2]			
Facilitates JZCP's investment in US real estate	343,507	468,599	43.8
Total Real Estate portfolio	**343,507**	**468,599**	**43.8**
Other Investments			
Bright Spruce Fund, L.P.			
Fund investing in marketable equity, fixed income and alternative asset classes	5,463	4,500	0.4
BSM Engenharia S.A.			
Brazilian-based provider of supply chain logistics, infrastructure services and equipment rental	6,115	459	–
Industrial Performance Solutions[4]			
Acquirer of companies providing mission critical inspection services for a variety of industries	332	429	–
JZ International, LLC[3]			
Fund of European LBO investments	–	750	0.1
Modj, LLC[4]			
Acquirer of speciality retail companies located in the centre of shopping malls	208	279	–
Spruceview Capital, LLC			
Asset management company focusing primarily on managing endowments and pension funds	21,010	16,093	1.5
US Sanitation, LLC[4]			
Acquirer of janitorial and sanitorial product distributors and related chemical manufacturers and blenders	425	657	0.1
Total Other investments	**33,553**	**23,167**	**2.1**
Total – portfolio	**825,674**	**1,069,180**	**100.0**

1 Original book cost incurred by JZEP/JZCP adjusted for subsequent transactions. The book cost represents cash outflows and excludes PIK investments.
2 JZCP owns 100% of the shares and voting rights of JZCP Realty Fund, Ltd.
3 Legacy Investments. Legacy investments are excluded from the calculation of capital and income incentive fees.
4 Co-investment with Fund A, a Related Party (Note 23).

Board of Directors

David Macfarlane (Chairman)[1]



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

Patrick Firth[2]

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

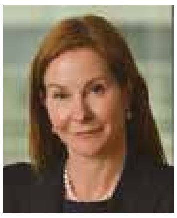
Christopher Waldron

Mr Waldron was appointed to the Board of JZCP in 2013. He has more than 30 years' experience as an asset manager and is a director of a number of listed companies, including DW Catalyst Fund Limited and Crystal Amber Fund Limited. He is Chairman of UK Mortgages Limited and Ranger Direct Lending Fund PLC. He was Chief Executive of the Edmond de Rothschild companies in Guernsey until 2013, when he stepped down to concentrate on non-executive work and investment consultancy. He is a member of the States of Guernsey's Investment and Bond Management Sub-Committee and a Fellow of the Chartered Institute for Securities and Investment. Mr Waldron is a Guernsey resident.

James Jordan

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

Tanja Tibaldi



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

1 Chairman of the Nominations Committee of which all Directors are members.
2 Chairman of the Audit Committee of which all Directors are members.

Report of the Directors

The Directors present their annual report together with the audited financial statements of JZ Capital Partners ("JZCP" or the "Company") for the year ended 28 February 2017.

Principal Activities

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

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

The Company is focused on investing in the following areas:

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

(b) real estate interests.

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

The Investment Adviser is able to invest globally but with a particular focus on opportunities in the United States and Europe.

Business Review

The total profit attributable to Ordinary shareholders for the year ended 28 February 2017 was $22,697,000 (year ended 29 February 2016: profit of $51,594,000). The revenue return for the year was $5,612,000 (year ended 29 February 2016:$10,004,000), after charging Directors fees and administrative expenses of $2,550,000 (year ended 29 February 2016:$2,713,000) and Investment Adviser's base fee of $16,865,000 (year ended 29 February 2016:$15,510,000). The net asset value ("NAV") of the Company at the year end was $848,844,000 (29 February 2016: $851,739,000) equal to $10.12 (29 February 2016: $10.15) per Ordinary share.

For the year ended 28 February 2017, the Company had $9,239,000 of cash outflows resulting from operating activities (year ended 29 February 2016: outflows of $24,681,000).

A review of the Company's activities and performance is detailed in the Chairman's Statement on pages 4 to 5 and the Investment Adviser's Report on pages 6 to 11. The valuation of the unlisted investments are detailed on pages 22 to 25.

Dividends

Post year end, the dividend policy of distributing approximately 3% of the Company's net assets in the form of dividends was discontinued. Shareholder approval was received to adopt a new strategy where purchases by the Company of its Ordinary shares may be undertaken when opportunities in the market permit, and as the Company's cash resources allow.

For the year ended 28 February 2017 an interim dividend of 15.5 cents per Ordinary share (total $13,006,000) was declared by the Board on 25 October 2016 and paid on 25 November 2016. No second interim dividend will be paid.

Report of the Directors continued

Directors

The Directors listed below are all independent and non-executive, they have served on the Board throughout the year and were in office at the end of the year and subsequent to the date of this report. The biographical details of the Directors are shown on page 26.

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

Annual General Meeting

The Company's Annual General Meeting is due to be held on 27 June 2017.

Stated Capital, Purchase of own Shares and Convertible Unsecured Loan Stock "CULS"

Details of the ZDP shares and the Ordinary shares can be found in Notes 15 and 18 on pages 66 and 68. During the year the Company did not buy back any of its own shares. Details of the CULS can be found in Note 14 on page 66.

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

	Number of Ordinary shares at 1 March 2016	Ordinary shares purchased in year	**Number of Ordinary shares at 28 February 2017**
Ordinary shares			
David Macfarlane	74,800	–	**74,800**
Patrick Firth	5,440	–	**5,440**
James Jordan	40,800	–	**40,800**
Tanja Tibaldi	2,720	–	**2,720**
Christopher Waldron	2,720	1,280	**4,000**
	126,480	1,280	**127,760**

The beneficial interests of the Directors in the CULS of the Company are shown below (no change from 29 February 2016 position):

	Number of CULS of £10 nominal value at 28 February 2017
David Macfarlane	**734**
Patrick Firth	**734**
Tanja Tibaldi	**367**
	1,835

None of the Directors held any interest in the Zero Dividend Preference shares during the year. There have been no changes in the Directors' interests between 28 February 2017 and the date of this report.

Substantial Shareholders

As at 28 February 2017, the Company has been notified in accordance with applicable listing rules of the following interests of 5% or more of the total Ordinary share capital of the Company (the Company is unaware of any significant changes to below holdings at the date of signing this report):

	Ordinary shares	As at 28 February 2017 % of Ordinary shares
Edgewater Growth Capital Partners L.P.	18,335,944	21.9%
David W. Zalaznick	10,550,294	12.6%
John W. Jordan II & Affiliates	10,550,294	12.6%
Leucadia Financial Corporation	8,021,552	9.6%
Abrams Capital Management L.P.	7,744,366	9.2%
Finepoint Capital L.P.	4,432,818	5.5%
First Eagle Investment Management LLC	4,391,275	5.2%

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

It is the responsibility of the shareholders to notify the Company of any change to their shareholdings when it reaches 5% of shares in issue and any subsequent change when the shareholding increases or decreases by a further 5% (up to 30% of shares in issue i.e. (up to 30% of shares in issue i.e. 10%, 15%, 20%, 25% and 30%) and thereafter 50% and 75%.

Ongoing Charges

Ongoing charges for the years ended 28 February 2017 and 29 February 2016 have been prepared in accordance with the Association of Investment Companies ("AIC") recommended methodology. The ongoing charges ratio represents annualised recurring operational expenses as a percentage of the average net asset value. The ongoing charges for the year ended 28 February 2017 were 2.3% (29 February 2016: 2.4%) excluding incentive fees of 1.4% (29 February 2016: 2.1%).

Principal Risks and Uncertainties

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

NAV Factors

(i) Macroeconomic Risks

The Company's performance, and underlying NAV, is influenced by economic factors that affect the demand for products or services supplied by investee companies and the valuation of Real Estate interests held. Economic factors will also influence the Company's ability to invest and realise investments and the level of realised returns. Approximately 15% of the Company's investments are denominated in non-US Dollar currencies, primarily the Euro. Also the Company has issued debt denominated in non-US Dollar currencies, primarily Sterling. Fluctuations to these exchange rates will affect the NAV of the Company.

(ii) Underlying Investment Performance

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

Portfolio Liquidity

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

Share Price Trading at Discount to NAV

JZCP's share price is subject to market sentiment and will also reflect any periods of illiquidity when it may be difficult for shareholders to realise shares without having a negative impact on share price. The Directors review the share price in relation to Net Asset Value on a regular basis and determine whether to take any action to manage the discount.

The Directors with the support of the Investment Adviser work with brokers to maintain interest in the Company's shares through market contact and research reports.

Operational and Personnel

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

The Board considers the principal risks and uncertainties above are consistent with the prior year and the Company's exposure to these risks is neither greater nor any less than in May 2016.

Viability Statement

In accordance with the UK Corporate Governance Code (the "UK Code") the Board has assessed the expectations that the Company will be able to continue in operation and meet ongoing debt obligations. In order to make the assessment the Board has carried out a robust review of the Company's principal risks and uncertainties, as noted above, to which the Company is exposed and that potentially threaten future performance and liquidity and has assessed the Company's current position and prospects as detailed in the Chairman's statement and Investment Adviser's report. The period covered by the viability statement is the next three financial years to 29 February 2020.

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

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

Report of the Directors continued

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

Financing Obligations

The Company has obligations to repay loan debt in June 2021, the balance outstanding to Guggenheim Partners at 28 February 2017 was $97.4 million, and post year end the credit facility has been extended by a further $50 million. It is expected the debt facility will be repaid from the proceeds of realisations and refinancing of investments. The Company will potentially redeem CULS in July 2021 amounting to £38.9 million, assuming holders of CULS do not convert their holdings to equity. JZCP is due to redeem £57.6 million of ZDP shares on 1 October 2022, again it is expected the redemption of both CULS and ZDPs will be met from the proceeds of realisations and refinancing of investments. At 28 February 2017, the Company had outstanding investment commitments of $76.8 million (29 February 2016: $115.1 million). The Board will continue to consider the Company's position in meeting debt obligations and commitments falling outside the three year review and will continue to consider appropriate gearing levels to enable the financing of debt and ongoing investment/operating activities. During the year ended 28 February 2017, the Company redeemed £32.9 million of ZDP shares on their redemption date.

Investment Performance and Liquidity

The Board reviews, on a quarterly basis, the valuation and prospects of all underlying investee companies. The Board is confident that the diversity of the portfolio and ability of the Investment Adviser to select suitable investment opportunities will negate the risk of a significant fall in NAV, similar to the one the Company suffered during the financial crisis of 2008 which saw a reduction in NAV for the 7 month period ended 28 February 2009 of approximately 30%. Whilst a similar fall in NAV would not directly threaten the Company's viability the Board is mindful that in a similar financial environment, the Company will be exposed to a possible lack of liquidity due to the difficulty in realising investments and the possibility of investments defaulting on interest obligations to the Company. JZCP has had realisations over the last 3 financial years that have averaged cash inflows of $217 million per annum and has invested an average of $231 million per annum over the same period. The Board's current view is that whilst a reduction in realisations may curtail scope of future investment opportunities, cash inflows will be sufficient to enable the Company to meets its investment and operational obligations.

Mitigation of risk as outlined in the Principal Risks and Uncertainties (detailed on previous page).

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

Going Concern

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

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Consolidated Financial Statements in accordance with applicable Guernsey Law and generally accepted accounting principles. Guernsey Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that year. They are also responsible for ensuring that the Annual Report, Financial Statements, and Company comply with the provisions of the Listing Rules, Disclosure Rules, and Transparency Rules of the UK Listing Authority which, with regard to corporate governance, require the Company to disclose how it has applied the principles, and complied with the provisions, of the corporate governance code applicable to the Company.

In preparing Financial Statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;

- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- confirm that there is no relevant audit information of which the Company's Auditor is unaware; and
- confirm that they have taken all reasonable steps which they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008 and International Financial Reporting Standards as adopted by the European Union ("IFRS"). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility Statement of the Directors in Respect of the Financial Statements

The Directors confirm that to the best of their knowledge:

- the Financial Statements have been prepared in accordance with IFRS and give a true and fair view of the asset, liabilities and financial position, and profit or loss of the Company;
- the Annual Report includes a fair review of the development and performance of the business and position of the Company together with the description of the principal risks and uncertainties that the Company faces, as required by the Disclosure and Transparency Rules of the UK Listing Authority; and
- the Directors confirm that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance and strategy.

Directors' Statement

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board of Directors and agreed on behalf of the Board on 16 May 2017.

David Macfarlane
Chairman

Patrick Firth
Director

Corporate Governance

Introduction

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

The Company is a member of the Association of Investment Companies (the "AIC") and by complying with the AIC Code of Corporate Governance ("AIC Code") is deemed to comply with both the UK and Guernsey Codes of Corporate Governance.

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

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

The UK Corporate Governance code includes provisions relating to:

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

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

Guernsey Code of Corporate Governance

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

The Board

Corporate Governance of JZCP is monitored by the Board which at the end of the year comprised five Directors, all of whom are non-executive. Biographical details of the Board members at the date of signing these Financial Statements are shown on page 26 and their interests in the shares of JZCP are shown in the Report of the Directors on page 28. The Directors' biographies highlight their wide range of business experience.

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

Proceedings of the Board

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

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

The Directors visit the Investment Adviser at least annually for a comprehensive review of the portfolio, its valuation methodology and general strategy. The Directors deem it appropriate to review the valuations of the investment portfolio on a quarterly basis. The schedule of Directors and Committee meetings is shown on page 35.

Continuing Terms of Investment Adviser Agreement

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

Supply of Information

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

Directors' Training

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

Chairman and Senior Independent Director

The Chairman is a non-executive Director, together with the rest of the Board. There is no executive Director position within the Company. Day-to-day management of the Company's affairs has been delegated to the Administrator. The Board has considered whether a senior independent Director should be appointed. However, as the Board comprises entirely non-executive Directors, the appointment of a senior independent Director for the time being, is not considered necessary.

Any of the non-executive Directors are available to shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

Board Diversity

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

Re-election of Directors

Each Director having served longer than nine years is subject to annual re-election. Each Director who has served less than nine years retires from office at the third annual general meeting after appointment or (as the case may be) the general meeting at which he was last appointed and is eligible for reappointment.

