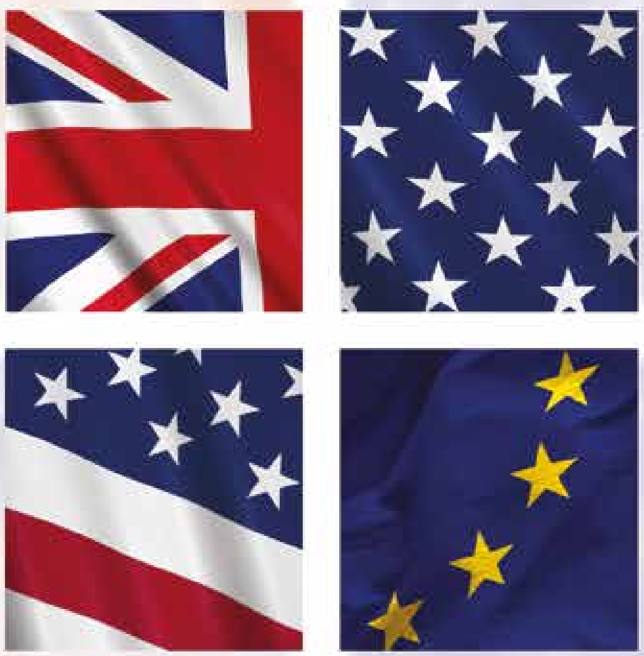

JZ CAPITAL PARTNERS LIMITED

Annual Report and Accounts
For the year ended 28 February 2015

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JZ Capital Partners Limited is a member of the Association of Investment Companies.

Who We Are

Corporate Objective

"To create a portfolio of investments providing a superior overall return comprised of a current yield and significant capital appreciation."

About Us

JZ Capital Partners Limited ("JZCP") invests in high-quality US and European micro cap companies, as well as real estate properties in the US. JZCP's investment objective is to provide an overall total return comprised of dividend yield plus stock appreciation. The current Board policy is to pay a dividend equal to 3% of net asset value, paid through semi-annual instalments.

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") and dividend 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 we have investments in Brooklyn, New York and Miami, Florida. Our 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 ten 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 Market 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 high-quality 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 Highlights

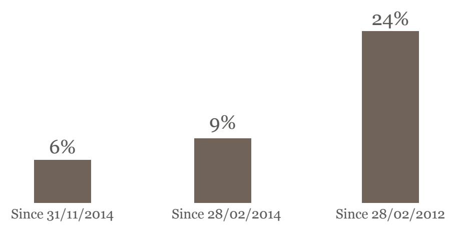
"Our pre-dividend NAV grew 8.9%, fuelled by earnings growth across our micro cap and real estate portfolios."

Results Highlights

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

NAV per share increased to US$10.85 (after dividends paid of 31 cents) from US$10.25 (28 February 2014). Total NAV return for the year including dividends paid was 8.9%.

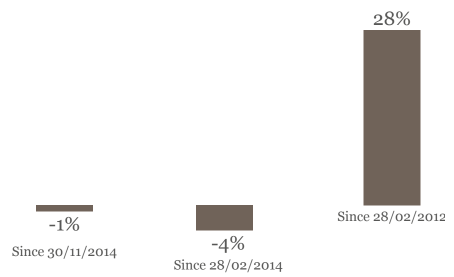
Total NAV Returns



Share Price and Shareholder Returns

The share price fell from £4.45 at 28 February 2014 to £4.09 at 28 February 2015. Total Shareholder return for the year including dividends paid was –3.9%.

Total Shareholder Returns



NAV to Market Price Discount

	28/02/2015	28/02/2014	28/02/2012	28/02/2010
Discount to NAV at year end	42%	27%	38%	41%

Long-term Performance Record*

	3 Year	5 Year	10 Year***
Total NAV return in US$**	26.1%	77.8%	73.2%
Total Shareholder return in £**	31.5%	84.2%	–5.8%

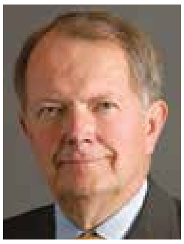
* Returns are calculated on the basis that dividends paid by the Company are reinvested.

** Total NAV returns for 10 year period are adjusted to compensate for the dilution of shares issued at a discount to NAV (June 2009).

*** Ten Year performance includes the performance of JZ Equity Partners Plc ("JZEP"). In June 2008, JZCP was launched in a scheme of reconstruction and voluntary winding up of JZEP. JZEP's assets were transferred in specie to JZCP and JZCP issued to JZEP Shareholders one share for each JZEP share held.

Chairman's Statement

"It has been a significant 12 months, both strategically and operationally for the Company. Whilst the underlying assets have continued to perform steadily, we have been busy preparing JZCP for a more secure, long-term future."



I am pleased to report the results of JZ Capital Partners ("JZCP" or the "Company") for the 12 month period ended 28 February 2015.

Market Backdrop and Performance

The Company's buoyant performance over the last 12 months has been set against the beginnings of a global recovery taking place, which has been supported by low energy prices and loose monetary policy.

Performance in the Eurozone overall has improved, helped by measures taken by the ECB to boost prices and growth in the form of quantitative easing. Further afield, the US Federal Reserve ended its US$4.5 trillion bond-buying programme in October, but committed to keeping record low interest rates for a considerable time. The end of the fiscal year was dominated by financial turmoil in Greece and with the outcome still uncertain, it has the potential to further unsettle markets.

Within this market environment, the Board is pleased to announce that JZCP has produced another strong set of full year results, having achieved pre-dividend NAV growth of 8.9%, increasing from US$10.25 to US$11.16 at the end of the period. The Company's history of consistent NAV growth reflects the quality of the underlying portfolio as the majority of assets across the US and European micro cap and the new real estate strategies continue to perform well. Our shareholders have benefitted from this track record with the Company delivering solid long-term total shareholder return performance of 79.8% over the five years to 28 February 2015, compared to 64.8% from the FTSE All Share.

Strategic Developments

It has been a significant year, both strategically and operationally for the Company. The recent amendments to the Company's investment policy, which enable the Investment Adviser to take advantage of a wider range of investment opportunities as well as providing the flexibility to adapt as market opportunities warrant, received shareholder approval earlier this year.

This is a significant step forward for the Company, the success of which has largely been due to its opportunistic investment strategy and its ability to deploy capital in a nimble manner and the Board believes it will provide a solid foundation on which to continue growing the Company.

Portfolio Update

It has been one of the most active investment periods to date for the Company, putting US$226.5 million to work across the three main portfolios – US and European micro cap and US real estate – whilst realisations generated US$219.4 million, primarily from the sale of four US micro cap businesses and our remaining Safety Insurance stock.

The US and European micro cap strategies continue to be the fundamental drivers and key differentiators of the Company's investment strategy, whilst US real estate becomes an increasingly significant proportion of the Company's portfolio. At the end of the period, the total portfolio consisted of 53 businesses across eight industries in the US and Europe and 27 properties located across New York and Miami.

US Micro Cap

The US micro cap portfolio continues to perform well and further progress has been made with investments and realisations. The portfolio has seen a valuation increase of US$0.47 cents per share, led by significant uplifts from the sale of Milestone Aviation (US$0.27) and Dental Services Group (US$0.22). Highlights included an investment of US$9.1 million in Paragon Water Systems, a designer and manufacturer of portable water filtration systems for use in homes and commercial locations, and a number of highly accretive add-on acquisitions to our Industrial Services Solutions vertical.

European Micro Cap

Our value-orientated approach in Europe has further diversified geographically with an investment made in Italy during the period to add to the existing eight investments in Spain and the single assets in the UK and Germany, which combined represent 24.7% of total assets.

Chairman's Statement continued

During the period, the Company invested €3.2 million in Fincontinuo, a leading independent consumer lending platform in Italy. The Company is investing alongside Avenue Capital and expects to invest a total of approximately €20 million. The Company also invested an additional €2.4 million in One World Packaging, a manufacturer of highly advanced biodegradable packaging. Post-period, the Company made its first investment in Denmark through the acquisition of S.A.C., a van leasing company, for €7.6 million.

The Company's investments in Europe are mainly made through the EuroMicrocap Fund 2010, LP.

Real Estate

The Board is pleased with the significant progress the Company has made in building a balanced portfolio of retail and residential properties in conjunction with our partner, RedSky Capital. We're delighted to report that the portfolio now includes assets in Miami, Florida building on the success in Brooklyn, New York.

During the period, the Company invested US$11.7 million to acquire its first property in Miami, located in the Wynwood neighbourhood, and post-period, a further US$16.4 million to acquire three properties, one located in the Wynwood neighbourhood and two located in the Design District neighbourhood of Miami. As of 30 April 2015, JZCP has invested approximately US$185.9 million in 30 properties with an approximate total gross value of US$684.9 million.

Realisations

There have been six significant realisations generating most of the US$219.4 million received during the period. These include the Company's realisation of its investment in Safety Insurance, a provider of personal property and casualty insurance through two block trades, totalling US$57.3 million. The Company also realised its investment in Milestone Aviation, the world's largest helicopter leasing company for US$41.8 million. In addition, the Company received proceeds of US$50.5 million from the sale of Dental Services Group, a network of laboratories across North America providing dentists and dental practices with a wide range of laboratory services.

Capital Structure

The Company's debt comprises a short term loan of US$50 million due for repayment in June 2015, the US$65.7 million of CULS which we raised last year, the Zero Dividend Preference shares ("ZDPs") due to be redeemed at £76.6 million, approximately US$118 million at current exchange rates, in June 2016, and US$40 million in a margin facility secured by our UK gilts and corporate bonds.

Discussions are at an advanced stage for the procurement of a new long term loan agreement for US$100 million. Part of this will be applied in repayment of the short term loan of US$50 million. In light of this new long term loan, the Board no longer intends to issue a second tranche of CULS at the current time.

It is important to note that the Company finished the year with US$125 million in cash net of margin loan and marketable securities, in excess of the amount required for the repayment of ZDPs in 2016.

It is the plan of the Board and the Investment Adviser that the redemption of the ZDPs in June 2016 will, whilst allowing for a continued investment programme, be funded through a combination of existing liquidity, a programme of realisations principally of identified US micro cap investments and select refinancings of assets within the US real estate portfolio.

Distributions

In accordance with their policy of distributing 3% of NAV per annum in two equal instalments, the Directors declared a second dividend of 17.5 cents per share for the six months ended 28 February 2015, compared to 16.0 cents for the period ended 28 February 2014. Having already paid a first interim dividend of 15.0 cents, this implies an annualised yield as at 28 February 2015 of 5.1%.

NAV Discount

We are disappointed with the discount to NAV at which JZCP's shares currently trade. The Directors' view remains that, while all available options are regularly assessed, the conventional discount control devices have no long-term effect for a listed private equity company and that the solutions to the issue lie in the combination of a less restrictive and clear investment policy, coupled with continued strong performance and a healthy realisation pipeline.

Outlook

We have worked hard during the period to prepare the Company for a more secure, long-term future. The Board believes the Company is well positioned to use its strong balance sheet position and newly amended and more flexible investment strategy to take advantage of opportunities to acquire high quality companies at reasonable prices in both the US and Europe and significant value-add opportunities in the New York and Miami property markets.

David Macfarlane
Chairman
11 May 2015

Report of the Directors

The Directors present their Annual Report together with the audited financial statements of JZ Capital Partners Limited (the "Company") for the year ended 28 February 2015.

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"). In July 2014, the Company issued approximately US$65 million of CULS. The Company's Ordinary shares, ZDP Shares and CULS are traded on the London Stock Exchange's Specialist Fund Market. The Company's Ordinary share and ZDP share listings on the Channel Islands Securities Exchange were cancelled on 22 December 2014.

The Company's objective is to create a portfolio of investments providing a superior overall return comprised of a current yield and significant capital appreciation.

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;

(b) real estate or real estate linked investments and natural resources investments;

(c) debt opportunities, including mezzanine investments, comprising loans and high-yield securities, and listed bank debt, including both senior secured debt and second lien loans; and

(d) other debt and equity opportunities, including distressed debt and structured and off-balance sheet financings, derivatives and publicly traded securities.

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.

The above Investment Policy received shareholder approval at the EGM held on 26 February 2015. Shareholders also agreed to remove the limit of 40% of gross assets that applied to investing in businesses outside the United States.

Business Review

The total profit attributable to Ordinary shareholders for the year ended 28 February 2015 was US$59,210,000 (year ended 28 February 2014: profit of US$55,454,000). The revenue return for the year was US$20,802,000 (year ended 28 February 2014: US$29,178,000), after charging directors fees and administrative expenses of US$2,378,000 (year ended 28 February 2014: US$2,486,000) and Investment Adviser's base fee of US$12,976,000 (year ended 28 February 2014: US$11,220,000). The revenue return for the prior year includes a write back of an income incentive of US$4,411,000 charged against the revenue return for the year ended 29 February 2012. The net asset value ("NAV") of the Company at the year end was US$705,510,000 (28 February 2014: US$666,456,000) equal to US$10.85 (28 February 2014: US$10.25) per Ordinary share.

For the year ended 28 February 2015, the Company had US$9,473,000 of cash outflows resulting from operating activities (Year ended 28 February 2015: outflows of US$7,296,000).

A review of the Company's activities and performance is detailed in the Chairman's Statement on pages 3 to 4 and the Investment Adviser's Report on pages 11 to 18.

Report of the Directors continued

The valuation of the listed and unlisted investments is detailed on pages 32 to 65.

Dividends

It is the Board's policy to distribute an amount equivalent to 3% of the Company's net assets in the form of dividends.

For the year ended 28 February 2015 an interim dividend of 15 cents per Ordinary share (total US$9,752,791) was declared by the Board on 29 October 2014 and paid on 28 November 2014.

A second interim dividend of 17.5 cents per Ordinary share (total US$11,378,256) was declared by the Board on 11 May 2015.

Directors

The Directors listed below are all non-executive, 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 82.

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

All Directors are independent.

Annual General Meeting

The Company's Annual General Meeting is due to be held on 19 June 2015.

Stated Capital and Purchase of Own Shares and CULS

Details of the ZDP shares and the Ordinary shares can be found in Notes 18 and 19 on pages 65 and 66. During the year the Company did not buy back any of its own shares. Details of the CULS can be found in Note 17 on page 65.

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

	Number of Ordinary shares 1 March 2014	Ordinary shares purchased/ (sold)	**Number of Ordinary shares 28 February 2015**
David Macfarlane	50,000	5,000	**55,000**
James Jordan	30,000	–	**30,000**
Tanja Tibaldi	2,000	–	**2,000**
Patrick Firth	4,000	–	**4,000**
Christopher Waldron	2,000	–	**2,000**
	88,000	5,000	**93,000**

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

	Number of CULS of £10 nominal value issued during the year	**Number of CULS of £10 nominal value at 28 February at 2015**
David Macfarlane	734	**734**
Tanja Tibaldi	367	**367**
Patrick Firth	734	**734**
	1,835	**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 2015 and the date of this report.

Discount Management Programme

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. For additional information refer to Note 20 of the Financial Statements.

Substantial Shareholders

As at 28 February 2015 and as at 8 May 2015 the Company has been notified in accordance with applicable listing rules of the following interests in the Ordinary stated capital of the Company:

	As at 8 May 2015		As at 28 February 2015	
	Ordinary shares	% of Ordinary shares	Ordinary shares	% of Ordinary shares
Edgewater Growth Capital Partners L.P.	13,494,037	20.75	13,494,037	20.75
Jordan Family Trust	7,719,240	11.87	7,719,240	11.87
David W. Zalaznick	6,000,443	9.23	6,000,323	9.23
Abrams Capital Management	5,694,389	8.76	5,694,389	8.76
Leucadia Financial Corporation L.P.	4,527,563	6.96	4,527,563	6.96
First Eagle Investment Management LLC	2,780,395	4.28	2,691,535	4.14
Jefferies International Ltd	2,300,000	3.54	2,300,000	3.54

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 3% of shares in issue and any change which moves up or down through any whole percentage figure above 3%.

Ongoing Charges

Ongoing charges for the years ended 28 February 2015 and 28 February 2014 have been prepared in accordance with the Association of Investment Companies ("AIC") recommended methodology. The Ongoing charges for the year ended 28 February 2015 were 2.34% (28 February 2014: 2.14%) excluding incentive fees and 5.23% including incentive fees (28 February 2014: 3.54%).

Principal Risks and Uncertainties

As an investment fund, our principal risks are those that are associated with our investment portfolio. Given the nature of the portfolio, the principal risks are associated with the financial and operating performance of the underlying investments, along with market risk associated with the publicly-listed equities.

Statement of Directors' Responsibilities

The Directors are responsible for preparing Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and the Companies (Guernsey) Law, 2008 for each financial period which give a true and fair view of the state of affairs of the Company and its profit or loss for that period. International Accounting Standard 1 – Presentation of Financial Statements requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

In preparing financial statements the Directors are required to:

- ensure that the financial statements comply with the Memorandum & Articles of Incorporation and IFRS;
- select suitable accounting policies and apply them consistently;
- present information including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business; and
- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

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

Each of the Directors confirms to the best of each person's knowledge and belief that:

(a) The Annual Report and Accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the financial position and profit of the Company as at and for the Year ended 28 February 2015.

(b) The Annual Report includes information detailed in the Chairman's Report, Investment Adviser's, Investment Manager's and Directors' Reports, Audit Committee Report and Notes to the Annual Financial Statements required by:

(i) DTR 4.1.8 and DTR 4.1.9 of the Disclosure and Transparency Rules, being a fair review of the development and performance of the Company business and the position of the Company together with a description of the principal risks and uncertainties facing the Company; and

(ii) DTR 4.1.11 of the Disclosure and Transparency Rules, being an indication of important events that have occurred since the end of the financial year and the likely future development of the Company.

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. In the opinion of the Board, the Annual Report and Accounts taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's performance, business model and strategy.

Approved by the Board of Directors and agreed on behalf of the Board on 11 May 2015.

David Macfarlane
Chairman

Patrick Firth
Director

Audit Committee Report

Dear Shareholder,

On the following pages, we present the Audit Committee's Report for 2015, setting out the responsibilities of the Audit Committee and its key activities in 2014/2015. 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. Following its review of the independence and effectiveness of the Company's external auditors, the Audit Committee has recommended to the Board that Ernst & Young LLP be reappointed as auditor, which the Board has submitted for approval to the Company's Members.

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
- 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
- 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 period:

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 2015 was US$841,368,000 accounting for more than the net assets of the Company.
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 2015 to be substantiated from confirmations provided by the Investment Manager, 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 Accounts.

NAV-Based Fees:
The Board has identified that there is a risk that management and incentives 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 Accounts.

