

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

(a closed-end collective investment scheme incorporated with limited liability under the laws of Guernsey with registered number 48761)
LEI: 549300TZCK08Q16HHU44

Recommended Proposals to approve:

The Company's proposed reduction of its commitments to Spruceview Capital Partners

**Amendments to the Company's investment policy
and
Notice of Extraordinary General Meeting**

15 July 2020

Unless otherwise defined herein, capitalised terms used in this announcement have the meanings given to them in the Circular of the Company dated 15 July 2020.

On 27 November 2019, the Company announced its interim results for the six month period ended 31 August 2019, in which it was explained that the Company's Investment Adviser, Jordan/Zalaznick Advisers, Inc. ("**JZAI**"), was working with the Board to reduce the Company's commitments and future subscription obligations to certain managed funds. The Board is now pleased to announce that, as foreshadowed in the Company's annual results for the year ended 29 February 2020, it has secured agreement with David W. Zalaznick and John (Jay) Jordan II (together, being the "**JZAI Founders**", who are the founders and principals of JZAI) (or their respective affiliates) for the proposed reduction of the Company's commitments to its investments in Spruceview Capital Partners ("**Spruceview**") in the amount of approximately US\$8.640 million. Accordingly, the Board is now requesting approval from Shareholders for such proposed reduction of the Company's commitments to Spruceview (the "**Spruceview Proposal**"). The Spruceview Proposal would be considered a Related Party Transaction of the Company thereby requiring Shareholder approval to be sought and obtained.

In addition, as also set out in the Company's annual results, it remains the case that the JZAI Founders have also agreed to relieve the Company of certain of its commitments to the Orangewood Fund by each of them assuming the obligation of US\$2 million and with the balance of the Company's remaining commitments of US\$20 million intended to be transferred to third parties. The Company will make further announcements as required in relation to the status of its commitments to the Orangewood Fund as matters progress.

Separately, on 22 April 2020, the Company announced a proposed change to its investment policy, pursuant to which the Company will make no further investments except in respect of which it has existing obligations or to the extent that investment is applied to support certain selected existing investments (the "**Investment Policy Amendment Proposal**" and together with the Spruceview Proposal, the "**Proposals**"). The intention of the change is to realise the maximum value of the Company's investments and, after repayment of all debt, to return capital to Shareholders. The Board is now also pleased to announce that, as previously indicated, including most recently in the Company's annual results, it is requesting approval from Shareholders for the proposed amendments to, and restatement of, its investment policy.

Further details of the Proposals are set out in the sections of this announcement below.

Notice of Extraordinary General Meeting

The Company is today posting a Circular to Shareholders containing details of the Proposals and convening an Extraordinary General Meeting of the Company in order for Shareholders to consider and, if thought fit, approve the Proposals.

The Extraordinary General Meeting of the Company is being convened to be held at 1.15 p.m. on 12 August 2020 (or as soon thereafter as the Annual General Meeting of the Company convened for the same day and place has been concluded or adjourned). The Extraordinary General Meeting 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. The Notice convening the Extraordinary General Meeting, which contains the Resolutions to be proposed at that meeting concerning the Proposals, is set out at the end of the Circular being posted to Shareholders.

Attendance at the Extraordinary General Meeting

The Company has been closely monitoring the evolving situation relating to the outbreak of Coronavirus (COVID-19), including the current guidance and restrictions on travel and public gatherings and social distancing. The priority of the Company's Board at this time is the health, safety and wellbeing of all Shareholders and Directors.

With effect from 20 June 2020, the States of Guernsey implemented Phase 5 of its transitional plan to ease the stay at home and travel restrictions originally introduced on 25 March 2020 in light of COVID-19. Whilst restrictions within Guernsey have been eased, permitting gatherings to take place within Guernsey, any persons arriving into Guernsey are presently required to self-isolate for a period of 14 days upon arrival.

In light of the restrictions in place from 20 June 2020, whilst Guernsey based Shareholders are permitted to attend the Extraordinary General Meeting in person, Shareholders from outside of Guernsey are strongly encouraged to appoint the Chairman of the meeting or the Company Secretary as their proxy and provide voting instructions in advance of the Extraordinary General Meeting, in accordance with the instructions explained in the Notice of Extraordinary General Meeting set out at the end of the Circular.

Shareholders are strongly encouraged to exercise their voting rights by completing and submitting a Form of Proxy. It is highly recommended that Shareholders submit their Form of Proxy as early as possible to ensure that their votes are counted at the Extraordinary General Meeting.

The Company will continue to closely monitor the situation in the lead up to the Extraordinary General Meeting and will make any further updates as required about the meeting on its website at www.jzcp.com.