The Letters of Appointment of the non-executive Directors suggest that it is appropriate for Directors to retire and be nominated for re-election after three years of service. Subject to the recommendation of the General Meeting David Macfarlane, Patrick Firth, James Jordan and Tanja Tibaldi are seeking re-election to the Board at the 2017 Annual General Meeting on the basis they would have served more than nine years on 27 June 2017. Christopher Waldron will also seek re-election having served for more than three years since previously being re-elected.

The Board's Evaluation

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

Corporate Governance continued

Currently, no third party evaluation of the Directors effectiveness is undertaken.

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

Board Committees

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

Nomination Committee

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

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

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

Audit Committee

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

A report of the Audit Committee detailing responsibilities and activities is presented on page 38.

Management Engagement Committee

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

Remuneration Committee

In view of its non-executive and independent nature, the Board considers that it is not appropriate for there to be a separate Remuneration Committee as prescribed by the AIC Code. The process for agreeing the non-executive Directors' fees is set out in the Directors' Remuneration Report on page 37.

Board and Committee meeting attendance

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

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

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

Internal Controls

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

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

This process has been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements and is reviewed by the Board and is in accordance with the Internal controls: Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

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

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

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

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

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

Corporate Governance continued

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

International Tax Reporting

For purposes of the US Foreign Account Tax Compliance Act ("FATCA"), the Company registered with the US Internal Revenue Services ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number CAVBUD.999999.SL.831, and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted by Guernsey and which came into effect on 1 January 2016. The CRS replaced the intergovernmental agreement between the UK and Guernsey to improve international tax compliance that had previously applied in respect of 2014 and 2015.

The Board will take necessary actions to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.

Relations with Shareholders

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

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

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

The Company also provides an Interim Report and Accounts in accordance with IAS 34 and Interim Management statements for quarterly periods.

Directors' Remuneration Report

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

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

Remuneration Policy

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

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

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

The remuneration policy set out above is the one applied for the year ended 28 February 2017 and is not expected to change in the foreseeable future.

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

Remuneration for Services

	Fees for services to the Company for the year to 28 February 2017 US$	Fees for services to the Company for the year to 29 February 2016 US$
David Macfarlane (Chairman)	**160,000**	160,000
Patrick Firth	**70,000**	70,000
James Jordan	**60,000**	60,000
Tanja Tibaldi	**60,000**	60,000
Christopher Waldron	**65,000**	65,000
	415,000	415,000

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

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

Directors' Term of Appointment

Each Director having served longer than nine years is subject to annual re-election. Each Director who has served less than nine years retires from office at the third annual general meeting after appointment or (as the case may be) the general meeting at which he was last appointed and is eligible for reappointment.

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

Signed on behalf of the Board of Directors on 16 May 2017 by:

David Macfarlane
Chairman

Patrick Firth
Director

Audit Committee Report

Dear Shareholder,

On the following pages, we present the Audit Committee's Report, setting out the responsibilities of the Audit Committee and its key activities in 2016/2017. The Audit Committee has reviewed the Company's financial reporting, the independence and effectiveness of the external auditor and the internal control and risk management systems of the Company's service providers. In order to assist the Audit Committee in discharging these responsibilities, regular reports are received and reviewed from the Investment Manager, Administrator and external auditor.

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

Responsibilities

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

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

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

Key Activities of the Audit Committee

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

Financial Reporting:

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

- Valuation of Investments
  The fair value of the Company's unlisted securities at 28 February 2017 was $1,069,180,000 accounting for 97% of the Company's assets. The Committee has concentrated on ensuring the Investment Manager has applied appropriate valuation methodologies to these investments in producing the net asset value of the Company.

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

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

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

Risk Management:

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

Fraud, Bribery and Corruption:

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

The External Auditor

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

Reappointment of External Auditor

Consequent to this review process, the Audit Committee has recommended to the Board that a resolution be put to the 2017 Annual General Meeting for the reappointment of Ernst & Young LLP as external auditor. The Board has accepted this recommendation.

Independence, objectivity and fees:

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

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

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

The table below summarises the remuneration paid by JZCP to Ernst & Young LLP and to other Ernst & Young LLP member firms for audit and other services during the years ended 28 February 2017 and 29 February 2016.

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

	Year ended 28.2.2017	**US Dollar Equivalent Year ended 28.2.2017**	Year ended 29.2.2016	US Dollar Equivalent Year ended 29.2.2016
Ernst & Young LLP				
– Annual audit	**£211,500**	**$263,000**	£203,000	$290,000
– Auditor's interim review	**£40,000**	**$51,000**	£28,000	$42,000
– Fees in relation to Ordinary Share placing and ZDP rollover	–	–	£266,000	$406,000
Other Ernst & Young LLP affiliates				
– Passive Foreign Investment Company tax services	–	**$60,000**	–	$60,000

Audit Committee Report continued

Performance and Effectiveness

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

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

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

There were no significant adverse findings from this evaluation.

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

Internal Control and Risk Management Systems

Additional work performed by the Audit Committee in the areas of internal control and risk management are disclosed on page 35.

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

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

The Audit Committee Report was approved by the Board on 16 May 2017 and signed on behalf by:

Patrick Firth
Chairman, Audit Committee

Statement of Comprehensive Income

	Note	Year Ended 28 February 2017 Revenue Return US$'000	Year Ended 28 February 2017 Capital Return US$'000	Year Ended 28 February 2017 Total US$'000	Year Ended 29 February 2016 Revenue Return US$'000	Year Ended 29 February 2016 Capital Return US$'000	Year Ended 29 February 2016 Total US$'000
Income							
Net gain on investments at fair value through profit or loss	6	**–**	**28,699**	**28,699**	–	55,088	55,088
Gain on financial liabilities at fair value through profit or Loss	14	**–**	**2,510**	**2,510**	–	7,990	7,990
Net write back of impairments on loans and receivables	7	**–**	**2,374**	**2,374**	–	2,594	2,594
Realisations from investments held in escrow accounts	27	**–**	**5,942**	**5,942**	–	1,534	1,534
Net foreign currency exchange gain		**–**	**4,728**	**4,728**	–	8,056	8,056
Investment income	8	**25,699**	**–**	**25,699**	28,533	–	28,533
Bank and deposit interest		**41**	**–**	**41**	92	–	92
		25,740	**44,253**	**69,993**	28,625	75,262	103,887
Expenses							
Investment Adviser's base fee	10	**(16,865)**	**–**	**(16,865)**	(15,510)	–	(15,510)
Investment Adviser's incentive fee	10	**–**	**(12,404)**	**(12,404)**	–	(15,450)	(15,450)
Administrative expenses	10	**(2,135)**	**–**	**(2,135)**	(2,298)	–	(2,298)
Directors' remuneration	10	**(415)**	**–**	**(415)**	(415)	–	(415)
		(19,415)	**(12,404)**	**(31,819)**	(18,223)	(15,450)	(33,673)
Operating profit		**6,325**	**31,849**	**38,174**	10,402	59,812	70,214
Finance costs	9	**–**	**(14,764)**	**(14,764)**	–	(18,222)	(18,222)
Profit before Taxation		**6,325**	**17,085**	**23,410**	10,402	41,590	51,992
Withholding taxes	11	**(713)**	**–**	**(713)**	(398)	–	(398)
Profit for the year		**5,612**	**17,085**	**22,697**	10,004	41,590	51,594
Weighted average number of Ordinary shares in issue during the year	24			**83,907,516**			72,914,790
Basic earnings per Ordinary share	24	**6.69c**	**20.36c**	**27.05c**	13.72c	57.04c	70.76c
Diluted earnings per Ordinary share	24	**6.21c**	**19.66c**	**25.88c**	12.61c	46.75c	59.36c

All items in the above statement are derived from continuing operations.
The profit for the year is attributable to the Ordinary shareholders of the Company.
The format of the Statement of Comprehensive Income follows the recommendations of the AIC Statement of Recommended Practice.
The "Total" column of this statement represents the Company's statement of comprehensive income, prepared in accordance with International Financial Reporting Standards as adopted by the European Union.
There was no comprehensive income other than the profit for the year.

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

Statement of Financial Position

As at 28 February 2017

	Note	28 February 2017 US$'000	29 February 2016 US$'000
Assets			
Investments at fair value through profit or loss	12	**1,069,180**	1,043,342
Investments classified as loans and receivables	12	**–**	750
Cash at bank		**29,063**	91,937
Other receivables	13	**520**	3,551
Total Assets		**1,098,763**	1,139,580
Liabilities			
Convertible Unsecured Loan Stock	14	**57,063**	59,573
Zero Dividend Preference (2022) shares	15	**53,935**	57,400
Zero Dividend Preference (2016) shares	15	**–**	44,217
Loans payable	16	**97,396**	97,011
Investment Adviser's incentive fee	10	**37,293**	24,889
Investment Adviser's base fee	10	**2,026**	2,145
Other payables	17	**2,206**	2,606
Total Liabilities		**249,919**	287,841
Equity			
Stated capital	18	**265,685**	265,685
Other reserve	20	**353,528**	353,528
Capital reserve	20	**173,871**	156,786
Revenue reserve	20	**55,760**	75,740
Total Equity		**848,844**	851,739
Total Liabilities and Equity		**1,098,763**	1,139,580
Number of Ordinary shares in issue at year end	18	**83,907,516**	83,907,516
Net Asset Value per Ordinary share	26	**$10.12**	$10.15

These audited financial statements on pages 41 to 80 were approved by the Board of Directors and authorised for issue on 16 May 2017. They were signed on its behalf by:

David Macfarlane
Chairman

Patrick Firth
Director

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

Statement of Changes in Equity

For the Year Ended 28 February 2017

	Note	Stated Capital US$'000	Other Reserve US$'000	Capital Reserve Realised US$'000	Capital Reserve Unrealised US$'000	Revenue Reserve US$'000	Total US$'000
Balance as at 1 March 2016		**265,685**	**353,528**	**59,560**	**97,226**	**75,740**	**851,739**
Profit for the year		**–**	**–**	**3,018**	**14,067**	**5,612**	**22,697**
Prior year ZDP (2016) finance costs and currency gains now realised		**–**	**–**	**(34,544)**	**34,544**	**–**	**–**
Dividends paid	29	**–**	**–**	**–**	**–**	**(25,592)**	**(25,592)**
Balance at 28 February 2017		**265,685**	**353,528**	**28,034**	**145,837**	**55,760**	**848,844**

Comparative for the Year ended 29 February 2016

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

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

1 Net of share issue costs of $3.523 million.

Statement of Cash Flows

For the Year Ended 28 February 2017

	Note	**Year Ended 28 February 2017 US$'000**	Year Ended 29 February 2016 US$'000
Operating Activities			
Net cash outflow from operating activities	28	**(9,239)**	(24,681)
Cash outflow for investments (direct investments and capital calls)		**(156,505)**	(314,221)
Cash inflow from repayment and disposal of investments		**183,210**	236,761
Cash inflow from the repayment of loans and receivables		**3,114**	2,886
Net cash inflow/(outflow) before financing activities		**20,580**	(99,255)
Financing Activity			
Redemption of Zero Dividend Preference (2016) shares		**(47,863)**	–
Finance costs paid		**(10,395)**	(9,148)
Dividends paid to shareholders	29	**(25,592)**	(21,781)
Proceeds from issue of Ordinary shares	18	**–**	119,939
Issue costs relating to the issue of Ordinary shares	18	**–**	(3,523)
Issue costs relating to the issue of ZDP shares	15	**–**	(1,511)
Proceeds from loan facilities	16	**9,512**	107,983
Loan issue costs paid	16	**–**	(4,033)
Repayment of loan facility	16	**(9,512)**	(97,660)
Net cash (outflow)/inflow from financing activities		**(83,850)**	90,266
Decrease in cash and cash equivalents		**(63,270)**	(8,989)

Reconciliation of Net Cash Flow to Movements in Cash and Cash Equivalents			
Cash at bank at 1 March		**91,937**	101,323
Decrease in cash and cash equivalents as above		**(63,270)**	(8,989)
Unrealised foreign exchange movements on cash at bank		**396**	(397)
Cash at bank at year end		**29,063**	91,937

Reconciliation of Cash outflows/inflows from investments and realisations to numbers presented in the Chairman's Statement, Investment Adviser's Report and Note 12 of the financial statements

	Year Ended 28 February 2017 US$'000	Year Ended 29 February 2016 US$'000
Cash outflow for investments (direct investments and capital calls)	**156,505**	314,221
Deposits paid during prior year invested in current year	**3,018**	3,875
Investments in year (direct investments and capital calls) – Note 12	**159,523**	318,096
Cash inflow from repayment and disposal of investments	**183,210**	236,761
Cash inflow from the repayment of loans and receivables	**3,114**	2,886
Proceeds from Investments Realised – Note 12	**186,324**	239,647
Adjusted to reconcile to totals quoted on pages 4 and 6		
Escrow receipts	**5,942**	
Proceeds from maturity of UK Treasury Gilt and Corporate Bond excluded	**(60,523)**	
Debt interest received on realisations	**321**	
Withholding tax deducted from proceeds of refinancing	**(712)**	
Total realisations for the year (pages 4 and 6)	**131,352**	

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

Index to Notes to the Financial Statements

Notes to the Financial Statements

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, Zero Dividend Preference ("ZDP") shares and Convertible Unsecured Loan Stock ("CULS"). The Company's shares trade on the London Stock Exchange's Specialist Fund Segment ("SFS").

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

The Company is currently mainly focused on investing in the following areas:
(a) small or micro-cap buyouts in the form of debt and equity and preferred stock in both the US and Europe; and
(b) real estate interests.

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

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

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

2. Significant Accounting Policies

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

Statement of Compliance

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

Basis of Preparation

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

Changes in accounting policy and disclosures

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

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

IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement.

Nature and scope of new or amended pronouncement

IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.

The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets.

IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the consolidated financial statements.

IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.

Effect on the financial statements

The standard is effective on or after 1 January 2018 and will be adopted for the year ending 28 February 2019.