The external auditor reported to the Audit Committee that no material uncorrected misstatements were found in the course of their work. Furthermore, the Investment Manager and Administrator confirmed to the Audit Committee that they were not aware of any material misstatements including matters relating to financial statement presentation. The Audit Committee confirms that it is satisfied that the external auditor has fulfilled its responsibilities with diligence and professional scepticism. The Audit Committee advised the Board that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable.

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

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.

These are that the external Auditors may not provide a service which:

- places them 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
- 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 following table summarises the remuneration paid to Ernst & Young LLP and to other Ernst & Young LLP member firms for audit services during the year ended 28 February 2015.

Ernst & Young LLP	
– Annual audit	£115,000
– Auditor's interim review	£27,500
– Reporting accountant fee (included within CULS expenses)	£73,500
Other Ernst & Young LLP affiliates	
– Passive Foreign Investment Company tax services	US$60,000

In line with the policies and procedures above, the Audit Committee does not consider that the provision of these non-audit services, which comprised determining whether the Company is a passive foreign investment company as defined by the U.S. Internal Revenue Code, to be a threat to the objectivity and independence of the external auditor.

Audit Committee Report continued

Performance and Effectiveness:
During the period, 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 the audit plan sufficiently identified audit risks and that the post audit report indicated that the audit risks were sufficiently addressed and that there were no variations from the audit plan. 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.

Reappointment of External Auditor:
Consequent to this review process, the Audit Committee has recommended to the Board that a resolution be put to the 2015 Annual General Meeting for the reappointment of Ernst & Young LLP as external auditor. The Board has accepted this recommendation.

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 28.

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 11 May 2015 and signed on behalf by:

Patrick Firth
Chairman, Audit Committee

Investment Adviser's Report

"JZCP has delivered strong NAV growth, driven by our portfolio of high quality assets across the US and Europe that continue to demonstrate good earnings and revenue growth."

David Zalaznick and Jay Jordan

Dear Fellow Shareholders,

We are pleased to report that JZCP completed its fiscal year ended 28 February 2015 having achieved NAV growth of 8.9% (pre-dividend), from US$10.25 per share at 28 February 2014 to US$11.16 per share at 28 February 2015. Unless otherwise stated, figures included in this report refer to the 12 month period ended 28 February 2015.

Our NAV has increased in 22 out of the past 24 quarters, reflecting the positive performance of the underlying assets across the portfolio. We finished the year with strong liquidity – US$125 million in cash net of margin loan and marketable securities, in excess of the approximate US$118 million, at current exchange rates, we need to redeem the Zero Dividend Preference ("ZDP") shares in June 2016. In conformance with our dividend policy of distributing 3% of NAV in semi-annual instalments, we paid total dividends of US$0.31 per share during the period; at our stock price as of 28 February 2015, the implied dividend yield was 5.1%.

JZCP experienced an active investment period over the past year, deploying US$226.5 million across our US micro cap, European micro cap and real estate portfolios. We realised US$219.4 million primarily through the sale of four US micro cap businesses and our remaining Safety Insurance stock. We also raised US$65.7 million through the issuance of Convertible Unsecured Loan Stock ("CULS"), with an eye to putting more capital to work and building liquidity for the repayment of the ZDPs in June 2016.

As of 28 February 2015, our US micro cap portfolio consisted of 42 businesses across seven industries. This portfolio was valued at 7.6x EBITDA, after applying an average 25% marketability discount to public comparables. The average underlying leverage senior to JZCP's position in our US micro cap portfolio grew to 2.8x EBITDA, as certain of our existing and new portfolio companies demonstrated an ability to support greater leverage. Consistent with our value oriented investment strategy, we have acquired our current US micro cap portfolio at an average 6.1x EBITDA. Additionally, in contrast to a very expensive US acquisition market, we paid 6.7x EBITDA on average for US micro cap acquisitions made during the year, underlining our disciplined approach to investing.

At the end of the period, our European micro cap portfolio, consisting of eight Spanish companies, one UK-based company, one German company, and one Italian company across four industries, was valued at a combined multiple of 8.2x EBITDA, after an average 25% marketability discount to public comparables. The European micro cap portfolio has very low leverage senior to JZCP's position, under 2.0x EBITDA. In March 2015 (post-period), we acquired one additional business, our first portfolio company located in Denmark.

NAV Growth

JZCP's pre-dividend NAV increased 8.9% from US$10.25 per share to US$11.16. The chart on page 12 details the growth in NAV on a per share basis:

Investment Adviser's Report continued

Net asset value per Ordinary share as of 28 February 2015	**US$10.25**
+ Change in private investments	1.75*
+ Change in public investments	(0.12)
+ Income from investments	0.46
+ Escrows received	0.11
– Change in CULS fair value	(0.13*)
– Finance costs	(0.22)
– Foreign exchange effect	(0.41)
– Fees and expenses	(0.53)
Net asset value per Ordinary share (before dividends)	**us$11.16**
– Dividends paid	(0.31)
Net asset value per Ordinary share as of 28 February 2015	**US$10.85**

* Foreign currency exchange movements on investments and CULS are reflected within foreign exchange effect.

Our private investments increased US$1.75 per share, reflecting a steady performance across the 53 micro cap businesses (US and Europe) and 27 properties in the real estate portfolio.

The US micro cap portfolio contributed US$0.47 to this increase, primarily due to a significant uplift from the sale of Milestone Aviation (US$0.27) at a higher price than its carrying value and increased earnings at our Industrial Services Solutions vertical (US$0.60) (as well as numerous accretive acquisitions). JZCP also realised an increase of US$0.22 from our Dental Services Group, following its sale at a price higher than its carrying value. Also contributing to NAV growth were increases at several co-investment portfolio companies: Vitalyst, a corporate IT support business (US$0.03), Suzo-Happ, a manufacturer of parts for the global gaming industry (US$0.10), and Justrite Manufacturing, an industrial safety company (US$0.05).

Offsetting these increases were decreases in: Amptek, our manufacturer of non-destructive testing equipment (US$0.10), following its sale below carrying value; Accutest, our full service environmental testing laboratory business (US$0.44), which experienced an earnings decline; New Vitality Holdings, our co-investment marketer of premium nutritional supplements (US$0.09), which has hit significant operating and financial hurdles due to advertising and product development issues; Healthcare Products Holdings, our power wheelchair company (US$0.04), which experienced an earnings decline; and both Nationwide Studios (US$0.05) and our water vertical (US$0.05), also as a result of decreased earnings.

Before foreign exchange effects, the European micro cap portfolio increased US$0.75, primarily due to write-ups reflecting increased performance at: One World Packaging (US$0.06), our niche manufacturer of biodegradable, environmentally friendly packaging; Ombuds (US$0.20), a private security company; Winns (US$0.21), a personal injury claims processing business, and Toro Finance (US$0.28), a provider of short-term working capital financing to major Spanish companies. These gains were offset by write-downs at gold reseller Oro Direct (US$0.03) and at Xacom (US$0.03), which has experienced delays in orders for its new products.

The overall decrease in the valuation of public investments was driven by the discount inherent in the block trade of Safety Insurance stock. Despite the discount, this was a highly successful investment.

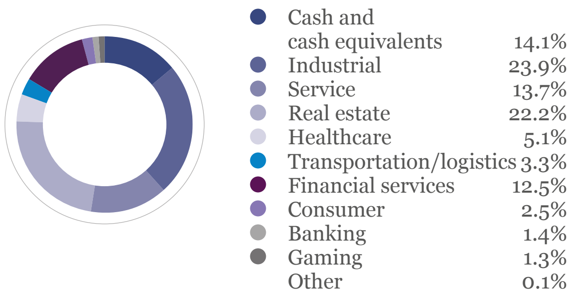
Returns

The charts below summarises the cumulative NAV total returns and total shareholder returns for the most recent three month period, 12 month period, three-year period, four-year period and five-year period.

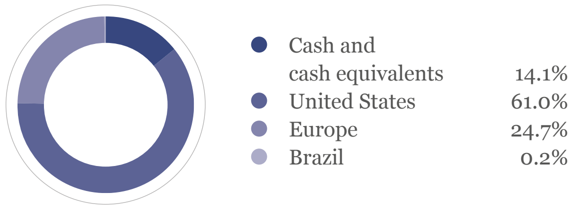
	As at 28/02/2015	Since 30/11/2014	Since 28/02/2014
Share price (in GBP)	**£4.09**	£4.12	£4.45
Dividends paid (in US cents)	–	–	$0.31
Total Shareholders' return	–	–0.8%	–3.9%
NAV per share (in USD)	**$10.85**	$10.21	$10.25
NAV total returns	–	6.3%	8.9%

	Since 29/02/2012	Since 28/02/2011	Since 28/02/2010
Share price (in GBP)	£3.66	4.15	£2.73
Dividends paid (in US cents)	$0.93	1.09	1.31
Total Shareholders' return	27.5%	14.9	79.8
NAV per share (in USD)	$9.47	$8.93	$7.04
NAV total returns	24.4%	33.7%	72.7%

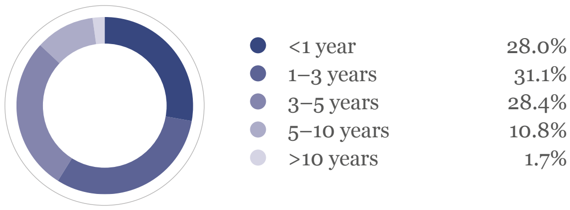
Portfolio by Industry



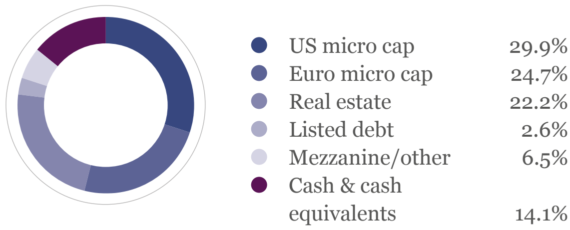
Portfolio by Geography



Portfolio by Vintage



Portfolio by Investment Type



Portfolio Summary

Our portfolio is well diversified across 53 micro cap businesses and eight industries, and continues to become more diversified geographically as we grow our European portfolio. It's also important to note that 59.1% of our portfolio is less than three years old. Also of note is the fact that the US and European micro cap portfolios are valued at a 7.8x EBITDA multiple, after a 25% discount to the public comparables used.

Below is a year on year summary of JZCP's assets. An explanation of the changes in the portfolio follows:

	Number of investments as at 28/02/2015	28/02/2015 US$'000	28/02/2014 US$'000
US micro cap portfolio	42	297,340	341,560
European investments	11	245,884	186,781
Real estate portfolio	15	221,151	112,792
Other portfolio	7	66,541	14,293
Total private investments	**75**	**830,916**	**655,426**
Listed equity		–	65,423
Listed corporate bonds		13,473	16,415
Bank debt	1	10,452	11,810
UK treasury gilts		39,480	43,292
Cash		101,323	11,372
Total listed investments (and cash)	**1**	**164,728**	**148,312**
Total investments (including cash)	76	995,644	803,738
Other current assets		33	517
Total assets	**76**	**995,677**	**804,255**

Investment Adviser's Report continued

We have continued our programme of holding highly rated listed corporate bonds as a means of earning an enhanced return on our cash. Currently, Goldman Sachs is the sole obligor of these bonds, which mature in January 2017. We also continue to hold UK Gilts, with an eye toward the 2016 maturity date of our ZDPs.

US Micro Cap Portfolio

It has been another good year for our US micro cap portfolio, with most assets continuing to perform well and further progress made with investments and realisations. The portfolio has been written up by US$30.5 million (US$0.47 per share), led by significant uplifts from the sales of Milestone Aviation (US$0.27) and Dental Services Group (US$0.22) at prices higher than their carrying values and increased earnings at our Industrial Services Solutions vertical (US$0.60) (as well as numerous accretive acquisitions). Offsetting these significant increases were decreased operating performances of Accutest, Nationwide Studios, our water vertical, New Vitality, and the sale of Amptek below carrying value.

New US Investments – Verticals

Industrial Services Solutions Vertical

We made seven acquisitions during the year: Construction & Turnaround Specialists; Parts Service International; Precision Electric; Integrated Process Technologies; Pro Inspection; M&L Valve; and National Inspection & Consultants, all add-on acquisitions to our Industrial Services Solutions vertical managed by Jim Rogers, a former GE senior manager. In total, these acquisitions were funded using approximately US$43.2 million provided by our senior lender, US$7.9 million of cash on ISS' balance sheet, and US$12.3 million in seller financing. At 28 February 2015, JZCP owned approximately 34% of the combined entity on a fully-diluted basis. In March 2015 (post period), our ISS vertical completed one additional add-on acquisition, Midwest Valve Parts Supply Company.

Water Vertical

In October 2014, JZCP invested US$9.1 million to acquire 21% of Paragon Water Systems ("Paragon"), which designs and manufactures point-of-use water filtration systems for use in homes and commercial locations. Paragon is the first acquisition in the water filtration sub-vertical of our water strategy.

Also in October 2014, JZCP invested US$1.3 million to fund the acquisitions of Action Products Marketing Corporation and ConShield Technologies Incorporated (collectively, "APMCS"). APMCS is an infrastructure rehabilitation company that formulates and sells manhole and pipe rehabilitation products and provides the associated equipment used for application. JZCP owns approximately 31% of the combined entity.

Healthcare Vertical

In October 2014, JZCP invested US$1.3 million to acquire 29% of PPM Information Solutions, Inc., a provider of billing and practice management software and services to anaesthesia practices.

Testing Vertical

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

New US Investments – Co-investments

In April 2014, JZCP invested US$4.2 million in iconic brand name Igloo, alongside co-investor ACON Investments. Founded in 1947, Igloo designs, manufactures and markets coolers and outdoor products online and through retailers, with a dominant market position in the US. Igloo is looking to introduce new products, add new customers and sales channels and exploit international opportunities. This investment represents 3.2% of Igloo's equity. In December 2014, JZCP invested a further US$1.8 million to fund Igloo's acquisition of Cool Gear International, a manufacturer of temperature controlled drink and storage products.

In June 2014, JZCP invested US$16.2 million for 9.0% of Cequel Data Centers, LLC, the parent company of TierPoint, LLC, alongside RedBird Capital Partners, The Stephens Group and Thompson Street Capital Partners, among others. In December 2014, JZCP invested an additional US$9.2 million, helping TierPoint fund the acquisition of a large portfolio of data centers in the Northeastern United States. Managing raised floor data center space across the US, TierPoint today offers colocation, managed services and cloud computing through 13 data centers (post-acquisition of new portfolio) in Dallas, Oklahoma City, Tulsa, Spokane, Seattle, Philadelphia, New York, Boston and Baltimore.

In August 2014, JZCP invested US$4.0 million in Southern Petroleum Laboratories ("SPL"), a global industry leader in oil & gas measurement, allocations, auditing, and laboratory services. SPL has provided hydrocarbon testing services for the oil & gas industry since the company's founding in 1944 and is one of the most recognisable names in the industry. JZCP invested in this opportunity alongside Hastings Equity Partners, a firm in Houston with significant experience and success in oilfield services related transactions. JZCP owns approximately 17.2% of the combined entity on a fully-diluted basis.

European Micro Cap Portfolio

JZCP invests in the European micro cap sector through its 75% ownership of the EuroMicrocap Fund 2010, L.P. ("EMC"). Exposure to the European micro cap sector continues to complement and diversify JZCP's existing US micro cap portfolio. JZI has offices in London and Madrid and an outstanding team with over fourteen years of investment experience in European micro cap deals.

It has been an active period for investments in Europe and as of 28 February 2015, EMC consisted of eight Spanish companies, and a company each in the UK, Germany and Italy, which combined, represent 24.7%% of JZCP's gross assets. Post-period, in March 2015, EMC made its first investment in Denmark, acquiring S.A.C., an operational (lease and service) van leasing company based south of Copenhagen.

Before foreign exchange effects, we wrote up the European micro cap portfolio by $49.3 million (US$0.75 per share), primarily based on increased performance at One World Packaging (US$0.06), our niche manufacturer of biodegradable, environmentally friendly packaging, Ombuds (US$0.20), a private security company, Winns (US$0.21), a personal injury claims processing business, and Toro Finance (US$0.28), a provider of short-term working capital financing to major Spanish companies. These gains were offset by write-downs at gold reseller Oro Direct (US$0.03) and at Xacom (US$0.03), which has experienced delays in orders for its new products.

New European Investments

In March 2014, JZCP invested an additional €2.3 million in Fidor Bank through EMC, as part of a larger capital increase from existing and new shareholders. In October 2014, JZCP invested a further €2.6 million through EMC, structured as a shareholder loan, to acquire the economic rights to two loans from Fidor Bank. In March 2015 (post-period), JZCP invested another €1.1 million through EMC, as part of larger Tier 1 capital increase from existing Fidor Bank shareholders. Following this last capital increase, JZCP's shareholding in Fidor Bank was 20.9%. With headquarters in Munich, Germany, Fidor Bank combines a social-media banking model with traditional banking services, offering internet-based and mobile-based transactions, supplemented by full service cash management solutions to retail customers.

In May 2014, JZCP provided €4.0 million in direct debt financing to Toro Finance, a portfolio company of EMC that provides short-term working capital financing to major Spanish companies. In September 2014, JZCP provided an additional €4.0 million in direct debt financing to Toro Finance. Toro Finance is well positioned to benefit as Spanish banks in recent years tightened their risk criteria and downscaled balance sheets to meet increasing capital requirements. At 28 February 2015, JZCP has lent its full €16.0 million commitment in 8% current pay debt financing to Toro Finance.

In July 2014, JZCP invested €18 million in Petrocorner (through EMC), a strategic build-up to acquire 2–3% of Spain's petrol station market, targeting stations in urban areas and along highly trafficked highways and roads. JZCP is investing in this opportunity alongside Avenue Capital, backing one of the industry's "best in class" management teams that has been developing this strategy for the past two years. JZCP's total commitment (through EMC) of €23.3 million will purchase approximately 30% of Petrocorner's equity, on a fully diluted basis.

In October 2014, JZCP invested €2.1 million in Fincontinuo (through EMC), a leading independent lending platform that has been distributing and servicing Cessione del Quinto ("CdQ") loans, a low risk and niche form of consumer lending in Italy since 1997. JZCP is also investing in this opportunity alongside Avenue Capital. In December 2014, JZCP invested a further €1.1 million through EMC to capitalise an alternative lending vehicle for Fincontinuo, providing an additional €3.8 million (through EMC) to fund this lending vehicle in March 2015 (post-period). As this business ramps up, JZCP expects to invest a total of approximately €20 million (through EMC).

In December 2014, JZCP invested an additional €2.4 million in One World Packaging (through EMC), a manufacturer of highly advanced, biodegradable moulded pulp packaging. This additional investment will help fund the acquisition of four new production machines.