Spruceview Proposal

As mentioned above, the Board has secured agreement with the JZAI Founders (or their respective affiliates) for the proposed reduction of the Company's commitments to its investments in Spruceview in the amount of approximately US\$8.640 million. Spruceview, which is a portfolio investment of the Company, includes its affiliated funds from time to time, and in particular CERPI. Spruceview is an asset management business in the United States and aims to address the demand from corporate pensions, endowments, family offices and foundations for fiduciary management services through an Outsourced Chief Investment Officer model as well as specific products per asset class. CERPI is an investment fund established and managed by Spruceview for its client, a Mexican retirement fund administrator. As the general partner of CERPI, Spruceview is required to make co-investments in CERPI which are permitted to be made by various of its affiliates, including the Company and the JZAI Founders (or their respective affiliates). The key individuals important to the Spruceview business are Richard Sabo (Partner, CEO and Co-CIO) and Neetesh Kumar (Partner).

The Company has previously obtained Shareholder approval for certain investments in Spruceview jointly with the JZAI Founders (or their respective affiliates). Such approvals included, in March 2019, the Company increasing its investment together with the JZAI Founders (or their respective affiliates) in Spruceview Capital Partners by an additional US\$1.475 million from the Company (with a further US\$1.475 million being contributed by the JZAI Founders (or their respective affiliates)). This increase was considered by the Company not to be a material change to the terms of the 2015 Spruceview Approval (as defined in the circular) and, therefore, Shareholder approval was not obtained for such increase. All of the Company's increased investment of US\$1.475 million (being the **"2015 Spruceview No Material Change Approval"**), was to be used to support Spruceview's share of the co-investment in CERPI. In addition, in June 2019, Shareholders approved the Company's proposed joint investment of US\$30 million (with the Company investing US\$15 million, and a further US\$15 million being contributed by the JZAI Founders (or their respective affiliates)) (the **"2019 Spruceview Approval"**).

Of the US\$1.475 million and the US\$15 million approved for investment by the Company pursuant to the 2015 Spruceview No Material Change Approval and the 2019 Spruceview Approval respectively, approximately US\$8.640 million represents the Company's maximum potential commitments to CERPI, with the remaining approximately US\$7.835 million representing its maximum potential commitments to Spruceview (excluding CERPI).

With respect to the Company's commitments in CERPI and in light of the Company's desire to reduce its commitments and future subscription obligations, it is proposed that the Company will have its CERPI commitments reduced in full (by approximately US\$8.640 million), with such commitments being taken over by the JZAI Founders (or their respective affiliates). Those commitments also include an amount of approximately US\$969,000 in respect of certain commitments to CERPI to which the Company did not fully subscribe and were instead subscribed to by affiliates of the JZAI Founders on an interim basis. The Company is therefore being relieved of an aggregate amount of approximately US\$8.640 million of commitments.

Shareholders should note that the CERPI commitments comprise funded commitments, unfunded commitments and potential future commitments, in each case to CERPI, which are subject to change between 10 July 2020 and the time of the JZAI Founders (or their respective affiliates) taking over the commitments (expected to be the later of 14 August 2020 and the second business day following receipt of Shareholders approving the Spruceview Proposal). The price payable by the JZAI Founders (or their respective affiliates) to the Company for the transfer of their commitments will be equal to a price equivalent to the net asset value of the aggregate funded commitments, which is equal to (a) the total amount of such funded commitments (being as at 10 July 2020 an amount equal to approximately US\$1.287 million), less (b) the total accumulated net realised and unrealised capital gains and losses of the Company's wholly owned subsidiary (which has made the subscriptions) with respect to such commitments to 31 March 2020 (being the date of their most recent valuation) (and being as at 10 July 2020 an amount equal to approximately US\$4,500). The Company intends to utilise the proceeds received in connection with the Spruceview Proposal in accordance with the Company's revised investment policy as further detailed below.

With respect to the Company's commitments in Spruceview (excluding CERPI), it is proposed that those commitments (of approximately US\$7.835 million) are to remain in place with the Company continuing to invest together with, and jointly alongside, the JZAI Founders (or their respective affiliates) on a 50:50 basis economically and on the same terms and conditions as above for the 2019 Spruceview Approval, albeit limited to Spruceview (excluding CERPI) and excluding the Company's commitments to CERPI as so taken over by the JZAI Founders (or their respective affiliates). Specifically, the Company would propose to continue to invest approximately US\$7.835 million (with a further approximately US\$7.835 million to be contributed by the JZAI Founders (or their respective affiliates)) in Spruceview (excluding CERPI). The proposed joint investment would, as above, be on the same terms as the joint investment in Spruceview approved by the 2019 Spruceview Approval, being 50:50 economically and on the same terms and conditions but with certain structural features intended to afford each side appropriate US tax protections.