The Company's financial instruments consist of equity instruments and debt instruments. The Company's financial assets under equity and debt instruments will continue to be valued at fair value through profit or loss ("FVTPL"). Due to the cash flow characteristics of such financial instruments, on application of IFRS 9, they will continue to be classified as fair value through the profit or loss.

Although early adoption is permitted the Company has established that the impact will be minimal. In addition, the Company does not apply hedge accounting and the valuation model is consistent with the Company's current methodology.

It is anticipated that this application of IFRS 9 will not change the measurement and presentation of the current financial instruments.

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

Notes to the Financial Statements continued

2. Significant Accounting Policies (continued)

Functional and presentational currency

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

Foreign exchange

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

Financial assets and liabilities at fair value through profit or loss ("FVTPL")

(i) Classification

The Company classifies its investments within its micro-cap, real estate and other investments portfolios as financial assets at fair value through profit or loss. These financial assets are designated by the Board of Directors as at fair value through profit or loss at inception.

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

Financial liabilities may be designated at fair value through profit or loss rather than stated at amortised cost, when the Board have considered the appropriate accounting treatment for the specific liability.

(ii) Recognition/derecognition

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

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

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

(iii) Fair value estimation

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

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

The valuation techniques to derive the fair value of real estate interests and other investments are detailed in Note 5 (page 57).

Loans and receivables

(i) Classification

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

(ii) Recognition/derecognition

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

(iii) Measurement

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

(iv) Impairment

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

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

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

Notes to the Financial Statements continued

2. Significant Accounting Policies (continued)

Cash on deposit and cash and cash equivalents

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

Other receivables and payables

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

Financial liabilities and equity

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

Zero Dividend Preference ("ZDP") shares

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

Convertible Unsecured Loan Stock

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

Income

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

Expenses

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

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

Finance costs

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

Escrow accounts

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

Taxation

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

3. Estimates and Judgements

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

Estimates

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

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

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

(ii) Loans and Receivables

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

Judgements

Assessment as an Investment Entity

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

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

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

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

In determining the fair value of unlisted investments JZCP follows the principles of IPEVCA valuation guidelines. The Valuation Guidelines have been prepared with the goal that Fair Value measurements derived when using these Valuation Guidelines are compliant with IFRS.

Notes to the Financial Statements continued

3. Estimates and Judgements continued

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

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

Investment in Associates

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

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

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

Going Concern

A fundamental principle of the preparation of financial statements in accordance with IFRS is the judgement that an entity will continue in existence as a going concern for a period of at least 12 months from signing of the financial statements, which contemplates continuity of operations and the realisation of assets and settlement of liabilities occurring in the ordinary course of business.

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

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

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

Investments in corporate bonds and treasury gilts were not considered part of any individual segment and have therefore been excluded from this segmental analysis. The Company investments in corporate bonds and treasury gilts matured during the year ended 28 February 2017.

The Company disposed of its remaining listed equity holding during the year ended 28 February 2015, a provision remaining for withholding tax has been reclassified as non-segmental.

Segmental Profit/(Loss)

For the year ended 28 February 2017

	US Micro-Cap US$'000	European Micro-Cap US$'000	Real Estate US$'000	Other Investments US$'000	Total US$'000
Interest revenue	**20,485**	**4,580**	**322**	**301**	**25,688**
Total segmental revenue	**20,485**	**4,580**	**322**	**301**	**25,688**
Realisations from investments held in escrow	**5,942**	**–**	**–**	**–**	**5,942**
Net gain/(loss) on investments at FVTPL	**5,263**	**1,102**	**21,236**	**(783)**	**26,818**
Write back of Impairments on loans and receivables	**–**	**–**	**–**	**2,374**	**2,374**
Investment Adviser's base fee	**(6,250)**	**(2,423)**	**(6,418)**	**(607)**	**(15,698)**
Investment Adviser's capital incentive fee[1]	**(7,882)**	**264**	**(4,247)**	**(135)**	**(12,000)**
Total segmental operating profit	**17,558**	**3,523**	**10,893**	**1,150**	**33,124**

For the year ended 29 February 2016

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

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

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

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

	28.2.2017 US$'000	29.2.2016 US$'000
Total segmental operating profit	**33,124**	60,568
Net gain/(loss) on treasury gilts and corporate bonds	**1,881**	(3,572)
Gain on financial liabilities at fair value through profit or loss	**2,510**	7,990
Net foreign exchange gains	**4,728**	8,056
Interest on treasury notes and corporate bonds	**11**	729
Interest on cash	**41**	92
Fees payable to investment adviser based on non-segmental assets	**(1,571)**	(936)
Expenses not attributable to segments	**(2,550)**	(2,713)
Operating profit	**38,174**	70,214

Notes to the Financial Statements continued

4. Segment Information continued

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

	28.2.2017 US$'000	29.2.2016 US$'000
Total segmental revenue	**25,688**	27,804
Non-segmental revenue		
Interest on treasury gilts and corporate bonds	**11**	729
Bank and deposit interest	**41**	92
Total revenue	**25,740**	28,625

Segmental Net Assets

At 28 February 2017

	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	**423,137**	**154,277**	**468,599**	**23,167**	**1,069,180**
Other receivables	**–**	**–**	**495**	**–**	**495**
Total segmental assets	**423,137**	**154,277**	**469,094**	**23,167**	**1,069,675**
Segmental liabilities					
Payables and accrued expenses	**(19,666)**	**1,646**	**(25,796)**	**3,398**	**(40,418)**
Total segmental liabilities	**(19,666)**	**1,646**	**(25,796)**	**3,398**	**(40,418)**
Total segmental net assets	**403,471**	**155,923**	**443,298**	**26,565**	**1,029,257**

At 29 February 2016

	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	386,173	168,797	366,158	63,570	984,698
Investments classified as loans and receivables	–	–	–	750	750
Other receivables	–	–	3,513	–	3,513
Total segmental assets	386,173	168,797	369,671	64,320	988,961
Segmental liabilities					
Payables and accrued expenses	(11,714)	1,263	(21,405)	3,456	(28,400)
Total segmental liabilities	(11,714)	1,263	(21,405)	3,456	(28,400)
Total segmental net assets	374,459	170,060	348,266	67,776	960,561

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

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

	28.2.2017 US$'000	29.2.2016 US$'000
Total segmental assets	**1,069,675**	988,961
Non-segmental assets		
Cash at bank	**29,063**	91,937
Treasury gilts	**–**	45,608
Corporate bonds	**–**	13,036
Other receivables and prepayments	**25**	38
Total assets	**1,098,763**	1,139,580
Total segmental liabilities	**(40,418)**	(28,400)
Non-segmental liabilities		
Zero Dividend Preference (2022) shares	**(53,935)**	(57,400)
Zero Dividend Preference (2016) shares	**–**	(44,217)
Convertible Unsecured Loan Stock	**(57,063)**	(59,573)
Loans payable	**(97,396)**	(97,011)
Other payables and accrued expenses	**(1,107)**	(1,240)
Total liabilities	**(249,919)**	(287,841)
Total net assets	**848,844**	851,739

5. Fair Value of Financial Instruments

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

Level 1

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

Level 2

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

Level 3

Those involving inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). Investments in JZCP's portfolio valued using unobservable inputs such as multiples, capitalisation rates, discount rates (see page 58) 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 Financial Statements 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 28 February 2017

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
US micro-cap	–	–	423,137	423,137
European micro-cap	–	–	154,277	154,277
Real Estate	–	–	468,599	468,599
Other Investments	–	–	23,167	23,167
	–	–	1,069,180	1,069,180

Financial assets at 29 February 2016

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

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

Financial liabilities at 28 February 2017

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Convertible Subordinated Unsecured Loan Stock	57,063	–	–	57,063
	57,063	–	–	57,063

Financial liabilities at 29 February 2016

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Convertible Subordinated Unsecured Loan Stock	59,573	–	–	59,573
	59,573	–	–	59,573

Transfers between levels

There were no transfers between the levels of hierarchy of financial assets and liabilities recognised at fair value within the year ended 28 February 2017 and the year ended 29 February 2016.

Valuation techniques

In valuing investments in accordance with IFRS, the Board follow the principles as detailed in the IPEVCA guidelines.

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

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

Real Estate

JZCP makes its Real Estate investments through a wholly-owned subsidiary, which in turn owns interests in various residential, commercial, and development real estate properties. The net asset value of the subsidiary is used for the measurement of fair value. The underlying fair value of JZCP's Real Estate holdings, however, is represented by the properties themselves. The Company's Investment Adviser and Board review the fair value methods and measurement of the underlying properties on a quarterly basis. Where available, the Company will use third party appraisals on the subject property, to assist the fair value measurement of the underlying property. Third-party appraisals are prepared in accordance with the Appraisal and Valuation Standards (6th edition) issued by the Royal Institution of Chartered Surveyors. Fair value techniques used in the underlying valuations are:

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

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

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

Mezzanine loans

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

Unquoted preferred shares, micro-cap loans, unquoted equities and equity related securities

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

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

Notes to the Financial Statements continued

5. Fair Value of Financial Instruments continued

Valuation techniques continued

Other Investments

Other investments at year end, comprise of mainly the Company's investment in the asset management business – Spruceview Capital, LLC ("Spruceview"). Spruceview is valued at impaired cost, which the Board currently considers an appropriate measure of fair value. As there are no unobservable inputs in the valuation of Spruceview no sensitivity analysis is provided in the current year.

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 28 February 2017 and 29 February 2016 are shown below:

	Value 28.2.2017 US$'000	Valuation Technique	Unobservable input	Range (weighted average)	Sensitivity used[1]	Effect on Fair Value US$'000	
US micro-cap investments	**423,137**	EBITDA Multiple	Average EBITDA Multiple of Peers	6.0x – 18.7x (8.3x)	0.5x/-0.5x	(37,665)	36,186
			Discount to Average Multiple	10% – 35% (26%)	5.0%/-5.0%	(50,801)	49,462
European micro-cap investments	**154,277**	EBITDA Multiple	Average EBITDA Multiple of Peers	6.2x – 11.3x (8.6x)	0.5x/-0.5x	(3,511)	3,511
			Discount to Average Multiple	41% discount – 63% premium (5% premium)	5.0%/-5.0%	(4,512)	4,492
Real estate[2]	**468,599**	Comparable Sales DCF Model/Income Approach	Market Value Per Square Foot	$286 – $3,106 per sq ft	-5%/+5%	(13,706	14,786
			Discount Rate	6.25% – 6.75%	+25bps/-25bps	(1,228)	1,515
		Cap Rate/ Income Approach	Capitalisation Rate	4% – 5%	+25bps/-25bps	(8,357)	9,349

	Value 29.2.2016 US$'000	Valuation Technique	Unobservable input	Range (weighted average)	Sensitivity used[1]	Effect on Fair Value US$'000	
US micro-cap investments	386,173	EBITDA Multiple	Average EBITDA Multiple of Peers	6.0x – 18.7x (8.1x)	0.5x/-0.5x	(29,855)	29,254
			Discount to Average Multiple	15% – 35% (24%)	5%/-5%	(38,104)	36,129
European micro-cap investments	168,797	EBITDA Multiple	Average EBITDA Multiple of Peers	6.5x – 10.0x (8.2x)	0.5x/-0.5x	(4,181)	4,181
			Discount to Average Multiple	0% – 42% (16%)	5%/-5%	(2,748)	2,748
Real estate[2]	366,158	Comparable Sales DCF Model/ Income Approach	Market Value Per Square Foot	$380 – $575 per sq ft	+25bps/-25bps	(5,607)	5,809
			Discount Rate	7%	+25bps/-25bps	(1,236)	1,055
		Cap Rate/ Income Approach	Capitalisation Rate	3.75% – 5.5%		(11,619)	12,399

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

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

The 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 year.

Year ended 28 February 2017

	US Micro-Cap US$'000	European Micro-Cap US$'000	Real Estate US$'000	Other Investments US$'000	Total US$'000
At 1 March 2016	**386,173**	**168,797**	**366,158**	**63,570**	**984,698**
Investments in year including capital calls	**62,778**	**2,739**	**89,506**	**4,500**	**159,523**
Payment In Kind ("PIK")	**17,793**	**–**	**–**	**118**	**17,911**
Proceeds from investments realised	**(46,996)**	**(21,906)**	**(8,301)**	**(45,484)**	**(122,687)**
Net gains/(losses) on investments	**5,263**	**1,102**	**21,236**	**(784)**	**26,817**
Transfer (from)/to segment	**(1,245)**	**–**	**–**	**1,245**	**–**
Movement in accrued interest	**(629)**	**3,545**	**–**	**2**	**2,918**
At 28 February 2017	**423,137**	**154,277**	**468,599**	**23,167**	**1,069,180**

Year ended 29 February 2016

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

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

The fair value of the ZDP shares is deemed to be their quoted market price. As at 28 February 2017 the ask price for the ZDP (2022) shares was £4.22 (29 February 2016: £3.85) the total fair value of the ZDP shares was $62,532,000 (29 February 2016: $63,889,000) which is $8,597,000 (29 February 2016: $6,489,000) higher than the liability recorded in the Statement of Financial Position.

ZDP shares are recorded at amortised cost and would fall in to the Level 1 hierarchy if valued at FVTPL.