In March 2015 (post-period), JZCP invested a total of €7.6 million (€2.8 million in equity through EMC and €4.8 million directly as mezzanine lender) in S.A.C, an operational (lease and service) van leasing company based south of Copenhagen, Denmark.

Investment Adviser's Report continued

Real Estate Portfolio

Working with high quality management teams is at the core of our investment approach and, over the past three years, we have assembled a portfolio of retail, office and residential properties in Brooklyn, New York and Miami, Florida in partnership with RedSky Capital, a team with significant experience in this sector. As of 30 April 2015, JZCP had invested US$185.9 million in the real estate portfolio.

Brooklyn is in the early stages of a renaissance where areas that have been historically industrial, low-income and/or artist communities are beginning to see seismic population changes, fuelled by an influx of young and affluent ex-Manhattan residents in search of more space and a trendier community that embraces a relaxed, artistic and young lifestyle. Our properties are located in the Williamsburg, Downtown Brooklyn, Greenpoint, and Bushwick-Wyckoff Heights neighbourhoods.

We are seeing similar trends and opportunities in the Wynwood and Design District neighbourhoods of Miami, Florida, which each draw strong parallels to the upscale, urban atmosphere of Williamsburg, Brooklyn. We made our first investment in Miami in January 2015, quickly followed by another three acquisitions in late February and March 2015. We believe that rapidly increasing retail rents amid a thriving arts scene are providing very attractive investment opportunities currently in Miami.

During the period, JZCP, together with RedSky, acquired ten properties, reflecting RedSky Capital's ability to originate a healthy pipeline of attractive investment opportunities in both New York and Miami. Since we began investing with RedSky in April 2012, we have acquired a total of 30 properties (three post-period in March and April 2015), all currently in various stages of development and re-development. The underlying thesis of our real estate portfolio is to acquire off-market properties in neighbourhoods that are beginning to see rental and valuation growth.

We have written this portfolio up by US$46.4 million (US$0.71 per share), led by significant write-ups at our Downtown Brooklyn portfolio (US$0.36), Greenpoint development site (US$0.20) Williamsburg retail portfolio (US$0.14), and Roebling portfolio (US$0.07), offset by a slight write-down at our original Bedford property (US$0.09). Increases in value at our real estate properties are due to third-party appraisals received during the period.

New Real Estate Investments

Brooklyn Acquisitions

In May 2014, JZCP invested US$3.0 million (structured as a bridge loan) for a property in the Downtown Brooklyn neighbourhood of Brooklyn, New York, one of the fastest growing communities in New York City. This bridge loan was repaid, plus interest, in June 2014.

In August 2014, JZCP acquired another two properties in the Downtown Brooklyn neighbourhood, further additions to our Downtown Brooklyn portfolio. These acquisitions were funded using proceeds from a refinancing of the Downtown Brooklyn portfolio, and did not require additional cash funding by JZCP. One further acquisition into our Downtown Brooklyn portfolio, made in February 2015, required an additional US$3.8 million in equity from JZCP.

In July 2014, JZCP invested US$8.0 million to acquire one of the most attractive mixed-use loft buildings in Williamsburg, Brooklyn, located within blocks of our other assets in the neighbourhood. This unique property features unparalleled window design, ceiling heights and old world character, promising post renovation to become one of the premiere rental loft properties in the area.

In August 2014, JZCP invested US$6.2 million (US$3 million of which served as a bridge loan repaid shortly thereafter with interest to JZCP) to acquire a 21 unit loft-style residential building in Brooklyn's Bushwick-Wyckoff Heights neighbourhood, a rapidly maturing neighbourhood just east of Williamsburg. We are planning to reposition this property into a modern industrial loft-style residential building by vacating, renovating and leasing up all units at market rate.

In December 2014, JZCP invested US$14.7 million to acquire two properties in the Williamsburg neighbourhood of Brooklyn, featuring 50 ft. and 40 ft., respectively, of frontage on Bedford Avenue (the most highly trafficked street in Williamsburg) and a combined 20,850 sq. ft. of build-to-suit multilevel retail space.

In April 2015 (post-period), JZCP invested US$7.0 million to acquire another property in the Williamsburg neighbourhood of Brooklyn, featuring 20 ft. of frontage on Bedford Avenue and up to 6,000 sq. ft. of build-to-suit multi-level retail space.

Miami Acquisitions
In January 2015, JZCP invested US$11.7 million to acquire its first property in Miami, Florida, located in the Wynwood neighbourhood. Over the past decade, Wynwood has seen a push towards gentrification which has recently become an all-out rush, transitioning the neighbourhood into a vibrant work-live-entertainment hub.

In late February and early March 2015 (post-period), JZCP invested a further US$31.2 million to acquire three properties, one located in Miami's Wynwood neighbourhood and two located in the adjacent Design District neighbourhood, a vibrant shopping and cultural destination home to some of the world's most prestigious brands and retailers.

Other Assets

Our recently established asset management business in the US, Spruceview Capital Partners, addresses the growing demand from endowments, foundations and corporate pension funds for fiduciary management services through an Outsourced Chief Investment Officer ("OCIO") model. Spruceview launched the first product in July 2014, the Bright Spruce Fund, L.P. JZCP invested US$50 million in the Bright Spruce Fund, whose investment strategy is capital appreciation in liquid funds while mitigating risk. JZCP is not being charged any fees on this 'fund' investment.

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. Spruceview is targeting corporate pensions, university endowments, foundations and family offices and are beginning to gain traction with several accounts. While this is a long-term building process, the business continues to progress in line with expectations and we look forward to reporting on our progress in the coming year.

Significant Realisations

We had six significant realisations during the period.

US Micro Cap
Most of the realisation activity occurred in our US micro cap portfolio, reflecting the high multiples currently achievable in the US. In July 2014, we sold Galson Laboratories, receiving proceeds of US$10.1 million. Galson is a full service provider of analytical air testing using a wide array of methods and instruments which we acquired in May 2010.

In August 2014, JZCP received proceeds of US$19.4 million from the sale of Amptek, which we had acquired in December 2011. Amptek designs and manufactures instrumentation used in numerous non-destructive testing and elemental analysis applications. Albeit a successful investment that generated both a positive Multiple of Invested Capital ("MOIC") and IRR, Amptek's sale price was executed below its carrying value, reducing NAV by US$6.3 million.

In October 2014, JZCP realised a portion of its investment in our water vertical, refinancing certain notes, which had been used for the previously purchased water infrastructure and water treatment businesses, with third-party debt. Net of the investment in the Paragon acquisition summarised above, JZCP received US$9.8 million of proceeds.

In February 2015, JZCP received proceeds of US$50.5 million from the sale of Dental Services Group, a network of laboratories across North America providing dentists and dental practices a wide range of laboratory services.

Co-investments
In January 2015, JZCP received proceeds of US$41.8 million from the sale of Milestone Aviation to General Electric. Headquartered in Dublin, Ireland, Milestone Aviation is currently the world's largest helicopter leasing company.

Listed Equities
In May and June 2014, JZCP realised its investment in Safety Insurance, a provider of personal property and casualty insurance focused exclusively on the Massachusetts market, through two separate block trades, totalling US$57.3 million (US$33 million in May 2014 and US$24.3 million in June 2014).

Investment Adviser’s Report continued

Escrows Received

JZCP received escrow distributions totalling approximately US$6.9 million during the year.

Significant Financings

In June 2014, we closed a US$50 million one-year loan facility with Jefferies, in order to enhance our short term liquidity position. Our plan is to repay this loan with either proceeds from realisations, or with a longer term loan facility. The current facility is secured by certain US investments and carries an interest rate of 7%.

In July 2014, we issued approximately US$65 million of CULS, increasing the flexibility of JZCP’s capital structure while providing additional capital for further investments and greater liquidity in advance of the repayment of the ZDPs in June 2016. These convertible notes carry an interest rate of 6% and a conversion price equal to a 2.5% premium to the 30 June 2014 NAV per share, which was US$10.07. If not converted, the CULS will mature in June 2021.

Outlook

As we have said in the past, our investment strategy is that of opportunistic, value oriented investors with a focus on acquiring assets that we believe have more intrinsic value than we have to pay in cash and where we can enhance the growth prospects and scale the businesses. We employ reasonable leverage to increase our equity returns and seek diversity in the portfolio in terms of industries, asset classes and geography. JZCP has experienced long term NAV growth using this model of value investing, increasing in 22 of the last 24 quarters. In addition, JZCP’s strong balance sheet position allows us to take advantage of investment opportunities on an immediate basis. We remain committed to pursuing this tried and tested strategy and are confident in the future prospects of the group, particularly with the newly amended and more flexible investment policy now in place. We look forward to continuing to put your (and our) money to work in a diverse portfolio of reasonably priced assets.

As always, thank you for your confidence 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.

Investment Review

This 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 major holdings.

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 treatment services** and **Healthcare revenue management**. The verticals are managed by a seasoned industry executive whose responsibilities include managing, integrating and growing their respective vertical.

JZCP also invests in US micro cap companies through "**Co-investment**". 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. As at 28 February 2015 JZCP's two largest co-investments by valuation were **Tierpoint, LLC**, and **Medplast**.

US Micro Cap (Verticals)

Industrial Services Solutions ("ISS")

Industrial Services Solutions ("ISS") is currently a combination of seventeen 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 consolidator.

We currently have five major groups of services:

Industrial Services Solutions

Pumps & Motors	Specialty Parts	Valves & Actuation	Process Equipment	Specialty Field
Pennsylvania Electric RAM Industrial AmeriMex Precision Electric	Southern Parts Gator Compressor Midwest Valve Parts eCompressed Air	Bay Valve Integrated Process Technologies M&L Valve	Madison-Smith Mid-American National Compressor Services	Construction and Turnaround Specialists Pro Inspection National Inspection and Consultancy

Investment Review continued

JZCP's US$33.2 million of investments at cost are currently valued at US$77.3 million, as JZCP has reaped the benefits of positive organic growth, some initial cross-selling among the companies, and the effects of leverage. Sales and proforma EBITDA for the year were US$271 million and US$43 million respectively.

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.

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 companies we own in this area have to date addressed this issue by sealing underground sewer pipes without digging, attractive for a variety of practical and cost concerns.

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

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

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

JZCP has invested US$27.7 in this vertical; it is valued at US$33.2 million as the initial investments in sales, systems and management have yet to show benefits. Annual revenues were US$135 million while proforma EBITDA was US$21 million.

The Water vertical is managed by Mike Reardon, a long time water executive who has held senior management positions at Culligan Water, and US Filter, among others.

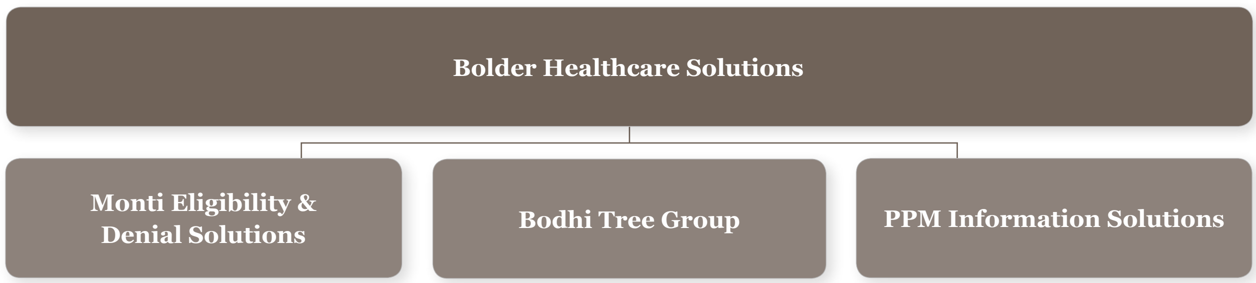
Healthcare Revenue Management

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.

There are currently three companies under this vertical, with several more under letters of intent.

JZCP has invested US$22.8 million in this relatively new vertical, which currently carries a value of US$22.3 million. Revenues and proforma EBITDA totalled US$34.4 million and US$5.5 million respectively.

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



Investment Review continued

US Micro Cap (Co-investments)

TIERPOINT, LLC

Co-invest partner: RedBird Capital Partners
Sector: Data Centre
Acquisition Date: June 2014
Headquarters: Missouri, USA
Website: www.tierpoint.com

Tierpoint is a provider of cloud, colocation and managed services designed to help organisations improve business services and manage risks. JZCP has invested alongside trusted co-invest partners, it is intended to grow the business through an organic and acquisition-based growth strategy.

	Cost 28/02/15 US$'000	Valuation 28/02/15 US$'000
Common Stock	25,335	25,335

Turnover Year ended 31 December 2014	**US$147.6 million**
Adjusted EBITDA Year ended 31 December 2014	**US$65.2 million**

MEDPLAST

Co-invest partner: Baird Capital
Sector: Medical/industrial plastic injection moulding
Acquisition Date: April 2012
Headquarters: Tempe, Arizona, USA
Website: www.medplastgroup.com

Medplast designs, engineers and produces precision custom moulded thermoplastic, rubber and elastomer components and moulds for the healthcare and pharmaceutical and consumer/industrial markets.

	Cost 28/02/15 US$'000	Valuation 28/02/15 US$'000
14.5% subordinated notes	9,800	10,539
8% preferred stock	7,304	9,078
Common Stock	879	3,400
	17,983	23,017

Turnover Year ended 31 December 2014	$259.4 million
Adjusted EBITDA Year ended 31 December 2014	$28.5 million

European Micro Cap

JZCP invests in the European micro cap sector through its 75% ownership of the European micro cap Fund ("EMC"). EMC's investment team has worked together for over ten years and has a proprietary network of intermediaries to deliver high quality 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. The EMC now also has investments in the UK, Germany, Italy and Denmark.

As at 28 February 2015, JZCP's three largest European micro cap investments by valuation were **Factor Energia S.A., Toro Finance** and **Grupo Ombuds S.A.**

FACTOR ENERGIA S.A.

Headquarters: Barcelona, Spain
Sector: Energy Supplier
Acquisition Date: July 2010
Website: www.factorenergia.com

Factor Energia is an energy distribution business in Spain, which resells electricity to smaller and medium-sized companies, a recently deregulated part of the energy sector. It purchases electricity on the spot market, and sells to its customers for a fixed or variable price, depending on the relevant contract.

	Cost 28/02/15 US$'000	Valuation 28/02/15 US$'000
Common Stock	10,481	74,618

Turnover Year ended 31 December 2014	€324.7 million
Adjusted EBITDA Year ended 31 December 2014	€13.6 million

TORO FINANCE

Headquarters: Madrid, Spain
Sector: Financial Services
Acquisition Date: December 2013

Toro Finance ("Toro") is a provider of short term receivables financing to the suppliers of major Spanish companies, taking advantage of the continued lack of financing from banks for these highly rated credits. An opportunity was identified to provide financing to this segment and in late 2013 JZCP approached this market via a joint venture with Avenue Capital.

	Cost 28/02/15 US$'000	Valuation 28/02/15 US$'000
8% subordinated notes	19,946	19,190
Common stock	9,817	26,920
	29,763	46,110

Turnover Year ended 31 December 2014	€312.7 million
Adjusted EBITDA Year ended 31 December 2014	€7.6 million

GRUPO OMBUDS S.A.

Headquarters: Madrid, Spain
Sector: Private Security
Acquisition Date: May 2011
Website: www.ombuds.es

Grupo Ombuds is a provider of security, surveillance and facility services to the public sector and blue chip clients in Spain. The company has successfully managed to gain market share in the private sector, 80% of its revenues in 2014 were to private companies. Management has also pursued a cost saving plan which has reduced direct costs and overhead expenses significantly.

	Cost 28/02/15 US$'000	Valuation 28/02/15 US$'000
Loans	17,155	17,490
Common stock	13,526	22,040
	30,681	39,530

Turnover Year ended 31 December 2014	€84.1 million
Adjusted EBITDA Year ended 31 December 2014	€6.0 million

Real Estate

JZCP invests in properties 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.

At 28 February 2015, JZCP has invested US$170 million in 27 properties across 15 different property portfolios. The independent year end valuation process valued the JZ Realty portfolio at US$221 million.

Three of the JZ Realty, Brooklyn portfolios; **Greenpoint, Roebling** and **247 Bedford Avenue** are detailed on page 24:

Investment Review continued

Real Estate continued

Greenpoint, Brooklyn
In November 2013, JZ Realty acquired a 49% interest in a premiere development site on the Greenpoint waterfront offering panoramic views over the Manhattan skyline. The intention is to enter into a joint-venture with a major New York City development firm and build a high end mixed-use property.

The site includes the India Street Pier which acts as the Greenpoint terminal location for the East River Ferry, making it one of the most attractive development sites on the waterfront.

Image of proposed Greenpoint development

Roebling, Brooklyn
JZ Realty acquired the portfolio in July 2014 with the intent to redevelop and re-tenant it into a high end mixed-use portfolio. The Roebling Portfolio is comprised of three separate buildings totalling 126,500 sq. ft.; the properties are located within two blocks of 247 Bedford Avenue, our class A mixed-use asset on Williamsburg's most desirable retail block. It is intended that value will be added by renovating and reconfiguring each building to maximise rentable square footage and achieve market rents.

143 Roebling Street

247 Bedford Avenue, Brooklyn
JZ Realty acquired the property in April 2012, with the intent to redevelop and re-tenant the retail and residential into a class A mixed-use property.

247 Bedford Avenue is an 115,600 sq. ft. mixed-use asset located on one of the most desirable blocks in Williamsburg. It is the largest and most visible retail site on Bedford Avenue.

JZ Realty are in the middle of the repositioning plan. An 'AAA' credit rated company has been secured as a tenant for the largest, corner retail unit. The building is being transformed into two floors of high end retail space and upgraded residential units.

Image of proposed 247 Bedford Avenue development

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 2015 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 qualifying services

	Fees for services to the Company for the year to 28 February 2015 US$	Fees for services to the Company for the year to 28 February 2014 US$
David Macfarlane (Chairman)	140,000	140,000
Patrick Firth*	70,000	61,616
James Jordan	60,000	60,000
Tanja Tibaldi	60,000	60,000
David Allison**	4,000	5,300
Christopher Waldron***	60,000	21,371
	394,000	348,287

* Patrick Firth's Directors fee was increased to $70,000 effective 1 January 2014. The above comparative has been pro-rated to reflect the increase.

** David Allison served as a Director until his death on 26 April 2013. A final payment was made during the current year for an amount outstanding to his estate for the period 1 April 2013 – 26 April 2013.

*** Christopher Waldron was appointed to the Board on 21 October 2013.

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 retires from office at the third annual general meeting after his appointment or (as the case may be) the general meeting at which he was last reappointed 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 11 May 2015 by:

David Macfarlane	*Patrick Firth*
Chairman	Director

Corporate Governance

The Board of JZ Capital Partners Limited has considered the principles and recommendations of the AIC Code of Corporate Governance published in October 2010 (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to JZ Capital Partners Limited.