The proposed reduction in the Company's commitments in CERPI and the proposed joint investments in Spruceview (excluding CERPI), would be considered to be a material change to the 2019 Spruceview Approval, and would therefore be considered a Related Party Transaction under Chapter 11 of the Listing Rules (with which the Company voluntarily complies and insofar as the Listing Rules are applicable to the Company by virtue of its voluntary compliance). JZAI is the Company's investment adviser pursuant to the Investment Advisory Agreement and, under the Listing Rules, would therefore be considered a Related Party of the Company. As founders and principals of JZAI, the JZAI Founders are associates of JZAI and would also be considered Related Parties of the Company. In addition, each of the JZAI Founders are substantial shareholders of the Company as they are each entitled to exercise or to control the exercise of 10 per cent. or more of the votes able to be casted at a general meeting of the Company. As such, each of the JZAI Founders are considered to be Related Parties of the Company on this basis as well. The Spruceview Proposal, which involves the JZAI Founders as Related Parties of the Company, would be considered to involve arrangements between the Company and its Related Parties. Accordingly, the JZAI Founders as Related Parties and the Spruceview Proposal as arrangements between them would be considered a Related Party Transaction under Chapter 11 of the Listing Rules, insofar as the Listing Rules are applicable to the Company by virtue of its voluntary compliance with the same. As such, the Spruceview Proposal, as a Related Party Transaction of the Company, requires approval of Shareholders to reduce its commitments in CERPI by divesting them to the JZAI Founders (or their respective affiliates) and for the Company to invest jointly together with them in Spruceview (excluding CERPI).

As such, a Resolution is to be proposed at the Extraordinary General Meeting in relation to the Spruceview Proposal as a Related Party Transaction of the Company and is being proposed to seek Shareholder approval for the Company's proposed reduction of its CERPI commitments and joint investments in Spruceview (excluding CERPI).

Investment Policy Amendment Proposal

Also as mentioned above, the Company is proposing to amend and restate its investment policy to enshrine the Company's new strategy of making no further investments except in respect of which it has existing obligations or to the extent that investment is applied to support certain selected existing investments. The intention of the change is to realise the maximum value of the Company's investments and, after repayment of all debt, to return capital to Shareholders.

The rationale for this change in policy is that, whilst JZAI, as the Company's Investment Adviser, has been working assiduously in difficult circumstances to stabilise the Company's investments, the Board recognises that, as a result of the disappointing and significant losses in value of its real estate portfolio and poor performance, and having reviewed all available options, there has to be a change in investment policy. The policy of making no further investments (with a limited number of exceptions), whilst representing only a change in emphasis from the existing investment policy, is nonetheless a significant change and is considered to be material alteration to the policy.

The principal amendment to the Company's existing investment policy relates to the Company's approach with regard to new investments. The Company's existing investment policy provides that the Company anticipates that no meaningful capital will be dedicated to new investments other than honouring its funding commitments and supporting its portfolio of assets. The Company is now proposing to alter the emphasis of this concept by amending the policy to provide that no new investments will be made except in respect of which it has existing obligations or to the extent that investment is applied to support certain selected existing investments. The Company's strategy for implementing the policy will also be changed to realising the maximum value of the Company's investments and, after repayment of all debt, to returning capital to Shareholders. The strategy will remove the other existing objectives and will not be expressed as being limited in duration to the next few years.

Save for those amendments as set out above, the Company is not otherwise proposing to make any other material changes to its existing investment policy (including its corporate objective and borrowing policy) and, as such, the existing investment policy otherwise remains largely unchanged. The Company's amended and restated investment policy is set out in full in the Circular, with copies of the same being on display and available for inspection as described in the Circular.

The Company has previously voluntarily agreed that, in line with Chapter 15 of the Listing Rules (with which the Company voluntarily complies and insofar as the Listing Rules are applicable to the Company by virtue of its voluntary compliance), it would not materially alter its existing investment policy without the prior approval of Shareholders. The Investment Policy Amendment Proposal is considered to be a material change to the investment policy and Shareholder approval is accordingly being sought for the proposed amendments to the same.

As such, a Resolution is to be proposed at the Extraordinary General Meeting in relation to the Investment Policy Amendment Proposal and is being proposed to seek Shareholder approval for the amended and restated investment policy to be approved and adopted as the investment policy of the Company in substitution for, and to the exclusion of, the Company's existing investment policy.

Notice of Extraordinary General Meeting and Shareholder Circular

Notice is hereby given that the Extraordinary 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 at 1.15 p.m. on 12 August 2020 (or as soon thereafter as the Annual General Meeting of the Company convened for the same day and place has been concluded or adjourned).

Further details of the Proposals are included in the Notice convening the Extraordinary General Meeting and in the Circular.

The Notice convening the Extraordinary General Meeting is being distributed to members of the Company and will shortly be uploaded to the Company's website at www.jzcp.com. Copies of the Circular the Company is posting to Shareholders are available for viewing, during normal business hours, at the registered office of the Company at Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL and will shortly be available for viewing at www.morningstar.co.uk/uk/nsm.

The Notice convening the Extraordinary General Meeting is also included within the Circular.

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