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

	Year Ended 28.2.2017 US$'000	Year Ended 29.2.2016 US$'000
Gains on investments held in investment portfolio at year end		
Net movement in unrealised gains in year	**16,069**	91,784
Net unrealised gains/(losses) in prior years now realised	**11,908**	(31,636)
Net movement in unrealised gains in the year	**27,977**	60,148
Gains/(losses) on investments realised in year		
Proceeds from investments realised	**183,210**	236,761
Cost of investments realised	**(170,580)**	(273,457)
Net realised gains/(losses) based on book cost	**12,630**	(36,696)
Net unrealised (gains)/losses in prior years now realised	**(11,908)**	31,636
Total gains/(losses) in the year on investments realised in year	**722**	(5,060)
Net gain on investments in the year	**28,699**	55,088

Notes to the Financial Statements continued

7. Write Back of Impairments on Loans and Receivables

	Year Ended 28.2.2017 US$'000	Year Ended 29.2.2016 US$'000
Unrealised write back of impairments on loans and receivables	–	61
Proceeds from loans repaid	3,114	2,886
Cost of loans repaid	(2,976)	(353)
Write back of Impairments recognised in earlier years	2,236	–
	2,374	2,533
Write back of impairments on loans and receivables	2,374	2,594

8. Investment Income

	Year Ended 28.2.2017 US$'000	Year Ended 29.2.2016 US$'000
Income from investments classified as FVTPL	25,599	28,491
Income from investments classified as loans and receivables	100	42
	25,699	28,533

Income for the year ended 28 February 2017

			Loan note			
	Dividends US$'000	Preferred Dividends US$'000	PIK US$'000	Cash US$'000	Other Interest US$'000	Total US$'000
US micro-cap portfolio	–	16,464	940	2,993	88	20,485
European micro-cap portfolio	–	–	3,841	739	–	4,580
Real estate	–	–	–	–	322	322
Other investments	–	120	–	181	–	301
Treasury gilts and corporate bonds	–	–	–	11	–	11
	–	16,584	4,781	3,924	410	25,699

Income for the year ended 29 February 2016

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

9. Finance Costs

	Year Ended 28.2.2017 US$'000	Year Ended 29.2.2016 US$'000
CULS finance costs paid (Note 14)	3,190	3,497
ZDP (2022) shares (Note 15)	2,853	1,296
ZDP (2016) shares (Note 15)	1,180	6,459
Loan – Guggenheim (Note 16)	7,545	5,298
Loan – Jefferies Finance, LLC	–	1,431
Margin loan interest	70	241
Refund of issue costs	(74)	–
	14,764	18,222

10. Expenses

	Year Ended 28.2.2017 US$'000	Year Ended 29.2.2016 US$'000
Investment Adviser's base fee	**16,865**	15,510
Investment Adviser's incentive fee	**12,404**	15,450
Directors' remuneration	**415**	415
	29,684	31,375
Administrative expenses:		
Legal fees	**584**	640
Other expenses	**376**	380
Accounting, secretarial and administration fees	**350**	350
Other professional fees	**349**	405
Auditors' remuneration	**322**	313
Auditors' remuneration – non-audit fees	**111**	137
Custodian fees	**43**	73
	2,135	2,298
Total expenses	**31,819**	33,673

Administration Fees

Northern Trust International Fund Administration Services (Guernsey) Limited was appointed as Administrator to the Company on 1 September 2012. The Administrator is entitled to an annual fee of $350,000 (29 February 2016: $350,000) payable quarterly in arrears. Fees payable to the Administrator are subject to an annual fee review.

Directors' Remuneration

For the years ended 28 February 2017 and 29 February 2016, the Chairman was entitled to a fee of $160,000 per annum and the Chairman of the Audit Committee was entitled to a fee of US$70,000 per annum, all other Directors are entitled to a fee of US$60,000 with one Director receiving an additional $5,000 for extra responsibilities. For the year ended 28 February 2017 total Directors' fees included in the Statement of Comprehensive Income were $415,000 (year ended 29 February 2016: US$415,000), of this amount $68,000 was outstanding at the year end (29 February 2016: $80,000).

Investment Advisory and Performance Fees

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

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

For the year ended 28 February 2017, total investment advisory and management expenses, based on the average total assets of the Company, were included in the Statement of Comprehensive Income of $16,865,000 (year ended 29 February 2016: $15,510,000). Of this amount $2,026,000 (29 February 2016: $2,145,000) was due and payable at the year end.

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

Notes to the Financial Statements continued

10. Expenses continued

Investment Advisory and Performance Fees continued

For the years ended 28 February 2017 and 29 February 2016 there was no income incentive fee.

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

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

At 28 February 2017 and 29 February 2016, due to cumulative net realised losses there was no provision for an incentive fee based on realised gains. For the year ended 28 February 2017, for the purpose of the capital gains incentive fee ("CGIF") calculation JZCP had cumulative net realised capital losses of $9,572,000 (29 February 2016: $22,667,000), an amount which the Investment Adviser must cover through realised gains before being able to earn an incentive fee going forward. Cumulative net realised capital losses are offset against the unrealised provision for capital gains until a net realised gain provision arises.

The Company also provides for a CGIF based on unrealised gains, calculated on the same basis as that of the fee on realised gains/losses. For the year ended 28 February 2017 a provision of $37,293,000 (2016: $24,889,000) has been included.

	Provision at 28.2.2017 US$'000	Provision at 29.2.2016 US$'000	**Paid in Year 28.2.2017 US$'000**	Charge to Income Statement 28.2.2017 US$'000
Provision for CGIF on unrealised investments	**37,293**	24,889	**n/a**	12,404
CGIF on realised investments	**–**	–	**–**	–
				12,404

	Provision at 29.2.2016 US$'000	Provision at 28.2.2015 US$'000	Paid in Year 29.2.2016 US$'000	Charge to Income Statement 29.2.2016 US$'000
Provision for CGIF on unrealised investments	24,889	9,439	n/a	15,450
CGIF on realised investments	–	13,156	13,156	–
				15,450

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

Custodian Fees

HSBC Bank (USA) N.A, (the "Custodian") was appointed on 12 May 2008 under a custodian agreement. The Custodian is entitled to receive an annual fee of $2,000 and a transaction fee of $50 per transaction. For the year ended 28 February 2017, total Custodian expenses of $43,000 (29 February 2016: $73,000) were included in the Statement of Comprehensive Income of which $8,000 (29 February 2016: $14,000) was outstanding at the year end and is included within Other Payables.

Auditors' Remuneration

During the year ended 28 February 2017, the Company incurred fees for audit services of $322,000 (29 February 2016: $313,000). Fees are also payable to Ernst & Young for non-audit services (reporting accountant services, interim review and taxation services in relation to the Company's status as a Passive Foreign Investment Company).

Audit fees

	28.2.2017 US$'000	29.2.2016 US$'000
Audit fees – 2017: £211,500 (2016: £163,000)	**262**	230
2016 – Additional fees charged not accrued at 29.2.2016 (£40,000)	**60**	–
2015 – Additional fees charged not accrued at 28.2.2015	**–**	66
Disbursements payable to Ernst & Young	**–**	17
Total audit fees	**322**	313

Non-audit fees paid to Ernst & Young

	US$'000	US$'000
Interim Review – Invoiced in Sterling 2017: £40,000 (2016: £28,000)	**51**	42
Taxation services – 2016	**60**	–
Taxation services – 2015	**–**	60
Taxation services – 2014	**–**	35
Direct charge to expenses	**111**	137
Reporting Accountant services – Sterling 2016: £267,000[1]	**–**	406
Total non-audit fees	**111**	543

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

11. Taxation

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

During the year, taxes of $713,000 were withheld from the proceeds from the refinancing of the Company's investment in Trilateral Holdings. During the year ended 29 February 2016, the Company provided for withholding tax of $398,000 on a dividend received from a private investment.

Notes to the Financial Statements continued

12. Investments

Categories of financial instruments	Listed 28.2.2017 US$'000	Unlisted 28.2.2017 US$'000	Carrying Value 28.2.2017 US$'000
Fair value through profit or loss	–	**1,069,180**	**1,069,180**

	Listed 28.2.2017 US$'000	Unlisted 28.2.2017 US$'000	Total 28.2.2017 US$'000
Book cost at 1 March 2016	**61,971**	**832,007**	**893,978**
Investments in year including capital calls	–	**159,523**	**159,523**
Payment in kind ("PIK")	–	**17,911**	**17,911**
Proceeds from investments realised	**(60,523)**	**(125,801)**	**(186,324)**
Net realised (losses)/gains	**(1,448)**	**14,216**	**12,768**
Book cost at 28 February 2017	–	**897,856**	**897,856**
Unrealised gains at 28 February 2017	–	**157,468**	**157,468**
Accrued interest at 28 February 2017	–	**13,856**	**13,856**
Carrying value at 28 February 2017	–	**1,069,180**	**1,069,180**

Comparative reconciliation for the year ended 29 February 2016

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

	Listed 29.2.2016 US$'000	Unlisted 29.2.2016 US$'000	Total 29.2.2016 US$'000
Book cost at 1 March 2015	57,321	775,225	832,546
Investments in year including capital calls	45,381	272,715	318,096
Payment in kind ("PIK")	–	17,146	17,146
Proceeds from investments realised	(36,037)	(203,610)	(239,647)
Net realised losses	(4,694)	(29,469)	(34,163)
Book cost at 29 February 2016	61,971	832,007	893,978
Unrealised (losses)/gains at 29 February 2016	(3,329)	142,492	139,163
Accrued interest at 29 February 2016	2	10,949	10,951
Carrying value at 29 February 2016	58,644	985,448	1,044,092

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

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

Investment in Associates

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

Entity	Place of incorporation	% Interest	**28.2.2017 US$'000**	29.2.2016 US$'000
EuroMicrocap Fund 2010, L.P. ("EMC 2010")	Cayman	75%	**21,433**	46,918
EuroMicrocap Fund-C, L.P. ("EMC-C")	Cayman	75%	**61,482**	57,907
JZI Fund III GP, L.P. (has 18.75% partnership interest in JZI Fund III, L.P.)	Cayman	75%	**26,779**	22,159
Spruceview Capital Partners, LLC	Delaware	49%	**16,093**	16,510
Orangewood Partners Platform LLC[1]	Delaware	79%	**56,731**	25,750
Investments in associates at fair value			**182,518**	169,244

1 Invests in K2 Towers, George Industries and Peaceable Street Capital LLC.

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

The Company's maximum exposure to losses from the associates (shown below) equates to the carrying value plus outstanding commitments:

Entity	**28.2.2017 US$'000**	29.2.2016 US$'000
EuroMicrocap Fund 2010, L.P. ("EMC 2010")	**21,433**	46,918
EuroMicrocap Fund-C, L.P. ("EMC-C")	**61,482**	57,907
JZI Fund III GP, L.P.	**83,189**	82,605
Orangewood Partners Platform LLC (Invests in K2 Towers, George Industries and Peaceable Street Capital LLC)	**56,731**	47,000
Spruceview Capital Partners, LLC	**24,929**	29,846
	247,764	264,276

During Q1 2016, the investment in Oro Direct was transferred from EMC 2010 to EMC-C, the investment was transferred at fair value being $2,780,000 or €2,559,000.

Investment in Subsidiaries

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

Entity	Place of incorporation	% Interest	**28.2.2017 US$'000**	29.2.2016 US$'000
JZCP Realty Fund Ltd	Cayman	100%	**468,599**	366,158
JZCP Bright Spruce, Ltd[1]	Cayman	100%	**4,500**	45,940
JZBC, Inc. (Invests in Spruceview Capital Partners, LLC)	Delaware	99%	**16,093**	16,510
Investments in subsidiaries at fair value			**489,192**	428,608

1 During the year, the majority of JZCP's investment in JZCP Bright Spruce Ltd was liquidated. JZCP received total proceeds of $44,537,000, at the year end the remaining investment is valued at $4,500,000.

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

Notes to the Financial Statements continued

12. Investments continued

Investment in Subsidiaries continued

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

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

13. Other Receivables

	28.2.2017 US$'000	29.2.2016 US$'000
Accrued interest due from JZCP Realty Fund	**495**	495
Other receivables and prepayments	**25**	38
Deposits paid on behalf of JZCP Realty Fund	**–**	3,018
	520	3,551

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

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

CULS bear interest on their nominal amount at the rate of 6.00% per annum, payable semi-annually in arrears. During the year ended 28 February 2017: $3,190,000 (29 February 2016: $3,497,000) of interest was paid to holders of CULS and is shown as a finance cost in the Statement of Comprehensive Income.

	28.2.2017 US$'000	29.2.2016 US$'000
Fair Value of CULS at 1 March	**59,573**	67,563
Unrealised movement in fair value of CULS	**4,332**	(1,501)
Unrealised currency gain to the Company on translation during the year	**(6,842)**	(6,489)
Fair Value of CULS based on offer price	**57,063**	59,573

15. Zero Dividend Preference ("ZDP") Shares

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

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

ZDP (2022) Shares	28.2.2017 US$'000	29.2.2016 US$'000
ZDP shares issued 1 October 2015		
Rollover – from ZDP (2016) shares	–	63,085
Issue costs	–	(1,997)
Amortised cost at 1 March 2016/1 October 2015	**57,400**	61,088
Finance costs allocated to Statement of Comprehensive Income	**2,853**	1,296
Unrealised currency gain to the Company on translation during the year	**(6,318)**	(4,984)
Amortised cost at year end	**53,935**	57,400
Total number of ZDP (2022) shares in issue	**11,907,720**	11,907,720

ZDP (2016) Shares	28.2.2017 US$'000	29.2.2016 US$'000
ZDP shares issued 22 June 2009		
Amortised cost at 1 March	**44,217**	106,813
Finance costs allocated to Statement of Comprehensive Income	**1,180**	6,459
Redeemed 22 June 2016	**(47,863)**	–
Rollover – to ZDP (2022) shares	–	(63,085)
Unrealised currency (loss)/gain to the Company on translation during the year	**2,466**	(5,970)
Amortised cost at year end	–	44,217
Total number of ZDP (2016) shares in issue	–	8,799,421

16. Loans Payable

	28.2.2017 US$'000	29.2.2016 US$'000
Guggenheim Partners Limited	**97,396**	97,011
	97,396	97,011

Guggenheim Partners Limited

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

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

At 28 February 2017, investments valued at $918,140,000 (29 February 2016: $602,780,000) were held as collateral on the loan. A covenant on the loan states the fair value of the collateral must be 4x the loan value and the cost of collateral must be at least 57.5% of total assets. The Company is also required to hold a minimum cash balance of $15 million plus 50% of interest on any new debt. At 28 February 2017 and throughout the year, the Company was in full compliance with covenant terms.