Introduction

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 Financial Reporting Council issued a revised UK Corporate Governance Code in September 2014 for accounting periods beginning on or after 1 October 2014. The AIC updated the AIC Code (including the Guernsey edition) and its Guide to Corporate Governance to reflect the relevant changes to the FRC document in February 2015. The Board has not early adopted this revised code.

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
- whistle-blowing policy.

For the reasons set out in the AIC guide, and as explained in the UK Corporate Governance Code, 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.

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 75 and their interests in the shares of JZCP are shown in the Report of the Directors on page 7. 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 and performance of the Company and the performance of the Company's functionaries, and monitoring compliance with the Company's objectives. The Directors hold regular meetings to review the Investment Adviser's investment decisions and valuations and to decide if the levels of gearing within the investment portfolio are appropriate. The Directors deem it appropriate to review the valuations on a quarterly basis. The schedule of Directors and Committee meetings is shown on page 28.

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 investment strategy and performance.

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

The principle set out in the UK Corporate Governance Code is that Directors should submit themselves for re-election at regular intervals and at least every three years, and in any event as soon as it is practical after their initial appointment to the Board. It is a further requirement that non-executive Directors are appointed for a specific period.

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. Patrick Firth and Tanja Tibaldi were re-elected to the Board at the 2014 Annual General Meeting. David Macfarlane and James Jordan were re-elected to the Board at the 2013 Annual General Meeting. The appointment of Christopher Waldron to the Board during 2013 was ratified at the 2014 Annual General Meeting.

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

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 pages 8 to 10.

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 25.

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	Other committee	Audit Committee
Total number of meetings	**5**	**1**	**1**	**6**	**2**	**2**
David Macfarlane	5	1	–	4	2	2
Patrick Firth	4	1	–	5	2	2
James Jordan	5	1	–	3	1	–
Tanja Tibaldi	4	1	1	3	2	2
Christopher Waldron	5	1	1	6	2	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

Responsibility for the establishment and maintenance of an appropriate system of internal controls rests with the

Board and to achieve this a process has been established which seeks to:

- review the risks faced by the Company and the controls in place to address those risks
- identify and report changes in the risk environment
- identify and report changes in the operational controls
- identify and report on the effectiveness of controls and errors arising
- ensure no override of controls by its service providers, the Manager and Administrator.

A report is tabled and discussed at each Board meeting setting out the risks identified, their potential impact, the controls in place to mitigate them, the residual risk assessment and any exceptions identified during the period under review. The Board considers the current activities of the company and external factors and amends the risk reporting accordingly.

The Board also receives confirmation from the Administrator of its accreditation under the SOC1 report.

Further reports are received and reviewed from the Administrator in respect of compliance, London Stock Exchange continuing obligations and other matters.

Going Concern

The Directors consider the Company has adequate financial resources, in view of its holding in cash and cash equivalents and liquid investments 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 the foreseeable future and that it is appropriate to prepare the Financial Statements on the going concern basis.

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") which became effective on 1 January 2013. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US tax compliance with respect to those assets. The States of Guernsey has entered into an intergovernmental agreement ("IGA") with US Treasury in order to facilitate the requirements under FATCA. In May 2014, the US announced a six month delay to the new entity account on-boarding rules, from 1 July 2014 to 1 January 2015, for the operation of the US FATCA regulations, which has been extended to the IGA. Guernsey Financial Institutions are required to have had new individual account on-boarding procedures in place with effect from 1 July 2014 and new entity account on-boarding procedures with effect from 1 January 2015. The Board has taken steps to implement on-boarding procedures, with the assistance of its professional advisers.

Inter-Governmental Agreements

The States of Guernsey have signed an intergovernmental agreement with the UK ("UK-Guernsey IGA") under which potentially mandatory disclosure requirements may be required in respect of Shareholders who have a UK connection. The Board is monitoring implementation of the UK-Guernsey IGA with the assistance of its professional advisers.

Alternative Investment Fund Managers Directive

The Company does not expect to be required to comply with the AIFM Directive except to the extent that it may be required to satisfy certain provisions of the AIFM Directive in order to permit the marketing of the Company's shares in EEA Member States. In this circumstance the relevant regime remains the national private placement arrangements in the relevant EEA Member State into which the Company is marketed. Compliance with the Directive may result in increased reporting requirements, possible changes to the governance structure of the Company and additional disclosure in the financial statements. The Company will consult with its professional Advisers to minimise this impact where possible.

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 the quarterly periods in line with the requirements of the EU Transparency Directive.

Independent Auditor's Report

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of JZ Capital Partners Limited's ("the Company") affairs as at 28 February 2015 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 for the year ended 28 February 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and IFRS.

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.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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.

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.

Our Assessment of Risks of Material Misstatement

We identified the following risks that we believed would have the greatest effect on the overall audit strategy, the allocation of resources and directing the efforts of the engagement team:

- valuation of the Company's unquoted investments whose valuations are subjective and require the use of estimation and judgement;
- calculation of management and incentive fees, including the risk of management override of controls; and
- existence and ownership of investments because failure to obtain good title exposes the Company to significant risk of loss

Our Application of Materiality

We determined planning materiality for the Company to be US$14.1 million (2014: US$13.3 million), which is 2% of Net Asset Value. 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. We used equity as a basis for determining planning materiality because the

Company's primary performance measures for internal and external reporting are based on net asset value.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 50% (2014: 75%) of materiality, namely US$7 million (2014: US$9.9 million). 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.

We agreed with the Audit Committee that we would report to them all audit differences in excess of US$0.71 million (2014: US$0.67 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

An overview of the Scope of our Audit

We adopted a risk-based approach in determining our audit strategy. This approach focuses audit effort towards higher risk areas, such as management judgments and estimates.

Our response to the risk of incorrect valuation of the Company's unquoted investments was as follows:

- we confirmed our understanding of the Company's methodology, processes and policies for valuing its unquoted investments;
- we determined and challenged the appropriateness of the valuation techniques applied to unquoted investments, and obtained evidence to corroborate the inputs into the valuation model;
- we agreed valuation inputs that did not require specialist knowledge to supporting documentation and we tested the arithmetical accuracy of the Company's calculations;
- we engaged our own real estate valuation experts, in relation to the valuation of the real estate portfolio, to:

a) assist us to determine whether the methodology used to value the investment was appropriate; and

b) corroborate and challenge management's judgements and valuation inputs utilised in the valuation calculation.

Our response to the risk of incorrect calculation of management and incentive fees was as follows:

- we reperformed the management and incentive fee calculations for accuracy and consistency with agreements;
- we reviewed the reasonableness of the inputs used in the incentive fee calculation and also considered the risk of management overriding internal controls

Our response to the risk of existence and ownership of investments was as follows:

- we obtained independent confirmations for a sample of unquoted investments directly from the underlying investee companies and agreed them to the books and records of the Company; and
- we obtained independent confirmation from the custodian of the Company's publicly traded investments and agreed this to the records of the Company.

Matters on Which we are Required to Report by Exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, 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; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies (Guernsey) Law, 2008 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.

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

11 May 2015

(1) The maintenance and integrity of the Company's website is the sole responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the 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.

Investment Portfolio

Company	Historical book cost* US$'000	Carrying value 28 February 2015 US$'000	Percentage of portfolio %
US Micro Cap Portfolio			
US Micro Cap (Verticals)			
Industrial Service Solutions INDUSTRIAL SERVICES SOLUTIONS ("ISS"). A combination of acquired businesses in the industrial maintenance, repair and service industry (see page 19).	33,175	77,293	8.8
Healthcare Revenue Cycle Management MONTI ELIGIBILITY & DENIAL SOLUTIONS An outsourced provider of patient benefit eligibility, enrolment and recovery services to hospitals and health systems. A subsidiary of Bolder Healthcare Solutions, LLC (see page 21).	14,244	11,822	1.3
BODHI TREE GROUP An outsourced provider specialising in billing, practice management and outsourcing services for anaesthesiology physician, nurse groups and ambulatory surgery centres. A subsidiary of Bolder Healthcare Solutions, LLC (see page 21).	7,232	9,179	1.0
PPM INFORMATION SOLUTIONS, INC. Provider of billing and practice management software and services to anaesthesia practices. A subsidiary of Bolder Healthcare Solutions, LLC (see page 21).	1,296	1,340	0.1
Sensors Solutions NIELSEN-KELLERMAN Designer and manufacturer of weather, wind and timing measurement instruments and devices. Nielsen-Kellerman is a subsidiary of Sensors Solutions Holdings	3,454	6,730	0.8
Testing Services ACCUTEST HOLDINGS, INC. Provider of environmental testing laboratories to the US market.	33,516	4,800	0.5
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.	10,079	11,406	1.3
Logistics Solutions 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	12,020	1.3

Company	Historical book cost* US$'000	Carrying value 28 February 2015 US$'000	Percentage of portfolio %
Water Services			
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 (see page 20).	9,865	10,153	1.1
TWH WATER TREATMENT INDUSTRIES, INC. Provider of water treatment supplies and services. TWH Water Treatment Industries, Inc., which owns **Nashville Chemical & Equipment a**nd **Klenzoid Canada Company/Eldon Water, Inc.**, is a subsidiary of Triwater Holding (see page 20).	8,543	13,297	1.5
TWH FILTRATION INDUSTRIES, INC. Supplier of parts and filters for point-of-use filtration systems, which owns **Paragon Water Systems** (see page 20).	9,322	9,707	1.1
Total US micro cap (verticals)	**143,926**	**167,747**	**18.8**

US Micro Cap (Co-investments)

Company	Historical book cost* US$'000	Carrying value 28 February 2015 US$'000	Percentage of portfolio %
JUSTRITE MANUFACTURING COMPANY Manufacturer of industrial safety products	6,068	13,832	1.5
MEDPLAST Manufacturer of plastic medical components (see page 22).	17,983	23,017	2.6
NEW VITALITY HOLDINGS, INC. Direct-to-consumer provider of nutritional supplements and personal care products	3,280	164	0.0
VITALYST Provider of outsourced IT support and training services	9,020	9,300	1.0
SALTER LABS, INC. Developer and manufacturer of respiratory medical products and equipment for the homecare, hospital, and sleep disorder markets	19,163	15,551	1.7
SOUTHERN PETROLEUM LABORATORIES, INC. Provider of petroleum and environmental testing services.	3,957	4,121	0.5
TIERPOINT, LLC Provider of cloud computing and colocation data center services (see page 22).	25,335	25,335	2.9
SUZO HAPP GROUP Designer, manufacturer and distributor of components for the global gaming, amusement and industrial markets	3,915	12,500	1.4
GLOO PRODUCTS CORP Designer, manufacturer and marketer of coolers and outdoor products	6,038	6,038	0.7
Total US micro cap (co-investments)	**94,759**	**109,858**	**12.3**

Investment Portfolio continued

Company	Historical book cost* US$'000	Carrying value 28 February 2015 US$'000	Percentage of portfolio %
US Micro Cap (Other)			
BOLDER INDUSTRIAL PERFORMANCE SOLUTIONS Acquirer of companies providing mission critical inspection services for a variety of industries	331	355	0.0
HEALTHCARE PRODUCTS HOLDINGS, INC.*** Designer and manufacturer of motorised vehicles	17,636	12,400	1.4
MODC, LLC Acquirer of speciality retail companies located in the centre of shopping malls	208	231	0.0
NATIONWIDE STUDIOS, INC. Processor of digital photos for preschoolers	16,132	6,200	0.7
US SANITATION, LLC Acquirer of janitorial and sanitarial product distributors and related chemical manufacturers and blenders	424	549	0.1
Total US micro cap (other)	**34,731**	**19,735**	**2.2**
Total US micro cap portfolio	**273,416**	**297,340**	**33.3**
European Micro Cap Portfolio			
EUROMICROCAP FUND 2010, LP At 28 February 2015, had invested in eleven companies in the European micro cap sector: **Factor Energia, Xacom Comunicaciones, Docout, Grupo Ombuds, Oro Direct, One World Packaging, Toro Finance, Winn Group, Fidor Bank, Petrocorner** and **Fincontinuo**	131,683	204,019	22.8
DOCOUT, S.L. Provider of digitalisation, document processing and storage services	2,777	2,786	0.3
GRUPO OMBUDS Provider of personal security and asset protection (see page 23)	17,155	17,490	2.0
TORO FINANCE Provides short term receivables finance to the suppliers of major Spanish companies (see page 23)	21,619	19,190	2.1
XACOM COMUNICACIONES SL Supplier of telecom products and technologies	2,055	2,399	0.3
Total European micro cap portfolio	**175,289**	**245,884**	**27.5**
Real Estate			
JZCP REALTY** Facilitates JZCP's investment in US real estate (see pages 24 to 26)	169,512	221,151	24.7
Total real estate investments	**169,512**	**221,151**	**24.7**

Company	Historical book cost* US$'000	Carrying value 28 February 2015 US$'000	Percentage of portfolio %
Mezzanine portfolio			
GED HOLDINGS, INC. Manufacturer of windows	6,100	305	0.0
METPAR INDUSTRIES, INC. Manufacturer of restroom partitions	7,754	750	0.1
PETCO ANIMAL SUPPLIES, INC. Retailer of pet food, supplies and services	1,237	1,900	0.2
Total mezzanine portfolio	**15,091**	**2,955**	**0.3**
Bank Debt: Second Lien Portfolio			
DEKKO TECHNOLOGIES, LLC Distributor of electrical sub-components	9,975	10,452	1.2
Total bank debt	**9,975**	**10,452**	**1.2**
Other			
BSM ENGENHARIA S.A. Brazilian-based provider of supply chain logistics, infrastructure services and equipment rental	6,115	1,895	0.2
SPRUCEVIEW CAPITAL, LLC Asset management company that primarily manages smaller endowments and pension funds	10,917	10,917	1.2
BRIGHT SPRUCE FUND, LP Fund investing in marketable equity, fixed income and alternative asset classes.	50,000	50,113	5.6
JZ INTERNATIONAL, LLC*** Fund of European LBO investments	661	661	0.1
Total other	**67,693**	**63,586**	**7.1**
Listed investments			
UK gilts			
UK treasury 2% – maturity 22.01.2016	40,732	39,480	4.4
Total UK gilts	**40,732**	**39,480**	**4.4**
Corporate bonds			
Goldman Sachs, 22.03.2016	16,590	13,473	1.5
Total corporate bonds	**16,590**	**13,473**	**1.5**
Total listed investments	**57,322**	**52,953**	**5.9**
Total – portfolio	**768,298**	**894,321**	**100.0**

* Book cost to JZCP equating to transfer value as at 1 July 2008 upon the liquidation of JZEP and adjusted for subsequent transactions. The book cost excludes the transfer value and subsequent Payment In Kind ("PIK") investments.

* Original book cost incurred by JZEP/JZCP adjusted for subsequent transactions. The book cost represents cash outflows and excludes PIK investments.

** JZCP owns 100% of the shares and voting rights of JZCP Realty Fund, Ltd.

*** Legacy investments. Legacy investments are excluded from the calculation of capital and income incentive fees.

Mezzanine portfolio includes common stock with a carrying value of US$1,955,000. These investments are classified as investments at fair value through profit or loss.

Statement of Comprehensive Income

For the Year Ended 28 February 2015

	Notes	Year ended 28 February 2015 Revenue return US$'000	Year ended 28 February 2015 Capital return US$'000	Year ended 28 February 2015 Total US$'000	Year ended 28 February 2014 Revenue return US$'000	Year ended 28 February 2014 Capital return US$'000	Year ended 28 February 2014 Total US$'000
Income							
Net gain on investments at fair value through profit or loss	6	–	**60,665**	**60,665**	–	55,408	55,408
Net loss on financial liabilities at fair value through profit or loss	17	–	**(1,867)**	**(1,867)**	–	–	–
Net impairment on loans and receivables	7	–	**(121)**	**(121)**	–	(77)	(77)
Realisations from investments held in escrow accounts	30	–	**6,924**	**6,924**	–	2,233	2,233
Net foreign currency exchange gains/(losses)		–	**5,899**	**5,899**	–	(9,980)	(9,980)
Investment income	8	**36,196**	–	**36,196**	39,184	–	39,184
Bank and deposit interest		**53**	–	**53**	130	–	130
		36,249	**71,500**	**107,749**	39,314	47,584	86,898
Expenses							
Investment Adviser's base fee	10	**(12,976)**	–	**(12,976)**	(11,220)	–	(11,220)
Investment Adviser's incentive fee	10	–	**(19,102)**	**(19,102)**	4,411	(13,819)	(9,408)
Directors' remuneration	10	**(394)**	–	**(394)**	(348)	–	(348)
Administrative expenses	10	**(1,984)**	–	**(1,984)**	(2,138)	–	(2,138)
		(15,354)	**(19,102)**	**(34,456)**	(9,295)	(13,819)	(23,114)
Operating profit		**20,895**	**52,398**	**73,293**	30,019	33,765	63,784
Finance costs							
Finance costs	9	–	**(13,990)**	**(13,990)**	–	(7,489)	(7,489)
Profit before taxation		**20,895**	**38,408**	**59,303**	30,019	26,276	56,295
Withholding taxes	11	**(93)**	–	**(93)**	(841)	–	(841)
Profit for the year		**20,802**	**38,408**	**59,210**	29,178	26,276	55,454
Weighted average number of Ordinary shares in issue during year	19			**65,018,607**			65,018,607
Basic and diluted earnings per Ordinary share	24	**31.99c**	**59.07c**	**91.07c**	44.88c	40.41c	85.29c

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 income statement 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 IFRS.
There was no comprehensive income other than the profit for the year.

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

Statement of Financial Position

As at 28 February 2015

	Notes	**28 February 2015 US$'000**	28 February 2014 US$'000
Assets			
Investments at fair value through profit or loss	12	**893,321**	791,366
Investments classified as loans and receivables	12	**1,000**	1,000
Cash and cash equivalents	13	**101,323**	11,372
Other receivables	14	**33**	517
Total assets		**995,677**	804,255
Liabilities			
Convertible Unsecured Loan Stock	17	**67,563**	–
Zero Dividend Preference shares	18	**106,813**	107,201
Loans payable	16	**90,114**	17,839
Investment Adviser's incentive fee		**22,595**	9,408
Investment Adviser's base fee		**1,451**	848
Directors' remuneration		**63**	63
Other payables	15	**1,568**	2,440
Total liabilities		**290,167**	137,799
Equity			
Stated capital account	21	**149,269**	149,269
Distributable reserve	21	**353,528**	353,528
Capital reserve	21	**115,196**	76,788
Revenue reserve	21	**87,517**	86,871
Total equity		**705,510**	666,456
Total liabilities and equity		**995,677**	804,255
Number of Ordinary shares in issue at year end	19	**65,018,607**	65,018,607
Net asset value per Ordinary share	25	**US$10.85**	US$10.25

These audited financial statements on pages 36 to 80 were approved by the Board of Directors and authorised for issue on 11 May 2015. They were signed on its behalf by:

David Macfarlane
Chairman

Patrick Firth
Director

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

Statement of Changes in Equity

For the Year Ended 28 February 2015

	Notes	Stated capital account US$'000	Distributable reserve US$'000	Capital reserve realised US$'000	Capital reserve unrealised US$'000	Revenue reserve US$'000	Total US$'000
Balance as at 1 March 2014		**149,269**	**353,528**	**85,910**	**(9,122)**	**86,871**	**666,456**
Profit for the year		**–**	**–**	**18,747**	**19,661**	**20,802**	**59,210**
Dividends paid	31	**–**	**–**	**–**	**–**	**(20,156)**	**(20,156)**
Balance at 28 February 2015		**149,269**	**353,528**	**104,657**	**10,539**	**87,517**	**705,510**

Comparative for the Year ended 28 February 2014

	Stated capital account US$'000	Distributable reserve US$'000	Capital reserve realised US$'000	Capital reserve unrealised US$'000	Revenue reserve US$'000	Total US$'000
Balance at 1 March 2013	149,269	353,528	92,834	(42,322)	76,873	630,182
Profit/(loss) for the year	–	–	(6,924)	33,200	29,178	55,454
Dividends paid	–	–	–	–	(19,180)	(19,180)
Balance at 28 February 2014	149,269	353,528	85,910	(9,122)	86,871	666,456

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

Statement of Cash Flows

For the Year Ended 28 February 2015

	Notes	1 March 2014 to 28 February 2015 US$'000	1 March 2013 to 28 February 2014 US$'000
Operating activities			
Net cash outflow from operating activities	26	**(9,473)**	(7,296)
Cash outflow for purchase of investments*		**(188,291)**	(195,526)
Cash outflow for capital calls by the EuroMicrocap Fund 2010, LP*		**(38,220)**	(31,035)
Cash inflow from repayment and disposal of investments**		**211,853**	143,830
Net cash outflow before financing activities		**(24,131)**	(90,027)
Financing activity			
Dividends paid to Shareholders	31	**(20,156)**	(19,180)
Proceeds from issue of Convertible Unsecured Loan Stock	17	**65,696**	–
Net proceeds from loan facilities	16	**72,275**	17,839
Finance costs		**(3,733)**	–
Net cash inflow/(outflow) from financing activities		**114,082**	(1,341)
Increase/(decrease) in cash and cash equivalents		**89,951**	(91,368)
Reconciliation of Net Cash Flow to Movements in Cash and Cash Equivalents			
Cash and cash equivalents at 1 March		**11,372**	102,740
Increase/(decrease) in cash and cash equivalents as above		**89,951**	(91,368)
Cash and cash equivalents at year end		**101,323**	11,372

* Total investments for the year ended 28 February 2015 total US$226.5 million (pages 3 and 11).

** Total proceeds from realisations for the year US$219.4 million (pages 3 and 11) include escrow receipts US$6.9 million and current period debt interest realised US$0.6 million (included within operating activities above).

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

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Notes to the Financial Statements

1. General Information

JZ Capital Partners Limited (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 classed 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"). In July 2014, the Company issued approximately US$65 million of CULS.

The Company's objective is to create a portfolio of investments providing a superior overall return comprised of a current yield and significant capital appreciation.

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

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;

(b) real estate or real estate linked investments and natural resources investments;

(c) debt opportunities, including mezzanine investments, comprising loans and high-yield securities, and listed bank debt, including both senior secured debt and second lien loans; and

(d) other debt and equity opportunities, including distressed debt and structured and off-balance sheet financings, derivatives and publicly traded securities.

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 the 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") and International Accounting Standards ("IAS") and Standing Interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, and have been adopted by the European Union, together with applicable legal and regulatory requirements of Guernsey Law, and the SFM.

Notes to the Financial Statements continued

2. Significant Accounting Policies continued

Basis of Preparation

The financial statements have been prepared under the historical cost or amortised 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 financial statements follow the Association of Investment Companies ("AIC") Statement of Recommended Practice ("SORP") issued on 21 January 2009.

Changes in Accounting Policy and Disclosures

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

(i) 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 Financial Instruments: Classification and Measurement. The adoption of the first phase of IFRS 9 (tentatively effective for periods beginning on after 1 January 2018, awaiting EU endorsement) may have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities.

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

Assessment as 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
- 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 The International Private Equity and Venture Capital Association ("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.

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.

Going Concern

A fundamental principle of the preparation of financial statements in accordance with IFRS is the assumption that an entity will continue in existence as a going concern, 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 liquid investments 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 the foreseeable future and that it is appropriate to prepare the financial statements on the going concern basis.

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 and non-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 Financial Liabilities

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

(i) Classification

The Company classifies its investments in listed investments, investments in first and second lien debt securities, other equity opportunities and other investments within its micro cap and Real Estate 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 and financial liabilities 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 and includes those investments over which the Company has significant influence or controls (see (c) and (d) below). Information about these financial assets and financial liabilities are evaluated by the management of the Company on a fair value basis together with other relevant financial information.

(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 period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income within investment income when the Company's right to receive payment is established.

Notes to the Financial Statements continued

2. Significant Accounting Policies continued

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 12 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 IPEVCA 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.

Traded loans including first and second lien term securities are valued by reference to the last indicative bid price from recognised market makers. These investments are classified in the Statement of Financial Position as Investments at fair value through profit or loss.

(b) 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.

(c) Investment in an associate
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, LP (the "Partnership") using the equity method. Instead, the Company has elected to measure its investment in its associate at fair value through profit or loss.

The Directors have determined that although the Company has over 50% economic partnership interest in the Partnership, it does not have the power to govern the financial and operating policies of the partnership. Such powers are vested with the General Partner. However the Company does have significant influence over the Partnership.

(d) Investment in subsidiaries
The Board has concluded that the Company meets the criteria of an investment entity as defined by IFRS10 and is required to account for the investment in its subsidiaries at fair value through profit and loss.

(e) Cash on deposit
Cash on deposit comprises bank deposits with an original maturity of three months or more.

(f) Cash and cash equivalents
Cash and cash equivalents comprise bank balances and cash held by the Company including short-term bank deposits with an original maturity of three months or less. Cash also includes amounts held in interest-bearing overnight accounts.

(g) 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.

(h) 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 (j) below) and equity are recorded at the amount of proceeds received, net of issue costs. Ordinary shares are regarded as equity.

(i) 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.

(j) 6% Convertible Unsecured Loan Stock 2021
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 period 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.

Notes to the Financial Statements continued

2. Significant accounting policies continued

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 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.

3. Segment Information

The Investment Manager, who is the chief investment officer, 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 has been organised into the following segments:

- Portfolio of US micro cap investments
- Portfolio of European micro cap investments
- Portfolio of Real Estate investments
- Portfolio of Mezzanine investments
- Portfolio of Bank debt
- Portfolio of Listed 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.

Investment in corporate bonds, money market funds and treasury gilts are not considered part of any individual segment and have therefore been excluded from this segmental analysis.

Segmental Operating Profit/Loss

For the Year Ended 28 February 2015

	Micro cap US US$'000	Micro cap European US$'000	Real estate US$'000	Mezzanine portfolio US$'000	Bank debt US$'000	Listed investments US$'000	Other investment US$'000	Total US$'000
Interest revenue	**29,666**	**3,554**	**321**	**174**	**1,262**	**–**	**–**	**34,977**
Dividend revenue	**–**	**–**	**–**	**–**	**–**	**311**	**–**	**311**
Net gain/(loss) on investments at fair value	**23,669**	**7,815**	**46,441**	**(629)**	**–**	**(7,377)**	**(2,504)**	**67,415**
Impairments on loans and receivables	**–**	**–**	**–**	**(121)**	**–**	**–**	**–**	**(121)**
Investment Adviser's base fee	**(3,875)**	**(3,205)**	**(2,882)**	**(39)**	**(136)**	**–**	**(829)**	**(10,966)**
Investment Adviser's capital incentive fee[1]	**(13,457)**	**1,538**	**(9,289)**	**151**	**–**	**–**	**608**	**(20,449)**
Total segmental operating profit	**36,003**	**9,702**	**34,591**	**(464)**	**1,126**	**(7,066)**	**(2,725)**	**71,167**

Year Ended 28 February 2014

	Micro cap US US$'000	Micro cap European US$'000	Real estate US$'000	Mezzanine portfolio US$'000	Bank debt US$'000	Listed investments US$'000	Other investments US$'000	Total US$'000
Interest revenue	31,210	2,124	495	215	1,307	–	–	35,351
Dividend revenue	–	–	–	–	–	2,804	–	2,804
Other revenue	–	–	–	–	–	–	–	–
Net gain/(loss) on investments at fair value	3,659	32,744	4,701	176	–	10,354	(675)	50,959
Impairments on loans and receivables	–	–	–	(77)	–	–	–	(77)
Investment Adviser's base fee	(4,765)	(2,605)	(1,573)	(52)	(165)	(1,753)	(149)	(11,062)
Investment Adviser's capital incentive fee[1]	(10,411)	–	–	2,284	–	–	–	(8,127)
Total segmental operating profit	19,693	32,263	3,623	2,546	1,142	11,405	(824)	69,848

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.

Notes to the Financial Statements continued

3. Segment Information continued

Segmental Assets

At 28 February 2015

	Micro cap US US$'000	**Micro cap European US$'000**	**Real estate US$'000**	**Mezzanine portfolio US$'000**	**Bank debt US$'000**	**Listed investments US$'000**	**Other investment US$'000**	**Total US$'000**
Investments at fair value through profit or loss	**297,340**	**245,884**	**221,151**	**1,955**	**10,452**	–	**63,586**	**840,368**
Investments classified as loans and receivables	–	–	–	**1,000**	–	–	–	**1,000**
Other receivables	–	–	–	–	–	–	–	
Other payables and accrued expenses	**(18,508)**	**1,180**	**(10,551)**	**2,431**	**(15)**	**(1,080)**	**728**	**(25,815)**
Total segmental net assets	**278,832**	**247,064**	**210,600**	**5,386**	**10,437**	**(1,080)**	**64,314**	**815,553**

At 28 February 2014

	Micro cap US US$'000	Micro cap European US$'000	Real estate US$'000	Mezzanine portfolio US$'000	Bank debt US$'000	Listed investments US$'000	Other investments US$'000	Total US$'000
Investments at fair value through profit or loss	341,560	186,781	112,792	2,706	11,810	65,423	10,587	731,659
Investments classified as loans and receivables	–	–	–	1,000	–	–	–	1,000
Other receivables	–	–	–	–	–	486	–	486
Other payables and accrued expenses	(10,771)	(197)	(119)	2,280	(12)	(1,136)	(11)	(9,966)
Total segmental net assets	330,789	186,584	112,673	5,986	11,798	64,773	10,576	723,179

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, custodian and administration fees, Directors' fees and other general expenses.

	Year ended 28/02/2015 US$'000	Year ended 28/02/2014 US$'000
Net reportable segment profit	**71,167**	69,848
Net (losses)/gains on treasury gilts and corporate bonds	**(6,750)**	4,449
Realised gains on investments held in escrow accounts	**6,924**	2,233
Net foreign exchange gains/(losses)	**5,899**	(9,980)
Interest on treasury gilts and corporate bonds	**908**	1,029
Interest on cash	**53**	130
Fees payable to investment adviser based on non-segmental assets	**(663)**	(1,439)
Net loss on financial liabilities	**(1,867)**	–
Expenses not attributable to segments	**(2,378)**	(2,486)
Operating profit	**73,293**	63,784

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 net segment assets and total net assets.

	28/02/2015 US$'000	28/02/2014 US$'000
Total net segmental assets	**815,553**	723,179
Non-segmental assets and liabilities:		
Treasury gilts	**39,480**	43,292
Floating rate notes	**13,473**	16,415
Cash and cash equivalents	**101,323**	11,372
Other receivables and prepayments	**33**	31
Zero Dividend Preference shares	**(106,813)**	(107,201)
Convertible Unsecured Loan Stock	**(67,563)**	–
Loans payable	**(90,114)**	(17,839)
Other payables and accrued expenses	**138**	(2,793)
Total non-segmental net assets	**(110,043)**	(56,723)
Total net assets	**705,510**	666,456

4. Fair Value of Financial Instruments

The Company classifies fair value measurements of its financial instruments at fair value through profit or loss using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The financial assets valued at fair value through profit or loss are analysed in a fair value hierarchy based on the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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) (level 2).
- Those involving inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Notes to the Financial Statements continued

4. 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 2015	**Level 1 US$'000**	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Financial assets designated at fair value through profit or loss at inception:				
Listed securities	**52,953**	–	–	**52,953**
Bank debt	–	–	**10,452**	**10,452**
Mezzanine portfolio	–	–	**1,955**	**1,955**
US micro cap portfolio	–	–	**297,340**	**297,340**
European micro cap portfolio	–	–	**245,884**	**245,884**
Real estate portfolio	–	–	**221,151**	**221,151**
Other	–	–	**63,586**	**63,586**
	52,953	–	**840,368**	**893,321**

Financial assets at 28 February 2014	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets designated at fair value through profit or loss at inception:				
Listed securities	125,130	–	–	125,130
Bank debt	–	–	11,810	11,810
Mezzanine portfolio	–	–	2,706	2,706
US micro cap portfolio	–	–	341,560	341,560
European micro cap portfolio	–	–	186,781	186,781
Real estate portfolio	–	–	112,792	112,792
Other	–	–	10,587	10,587
	125,130	–	666,236	791,366

Transfers Between Levels

There were no transfers between the levels of hierarchy of financial assets recognised at fair value within the year ended 28 February 2015 and 28 February 2014.

Financial liabilities at 28 February 2015

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Financial liabilities designated at fair value through profit or loss at inception:				
Convertible Subordinated Unsecured Loan Stock	67,563	–	–	67,563
	67,563	–	–	67,563

Transfers Between Levels

There were no transfers between the levels of hierarchy of financial liabilities recognised at fair value within the year ended 28 February 2015.

Valuation Techniques

In valuing investments in accordance with International Financial Reporting Standards, the Directors follow a number of general principles as detailed in the International Private Equity and Venture Capital Association ("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.

The fair value of bank debt which is derived from unobservable data is classified as Level 3.

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. The fair value techniques used in the underlying valuations are:

- Use of third party appraisals on the subject property, where available.
- 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.
- 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.

The Company assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. Evidence of impairment may include indications that the debtor or a group of debtors 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 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 12 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 IPEVCA 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.

Notes to the Financial Statements continued

4. Fair Value of Financial Instruments continued

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.

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 2015 are shown below:

	Value 28/02/2015 US$'000	Valuation Technique	Unobservable input	Range (weighted average)	Sensitivity used*	Effect on fair value US$'000	
US micro cap investments	**297,340**	EBITDA multiple	Average EBITDA multiple of peers	5.0x/– 11.5x (7.6x)	0.5x/–0.5x	(24,240)	24,384
			Discount to average multiple	15% – 40% (25%)	5.0%/–5.0%	(28,355)	28,414
European micro cap investments	**245,884**	EBITDA multiple	Average EBITDA multiple of peers	5.4x – 12.5x (8.2x)	0.5x/–0.5x	(9,577)	10,095
			Discount to average multiple	0% – 44% (25%)	5.0%/–5.0%	(13,265)	13,783
Mezzanine investments	**1,995**	EBITDA multiple	Average EBITDA multiple of peers	5.0x – 8.0x (7.0x)	0.5x/–0.5x	(334)	334
			Discount to average multiple	10%	5.0%/–5.0%	(294)	294
Bank debt	**10,452**	EBITDA multiple	Average EBITDA	6.0x	0.5x/–0.5x	–	–
Real estate[1]	**221,151**	Comparable sales	Market Value Per Square Foot	$314 – $575 per sq ft	–5%/+5%	(2,964)	2,895
		DCF Model/Income Approach	Discount Rate	7%	+25bps/–25bps	(781)	827
		Cap Rate/Income Approach	Capitalisation Rate		4.5% – 5% +25bps/–25bps	(8,227)	8,954
Other investments	**63,586**	EBITDA multiple	Average EBITDA multiple of peers	7.5x	0.5x/–0.5x	(301)	301
			Discount to average multiple	25%	5.0%/–5.0%	(222)	222
		Adjusted NAV	Discount for Lack of Liquidity	5%	5%/5%	(2,638)	2,931

Notes:

1 The fair value of JZCP's investment in financial interests in real estate, is measured as JZCP's percentage interest in the value of the underlying properties. The Directors 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 sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.

	Value 28/02/2014 US$'000	Valuation Technique	Unobservable input	Range (weighted average)	Sensitivity used*	Effect on fair value US$'000	
US micro cap investments	287,792	EBITDA multiple	Average EBITDA multiple of peers	5.0x/– 9.0x (7.2x)	0.5x/–0.5x	(21,426)	19,256
			Discount to average multiple	0% – 40% (25%)	5.0%/–5.0%	(28,087)	23,893
US micro cap investments[1]	23,563	Multiple of book value	Multiple of book value	1.5x	0.25x/–0.25x	(3,293)	3,293
US micro cap investments[2]	30,205	Revenue multiple	Revenue multiple	0.4x	0.1x/–0.1x	(6,169)	5,103
European micro cap investments	186,781	EBITDA multiple	Average EBITDA multiple of peers	5.4x – 9.0x (7.3x)	0.5x/–0.5x	(11,010)	11,010
			Discount to average multiple	25% – 48% (33%)	5.0%/–5.0%	(9,730)	9,825
Mezzanine investments	2,706	EBITDA multiple	Average EBITDA multiple of peers	5.0x – 8.0x (7.0x)	0.5x/–0.5x	(342)	342
			Discount to average multiple	10%	5.0%/–5.0%	(256)	256
Bank debt	11,810	EBITDA multiple	Average EBITDA multiple of peers	6.0x	0.5x/–0.5x	–	–
Real estate[3]	112,792	DCF model/ Income approach	Discount rate	10%	+1%/–1%	(3,745)	3,922
Other investments	10,587	EBITDA multiple	Average EBITDA multiple of peers	7.5x	0.5x/–0.5x	(447)	447
			Discount to average multiple	25%	5.0%/–5.0%	(379)	379

Notes:

1 Milestone Aviation valued using a different valuation method.

2 Dental Holdings valued using a different valuation method.

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

Notes to the Financial Statements continued

4. Fair Value of Financial Instruments continued

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within level 3 between the beginning and the end of the reporting period.