1 LIBOR rates applied are the US Dollar three month rate ($80 million) and the Euro three month rate (€18 million).

Notes to the Financial Statements continued

16. Loans Payable continued

Guggenheim Partners Limited continued

There is an early repayment charge of 1% of the total loan if repaid before 12 June 2017.

	28.2.2017 US$'000	29.2.2016 US$'000
Amortised cost (USD drawdown) – 1 March 2016	**77,916**	–
Amortised cost (Euro drawdown) – 1 March 2016	**19,095**	–
Proceeds – 12 June 2015 (USD drawdown)	**–**	80,000
Proceeds – 12 June 2015 (Euro draw down €18 million)	**–**	20,283
Issue costs	**–**	(4,033)
Finance costs charged to Statement of Comprehensive Income	**7,545**	5,298
Interest and finance costs paid	**(6,723)**	(3,825)
Unrealised currency gain on translation of Euro drawdown	**(437)**	(712)
Amortised cost at year end	**97,396**	97,011
Amortised cost (USD drawdown)	**78,572**	77,916
Amortised cost (Euro drawdown)	**18,824**	19,095
	97,396	97,011

The carrying value of the loans approximates to fair value.

17. Other Payables

	28.2.2017 US$'000	29.2.2016 US$'000
Provision for tax on dividends received not withheld at source	**1,401**	1,401
Legal fee provision	**250**	250
Audit fees	**224**	116
Directors' remuneration	**68**	80
Other expenses	**263**	273
ZDP issue costs	**–**	486
	2,206	2,606

18. Stated Capital

Authorised Capital

Unlimited number of ordinary shares of no par value.

Ordinary Shares – Issued Capital

	28.2.2017 Number of shares	29.2.2016 Number of shares
Total Ordinary shares in issue	**83,907,516**	83,907,516

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

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

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

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

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

Capital Raised on Issue of New Shares

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

Stated capital account

	28.2.2017 US$'000	29.2.2016 US$'000
At 1 March	**265,685**	149,269
Issue of Ordinary shares	–	119,939
Issue costs	–	(3,523)
At year end	**265,685**	265,685

19. Capital Management

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

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

The Company's objectives for managing capital are:

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

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

Subsequent to the year end, the Company discontinued the dividend policy to distribute approximately 3% of the Company's net assets in the form of dividends to shareholders and adopted a new strategy enabling purchases by the Company of its Ordinary shares to be undertaken when opportunities in the market permit, and as the Company's cash resources allow.

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

20. Reserves

Capital Raised on Formation of Company

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

Notes to the Financial Statements continued

20. Reserves continued

Summary of Reserves Attributable to Ordinary Shareholders

	28.2.2017 US$'000	29.2.2016 US$'000
Stated capital account	265,685	265,685
Other reserve	353,528	353,528
Capital reserve	173,871	156,786
Revenue reserve	55,760	75,740
	848,844	851,739

Other Reserve

There was no movement in the Company's Other reserve for the years ended 28 February 2017 and 29 February 2016.

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

Capital Reserve

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

	Realised 28.2.2017 US$'000	Unrealised 28.2.2017 US$'000	Total 28.2.2017 US$'000
At 1 March 2016	59,560	97,226	156,786
Net (losses)/gains on investments	12,768	18,305	31,073
Net (losses)/gains on foreign currency exchange	(4,603)	9,331	4,728
Realised gains on investments held in escrow accounts	5,942	–	5,942
Expenses charged to capital	–	(12,404)	(12,404)
Net gain on CULS	–	2,510	2,510
Finance costs	(11,089)	(3,675)	(14,764)
Prior year ZDP (2016) finance costs and currency gains now realised	(34,544)	34,544	–
At 28 February 2017	28,034	145,837	173,871

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

Revenue Reserve

	28.2.2017 US$'000	29.2.2016 US$'000
At 1 March	75,740	87,517
Profit for the year attributable to revenue	5,612	10,004
Dividend paid	(25,592)	(21,781)
At year end	55,760	75,740

21. Financial Risk Management Objectives and Policies

Introduction

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

Risk Management Structure

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

Risk Mitigation

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

Market Risk

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

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

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

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

Equity price risk

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

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

For unlisted equity and non-equity shares the market risk is deemed to be inherent in the appropriate valuation methodology (earnings, multiples, capitalisation rates etc). The impact on fair value and subsequent profit or loss, due to movements in these variables, is set out in Note 5 on page 58.

Notes to the Financial Statements continued

21. Financial Risk Management Objectives and Policies continued

Interest rate risk

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

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

	Interest-bearing			
	Fixed rate 28.2.2017 US$'000	**Floating rate 28.2.2017 US$'000**	**Non-interest bearing 28.2.2017 US$'000**	**Total 28.2.2017 US$'000**
Investments at FVTPL	**233,831**	**–**	**835,349**	**1,069,180**
Other receivables and prepayments	**–**	**–**	**520**	**520**
Cash and cash equivalents	**–**	**29,063**	**–**	**29,063**
Loans payable	**–**	**(97,396)**	**–**	**(97,396)**
ZDP shares (2022)	**(53,935)**	**–**	**–**	**(53,935)**
CULS	**(57,063)**	**–**	**–**	**(57,063)**
Other payables	**–**	**–**	**(41,525)**	**(41,525)**
	122,833	**(68,333)**	**794,344**	**848,844**

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

	Interest-bearing			
	Fixed rate 29.2.2016 US$'000	Floating rate 29.2.2016 US$'000	Non-interest bearing 29.2.2016 US$'000	Total 29.2.2016 US$'000
Investments at FVTPL	312,563	–	730,779	1,043,342
Loans and receivables	750	–	–	750
Other receivables and prepayments	–	–	3,551	3,551
Cash and cash equivalents	–	91,937	–	91,937
Loans payable	–	(97,011)	–	(97,011)
ZDP shares (2022)	(57,400)	–	–	(57,400)
ZDP shares (2016)	(44,217)	–	–	(44,217)
CULS	(59,573)	–	–	(59,573)
Other payables	–	–	(29,640)	(29,640)
Total net assets	152,123	(5,074)	704,690	851,739

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

As at 28 February 2017

	0–3 months US$'000	**4–12 months US$'000**	**1–3 years US$'000**	**3–5 years US$'000**	**> 5 years US$'000**	**No maturity date US$'000**	**Total US$'000**
Investments at FVTPL	**18,249**	**–**	**40,809**	**9,734**	**–**	**165,039**	**233,831**
Cash and cash equivalents	**–**	**–**	**–**	**–**	**–**	**29,063**	**29,063**
Loans payable	**–**	**–**	**–**	**(97,396)**	**–**	**–**	**(97,396)**
ZDP shares (2022)	**–**	**–**	**–**	**–**	**(53,935)**	**–**	**(53,935)**
CULS	**–**	**–**	**–**	**(57,063)**	**–**	**–**	**(57,063)**
	18,249	**–**	**40,809**	**(144,725)**	**(53,935)**	**194,102**	**54,500**

As at 29 February 2016

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

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

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

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

Of the cash and cash equivalents held, $29,063,000 (29 February 2016: $91,937,000) earns interest at variable rates and the income may rise and fall depending on changes to interest rates.

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

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

	Interest receivable		Interest payable	
Change in basis points increase/decrease	**28.2.2017 US$'000**	29.2.2016 US$'000	**28.2.2017 US$'000**	29.2.2016 US$'000
+100/-100	**291/(58)**	919/(129)	**(800)/nil**	(485)/nil
+300/-300	**872/(58)**	2,758/(129)	**(2,713)/nil**	(2,425)/nil

Notes to the Financial Statements continued

21. Financial Risk Management Objectives and Policies continued

Currency Risk

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

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

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

Exposure to Monetary Assets (held in foreign currencies)

	Euro 28.2.2017 US$'000	**Sterling 28.2.2017 US$'000**	**Total 28.2.2017 US$'000**	Euro 29.2.2016 US$'000	Sterling 29.2.2016 US$'000	Total 29.2.2016 US$'000
Assets						
Cash at bank	**4,803**	**705**	**5,508**	30,024	5,600	35,624
Other receivables	**–**	**25**	**25**	–	38	38
Liabilities						
CULS	**–**	**(57,063)**	**(57,063)**	–	(59,573)	(59,573)
ZDP (2022) shares	**–**	**(53,935)**	**(53,935)**	–	(57,400)	(57,400)
ZDP (2016) shares	**–**	**–**	**–**	–	(44,217)	(44,217)
Loans payable	**(18,824)**	**–**	**(18,824)**	(19,095)	–	(19,095)
Other payables	**–**	**(311)**	**(311)**	–	(727)	(727)
Net currency exposure	**(14,021)**	**(110,579)**	**(124,600)**	10,929	(156,279)	(145,350)

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

		Effect on net assets attributable to shareholders (relates to monetary financial assets and liabilities)	
Currency	Change in Currency Rate	**28.2.2017 US$'000**	29.2.2016 US$'000
Euro	+10%	**(1,402)**	1,093
GBP	+10%	**(11,058)**	(15,628)

Exposure to Non-Monetary Assets (held in foreign currencies)

	Euro 28.2.2017 US$'000	**Sterling 28.2.2017 US$'000**	**Total 28.2.2017 US$'000**	Euro 29.2.2016 US$'000	Sterling 29.2.2016 US$'000	Total 29.2.2016 US$'000
Financial assets at FVTPL	**150,742**	**4,285**	**155,027**	154,869	72,672	227,541
Net Currency Exposure	**150,742**	**4,285**	**155,027**	154,869	72,672	227,541

Currency	Change in Currency Rate	Effect on net assets attributable to shareholders (relates to non-monetary financial assets) 28.2.2017 US$'000	29.2.2016 US$'000
Euro	+10%	**15,074**	15,487
GBP	+10%	**429**	7,267

Credit Risk

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

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

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

In accordance with the Company's policy, the Investment Adviser regularly monitors the Company's exposure to credit risk in its investment portfolio, by reviewing the financial statements, budgets and forecasts of underlying investee companies. Agency credit ratings do not apply to the Company's investment in investee company debt. The "credit quality" of the debt is deemed to be reflected in the fair value valuation of the investee company.

The table below analyses the Company's maximum exposure to credit risk.

	Total 28.2.2017 US$'000	Total 29.2.2016 US$'000
US micro-cap debt	**24,209**	46,332
European micro-cap debt	**44,583**	41,814
Cash and cash equivalents	**29,063**	91,937
Corporate bond	–	13,036
Other investments	–	750
	97,855	193,869

A proportion of micro-cap and mezzanine debt held does not entitle the Company to interest payment in cash. This interest is capitalised (PIK) and as a result there is a credit risk to the Company, as there is no return until the loan plus all the interest, is repaid in full. During the year ended 28 February 2017, the Company recognised PIK interest of $4,895,000 (29 February 2016: $5,296,000) from debt investments as income in the Statement of Comprehensive Income in line with the Company's policy of recognising interest in proportion to the carrying value versus cost.

An impairment review is performed by the Investment Adviser on investments classified as loans and receivables on a quarterly basis. At 28 February 2017 the JZCP did not hold any investments classified as loans and receivables. At 29 February 2016, the Company held one mezzanine investment which comprised a debt element, the debt at year end was valued at $750,000 an impairment of $2,107,000 on the original cost of $2,857,000.

Notes to the Financial Statements continued

21. Financial Risk Management Objectives and Policies continued

Credit Risk continued

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

	28.2.2017 US$'000	29.2.2016 US$'000
Private Security	**29%**	18%
Financial General	**27%**	30%
Support Services	**11%**	7%
House, Leisure & Personal Goods	**10%**	6%
Logistics	**9%**	6%
Healthcare Services & Equipment	**6%**	13%
Telecom	**4%**	3%
Document Processing	**4%**	3%
Industrial Engineering	**0%**	10%
Water Treatment/Infrastructure	**0%**	3%
Construction & Materials	**0%**	1%
	100%	100%

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

	Credit ratings			
	Standard & Poor's Outlook	Fitch LT Issuer Default Rating	28.2.2017 US$'000	29.2.2016 US$'000
HSBC Bank USA NA	Negative (2016: Stable)	AA- (2016: AA-)	**25,620**	91,332
Raymond James	Positive	Baa2	**3,267**	–
Northern Trust (Guernsey) Limited	Stable (2016: Stable)	AA (2016: AA-)	**176**	62
Deutsche Bank	Negative (2016: Stable)	A- (2016: A-)	**–**	543
			29,063	91,937

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

The Company's CULS are valued at fair value being the listed offer price at the year end. Movement in the fair value due to changes in the offer price are considered the result of increased demand due to the underlying price of the Company's Ordinary shares and underlying interest rates, rather than changes in the Company's credit risk.

Liquidity Risk

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

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

The Company has capital requirements to repay CULS and a debt facility in 2021 and ZDP shareholders in 2022. At the year end the Company has outstanding investment commitments of $76,751,000 (2016: $115,125,000) see Note 23.

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

The table below analyses JZCP's financial liabilities into relevant maturity groups based on the remaining period at the reporting date to the contractual maturity date. Amounts attributed to CULS and ZDP share include future contractual interest payments. The provision for the payment of a capital gains incentive fee is shown as "no stated maturity", as payment depends on future realisations.

At 28 February 2017	**Less than 1 year US$'000**	**1–3 years US$'000**	**3–5 years US$'000**	**>5 years US$'000**	**No stated maturity US$'000**
CULS	**2,902**	**5,803**	**52,469**	**–**	**–**
ZDP (2022) shares	**–**	**–**	**–**	**71,675**	**–**
Loans payable	**6,691**	**13,382**	**107,706**	**–**	**–**
Other payables	**4,232**	**–**	**–**	**–**	**37,293**
	13,825	**19,185**	**160,175**	**71,675**	**37,293**

At 29 February 2016	Less than 1 year US$'000	1–3 years US$'000	3–5 years US$'000	>5 years US$'000	No stated maturity US$'000
CULS	3,065	5,620	5,002	41,683	–
ZDP (2022) shares	–	–	–	64,527	–
ZDP (2016) shares	45,808	–	–	–	–
Loans payable	6,295	11,421	10,022	72,748	–
Other payables	4,751	–	–	–	24,889
	59,919	17,041	15,024	178,958	24,889

22. Commitments

At 28 February 2017 and 29 February 2016, JZCP had the following financial commitments outstanding in relation to fund investments:

	Expected date of Call	**28.2.2017 US$'000**	29.2.2016 US$'000
JZI Fund III GP, L.P. (€53,087,000 outstanding at year end)	Over 3 years	**56,410**	60,446
Spruceview Capital Partners, LLC	Over 2 years	**8,836**	13,336
Orizon	< 1 year	**4,158**	12,745
Suzo Happ Group	> 3 years	**4,491**	4,491
BSM Engenharia S.A.	> 3 years	**2,085**	2,085
Igloo Products Corp	> 3 years	**771**	772
Peaceable Street Capital, LLC	Called	**–**	21,250
		76,751	115,125

23. Related Party Transactions

JZCP invests in European micro-cap companies via the EuroMicrocap Fund 2010, L.P. ("EMC 2010"), EuroMicrocap Fund-C, L.P. ("EMC-C") and JZI Fund III, L.P. ("Fund III"). EMC 2010, EMC-C and Fund III are managed by JZ International LLC, an affiliate of JZAI, JZCP's investment manager. JZAI was founded by David Zalaznick and John ("Jay") Jordan. At 28 February 2017, JZCP's investments in EMC 2010 were valued at $21,433,000 (29 February 2016: $46,918,000), EMC-C at $61,482,000 (29 February 2016: $57,907,000) and Fund III at $26,779,000 (29 February 2016: $22,159,000).

During Q1 2016, the investment in Oro Direct was transferred from EMC 2010 to EMC-C, the investment was transferred at fair value being $2,780,000 or €2,559,000.

JZCP invests 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 28 February 2017 was $30,000,000 with $8,836,000 (29 February: $13,336,000) of commitments outstanding.

JZCP has co-invested with Fund A, Fund A Parallel I, II and III Limited Partnerships in a number of US micro-cap buyouts. These Limited Partnerships are managed by JZAI. JZCP invested in a ratio of 82%/18% with the Fund A entities. At 28 February 2017, the total value of JZCP's investment in these co-investments was $326,290,000 (29 February 2016: $324,848,000). Fund A, Fund A Parallel I, II and III Limited Partnerships are no longer making platform investments alongside JZCP.

Notes to the Financial Statements continued

23. Related Party Transactions continued

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

JZCP is able to invest up to $75,000,000 in "New JI Platform Companies". The platform companies are being established to invest primarily in buyouts and build-ups of companies and in growth company platforms in the US micro-cap market, primarily healthcare equipment companies. At 28 February 2017, JZCP had invested $31,529,000 (29 February 2016: $18,000,000) in Jordan Health Products, LLC. JZCP co-invests 50/50 in the platform companies with other investors ("JI Members"). David Zalaznick and an affiliated entity of Jay Jordan own approximately 33.7% of the JI members ownership interests.

During the year, JZCP transferred part of its investment in K2 Towers, to Jay Jordan. The investment was transferred at fair value being $1,100,000, which equates to the cost to JZCP. A "cost to carry" of $88,000, was paid to JZCP at a rate of 8% on cost over the period the investment was held.

24. Basic and Diluted Earnings Per Share

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

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

	Number of Ordinary shares	
	28.2.2017	29.2.2016
Qualifying shares at beginning of the year	83,907,516	65,018,607
Ordinary shares issued during year (18,888,909) adjusted for time apportionment	–	7,896,183
	83,907,516	72,914,790

The weighted average of Ordinary shares is based on the average number of Ordinary shares in issue during the year. During September 2015, a placing and open offer of Ordinary shares resulted in 18,888,909 new Ordinary shares being issued.

The diluted earnings per share are calculated by considering adjustments required to the earnings and weighted average number of shares for the effects of potential dilutive Ordinary shares. The weighted average of the number of Ordinary shares is adjusted assuming the conversion of the CULS ("If-converted method"). Conversion is assumed even though at 28 February 2017 and 29 February 2016 the exercise price of the CULS is higher than the market price of the Company's Ordinary shares and are therefore deemed "out of the money". Earnings are adjusted to remove the fair value gain on CULS $2,510,000 (29 February 2016: $7,990,000) and finance cost attributable to CULS of $3,190,000 (29 February 2016: $3,497,000).

25. Controlling Party

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

26. Net Asset Value Per Share

The net asset value per Ordinary share of US$10.12 (29 February 2016: US$10.15) is based on the net assets at the year end of US$848,844,000 (29 February 2016: US$851,739,000) and on 83,907,516 (29 February 2016: 83,907,516) Ordinary shares, being the number of Ordinary shares in issue at the year end.

27. 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 28 February 2017 and 29 February 2016, the Company has assessed that the likelihood of the recovery of these escrow accounts can not be determined and has therefore recognised the escrow accounts as a contingent asset.

As at 28 February 2017 and 29 February 2016, the Company had the following contingent assets held in escrow accounts which had not been recognised as assets of the Company:

	Amount in escrow	
Company	**28.2.2017 US$'000**	29.2.2016 US$'000
Dental Holdings Corporation	**–**	2,776
Galson Laboratories	**–**	475
Amptek, Inc.	**–**	1,129
ETX Holdings, Inc.	**77**	118
Petco Animal Supplies, Inc.	**–**	39
H&S (BG Holdings)	**–**	10
	77	4,547

During the year ended 28 February 2017 proceeds of $5,942,000 (29 February 2016: $1,534,000) were realised during the year and recorded in the Statement of Comprehensive Income.

	Year Ended 28.2.2017 US$'000	Year Ended 29.2.2016 US$'000
Escrows at 1 March	**4,547**	5,575
Escrows added on realisation of investments	**–**	39
Additional escrows recognised in year not reflected in opening position	**1,523**	467
Escrows recognised in opening position and written off in year	**(51)**	–
Escrow receipts during the year	**(5,942)**	(1,534)
Escrows at year end	**77**	4,547

28. Notes to the Statement of Cash Flows

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

	Year Ended 28.2.2017 US$'000	Year Ended 29.2.2016 US$'000
Profit for the year	**22,697**	51,594
Decrease/(Increase) in other receivables and prepayments	**13**	(5)
Increase in other payables	**86**	489
Increase in amount owed to Investment Adviser	**12,285**	2,988
Deposits paid for real estate investments	**–**	(3,018)
Net gains on investments	**(28,699)**	(55,088)
Net write back of impairments on loans and receivables	**(2,374)**	(2,594)
Currency gains on ZDP shares	**(3,852)**	(10,954)
Currency gains on Guggenheim loan	**(437)**	(712)
Unrealised foreign exchange movements on cash at bank (shown as net movement in cash)	**(396)**	397
Unrealised profit on CULS valued at fair value	**(2,510)**	(7,990)
Accrued interest and PIK on investments	**(20,816)**	(18,010)
Finance costs	**14,764**	18,222
Net cash outflow from operating activities	**(9,239)**	(24,681)

Investment income received during the year

	Year Ended 28.2.2017 US$'000	Year Ended 29.2.2016 US$'000
Interest on investments	**4,584**	7,808
Bank interest	**41**	92
Dividends from private investment	**–**	1,326
Dividends from listed investments	**–**	647
	4,625	9,873

Notes to the Financial Statements continued

28. Notes to the Statement of Cash Flows continued

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

29. Dividends Paid and Proposed

For the year ended 29 February 2016, a second interim dividend of 15 cents (total $12,586,000) was paid by the Company on 10 June 2016.

An interim dividend of 15.5 cents per Ordinary share (total $13,006,000) was paid by the Company on 25 November 2016.

No second interim dividend will be paid for the year ended 28 February 2017 in line with the agreed discontinuation of the dividend policy, which was to distribute approximately 3% of the Company's net assets in the form of dividends (see Note 32).

30. Financial Highlights

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

	28.2.2017 US$	29.2.2016 US$
Net asset value per share at the beginning of the year	**10.15**	10.85
Performance during the year (per share):		
Net investment income	**0.07**	0.17
Incentive fee	**(0.15)**	(0.20)
Net realised and unrealised gains	**0.53**	0.90
Finance costs	**(0.18)**	(0.26)
Dividends paid	**(0.305)**	(0.335)
Dilution per share on issue of new Ordinary shares	**–**	(0.97)
Total return	**(0.03)**	(0.70)
Net asset value per share at the end of the year	**10.12**	10.15
Total Return	**(0.34%)**	(6.41%)
Net investment income to average net assets excluding incentive fee	**0.68%**	1.39%
Operating expenses to average net assets	**(2.25%)**	(2.43%)
Incentive fees to average net assets	**(1.47%)**	(2.07%)
Operating expenses to average net assets including incentive fee	**(3.72%)**	(4.50%)
Finance costs to average net assets	**(1.76%)**	(2.53%)

31. US GAAP Reconciliation

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

32. Subsequent Events

These financial statements were approved by the Board on 16 May 2017. Subsequent events have been evaluated until this date.

During April 2017, JZCP increased its credit facility with Guggenheim Partners by $50 million to approximately $150 million. The purpose of this increase in borrowings is to provide additional liquidity to JZCP in order to bridge certain planned realisations.

In connection with the discontinuance of the dividend policy of distributing approximately 3% of the Company's net assets to shareholders as a dividend, the Company received shareholder approval to adopt a new strategy where purchases by the Company of its Ordinary shares may be undertaken when opportunities in the market permit, and as the Company's cash resources allow.

Independent Auditor's Report

to the members of JZ Capital Partners Limited

Our opinion on the financial statements

In our opinion JZ Capital Partners Limited's (the "Company") financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 28 February 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"); and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law 2008.

What we have audited

We have audited the financial statements of the Company which comprise:

- the statement of comprehensive income for the year ended 28 February 2017;
- the statement of financial position as at 28 February 2017;
- the statement of changes in equity for the year ended 28 February 2017;
- the statement of cash flows for the year ended 28 February 2017; and
- the related Notes 1 to 32 to the financial statements.

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

Overview of our audit approach

Risk of material misstatement	• Valuation of unquoted investments, including unrealised gains/losses. • Existence and ownership of real estate investments. • Calculation of management and incentive fees.
Audit scope	• We performed an audit of the complete financial statements of the Company for the year ended 28 February 2017.
Materiality	• Overall materiality of $17 million (2016: $17 million), which represents 2% (2016: 2%) of total equity.
What has changed	• There has been no a change to the audit approach since prior year.

Continued on pages 82 to 86.

Independent Auditor's Report continued

to the members of JZ Capital Partners Limited

Our assessment of risk of material misstatement

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

Risk	Our response to the risk	What we concluded to the Audit Committee
Valuation of unquoted investments (2017: $1,069,180,000; 2016: US$ 984,698,000) *Refer to the Audit Committee Report (page 38); Accounting policies in Note 2 and 3, and Note 12 to the Financial Statements* 100% (2016: 94%) of the carrying value of investments relates to the Company's holdings in unquoted investments, which are valued using different valuation techniques, as defined in Note 5. The valuation is subjective, with a high level of judgement and estimation linked to the determination of the values with limited market information available. As a result, there is a risk of an inappropriate valuation model being applied, together with the risk of inappropriate inputs to the model/calculation being selected. The valuation of the unquoted investments is the key driver of the Company's net asset value and total return. Incorrect valuation could have a significant impact on the net asset value of the Company and therefore the return generated for shareholders.	• We documented our understanding of the processes, policies and methodologies used by management for valuing unquoted investments and performed walkthrough tests to confirm our understanding of the systems and controls implemented; • We carried out the following substantive investment valuation procedures on a sample, of unquoted investments held by the Company. These substantive procedures comprised of: – agreeing the valuation per the financial statements back to the models used by management; – determined and challenged the appropriateness of the valuation techniques applied to unquoted investments and determined whether they were in accordance with IFRS and International Private Equity and Venture Capital Association (IPEVCA) guidelines; – testing all the significant inputs to the models to independent sources and evaluating whether all key terms of the unquoted investments had been considered in the application of the models; – testing the mathematical accuracy of the calculations; – testing qualitative factors such as the key assumptions made by management and other information provided by the Investment Advisor that supports the EBITDA multiples used to value unquoted investments, specifically the comparable multiples used which were based on a basket of similar listed companies and any liquidity adjustments thereafter; and – agreed the proposed values per the valuation decks received from the Investment Advisor to the investment portfolio report prepared by the Administrator. • We engaged our own internal valuation experts in relation to the valuation of a sample of investments in real estate assets to:	We reported to the Audit Committee that the carrying amount of one investment in the Company's real estate portfolio did not, in our opinion, adequately reflect the incremental risk of securing planning approval in respect of an independent valuation based on a buildable area greater than the zoning code base tables. The potential overstatement is not considered material by the Directors or ourselves, and we have sought specific representation from the Directors on this point. Other than the above, there were no other matters identified to report.

Risk	Our response to the risk	What we concluded to the Audit Committee
	– assist us to determine whether the methodologies used to value real estate assets were consistent with methods usually used by market participants for these types of real estate investments; and – use their knowledge of the market to assess and corroborate management's market related judgements and valuation inputs (i.e. discount rates, rental per square foot, selling price per square foot, recent relevant transaction data and buildable area) by reference to comparable transactions, and independently compiled databases/indices.	
Existence and ownership of investment in real estate assets (2017: $468,599,000; 2016: $366,158,000) *Refer to the Audit Committee Report (page 38); Accounting policies in Note 2 and 3, and Note 12 to the Financial Statements.* Risk that real estate assets presented in the financial statements do not exist or the Company does not have title of ownership. Due to the significance of the carrying value of real estate assets, there is a risk that if the Company did not have good title, the carrying value of these investments could be materially overstated. Our risk is specifically in respect of real estate assets due to the complexity of their ownership structure, the increase in relative significance of their carrying value as a percentage of the total investment portfolio and the fact that we have not historically identified issues with title to other investments held by the company for which holding structures are less complex.	• We documented our understanding of the processes, used by management in respect of the existence of real estate investments and performed walkthrough tests to confirm our understanding of the systems and controls implemented. • Performance of substantive audit procedures over real estate assets existence including: – obtained independent confirmations from all underlying investee companies through the holding structure and confirmed that the company has title to all real estate investments; – obtained copies of the deeds and mortgage bond documents (where applicable) for a sample of properties; and – obtained contracts/ agreements for all new investments entered into during the year to support the initial recognition and associated terms and conditions.	We confirmed that there were no matters identified during our audit work on existence of real estate assets that we wanted to bring to the attention of the Audit Committee.