At 28 February 2015

	Bank debt US$'000	**Mezzanine portfolio US$'000**	**US micro cap portfolio US$'000**	**Euro micro cap portfolio US$'000**	**Real estate US$'000**	**other US$'000**	**Total US$'000**
At 1 March 2014	**11,810**	**2,706**	**341,560**	**186,781**	**112,792**	**10,587**	**666,236**
Purchases	**–**	**–**	**52,574**	**48,843**	**68,094**	**57,000**	**226,511**
PIK adjusted for fair value	**111**	**(1)**	**25,724**	**–**	**(51)**	**–**	**25,783**
Proceeds from investments repaid or sold	**(1,461)**	**–**	**(144,723)**	**–**	**(6,125)**	**(1,497)**	**(153,806)**
Net gains and losses recognised in statement of comprehensive income	**–**	**(750)**	**23,669**	**7,815**	**46,441**	**(2,504)**	**74,671**
Movement in accrued interest recognised in statement of comprehensive income	**(8)**	**–**	**(1,464)**	**2,445**	**–**	**–**	**973**
At 28 February 2015	**10,452**	**1,955**	**297,340**	**245,884**	**221,151**	**63,586**	**840,368**

At 28 February 2014

	Bank debt US$'000	Mezzanine portfolio US$'000	US micro cap portfolio US$'000	Euro micro cap portfolio US$'000	Real estate US$'000	other US$'000	Total US$'000
At 1 March 2013	11,690	2,529	342,566	107,463	30,861	11,080	506,189
Purchases	–	–	63,370	45,172	76,933	1,750	187,225
PIK adjusted for fair value	130	50	25,386	–	–	–	25,566
Proceeds from investments repaid or sold	–	–	(92,142)	–	(198)	(1,568)	(93,908)
Net gains and losses recognised in statement of comprehensive income	–	99	3,659	32,774	4,701	(675)	40,558
Movement in accrued interest recognised in statement of comprehensive income	(10)	28	(1,279)	1,372	495	–	606
At 28 February 2014	11,810	2,706	341,560	186,781	112,792	10,587	666,236

The following table details the revenues and net gains included within the statement of comprehensive income for investments classified at level 3 which were held during the year.

At 28 February 2015	**Bank debt US$'000**	**Mezzanine portfolio US$'000**	**US micro cap portfolio US$'000**	**Euro micro cap portfolio US$'000**	**Real estate US$'000**	**other US$'000**	**Total US$'000**
Interest and other revenue	**1,262**	**174**	**29,666**	**3,554**	**321**	**–**	**34,977**
Net (loss)/gain on investments at fair value through profit or loss	**–**	**(750)**	**23,669**	**7,815**	**46,441**	**(2,504)**	**74,671**
	1,262	**(576)**	**53,335**	**11,369**	**46,762**	**(2,504)**	**109,648**

At 28 February 2014	Bank debt US$'000	Mezzanine portfolio US$'000	US micro cap portfolio US$'000	Euro micro cap portfolio US$'000	Real estate US$'000	other US$'000	Total US$'000
Interest and other revenue	1,307	215	31,210	2,124	495	–	35,351
Net gain/(loss) on investments at fair value through profit or loss	–	99	3,659	32,774	4,701	(675)	40,558
	1,307	314	34,869	34,898	5,196	(675)	75,909

For the investments measured at Level 3 at the reporting date, the Company adjusted the default rate, and discount rate assumptions within a range of reasonably possible alternatives. The extent of the adjustment varied according to the characteristics of each security.

The potential effect of using reasonably possible alternative assumptions for valuing financial instruments classified as Level 3 at the reporting date would reduce the fair value by up to US$91,199,000 (28 February 2014: US$84,884,000) or increase the fair value by US$93,435,000 (28 February 2014: US$77,726,000).

The fair value of financial assets and financial liabilities measured at amortised cost are determined as follows:

The fair value of the Zero Dividend Preference shares is deemed to be their quoted market price. As at 28 February 2015 the ask price was £3.58 (28 February 2014: £3.36 per share) the total fair value of the ZDP shares was US$114,563,000 (28 February 2014: US$116,599,000) which is US$7,750,000 higher (28 February 2014: US$9,398,000 higher) than the liability recorded in the Statement of Financial Position.

The carrying amounts of loans and receivables are recorded at amortised cost using the effective interest method in the financial statements. The fair value of loans and receivables at 28 February 2015 was US$1,000,000 (28 February 2014: US$1,00,000).

The carrying amounts of trade receivables and trade payables are deemed to be their fair value due to their short term nature.

Notes to the Financial Statements continued

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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 relate to the selection of the multiples and the discount factors used in the valuation models.

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.

Investment in Associate

The policies applied in accounting for the Company's associate require significant judgement. Full details are disclosed in Note 2c.

Assessment as an Investment Entity

The Board has concluded that the Company meets the definition of an investment entity and, as such, does not consolidate its subsidiary but rather values it at fair value through profit or loss as described in Note 2 (d).

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

	Year ended 28/02/2015 US$'000	Year ended 28/02/2014 US$'000
Net movement in unrealised gains in the year	**36,516**	55,009
Proceeds from investments realised	**211,853**	136,247
Cost of investments realised	**(172,692)**	(131,978)
Realised gains (proceeds less cost to JZCP)	**39,161**	4,269
Total gains in prior periods now realised	**(15,012)**	(3,870)
Total net realised gains in the year	**24,149**	399
Net gain on investments in the year	**60,665**	55,408

7. Net Impairments on Loans and Receivables

	Year ended 28/02/2015 US$'000	Year ended 28/02/2014 US$'000
Net (impairments on)/write back of impairments on loans and receivables	**(121)**	(77)
Proceeds from investments repaid	–	7,584
Cost of investments repaid	–	(7,584)
Net realised gain	–	–
Net impairments on loans and receivables	**(121)**	(77)

8. Investment Income

	Year ended 28/02/2015 US$'000	Year ended 28/02/2014 US$'000
Income from investments classified as FVTPL	**36,022**	38,969
Income from investments classified as loans and receivables	**174**	215
	36,196	39,184

Income for the Year ended 28 February 2015

	Dividends US$'000	Preferred dividends US$'000	Loan note PIK US$'000	Loan note Cash US$'000	Other interest US$'000	Total US$'000
US micro cap portfolio	–	**15,036**	**9,350**	**5,280**	–	**29,666**
European micro cap portfolio	–	–	**2,490**	**1,064**	–	**3,554**
Real estate	–	–	–	**321**	–	**321**
Mezzanine portfolio	–	–	**174**	–	–	**174**
Bank debt	–	–	–	–	**1,262**	**1,262**
Listed investments	**311**	–	–	–	–	**311**
Treasury gilts and corporate bonds	–	–	–	–	**908**	**908**
	311	**15,036**	**12,014**	**6,665**	**2,170**	**36,196**

Notes to the Financial Statements continued

8. Investment Income continued

Income for the Year ended 28 February 2014

	Dividends US$'000	Preferred dividends US$'000	Loan note PIK US$'000	Loan note Cash US$'000	Other interest US$'000	Total US$'000
US micro cap portfolio	–	15,213	9,272	6,725	–	31,210
European micro cap portfolio	–	–	1,569	555	–	2,124
Mezzanine portfolio	–	–	77	138	–	215
Bank debt	–	–	–	–	1,307	1,307
Listed investments	2,804	–	–	–	–	2,804
Treasury gilts and corporate bonds	–	–	–	–	1,029	1,029
Real estate	–	–	495	–	–	495
	2,804	15,213	11,413	7,418	2,336	39,184

Interest on unlisted investments totalling US$15,640,000 (year ended 28 February 2014: US$12,035,000) has not been recognised in accordance with the Company's accounting and valuation policy.

9. Finance Costs

Finance costs arising are allocated to the Statement of Comprehensive Income using the effective interest rate method. The rights and entitlements of the ZDP shares, which are accounted for at amortised cost are described in Note 18. The rights and entitlements of the CULS, are described in Note 17. The interest expense on the CULS is calculated according to the effective interest rate method.

	Year ended 28/02/2015 US$'0000	Year ended 2/28/2014 US$'0000
ZDP shares (note 18)	**8,390**	7,489
CULS Interest and transaction costs (note 17)	**2,042**	–
Loan – Jefferies Finance, LLC (note 16)	**3,374**	–
Loan – Deutsche Bank (note 16)	**184**	–
	13,990	7,489

10. Expenses

	Year ended 28/02/2015 US$'000	Year ended 28/02/2014 US$'000
Investment Adviser's base fee	**12,976**	11,220
Investment Adviser's incentive fee	**19,102**	9,408
Directors' remuneration	**394**	348
	32,472	20,976
Administrative expenses:		
Legal and professional fees	**1,000**	870
Other expenses	**369**	557
Accounting, secretarial and administration fees	**350**	324
Auditors' remuneration	**151**	216
Auditors' remuneration – non-audit fees	**60**	108
Custodian fees	**54**	63
	1,984	2,138
Total expenses	**34,456**	23,114

Directors' Fees

The Chairman is entitled to a fee of US$140,000 per annum. As from 1 January 2014, the Chairman of the Audit Committee is entitled to a fee of US$70,000 per annum, all other directors are entitled to a fee of US$60,000. For the year ended 28 February 2015 total Directors' fees included in the Statement of Comprehensive Income were US$394,000 (year ended 28 February 2014: US$348,000), of this amount US$63,000 was outstanding at the year end (28 February 2014: US$63,000).

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 those assets identified by the Company as being excluded from the base management fee, under the terms of the agreement. The base management fee is payable quarterly in arrears; the agreement provides that payments in advance on account of the base management fee will be made.

For the year ended 28 February 2015, total investment advisory and management expenses, based on the average total assets of the Company, were included in the Statement of Comprehensive Income of US$12,976,000 (year ended 28 February 2014: US$11,220,000). Of this amount US$1,451,000 (28 February 2014: US$848,000) was outstanding 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

For the years ended 28 February 2015 and 2014 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 Euro micro cap Fund 2010, LP 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.

A capital gains incentive fee based on realised gains during the year ended 28 February 2015 of US$13,156,000 (28 February 2014: US$5,907,000) was incurred and US$13,156,000 (28 February 2014: US$3,115,000) was payable to the Investment Adviser at year end. The Company also provides for a capital gains incentive fee based on unrealised gains. For the year ended 28 February 2015 there has been an increase in this provision of US$5,936,000 (28 February 2014: US$3,503,000) resulting in a closing provision of US$9,439,000 (28 February 2014: US$3,503,000).

Total incentive fees payable to the Investment Adviser within 90 days of the year ended total US$13,156,000 (2014: US$5,907,000).

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).

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 a fee payable quarterly in arrears. Fees payable to the Administrator are fixed for the three years from the date of appointment and are then subsequently subject to an annual fee review.

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 US$2,000 and a transaction fee of US$50 per transaction. For the year ended 28 February 2015 total Custodian expenses of US$54,000 (28 February 2014: US$63,000) were included in the Statement of Comprehensive Income of which US$26,000 (28 February 2014: US$16,000) was outstanding at the year end and is included within Other Payables.

Auditors Remuneration

During the year ended 28 February 2015, the Company incurred fees for audit services of $151,000, and fees for non-audit services (reporting accountant services, interim review and taxation services) of $210,000, of which $43,000 were charged to auditor's remuneration within administrative expenses in the Statement of Comprehensive Income, and $110,000 were included within finance costs in the Statement of Comprehensive Income and related to services provided in connection with the issue of the CULS.

11. Taxation

For both 2015 and 2014 the Company applied for and was granted exempt status for Guernsey tax purposes under the terms of The Income Tax (Zero 10) (Guernsey) Law, 2007.

For the year ended 28 February 2015 the Company incurred withholding tax of US$93,000 (28 February 2014: US$841,000) on dividend income from listed investments.

12. Investments

Categories of financial instruments	Listed 28/02/2015 US$'000	Unlisted 28/02/2015 US$'000	Carrying value 28/02/2015 US$'000
Fair value through profit or loss (FVTPL)	**52,953**	**840,368**	**893,321**
Loans and receivables	–	**1,000**	**1,000**
	52,953	**841,368**	**894,321**

	Listed 28/02/2015 US$'000	Unlisted 28/02/2015 US$'000	Total 28/02/2015 US$'000
Book cost at 1 March 2014	**100,380**	**656,439**	**756,819**
Purchases in year	–	**188,291**	**188,291**
Capital calls during year	–	**38,220**	**38,220**
Payment in kind ("PIK")	–	**25,783**	**25,783**
Proceeds from investments disposed/realised	**(58,047)**	**(153,806)**	**(211,853)**
Realised gains on disposal	**14,988**	**24,173**	**39,161**
Book cost at 28 February 2015	**57,321**	**779,100**	**836,421**
Unrealised gains at 28 February 2015	**(4,451)**	**51,769**	**47,318**
Accrued interest at 28 February 2015	**83**	**10,499**	**10,582**
Carrying value at 28 February 2015	**52,953**	**841,368**	**894,321**

Categories of financial instruments	Listed 28/02/2014 US$'000	Unlisted 28/02/2014 US$'000	Carrying value 28/02/2014 US$'000
Fair value through profit or loss (FVTPL)	125,130	666,236	791,366
Loans and receivables	–	1,000	1,000
	125,130	667,236	792,366

	Listed 28/02/2014 US$'000	Unlisted 28/02/2014 US$'000	Total 28/02/2014 US$'000
Book cost at 1 March 2013	102,384	541,869	644,253
Purchases in year	39,336	156,190	195,526
Capital calls during year	–	31,035	31,035
Payment in kind ("PIK")	–	25,566	25,566
Proceeds from investments disposed/realised	(42,366)	(101,464)	(143,830)
Realised gains on disposal	1,026	3,243	4,269
Book cost at 28 February 2014	100,380	656,439	756,819
Unrealised gains at 28 February 2014	24,655	1,271	25,926
Accrued interest at 28 February 2014	95	9,526	9,621
Carrying value at 28 February 2014	125,130	667,236	792,366

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.

Notes to the Financial Statements continued

12. Investments continued

Investment in Associate

As at 28 February 2015 and 28 February 2014, the Company had a direct investment in the following associate:

Entity	Place of incorporation	Principal activity	% Interest
EuroMicrocap Fund 2010, LP	Cayman	Acquirer of Europe-based micro cap companies	75%

The Company has elected for an exemption from the IAS 28 equity method. Therefore the Company values its associate at fair value through profit or loss. An associate investment is defined as an entity over which the Company has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of these policies.

	28/02/2015 US$'000	28/02/2014 US$'000
EuroMicrocap Fund 2010, LP	**204,019**	150,115
Investment in associate at fair value	**204,019**	150,115

Restrictions

There are no significant restrictions on the ability of the associate to transfer funds to the Company in the form of cash dividends, or repayment of loans or advances. However, the company has not received any funds from the associate.

Investment in Subsidiary

As at 28 February 2015, the Company had a direct investment in the following subsidiaries:

	28/02/2015 US$'000	28/02/2014 US$'000
JZCP Bright Spruce, Ltd	**50,113**	–
JZCP Realty Fund, Ltd	**221,151**	112,792
Investment in subsidiaries at fair value	**271,264**	112,792

The principal place of business for both subsidiaries is 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.

Unconsolidated subsidiaries	Place of incorporation	% Interest
JZCP Bright Spruce, Ltd	Cayman	100%
JZCP Realty Fund, Ltd	Cayman	100%

JZCP Realty Fund, Ltd controls the following subsidiaries:

Entity	Place of incorporation	% Interest
JZ REIT Fund Metropolitan, LLC	Delaware, USA	99%
JZCP Loan Metropolitan Corp	Delaware, USA	100%
JZ REIT Fund 1, LLC	Delaware, USA	99%
JZCP Loan 1 Corp	Delaware, USA	100%
JZ REIT Fund Flatbush Portfolio, LLC	Delaware, USA	99%
JZCP Loan Flatbush Portfolio Corp	Delaware, USA	100%
JZ REIT Fund Flatbush, LLC	Delaware, USA	99%
JZCP Loan Flatbush Corp	Delaware, USA	100%
JZ REIT Fund Fulton, LLC	Delaware, USA	99%
JZCP Loan Fulton Corp	Delaware, USA	100%
JZCP Loan Greenpoint Corp	Delaware, USA	99%
JZ REIT Fund Greenpoint, LLC	Delaware, USA	100%
JZ REIT Fund Florida, LLC	Delaware, USA	100%
JZCP Loan Florida Corp	Delaware, USA	100%

Restrictions

The Company receives income in the form of interest from its investments in unconsolidated subsidiaries, and there are no significant restrictions on the transfer of funds from these entities to the Company.

Support

The Company has no contractual commitments to provide any financial or other support to its unconsolidated subsidiaries.

13. Cash and Cash Equivalents

	28/02/2015 US$'000	28/02/2014 US$'000
Cash at bank	101,323	11,372

Cash and cash equivalents comprise bank balances and cash held by the Company including short-term bank deposits and investments in money market funds with an original maturity of three months or less.

14. Other Receivables

	28/02/2015 US$'000	28/02/2014 US$'000
Accrued dividend income on listed investments	–	486
Other receivables and prepayments	**33**	31
	33	517

Notes to the Financial Statements continued

15. Other Payables

	28/02/2015 US$'000	28/02/2014 US$'000
Provision for tax on dividends received not withheld at source	**1,004**	1,004
Legal fees	**250**	250
Other expenses	**142**	187
Auditors' remuneration	**89**	147
Fees due to administrator	**57**	115
Custody fees	**26**	16
Structured forward currency contract	–	721
	1,568	2,440

16. Loans Payables

	28/02/2015 US$'000	28/02/2014 US$'000
Jefferies Finance, LLC	**50,154**	–
Deutsche Bank	**39,960**	17,839
	90,114	17,839

At 28 February 2015, JZCP had a loan facility with Deutsche Bank allowing the Company to draw down a total of US$52.0 million. At the year end the loan outstanding was US$40.0 million and a further US$12.0 million was available to draw down. The loan is secured by the Company's investment in corporate bonds and UK gilts, the total value of assets held as collateral at 28 February 2015 was US$53.0 million. The interest rate is charged at 30 day Libor + 75 basis points.

On 16 June 2014, JZCP entered in to a US$50.0 million loan agreement with Jefferies Finance, LLC. Proceeds of US$49.0 million were received after deduction of a 2% original issue discount. Loan interest is payable at 7%, after allowing for transaction costs and the initial discount the effective interest rate applied is 9.6%. The loan is due for repayment on 16 June 2015.

	28/02/2015 US$'0000
Proceeds – 16 June 2014	49,000
Issue costs	(295)
Finance costs charged to Statement of Comprehensive Income	3,374
Interest paid	(1,925)
	50,154

The carrying value of the loans approximates to fair value and would be designated as level 3 in the fair value hierarchy.

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

On 30 July 2014, JZCP issued £38,861,140 6% CULS. Within 12 months of the date of the CULS prospectus (21 July 2014) the Company at its discretion can issue a further tranche of up to £38,861,140 6% CULS subject to shareholder approval.

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% per annum, payable semi-annually in arrears.

During the year the Company incurred costs of $1,367,000 in relation to the issue of the CULS.

	28/02/2015 US$'0000
Issue of 3,886,114 CULS of £10 nominal value on 30 July 2014	65,696
Unrealised movement in fair value of CULS	1,867
Fair Value of CULS based on offer price at 28 February 2015	67,563

18. Zero Dividend Preference ("ZDP") Shares

	28/02/2015 US$'000	28/02/2014 US$'000
ZDP shares issued 22 June 2009		
Amortised cost at 1 March	**107,201**	89,839
Finance costs allocated to statement of comprehensive income	**8,390**	7,489
Unrealised currency (gain)/loss to the Company on translation during the year	**(8,778)**	9,873
Amortised cost at year end	**106,813**	107,201
Total number of ZDP shares in issue	**20,707,141**	20,707,141

ZDP shares were issued on 22 June 2009 at a price of 215.80 pence and are 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.

Notes to the Financial Statements continued

19. Stated Capital

Authorised Capital

Unlimited number of Ordinary shares of no par value.

Ordinary Shares – Issued Capital

	28/02/2015 Number of shares	28/02/2014 Number of shares
Total Ordinary shares in issue	**65,018,607**	65,018,607

The Company's shares trade on the London Stock Exchange's Specialist Fund Market. The Company's shares were also quoted on the Channel Islands Securities Exchange (listing was cancelled from 22 December 2014).

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.

20. 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.
- 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.

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.

21. 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.

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.

Distributable Reserves

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.

Summary of Reserves Attributable to Ordinary Shareholders

	28/02/2015 US$'000	28/02/2014 US$'000
Distributable reserve	**353,528**	353,528
Stated capital account	**149,269**	149,269
Capital reserve	**115,196**	76,788
Revenue reserve	**87,517**	86,871
	705,510	666,456

There was no movement in the Company's stated capital account and distributable reserve for the years ended 28 February 2015 and 2014.

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.

	Capital reserve		
	Realised 28/02/2015 US$'000	**Unrealised 28/02/2015 US$'000**	**Total 28/02/2015 US$'000**
At 1 March 2014	**85,910**	**(9,122)**	**76,788**
Net gains on investments	**39,161**	**21,504**	**60,665**
Net (losses)/gains on foreign currency exchange	**(2,290)**	**8,068**	**5,778**
Realised gains on investments held in escrow accounts	**6,924**	**–**	**6,924**
Expenses charged to capital	**(25,048)**	**5,946**	**(19,102)**
Net loss on CULS	**–**	**(1,867)**	**(1,867)**
Finance costs in respect of ZDP shares and CULS	**–**	**(13,990)**	**(13,990)**
At 28 February 2015	**104,657**	**10,539**	**115,196**

Notes to the Financial Statements continued

21. Reserves continued

	Capital reserve		
	Realised 28/02/2014 US$'000	Unrealised 28/02/2014 US$'000	Total 28/02/2014 US$'000
At 1 March 2013	92,834	(42,322)	50,512
Net gains on investments	4,291	51,117	55,408
Net (losses)/gains on foreign currency exchange	371	(10,428)	(10,057)
Realised gains on investments held in escrow accounts	2,233	–	2,233
Expenses charged to capital	(13,819)	–	(13,819)
Finance costs in respect of Zero Dividend Preference shares	–	(7,489)	(7,489)
At 28 February 2014	85,910	(9,122)	76,788

Revenue Reserve

	28/02/2015 US$'000	28/02/2014 US$'000
At 1 March	**86,871**	76,873
Profit for the year attributable to revenue	**20,802**	29,178
Dividend paid	**(20,156)**	(19,180)
At 28 February	**87,517**	86,871

22. Financial Instruments

Strategy in Using Financial Instruments

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Categories of financial instruments	**Carrying value 28/02/2015 US$'000**	Carrying value 28/02/2014 US$'000
Financial assets		
Fair value through profit or loss (FVTPL)	**893,321**	791,366
Loans and receivables	**1,000**	1,000
Other receivables	**33**	517
Cash and cash equivalents	**101,323**	11,372
Total assets	**995,677**	804,255
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Convertible Unsecured Loan Stock ("CULS")	**(67,563)**	–
Valued at amortised cost		
Loan payable	**(90,114)**	(17,839)
Zero Dividend Preference ("ZDP") shares	**(106,813)**	(107,201)
Trade payables	**(25,677)**	(12,759)
Total liabilities	**(290,167)**	(137,799)

Loans and receivables presented above represent mezzanine loans.

Financial liabilities measured at amortised cost presented above represent ZDP shares, loans payable and trade payables as detailed in the statement of financial position.

23. 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".

Market Price Risk
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 Net Asset Value of the Shares.

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 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 had listed equity investments which were disposed of during the year (valued at US$65,423,000 at 28 February 2014), which were listed on the NASDAQ, and NYSE. Disposal proceeds were US$58,047,000.

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

Notes to the Financial Statements continued

23. Financial Risk Management Objectives and Policies continued

Equity Price Risk (Listed Investments)

The table below analyses the Company's concentration of equity price risk by industrial distribution:

Industry	Percentage of equity securities 28/02/2015	Percentage of equity securities 28/02/2014
Property and casualty insurance	–	98.6%
Education and training services	–	1.4%
	–	100.0%

The Company has certain financial instruments (common stock private investments) that are recorded at fair value using valuation techniques such as earnings multiple model derived either from acquisition/purchase information or observable market data from comparable companies. In some cases an adjustment is made to the acquisition/purchase multiple to reflect the underlying growth of the investment. These are adjusted to reflect counter party credit risk and limitations in the model.

Equity Price Risk (Unlisted Investments)

For the financial instruments whose fair value is estimated using valuation techniques with no market observable inputs, the net unrealised amount recorded in the Statement of Comprehensive Income in the year due to changes in the inputs amounts to gains of US$47,114,000 (28 February 2014: gains of US$47,604,000).

Sensitivity analysis relating to changes in unobservable inputs and the effect on the fair value of Equity and other unlisted investments is found in Note 4 on pages 51 to 52.

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:

	Fixed rate 28/02/2015 US$'000	Floating rate 28/02/2015 US$'000	Non-interest bearing 28/02/2015 US$'000	Total 28/02/2015 US$'000
Investments at fair value through profit or loss	**129,028**	**176,117**	**588,176**	**893,321**
Loans and receivables	**1,000**	–	–	**1,000**
Other receivables and prepayments	–	–	**33**	**33**
Cash and cash equivalents	–	**101,323**	–	**101,323**
Loans payable	**(50,154)**	**(39,960)**	–	**(90,114)**
Zero Dividend Preference shares	**(106,813)**	–	–	**(106,813)**
Convertible Unsecured Loan Stock	**(67,563)**	–	–	**(67,563)**
Other payables	–	–	**(25,677)**	**(25,677)**
Total net assets	**(94,502)**	**237,480**	**562,532**	**705,510**

	Fixed rate 28/02/2014 US$'000	Floating rate 28/02/2014 US$'000	Non-interest bearing 28/02/2014 US$'000	Total 28/02/2014 US$'000
Investments at fair value through profit or loss	601,341	11,810	178,215	791,366
Loans and receivables	1,000	–	–	1,000
Other receivables and prepayments	–	–	517	517
Cash and cash equivalents	–	11,372	–	11,372
Loan payable	–	(17,839)	–	(17,839)
Zero Dividend Preference shares	(107,201)	–	–	(107,201)
Other payables	–	–	(12,759)	(12,759)
Total net assets	495,140	5,343	165,973	666,456

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.

Of the money held on deposit, US$101,323,000 (28 February 2014: US$11,372,000) earns interest at variable rates and the income may rise and fall depending on changes to interest rates.

The sensitivity of the bank debt's market value is not influenced by a change in prevailing interest rates, because they are floating rate instruments. The market value of bank debt is influenced by factors such as the performance of the issuer and bank liquidity.

The data below demonstrates the sensitivity of the Company's profit/(loss) for the year to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of the profit on interest received on cash and cash equivalents is the effect of the assumed changes in the daily interest rates throughout the year to 28 February 2015 and year ended 28 February 2014, on accounts where cash is held:

The sensitivity of the profit for the year on investment income received on bank debt is the effect of the assumed changes in the 3 month Libor on which the interest paid was derived.

	Sensitivity of interest income increase/(decrease) receivable on cash and cash equivalents		Sensitivity of investment income increase/(decrease) receivable on bank debt	
Change in basis points increase/(decrease)	**28/02/2015 US$'000**	28/02/2014 US$'000	**28/02/2015 US$'000**	28/02/2014 US$'000
+25/–25	**45/(45)**	106/(106)	**29/(29)**	30/(30)
+100/–100	**179/(179)**	424/(130)	**119/(119)**	119/(119)

Notes to the Financial Statements continued

23. Financial Risk Management Objectives and Policies continued

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

28/02/2015	**0–3 months US$'000**	**4–12 months US$'000**	**1–2 years US$'000**	**2–5 years US$'000**	**More than 5 years US$'000**	**No maturity date US$'000**	**Non-interest bearing US$'000**	**Total US$'000**
Cash and cash equivalents	**101,323**	–	–	–	–	–	–	**101,323**
Financial asset at fair value through profit or loss	–	**54,115**	**48,617**	**68,534**	**6,851**	**129,028**	**588,176**	**893,321**
Loans and receivables	–	**1,000**	–	–	–	–	–	**1,000**
Loan payable	–	**(39,960)**	**(50,154)**		–	–	–	**(90,114)**
Zero dividend preference shares	–	–	**(106,813)**	–	–	–	–	**(106,813)**
Convertible unsecured loan stock	–	–	–	–	**(67,563)**	–	–	**(67,563)**
Other receivables/ payables	–	–	–	–	–	–	**(25,644)**	**(25,644)**
	101,323	**15,155**	**(108,350)**	**(66,534)**	**(60,712)**	**129,028**	**562,532**	**705,510**

28/02/2014	0–3 months US$'000	4–12 months US$'000	1–2 years US$'000	2–5 years US$'000	More than 5 years US$'000	No maturity date US$'000	Non-interest bearing US$'000	Total US$'000
Cash and cash equivalents	11,372	–	–	–	–	–	–	11,372
Financial asset at fair value through profit or loss	11,810	38,328	58,560	108,015	11,855	179,517	383,281	791,366
Loans and receivables	–	–	–	–	–	–	–	1,000
Loan payable	–	–	–	(17,839)	–	–	–	(17,839)
Zero dividend Preference shares	–	–	–	(107,201)	–	–	–	(107,201)
Other receivables/payables	–	–	–	–	–	–	(12,242)	(12,242)
	23,182	38,328	58,560	(17,025)	11,855	180,517	371,039	666,456

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.

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 investments classified as FVTPL, debt investments, loans and receivables 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 potential to pay dividends to Shareholders and to redeem the ZDP Shares.

In accordance with the Company's policy, the Investment Adviser monitors the Company's exposure to credit risk on a regular basis, by reviewing the financial statements, budgets and forecasts of underlying investee companies.

The table below analyses the Company's maximum exposure to credit risk. The maximum exposure is shown gross at the reporting date.

	Total 28/02/2015 US$'000	Total 28/02/2014 US$'000
Bank debt	**10,452**	11,810
Mezzanine debt	**2,955**	3,706
US micro cap debt	**297,340**	341,560
European micro cap debt	**245,884**	186,781
Cash and cash equivalents	**101,323**	11,372
Accrued dividend income	–	486
	657,954	555,715

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 has substantial credit risk as there is no return to the Company until the loan plus all the interest, is repaid in full. All of the US$174,000 (28 February 2014: US$215,000) interest that was recognised in the Statement of Comprehensive Income on investments classified as loans and receivables during the year (28 February 2014: US$77,000) was receivable in the form of PIK Investments. There is no collateral held in respect of Mezzanine debt forming the loans and receivables.

An impairment review is performed by the Investment Adviser on an investment by investment basis every quarter.

During the year ended 28 February 2015 there was an increase in the allowance for impairment in respect of loans and receivables of US$121,000 (28 February 2014: increase in allowance of US$77,000). Total impairment of loans and receivables at 28 February 2015 was US$7,297,000 (28 February 2014: US$7,176,000)

Mezzanine investments typically have no or a limited trading market and therefore such investments will be illiquid, and as such the Company's ability to sell them in the short term may be limited.

The Investment Adviser closely monitors the creditworthiness of mezzanine debt counterparties and other loans and receivables and upon unfavourable change, may seek to terminate the agreement or to obtain collateral. The creditworthiness is monitored by the reviewing of quarterly covenant agreements and by the Investment Adviser having Board representation on a significant number of these investees.

Notes to the Financial Statements continued

23. Financial Risk Management Objectives and Policies continued

Bank Debt Designated at Fair Value Through Profit or Loss

As at 28 February 2015 and 28 February 2014, the Company's only investment in bank debt was Dekko Technologies LLC, a private company whose debt was neither listed or credit rated.

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

	28/02/2015	28/02/2014
Healthcare services & equipment	**25%**	31%
Financial general	**24%**	14%
Private security	**13%**	10%
Support services	**8%**	9%
Electronic & electrical equipment	**8%**	6%
Industrial engineering	**8%**	5%
Logistics	**6%**	4%
House, leisure & personal goods	**4%**	4%
Document processing	**2%**	2%
Telecom	**2%**	2%
Water treatment/infrastructure	**0%**	11%
Real estate	**0%**	2%
	100%	100%

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

	Credit ratings			
	Standard & Poor's outlook	Fitch LT issuer default rating	**28/02/2015 US$'000**	28/02/2014 US$'000
Cash and cash equivalents				
HSBC Bank USA NA	Negative (2014: Negative)	AA– (2014: AA–)	**101,093**	10,832
Deutsche Bank	Negative (2014: Negative)	A+ (2014: A+)	**114**	498
Northern Trust (Guernsey) Limited	Stable (2014: Stable)	AA– (2014: AA–)	**116**	42
			101,323	11,372

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.

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.

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.

The closed-ended nature of the Company enables the Investment Adviser to manage the risk of illiquid investments. The Directors review liquidity reports and consider how best to utilise the funds generated to maximise income.

The Company has outstanding investment commitments at the year end of US$18,499,000 (2014: US$73,995,000) see Note 27. The Company manages liquidity levels to ensure these obligations can be met.

The table below analyses the Company's financial liabilities into relevant maturity groups based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are not discounted to the net present value of the future cash outflows as it is not considered significant.

At 28 February 2015	**Less than 1 month US$'000**	**2–12 months US$'000**	**1–5 years US$'000**	**>5 years US$'000**	**No stated maturity US$'000**
Loans payable	–	**90,114**	–	–	–
Other payables	**25,677**	–	–	–	–
Zero Dividend Preference shares	–	–	**118,352**	–	–
Convertible Unsecured Loan Stock	–	–	–	**60,056**	–
	25,677	**90,114**	**118,352**	**60,056**	–

At 28 February 2014	Less than 1 month US$'000	2–12 months US$'000	1–5 years US$'000	>5 years US$'000	No stated maturity US$'000
Cash and cash equivalents	–	–	17,839	–	–
Other payables	12,759	–	–	–	–
Zero Dividend Preference shares	–	–	128,342	–	–
	12,759	–	146,181	–	–

The Company has a capital requirement to pay ZDP shareholders a pre-determined final capital entitlement of 369.84 pence on 22 June 2016. As at 28 February 2015 the liability to the ZDP shareholders amounted to US$106,813,000 (28 February 2014: US$107,201,000), as disclosed in note 16. Further, the Company has a capital requirement to redeemed CULS at their full nominal value, as described in Note 17. As at 28 February 2015 the liability to the CULS holders amounted to US$67,563,000.

Notes to the Financial Statements continued

23. 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.

Zero dividend preference shares are denominated in Sterling. The Company has an obligation to redeem the ZDP shareholders on 22 June 2016. The total liability on the redemption date, 22 June 2016, will be GBP76,583,969. CULS are denominated in Sterling. The Company has an obligation to redeem CULS holders on 30 July 2021. The total liability on the Maturity date being the 30 July 2021, will be GBP38,861,140. The Company currently has no hedge to manage this risk to Sterling.

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

At 28 February 2015	**US Dollar 28/02/2015 US\$'000**	**Euro 28/02/2015 US\$'000**	**Sterling 28/02/2015 US\$'000**	**Total 28/02/2015 US\$'000**
Assets				
Financial assets at fair value through profit or loss	**811,976**	**41,865**	**39,480**	**893,321**
Loans and receivables	**1,000**	–	–	**1,000**
Other receivables	–	–	**33**	**33**
Cash and cash equivalents	**98,724**	**15**	**2,584**	**101,323**
Total assets	**911,700**	**41,880**	**42,097**	**995,677**
Liabilities				
Loan payable	**90,114**	–	–	**90,114**
Zero Dividend Preference shares	–	–	**106,813**	**106,813**
Convertible Unsecured Loan Stock	–	–	**67,563**	**67,563**
Other payables	**25,677**	–	–	**25,677**
Total liabilities	**115,791**	–	**174,376**	**290,167**
Net currency exposure	**795,909**	**41,880**	**(132,279)**	**705,510**

At 28 February 2014	US Dollar 28/02/2014 US\$'000	Euro 28/02/2014 US\$'000	Sterling 28/02/2014 US\$'000	Total 28/02/2014 US\$'000
Assets				
Financial assets at fair value through profit or loss	561,293	186,781	43,292	791,366
Loans and receivables	1,000	–	–	1,000
Other receivables	486	–	31	517
Cash and cash equivalents	9,584	923	865	11,372
	572,363	187,704	44,188	804,255
Liabilities				
Loan payable	17,839	–	–	17,839
Zero Dividend Preference shares	–	–	107,201	107,201
Other payables	12,759	–	–	12,759
	30,598	–	107,201	137,799
Net currency exposure	541,765	187,704	(63,013)	666,456

24. Basic and Diluted Earnings per Share

Basic and diluted earnings per share are calculated by dividing the earnings for the period by the weighted average number of Ordinary shares outstanding during the period.

For the years ended 28 February 2015 and 28 February 2014 the weighted average number of Ordinary shares (including Limited voting ordinary shares) outstanding during the year was 65,018,607.

The effect of the issue of the CULS was anti-dilutive to the total earnings per share, therefore a diluted earnings per share is not presented for the period.

Potentially the earnings per share will be diluted by the weighted average number of Ordinary shares including an additional 6,346,841 of Ordinary shares that could be converted and earnings being increased/reduced by gains/ losses on financial liabilities at fair value through profit or loss and finance costs relating to the CULS.