Independent Auditor's Report continued

to the members of JZ Capital Partners Limited

Risk	Our response to the risk	What we concluded to the Audit Committee
Calculation of management and incentive fees (2017: $29,269,000; 2016: $30,960,000) *Refer to the Audit Committee Report (page 38); Accounting policies in Note 2 and Note 10 to the Financial Statements.* Risk that losses may be incurred as a result of intentional or inadvertent misstatement of management and performance fees, or as a result of errors in processing financial information.	• We have performed specific audit procedures over the fair value of the investments on which the management and incentive fees are based, as noted above; and • We re-performed the management and incentive fee calculations for mathematical accuracy and consistency with the terms of the investment advisory agreement.	We confirmed that there were no matters identified during our audit work on the calculation of management and incentive fees that we wanted to bring to the attention of the Audit Committee.

The scope of our audit

Tailoring the scope

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

Our application of materiality

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

Materiality

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

We determined materiality for the Company to be $17 million (2016: $17 million), which is 2% (2016: 2%) of total equity.

This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

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

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

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

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2016: 50%) of our planning materiality, namely $12.7 million (2016: $8.5 million). Performance materiality in 2016 was set at 50% due to the existence of audit adjustments during the 2015 audit cycle. These had significantly reduced during the 2016 cycle. Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the financial Statements did not exceed our materiality level.

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $0.85 million (2016: $0.85 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Scope of the audit of the financial statements

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 30 to 31, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the Directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the Audit Committee that we consider should have been disclosed.	We have no exceptions to report.

Independent Auditor's Report continued

to the members of JZ Capital Partners Limited

Companies (Guernsey) Law 2008 reporting	We are required to report to you if, in our opinion: • proper accounting records have not been kept; or • the financial statements are not in agreement with the accounting records; or • we have not received all the information and explanations we require for our audit.	We have no exceptions to report.

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

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

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

16 May 2017

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

Company Advisers

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

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Les Banques
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Number 48761

Administrator, Registrar and Secretary
Northern Trust International Fund Administration Services (Guernsey) Limited
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UK Transfer and Paying Agent
Equiniti Limited
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(Also provides custodian services to JZ Capital Partners Limited under the terms of a Custody Agreement).

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

Useful Information for Shareholders

Listing

JZCP Ordinary, Zero Dividend Preference ("ZDP") shares and Convertible Unsecured Loan Stock ("CULS") 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 and CULS.

ISIN/SEDOL Numbers

	Ticker Symbol	ISIN Code	Sedol Number
Ordinary shares	JZCP	GG00B403HK58	B403HK5
ZDP (2022) shares	JZCZ	GG00BZ0RY036	Z0RY03
CULS	JZCC	GG00BP46PR08	BP46PR0

Alternative Performance Measures

In accordance with ESMA Guidelines on Alternative Performance Measures ("APMs") the Board has considered what APMs are included in the annual 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 annual 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, four-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 dilution per share caused by the 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 year ended 28 February 2017 was 2.7% (2016: -3.5%) which includes dividends paid of 30.5 cents (2016: 33.5 cents).

Total Shareholder Return

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, four-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 year ended 28 February 2017 was 42.8% (2016: 2.0%) which includes dividends paid (Sterling equivalent) of 21.7 cents (2016: 23.0 cents).

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 28 February 2017, JZCP's Ordinary shares traded at £5.38 (2016: £3.97)) or $6.69 (2016: $5.53) being the Dollar equivalent using the year end exchange rate of £1: $1.24 (2016 £1: $1.39). The shares traded at a 34% (2016: 46%) discount to the NAV per share of $10.12 (2016: $10.15).

Implied Dividend Yield

The implied dividend yield is the annual dividends paid during the year expressed as a percentage of the year end share price. The implied dividend yield for JZCP is quoted at 4.5% (2016: 6.1%) being the Sterling equivalent, using the year end exchange rate, of the dividends paid during the year 30.5 cents/24.5 pence (2016: 33.5 cents/24.0 pence) as a percentage of the year end share price £5.38 (2016; £3.97).

Ongoing Charges Calculation

A measure expressing the Ongoing annualised expenses as a percentage of the Company's average annualised net assets over the year 2.3% (2016: 2.4%). Ongoing charges, or annualised recurring operating expenses, are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the company, excluding the Investment Adviser's Incentive fee, financing charges and gains/losses arising on investments.

Ongoing expenses for the year are $19,415,000 (2016: $18,223,000) comprising of the IA base fee $16,865,000 (2016: $15,510,000), administrative fees $2,135,000 (2016: $2,298,000) and Directors fees $415,000 (2016: $415,000). Average net assets for the year are calculated using quarterly NAVs $857,768,000 (2016: $748,931,000).

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 advisors as an investment for UK retail investors.

Financial Diary

Annual General Meeting	27 June 2017
Interim report for the six months ended 31 August 2017	October/November 2017 (date to be confirmed)
Results for the year ended 28 February 2018	May 2018 (date to be confirmed)

JZCP will be issuing an Interim Management Statement for the quarters ending 31 May 2017 and 30 November 2017. These Statements will be sent to the market via RNS within six weeks from the end of the appropriate quarter, and will be posted on JZCP's website at the same time, or soon thereafter.

Payment of Dividends

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.

Internet Address

The Company: www.jzcp.com

Foreign Account Tax Compliance Act

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

Useful Information for Shareholders continued

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 15 minutes prior to and during the meeting:

(a) the Register of Directors' Interests in the stated capital of the Company;
(b) the Articles of Incorporation of the Company; and
(c) the terms of appointment of the Directors.

Warning to Shareholders – Boiler Room Scams

In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you are offered, for example, unsolicited investment advice, discounted JZCP shares or a premium price for the JZCP shares you own, you should take these steps before handing over any money:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the FCA before getting involved by visiting http://www.fca.org.uk/firms/systems-reporting/register
- Report the matter to the FCA by calling 0800 111 6768
- If the calls persist, hang up
- More detailed information on this can be found on the Money Advice Service website www.moneyadviceservice.org.uk

US Investors

General

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

(a) is a "US person" (as defined in Regulation S under the US Securities Act of 1933, as amended) and not a "qualified purchaser" (as defined in the US Investment Company Act of 1940, as amended, 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 92).

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

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

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

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

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

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

Useful Information for Shareholders continued

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

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

(a) The Non-ERISA Plan is not a Benefit Plan Investor;
(b) The decision to commit assets of the Non-ERISA Plan for investment in the Company was made by fiduciaries independent of the Company, the Board, the Investment Advisor and any of their respective agents, representatives or affiliates, which fiduciaries (i) are duly authorised to make such investment decision and have not relied on any advice or recommendations of the Company, the Board, the Investment Advisor or any of their respective agents, representatives or affiliates and (ii) in consultation with their advisers, have carefully considered the impact of any applicable federal, state or local law on an investment in the Company;
(c) None of the Company, the Board, the Investment Advisor or any of their respective agents, representatives or affiliates has exercised any discretionary authority or control with respect to the Non-ERISA Plan's investment in the Company, nor has the Company, the Board, the Investment Advisor or any of their respective agents, representatives or affiliates rendered individualised investment advice to the Non-ERISA Plan based upon the Non-ERISA Plan's investment policies or strategies, overall portfolio composition or diversification with respect to its commitment to invest in the Company and the investment program thereunder; and
(d) It acknowledges and agrees that it is intended that the Company will not hold plan assets of the Non-ERISA Plan and that none of the Company, the Board, the Investment Advisor or any of their respective agents, representatives or affiliates will be acting as a fiduciary to the Non-ERISA Plan under any applicable federal, state or local law governing the Non-ERISA Plan, with respect to either (i) the Non-ERISA Plan's purchase or retention of its investment in the Company or (ii) the management or operation of the business or assets of the Company. It also confirms that there is no rule, regulation, or requirement applicable to such purchaser or transferee that is inconsistent with the foregoing description of the Company, the Board and the Investment Advisor.

US Tax Matters

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

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

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

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

The Company has been advised that it is NOT a passive foreign investment company ("PFIC") for the fiscal years ended February 2016 and 2015. A classification as a PFIC would likely have an 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/IAPD/IAPDFirmSummary.aspx?ORG_PK=160932

THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take or the contents of this document, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are a resident in the United Kingdom or, if not, from another appropriately authorised financial adviser without delay.

If you sell or have sold or otherwise transferred all of your registered holding of shares, please send this document, together in the case of holders of Ordinary Shares with the accompanying Form of Proxy, at soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be sent in or into any jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction.

Notice of Annual General Meeting

JZ CAPITAL PARTNERS LIMITED (Company No. 48761) (the “Company”) Notice is hereby given that the Ninth Annual General Meeting of the Company will be held at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL, Channel Islands on 27 June 2017 at 13:15 BST to consider and, if thought fit, pass the following resolutions.

Resolution on Form of Proxy	Agenda
	1. To elect a Chairman of the meeting.
Ordinary Resolution 1	2. To consider and approve the Annual Report and Financial Statements of the Company for the Year ended 28 February 2017.
Ordinary Resolution 2	3. To re-elect Ernst & Young LLP as Auditor of the Company until the conclusion of the next Annual General Meeting.
Ordinary Resolution 3	4. To authorise the Board of Directors to determine the Auditor’s remuneration.
Ordinary Resolution 4	5. To receive and adopt the Directors’ remuneration report for the year ended 28 February 2017.
Ordinary Resolution 5 (see Note 1)	6. To re-elect Mr David Macfarlane as a Director of the Company in accordance with the Articles of Incorporation of the Company and Section B.7.1 of the UK Corporate Governance Code.
Ordinary Resolution 6 (see Note 1)	7. To re-elect Mr Patrick Firth as a Director of the Company in accordance with the Articles of Incorporation of the Company and Section B.7.1 of the UK Corporate Governance Code.

Ordinary resolution 7
(see Note 1)

8. To re-elect Mr James Jordan as a Director of the Company in accordance with the Articles of Incorporation of the Company and Section B.7.1 of the UK Corporate Governance Code.

Ordinary resolution 8
(see Note 1)

9. To re-elect Ms Tanja Tibaldi as a Director of the Company in accordance with the Articles of Incorporation of the Company and Section B.7.1 of the UK Corporate Governance Code.

Ordinary resolution 9
(see Note 1)

10. To re-elect Mr Christopher Waldron as a Director of the Company in accordance with the Articles of Incorporation of the Company and Section B.7.1 of the UK Corporate Governance Code.

To consider the following special business

Ordinary resolution 10
(see Note 2)

11. To authorise the Directors in accordance with Article 4(8) of the Articles of Incorporation of the Company (the "Articles") to: (a) allot equity securities (as defined in the Articles) of the Company for cash; and (b) sell ordinary shares (as defined in the Articles) held by the Company as treasury shares for cash, as if Article 4(8) of the Articles did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities for cash and the sale of treasury shares up to an aggregate amount of 8,390,751 ordinary shares, such authority to expire at the conclusion of the general meeting of the Company to be held in 2018 or on 30 June 2018, whichever is the earlier, save that the Company may before such expiry make any offer or agreement that would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the Directors may allot equity securities, or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

10\. Any other business.

By Order of the Board

For and on behalf of Northern Trust International Fund Administration Services (Guernsey) Limited
Secretary

16 May 2017

Notice of Annual General Meeting continued

Information Note 1
Re-election of Directors

Resolutions 5, 6, 7, 8 and 9 relate to the proposed re-election of Mr David Macfarlane, Mr Patrick Firth, Mr James Jordan, Ms Tanja Tibaldi and Mr Christopher Waldron, respectively as Directors of the Company. Biographical details of Mr Macfarlane, Mr Firth, Mr Jordan, Ms Tibaldi and Mr Waldron as all of the Directors standing for re-election appear on page 26 of the Annual Report and Financial Statements of the Company for the Year ended 28 February 2017. Under the Articles of Incorporation of the Company, each Director of the Company shall retire from office at the third annual general meeting after his or her appointment or (as the case may be) the general meeting at which he or she was last re-appointed. A Director retiring at a meeting shall be eligible for reappointment. Accordingly, Mr Waldron, having been last re-elected at the Sixth Annual General Meeting of the Company on 19 June 2014, submits himself for re-election as a Director of the Company. In accordance with the UK Corporate Governance Code, non-executive directors who have served longer than nine years should put themselves forward for annual re-election. Accordingly, Mr Macfarlane, Mr Firth, Mr Jordan and Ms Tibaldi having been appointed to the Board since 14 April 2008 submit themselves for re-election as Directors of the Company. The Board has considered the skills and experience of all of the Directors standing for re-election and is satisfied that, following individual formal performance evaluations, each such Director continues to be effective and to demonstrate commitment to the role and so each is suitable for re-election.

Information Note 2
Disapplication of Pre-emption Rights

Resolution 10 will grant the Directors a power to allot equity securities (as defined in the Articles of Incorporation of the Company) or sell Ordinary Shares held by the Company as treasury shares for cash and otherwise than to existing shareholders pro rata to their holdings. The powers granted at the last annual general meeting of the Company held on 17 June 2016 is due to expire at this year's Annual General Meeting. Accordingly, resolution 10 will be proposed to grant such a power. Apart from offers or invitations in proportion to the respective number of shares held, the power will be limited to the allotment of equity securities and sales of Ordinary Shares held by the Company as treasury shares for cash up to an aggregate amount of 8,390,751 Ordinary Shares (being ten per cent of the Company's issued Ordinary Share capital at 16 May 2017, being the latest practicable date prior to publication of this document). If given, this power will expire at the conclusion of the next annual general meeting of the Company to be held in 2018 or on 30 June 2018, whichever is the earlier.

Recommendation

The Board considers all of the resolutions at the Annual General Meeting as set out in this document to be in the best interests of holders of Ordinary Shares as a whole and accordingly the Board unanimously recommends that holders of Ordinary Shares vote in favour of the resolutions, as the Directors intend to do in respect of their own beneficial holdings.

Notes re your Form of Proxy and Voting at the Annual General Meeting

When considering what action you should take, you should seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are a resident in the United Kingdom or, if not, from another appropriately authorised financial adviser without delay.

If you sell or have sold or otherwise transferred all of your registered holding of shares, please send this document, together in the case of holders of Ordinary Shares with the accompanying Form of Proxy, at soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be sent in or into any jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction.

Rights to Attend and Vote

In accordance with the Articles of Incorporation, only the holders of Ordinary Shares are entitled to attend and vote on all matters at the Annual General Meeting. The holders of the Zero Dividend Preference Shares are not entitled to attend or vote at the Annual General Meeting.

Subject to the Articles of Incorporation, a holder of Ordinary Shares shall have one vote in respect of each Ordinary Share held by him or her. For the purposes of the resolutions at the Annual General Meeting, this means that the votes in respect of Ordinary Shares that are cast in relation to resolutions 5, 6, 7 8 and 9 concerning the appointment or removal of Directors will be counted in accordance with Article 14(17) of the Articles of Incorporation.

The Company specifies that, in order to have the right to attend and vote at the Annual General Meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company by no later than 18:30 BST on 23 June 2017, or in the event that the meeting is adjourned, by no later than 18:30 BST on the date two days before the date of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

Proxies

A member entitled to attend and vote may appoint a proxy or proxies who need not be a member of the Company to attend and to vote instead of him or her. A member may appoint more than one proxy in relation to the Annual General Meeting, provided that each proxy is appointed to exercise the rights attached to different Ordinary Shares held by him or her.

If it is desired to appoint a proxy or proxies, the name(s) of the proxy or proxies desired must be inserted in the space provided on the Form of Proxy. If no name(s) is entered, the return of the Form of Proxy duly signed will authorise the Chairman of the Annual General Meeting or the Company Secretary to act as your proxy.

Please indicate with an "X" in the appropriate box on the Form of Proxy how you wish your vote to be cast in respect of each resolution at the Annual General Meeting. If you do not insert an "X" in the appropriate box on the Form of Proxy your proxy will vote or abstain at his or her discretion.

If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the appropriate box on the Form of Proxy the number of Ordinary Shares in relation to which they are authorised to act as your proxy. If the box is left blank, your proxy will be deemed to be authorised in respect of your full voting entitlement (or if the Form of Proxy has been issued in respect of a designated account for a member, the full voting entitlement for that designated account). To appoint more than one proxy (an) additional proxy form(s) may be obtained by contacting Equiniti Limited by telephone on 0371 384 2030 or +44 121 415 7047 if calling from outside the United Kingdom (Lines are open 8.30 BST to 17.30 BST, Monday to Friday) or you may photocopy the Form of Proxy. Please insert in the space provided and in the appropriate box on the Form of Proxy (see above) the proxy holder's name and the number of Ordinary Shares in relation to which they are authorised to act as your proxy. Please also indicate with an "X" in the appropriate box on the Form of Proxy if the proxy instruction is one of the multiple instructions being given. All Forms of Proxy must be signed and should be returned together in the same envelope.

For the purpose of resolutions 5, 6 7, 8 and 9 concerning the appointment or removal of Directors, please certify (by indicating with an "X" in the appropriate box on the Form of Proxy) that at the time of the Annual General Meeting, and in the event that the meeting is adjourned, at the adjourned meeting: (i) you will **NOT** be a US resident; and/or (ii) to the extent you hold Ordinary Shares for the account or benefit of any other person, such person will **NOT** be a US resident (a "**Certifying Shareholder**"). If you are unable to make those certifications you must leave the box blank. If the box is left blank, you will be deemed to be a Non-Certifying Shareholder (as defined in the Articles of Incorporation) and your votes on those resolutions in respect of your Ordinary Shares will be counted in accordance with Article 14(17) of the Articles of Incorporation.

For the purposes of the certifications, "US resident" has the meaning contemplated by Rule 3b-4 under the US Securities Exchange Act of 1934, as amended.

If you are a nominee holding Ordinary Shares on behalf of multiple holders of Ordinary Shares, for each of the resolutions 5, 6, 7, 8 and 9 concerning the appointment or removal of Directors, please insert in the appropriate boxes on the Form of Proxy the number of votes in respect of Ordinary Shares that are cast in respect of each such resolution by Certifying Shareholders and the number of votes in respect of Ordinary Shares that are cast in respect of each such resolution by Non-Certifying Shareholders. In order to cast votes on behalf of Certifying Shareholders, you must have received in writing from the Certifying Shareholders the certifications set forth above establishing them as Certifying Shareholders. If boxes are left blank in respect of a resolution(s), the votes in respect of Ordinary Shares that are cast in respect of that resolution(s) will be deemed to be cast by Non-Certifying Shareholders and the votes in respect of the relevant Ordinary Shares will be counted in accordance with Article 14(17) of the Articles of Incorporation.

Notice of Annual General Meeting continued

The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation under its common seal or under the hand of an officer or attorney duly authorised.

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited with Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom not less than 48 hours (excluding any part of a day that is not a working day) before the time for holding the Annual General Meeting, or in the event that the meeting is adjourned, not less than 48 hours (excluding any part of a day that is not a working day) before the time for holding the adjourned meeting and in default unless the Board directs otherwise the instrument of proxy shall not be treated as valid.

The Form of Proxy may be sent by post or transmitted to Equiniti Limited. "By post" means by registered post, recorded delivery service or ordinary letter post and "transmitted" means transmitted by electronic communication. Accordingly, you may send the Form of Proxy by post to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom or transmit it by email to proxy.votes@equiniti.com (and in the case of email with the original to follow by post to Equiniti Limited). In the case of email, should the original Form of Proxy not be received by post the electronic version shall still be treated as valid (provided it is returned before the proxy cutoff as detailed above).

If you are sending the Form of Proxy by post from outside the United Kingdom, you will need to place the Form of Proxy in a reply paid envelope and post the envelope to Equiniti Limited. In order to ensure that the Form of Proxy is received before the proxy cutoff date as detailed above, you should also transmit the Form of Proxy by email.

To change your proxy instructions, simply submit anew proxy appointment using the method set out above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. Please note that the cutoff time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cutoff time will be disregarded.

The appointment of a proxy, by instrument in writing or electronically, will not preclude a member so entitled from attending the Annual General Meeting and voting in person should they wish to do so.

Joint holders

All joint holders of Ordinary Shares should be named but the signature of any one is sufficient. In all cases, names must be entered as they appear on the register of members of the Company.

Where there are joint registered holders of any Ordinary Shares such persons shall not have the right of voting individually in respect of such Ordinary Share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the register of members shall alone be entitled to vote.

CREST

CREST members will not be able to appoint a proxy or proxies through the CREST electronic proxy appointment service.

Corporate representatives

Any corporation which is a holder of Ordinary Shares may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting and the person so authorised shall be entitled to exercise on behalf of the corporation he or she represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual member.

Representatives of holders of Ordinary Shares that are corporations will have to produce evidence of their proper appointment when attending the Annual General Meeting. Please contact Equiniti Limited if you need any further guidance on this.

Limitations of electronic addresses

You may not use any electronic address provided in either this Notice of Annual General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

The address of the website where certain Annual General Meeting information is available

A copy of this Notice of Annual General Meeting can be found on the Company's website at www.jzcp.com.

Form of Proxy

JZ CAPITAL PARTNERS LIMITED (Company No. 48761) (the "Company")

I/We, ______________________________

Please insert Ordinary Shareholder/Shareholders name using block capitals. Please note if the shareholder(s) name is not inserted the Form of Proxy cannot be used.

of ______________________________ being an Ordinary Shareholder/Shareholders

of JZ Capital Partners Limited HEREBY APPOINT

(full name)

____

of (address)

____

or failing him (or if no name(s) is entered above), the Chairman of the Annual General Meeting or the Company Secretary as my/our proxy to attend and vote on my/our behalf at the Ninth Annual General Meeting of the Company to be held at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL, Channel Islands on 27 June 2017 at 13.15 BST, and at any adjournment thereof, and in respect of the resolutions set out in the Notice of Annual General Meeting dated 16 May 2017 to vote as indicated below.

If the proxy is being appointed in relation to less than your full voting entitlement, please insert in the first box below the number of Ordinary Shares in relation to which the proxy is authorised to act. If the box is left blank, the proxy will be deemed to be authorised in respect of your full voting entitlement or, if applicable, your full voting entitlement of a designated account.

Please also indicate with an "X" in the second box below if the proxy instruction is one of the multiple instructions.

Number of Ordinary shares authorised: [ ]

Multiple instructions: [ ]

Please mark the voting boxes below with an "X" to indicate your instruction 'For', 'Against' or 'Abstain'.

	Ordinary Resolutions	For	Against	Abstain
1	To consider and approve the Annual Report and Financial Statements of the Company for the Year ended 28 February 2017.			
2	To re-elect Ernst & Young LLP as Auditor of the Company until the conclusion of the next Annual General Meeting.			
3	To authorise the Board of Directors to determine the Auditor's remuneration.			
4	To receive and adopt the Directors' remuneration report for the year ended 28 February 2017.			
5	To re-elect Mr David Macfarlane as a Director of the Company in accordance with the Articles of Incorporation of the Company and Section B.7.1 of the UK Corporate Governance Code.			

Please trim along dotted line, fold and insert into the supplied reply paid envelope.

	Ordinary Resolutions	For	Against	Abstain
6	To re-elect Mr Patrick Firth as a Director of the Company in accordance with the Articles of Incorporation of the Company and Section B.7.1 of the UK Corporate Governance Code.			
7	To re-elect Mr James Jordan as a Director of the Company in accordance with the Articles of Incorporation of the Company and Section B.7.1 of the UK Corporate Governance Code.			
8	To re-elect Ms Tanja Tibaldi as a Director of the Company in accordance with the Articles of Incorporation of the Company and Section B.7.1 of the UK Corporate Governance Code.			
9	To re-elect Mr Christopher Waldron as a Director of the Company in accordance with the Articles of Incorporation of the Company and Section B.7.1 of the UK Corporate Governance Code.			
	Special business by ordinary resolution			
10	To authorise the Directors in accordance with Article 4(8) of the Articles of Incorporation of the Company (the "Articles") to: (a) allot equity securities (as defined in the Articles) of the Company for cash; and (b) sell ordinary shares (as defined in the Articles) held by the Company as treasury shares for cash, as if Article 4(8) of the Articles did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities for cash and the sale of treasury shares up to an aggregate amount of 8,390,751 ordinary shares, such authority to expire at the conclusion of the general meeting of the Company to be held in 2018 or on 30 June 2018, whichever is the earlier, save that the Company may before such expiry make any offer or agreement that would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the Directors may allot equity securities, or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired.			

For the purpose of resolutions 5 to 9, please certify (by indicating with an "X" in the first box below) that at the time of the Annual General Meeting, and at any adjournment thereof: (i) you will ***NOT*** *be a US resident; and/or (ii) to the extent you hold Ordinary Shares for the account or benefit of any other person, such person will* ***NOT*** *be a US resident (a "****Certifying Shareholder****"). If you are unable to make those certifications you must leave the box blank. If the box is left blank, you will be deemed to be a Non-Certifying Shareholder (as defined in the Articles of Incorporation).*

If you are a nominee holding Ordinary Shares on behalf of multiple holders of Ordinary Shares, please leave the first box below blank and instead for each of the resolutions 5, 6, 7, 8 and 9 please insert in the second group of boxes below the number of votes in respect of Ordinary Shares that are cast in respect of each such resolution by Certifying Shareholders and Non-Certifying Shareholders. In order to cast votes on behalf of Certifying Shareholders, you must have received in writing from the Certifying Shareholders the certifications required to establish them as Certifying Shareholders. If boxes are left blank in respect of a resolution(s), the votes in respect of Ordinary Shares that are cast in respect of that resolution(s) will be deemed to be cast by Non-Certifying Shareholders.

Please trim along dotted line, fold and insert into the supplied reply paid envelope.

By inserting an "X" in the box opposite, I/we certify that at the time of the Annual General Meeting, and at any adjournment thereof: (i) I/we will **NOT** be a US resident; and/or (ii) to the extent I/we hold Ordinary Shares for the account or benefit of any other person, such person will **NOT** be a US resident.

To be completed by Nominees **ONLY**:

Resolution	Number of votes in respect of Ordinary Shares cast by Certifying Shareholders			Number of votes in respect of Ordinary Shares cast by Non-Certifying Shareholders		
	For	Against	Abstain	For	Against	Abstain
5						
6						
7						
8						
9						

Signature(s) ______________________________

Dated ______________________________

In order to be valid at the above meeting this proxy must be completed and returned to arrive no later than 13.15 BST on Friday, 23 June 2017, or in the event that the Annual General Meeting is adjourned, not less than 48 hours (excluding any part of a day that is not a working day) before the time for holding the adjourned meeting. You may return the form of proxy by post to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom or by email to proxy.votes@equiniti.com (and in the case of email with the original to follow by post to Equiniti Limited). In the case of email, should the original form of proxy not be received by post the electronic version shall still be treated as valid (provided it is returned before the proxy cutoff date as detailed above).

If you are returning this proxy by post from outside the United Kingdom, you will need to place the Form of Proxy in a reply paid envelope and post the envelope to Equiniti Limited. In order to ensure that this proxy is received before the proxy cutoff date detailed above, you should also return the Form of Proxy by email.

Please trim along dotted line, fold and insert into the supplied reply paid envelope.

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Notes

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