25. Net Asset Value per Share

The net asset value per Ordinary share of US$10.85 (28 February 2014: US$10.25) is based on the net assets at the year end of US$705,510,000 (28 February 2014: US$666,456,000) and on 65,018,607 (28 February 2014: 65,018,607) Ordinary shares, being the number of Ordinary shares in issue at the year end.

26. Notes to the Statement of Cash Flows

Reconciliation of the Profit for the Year to Net Cash from Operating Activities

	Year ended 28/02/2015 US$'000	Year ended 28/02/2014 US$'000
Profit for the year	**59,210**	55,454
Decrease in other receivables	**484**	35
Increase in other payables	**12,918**	1,206
Net movement in unrealised gains on investments	**(36,404)**	(54,935)
Net impairments on loans and receivables	**121**	77
Adjustment for foreign currency exchange (losses)/gains on ZDP Shares	**(8,778)**	9,873
Realised gain on investments	**(24,270)**	(476)
Increase in accrued interest on investments and adjustment for PIK interest	**(26,744)**	(26,019)
Finance costs	**13,990**	7,489
Net cash outflow from operating activities	**(9,473)**	(7,296)

Investment Income Received During the Year

	Year ended 28/02/2015 US$'000	Year ended 28/02/2014 US$'000
Interest on investments	**8,302**	10,215
Dividends from listed investments	**311**	2,804
Bank interest	**53**	130
	8,666	13,149

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 cash flow statement.

Notes to the Financial Statements continued

27. Commitments

At 28 February 2015, JZCP had the following financial commitments outstanding in relation to fund investments:

	Year ended 28/02/2015 US$'000	Year ended 28/02/2014 US$'000
EuroMicrocap Fund 2010, LP (related party)	**7,067**	45,287
Acon AEP Co-Invest (Suzo), LP	**4,491**	4,491
Spruceview Capital Partners LLP	**4,083**	11,083
Grua, LP	**2,085**	2,085
Igloo Products Corp	**773**	–
Toro Finance (€8,000,000)	–	11,049
	18,499	73,995

In October 2013, the capital commitment of the EuroMicrocap Fund 2010, L.P was increased by US$75,000,000 to US$185,000,000. JZCP's 75% share of the total capital commitment as at 28 February 2015 was US$138,750,000 (28 February 2014: US$138,750,000) of which US$7,067,000 (28 February 2014: US$45,287,000) remained available for call at the year end.

28. Related Party Transactions

At 28 February 2015, JZCP has invested US$131,683,000 (28 February 2014: US$93,463,000) in the EuroMicrocap Fund 2010 LP ("EMC"). At 28 February 2015 the investment was valued at US$201,664,000 (28 February 2014: US$148,230,000). EMC is managed by JZ International LLC ("JZI"), an affiliate of JZAI, JZCP's investment manager. JZAI and JZI were each founded by David Zalaznick and Jay Jordan.

The Company has co-invested with Fund A, a Limited Partnership in a number of US micro cap buyouts. Fund A is managed by JZAI. At 28 February 2015, the total amount of these co-investments was US$94,216,000 (28 February 2014: US$161,675,296) of the total amount of the co-investment US$77,257,000 (28 February 2014: US$132,004,623) was invested by the Company and US$16,942,281 (28 February 2014: US$29,670,673) was invested by Fund A.

Jordan/Zalaznick Advisers, Inc. ("JZAI"), a US based company, 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.

During the year ended 28 February 2015, the Company retained Ashurst LLP, a UK based law firm. David Macfarlane was a former Senior Corporate Partner at Ashurst until 2002.

The Directors' remuneration is disclosed in Note 10.

29. 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.

30. Contingent Assets

Amounts Held in Escrow Accounts

Investments have been disposed by the Company, of which the consideration given included contractual terms requiring that a percentage was held in an escrow account pending resolution of any indemnifiable claims that may arise. At 28 February 2015 the Company has assessed that the fair value of these escrow accounts are nil (28 February 2014: nil) as it is not reasonably probable that they will be realised by the Company.

As at 28 February 2015, 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	**28/02/2015 US$'000**	28/02/2014 US$'000
Dental Holdings Corporation	**2,809**	–
Galson Laboratories	**1,213**	–
Amptek, Inc.	**1,386**	–
ETX Holdings, Inc.	**157**	185
H&S (BG Holdings, Inc)	**10**	–
Advanced Chemistry & Technology, Inc.	**–**	1,613
Wound Care Solutions, Llc	**–**	1,421
GHW (G&H Wire)	**–**	883
N&B Industries, Inc.	**–**	776
Dantom Systems, Inc.	**–**	15
	5,575	4,893

During the year ended 28 February 2015 the Company has identified a further US$3,041,000 of contingent assets held in escrow accounts and have written off US$843,000 previously recorded at 28 February 2014. Total net proceeds of US$6,924,000 (28 February 2014: US$2,233,000) were realised during the year and are recorded in the Statement of Comprehensive Income.

	28/02/2015 US$'000
Escrows at 1 March 2014	**4,893**
Escrows added on realisation of investments	**5,408**
Additional escrows recognised in year not reflected in opening position	**3,041**
Escrows recognised in opening position and written off in year	**(843)**
Escrow receipts during the year	**(6,924)**
Escrows at 28 February 2015	**5,575**

31. Dividends Paid and Proposed

In accordance with the Company's dividend policy, it is the Directors' intention for the year ending 28 February 2014 and thereafter to distribute approximately 3% of the Company's net assets in the form of dividends paid in US dollars (Shareholders can elect to receive dividends in Sterling). Prior to the new policy, the Directors have distributed substantially all of the Company's net cash income (after expenses) in the form of dividends.

A second interim dividend for the year ended 28 February 2014 of 16.0 cents per Ordinary share (total US$10,402,978) was paid on 6 June 2014.

Notes to the Financial Statements continued

31. Dividends Paid and Proposed continued

For the year ended 28 February 2015 an interim dividend of 15.0 cents per Ordinary share (total US$9,752,791) was paid on 28 November 2014.

A second interim dividend for the year ended 28 February 2015 of 17.5 cents per Ordinary share (total US$11,378,256) will be paid on 12 June 2015.

32. Financial Highlights

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

	28/02/2015 US$
Net asset value per share at the beginning of the year	**10.25**
Performance during the year (per share):	
Net investment income	**0.41**
Incentive fee	**(0.29)**
Net realised and unrealised gains	**1.01**
Finance costs	**(0.22)**
Dividends paid	**(0.31)**
Total return	**0.60**
Net asset value per share at the end of the year	**10.85**
Total Return	**5.85%**
Net investment income to average net assets excluding incentive fee	**6.39%**
Operating expenses to average net assets	**(2.34%)**
Incentive fees to average net assets	**(2.89%)**
Operating expenses to average net assets including incentive fee	**(5.23%)**
Finance costs	**(2.12%)**

32. 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.

33. Subsequent Events

These financial statements were approved for issuance by the Board on 11 May 2015. Subsequent events have been evaluated until this date.

A second interim dividend for the year ended 28 February 2015 of 17.5 cents per Ordinary share (total US$11,378,256) will be paid on 12 June 2015.

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.

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

Registered Office

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

JZ Capital Partners Limited is registered in Guernsey number 48761

Administrator, Registrar and Secretary

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

UK Transfer and Paying Agent

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

US Bankers

HSBC Bank USA NA
452 Fifth Avenue
New York NY 10018

(Also provides custodian services to JZ Capital Partners Limited under the terms of a Custody Agreement).

Guernsey Bankers

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

Independent Auditor

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

UK Solicitors

Ashurst LLP
Broadwalk House
5 Appold Street
London EC2A 2HA

US Lawyers

Monge Law Firm, PLLC
333 West Trade Street
Charlotte, NC 28202

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

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

Guernsey lawyers

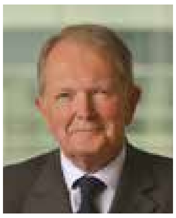
Mourant Ozannes
P.O Box 186
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP

Financial Adviser and Broker

JP Morgan Cazenove Limited
20 Moorgate
London EC2R 6DA

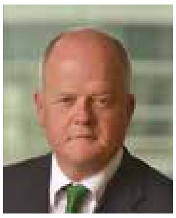
Board of Directors

David Macfarlane (Chairman)[1]



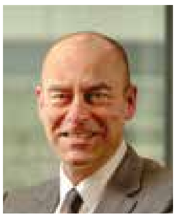
Mr Macfarlane was appointed to the Board of JZCP in April 2008 as Chairman and a non-executive Director. Until 2002 he was a Senior Corporate Partner at Ashurst. He was a non-executive director of the Platinum Investment Trust Plc from 2002 until January 2007. He is also chairman of Rex Bionics plc.

Patrick Firth[2]



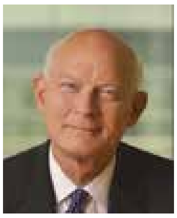
Mr Firth was appointed to the Board of JZCP in April 2008. He is also a director of a number of offshore funds and management companies, including DW Catalyst Fund (formerly "BH Credit Catalysts Limited"), ICG-Longbow Senior Secured UK Property Debt Investments Limited, Riverstone Energy Limited and Next Energy 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



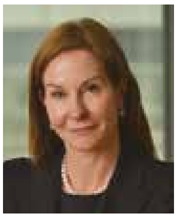
Mr Waldron was appointed to the Board of JZCP in October 2013. He is a director of a number of Guernsey funds and investment companies including GBD Limited, Crystal Amber Fund Limited, DW Catalyst Fund (formerly "BH Credit Catalysts Limited") and Ranger DIrect Lending Fund plc. An experienced investment manager, he was Chief Executive Officer of the Edmond de Rothschild companies in Guernsey until January 2013 and he remains a consultant to the Edmond de Rothschild Group. He is a Fellow of the Chartered Institute for Securities and Investment and 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 on the Chairman's Council of Conservation International.

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.

Useful Information for Shareholders

Listing
JZCP Ordinary and Zero Dividend Preference shares are listed on the Official List of the Financial Services Authority of the UK, and are admitted to trading on the London Stock Exchange Specialist fund market for listed securities. The ticker symbols are "JZCP" and "JZCN" respectively.

The prices of the Ordinary and Zero Dividend Preference shares are shown in the Financial Times under "Investment Companies – Ordinary Income Shares" and "Investment Companies – Zero Dividend Preference Shares" as "JZ Capital" respectively.

Securities and Exchange Commission ("SEC") Custody Rules
The Company has complied with the requirements of the SEC Custody Rules within these financial statements. These requirements include the investment portfolio falling within the remit of the annual audit, disclosure of the Company's financial highlights, as disclosed in Note 32, and a reconciliation of the accounts prepared under IFRS to US GAAP, as discussed in Note 33.

Financial Diary

Annual General Meeting	19 June 2015
Interim report for the six months to 31 August 2015	27 October 2015

In accordance with the Transparency Directive, JZCP will be issuing an Interim Management Statement for the quarters ending 31 May 2015 and 30 November 2015. 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
Cash dividends 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 GBP 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").

ISIN/SEDOL Numbers
The ISIN code/SEDOL (Stock Exchange Daily Official List) numbers of the Company's Ordinary shares are GG00B403HK58/B403HK5, the numbers of the Zero Dividend Preference shares are GG00B40B7X85/B40D7X8 and the numbers or the Convertible Unsecured Loan Stock are GG00BP46PR08/BP46PR0.

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 plus network extras. Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday, If calling from overseas +44 (0) 121 415 7047 or access their website at www.equiniti.com. Changes of name or address must be notified in writing to the Transfer and Paying Agent.

Nominee Share Code
Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at meetings when invited to do so by the Chairman.

Documents Available for Inspection
The following documents will be available at the registered office of the Company during usual business hours on any weekday until the date of the Annual General Meeting and at the place of the meeting for a period of fifteen minutes prior to and during the meeting:

(a) the register of Directors' interests in the stated capital of the Company;
(b) the Articles of Incorporation of the Company; and
(c) the terms of appointment of the Directors

Useful Information for Shareholders

continued

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);

(b) is a "benefit plan investor" (as described under "Prohibition on benefit plan investors and restrictions on non-ERISA plan" 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" below).

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

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

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

(a) The non-ERISA plan is not a benefit plan investor;

(b) The decision to commit assets of the Non-ERISA Plan for investment in the Company was made by fiduciaries independent of the Company, the Board, the Investment Adviser and any of their respective agents, representatives or affiliates, which fiduciaries (i) are duly authorised to make such investment decision and have not relied on any advice or recommendations of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates and (ii) in consultation with their advisers, have carefully considered the impact of any applicable federal, state or local law on an investment in the Company;

(c) None of the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates has exercised any discretionary authority or control with respect to the Non-ERISA Plan's investment in the Company, nor has the Company, the Board, the Investment Adviser or any of their respective agents, representatives or affiliates rendered 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 programme 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 Adviser or any of their respective agents, representatives or affiliates will be acting as a fiduciary to the Non-ERISA Plan under any applicable federal, state or local law governing the Non-ERISA Plan, with respect to either (i) the Non-ERISA Plan's purchase or retention of its investment in the Company or (ii) the management or operation of the business or assets of the Company. It also confirms that there is no rule, regulation, or requirement applicable to such purchaser or transferee that is inconsistent with the foregoing description of the Company, the Board and the Investment Adviser.

Useful Information for Shareholders

continued

US Tax Matters

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

The 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" (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 to require such person to cease to be, a holder of the Company's the Company 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 is expected to be treated as a "passive foreign investment company" ("PFIC"). The Company's treatment as a PFIC is likely to have adverse tax consequences for US taxpayers.

The taxation of a US taxpayer's investment in the Company's securities is highly complex. Prospective holders of the Company's securities must consult their own tax advisers concerning the US federal, state and local income tax and estate tax consequences in their particular situations of the acquisition, ownership and disposition of any of the Company's securities, as well as any consequences under the laws of any other taxing jurisdiction.

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 Seventh 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 19 June 2015 at 12:00 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 Accounts of the Company for the Year ended 28 February 2015.
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 2015.
Ordinary Resolution 5 (see Note 1)	6. To approve that the Company be authorised in accordance with the Companies (Guernsey) Law 2008 as amended, to make market acquisitions (as defined in that Law) of its own shares provided that: (a) the maximum number of shares in each class authorised to be purchased is 14.99% of each class of the shares of the Company in issue at any time; (b) the minimum price payable by the Company for each share is 1 pence and the maximum price payable by the Company for each share will not be more than the higher of (i) 105% of the average of the middle market quotations for a share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is purchased and (ii) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC No 2213/2003); and (c) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the general meeting of the Company to be held in 2016 under section 199 of the Law, save that the Company may, prior to such expiry, enter into a contract to purchase shares under such authority and may make a purchase of shares pursuant to any such contract.

Notice of Annual General Meeting continued

To consider the following special business

Ordinary Resolution 6
(see Note 2)

7. 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 Incorporation of the Company) 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 of Incorporation of the Company 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 6,501,860 Ordinary shares, such authority to expire at the conclusion of the general meeting of the Company to be held in 2016, 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.

8. Any other business.

By Order of the Board

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

11 May 2015

Information Note 1
Market Acquisitions of Own Shares
Resolution 5 will give the Company authority to make market acquisitions (as defined in the Law) of its own shares up to a maximum number of shares in each class of 14.99% of each class of the shares of the Company in issue at any time. The maximum and minimum prices are stated in resolution 5. The Directors have no immediate plans to make market acquisitions of its own shares but they would like to have the ability to act swiftly if circumstances arise where they consider that any such acquisition would be desirable or appropriate. In the event that shares are acquired, they may either be cancelled (and the number of shares in issue would be reduced accordingly) or be retained as treasury shares. There are no warrants or options over shares outstanding as at 08 May 2015, the latest practicable date prior to publication of this document.

Information Note 2
Disapplication of Pre-emption Rights
Resolution 6 will grant the Directors a power to allot equity securities (as defined in the Articles) 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 power granted at the last annual general meeting of the Company is due to expire at this year's Annual General Meeting. Accordingly, resolution 6 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 6,501,860 Ordinary shares (being ten% of the Company's issued Ordinary share capital at 08 May 2015, 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 2016.

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.

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 6.00 p.m. on 17 June 2015, or in the event that the meeting is adjourned, by no later than 6.00 p.m. 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 08713842265 or +441214157047 if calling from outside the United Kingdom (Calls to this number cost 8p per minute plus network extras. Lines are open 8.30 a.m. to 5.30 p.m., 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.

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.

Notice of Annual General Meeting continued

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 before the time for holding the Annual General Meeting, or in the event that the meeting is adjourned, not less than 48 hours 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 by email to proxyvotes@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 cut off 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 cut off date as detailed above, you should also transmit the Form of Proxy by email.

To change your proxy instructions, simply submit a new 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 cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off 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 who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual, which can be viewed at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or the amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST person member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Regulations.

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

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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) ______________________________

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 Seventh 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 19 June 2015 at 12:00 BST, and at any adjournment thereof, and in respect of the resolutions set out in the Notice of Annual General Meeting dated 11May 2015 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 Accounts of the Company for the year ended 28 February 2015.			
2	To re-elect Ernst & Young LLP as Auditor to the Company until the conclusion of the next Annual General Meeting.			
3	To authorise the Board Directors to determine the Auditor's remuneration.			
4	To receive and adopt the Directors' remuneration report for the year to 28 February 2015.			

	Ordinary Resolutions	**For**	**Against**	**Abstain**
5	To approve that the Company be authorised in accordance with the Companies (Guernsey) Law 2008 as amended, to make market acquisitions (as defined in that Law) of its own shares provided that: a) the maximum number of shares in each class authorised to be purchased is 14.99% of each class of the shares of the Company in issue at any time; (b) the minimum price payable by the Company for each share is 1 pence and the maximum price payable by the Company for each share will not be more than the higher of (i) 105% of the average of the middle market quotations for a share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is purchased and (ii) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC No 2213/2003); and c) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the general meeting of the Company to be held in 2016 under section 199 of the Law, save that the Company may, prior to such expiry, enter into a contract to purchase shares under such authority and may make a purchase of shares pursuant to any such contract.			
	Special Business by Ordinary Resolution			
6	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 Incorporation of the Company) 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 of Incorporation of the Company 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 6,501,860 Ordinary shares, such authority to expire at the conclusion of the general meeting of the Company to be held in 2016, 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.			

Signature(s) ______________________________

Dated ______________________________

In order to be valid at the above meeting this proxy must be completed and returned to arrive no later than 12:00 BST on Wednesday, 17 June 2015, or in the event that the Annual General Meeting is adjourned, not less than 48 hours 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 proxyvotes@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 cut off 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 cut off 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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